CMBI Research Focus List

Our best high conviction ideas

16 Aug 2024

CMBI Focus List – Long and short ideas

Company	Ticker	Sector	Rating	M cap (US$ bn)	3M ADTV (US$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY23A	P/E (x) FY24E	P/B (x) FY23A	ROE (%) FY23A	Yield FY23A	Analyst
Long Ideas														
Li Auto Inc.	LI US	Auto	BUY	20.4	137.7	19.2	26.00	35%	12.7	21.2	2.5	N/A	N/A	Shi Ji/ Dou Wenjing
Geely Automobile	175 HK	Auto	BUY	10.0	40.3	7.8	14.00	81%	9.6	8.1	0.8	6.8	2.5%	Shi Ji/ Dou Wenjing
Zoomlion	1157 HK	Capital Goods	BUY	7.3	6.1	4.3	7.50	74%	9.2	7.5	0.6	6.4	8.1%	Wayne Fung
Zhejiang Dingli	603338 CH	Capital Goods	BUY	3.4	31.0	48.1	75.00	56%	13.2	11.7	2.8	23.3	2.1%	Wayne Fung
Bosideng	3998 HK	Consumer Discretionary	BUY	5.5	20.0	3.9	5.98	53%	N/A	11.9	N/A	N/A	N/A	Walter Woo
JNBY	3306 HK	Consumer Discretionary	BUY	0.9	1.3	12.9	19.77	53%	9.8	7.2	3.1	33.9	6.3%	Walter Woo
Xtep	1368 HK	Consumer Discretionary	BUY	1.6	4.2	4.7	7.32	54%	10.5	8.8	1.2	12.0	4.7%	Walter Woo
Kweichow Moutai	600519 CH	Consumer Staples	BUY	250.7	642.6	1431.9	2219.00	55%	28.6	23.1	9.8	35.6	1.5%	Miao Zhang/ Bella Li
BeiGene	BGNE US	Healthcare	BUY	20.9	38.2	190.9	288.93	51%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
Mindray Medical	300760 CH	Healthcare	BUY	42.9	131.6	254.1	383.49	51%	N/A	26.3	N/A	N/A	N/A	Jill Wu/ Cathy Wang
CPIC	2601 HK	Insurance	BUY	33.3	32.5	19.0	24.80	31%	N/A	N/A	0.7	12.2	5.8%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	29.2	30.9	10.2	11.90	16%	N/A	N/A	0.9	10.8	5.2%	Nika Ma
Tencent	700 HK	Internet	BUY	447.5	899.8	373.4	480.00	29%	21.1	15.5	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	192.3	1061.9	79.5	126.90	60%	20.5	18.0	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao Lu
Pinduoduo	PDD US	Internet	BUY	201.5	1143.2	145.1	192.70	33%	23.7	12.7	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao Lu
CR Land	1109 HK	Property	BUY	20.5	49.0	22.5	45.10	101%	4.8	4.3	0.6	11.8	6.8%	Miao Zhang/ Bella Li
FIT Hon Teng	6088 HK	Technology	BUY	2.1	16.7	2.3	4.25	87%	14.8	10.4	0.7	5.3	0.0%	Alex Ng/ Claudia Liu
Xiaomi	1810 HK	Technology	BUY	55.4	199.3	17.3	24.29	40%	20.0	17.7	2.8	11.7	N/A	Alex Ng/ Claudia Liu
BYDE	285 HK	Technology	BUY	8.6	44.1	29.8	45.28	52%	13.6	10.9	2.3	13.8	2.2%	Alex Ng/ Hanqing Li
Innolight	300308 CH	Semi	BUY	18.8	466.3	120.3	150.76	25%	57.2	22.8	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	23.5	223.5	316.9	405.00	28%	45.5	32.2	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Kingdee	268 HK	Software & IT services	BUY	2.7	14.8	5.9	15.5	161%	N/A	N/A	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao Lu

Source: Bloomberg, CMBIGM, Price as of 16/8/2024 2 p.m.

招銀国际 CMB INTERNATIONAL

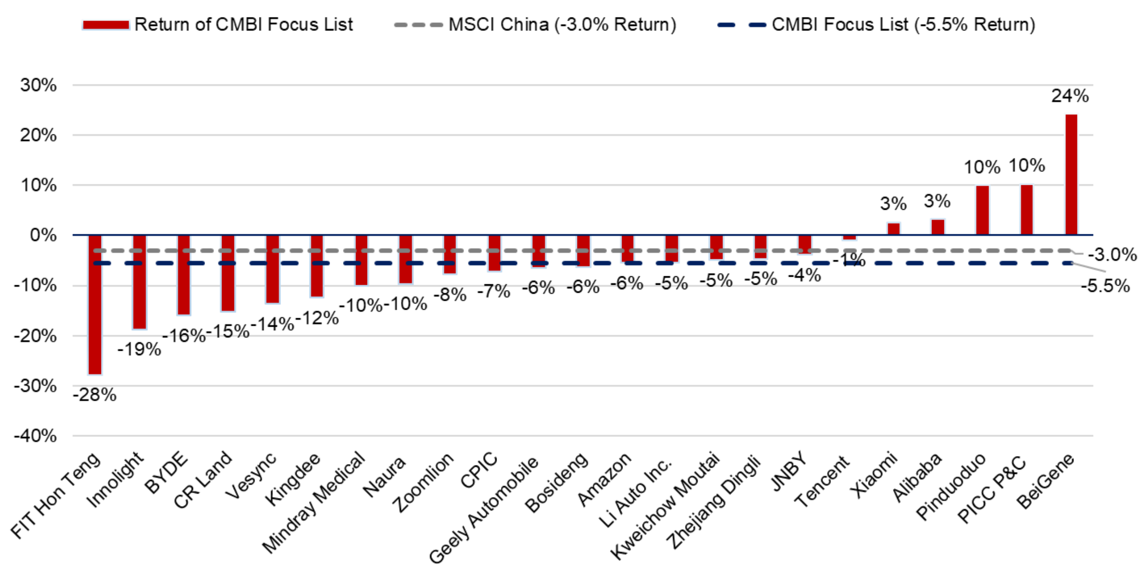
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Xtep	1368 HK	Consumer Discretionary	BUY	Walter Woo	We are relatively more positive, because: 1) the sale trend may improve in Aug, 2) special dividends could be paid soon in Aug-Sep, 3) its wholesale business model is more resilient, and 4) the company has the highest dividend yield in the industry.
Deletions					
Amazon	AMZN US	Internet	BUY	Saiyi He/ Frank Tao/ Wentao Lu	We think the story of rapid margin expansion has largely played out.
Vesync	2148 HK	Consumer Discretionary	BUY	Walter Woo	We are still positive in the long term and have confident on its competitiveness, but there are short-term risks such as: 1) the prudent guidance provided by Amazon, 2) potential increases in trade tariffs, and 3) freight rate cost pressure from the Red Sea crisis.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 17 July 2024, we highlighted a list of 23 long ideas.
- The basket (equal weighted) of these 23 stocks underperformed MSCI China index by 2.5 ppts, delivering -5.5% return (vs MSCI China -3.0%).
- Three of these stocks delivered 10% return or more, and six of our 23 long ideas outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 17 Jul 2024 to 15 Aug 2024

Long Ideas

Li Auto Inc. (LI US) – Regaining sales momentum

Rating: BUY **| TP:** US$26.00 (35% upside)

Analysts: Shi Ji/ Dou Wenjing

- **2Q24E earnings preview**. Li Auto's 2Q24 deliveries of 109,000 units were in the mid-range of its previous guidance. Management expects 2Q24 to be challenging and guides vehicle gross margin at 18% (vs. 19.3% in 1Q24). Although Li Auto may also face losses in equity investment in 2Q24E compared with gains in 1Q24, we expect Li Auto's core earnings per vehicle to rise QoQ in 2Q24E, given better economies of scale and cost reduction efforts.

- **FY24E outlook.** Li Auto's Jul deliveries hit a record high of 51,000 units with the *L Series* regaining sales momentum. We believe our FY24E sales volume forecast of 0.51mn units could be attainable. We now maintain our FY24E net profit forecast of RMB7.2bn, and wait for more information about its new BEVs for FY25E in its upcoming 2Q24 results conference call. The automaker has been accelerating its charging network building since Jun. Its number of super charging piles almost doubled in three months to 3,260 as of Jul 2024, which could benefit its new HPC BEVs.

- ***Mega* has pushed Li Auto to refine its BEV strategy.** It appears to us that the company has lowered its priority for FY24E profitability but has been focusing on laying a more solid foundation for BEV's success after the wrong expectation on the *Mega*. We project FY25E sales volume to be 0.66mn units and NP to be RMB12.3bn.

- **Valuation/Key risks**. We maintain our BUY rating and target price of US$26.00, based on 15x our FY25 EPS. Key risks to our rating and target price include lower sales and/or gross margin than our expectation, as well as a sector de-rating.

Link to latest report: Li Auto Inc. (LI US) - Is the *Mega* lesson worthwhile?

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	45,287	123,851	149,240	193,270
YoY growth (%)	67.7	173.5	20.5	29.5
Gross margin (%)	19.4	22.2	20.1	20.3
Operating profit (RMB mn)	(3,654.9)	7,142.7	3,561.5	8,919.6
Net profit (RMB mn)	(2,012.2)	11,704.1	7,227.8	12,268.1
YoY growth (%)	N/A	N/A	(38.2)	69.7
Adj. net profit (RMB mn)	41.0	12,092.6	8,940.4	13,522.3
EPS (Reported) (RMB cents)	(1.04)	5.95	3.62	6.09
P/S (x)	3.1	1.2	1.0	0.8
P/E (x)	N/A	12.7	21.2	12.4
P/B (x)	3.2	2.5	2.2	1.9

Source: Company data, Bloomberg, CMBIGM estimates

Geely Automobile (175 HK) – Better earnings ahead

Rating: BUY **|** TP: HK$14.00 (81% upside)   Analysts: SHI Ji/ DOU Wenjing

- **2Q24E earnings preview.** Geely 2Q24 sales volume increased by 29% YoY and 1% QoQ to about 0.48mn units. We expect 2Q24E gross margin to rise by 0.8ppts QoQ to about 14.5% driven by greater economies of scale and new products with better GPM. We project Geely's SG&A ratio to rise slightly QoQ in 2Q24E given intensified competition. Therefore, we forecast its net profit to increase 17% QoQ to about RMB1.8bn in 2Q24E.
- **Zeekr's earnings could improve on the new *Zeekr 009*.** We maintain our FY24E sales volume forecast of 220,000 units, implying about an average monthly sales volume of 22,000 units in 2H24E. We estimate that the *Zeekr 009 Grand* version could lift Zeekr's vehicle gross margin by more than 1ppt in 2H24E. Therefore, we project Zeekr's vehicle gross margin in FY24E to be 14.7% (vs. 14% in 1Q24). We estimate Zeekr's 100% net loss to be about RMB770mn under the HKFRS accounting standards in FY24E.
- **ICE profitability remains resilient.** Geely is well on track towards its FY24 sales volume target of 2mn units, in our view. That could be supported by its stronger-than-expected internal-combustion-engine (ICE) models and seven brand-new NEV models in 2H24. We are of the view that the greater economies of scale from the ICE business should offset the lower margin for its PHEV business.
- **Valuation/Key risks.** We value Zeekr at 1.0x our FY24E core revenue (excluding Viridi's battery pack sales and R&D services), which implies US$8.4bn for Zeekr's valuation. We value Geely's all other businesses excluding Zeekr at 13x FY24E P/E. We maintain our BUY rating and target price of HK$14.00. Key risks to our rating and target price include lower sales volume and GPM, especially for NEVs, than we expect, and a sector de-rating.

Link to latest report: Geely Automobile (175 HK) – Solid 1Q24 with better 2H24 earnings ahead

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	147,965	179,204	227,474	240,150
YoY growth (%)	45.6	21.1	26.9	5.6
Net profit (RMB mn)	5,260.4	5,308.4	7,045.6	7,741.6
YoY growth (%)	8.5	0.9	32.7	9.9
EPS (Reported) (RMB)	0.52	0.53	0.70	0.76
P/E (x)	13.6	9.6	8.1	6.8
P/B (x)	0.9	0.8	0.8	0.7
Yield (%)	2.3	2.1	2.5	10.9
ROE (%)	7.3	6.8	8.4	8.6
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Zhejiang Dingli (603338 CH) – Promising growth in US and emerging countries

Rating: BUY **| TP:** RMB75.0 (56% upside)

Analyst: Wayne Fung

- **Investment Thesis:** Overseas demand for aerial work platforms (AWP) is strong at present, driven by solid infrastructure spending, new factory construction and replacement demand. We believe Zhejiang Dingli remains a major beneficiary given its global presence, cost competitiveness, brand recognition and strong management execution.

- **Our View.** We believe a wide range of product offerings, together with clear strategies in overseas markets, including the penetration into tier-1 leasing companies in the US and the expansion to emerging countries, will help Dingli differentiate itself from peers. Besides, we expect Dingli to deliver accelerated sales volume growth in 2024E upon the commencement of smart factory with annual capacity of 4,000 units of AWPs. In addition, Dingli announced in Mar to build a new production base for 20k units of new energy scissors lifts, given the rising demand for electric and advanced models overseas. We estimate this will add 30% capacity in 2026E-27E.

- **Where do we differ vs consensus:** Our earnings forecast in 2024E/25E is -1%/-5% versus consensus. We see upside to our forecast driven by stronger-than-expected margin expansion driven by overseas markets.

- **Catalysts:** (1) Weakness in RMB exchange rate; (2) stabilization of China demand; (3) rising sales of boom lifts in the US.

- **Valuation:** We set our TP at RMB75, based on 18x 2024E P/E (1SD below the historical average of 31x).

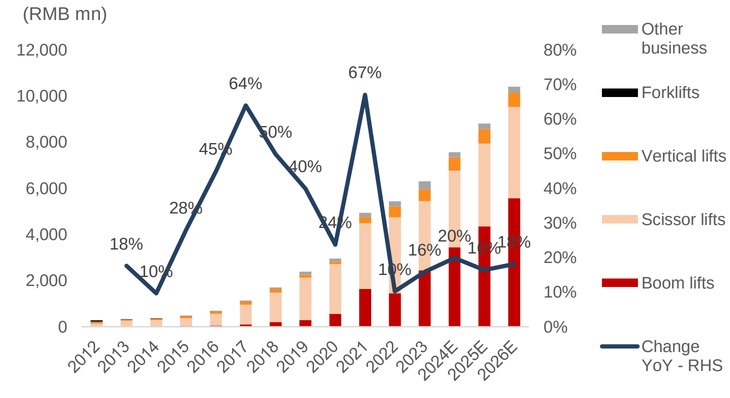
Link to latest report: Zhejiang Dingli (603338 CH) - 4Q23 & 1Q24 earnings in line; Staying positive on overseas growth

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	6,312	7,569	8,810	10,409
YoY growth (%)	15.9	19.9	16.4	18.2
Net income (RMB mn)	1,867	2,105	2,425	2,870
EPS (RMB)	3.69	4.16	4.79	5.67
YoY growth (%)	48.5	12.7	15.2	18.4
Consensus EPS (RMB)	N/A	4.20	4.96	5.75
EV/EBIDTA (x)	11.6	9.5	8.2	7.0
P/E (x)	13.2	11.7	10.2	8.6
P/B (x)	2.8	2.3	2.0	1.7
Yield (%)	2.1	2.4	2.8	3.3
ROE (%)	23.3	21.6	21.1	21.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Dingli's revenue breakdown



Source: Company data, CMBIGM estimates

Zoomlion (1157 HK) – Still positive on overseas expansion; >8% yield

Rating: BUY | **TP:** HK$7.5 (74% upside)

Analyst: Wayne Fung

- **Investment Thesis:** Zoomlion is a major construction machinery manufacturer in China. The company has identified construction machinery, agricultural machinery, and materials as the key business lines. We believe its diversification strategy on both the product level (AWPs & excavators) and regions (emerging overseas markets) will help smooth the revenue stream.

- **Our View:** We like Zoomlion's global expansion strategy. On the product side, the offering of a full range of machinery through an effective direct sales model enables Zoomlion to penetrate different key markets overseas. On regions, the priorities on emerging economies such as the Middle East, Middle Asia and Southeast Asia over Europe and North America make it subject to less geopolitical risks. With overseas revenue share rising to 48% in 1Q24 (vs only <10% three years earlier), and with only 15% of machinery sales related to property investments in China (vs >40% three years earlier), Zoomlion is set to ride on a new structural growth trajectory.

- **Where do we differ vs consensus:** Our earnings forecast in 2024E/25E is 0%/-8% versus consensus. We are more conservative due to low assumptions on China sales.

- **Catalysts:** (1) further increase in overseas sales; (2) stabilization of property-related machinery sales.

- **Valuation:** Our H-share TP of HK$7.5 is based on a 40% discount to our A-share TP (RMB11.6, based on 22x 2024E P/E, equivalent to the peak valuation in 2021).

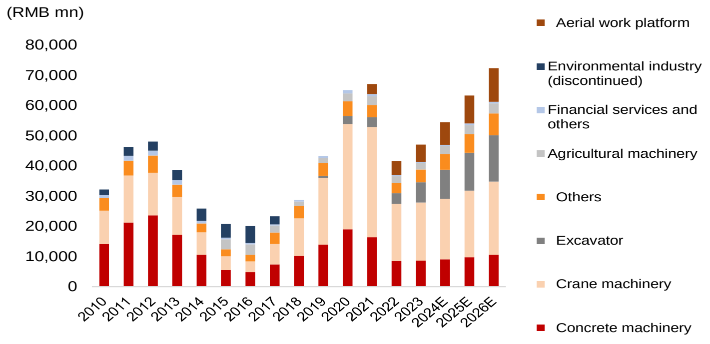
Link to latest report: Zoomlion (1157 HK) - Right strategy on product & global expansion; expect structural growth ahead; U/G to BUY

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	47,075	54,419	63,339	72,374
YoY growth (%)	13.1	15.6	16.4	14.3
Core net income (RMB mn)	3,550	4,365	4,983	5,677
Core EPS (RMB)	0.43	0.53	0.60	0.69
YoY growth (%)	54.9	23.0	14.2	13.9
Consensus EPS (RMB)	N/A	0.54	0.68	0.81
EV/EBITDA (x)	7.9	6.6	5.7	5.0
P/E (x)	9.2	7.5	6.5	5.7
P/B (x)	0.6	0.6	0.6	0.6
Yield (%)	8.1	8.9	10.2	11.6
ROE (%)	6.4	7.6	8.5	9.3
Net gearing (%)	11.6	14.3	15.9	16.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Zoomlion's revenue breakdown



Source: Wind, CMBIGM estimates

Bosideng (3998 HK) - Beautifully executed the solid strategies

Rating: BUY **| TP:** HK$5.98 (53% upside)

Analyst: Walter Woo

- **Investment Thesis:** Bosideng with superior fashion, digital capability and efficiency should gain more market share in the long run, especially when the domestic fashion becomes the main stream in China. Bosideng is not only the largest down apparel brand in China, but also a leading manufacturer in the world. It owns the BOSIDENG, SNOWFLYING brands, etc. and has over 5,300 offline stores. Growth drivers includes: 1) sales per store growth (both ASP and volume), 2) more online and direct retail sales, and 3) gradual penetration of down apparel in China.
- **Our View:** The macro is worrying but we are confident on Bosideng due to its track records. We still think 15%/ 23% sales/ net profit growth in FY25E is attainable, thanks to: 1) a roughly 10% ASP hike, by upgrading the function and designs, 2) volume growth by expanding categories (aiming for 100%+/ 30%+ growth in FY25E for sun-protective clothing/ ultra-light down apparel) and 3) reasonably fast order growth from the distributors, boosted by low channel inventory (sell-through rate was at 80% in FY24) and favorable ordering polices. Plus 8% FY25E yield, the downside is limited in our view.
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our net profit forecasts are +5%/ +8%/ +4% vs street as we are more conservative on its sales growth, but we are still positive on its OP margin improvement, thanks to solid operating leverage.
- **Catalysts:** 1) better-than-expected annual results, 2) positive feedback on new products, and 3) favorable weather.
- **Valuation:** We derive our 12m TP of HK$5.98 based on 15x FY25E P/E. We believe the decent sales growth, successful new product launches and new category expansion can drive a further re-rating. The stock is trading at 10x FY25E P/E and a 8% yield.

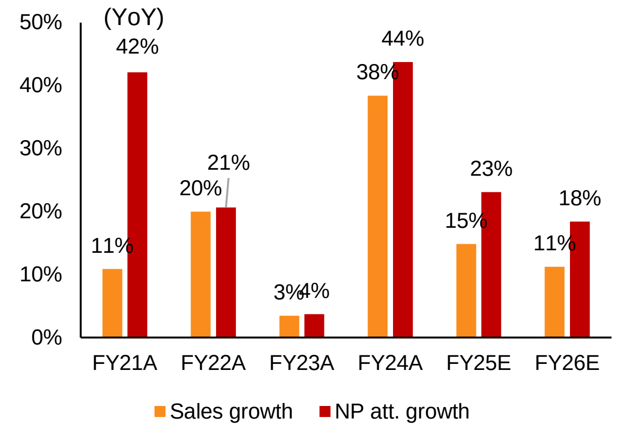
Link to latest report: Bosideng (3998 HK) – Beautifully executed the solid strategies

Financials and Valuations

(YE 31 Mar)	FY24A	FY25E	FY26E	FY27E
Sales (RMBmn)	23,214	26,657	29,654	31,584
YoY change (%)	38.4	14.8	11.2	6.5
Net profit (RMBmn)	3,074	3,783	4,478	4,866
EPS - Fully diluted (RMB)	0.269	0.331	0.392	0.426
YoY change (%)	43.7	23.1	18.4	8.7
Consensus EPS (RMB)	n/a	0.330	0.378	0.425
P/E (x)	11.9	9.7	8.2	7.5
P/B (x)	2.5	2.3	2.1	1.9
Yield (%)	7.2	7.9	9.4	10.2
ROE (%)	23.4	26.3	28.3	28.0
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

JNBY (3306 HK) – An impressive beat but a conservative outlook

Rating: BUY **| TP:** HK$19.77 (53% upside)

Analyst: Walter Woo

- **Investment Thesis:** JNBY is a leading designer brand in China, owning brands like JNBY, CROQUIS, less and jnby by JNBY, etc.. We believe its FY26E sales/ NP target of RMB 6.0bn/ RMB 900mn is robust (10%/ 13% sales/ NP CAGR during FY23-26E) are achievable enough (we only priced in 95%). Growth drivers include: 1) industry consolidation, 2) upgrades in products and branding, 3) store revamps, 4) ramp up of its digital-related and e-commerce sales, 5) store expansion, and 6) development of new brands.
- **Our View:** After a SSSG improvement in Apr-May 2024 (vs Jan- Mar), we believe numbers in Jun 2024 could have weakened, and this kind of missed our expectation (even with the series of marketing around the 30-year anniversary and member's day promotions). However, in terms of sales/ net profit growth in 2HFY25E (Jan-Jun 2024), we are not too worried, as the margin could still be decent, because of : 1) operating leverage (positive SSSG achieved), 2) ASP hikes, and 3) a better channel mix (more sales via Douyin).
- **Where do we differ vs consensus:** For FY24E/ 25E/ 26E, our sales forecasts are 0%/ -3%/ -6% vs consensus and our net profit forecasts are 0%/ 0%/ -1% vs street as we are more conservative on sales growth but more optimistic on its OP margin expansion.
- **Catalysts:** 1) better-than-expected SSSG, 2) better-than-expected product and branding upgrades, and 3) faster-than-expected store expansion.
- **Valuation:** We derive our 12m TP of HK$19.77 based on a 11x FY6/24E P/E. We believe JNBY can be re-rated more as the rapid growth sustains in 2024. The stock is trading at ~7x FY6/24E P/E and 13% FY6/24E yield.

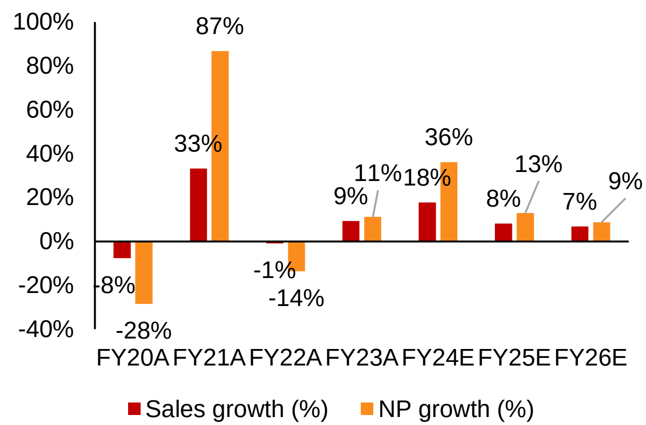
Link to latest report: JNBY Design (3306 HK) – An impressive beat but a conservative outlook

Financials and Valuations

(YE 30 Jun)	FY23A	FY24E	FY25E	FY26E
Sales (RMB mn)	4,465	5,258	5,687	6,073
YoY change (%)	9.3	17.8	8.2	6.8
Adj. Net profit (RMB mn)	621	845	955	1,038
EPS - Fully diluted (RMB)	1.222	1.663	1.878	2.041
YoY change (%)	9.8	36.1	13.0	8.7
Consensus EPS (RMB)	n/a	1.662	1.852	2.025
P/E (x)	9.8	7.2	6.3	5.8
P/B (x)	3.1	2.7	2.5	2.2
Yield (%)	6.3	12.6	11.8	12.8
ROE (%)	33.9	39.4	39.8	39.3
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth, yearly



Source: Company data, CMBIGM estimates

Xtep (1368 HK) – Cautiously optimistic after a resilient 2Q24

Rating: BUY | **TP:** HK$7.32 (54% upside)

Analyst: Walter Woo

- **Investment Thesis:** For the sportswear sector, despite the short-term retreat (a turnaround in 2Q24E is still possible), we still think the long-term growth potential is there (sports participation rate to increase and support from government, etc.). For Xtep, even with the rising competition from other brands, we still see room for growth (running segment is still growing healthily by 20%+ and outpacing others) and it could maintain the leadership by securing sponsorships of the best domestic runners and rolling out more innovative products.

- **Our View:** The sportswear industry is still under great pressure, but we believe Xtep is still one of a few brands that can outperform and improve sequentially in 2H24E, because of: 1) successful new product launches such as the 360X, 2) robust e-commerce sales growth (esp. the Douyin channel), 3) wholesale business nature (therefore drags from operating deleverage is limited), 4) strong beat in Saucony's sales growth and margin expansion, and 5) reduced losses after the sales of K&P.

- **Where do we differ vs consensus:** For FY24E/ 25E/ 26E, our net profit forecasts are 6%/ 8%/ 11% higher than the street as we are more conservative on its sales growth, but more positive on its OP margin improvement, thanks to the removal of K&P and interest income.

- **Catalysts:** 1) better-than-expected results, 2) positive feedback on new products, 3) favorable policies, and 4) favorable weather.

- **Valuation:** We derive our 12m TP of HK$7.32 based on 14x FY24E P/E. We believe sales of K&P, and improved financials, cash flow and dividends can drive a further re-rating. The stock is trading at 9x FY24E P/E.

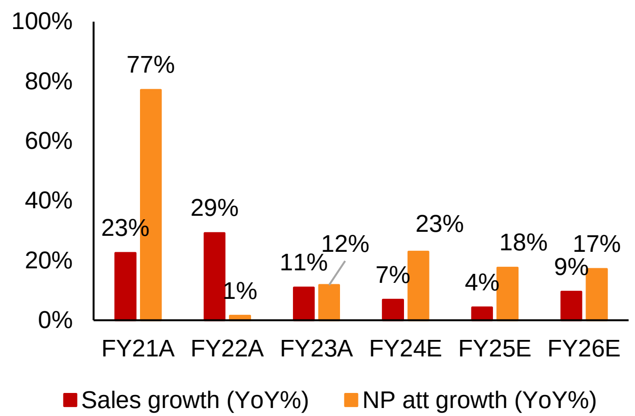
Link to latest report: Xtep (1368 HK) – Cautiously optimistic after a resilient 2Q24

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Sales (RMB mn)	14,346	15,371	15,713	17,298
YoY change (%)	10.9	7.1	2.2	10.1
Net profit (RMB mn)	1,030	1,293	1,494	1,778
EPS - Fully diluted (RMB)	0.391	0.473	0.547	0.651
YoY change (%)	9.4	21.1	15.5	19.0
Consensus EPS (RMB)	n/a	0.454	0.527	0.598
P/E (x)	10.5	8.8	7.5	6.4
P/B (x)	1.2	1.2	1.2	1.1
Yield (%)	4.7	16.1	6.6	7.7
ROE (%)	12.0	14.2	16.3	17.8
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

Kweichow Moutai (600519 CH) – Our 2024 top pick among F&B names

Rating: BUY | **TP:** RMB2,219 (55% upside)

Analyst: Miao Zhang/ Bella Li

- **Investment Thesis:** The company's performance in 1Q24 remained resilient amidst terminal prices fluctuations, with sales/net profit growing by 18%/16% YoY. 1Q's wholesale channel recorded solid growth of 26%, and its revenue contribution to the total went up to 57%, up 5 ppts compared to 4Q23. The situation was mainly driven by an addition of 17 official distributors, terminating trail periods of selling "Moutai 1935", and Group's higher allocation to distributors compared to previous years' quotas. According to Jinrijiujia, wholesale prices of Feitian box and bulk had been discounted by 6.9% and 5.9% YTD as of May 16 respectively. We believe the prices shall recover to a healthy and stable level for the full year. We are positive in the company achieving its full-year expectation of sales growth exceeding MDD, based on 1) a 20% ex-factory price hike implemented, 2) delivering volume 4.5WT estimated, and 3) new Series SKUs launched.

- 1Q24's cash collection pace slightly exceeded that of 1Q23. The company's cash increased by 17.4% YoY, consistent with revenue growth. Net cash flow from operating activities increased by 75% YoY, mainly contributed by increases in interbank deposits and central bank reserves.

- **Our View:** Looking forward, we believe that the portfolio premiumization and channel mix adjustment should continue and further optimize the company's profitability level. Moutai remains a solid defensive name, in our view.

- **Valuation.** Our TP remains unchanged at RMB2,219.

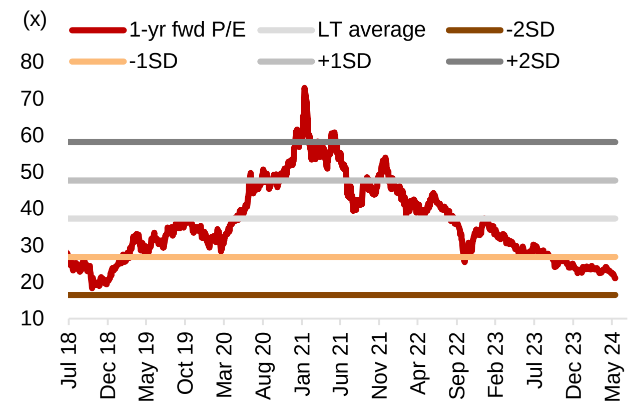
Link to latest report: Kweichow Moutai (600519 CH) - Our 2024 top pick among F&B names

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	127,554	147,435	179,647	201,129
YoY growth (%)	16.5	15.6	21.8	12.0
Net income (RMB mn)	62,716.2	73,346.8	90,831.7	102,362.2
EPS (RMB)	49.93	58.39	72.31	81.49
YoY growth (%)	19.6	17.0	23.8	12.7
Consensus EPS (RMB)	N/A	N/A	70.3	81.38
P/E (x)	33.4	28.6	23.1	20.5
P/B (x)	10.6	9.8	7.9	6.5
Div yield (%)	1.3	1.5	1.9	2.1
ROE (%)	32.4	35.6	37.7	34.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E



Source: Company data, CMBIGM estimates

BeiGene (BGNE US) – Sales exceeding expectations and achieving non-GAAP profitability

Rating: BUY | **TP:** US$288.93 (51% upside)

Analysts: Jill Wu/ Andy Wang

- **Investment Thesis:** Product sales continued beating expectation. In 2Q24, BeiGene recorded total product sales of US$921mn (+23% QoQ, +66% YoY). The 1H24 total product sales reached US$1.67bn, representing 51.4% of our previous FY24 estimate, beating our expectations. Zanubrutinib (zanu) maintained strong sales momentum, increasing 30% QoQ or 107% YoY to US$637mn. The strong performance of zanu was driven by continuous market share gains in CLL in the US, especially in new patient prescriptions in both 1L and RR CLL (~40% market share, close to acalabrutinib), and the expansion of reimbursement coverage in Europe. According to our calculation, in 2Q24, the global market size of BTKi recorded a +9% QoQ increase, driven by the strong sales of zanu (+30% QoQ) and acalabrutinib (+10% QoQ), while sales of ibrutinib declined 1% QoQ. Zanu captured around 24% of the global BTKi market in 2Q24, improving significantly from 20% in 1Q24. As the only BTKi with superior head-to-head clinical data vs ibrutinib and the broadest indication coverage, we forecast zanu to gain market share and realize US$2.6bn sales in FY24 (+102% YoY) and US$5.6bn peak sales by 2031E.
- **Our View:** Achieved non-GAAP profitability, with GAAP breakeven around the corner. BeiGene consistently improved its operating margins, benefiting from the rapid growth in product revenue. Its GP margin (vs product sales) increased to 85.0% in 2Q24 (vs 83.3% in 1Q24). The SG&A ratio (vs product sales) continued to decrease to 48% in 2Q24 (vs 57% in 1Q24 and 69% in FY23). In 2Q24, BeiGene narrowed its net loss to US$120mn (vs US$251mn in 1Q24). Without the impact from share-based compensation, depreciation and amortization, the company recorded quarterly profitability of US$48mn (vs loss of US$147mn in 1Q24), a major milestone in the its history. BeiGene has arrived around the corner of profitability. With the strong sales momentum and improving operating margin, we expect BeiGene to break even in FY25E.
- **Where do we differ:** We believe sonrotoclax (BCL-2) and BGB-16673 (BTK CDAC) will become blockbusters. Considering the company's near-term profitability, strong product growth momentum, and a robust early-stage pipeline, BeiGene remains our top recommendation.
- **Valuation:** We derive our target price of US$288.93 based on DCF valuation (WACC: 9.79%, terminal growth rate: 3.0%).

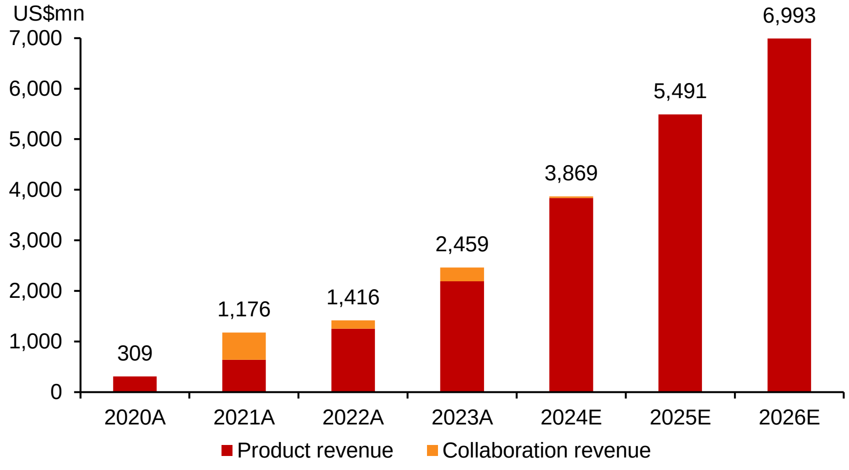
Link to latest report: BeiGene (BGNE US) - Sales exceeding expectations and achieving non-GAAP profitability

Financials and Valuations

(YE 31 Dec)	FY24E	FY25E	FY26E
Revenue (US$ mn)	3,869	5,491	6,993
YoY growth (%)	57%	42%	27%
Net loss (US$ mn)	(600)	53	562
EPS (US$)	(5.76)	0.51	5.39
Consensus EPS (US$)	(4.72)	(0.63)	3.83
R&D expenses (US$ mn)	(1,996)	(2,087)	(2,447)
SG&A expenses (US$ mn)	(1,920)	(2,526)	(2,867)
Capex (US$ mn)	(400)	(200)	(200)

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

Mindray (300760 CH) – Upcoming stimulus program to boost demand for medical equipment procurement

Rating: BUY | **TP:** RMB383.49 (51% upside)

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** Since Aug 2023, procurement by China public hospitals has been delayed, resulting in a decrease in the purchase of medical equipment. However, Mindray still achieved solid growth in 2023 and 1Q24. In 2023, Mindray's revenue/ attributable net profit were RMB34.9bn/ RMB11.6bn, up 15.0%/ 20.6% YoY, respectively. In 1Q24, Mindray's revenue/ attributable net profit were RMB9.4bn/ RMB3.2bn, up 12.1%/ 22.9% YoY, respectively. The procurement of medical equipment in public hospitals recovered MoM in March and April, according to the China Government Procurement Network. Moreover, we expect the stimulus plan of medical equipment renewal will be implemented in 2H24. Given the low base effect, we expect Mindray's revenue to resume strong growth in 2024E.
- **Our View:** Upcoming stimulus program to drive a rebound in the procurement of medical equipment. The State Council released an action plan to promote large-scale equipment renewal and trade-in of consumer goods, on March 13. Based on the plan, by 2027, the investment scale of equipment in industries such as healthcare should increase by more than 25% from 2023. Several provinces have released their detailed plans and lists of medical equipment for renewal. On July 24, the National Development and Reform Commission and the Ministry of Finance issued "Certain Measures on Increasing Support for Large-scale Equipment Renewal and Consumer Goods Trade-in", proposing to arrange approximately RMB300bn of special ultra-long-term government bond funds to support large-scale equipment renewal. The central government's interest subsidies will be increased from 1 pct per year to 1.5 pcts per year, with a duration of two years and a total subsidy scale of RMB20bn.
- **Where do we differ vs consensus:** We think the stimulus plan for medical equipment procurement is strong. First, the stimulus will offer subsidy to hospitals apart from low-interest loans. Second, the stimulus is a long-term plan. We expect that the peak of medical equipment upgrade demand will be in 2H24 and 2025. Mindray, as one of the domestic leading companies, is expected to benefit significantly from this stimulus plan, in our view.
- **Valuation:** We derive our target price of RMB383.49 based on a 9-year DCF model (WACC: 9.6%, terminal growth rate: 3.0%) .

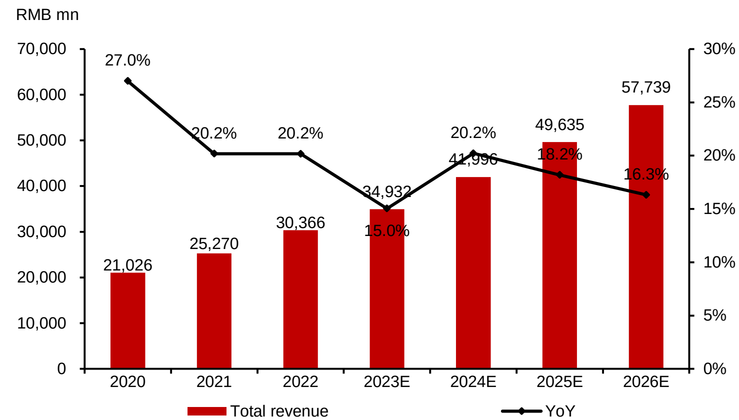
Link to latest report: 迈瑞医疗 (300760 CH) - 海内海内外持续高端突破，业绩增长稳健

Financials and Valuations

(YE 31 Dec)	FY24E	FY25E	FY26E
Revenue (RMB mn)	41,996	49,635	57,739
YoY growth (%)	20.2	18.2	16.3
Attr. net profit (RMB mn)	13,905	16,481	19,357
YoY growth (%)	20.1	18.5	17.5
Adjusted net profit (RMB mn)	13,748	16,326	19,203
Adjusted EPS (RMB)	11.34	13.47	15.85
P/E (x)	26.3	22.2	18.9
Net gearing (%)	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

CMB INTERNATIONAL 招银国际

CPIC (2601 HK) – Expect financial resilience to support valuation rebound

Rating: BUY **| TP:** HK$24.8 (31% upside) Analysts: Nika Ma

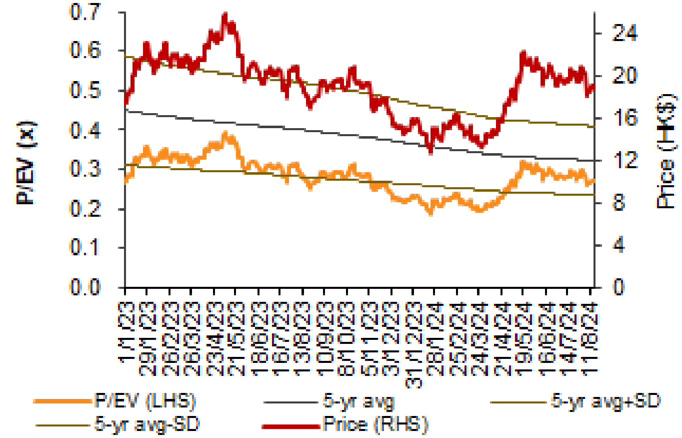
- **Investment Thesis:** CPIC has seen continued momentum in life premium growth in 2Q24 despite a high base due to the "stop-sale" impact in 2Q23. The monthly premium growth in Apr-Jun was +12.3%/+7.4%/+2.3% YoY, ranking top among listed peers. With recent regulatory guidance to lower the traditional life pricing interest rate (PIR) to 2.5% from Sep 2024, the PIR for participating products to 2.0% and min. guaranteed rate for universal products to 1.5% from Oct 2024, we expect the risk of spread loss to further reduce, conducive to the insurer's margin expansion and long-term investment pressure release. We maintain the view that margin expansion acts as a key driver for the insurer's 1H24 VNB increase, and expect mid- to high-teens VNB growth in 1H24. Besides, as equity market marginally rebounds with the CSI 300 -2.1% YoY in 2Q24 (vs 2Q23: -5.1%) and CNGB10YR yield fluctuated below 2.3% in 2Q24, we expect the investment income to outperform against our year-start forecast to bolster net profit growth on top of insurance service results. The insurer ranked first to log positive net profit growth of +1.1% YoY to RMB 11.8bn in 1Q24, and we expect the growth to accelerate to 5%-8% YoY in 1H24, thanks to better fair value gains.
- **Sweet spot for southbound.** The 2Q stock rally among CN insurers was primarily prompted by southbound inflows seeking targets of high dividends and low valuation. We expect the inflow to continue in 2H24 given supportive domestic policy expectation and easing overseas monetary conditions after the Fed pivot. In 2Q24, we see subsided sell-off pressure from foreign funds for China assets. Given the near-trough valuation at FY24E 0.3x P/EV and 0.6x P/BV, we prefer CPIC (2601 HK) as a resilient play to ride on this round of macro tailwinds. Looking ahead, we see a good opportunity to accumulate such quality names as CPIC, as part of our "offensive yet defensive" strategy given its potential valuation rebound on top of 6.0% FY24E div. yield and an avg. 12%-13% ROE.
- **Valuation:** The H-share is now trading at FY24E 0.30x P/EV and 0.64x P/BV, attractive vs an est. 3-year ROE at 12.4% in FY24E-FY26E. Reiterate BUY. We are positive on the valuation rebound upon improved asset performance and better-than-expected 1H24 results. The interim results will be announced in late August. Maintain TP at HK$24.8 based on SOTP, implying FY24E 0.84x P/BV.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Net profit (RMB mn)	27,257	31,786	33,457	36,282
EPS	2.83	3.30	3.48	3.77
Consensus EPS	N/A	3.34	3.61	3.86
Group EV / share (RMB)	55.0	58.0	60.9	63.8
P/EV (x)	0.32	0.30	0.29	0.28
P/B (x)	0.68	0.64	0.61	0.56
Dividend yield (%)	5.8	6.0	6.3	6.5
ROE (%)	12.2	12.4	12.4	12.5

Source: Company data, Bloomberg, CMBIGM estimates

Fig: CPIC (2601 HK): share price and attractive FY24E P/EV



Source: CMBIGM estimates

PICC P&C (2328 HK) – Top defensive name; expect FY24 CoR guidance met

Rating: BUY | **TP:** HK$11.9 (16% upside) Analysts: Nika Ma

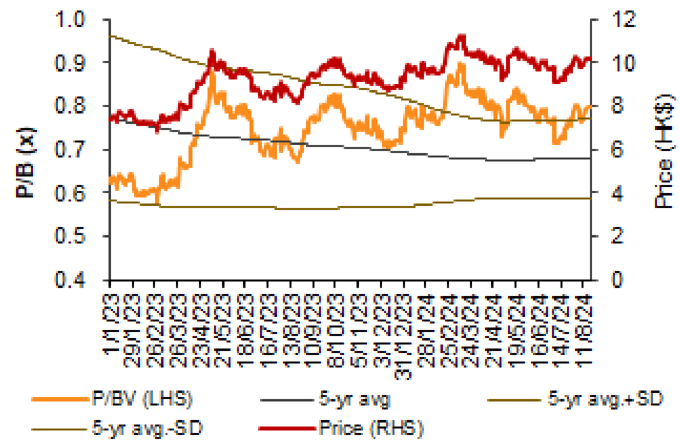
- **Investment Thesis:** The P&C forerunner ranks top within the defensive universe of the sector given its resilient fundamentals exhibiting the nature of counter-cyclicality. Despite underperforming auto and non-auto premium growth since year-start, given an avg. monthly auto/non-auto growth at 2.6%/4.9% respectively, lower than our FY24E estimates of ~5%/double-digit YoY, we see resilient YTD share performance by +9.5% (quoted by market close on Aug 14), outpacing the HSI and Hang Seng China H-Financials Index (HSCIFN) by +0.4%/+0.4% YoY. In the mid-term, we still see incremental room for China's P&C insurers to scale up and improve structure mix under a more benign competitive landscape after stringent regulatory scrutiny in 2H23. We maintain our positive outlook on the stock given: 1) continued risk mitigation from precise CoR controls across lines; 2) shift to a more optimized financial asset structure to reduce the fair value chg. on net profit; 3) strong capital to support an attractive div. yield at ~5.5% in FY24E. As the P&C sector lead, we believe PICC P&C enjoys better-than-peers pricing capability based on advanced risk models and massive cross-sector data from auto segment to other non-auto lines, e.g. personal A&H, of which the CoR was well controlled at approx. 95% contributing to an overall CoR management. We expect the insurer's underwriting profit to increase by 13% YoY to RMB10.7bn in 1H24, with CoR mildly down to 95.5% due to the contraction of expense ratio.
- **Auto/Non-auto:** We revise down FY24E auto premium growth to 4% YoY (vs year-start: 5%), driven by rising NEV penetration contributing to a normalized avg. case size. In the long run, we expect avg. auto case size to normalize as the price competition among peers appears to be subsiding after stringent regulatory scrutiny. We maintain the full-year auto CoR at 96.7%, -0.2pct YoY, in line with guidance of <97%. For non-auto, we expect improved UWP margin in FY24E for 1) proactively contracted corporate lines in high loss ratios, i.e. credit and employment liability, and 2) high base of non-auto CoR caused by increased NAT CAT claims in 3Q23. We project full-year non-auto CoR to arrive at 98.9%.
- **Valuation:** The stock is trading at 0.85x FY24E P/B with an est. 3-year ROE at 12.6%, in our view. With >40% payout, we view the stock a top defensive play amid uncertainties. Maintain BUY, with TP at HK$11.9, implying 1.0x FY24E P/B.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Underwriting profit (RMB mn)	10,189	11,886	13,779	16,072
Net profit (RMB mn)	24,566	29,222	31,718	34,322
EPS (RMB)	1.11	1.32	1.43	1.55
Consensus EPS (RMB)	n.a	1.32	1.46	1.58
Combined ratio (%)	97.8	97.6	97.3	97.1
P/B (x)	0.90	0.85	0.81	0.78
Dividend yield (%)	5.2	5.6	6.1	6.6
ROE (%)	10.8	12.2	11.6	13.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: PICC P&C: share price and P/B herald price growth



Source: CMBIGM estimates

Tencent (700 HK) – Earnings growth stability continues

Rating: BUY **| TP:** HK$480.0 (29% upside)

Analyst: Saiyi He/Wentao Lu/Frank Tao

- **Investment Thesis:** Tencent's competitive edges remain solid. We expect Tencent to deliver sustainable earnings growth amid macro uncertainty and intensifying competition. For 2024, we expect: 1) higher-margin businesses like Video Account and Mini Games will bring incremental monetization opportunities and support GPM expansion; 2) games revenue to deliver strong growth in 2H24E, backed by monetization revamp of key legacy titles and launch of new games like *DnF Mobile*; 3) enhanced shareholder return, with total share repurchase amount more than doubled to >HK$100bn (c.3% of mkt cap).
- **Our View:** We expect Tencent will continue to deliver quality earnings growth in 2024E, supported by its operating leverage capacity, unparalleled competitive positions in core business segments and incremental contribution from Weixin ecosystem innovation. We expect non-IFRS NPM to rise from 26% in FY23 to 33% in FY26E, on a favorable revenue mix shift to higher-margin business (e.g. Weixin Video Account and Mini Games) and opex control. We are upbeat on Tencent's long-term leadership in domestic games market and capability to grow in overseas games markets. Tencent's current valuation (15x FY24E PE) offers attractive risk-reward given its solid earnings growth outlook (FY25/26E: +36/8% YoY), in our view. BUY.
- **Catalysts:** 1) enhanced Video Account monetization supports better-than-expected revenue growth and GPM expansion; 2) launch of *DnF Mobile* drives stronger-than-expected game revenue growth in FY24E; 3) increasing share repurchase and dividends to enhance shareholder return.
- **Valuation:** Our SOTP-derived TP is HK$480.0, comprising HK$190.6/30.0/83.5/79.7/20.7 for games/SNS/ads/Fintech/cloud business and HK$8.2/67.3 for net cash/strategic investments.

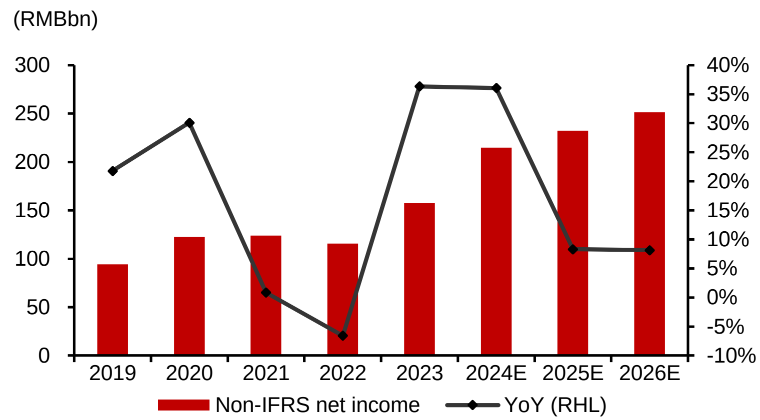
Link to latest report: Tencent (700 HK) - Inline 2Q24 results; games business to drive revenue growth acceleration in 2H24E

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	609,015	658,187	709,755	758,014
YoY growth (%)	9.8	8.1	7.8	6.8
Gross margin (%)	48.1	53.3	53.6	54.2
Adj. net profit (RMB mn)	157,688	214,576	232,392	251,334
YoY growth (%)	36.4	36.1	8.3	8.2
EPS (Adjusted) (RMB)	16.66	22.16	24.00	25.95
Consensus EPS (RMB)	16.66	20.90	23.43	26.25
Non-GAAP P/E (x)	21.1	15.5	14.3	13.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Alibaba (BABA US) – Driving for monetization improvement while maintaining stabilizing market share

Rating: BUY **| TP:** US$126.9 (60% upside) Analyst: Saiyi He/Frank Tao/Wentao Lu

- **Investment Thesis:** 1) Alibaba's fundamentals are on improvement track, evidenced by solid user growth and user engagement improvement, as well as solid footprint in international expansion; 2) Alibaba is enhancing shareholder return through a holistic approach (ie, share buyback, dividend payout, support strategically important new business growth to drive long-term shareholder value improvement), and its valuation is not demanding.
- **Our View:** Management highlighted solid progress regarding its investment to support market share gains of core business, Taobao & Tmall (T&T) Group GMV up by high single digits YoY, international commerce retail revenue up 32% YoY, and AI-related cloud revenue up by triple digits YoY in 1QFY25. The 1QFY25 results demonstrated Alibaba's capability in driving operating efficiency improvement across business segments, in our view, and management has illustrated a clear path to achieve monetization improvement for Taobao & Tmall Group in the coming quarters, aided by: 1) incremental technical services charged on merchants; 2) potential increase in monetization from the new models; 3) increased adoption of Quanzhantui. Key strategic growth areas such as Cloud Intelligence Group and Alibaba International Digital Commerce Group are on track to support Alibaba's long-term revenue and earnings growth.
- **Where do we differ vs consensus:** We believe Alibaba is able to improve its ROIC in an efficient and effective way, and enhance shareholder return in a holistic approach, which should help drive valuation rerating.
- **Catalysts:** 1) potential dual primary listing in HKEx and inclusion in the Stock Connect; 2) better-than-expected consumption recovery; and 3) positive regulatory update regarding fintech business.
- **Valuation:** Our SOTP-based TP is US$126.9, which translates into 15.4x FY25E PE.

Link to latest report: Alibaba (BABA US) – Driving for monetization improvement while maintaining stabilizing market share

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	868,687	941,168	1,028,217	1,115,664
Adjusted net profit (RMB mn)	143,991.0	158,359.0	147,035.0	171,075.9
EPS (Adjusted) (RMB)	54.91	62.77	60.09	72.07
Consensus EPS (RMB)	na	62.23	61.77	69.27
P/E (x)	20.5	18.0	11.5	9.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Alibaba: SOTP valuation

#	Segment (USDmn)	Valuation method	FY25E Rev (USDmn)	Adj. EBITA post tax	P/E (x)	EV/S (x)	Val. Rmb mn	Val. US$m	$/share	Value split
1	Taobao and Tmall Group	7.0x FY25E P/E; 20% tax rate on adjusted EBITA	62,100	22,058	7.0		1,116,347	154,405	60.7	48%
2	International Digital Commerce Group	1.5x FY25E EV/S	18,830			1.5	204,210	28,245	11.1	9%
3	Local Services Group	1.5x FY25E EV/S	9,289			1.5	103,423	14,305	5.6	4%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63.7% shareholding	15,846				47,578	6,581	2.6	2%
5	Cloud Intelligence Group	3.9x FY25E EV/S on revenue before intersegment elimination	16,037			3.9	446,398	61,743	24.3	19%
6	Digital Media and Entertainment Group	1.0x FY25E EV/S, inline with iQIYI trading EV/S	3,033			1.0	22,804	3,154	1.2	1%
7	All others	1.0x FY25E EV/S	27,134			1.0	186,369	25,777	10.1	8%
	Total Alibaba business						**2,127,128**	**294,209**	**115.6**	
INVESTMENTS										
1	Ant Group	Last round share buyback valuation; 33% share holding					187,143	25,884	10.2	
2	Others	Market valuation					110,747	15,318	6.0	
	Total investment (with 30% holding discount)								**11.3**	9%
	Total (US$mn)								**126.9**	
	#s of diluted ADS (mn)								2,545	

Source: Company data, CMBIGM estimates

Pinduoduo (PDD US) – Increased monetization drove a strong beat on results

Rating: BUY | **TP:** US$192.7 (33% upside)

Analysts: Saiyi He/ Frank Tao/ Wentao Lu

- **Investment Thesis:** 1) Leveraging strong domestic supply chain, overseas expansion is on track to support PDD's long-term revenue and earnings growth; 2) PDD is expanding its branded product pool, which could drive resilient GMV growth in 2024; 3) aided by the launch of new advertising products and increased monetization from the "Ten Billion Subsidy" program, we believe PDD still has potential to improve monetization of its domestic business.
- **Our View:** We remain positive on PDD's long-term growth prospect, mainly given: 1) Temu has seen robust GMV and revenue growth, and is on track to support PDD's long-term revenue and earnings growth, which will likely propel a valuation rerating, and also, the launch of "partly entrust" business model should help drive UE improvement and better-than-expected loss reduction in 2024; 2) domestic business could maintain healthy revenue and earnings growth in 2024, aided by the increase in monetization on the launch of new advertising products.
- **Where do we differ from consensus?** 1) Although industry competition may become tougher in 2024, PDD still has room to drive a further increase in monetization rate, aided by the launch of new advertising products, and increase in commission rate of its "Ten Billion Subsidy" program, in our view. 2) Geopolitical risk from Temu in the US is likely to be controllable; and the decline in GMV contribution from the US market should help mitigate market concerns.
- **Catalysts:** 1) better-than-market expected monetization improvement of domestic business; 2) more rapid-than-expected international business development.
- **Valuation:** Our SOTP-based target price is US$192.7, translating into 16.7x 2024E PE (non-GAAP).

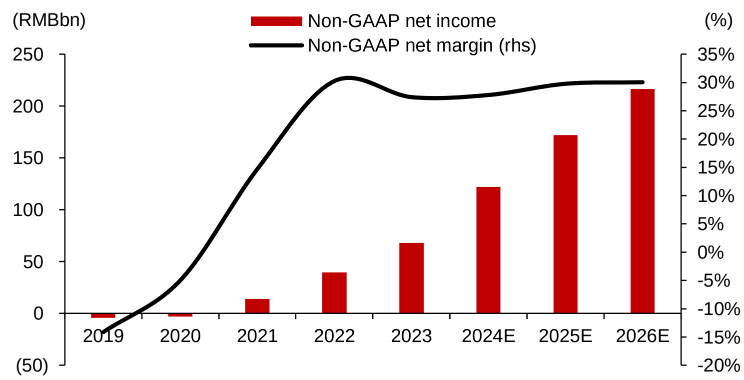
Link to latest report: Pinduoduo (PDD US): Increased monetization drove a strong beat on results

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	247,639	438,737	577,858	719,857
Net profit (RMB mn)	60,026.5	112,617.1	161,701.0	204,635.6
Adjusted net profit (RMB mn)	67,899.4	121,416.8	171,524.6	215,793.3
YoY growth (%)	71.8	78.8	41.3	25.8
EPS (Adjusted) (RMB)	46.51	83.17	117.49	147.81
Consensus EPS (RMB)	41.13	61.45	82.06	102.88
P/E (x)	23.7	12.7	8.8	7.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: PDD's adjusted net profit and adjusted NPM



Source: Company data, CMBIGM estimates

CR Land (1109 HK) – Stable FY23 earnings backed by robust rental business

Rating: BUY | **TP:** HK$45.10 (101% upside)

Analysts: Miao Zhang/ Bella Li

- **Stable FY23:** CR Land delivered stable FY23 earnings with core net profit up 3% YoY to RMB27.8bn, mainly driven by robust investment property (IP) business which reported 30.6% YoY growth in revenue and 47.6% YoY growth in core net profit. The segment's contribution to core net profit went up 8.6ppt to 28.3%, together with its recurring business like PM, PJM etc., whose profit contribution went up 10ppt to 34.4%. Contract sales of development business (DP) increased 1.9% YoY to RMB307bn in FY23 (vs. -17.3% for TOP100). Contracted ASP hiked 11% to RMB 23,486/sqm as 91% sales were from tier-1&2 cities (vs. 87% in FY22).

- **Investment thesis: 1)** We expect CR Land to deliver solid growth on IP business in FY24-26E, which should continue providing buffer against the downturn of DP business. The company targets to have 117 operational shopping malls in FY27E and plans to launch 16 new ones in FY24E. **2)** We expect steady sales growth for DP business in FY24E due to the company's strong land acquisitions in FY23 (+20% YoY to RMB173bn with land-to-sales ratio at 56%, one of the highest in the industry) and heathier structure in sellable resources (39% in tier-1 cities in FY24E vs. 29% in FY23 sales). The continued policy relaxation in tier-1 cities would benefit CR Land more. **3)** We believe asset management platform would help unlock value of its IPs and further widen its gap with other developers going forward.

- **Where do we differ:** ST risk may lie in the impact of outbound travel on CR Land's high-end mall business.

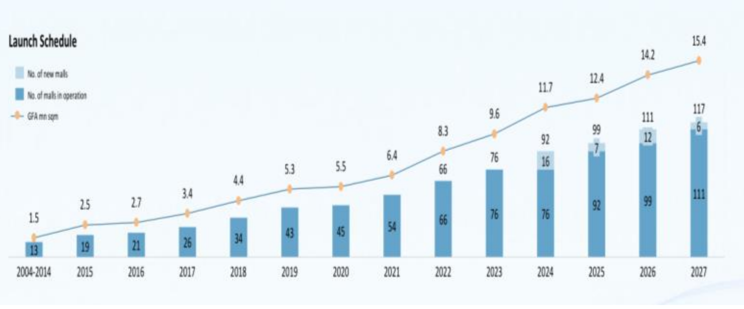
- **Valuation:** The company currently trades at 4.3x 2024E P/E vs. historical 5-YR average of 8x. Our TP stays unchanged at HK$45.10, reflecting a 50% discount to NAV.

Financials and Valuations

(YE 31 Dec)	FY21A	FY22A	FY23A	FY24E
Revenue (RMB mn)	212,108	207,061	251,137	252,488
YoY growth (%)	18.1	(2.4)	21.3	11.0
Net income (RMB mn)	32,401	28,092	31,365	35,462
EPS (RMB)	4.54	3.94	4.40	4.97
YoY growth (%)	8.69	(13.30)	11.69	10.13
Consensus EPS (RMB)	N/A	N/A	N/A	4.2
P/E (x)	4.7	5.4	4.8	4.3
P/B (x)	0.7	0.6	0.6	0.6
Yield (%)	6.5	6.6	6.8	7.7
ROE (%)	14.3	11.5	11.8	13.8
Net gearing (%)	24.4	35.0	27.3	47.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: CR Land's malls opening plan



Source: Company data, CMBIGM

FIT Hon Teng (6088 HK) – Upbeat guidance on power busbar and liquid cooling order wins

Rating: BUY | **TP:** HK$4.25 (87% upside)

Analyst: Alex Ng/ Claudia Liu

- Investment Thesis: FIT Hon Teng is a global connector leader in PC, datacenter, smartphone, automobile and smart accessories markets. We expect FIT to benefit from Voltaira merger synergy, AI servers/networking (HS cables/CPU sockets/DDR5 connectors) and AirPods ramp-up in FY24-25E. Following R&D investment and M&A integration in FY23, we expect FIT earnings to resume growth in FY24/25E, driven by AI server/AirPods product launches, the "3+3 strategy" in AIoT/acoustics/EV and margin recovery.
- **Our View:** FIT is one of our top picks for H-share tech sector, due to its solid revenue growth, high earnings visibility and it being a beneficiary of the AI server cycle. Mgmt. has updated a positive outlook for 2024: high single-digit revenue growth, 15%+ GP YoY growth and 15%+ OP YoY growth, backed by AI server products and Voltaira auto biz consolidation. As for AI-server sales, apart from GB200's compute tray connectors (7-9% of FY24E revenue), mgmt. highlighted recent order wins in power busbar and liquid cooling CDU (1-3% of FY24E revenue), and expected further potential order wins for copper cable cartridge in FY25E. For AirPods/iPhone, we expect FIT to benefit from the new product cycle backed by Apple Intelligence in 2H24E. Overall, we expect FIT's revenue/net profit to rebound 12%/42% YoY in FY24E.
- **Where do we differ vs consensus:** Our FY25/26E EPS are 13%/23% above consensus, given a stronger business outlook and better margin recovery.
- **Catalysts:** Near-term catalysts include AI server product updates and AirPods shipments.
- **Valuation:** Our 12m TP of HK$4.25 is based on 13x FY25E P/E, given accelerated growth on the "3+3 strategy" and profitability recovery.

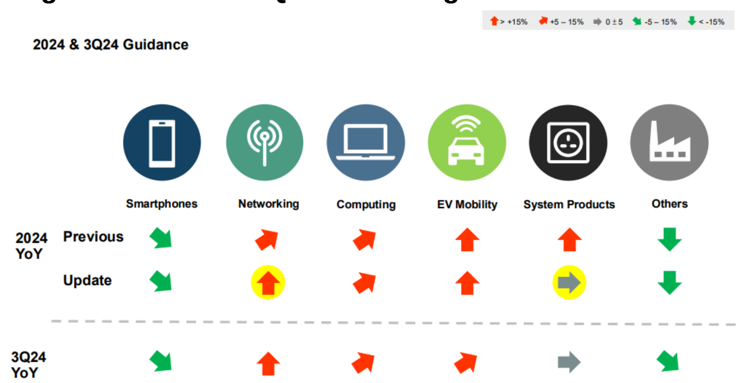
Link to latest report: FIT Hon Teng (6088 HK) - 2Q24 in-line; Upbeat guidance on power busbar and liquid cooling order wins

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	4,196	4,677	6,117	7,347
YoY growth (%)	(7.4)	11.5	30.8	20.1
Net profit (RMB mn)	129	183	298	384
EPS (RMB)	1.82	2.58	4.20	5.42
YoY growth (%)	(24.8)	41.8	62.8	28.9
Consensus EPS (RMB)	N/A	2.68	3.72	4.42
P/E (x)	14.8	10.4	6.4	5.0
P/B (x)	0.7	0.7	0.7	0.6
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	5.3	7.0	10.2	11.6
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: FIT 2024 and 2Q24 revenue guidance



Source: Company data, CMBIGM estimates

Xiaomi (1810 HK) – Expect resilient core earnings with better EV profitability

Rating: BUY | **TP:** HK$24.29 (40% upside)

Analyst: Alex Ng/ Claudia Liu

- **Investment Thesis:** Xiaomi is a global No.3 smartphone brand and smart hardware company connected by an IoT platform at its core. With a balanced emphasis on innovation and quality, Xiaomi pursues high-quality user experience and operational efficiency. Xiaomi launched its first smart NEV in 2024, and we are positive on Xiaomi's unique "Human-car-home" ecosystem to drive NEV business upside.

- **Our View:** We are positive on Xiaomi's FY24E outlook, backed by smartphone recovery, premiumization strategy and smart EV business expansion. For smartphone, we expect Xiaomi's global market share to grow especially in the Middle East, Africa and Latin America, and anticipate faster shipment improvement for FY24E. For smart EV, Xiaomi guided an annual target of 120k EV deliveries. With the first reported financials for its EV business in 2Q24 earnings, we estimate Xiaomi's 2Q EV shipments of 26k units and higher ASP of RMB230k, as the model mix is shifting towards the more premium model (SU7 Max). Overall, we expect Xiaomi's revenue/adj. net profit to grow 27%/13% YoY in FY24E.

- **Where do we differ vs consensus:** We are more positive on smartphone overseas share gains and a better EV outlook.

- **Catalysts:** Near-term catalysts include EV product profitability, and smartphone market share gains.

- **Valuation:** Our SOTP-based TP of HK$24.29 implies 25.5x FY24E P/E, which reflects Xiaomi's business diversification with different growth profiles and visibility.

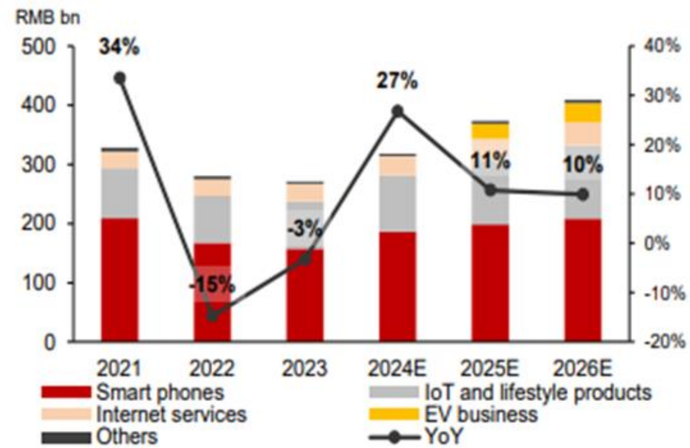
Link to latest report: Xiaomi (1810 HK)- 2Q24E preview: expect resilient core earnings with better EV profitability; Reiterate BUY

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	270,970	343,507	380,506	418,218
YoY growth (%)	(3.2)	26.8	10.8	9.9
Net profit (RMB mn)	19,273	21,785	25,039	29,035
EPS (RMB)	0.77	0.88	1.01	1.17
YoY growth (%)	125.7	13.0	14.9	16.0
Consensus EPS (RMB)	0.77	0.74	0.83	1.01
P/E (x)	20.0	17.7	15.4	13.3
P/B (x)	2.8	2.5	2.3	2.0
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	11.7	12.0	12.4	12.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Xiaomi revenue trend



Source: Company data, CMBIGM estimates

BYDE (285 HK) – Positive on iPad/ iPhone cycle, Android recovery and NEV orders

Rating: BUY **| TP:** HK$45.28 (52% upside)

Analyst: Alex Ng/ Hanqing Li

- **Investment Thesis:** BYDE is a global leader in platform-based high-end manufacturing, focusing on smartphones/NBs, new intelligent products, auto intelligent systems and medical devices. Its major clients include Apple, Xiaomi, Huawei/Honor, BYD and other OEM brands. We believe BYDE will benefit from OEM industry consolidation, Apple supplier diversification, acquisition of Jabil's mobile business and fast-growing NEV/new intelligent products in 2024-25E.

- **Our View:** BYDE is our top pick for H-share tech sector, as we are positive on multiple growth drivers in 2024: 1). smartphone OEM/component growth driven by iPad share gains, iPhone cycle, Android high-end growth and Jabil consolidation; 2) Jabil growth due to the iPhone shipment cycle, casing upgrade and share gains; 3) NEV products including heat pump systems, high-end ADAS system products and active suspension products to boost ASP given BYDE's R&D efforts and high-end order expansion; and 4) AI server ODM products ramp-up thanks to Chinese CSP client demand. We have become more positive on AI server biz to deliver rapid growth in FY25-26E given next-gen AI server products and components in development with Nvidia.

- **Where do we differ vs consensus:** We are more positive on earnings synergies from Jabil's acquisition, iPad/iPhone cycles and AI server biz outlook.

- **Catalysts:** Near-term catalysts include iPhone/iPad shipments and NEV/AI server products.

- **Valuation:** Our SOTP-based TP of HK$45.28 implies 18.3x FY24E P/E, which reflects BYDE's business diversification with different growth profiles and visibility.

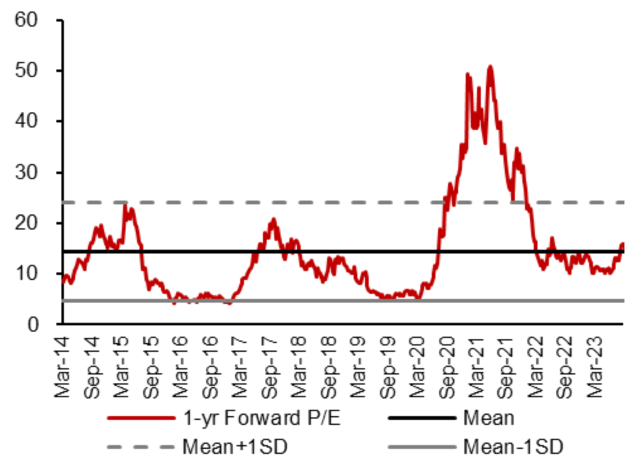
Link to latest report: BYDE (285 HK)-1H24E preview: Expect solid growth on iPad/ iPhone cycle, Android recovery and NEV orders

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	129,957	171,957	192,691	218,831
YoY growth (%)	21.2	32.3	12.1	13.6
Net profit(RMB mn)	4,041	5,063	6,899	8,477
EPS (RMB)	1.79	2.25	3.06	3.76
YoY growth (%)	117.6	25.3	36.3	22.9
Consensus EPS (RMB)	N/A	2.23	2.93	3.47
P/E (x)	13.6	10.9	8.0	6.5
P/B (x)	2.3	3.5	2.8	2.2
Yield (%)	2.2	2.8	3.8	4.6
ROE (%)	13.8	27.0	29.2	28.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: BYDE 12M forward P/E band



Source: Company data, CMBIGM estimates

Innolight (300308 CH) – Solid fundamentals on top of robust hyperscalers' capex spending in 1H24; reiterate BUY

Rating: BUY **| TP:** RMB150.76 (25% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment Thesis:** Innolight released its 1H24 earnings preview with mid-point net profit forecasted to be RMB2.3bn compared to RMB0.61bn in 1H23, indicating YoY growth of 279%. 2Q24 mid-point net profit was RMB1.3bn, representing QoQ growth of 30.4% and YoY growth of 261.6% thanks to robust AI demand globally. The company attributed the strong growth to its 800/400G product shipments and improving product mix, which significantly enhanced its profitability.
- **Our View:** We consider Innolight a major beneficiary of the ongoing surge in AI tech. The company stands out as one of the few domestic suppliers capable of meeting the increasing demand. We expect the company to continue to deliver strong financial results consistently given: 1) transceivers are essential in AI data centers, and there's a robust global demand for AI infrastructure that is expected to continue in 2024; 2) the recent US restrictions are anticipated to have minimal effects on the company's revenue in the short-to-medium term.
- **Catalysts:** 1) Consistent shipments of 800G optical transceivers, 2) slower-than-expected decline of non-AI revenue, and 3) increasing production ramp up of 1.6T optical transceivers in 2H24.
- **Valuation:** Maintain BUY, with TP at RMB150.76. We have revised up revenue forecasts by 6%/11% and NP forecasts by 11%/23% for 2024/25E, on stronger capex outlook of cloud companies (16%/21% increase in 2024/25E capex forecasts from Feb and 5%/8% increase from May). The new TP is based on the same 30x 2024E P/E, which is 9% higher than 5-year historical avg. forward P/E (27.4x), implying a PEG ratio close to 1x (vs. 32% 2024-26E EPS CAGR).
- **Link to relevant reports:**

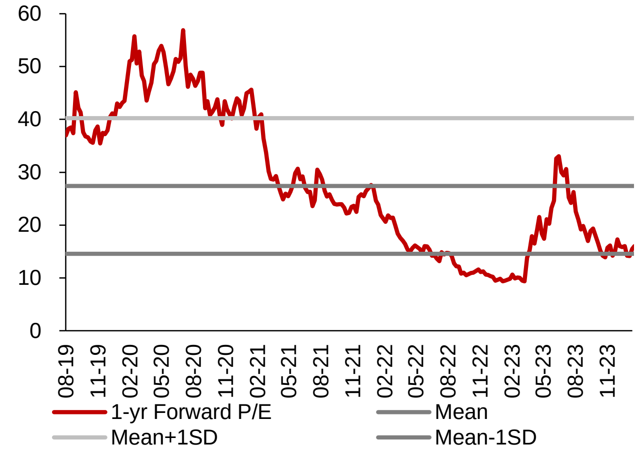
1. Innolight (300308 CH, BUY) - Fundamentals remain strong despite recent market volatility, reiterate BUY
2. Innolight (300308CH, BUY) - 1Q24 results set stage for accelerated growth in 2024
3. Semi sector research - Hyperscalers' FY23 results review

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	9,642	10,718	23,877	34,149
YoY growth (%)	25.3	11.2	122.8	43.0
Gross margin (%)	29.3	33.0	33.2	32.3
Net profit (RMB mn)	1,224.0	2,173.5	5,462.1	8,127.3
YoY growth (%)	39.6	77.6	151.3	48.8
EPS (RMB)	1.10	2.00	5.03	7.48
P/E (x)	104.1	57.2	22.8	15.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Naura (002371 CH) – Capitalizing on tailwinds for long-term dominance

Rating: BUY **| TP:** RMB405.0 (28% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment Thesis:** We expect Chinese SME suppliers to increase their market share as they advance in R&D and roll out new projects in response to the country's push for technological self-reliance. We consider multiple tailwinds are propelling Naura to see continuously strong revenue and net profit growth in the years ahead: 1) improving capital spending on equipment from clients that are embracing the GenAI demand and recovery seen in consumer electronics; 2) consistent government policy on self-sufficiency in semi creates opportunities for home-grown companies to gain market share by filling the void left by foreign peers who are pulling out of China amid US export controls (current market share was only 6% for Naura, per our estimate); 3) as the largest semi equipment manufacturer by sales with the broadest product offerings in China, Naura has the financial flexibility and R&D capability to deliver more new products to enhance its leading position in the market.
- **Our View:** The global semi manufacturing equipment (SME) market is expected to grow by 3% in 2024 and 18% in 2025 (per SEMI). We believe Chinese SME suppliers are also set to increase their market presence, fueled by the country's focus on semi independence and their own advancements. Among the domestic SME suppliers, Naura stands out as our top pick for its dominant market position and broad product portfolio.
- **Catalysts:** 1) Sooner-than-expected R&D breakthroughs; 2) stronger gov't support; 3) rapid recovery of end markets demand.
- **Valuation:** We have a BUY rating on Naura (002371 CH), with TP at RMB405, based on 39x 2024E P/E, ~15% higher than 2-year historical average forward P/E.

Link to relevant reports:

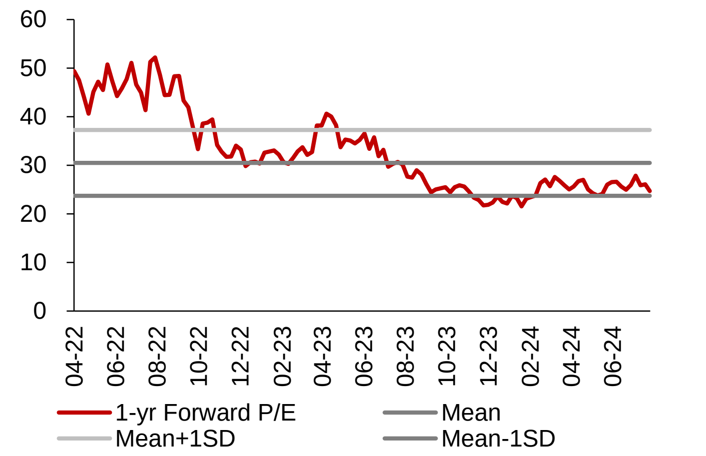
1. Naura Technology (002371 CH) - 1H24 profit alert points to solid 2Q results
2. Semi - Global SME investment set to accelerate on tech advancements, China localization; Initiate Naura w/ BUY

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	22,079	30,856	39,030	48,443
YoY growth (%)	50.3	39.7	26.5	24.1
Operating profit (RMB mn)	4,448	6,306	8,944	12,026
YoY growth (%)	55.1	41.8	41.8	34.5
Net profit (RMB mn)	3,899	5,527	7,833	10,526
YoY growth (%)	65.7	41.8	41.7	34.4
EPS(RMB)	7.4	10.4	14.7	19.7
P/E (x)	45.5	32.2	22.7	16.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Kingdee (268 HK) – Domestic ERP SaaS leader

Rating: BUY **|** **TP:** HK$15.5 (161% upside)

Analyst: Saiyi He/Frank Tao/Wentao Lu

- **Investment Thesis:** Kingdee is the largest enterprise resource management (ERM) vendor in China. We like Kingdee for its continuous SaaS transition in SME market while new opportunities in large enterprise market are emerging with the domestic substitution trend. We expect Kingdee to deliver an 18% revenue CAGR in FY23-26E, with total revenue to reach RMB9.3bn in FY26E.

- **Our View:** We remain positive that Kingdee is well-positioned to benefit from the domestic substitution trend, backed by strong and continuously enhanced product capability and partner ecosystem. With greater revenue generation from subscription services than peers, Kingdee will likely enjoy greater visibility on revenue growth in 2024. Also, Kingdee's loss reduction remains on track thanks to efficient cost control, as well as its optimization of cloud infrastructure spend aided by the price reduction by IaaS vendors.

- **Where do we differ vs consensus:** Huawei's self-developed ERP (MetaERP) could be negative to the China ERP market as competition heats up but the impacts on Yonyou and Inspur will be larger than on Kingdee as the former two are more focused on large enterprises/SOEs. Also, Huawei has to consider the potential implications to its Cloud business as Kingdee/Yonyou/Inspur may scale down their cloud resources usage with Huawei Cloud given direct competition in ERP.

- **Catalysts:** 1) Winning large SOEs' domestic substitution bidding; and 2) supportive policies related to domestic substitution implementation.

- **Valuation:** We maintain BUY with TP at HK$15.5, based on 6.4x EV/Sales, in line with the stock's one-year mean.

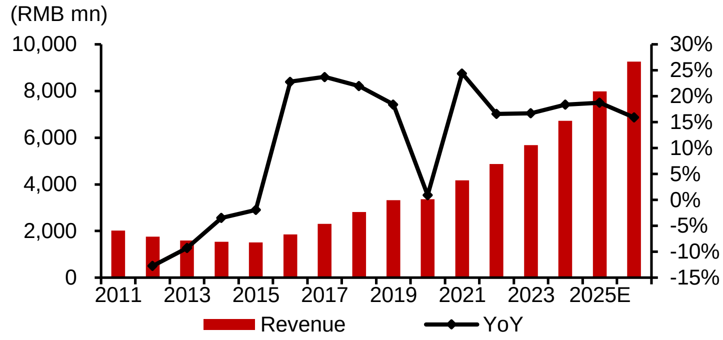
Link to latest report: Kingdee (268 HK) – Steady rev growth with on-track loss reduction

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	5,679	6,722	7,980	9,250
YoY growth (%)	16.7	18.4	18.7	15.9
Net profit (RMB mn)	(209.9)	(10.6)	251.7	484.1
EPS (Reported) (RMB cents)	(6.04)	(0.30)	7.24	13.93
Consensus EPS (RMB cents)	N/A	(1.64)	7.34	27.67
P/E (x)	N/A	N/A	118.4	61.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Kingdee revenue and YoY



Source: Company data, CMBIGM estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM

OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888   Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Disclosures & Disclaimers

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this document may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This document has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this document. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this document and CMBIGM will not assume any responsibility in respect thereof. This document is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.