Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52305.2	(0.0)	0.9	2.4	8.8
S&P 500	7483.2	(0.2)	1.7	(1.5)	9.3
FTSE 100	10478.3	(0.2)	0.2	1.3	5.5
AS30	8931.4	(0.6)	(0.9)	(0.4)	(1.0)
CSI 300	4959.0	(0.4)	0.3	2.4	7.1
FSSTI	5161.5	(0.2)	(1.0)	2.5	11.1
HSCEI	7558.3	0.0	(2.7)	(11.2)	(15.2)
HSI	22881.0	0.0	(2.3)	(9.9)	(10.7)
JCI	5695.1	0.9	(3.2)	(7.1)	(34.1)
KLCI	1656.8	(0.4)	(1.5)	(1.6)	(1.4)
KOSPI	8303.4	(2.0)	(2.0)	(5.5)	97.0
Nikkei 225	70475.0	0.6	1.9	5.3	40.0
SET	1588.2	(0.2)	2.6	1.3	26.1
TWSE	47019.0	1.9	2.1	3.7	62.3
BDI	2562.0	2.4	(2.7)	(20.5)	36.5
CPO (RM/mt)	4496.5	0.0	(1.3)	0.3	14.3
Brent Crude (US$/bbl)	71.6	(1.9)	(2.9)	(24.6)	17.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing on Singapore 2H Outlook & Strategy by Adrian Loh	Malaysia	01 Jul	03 Jul
Hybrid Post-results Luncheon with JBM (Healthcare) Ltd (2161 HK) & Jacobson Pharma (2633 HK)	Hong Kong	03 Jul	03 Jul
Small & Mid-Caps Corporate Day	Singapore	09 Jul	09 Jul
Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation	Malaysia	13 Jul	15 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
June RatingDog China PMI (Mfg)	China	01 Jul
June RatingDog China PMI Composite	China	03 Jul
June RatingDog China PMI Services	China	03 Jul
June Foreign Reserves	China	06 Jul
June Inflation (PPI, CPI)	China	09 Jul
June Money Supply (M2, M1, M0)	China	09-15 Jul

Please click on the page number to move to the relevant page

Top Stories

Economics | PMI Page 3

June's PMI was overall modestly positive. Manufacturing PMI held at 50.3 (+0.3pt mom) and non-manufacturing PMI stayed in the expansion zone at 50.2 (+0.1pt mom) despite continued weakness in the construction industry, both beating Bloomberg's consensus. Manufacturing new export orders index returned to expansion at 50.1 while input cost pressures eased, giving manufacturers margin relief after months of compression. The composite index for medium-sized enterprises rebounded into expansion, while that for small firms still lagged. The recovery is firmer but uneven; continued targeted policy support remains warranted.

Sector Update | Healthcare Page 5

During 12-30 Jun 26, the HSHCI gained 0.9% vs the HSI's significant decline of 7.4%. Leading drug innovators such as WuXi AppTec, WuXi Bio, and BeOne Medicines were among the major outperformers. China's supportive policies for innovation, ie the newly-released National Health 15th Five-year Plan, 2026 NRDL, and commercial insurance policy, were the key catalysts behind the relatively strong performance of the HSHCI. Maintain MARKET WEIGHT.

Sector Update | Macau Gaming Page 8

Macau's Jun 26 GGR reached MOP18.5b, down 12% yoy and 18% mom, due to the ongoing World Cup. June's GGR figure recovered to 78% of 2019's level, and missed market consensus by 1%. For 1H26, Macau's GGR reached MOP126.9b, up 7% yoy and recovering to 85% of 2019's level. This run-rate fell short of our full-year estimates. Maintain OVERWEIGHT; Galaxy remains our top pick.

Company Update | Kuaishou (1024 HK/**BUY**/HK$41.60/Target: HK$82.00) Page 10

Despite positive news regarding Kling AI's potential spin-off and accelerating commercialisation, Kuaishou's shares have remained under pressure, reflecting weak sentiment towards China internet stocks and softer 2Q26 advertising and e-commerce trends. Our 2026 earnings forecasts are largely unchanged. Kling AI's ARR is expected to reach around US$1.0b by 4Q26 vs US$100m in 1Q25, while elevated AI capex and R&D spending are likely to continue weighing on near-term earnings and free cash flow. Maintain BUY with a target price of HK$82.00.

Technical Analysis

Shanghai Iluvatar CoreX | 9903 HK Page 13

Support levels: HK$656.00/HK$614.00
Resistance levels: HK$887.50/HK$1050.00

Techtronic Industries | 669 HK Page 13

Support levels: HK$125.60/HK$121.30
Resistance levels: HK$147.00/HK$156.80

Economics

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PMI In Expansion Mode As Input Cost Pressures Ease

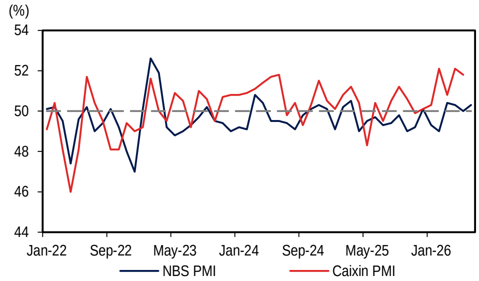
Highlights

- June's manufacturing PMI edged up to 50.3 (+0.3pt mom), above Bloomberg's consensus of 50.1, led by the new orders sub-index at 51.2 (+1.3pt mom), while the new export orders index returned to expansion at 50.1 (+1.5pt mom). The purchase prices index fell sharply to 54.2 (-6.3pt mom), easing margin pressure.
- Non-manufacturing PMI stayed in the expansion zone at 50.2 (+0.1pt mom), above Bloomberg's consensus of 49.9, as the services industry index stayed expansionary at 50.4 (+0.1pt mom) while the construction industry index remained in contraction at 49.0 (+0.2pt mom).
- Enterprise divergence narrowed as the composite index for medium-sized enterprises rebounded into expansion at 50.5 (+1.9pt mom), joining the large-sized enterprises' composite index at 50.7 (-0.4pt mom); however, small-sized enterprises' composite index remained in contraction at 48.2 (-0.3pt mom).

What's New

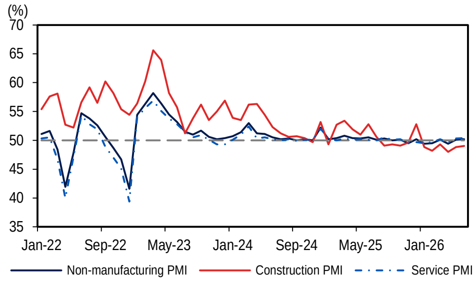
- **June's manufacturing PMI edged up to 50.3 (+0.3pt mom),** above Bloomberg's consensus of 50.1, holding in expansionary territory. The improvement was led by the new orders sub-index rising to 51.2 (+1.3pt mom), while the manufacturing output sub-index remained in the expansion zone at 51.4 (+0.2pt mom). Notably, the new export orders index returned to expansion at 50.1 (+1.5pt mom), pointing to a genuine pickup in external demand, while the purchases index rose to 51.4 (+1.6pt mom) on firmer order books. On the cost front, the purchase prices index dropped sharply to 54.2 (-6.3pt mom) and the outdoor prices index fell to 48.2 (-3.7pt mom). Although the gap between the indices narrowed, purchase prices rose while outdoor prices fell, offering little relief on margins. The inventory of finished goods index fell to 47.7 (-1.6pt mom), which alongside stronger orders points to healthy demand absorption. The business expectations index held firm at 54.3 (+0.4pt mom).
- **Non-manufacturing PMI remained in the expansion zone at 50.2 (+0.1pt mom),** above Bloomberg's consensus of 49.9. The services industry index stayed above the threshold at 50.4 (+0.1pt mom). Although the construction industry index improved marginally to 49.0 (+0.2pt mom), it has been in the contractionary zone ytd. The new orders sub-index jumped to 48.0 (+3.0pt mom), the strongest gain among the composite indices, though still below 50, while the new export orders index for services slipped to 47.9 (-0.2pt mom). The input prices sub-index fell into contraction at 49.7 (-2.5pt mom), narrowing the gap over the selling prices sub-index (48.4, -0.4pt mom). The business expectations sub-index rose to 55.3 (+0.5pt mom).
- **Enterprise PMI divergence narrowed.** The medium-sized enterprises composite index rebounded into the expansion zone at 50.5 (+1.9pt mom), the largest gain across firm sizes, while the large-sized enterprises' composite index eased to 50.7 (-0.4pt mom) but remained in expansion territory, bringing the two into close alignment. However, the small-sized enterprises' composite index slipped to 48.2 (-0.3pt mom), remaining in the contraction zone and continuing to lag amid weak external demand and limited policy transmission.

Manufacturing PMI



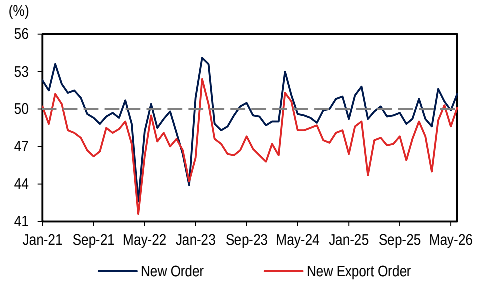
Source: NBS, Wind, UOB Kay Hian

Non-Manufacturing PMI



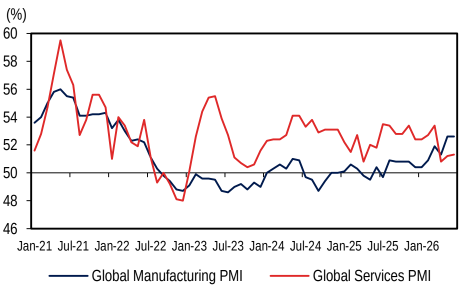
Source: NBS, Wind, UOB Kay Hian

New Orders And New Export Orders Sub-Indices Of Manufacturing PMI



Source: NBS, Wind, UOB Kay Hian

Global PMI



Source: Bloomberg, UOB Kay Hian

- **June's PMI data was mildly positive,** with both headline readings in expansion and beating consensus forecasts. The return of manufacturing export orders to expansion and the marked easing in input costs are encouraging, while the rebound in medium-sized enterprises narrows the previously top-heavy divergence. That said, with small firms remaining in contraction and the construction sector staying soft, continued targeted policy support will be needed to broaden and sustain the recovery.

Manufacturing PMI

		Jun 26	mom points chg	May 26	Apr 26
Manufacturing PMI		50.3	0.3	50.0	50.3
Composite Indices	Manufacturing output	51.4	0.2	51.2	51.5
	New orders	51.2	1.3	49.9	50.6
	Raw material inventory	48.4	-0.2	48.6	49.3
	Employment	48.5	-0.1	48.6	48.8
	Suppliers' delivery time	49.9	0.7	49.2	49.5
Relevant Indices	New export orders	50.1	1.5	48.6	50.3
	Imports	49.6	0.8	48.8	50.1
	Purchases	51.4	1.6	49.8	51.1
	Purchase prices	54.2	-6.3	60.5	63.7
	Outdoor prices	48.2	-3.7	51.9	55.1
	Inventory of finished goods	47.7	-1.6	49.3	47.5
	Backlog orders	47.1	0.3	46.8	46.2
	Business expectations	54.3	0.4	53.9	54.5

Source: NBS, Wind, UOB Kay Hian

Non-Manufacturing PMI

		Jun 26	mom points chg	May 26	Apr 26
Non-manufacturing PMI		50.2	0.1	50.1	49.4
Composite Indices	New orders	48.0	3.0	45.0	44.3
	Input prices	49.7	-2.5	52.2	51.7
	Selling prices	48.4	-0.4	48.8	48.1
	Employment	45.8	0.2	45.6	45.5
	Business expectations	55.3	0.5	54.8	54.7
Relevant Indices	New export orders	47.9	-0.2	48.1	47.3
	Backlog orders	44.2	0.4	43.8	42.4
	Inventory	45.3	0.2	45.1	45.3
	Suppliers' delivery time	51.3	0.1	51.2	50.9
Industry Indices	Construction	49.0	0.2	48.8	48.0
	Services	50.4	0.1	50.3	49.6

Source: NBS, Wind, UOB Kay Hian

PMI By Corporate Size

		Jun 26	mom points chg	May 26	Apr 26
Composite Indices	Large-sized enterprise	50.7	-0.4	51.1	50.2
	Mid-sized enterprise	50.5	1.9	48.6	50.5
	Small-sized enterprise	48.2	-0.3	48.5	50.1

Source: NBS, Wind, UOB Kay Hian

Healthcare

MARKET WEIGHT
(Maintained)

Bi-Weekly: A Priority Sector In 15th Five-Year Plan

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Highlights

- During 12-30 Jun 26, the HSHCI gained 0.9% vs the HSI's significant decline of 7.4%. Leading drug innovators such as WuXi AppTec, WuXi Bio, and BeOne Medicines were among the major outperformers.
- Share buybacks and China's policy support in the form of the newly released National Health 15th Five-year Plan, 2026 NRDL, and commercial insurance policy were the key catalysts behind the relatively strong performance of the HSHCI.
- Maintain MARKET WEIGHT.

Bi-Weekly Recap

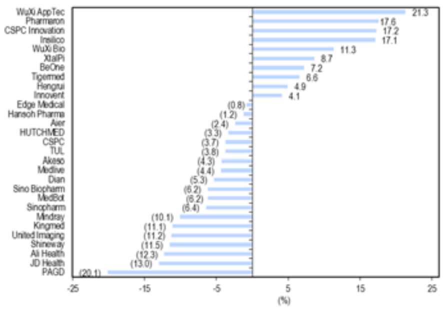
- **China's State Council approved the National Health 15th Five-Year (2026-30) Plan** on 29 Jun 30. By prioritising whole-lifecycle health services and growth of the health industry, it plans to: a) build a whole-lifecycle health service system, b) strengthen coordination across medical care, medical insurance and disease control, c) vigorously develop the health industry with supportive policies, cultivate new health service formats, d) enrich health-product supply, and e) enforce strict quality and safety supervision. The policy signals that healthcare remains a state priority, with explicit support for health industry expansion and new service formats.
- National Healthcare Security Administration (NHSA) released the preliminary formal review results for the 2026 National Reimbursement Drug List (NRDL) and Commercial Health Insurance Innovative Drug List adjustments. A total of 557 new drugs passed the preliminary review for 2026's NRDL, and 54 new drugs passed the review for the commercial insurance list. The newly implemented pre-submission consultation pathway and eight-year price protection are key enablers of market certainty, offering a clear monetisation roadmap that ensures substantial R&D investments generate fair and durable returns.

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
Innovent	1801 HK	BUY	76.45	112.00
BeOne Medicines	6160 HK	BUY	158.90	257.00
WuXi Biologics	2269 HK	BUY	31.08	45.00
WuXi AppTec	2359 HK	BUY	126.70	170.00

Source: Bloomberg, UOB Kay Hian

Bi-Weekly Stock Performance (12-30 Jun 26)



Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price @ 30-Jun-26 (lcy)	Target Price (lcy)	Upside/ (Downside) to TP (%)	Market Cap (lcy m)	PE 2026F (x)	PE 2027F (x)	P/B 2026F (x)	P/B 2027F (x)	EV/EBITDA 2026F (x)	EV/EBITDA 2027F (x)	ROE 2026F (%)	Net Gearing 2026F (%)	EPS 2026F (lcy)	EPS 2027F (lcy)	EPS 2028F (lcy)	CAGR 2-yrs (%)	PEG 2026F (x)
Shenzhen Mindray	300760 CH	BUY	135.83	195.00	43.6	164,685.9	21.9	19.0	4.0	3.8	15.9	13.7	20.5	-43.8	6.19	7.14	8.01	13.7	1.6
CSPC Innovation	300765 CH	BUY	27.23	41.00	50.6	38,247.1	78.5	74.9	12.1	10.4	90.3	96.9	15.0	-11.1	0.35	0.36	0.61	32.5	2.4
HUTCHMED	13 HK	BUY	16.78	26.00	55.0	14,637.8	47.0	27.5	1.4	1.4	181.3	41.7	3.2	-5.8	0.05	0.08	0.12	61.1	0.8
HUTCHMED	HCM US	BUY	10.71	16.63	55.2	1,868.5	47.1	27.6	1.4	1.4	190.3	42.5	3.2	-5.8	0.05	0.08	0.12	61.1	0.8
HUTCHMED	HCM LN	BUY	160.00	250.00	56.3	1,408.8	42.9	25.1	1.3	1.3	196.3	43.8	3.2	-5.8	0.05	0.08	0.12	61.1	0.7
CSPC	1093 HK	SELL	6.97	6.00	-14.0	80,311.5	18.6	16.7	2.0	2.0	11.4	10.3	11.3	-17.6	0.32	0.36	0.38	8.2	2.3
Sinopharm Group	1099 HK	HOLD	15.91	17.00	6.9	49,649.6	5.9	5.6	0.5	0.5	5.0	4.9	8.3	9.4	2.32	2.45	2.61	6.2	1.0
Sino Biopharmaceutical	1177 HK	BUY	4.41	7.70	74.5	82,489.1	13.4	12.0	2.2	2.1	10.0	8.9	9.6	16.2	0.29	0.32	0.36	11.8	1.1
Innovent Biologics	1801 HK	BUY	79.60	112.00	40.7	138,364.5	18.6	16.6	4.6	3.6	16.4	14.4	23.1	-34.7	3.70	4.15	5.14	17.8	1.0
Ping An Good Doctor	1833 HK	BUY	6.98	14.50	107.8	15,086.9	27.0	18.6	1.2	1.1	37.3	19.5	6.0	-32.8	0.22	0.33	0.45	42.3	0.6
Medlive	2192 HK	BUY	6.81	11.00	61.5	5,040.2	11.1	9.6	0.9	0.8	21.1	16.7	8.6	12.4	0.53	0.61	0.72	16.6	0.7
WuXi Biologics	2269 HK	BUY	34.60	45.00	30.1	143,337.9	18.2	15.7	2.3	2.0	11.8	9.9	12.1	-22.1	1.64	1.91	2.23	16.4	1.1
WuXi AppTec	2359 HK	BUY	153.70	170.00	10.6	431,229.6	22.1	18.6	4.2	3.6	15.1	12.7	20.6	-36.2	6.03	7.14	8.30	17.3	1.3
WuXi AppTec	603259 CH	BUY	124.51	147.90	18.8	373,161.8	21.1	17.7	4.0	3.5	9.5	7.6	20.6	-36.2	6.03	7.14	8.30	17.3	1.2
Ali Health	241 HK	BUY	3.08	5.20	68.9	49,819.9	18.8	16.3	2.5	2.4	14.8	12.7	13.9	-56.0	0.14	0.16	0.19	14.9	1.3
China Shineway	2877 HK	HOLD	7.38	9.00	22.0	6,103.3	5.0	4.5	0.6	0.5	-2.2	-2.0	11.9	-86.3	1.27	1.42	1.57	11.3	0.4
Hansoh Pharma	3692 HK	BUY	29.62	45.00	51.9	179,620.1	23.2	20.0	3.8	3.4	17.5	15.1	18.1	-40.0	1.11	1.28	1.48	15.6	1.5
TUL	3933 HK	BUY	8.43	13.00	54.3	16,632.6	6.6	5.7	0.7	0.7	3.4	2.9	12.4	-14.9	1.11	1.27	1.49	15.7	0.4
BeOne Medicines	6160 HK	BUY	170.40	257.00	50.8	276,904.9	23.3	16.9	6.1	5.0	30.6	18.7	14.3	-80.5	0.93	1.29	1.77	37.7	0.6
BeOne Medicines	ONC US	BUY	289.99	426.15	47.0	36,134.9	23.0	16.7	6.5	5.3	31.4	18.6	14.3	-80.5	0.93	1.29	1.77	37.7	0.6
BeOne Medicines	688235 CH	BUY	254.61	346.40	36.0	239,612.9	40.0	29.0	10.9	8.9	31.1	18.5	14.3	-80.5	0.93	1.29	1.77	37.7	1.1
Average							22.7	17.0	3.5	3.0	17.7	17.5	12.6					25.2	1.1

Source: Bloomberg, UOB Kay Hian

Major Industry News

- **GLP-1 weight-loss market is seeing intensifying competition.** Novo Nordisk expects to file its oral Semaglutide weight-loss tablet in China soon, and invest Rmb200m in its Tianjin plant. Eli Lilly filed an oral small-molecule weight-loss drug in China in Mar 26. The two new oral entrants could reach China within 12-18 months. The next-generation oral/multi-target entrants from Eli Lilly and Novo raised the innovation bar and expands the addressable market (needle-averse patients). However, they bring structural competitive headwinds for Innovent (1801 HK) and other injectable GLP-1 incumbents. Moreover, the looming generic wave (after 2Q27) signals eventual price erosion that will pressure both originators and domestic biosimilar/generic players.
- **Domestic surgical robotic companies are accelerating global expansion.** MicroPort MedBot (2252 HK/Not Rated) announced that the cumulative commercial order volume of its core products across laparoscopic, orthopedic and vascular intervention specialties has amounted to almost 400. Among these, Toumai Laparoscopic Surgical Robot has received over 300 commercial orders worldwide, with new orders secured in 1H26 having already surpassed the total orders for 2025, marking another milestone breakthrough in the commercial orders of Toumai. Its closest peer, Edge Medical (2675 HK/Not Rated) has delivered more than 50 units of placement ytd, matching its total placements for the full year of 2025.
- **China's internet healthcare: Moving from drug retail to full-cycle disease management.** JD Health has partnered with Novo Nordisk covering Semaglutide-linked obesity and diabetes services, building a one-stop diagnosis-to-management model. It also has a separate collaboration with Roche on influenza prevention. Ant Health (蚂蚁健康) has also partnered with Novartis to launch a digital chronic disease management programme targeting chronic spontaneous urticaria. The structural shift from prescription fulfilment to chronic-disease management loops raises platform stickiness and monetisation per patient for internet health names, eg JD Health, Ping An Good Doctor (1833 HK), and Ali Health (241 HK). JD Health's Novo Nordisk partnership is directly reinforced by the imminent oral Wegovy China filing, creating a compounding traffic and revenue opportunity. AI-led patient management is the next competitive battleground for internet healthcare companies.
- **Recent weak sentiment triggered share buybacks.** During 2Q26, 51 Hong Kong-listed healthcare companies executed share buybacks totalling HK$6.9b, a surge of more than 5x surge from 1Q26. WuXi AppTec, WuXi Bio, JD Health, and Sino Biopharm ranked among the top five buyers. Recently, WuXi Bio and Sino Biopharm initiated their share buyback plans of no more than US$400m and HK$2b respectively, citing undervaluation. WuXi AppTec is running multiple programs across A-shares (Rmb1b for employee stock ownership) and H-shares (HK$2.5b for awards/treasury), signalling strong shareholder commitment.

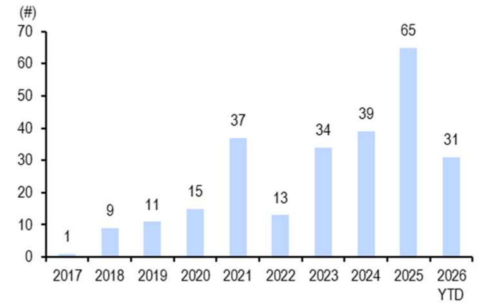
Valuation/Recommendation

- **Maintain MARKET WEIGHT** on China's healthcare sector. We continue to prefer leading drug innovators with robust pipelines and strong revenue and earnings expansion potential. Our top picks are Innovent, BeOne Medicines, WuXi AppTec, and WuXi Bio.

Sector Catalyst/Risk

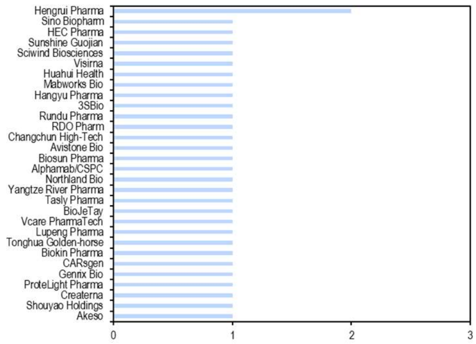
- **Catalysts:** a) Smooth progress of R&D and a growing number of innovative product launches; b) robust revenue and earnings growth, supported by enhanced commercial capability; c) continued globalisation efforts; d) strong pipelines that will attract an increasing number of global partners for out-licensing deals; e) lower cost of capital; and f) supportive policies such as: i) China's dual-list insurance system to promote innovation and improve affordability for innovative products; and ii) the new prescription drug online

Market Approvals Of Domestic Innovative Drugs In China (2017-ytd)



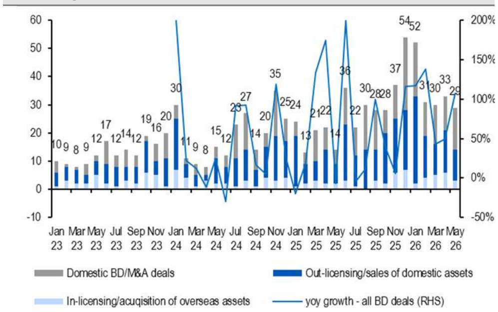
Note: Data includes Category 1 innovative drugs approved in China
Source: NMPA, UOB Kay Hian

Innovative Drug Approvals Obtained By Domestic Drug Makers In China (ytd)



Note: Data includes Category 1 innovative drugs approved in China (excl. new indication approvals of previously approved innovative products)
Source: NMPA, industry data, UOB Kay Hian

Monthly Number Of BD/M&A Deals By Chinese Pharmaceutical Companies (Jan 23-May 26)



Source: MybioBD, UOB Kay Hian

HSHCI Performance (Jan 26-ytd)

Source: Bloomberg, UOB Kay Hian

retailing rule, which will improve the business environment for internet healthcare players.

- **Risks:** a) Possible rising geopolitical risks, eg further escalation or prolongation of the US-Israel war with Iran, and US-China trade tensions; b) domestic/overseas regulatory shifts; c) economic downturn risks; d) risks in R&D, market launches, and investment in new technologies; e) intensifying market competition; and f) risks in overseas expansion and business collaborations, etc.

NMPA-Approved Innovative Drugs Developed By Chinese Companies (Jun 26)

Company	Drug name	Target	Indication	Date of Approval
Lupeng Pharma	Rocbrutinib	BTK	R/R MCL	3/6/2026
Vcare PharmaTech	Eratrectinib	NTRK	Adult and adolescent patients with advanced solid tumours harbouring NTRK gene fusions	3/6/2026
BioJeTay	Bemiltenase Alfa	Factor X (FX)	Hemophilia A or B	3/6/2026
Tasly Pharma	Zaoren Ningxin Dropping Pills	-	Sleep maintenance insomnia linked to Heart-Liver Blood Deficiency	3/6/2026
Akeso	Gumokimab	IL-17	Plaque psoriasis	10/6/2026
Shouyao Holdings	Conteltinib	ALK	ALK-positive NSCLC	10/6/2026
Createrna	Lanoracopan Hydrochloride	CFB	Paroxysmal Nocturnal Hemoglobinuria (PNH)	11/6/2026
ProteLight Pharma/ Sino Biopharm	Peceleganan Spray	Membrane discrimination mechanism	Wound infections secondary to first degree or superficial second degree burns and scalds caused by Staphylococcus epidermidis, Staphylococcus haemolyticus, and Acinetobacter baumannii	17/6/2026
Genrix Bio	Silevimig	Viral envelope glycoprotein (G protein) of RABV	Passive immunisation in adults following rabies virus exposure	17/6/2026
CARsgen	Satricabtagene Autoleucel (Satri-cel)	Claudin18.2	Claudin18.2 positive, HER2 negative gastric/gastroesophageal junction adenocarcinoma (G/GEJA)	17/6/2026
Biokin Pharma	Izalontamab Brengitecan	EGFR x HER3	Nasopharyngeal Carcinoma (NPC)	17/6/2026
Tonghua Golden-horse	Octohydroaminoacridine Succinate Tablet	AChE, BuChE	Alzheimer's disease (AD)	23/6/2026

Source: NMPA, Respective companies, UOB Kay Hian

Recent Major BD/M&A Deals By Chinese Pharmaceutical Companies (15 - 30 Jun 26)

BD/M&A Deal Type	Date	Licensor (Seller)	Licensee (Buyer)	Licensed Product	Region	Upfront Payment (US$m)	Total Deal Value (US$m)
Cross-border in-licensing	16-Jun-26	Dimerix	Everest Medicines	DMX-200 (a small molecule CCR2 inhibitor)	Greater China, South Korea and certain Southeast Asian countries	10	340
Cross-border out-licensing	22-Jun-26	InSilico Medicine	SK Biopharmaceuticals	AI-enabled drug candidates in neuroimmune disorders	Global	18	2,500
Cross-border out-licensing	22-Jun-26	Antengene	K2 Therapeutics	ATG-106 (CDH6 × CD3 bispecific TCE)	Global (outside Greater China)	20	980.5
Cross-border out-licensing	22-Jun-26	TrueLab Biopharmaceutical	Bionyra Pharma	TL-001 (anti-TL1A mAb) and TL-003 (TL1A×IL-23p19 bsAb)	Global (outside Greater China)	-	985.0
Cross-border out-licensing	23-Jun-26	Haisco	Nuvectis	HSK42360 (BRAF paradoxical breaker inhibitor) and HSK39297 (CFB inhibitor)	Global (outside Greater China)	40	1,461
Cross-border out-licensing	24-Jun-26	Abbisko	Lilly	Innovative medicines across multiple targets	Global	Undisclosed	1,900
Cross-border out-licensing	25-Jun-26	CStone Pharma	Arrotex	Sugemalimab (anti-PD-L1 mAb)	Australia and New Zealand	-	-

Source: Industry data, company data, UOB Kay Hian

Top 20 HK-listed Healthcare Companies by Repurchase Amount (2Q26)

Company	Ticker	Repurchase Amount (Rmbm)	Repurchase Quantity (Million Shares)
WuXi AppTec	2359 HK	2,495.8	20.1
WuXi Bio	2269 HK	1,071.9	34.2
JD Health	6618 HK	822.4	21.0
Gushengtang	2273 HK	357.7	13.1
Sino Biopharm	1177 HK	319.1	62.4
AK Medical	1789 HK	221.1	40.2
JXR	1951 HK	166.8	73.6
Simcere Pharma	2096 HK	164.6	14.7
3SBio	1530 HK	135.5	8.5
Zylox-Tonbridge	2190 HK	98.7	4.7
Hygeia Healthcare	6078 HK	82.0	7.9
Duality Bio	9606 HK	78.1	0.4
HBM Holdings	2142 HK	74.9	5.9
MicroPort NeuroScientific	2172 HK	72.8	7.5
Edge Medical	2675 HK	68.0	1.8
CMS	867 HK	67.7	6.4
Dingdang Health	9886 HK	50.0	50.4
Viva Biotech	1873 HK	47.4	36.3
Hanx Bio	3378 HK	44.9	1.6
Weigao Group	1066 HK	42.1	12.0

Source: iFinD, UOB Kay Hian

Recent Sector & Company Updates (Jun 26)

	Channel Check & Update	Recent Report	Date of Publish
Sector update	Bi-Weekly	Dual Pressures - Tech Capital Storm Plus Policy Risks	1-Jun-26
Sector update	Bi-Weekly	The Rapidly Changing Dynamics	15-Jun-26

Source: UOB Kay Hian

Macau Gaming

OVERWEIGHT
(Maintained)

Jun 26's GGR Misses Consensus By 1% Due To World Cup Impact

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Highlights

- Macau's Jun 26 GGR reached MOP18.5b, down 12% yoy and 18% mom, due to the ongoing World Cup. June's GGR figure recovered to 78% of 2019's level, and missed market consensus by 1%. For 1H26, Macau's GGR reached MOP126.9b, up 7% yoy and recovering to 85% of 2019's level. This run-rate fell short of our full-year estimates.
- Maintain OVERWEIGHT; Galaxy remains our top pick.

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
Galaxy	27 HK	BUY	29.42	48.00

Source: Bloomberg, UOB Kay Hian

Analysis

- **Jun 26's GGR missed market consensus by 1%.** According to DICJ, Macau's Jun 26 gross gaming revenue (GGR) reached MOP18.5b, down 12% yoy and 18% mom, due to the impact of the ongoing football World Cup. June's GGR figure recovered to 78% of 2019's level (vs a recovery of 87% in May 26), and missed market consensus by 1%. For 1H26, Macau's GGR rose 7% yoy to MOP126.9b, which is 85% of 2019's level. This run-rate fell short of our full-year estimates (with GGR expected to reach MOP261b, up 7% yoy and recovering to 89% of 2019's level), as last year's comparable basis has become tougher since May and will remain challenging throughout 2H26.
- **Macau visitations up 3% in May 26 vs 2019 levels.** According to the Statistics and Census Service (DSEC), in May 26, visitations to Macau increased by 1% mom and 3% yoy to 3.5m, 3% above 2019's level. Of the arrivals, visitors from Mainland China rose 6% mom and 4% yoy to 2.5m. Same-day visitor arrivals increased 3% mom and 8% yoy to 2.1m, while overnight visitors fell 1% mom and 3% yoy to 1.3m. The average length of stay for visitors remained unchanged mom at 1.7 days in May 26.
- **Hotel occupancy rates fell mom while average room rates increased mom in May 26.** The Macao Government Tourism Office reported a decrease in hotel occupancy rates to 91.7% in May 26 from 92.2% in Apr 26, while average room rates rose to MOP1,387 in May 26 from MOP1,323 in Apr 26, mainly due to the May Golden Week holiday premium surge.

Valuation/Recommendation

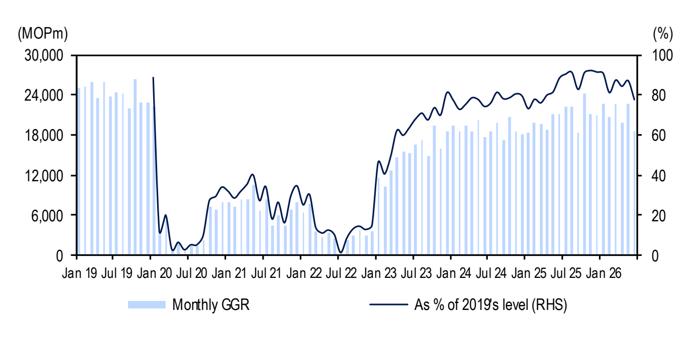
- **Maintain OVERWEIGHT; Galaxy remains our top pick.** We prefer Galaxy, given its ability to capture incremental high-end demand amid a premium-driven recovery path in GGR. We maintain Galaxy's target price at HK$48.00, based on a 12.0x target 2026 EV/EBITDA ratio. The stock currently trades at 6.5x 2026 EV/EBITDA and 6.1x 2027 EV/EBITDA.

Peer Comparison

Company	Ticker	Rec	Price 30-Jun-26 (HK$)	Target Price (HK$)	Upside to TP (%)	Market Cap (US$m)	PE 2026F (x)	PE 2027F (x)	P/B 2026F (x)	P/B 2027F (x)	EV/EBITDA 2026F (x)	EV/EBITDA 2027F (x)	ROE 2026F (%)	Yield 2026F (%)
Galaxy	27 HK	BUY	29.42	48.00	63.2	16,427.25	11.7	11.0	1.5	1.4	6.5	6.1	12.8	5.6
Sands China	1928 HK	BUY	13.05	20.70	58.6	13,466.78	10.2	9.1	8.0	6.4	8.5	7.9	85.9	7.8

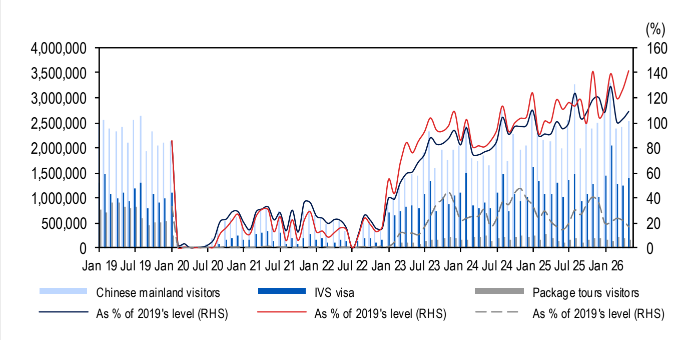
Source: Bloomberg, UOB Kay Hian

Monthly GGR Trend



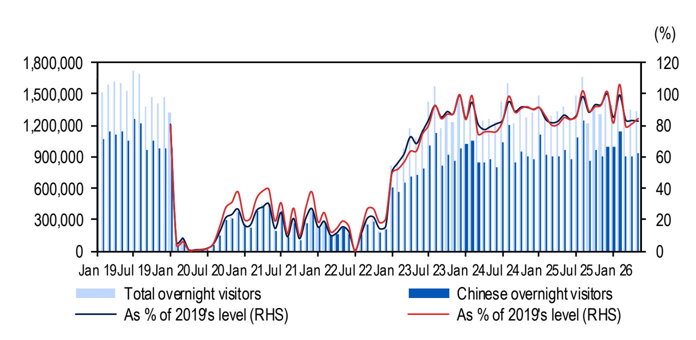
Source: DICJ, UOB Kay Hian

Mainland Visitors Under IVS And Group Tours



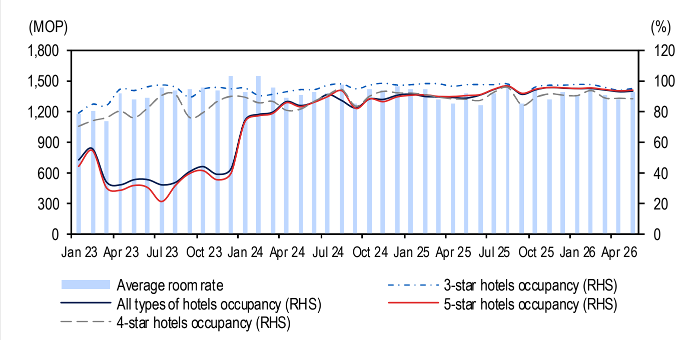
Source: Macao Tourism, DSEC, UOB Kay Hian

Monthly Overnight Visitors



Source: Macao Tourism, DSEC, UOB Kay Hian

Hotel Occupancy Rates And Room Rates



Source: Macao Tourism, UOB Kay Hian

Kuaishou Technology (1024 HK)

Kling AI Monetisation Visibility Improves Despite Elevated Investment Burden

BUY (Maintained)	
Share Price	HK$41.60
Target Price	HK$82.00
Upside	97.1%

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Highlights

- Despite positive news regarding Kling AI's potential spin-off and accelerating commercialisation, Kuaishou's shares have remained under pressure (-20% since May vs -15% for the HS Tech Index), reflecting weak sentiment towards China internet stocks and softer 2Q26 advertising and e-commerce trends. Our 2026 earnings forecasts are largely unchanged. Kling AI's ARR is expected to reach around US$1.0b by 4Q26 from US$100m in 1Q25, while elevated AI capex and R&D spending are likely to continue weighing on near-term earnings and free cash flow.
- Maintain BUY with a target price of HK$82.00.

Analysis

- **Kling AI accelerating commercialisation with improving monetisation visibility.** Kling AI is moving from model validation to commercialisation, supported by rapid enterprise adoption and improving unit economics. Management disclosed that Kling reached **US$500m** annual recurring revenue **(ARR) in March,** with application programming interface **(API) revenue rising to around 60% of total revenue in 1Q26 (vs <50% in 4Q25), w**hile subscriptions accounted for the remaining **40%.** ARR growth continues to accelerate following major model upgrades, with B-end/API demand becoming the primary driver of scaleable monetisation, offsetting the more volatile C-end demand. We forecast Kling's revenue to grow from **US$146m in 2025 to US$576m in 2026,** while inference-level gross margin has already turned positive at **>25%**, providing early validation of its commercialisation model and AI investment ROI.
- **Competition remains intense but is unlikely to be winner-takes-all.** While ByteDance's Seedance remains the technology leader, Kling continues to scale up its enterprise customer base and ARR rapidly. We believe long-term differentiation will depend more on workflow integration, editing capabilities and enterprise adoption than benchmark rankings. Kuaishou is further strengthening Kling through hybrid models, advanced editing features and AI-powered Video Agents.
- **Near-term investment burden remains, but improving monetisation supports ROI visibility.** Kuaishou's elevated AI investment will continue to pressure near-term earnings and free cash flow, with 2026 capex expected to rise to Rmb26b (vs Rmb14b in 2025) and AI-related D&A likely to increase 2-3x over the next 2-3 years. That said, Kling's rapidly growing ARR and positive inference-level gross margin suggest improving commercialisation, with continued ARR growth and enterprise adoption supporting its medium-term ROI.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	126,898	142,776	147,905	157,176	167,337
EBITDA	22,278	27,682	22,767	27,023	31,323
Operating profit	15,287	20,637	14,659	17,718	20,767
Net profit (rep./act.)	15,344	18,624	13,103	15,458	18,353
Net profit (adj.)	17,716	20,647	16,209	18,758	21,867
EPS (Fen)	402.1	469.0	378.6	433.8	500.7
PE	9.0	7.7	9.5	8.3	7.2
P/B	2.5	1.9	1.9	1.3	1.1
EV/EBITDA	6.5	5.2	6.3	5.3	4.6
Dividend yield	0.0	0.0	0.0	0.0	0.0
Net margin	12.1	13.0	8.9	9.8	11.0
Net debt/(cash) to equity	(20.5)	(14.1)	(13.9)	(28.6)	(35.8)
Interest cover (x)	n.a.	185.8	n.a.	n.a.	n.a.
ROE	27.6	26.3	16.2	15.4	14.1
Consensus net profit	-	-	16,994.7	19,539.0	21,850.2
UOBKH/Consensus (x)	-	-	0.95	0.96	1.00

Source: Kuaishou, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Consumer Services
Bloomberg ticker	1024 HK
Shares issued (m)	3,661.8
Market cap (US$m)	179,999.4
Market cap (US$m)	22,948.9
3-mth avg daily t'over (US$m)	321.4

Price Performance (%)

52-week high/low				HK$92.6/HK$39.72
1mth	3mth	6mth	1yr	YTD
(8.7)	(7.8)	(34.8)	(34.3)	(34.9)

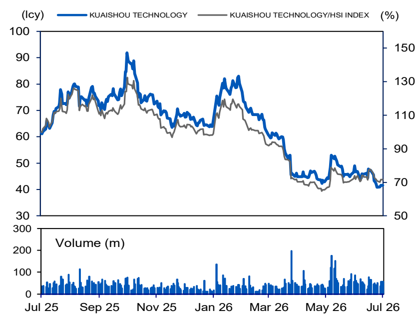
Major Shareholders

	%
Tencent Holdings Ltd	18.53

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	19.20
FY26 Net Cash/ Share (Rmb)	2.66

Price Chart



Source: Bloomberg

Company Description

Kuaishou Technology operates as a content community and social platform. The company helps users create, upload and watch short videos on mobile devices. Kuaishou Technology offers services worldwide.

- **AI video TAM continues to expand rapidly, driven by enterprise adoption.** Kuaishou's management estimates the current AI video generation total addressable market (TAM) at **around US$150b,** expanding towar**d US$200b** as adoption broadens from content creation to production-grade enterprise applications, including advertising, professional video and drama production, e-commerce, gaming, education and corporate training. Longer term, management believes opportunities could increase further through world models and physical AI, although the addressable market remains difficult to quantify at this stage.
- **Kuaishou reiterated Kling's top-tier competitive positioning**, underpinned by its track record of AI innovation, strong execution capabilities, and deep video data accumulated through Kuaishou's ecosystem. The company believes that its technology-commercialisation flywheel - where major model upgrades drive ARR growth, enabling further investment in GPUs and talent - will continue to strengthen its competitive moat. Strategically, Kling remains focused on professional users through superior controllability, long-prompt precision and high-quality output (including native 4K), while its technology roadmap centres on next-generation hybrid model architectures and enhanced production-grade features to deepen adoption across professional content creation workflows.
- **Main business.** Management acknowledged continued macro headwinds for the core business, including weaker consumption, competition and regulatory/tax impacts. Within advertising, growth remains supported by short dramas, AI comic content, local services and AI-related advertisers with healthy budgets. In e-commerce, monetisation is expected to remain under pressure as Kuaishou continues to support merchants through commission rebates and traffic subsidies, with management prioritising SME ecosystem health over near-term take-rate expansion.

Valuation/Recommendation

- **Maintain BUY with a target price of HK$82.00,** which implies 19x 2026F PE, in line with peers. We lower our PE multiple to 12x from 15x for the advertising business due to the challenging macro environment. We adopt a 25x PS for Kling for its robust growth. The company is currently trading at 9.5x 2026F PE, against a 16% EPS CAGR over the next three years.

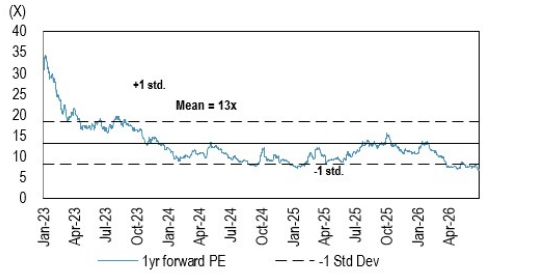
Earnings Revision/Risk

- Our estimates are largely unchanged.
- **Risks** include: a) soft advertisement amid a weak macro environment, b) increasing competition from Douyin, c) restrictions on the time spent on short-form videos by minors, and d) expanding losses from new initiatives.

Share Price Catalyst

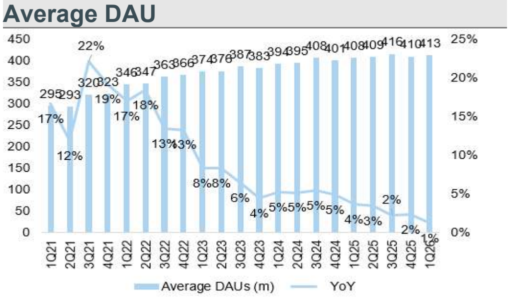
- a) Kling's first financing round, b) increased monetisation of Kling AI, and c) model upgrades.

12-Month Forward PE Band



Source: Bloomberg UOB Kay Hian

Average DAU



Source: Kuaishou, UOB Kay Hian

SOTP-Based Valuation

2026F	Revenue (Rmbm)	GMV (Rmbm)	Net profit	PS(x)	PE(x)	To Kuaishou (HK$)	HK$/share
Live streaming	34,678		4,161		4	17,810	4
Online marketing	86,977		15,656	2	12	201,020	45
E-commerce	23,696	1,776,040	4,739		8	39,908	9
Kling AI	3,627			25		97,016	22
Others	2,554			3		8,199	2
SOTP value						258,739	82

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	142,776.0	147,904.6	157,176.0	167,337.1
EBITDA	27,682.0	22,767.3	27,023.5	31,322.9
Deprec. & amort.	7,045.0	8,108.1	9,305.8	10,556.1
EBIT	20,637.0	14,659.3	17,717.6	20,766.8
Total other non-operating income	0.0	(0.0)	(0.0)	0.0
Associate contributions	(16.0)	(13.0)	0.0	0.0
Net interest income/(expense)	(149.0)	1,095.3	1,313.2	1,751.5
Pre-tax profit	20,472.0	15,741.6	19,030.8	22,518.3
Tax	(1,848.0)	(2,638.7)	(3,573.0)	(4,165.2)
Minorities	0.0	0.0	0.0	0.0
Net profit	18,624.0	13,102.9	15,457.8	18,353.1
Net profit (adj.)	20,647.0	16,208.9	18,758.5	21,867.2

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	22,869.0	30,214.0	33,378.1	37,640.9
Other LT assets	64,086.0	75,255.0	101,316.5	116,674.7
Cash/ST investment	11,180.0	11,405.0	34,082.3	50,427.8
Other current assets	66,369.0	72,136.0	73,099.5	74,120.6
Total assets	164,504.0	189,010.0	241,876.4	278,864.1
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	67,535.0	74,646.0	83,260.8	91,150.9
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	17,385.0	32,144.0	38,740.8	45,971.1
Shareholders' equity	79,558.0	82,192.0	119,068.8	140,936.0
Minority interest	26.0	28.0	28.0	28.0
Total liabilities & equity	164,504.0	189,010.0	241,098.5	278,086.1

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	26,716.0	3,125.0	26,075.7	31,396.0
Profit fo the year	20,472.0	15,741.6	19,030.8	22,518.3
Tax	(1,848.0)	(2,638.7)	(3,573.0)	(4,165.2)
Deprec. & amort.	7,045.0	8,108.1	9,305.8	10,556.1
Associates	16.0	13.0	0.0	0.0
Working capital changes	(1,249.0)	(35.7)	(2,458.0)	(2,088.9)
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	2,280.0	(18,063.3)	3,770.1	4,575.7
Investing	(26,256.0)	(23,958.0)	(26,437.0)	(27,073.5)
Capex (growth)	(14,942.0)	(25,439.6)	(26,437.0)	(27,073.5)
Investment	46,115.0	52,935.0	56,038.6	59,142.2
Others	(57,429.0)	(51,453.4)	(56,038.6)	(59,142.2)
Financing	(1,925.0)	21,139.0	23,038.4	12,023.1
Dividend payments	0.0	0.0	0.0	0.0
Proceeds from borrowings	4,422.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(6,347.0)	21,139.0	23,038.4	12,023.1
Net cash inflow (outflow)	(1,465.0)	306.0	22,677.2	16,345.6
Beginning cash & cash equivalent	12,697.1	11,180.1	11,405.1	34,082.3
Changes due to forex impact	(52.0)	(81.0)	0.0	0.0
Ending cash & cash equivalent	11,180.1	11,405.1	34,082.3	50,427.8

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	19.4	15.4	17.2	18.7
Pre-tax margin	14.3	10.6	12.1	13.5
Net margin	13.0	8.9	9.8	11.0
ROA	12.2	7.4	7.2	7.0
ROE	26.3	16.2	15.4	14.1
Growth				
Turnover	12.5	3.6	6.3	6.5
EBITDA	24.3	(17.8)	18.7	15.9
Pre-tax profit	32.1	(23.1)	20.9	18.3
Net profit	21.4	(29.6)	18.0	18.7
Net profit (adj.)	16.5	(21.5)	15.7	16.6
EPS	16.7	(19.3)	14.6	15.4
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(14.1)	(13.9)	(28.6)	(35.8)
Interest cover (x)	185.8	n.a.	n.a.	n.a.

Shanghai Iluvatar CoreX (9903 HK)

Source: TradingView

Last price: HK$764.00
Support levels: HK$656.00/HK$614.00
Resistance levels: HK$887.50/HK$1050.00

Technical View:

Following a clean breakout, the price stayed above the resistance-turned-support zone, keeping its primary upward structure intact. The MACD remains exceptionally strong and entrenched in a bullish zone. With the breakout successfully insulated against structural failure and momentum indicators displaying zero signs of exhaustion, the technical setup firmly favours a near-term continuous move higher.

Average timeframe: Around two weeks.

Techtronic Industries (0669 HK)

Source: TradingView

Last price: HK$129.50
Support levels: HK$125.60/HK$121.30
Resistance levels: HK$147.00/HK$156.80

Technical View:

The price has successfully confirmed a breakout-and-retest sequence, holding steady above the resistance-turned-support floor. This shows that buyers are stepping in to defend this new, higher price tier. Underlying market strength is expanding in real-time, as the MACD remains bullish and is actively curling upward. As long as the price stays above this critical support zone, the technical setup strongly favours a continuous move higher.

Average timeframe: Around two weeks.

Analyst

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