Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52508.3	0.0	(0.8)	2.6	9.2
S&P 500	7543.6	0.4	0.5	1.5	10.2
FTSE 100	10529.4	0.3	(1.3)	0.6	6.0
AS30	9001.3	(0.0)	(0.0)	(0.1)	(0.2)
CSI 300	4796.5	2.2	0.1	0.4	3.6
FSSTI	5495.6	0.5	2.9	9.3	18.3
HSCEI	8103.1	0.5	4.3	(3.2)	(9.1)
HSI	24340.7	0.5	3.6	(1.5)	(5.0)
JCI	6039.5	0.0	0.9	0.5	(30.2)
KLCI	1719.9	1.3	2.2	2.2	2.4
KOSPI	6856.8	0.7	(10.4)	(15.6)	62.7
Nikkei 225	67743.5	0.7	(0.8)	2.6	34.6
SET	1626.0	(0.1)	1.4	2.1	29.1
TWSE	44738.0	(1.4)	(1.6)	1.3	54.5
BDI	2980.0	0.7	3.7	9.2	58.8
CPO (RM/mt)	4466.5	0.0	(0.5)	(0.0)	13.6
Brent Crude (US$/bbl)	84.7	1.7	14.3	(3.0)	39.2

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation	Malaysia	13 Jul	15 Jul
Virtual Post-Results Meeting with ASL Marine Holdings Ltd (ASL SP)	Singapore	21 Jul	21 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Jun Money Supply (M2, M1, M0)	China	09-15 Jul
2Q GDP (YoY, YTD YoY, SA QoQ)	China	15 Jul
Jun Retail Sales	China	15 Jul
Jun Industrial Production	China	15 Jul
Jun Fixed Assets Ex Rural	China	15 Jul
Jun Surveyed Jobless Rate	China	15 Jul
Jun Unemployment Rate 3Mths	Hong Kong	16 Jul
Jun CPI Composite	Hong Kong	21 Jul
Jun Industrial Profits	China	27 Jul
Jun Trade Balance, Exports, Imports	Hong Kong	27 Jul

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

Top Stories

Economics | Trade Page 3

Trade data beat expectations again. Export growth accelerated to 27.0% yoy in June from 19.4% yoy in May, above Bloomberg consensus of 19.0% yoy, led by strength in the ASEAN, EU and Hong Kong markets. Import growth rose to 36.0% yoy, above consensus of 26.1% yoy, mainly driven by record-high demand for integrated circuits. The trade surplus widened to US$125.6b. Going forward, base effects should turn less favourable in 2H26 which may moderate headline growth, particularly for imports.

Company Update | Innovent Biologics Inc (1801 HK/**BUY**/HK$90.05/Target: HK$112.00) Page 5

Following a robust revenue growth of over 50% yoy to Rmb3.8b in 1Q26, our channel check indicates Innovent's 2Q26 product sales remained strong, supported by its rapid market expansion of chronic disease products. Innovent has achieved three major out-licensing deals, bringing total upfront income to US$2.2b. Expecting smooth progress of these collaborations, we believe the out-licensing income will become a steady revenue stream for the company in the years ahead. Maintain BUY and target price of HK$112.00.

Company Update | JD.com (9618 HK/**BUY**/HK$112.80/Target: HK$156.00) Page 8

JD's 2Q26 results are guided to slightly beat consensus expectations, supported by resilient core retail profitability, a smaller-than-expected decline in JD Retail revenue and narrower instant retail losses. Group net profit is guided to return to yoy growth, while JD Retail's margin should remain broadly stable. Easing subsidy-related base effects should support a gradual 2H26 retail recovery, while European expansion progresses. Instant retail loss reduction remains the key investor focus. Maintain BUY with a higher target price of HK$156.00 (US$40.00).

Company Update | Lenovo Group (992 HK/**BUY**/HK$23.16/Target: HK$32.80) Page 11

Lenovo will report its 1QFY27 (2Q26) results on 13 August. We expect revenue of US$22,434m (+19.1% yoy, +3.9% qoq), gross margin of 16.5% (+1.8ppt yoy) and non-IFRS net profit of US$609m (+56.3% yoy, +8.9% qoq). ISG is the bright spot. However, we are also expecting a US$1.68b non-cash fair value loss due to the ALAT warrant issued in 2024. This will swing reported net profit to a US$1b loss during the quarter. Maintain BUY. Target price: HK$32.80.

Technical Analysis

Zijin Gold | 2259 HK Page 14

Support levels: HK$93.20/HK$84.20
Resistance levels: HK$124.30/HK$140.20

Tingyi | 322 HK Page 14

Support levels: HK$10.97/HK$10.87
Resistance levels: HK$12.16/HK$12.63

Economics

Trade

Trade Beats Again In June

- June export growth accelerated to 27.0% yoy (+7.6ppt mom), well above Bloomberg's consensus estimate of 19.0% yoy, led by continued strength in the ASEAN, EU and Hong Kong markets.
- Import growth rose to 36.0% yoy (+8.6ppt mom), also above consensus estimate of 26.1% yoy, mainly driven by record-high integrated circuits demand, with modest support from a low base for comparison.
- The trade surplus widened to US$125.6b from US$105.4b, above consensus' US$120.1b. Overall, base effects should turn less favourable in 2H26 which may moderate headline growth, particularly for imports.

What's New

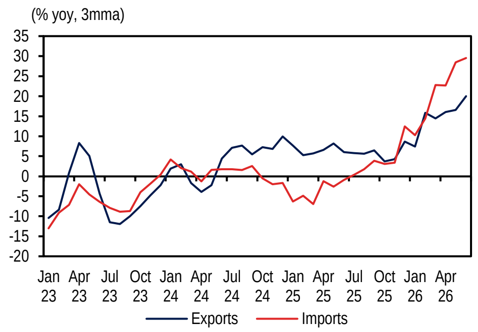
- **Export growth rose to 27.0% yoy in June from 19.4% yoy in May (+7.6ppt mom),** beating Bloomberg's consensus estimate of 19.0% yoy. The acceleration mainly reflects genuine demand and continued trade diversification. China's export growth to ASEAN strengthened to 34.5% yoy (+10.2ppt mom), while China's export growth to the EU picked up to 18.5% yoy (+10.9ppt mom). China's exports to Hong Kong remained strong at 58.0% yoy (-5.1ppt mom), consistent with its role as a transit hub. On the other hand, China's export growth to the US moderated to 13.9% yoy (-21.5ppt mom), as the base for comparison turned less favourable. In addition, China's export growth to Japan eased to 6.9% yoy (-4.0ppt mom).
- **China's import growth came in at 36.0% yoy in June (+8.6ppt mom),** above Bloomberg consensus estimate of 26.1% yoy. A low base provided moderate support, with broad weakness in commodities trade values. China's import growth of coal and iron ore rebounded strongly to 63.0% yoy (+43.6ppt mom) and 21.8% yoy (+19.5ppt mom), respectively. In contrast, China's import growth of crude oil turned negative at -6.1% yoy (-16.3ppt mom), reflecting fading price support from the earlier Strait of Hormuz disruption, while copper ore eased to 23.0% yoy (-11.0ppt mom).
- **All major product categories saw growth accelerations,** integrated circuits remained the standout among key trade product categories, with import growth reaching 72.3% yoy (+4.3ppt mom), a fresh record value that signals genuine and sustained AI-related chip demand. China's hi-tech products export growth held at 52.2% yoy (+1.3ppt mom) and mechanical & electrical products export growth strengthened to 34.2% yoy (+6.8ppt mom), consistent with the strength in integrated circuits. Moreover, motor vehicle export growth accelerated to 61.2% yoy (+28.0ppt mom), while agricultural products import growth picked up to 19.6% yoy (+15.7ppt mom).
- **The trade surplus widened to US$125.6b from May's US$105.4b,** above consensus' US$120.1b. Base effects should turn less favourable in 2H26 which may moderate headline growth, particularly for imports.

Analyst(s)

Tham Mun Hon, CFA
munhon.tham@uobkh.com
+852 2236 6799

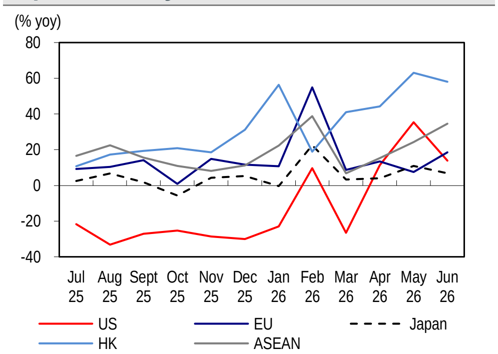
Claire Wang
claire.wang@uobkh.com
+852 2236 6761

Growth Of Exports And Imports (3MMA)



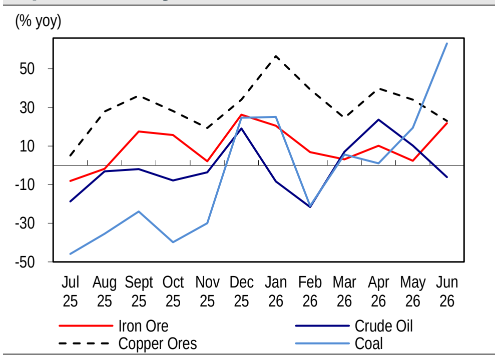
Source: Customs, CEIC, UOB Kay Hian

Exports To Key Markets



Source: Customs, CEIC, UOB Kay Hian

Imports Of Key Commodities



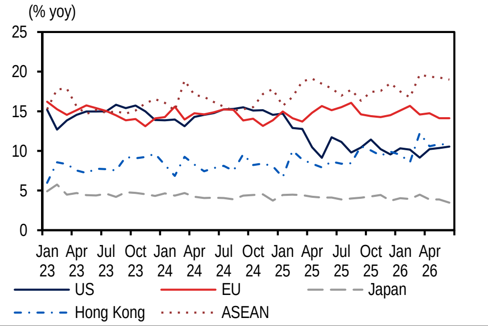
Source: Customs, CEIC, UOB Kay Hian

Exports And Imports Data

	(US$b)		yoy % chg	
	Jun-26	May-26	Jun-26	May-26
Exports	412.4	376.8	27.0	19.4
Imports	286.8	271.3	36.0	27.4
Trade Surplus	125.6	105.4		
Exports to Key Markets				
US	43.5	39.0	13.9	35.4
EU	58.3	53.2	18.5	7.6
Japan	14.4	14.5	6.9	10.9
Hong Kong	44.4	40.9	58.0	63.1
ASEAN	78.3	72.6	34.5	24.3
Imports of Key Commodities				
Iron Ore	11.6	10.1	21.8	2.3
Crude Oil	22.4	26.7	-6.1	10.2
Copper Ore	8.5	8.6	23.0	34.0
Coal	3.9	2.9	63.0	19.4
Trade of Key Products				
Agricultural Products Imports	22.2	20.7	19.6	3.9
Integrated Circuits Imports	59.6	56.6	72.3	68.0
Motor Vehicle Exports	124.6	114.9	61.2	33.2
Hi-tech Products Exports	118.8	112.1	52.2	50.9
Mechanical & Electrical Products Exports	260.3	241.0	34.2	27.4

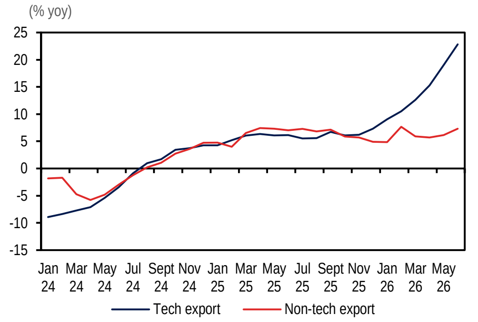
Source: Wind, CEIC, UOB Kay Hian

Imports Of Key Commodities Share Of Major Countries' Export To China's Total Exports



Source: Customs, CEIC, UOB Kay Hian

China's Tech And Non-Tech Export



Source: Customs, CEIC, UOB Kay Hian

Innovent Biologics Inc (1801 HK)

Out-licensing Income To Boost Earnings In 2026 And Beyond

BUY (Maintained)

Share Price	HK$90.05
Target Price	HK$112.00
Upside	+24.4%

Analyst(s)
Carol Dou
carol.dou@uobkh.com
+852 2236 6749
Sunny Chen
sunny.chen@uobkh.com
+852 2826 4857

Highlights

- Following a robust revenue growth of over 50% yoy to Rmb3.8b in 1Q26, our channel check indicates Innovent's 2Q26 product sales remained strong, supported by its rapid market expansion of chronic disease products.
- Innovent has achieved three major out-licensing deals, bringing total upfront income to US$2.2b. Expecting smooth progress of these collaborations, we believe the out-licensing income will become a steady revenue stream for the company in the years ahead.
- Maintain BUY and target price of HK$112.00.

Analysis

- **Channel check: 2Q26 product sales growth remained strong.** Innovent Biologics Inc (Innovent) experienced robust domestic sales growth of over 50% to reach Rmb3.8b in 1Q26. Our channel check indicates that product sales growth remained strong in 2Q26, driven by rapid market expansion of its chronic disease products, namely Mazdutide, SINTBILO (Tafolecinmab injection), and SYCUME (Teprotumumab N01 injection). Moreover, the oncology products also generated steady growth, supported by the rapid commercial uptake of the five tyrosine kinase inhibitor (TKI) therapies newly included in the National Reimbursement Drug List (NRDL).
- **Licensing revenue becomes a major revenue contributor.** Innovent has closed three out-licensing deals totalling US$2.2b in upfront payments. The Takeda and Eli Lilly upfronts were received in late-25 and 1H26, respectively, with the Pfizer payment expected in 3Q26. As the Eli Lilly and Pfizer collaborations are still at an early stage, Innovent will amortise these proceeds over 7-8 years, generating US$200m-300m in annual licensing revenue over the medium to long term. We forecast total revenue rising 45.9% yoy and net earnings increasing 31.5% yoy in 1H26, given the relatively high earnings base in 1H25.

Major Out-Licensing Deals Since Oct 25

Date	Partner	Assets	Upfront	Milestones	Total deal value	Royalties
22-Oct-25	Takeda	IBI363 (PD-1/IL-2a-bias) IBI343 (CLDN18.2 ADC) Option for IBI3001 (EGFR/B7H3 ADC)	US$1.1b US$100m shares at HK$112.56/share	US$10.2b	US$11.4b	On IBI363 sales in the US
09-Feb-26	Eli Lilly	New oncology and immunology medicines	US$350m	US$8.5b	US$8.85b	Tiered royalties on ex-China sales
29-May-26	Pfizer	12 early-stage de novo oncology assets	US$650m	US$9.85b	US$10.5b	Double-digit royalties
	Total		US$2.2b	US$28.55b	US$30.75b	

Source: Innovent, UOB Kay Hian

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	9,422	13,042	18,618	22,930	27,457
EBITDA	-100	981	2,581	3,879	6,103
Operating profit	-393	577	2,165	3,383	5,527
Net profit (rep./act.)	-95	814	2,115	3,150	4,973
Net profit (adj.)	332	1,723	2,815	3,900	5,753
EPS (Fen)	20	99	162	224	330
PE (x)	391.1	80.5	49.3	35.6	24.1
P/B (x)	9.9	6.9	6.2	5.4	4.5
EV/EBITDA (x)	(1,424.1)	145.2	55.2	37.2	23.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	3.5	13.2	15.1	17.0	21.0
Net debt/(cash) to equity (%)	10.2	n.a.	n.a.	n.a.	n.a.
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	(0.9)	5.8	14.0	18.9	25.9
Consensus net profit	-	-	2,251	3,604	5,102
UOBKH/Consensus (x)	-	-	0.94	0.87	0.97

Source: Innovent, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Health Care
Bloomberg ticker	1801 HK
Shares issued (m)	1,740.9
Market cap (HK$m)	156,769.9
Market cap (US$m)	20,002.3
3-mth avg daily t'over (US$m)	147.5

Price Performance (%)

52-week high/low: HK$109.10/HK$69.55

1mth	3mth	6mth	1yr	YTD
17.8	4.3	0.7	9.8	18.1

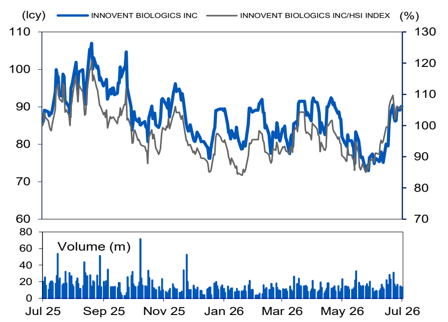
Major Shareholders

	%
Dr. Michael Yu	5.23

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	13.15
FY26 Net Cash/ Share (Rmb)	5.40

Price Chart



Source: Bloomberg

Company Description

Innovent Biologics is one of the leading biologics innovators in China.

- **Margins will likely improve further.** We expect the significant increase in licensing income, product volume and revenue structure to lift gross margin to approximately 87.3% in 2026, up from 86.5% in 2025. Moreover, the company's continuous effort in improving operating efficiency may further strengthen operating margin, and drive robust earnings growth in 2026.
- **Domestic product sales target of Rmb20b in 2027 remains unchanged.** With 18 market products, Innovent has entered a new chapter of dual-engine (oncology products and general medicines) growth. Its chronic and general medicines (eg Mazdutide, SINTBILO, and SYCUME) have become new growth drivers. Together with the newly launched PECONDLE, the general medicines will continue to boost growth in 2026 and beyond. Innovent sees Mazdutide's sales performance as satisfactory and believes it will continue to generate significant revenue growth in the next few years. Moreover, the products newly included in the NRDL will also see substantial sales expansion in the years ahead. We believe its targeted domestic product revenue of Rmb20b in 2027 (implying an approximately 30% two-year CAGR in 2025-27) is highly achievable.
- **Rapid progress in global trials on key pipelines.** Targeting five pipeline assets in global Phase 3 trial by 2030, Innovent has seen three key pipeline assets in smooth global development progress. IBI343's (Arcotatug Tavatecan, innovative TOPO1i CLDN18.2 ADC) international multi-centre Phase 3 trial (G-HOPE-001) conducted in China and Japan completed the pre-protocol first interim analysis, showing excellent efficacy and a tolerable safety profile in the treatment of advanced gastric cancer. Innovent has submitted the New Drug Application (NDA) for IBI343 to NMPA in China. IBI363's global clinical development is advancing rapidly into late-stage pivotal studies for non-small cell lung cancer (NSCLC). It also plans to initiate the global Phase 3 trial for IBI363 in advanced MSS/pMMR colorectal cancer and IBI324 (VEGF/Ang2 bispecific antibody) in retinopathy in 2H26. These three assets could contribute overseas revenue streams in 2030 and unlock a US$60b potential market globally.
- **Nurturing a new wave of global candidates.** Poised to become a global premier biopharma, Innovent has been nurturing a new wave of global candidates. It further advanced its oncology pipeline by accelerating clinical trials on IBI3003 (BCMA/GPRC5D/CD3) and IBI354 (HER2 ADC), and has seen smooth clinical progress for chronic and general medicine pipelines, eg IBI3032 (oral GLP-1 small molecule), IBI3016 (a novel AGT siRNA for hypertension) and IBI3002 (TSLP/IL- 4Rα for asthma and atopic dermatitis). We believe its persistent efforts in globalisation will eventually bear fruit.

Valuation/Recommendation

- **Maintain BUY and target price of HK$112.00,** based on the DCF model with WACC of 10.8% and terminal growth rate of 4%.

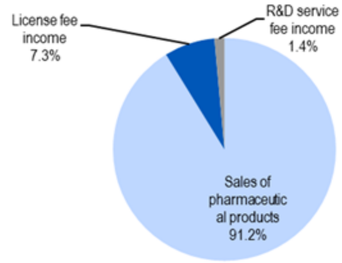
Earnings Revision/Risk

- We fine-tuned our 2026/27/28 revenue growth forecasts from 57.1%/11.6%/11.9% yoy to 42.8%/23.2%/19.7% yoy respectively to reflect the company's smoothing of licensing income over the longer term, which also leads to improved visibility into its longer-term earnings outlook.
- **Risks:** a) Intensifying market competition, b) policy uncertainties, c) risks in R&D and new product launches, and d) risks in business development and global partnerships.

Share Price Catalyst

- a) Strong financial results, b) smooth R&D performance and continuous business development efforts, and c) new product launches to generate revenue streams.

Segmental Revenue (2025)



Source: Innovent, UOB Kay Hian

Potential Near-Term (s)NDA Applications And (s)NDA Approvals

Product (indication)	Region	Expected time of NDA/BLA filing	Expected time of market approval
DOVBLERON/Taletrectinib (1L ROS1-positive NSCLC)	Mainland China	Accepted in Mar-24	Approved in Jan-25
Limertinib (EGFR T790M-mutated NSCLC)	Mainland China	Accepted in Nov-21	Approved in Jan-25
Limertinib (1L NSCLC with EGFR exon 19 deletions or exon 21 L858R mutations)	Mainland China	Accepted in Aug-24	Approved in Apr-25
IBI-311/teprotumumab N01 (TED)	Mainland China	Accepted in May-24	Approved in Mar-25
SINTBILO/tafolecimab	Macau		Approved in May-25
IBI-362/mazdutide (obesity (6mg))	Mainland China	Accepted in Feb-24	Approved in Jun-25
Dupert/fulzerasib	Macau		Approved in Jun-25
BYVASDA/bevacizumab	Macau		Approved in Jul-25
SYCUME/teprotumumab N01 injection	Macau		Approved in Aug-25
IBI-362/mazdutide (T2D (6mg))	Mainland China	Accepted in Aug-24	Approved in Sep-25
SULINNO/adalimumab	Macau		Approved in Sep-25
IBI-362/mazdutide (obesity (6mg))	Macau		Approved in Oct-25
PECONDLE/picankibart (psoriasis)	Mainland China	Accepted in Sep-24	Approved in Nov-25
TYVYT + TABOSUN/ipilimumab (Neoadj. MSI-H/dMMR colon cancer)	Mainland China	Accepted in Feb-25	Approved in Dec-25
IBI-362/mazdutide (T2D (6mg))	Macau		Approved in Jan-26
Jaypirca/pirtobrutinib (CLL/SLL)	Mainland China		Approved in Mar-26
TYVYT (full approval of cHL)	Mainland China	Accepted in Apr-25	
TYVYT + fruquinitinib (RCC)	Mainland China	Accepted in Jun-25	Approved in May-26
IBI-362/mazdutide (obesity (9mg))	Mainland China	Accepted in Nov-25	
TYVYT (perioperative therapy of NSCLC)	Mainland China	2026	
IBI302/Efdamrofusp alfa (nAMD)	Mainland China	2026	

Note: 1L: first-line treatment; 2L: second-line treatment; mCCA: metastatic cholangiocarcinoma; NSCLC: non-small cell lung cancer; CML: chronic myeloid leukaemia; CML-CP: chronic-phase chronic myeloid leukaemia; OC: ovarian cancer; ESCC: esophageal squamous cell carcinoma; EGFRm: EGFR mutated; TKI: tyrosine kinase inhibitor; non-FH: non-familial hypercholesterolemia; HeFH: heterozygous familial hypercholesterolemia; MM: multiple myeloma; r/r: recurrent or refractory; FL: follicular lymphoma; T2D: Type 2 diabetes; TED: thyroid eye disease, EMC: endometrial cancer; Neoadj.: neoadjuvant treatment; MSI-H/dMMR: microsatellite instability-high or mismatch repair deficiency; MCL: mantle cell lymphoma; cHL: classic Hodgkin's lymphoma; CLL: chronic lymphocytic leukemia; SLL: small lymphocytic lymphoma

Source: Innovent, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	13,042	18,618	22,930	27,457
EBITDA	981	2,581	3,879	6,103
Deprec. & amort.	405	416	496	576
EBIT	(10,709)	(14,089)	(16,749)	(18,773)
Net interest income/(expense)	359	420	420	420
Pre-tax profit	839	2,488	3,706	5,851
Tax	(25)	(373)	(556)	(878)
Minorities	-	-	-	-
Net profit	814	2,115	3,150	4,973
Net profit (adj.)	1,723	2,815	3,900	5,753

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	5,061	5,145	5,198	5,221
Other LT assets	10,273	10,273	10,273	10,273
Cash/ST investment	10,376	17,056	19,854	24,267
Other current assets	11,638	12,160	12,580	13,220
Total assets	37,348	44,634	47,907	52,981
ST debt	789	789	789	789
Other current liabilities	7,597	12,769	12,891	12,992
LT debt	1,990	1,990	1,990	1,990
Other LT liabilities	7,615	7,615	7,615	7,615
Shareholders' equity	19,356	21,471	24,622	29,595
Minority interest	0	0	0	0
Total liabilities & equity	37,348	44,634	47,907	52,981

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	10,001	6,759	2,878	4,493
Pre-tax profit	839	2,488	3,706	5,851
Tax	(1)	(373)	(556)	(878)
Deprec. & amort.	601	416	447	477
Working capital changes	7,945	4,649	(298)	(538)
Other operating cashflows	88	(500)	(500)	(500)
Investing	(6,512)	-	-	-
Capex (growth)	(683)	(500)	(500)	(500)
Investments	(6,290)	-	-	-
Proceeds from sale of assets	-	-	-	-
Others	462	500	500	500
Financing	4,728	(80)	(80)	(80)
Issue of shares	4,719	-	-	-
Proceeds from borrowings	2,504	-	-	-
Loan repayment	(2,543)	-	-	-
Others/interest paid	48	(80)	(80)	(80)
Net cash inflow (outflow)	8,218	6,680	2,799	4,413
Beginning cash & cash equivalent	2,273	10,376	17,056	19,854
Changes due to forex impact	(116)	-	-	-
Ending cash & cash equivalent	10,376	17,056	19,854	24,267

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	86.5	87.3	87.8	88.5
Pre-tax margin	6.4	13.4	16.2	21.3
Net margin	6.2	11.4	13.7	18.1
ROA	3.3	7.5	10.5	15.3
ROE	5.8	14.0	18.9	25.9
Growth				
Turnover	38.4	42.8	23.2	19.7
Gross profit	42.6	44.0	23.9	20.7
Pre-tax profit	(1,167.0)	196.6	49.0	57.9
Net profit	(959.7)	160.0	49.0	57.9
Net profit (adj.)	419.6	63.4	38.6	47.5
EPS	385.7	63.4	38.6	47.5
Leverage				
Debt to total capital	12.6	11.5	10.1	8.6
Debt to equity	14.4	12.9	11.3	9.4
Net debt/(cash) to equity	n.a.	n.a.	n.a.	n.a.
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

UOBKayHian

JD.com (9618 HK)

2Q26 Preview: Core Retail Resilient; Bottom Line Recovery, Loss Reduction And European Expansion In Focus

Highlights

- JD will report its 2Q26 results in mid-Aug 26; we expect revenue and earnings to slightly beat consensus expectations, supported by resilient core retail profitability, a smaller-than-expected decline in JD Retail revenue and narrower instant retail losses. Group net profit is guided to return to positive yoy growth, while JD Retail's margin should remain broadly stable. Easing subsidy-related base effects should support a gradual 2H26 retail recovery, while European expansion progresses. Instant retail loss reduction remains the key investor focus. Maintain BUY with a higher target price of HK$156.00 (US$40.00).

Analysis

- **Core retail earnings to remain resilient despite softer revenue.** We forecast 2Q26 group revenue declining 4.5% yoy to Rmb340.8b (better than market expectation of 8%) with revenue growth guided to be around 2ppt better than JD Retail's. The pace of decline improved in June and should moderate further in 3Q26. Electronics and home appliances revenue is expected to fall 13% yoy to Rmb155.2b, reflecting the high subsidy-related base and smartphone and computer price increases, while general merchandise revenue is forecasted to grow 1% yoy to Rmb104.5b, supported by relatively resilient supermarket and grocery demand despite weaker macro headwinds. Against the backdrop of revenue pressure, group net profit is expected to return to yoy growth, as gross margin improvement outweighs the impact of higher operating expenses, particularly AI-related R&D spending. Following a 25% yoy growth in 2025 retail operating profit to Rmb51.4b and margin expansion from 4.0% to 4.6%, JD Retail continues to demonstrate resilient profitability.
- **The key debate remains instant retail.** While losses are narrowing, the pace of improvement appears slower than peers. Management indicated instant retail losses narrowed from Rmb7b in 1Q26 to Rmb6b in 2Q26, while total new business losses (including Jingxi and international) remained just below Rmb10b. In our view, JD.com (JD) continues to face a trade-off between reducing subsidies and maintaining order volume, making meaningful unit economics improvement more challenging. Although the company continues to target a reduction in annual instant retail losses from Rmb37b in 2025 to Rmb23b in 2026, execution remains the key risk, particularly given seasonally weaker profitability in 3Q.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	1,158,819	1,309,085	1,362,480	1,461,666	1,538,351
EBITDA	33,865	8,363	26,715	66,839	78,688
Operating profit	38,736	2,774	23,650	36,050	47,905
Net profit (rep./act.)	41,359	19,631	24,793	33,242	42,171
Net profit (adj.)	47,827	27,032	31,819	40,505	48,561
EPS	1,572.7	919.8	1,122.4	1,428.7	1,696.0
PE	6.2	10.6	8.7	6.8	5.8
P/B	1.2	1.2	1.2	1.1	0.9
EV/EBITDA	9.6	38.9	12.2	4.9	4.1
Dividend yield	0.0	0.0	0.0	0.0	0.1
Net margin	3.6	1.5	1.8	2.3	2.7
Net debt/(cash) to equity	(12.8)	(18.7)	(2.7)	(39.2)	(50.1)
ROE	17.5	8.4	11.2	14.3	15.6
Consensus net profit	-	-	31,098.3	41,345.5	49,023.1
UOBKH/Consensus (x)	-	-	1.02	0.98	0.99

Source: JD.com, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	HK$112.80
Target Price	HK$156.00
Upside	38.3%
Previous TP	HK$155.00

Analyst(s)
Julia Pan Meng Yao
juliapan@uobkh.com
+8621 5404 7225 ext 808

Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	9618 HK
Shares issued (m)	2,409.9
Market cap (US$m)	308,129.2
Market cap (US$m)	39,310.2
3-mth avg daily t'over (US$m)	165.4

Price Performance (%)

52-week high/low: HK$143.80/HK$95.80

1mth	3mth	6mth	1yr	YTD
0.2	0.4	(1.6)	(8.5)	1.1

Major Shareholders

	%
Blackrock Inc	5.1

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	79.30
FY26 Net Cash/ Share (Rmb)	2.15

Price Chart

Source: Bloomberg

Company Description

JD.com is the leading online direct sales player in China.

- **2H26 outlook.** Easing base effects could support a gradual recovery. We forecast electronics and home appliances revenue growing 2% yoy to Rmb131.6b in 3Q26 and 9% yoy to Rmb117.0b in 4Q26, as the high comparison base from last year's trade-in programme eases, particularly toward 4Q26. However, demand could remain affected by smartphone and computer price increases as higher memory costs are passed through to consumers, while 3Q26 sales will also depend on the reception of major product launches, including Apple's next-generation iPhone line-up. General merchandise revenue could rise 5% yoy to Rmb102.4b in 3Q26 and 10% yoy to Rmb131.7b in 4Q26 as last year's high traffic base from food delivery and instant retail normalises. The pace of recovery will remain dependent on the broader consumption environment, although essential categories such as supermarket and grocery products should remain relatively resilient.
- **European expansion gains momentum through Ceconomy and Joybuy.** German regulatory approval for JD's proposed €2.2b acquisition of Ceconomy removes a key execution hurdle and would provide immediate local scale through MediaMarkt and Saturn's store network, customer base and fulfilment infrastructure. Meanwhile, Joybuy's Summer Black Friday campaign delivered more than 2x transaction-value growth across over 1,800 brands, while its "211" same-day delivery service maintained a 99% fulfilment rate across more than 30 European cities. Together, these developments support JD's strategy of combining local retail assets with its supply-chain, logistics and digital capabilities to build an integrated European omnichannel platform.

Valuation/Recommendation

- **Maintain BUY and raise target price to HK$156.00 (US$40.00)** from HK$155.00 previously, which implies 10x 2027F PE. JD is trading at 6.8x 2027F PE. We expect a stronger recovery in 2H26 as subsidy-related base effects ease, although the outlook remains dependent on JD's ability to narrow food-delivery losses.

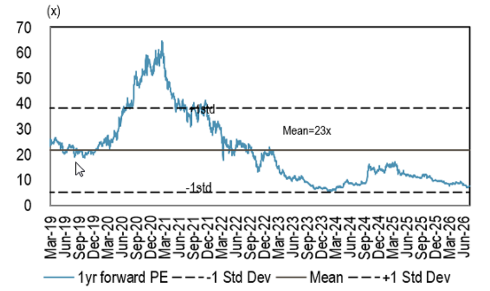
Earnings Revision/Risk

- We leave our 2026 revenue estimate largely unchanged but raise our earnings forecast by 2%, reflecting greater revenue resilience and easing high-base effects in 2H26.
- **Risks:** Weaker consumer sentiment; slower GMV growth; and a slower-than-expected reduction in food-delivery losses.

Share Price Catalyst

- a) Strong new user growth, b) continued margin expansion with improved operating efficiency, and c) narrowing losses from the food delivery business.

12-Month Forward PE Band



Source: Bloomberg UOB Kay Hian

Sotp-Based Valuation

2027F	Revenue (Rmbm)	EBITDA (Rmbm)	EV/EBITDA (x)	To JD (HK$)	JD stake (%)	To JD (20% discount)	HK$/share	of TP value (%)
JD Retail	1,191,822	54,824	5	274,119	Majority	219,295	77	50%
JD Logistics (mkt cap)				73,482	63%	36,911	13	8%
New Business and others				47,477	37%	14,053	6	4%
JD Health (mkt cap)				99,883	67%	53,537	19	12%
JD industrial (mkt cap)				28,826	71%	16,373	6	4%
Net cash				98,524		98,524	35	22%
SOTP value				622,310		438,694	156	

Source: JD.com, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	1,309,085.0	1,362,480.2	1,461,665.7	1,538,351.1
EBITDA	8,363.0	26,714.6	66,838.8	78,688.3
Deprec. & amort.	5,589.0	3,065.0	30,788.3	30,783.0
EBIT	2,774.0	23,649.6	36,050.4	47,905.3
Total other non-operating income	8,025.0	1,636.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	14,524.0	5,782.1	5,008.9	5,475.5
Pre-tax profit	25,323.0	31,067.7	41,059.4	53,380.8
Tax	(2,181.0)	(5,547.0)	(7,817.4)	(11,210.0)
Minorities	(3,511.0)	(728.0)	0.0	0.0
Net profit	19,631.0	24,792.7	33,242.0	42,170.8
Net profit (adj.)	27,032.0	31,818.9	40,505.0	48,561.0

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	91,349.0	93,920.0	92,365.0	92,349.0
Other LT assets	229,431.0	227,140.0	227,141.0	227,141.0
Cash/ST investment	137,488.0	101,829.0	190,742.6	235,789.9
Other current assets	236,933.0	262,833.0	265,634.7	275,627.5
Total assets	695,201.0	685,722.0	775,883.3	830,907.4
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	306,072.0	309,027.0	339,542.7	355,595.9
LT debt	95,346.0	95,965.0	92,765.0	89,565.0
Other LT liabilities	0.0	0.0	0.0	0.0
Shareholders' equity	225,040.0	216,486.0	249,729.0	291,899.8
Minority interest	68,743.0	64,244.0	64,244.0	64,244.0
Total liabilities & equity	695,201.0	685,722.0	746,280.7	801,304.8

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	18,991.0	31,603.7	78,204.3	79,014.3
Profit fo the year	25,323.0	31,067.7	41,059.4	53,380.8
Tax	(2,181.0)	(5,547.0)	(7,817.4)	(11,210.0)
Deprec. & amort.	5,589.0	3,065.0	30,788.3	30,783.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	2,836.0	3,018.0	14,173.9	6,060.5
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	(12,576.0)	(0.0)	0.0	0.0
Investing	41,832.0	(2,359.0)	(29,233.3)	(30,767.0)
Capex (growth)	(14,201.0)	(5,636.0)	(29,233.3)	(30,767.0)
Investment	51,978.0	52,964.0	52,964.0	52,964.0
Others	4,052.0	(49,691.0)	(52,969.0)	(52,969.0)
Financing	(26,728.0)	(33,898.0)	(3,200.0)	(3,200.0)
Dividend payments	0.0	0.0	0.0	0.0
Proceeds from borrowings	9,930.0	619.0	(3,200.0)	(3,200.0)
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(36,658.0)	(34,517.0)	0.0	0.0
Net cash inflow (outflow)	34,095.0	(4,653.3)	45,771.0	45,047.3
Beginning cash & cash equivalent	115,716.0	149,625.0	144,971.7	190,742.6
Changes due to forex impact	(174.0)	0.0	0.0	0.0
Ending cash & cash equivalent	149,637.0	144,971.7	190,742.6	235,789.9

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	0.6	2.0	4.6	5.1
Pre-tax margin	1.9	2.3	2.8	3.5
Net margin	1.5	1.8	2.3	2.7
ROA	2.8	3.6	4.5	5.2
ROE	8.4	11.2	14.3	15.6
Growth				
Turnover	13.0	4.1	7.3	5.2
EBITDA	(75.3)	219.4	150.2	17.7
Pre-tax profit	(50.9)	22.7	32.2	30.0
Net profit	(52.5)	26.3	34.1	26.9
Net profit (adj.)	(43.5)	17.7	27.3	19.9
EPS	(41.5)	22.0	27.3	18.7
Leverage				
Debt to total capital	24.5	25.5	22.8	20.1
Debt to equity	42.4	44.3	37.1	30.7
Net debt/(cash) to equity	(18.7)	(2.7)	(39.2)	(50.1)

Lenovo Group (992 HK)

1QFY27 Preview: Core Results Remain Solid, But GAAP Profit Impacted By Non-Cash Items

BUY (Maintained)	
Share Price	HK$23.16
Target Price	HK$32.80
Upside	+41.6%

Highlights

- We expect 1QFY27 non-IFRS net profit of US$609m, +56.3% yoy and +8.9% qoq, on revenue of US$22,434m, +19.1% yoy and +3.9% qoq. ISG is the standout.
- However, we are also expecting a US$1.68b non-cash fair value loss due to the ALAT warrant issued in 2024. This will swing reported net profit to a US$1b loss during the quarter.
- Maintain BUY and target price of HK$32.80. The market is already expecting the warrant-related fair value losses, and as such we should be focusing on the non-IFRS adjusted earnings instead.

1QFY27 Results Preview

Year to 31 Mar (US$m)	1Q26	4Q26	1Q27F	yoy (%)	qoq (%)
Revenue	18,830	21,588	22,434	19.1	3.9
IDG	13,459	14,614	15,075	12.0	3.2
ISG	4,290	5,635	5,963	39.0	5.8
SSG	2,258	2,563	2,596	15.0	1.3
Operating profit	785	886	(665)	n.m.	n.m.
Adjusted Net profit	389	559	609	56.3	8.9
Margin (%)					
Operating margin	4.2	4.1	(3.0)	n.m.	n.m.
IDG	7.1	6.9	7.0	(0.1)	0.1
ISG	(2.0)	3.6	4.5	6.5	0.9
SSG	22.2	22.4	22.5	0.3	0.1

Source: Lenovo, UOB Kay Hian

Analysis

- **Strong operating quarter, ugly headline.** We expect 1QFY27 revenue of US$22,434m, +19.1% yoy and +3.9% qoq, gross margin of 16.5% (+1.8ppt yoy, +0.1ppt qoq) and adjusted operating profit of US$965m (4.3% margin). However, given that Lenovo Group's (Lenovo) share price surged during the quarter from HK$9.15 to HK$23.02, we estimate a US$1.68b non-cash fair value loss due to its ALAT warrant which has an adjusted strike price of HK$11.92. This will push reported net profit to a US$1,071m loss (1Q26: US$505m profit). Stripping that out, non-IFRS net profit is US$609m, +56.3% yoy and +8.9% qoq.

Key Financials

Year to 31 Mar (US$m)	2025	2026	2027F	2028F	2029F
Net turnover	69,077	83,075	92,900	101,328	111,328
EBITDA	3,583	4,680	3,788	6,237	7,230
Operating profit	2,164	3,262	2,215	4,561	5,466
Net profit (rep./act.)	1,384	1,912	695	2,822	3,493
Net profit (adj.)	1,441	2,049	2,455	2,902	3,573
EPS (cents)	11.8	16.7	20.0	23.6	29.1
PE (x)	25.2	17.8	14.9	12.6	10.2
P/B (x)	n.a.	6.5	6.0	4.8	3.9
EV/EBITDA (x)	n.a.	7.8	10.8	5.4	5.2
Dividend yield (%)	1.7	1.7	1.7	1.7	1.7
Net margin (%)	2.0	2.3	0.7	2.8	3.1
Net debt/(cash) to equity (%)	9.1	(3.2)	40.4	(25.0)	3.0
Interest cover (x)	3.3	5.7	3.8	7.6	9.6
ROE (%)	24.7	29.9	28.7	27.3	27.0
Consensus adjusted net profit	-	-	2,350	2,852	3,555
UOBKH/Consensus (x)	-	-	1.04	1.02	1.01

Source: Lenovo, Bloomberg, UOB Kay Hian

Analyst(s)

Johnny Yum
johnny.yum@uobkh.com
+852 2236 6706

Murphy Li
murphy.li@uobkh.com
+852 2826 4867

Stock Data

GICS sector	Computer Hardware & Storage
Bloomberg ticker:	992 HK
Shares issued (m):	12,405
Market cap (HK$m):	287,290
Market cap (US$m):	36,832
3-mth avg daily t'over (US$m):	300.0

Price Performance (%)

52-week high/low: HK$27.42/ HK$8.52

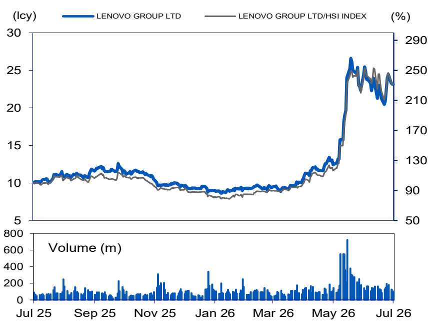
1mth	3mth	6mth	1yr	YTD
3.7	122.1	158.8	135.6	150.1

Major Shareholders	%
Legend Holdings Corp	31.41

Balance Sheet Metrics

FY27 NAV/Share (US$)	1.62
FY27 Net Debt/Share (US$)	(0.31)

Price Chart



Source: Bloomberg

Company Description

Lenovo Group develops, manufactures and distributes intelligent devices. The company provides laptops, desktops, table PCs, accessories, and data centre equipment such as servers and storage devices, as well as infrastructure solutions and software services. Lenovo Group serves customers worldwide.

- **ISG remains the bright spot.** We expect Infrastructure Service Group (ISG) revenue of US$5,963m, +39.0% yoy and +5.8% qoq, and operating margin to reach to reach 4.5%, +6.5ppt yoy and +0.9ppt qoq, which is also above management's baseline guidance of "no less than last quarter's levels at 3.6%). The strong growth in revenue and margins is primarily backed by robust Blackwell server orders from both hyperscalers and neocloud clients.
- **IDG remained resilient in 2Q26, but we may see inventory digestion in 2H26.** Intelligent Device Group (IDG) revenue is expected to grow 12.0% yoy and 3.2% qoq to US$15,075m, despite a weaker shipment growth of -2.4% yoy and +0.6% qoq, primarily driven by: a) ASP hikes, and b) product mix improvements (ie more AI PC sales). Operating margin should have held stable at 7.0% as guided previously by management thanks to better cost management and product mix upgrades. Note that we remain cautious on IDG's revenue growth in the next two quarters as March-June quarter's shipment was boosted by inventory pull-in amid rising memory prices, and we may see some inventory digestion during the next 1-2 quarters. As such, we trim our September/December quarter shipment assumptions to 16.1m/16.0m units respectively.
- **SSG steady.** Solutions and service group (SSG) revenue is expected to grow 15.0% yoy and 1.3% qoq to US$2,596m with operating margin at 22.5%, taking operating profit up 16.7% yoy and 1.9% qoq to US$584m.

Earnings Revision/Risk

- **We fine-tune our assumptions, and our non-IFRS adjusted net profit is slightly lifted by 0.7% to Rmb2,455m.** Note that after factoring in the US$1.68b fair value loss, our reported net profit estimates is slashed by 70.5% to US$695m. Our estimates for 2028-29 remain largely unchanged.

Valuation/Recommendation

- **Maintain BUY, keep target price at HK$32.80,** based on 21.0x FY27F PE, still largely 20% premium to peers' average valuation. At HK$23.16, the stock trades at 14.9x FY27F non-IFRS PE.

Key Changes To Estimates

	OLD Estimates			NEW Estimates			Change (%)		
(US$m)	FY2027F	FY2028F	FY2029F	FY2027F	FY2028F	FY2029F	FY2027F	FY2028F	FY2029F
Revenue	92,900	101,328	111,328	92,900	101,328	111,328	-	-	-
IDG	60,199	61,962	63,715	60,199	61,962	63,715	-	-	-
ISG	25,672	30,928	37,424	25,672	30,928	37,424	-	-	-
SSG	12,128	13,539	15,289	12,128	13,539	15,289	-	-	-
Core OPM (%)	4.2	4.5	4.9	2.4	4.5	4.9	-	-	-
IDG	6.8	6.8	7.0	6.8	6.8	7.0	-	-	-
ISG	3.5	4.0	4.5	3.5	4.0	4.5	-	-	-
SSG	20.0	20.0	20.0	20.0	20.0	20.0	-	-	-
EBIT (US$m)	3,895	4,561	5,466	2,215	4,561	5,466	(43.1)	-	-
Reported Net Profit (US$m)	2,357	2,822	3,493	695	2,822	3,493	(70.5)	-	-
Non-IFRS Net Profit (US$m)	2,437	2,902	3,573	2,455	2,902	3,573	0.7	-	-

Source: Lenovo, UOB Kay Hian

Profit & Loss

Year to 31 Mar (US$m)	2026	2027F	2028F	2029F
Net turnover	83,075	92,900	101,328	111,328
EBITDA	4,680	3,788	6,237	7,230
Deprec. & amort.	(1,418)	(1,574)	(1,676)	(1,764)
EBIT	3,262	2,215	4,561	5,466
Total other non-operating income	-	-	-	-
Associate contributions	(15)	(20)	(20)	(20)
Net interest income/(expense)	(577)	(576)	(596)	(569)
Pre-tax profit	2,670	1,619	3,945	4,877
Tax	(510)	(660)	(809)	(995)
Minorities	(248)	(264)	(314)	(388)
Net profit	1,912	695	2,822	3,493
Net profit (adj.)	2,049	2,455	2,902	3,573

Balance Sheet

Year to 31 Mar (US$m)	2026	2027F	2028F	2029F
Fixed assets	2,324	2,596	2,757	2,860
Other LT assets	15,603	14,829	14,245	13,622
Cash/ST investment	4,887	821	7,583	4,196
Other current assets	34,315	37,383	40,361	44,443
Total assets	57,129	55,630	64,945	65,121
ST debt	878	878	878	878
Other current liabilities	40,479	36,880	43,598	40,431
LT debt	3,863	3,863	3,863	3,863
Other LT liabilities	3,239	3,465	3,465	3,465
Shareholders' equity	5,583	6,069	7,635	9,471
Minority interest	809	1,072	1,386	1,774
Total liabilities & equity	57,129	55,630	64,945	65,121

Cash Flow

Year to 31 Mar (US$m)	2026	2027F	2028F	2029F
Operating	4,609	(1,637)	9,229	(955)
Pre-tax profit	2,670	1,619	3,945	4,877
Tax	(695)	(660)	(809)	(995)
Deprec. & amort.	1,418	1,574	1,676	1,764
Associates	15	20	20	20
Working capital changes	(1,795)	(6,667)	3,741	(7,250)
Non-cash items	2,996	2,478	656	629
Other operating cashflows	-	-	-	-
Investing	(1,909)	(1,138)	(1,194)	(1,159)
Capex (growth)	(654)	(420)	(420)	(420)
Investments	(7)	-	-	-
Proceeds from sale of assets	168	-	-	-
Others	(1,416)	(718)	(774)	(739)
Financing	(2,583)	(1,292)	(1,273)	(1,273)
Dividend payments	(613)	(619)	(619)	(619)
Issue of shares	-	-	-	-
Proceeds from borrowings	13,194	15,104	14,149	14,626
Loan repayment	(12,985)	(15,104)	(14,149)	(14,626)
Others/interest paid	(2,179)	(673)	(654)	(654)
Net cash inflow (outflow)	117	(4,066)	6,761	(3,387)
Beginning cash & cash equivalent	4,728	4,887	821	7,583
Changes due to forex impact	42	-	-	-
Ending cash & cash equivalent	4,887	821	7,583	4,196

Key Metrics

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	5.6	4.1	6.2	6.5
Pre-tax margin	3.2	1.7	3.9	4.4
Net margin	2.3	0.7	2.8	3.1
ROA	4.0	4.4	4.8	5.5
ROE	29.9	28.7	27.3	27.0
Growth				
Turnover	20.3	11.8	9.1	9.9
Gross profit	15.4	12.4	9.8	12.7
Pre-tax profit	80.3	(39.4)	143.7	23.6
Net profit	38.1	(63.7)	306.1	23.8
Net profit (adj.)	42.1	19.8	18.2	23.1
EPS (adj.)	41.8	19.8	18.2	23.1
Leverage				
Debt to total capital	8.3	8.5	7.3	7.3
Debt to equity	62.1	50.1	40.3	32.2
Net debt/(cash) to equity	(3.2)	40.4	(25.0)	3.0
Interest cover (x)	5.7	3.8	7.6	9.6

Zijin Gold (2259 HK)

Last price: HK$103.00
Support levels: HK$93.20/HK$84.20
Resistance levels: HK$124.30/HK$140.20

Technical View:

Price is exhibiting a potential bottoming behavior following the establishment of structural support at HK$84.20, having successfully defended its prior gap-up zone with a strong bullish engulfing candlestick that signals localised downside rejection. The RSI is recovering toward its 50-neutral midline. Confirmation of a structural trend reversal now hinges on a decisive, high-volume breakout and sustained close above the immediate swing-high resistance at HK$113.00.

Average timeframe: Around two weeks.

Source: TradingView

Tingyi (0322 HK)

Last price: HK$11.26
Support levels: HK$10.97/HK$10.87
Resistance levels: HK$12.16/HK$12.63

Technical View:

After successfully defending its key breakout level - which is now serving as structural support - the price is building upward momentum. This bullish continuation is validated by the RSI, which is rising steadily above its neutral 50 level to reflect expanding buying pressure. From a technical perspective, this setup clears the way for a targeted rebound back toward the immediate overhead resistance zone.

Average timeframe: Around two weeks.

Source: TradingView

Analyst

Greater China Research Team
research-hk@uobkh.com

Tham Mun Hon, CFA
+852 2236 6799
munhon.tham@uobkh.com