Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51839.3	(0.6)	(1.3)	0.5	7.9
S&P 500	7443.3	(0.2)	(1.0)	(0.8)	8.7
FTSE 100	10524.8	(0.7)	0.3	1.6	6.0
AS30	8974.7	(0.0)	(0.3)	(0.8)	(0.5)
CSI 300	4598.3	1.5	(2.1)	(6.9)	(0.7)
FSSTI	5499.0	(0.2)	0.5	5.9	18.4
HSCEI	8381.9	3.0	3.9	5.1	(6.0)
HSI	25143.1	2.4	3.8	5.1	(1.9)
JCI	6231.8	0.9	3.2	0.9	(27.9)
KLCI	1722.3	(0.5)	1.4	0.6	2.5
KOSPI	6516.3	(4.5)	(4.3)	(28.0)	54.6
Nikkei 225	64141.1	0.0	(4.6)	(10.0)	27.4
SET	1646.0	0.4	1.1	4.7	30.7
TWSE	42449.7	(0.5)	(6.5)	(8.6)	46.6
BDI	2671.0	(2.9)	(9.8)	(1.9)	42.3
CPO (RM/mt)	4440.0	0.0	(0.6)	(2.2)	12.9
Brent Crude (US$/bbl)	89.2	1.3	7.1	10.7	46.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Post-Results Meeting with ASL Marine Holdings Ltd (ASL SP)	Singapore	21 Jul	21 Jul
Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK)	Hong Kong	31 Jul	31 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Jun CPI Composite	Hong Kong	21 Jul
Jun Industrial Profits	China	27 Jul
Jun Trade Balance, Exports, Imports	Hong Kong	27 Jul
Jul PMI (Composite, Manufacturing, Non-manufacturing)	China	31 Jul
2Q A GDP (SA QoQ, YoY)	Hong Kong	31 Jul
Jun Money Supply (M1, M2, M3)	Hong Kong	31 Jul

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

Top Stories

Sector Update | Internet Page 2

WAIC 2026 was held in Shanghai under the theme "Intelligent Partners, Creating the Future Together". The event featured over 1,100 exhibitors, approximately 3,000 exhibits, more than 300 global product launches and over 300 robots, covering the full AI stack from chips, computing infrastructure and foundation models to agents, embodied AI and smart devices. This year's focus shifted towards full-stack AI deployment and real-world commercialisation. Maintain MARKET WEIGHT.

Initiate Coverage | Atour Lifestyle Holdings (ATAT US/**BUY**/US$32.60/Target: US$45.10) Page 6

Atour is a key beneficiary of China's expanding experiential consumption with its upper midscale hotels. Atour leverages its positioning to differentiate itself, supporting pricing power and performance resilience among peers. Its superior unit economics further underpin sustainable network expansion. Meanwhile, the retail business utilises the hotel network as a natural retail channel, transforming one-time stays into lifestyle consumption and establishing Atour's second, fast-growing engine that contributes 37% of revenue. Initiate coverage with BUY with target price of US$45.10.

Company Update | Yuexiu Property (123 HK/**BUY**/HK$3.72/Target: HK$4.50) Page 9

Yuexiu issued a profit warning on 17 Jul 26, guiding for 1H26 attributable and core net profit of Rmb50m-100m, down 90-95% yoy, on a smaller JV contribution and narrower development margins as low-margin completed inventory is being destocked. We expect 1H26 revenue to decline 20-30% yoy on deferred deliveries and a gross margin of 7.0% (1H25: 10.6%). We cut 2026-28 earnings, with interim dividend expected to hold at a 40% payout ratio. Maintain BUY with a target price of HK$4.50.

Technical Analysis

ANTA Sports Products | 2020 HK Page 12

Support levels: HK$73.75/HK$71.30
Resistance levels: HK$85.35/HK$87.55

China Resources Land | 1109 HK Page 12

Support levels: HK$32.54/HK$31.50
Resistance levels: HK$38.70/HK$41.00

Disclaimer: *In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.*

Internet

MARKET WEIGHT
(Maintained)

WAIC 2026 – Full-stack AI Deployment Accelerates Across Agents, Embodied Intelligence and Smart Terminals

Analyst(s)
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Highlights

- WAIC 2026 was held in Shanghai under the theme "Intelligent Partners, Creating the Future Together". The event featured over 1,100 exhibitors, approximately 3,000 exhibits, more than 300 global product launches and over 300 robots, covering the full AI stack from chips, computing infrastructure and foundation models to agents, embodied AI and smart devices. This year's focus shifted towards full-stack AI deployment and real-world commercialisation. Maintain MARKET WEIGHT.

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
Alibaba	9988 HK	BUY	116.80	190.00

Source: Bloomberg, UOB Kay Hian

WHAT’S NEW

- **We believe WAIC 2026 signals that China's AI industry is entering a new phase,** with competition shifting beyond model scaling toward efficiency, AI agents, embodied AI and AI infrastructure.
  a) **LLMs.** Competition is moving from parameter scaling to memory efficiency, token utilisation and inference optimisation, with AI agents emerging as the primary commercialization vehicle for foundation models.
  b) **Embodied AI.** The industry is evolving from Vision-Language-Action (VLA) models toward World Models, enabling robots to better understand, predict and interact with physical environments.
  c) **AI infrastructure.** Competition is shifting from individual chips to training-inference integrated AI accelerators and super-node clusters. Scale-up networking remains the fastest-evolving AIDC technology, while CPO is a long-term opportunity despite yield and engineering challenges.
  d) **Next AI frontier shifts toward AI-driven research and physical AI commercialisation.** Discussions increasingly focused on AI evolving from a productivity tool to a **research partner**, capable of accelerating scientific discovery and potentially designing next-generation model architectures. At the same time, **embodied AI** is shifting its focus from demonstration prototypes to real-world commercial deployment, emphasising scalable industrial and service applications.
  d) **Long-term bottlenecks.** China's AI competitiveness will increasingly depend on **advanced chips, compute infrastructure, proprietary data and ecosystem collaboration,** with long-term value shifting beyond model performance.

Peer Comparison

Company	Ticker	Rec	Price 20 July 26 (HK$)	Target Price (HK$)	Upside To TP (%)	Last Year End	PE 2026F (x)	PE 2027F (x)	PE 2028F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy)	Price/ NAV ps (x)
Alibaba	9988 HK	BUY	116.80	190.00	63	Mar-26	19.1	13.3	10.2	0.96	8.80	2,235,982	2.0
Baidu	9888 HK	BUY	109.10	178.00	63	Dec-25	14.8	13.0	10.5	0.00	5.25	296,700	0.9
Tencent	700 HK	BUY	478.20	680.00	42	Dec-25	13.7	12.5	11.4	1.30	19.27	4,344,404	2.8
JD.com	9618 HK	BUY	120.40	156.00	30	Dec-25	9.6	7.3	6.2	3.13	12.36	328,070	1.2
Kingsoft	3888 HK	BUY	24.52	32.00	31	Dec-25	17.7	19.9	15.1	0.83	5.75	33,882	0.9

Source: Bloomberg, UOB Kay Hian

- **China's LLM competition has evolved from cost efficiency (DeepSeek) to frontier intelligence (Zhipu GLM) and now pricing power, led by Moonshot's Kimi K3.** Launched on 17 July, the 2.8T-parameter Kimi K3 sets a new benchmark in coding and agentic AI, with pricing of US$2.3 per 1M blended tokens, above Qwen3.7 Max (US$1.4), GLM-5.2 (US$0.9), MiniMax M3 (US$0.22) and DeepSeek V4 Pro (US$0.18). Looking into 2H26, we expect competition to centre on coding, AI agents and proprietary data flywheels, with 2–5T-parameter model launches from Zhipu, Alibaba and MiniMax. While lower-end API pricing (US$0.1–0.2 per 1m tokens) is likely to remain under pressure, we believe pricing power, cost efficiency and financial strength will increasingly differentiate long-term winners. Beyond foundation models, agent platforms and video generation remain the most attractive monetisation opportunities.

Essentials

- **Baidu expands its AI ecosystem across agents, autonomous driving and AI infrastructure.** At WAIC 2026, Baidu Dazi was named a "Treasure of Exhibition," while GenFlow 4.0 reached 100m MAUs and its no-code platform Miaoda surpassed 35m users with 3.5m commercially deployable applications, highlighting growing enterprise AI adoption. Baidu also upgraded Office Agent, Netdisk and enterprise productivity tools. In autonomous driving, Apollo Go expanded internationally through a partnership in Kazakhstan, following deployments across 27 cities and more than 22m cumulative rides as of May 2026. On the infrastructure side, Kunlunxin's Tianchi 256 improved throughput by 25% and inference efficiency by 50%, while the new Tianchi 512 supports trillion-parameter model training. We view Baidu's strategy as leveraging its full-stack capabilities across AI agents, autonomous mobility and computing infrastructure to strengthen long-term AI commercialisation.
- **Alibaba strengthens its full-stack AI infrastructure and enterprise agent platform.** At WAIC 2026, Alibaba's Zhenwu M890 AI chip and Panjiu AL128 supernode server were named "Treasures of Exhibition," underscoring Alibaba's leadership in AI infrastructure. The M890 delivers 3x the performance of its predecessor, while the AL128 integrates 128 M890 chips to power large-scale model training and inference for Qwen, DeepSeek and Kimi on Alibaba Cloud. On the software side, Alibaba launched Agent Native Cloud, providing an end-to-end enterprise Agent platform spanning infrastructure, orchestration, governance and deployment. New offerings including Meoo Team and Wuying Agentic Computer further expand enterprise AI adoption by enabling secure multi-Agent collaboration, AI-native workflows and 24/7 cloud-based productivity. We view these launches as reinforcing Alibaba's strategy of integrating proprietary AI infrastructure with enterprise software to accelerate AI cloud monetisation.
- **Tencent expands its AI ecosystem from agents to embodied AI.** Tencent unveiled three embodied foundation models - Hy-Embodied-VLM-1.0, Hy-Embodied-RxBrain-1.0 and Hy-Embodied-VLA-0.5 - covering perception, reasoning and robot control, alongside the Apexio embodied agent and TairosAgent framework. The company also upgraded its Tairos embodied AI platform and showcased its next-generation Xiaoliu robot, highlighting applications in rehabilitation, healthcare and human-robot interaction. On the application side, Tencent expanded its AI agent ecosystem with the global launch of ADP 4.0, adding support for LINE, Telegram, Google Workspace and multiple international LLMs, while introducing the standalone WorkBuddy app and AI Navigator+ for enterprise productivity. We view Tencent's strategy as extending AI from digital agents toward real-world applications, leveraging its full-stack capabilities across models, platforms and enterprise software.
- **MiniMax highlights M3-led model-to-application ecosystem and previews next-generation multimodal model H3.** MiniMax showcased its flagship MiniMax M3 model, multimodal capabilities and AI-native products at

Baidu's Kunlunxin AI Supernode

Source: WAIC, UOB Kay Hian

Alibaba Zhenwu M890 × Panjiu AL128 Supernode

Source: WAIC, UOB Kay Hian

MiniMax Booth at WAIC 2026

Source: WAIC, UOB Kay Hian

WAIC 2026, highlighting M3's strengths in long-context processing, coding and Agentic tasks. It also previewed H3, which was labelled "Coming Soon" and had not yet been officially launched. Unlike models built around separate image, video or audio generation and editing tasks, H3 is designed to jointly process multimodal context comprising text, images, video and audio, enabling a more unified understanding of creative intent and more natural, coherent outputs. MiniMax also demonstrated how M3 and its broader model and Agent capabilities can be deployed across real-world applications through partnerships spanning robotic dogs, AI glasses, smart earphones, NAS devices, financial services and film and television content. The showcase reflected MiniMax's progress in translating its underlying model capabilities into AI-native products, industry solutions and a broader open-source and global ecosystem.

- **StepFun showcases STEPX Neo AI smartphone and wins WAIC 2026 "Treasure of Exhibition".** STEPX Neo is an AI smartphone integrating models, software and hardware, with the built-in Amoo personal Agent providing memory, decision-making, execution and security capabilities. Live demonstrations showed Amoo planning flights and hotels through Trip.com while avoiding calendar conflicts, and connecting users to Alipay services through interactive information cards. STEPX has also formed ecosystem partnerships with Trip.com, Alipay, Didi and Meituan to support travel, local services and other daily-use scenarios. The WAIC showcase further featured the Step foundation-model portfolio, AI applications and automotive super-Agent solutions, highlighting StepFun's broader model-to-device ecosystem and its push toward practical, end-to-end personal AI services.
- **Kingsoft Office named WAIC 2026 "AI Office Productivity Partner".** Kingsoft Office participated in WAIC 2026 as the conference's AI Office Productivity Partner, showcasing two newly launched AI office agents - Lingxi Professional for individual users and WPS Comate for organisations. Lingxi Professional is designed to complete office tasks and deliver usable outputs, while WPS Comate provides enterprises with a unified AI entry point that integrates models into organisational data, knowledge and business workflows. The partnership highlights Kingsoft Office's role in advancing AI-native productivity and enterprise AI adoption.
- **JD.com showcases a full-stack JoyAI model ecosystem extending AI into the physical world.** At WAIC 2026, JD.com systematically presented its JoyAI model portfolio for the first time, spanning speech, image, video, real-time interaction, world models and embodied intelligence. It also open-sourced the industry's largest human-perspective dataset, introduced the first JoyInside "AI Home" and enabled visitors to experience first-person data collection through JoyEgoCam. JD launched JoyAI-Talker, a real-time voice-interaction model supporting low-latency dialogue, emotional understanding, memory and tool use, alongside JoyAI-Video-Edit, which enables real-time video preview and editing. Together with five other foundation models released this year, the showcase highlights JD's efforts to connect models and data with real-world perception, decision-making and action across industrial applications.
- **Baichuan showcases Baichuan-M4's clinical deployment in oncology and paediatrics.** At WAIC 2026, Baichuan Intelligence presented the first real-world clinical validation of Baichuan-M4 in specialist medical settings. The company is jointly developing an oncology AI solution with the National Cancer Center and the Cancer Hospital of the Chinese Academy of Medical Sciences, as well as an AI paediatrician with the National Center for Children's Health and Beijing Children's Hospital. Co-developed with a Tsinghua University research team, M4 offers low-hallucination, evidence-based reasoning, deeper patient questioning and long-term memory for doctors and individual users. On HealthBench, M4 recorded an overall score of 68.6, more than 10 points ahead of GPT-5.5, while leading the Hard subset

JD.com JoyAI Humanoid Robot Showcase

Source: WAIC, UOB Kay Hian

Tencent AI Ecosystem Showcase at WAIC 2026

Source: WAIC, UOB Kay Hian

StepFun STEPX Neo AI Smartphone at WAIC 2026

Source: WAIC, UOB Kay Hian

Baidu AI Cloud Intelligent-Computing Infrastructure

Source: WAIC, UOB Kay Hian

by 15.9 points. Its reported factual hallucination rate was 3.3%, supporting its potential for high-stakes clinical applications.

- D**omestic AI infrastructure becomes increasingly strategic.** Competition is shifting from individual chips to super-node computing systems and integrated AI infrastructure. Chinese vendors continue to advance domestic compute ecosystems, strengthening the foundation for large-scale AI deployment amid ongoing export restrictions. WAIC 2026 reinforced that AI is moving beyond parameter scaling and technology demonstrations toward commercial deployment, enterprise monetisation and domestic infrastructure. It confirms that China's AI industry is entering a new phase where embodied AI drives physical-world adoption, AI Agents accelerate enterprise workflows, and domestic AI infrastructure underpins long-term commercialization.

Valuation/Recommendation

- **Alibaba (9988 HK).** Maintain BUY with an unchanged target price of HK$190.00 (US$194.00). Alibaba is trading at 16x FY27F PE, against 43% EPS three-year CAGR over FY27-30. We are bullish on Alibaba, supported by its strong cloud revenue momentum, an increasingly competitive AI model ecosystem and improving Cloud Intelligence margins in 1QFY27. Its integrated capabilities across cloud infrastructure, proprietary AI models and in-house hardware further strengthen its positioning to capture rising enterprise AI demand.
- **Tencent (700 HK).** Maintain BUY with a target price of HK$680.00. Our target price implies 17.4x 2027F PE. The company currently trades at 13x 2027F PE. We believe Tencent remains one of the best-positioned beneficiaries of agentic AI, supported by improving LLM performance following the restructuring of its AI team earlier this year, steady progress in integrating AI capabilities across WeChat and WeChat Pay, and the continued expansion of its broader AI application ecosystem.
- **Baidu (9888 HK).** Maintain BUY with a target price of HK$178.00 (US$206.00). Our target price implies 22.8x 2026F PE. The company is currently trading at 14x 2027F PE. We expect GPU Cloud to sustain triple-digit yoy growth in 2Q26F, supporting sequential cloud margin improvement, while the proposed Kunlunxin spin-off remains on track.
- **JD.com (9618 HK).** Maintain BUY with a target price of HK$156.00 (US$40.00). Our target price implies 10x 2027F PE. The company is currently trading at 7.7x 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.
- **Kingsoft (3888 HK).** Maintain BUY with a target price of HK$32.00 Our target price implies 18.2x 20267 PE. The company is currently trading at 14x 2027F PE. We remain positive on Kingsoft Office’s AI positioning, supported by deep WPS integration and expanding use cases, with monetisation the next key catalyst.

Sector Catalyst/Risk

- **Catalysts:** a) Faster enterprise adoption of AI Agents and Agent-native cloud services; b) broader AI integration across office, retail, payments and consumer applications; c) commercialisation of embodied AI and smart terminals; d) continued progress in proprietary chips, supernodes and cloud infrastructure; and e) stronger ecosystem partnerships accelerating real-world AI deployment.
- **Risks:** a) Regulatory risks (security and privacy concerns), b) heavy capex and R&D costs, and c) limited access to high-performance GPU chips due to geopolitical risks.

Atour Lifestyle Holdings (ATAT US)

From Hospitality To Lifestyle

	BUY
Share Price	US$32.60
Target Price	US$45.10
Upside	+38.3%

Highlights

- As a key beneficiary of China's expanding experiential consumption, upper midscale hotel player Atour leverages its positioning to differentiate itself, supporting pricing power and performance resilience among peers. Its superior unit economics further underpin sustainable network expansion. Meanwhile, the retail business utilises the hotel network as a natural retail channel, transforming one-time stays into lifestyle consumption and establishing a second, fast-growing engine for the company.
- Initiate coverage with BUY and target price of US$45.10.

Analysis

- **Resilient player in China's upper-midscale hotel industry, a key beneficiary of expanding experiential consumption.** We believe the expansion of experiential consumption is supporting continued growth in China's hotel industry, with the upper-midscale segment as the key beneficiary (10% five-year CAGR over 2024-29 vs the industry's 7%). As consumers become increasingly rational and value driven, the upper-midscale segment benefits from a reverse-barbell pull, with demand downtrading from luxury (saving 40-50%) and uptrading, whether from economy (paying 50-70% more) or from same-tier alternatives (20-30% more) for newer design and better facilities. Within the segment, Atour Lifestyle Holdings (Atour) differentiates itself through the synergy between its manachised and retail operations, driving resilient operating performance. Looking ahead, under its "Chinese experience, brand-led excellence" strategy for 2026-28, Atour aims to further strengthen pricing power through product and brand upgrades.
- **Superior unit economics support sustainable network expansion.** We believe Atour Hotel's stronger profitability and shorter payback period relative to peers serve as competitive advantages in attracting manachised partners, thereby supporting the expansion of its hotel network. With 2,015 hotels as of end-25, Atour's long-term target is to have a network of 5,000 hotels.
- **Retail business monetises hotel traffic into lifestyle consumption.** Atour leverages its hotel network as a natural retail channel, transforming one-time stays into recurring monetisation opportunities across customer lifestyle consumption, building on its established hotel clientele. Retail revenue recorded a 97% six-year CAGR during 2019-25, with contribution rising from 4% to 37%. Looking ahead, the company plans to continue investing in the retail business in the near term, with business expansion as the top priority.

*Click **here** for **Full Report** dated 20 Jul 26*

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	7,248	9,790	12,389	14,710	16,758
EBITDA (adj.)	1,772	2,481	3,015	3,630	4,236
Operating profit	1,622	2,307	2,826	3,413	3,991
Net profit (rep./act.)	1,275	1,621	1,958	2,375	2,782
Net profit (adj.)	1,306	1,753	2,126	2,570	3,003
EPS (Fen per ADS)	938.9	1,254.1	1,521.0	1,839.1	2,148.4
PE (x)	23.5	17.6	14.5	12.0	10.3
P/B (x)	10.3	8.5	6.2	4.7	3.7
EV/EBITDA (x) (adj.)	14.9	10.9	8.5	6.7	5.3
Dividend yield (%)	1.4	2.5	3.2	3.9	4.7
Net margin (%)	17.6	16.6	15.8	16.1	16.6
Net debt/(cash) to equity (%)	(192.7)	(172.1)	(162.6)	(146.8)	(136.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	51.0	49.7	46.0	41.5	37.5
Consensus net profit	-	-	2,132.1	2,569.9	3,024.7
UOBKH/Consensus (x)	-	-	1.00	1.00	0.99

Note: Per ADS represents 3 ordinary shares
Source: Atour, Bloomberg, UOB Kay Hian

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Stock Data

GICS sector	Hotel, Resorts & Cruise Lines
Bloomberg ticker:	ATAT US
Shares issued (m):	111.5
Market cap (Rmbm):	34,770.5
Market cap (US$m):	4,435.0
3-mth avg daily t'over (US$m):	38.3

Price Performance (%)

52-week high/low: HK$43.17/ HK$30.83

1mth	3mth	6mth	1yr	YTD
(0.6)	(15.0)	(13.3)	(8.2)	(17.3)

Major Shareholders

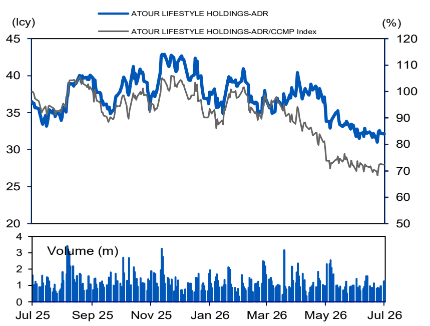
	%
Haijun Wang	19.40

**Haijun Wang effective voting power is 69.10%*

Balance Sheet Metrics

FY26 NAV/ADR (Rmb)	35.71
FY26 Net Cash/ADR (Rmb)	31.45

Price Chart



Source: Bloomberg

Company Description

Atour Lifestyle Holdings is a leading lifestyle group in China operating hospitality and retail businesses. The company manages a portfolio of seven hotel brands across the midscale to luxury tiers, primarily through a manachised (franchise) model, with Atour Hotels as the core brand. In retail, Atour focuses on sleep-related and lifestyle products through proprietary brands such as Atour Planet and SAVHE.

Valuation

- **Initiate coverage with BUY and DCF-based target price of US$45.10.** We use the DCF valuation methodology, assuming a WACC of 13.9% and a terminal growth rate of 2%. Our target price of US$45.10 implies 11.9x 2026F EV/EBITDA and 9.9x 2027F EV/EBITDA.

  The implied EV/EBITDA is broadly aligned with the five-year average one-year forward valuations of Atour's comparable peers, including H World, Jinjiang International Hotels, and BTG Hotels.

  Atour currently trades at 8.5x 2026F EV/EBITDA and 6.7x 2027F EV/EBITDA.

Risk Factors

- **Slower-than-expected economic growth.** A potential deceleration in China's macroeconomic recovery poses a direct risk to discretionary travel and corporate hospitality budgets. This could prompt consumers to trade down to budget hotels, negatively impacting Atour's occupancy (OCC) and lowering its ADR, which in turn would reduce RevPAR and drag down the overall operational performance.
- **Potentially stiffer competition in the retail business.** The rise of innovative online channels and the emergence of private labels could intensify competition in the company's retail business. In addition, the company's scenario-based sleep ecosystem may attract an increasing number of competitors seeking to replicate this model. Such intensification could trigger price wars on flagship products, leading to decelerated growth and lower profitability in Atour's retail business.

Forward EV/EBITDA Multiple Valuation

5-year average forward EV/EBITDA	
H World Group (1179 HK)	14.6
Jinjiang International Hotels (600754 CH)	14.4
BTG Hotels Group (600258 CH)	11.6
Historical average forward EV/EBITDA	
Atour Lifestyle Holdings (ATAT US)	11.1
Industry average forward EV/EBITDA	12.9

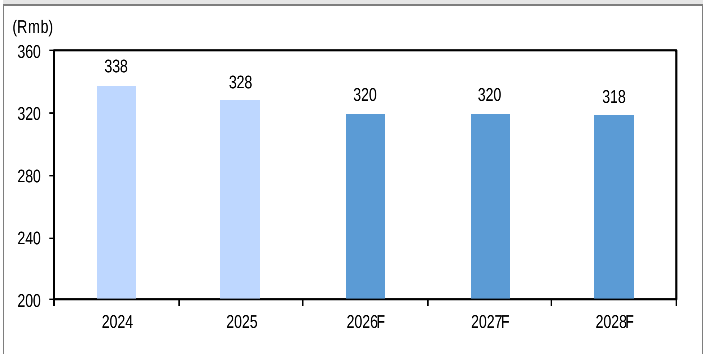
Source: Atour, Bloomberg, UOB Kay Hian

Revenue Breakdown

(US$m)	2025	2026F	2027F	2028F
Manachised hotels	5,309	6,809	7,760	8,560
Leased hotels	590	529	536	537
Retail	3,671	4,809	6,155	7,387
Others	220	242	259	274
Net revenue	9,790	12,389	14,710	16,758

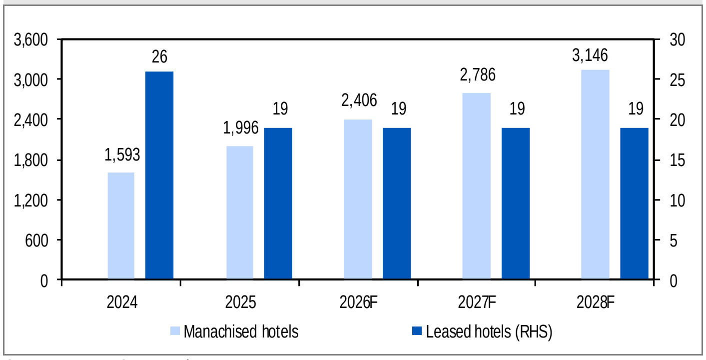
Source: Atour, UOB Kay Hian

RevPAR Forecast



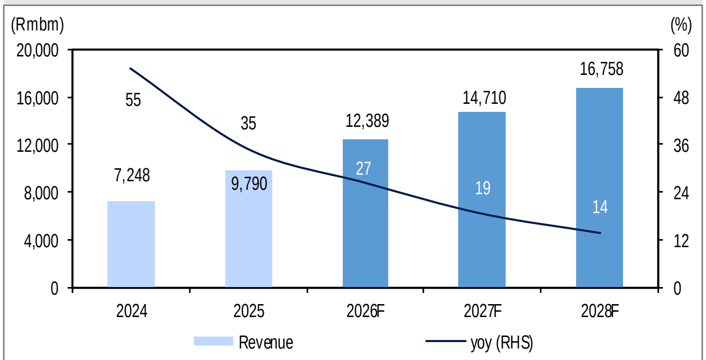
Source: Atour, UOB Kay Hian

Number Of Hotels



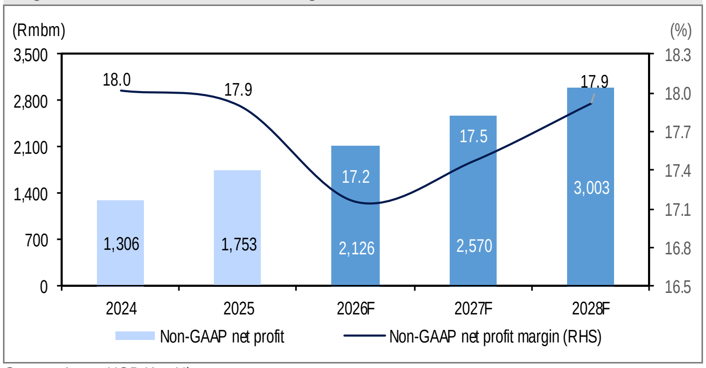
Source: Atour, UOB Kay Hian

Revenue Forecasts



Source: Atour, UOB Kay Hian

Adjusted Net Profit And Adjusted NPM Forecast



Source: Atour, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**9,790.2**	**12,388.9**	**14,710.4**	**16,758.3**
EBITDA (adj.)	2,480.6	3,015.1	3,629.5	4,236.4
Deprec. & amort.	54.1	48.9	53.0	61.5
EBIT	2,306.7	2,825.6	3,412.9	3,991.3
Net interest income/(expense)	67.9	59.1	85.1	114.7
Pre-tax profit	**2,362.9**	**2,858.2**	**3,466.4**	**4,069.5**
Tax	(741.6)	(899.5)	(1,091.2)	(1,286.9)
Minorities	(0.3)	(0.3)	(0.4)	(0.5)
Net profit	1,621.0	1,958.3	2,374.9	2,782.1
Net profit (adj.)	**1,752.7**	**2,125.8**	**2,570.4**	**3,002.7**

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	225.6	287.6	352.2	425.3
Other LT assets	1,586.7	1,590.5	1,594.5	1,598.4
Cash/ST investment	3,303.9	4,608.6	6,091.9	7,855.0
Other current assets	4,051.3	4,514.3	4,946.9	5,302.3
Total assets	**9,167.5**	**11,001.0**	**12,985.4**	**15,180.9**
ST debt	250.0	250.0	250.0	250.0
Other current liabilities	3,475.5	3,957.4	4,355.4	4,737.0
LT debt	2.0	2.0	2.0	2.0
Other LT liabilities	1,859.2	1,859.2	1,859.2	1,859.2
Shareholders' equity	3,593.5	4,944.7	6,530.7	8,344.2
Minority interest	(12.7)	(12.4)	(12.0)	(11.5)
Total liabilities & equity	**9,167.5**	**11,001.0**	**12,985.4**	**15,180.9**

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**1,992.8**	**2,193.6**	**2,588.8**	**3,090.4**
Pre-tax profit	2,362.9	2,858.2	3,466.4	4,069.5
Tax	(741.6)	(899.5)	(1,091.2)	(1,286.9)
Deprec. & amort.	54.1	48.9	53.0	61.5
Working capital changes	(106.7)	18.9	(34.6)	26.1
Non-cash items	110.5	0.0	0.0	0.0
Others	5.0	0.0	0.0	0.0
Investing	**(1,332.1)**	**(114.7)**	**(121.5)**	**(138.4)**
Capex (growth)	(86.0)	(114.7)	(121.5)	(138.4)
Investments	(1,251.0)	0.0	0.0	0.0
Others	5.0	0.0	0.0	0.0
Financing	**(924.9)**	**(774.2)**	**(984.0)**	**(1,188.8)**
Dividend payments	(772.0)	(774.2)	(984.0)	(1,188.8)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	255.0	0.0	0.0	0.0
Loan repayment	(65.0)	0.0	0.0	0.0
Others/interest paid	(342.9)	0.0	0.0	0.0
Net cash inflow (outflow)	**(264.1)**	**1,304.7**	**1,483.3**	**1,763.1**
Beginning cash & cash equivalent	3,619.6	3,320.2	4,624.8	6,108.1
Changes due to forex impact	(35.3)	0.0	0.0	0.0
Ending cash & cash equivalent	**3,320.2**	**4,624.8**	**6,108.1**	**7,871.2**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin (adj.)	25.3	24.3	24.7	25.3
Pre-tax margin	24.1	23.1	23.6	24.3
Net margin	16.6	15.8	16.1	16.6
ROA	19.0	19.4	19.8	19.8
ROE	49.7	46.0	41.5	37.5
Growth				
Turnover	35.1	26.5	18.7	13.9
EBITDA (adj.)	40.0	21.6	20.4	16.7
Pre-tax profit	37.5	21.0	21.3	17.4
Net profit	27.1	20.8	21.3	17.1
Net profit (adj.)	34.2	21.3	20.9	16.8
EPS	33.6	21.3	20.9	16.8
Leverage				
Debt to total capital	7.3	5.6	4.2	3.3
Debt to equity	7.7	5.9	4.4	3.4
Net debt/(cash) to equity	(172.1)	(162.6)	(146.8)	(136.9)

Yuexiu Property (123 HK)

Takeaways From Profit Warning And 1H26 Results Preview

BUY (Maintained)	
Share Price	HK$3.72
Target Price	HK$4.50
Upside	21.0%
Previous TP:	HK$4.80

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Highlights

- The 17 July profit warning guides for 1H26 attributable and core net profit to come in at Rmb50m-100m, down 90-95% yoy, on a lower JV contribution and a settlement mix skewed towards low-margin completed properties.
- We expect 1H26 gross margin to come in at 7.0%, down 3.6ppt yoy, as Rmb160b of the Rmb220b 2026 saleable pool comprises carried-over inventory settling at low single-digit or negative margins.
- We cut 2026/27/28 attributable net profit to Rmb67m/Rmb133m/Rmb231m, but expect a more balanced 1H26/2H26 split. We expect 2026 attributable net profit to rise 22% yoy, with interim dividend maintained at a 40% payout ratio. Maintain BUY, with target price decreased slightly to HK$4.50.

Analysis

- Yuexiu Property (Yuexiu) announced a profit warning, and we conducted a channel check on 17 July. Key takeaways are as follows.
- **Profit warning in 1H26.** Yuexiu's 17 July profit warning guides for 1H26 attributable and core net profit to come in at Rmb50m-100m, down 90-95% yoy. This decrease is primarily due to: a) lower investment income from JVs, and b) lower gross profit margins from property development sales, particularly as a large proportion of sales came from lower-margin inventories. The high base in 1H25 is also a key reason for the sharp yoy decline.
- **Revenue declines despite deferred deliveries in 2H26.** Contracted sales fell 17.9% yoy to Rmb50.5b in 1H26, but the company remains on track to achieve its full-year contracted sales target of over Rmb100b in 2026. We expect 1H26 revenue to decline by 20-30% yoy from Rmb47.6b, as the delivery of several projects has been deferred to 2H26. As a result, we expect the full-year revenue decline to narrow to 6.3% yoy as the deferred deliveries will be recognised in 2H26, although lower contracted sales will result in a decline in full-year revenue.
- **Pre-2021 inventory continues to weigh on gross margin. We expect gross margin to decline 3.6ppt yoy from 10.6% in 1H25 to 7.0% in 1H26.** The margin contraction is mainly attributable to the company's sales mix. Of the roughly Rmb220b of saleable resources in 2026, around Rmb160b comprises carried-over inventory, with about Rmb60b coming from projects launched before 2021 (about 27%). The inventory before 2021 is expected to settle at low single-digit or even negative gross margins. Hence, continued destocking efforts are likely to put further pressure on gross margins in 2H26 and 2027. **We forecast a 2026 gross margin of 5.5%.**

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	86,400.6	86,457.3	80,977.6	78,076.8	79,546.8
EBITDA	3,990.0	3,135.9	1,279.1	2,004.7	2,879.4
Operating profit	3,451.2	2,648.2	747.8	1,425.4	2,247.3
Net profit (rep./act.)	1,040.1	55.1	67.3	133.3	230.9
Net profit (adj.)	1,590.0	260.0	247.3	313.3	410.9
EPS (HK$)	39.50	6.46	6.14	7.78	10.21
PE (x)	8.13	49.71	52.26	41.26	31.46
P/B (x)	0.23	0.24	0.24	0.24	0.24
EV/EBITDA (x)	29.20	37.16	91.10	58.13	40.47
Dividend yield (%)	5.39	4.70	0.77	0.97	1.27
Net margin (%)	1.20	0.06	0.08	0.17	0.29
Net debt/(cash) to equity (%)	134.20	108.50	96.88	86.88	82.84
Interest cover (x)	17.09	24.28	13.74	21.07	36.61
ROE (%)	1.88	0.10	0.12	0.24	0.42
Consensus net profit (HK$m)	-	-	445.4	731.3	1,103.7
UOBKH/Consensus (x)	-	-	0.56	0.43	0.37

Source: Yuexiu Property, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	123 HK
Shares issued (m):	4,025.4
Market Cap (Rmbm):	14,974.5
Market cap (US$m):	1,909.8
3-mth avg t'over (US$m):	5.6

Price Performance (%)

52-week high/low				HK$5.43/HK$3.27
1mth	3mth	6mth	1yr	YTD
(1.8)	(0.8)	(9.3)	(19.3)	(6.1)

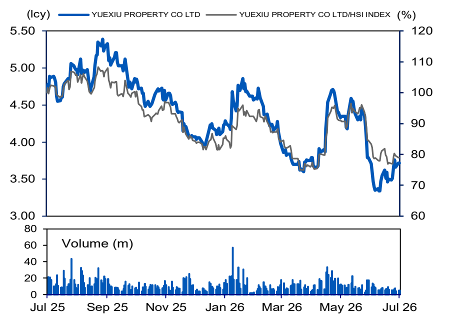
Major Shareholders

	%
Guangzhou Yuexiu Holdings Limited	45.34
Guangzhou Metro Group Co., Ltd.	19.9

Major Shareholders

FY26 NAV/Share (Rmb)	13.61
FY26 Net Debt/ Share (Rmb)	13.19

Price Chart



Source: Bloomberg

Company Description

Yuexiu Property Company Limited develops, sells, leases and manages residential and commercial properties in the PRC. It is the property development arm of Guangzhou-based state-owned Yuexiu Group, with its core land bank concentrated in Guangzhou and other tier-1 and core tier-2 cities.

- **Land acquisition remains deliberately restrained.** Yuexiu acquired six land parcels in 1H26, with attributable land premiums totalling nearly Rmb6b, compared with its full-year land acquisition budget of Rmb30b. Part of the unused budget may instead be allocated to the acquisition of the Guangzhou Machang project from its parent in Mar 27. As a result, we expect 2026 land acquisition to come in below the company's Rmb30b budget.
- **Preview for 1H26 results.** We expect a more balanced pace of earnings booking between 1H26 and 2H26, in contrast to the front-loaded earnings in 1H25 and the loss recorded in 2H25. Despite these headwinds, we still forecast 2026 attributable profit to increase slightly yoy. We also expect the interim dividend to be maintained, with the payout ratio remaining at the 40%.

Earnings Revision/Risk

- We cut our 2026/27/28 attributable net profit forecasts from Rmb271m/ Rmb265m/Rmb404m to Rmb67m/Rmb133m/Rmb231m, respectively, as we lower our forecast of property development (PD) gross profit margin from 7%/8%/9% previously to 5.5%/6.5%/7.5%.

Key Changes To Estimates

	Old			New			Change		
Rmbm	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	82,561	81,175	85,767	80,978	78,077	79,547	-1.9%	-3.8%	-7.3%
Revenue-PD	75,229	73,724	78,148	73,645	70,699	72,113	-2.1%	-4.1%	-7.7%
GPM	7.0%	8.0%	9.0%	5.5%	6.5%	7.5%	-1.5%	-1.5%	-1.5%
Attributable net profit	271	265	404	67	133	231	-75.2%	-49.7%	-42.9%

Source: Yuexiu Property, Bloomberg, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of HK$4.50,** based on a 72% discount to our 2026 NAV of HK$15.90. We raise the discount rate of NAV from 70% to 72% to factor in Yuexiu's weaker exposure to core Tier 1 cities, which are leading this round of market stabilisation. Yuexiu is now trading at 0.24x 2026F P/B (1.5SD below mean).

Share Price Catalyst

- Faster-than-expected destocking of pre-2021 inventory.
- Stronger-than-expected recovery in Tier 1 city property markets.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**86,457.3**	**80,977.6**	**78,076.8**	**79,546.8**
EBITDA	3,135.9	1,279.1	2,004.7	2,879.4
Deprec. & amort.	487.7	531.3	579.3	632.1
EBIT	2,648.2	747.8	1,425.4	2,247.3
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	801.9	392.9	447.7	526.3
Net interest income/(expense)	-129.1	-93.1	-95.2	-78.7
Pre-tax profit	**3,321.0**	**1,047.6**	**1,777.9**	**2,694.9**
Tax	-1,542.7	-486.6	-825.9	-1,251.8
Minorities	-1,723.3	-493.7	-818.7	-1,212.2
Net profit	**55.1**	**67.3**	**133.3**	**230.9**
Net profit (adj.)	260.0	247.3	313.3	410.9

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	10,953.1	10,583.5	10,659.6	10,724.7
Other LT assets	61,105.9	57,596.1	58,428.7	59,362.6
Cash/ST investment	45,351.7	51,555.6	56,937.9	59,106.2
Other current assets	252,334.1	250,560.3	255,731.1	274,838.3
Total assets	**369,744.9**	**370,295.6**	**381,757.3**	**404,031.8**
ST debt	27,201.9	28,562.0	29,990.1	31,489.6
Other current liabilities	154,843.1	156,198.2	168,564.1	191,975.8
LT debt	77,625.1	76,072.6	74,551.1	73,060.1
Other LT liabilities	4,242.4	4,155.7	4,155.7	4,155.7
Shareholders' equity	54,817.3	54,785.6	54,793.6	54,860.2
Minority interest	51,015.1	50,521.5	49,702.7	48,490.5
Total liabilities & equity	**369,744.9**	**370,295.6**	**381,757.3**	**404,031.8**

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**24,528.1**	**4,428.1**	**-2,173.5**	**-15,788.3**
Profit fo the year	3,321.0	1,047.6	1,777.9	2,694.9
Tax	-1,542.7	-486.6	-825.9	-1,251.8
Deprec. & amort.	487.7	531.3	579.3	632.1
Associates	-801.9	-392.9	-447.7	-526.3
Working capital changes	21,279.0	2,232.4	-4,696.5	-18,616.6
Non-cash items	1,566.8	1,410.1	1,269.1	1,142.2
Other operating cashflows	218.2	86.2	170.3	137.3
Investing	**17,247.5**	**4,460.0**	**0.0**	**0.0**
Capex (growth)	-312.9	0.0	0.0	0.0
Investment	19,019.7	15,010.2	15,272.6	15,540.2
Capex (growth)	0.0	0.0	0.0	0.0
Others	-1,459.3	-10,550.2	-15,272.6	-15,540.2
Financing	**-26,151.9**	**-2,684.0**	**7,556.1**	**17,957.0**
Dividend payments	-696.4	-607.8	-98.9	-125.3
Proceeds from borrowings	938.2	-192.4	-93.4	8.5
Loan repayment	828.3	792.3	794.3	777.8
Others/interest paid	-27,222.0	-2,676.0	6,954.0	17,296.0
Net cash inflow (outflow)	15,623.7	6,204.2	5,382.5	2,168.7
Beginning cash & cash equivalent	29,728.3	45,351.7	51,555.6	56,937.9
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	**45,352.0**	**51,555.8**	**56,938.2**	**59,106.6**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	3.6	1.6	2.6	3.6
Pre-tax margin	3.8	1.3	2.3	3.4
Net margin	0.1	0.1	0.2	0.3
ROA	0.0	0.0	0.0	0.1
ROE	0.1	0.1	0.2	0.4
Growth				
Turnover	0.1	(6.3)	(3.6)	1.9
EBITDA	(21.4)	(59.2)	56.7	43.6
Pre-tax profit	(20.8)	(68.5)	69.7	51.6
Net profit	(94.7)	22.3	98.0	73.2
Net profit (adj.)	(83.6)	(4.9)	26.7	31.2
EPS	(83.6)	(4.9)	26.7	31.2
Leverage				
Debt to total capital	49.8	49.8	50.0	50.3
Debt to equity	191.2	191.0	190.8	190.6
Net debt/(cash) to equity	108.5	96.9	86.9	82.8
Interest cover (x)	24.3	13.7	21.1	36.6

ANTA Sports Products (2020 HK)

Last price: HK$76.85
Support levels: HK$73.75/HK$71.30
Resistance levels: HK$85.35/HK$87.55

Technical View:

The price has extended its breakout sequence, clearing the prior high with a bullish candle. The MACD maintains a confirmed bullish configuration and accelerates higher, mirroring the steady accumulation across the broader tape. Based on historical continuation probabilities, this shifts the odds toward sustained upward expansion, defining a clear risk-managed floor at the current support level.

Average timeframe: Around two weeks.

Source: TradingView

China Resources Land (1109 HK)

Last price: HK$34.48
Support levels: HK$32.54/HK$31.50
Resistance levels: HK$38.70/HK$41.00

Technical View:

The price demonstrated robust structural stabilisation, staging a clean technical rebound immediately upon validating the resistance-turned-support inflection zone. The MACD maintains a constructive posture and expands positively into upper quadrants. The path of least resistance directly upward for continued expansion toward the next primary resistance cluster.

Average timeframe: Around two weeks.

Source: TradingView

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