Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52900.1	0.0	2.0	4.4	10.1
S&P 500	7483.2	0.0	1.8	(0.9)	9.3
FTSE 100	10679.0	0.2	1.6	3.4	7.5
AS30	9048.3	1.3	0.9	0.3	0.3
CSI 300	4842.2	0.6	(0.5)	(2.0)	4.6
FSSTI	5244.3	0.5	1.0	2.1	12.9
HSCEI	7699.8	1.1	3.2	(10.4)	(13.6)
HSI	23350.0	1.3	3.0	(8.9)	(8.9)
JCI	5875.8	2.3	(0.3)	(1.1)	(32.0)
KLCI	1679.1	1.0	0.7	0.4	(0.1)
KOSPI	8088.3	5.8	(3.8)	(8.1)	91.9
Nikkei 225	69744.1	1.5	0.6	2.0	38.5
SET	1611.3	1.1	4.5	1.5	27.9
TWSE	46780.6	0.1	5.0	0.7	61.5
BDI	2717.0	2.5	7.6	(13.0)	44.8
CPO (RM/mt)	4472.0	0.0	(0.7)	(1.6)	13.7
Brent Crude (US$/bbl)	72.1	0.4	0.2	(26.3)	18.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
Jun Foreign Reserves	China	06 Jul
Jun S&P Global Hong Kong PMI	Hong Kong	06 Jul
Jun Foreign Reserves	Hong Kong	07 Jul
Jun Inflation (PPI, CPI)	China	09 Jul
Jun Money Supply (M2, M1, M0)	China	09-15 Jul
Jun Trade Balance, Exports, Imports	China	14 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
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

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Top Stories

Strategy | Alpha Picks: July Conviction Calls Page 2

Chinese equities extended their pullback in June despite undemanding valuations, with the HSI and MSCI China Index declining 9.1% mom and 7.5% mom respectively. We expect further volatility in July, but see this as a window to go long, with the July Politburo meeting providing potential catalysts. We add BYD, Midea and Plover Bay to our BUY list, take profit on Li Auto and NAURA, and cut losses on CR Mixc and Trip.com.

Small/Mid Cap Highlights | JBM Healthcare (2161 HK/**BUY**/HK$1.97/Target: HK$3.16) Page 9

We held a luncheon with management. For FY27, JBM sees core brands driving revenue growth and expects rising operating profit from its PCM segment after taking into account the upcoming marketing campaign for Tin Hee Pills in Aug 26. We expect revenue/net profit to grow 5.5%/6.9% yoy respectively in FY27, led by the growth momentum of its proprietary brands, omni-channel expansion and stringent marketing and administrative cost controls. Maintain BUY. Raise target price to HK$3.16 based on 12.0x FY27F PE.

Technical Analysis

Hang Seng Index And Hang Seng Tech Index Outlook Page 12

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.*

Strategy

Alpha Picks: July Conviction Calls

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Highlights

- Chinese equities pulled back further in June despite undemanding valuations, with the HSI and MSCI China Index declining 9.1% mom and 7.5% mom, respectively. The HSI and MSCI China index now both trade at 10x 12-month forward PE.
- We expect further volatility in July, as US equities may consolidate after a strong run from end-March, thus weighing on broader market sentiment. We see this as a buying opportunity due to supportive macro policy environment, while the July Politburo meeting may provide near-term catalysts.
- We add BYD, Midea and Plover Bay to our BUY list, take profits on Li Auto and NAURA, and cut losses on CR Mixc and Trip.com.

What's New

- **Chinese equities pulled back further in June,** with the HSI and MSCI China Index falling 9.1% mom and 7.5% mom respectively. In 2Q26, our Alpha Picks delivered positive returns in 2Q26, with the price-weighted portfolio gaining 4.0%, notably ahead of the HSI's -7.7% return. The best performer among our picks of the month was still BUY-rated NAURA (002371 CH), which advanced 40.4% mom and brought its cumulative return since inclusion to 117.3%.
- **We see a buying opportunity amid further volatility in July,** as broader market sentiment is weighed down by the potential for further consolidation in US equities. The latter had a strong run from end-March driven by investors' optimism over AI and semiconductors. We see this as a buying opportunity for Chinese equities, due to supportive macro policy environment, while the July Politburo meeting may provide near-term catalysts. In addition, the HSI and MSCI China index now both trade at 10x 12-month forward PE. We add BYD (1211 HK), Midea (000333 CH) and Plover Bay (1523 HK) to our BUY list. We take profit on Li Auto (2015 HK) and NAURA (002371 CH) and cut losses on CR Mixc (1209 HK) and Trip.com (9961 HK).

Action

- **Add BYD (1211 HK) to our BUY list** for its: a) accelerating sales growth from new Flash-Charging models, b) the increase in export contribution that is driving earnings growth, and c) an undemanding valuation relative to its historical average.
- **Add Midea (000333 CH) to our BUY list,** supported by robust robotics momentum, stronger overseas brand positioning from its PortaSplit success in Europe, and an attractive 8% total shareholder yield.
- **Add Plover Bay to our BUY list** for the strong global SD-WAN demand, accelerating growth from large-scale enterprise projects and new satellite connectivity products, with its upcoming 1H26 results serving as a near-term catalyst.
- **Take profit** on Li Auto (2015 HK) and NAURA (002371 CH).
- **Cut losses** on CR Mixc (1209 HK) and Trip.com (9961 HK).
- **Maintain BUY** on Alibaba (9988 HK), Cowell (1415 HK), BeOne Medicines (6160 HK), Minth (425 HK), NetEase (9999 HK), Shuanghuan Driveline (002472 CH), WuXi AppTec (2359 HK) and Zijin Mining (2899 HK).

Key Recommendations

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
Alibaba	9988 HK	BUY	94.10	188.00
BYD	1211 HK	BUY	84.10	135.00
Cowell	1415 HK	BUY	23.70	47.70
BeOne Medicines	6160 HK	BUY	183.10	257.00
Midea	000333 CH	BUY	77.96	112.60
Minth	425 HK	BUY	28.66	56.00
NetEase	9999 HK	BUY	205.40	252.00
Plover Bay	1523 HK	BUY	7.83	9.77
Shuanghuan Driveline	002472 CH	BUY	47.01	52.00
WuXi AppTec	2359 HK	BUY	156.10	170.00
Zijin Mining	2899 HK	BUY	30.72	50.60

Source: Bloomberg

Change In Share Price

Company	Ticker	Rec	Jun 26 (%)	To-Date* (%)
Alibaba	9988 HK	BUY	-23.2	-45.1
Cowell	1415 HK	BUY	-17.3	-17.3
CR Mixc	1209 HK	BUY	-11.8	-11.8
BeOne Medicines	6160 HK	BUY	-3.6	-16.8
Li Auto	2015 HK	SELL	-20.3	-20.3
Minth	425 HK	BUY	-30.1	-22.5
NAURA	002371 CH	BUY	40.4	117.3
NetEase	9999 HK	BUY	4.3	4.3
Shuanghuan Driveline	002472 CH	BUY	5.8	5.7
Trip.com	9961 HK	BUY	-15.5	-25.4
WuXi AppTec	2359 HK	BUY	18.0	18.0
Zijin Mining	2899 HK	BUY	-16.4	-20.3

**Share price change since stock was selected as alpha pick*

Source: Bloomberg

Portfolio Return

(%)	3Q25	4Q25	2025	1Q26	2Q26
HSI return	11.6	-4.6	27.8	-3.3	-7.7
Alpha Picks Return					
- Price-weighted	24.3	-3.8	23.0	-6.0	4.0
- Market cap-weighted	29.0	-1.6	33.9	-8.7	-0.1
- Equal-weighted	17.2	-2.2	24.5	-1.2	3.4

Assumptions for the three methodologies:
1) *Price-weighted: Assuming the same number of shares for each stock, a higher share price will have a higher weighting.*
2) *Market cap-weighted: Weighting is based on the market cap at inception date, a higher market cap will have a higher weighting.*
3) *Equal-weighted: Assuming the same investment amount for each stock, every stock will have the same weighting.*

Source: UOB Kay Hian

Valuation Of Analysts' Alpha Picks

Company	Ticker	Rec	Price 3 Jul 26 (lcy)	Target Price (lcy)	Upside/ (Downside) To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy m)	Price/ NAV ps (x)
Alibaba	9988 HK	BUY	94.10	188.00	99.8	Mar-26	16.5	15.8	11.2	1.2	8.0	1,807,314	1.5
BYD	1211 HK	BUY	84.10	135.00	60.5	Dec-25	20.4	16.9	12.5	0.6	14.2	309,774	3.2
Cowell	1415 HK	BUY	23.70	47.70	101.3	Dec-25	13.2	9.8	8.0	2.0	31.4	20,341	8.9
BeOne Medicines	6160 HK	BUY	183.10	257.00	40.4	Dec-25	37.5	25.1	18.1	0.0	7.5	296,687	7.7
Midea	000333 CH	BUY	77.96	112.60	44.4	Dec-25	13.5	12.6	11.7	5.8	20.6	591,766	2.5
Minth	425 HK	BUY	28.66	56.00	95.4	Dec-25	10.7	10.2	8.6	3.0	11.7	33,555	1.1
NetEase	9999 HK	BUY	205.40	252.00	22.7	Dec-25	14.9	13.7	12.4	2.5	23.0	655,358	3.1
Plover Bay	1523 HK	BUY	7.83	9.77	24.8	Dec-25	24.3	20.0	17.1	4.7	92.0	8,658	18.6
Shuanghuan Driveline	002472 CH	BUY	47.01	52.00	10.6	Dec-25	31.7	25.9	22.8	0.5	14.6	39,955	3.6
WuXi AppTec	2359 HK	BUY	156.10	170.00	8.9	Dec-25	26.3	22.4	18.9	1.7	27.7	431,545	4.7
Zijin Mining	2899 HK	BUY	30.72	50.60	64.7	Dec-25	16.4	8.7	7.7	3.4	36.6	846,624	2.8

Source: Bloomberg, UOB Kay Hian

Alibaba (9988 HK) – BUY (Julia Pan)

- We remain upbeat on Alibaba as a full-stack AI service provider, with recent developments further reinforcing its cloud, model and application ecosystem advantages. Alibaba Cloud's launch of its first France data centres strengthens its European cloud footprint and positions the group to capture rising demand for sovereign, secure and locally hosted AI infrastructure. Meanwhile, the launch of AI-powered Alipay highlights Alibaba's ability to embed agentic AI into high-frequency consumer scenarios, extending AI use cases from enterprise productivity into daily transaction workflows while keeping final user confirmation intact. In parallel, Alibaba's Qwen-Robot suite extends the Qwen ecosystem from language and multimodal models into embodied AI, broadening its addressable AI use cases beyond chatbots and enterprise co-pilots. We expect Alibaba Group to deliver solid EPS growth of 78%/34% yoy in FY27/FY28 respectively, despite near-term earnings pressure in 1HFY27, supported by accelerating cloud revenue growth, continued leadership in China's AI and cloud market, and a recovery in China e-commerce profitability as quick commerce losses narrow over the coming quarters.
- Maintain BUY with a target price of HK$188.00 (US$193.00). Alibaba is trading at 13.6x FY27F PE, against a 32% EPS three-year CAGR from FY27-30.

Share Price Catalyst

- **Event:** a) Re-accelerating growth of cloud hyperscalers; b) solid progress in self-sufficiency chip development, reducing reliance on US chips; c) AI integration to empower business segments.
- **Timeline:** FY27

BYD (1211 HK) – BUY (Ken Lee)

- BYD's sales rebounded to over 410,000 in June, beating estimates, with yoy growth accelerating to 8%. At a sales pace of over 400,000 per month, we expect yoy sales growth to reaccelerate to 25-30% from July, driven by ramp-up of the new Flash-Charging models and new overseas plants. For earnings, we estimate 2Q26 net profit at Rmb7b, up 11% yoy and 72% qoq, as exports' share in total sales doubled yoy to over 40%.
- With respect to valuation, BYD is trading at 17x 2026F PE and 12x 2027F PE, well below historic mean of 20x. Our target price of HK$135.00 is pegged to 20x 2027F PE, on par with historic mean. Maintain BUY.

Share Price Catalyst

- **Event:** Pick-up in monthly sales growth; 2Q26 results and 2H26 guidance.
- **Timeline:** 3Q26

Cowell e Holdings (1415 HK) – BUY **(Johnny Yum)**

- **Cowell e Holdings Inc (Cowell)** is one of the biggest beneficiaries of the 2026-28 iPhone upgrade cycle, given its pure-play exposure to the Apple supply chain. We expect Cowell to achieve further share gains in the iPhone supply chain, and its rear-end camera market share is expected to expand from 17% in 2025 to 32% by 2028. Apple is expected to push for aggressive specification upgrades for iPhone cameras, which will further bolster Cowell's dollar content. Overall, we expect Cowell's earnings to register a 25.6% three-year CAGR from 2025-28, primarily driven by solid share gains in the Apple supply chain and a stable operating margin.
- We recommend BUY on Cowell with a target price of HK$48.00, pegged on 19.8x 2026F PE, which is 1SD above its five-year historical forward mean.

Share Price Catalyst

- **Event:** Ramp-up in mass production of the iPhone 18 Pro and foldable iPhone in Jun-Jul 26.
- **Timeline**: 3Q26

BeOne Medicines (6160 HK) – BUY
(Carol Dou/Sunny Chen)

- BeOne Medicines delivered a remarkable 2025 with revenue surging 40.2% yoy and adjusted earnings reaching US$939m. The momentum continued in 1Q26 with revenue rising 35.5% yoy to US$1.51b and adjusted earnings jumping 175.5% yoy to US$375m, beating estimates. Management raised its 2026 revenue guidance by US$100m to US$6.3b-6.5b, with gross margin expected to remain in the high-80% range.
- BRUKINSA continues to strengthen its global market leadership in BTK inhibitors. Sonrotoclax (a promising next-generation BCL2 inhibitor) received market approval in China in Jan 26, and obtained marketing approval in the US for r/r mantle cell lymphoma (MCL) in May 26. Tarlatamab received conditional approval for ES-SCLC in China in Apr 26, marking the first DLL3/CD3 bispecific antibody (bsAb) approved domestically. The Zanubrutinib+Sonrotoclax (ZS) combination has shown exceptional clinical results, potentially revolutionising first-line treatment for chronic lymphocytic leukemia (CLL) in a market where the company currently lacks presence. Additionally, its BBGB-16673 (BTK CDAC) is expected to enhance BRUKINSA's effectiveness in blood cancer treatment. Smooth progress in solid tumour pipelines will also enhance long-term value. Moreover, the company also strengthened its immuno-oncology pipeline by in-licensing global rights for HH160 (PD-1/CTLA-4/VEGF-A trispecific antibody (tsAb)) from Huahui Health.
- With strong R&D execution, improving operating efficiency, expanding gross margins, and diversified revenue streams, BeOne Medicines is well positioned to become a leading global oncology player.
- Maintain BUY and target price of HK$257.00 (ONC US/BUY/Target: US$426.15/ADS; 688235 CH/BUY/Target: Rmb346.40), based on the DCF model with WACC of 10.5% and terminal growth rate of 3.5%.

Share Price Catalyst

- **Event:** a) Strong 1Q26 results and bright growth outlook in 2026; b) accelerating global penetration of BRUKINSA and potential US FDA approval of Sonrotoclax; c) continued improvement in operating efficiency and margins; and d) robust pipeline with smooth R&D and business development progress.
- **Timeline:** 2H26

Midea Group (000333 CH) – BUY (Stella Guo)

- At its recent 2025 AGM, management reiterated its focus on expanding the to-business (ToB) segment to better navigate macroeconomic cycles, positioning it as a future growth driver. Domestically, its robotics arm Kuka is a key highlight, with shipments in China rising over 30% yoy in 2025, securing a 9.6% domestic market share and ranking among the top three in the industry.
- Midea Group's (Midea) PortaSplit air conditioner recently gained popularity in the European market, driven by extreme heatwaves across the region. Shipments of the PortaSplit have exceeded 200,000 units this year, doubling the full-year sales of 2025. While we believe the potential EPS revision is limited given the product's small revenue contribution, this development serves as strong advertising for Midea in overseas markets and may enhance its brand reputation over the long term.
- For 2026, management targets mid-to-high single-digit revenue growth and a stable net margin. Midea is one of the companies with the most generous shareholder returns in China consumer sector, aiming to distribute its total net profit through dividends and share buybacks. The stock currently trades at a 2026 dividend yield of 6%, and when including share buybacks, the total shareholder return could reach 8%.
- We use the SOTP valuation methodology to derive a target price of Rmb112.60, which implies 18.2x 2026F PE and 17.0x 2027F PE.

Share Price Catalyst

- **Event:** a) The robotics industry entering an upcycle, and b) good sales momentum in Europe boosting its brand position in overseas markets.
- **Timeline:** 2H26

Minth Group – BUY (Ken Lee)

- Minth Group targets Rmb30b revenue for 2026 (+17% yoy), Rmb72b revenue for 2030 (23% five-year CAGR), and 20% five-year net profit CAGR through 2030, based on new product lines (>Rmb23b or >32% of total revenue; humanoid robot parts, wireless-charging, liquid-cooling system) and customer base expansion to include more Chinese auto OEMs. It guides for steady gross margin per product line, as it is able to pass on material cost hikes to customers. New products tend to have lower gross margins initially, but with production ramp-up, they will reach parity with legacy products. Minth is only trading at 9x 2027F PE, around 40% below historic mean of 15x.
- Maintain BUY with the unchanged target price of HK$56.00 pegged to 20x 2026F PE (1SD above historical mean). The stock re-rating will be driven by the newsflow about its AI-related and robotics-related businesses.

Share Price Catalysts

- **Event:** 1H26 results announcement; unveiling of new products, new partnerships and new customers.
- **Timeline:** 3Q26

NetEase (9999 HK) – BUY (Julia Pan)

- NetEase continues to demonstrate resilient gaming momentum, supported by a promising pipeline, healthy existing titles and an improving industry backdrop. Sea of Remnants remains the key near-term catalyst for July, with the title positioned as one of NetEase's most important new IP launches in recent years. Early testing has shown favourable user feedback and over 30m accumulated pre-registrations. We estimate the title could generate Rmb5b-6b in gross billings in its first 12 months post-launch and contribute Rmb2b-2.5b in incremental operating profit, supported by structurally lower PC platform fees.

- Beyond Sea of Remnants, Where Winds Meet's expansion to Xbox and Game Pass reinforces NetEase's ability to extend successful titles across platforms and overseas markets, while the unveiling of Blood Message, its first AAA single-player title for PC and consoles, highlights the company's longer-term ambition to broaden its global content portfolio. Together with NetEase's earlier-than-expected transition to dual-primary listing status in Hong Kong and its inclusion in Southbound Trading under Stock Connect, we expect the company to benefit from a broader mainland investor base and improved Hong Kong trading liquidity. In parallel, rising AI adoption across game development workflows could further support content creation efficiency and long-term operating leverage.
- Combined with a solid game pipeline, we believe NetEase remains well positioned for a re-acceleration in online games revenue growth in FY26.
- Maintain BUY with a target price of HK$252.00 (US$156.00). NetEase is trading at 14x 2026F PE, lower than its historical mean of 15x.

Share Price Catalyst

- **Event:** a) Strong performance of its game pipeline, b) easing regulatory environment.
- **Timeline:** 2H26

Plover Bay (1523 HK) – BUY (Kate Luang/Gigi Cheuk)

- Plover Bay (1523 HK) is a leading SD-WAN router provider with proprietary software technology, solid R&D capabilities and strong cash flow generation. The company saw robust growth momentum in 5M26 across all regions, with the US showing the strongest momentum, while Europe and Asia benefitted from multi-year large-scale projects and a growing customer base. By vertical, the company saw solid broad-based demand, with some highlighted use cases from the build-out for manufacturing automation. In addition, Plover Bay launched the new Peplink Max Orbit series in early-Jun 26 that integrates multiple low-earth orbit (LEO) satellite connections, including Starlink, OneWeb and Iridium.
- We expect its growth momentum to continue into 2H26, with the US leading growth on the back of a strong project pipeline. We maintain our forecasts of US$153m revenue (+17.4% yoy) and US$55m net profit (+21.5% yoy) in 2026, with net margin reaching 36.2% (+1.3ppt yoy), thanks to gross margin expansion on optimal product mix and improved operating efficiency. We believe the 20% price correction from its previous peak in June provides a good window to accumulate the stock, and see its 1H26 result announcement in late-July as a short-term catalyst.
- Maintain BUY with a target price of HK$9.77, based on 10-year DCF model, assuming a 10.1% WACC and 2% terminal growth rate. The current price implies 20.0x 2026F PE, which is 1.5SD above its historical mean of 13.1x, and a 4.7%/5.5%/6.5% dividend yield in 2026-28 respectively, assuming a payout ratio of 95%.

Share Price Catalyst

- **Event:** Stronger-than-expected 1H26 result announcement in late-Jul 26.
- **Timeline:** Jul 26

Shuanghuan Driveline (002472 CH) – BUY (Johnny Yum)

- Zhejiang Shuanghuan Driveline (Shuanghuan) is well positioned to benefit from the recovery in the global EV/PHEV market, on-going overseas expansion, and product mix upgrades with the increased penetration of coaxial gearboxes. Additionally, Shuanghuan had achieved breakthrough in the automotive supply chain with its plastic smart actuator business, and is expected revenue growth to remain elevated in 2026-27.
- Overall, we expect Shuanghuan to sustain double-digit growth in its core businesses over the medium term, driven by its EV gear and Smart actuator business. From 2027, we believe Shuanghuan is poised to capture to robust demand growth for robotic reducers amid the booming humanoid robot investment trend, given its scale/technological leadership in China's robotic planetary reducer market, and its close collaboration with Tesla, which is now targeting to achieve annual sales target of 1m units for the Optimus bot in a few year's time.
- We maintain our BUY rating with a target price of Rmb52.00, based on 28.7x 2026F PE, equivalent to 1.3x 2026F PEG.

Share Price Catalyst

- **Event:** Humanoid robot component order wins, ramp-up in the production of Tesla's Optimus.
- **Timeline:** 2Q26-3Q26

WuXi AppTec (2359 HK) – BUY (Carol Dou/Sunny Chen)

- WuXi AppTec delivered stronger-than-expected 1Q26 results, with revenue and adjusted net profit up 28.8% and 71.7% yoy, respectively. Backlog rose 23.6% yoy to Rmb59.8b as of end-Mar 26, providing a solid foundation for accelerated growth. It maintained its 2026 revenue target of Rmb51.3b-53.0b, implying continuing operations revenue growth of 18-22% yoy, and may consider raising its growth target in due time. It anticipates free cash flow of Rmb10.5b-11.5b in 2026, and has guided capex of Rmb6.5b-7.5b to expand global capacity.
- WuXi Chemistry remained the key growth engine, with revenue up 43.7% yoy in 1Q26, while WuXi Testing and WuXi Biology grew 27.4% and 10.1% yoy. Margin expansion supported further earnings growth momentum, with gross margin improving 8.1ppt to 50.4% in 1Q26. Robust CRDMO demand, strong backlog visibility, improving margins, and continued global expansion position the company for accelerated growth.
- WuXi AppTec was added to the US military list (Section 1260H) on 8 Jun 26. The company denied ties to Chinese military or government and filed a complaint in the US District Court to challenge the designation. To mitigate risks, it has divested certain US operations and expanded service capacity in Singapore, Switzerland, and Germany, while localising US operations via a new Delaware facility. The 1260H listing could trigger BIOSECURE Act restrictions, though contracts signed before Aug 28 are grandfathered for five years. A successful overturning would avoid restrictions. Amid recent weak sentiment, it is also running multiple programmes across A-shares (Rmb1b for employee stock ownership) and H-shares (HK$2.5b for awards/treasury), signalling strong shareholder commitment.
- Maintain BUY and target price of HK$170.00 (603259 CH/BUY/Target: Rmb147.90), based on 24.5x 2026F PE (1x PEG).

Share Price Catalyst

- **Event:** a) Strong 1Q26 results and potential upward revision of 2026 guidance; b) increasing market demand for CRDMO services; c) continued expansion in global capacity and differentiated service capabilities.
- **Timeline:** 2H26

Zijin Mining (2899 HK) – BUY (Ziv Ang / Claire Wang)

- **Gold-copper leverage remains intact, with copper strength providing a key earnings buffer.** Zijin Mining remains one of the best-positioned diversified miners to benefit from sustained strength in gold and copper. While gold has consolidated after its recent rally, medium-term support remains intact, underpinned by safe-haven demand, central-bank buying and expectations of continued allocation into real assets. Copper has remained resilient, supported by tightening mine supply, persistent concentrate tightness, sulphuric acid constraints and potential US tariff-related trade dislocation, which continue to reinforce Zijin's earnings leverage to the copper upcycle. We believe Zijin offers strong dual exposure to gold's monetary and safe-haven attributes, as well as copper's structural demand from electrification, grid investment, AI-related power demand and broader power infrastructure build-out.
- **Low-cost position and sizeable pipeline enhance resilience through price volatility.** Zijin's mining portfolio remains among the lowest-cost globally, with 2025 average gold all-in sustaining costs (AISC) of US$1,452/oz and copper C1 cost of US$0.70/lb. This cost advantage gives Zijin stronger ability than peers to weather commodity price volatility, while preserving operating leverage when metal prices rise. Its sizeable growth pipeline further supports earnings visibility, with 2025-2028F production CAGR guided at around 13%/11%/120% for gold/copper/lithium. As lithium projects move into ramp-up, Zijin is gradually diversifying its earnings base beyond gold and copper, adding another layer of medium-term earnings support.
- **Pullback offers attractive entry point into a structural winner.** Following the recent correction in gold prices, Zijin's valuation has become more attractive, while copper price strength provides an additional near-term earnings tailwind. We see the pullback as a good accumulation opportunity, with 1Q26 results reaffirming Zijin's earnings delivery and medium-term growth visibility. We reiterate BUY with a target price of HK$50.60, pegged to 15x 2026F PE, reflecting its superior growth profile among global diversified miners.

Share Price Catalyst

- **Event:** a) 1H26 results; b) long-term bullish stance on gold and copper prices; c) further project ramp-ups and M&A execution, and d) re-rating potential from attractive valuations.
- **Timeline:** 3Q26

JBM Healthcare (2161 HK)

Takeaways From Luncheon: Core Brands Continue To Drive Growth

Highlights

- We held a luncheon with management. For FY27, JBM sees core brands driving revenue growth and expects to see rising operating profit from its PCM segment after taking into account the upcoming marketing campaign for Tin Hee Pills in Aug 26.
- We expect revenue/net profit to grow 5.5%/6.9% yoy respectively in FY27, led by the growth momentum of its proprietary brands, omni-channel expansion and stringent marketing and administrative cost controls.
- Maintain BUY. Raise target price to HK$3.16 based on 12.0x FY27F PE.

Analysis

- **2HFY26 performance review.** 2HFY26 sales grew 6.7% yoy to HK$405m but declined 5.7% hoh, mainly impacted by: a) softer sales of Ho Chai Kung amid a weaker-than-expected flu season; and b) a high base for Po Chai Pills in 1HFY26, as distribution channels stocked inventories prior to the launch of its new sachet package in Aug 25 (late-1HFY26). 2HFY26 gross margin declined 1.9ppt yoy (or 6.7ppt hoh), due to a lower sales mix of high-margin Ho Chai Kung.
- **Omni-channel expansion**. While JBM Healthcare (JBM) implemented meticulous channel management for its offline platforms in Hong Kong (chain retail stores and pharmaceutical stores), its cross-border e-commerce platform grew steadily, with Ho Chai Kung and Hoitin-branded concentrated Chinese Medicine Granules (CCMG) registering strong performances during Double 11 and 618 in 2025. Po Chai Pills also entered the top 10 list of JD.com's digestive regulator medicine products during 2025's 618 shopping festival.
- **Continued brand building for proprietary brands.** Management will continue to strengthen the brand image of its core brands through product-specific marketing initiatives, targeted social media marketing, and TVC campaigns, such as title sponsorship for Midlife, Sing and Shine! Season 4. Notably, it will kick-start the marketing campaign for Tin Hee Pills in early August with a teaser TVC featuring a renowned female celebrity as its key brand ambassador. JBM aims to strengthen customer education on the efficacy of Tin Hee Pills, a product that targets menstrual irregularities and fertility remedy. We expect JBM to maintain stringent cost control over its marketing campaign spending and forecast a selling and distribution expenses ratio of 15.7% in FY27, the same as that in FY26 (15.8%).

Key Financials

Year to 31 Mar (HK$'000)	2025	2026	2027F	2028F	2029F
Net turnover	782,292	834,634	880,505	929,627	982,245
EBITDA	280,250	303,433	318,080	333,091	350,434
Operating profit	227,966	253,689	263,739	280,034	298,484
Net profit (rep./act.)	197,261	201,088	215,039	229,283	246,089
Net profit (adj.)	197,261	201,088	215,039	229,283	246,089
EPS (cents)	24.1	24.6	26.3	28.1	30.1
P/E (x)	8.2	8.0	7.5	7.0	6.5
P/B (x)	1.5	1.5	1.5	1.3	1.2
EV/EBITDA (x)	5.7	6.2	5.5	4.9	4.4
Dividend yield (%)	8.6	8.7	8.7	9.3	9.9
Net margin (%)	25.2	24.1	24.4	24.7	25.1
Net debt to equity (%)	(2.9)	24.2	10.8	1.1	(6.9)
Interest cover (x)	51.1	21.7	24.5	29.1	34.4
ROE (%)	18.0	17.5	18.8	19.0	18.8
Consensus net profit			215,039	229,283	246,089
UOBKH/Consensus (x)			1.00	1.00	1.00

Source: JBM Healthcare, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	HK$1.97
Target Price	HK$3.16
Upside	60.4%
Previous TP	HK$3.10

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Stock Data

GICS sector	Healthcare
Bloomberg ticker	2161 HK
Shares issued (m)	822
Market cap (HK$m)	1,619
Market cap (US$m)	208
3-mth avg daily t'over (US$m)	0.11

Price Performance (%)

52-week high/low: HK$3.35/HK$1.84

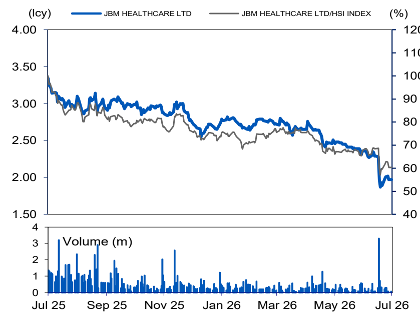
1mth	3mth	6mth	1yr	YTD
(16.2)	(25.7)	(25.7)	(41.0)	(25.9)

Major Shareholders	**%**
Sum Kwong Yip	71.6

Balance Sheet Metrics

FY27 NAV/Share (HK$)	1.51
FY27 Net Debt/Share (HK$)	0.06

Price Chart



Source: Bloomberg

Company Description

JBM Healthcare manufactures and sells branded healthcare products, proprietary Chinese medicine, and other products.

Product Placement of Tin Hee Pills on Midlife Sing and Shine! 4

Source: JBM Healthcare

- **FY27 outlook.** Looking into FY27, management expects revenue growth to be driven by: a) a recovery in the sales of Ho Chai Kung amid a normalised flu season; b) steady growth in Po Chai Pill sales across both the new sachet and traditional packagings, driven by continued customer education and enhanced brand awareness following its marketing campaigns in FY26; c) growth of Tin Hee Pills, following the launch of its marketing campaign in Aug 26; d) resilient CCMG demand; and e) prudent store expansion for its Chinese medicine clinic services (Kenford Medical Group and King Pui Medical Group). The company targets to maintain a generous dividend payout in FY27 (FY26: 69%) and we forecast a 65% dividend payout in FY27-29.

Earnings Outlook

- We keep our FY27-29 revenue forecasts largely unchanged and raise FY27-29 net profit forecasts by 2%/2%/2% respectively to reflect the increase in attributable net profit from its recent purchase of 24.9% shares in Li Chung Shing Tong in Jun 26.
- We maintain our FY27-29 dividend payout ratio forecast at 65%.

Valuation/Recommendation

- **Maintain BUY with a higher target price of HK$3.16** based on 12.0x FY27F PE. The current price implies 7.5x FY26F PE (0.5SD below its historical mean of 11.5x in FY21-25) and 8.7%/9.3%/9.9% dividend yield in FY27-29 respectively.

Tin Hee Pills

Source: JBM Healthcare, UOB Kay Hian

Key Assumptions

Year to 31 Mar (HK$'000)	FY26	FY27F	FY28F	FY29F
Revenue	834,634	880,505	929,627	982,245
Branded medicine	279,972	288,371	297,022	305,933
Proprietary Chinese medicine	468,404	505,876	546,346	590,054
Health & wellness	86,258	86,258	86,258	86,258
Revenue Breakdown (%)	100.0	100.0	100.0	100.0
Branded medicine	33.5	32.8	32.0	31.1
Proprietary Chinese medicine	56.1	57.5	58.8	60.1
Health & wellness	10.3	9.8	9.3	8.8
Gross margin breakdown (%)	55.8	55.2	55.0	54.9
Branded medicine	77.9	77.0	77.0	77.0
Proprietary Chinese medicine	48.0	47.5	47.5	47.5
Health & wellness	26.3	27.0	27.0	27.0
Gross profit contribution (%)	100.0	100.0	100.0	100.0
Branded medicine	46.9	45.7	44.7	43.7
Proprietary Chinese medicine	50.6	50.6	50.6	51.6
Health & wellness	4.9	4.8	4.6	4.3

Profit & Loss

Year to 31 Mar (HK$'000)	2026	2027F	2028F	2029F
Net turnover	834,634	880,505	929,627	982,245
EBITDA	303,433	318,080	333,091	350,434
Depreciation & amortization	(49,744)	(54,341)	(53,056)	(51,950)
EBIT	253,689	263,739	280,034	298,484
Total other non-operating income	10,151	10,099	10,099	11,266
Net interest income/(expense)	(11,686)	(10,754)	(9,623)	(8,678)
Pre-tax profit	252,154	263,085	280,510	301,072
Tax	(41,843)	(43,657)	(46,549)	(49,961)
Minorities	9,223	4,389	4,679	5,022
Net profit	201,088	215,039	229,283	246,089

Balance Sheet

Year to 31 Mar (HK$'000)	2026	2027F	2028F	2029F
Fixed assets	173,328	168,352	164,300	161,000
Other LT assets	1,101,010	1,081,645	1,062,641	1,043,990
Cash/ST investment	119,936	238,641	320,470	407,823
Other current assets	368,372	273,097	296,930	314,028
Total assets	1,762,646	1,761,736	1,844,340	1,926,842
ST debt	134,491	104,491	74,491	54,491
Other current liabilities	123,046	124,876	134,718	141,528
LT debt	259,230	259,230	259,230	259,230
Other LT liabilities	114,875	114,875	114,875	114,875
Shareholders' equity	1,080,130	1,103,001	1,201,084	1,291,754
Minority interest	50,874	55,263	59,942	64,964
Total liabilities & equity	1,762,646	1,761,736	1,844,340	1,926,842

Cash Flow

Year to 31 Mar (HK$'000)	2026	2027F	2028F	2029F
Operating	152,900	381,627	282,651	301,450
Pre-tax profit	252,154	263,085	280,510	301,072
Tax	(41,843)	(43,657)	(46,549)	(49,961)
Deprec. & amort.	49,744	54,341	53,056	51,950
Working capital changes	(118,789)	97,105	(13,990)	(10,289)
Other operating cashflows	11,634	10,754	9,623	8,678
Investing	(304,837)	(104,700)	(30,000)	(30,000)
Capex (growth)	(63,419)	(30,000)	(30,000)	(30,000)
Others	(241,418)	(74,700)	-	-
Financing	66,026	(158,222)	(170,823)	(184,097)
Dividend payments	(174,460)	(117,468)	(131,199)	(155,419)
Issue of shares	-	-	-	-
Proceeds from borrowings	215,637	-	-	-
Loan repayment	-	(30,000)	(30,000)	(20,000)
Others/interest paid	24,849	(10,754)	(9,623)	(8,678)
Net cash inflow (outflow)	(85,911)	118,705	81,828	87,353
Beginning cash & cash equivalent	205,847	119,936	238,641	320,470
Changes due to forex impact	-	-	-	-
Ending cash & cash equivalent	119,936	238,641	320,470	407,823

Key Metrics

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
Gross margin	55.8	55.2	55.0	54.9
Operating margin	30.4	30.0	30.1	30.4
Net margin	24.1	24.4	24.7	25.1
ROE	17.5	18.8	19.0	18.8
ROA	12.2	12.2	12.4	12.8
Growth				
Turnover	6.7	5.5	5.6	5.7
Gross profit	12.5	4.3	5.3	5.4
Pre-tax profit	4.3	4.3	6.6	7.3
Net profit	1.9	6.9	6.6	7.3
EPS	2.3	6.9	6.6	7.3
Leverage				
Debt to total capital	22.3	20.6	18.1	16.3
Debt to equity	34.8	31.4	26.5	23.1
Net debt to equity	24.2	10.8	1.1	(6.9)
Interest cover (x)	21.7	24.5	29.1	34.4

HSI and HS Tech Index Outlook

Weekly Chart

Source: TradingView

Daily Chart

Source: TradingView

Hang Seng Index

Last close: 23,350.03

Expected moving range: 21,740 -24,310

Technical View:

Weekly Chart: Following a successful retest of the prior cyclical floor, the HSI has established a potential harami pattern, signalling near-term selling exhaustion. The technical path of least resistance points to an immediate recovery rally toward the key overhead supply zone at 24,200. This level represents a critical structural ceiling; watch this node closely to determine the index's next multi-week directional trend.

Daily Chart: Price has executed a short-term relief rebound following successful preservation of its previous low support zone; however, the primary trend remains firmly down. This counter-trend recovery is projected to test its overhead support-turned-resistance matrix in the upcoming sessions. Should the index demonstrate structural exhaustion and fail to clear this zone, it will validate a lower-high signature, heavily tilting the probability matrix toward a new wave of downward expansion.

Hang Seng Tech Index

Last close: 4,499.00

Expected moving range: 3,540-4,820

Technical View:

Weekly Chart: The index was supported at its prior cyclical low for a second time, printing a potential harami pattern. Despite this short-term stabilisation, the primary trend remains capped by an overhead flag consolidation resistance point. A decisive failure to penetrate this descending channel barrier will invalidate the minor recovery, confirming a technical rejection that favours an immediate, sharp acceleration into a new leg lower.

Daily Chart: Price has failed to clear its descending channel barrier, printing an early bearish harami pattern against the flag resistance. This candlestick setup indicates that buying pressure has been completely absorbed by overhead institutional supply. A strong, high-volume bearish candle in the upcoming sessions is the critical macro trigger required to confirm this trend-continuation rejection, clearing the path for an immediate extension lower.

Weekly Chart

Source: TradingView

Daily Chart

Source: TradingView

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