KE Holdings

Riding on China property market recovery; company alpha remains strong

BEKE's share price has had a strong rally from early Apr to mid-May on a strong China property market rebound, but has corrected since mid-May on a mixed view on China property market and concerns on major shareholder stock sale. BEKE's stock is trading at 18x/15x 2026/27E P/E now (against 82%/23% OP growth in 26/27E). We raise our 2026/27E EPS by 13%/4% and maintain OW. While it's difficult to gauge China property market trends, we believe BEKE's 'company alpha' is strong: 1) Sustained share gains: BEKE's existing home sales volume +12% in 1Q26, faster than market growth, and we expect volume YoY growth rate to accelerate to 20%+ in 2Q26; 2) efficiency gains: BEKE's average commission per agent +20% YoY in 1Q26; OPM reached 8.8%, +3.9ppts YoY, supported by +3.4ppts YoY in GPM (better contribution margin from existing/new home segment on agent optimization, and margin improvement in rental/home renovation segment), and lower S&M (mainly cost control in home renovation). We expect AI to bring more efficiency improvements. 3) BEKE is committed to shareholder returns: we estimate it has repurchased 1.7% of shares YTD and expects 5%+ overall shareholder return. We maintain OW on strong company alpha, profit upside from market resumption/new growth drivers, and strong shareholder returns.

- **AI a long-term growth driver for BEKE.** BEKE highlighted that AI is becoming increasingly integrated into its housing transaction and residential services ecosystem. Management indicated that AI applications are being deployed across customer matching, property recommendations, agent productivity tools, content generation, and home renovation design workflows. BEKE believes the technology can significantly enhance service quality and operational efficiency in a highly complex and non-standardized industry. The company emphasized that its competitive advantage lies in combining AI capabilities with its extensive offline service network, proprietary housing data, and transaction infrastructure. Management expects AI to further improve agent productivity, customer experience, and overall platform efficiency.

- **Raise PT to US$20/HK$52 and maintain OW.** PT raised due to a 4% hike in 2027E EPS and target multiple raised from 17x to 18x, reflecting higher multiples of property stock peers. Our Dec-27 PT is based on 18x 2027E P/E. We believe this target multiple is justified by the company's dominant market share among China housing transactions and service platforms and the fast growth of its new businesses.

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	End Date	Prev	End Date
KE Holdings	BEKE US	18,595	USD	16.36	OW	n/c	20.00	Dec-27	18.00	Dec-26
KE Holdings - H	2423 HK	18,899	HKD	43.42	OW	n/c	52.00	Dec-27	47.00	Dec-26

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 28 May 26 except for 2423 HK [29 May 26].

See page 9 for analyst certification and important disclosures, including non-US analyst disclosures.

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Table 1: BEKE estimate change summary

RMBmn	JPM old	JPM new	% change	Consensus	% delta	JPM old	JPM new	% change	Consensus	% delta
	2026E					2027E				
Net Revenue	**86,831**	**86,499**	***0%***	**90,455**	***-4%***	**92,989**	**94,735**	***2%***	**95,172**	***0%***
Existing home	22,549	*25,103*	*11%*			23,443	*26,632*	*14%*		
New home	27,989	*27,877*	*0%*			28,828	*29,395*	*2%*		
Home renovation and furnishing	14,506	*12,881*	*-11%*			16,537	*14,169*	*-14%*		
Home rental	19,952	*19,130*	*-4%*			22,346	*22,956*	*3%*		
Emerging and others	*1,836*	*1,508*	*-18%*			*1,836*	*1,582*	*-14%*		
Gross profit	*20,262*	21,816	*8%*	21,574	*1%*	*22,952*	24,513	*7%*	23,360	*5%*
Opex	(15,374)	*(15,688)*	*2%*			(15,439)	*(16,521)*	*7%*		
S&M	(6,294)	*(5,745)*	*-9%*			(6,460)	*(5,821)*	*-10%*		
G&A	(6,613)	*(7,605)*	*15%*			(6,523)	*(8,234)*	*26%*		
R&D	(2,467)	*(2,338)*	*-5%*			(2,456)	*(2,466)*	*0%*		
Operating profit	4,888	6,128	*25%*			7,513	7,992	*6%*		
Operating profit, adjusted	*6,540*	7,752	*19%*			*9,087*	9,570	*5%*		
PBT	*7,142*	8,367	*17%*			*9,766*	10,188	*4%*		
Net income	4,785	5,633	*18%*	5,423	*4%*	6,836	7,132	*4%*	6,418	*11%*
Net income, adjusted	6,436	7,221	*12%*	6,868	*5%*	8,411	8,710	*4%*	7,809	*12%*
FD EPS (RMB)	4.20	4.97	*18%*	4.78	*4%*	6.01	6.29	*5%*	5.81	*8%*
FD EPS, non-GAAP (RMB)	5.66	6.37	*13%*	5.71	*12%*	7.39	7.68	*4%*	6.62	*16%*

Source: Bloomberg Finance L.P. estimates., J. P. Morgan estimates (data as of May 29, 2026)

Overweight

BEKE,BEKE US

Price (28 May 26): $16.36

▲ **Price Target (Dec-27): $20.00**
Prior (Dec-26): $18.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	5.66	6.37	12.6%
Adj. EPS - 27E (Rmb)	7.39	7.68	3.9%

Quarterly Forecasts (FYE Dec)

Adj. EPS (Rmb)	2025A	2026E	2027E
Q1			
Q2			
Q3			
Q4			
FY	4.33	6.37	7.68

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	6	6	5	26	51
Growth	74	95	87	78	83
Momentum	32	92	70	16	62
Quality	67	60	70	91	71
Low Vol	61	79	84	98	99
ESGQ	20	8	9	23	-

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

KE Holdings *(Overweight; Price Target: $20.00)*

Investment Thesis

We believe BEKE's near-term share price will be highly correlated to China property data/policy (e.g., monthly property sales data). Longer-term, BEKE's 'company alpha' is intact, in our view: 1) we expect the company to continue to gain 3-4% share YoY in the China existing home/new home transactions market; 2) new growth drivers should enable BEKE to tap into new property market verticals with rich potential – we expect home renovation to resume growth in the next 6-12 months; and 3) BEKE's optimization of its agency network and the breakeven of its home renovation/rental service since 2025E should drive margin expansion in 2026-27. Maintain OW on market leadership and profit upside.

Valuation

Our Dec-27 PT of US$20 is based on a 18x 2027E P/E. We believe this target multiple is justified by the company's dominant market share among China housing transaction and service platforms and the fast growth of its new businesses.

Risks to Rating and Price Target

Downside risks include: 1) cyclicality and regulatory risks in the China property market; 2) the relatively short operating history of the company's Agent Cooperation Network; 3) potential competition in new home distribution; and 4) market risk (i.e., a correction of the overall stock market). Worse-than-expected provisions required for distressed developers are a further downside risk.

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Price Performance

	YTD	1m	3m	12m
Abs	3.8%	3.6%	-0.6%	-11.1%
Rel	-6.7%	-2.3%	-10.5%	-39.6%

Company Data

Shares O/S (mn)	1,137
52-week range ($)	20.98-14.40
Market cap ($ mn)	18,595
Exchange rate	1.00
Free float (%)	-
3M ADV (mn)	4.63
3M ADV ($ mn)	77.7
Volatility (90 Day)	41
Index	S&P 500
BBG ANR (Buy | Hold | Sell)	24|0|0

Key Metrics (FYE Dec)

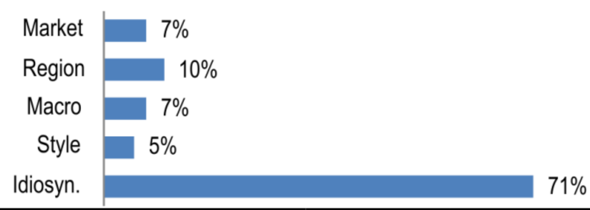
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	94,580	86,499	94,735	26,066
Adj. EBIT	4,250	7,752	9,570	2,238
Adj. EBITDA	3,183	7,188	9,052	2,280
Adj. net income	5,017	7,221	8,710	2,053
Adj. EPS	4.33	6.37	7.68	1.81
BBG EPS	4.68	5.71	6.62	7.09
Cashflow from operations	6,203	6,505	11,398	12,715
FCFF	4,546	5,250	10,018	11,197
Margins and Growth				
Revenue Growth Y/Y (%)	1.2%	(8.5%)	9.5%	(72.5%)
EBIT margin	4.5%	9.0%	10.1%	8.6%
EBIT Growth Y/Y (%)	(38.3%)	82.4%	23.5%	(76.6%)
EBITDA margin	3.4%	8.3%	9.6%	8.7%
EBITDA Growth Y/Y (%)	(33.4%)	125.8%	25.9%	(74.8%)
Net margin	5.3%	8.3%	9.2%	7.9%
Adj. EPS growth	(29.2%)	46.9%	20.6%	(76.4%)
Ratios				
Adj. tax rate	36.0%	32.7%	30.0%	30.0%
Interest cover	NM	-	-	-
Net debt/Equity	0.0	0.0	0.0	NM
Net debt/EBITDA	0.1	0.4	0.1	NM
ROE	7.2%	10.5%	12.6%	2.9%
Valuation				
FCFF yield	3.5%	4.2%	8.0%	8.9%
Dividend yield	-	-	-	-
EV/Revenue	1.4	1.5	1.4	4.8
EV/EBITDA	40.5	18.3	14.3	55.2
Adj. P/E	25.6	17.4	14.4	61.3

Summary Investment Thesis and Valuation

We believe BEKE's near-term share price will be highly correlated to China property data/policy (e.g., monthly property sales data). Longer-term, BEKE's 'company alpha' is intact, in our view: 1) we expect the company to continue to gain 3-4% share YoY in the China existing home/new home transactions market; 2) new growth drivers should enable BEKE to tap into new property market verticals with rich potential – we expect home renovation to resume growth in the next 6-12 months; and 3) BEKE's optimization of its agency network and the breakeven of its home renovation/rental service since 2025E should drive margin expansion in 2026-27. Maintain OW on market leadership and profit upside.

Our Dec-27 PT of US$20 is based on a 18x 2027E P/E. We believe this target multiple is justified by the company's dominant market share among China housing transaction and service platforms and the fast growth of its new businesses.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.04	0.24
Region: China	0.13	0.38
Macro:		
Citi Economic Surprise - EM	-0.26	-0.27
JPM EM Currency(EMCI) Fixing	0.12	0.21
JP Morgan GBI-EM Global Div	0.09	0.20
Quant Styles:		
Growth	-0.37	-0.18
Quality	-0.01	-0.17
Momentum	-0.36	-0.14

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price histor

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KE Holdings: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**93,457**	**94,580**	**86,499**	**94,735**	**26,066**
COGS	(70,513)	(74,368)	(64,684)	(70,222)	(19,032)
Gross profit	**22,944**	**20,212**	**21,816**	**24,513**	**7,034**
SG&A	(16,744)	(15,404)	(13,350)	(14,055)	(4,379)
Adj. EBITDA	**4,777**	**3,183**	**7,188**	**9,052**	**2,280**
D&A	(1,012)	(1,072)	(1,061)	(1,061)	(356)
Adj. EBIT	**6,890**	**4,250**	**7,752**	**9,570**	**2,238**
Net Interest	1,260	808	540	540	135
Adj. PBT	**6,870**	**4,677**	**8,367**	**10,188**	**2,485**
Tax	(2,792)	(1,686)	(2,733)	(3,056)	(745)
Minority Interest	1	0	0	0	0
Adj. Net Income	**7,211**	**5,017**	**7,221**	**8,710**	**2,053**
Reported EPS	3.46	2.58	4.97	6.29	1.53
Adj. EPS	**6.12**	**4.33**	**6.37**	**7.68**	**1.81**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	1,179	1,158	1,134	1,134	1,134

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**9,447**	**6,203**	**6,505**	**11,398**	**12,715**
o/w Depreciation & amortization	1,012	1,072	1,061	1,061	356
o/w Changes in working capital	1,920	235	(1,706)	1,734	1,686
Cash flow from investing activities	**(9,378)**	**(1,141)**	**(1,255)**	**(1,380)**	**(1,519)**
o/w Capital expenditure	(1,037)	(1,141)	(1,255)	(1,380)	(1,519)
as % of sales	*1.1%*	*1.2%*	*1.5%*	*1.5%*	*5.8%*
Cash flow from financing activities	**(5,795)**	**(7,831)**	**(7,831)**	**(7,831)**	**(7,831)**
o/w Dividends paid	(2,831)	(2,831)	(2,831)	(2,831)	(2,831)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	0	0	0	0	0
Net change in cash	**(5,556)**	**(2,709)**	**(2,581)**	**2,187**	**3,366**
Adj. Free cash flow to firm	**7,662**	**4,546**	**5,250**	**10,018**	**11,197**
y/y Growth	*(20.2%)*	*(40.7%)*	*15.5%*	*90.8%*	*11.8%*

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	11,443	8,734	6,155	8,342	11,707
Accounts receivable	5,498	5,564	5,089	5,573	6,044
Inventories	-	-	-	-	-
Other current assets	59,662	59,739	59,201	59,754	60,292
Current assets	**76,603**	**74,037**	**70,444**	**73,669**	**78,044**
PP&E	2,400	2,960	3,650	4,404	5,297
LT investments	23,790	23,790	23,790	23,790	23,790
Other non current assets	30,356	30,217	30,083	29,948	29,813
Total assets	**133,149**	**131,005**	**127,967**	**131,811**	**136,944**
Short term borrowings	288	288	288	288	288
Payables	9,493	9,607	8,786	9,622	10,436
Other short term liabilities	42,963	43,227	41,328	43,264	45,145
Current liabilities	**52,744**	**53,122**	**50,402**	**53,174**	**55,869**
Long-term debt	0	0	0	0	0
Other long term liabilities	8,957	8,957	8,957	8,957	8,957
Total liabilities	**61,701**	**62,079**	**59,359**	**62,131**	**64,826**
Shareholders' equity	71,324	68,802	68,483	69,556	71,994
Minority interests	124	124	124	124	124
Total liabilities & equity	**133,149**	**131,005**	**127,967**	**131,811**	**136,944**
BVPS	**62.75**	**62.02**	**62.71**	**63.70**	**65.93**
y/y Growth	*1.9%*	*(1.2%)*	*1.1%*	*1.6%*	*3.5%*
Net debt/(cash)	(2,518)	191	2,770	583	(2,782)

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	24.6%	21.4%	25.2%	25.9%	27.0%
EBITDA margin	5.1%	3.4%	8.3%	9.6%	8.7%
EBIT margin	7.4%	4.5%	9.0%	10.1%	8.6%
Net profit margin	7.7%	5.3%	8.3%	9.2%	7.9%
ROE	10.1%	7.2%	10.5%	12.6%	2.9%
ROA	5.7%	3.8%	5.6%	6.7%	1.5%
ROCE	5.1%	3.4%	6.7%	8.6%	2.0%
SG&A/Sales	17.9%	16.3%	15.4%	14.8%	16.8%
Net debt/Equity	NM	0.0	0.0	0.0	NM
Net debt/EBITDA	NM	0.1	0.4	0.1	NM
Sales/Assets (x)	0.7	0.7	0.7	0.7	0.2
Assets/Equity (x)	1.8	1.9	1.9	1.9	1.9
Interest cover (x)	NM	NM	-	-	-
Operating leverage	(104.1%)	(3190.5%)	(964.6%)	246.4%	105.7%
Tax rate	40.6%	36.0%	32.7%	30.0%	30.0%
Revenue y/y Growth	20.2%	1.2%	(8.5%)	9.5%	(72.5%)
EBITDA y/y Growth	(22.9%)	(33.4%)	125.8%	25.9%	(74.8%)
EPS y/y Growth	(25.0%)	(29.2%)	46.9%	20.6%	(76.4%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	18.1	25.6	17.4	14.4	61.3
P/BV (x)	1.8	1.8	1.8	1.7	1.7
EV/EBITDA (x)	26.4	40.5	18.3	14.3	55.2
Dividend Yield	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Overweight

2423.HK,2423 HK
Price (29 May 26): HK$43.42

▲ **Price Target (Dec-27): HK$52.00**
Prior (Dec-26): HK$47.00

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	1.96	2.20	12.2%
Adj. EPS - 27E (Rmb)	2.57	2.66	3.6%

Quarterly Forecasts (FYE Dec)

Adj. EPS (Rmb)	2025A	2026E	2027E
Q1			
Q2			
Q3			
Q4			
FY	1.51	2.20	2.66

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	23	14	15	87	7
Growth	80	93	88	79	99
Momentum	61	94	63	4	
Quality	76	75	66	89	80
Low Vol	68	88	89	95	
ESGQ	7	6	3	5	-

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

KE Holdings - H

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Investment Thesis, Valuation and Risks

KE Holdings - H *(Overweight; Price Target: HK$52.00)*

Investment Thesis

We believe BEKE's near-term share price will be highly correlated to China property data/policy (e.g., monthly property sales data). Longer term, BEKE's 'company alpha' is intact, in our view: 1) we expect the company to continue to gain 3-4% share YoY in the China existing home/new home transactions market; 2) new growth drivers should enable BEKE to tap into new property market verticals with rich potential – we expect home renovation to resume growth in the next 6-12 months; and 3) BEKE's optimization of its agency network and the breakeven of its home renovation/rental service since 2025E should drive margin expansion in 2026-27. Maintain OW on market leadership and profit upside.

Valuation

Our Dec-27 PT of HK$52 is based on our BEKE US PT of US$20 (which is based on a 18x 2027E P/E), an HK$/US$ exchange rate of 7.75, and an ADS/ordinary conversion rate of 3.

Risks to Rating and Price Target

Downside risks include: 1) cyclicality and regulatory risks in the China property market; 2) the relatively short operating history of the company's Agent Cooperation Network; 3) potential competition in new home distribution; and 4) market risk (i.e., a correction of the overall stock market). Worse-than-expected provisions required for distressed developers are a further downside risk.

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Price Performance

	YTD	1m	3m	12m
Abs	4.6%	3.0%	-0.3%	-12.0%
Rel	6.3%	6.5%	5.1%	-18.8%

Company Data

Shares O/S (mn)	3,410
52-week range (HK$)	53.90-36.80
Market cap ($ mn)	18,899
Exchange rate	7.83
Free float (%)	59.8%
3M ADV (mn)	11.95
3M ADV ($ mn)	66.3
Volatility (90 Day)	42
Index	HSI
BBG ANR (Buy | Hold | Sell)	30|0|0

Key Metrics (FYE Dec)

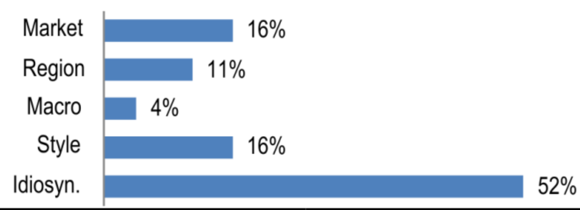
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	94,580	86,499	94,735	26,066
Adj. EBIT	4,250	7,752	9,570	2,238
Adj. EBITDA	3,183	7,188	9,052	2,280
Adj. net income	5,017	7,221	8,710	2,053
Adj. EPS	1.51	2.20	2.66	0.63
BBG EPS	1.56	1.90	2.21	2.36
Cashflow from operations	6,203	6,505	11,398	12,715
FCFF	4,546	5,250	10,018	11,197
Margins and Growth				
Revenue Growth Y/Y (%)	1.2%	(8.5%)	9.5%	(72.5%)
EBIT margin	4.5%	9.0%	10.1%	8.6%
EBIT Growth Y/Y (%)	(38.3%)	82.4%	23.5%	(76.6%)
EBITDA margin	3.4%	8.3%	9.6%	8.7%
EBITDA Growth Y/Y (%)	(33.4%)	125.8%	25.9%	(74.8%)
Net margin	5.3%	8.3%	9.2%	7.9%
Adj. EPS growth	(28.7%)	46.2%	20.6%	(76.4%)
Ratios				
Adj. tax rate	36.0%	32.7%	30.0%	30.0%
Interest cover	NM	-	-	-
Net debt/Equity	0.2	0.2	0.2	0.2
Net debt/EBITDA	4.4	2.3	1.6	4.8
ROE	7.2%	10.5%	12.6%	2.9%
Valuation				
FCFF yield	3.6%	4.3%	8.1%	9.1%
Dividend yield	-	-	-	-
EV/Revenue	1.5	1.7	1.5	5.4
EV/EBITDA	44.9	20.2	15.8	61.4
Adj. P/E	24.9	17.0	14.1	59.9

Summary Investment Thesis and Valuation

We believe BEKE's near-term share price will be highly correlated to China property data/policy (e.g., monthly property sales data). Longer term, BEKE's 'company alpha' is intact, in our view: 1) we expect the company to continue to gain 3-4% share YoY in the China existing home/new home transaction market; 2) new growth drivers should enable BEKE to tap into new property market verticals with rich potential – we expect home renovation to resume growth in the next 6-12 months; and 3) BEKE's optimization of its agency network and the breakeven of its home renovation/rental service since 2025E should drive margin expansion in 2026-27. Maintain OW on market leadership and profit upside.

Our Dec-27 PT of HK$52 is based on our BEKE US PT of US$20 (which is based on a 18x 2027E P/E), an HK$/US$ exchange rate of 7.75, and an ADS/ordinary conversion rate of 3.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.34	0.39
Region: China	0.26	0.38
Macro:		
Markit EM Composite PMI SA	0.36	0.21
JP Morgan GBI-EM Global Div	0.13	0.19
Citi Economic Surprise - EM	-0.26	-0.18
Quant Styles:		
Growth	-0.28	-0.22
Quality	0.12	-0.17
DivYld	0.18	0.08

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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KE Holdings - H: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**93,457**	**94,580**	**86,499**	**94,735**	**26,066**
COGS	(70,513)	(74,368)	(64,684)	(70,222)	(19,032)
Gross profit	**22,944**	**20,212**	**21,816**	**24,513**	**7,034**
SG&A	(16,744)	(15,404)	(13,350)	(14,055)	(4,379)
Adj. EBITDA	**4,777**	**3,183**	**7,188**	**9,052**	**2,280**
D&A	(1,012)	(1,072)	(1,061)	(1,061)	(356)
Adj. EBIT	**6,890**	**4,250**	**7,752**	**9,570**	**2,238**
Net Interest	1,260	808	540	540	135
Adj. PBT	**6,870**	**4,677**	**8,367**	**10,188**	**2,485**
Tax	(2,792)	(1,686)	(2,733)	(3,056)	(745)
Minority Interest	1	0	0	0	0
Adj. Net Income	**7,211**	**5,017**	**7,221**	**8,710**	**2,053**
Reported EPS	1.20	0.90	1.72	2.18	0.53
Adj. EPS	**2.11**	**1.51**	**2.20**	**2.66**	**0.63**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	3,410	3,328	3,276	3,276	3,276

Income Statement - Quarterly	1Q26A	2Q26E	3Q26E	4Q26E
Revenue	**-**	**-**	**-**	**-**
COGS	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**
SG&A	-	-	-	-
Adj. EBITDA	**-**	**-**	**-**	**-**
D&A	-	-	-	-
Adj. EBIT	**-**	**-**	**-**	**-**
Net Interest	-	-	-	-
Adj. PBT	**-**	**-**	**-**	**-**
Tax	-	-	-	-
Minority Interest	-	-	-	-
Adj. Net Income	**-**	**-**	**-**	**-**
Reported EPS	-	-	-	-
Adj. EPS	**-**	**-**	**-**	**-**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	-	-	-	-

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	11,443	8,734	6,155	8,342	11,707
Accounts receivable	5,498	5,564	5,089	5,573	6,044
Inventories	-	-	-	-	-
Other current assets	59,662	59,739	59,201	59,754	60,292
Current assets	**76,603**	**74,037**	**70,444**	**73,669**	**78,044**
PP&E	2,400	2,960	3,650	4,404	5,297
LT investments	23,790	23,790	23,790	23,790	23,790
Other non current assets	30,356	30,217	30,083	29,948	29,813
Total assets	**133,149**	**131,005**	**127,967**	**131,811**	**136,944**
Short term borrowings	288	288	288	288	288
Payables	9,493	9,607	8,786	9,622	10,436
Other short term liabilities	42,963	43,227	41,328	43,264	45,145
Current liabilities	**52,744**	**53,122**	**50,402**	**53,174**	**55,869**
Long-term debt	0	0	0	0	0
Other long term liabilities	8,957	8,957	8,957	8,957	8,957
Total liabilities	**61,701**	**62,079**	**59,359**	**62,131**	**64,826**
Shareholders' equity	71,324	68,802	68,483	69,556	71,994
Minority interests	124	124	124	124	124
Total liabilities & equity	**133,149**	**131,005**	**127,967**	**131,811**	**136,944**
BVPS	**20.92**	**20.67**	**20.90**	**21.23**	**21.98**
y/y Growth	*1.9%*	*(1.2%)*	*1.1%*	*1.6%*	*3.5%*
Net debt/(cash)	11,212	13,921	16,500	14,313	10,947
Cash flow from operating activities	**9,447**	**6,203**	**6,505**	**11,398**	**12,715**
o/w Depreciation & amortization	1,012	1,072	1,061	1,061	356
o/w Changes in working capital	1,920	235	(1,706)	1,734	1,686
Cash flow from investing activities	**(9,378)**	**(1,141)**	**(1,255)**	**(1,380)**	**(1,519)**
o/w Capital expenditure	(1,037)	(1,141)	(1,255)	(1,380)	(1,519)
as % of sales	*1.1%*	*1.2%*	*1.5%*	*1.5%*	*5.8%*
Cash flow from financing activities	**(5,795)**	**(7,831)**	**(7,831)**	**(7,831)**	**(7,831)**
o/w Dividends paid	(2,831)	(2,831)	(2,831)	(2,831)	(2,831)
o/w Net debt issued/(repaid)	0	0	-	-	-
Net change in cash	**(5,556)**	**(2,709)**	**(2,579)**	**2,187**	**3,366**
Adj. Free cash flow to firm	**7,662**	**4,546**	**5,250**	**10,018**	**11,197**
y/y Growth	*(20.2%)*	*(40.7%)*	*15.5%*	*90.8%*	*11.8%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	24.6%	21.4%	25.2%	25.9%	27.0%
EBITDA margin	5.1%	3.4%	8.3%	9.6%	8.7%
EBIT margin	7.4%	4.5%	9.0%	10.1%	8.6%
Net profit margin	7.7%	5.3%	8.3%	9.2%	7.9%
ROE	10.1%	7.2%	10.5%	12.6%	2.9%
ROA	5.7%	3.8%	5.6%	6.7%	1.5%
ROCE	4.4%	2.9%	5.7%	7.3%	1.7%
SG&A/Sales	17.9%	16.3%	15.4%	14.8%	16.8%
Net debt/equity	0.2	0.2	0.2	0.2	0.2
P/E (x)	17.8	24.9	17.0	14.1	59.9
P/BV (x)	1.8	1.8	1.8	1.8	1.7
EV/EBITDA (x)	29.3	44.9	20.2	15.8	61.4
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.7	0.7	0.7	0.7	0.2
Interest cover (x)	NM	NM	-	-	-
Operating leverage	(104.1%)	(3190.5%)	(964.6%)	246.4%	105.7%
Revenue y/y Growth	20.2%	1.2%	(8.5%)	9.5%	(72.5%)
EBITDA y/y Growth	(22.9%)	(33.4%)	125.8%	25.9%	(74.8%)
Tax rate	40.6%	36.0%	32.7%	30.0%	30.0%
Adj. Net Income y/y Growth	(26.4%)	(30.4%)	43.9%	20.6%	(76.4%)
EPS y/y Growth	(24.2%)	(28.7%)	46.2%	20.6%	(76.4%)
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which