

China Strategy

Holiday economy signals cautious resilience

- **Macro:** China's consumption exhibited moderate growth during the National Day holiday period, driven by strong demand for green, smart, and experiential products. However, the housing market remained weak despite recent policy loosening in tier-1 cities. Deflationary pressure is expected to abate thanks to rising core CPI and PPI amid global liquidity easing, US dollar depreciation and domestic supply-side restructuring. Liquidity conditions should remain easing at least in the next two quarters. China may launch additional RRR/LPR cuts and fiscal stimulus in 4Q25 as both housing sales and durables consumption growth rates could sharply decelerate due to the base effect.
- **Internet:** Key observations from OTA platforms: based on this year's holiday travel data, "quality" and "long-haul" are key words, in our view, which likely indicates resilient travel demand and speaks to a better-than-expected margin expansion trend for 3Q25 among key online travel agency (OTA) companies under our coverage. Contribution from long-haul travel booking orders to total domestic travel booking orders on TCOM's platform increased by 3ppts YoY, according to the company. Fliggy, an OTA under Alibaba, noted that average order value on its platform went up by 14.6% YoY during the holiday period, and Tongcheng Travel highlighted that outbound long-haul packaged tours increased by nearly 100% YoY on its platform, significantly outperforming that of outbound short-haul tours; meanwhile, the spending of users from non-first-tier cities on domestic and outbound group tour products rose over 33% YoY. **We reiterate our BUY rating on Trip.com Group (TCOM US) and Tongcheng Travel (780 HK).**
- **Consumer discretionary:** We believe retail sales growth was somewhat disappointing during the 2025 National Day holidays, and risks may remain high for 4Q25E. Therefore, we stay cautious, with a preference on consumption trade-down themes and high-dividend stocks. The sector's slowdown is likely due to a high base in 2024, absence of government subsidies for home appliances, strong outbound travel, as well as ongoing macro and weather challenges. Looking ahead, many of these problems could persist, and unless China launches major new stimulus, recovery will be tough. Margin pressure from slower growth, deeper discounts, and rising competition remains a concern.

Top picks: **Luckin Coffee (LKNCY US), Guoquan (2517 HK), Green Tea Group (6831 HK), Jiumaojiu (9922 HK), Li Ning (2331 HK), Bosideng (3998 HK), and JS Global (1691 HK).**
- **Auto:** Golden Week sales diverged; focus on clear share gainers. NEV brands showed much stronger sales momentum than major traditional brands during the Golden Week, based on our channel checks. A number of competitive NEV models launched in Aug-Sep 2025 became the key driver for the strong order intake during the Golden Week. We also estimate that about 50 new models are to be rolled out in 4Q25. That, along with the pre-buying effect as the savings from the NEV purchase-tax exemption are to halve from 2026, could lift NEV market share in 4Q25. We slightly revise up our nationwide retail and wholesale volume forecasts in 2025 to reflect better-than-expected sales in 3Q25 and potential NEV pre-buying in 4Q25, although we expect ICE vehicle sales volume to decline YoY in 4Q25. **Geely (175 HK, BUY) and Leapmotor (9863 HK, BUY)** remain as our OEM top picks, as we expect their 4Q25 sales volumes and profits to beat investors' expectation again. **Zenergy (3677 HK, BUY)**, as a battery maker, could also benefit from NEV's market share gains in 4Q25.

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- **Property:** Weakening policy effect. During the first seven days of the National Day holiday period, property sales remained subdued. The 30-city average daily new home sales area fell 18% YoY, while the 14-city secondary home sales area also declined YoY, further indicating weakening policy effects. The stimulus measures introduced in August-September 2025 have proven significantly less effective than the 2024 "924" policy package. Even accounting for the lag in official registration data, real-time sales performance shows a similar pattern: secondary home transactions fell 72% and 77% YoY by unit in Beijing and Shenzhen respectively according to Iceberg Data. We believe the dismal sales performance may prompt regulators to introduce further easing measures. We expect the sector to remain volatile in Q4, caught between positive policy expectations and negative sales data. However, over the longer term, the sector should remain in a recovery cycle. For stocks, we recommend **KE Holdings (BEKE US)** as a beneficiary of the secondary market and cash-flow-resilient property management companies like **CR MixC (1209 HK)**, **Greentown Service (2869 HK)**, **Poly Services (6049 HK)**, **Binjiang Services (3316 HK)** and **Onewo (2602 HK)**.

Macro

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■ Consumption moderately increased with strong demand for green, smart products, and experiential items

The National Day holiday (October 1-8 this year) serves as a critical window into China's consumption trends. Official statistics indicate a moderate growth of service consumption during the holiday. According to the Ministry of Transportation, total passenger flow during the holiday increased by 6.2% compared to the same period last year. We expect domestic tourism revenue might have increased 6%-8% YoY. According to Hong Kong Immigration Department, more than 1.39mn mainland tourists visited Hong Kong during the holiday, up 10% YoY. With the supportive policies such as visa-free entry, expanded tax rebates, and cross-border payment optimization, the total number of inbound travellers increased by 38.46% YoY in the first six days of the holiday based on the statistics of the National Immigration Administration.

Durables sales continued to grow during the holiday thanks to the supply-side tech upgrading as well as the trade-in subsidy program for autos, electric bicycles, cell phones and home appliances. Consumers prefer green and smart products. According to the Ministry of Commerce, smart home appliances sales rose 16.8%, while energy-efficient products grew 19% during the first four days of the holiday period.

Experiential spending remained strong thanks to the culture and technology fusion. According to the Ministry of Culture and Tourism, cultural events (e.g., Tangshan concerts, digital night tours in Dunhuang) drove cultural tourism ticket sales to surge over 100% during the first five days of the holiday. The *Black Myth: Wukong* game boosted Shanxi Xiaoxitian Temple visits by 200%, while Beijing's "Midnight Great Wall" light shows attracted 40% more visitors compared to the same period last year. Jiangsu's Super League (SUC), the amateur football league, drove Nanjing hotel bookings up 68.6% YoY, with match-day restaurant revenues surging 150% YoY.

■ Housing market remained weak

Housing sales mildly improved as tier-1 cities further loosened home purchase restrictions before the holiday. Due to the base effect, however, the YoY growth of housing sales softened. China announced a package of stimulus policies on 24 September 2024 and housing sales sharply jumped in 4Q24. With the high base effect and diminishing policy stimulus effect, the YoY growth of housing sales may further decelerate in 4Q25. Chinese policymakers might have to launch additional stimulus policies to boost housing demand.

Housing prices in most cities continued to decline yet at a lesser magnitude as the rebalance of supply and demand continued to proceed. Based on our forecast, housing prices in tier-1 cities might gradually stabilize around the middle of next year as the months of new home supply in those cities are likely to drop to a normal level next year.

■ Deflation persisted with possible moderate alleviation in future

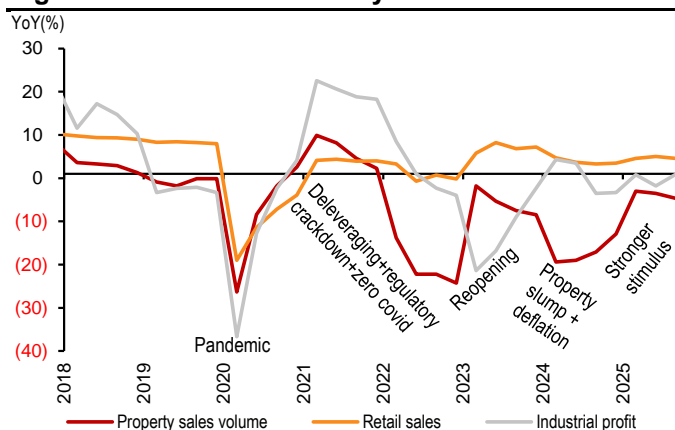
We expect the deflationary pressures to gradually abate from 4Q25. The modest increase in the core CPI signals a gradual yet steady rebound in domestic

consumption. Concurrently, the uptick in the PPI is supported by global liquidity easing, US dollar depreciation and China's supply-side restructuring. Monetary loosening undertaken by major economies has injected liquidity into the market, inevitably inflating asset and commodity prices. Meanwhile, the persistent depreciation of the US dollar render dollar-denominated commodities cheaper for non-dollar holders, thereby stimulating global procurement demand. In addition, China's ongoing commitment to supply-side structural reform would effectively tighten the supply of industrial materials. Against this macroeconomic backdrop, the sustained surge in the prices of gold and copper issues a clear warning of reflationary risk to the global economy. A probable alleviation of the deflation could lay a crucial foundation for earnings improvement and stock market rallies in China.

■ Liquidity condition remains easing with possible additional fiscal stimulus ahead

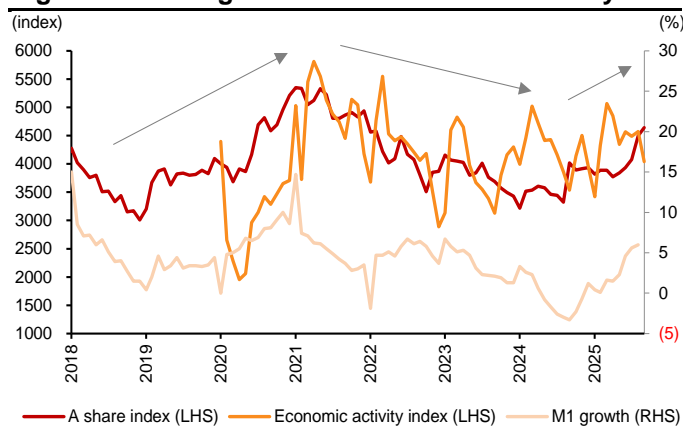
The cycle of liquidity easing may continue in China unless the housing market and general price levels show a strong recovery. The liquidity condition will remain favourable for at least the next two quarters, in our view. Due to the base effect and the diminishing effects of policy stimulus, the YoY growth rates of housing sales and durables consumption are likely to decrease sharply in 4Q25. We expect the central bank to cut RRRs and LPRs further in 4Q25. The Ministry of Finance (MoF) may have to launch additional fiscal stimulus, especially targeting households and consumption.

Figure 1: China's business cycle

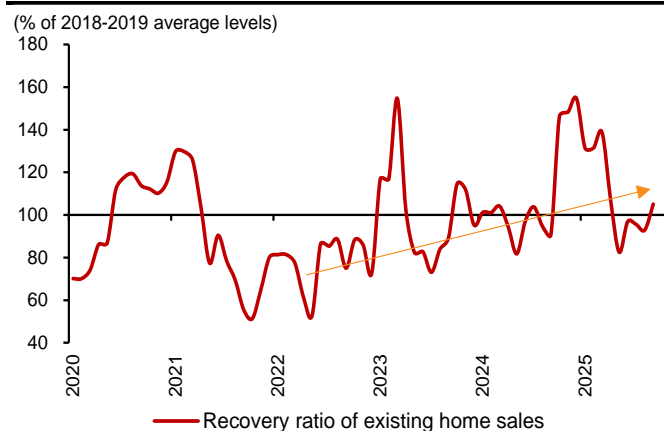


Source: Wind, CMBIGM

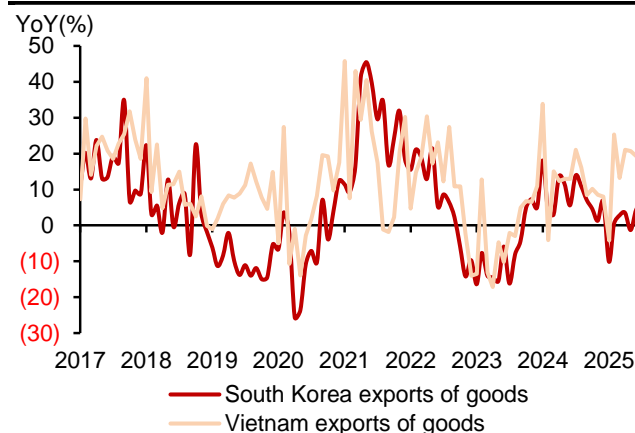
Figure 2: Leading indicators for China economy



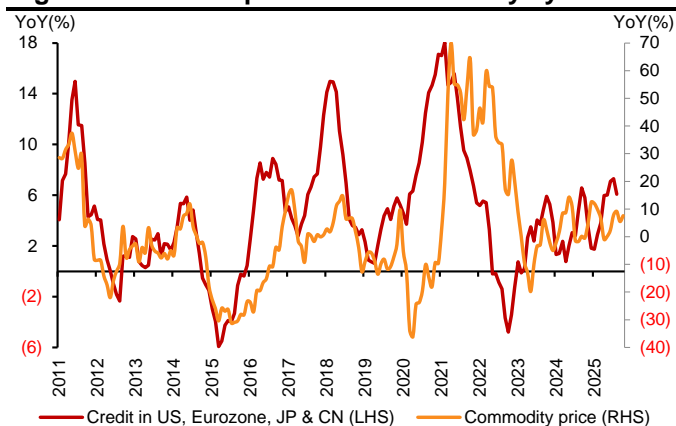
Source: Wind, CMBIGM

Figure 3: Recovery of China's existing home sales

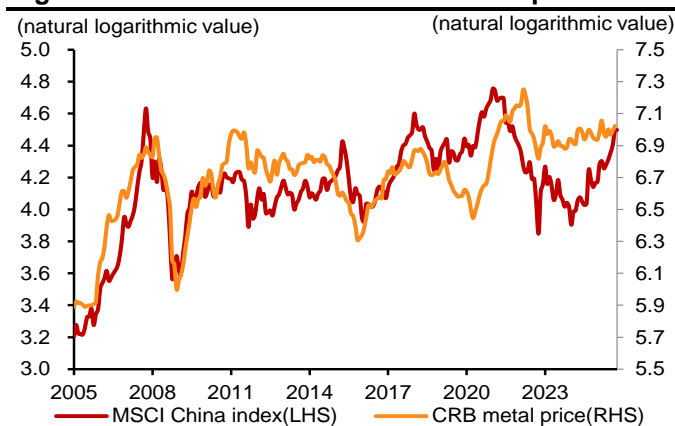
Source: Wind, CMBIGM

Figure 4: South Korea & Vietnam exports growth

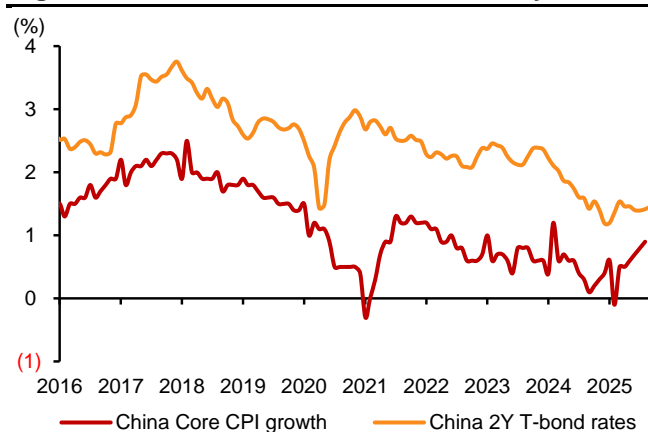
Source: Wind, CMBIGM

Figure 5: Credit expansion & commodity cycle

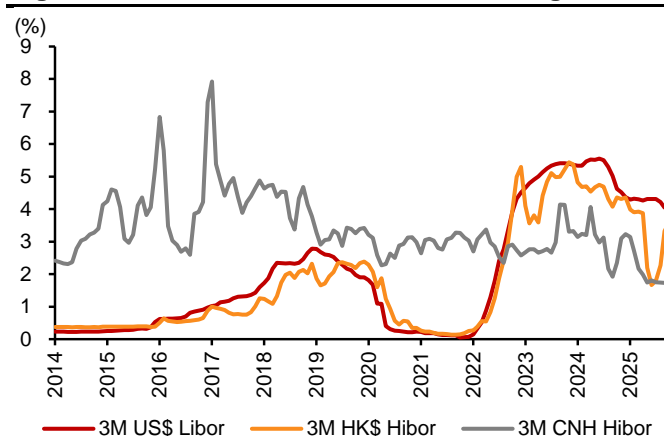
Source: Wind, CMBIGM

Figure 6: MSCI China index & CRB metal price

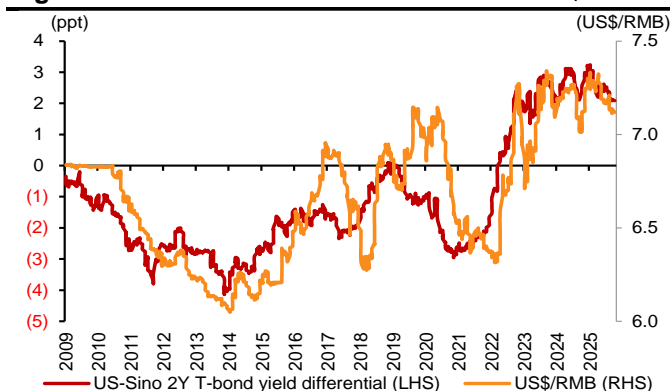
Source: Wind, CMBIGM

Figure 7: China's core inflation & T-bond yields

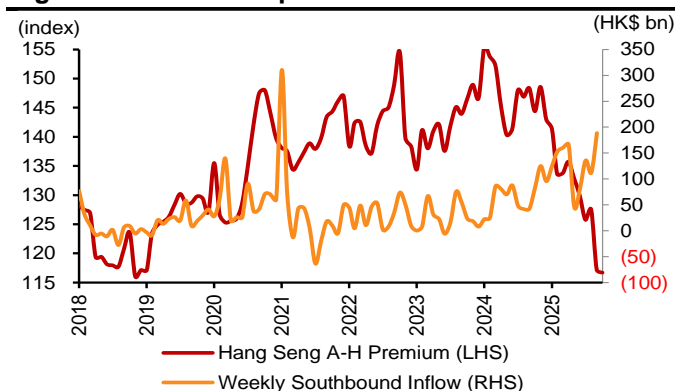
Source: Wind, CMBIGM

Figure 8: US\$, HK\$ & RMB offshore funding costs

Source: Wind, CMBIGM

Figure 9: US-China interest differential & US\$/RMB

Source: Wind, CMBIGM

Figure 10: A-H share premium & southbound inflow

Source: Wind, CMBIGM

Internet

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■ Key observations from OTA platforms: “quality” and “long-haul” are key words

Based on our observations from this year’s National Day and Mid-Autumn Festival holidays’ travel data, “quality” and “long-haul” are key words, which likely indicates resilient travel demand and speaks to a better-than-expected margin expansion trend for 3Q25 for key OTA companies under our coverage. Contribution from long-haul travel booking orders to total domestic travel booking orders on TCOM’s platform increased by 3ppts YoY. Fliggy noted that average order value on its platform went up by 14.6% YoY during the holiday period, and Tongcheng Travel (TC) highlighted that the number of outbound long-haul packaged tours increased by nearly 100% YoY on its platform, significantly outperforming that of outbound short-haul tours; meanwhile, the spending of users from non-first-tier cities on domestic and outbound packaged tour products increased by over 33% YoY. We reiterate our BUY rating on Trip.com Group (TCOM US) and Tongcheng Travel (780 HK).

Forecast data from the National Immigration Administration of China revealed resilient demand for outbound travel: the average daily number of inbound and outbound passengers during this year’s holiday period is expected to exceed 2mn, representing a YoY increase of over 6.9%. According to the Ministry of Culture and Tourism, during the 8-day National Day and Mid-Autumn Festival holiday period, the number of domestic tourist trips reached 888mn, an increase of 123mn compared with the 7-day National Day holiday period in 2024. The total domestic tourism spending stood at RMB809.0bn, up by RMB108.2bn from that in 2024. Based on our calculation, the daily average number of domestic tourist trips nationwide during the 2025 National Day holiday period was 111mn, up 1.6%

YoY, and the daily average domestic tourism spending was RMB101.1bn, up 1.0% YoY. Both data indicate healthy growth trend of travel industry, in our view.

According to TCOM, during this year's holiday period, on its platform: 1) contribution from long-haul travel booking orders to total domestic travel booking orders increased by 3ppts YoY, and the long-haul travel booking orders to several European destinations doubled YoY; 2) tourists are increasingly focusing on in-depth experiences: bookings for chartered car tours in Beijing increased by 75% YoY, and the number of bookings for outbound chartered car tours rose by over 120% YoY; among outbound chartered car tours, the total GMV of the Japanese market increased by 180%, and the GMV of the Sri Lankan market saw a YoY growth of more than 300%; 3) popular destinations of outbound travel include Japan, Thailand, Malaysia, South Korea, and Singapore; outbound bookings to places like Iceland and Norway doubled YoY, while those to Spain, Italy, and Germany increased by c. 70% YoY; for inbound travel, the main source countries of tourists are South Korea, the United States, Russia, Japan, and Malaysia.

Per Fliggy data, the per capita booking volume of transportation products such as air tickets and car-hailing services on its platform increased by 5% YoY during this year's holiday period. The per capita booking volume of products like hotels, package tours, and tickets rose by 4.6% YoY. Additionally, the average order value for holiday travel went up by 14.6% YoY. Also, a trend worth noting is that the post-95s generation (people born between 1995 and 1999) have taken the lead in travel during this year's holiday period, with their booking volume accounting for the highest proportion, reaching nearly a quarter, which in our view is a supporting factor for the resilient travel demand.

Data from Tongcheng Travel also demonstrated the "quality" and "long-haul" trend: 1) outbound long-haul packaged tours increased by nearly 100% YoY on its platform, significantly outperforming that of outbound short-haul tours; meanwhile, the spending of users from non-first-tier cities on domestic and outbound packaged tour products rose by over 33% YoY; 2) during the holiday period, the proportion of domestic air tickets with flight distances of 400-800km, 800-1,200km, and over 3,200km all exceeded 20%, and among these, the volume of flight segments over 3,200km increased by 14% YoY, ranking the first in terms of growth rate among all flight segments; 3) the booking popularity of high-quality hotels in domestic non-first-tier cities increased by over 90% YoY, higher than the overall booking popularity of high-quality hotels in China.

Consumer Discretionary

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Given the already worse-than-expected data set during the National Day holidays and various risks heading into 4Q25E, we tend to be cautious now. Continue to prefer themes like consumption trade down and high dividends. According to our estimates, the retail sector trend has somewhat slowed down in 3Q25E, perhaps due to the following reasons: 1) increasingly high base back in 2024, 2) absence of government subsidies (esp. for home appliances), 3) relatively strong outbound travel (which might dilute the domestic purchasing power), 4) various macro uncertainties (e.g. declining home prices, trade war related), 5) bad weather (e.g. too many rainy days, typhoons, and higher temperature than last year). Heading into 4Q25E, we tend not to be too optimistic and prefer being more cautious, because many of these factors could still last (high base, absence of subsidies, strong outbound travel, macro uncertainties, warm winter, etc.) and there are other risks (e.g. delivery subsidy may further downscale and high base for e-commerce channel sales) as well. In fact, the retail sales data we have observed during the National Day holidays in 2025 were already worse-than-expected. Unless the central government could launch a reasonably sizeable stimulus programme, this trend, in our view, is not easy to turn around. Moreover, the slowdown in growth, rising competition and deeper discounts may all lead to margin compression. Under this situation, we would continue to prefer themes like consumption trade down and high dividends.

We prefer Luckin Coffee (LKNCY US, BUY), Guoquan (2517 HK, BUY), Green Tea Group (6831 HK, BUY), Jiumaojiu (9922 HK, BUY), Li Ning (2331 HK, BUY), Bosideng (3998 HK, BUY), and JS Global (1691 HK, BUY).

Growth rate of number of average daily cross-regional passengers during this National Day holidays was weaker than that in Labour Day holidays, even though it has already included the Mid-autumn Festival. Based on the data from the Ministry of Transport/ 交通运输部, during the National Day holidays this year (six days from 1 Oct to 6 Oct 2025), the average daily cross-regional passengers increased by 6.5% YoY, which is an improvement vs the 2.4% growth in the 2025 Dragon Boat Festival but a slowdown vs the 8.6% in the 2025 Labour Day holidays. However, we estimated that the recovery rate (vs 2019) for the National Day holidays this year was 131%, much better than the 120% in 2025 Dragon Boat Festival but slightly weaker than the 134% in 2025 Labour Day Holidays. In terms of the forms of transportation, the growth rates of cross-regional passengers were at 1.5%/ 5.4%/ 8.8%/ 3.8% for railway/ road/ boat/ airline. Even though we do understand there are potential drags, like: 1) unfavorable weather (too many rains, typhoon, high temperature, etc.), 2) absence of consumption subsidies or stimulus, 3) strong outbound growth to overseas (according to Qunar/ 去哪儿, hotel bookings for popular domestic/ overseas destinations have increased by more than 20%/ 30% YoY). But given that the Mid-Autumn Festival was also included during the Golden Week holidays this year, such a slowdown in growth rate of overall traffic is not as healthy as we previously anticipated.

The overall retail sales growth was also sluggish, based on the data from the Ministry of Commerce/ 商务部. According to the data from the Ministry of Commerce/ 商务部, the sales growth of key nationwide retail and catering enterprises was only 3.3% YoY during the 2025 National Day holidays, much slower than the 6.3%/ 4.5% during the 2025 Labour Day/ 2024 National Day holidays. Moreover, this could be echoed by the offline traffic data. Also, based on the data from the Ministry of Commerce/ 商务部, for the same time frame, the growth in passenger flow in the key pedestrian streets and commercial districts was only at 4.2%, showing a continuous slowdown from 6.4%/ 12.5%.

The movie box office was also quite disappointing, falling for two consecutive years since 2023. According to the real-time data from Maoyan/ 猫眼, the total box office during the 2025 National Day holidays was only at RMB 1.72bn, about 18% decline YoY, better than the 51% drop back in 2025 Labour Day holidays, but still worse than the 23% drop in 2024 National Day holidays. The number of views has decreased by 10% and the price per ticket also fell by 9%, worsening from the 2% drop / 4% decline during the 2025 Labour Day / 2024 National Day holidays.

Tea drinks and coffee, tourism-hotel and home appliances inline, catering, sportswear and apparel missed. In terms of sub-sectors, we believe the performance of tea drinks and coffee, tourism-hotel and home appliances sectors during the National Day holidays this year were inline with our expectations, while catering, sportswear and apparel sectors were all worse than expected. Therefore, we now downgrade our rating for sportswear and apparel sectors to MARKET-PERFORM.

■ Sportswear sector (Downgrade to MARKET-PERFORM).

According to our estimates, the industry sales growth in Sep 2025 could be at LSD, slightly better than the flattish growth in Aug 2025 and LSD drop in Jul 2025. But the only reason leading to this satisfactory Sep performance was the robust online sales growth where the offline sales growth was actually quite sluggish, esp. the customer traffic. Overall speaking, the retail sales growth in 3Q25E may even be slower than that in 2Q25, and some brands might have missed their sales targets. Moreover, with potentially slow e-commerce sales growth and weak offline demand, the industry retail sales growth during the National Day holidays this year was rather disappointing. And in our view, the main reasons behind were 1) higher temperature than last year, 2) lack of consumer confidence amid weak and uncertain economic growth, and 3) limited new and innovative products. Although the channel inventory appears to be healthy, the retail discounts level continued to worsen on both QoQ and YoY basis in 3Q25E.

For 4Q25E, we will be more cautious and hence we will downgrade our rating to MARKET-PERFORM, because: 1) the performance was still weak while the base in 3Q24 was already low, and the base will be higher in 4Q24, 2) the hot weather in Oct 2025 may sustain, 3) there is no clear improvement in the macro data. If there is an absence of strong policy support for the overall consumer and sports sectors, the growth onwards may still be soft.

Top picks: Li Ning (2331 HK, BUY) – we expect an earnings rebound as costs and negative factors get digested in 2025, setting up for a better 2026. We have turned less positive on Anta (2020 HK, BUY) due to weaker main brand performance and short-term risks for Arc'teryx.

■ Apparel sector (Downgrade to MARKET-PERFORM).

Based on our estimates, the sales growth of the apparel industry in Sep 2025 was at around flat to LSD, weaker than the MSD in Aug 2025 but similar to that in Jun and Jul 2025. The main reasons were: 1) bad weather (too many rains, typhoons, hot temperature), 2) weaker spending after the peak season, 3) consumers have shifted their preference to lower-ticket price items and, 4) the base has become higher for e-commerce. In fact, these issues seems to have continued into the 2025 National Day holidays, and therefore the sales performance is likely lower than expected. Moreover, discounts have also deepened and hurting the gross margin.

For 4Q25E, with ongoing weak macro and bad weather, we tend to stay cautious and downgrade our rating to MARKET-PERFORM.

In terms of dividend, JNBY (3306 HK, BUY) does have the highest yield. But if we also consider the fundamentals (e.g. sales and earnings growth ahead), Bosideng (3998 HK, BUY) would be better fundamentally due to stronger product upgrades and better efficiency. Even if the winter is warm, it should still growth faster than its peers.

■ Catering sector (Maintain OUTPERFORM).

We estimate the industry SSS in Sep 2025 to fall by MSD to HSD, worse than rather flattish in Aug 2025 and LSD drop in Jul 2025. Still, the SSS in 3Q25E could still be better than that in 2Q25, thanks to the recovery during Jul to Aug 2025. But the rather meaningful retreat in Sep 2025, in our view, was due to: 1) negative consumer sentiment arising from the Xibei incident, 2) bad weather and 3) scale up in delivery subsidies in late Sep (which is negative for brands with more dine-in sales). According to our channel checks, industry SSS during the 2025 National Day holidays was weaker than expected, and some outperforming brands such as Green Tea and Xiaocaiyuan have all seen slower sales growth, let alone all the other brands.

Heading into 4Q25E, our view has become more cautious. Since the Mid-Autumn Festival has actually been included in National Day holidays this year (the Mid-Autumn Festival was in Sep instead), but the final demand was still quite weak, this is certainly pointing to rather soft fundamentals. For the rest of 2025, in our view, the delivery platforms may keep raising subsidies during any peak seasons, which may continue to put pressure on brands with more dine-in sales. Although the low base in 2024 should help making the recovery easier, a turnaround may take longer than expected. We continue to think that brands with a lower ticket size and consumption downgrade will perform better.

Top picks: Guoquan (2517 HK, BUY) – strong vertically integrated model, good product variety, stronger membership programme and staff training. Green Tea (6831 HK, BUY) – SSS turned positive lately, while delivery growth remained strong. Margins are improving, with low valuation and a reasonable yield. Jiumaojiu (9922 HK, BUY) – improving menus, better ingredients and store upgrades. Tai Er's SSSG may turn positive onwards, and therefore the current pullback could be a buying opportunity.

■ Tea drinks and coffee sector (Maintain OUTPERFORM).

Based on our estimates, SSSG in Sep 2025 stayed fast but was slower than that in Aug 2025, perhaps similar to that in Jul 2025. Such growth was supported by: 1) strong demand for affordable happiness, 2) hot weather, and 3) scale up in delivery subsidies in late Sep 2025. We also think the sales performance during 2025 National Day Holidays was inline with expectations.

For 4Q25E, we stay positive in the short term since our and investor's expectations are low. But for 2026, we become more cautious, as the delivery subsidies may fade, with a higher base, further acceleration in store expansion and more competition arises, which may all hurt margins and profits.

Top pick: Luckin Coffee (LKNCY US, BUY) — store expansion continues to beat expectations, and growth is likely to stay fast in 2Q25E, although delivery costs will pressure margins. If product mix and efficiency improve, we will not be surprised to see its earnings beating the forecasts.

■ Tourism-hotel sector (Maintain OUTPERFORM).

According to our estimates, the industry RevPAR in Sep 2025 could be quite flattish, improving from the LSD drop in Aug 2025 and MSD drop in Jul 2025. For the 2025 National Day holidays, we believe the industry RevPAR is likely to turn positive, supported by higher OCC but a mild decrease in ADR, all inline with expectations. First-tier cities should have outperformed the lower-tier ones. Luxury, upscale, and midscale hotels showed a better rebound than economy hotels, perhaps due to less supply growth and better competition landscape.

For 4Q25E, we would like to stay cautiously optimistic. On one hand, the business and inbound travel continue to improve and remain strong, but on the other hand, we would still worry if the post-holidays demand drops and macro risks intensify. But more importantly, since the hotel room supply in China is still growing at a MSD to HSD, which is at a faster rate than demand, so a full recovery may still take more time.

Leading brands like H-World (HTHT US/1179 HK, NR) continues to open new hotels rapidly, with limited closures, therefore beating expansion targets is still possible.

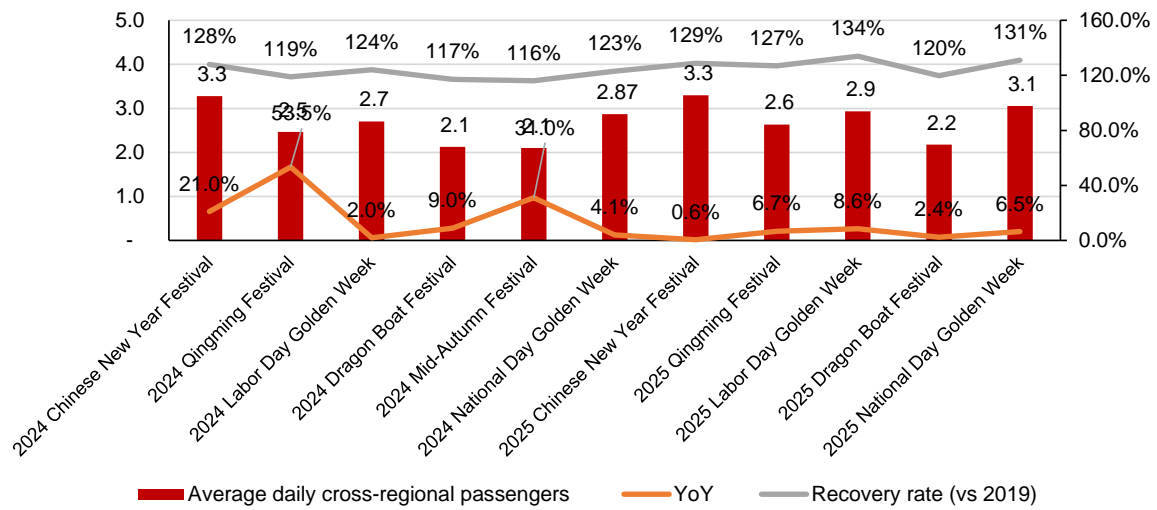
■ Home appliances sector (Maintain MARKET-PERFORM).

According to our estimates, retail sales growth of large appliances in China turned negative in Sep 2025, down sharply from the 10%+ growth in Aug 2025 and 25%+ growth in Jul 2025, likely due to high base last year and reducing subsidies. For the 2025 National Day holidays, we believe that the sales trend could become even weaker. In terms of segment, we believe washing machines performed the best, followed by air-conditioners and then refrigerators. For average selling prices, we believe that prices in offline channel still remained steady while the prices in online channel had started to fall YoY.

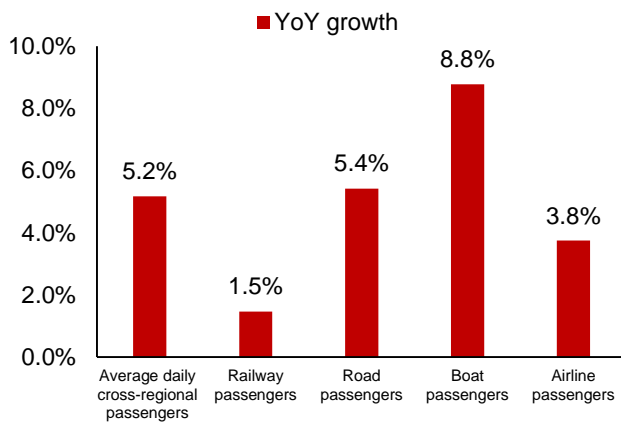
For 4Q25E, we do expect a bigger sales drop, because: 1) the paused or reduced government subsidies, 2) high base, and 3) weaker consumer appetite. For example, the new air-conditioner season has started and the sales guidance (for various brands) were mostly flattish or even down. Moreover, scheduling data of the production also point to decline. Despite the low level of channel inventory, we can still see confidence among consumers and distributors is falling. Therefore, even though the inventory level is low, the re-stocking demand may still be low. Also, as the low-end models may sell better in the near future, the margins could be hurt as well (Midea may perform relatively better though). If sales keep falling, price wars may also appear again, which may also hurt the margins.

We stay cautious on US and Europe exports due to high base, but remain more positive on emerging markets.

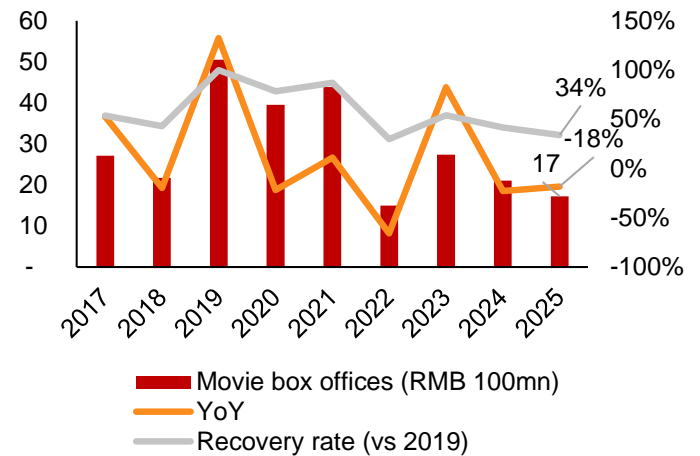
Top pick: JS Global (1691 HK, BUY) – strong cash position and fast growth of SharkNinja in Asia-Pacific.

Figure 11: Average daily cross-regional passengers, growth and recovery rate (vs 2019) in different holidays

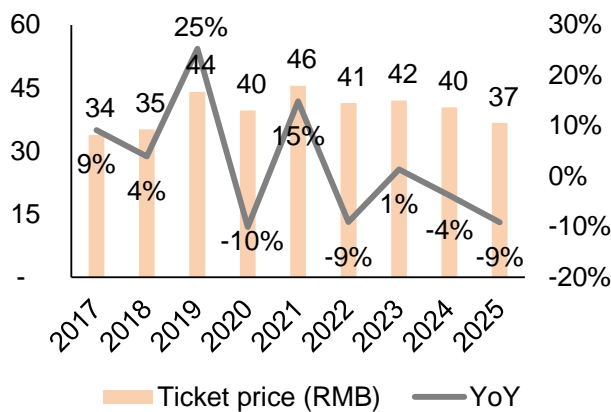
Source: Ministry of Transport/ 交通运输部, CMBIGM estimates

Figure 12: Average daily cross-regional passengers, growth, by forms of transportation (based on 1-6 Oct)

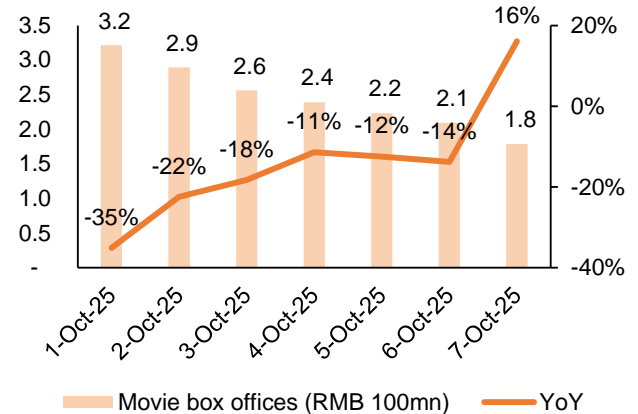
Source: Ministry of Transport/ 交通运输部, CMBIGM estimates

Figure 13: Movie box office, growth and recovery rate (vs 2019)

Source: Maoyan/ 猫眼, CMBIGM estimates

Figure 14: Ticket size and growth

Source: Maoyan/ 猫眼, CMBIGM estimates

Figure 15: Daily movie box office and growth

Source: Maoyan/ 猫眼, CMBIGM estimates

Figure 16: Key sales figures and details during 10-1 National Day holidays

地区	行业	主要销售数据和信息	同比增长	时间	来源
全国	客运量	全社会跨区域人员流动量累计约12.49亿人次，创历史新高	5.7%	十一假期前四日	交通运输部
全国	客运量	铁路累计发送旅客连续多日超1800万人次	5.5%	十一假期前四日	交通运输部
全国	客运量	公路人员流动量超11.53亿人次	5.6%	十一假期前四日	交通运输部
全国	客运量	水路客运量累计约681万人次	11.7%	十一假期前四日	交通运输部
全国	客运量	民航累计运输旅客962万人次	5.0%	十一假期前四日	交通运输部
全国	零售和餐饮	全国重点零售和餐饮企业销售	3.3%	十一假期前四日	商务部
全国	步行街商圈	重点监测78个步行街（商圈）客流量	4.2%	十一假期前三天	商务部
全国	步行街商圈	重点监测78个步行街（商圈）营业额	4.0%	十一假期前三天	商务部
全国	绿色食品	重点监测电商平台绿色有机食品销售额	20.1%	十一假期前四日	商务部
全国	绿色家店	重点监测电商平台节能家电（一级能效）销售额	19.0%	十一假期前四日	商务部
全国	智能家居	重点监测电商平台智能冰箱销售额	20.7%	十一假期前四日	商务部
全国	智能家居	重点监测电商平台智能家居产品销售额	16.8%	十一假期前四日	商务部
全国	电影	平台统计国庆档电影总票房（含预售）破17亿元	-19.2%	十一假期前七日	猫眼
全国	电影	平台统计总观影人次达4626.4万	-11.3%	十一假期前七日	猫眼
全国	全行业	外国游客使用支付宝消费额	40.0%	十一假期前五日	支付宝
全国	全行业	游客用支付宝在零售品牌的支付金额	200.0%	十一假期前五日	支付宝
全国	全行业	微信跨境支付的笔数	21.0%	十一假期前五日	微信
全国	全行业	香港居民北上使用微信消费笔数	120.0%	十一假期前五日	微信
全国	全行业	中国游客通过境外微信小程序的日均交易金额	70.0%	十一假期前五日	微信
全国	住宿	华住旗下品牌酒店整体预订率	3.0%	十一假期八日	华住集团
全国	旅游	平台内国内航线机票预订量超1189万张，日均预定量	3.0%	十一假期八日	航旅纵横
全国	旅游	平台内出入境航线机票预订量超179万张，日均预定量	13.0%	十一假期八日	航旅纵横
全国	旅游	平台内假期预售机票价格，裸票票价819元	9.1%	十一假期八日	航旅纵横
全国	旅游	平台内热门国内城市酒店预订量	20.0%	十一假期八日	去哪儿旅行数据
全国	旅游	平台内热门国外城市酒店预订量	30.0%	十一假期八日	去哪儿旅行数据
全国	旅游	平台内假期出行客单价	14.6%	十一假期八日	飞猪
全国	旅游	平台内机票、用车等交通工具类商品人均预订量	5.0%	十一假期八日	飞猪
全国	旅游	平台内酒店、线路游、门票等商品人均预订量	4.6%	十一假期八日	飞猪

Source: Ministry of Transport/ 交通运输部, Ministry of Commerce/ 商务部, Maoyan/ 猫眼, Alipay/ 支付宝, Wechat/ 微信, H-World/ 华住集团, Umetrip/ 航旅纵横, Qunar data/ 去哪儿旅行数据, Fliggy/ 飞猪, CMBIGM estimates

Auto

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■ Golden Week sales diverged

New-energy-vehicle (NEV) brands showed much stronger sales momentum than major traditional brands (especially foreign brands) during the Golden Week, based on our channel checks.

Traditional brands have been dented by the gradual phase-out of trade-in subsidies in most regions. Customer flow and new orders for a **Toyota** store in a tier-2 city fell about 20-30% YoY during the Golden Week amid the subsidy phase-out and the OEM's cautious approach on dealer rebates. New orders for major luxury brands, including **BMW** and **Porsche**, also fell 5-15% YoY during the Golden Week, based on our channel checks with several stores. We expect traditional brands' sales volume to fall YoY in 4Q25 given high base in 4Q24 when the government started to double down trade-in subsidies.

In contrast, major leading NEV brands, especially those which launched competitive new models in Aug-Sep 2025, showed strong sales momentum during the Golden Week. More than 20 new NEVs were rolled out in Sep 2025, based on the data we have compiled. Almost half of the new NEVs launched in Sep were medium-to-large size SUVs, such as the Tesla *Model Y L*, NIO *ES8*, Li *i6*, Galaxy *M9*, Aito *M7*, Fangchengbao *Tai 7* and IM *LS6*. We believe the large SUV Zeekr *9X* and medium-size SUV SAIC *H5* under Harmony Intelligent Mobility Alliance (HIMA) could also be competitive models in their sub segments. HIMA announced new non-refundable orders of 48,500 units during 1-8 Oct 2025, vs. total deliveries of 53,000 units in Sep 2025.

Figure 17: New NEVs launched in Sep 2025

OEM	Brand	Model	Powertrain	Segment	Price range (RMB)	Launch time
NIO	NIO	ES8	BEV	SUV_medium-to-large	400,000-500,000	Sep 20, 2025
Li Auto	Lixiang	Li i6	BEV	SUV_medium-to-large	200,000-250,000	Sep 26, 2025
Tesla	Tesla	Model Y L	BEV	SUV_medium-to-large	300,000-350,000	Sep 2, 2025
Geely	Galaxy	Galaxy M9	PHEV	SUV_medium-to-large	200,000-250,000	Sep 17, 2025
Geely	Zeekr	Zeekr 9X	PHEV	SUV_large	400,000-500,000	Sep 29, 2025
Geely	Lynk & Co	Lynk & Co 10	PHEV	Car_medium-to-large	150,000-200,000	Sep 8, 2025
Livan Auto	Livan	Livan Blue Balloon	BEV	Car_mini	0-100,000	Sep 13, 2025
BYD	Fangchengbao	Tai 7	PHEV	SUV_medium-to-large	200,000-250,000	Sep 9, 2025
BYD	Yangwang	Yangwang U8L	PHEV	SUV_large	500,000+	Sep 12, 2025
GAC Motor	Trumpchi	Trumpchi ES9 / S9	PHEV	SUV_medium-to-large	200,000-250,000	Sep 19, 2025
Seres (HIMA)	Aito	Aito M7	BEV + EREV	SUV_medium-to-large	250,000-300,000	Sep 23, 2025
SAIC (HIMA)	SAIC	SAIC H5	BEV + EREV	SUV_medium	150,000-200,000	Sep 23, 2025
SAIC	IM	IM LS6	EREV	SUV_medium-to-large	200,000-250,000	Sep 10, 2025
SAIC	Roewe	Roewe M7	PHEV	Car_medium	100,000-150,000	Sep 17, 2025
SAIC-GM-Wuling	Wuling	Wuling Bingo S	BEV	Car_small	0-100,000	Sep 27, 2025
BAIC BJEV (HIMA)	Stelato	Stelato S9T	BEV + EREV	Car_medium-to-large	300,000-350,000	Sep 16, 2025
BAIC BJEV	Arcfox	Arcfox T1	BEV	Car_compact	0-100,000	Sep 11, 2025
SAIC VW	Audi	Audi E5	BEV	Car_medium	250,000-300,000	Sep 16, 2025
SAIC GM	Buick	Electra L7	EREV	Car_medium-to-large	150,000-200,000	Sep 28, 2025
Volvo Asia-Pacific	Volvo	Volvo XC70	PHEV	SUV_medium-to-large	250,000-300,000	Sep 26, 2025
Changan Mazda	Mazda	Mazda EZ-60	BEV + EREV	SUV_medium	100,000-150,000	Sep 26, 2025

Source: Company data, Autohome, CMBIGM

We expect these new models to continue driving NEV sales in 4Q25. We also estimate that about 50 new models are to be launched in 4Q25, vs. 27 in 4Q24. In addition, the savings from the NEV purchase-tax exemption will be halved and capped at RMB15,000 from 2026, which could pull some NEV sales ahead in 4Q25. We expect both factors to support strong NEV sales and market share in 4Q25. We also summarize our channel checks for some NEV brands during the Golden Week in the next section.

■ Our channel checks for major NEV brands during the Golden Week

Tesla (TSLA US, NR): New orders per store increased YoY during the Golden Week, aided by rising customer flow driven by the new *Model Y L* delivered from early Sep. We estimate Tesla's retail sales volume in China could fall 7% YoY and rise 30% QoQ to about 169,000 units in 3Q25. We project a YoY increase for Tesla's retail sales volume in China in 4Q25, driven by the *Model Y L*. We estimate that total order backlog for the *Model Y L* could be around 60,000 units. New *Model 3/Y* trim levels with a 10-15% price cut are likely to be rolled out in China in 2026.

NIO (NIO US/9866 HK, HOLD): Both store visits and new orders increased YoY during the Golden Week driven by the new *ES8*, based on our channel checks. NIO's 3Q25 deliveries rose 21% QoQ to 87,000 units, arriving at the lower limit of the guidance range. We still argue that it is unlikely for NIO to break even at the net profit level in 4Q25, despite our sales-volume projection of 144,000 units in 4Q25.

Xpeng (XPEV US/9868 HK, BUY): Both store visits and new orders increased YoY during the Golden Week, thanks to the new *G7* and *P7* launched in Jul-Aug. We expect stable monthly deliveries of the new *P7* to be 5,000 units in domestic market. Xpeng's 3Q25 deliveries rose 149% YoY and 12% QoQ to 116,000 units, in line with its previous guidance. We project Xpeng's 4Q25 sales volume to rise 50% YoY and 18% QoQ to 137,000 units.

Li Auto (LI US/2015 HK, BUY): Customer flow increased slightly YoY driven by the new *i6*, while new orders fell YoY on a single-store basis during the Golden Week, based on our channel checks. Customers need to wait until Jan 2026 to get the *i6* delivered if they place an order now. Li Auto's 3Q25 deliveries fell 16% QoQ to 93,000 units, within its previous guidance range.

BYD (1211 HK/002594 CH, BUY): BYD did not provide large incentives during the Golden Week compared with last year based on our channel checks. We believe that is consistent with China's broader efforts to "anti-over competition" in the auto industry. That, along with rising competition from **Geely** (175 HK, BUY) and **Leapmotor** (9863 HK, BUY), could make BYD's same-store metrics, including customer flow and orders, less encouraging compared with the same period of last year.

Figure 18: NEV sales volume for selected brands/OEMs

OEM / Brand	Sep 2025 (units)	YoY %	MoM %	YTD (units)	YTD YoY %
BYD	393,060	-5.9%	5.8%	3,218,862	17.6%
Great Wall	45,961	52.9%	22.7%	279,159	32.4%
NIO	34,749	64.1%	11.0%	201,221	34.8%
Li Auto	33,951	-36.8%	19.0%	297,149	-13.1%
Xpeng	41,581	94.7%	10.3%	313,196	217.8%
Xiaomi	41,000	202.4%	12.6%	265,774	290.2%
Zeekr	18,257	-14.4%	3.6%	143,600	0.5%
Galaxy (incl. Geometry)	120,868	131.1%	9.2%	874,985	205.6%
Leap	66,657	97.4%	16.8%	395,516	128.8%
Aion	29,113	-18.6%	7.7%	234,978	-17.2%
Voyah	15,224	52.2%	12.7%	96,992	84.6%
Deepal	33,626	48.1%	19.1%	232,266	61.9%
Avatr	11,028	143.1%	4.4%	90,108	120.3%
HIMA	52,916	32.5%	18.7%	356,941	15.2%

Source: Company data, CMBIGM estimates

■ Industry forecasts and stock recommendation

We slightly lift our passenger-vehicle (PV) retail sales volume growth forecast to 3.4% YoY and wholesale volume growth forecast to 9.3% YoY for 2025 to reflect stronger-than-expected NEV sales and exports in 3Q25. That implies a 1% YoY decline for total retail sales volume and a YoY flat wholesale volume in 4Q25.

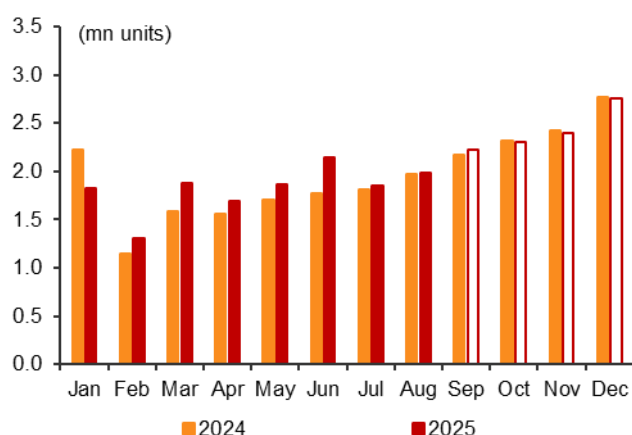
We project NEV market share to be about 56% in 4Q25 on a retail basis. Therefore, we expect NEV retail sales volume to rise 18.9% YoY to 12.8mn units in 2025 and NEV wholesale volume to rise 25.6% to 15.4mn units in 2025.

Geely and **Leapmotor** remain as our OEM top picks in 4Q25. Geely announced its first share buy-back proposal of up to HK\$2.3bn on 6 Oct 2025. The sales ramp-up of the Galaxy M9, A7 and Zeekr 9X could also become positive catalysts for Geely's share price, in our view.

We expect Leapmotor to continue to beat investors' sales volume expectation of 600,000 units in 2025. The *Lafa 5* could become another sales driver for Leapmotor in China and overseas market.

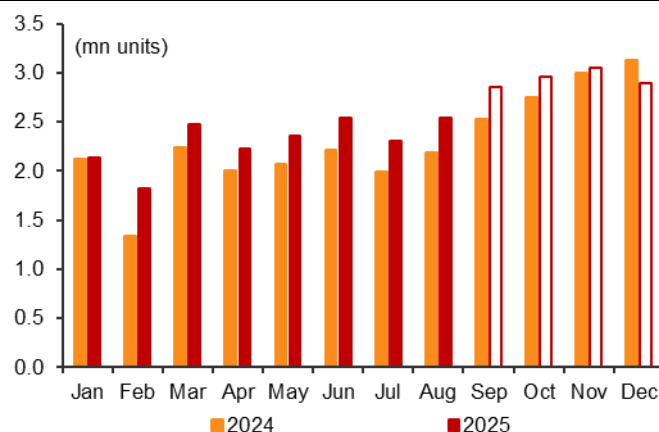
Zenergy (3677 HK, BUY), as a main battery supplier for Leapmotor and others, could also benefit from NEV's market share gain in 4Q25.

Figure 19: PV retail sales volume forecasts



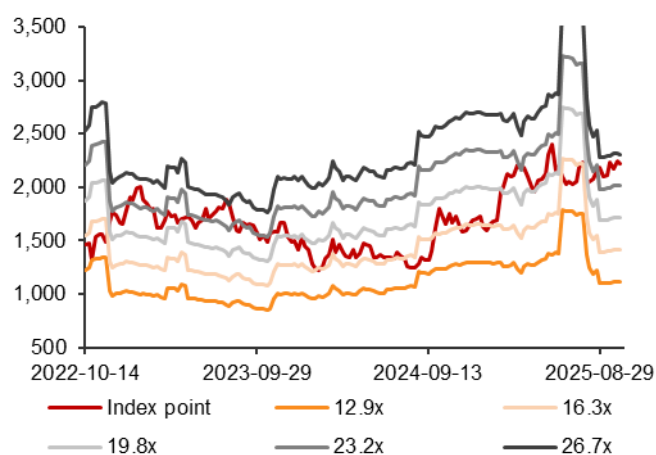
Source: CATARC, CMBIGM estimates

Figure 20: PV wholesale volume forecasts



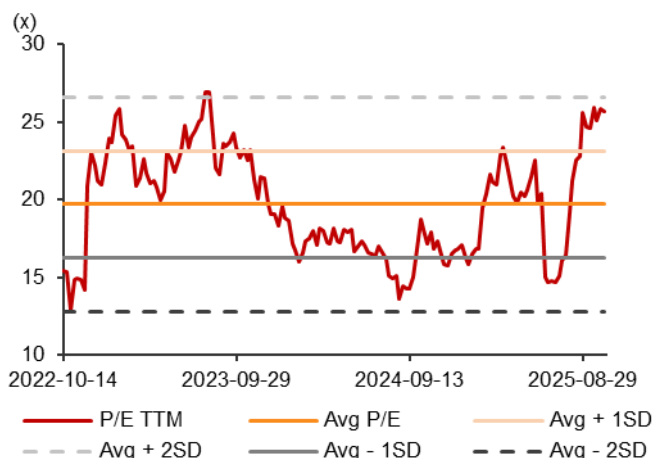
Source: CAAM, CMBIGM estimates

Figure 21: CS HK Auto Index's TTM P/E band



Source: Wind, CMBIGM

Figure 22: CS HK Auto Index's TTM P/E range



Source: Wind, CMBIGM

Property

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■ Property: Weakening policy effect

During the first seven days of the National Day holiday period, property sales remained subdued. The 30-city average daily new home sales area fell 18% YoY, while the 14-city secondary home sales area also declined YoY, further indicating weakening policy effects. The stimulus measures introduced in August-September 2025 have proven significantly less effective than the 2024 "924" policy package. Even accounting for the lag in official registration data, real-time sales performance shows a similar pattern: secondary home transactions fell 72% and 77% YoY by unit in Beijing and Shenzhen respectively according to Iceberg Data. We believe the dismal sales performance may prompt regulators to introduce further easing measures. We expect the sector to remain volatile in Q4, caught between positive policy expectations and negative sales data. However, over the longer term, the sector should remain in a recovery cycle. For stocks, we recommend KE Holdings (BEKE US) as a beneficiary of the secondary market and cash-flow-resilient property management companies like CR MixC (1209 HK), Greentown Service (2869 HK), Poly Services (6049 HK), Binjiang Services (3316 HK) and Onewo (2602 HK).

■ Property sales

During the first seven days of the National Day holiday period (1-7 Oct), property sales remained lackluster. The 30-city average daily new home sales area fell 18% YoY, while the 14-city secondary home sales area also declined YoY, further indicating weakening policy effects. The stimulus measures introduced in August-September 2025 have proven significantly less effective than the 2024 "924" policy package.

Breaking down by city:

Beijing, benefiting from policy easing, saw average daily new/secondary home sales by area rise 26%/28% YoY during the holiday. Shanghai and Shenzhen saw policy effects primarily in the new home market, with daily sales up 21%/20% YoY, while secondary home sales fell 64%/42% YoY. Guangzhou, with no policy support during 3Q, recorded an 8% YoY decline in new home sales.

We note that online contract registration data lags behind real-time transactions, with new home sales exhibiting a longer lag than secondary homes. Thus, secondary market transactions should better reflect the shifting sentiment. Real-time secondary home transaction volume (per Iceberg Big Data) during the holiday period (1-6 Oct) showed a similar trend—policy impact has weakened notably: Beijing and Shenzhen, despite policy easing, saw secondary home transactions plunge 72%/77% YoY by unit.

The underwhelming policy response will likely push regulators to consider further easing measures to stabilize the property market, in our view.

Figure 23: Daily transaction volume during public holidays ('0000 sqm)

Primary sales	2024					2025					YoY				
	CNY	Tsing Ming	Labor Day	Dragon Boat Festival	National Day	CNY	Tsing Ming	Labor Day	Dragon Boat Festival	National Day	CNY	Tsing Ming	Labor Day	Dragon Boat Festival	National Day
30 cities	0.78	6.97	6.02	13.50	6.78	1.34	8.89	9.10	15.36	5.59	72%	28%	51%	14%	-18%
Tier 1&2	0.57	5.49	4.27	9.40	5.12	1.24	6.72	6.51	12.36	4.34	115%	23%	52%	32%	-15%
Tier 3	0.20	1.48	1.75	4.10	1.66	0.11	2.17	2.60	3.00	1.25	-49%	47%	48%	-27%	-25%
Beijing	0.11	0.80	0.48	0.67	0.57	0.04	1.43	0.74	1.40	0.71	-68%	79%	55%	110%	26%
Shanghai	0.05	1.44	0.90	1.11	0.78	0.08	0.88	1.02	1.68	0.94	58%	-39%	13%	52%	21%
Shenzhen	0.02	0.73	0.43	0.83	0.21	0.02	0.52	0.30	0.57	0.25	-6%	-29%	-31%	-31%	20%

Guangzhou	0.00	1.03	0.90	2.48	0.96	0.03	0.60	1.09	1.65	0.88	n.a.	-41%	20%	-33%	-8%
Chengdu	0.03	1.11	0.44	0.40	0.51	0.09	1.08	0.71	0.93	0.41	240%	-2%	62%	131%	-21%
Suzhou	0.02	0.24	0.19	0.26	0.67	0.04	0.08	0.46	0.42	0.06	94%	-66%	139%	61%	-90%
Secondary sales	2024					2025					YoY				
	CNY	Tsing Ming	Labor Day	Dragon Boat Festival	National Day	CNY	Tsing Ming	Labor Day	Dragon Boat Festival	National Day	CNY	Tsing Ming	Labor Day	Dragon Boat Festival	National Day
14 cities	0.09	2.08	0.99	3.19	0.89	0.12	3.64	2.61	4.02	0.80	39%	75%	163%	26%	-11%
Beijing	0.02	0.52	0.11	0.60	0.12	0.00	0.77	0.24	1.20	0.16	-80%	49%	118%	101%	28%
Foshan	0.03	0.68	0.48	1.06	0.40	0.09	1.00	1.50	1.67	0.41	229%	46%	210%	57%	1%
Qingdao	0.01	0.47	0.17	0.32	0.14	0.01	0.40	0.18	0.35	0.10	-28%	-15%	6%	11%	-24%
Shenzhen	0.02	0.21	0.10	0.24	0.14	0.01	0.43	0.14	0.34	0.08	-53%	108%	49%	44%	-42%
Suzhou	0.00	0.03	0.01	0.04	0.02	0.01	0.08	0.01	0.04	0.01	373%	179%	149%	7%	-46%
Shanghai	0.06	1.89	1.39	3.58	2.41	0.04	2.70	1.92	2.70	0.87	-40%	43%	38%	-24%	-64%

Source: Wind, CMBIGM (as of Oct 7 2025)

Figure 24: Second-hand real-time transaction volume (unit)

City		2023	2024	2025	2025 vs. 2023	2025 vs. 2024
Xuzhou	徐州	160	353	273	71%	-23%
Shenyang	沈阳	1063	1688	1218	15%	-28%
Hefei	合肥	1268	1318	938	-26%	-29%
Zhuhai	珠海	148	453	314	112%	-31%
Foshan	佛山	855	1235	855	0%	-31%
Dalian	大连	720	673	458	-36%	-32%
Nantong	南通	414	672	455	10%	-32%
Nanchang	南昌	293	614	409	40%	-33%
Wuhan	武汉	1763	2280	1481	-16%	-35%
Quanzhou	泉州	475	771	476	0%	-38%
Yinchuan	银川	331	558	343	4%	-39%
Changsha	长沙	1765	1396	747	-58%	-46%
Xi'an	西安	1574	2114	1114	-29%	-47%
Langfang	廊坊	360	932	478	33%	-49%
Chengdu	成都	1118	5294	2669	139%	-50%
Tianjin	天津	3239	3711	1705	-47%	-54%
Wuxi	无锡	819	1377	630	-23%	-54%
Guangzhou	广州	1910	3188	1386	-27%	-57%
Suzhou	苏州	885	1589	687	-22%	-57%
Ningbo	宁波	850	1810	775	-9%	-57%
Nanjing	南京	1359	2684	1129	-17%	-58%
Dongguan	东莞	272	1010	423	56%	-58%
Qingdao	青岛	1060	1594	644	-39%	-60%
Hangzhou	杭州	233	1698	659	183%	-61%
Beijing	北京	1645	3512	991	-40%	-72%
Xiamen	厦门	199	638	166	-17%	-74%
Shenzhen	深圳	449	2373	557	24%	-77%
Total	Total	25227	45535	21980	-13%	-52%

Source: Wind, CMBIGM (as of Oct 6 2025)

Figure 25: Daily transaction volume ('0000 sqm)

Primary sales ('0000 sqm)	Jun	Jul	Aug	Sep	Jul YoY	Aug YoY	Sep YoY	2024 YTD	2025 YTD	YoY
30 major cities	928	649	647	729	-19%	-10%	6%	6,958	6,593	-5%
Tier 1&2	743	499	501	571	-20%	-11%	12%	5,422	5,147	-5%
Tier 3	185	150	147	158	-14%	-7%	-12%	1,537	1,446	-6%
Shenzhen	22	16	15	20	-51%	-57%	-33%	252	224	-11%
Guangzhou	98	65	65	75	-11%	-25%	9%	648	651	0%
Shanghai	148	98	95	135	-28%	-28%	21%	1,066	1,021	-4%
Chengdu	128	112	108	128	-35%	-22%	3%	1,482	1,231	-17%
Suzhou	67	21	26	29	-41%	-38%	-48%	401	335	-16%
Hangzhou	86	36	38	52	-34%	-11%	-12%	549	423	-23%
Beijing	94	79	54	82	-10%	-31%	9%	714	662	-7%

Secondary sales ('0000 sqm)	Jun	Jul	Aug	Sep	Jul YoY	Aug YoY	Sep YoY	2024 YTD	2025 YTD	YoY
14 major cities	789	790	720	778	-6%	0%	17%	6,340	7,114	12%
Shenzhen	54	59	49	55	10%	10%	42%	381	506	33%
Hangzhou	43	41	38	35	-16%	9%	5%	356	416	17%
Shanghai	172	163	164	170	-3%	10%	31%	1,323	1,573	19%
Beijing	151	128	133	154	-16%	-6%	19%	1,144	1,286	12%
Chengdu	214	227	195	217	-3%	1%	27%	1,726	1,992	15%
Dongguan	33	35	29	32	26%	4%	16%	223	287	29%
Suzhou	64	66	56	54	5.3%	13%	5.3%	592	579	-2.1%
Qingdao	56	59	52	50	6.7%	0.0%	3.8%	489	485	-0.8%
Foshan	71	80	72	72	8%	21%	23%	581	621	7%

Source: Wind, CMBIGM (as of Oct 7 2025)

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