



Latest Developments in the Chinese Market

2nd Quarter 2025

| **Market News**

Market News



Hong Kong IPO frenzy sets sights on record SAR 120 billion fundraising for 2025



Hong Kong's sizzling initial public offering (IPO) market is prompting the Big Four accounting firms to sharply raise their fundraising forecasts for 2025. KPMG now predicts total proceeds could soar to SAR 120 billion if current market conditions persist.

As of Jun 30, the Hong Kong Stock Exchange (HKEX) was reviewing 219 active IPO applications – a record-breaking 210 of which were for the mainboard alone.

In the first half of 2025, some 44 companies went public in Hong Kong, a 47% jump from the same period last year. IPO proceeds increased sevenfold to SAR 51 billion, catapulting HKEX to the top of global exchanges for the first half – its best mid-year performance since 2016.

Market News



Chinese stock investors pour record SAR 365 billion into Hong Kong in first half

Mainland Chinese investors have poured a record SAR 356 billion into the Hong Kong stock market so far this year, helping boost its gains in contrast to a lackluster performance at home.

Net buying of Hong Kong stocks via the stock connect program, which enables mainland and Hong Kong investors to trade designated shares in each other's markets, doubled in the first six months from the previous year, according to data provider Wind Information.

The tally is already approaching the SAR 390 billion recorded for the full year in 2024.



Market News



China consumption beats expectations in May, buoyed by trade-in subsidies



China's retail sales expanded more than expected in May, boosted by subsidies encouraging consumers to replace certain goods and an early start to the "618" online shopping festival.

The gauge of household spending rose 6.4% in May, the fastest pace since December 2023, according to data published by the National Bureau of Statistics. The reading beat the 5.1% increase in April, and the 4.9% consensus forecast in a Bloomberg poll, even though data released last week showed China's consumer price index remained in negative territory for the fourth straight month in May, marking the longest string of falling prices in over a year.

Market News



China cuts benchmark lending rates to help ease impact of US trade war

China cut benchmark lending rates for the first time since October 2024 on 20th May 2025, while major state banks lowered borrowing costs as authorities work to ease-monetary policy to help buffer the economy from the impact of the trade war with the U.S.

The widely expected rate cuts are aimed at stimulating consumption and loan growth in a weakening economy while still protecting commercial lenders' shrinking profit margins.

The People's Bank of China said the one-year loan prime rate (LPR), a benchmark determined by banks, had been lowered by 10 basis points to 3.0% , while the five-year LPR was reduced by the same margin to 3.5%.



Market News



China's automakers aim for cars with 100% domestic chips from 2026



Chinese automakers including SAIC Motor, Changan, Great Wall Motor, BYD, Li Auto and Geely, are preparing to launch models equipped with 100% homemade chips, with at least two brands aiming to start mass production as early as 2026, Nikkei Asia has learned.

The first of these models to be mass-produced will be the newest versions of existing lines made by a few brands, with more makers to follow, according to people familiar with the situation.

These efforts are part of Beijing's ambitious vision for increasing the country's self-reliance in chips amid intensifying tensions with the U.S.

Market News



AI robots will narrow China's GDP gap with the US, says think tank

China will be the biggest economic beneficiary of robots equipped with artificial intelligence, narrowing the gap in real gross domestic product with the U.S. over the next three decades. In a long-term economic forecast released by the Japan Center for Economic Research, it predicts that by the end of the 2050s, China's real GDP will be 3.5 times the size it was in 2024. The gap between the world's largest and the second-largest economy is forecast to be the smallest in 2057, with China's economy size reaching 89% of the size of the U.S.



| **Chinese Company News**

Chinese Company News



Xiaomi (1810.HK) Q1 2025 results beat expectations; SUV launch and EV factory expansion drive investor optimism

China's second-largest smartphone maker and rising EV contender Xiaomi posted strong Q1 2025 results, mainly driven by its aggressive push into the electric vehicle market:

✓ The company's EV strategy gained traction with the launch of its first electric SUV, the YU7, on Jun 26, positioning Xiaomi as a serious player in the world's largest car market. The YU7 is a direct competitor to Tesla's Model Y, priced between SAR 130,000 -171,600 and integrates Xiaomi's smart ecosystem across mobile, home, and auto. Within 3 minutes of launch, orders exceeded 200,000 units, and within 1 hour, Xiaomi secured 289,000 pre-orders, setting a new record for fastest EV sales in China. Analysts at Citi noted this performance far exceeded expectations and could help Xiaomi reach its 400,000-unit annual target.

✓ Xiaomi's 1Q25 revenue surged 47.4% YoY to SAR 57.88bn, beating the consensus estimate of SAR 55.95bn. Adjusted net profit rose 64.5% YoY to SAR 5.56bn, well above the SAR 4.66bn average forecast.

✓ To meet surging demand, Xiaomi expanded its EV production capacity by deploying 1,000 robots at its 720,000 sqm Beijing factory, which includes a dealership, delivery center, and test course. Robots play key roles in all six core manufacturing processes from casting to assembly.

✓ Xiaomi's market cap reached SAR 731.25bn, surpassing BYD, as shares climbed 74% YTD, and once broke record highs, reflecting investor confidence in Xiaomi's multi-sector strategy.

Chinese Company News

Meituan (3690.HK) Q1 2025 results beat expectations; Keeta gains traction in Saudi Arabia, global strategy accelerates

Meituan delivered strong Q1 2025 results, with both core and new business segments outperforming expectations and its overseas brand Keeta gaining momentum in the Middle East:

Total revenue reached SAR 45bn, up 18.2% YoY, while operating profit surged 102.8% YoY, beating market forecasts. Adjusted net profit also exceeded expectations, driven by robust performance in food delivery and instant retail.

The core local commerce segment generated SAR 33.4bn in revenue, up 17.8% YoY, with operating margin rising to 21.0%. Food delivery showed strong order growth, user stickiness, and repurchase rates. Meituan Flash Shopping continued its high-growth trajectory.

New initiatives including Meituan Select and Xiaoxiang Supermarket contributed SAR 11.5bn in revenue, up 19.2% YoY, while operating losses narrowed to SAR 1.2bn. Loss ratio dropped to 10.2%, reflecting improved efficiency and scale.

Keeta: Meituan's global push gains traction in Saudi Arabia

Meituan's overseas brand Keeta is rapidly gaining popularity in Saudi Arabia (KSA), especially in Riyadh, thanks to its competitive pricing, free delivery, and high service quality. Citi analysts reported a Net Promoter Score (NPS) of 76.4, far ahead of rivals HungerStation (66) and Jahez (60.9), indicating strong consumer satisfaction.

Keeta's future and non-food categories, where compgrowth in KSA lies in groceries etitors already offer dark stores and third-party partnerships. Keeta recently opened two KeeMart stores in Riyadh, marking its entry into quick commerce.

Expansion into other GCC countries will be more challenging due to well-funded incumbents like Talabat, Noon (backed by PIF), Careem (backed by Uber), and Deliveroo (soon to be acquired by DoorDash). These platforms are expected to counter Keeta's entry with aggressive promotions.

Chinese Company News

Pop Mart (9992.HK) sustains strong business growth & stock price up 199% YTD amid recent adjustment, global expansion & IP innovation drive long-term upside

Pop Mart's growth story remains intact despite a recent share price adjustment, triggered by a drop in Labubu's secondary market prices and by regulatory scrutiny related to age-restriction compliance in blind box sales. Analysts attribute the price correction to increased supply, not weakening demand, and expect no direct policy impact on Pop Mart's operations:

✓ In Q1 2025, Pop Mart reported 165–170% YoY revenue growth, far exceeding its 100%+ guidance. China online sales rose 85–90%, offline sales surged 140–145%. Overseas Overall growth reached 475–480%, with Asia up 345–350%, Americas up 895–900%, and Europe up 600–605%.

✓ Pop Mart International Sales momentum remains robust, especially in North America and Europe, where social media virality and influencer marketing have driven exponential growth. The Labubu plush toy, launched in late 2023, became a global hit due to its fashion utility (e.g., bag charms), expanding its appeal and usage scenarios.

✓ To sustain momentum, Pop Mart is also diversifying its IP portfolio and product formats, while expanding into new businesses like Pop Land theme parks and POPOP fashion jewelry. Other IPs such as Dimoo and Skullpanda continue to perform strongly.

Chinese Company News

PetroChina (857.HK) shows resilient FCF outlook; refining margins supported despite oil price pressure

International bank Goldman Sachs remains positive on the China Oil Majors PetroChina and its peer CNOOC, citing strong free cash flow (FCF) generation and attractive valuations. Both companies are expected to deliver double-digit FCF yields by 2026, even under conservative oil price scenarios:

✓ In contrast, the other Chinese oil major Sinopec faces headwinds from chemical overcapacity and high CAPEX, which are expected to weigh on its FCF performance.

✓ Despite weak demand, refining margins in Q2 remained resilient, supported by: (1) Brent crude averaging SAR 251/bbl, slightly above expectations (2) Lower utilization rates at both state-owned and independent refineries result in low domestic inventories of gasoline and diesel.

✓ Due to a ~20% YoY drop in Brent crude prices, Q2 2025 earnings are projected to decline across all three oil majors in China. In which PetroChina's Net profit is expected to fall ~30% YoY.

✓ ChinaPetro and CNOOC also benefit from low breakeven oil prices (SAR113-150/bbl), reinforcing their cost discipline and downside protection.

| **Albilad Hong Kong China ETF Performance**

Albilad Hong Kong China Overview & Performance

Albilad CSOP MSCI Hong Kong China Equity ETF offers you the opportunity to access the world's second-largest economy and one of the fastest-growing emerging markets. This fund invests in major Chinese companies that are compliant with Albilad Capital's Shariah Committee Guidelines and are listed on the Hong Kong market, allowing for diversification of investments across various sectors.

Fund Size : SAR 5,043,203,686

Fund Advantages :

Investment in major Chinese companies listed on the Hong Kong financial market.

Competitive low fees.

The Chinese market is characterized by low correlation with major global markets, providing a unique tool for investment diversification.

The fund's portfolio components are disclosed daily on Albilad Capital's website and the Saudi Exchange (Tadawul).

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Fund Performance

The Performance of Albilad CSOP MSCI Hong Kong China ETF

	TR Since Inception (%)
Fund	12.39
Benchmark	13.76

How to Invest:

You can invest in the Albilad Hong Kong China ETF through the Saudi Stock Exchange (Tadawul), just like trading any listed stock, using its trading symbol (9410). For more information, including the fund's terms and conditions (which include the risks associated with investing in the fund) and periodic reports for unit holders, please visit the fund's page:

<https://albiladcapital.sa/Albilad-HK-China-ETF>

The Performance of MSCI HK China Connect Select Index Constituents

Stock Code	Stock Name	Closing Price (HKD)	Weighting (%)	1-month (%)	3-month (%)	6-month (%)	Since inception (%)
1810 HK Equity	XIAOMI CORP B	60.0	8.46	17.66	21.85	73.77	124.53
3690 HK Equity	MEITUAN B	125.3	7.11	-9.20	-19.58	-17.40	-31.34
9992 HK Equity	POP MART INTERNATIONAL	266.6	7.04	20.96	71.02	198.55	279.65
857 HK Equity	PETROCHINA CO H	6.8	7.00	6.40	11.47	14.76	20.06
669 HK Equity	TECHTRONIC INDUSTRIES CO	86.3	6.21	-1.76	-6.26	-14.72	-22.09
6160 HK Equity	BEIGENE (HK)	147.8	6.07	-1.79	-11.07	35.35	21.35
2020 HK Equity	ANTA SPORTS PRODUCTS	94.5	5.87	-1.00	12.03	22.90	15.34
1088 HK Equity	CHINA SHENHUA ENERGY H	30.5	5.05	-0.66	4.38	-1.99	-2.14
2269 HK Equity	WUXI BIOLOGICS	25.7	4.40	2.81	-5.18	46.07	56.98
9633 HK Equity	NONGFU SPRING CO H	40.1	3.97	4.43	21.49	20.77	41.88
6 HK Equity	POWER ASSETS HOLDINGS	50.5	3.43	1.61	12.68	-3.12	1.47
1093 HK Equity	CSPC PHARMACEUTICAL GRP	7.7	3.06	-3.76	57.81	63.09	35.58
2057 HK Equity	ZTO EXPRESS(HK)	138.5	2.85	0.14	-7.99	-6.65	-21.41
9926 HK Equity	AKESO (CN)	92.0	2.84	9.73	20.67	51.48	46.42
6690 HK Equity	HAIER SMART HOME CO H	22.5	2.68	2.19	-5.98	-14.53	-16.80
1177 HK Equity	SINO BIOPHARMACEUTICAL	5.3	2.67	19.10	41.33	65.62	50.14

The Performance of MSCI HK China Connect Select Index Constituents

Stock Code	Stock Name	Closing Price (HKD)	Weighting (%)	1-month (%)	3-month (%)	6-month (%)	Since inception (%)
2688 HK Equity	ENN ENERGY HOLDINGS	62.7	2.44	0.00	1.35	16.50	20.40
2382 HK Equity	SUNNY OPTICAL TECH	69.4	2.43	15.79	-1.98	1.58	38.08
268 HK Equity	KINGDEE INTL SOFTWARE	15.4	2.29	25.53	17.33	81.01	89.91
2313 HK Equity	SHENZHOU INTERNATIONAL	55.8	2.27	-0.05	-2.19	-7.87	-4.80
1308 HK Equity	SITC INTL HOLDINGS	25.2	1.66	0.40996	27.70	30.48	24.94
1929 HK Equity	CHOW TAI FOOK (CN)	13.4	1.32	20.04	52.33	99.41	87.53
241 HK Equity	ALIBABA HEALTH INFO TECH	4.7	1.31	4.64	0.64	42.77	20.61
1209 HK Equity	CHINA RESOURCES MIXC	38.0	1.28	5.20	14.38	35.95	22.59
4 HK Equity	WHARF HOLDINGS(HK)	23.9	1.26	14.63	30.70	10.54	9.79
780 HK Equity	TONGCHENG TRAVEL HLDGS	19.6	1.23	-10.79	-5.68	8.57	12.53
322 HK Equity	TINGYI HOLDING CORP (CN)	11.5	1.11	-5.27	-6.58	20.56	7.40
3998 HK Equity	BOSIDENG INTL HLDGS	4.6	1.05	5.45	16.29	19.59	8.02
2367 HK Equity	GIANT BIOGENE HOLDING	57.7	0.88	-16.76	-16.11	18.43	11.72
9896 HK Equity	MINISO GROUP (HK)	35.6	0.77	5.01	1.19	-22.68	-7.90

Source: Bloomberg, MSCI, as of 30/06/2025

The Index is rebalanced on a quarterly basis, with the pro forma Index determined and announced nine business days before the effective date. Changes are generally implemented as of the close of the last business day of each February, May, August and November. 1-month return: 31/05/2025-30/06/2025, 3-month return: 31/03/2024-30/06/2025, 6-month return: 31/12/2024-30/06/2025. If the listing history of the stock is less than the calculating period of the return, the value will show "#N/A N/A".

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