



# Latest Developments in the Chinese Market

3<sup>rd</sup> Quarter 2025



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# Market News

## Hong Kong IPO Frenzy Continues Throughout Q3

By the end of September, Hong Kong's IPO fundraising for the year had reached nearly SAR 71 billion<sup>1</sup>, ranking first in the world. This strong performance, which includes a significant increase in participation from international long-term funds, demonstrates the successful linkage between the Hong Kong and mainland capital markets. This positive momentum, fueled by support from the China Securities Regulatory Commission (CSRC) for mainland enterprises to list in Hong Kong and process optimizations by HKEX and the SFC, has improved market sentiment and increased international capital inflows. This dynamic suggests that more high-quality Mainland firms listing in Hong Kong can simultaneously accelerate their global expansion and reinforce the mutual development between the two capital markets. In the final quarter, with the US Fed recently announcing the start of interest rate cuts, more capital is expected to flow into the Hong Kong market.



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Source: <sup>1</sup> Chinadaily, Global Times

## Hong Kong leader pledges to boost economy, livelihoods

Hong Kong leader John Lee pledged on 17<sup>th</sup> of September 2025 to boost the city's economy, improve livelihoods and cement its role as an international center, unveiling measures including developing a gold trading market. A former deputy head of police, Lee reaffirmed the city's economic growth forecast of 2 to 3 per cent for 2025 and highlighted Hong Kong's role as a springboard for mainland China enterprises looking to expand abroad. It was the fourth policy address of his term.



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## China's yuan surges to 10-month high against dollar as US tensions ease in September 2025

The Chinese yuan has appreciated to the highest level in nearly 10 months against the U.S. dollar as concerns over frictions between the world's two largest economies subside and China's economic growth prospects remain steady. During September, the yuan hit 7.1019 against the dollar, nearly breaking the 7.1 ceiling and hitting the highest level since last November.

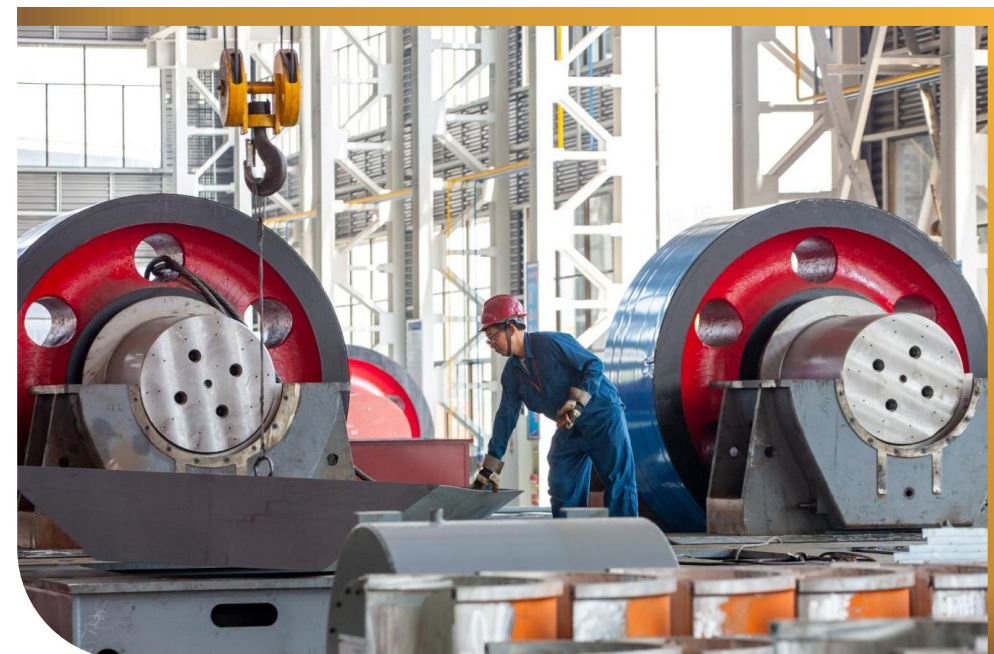


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## China's factory activity grows at quickest pace in five months: private PMI

China's factory activity in August expanded at the quickest pace in five months on the back of rising new orders, a private-sector survey showed on 1<sup>st</sup> of September. The RatingDog China General Manufacturing PMI, compiled by S&P Global, rose to 50.5 in August from 49.5 in July, beating analysts' expectations of 49.7 in a Reuters poll. The 50 mark separates growth from contraction. The result was better than that of an official survey released on Sunday that showed factory activity shrinking for the fifth straight month.



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## China's industrial profits rise 0.9% in January to August

China's industrial profits returned to growth in August even as businesses braced for a broader economic slowdown amid persistent demand woes. A government crackdown on cost competition helped ease producer deflation in August, but missed economic forecasts have kept pressure on policymakers to bolster growth. Industrial profits rose 20.4 per cent in August from a year earlier, reversing a 1.5 per cent year-on-year decline in July, while profits grew 0.9 per cent in the first eight months compared to a 1.7 per cent decline in the January to July period, National Bureau of Statistics (NBS) data showed on 27<sup>th</sup> of September.



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## US-China Relations Look to be on a More Stable Path, With a Possibility of Gradual De-escalation

Based on Goldman Sachs analysis, US-China relations are showing signs of stabilization, trending toward gradual de-escalation. This shift is significantly driven by China's leverage in the rare earth minerals sector, which supplies materials critical for EVs and defense. The recognition of this advantage is making U.S. policymakers more open to concessions, such as easing high-end chip export controls. For financial markets, this reduced tension could directly boost investor confidence, potentially triggering inflows into Chinese equities and lifting stock valuations by removing a major source of uncertainty.



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## China export growth unexpectedly quickens during July despite US tariffs

China's export growth unexpectedly accelerated in July in the fastest gain since April, as demand from around the world compensated for the continued slump in shipments to the US. Total exports rose 7.2 per cent in July from a year earlier to SAR 1.21 trillion, a surprise to most economists who had expected a slowdown from June's increase of 5.8 per cent. Data released on 7<sup>th</sup> of August by the customs authorities showed the pickup was driven by strong growth in shipments to the European Union, South-east Asia, Australia, Hong Kong and other markets, which more than made up for the fourth month of double-digit declines in US purchases.



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## Hong Kong stock ETFs get record China money on AI, biotech craze

Driven by hot themes like artificial intelligence and biotech, Chinese investors are pouring record amounts of cash into Hong Kong stock ETFs. This buying spree has pushed inflows to over SAR 97.5 billion this year, as mainland traders are lured by the city's outperforming equities and an abundance of new products. A key driver of this trend is the significant boom in China's pharmaceutical and biotechnology sectors. Companies like WuXi Biologics and Sino Biopharmaceutical (both included in the MSCI HK China Connect Select Index) have soared, signaling a structural transformation driven by robust sales and rapid business development. This positive momentum is expected to continue, supported by upcoming drug launches and a favorable policy environment, leading analysts like HSBC Research to raise their earnings forecasts. While the U.S. announcement of potential 100% tariffs on certain pharmaceuticals creates some uncertainty, the impact is judged to be limited, as licensing deals based on intellectual property will be less affected than physical exports. This resilience reinforces the attractive revaluation story, making the sector a major magnet for the record ETF inflows.



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# News of the Constituents of MSCI HK China Connect Select Index

## Pop Mart (9992.HK)



Chinese toymaker Pop Mart reported explosive third-quarter revenue growth, with overall sales surging up to 250% year-on-year. This remarkable performance was primarily driven by the global popularity of its Labubu dolls, particularly following the late-August launch of a new mini series that ignited fresh consumer demand across markets.



The company's overseas expansion yielded spectacular results, with international markets growing significantly faster than domestic sales. Overseas revenue surged 370% compared to 190% growth in mainland China, demonstrating successful global penetration and the universal appeal of Pop Mart's products.



Pop Mart's operational success has been recognized through significant financial market achievements. The company recently gained inclusion in the Hang Seng Index in early September, marking a major milestone. Further enhancing its market position, the Hong Kong Exchange will launch new Pop Mart stock options in October, providing additional investment tools for engaging with the company's growth story.

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## Xiaomi (1810.HK)



Xiaomi's 2Q25 revenue reached SAR 60.29 billion, a record high, a year-on-year increase of 30.5%, and the market expectation was SAR 59.77 billion;



Adjusted net profit was SAR 5.63 billion, a year-on-year increase of 75.4%, and the market expectation was SAR 5.32 billion.



In a landmark September 2025 announcement, Xiaomi founder Lei Jun unveiled an ambitious SAR 5.32 billion strategic investment to be deployed over the next five years, squarely focused on building a comprehensive "Human x Car x Home" smart ecosystem and conquering core technology frontiers in automotive and semiconductor manufacturing. This massive future-oriented commitment comes as the company's automotive division, despite reporting substantial initial losses, demonstrated remarkable growth momentum through 2025.



Xiaomi reported September EV deliveries of 40,000 units, the highest level since it entered the market, the analyst notes. Xiaomi expects to see the first profit in its electric vehicle business in 2025, a little over a year after entering the EV market, as it tries to strike a balance between price and performance.

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## WuXi Biologics (2269.HK)



In the first half of 2025, WuXi Biologics saw its net profit surge 56 percent to SAR 1.2 billion, with revenue also increasing by 16.1 percent and its gross profit margin expanding.



Operationally, Wuxi Biologics added 86 new integrated projects, bringing its total to 864. Revenue from pre-IND services jumped 35.2%, and the company expanded its capabilities and partnerships, advancing its proprietary technology platforms.



The company's strong performance continued into the third quarter with a 23.43 percent gain, supported by a growing total backlog that increased to SAR 76.1 billion, and it further solidified its leading global position by receiving multiple awards at the Asia Pacific Biologics CDMO Excellence Awards 2025.

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## Meituan (3690.HK)



In Q3, the company launched in three new Middle Eastern markets—Qatar, Kuwait, and the United Arab Emirates—within a rapid 40-day span from August to September, significantly expanding its Gulf region footprint.



Domestically, Meituan's core business reached new heights with instant retail daily orders peaking at over 150 million in July, while its platform continued to show strong user engagement with monthly active users surpassing 500 million



However, while Meituan business operation continued to grow, The intense food delivery competition since May led to a wider than expected fall into losses for its food delivery business.

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## TECHTRONIC INDUSTRIES CO (669.HK)



Techtronic Industries (TTI) announced strong results for the first half of 2025. Sales increased 7.5% to SAR 29.3 billion, while net profit rose 14.2% to SAR 2.36 billion. Gross profit margin rose 34 basis points to 40.3%, while basic earnings per share increased 14.1% to 1.29 Saudi Riyal cents.

Source: Futunn.com



Sales of the flagship MILWAUKEE brand increased 11.9%, maintaining its position as the world's leading professional power tool brand. RYOBI brand sales increased 8.7%.



By region, sales increased 8.1% in North America and 10.4% in Europe, while other regions declined 3.4%. Improved operating efficiency resulted in a decrease of 18 basis points in total selling, general, and administrative expenses to 31.3% compared to the same period last year.



The Group will continue to invest in R&D and new product development, striving to strengthen its leading position in the rechargeable product market.

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## BEONE MEDICINES (6160.HK)



BeOne reported a 42% increase in total revenue, reaching SAR 4.9 billion in Q2 2025, driven by strong sales of BRUKINSA and TEVIMBRA. Adjusted net income surged to SAR 947 million, up 985% from the prior year. Free cash flow improved significantly to SAR 824 million, compared to a loss in Q2 2024.



BRUKINSA remains the backbone of BeOne's hematology franchise, with U.S. sales up 43% and European sales up 85% year-over-year. It is now approved in 75 markets. TEVIMBRA saw 22% growth, with approvals in 47 markets, including new indications in lung and gastric cancers.



The Group maintains a strong financial position, Revenue guidance was updated to SAR 18.8–SAR19.9 billion, with gross margins expected in the mid to high-80% range. Operating income and free cash flow are projected to remain positive, supported by BRUKINSA's global growth and operational efficiencies.

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## INNOVENT BIOLOGICS (1801.HK)



Innovent achieved SAR 3.8 billion in total revenue, a 50.6% year-on-year increase, with net profit of SAR 626 million and EBITDA of SAR 728 million. Gross margin rose to 86.8%, and the company holds SRA 7.5 billion in cash.



Innovent operates 140,000L of production capacity, accounting for 20% of China's biopharma output. Two major manufacturing sites support global supply and CDMO operations.

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# Albilad Hong Kong China ETF



## Albilad Hong Kong China ETF Overview

Albilad CSOP MSCI Hong Kong China Equity ETF tracks the constituents of **MSCI HK China Connect Select Index**, 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 5.82 Billion SAR

### Fund Advantages :

- Investment in major Chinese companies listed on the Hong Kong financial market.
- The Chinese market is characterized by low correlation with major global markets, providing a unique tool for investment diversification.
- Competitive low fees.
- The fund's portfolio components are disclosed daily on Albilad Capital's website and the Saudi Exchange (Tadawul).

### 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 includes the disclosure in the Fund's Terms and Conditions of the risks of investing in the fund) and periodic reports for unit holders, please visit the fund's page:

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

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\*As of 30/09/2025

## The Performance of MSCI HK China Connect Select Index Constituents

Stock Code	Stock Name	Weighting (%)	Closing Price (HKD)	1-month return (%)	3-month return (%)	6-month return (%)	Since Inception (%)
1810 HK Equity	XIAOMI CORP B	7.96	54	2.18	-9.92	9.76	107.69
6160 HK Equity	BEONE MEDICINES (HK)	7.25	205.2	11.40	38.84	23.47	60.82
3690 HK Equity	MEITUAN B	6.59	104.5	1.75	-16.60	-32.93	-43.42
857 HK Equity	PETROCHINA CO H	6.18	7.08	-2.66	8.30	20.73	31.15
669 HK Equity	TECHTRONIC INDUSTRIES CO	6.03	99.5	0.44	16.85	9.53	9.77
9992 HK Equity	POP MART INTERNATIONAL	5.93	266.8	-17.25	0.08	71.15	273.57
2269 HK Equity	WUXI BIOLOGICS	5.86	40.9	23.43	59.77	51.50	150.49
1801 HK Equity	INNOVENT BIOLOGICS	5.79	96.40	-0.46	22.96	106.87	171.55
1088 HK Equity	CHINA SHENHUA ENERGY H	5.20	37.2	6.65	22.17	27.51	21.36
2020 HK Equity	ANTA SPORTS PRODUCTS	4.88	93.5	-1.21	0.36	12.44	14.65
9633 HK Equity	NONGFU SPRING CO H	4.49	53.9	7.84	34.41	63.30	89.06
1177 HK Equity	SINO BIOPHARMACEUTICAL	3.47	8.1	0.37	55.71	120.06	135.11
1093 HK Equity	CSPC PHARMACEUTICAL GRP	3.12	9.37	-6.95	21.69	92.03	60.10
2382 HK Equity	SUNNY OPTICAL TECH	2.66	90.45	8.65	30.43	27.85	80.81
2057 HK Equity	ZTO EXPRESS(HK)	2.55	147.5	6.54	8.15	-0.49	-15.42
6690 HK Equity	HAIER SMART HOME CO H	2.55	25.34	-3.43	12.87	6.12	-8.36

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268 HK Equity	KINGDEE INTL SOFTWARE	2.19	17.5	7.48	13.47	33.13	113.92
2688 HK Equity	ENN ENERGY HOLDINGS	2.11	64.35	2.96	2.63	4.01	20.16
2313 HK Equity	SHENZHOU INTERNATIONAL	2.11	61.6	2.63	13.02	10.54	6.79
2359 HK Equity	WUXI APPTec CO H	1.70	118.70	10.37	51.41	75.98	135.55
1308 HK Equity	SITC INTL HOLDINGS	1.67	29.9	9.02	24.51	59.01	54.86
1929 HK Equity	CHOW TAI FOOK (CN)	1.55	15.56	6.87	18.77	80.93	122.44
9896 HK Equity	MINISO GROUP (HK)	1.27	44.5	-6.31	26.64	28.15	18.58
1209 HK Equity	CHINA RESOURCES MIXC	1.22	41.34	9.15	11.42	27.44	37.23
241 HK Equity	ALIBABA HEALTH INFO TECH	1.17	6.6	21.98	40.51	41.40	68.61
322 HK Equity	TINGYI HOLDING CORP (CN)	0.96	10.4	-5.53	-9.39	-15.35	-4.86
2367 HK Equity	GIANT BIOGENE HOLDING	0.92	56.5	4.73	-2.08	-17.86	9.60
1519 HK Equity	J&T GLOBAL EXPRESS B	0.89	9.78	-5.96	44.25	72.29	63.82
3998 HK Equity	BOSIDENG INTL HLDGS	0.88	4.6	3.34	4.68	21.73	9.56
780 HK Equity	TONGCHENG TRAVEL HLDGS	0.85	23	4.83	17.47	10.79	30.70

Source: Bloomberg, MSCI, as of 30/09/2025

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: 31/08/2025-30/09/2025, 3-month return: 30/06/2024-30/09/2025, 6-month return: 31/03/2025-30/09/2025. 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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