

Latest Developments in the Chinese Market

Q1 Report 2026



1. Chinese Market News.....	2
2. Major Listed Companies News	8

Chinese Market News

China's GDP growth accelerates to 5% despite Iran war

China's economy grew more than expected in the first quarter of 2026, shrugging off energy disruptions from the Iran war as exports compensated for weak domestic demand. Gross domestic product for the quarter grew 5% year on year, the National Bureau of Statistics said on Thursday (16 April), improving from 4.5% in the previous three months. It also beat an average estimate of 4.7% among analysts surveyed by Nikkei and Nikkei Quick News.





China's yuan hits 3-year high against dollar on strong exports.

China's yuan has reached a three-year high against the dollar, holding strong in the foreign exchange market as exports of autos and other products expand the country's trade surplus and raise demand for buying yuan with other currencies. The yuan appreciated to 6.831 per dollar at the end of February, its strongest since April 2023, and has stayed in the upper 6.8 range in March. The currency has appreciated by 1% against the dollar since the end of 2025, and by 6% since the end of 2024.



China's exports soar nearly 22% in first two months of 2026

China's export growth accelerated into double digits in early 2026, the latest data shows, despite global supply uncertainty related to U.S. tariffs and geopolitical tensions. Outbound shipments jumped 21.8% on the year in January and February, in dollar terms, according to customs data released on Tuesday (10 March). This marked a sharp increase from the 6.6% growth rate in December, while easily beating the average forecast of 7% in a Reuters poll of economists.





China's US\$51 Trillion Savings Help Bonds to Outperform During War

China's US\$51 trillion savings glut has fueled demand for its debt, entrenching its role as a haven as the Iran war drives global volatility. A basket of yuan-denominated high-grade debt — spanning government and corporate bonds — has been the best performer among all major Bloomberg fixed-income aggregate indexes this year, returning about 1.1%. Dollar bonds of high-quality Chinese issuers have also done better than US investment-grade credit and Treasuries over the same period.



China's EV battery makers widen lead to over 70% global share

Chinese electric vehicle battery makers increased their dominance to a global share topping 70% last year, up from less than 50% in 2021, while South Korean competitors struggle in the U.S. market.





Chinese chipmakers claim nearly half of local market as Nvidia's lead shrinks

Chinese GPU and AI chip makers captured nearly 41 per cent of China's AI accelerator server market last year, eroding Nvidia's once-dominant position in one of its most important overseas markets, according to data from an IDC report reviewed by Reuters. The gains come as Beijing grows increasingly cautious about dependence on foreign chips, pushing government agencies and companies to adopt domestic alternatives after successive waves of US export controls cut China off from Nvidia's most advanced products.



China aims for 5-fold increase in advanced chip output to meet AI demand

China's top chip manufacturers, with strong government backing, are racing to produce several times more advanced semiconductors to support the rise of domestic AI chip developers, despite ongoing U.S. restrictions on the sector.



Major Listed Companies News

Xiaomi (1810.HK)



[EV] As of early April, the new SU7 has surpassed 40,000 firm orders. Xiaomi is targeting 550,000 total vehicle deliveries for 2026 as it seeks to boost its share of China's fiercely competitive market and make inroads overseas.



[AI] Xiaomi will invest at least 60 billion yuan (US\$11.2 billion) in artificial intelligence over the next three years, CEO Lei Jun said on Thursday (Mar 19). The announcement came a day after the company officially unveiled its new flagship AI model MiMo-V2-Pro, a large language model originally uploaded anonymously onto OpenRouter in March.



[Official 2025 annual results] Xiaomi achieved a milestone year with record revenue of RMB 457.3 billion (US\$67 billion), up 25% year-over-year and marking the first time it crossed the RMB 400 billion (US\$58 billion) threshold. Adjusted net profit jumped 44% to RMB 39.2 billion (US\$5.7 billion), driven by record-high gross margins across the group (22.3%) and IoT segment (23.1%).

Pop Mart International (9992 HK)



[Q1 2026] the company announced its first share buyback in nearly two years, signaling management's confidence that the stock is undervalued and boosting market sentiment; the plan to repurchase 1.4 million shares for HK\$251.4 million (US\$32 million) drove the share price sharply higher and positions the buyback as a way to enhance shareholder returns, especially given its historically low dividend yield, reinforcing investor confidence despite broader concerns about growth sustainability.



[Official 2025 annual results] Pop Mart reported exceptional 2025 performance with revenue surging 185% to RMB 37.12 billion (US\$5.4 billion) and net profit quadrupling 308% to RMB 12.78 billion (US\$1.9 billion). Gross profit jumped 207%, driven by 17 intellectual properties, each generating over RMB 100 million (US\$14.6 billion) and in revenue, alongside robust international expansion and successful IP diversification.

PETROCHINA CO H (857 HK)



[Q1 2026] PetroChina's five major oilfields delivered a strong start, with stable oil and gas output and rapid growth in green power: Daqing's new-energy generation exceeded 400 million kWh, Changqing's clean power rose 18.6% YoY, Tarim produced 590 million kWh of green electricity, Southwest natural-gas output grew >8% YoY, and Jilin's green power increased by 48 million kWh YoY, underscoring solid energy supply and accelerating low-carbon progress.



CHINA SHENHUA (1088 HK)



[Q1 2026] China Shenhua delivered a strong operational start, with double-digit growth across coal production, coal sales, transportation volumes, and power generation, highlighting solid demand and efficient integrated operations, while power output surged by over 34% year-on-year, reinforcing earnings visibility and cash-flow strength; the performance underscores the company's scale advantages and resilience, supporting a positive outlook backed by a Buy analyst rating and a HK\$48 (US\$ 6.1) price target.



Morgan Stanley added the company to its China/HK Focus List, citing attractive ~7% dividend yield.



ZTO Express (2057 HK)



[Q1 2026] Reported Q1 2026 results on April 27, beating estimates with HK\$16.6 billion (US\$ 2.1 billion) in revenue. The board approved an enhanced shareholder return program and a \$1.5 billion buyback through 2028.

ANTA Sports Products (2020 HK)



[Q1 2026] ANTA Sports delivered a strong start, with ANTA brand retail sales growing at a high-single-digit rate, FILA achieving low-teens year-on-year growth, and other core brands (excluding post-2025 acquisitions) surging by 40–45%



[Official 2025 annual results] record revenue RMB 80.22 billion (US\$ 11.73 billion) (+13.3% YoY) and operating profit RMB 19.09 billion (US\$ 2.8 billion) (+15.0%). Reinforced #1 market share in China (21.8%) via multi-brand strategy.

WuXi Biologics (2269 HK)



[Official 2025 annual results] WuXi Biologics delivered record revenue growth of 16.7% with gross margin expanding 500 basis points to 46.0%, underpinned by 209 new integrated projects added during the year. Its project backlog reached a record US\$23.7 billion (up 19%), while the company completed 28 process performance qualifications with a 100% success rate.

Innovent Biologics (2269 HK)



[Official 2025 annual results] Innovent Biologics crossed a major milestone by surpassing RMB 10 billion (US\$ 1.5 billion) in revenue for the first time, reaching RMB 13.0 billion (US\$ 1.9 billion) (up 38.4% year-over-year), with product revenue growing 44.6% to RMB 11.9 billion (US\$ 11.9 billion).

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