China Investment Compass - Quarterly

4Q26: from AI euphoria to macro reality

Equity Strategy

Macro headwinds are re-emerging

China market leadership reversed in 3Q, with ChiNext/STAR 50 falling 27%/29% QoQ, while the HSCEI and MSCI China gained 8.7% and 2.9%. Investors are concerned about whether AI returns can justify rising capital costs, and market leadership has broadened beyond the crowded semis/hardware trades. In China, AI localization is progressing from policy ambition to commercial deployment, although the debate is increasingly shifting toward monetization. On the macro front, China rolled out sweeping tax-tightening measures that should strengthen long-term fundamentals but have raised concerns over the near-term impact on income, corporate margins and consumption. Combined with slower credit growth and macro uncertainties (eg the US midterm elections and potential Fed hikes), we expect a choppier market backdrop in 4Q, with stock selection likely to remain more important than beta-driven returns.

Market: more realistic earnings, less compelling valuations

MSCI China rebounded 3% in 3Q26 in USD terms, outperforming global markets (vs MSCI World: +1%, MSCI EM: -1%). Within MSCI China, Healthcare (+31.5%), Financials (+13.9%) and Energy (+13.6%) led the quarterly performance, while IT fell 18%, giving back part of its 2Q gain (was up +36.7%), and Industrials declined 9.7%. The index currently trades at 10.2x forward P/E, a 13% discount to its long-term average, but still above the historical trough of 8-9x. Earnings remain challenged, with consensus 2026E EPS growth revised down from 11-12% in Jan to 1.5% currently.

Macro: emerging risk of overtightening

China's real GDP growth slowed from 5.0% YoY in 1Q26 to 4.3% in 2Q26, but TTM nominal GDP growth accelerated from 4.0%/4.1% in 2025/1Q26 to 4.6% in 2Q, supported by reflation, as PPI turned from -3% in 2025 to +4% in 2Q26. China Investment Compass (CIM) should therefore be in the C1/recovering phase in 2H26. Credit growth declined from 8.2% YoY in 2025 to 6.7% in Aug-26 amid weak domestic demand. Credit growth/GDP growth multiplier fell to 1.5x in 2Q, close to the "over-tightening" zone. Together with tighter tax enforcement, a stronger RMB, and modest policy easing measures, we are getting cautious on the economic outlook in 2027.

Model portfolio: online retail/NBFIs over autos/IPPs

For 4Q26, our quant-driven portfolio favors large-cap laggards with attractive valuations, including online retail, non-bank financials and selected materials. We stay positive on life sciences despite its 51% gain in 3Q. Within AI, we overweight tech hardware (Xiaomi, Lenovo) and communications equipment (Innolight) in 4Q. By contrast, we stay underweight autos, IPPs and construction materials, and downgrade auto components and heavy machinery to the Bottom-10 list. We also remain cautious on real estate following the recent rally and on liquors.

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Equity Strategy
China

BofA Data Analytics

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Glossary

OW: overweight

UW: underweight

TTM: Trailing Twelve Months

Executive summary: the 3Ms

Market: MSCI China outperformed A-share and global markets in 3Q. Forward P/E at 10.2x is below the long-term average. EPS growth has been cut to 1.5% YoY for 2026E.

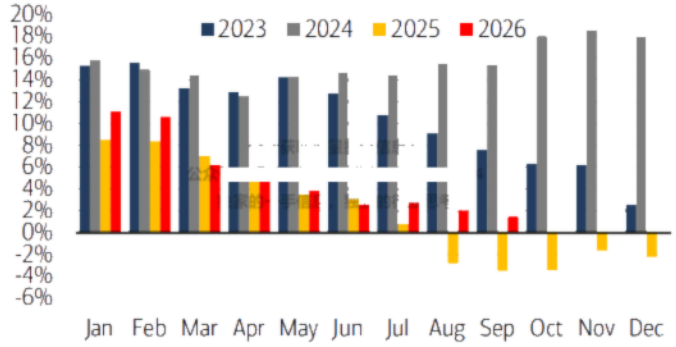
Exhibit 1: MSCI China's P/E at 10.2x is 13% below long-term average
Forward P/E valuation of MSCI China Index



Source: Bloomberg, MSCI

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Exhibit 2: Consensus EPS forecast was cut from >11% in Jan to 1.5%
Consensus forecast for MSCI China earnings growth

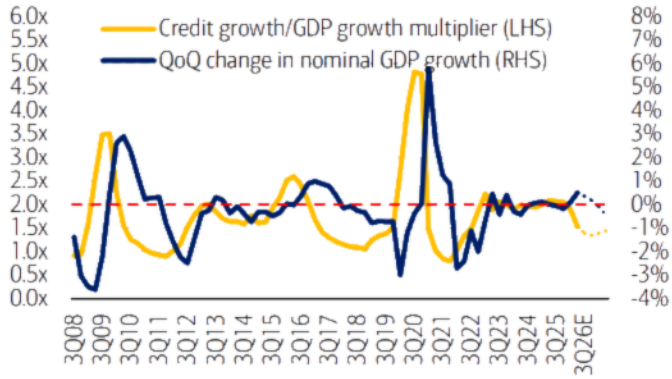


Source: MSCI, FactSet

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Macro: Credit growth softened in 8M26 alongside weak FAI and domestic consumption, although nominal GDP growth accelerated on a higher GDP deflator. Credit/GDP growth multiplier may fall into the "overtightening" zone in 2H26.

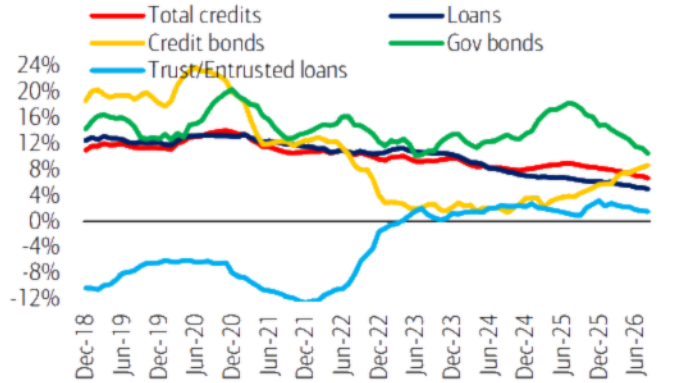
Exhibit 3: Credit multiplier may fall to "overtightening" in 2H26
Credit growth multiplier leads sequential GDP growth



Source: PBOC, CEIC

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Exhibit 4: Growth of loans and gov bonds both slowed significantly
YoY growth of various types of financing



Source: PBOC, CEIC

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Model portfolio: For 4Q26, we prefer online retail, non-bank financials, selected materials, and life sciences. Within AI, we overweight tech hardware and communications equipment. Underweight IPPs, autos, liquors and real estate.

Exhibit 5: We prefer online retail and non-bank financials over consumer in 4Q26
China Investment Compass based model portfolio recommendation: 4Q26

#	Overweight Sectors	vs 3Q26	Underweight Sectors	vs 3Q26
1	CD- Internet & Direct Marketing Retail	↑	UTL- Independent Power & Renewable	√
2	FI- Diversified Financials	√	CS- Liquors	√
3	FI- Insurance	↑	CD- Auto	√
4	MAT- Metals & Mining (ex. gold)	√	CD- Auto Components	↓
5	MAT- Chemicals	√	IND- Heavy Machinery	↓
6	IT- Communications Equipment	√	COM- Telecom	√
7	IT- Technology Hardware	↑	IND- Construction & Engineering	√
8	HC- Life Sciences Tools & Services	√	RE- Real Estate	√
9	CD- Hotels, Restaurants & Leisure	↑	UTL- Gas & Water Utilities	√
10	IND- Conglomerate & Commercial Services	↑	MAT- Construction Materials & Paper	√

Source: : BofA Global Research *√shows sectors on our OW/UW list last quarter; ↑ shows new upgrades. ↓ shows new downgrades

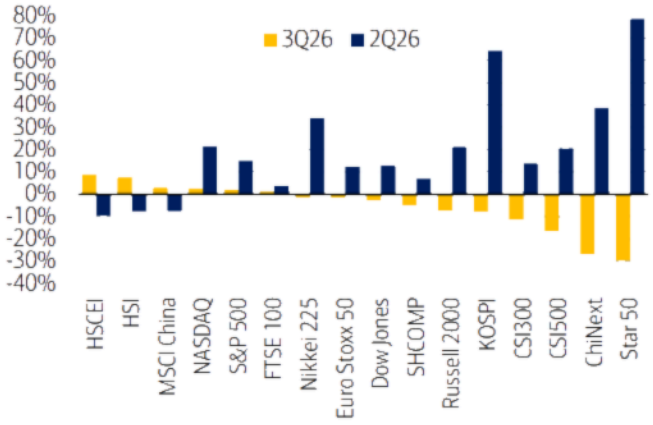
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Market: market leadership reversed in 3Q

Market performance review

3Q26 was a period of market normalization. Following AI-led stock rallies in 2Q26, tech-heavy markets experienced a sharp correction in July. Although the tech selloff eased over August-September, geopolitical uncertainties in the Middle East and the Fed's shift toward tighter monetary policy continued to weigh on investor sentiment, driving portfolio diversification away from tech stocks and toward a barbell allocation strategy. In USD terms, markets that lagged in 2Q26 outperformed in 3Q26, led by the HSCEI (+8.7%), HSI (+7.5%), and MSCI China (+2.9%). In contrast, A-share indices underperformed, with the STAR 50 (-29.9%), ChiNext (-26.9%), and CSI 500 (-16.7%) posting the weakest returns. Sector performance also reversed in 3Q26, with IT, the best-performing sector in 2Q26, becoming the largest loser (-18.0%), while Health Care (+31.5%), Financials (+13.9%), and Energy (+13.6%) led gains.

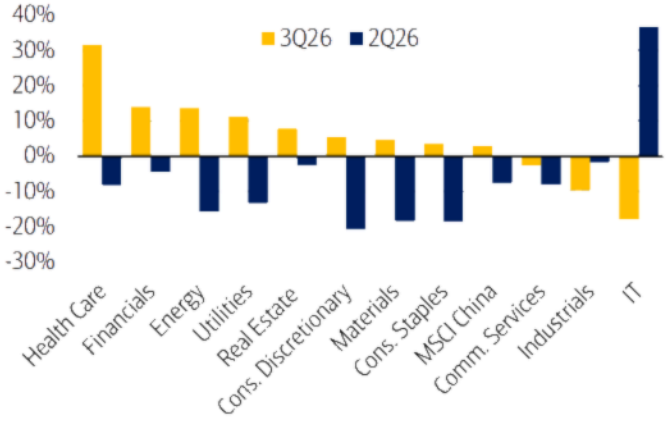
Exhibit 6: HSCEI, HSI, and MSCI China outperformed in 3Q26 while STAR 50, ChiNext, and CSI 500 lagged
Comparison of key global market performance



Source: Bloomberg, MSCI *Net return excluding dividend

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Exhibit 7: Sector performance reversed in 3Q26 with IT the largest loser, while Health Care, Financials, and Energy led gains
Comparison of MSCI China sector performance

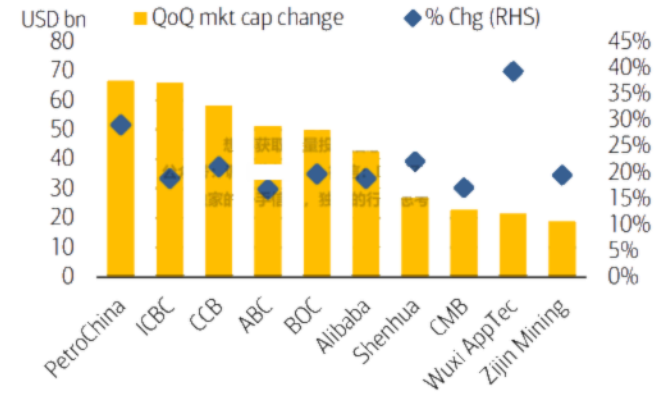


Source: Bloomberg, MSCI *Net return excluding dividend

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Among the top 10 market cap gainers in 3Q26, five were banks, with the remainder spanning energy, eCommerce, healthcare and metals. In contrast, the largest market cap losers were concentrated in AI hardware, semiconductors, and industrials.

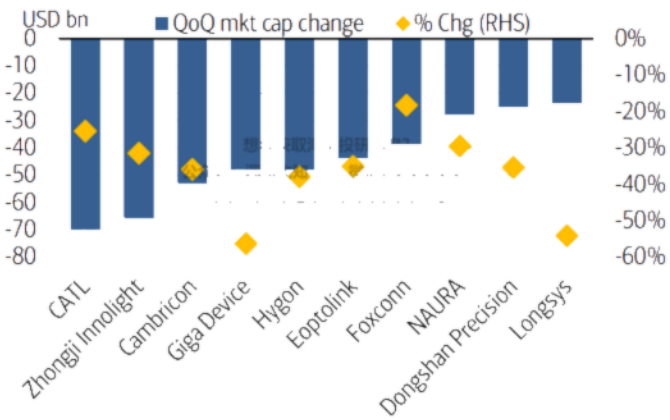
Exhibit 8: Energy and bank stocks were among the top market cap gainers
Top 10 market cap gainers in MSCI China (3Q26)



Source: Bloomberg, MSCI

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Exhibit 9: AI hardware, industrials and semis stocks were among the top market cap losers
Top 10 market cap losers in MSCI China (3Q26)



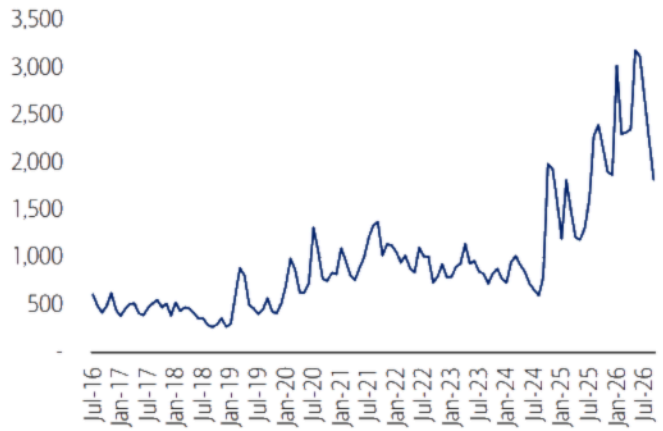
Source: Bloomberg, MSCI

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The share of Hang Seng Composite Index constituents trading above their 200-day moving averages recovered from a historical low of 12% in late June to 28% by late July, before retreating to 23% in September. The narrowing market breadth in September was accompanied by declining trading activity, with HKEX ADTV falling from ~HKD300bn to ~HKD200bn, and A-share ADTV cooling from ~RMB3.2tn in May to below RMB1.8tn in September.

Exhibit 10: A-share daily turnover fell to a YTD low of RMB1.8tn in September

Average daily trading value in the A-share market (RMB bn)

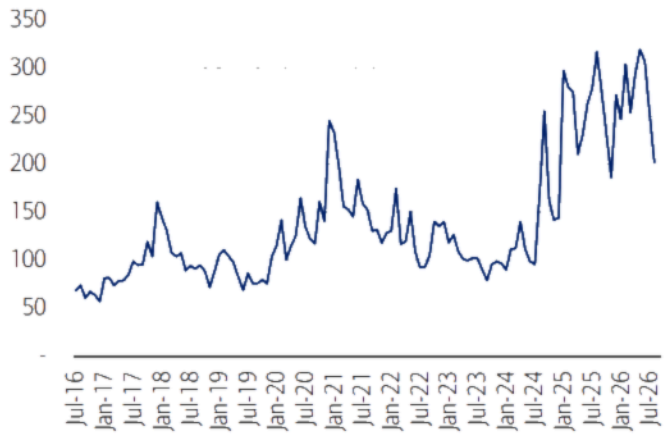


Source: WIND

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Exhibit 11: Hong Kong market daily turnover fell back to the level of HKD200bn in September

Average daily trading value in the Hong Kong stock market (HKD bn)



Source: WIND

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Economic growth: China's slowdown became clearer by July, as 2Q26 GDP growth eased from 5.0% YoY in 1Q to 4.3% in 2Q, the weakest quarterly pace since 2023 and below the government's 4.5%–5.0% full-year target range. Domestic demand remained weak in 3Q26, with retail sales, credit growth and fixed-asset investment losing momentum. Property-related investment fell 22% YoY in 8M26, new starts dropped 25% YoY and new-home sales space declined 14%.

Policy support: targeted easing. Late August housing reforms extended maximum mortgage maturities from 30 to 40 years, lengthened development-loan terms and tightened presale conditions. Presale projects generally require their main structures to be topped out, while authorities are promoting completed-home sales more gradually. On September 7, the Ministry of Finance confirmed CNY300bn of special sovereign bonds to recapitalize eight financial institutions, including two state banks, one policy bank, one export-credit insurer and four SOE insurers. On September 29, PBOC announced a 25bp cut in the one-year PSL rate to 1.50%, a CNY200bn increase in the technology and equipment-upgrade relending quota to CNY1.4tn, and a CNY500bn increase in agriculture and small-business relending. Authorities also introduced a 1ppt mortgage-interest subsidy for qualifying first-home purchases, effective October 1. While the subsidy can help support mortgage loan demand, the narrow eligibility criteria (small-ticket, first-homebuyer, no refinancing, etc) will limit its reach.

Tightening on capital flows and taxation: Following a crackdown on mainlanders' illegal cross-border investments in May, regulators further tightened oversight of offshore trust and insurance arrangements in July to August, and intensified efforts to scrutinize previously granted tax concessions. The tighter enforcement regime began to surface in 2Q26 earnings, with a number of listed companies reporting tax-related provisions, clawbacks, or higher compliance costs. Founders of a few listed companies were also reportedly selling down shares to meet tax obligations ahead of the October 22 compliance deadline.

External demand and US-China relations: Exports remained a key growth cushion, rising 19.3% YoY (USD terms) in 8M26 and generating a cumulative trade surplus of CNY5.6tn. Oil volatility remained a key macro-overhang: Brent eased from its 2Q peak following the July ceasefire, but the renewed US-Iran conflict pushed prices back above USD95/bbl in September, reviving inflation and supply-disruption concerns. President Xi Jinping's September 23-25 state visit to Washington produced an extension of existing trade arrangements through January 10, 2027, reciprocal tariff reductions covering roughly USD30bn of non-sensitive goods in each direction, and a bilateral AI dialogue. The White House said China would purchase at least 10mn metric tonnes of US coal annually in 2027 and 2028, although China's readout stopped short of confirming the volumes. China equities corrected following the meeting. Potential Xi-Trump meetings at the November APEC and December G20 summits could provide the next catalysts, although US midterm politics may keep bilateral uncertainty elevated.

Exhibit 12: Market leadership reversed in 3Q26. Within China, MSCI China, HSCEI and HSI outperformed Star 50, ChiNext, and CSI500
Performance comparison (net return in USD terms, as of Sep 30th)

	Current	Performance (%)								Ranking							
	level	1M	3M	6M	12M	YTD	3yr	5yr	10yr	1M	3M	6M	12M	YTD	3yr	5yr	10yr
Major indices																	
S&P 500	7,652	-0.5	2.0	17.2	14.4	11.8	78.4	77.6	252.9	4	5	5	5	6	5	3	2
Dow Jones	50,906	-4.3	-2.7	9.8	9.7	5.9	51.9	50.4	178.1	9	10	8	7	7	9	6	3
NASDAQ	26,861	1.9	2.5	24.4	18.5	15.6	103.2	85.9	405.7	2	4	4	3	4	2	2	1
Euro Stoxx 50	6,269	-4.7	-1.6	10.6	9.3	4.6	61.0	51.8	110.9	10	8	7	8	9	7	5	7
FTSE 100	10,606	-4.0	1.1	4.6	11.8	5.3	51.5	47.5	57.2	8	6	9	6	8	10	7	8
Nikkei 225	66,754	2.2	-1.5	32.1	39.6	31.8	99.1	60.6	161.7	1	7	2	2	2	3	4	5
KOSPI	6,838	1.1	-7.9	51.3	106.7	72.4	177.8	94.8	171.3	3	13	1	1	1	1	1	4
Russell 2000	2,797	-5.4	-7.5	12.0	14.8	12.7	56.7	26.9	123.5	12	12	6	4	5	8	8	6
MSCI China	72	-4.8	2.9	-4.9	-20.1	-13.4	23.1	-19.8	13.4	11	3	17	17	17	17	17	13
NASDAQ Golden Dragon	5,696	-6.2	-2.6	-15.7	-34.0	-24.4	-14.5	-44.7	-26.3	15	9	18	18	18	18	18	18
HSI	24,613	-3.8	7.5	-0.8	-9.1	-4.7	37.9	-0.6	4.4	7	2	14	15	15	12	12	15
HSCEI	8,220	-3.5	8.7	-1.9	-14.7	-8.5	33.4	-6.5	-15.2	6	1	16	16	16	14	14	16
SHCOMP	3,842	-3.4	-5.0	1.5	5.1	0.9	34.4	3.5	27.1	5	11	10	11	12	13	10	11
CSI300	4,358	-5.6	-11.4	0.7	-0.3	-1.9	28.5	-13.9	33.1	13	14	12	14	14	16	16	10
CSI500	7,435	-6.3	-16.7	0.4	6.5	3.8	42.2	0.6	16.8	16	16	13	10	10	11	11	12
CSI1000	7,299	-5.9	-16.2	-1.5	2.3	0.1	30.7	-5.3	-16.2	14	15	15	13	13	15	13	17
ChiNext	3,135	-8.6	-26.9	1.2	2.8	2.0	70.3	-7.1	45.0	17	17	11	12	11	6	15	9
Star 50	1,530	-9.0	-29.9	25.2	8.7	18.6	87.5	7.4	6.7	18	18	3	9	3	4	9	14
Asset classes																	
Gold USD Spot	4,157	-6.3	3.7	-10.9	7.7	-3.7	124.9	136.6	215.9	6	5	4	4	4	2	1	2
Crude oil, Brent	104	14.4	42.0	-12.5	54.5	70.1	8.6	31.9	111.0	1	2	6	1	1	5	5	4
Iron ore, Dalian	708	-5.2	-3.6	-11.1	-6.0	-8.7	-17.3	-4.9	58.6	5	6	5	5	6	6	6	6
Copper, CMX	662	0.4	6.9	17.9	36.3	16.5	77.2	61.9	199.5	3	4	2	2	3	3	3	3
Bloomberg Commodity Index	142	0.3	15.1	4.8	35.5	29.3	35.2	40.7	66.1	4	3	3	3	2	4	4	5
Bitcoin USD Spot	83,621	6.0	42.6	22.6	-27.1	-4.6	208.9	92.5	13,699	2	1	1	6	5	1	2	1
MSCI China subsectors													vs MSCI China				
Communication Services	122	-4.9	-2.7	-10.6	-36.5	-29.1	21.4	-10.1	-14.7	0.0	-5.7	-5.7	-16.4	-15.7	-1.8	9.7	-28.0
Consumer Discretionary	155	-8.2	5.4	-16.4	-37.3	-26.5	-8.4	-44.1	-17.5	-3.4	2.5	-11.5	-17.3	-13.1	-31.5	-24.3	-30.8
Consumer Staples	861	-4.0	3.5	-15.7	-26.4	-18.6	-30.1	-52.9	3.2	0.8	0.6	-10.9	-6.3	-5.1	-53.2	-33.0	-10.2
Energy	730	-5.2	13.6	-4.4	26.6	15.5	44.4	84.7	72.6	-0.4	10.7	0.5	46.7	28.9	21.2	104.6	59.3
Financials	598	-0.4	13.9	8.8	13.6	6.4	74.6	40.6	35.4	4.5	11.0	13.7	33.7	19.8	51.4	60.4	22.0
Health Care	234	6.7	31.5	20.7	1.8	22.4	38.4	-34.2	60.0	11.6	28.6	25.6	21.8	35.8	15.2	-14.4	46.6
Industrials	113	-8.7	-9.7	-11.3	-10.3	-9.5	21.0	-19.8	-6.2	-3.9	-12.7	-6.4	9.8	3.9	-2.1	0.0	-19.6
Information Technology	951	-7.3	-18.0	12.1	-18.2	-0.9	86.2	-5.7	129.1	-2.4	-20.9	17.0	1.9	12.5	63.0	14.1	115.7
Materials	1,332	-11.8	4.7	-14.5	-3.1	-15.5	77.3	5.6	125.6	-7.0	1.7	-9.7	16.9	-2.0	54.2	25.5	112.3
Real Estate	423	0.0	7.8	5.1	-14.5	1.4	-19.8	-62.8	-57.7	4.8	4.9	10.0	5.5	14.8	-42.9	-42.9	-71.1
Utilities	548	1.0	11.2	-3.6	-2.4	-2.9	12.1	-33.6	1.7	5.9	8.3	1.3	17.7	10.6	-11.0	-13.8	-11.6

Source: Bloomberg, MSCI *Net return excluding dividend

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Valuation and earnings revision

The average 12mth forward P/E valuation for the CSI 300 index declined to 12x in 3Q26, 7% below its long-term average, while MSCI China Index traded at 10x, a 13% discount. The vast majority of the MSCI China sectors were below their historical average P/E levels. Valuation premiums to long-term P/E averages for IT and Real Estate narrowed from 40-80% in 2Q26 to 10-52% in 3Q26. Consumer, Materials and Communications had the largest discounts, trading at 24-34% below their long-term average valuations.

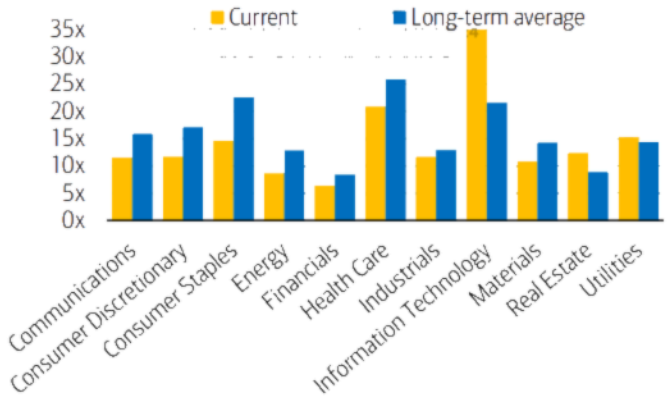
Exhibit 13: P/E was at 12x for CSI 300 and 10x for MSCI China
Forward P/E valuation of China market indices



Source: Bloomberg, MSCI

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Exhibit 14: IT and Real Estate were above their long-term P/E levels in 3Q26
Forward P/E valuation of major MSCI China sectors

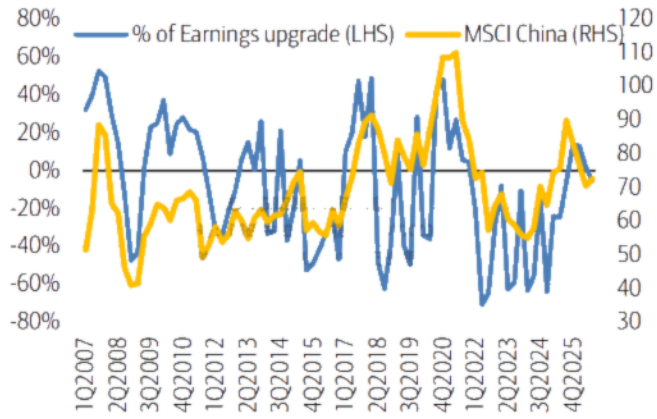


Source: Bloomberg, MSCI

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In 3Q26, consensus earnings for the MSCI China Index were revised down 0.2% QoQ amid still-tepid domestic demand. Within MSCI China, net earnings upgrades accounted for only -6% of MSCI China constituents, down from 2% in 2Q26. Financials (61%), IT (19%), Materials (17%) and Energy (17%) saw the strongest upgrade momentum, while Communications (-64%), Consumer Staples (-56%) and Utilities (-50%) recorded the largest net downgrades.

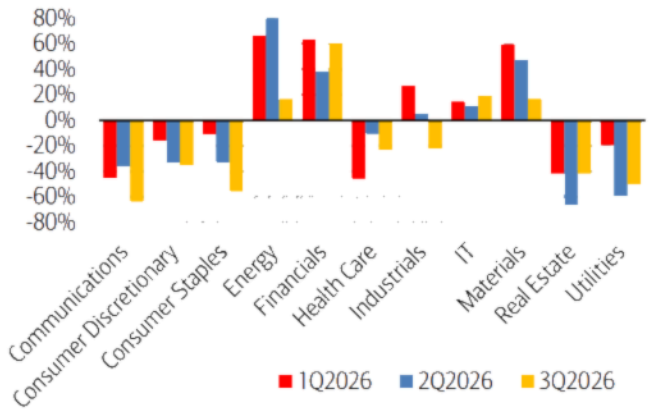
Exhibit 15: Net earnings downgrades accounted for 6% of total companies in 3Q26
MSCI China performance vs index earnings revision QoQ



Source: Bloomberg, MSCI

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Exhibit 16: Financials and IT saw the highest net upgrades, while Communications and Staples saw the most net downgrades in 3Q26
Percentage of companies that had net earnings upgrade



Source: Bloomberg, MSCI

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China flow lens

Domestic flow weakens despite a modest recovery in foreign inflows

Following heavy redemptions from foreign-domiciled China equity funds tracked by EPFR in July, foreign inflows have modestly recovered since mid-August, driven primarily by passive funds. At the market level, the recovery in A-share funds lost momentum, with a mild net redemption of USD66.3mn in the four weeks ended Sep 30, compared with net subscriptions of USD104.7mn in the four weeks ended Aug 26. In contrast, Hong Kong-focused funds saw flows reverse from net outflows of USD479.8mn to net inflows of USD249.7mn over the same period.

Exhibit 17: Supported by passive funds, foreign inflows have modestly recovered since mid-August
Weekly capital flows to foreign-domiciled China funds benchmarking against MSCI China, A-share indices, and Hong Kong indices (USD mn)

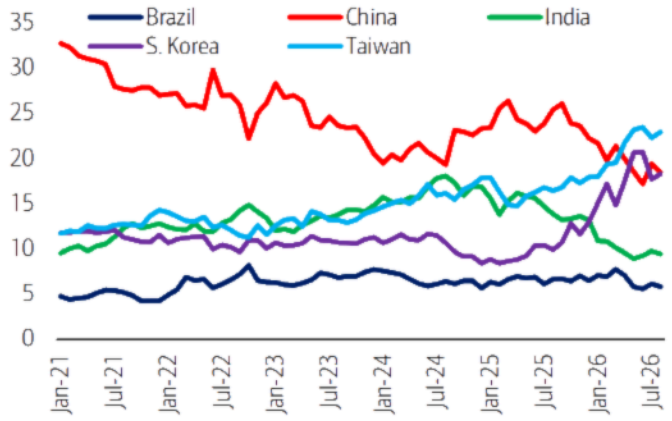
Benchmarks	1-Jul	8-Jul	15-Jul	22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep
China (Total)	-1237.6	-1485.0	-758.5	-279.5	-142.4	-1058.5	-1124.8	-32.2	823.9	-1253.9	-641.0	424.5	-412.4	-743.9
China (Total, active)	-246.7	-269.9	4.3	95.9	-31.8	-30.0	-255.0	43.9	-54.5	-140.1	-195.7	-135.8	-100.4	-288.9
China (Total, passive)	-990.8	-1215.0	-762.8	-375.4	-110.6	-1028.6	-869.8	-76.1	878.5	-1113.8	-445.3	560.4	-312.0	-455.0
MSCI China	-42.1	-543.3	-220.1	-50.3	-59.5	35.6	10.1	-54.4	-76.8	-26.3	-59.8	-175.3	-163.3	-16.5
A-share indices	-230.7	-436.3	-136.1	-99.3	-63.5	52.4	106.2	25.9	-79.8	159.9	6.9	-69.6	-50.8	47.2
H-share indices	-614.8	-404.6	-573.2	58.6	111.6	-749.5	-915.7	-5.4	1190.9	-914.0	-269.7	767.6	67.6	-315.8

Source: EPFR. Note: A-share index benchmarks include MSCI China A Share, MSCI China A 50, CSI 300, SSE Composite Index, SSE 50, Shenzhen ChiNext, and CSI 800. H-share index benchmarks include HSI, Hang Seng China Enterprise, and Hang Seng Tech. China (total) represents a broad universe of all EPFR-tracked foreign-domiciled funds with a China investment mandate, whose benchmarks also include other China-specific indices or multi-market indices (i.e., 70%*CSI300+30%*HSI). AUM for funds linked to China (total)/MSCI China/A-share indices/H-share indices was USD194.4bn/USD27.7bn/USD16.1bn/USD47.0bn as of May 27.

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The modest improvement in foreign fund flows has yet to translate into a sustained recovery in China allocations by active EM funds, with portfolio weights declining from 19.4% in July to 18.5% in August. Active funds' underweights in China also deepened relative to passive peers. In contrast, active funds' exposure to South Korea and Taiwan widened in August, consistent with renewed interest in AI-related trading opportunities after the July correction.

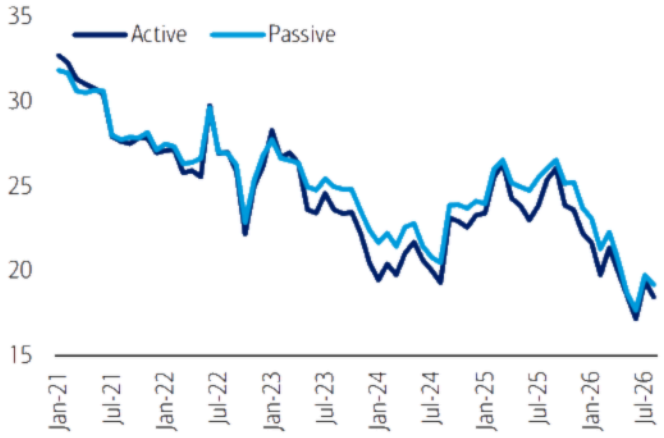
Exhibit 18: EM funds' exposure to South Korea and Taiwan recovered
Market allocations by active global EM funds (%)



Source: EPFR

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Exhibit 19: Active funds' UW positions on China widened in August
Active and passive global EM funds' exposure to China stocks (%)

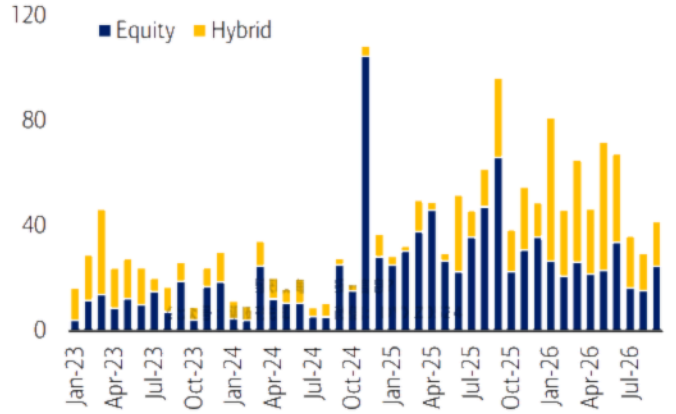


Source: EPFR

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Compared with 2Q26, domestic capital supply weakened overall in 3Q26, although trends were mixed across different channels. Mutual fund issuance fell by approximately 42% QoQ, while margin trading value more than halved from over RMB330bn in late June to ~RMB125bn by late September. As a result, margin trading's share of total market turnover declined from 10% to 9% over the same period. That said, corporate share buybacks remained resilient despite a temporary slowdown in August. In the ETF market, state-backed investors were major sellers in 1H26 but stepped in to provide liquidity support during the July market correction. However, this support has gradually faded over the past two months, pointing to a moderation in ETF inflows.

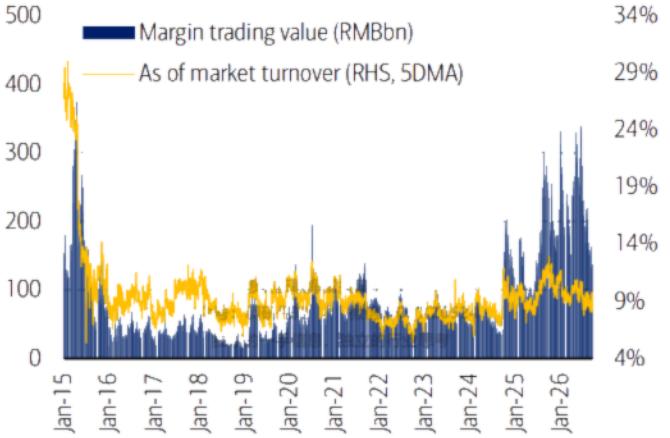
Exhibit 20: Mutual fund issuance rebounded in Sep-26
Issuances of new mutual funds (bn shares)



Source: WIND

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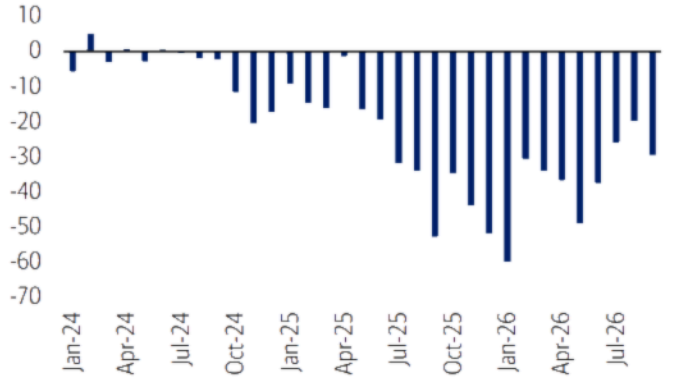
Exhibit 21: Margin trading value more than halved in 3Q26
Margin trading as % of A-share total turnover



Source: WIND

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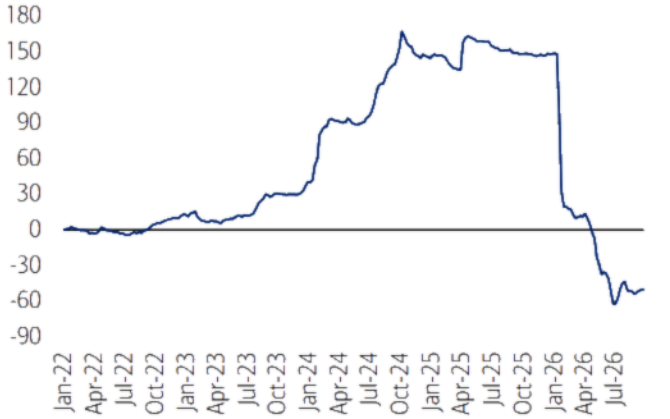
Exhibit 22: Major shareholders' stock selling moderated in 3Q26
Share reductions by major shareholders in the A-share market (RMB bn)



Source: WIND. Note: "share reductions by major shareholders" refers to situations where large shareholders sell down their stakes in a listed company. Major shareholders include founders/controlling shareholders, senior management, strategic or financial investor, or any shareholder holding ≥5% of the company

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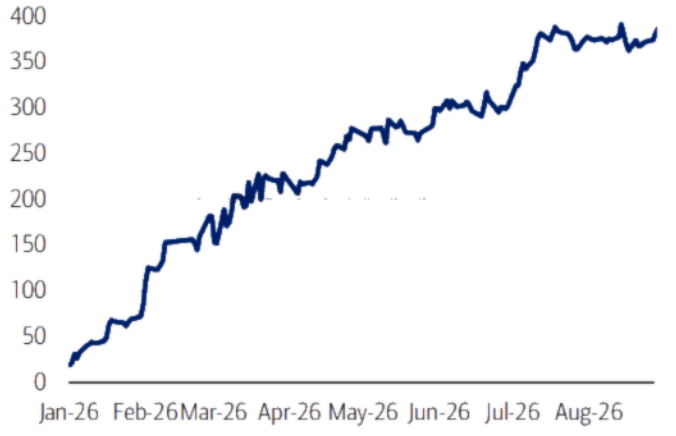
Exhibit 23: ETF buying by China's "national team" was limited
Cumulative capital flows to China's domestic ETF funds (USD bn)



Source: EPFR

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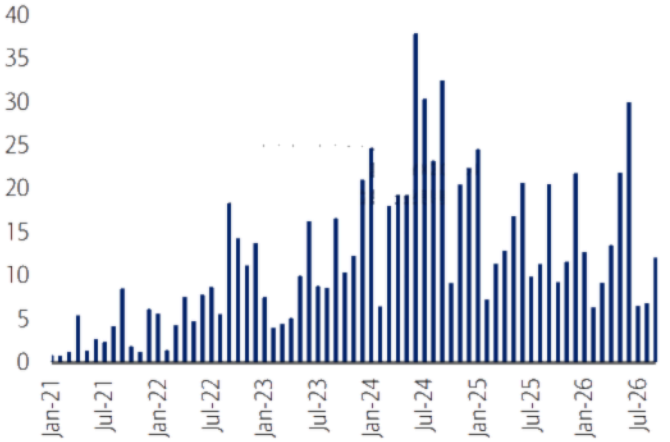
Exhibit 24: Southbound inflows were limited in the past two months
Cumulative southbound capital flows to HK stocks since 2026 (HKD bn)



Source: WIND

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Exhibit 25: Hong Kong stock buybacks rebounded in September
Share buybacks in the Hong Kong market (HKD bn)



Source: WIND

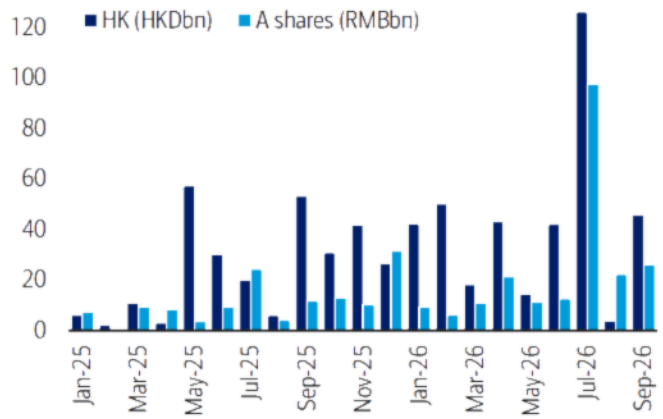
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Hong Kong liquidity conditions remained challenging

Liquidity conditions in Hong Kong showed a modest recovery. Corporate buybacks increased from HKD7.0bn in August to HKD12.2bn in September, although they remained well below the June peak of HKD30.1bn. Meanwhile, southbound inflows accelerated from HKD10.4bn to HKD60.8bn over the same period. Foreign capital flows into Hong Kong-focused funds have also turned more supportive, reinforcing the improvement in market liquidity.

On the capital demand side, IPO financing rebounded sharply from HKD3.8bn in August to HKD45.7bn in September, driven by the return of mega IPOs. Post-IPO lock-up expirations remained a key overhang throughout 3Q26, with the market value of restricted shares scheduled for release surging from HKD53.5bn in August to approximately HKD380bn in September, primarily due to Zijin. Encouragingly, the scale of upcoming lock-up expirations is expected to moderate in October and November before picking up again in December.

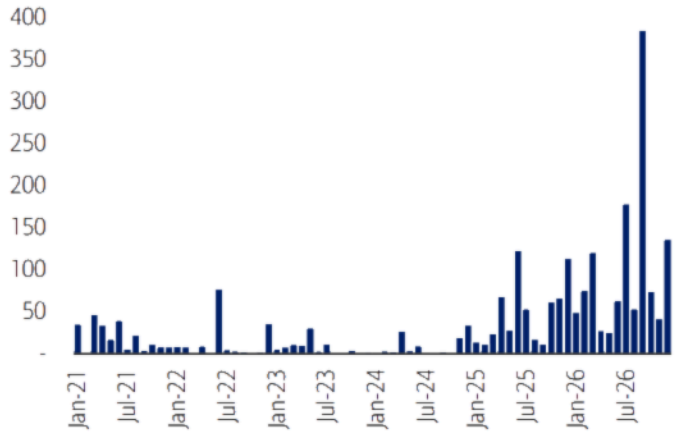
Exhibit 26: IPO financing value in HK rebounded in September
IPO financing value in HK (HKD bn) and A-share market (RMB bn)



Source: WIND

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Exhibit 27: Restricted stock unlocks in HK expected to ease in 4Q26
Monthly amount of lock-up expiration in HKEX (HKD bn)



Source: WIND

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Liquidity dashboard

The liquidity dashboard below compiles fund flow data alongside indicators from both the capital supply and demand sides, with green/amber/red arrow denoting movements that are supportive/neutral/adverse to secondary market liquidity.

Exhibit 28: Hong Kong liquidity conditions show marginal MoM improvement, but are yet to turn supportive
A-share and Hong Kong market liquidity dashboard

	A-share market	Sep-26	Aug-26	Impact	Hong Kong	Sep-26	Aug-26	Impact
Overall	Average daily trading value (RMB bn)	1,817.0	2,241.4	▼	Average daily trading value (HKD bn)	201.8	253.2	▼
	Margin trading as % of market turnover	8.6%	9.2%	▼				
Capital Supply	New mutual fund issuances (bn)	41.6	29.5	▲	Shares buyback (HKD bn)	12.2	7.0	▲
	Shares buyback (RMB bn)	19.8	12.9	▲	Southbound capital flows (HKD bn)	60.8	10.4	▲
	Northbound trading as % of turnover	7.0%	6.7%	▶				
	4-week China equity fund flows (USD mn)	-66.3	104.7	▼	4-week China equity fund flows (USD mn)	249.7	-479.8	▲
Capital Demand	IPO financing (RMB bn)	26.1	22.1	▼	IPO financing (HKD bn)	45.7	3.8	▼
	Lock-up expirations (RMB bn)	264.5	177.9	▼	Lock-up expirations (HKD bn)	384.7	53.5	▼
	Share reductions by major shareholders (RMB bn)	29.8	20.1	▼				

Source: WIND, EPFR.

Note: ▲ / ▶ / ▼ denote whether an indicator's movement is supportive, neutral, adverse to market liquidity relative to the previous month. A ▲ is assigned when the MoM change is supportive to liquidity — specifically, a >5% increase in overall/capital supply indicator or a >5% decline in capital demand indicator. A ▼ is assigned when the MoM change is adverse to liquidity— a >5% decline in overall/capital supply indicator or a >5% increase in capital demand indicator. A ▶ is assigned when the MoM change falls within +5%.

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Macro: a potentially choppier 4Q

China Investment Compass (CIM) swayed between the C1/recovering and the C4/ stimulating phases in 2H24-1Q26, as nominal GDP growth fluctuated around 4.0-4.3%, while monetary policy remained loose. Nominal GDP growth accelerated to 4.6% in 2Q26, driven by a higher GDP deflator. In 2H26, we expect real GDP growth to slow further, while nominal growth improves modestly on reflation. Policymakers are likely to prioritize structural reforms and quality growth over cyclical stimulus. Although tax reform measures should strengthen China's long-term fundamentals, investors are increasingly focused on near-term growth headwinds. Together with slower credit growth and external macro uncertainties, including the US midterm elections and potential Fed rate hikes, this should result in a choppier market backdrop in 4Q26, where alpha generation continues to outweigh beta-driven returns.

Credit multiplier approaching the "overtightening" zone

Our forecast of the nominal GDP growth trajectory is based on the credit growth multiplier. As discussed in our earlier reports (see here), China's credit/GDP growth multiplier has been a strong driver and leading indicator to the sequential change in nominal GDP growth. Based on the past experience, the credit multiplier needs to be 1.5-2x for the GDP growth to be sequentially stable (ie flattish QoQ). Over 2.5x multiplier is considered "strong stimulus", while under 1.5x means "over-tightening".

China's real GDP growth softened from 5.0% YoY in 1Q26 to 4.3% in 2Q26, while TTM nominal GDP growth accelerated from 4.0%/4.1% in 2025/1Q26 to 4.6% in 2Q26. Total credit growth declined from 8.2% in 2025 to 7.7%/7.0% in 1Q/2Q26, and further to 6.7% in August. Credit growth/GDP growth multiplier declined from >2x in 2H25 to 1.5x in 2Q26, approaching the "over-tightening" zone. Historically, over-tightening was followed by sharp GDP deceleration and elevated market volatility (eg in 2010-12, 2018-19, and 2021-22). We therefore are getting more cautious on economic outlook in 2027.

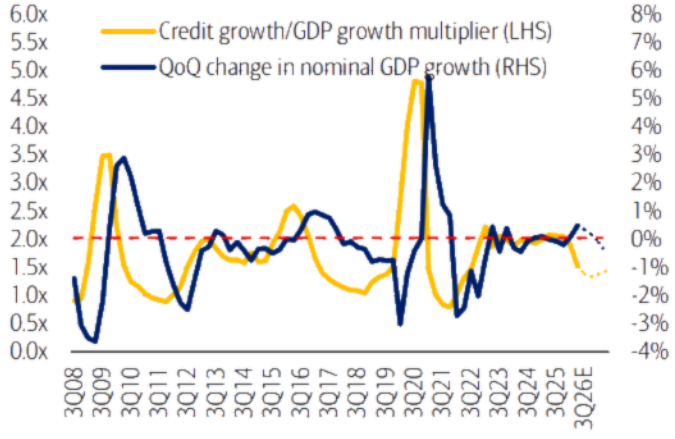
Exhibit 29: Nominal GDP growth accelerated on higher deflator
China's credit growth cycle leads GDP growth



Source: PBOC, CEIC

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Exhibit 30: Credit multiplier may fall to "overtightening" in 2H26
Credit growth multiplier leads sequential GDP growth



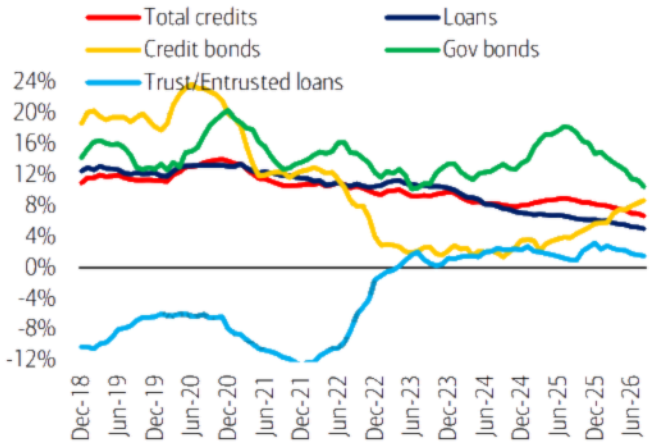
Source: PBOC, CEIC

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Bank sector loan growth declined from 7.0%/6.2% YoY in 2024/2025 to 5.7% in 1Q26, and further down to 5.2% in 2Q and 5.0% in August, amid weak domestic demand. Growth of credit bonds dropped from 12.5% YoY in Dec-21 to 2.2% in Dec-23 and rebounded to 8.6% in Aug-26. Growth of government bonds outstanding rebounded from 13.5% YoY in Dec-24 to 18.2% in Jul-25 but eased to 10.4% in Aug-26.

Household loan growth slowed from 15-25% YoY in previous years to only -1.6% in Aug-26, while household deposit growth remained resilient at 7.3% YoY by Aug-26.

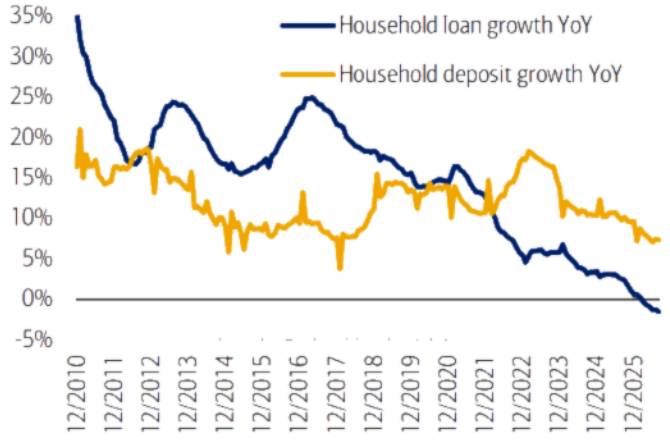
Exhibit 31: Growth of loans and gov bonds both slowed significantly
YoY growth of various types of financing



Source: PBOC, CEIC

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Exhibit 32: Retail loan growth dropped to -1.6% YoY in Aug-26
YoY household loan and deposit growth



Source: PBOC, CEIC

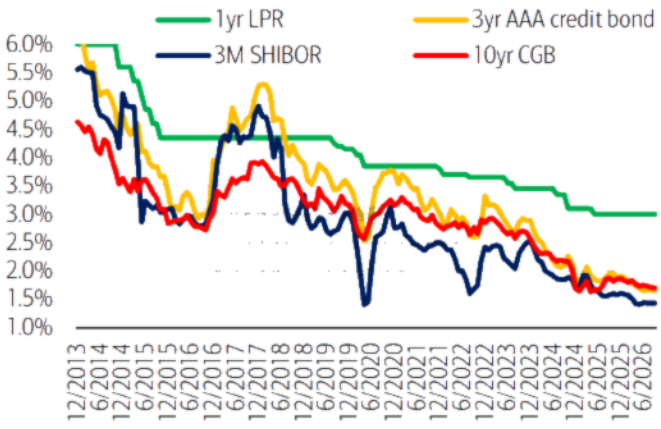
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Limited prospect of rate cuts

1-year and 5-year Loan Prime Rate (LPR) have been stable since May-2025. Interbank liquidity has been abundant. 3mth SHIBOR declined from 1.9% in Oct-2024 to 1.6% in Dec-25 and further to 1.4% in Sep-2026. Bond yields rebounded in 2H25, partly due to the fund flow out of bonds into equities and the levy of value-added-tax. 10yr CGB yield dropped from 2.2% in Sep-24 to 1.6% in Apr-25, and recovered to 1.9% in Dec-25, before edging down to 1.7% in Sep-2026. Yield on 3yr AAA-rated credit bond declined modestly from 2.1% in Nov-24 to 1.9% in end 2025, and further to 1.7% in Sep-26.

Over the past five years, 1yr/5yr LPR has been cut by 85bp/115bp, while major banks' 1yr/3yr time deposit pricing has been reduced by 80/150bp cumulatively. However, the effectiveness of monetary easing, in terms of boosting consumption, stabilizing property markets, and driving credit demand, has been limited. Given China bank sector's already thin margins, the need to safeguard financial stability, and the inflationary pressure from energy prices, regulators appear reluctant to further cut LPRs this year.

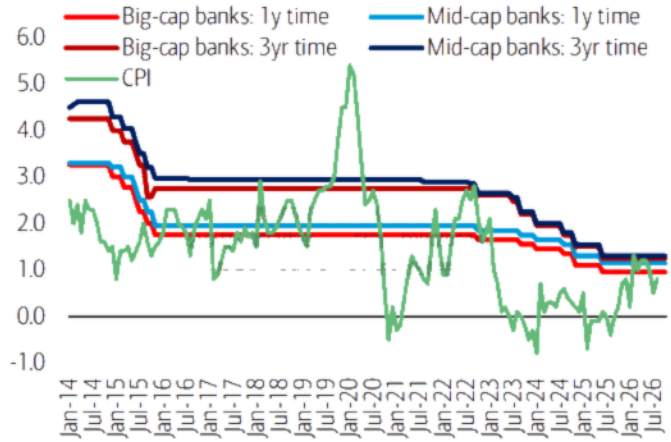
Exhibit 33: SHIBOR and bond yields trended lower in 3Q26
China's policy rate, interbank rate and bond yields



Source: PBOC, CEIC

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Exhibit 34: Deposit pricing was cut aggressively in 2024-25
Major banks' average time deposit pricing vs CPI (%)



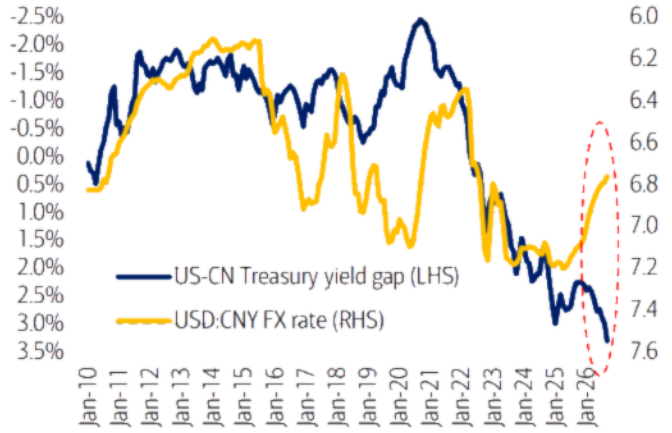
Source: Company reports, NBS

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RMB: limited room for further appreciation

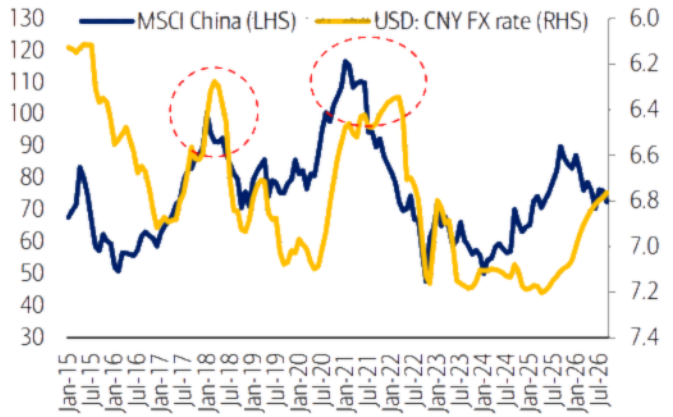
The RMB appreciated 7% against the USD between Apr-2025 and Sep-2026, driven mainly by greater PBOC tolerance for currency strength, China's persistent external surplus and improving capital flows. However, the US-China 10-year treasury yield gap widened sharply from Nov-25 to Sep-26, making further RMB appreciation less straightforward. Historically, China equities have been positively correlated with the RMB and have often led currency moves, including in 2018 and 2021. With MSCI China having peaked in Sep-25 and trending lower over the past three quarters, we believe the scope for further RMB appreciation is becoming more limited.

Exhibit 35: Widening yield gap weigh on RMB appreciation
Correlation between RMB FX rate and US-CN yield gap



Source: Bloomberg

Exhibit 36: China market declined YTD despite RMB appreciation
Correlation between RMB FX rate and MSCI China

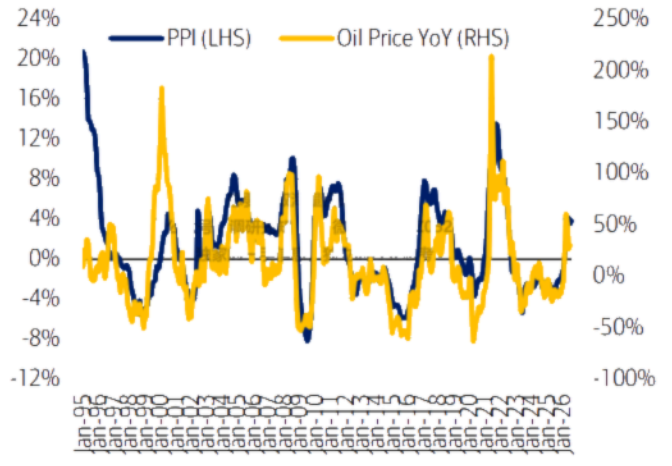


Source: Bloomberg, MSCI

Energy prices, inflation and industrial profits

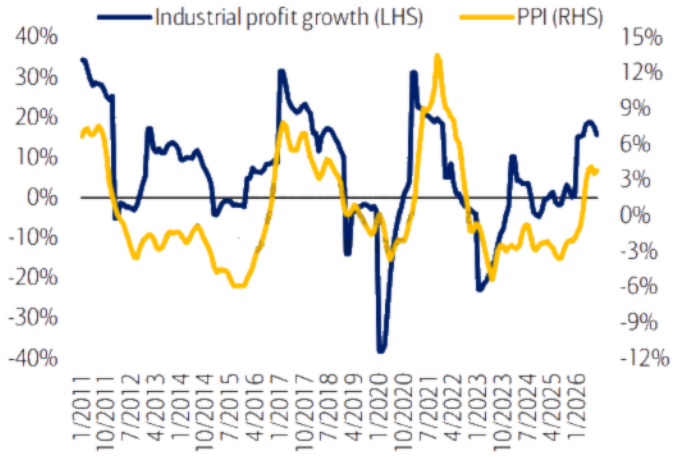
China's PPI exited a 41-month deflationary period in Mar-26, rising to +4.1% YoY by June and remaining elevated at +3.8% in August. The rebound was broadly consistent with the historical correlation between China's PPI and Brent oil prices. Industrial profit growth followed suit, improving from -3.3%/+0.6% YoY in 2024/25 to +18.8% YoY in 5M26, before moderating to 15.7% in 8M26. With oil price growth set to ease, both PPI and industrial profit growth could come under pressure in 2027.

Exhibit 37: Higher oil price has driven up China's inflation
China's PPI correlates with the movement in Brent oil price



Source: NBS, CEIC

Exhibit 38: Industrial profit growth moderated to 15.7% YoY in 8M26
Industrial profit growth (YTD) vs PPI inflation



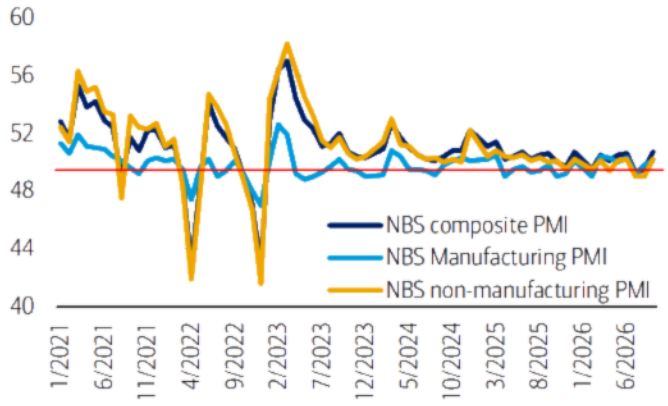
Source: NBS

Other key things investors are watching

China's PMI readings hovered around the 50 threshold in recent months. Composite PMI fell from 50.6 in June to 49.3/49.5 in July/August, before rebounding to 50.7 in September. Non-manufacturing PMI followed a similar pattern, declining to 49.0 in July and August before recovering to 50.2 in September. Manufacturing PMI fell from 50.3 in June to 49.2 in July, then improved to 49.8 in August and 50.1 in September.

In the first eight months of 2026, exports grew by 19.3% YoY in USD terms or 14.6% in RMB terms. Import growth was even stronger at 27.0%/22.0% in USD/RMB terms in 8M26. While trade growth continues to exceed expectations, it is increasingly concentrated in a narrow set of high-tech sectors and could face downside risks from geopolitical tensions and a moderation in AI capex demand.

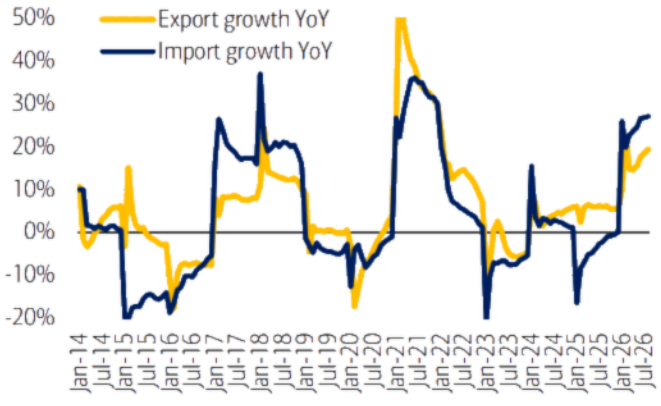
Exhibit 39: NBS PMI rebounded above 50 in September 2026
China Purchasing Managers' Index (PMI)



Source: NBS

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Exhibit 40: Exports growth was more than 19% YoY in 8M26
YoY growth in China YTD imports/exports in USD terms



Source: NBS

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Growth of retail sales of consumer goods improved from 3.5% YoY in FY24 to 3.7% in 2025 but softened to 1.1% in 8M26. Online retail sales growth also rose from 7.2% YoY in FY24 to 8.6% in 2025, before slowing to 4.6% in 8M26. A high base effect in 2025 and weak automobile sales were among key drivers of the slowdown.

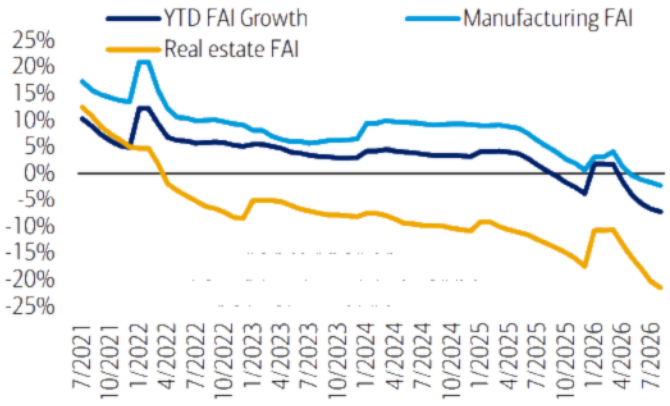
Exhibit 41: Retail sales weakened further in July-August
YoY growth in YTD retail sales and online retail sales



Source: NBS

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Exhibit 42: FAI growth fell into -7.2% YoY in 8M26
YoY growth in YTD Fixed Asset Investment



Source: NBS

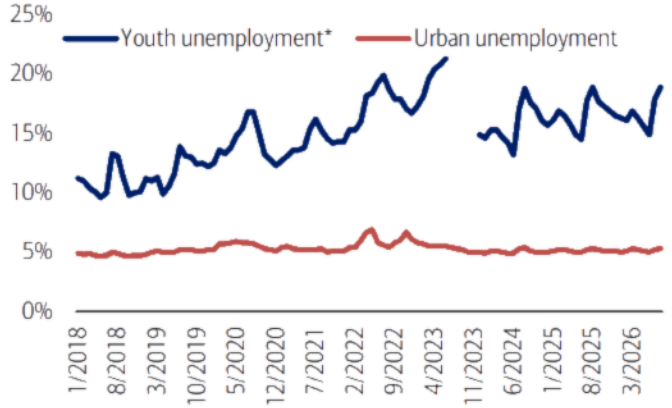
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Fixed Asset Investment (FAI) growth slowed from 3-5% in the past few years to -3.8% YoY in 2025. The growth rebounded briefly in 2M26 but weakened again to -7.2% YoY in 8M26. The decline in property sector FAI widened from -10.8% YoY in 2024 to -17.5% in 2025, and further to -21.5% in 8M26. Growth in manufacturing sector FAI softened from 9.2% YoY in 2024 to only 0.6% in 2025, and further down to -2.3% in 8M26.

China's overall unemployment rate peaked at 6.7-6.9% in Apr-May 2022, during COVID disruptions, and has since remained broadly stable at about 5.0-5.3% in recent months. Youth unemployment rose to 18.9% in Aug-26, due to the seasonal effects from students graduating, same as Aug-25 levels.

Consumer Confidence Index fell during the Shanghai lockdown in Mar-2022, rebounded following the reopening between Nov-22 and Mar-23, and retreated again in 2Q23. Among the sub-indices, confidence in employment remained the weakest, while confidence in consumption willingness climbed higher. The overall index improved modestly from Aug-24 to Feb-26 but has plateaued in the past few months.

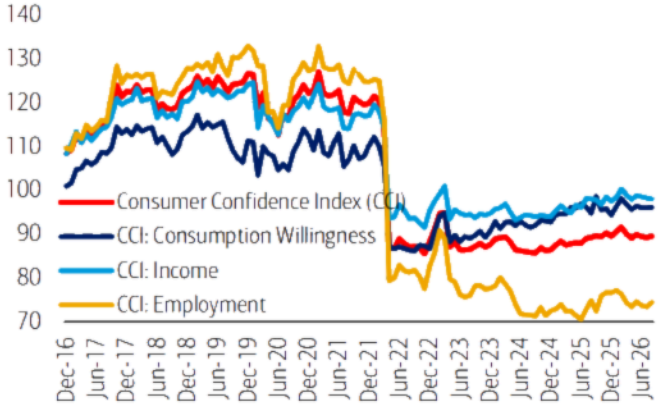
Exhibit 43: Youth unemployment stood at 18.9% in Aug-26, unchanged from Aug-25
China: overall unemployment and youth unemployment



Source: NBS *Scope of youth unemployment narrowed to exclude students after Dec-23

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Exhibit 44: Consumer confidence indices declined in June-July before rebounding in August
China consumer confidence index (CCI)

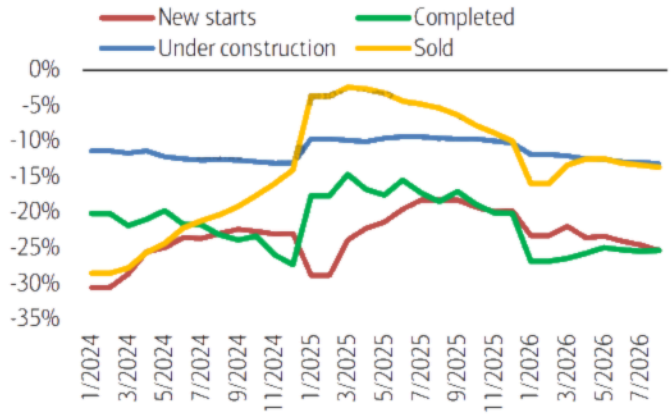


Source: NBS

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Property downturn continued in 2026. New home sales volume fell 27%/17%/14%/ 10% YoY in 2022/23/24/25 and was down by 14% YoY in 8M26. New residential floor space starts, under construction, and completion continued to see double-digit YoY decline in 8M26. Residential property price declines narrowed in 4M26, but the declines stabilized in July-August. China introduced additional property easing measures in 3Q26, including a 100bp mortgage-interest subsidy for eligible first-home buyers, extending mortgage tenors to 40 years, and studying a broader transition away from the pre-sale model. While these measures could provide a modest near-term boost to housing demand and sentiment, their long-term effectiveness remains uncertain.

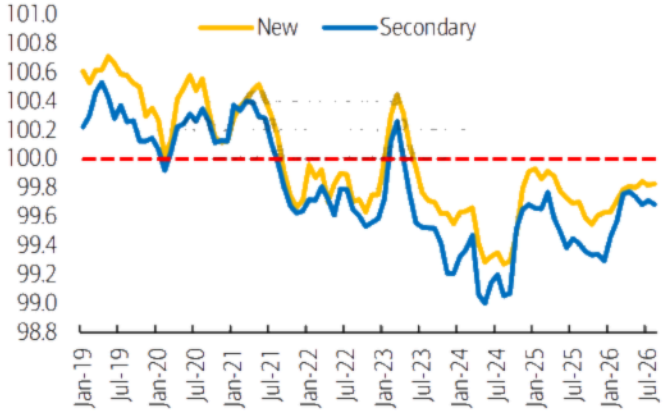
Exhibit 45: Property related activities saw continued double-digit YoY
YoY change in residential floor space (in bn sqm)



Source: CEIC, NBS

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Exhibit 46: Property price decline stabilized in July and August
Residential property price index (previous month = 100)



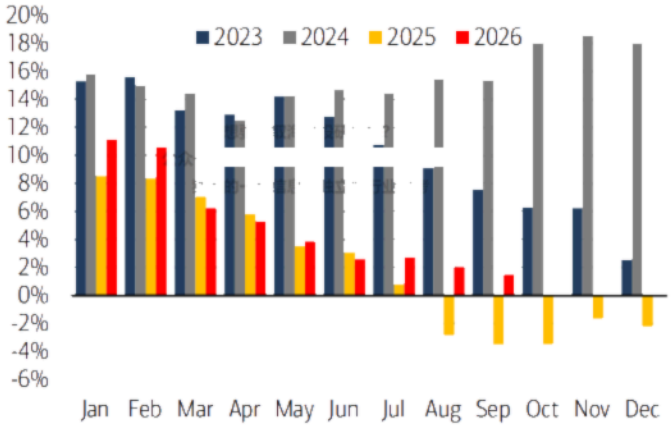
Source: NBS, CEIC

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Earnings expectations become more realistic

Consensus FY26E EPS growth for MSCI China has been revised down from 11.4% YoY in Jan-26 to 1.5% in Sep-26. By contrast, A-share earnings growth accelerated in 1H26, driven primarily by technology-related sectors on the ChiNext and STAR boards.

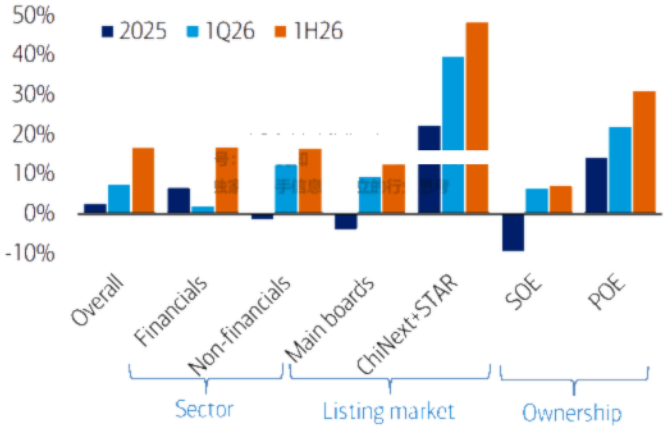
Exhibit 47: Consensus forecasts were cut from 11% in Jan to 1.5% now
Consensus forecast for MSCI China earnings growth



Source: MSCI, FactSet

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Exhibit 48: A-share saw stronger earnings growth, driven by tech
YoY earnings growth by segment for 2025, 1Q26, 1H26



Source: Wind

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Consensus expects earnings growth to accelerate to 25.3% YoY in FY2026E (18% in RMB terms + 6% FX gains), led by financials, materials, and IT sectors. We believe the YTD earnings cuts have made forecasts more realistic, although downside risks remain in autos, broadline retail, hotels/restaurants, and IT sectors.

Exhibit 49: Consensus expects strong 2026E earnings growth in autos, materials, IT, and industrials sectors
MSCI China constituents' earnings analysis by sector

	Annual net profits (HKD bn)				Earnings revision Sep 30th vs Jan 1st		1H Earnings as % of FY		YoY Growth		As % of MSCI earnings		As % of earnings growth	
	2023	2024	2025	2026E	2025	2026E	2025	2026E	*2025*	*2026E*	2025	2026E	2025	2026E
MSCI China	5,448	5,825	5,903	7,399	(553)	210	52.1%	49.8%	*1.4%*	*25.3%*	100%	100%	100%	100%
Communication Services	232	329	363	401	(25)	(41)	53.1%	49.6%	*10.1%*	*10.4%*	6.1%	5.4%	42.5%	2.5%
Media & Entertainment	212	308	340	373	(23)	(38)	52.7%	49.8%	10.5%	9.6%	5.8%	5.0%	41.1%	2.2%
Telecom	20	21	23	28	(2)	(2)	57.8%	48.1%	5.2%	22.5%	0.4%	0.4%	1.4%	0.3%
Consumer Discretionary	460	623	527	613	(60)	(137)	55.6%	39.9%	*-15.5%*	*16.5%*	8.9%	8.3%	-123.1%	5.8%
Auto & Components	67	87	87	123	(23)	(55)	49.9%	24.7%	0.1%	40.5%	1.5%	1.7%	0.1%	2.4%
Broadline Retail	214	309	235	261	(31)	(65)	55.0%	41.8%	-23.8%	11.0%	4.0%	3.5%	-93.5%	1.7%
Hotels Restaurants & Leisure	44	75	31	30	1	(12)	101.2%	18.1%	-59.3%	-3.2%	0.5%	0.4%	-56.5%	-0.1%
Household Durables	91	100	104	115	(8)	(5)	56.0%	52.0%	3.8%	10.5%	1.8%	1.5%	4.8%	0.7%
Others	44	53	70	86	0	0	44.2%	47.2%	32.7%	22.3%	1.2%	1.2%	21.9%	1.0%
Consumer Staples	230	281	243	252	(56)	(79)	63.0%	50.1%	*-13.8%*	*3.8%*	4.1%	3.4%	-49.3%	0.6%
Energy	426	388	337	474	(18)	95	55.5%	51.4%	*-13.2%*	*40.7%*	5.7%	6.4%	-65.0%	9.2%
Financials	2,673	2,874	3,090	3,498	(79)	277	48.6%	53.1%	*7.5%*	*13.2%*	52.3%	47.3%	274.6%	27.3%
Banks	2,267	2,274	2,306	2,555	(33)	147	50.0%	49.3%	1.4%	10.8%	39.1%	34.5%	41.6%	16.6%
Insurance	250	419	532	602	(8)	93	42.2%	68.5%	26.9%	13.3%	9.0%	8.1%	143.3%	4.7%
Financial Services	156	181	252	341	(38)	37	48.6%	54.7%	38.9%	35.4%	4.3%	4.6%	89.6%	6.0%
Health Care	114	135	108	167	(39)	0	64.3%	53.1%	*-20.2%*	*54.6%*	1.8%	2.3%	-34.7%	3.9%
Industrials	518	565	548	711	(86)	1	54.3%	46.4%	*-3.0%*	*29.7%*	9.3%	9.6%	-21.3%	10.9%
Information Technology	239	171	220	469	(59)	7	44.9%	41.1%	*28.8%*	*112.7%*	3.7%	6.3%	62.7%	16.6%
Semis & Semi Equip	99	(9)	(11)	54	(25)	(33)	43.3%	24.3%			-0.2%	0.7%	-2.9%	4.4%
Software & Services	(5)	11	0.0	17	(6)	6	-11323.2%	71.2%	-99.7%	49997%	0.0%	0.2%	-13.5%	1.2%
Tech Hardware & Equip	145	169	232	397	(28)	34	46.5%	42.1%	36.7%	71.5%	3.9%	5.4%	79.1%	11.1%
Materials	258	249	325	596	(34)	141	49.6%	49.9%	*30.4%*	*83.3%*	5.5%	8.1%	96.3%	18.1%
Real Estate	128	27	(39)	35	(86)	(35)	-61.6%	44.7%			-0.7%	0.5%	-83.6%	4.9%
Utilities	169	181	182	184	(11)	(19)	55.1%	49.2%	*0.4%*	*1.3%*	3.1%	2.5%	0.9%	0.2%

Source: Bloomberg, MSCI, FactSet

BofA GLOBAL RESEARCH

Sector model portfolio

4Q26: prefer online retail/NBFIs to autos/property/IPPs

Our model portfolio for each quarter selects the Top-10 sectors to overweight and the Bottom-10 sectors to underweight. Our 4Q26 overweight list favors large-cap sectors that have lagged the market YTD and still offer relatively attractive valuations, including online retail, non-bank financials and selected materials. We remain positive on life science despite its 51% gain in 3Q. Within AI, tech hardware (Xiaomi/Lenovo) and communications equipment (Innolight) rank among our Top 10 picks. By contrast, we stay underweight autos, IPPs and construction materials, and downgrade auto components and heavy machinery to the Bottom-10 list. We also remain cautious on real estate following the recent rally and on liquors.

Please refer to Valuation comp table for a full list of BofA recommendations.

Exhibit 50: We prefer online retail and non-bank financials over autos/property/IPPs in 4Q26
China Investment Compass based model portfolio recommendation: 4Q26

#	Overweight Sectors	vs 3Q26	Underweight Sectors	vs 3Q26
1	CD- Internet & Direct Marketing Retail	↑	UTL- Independent Power & Renewable	√
2	FI- Diversified Financials	√	CS- Liquors	√
3	FI- Insurance	↑	CD- Auto	√
4	MAT- Metals & Mining (ex. gold)	√	CD- Auto Components	↓
5	MAT- Chemicals	√	IND- Heavy Machinery	↓
6	IT- Communications Equipment	√	COM- Telecom	√
7	IT- Technology Hardware	↑	IND- Construction & Engineering	√
8	HC- Life Sciences Tools & Services	√	RE- Real Estate	√
9	CD- Hotels, Restaurants & Leisure	↑	UTL- Gas & Water Utilities	√
10	IND- Conglomerate & Commercial Services	↑	MAT- Construction Materials & Paper	√

Source: BofA GLOBAL RESEARCH *√ shows sectors on our OW/UW list last quarter, ↑ shows new upgrades, ↓ shows new downgrades

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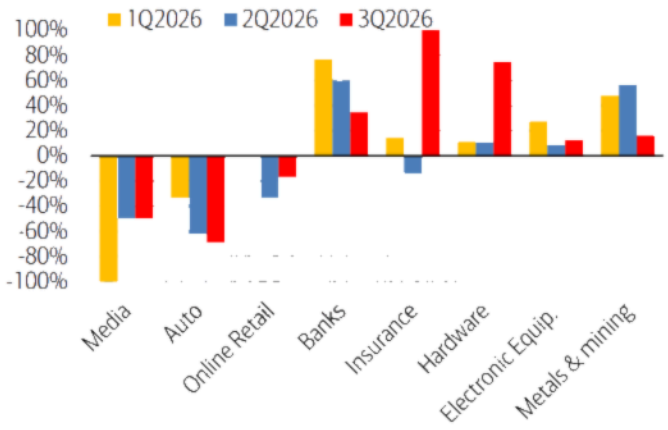
Key trends at the top-8 major sectors

Among the 40 sectors, the top-4 sectors with the largest market capitalization as of end-2025 were: banks (eg. Industrial & Commercial Bank of China), media & interactive media (eg. Tencent), online retail (eg. BABA), and electronic equipment (eg. Foxconn Industrial Internet). In addition, insurance (eg. China Life), auto (eg. BYD), tech hardware (eg. Xiaomi), metal & mining (eg. CMOC) sectors are among the top sectors with the highest MSCI China Index weighting. We will highlight the earnings and performance trends at these top 8 sectors.

Earnings momentum deteriorated further in 3Q26, with net earnings upgrades falling to -6% of MSCI China constituents, down from 13% in 1Q26 and 2% in 2Q26. Insurers, tech hardware and banks stood out as the main outperformers, with 100%, 75% and 35% of companies receiving net earnings upgrades, respectively. In contrast, autos remained the weakest sector, with 69% of companies seeing net estimate cuts in 3Q26 vs 63%/33% in 2Q/1Q26, while media also remained under pressure, with 50% of companies seeing net downgrades. Online retail showed signs of stabilization, with net downgrades improving to 17% from 33% in 2Q26.

Performance dispersion widened among the top eight sectors in 3Q26, despite MSCI China delivering a solid 4% gross total return. Electronic equipment, which surged 66% in 2Q26, fell 23% in 3Q26 as AI-related optimism and positioning unwound. Meanwhile, online retail rebounded 10% following a 20% decline in 2Q26, while banks and insurers outperformed, rising 20% and 11%, respectively.

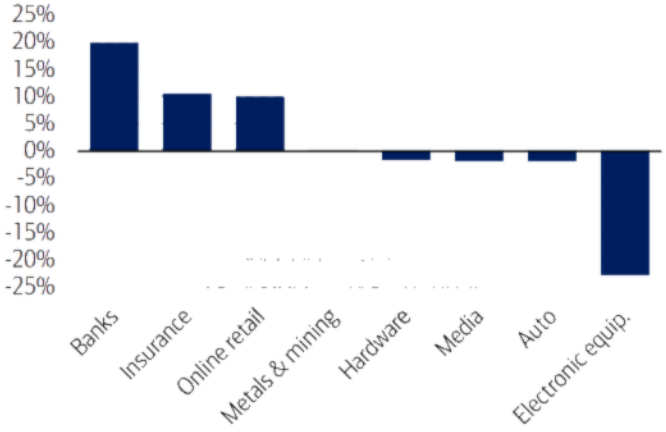
Exhibit 51: Auto and media sectors had the worst earnings cut in 3Q, insurance and hardware had the best upward revision
Percentage of companies that had net earnings upgrade



Source: Bloomberg

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Exhibit 52: Electronic equipment dropped >20% in 3Q26, while financials outperformed
3Q26 performance of the key sectors



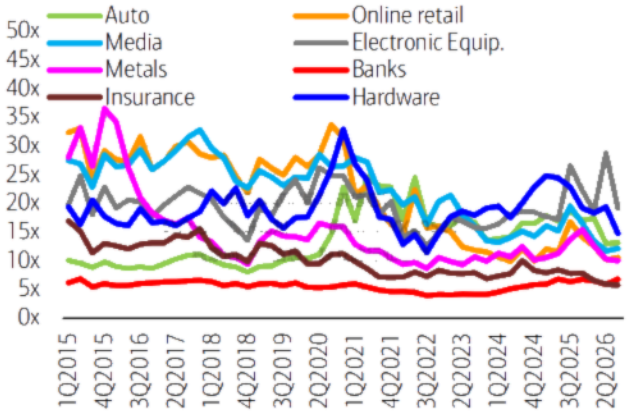
Source: Bloomberg

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P/E valuations converged in 3Q26, with tech sectors seeing significant derating while most other sectors held up or re-rated. Electronic equipment, which saw its P/E expand 54% QoQ in 2Q26, de-rated by 33% in 3Q26 to 19.1x, while the tech hardware sector's P/E fell 24% QoQ to 14.7x as AI enthusiasm moderated. By contrast, banks re-rated, with P/E rising 16% QoQ to 6.8x, while internet valuations also recovered, with the media and online retail sectors trading at 12.1x and 10.5x, respectively.

By 3Q26, most major sectors were trading at or below their long-term average valuations. The electronic equipment sector still appeared relatively expensive, trading at 0.3 standard deviations above its long-term average valuation (vs. 2.5 in 2Q26). Autos and banks were trading broadly in line with their long-term averages. By contrast, internet-related sectors (media and online retail) and insurance remained cheap, trading at 1.0-1.7 standard deviations below their long-term average valuations, broadly unchanged QoQ.

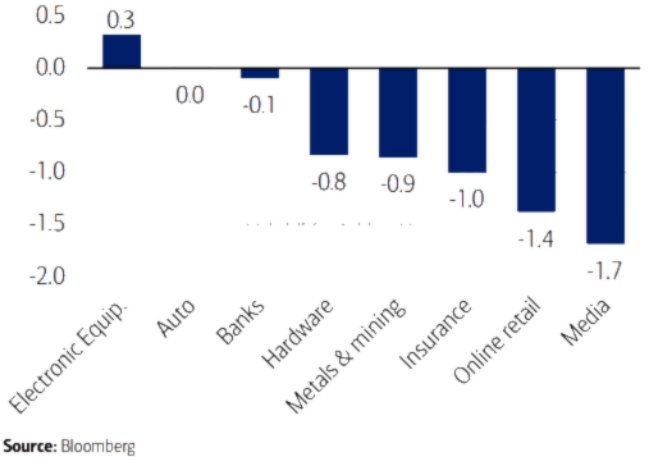
Exhibit 53: Valuation declined sharply in tech sectors in 3Q26, while recovered for banks and internet
Forward P/E valuations



Source: Bloomberg

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Exhibit 54: Most major sectors were trading below their LT valuations
Valuation vs the long-term mean (standard deviation)



Source: Bloomberg

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Appendix

China Investment Compass (中国投资罗盘)

We believe that China equity markets' performance is driven by the macroeconomic cycle and the monetary policy cycle. Our China Investment Compass defines the past 19 years, since 1Q2007, into four different phases:

- C1: recovering phase, with accelerating GDP growth and loose interbank liquidity;
- C2: peaking phase, with accelerating growth and tight liquidity;
- C3: over-tightening phase, with decelerating growth and tight liquidity; and
- C4: stimulating phase, with decelerating growth and loose liquidity.

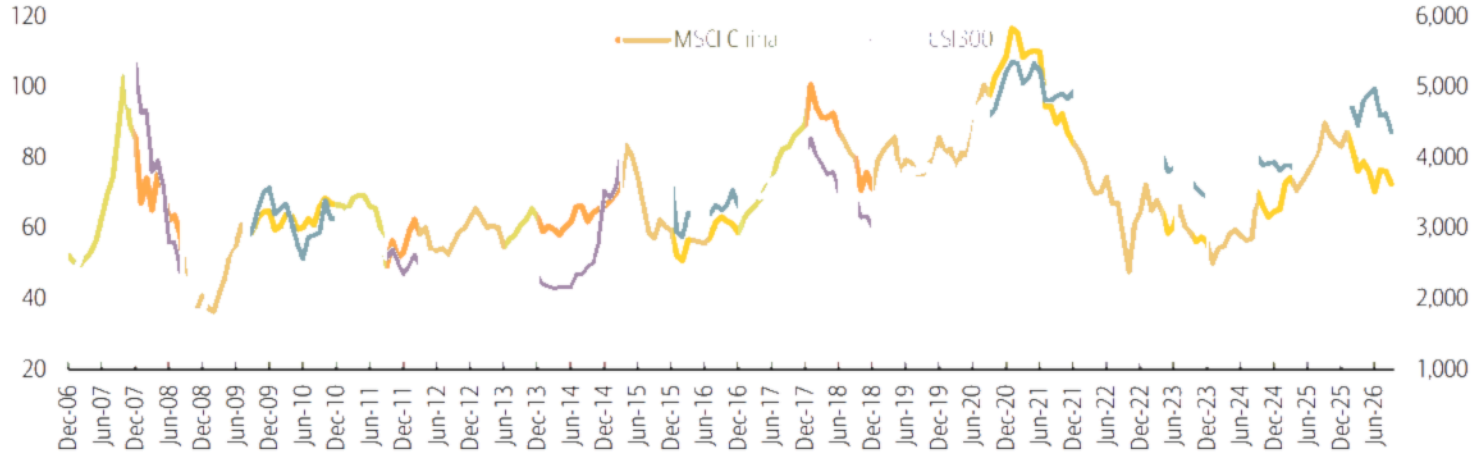
China's equity market typically has low beta with flattish return in the C1/recovering phase, while the commodity market is usually strong. The C2/peaking phase is typically a bull market, and the C3/over-tightening phase tends to be a bear market. The C4/stimulating phase is the more volatile times.

Methodology and input factors

Growth is defined as the sequential change in YoY nominal GDP growth (past four quarters cumulative). For instance, if nominal GDP grew by 10% YoY in the last quarter, and 9.5% in the current quarter, the sequential change is -0.5ppt, and it is considered as "growth decelerating".

Liquidity is calculated based on the quarterly average interbank deposit spread, using 3-month SHIBOR minus 3-month time deposit rate. Deposit spread above 2% is considered "tight liquidity", and below 2% is considered "loose".

Exhibit 55: Each phase in our Compass typically lasts for 2-5 quarters
BofA China Investment Compass and historical stock market performance



Source: Bloomberg, MSCI *Color coding: C1 = yellow, C2 = green, C3 = red, C4 = purple

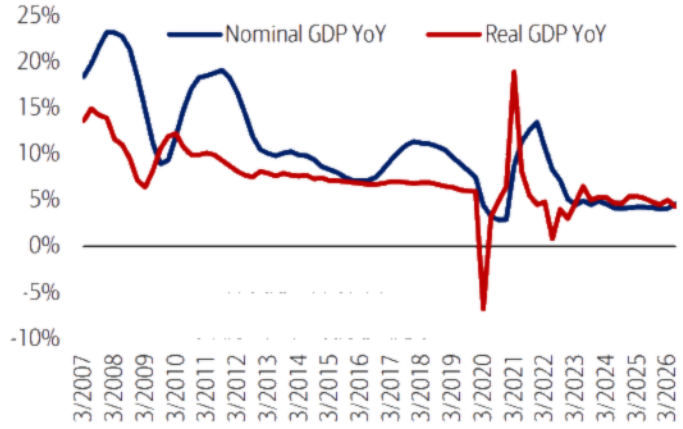
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MSCI China performance correlated to GDP and liquidity cycles

Stock market performance is partly guided by GDP growth and liquidity cycles, with GDP growth driving earnings and liquidity driving P/E multiples.

China's equity market tends to do well when GDP growth accelerates sequentially and suffers when economy decelerates. In fact, stock market performance tends to lead the GDP performance by 6-12 months. As corporate earnings cycle usually moves in sync with GDP cycle, higher GDP growth and higher earnings can drive market price higher, even without multiple expansion.

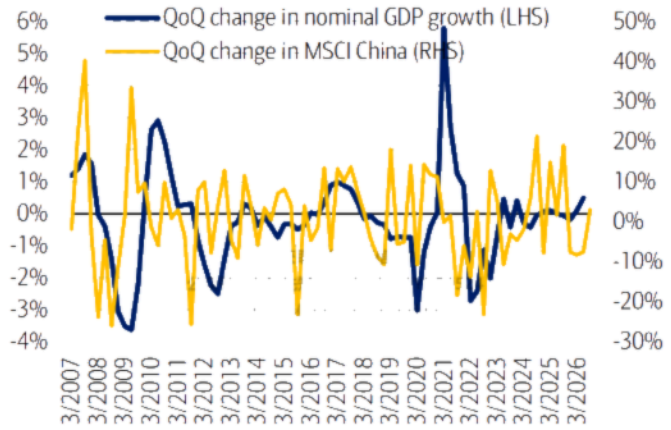
Exhibit 56: Nominal GDP growth has decelerated over the past 19 years
Economic growth: YoY growth in nominal and real GDP



Source: CEIC

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Exhibit 57: MSCI China performance has positive correlation to GDP growth
Sequential change in nominal GDP growth vs MSCI China

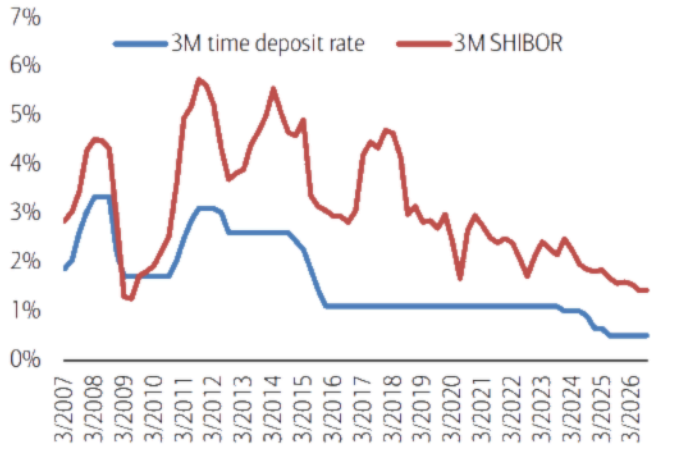


Source: Bloomberg, CEIC, MSCI

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Liquidity and monetary policy also impact stock market performance. Monetary tightening can help contain debt leverage and asset price bubbles and is positive for the long-term health of China's financial system. In the past, China's stock market enjoyed some of the best performance during the C2/peaking phase, with the combination of policy tightening and accelerating growth, eg. 2007 and 2017. On the other side, when GDP growth decelerates, liquidity easing can also help drive strong market performance (eg. in 2H11, 2020). Rich liquidity reduces the cost of capital, and can drive up P/E multiples, so that market can do well in easing phases, without earnings growth.

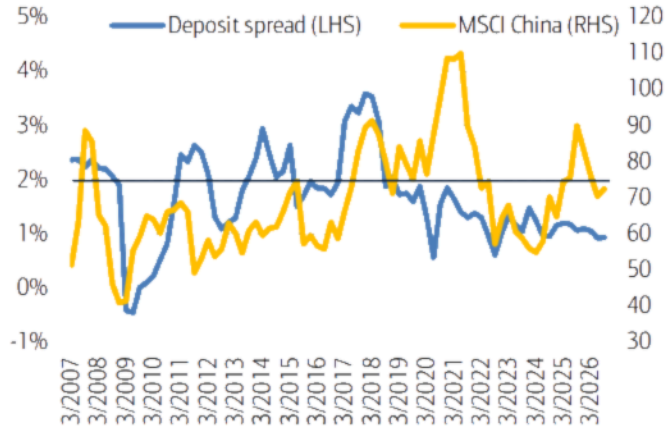
Exhibit 58: Deposit spread = 3M SHIBOR – 3M time deposit rate
Interbank liquidity: SHIBOR vs time deposit rate



Source: Bloomberg, CEIC

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Exhibit 59: MSCI China performance has positive correlation to interbank liquidity
Interbank deposit spread vs MSCI China



Source: CEIC, MSCI ^As SHIBOR was only introduced in 4Q16 and less representative in the early days, we adjusted SHIBOR during 2007-08 with benchmark loan rate

BofA GLOBAL RESEARCH

Sector classification

Our China strategy initiation report (see here) introduced a 40-sector framework, composed of MSCI China constituent stocks. Our model portfolio sector selection is based on this 40-sector classification. We updated the sector classification in Jan-2022, merged Education into Internet & Direct Marketing Retailing sector, and split Auto & Auto Components into 2 sectors.

Exhibit 60: Our sector analysis is based on the 40-sector breakdown
BofA breakdown of 40 sectors and their major large-cap stocks

BofA Sector	# of Co.	Mkt cap*	Major large-cap stocks as examples		
Communications Services					
COM- Interactive Entertainment	4	113	NetEase (NTES US/9999 HK)	Giant Network (002558 CH)	Wuhu Sanqi Interactive (002555 CH)
COM- Media & Interactive Media	8	809	Tencent (700 HK)	Baidu (BIDU US/9888 HK)	Kuaishou (1024 HK)
COM- Movies & Entertainment	5	50	Tencent Music (TME US/1698 HK)	Enlight Media (300251 CH)	Mango Excellent Media (300413 CH)
COM- Telecom	5	288	China Mobile (941 HK/600941 CH)	China Unicom (762 HK/600050 CH)	China Telecom (728 HK/601728 CH)
Consumer Discretionary					
CD- Apparel & footwear	5	65	ANTA (2020 HK)	Laopu Gold (6181 HK)	Shenzhou (2313 HK)
CD- Auto	16	335	BYD (1211 HK/002594 CH)	Seres (9927 HK/601127 CH)	SAIC Motor (600104 CH)
CD- Auto Components	8	322	CATL (3750 HK/300750 CH)	Fuyao Glass (3606 HK/600660 CH)	Ningbo Tuopu (601689 CH)
CD- Hotels, Restaurants & Leisure	5	84	CTG Duty Free (1880 HK/601888 CH)	Yum China (YUMC US/9987 HK)	Chow Tai Fook (1929 HK)
CD- Household Durables	6	168	Midea (300 HK/000333 CH)	Gree Electric (000651 CH)	Haier Smart Home (6690 HK/600690 CH)
CD- Internet & Direct Marketing Retail	13	759	Alibaba (BABA US/9988 HK)	Pinduoduo (PDD US)	Meituan (3690 HK)
Consumer Staples					
CS- Food & Personal Products	18	251	Muyuan (002714 CH)	Nongfu Spring (9633 HK)	Haitian (3288 HK/603288 CH)
CS- Liquors	10	414	Kweichow Moutai (600519 CH)	Wuliangye Yibin (000858 CH)	Shanxi Fen Wine (600809 CH)
Energy					
EG- Coal & Consumable Fuels	8	185	China Shenhua (1088 HK/601088 CH)	Shaanxi Coal (601225 CH)	Yankuang Energy (1171 HK/600188 CH)
EG- Oil & Gas	6	502	PetroChina (857 HK/601857 CH)	CNOOC (883 HK/600938 CH)	Sinopec (386 HK/600028 CH)
Financials					
FI- Banks	27	2,063	ICBC (1398 HK/601398 CH)	ABC (1288 HK/601288 CH)	CCB (939 HK/601939 CH)
FI- Diversified Financials	36	513	East Money (300059 CH)	CITICS (6030 HK/600030 CH)	Guotai Haitong (2611 HK/601211 CH)
FI- Insurance	7	486	China Life Insurance (2628 HK/601628 CH)	Ping An Insurance (2318 HK/601318 CH)	PICC (1339 HK/601319 CH)
Healthcare					
HC- Biotechnology	12	116	BeOne (ONC US/6160 HK/688235 CH)	Innovent (1801 HK)	Akeso (9926 HK)
HC- Health Care Equipment & Services	13	141	Mindray (300760 CH)	JD Health (6618 HK)	United Imaging (688271 CH)
HC- Life Sciences Tools & Services	7	86	WuXi AppTec (2359 HK/603259 CH)	Wuxi Biologics (2269 HK)	WuXi XDC (2268 HK)
HC- Pharmaceuticals	17	226	Hengrui Medicine (1276 HK/600276 CH)	Hansoh (3692 HK)	Biokin (688506 CH)
Industrials					
IND- Aerospace & Defense	4	50	Kuang-Chi (002625 CH)	AECC Aviation Power (600893 CH)	China Spacesat (600118 CH)
IND- Airline, Logistics & Shipping	15	209	COSCO Shipping (1919 HK/601919 CH)	SF (6936 HK/002352 CH)	Air China (753 HK/601111 CH)
IND- Conglomerate & Commercial Services	5	72	CITIC Limited (267 HK)	Kanzhun (BZ US/2076 HK)	BOC Aviation (2588 HK)
IND- Construction & Engineering	12	143	China State Construction (601668 CH)	China Railway (390 HK/601390 CH)	CCCC (1800 HK/601800 CH)
IND- Electrical Equipment	20	218	NARI (600406 CH)	EVE (300014 CH)	Huayou Cobalt (603799 CH)
IND- Heavy Machinery	16	283	CSSC (600150 CH)	Inovance (300124 CH)	Sany Heavy Industry (6031 HK/600031 CH)
IND- Transportation Infrastructure	6	69	Beijing-Shanghai HSR (601816 CH)	SHIA (600009 CH)	China Merchants Expressway (001965 CH)
Information Technology					
IT- Communications Equipment	6	220	Innolight (300308 CH)	Eoptolink (300502 CH)	ZTE (763 HK/000063 CH)
IT- Electronic Equipment & Components	34	671	Foxconn Industrial Internet (601138 CH)	Luxshare (002475 CH)	Hikvision (002415 CH)
IT- Semiconductors	33	563	Cambricon (688256 CH)	Hygon (688041 CH)	SMIC (981 HK/688981 CH)
IT- Software & Services	15	136	Kingsoft Office (688111 CH)	Iflytek (002230 CH)	Horizon Robotics (9660 HK)
IT- Technology Hardware	9	200	Xiaomi (1810 HK)	Lenovo (992 HK)	Longsys (301308 CH)
Materials					
MAT- Chemicals	23	299	Wanhua Chemical (600309 CH)	Salt Lake (000792 CH)	Hengli (600346 CH)
MAT- Construction Materials & Paper	4	35	Anhui Conch (914 HK/600585 CH)	China Jushi (600176 CH)	Sunpaper (002078 CH)
MAT- Gold	7	247	Zijin (2899 HK/601899 CH)	Zijin Gold Int'l (2259 HK)	Shandong Gold (1787 HK/600547 CH)
MAT- Metals & Mining (ex. gold)	25	384	CMOC (3993 HK/603993 CH)	China Hongqiao (1378 HK)	China Northern Rare Earth (600111 CH)
Real Estate					
RE- Real Estate	12	137	CR Land (1109 HK)	KE Holdings (BEKE US/2423 HK)	COLI (688 HK)
Utilities					
UTL- Gas & Water Utilities	7	50	ENN Energy (2688 HK)	ENN Natural Gas (600803 CH)	Kunlun Energy (135 HK)
UTL- Independent Power & Renewable	30	416	Yangtze Power (600900 CH)	Sungrow Power Supply (300274 CH)	CNNC (601985 CH)

Source: Bloomberg, BofA Global Research *Market cap in USD bn, as of Dec 31, 2025

BofA GLOBAL RESEARCH

Exhibit 61: Our 40-sector classification is based on the sectors from MSCI's Global Industry Classification Standard (GICS)

Mapping our 40-sector classification with MSCI GICS

Our 40-sector classification	GICS 1	GICS 2	GICS 3	GICS 4
COM- Interactive Entertainment	Communication Services	Media & Entertainment	Entertainment	Interactive Home Entertainment
COM- Movies & Entertainment	Communication Services	Media & Entertainment	Entertainment	Movies & Entertainment
COM- Media & Interactive Media	Communication Services	Media & Entertainment	Interactive Media & Services	Interactive Media & Services
			Media	Advertising
				Broadcasting
				Cable & Satellite
				Publishing
COM- Telecom	Communication Services	n Services	Diversified n Services	Alternative Carriers
				Integrated n Services
			Wireless n Services	Wireless n Services
CD- Apparel & footwear	Consumer Discretionary	Consumer Durables & Apparel	Textiles, Apparel & Luxury Goods	Apparel, Accessories & Luxury Goods
				Footwear
				Textiles
CD- Auto Components	Consumer Discretionary	Automobiles & Components	Automobile Components	Automotive Parts & Equipment
				Tires & Rubber
CD- Auto	Consumer Discretionary	Automobiles & Components	Automobiles	Automobile Manufacturers
				Motorcycle Manufacturers
CD- Household Durables	Consumer Discretionary	Consumer Durables & Apparel	Household Durables	Consumer Electronics
				Home Furnishings
				Homebuilding
				Household Appliances
				Housewares & Specialties
CD- Hotels, Restaurants & Leisure	Consumer Discretionary	Consumer Durables & Apparel	Leisure Products	Leisure Products
		Consumer Services	Hotels, Restaurants & Leisure	Casinos & Gaming
				Hotels, Resorts & Cruise Lines
				Leisure Facilities
				Restaurants
CD- Internet & Direct Marketing Retail	Consumer Discretionary	Consumer Discretionary Distribution & Retail	Broadline Retail	Broadline Retail
			Distributors	Distributors
			Specialty Retail	Apparel Retail
				Automotive Retail
				Computer & Electronics Retail
				Home Improvement Retail
				Homefurnishing Retail
				Other Specialty Retail
		Consumer Services	Diversified Consumer Services	Education Services
CS- Food & Personal Products	Consumer Staples	Consumer Staples Distribution & Retail	Consumer Staples Distribution & Retail	Consumer Staples Merchandise Retail
				Drug Retail
				Food Distributors
				Food Retail
		Food, Beverage & Tobacco	Beverages	Soft Drinks & Non-alcoholic Beverages
			Food Products	Agricultural Products & Services
				Packaged Foods & Meats
			Tobacco	Tobacco
		Household & Personal Products	Household Products	Household Products
			Personal Care Products	Personal Care Products
CS- Liquors	Consumer Staples	Food, Beverage & Tobacco	Beverages	Brewers
				Distillers & Vintners
EG- Oil & Gas	Energy	Energy	Energy Equipment & Services	Oil & Gas Drilling
				Oil & Gas Equipment & Services
			Oil, Gas & Consumable Fuels	Integrated Oil & Gas
				Oil & Gas Exploration & Production
				Oil & Gas Refining & Marketing
				Oil & Gas Storage & Transportation
EG- Coal & Consumable Fuels	Energy	Energy	Oil, Gas & Consumable Fuels	Coal & Consumable Fuels
FI- Banks	Financials	Banks	Banks	Diversified Banks
				Regional Banks
FI- Diversified Financials	Financials	Financial Services	Capital Markets	Asset Management & Custody Banks
				Diversified Capital Markets
				Financial Exchanges & Data
				Investment Banking & Brokerage
			Consumer Finance	Consumer Finance
			Financial Services	Commercial & Residential Mortgage Finance
				Diversified Financial Services
				Multi-Sector Holdings
				Specialized Finance
				Transaction & Payment Processing Services

Exhibit 61: Our 40-sector classification is based on the sectors from MSCI's Global Industry Classification Standard (GICS)

Mapping our 40-sector classification with MSCI GICS

Our 40-sector classification	GICS 1	GICS 2	GICS 3	GICS 4
			Mortgage Real Estate Investment Trusts (REITs)	Mortgage REITs
FI- Insurance	Financials	Insurance	Insurance	Insurance Brokers
				Life & Health Insurance
				Multi-line Insurance
				Property & Casualty Insurance
				Reinsurance
HC- Health Care Equipment & Services	Health Care	Health Care Equipment & Services	Health Care Equipment & Supplies	Health Care Equipment
				Health Care Supplies
			Health Care Providers & Services	Health Care Distributors
				Health Care Facilities
				Health Care Services
				Managed Health Care
			Health Care Technology	Health Care Technology
HC- Biotechnology	Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	Biotechnology
HC- Life Sciences Tools & Services	Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Life Sciences Tools & Services	Life Sciences Tools & Services
HC- Pharmaceuticals	Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Pharmaceuticals	Pharmaceuticals
IND- Aerospace & Defense	Industrials	Capital Goods	Aerospace & Defense	Aerospace & Defense
IND- Construction & Engineering	Industrials	Capital Goods	Building Products	Building Products
			Construction & Engineering	Construction & Engineering
IND- Electrical Equipment	Industrials	Capital Goods	Electrical Equipment	Electrical Components & Equipment
				Heavy Electrical Equipment
IND- Conglomerate & Commercial Services	Industrials	Capital Goods	Industrial Conglomerates	Industrial Conglomerates
		Commercial & Professional Services	Commercial Services & Supplies	Commercial Printing
				Diversified Support Services
				Environmental & Facilities Services
				Office Services & Supplies
				Security & Alarm Services
			Professional Services	Human Resource & Employment Services
				Research & Consulting Services
IND- Heavy Machinery	Industrials	Capital Goods	Machinery	Agricultural & Farm Machinery
				Construction Machinery & Heavy Transportation Equipment
				Industrial Machinery & Supplies & Components
IND- Airline, Logistics & Shipping	Industrials	Transportation	Air Freight & Logistics	Air Freight & Logistics
			Ground Transportation	Cargo Ground Transportation
				Passenger Ground Transportation
				Rail Transportation
	Industrials	Transportation	Marine Transportation	Marine Transportation
			Passenger Airlines	Passenger Airlines
IND- Transportation Infrastructure	Industrials	Transportation	Transportation Infrastructure	Airport Services
				Highways & Railtracks
				Marine Ports & Services
IT- Semiconductors	Information Technology	Semiconductors & Semiconductor Equipment	Semiconductors & Semiconductor Equipment	Semiconductor Materials & Equipment
				Semiconductors
IT- Software & Services	Industrials	Commercial & Professional Services	Professional Services	Data Processing & Outsourced Services
	Information Technology	Software & Services	IT Services	Internet Services & Infrastructure
				IT Consulting & Other Services
			Software	Application Software
				Systems Software
IT- Communications Equipment	Information Technology	Technology Hardware & Equipment	Communications Equipment	Communications Equipment
IT- Electronic Equipment & Components	Information Technology	Technology Hardware & Equipment	Electronic Equipment, Instruments & Components	Electronic Components
				Electronic Equipment & Instruments
				Electronic Manufacturing Services
				Technology Distributors
IT- Technology Hardware	Information Technology	Technology Hardware & Equipment	Technology Hardware, Storage & Peripherals	Technology Hardware, Storage & Peripherals
MAT- Chemicals	Materials	Materials	Chemicals	Commodity Chemicals
				Diversified Chemicals
				Fertilizers & Agricultural Chemicals
				Industrial Gases
				Specialty Chemicals
MAT- Construction Materials & Paper	Materials	Materials	Construction Materials	Construction Materials
			Containers & Packaging	Metal, Glass & Plastic Containers
				Paper & Plastic Packaging Products & Materials
			Paper & Forest Products	Forest Products
				Paper Products
MAT- Metals & Mining (ex. gold)	Materials	Materials	Metals & Mining	Aluminum
				Copper

Exhibit 61: Our 40-sector classification is based on the sectors from MSCI's Global Industry Classification Standard (GICS)

Mapping our 40-sector classification with MSCI GICS

Our 40-sector classification	GICS 1	GICS 2	GICS 3	GICS 4
				Diversified Metals & Mining
				Precious Metals & Minerals
				Silver
				Steel
MAT- Gold	Materials	Materials	Metals & Mining	Gold
RE- Real Estate	Real Estate	Equity Real Estate Investment Trusts (REITs)	Diversified REITs	Diversified REITs
			Health Care REITs	Health Care REITs
			Hotel & Resort REITs	Hotel & Resort REITs
			Industrial REITs	Industrial REITs
			Office REITs	Office REITs
			Residential REITs	Multi-Family Residential REITs
				Single-Family Residential REITs
			Retail REITs	Retail REITs
			Specialized REITs	Data Center REITs
				Other Specialized REITs
				Self-Storage REITs
				Telecom Tower REITs
				Timber REITs
		Real Estate Management & Development	Real Estate Management & Development	Diversified Real Estate Activities
				Real Estate Development
				Real Estate Operating Companies
				Real Estate Services
UTL- Independent Power & Renewable	Utilities	Utilities	Electric Utilities	Electric Utilities
			Independent Power and Renewable Electricity Producers	Independent Power Producers & Energy Traders
				Renewable Electricity
			Multi-Utilities	Multi-Utilities
UTL- Gas & Water Utilities	Utilities	Utilities	Gas Utilities	Gas Utilities
			Water Utilities	Water Utilities

Source: MSCI, BofA GLOBAL RESEARCH

BofA GLOBAL RESEARCH

Valuation comp table

Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX (Local) 30-Sep	Mkt Cap (USD bn)	Inv. Rating	1M (%)	3M (%)	6M (%)	12M (%)	PE (x) 26E	PE (x) 27E	EPS Growth (%) 26E	EPS Growth (%) 27E	PB (x) 26E	PB (x) 27E	D Yield (%) 26E	D Yield (%) 27E	ROE (%) 26E	ROE (%) 27E	Analyst
COM- Interactive Entertainment																			
NetEase	NTES US	121.8	78.0	Buy	-0.4	-4.5	9.9	-17.9	12.7	11.1	10	14	2.8	2.4	2.2	2.5	23.1	22.8	Liu, Alex
NetEase	9999 HK	192.6	78.6	Buy	0.6	-4.5	14.1	-16.7	12.7	11.1	10	14	2.8	2.4	2.2	2.5	23.1	22.8	Liu, Alex
COM- Media & Interactive Media																			
Autohome	ATHM US	21.2	2.4	Underp	-7.1	15.4	26.4	-17.2	17.3	15.5	-37	12	0.9	1.0	9.4	9.8	4.5	5.7	Zhuang, Miranda
Autohome	2518 HK	41.4	2.4	Underp	-4.7	20.3	26.6	-17.5	17.3	15.5	-37	12	0.9	1.0	9.4	9.8	4.5	5.7	Zhuang, Miranda
Baidu	BIDU US	86.7	29.6	Buy	-10.7	-24.1	-22.2	-34.2	14.6	11.1	-28	32	0.6	0.6	-	-	4.5	5.3	Zhuang, Miranda
Baidu	9888 HK	85.8	29.9	Buy	-10.4	-21.7	-18.8	-35.6	14.6	11.1	-28	32	0.6	0.6	-	-	4.5	5.3	Zhuang, Miranda
Bilibili	BILI US	14.8	6.2	Buy	-10.6	-12.9	-34.2	-47.2	15.4	12.2	13	26	2.0	1.8	-	-	17.9	20.0	Liu, Alex
Bilibili	9626 HK	119.5	6.4	Buy	-9.3	-9.3	-30.0	-46.8	15.4	12.2	13	26	2.0	1.8	-	-	17.9	20.0	Liu, Alex
Kuaishou	1024 HK	30.9	17.0	Buy	-7.5	-25.6	-30.2	-62.8	12.8	7.7	-56	65	1.3	1.1	2.3	2.3	10.8	15.9	Zhuang, Miranda
Tencent	700 HK	431.0	499.6	Buy	-5.3	0.3	-9.9	-34.2	12.8	12.6	4	2	2.5	2.2	1.3	1.3	20.5	18.6	Liu, Alex
Weibo	WB US	6.4	1.6	Underp	-8.2	-11.6	-21.5	-44.6	5.4	5.0	-27	9	0.2	0.2	7.7	7.7	8.0	8.4	Zhuang, Miranda
Weibo	9898 HK	50.6	1.6	Underp	-7.6	-10.4	-19.2	-46.0	5.4	5.0	-27	9	0.2	0.2	7.7	7.7	8.0	8.4	Zhuang, Miranda
COM- Movies & Entertainment																			
Damai Entertainment	1060 HK	0.4	1.7	Buy	-11.0	-2.2	-29.4	-58.4	16.7	12.5	93	30	0.7	0.6	-	-	4.3	5.3	Zhuang, Harry
Maoyan Entertainment	1896 HK	4.0	0.6	Neutral	-8.8	-11.4	-27.7	-48.1	13.0	8.4	-48	55	0.4	0.4	3.1	4.7	4.4	6.1	Zhuang, Harry
Tencent Music	TME US	8.0	13.1	Neutral	-7.0	-4.7	-11.9	-65.0	9.0	8.1	1	12	0.5	0.5	-	-	11.7	11.9	Liu, Alex
Tencent Music	1698 HK	31.5	13.3	Neutral	-7.7	-4.2	-13.1	-65.0	9.0	8.1	1	12	0.5	0.5	-	-	11.7	11.9	Liu, Alex
CD- Apparel & footwear																			
ANTA	2020 HK	73.8	26.3	Buy	-2.8	5.9	0.8	-18.4	12.3	11.2	7	10	2.3	2.0	3.7	4.0	20.5	19.7	Yu, Lucy
Bosideng	3998 HK	4.0	6.0	Buy	-9.2	-1.0	5.9	-7.5	10.3	9.6	9	4	2.2	2.1	7.7	8.2	23.0	22.1	Yu, Lucy
Laopu Gold	6181 HK	333.8	7.5	Neutral	-18.5	-3.6	-45.4	-51.2	7.4	6.8	30	9	2.9	2.5	9.8	10.7	53.7	48.6	Leung, Ronald
Li Ning	2331 HK	12.5	4.1	Neutral	-5.6	-12.4	-38.8	-25.8	12.2	11.5	-23	6	0.7	0.7	4.1	4.3	8.0	8.2	Yu, Lucy
Shenzhou	2313 HK	34.8	6.7	Buy	-2.3	-9.3	-21.7	-40.6	10.0	8.3	-24	20	1.2	1.1	6.2	7.4	11.7	13.4	Luo, Chen
Topsports	6110 HK	1.1	0.8	Neutral	-6.7	-30.9	-56.1	-60.3	4.4	5.4	-2	-21	0.6	0.6	31.5	18.7	14.5	11.6	Yu, Lucy
Yue Yuen	551 HK	12.6	2.6	Neutral	-4.9	6.1	-9.1	4.5	11.2	7.5	-39	49	0.6	0.5	6.2	9.3	5.1	7.4	Pang, Xinyi
CD- Auto																			
BAIC Motor	1958 HK	0.7	0.7	Underp	-11.7	-7.7	-52.9	-66.0	NM	NM	NM	17	0.1	0.1	-	-	-5.7	-5.0	Lee, Ming Hsun
BYD	1211 HK	75.6	103.0	Buy	-17.8	4.3	-28.2	-31.1	16.7	12.0	11	39	2.2	1.9	0.6	0.8	14.0	17.3	Lee, Ming Hsun
Chery Auto	9973 HK	23.7	17.6	Buy	-8.3	-2.5	-8.2	-22.8	6.1	5.2	4	16	1.9	1.5	4.9	5.7	34.8	31.3	Yang, Joey
Geely	175 HK	14.6	20.0	Buy	-19.5	-13.7	-28.6	-23.6	7.3	6.2	23	16	1.3	1.1	3.9	4.5	20.6	20.5	Lee, Ming Hsun
Great Wall Motor	2333 HK	7.2	14.9	Neutral	-9.3	-14.0	-38.6	-54.9	6.0	5.1	-9	17	0.6	0.5	5.0	5.9	9.9	10.8	Lee, Ming Hsun
GAC Motor	2238 HK	2.4	7.3	Underp	4.4	13.0	-22.7	-30.9	NM	NM	-17	13	0.1	0.1	-	-	-10.3	-10.0	Lee, Ming Hsun
Li Auto	2015 HK	45.0	11.9	Neutral	-6.1	-2.3	-33.5	-55.6	NM	NM	NM	76	1.2	1.3	-	-	-7.2	-1.8	Lee, Ming Hsun
Li Auto	LI US	11.2	11.6	Neutral	-8.2	-4.3	-37.0	-55.7	NM	NM	NM	76	1.2	1.3	-	-	-7.2	-1.8	Lee, Ming Hsun
Leapmotor	9863 HK	34.2	5.9	Buy	-11.9	-0.8	-27.2	-48.4	17.8	8.8	353	101	2.5	1.9	-	-	15.9	25.8	Lee, Ming Hsun
NIO	NIO US	3.4	8.5	Neutral	-22.2	-32.8	-43.6	-55.4	NM	230.5	93	NM	4.2	4.1	-	-	-12.9	2.1	Lee, Ming Hsun
NIO	9866 HK	26.5	8.5	Neutral	-22.1	-31.6	-39.6	-53.9	NM	230.5	93	NM	4.2	4.1	-	-	-12.9	2.1	Lee, Ming Hsun
Seres	9927 HK	35.1	11.9	Underp	-14.0	-23.7	-55.9	NA	NM	14.2	NM	NM	1.3	1.1	-	2.5	-2.7	8.5	Yang, Joey
VOYAH	7489 HK	1.9	0.9	Neutral	-27.4	-35.2	-63.3	NA	19.2	4.4	-68	337	0.6	0.5	-	-	3.6	12.7	Lee, Ming Hsun
Xpeng	XPEV US	9.5	9.1	Buy	-17.9	-28.5	-44.7	-59.6	NM	NM	-296	8	2.5	2.9	-	-	-16.1	-17.5	Lee, Ming Hsun
Xpeng	9868 HK	37.9	9.3	Buy	-15.5	-25.3	-42.2	-59.4	NM	NM	-296	8	2.5	2.9	-	-	-16.1	-17.5	Lee, Ming Hsun
Yadea	1585 HK	8.3	3.3	Buy	-13.7	-7.1	-34.1	-37.1	8.1	7.2	-8	12	1.9	1.7	6.2	6.9	24.3	23.9	Yang, Joey
CD- Auto Components																			
CALB	3931 HK	17.4	3.9	Buy	-4.4	-25.9	-45.2	-51.0	9.8	6.8	80	45	0.7	0.7	-	-	7.1	10.0	Lee, Ming Hsun
CATL	3750 HK	484.2	204.9	Buy	-21.5	-30.9	-19.9	-14.0	19.6	16.3	33	21	4.8	4.1	2.5	3.1	26.2	27.0	Lee, Ming Hsun
Fuyao Glass	3606 HK	54.7	20.2	Buy	1.0	9.0	-2.7	-26.2	13.5	11.4	-2	19	2.9	2.5	4.4	5.3	23.7	26.3	Lo, Jessie
Hesai	HSAI US	15.5	2.4	Buy	-10.9	-14.8	-18.8	-44.8	33.0	16.7	16	98	1.8	1.6	-	-	5.5	10.0	Lo, Jessie
Hesai	2525 HK	15.6	2.5	Buy	-10.2	-3.8	-11.8	-44.1	33.0	16.7	16	98	1.8	1.6	-	-	5.5	10.0	Lo, Jessie
Joyson	699 HK	12.5	5.1	Buy	2.3	-2.6	-15.0	NA	10.3	8.8	10	17	0.9	0.8	3.6	4.2	9.1	9.9	Liang, Fiona
Minth	425 HK	23.2	3.5	Buy	-13.7	-9.7	-26.5	-29.5	7.6	6.5	14	17	0.9	0.8	5.3	6.2	12.4	13.2	Liang, Fiona
Nexteer	1316 HK	4.5	1.4	Buy	-11.2	18.8	-6.8	-45.1	9.1	7.8	59	16	0.7	0.6	3.9	4.5	7.5	8.3	Yang, Joey
WeRide	WRD US	5.3	1.7	Buy	-13.1	-9.6	-35.0	-46.9	NM	NM	9	7	1.8	2.3	-	-	-21.1	-24.6	Lee, Ming Hsun
WeRide	800 HK	14.0	1.8	Buy	-11.3	-3.2	-30.7	NA	NM	NM	9	7	1.8	2.3	-	-	-21.1	-24.6	Lee, Ming Hsun
CD- Hotels, Restaurants & Leisure																			
Atour	ATAT US	32.9	4.5	Buy	-7.5	3.3	-9.3	-10.4	14.7	12.0	28	23	6.5	5.0	0.2	0.2	53.1	50.1	Leung, Ronald

Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX (Local) 30-Sep	Mkt Cap (USD bn)	Inv. Rating	1M (%)	3M (%)	6M (%)	12M (%)	PE (x) 26E	PE (x) 27E	EPS Growth (%) 26E	EPS Growth (%) 27E	PB (x) 26E	PB (x) 27E	D Yield (%) 26E	D Yield (%) 27E	ROE (%) 26E	ROE (%) 27E	Analyst
Chow Tai Fook	1929 HK	11.0	13.8	Neutral	-19.4	4.4	4.6	-25.6	12.1	10.0	52	21	3.5	3.1	6.1	6.4	31.4	33.1	Leung, Ronald
DPC Dash Ltd	1405 HK	30.0	0.5	Buy	-12.9	2.0	-37.2	-65.5	13.1	9.2	37	42	1.2	1.1	-	-	9.9	12.7	Yu, Lucy
Galaxy Entertainment	27 HK	31.6	17.6	Buy	-6.6	10.2	-5.0	-22.5	14.0	14.3	-8	-2	1.6	1.6	5.7	5.7	12.5	12.1	Choi, Karl
Guming	1364 HK	22.8	6.8	Buy	-14.4	9.0	-15.6	7.3	13.8	11.6	22	19	5.8	4.5	3.5	4.1	48.3	44.9	Yu, Lucy
Haidilao	6862 HK	9.3	6.6	Neutral	-20.7	-9.2	-30.6	-26.2	10.2	9.6	2	7	4.3	4.2	9.3	9.9	40.9	42.7	Yu, Lucy
Huazhu	HTHT US	43.1	13.6	Buy	-8.0	5.4	-10.3	15.4	15.9	15.7	13	2	7.0	6.2	4.1	4.2	45.5	47.4	Leung, Ronald
Huazhu	1179 HK	33.7	13.5	Buy	-8.5	2.9	-9.8	13.8	15.9	15.7	13	2	7.0	6.2	4.1	4.2	45.5	47.4	Leung, Ronald
Melco Resorts	MLCO US	4.6	1.7	Neutral	-14.3	-13.5	-19.7	-50.3	49.3	32.7	-39	51	NM	NM	-	2.1			Choi, Karl
MGM China Holdings	2282 HK	9.8	4.7	Buy	-1.4	-1.0	-6.3	-37.6	9.3	8.2	-23	12	7.8	5.4	5.4	6.1	10.1	77.6	Choi, Karl
		181.9	8.8	Underp	-14.0	-20.4	-37.9	-53.2	11.9	10.3	-15	15	2.2	2.0	3.3	5.0	19.5	20.2	
Mixue Group	2097 HK																		Luo, Chen
NagaCorp Ltd.	3918 HK	3.2	1.8	Neutral	-2.7	-7.6	-13.4	-43.0	6.1	5.8	-5	4	0.7	0.6	5.2	5.1	11.5	10.9	Leung, Ronald
Sands China Ltd.	1928 HK	11.9	12.2	Neutral	-11.9	-5.5	-22.8	-41.3	15.0	13.5	-8	11	10.0	10.7	8.4	8.4	62.4	76.9	Choi, Karl
Shangri-La Asia	69 HK	3.9	1.8	Buy	-3.5	-0.7	-7.6	-10.6	9.7	9.2	45	5	0.3	0.3	4.0	4.0	3.2	3.1	Leung, Ronald
		1.4	1.3	Underp	-1.1	-4.8	-33.5	-58.1	NM	NM	30	51	0.8	0.8	-	-	-2.3	-1.1	
SJM Holdings Limited	880 HK																		Choi, Karl
TravelSky	696 HK	9.0	3.4	Neutral	1.0	16.2	-2.9	-11.6	9.4	8.9	3	5	0.9	0.8	3.8	4.0	9.4	9.2	Han, Amy
Wynn Macau	1128 HK	5.3	3.6	Neutral	-2.5	10.0	5.9	-19.9	10.9	11.5	52	-5	NM	NM	8.6	8.6			Choi, Karl
Yum China	9987 HK	322.8	14.0	Buy	-8.3	1.6	-15.2	-3.1	14.0	11.9	17	18	2.9	2.8	2.8	3.1	19.7	22.9	Luo, Chen
Yum China	YUMC US	40.8	13.8	Buy	-9.4	0.4	-15.3	-2.7	14.0	11.9	17	18	2.9	2.8	2.8	3.1	19.7	22.9	Luo, Chen
CD- Household Durables																			
Haier Smart Home	6690 HK	20.2	26.7	Buy	-4.9	6.2	2.4	-15.3	8.5	8.1	-3	5	1.3	1.2	7.0	7.5	15.6	15.3	Yu, Lucy
Hisense	921 HK	21.7	5.0	Neutral	-0.1	-10.8	15.4	-5.2	7.6	7.0	4	9	1.3	1.2	7.2	7.9	18.1	18.2	Yu, Lucy
Man Wah Holdings	1999 HK	2.8	1.4	Neutral	-10.6	-4.1	-33.5	-31.3	5.8	5.6	-12	5	0.7	0.7	8.8	9.2	13.5	12.9	Pang, Xinyi
Midea	300 HK	91.8	90.8	Buy	-7.0	11.1	15.2	18.2	13.5	12.3	4	10	2.7	2.5	5.6	6.4	20.1	21.0	Luo, Chen
TCL Electronics	1070 HK	17.6	5.7	Buy	12.5	36.5	43.3	74.2	12.1	10.1	33	20	1.9	1.6	4.0	4.8	16.1	16.6	Pang, Xinyi
CD- Internet & Direct Marketing Retail																			
Alibaba	BABA US	107.7	267.8	Buy	-9.4	12.3	-13.3	-39.2	17.4	20.9	-20	-19	1.6	1.4	1.0	1.0	9.4	7.2	Ju, Joyce
Alibaba	9988 HK	106.6	270.2	Buy	-6.4	14.8	-9.6	-39.2	17.4	20.9	-20	-19	1.6	1.4	1.0	1.0	9.4	7.2	Ju, Joyce
JD.com	JD US	26.3	35.9	Buy	-8.5	3.2	-7.9	-22.1	10.3	7.4	31	40	0.8	0.7	4.1	3.8	8.0	10.2	Ju, Joyce
JD.com	9618 HK	104.3	36.3	Buy	-5.6	5.1	-4.5	-22.0	10.3	7.4	31	40	0.8	0.7	4.1	3.8	8.0	10.2	Ju, Joyce
Meituan	3690 HK	71.7	56.4	Neutral	-7.5	4.7	-13.6	-31.4	NM	20.6	84	NM	2.5	2.2	-	-	1.6	16.4	Ju, Joyce
	MNSO	9.2	2.8	Neutral	-10.7	-23.5	-41.7	-58.0	7.1	6.7	-10	7	1.6	1.5	7.0	7.5	23.7	23.6	
MINISO Group	US																		Yu, Lucy
MINISO Group	9896 HK	18.5	2.9	Neutral	-13.1	-21.8	-38.6	-57.6	7.1	6.7	-10	7	1.6	1.5	7.0	7.5	23.7	23.6	Yu, Lucy
New Oriental	EDU US	54.5	8.4	Buy	-7.4	18.7	-2.7	5.1	15.9	12.0	11	32	2.3	2.2	3.4	3.4	14.6	18.2	Yu, Lucy
New Oriental	9901 HK	42.9	8.5	Buy	-5.8	19.6	-0.4	3.9	15.9	12.0	11	32	2.3	2.2	3.4	3.4	14.6	18.2	Yu, Lucy
PDD Holdings	PDD US	77.5	110.3	Neutral	-9.6	1.6	-24.2	-41.4	7.3	5.8	2	25	1.4	1.1	-	-	22.9	23.0	Ju, Joyce
Pop Mart	9992 HK	152.6	25.9	Neutral	-3.8	-1.4	8.2	-41.8	16.4	14.0	-19	17	5.8	4.5	1.5	1.8	40.8	36.2	Ma, Alice
TAL	TAL US	11.7	6.5	Buy	-1.8	22.6	3.2	4.7	6.2	7.3	402	-15	1.9	1.7	-	-	29.3	23.5	Yu, Lucy
Tongcheng Travel	780 HK	10.1	3.0	Buy	-16.7	-15.7	-42.7	-55.2	6.8	6.0	25	12	0.8	0.7	3.2	3.6	15.7	15.5	Ju, Joyce
	TCOM	38.6	24.3	Buy	-14.8	-3.0	-22.4	-48.6	25.0	11.2	-78	123	1.0	0.9	-	0.8	4.0	8.5	
Trip.com	US																		Ju, Joyce
Trip.com	9961 HK	308.2	24.7	Buy	-11.6	-1.1	-19.1	-48.3	25.0	11.2	-78	123	1.0	0.9	-	0.8	4.0	8.5	Ju, Joyce
Vipshop	VIPS US	12.4	5.9	Buy	-8.3	-6.6	-18.0	-34.3	4.2	5.6	39	-25	0.8	0.8	-	-	20.8	13.7	Ju, Joyce
		0.8	0.2	Underp	-7.7	10.7	-44.2	-59.4	11.9	3.1	NM	287	0.1	0.1	-	16.3	1.3	4.7	
Yongda	3669 HK																		Yang, Joey
		2.7	0.8	Underp	-34.4	-44.3	-67.2	-81.5	9.5	4.9	NM	93	0.1	0.1	4.2	8.1	1.4	2.6	
Zhongsheng Group	881 HK																		Yang, Joey
CS- Food & Personal Products																			
Busy Ming	1768 HK	362.4	10.1	Buy	-18.5	16.3	2.9	NA	12.7	10.3	73	23	4.4	3.5	2.2	2.8	44.9	37.6	Ma, Alice
		2.7	3.1	Underp	-3.0	0.4	-15.7	-26.6	11.0	10.3	-5	7	0.8	0.8	6.4	6.8	7.5	7.8	
China Feihe	6186 HK																		Ma, Alice
CR Beverage	2460 HK	7.4	2.3	Neutral	2.6	6.4	-10.8	-29.3	18.0	19.3	-16	-6	1.4	1.4	6.0	6.0	7.7	7.3	Yu, Lucy
Eastroc	9980 HK	95.6	12.0	Buy	-11.7	-7.7	-35.4	NA	12.2	11.9	4	3	5.8	5.3	6.6	6.7	50.1	46.6	Yu, Lucy
Giant Biogene	2367 HK	24.5	3.3	Buy	-8.7	-7.7	-6.7	-54.6	11.2	9.9	3	13	2.1	1.9	5.8	6.1	19.1	19.7	Cui, Ethan
Haitian	3288 HK	26.2	28.5	Buy	-8.5	-12.2	-26.2	-18.3	17.8	16.2	8	10	2.5	2.4	4.5	4.9	18.1	19.1	Ma, Alice
Mao Geping	1318 HK	45.8	2.9	Buy	-6.8	-10.3	-37.3	-54.4	12.6	10.2	23	23	3.4	2.8	3.2	4.0	29.0	30.0	Yu, Lucy
Mengniu Dairy	2319 HK	17.8	8.8	Buy	-2.9	10.9	7.7	23.5	12.9	11.1	201	16	1.4	1.4	3.9	4.9	11.3	12.7	Luo, Chen
Muyuan	2714 HK	37.8	36.1	Buy	6.7	30.3	1.3	NA	498.6	10.1	-98	NM	2.1	1.8	0.1	4.0	0.4	18.0	Zhao, Matty
Nongfu Spring	9633 HK	39.8	57.1	Buy	-8.4	0.6	-12.8	-24.1	21.4	18.9	12	13	8.8	7.8	3.3	3.7	42.1	42.1	Yu, Lucy
		9.4	7.4	Underp	-14.2	36.1	9.9	-44.6	30.4	22.0	6	38	2.4	2.5	4.9	6.7	7.5	10.8	
Smoore	6969 HK																		Ma, Alice
Tingyi	322 HK	11.6	8.3	Neutral	-9.6	18.7	-2.9	20.9	12.8	12.6	-4	1	3.7	3.7	7.8	7.9	29.0	29.3	Yu, Lucy
Uni-President China	220 HK	7.0	3.9	Neutral	-6.7	3.7	-4.5	-8.6	11.9	11.8	-0	1	1.9	1.9	8.4	8.5	15.9	16.1	Yu, Lucy
		2.8	4.2	Underp	-10.6	-14.2	-36.9	-45.0	7.6	7.1	-11	4	1.4	1.3	4.0	4.2	20.4	18.7	
Want Want China	151 HK																		Luo, Chen
WH Group	288 HK	6.6	10.8	Buy	-13.5	-17.7	-30.6	-12.4	7.1	7.0	-5	1	0.9	0.8	9.4	9.4	13.1	12.3	Luo, Chen

Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX (Local) 30-Sep	Mkt Cap (USD bn)	Inv. Rating	1M (%)	3M (%)	6M (%)	12M (%)	PE (x) 26E	PE (x) 27E	EPS Growth (%) 26E	EPS Growth (%) 27E	PB (x) 26E	PB (x) 27E	D Yield (%) 26E	D Yield (%) 27E	ROE (%) 26E	ROE (%) 27E	Analyst
		14.1	1.9	Underp	-11.2	14.0	-7.2	20.4	11.8	11.6	13	2	2.5	2.5	7.9	8.1	20.1	20.3	
Yihai	1579 HK																		Yu, Lucy
CS- Liquors																			
BUD APAC	1876 HK	5.9	10.0	Buy	-3.9	-3.0	-12.7	-24.1	18.0	16.2	17	11	1.0	1.0	7.3	7.4	5.6	6.3	Luo, Chen
CR Beer	291 HK	18.8	7.8	Buy	-2.7	-9.3	-22.8	-27.9	9.5	9.1	6	3	1.5	1.4	6.3	6.6	16.5	16.1	Luo, Chen
Tsingtao Brewery	168 HK	40.0	8.6	Buy	-3.5	-7.0	-12.4	-19.8	10.0	9.7	0	3	1.4	1.4	7.1	7.4	14.7	14.6	Luo, Chen
EG- Coal & Consumable Fuels																			
CGN Mining	1164 HK	2.1	2.0	Buy	-26.3	-13.3	-44.9	-32.5	19.0	12.1	82	57	3.0	2.4	0.5	0.5	16.8	22.0	Chan, Miriam
China Coal	1898 HK	10.4	24.3	Neutral	-12.0	9.9	-18.0	16.5	7.8	8.4	7	-7	0.7	0.7	4.5	4.2	9.4	8.2	Zhao, Matty
Shenhua	1088 HK	44.4	149.6	Buy	-3.2	13.9	-0.9	26.1	12.9	13.7	10	-6	1.9	1.8	5.8	5.5	15.0	13.3	Zhao, Matty
Yankuang Energy	1171 HK	11.5	23.2	Buy	-14.8	5.5	-17.4	18.3	6.6	8.2	78	-19	0.9	0.9	7.5	6.1	14.3	10.8	Zhao, Matty
EG- Oil & Gas																			
COSL	2883 HK	7.5	7.1	Buy	2.2	20.0	-13.4	17.1	7.5	6.6	4	12	0.6	0.6	4.7	5.3	8.2	8.7	Wang, Yiming
PetroChina	857 HK	9.7	296.7	Buy	-2.3	17.4	-4.6	44.9	8.2	9.7	18	-15	0.9	0.8	6.1	5.2	11.1	8.8	Zhao, Matty
Sinopec	386 HK	4.4	89.8	Buy	-4.6	13.6	4.3	15.7	9.9	8.8	45	12	0.6	0.6	7.1	8.0	5.9	6.7	Zhao, Matty
FI- Banks																			
ABC	1288 HK	6.6	357.9	Buy	6.5	24.2	22.0	32.4	6.8	6.5	6	5	0.8	0.8	4.8	5.0	10.1	9.9	Wu, Winnie
BOC	3988 HK	6.1	304.3	Neutral	9.1	25.3	25.8	50.7	6.9	6.7	2	3	0.7	0.7	4.7	4.9	8.7	8.5	Wu, Winnie
BoCHK	2388 HK	52.3	70.4	Neutral	3.6	24.6	27.6	50.6	12.2	11.4	13	7	1.4	1.4	5.1	5.8	12.3	12.4	Wu, Winnie
BoComm	3328 HK	8.4	99.0	Neutral	11.3	27.7	22.3	35.3	6.6	6.4	-2	4	0.5	0.5	5.0	5.2	8.0	7.9	Wu, Winnie
CCB	939 HK	9.8	335.8	Buy	7.4	25.3	20.5	38.7	6.2	6.1	2	3	0.6	0.6	5.1	5.2	9.7	9.3	Wu, Winnie
		2.8	25.6	Underp	-4.7	-0.7	-4.3	-7.1	4.6	4.3	-11	7	0.3	0.3	6.5	7.0	6.0	6.1	
China Everbright Bank	6818 HK																		Xu, Emma
CQRB	3618 HK	6.3	10.9	Buy	-2.1	8.9	-5.3	11.1	4.8	4.3	8	10	0.5	0.5	6.4	7.1	9.4	9.7	Han, Wenqing
		51.5	157.1	Underp	5.1	17.7	7.3	15.7	7.4	7.3	3	2	0.9	0.9	4.8	4.9	13.0	12.2	
CMB	3968 HK																		Wu, Winnie
China Citic Bank	998 HK	8.6	71.6	Buy	3.2	29.0	11.6	35.6	6.0	5.6	3	7	0.6	0.6	5.3	5.7	9.2	9.2	Xu, Emma
ICBC	1398 HK	7.7	418.2	Buy	3.6	19.9	15.6	41.6	6.4	6.1	3	4	0.7	0.7	5.0	5.2	9.2	9.0	Wu, Winnie
		3.5	22.2	Underp	9.2	14.8	0.0	-10.7	5.1	4.5	-10	12	0.3	0.3	5.9	6.6	4.4	4.7	
MSB	1988 HK																		Xu, Emma
		5.5	95.7	Underp	11.8	24.2	15.6	6.7	6.6	6.4	-3	4	0.6	0.6	4.9	5.1	8.1	8.0	
PSBC	1658 HK																		Wu, Winnie
FI- Diversified Financials																			
China Merchants Securities	6099 HK	14.5	21.3	Buy	-8.9	-12.3	15.4	-12.6	5.5	6.5	65	-16	1.1	1.1	5.5	5.0	15.7	12.5	Liu, Susie
CICC	3908 HK	19.6	18.1	Buy	-14.5	-6.9	15.4	-7.0	5.2		71		1.1	1.1	3.3		14.7		Liu, Susie
CITICS	6030 HK	24.4	57.7	Buy	-11.1	-10.5	4.5	-18.4	8.1	7.8	31	4	1.2	1.2	4.4	4.6	13.0	12.8	Liu, Susie
CSC	6066 HK	11.3	24.1	Buy	-7.4	-4.5	11.0	-17.4	6.4	6.3	37	1	1.8	1.8	4.7	5.1	13.5	12.6	Liu, Susie
Futu	FUTU US	113.0	15.8	Buy	-9.1	20.5	-16.1	-34.0	11.1	9.7	-2	15	2.7	2.7	2.4	2.7	25.8	25.3	Xu, Emma
Galaxy Securities	6881 HK	7.2	15.9	Neutral	-9.8	1.0	-5.9	-36.4	5.3	4.7	11	13	0.8	0.8	6.6	7.4	10.2	10.8	Liu, Susie
GF Securities	1776 HK	17.0	21.7	Buy	-5.1	5.4	24.3	-11.8	5.6	5.7	54	-3	1.0	1.0	6.4	6.3	14.6	13.3	Liu, Susie
Guotai Haitong Securities	2611 HK	15.1	42.1	Buy	-1.9	3.7	18.5	-1.3	6.7	6.5	4	3	0.8	0.8	5.2	6.1	9.7	9.4	Liu, Susie
HKEX	388 HK	387.8	62.7	Buy	-6.9	8.7	1.6	-9.3	26.3	25.4	5	3	8.0	8.0	3.4	3.6	31.2	30.5	Li, Michael
Huatai Securities	6886 HK	16.7	23.1	Buy	-3.2	3.8	17.1	-15.1	6.3	6.1	29	3	0.8	0.8	5.1	5.2	11.0	10.9	Liu, Susie
		5.7	10.4	Underp	-2.9	4.4	9.9	-26.4	6.5	6.4	12	2	0.8	0.8	7.4	7.5	7.7	7.5	
Orient Securities	3958 HK																		Liu, Susie
Qifu Technology	QFIN US	6.8	0.8	Neutral	-19.0	-54.9	-41.5	-73.7	2.8	3.0	-63	-7	0.2	0.2	10.6	8.7	8.3	7.1	Xu, Emma
Qifu Technology	3660 HK	27.1	0.8	Neutral	-22.6	-54.0	-39.3	-74.1	2.8	3.0	-63	-7	0.2	0.2	10.6	8.7	8.3	7.1	Xu, Emma
Tiger Brokers	TIGR US	4.6	0.9	Buy	-9.8	3.4	-27.8	-57.4	11.0	6.9	-56	59	0.9	0.9	-	-	8.3	12.0	Xu, Emma
FI- Insurance																			
China Life Insurance	2628 HK	28.1	140.7	Buy	-4.4	5.5	17.3	32.2	4.3	5.3	2	-19	1.0	0.9	4.2	4.3	24.2	17.0	Li, Michael
CPIC	2601 HK	28.1	41.7	Buy	-5.2	6.4	-6.4	-3.7	4.4	4.2	-2	6	0.7	0.6	5.0	5.3	16.4	15.5	Li, Michael
FWD Group	1828 HK	34.1	5.6	Buy	2.8	20.1	12.2	-28.6	17.6	14.2	206	24	0.9	0.9	-	-	4.9	6.0	Li, Michael
		45.0	23.5	Underp	-4.1	2.9	2.4	4.1	3.6	3.4	-8	7	1.0	0.9	7.3	7.7	28.2	27.0	
New China Life Insurance	1336 HK																		Li, Michael
PICC Group	1339 HK	5.6	48.5	Buy	3.9	24.1	7.7	-13.6	4.2	3.8	10	9	0.6	0.6	5.5	5.7	15.6	15.5	Li, Michael
PICC P&C	2328 HK	16.5	46.8	Buy	3.3	19.5	20.0	-1.1	7.1	6.8	10	4	1.0	1.0	5.4	5.1	14.9	14.5	Li, Michael
Ping An Insurance	2318 HK	52.8	134.8	Buy	-5.4	5.5	-6.3	5.0	5.4	5.1	12	6	0.8	0.7	6.2	6.6	14.5	14.4	Li, Michael
ZhongAn Online P&C	6060 HK	9.8	2.1	Buy	-16.7	8.7	-23.3	-44.4	7.7	10.0	55	-24	0.5	0.5	-	-	7.1	5.2	Li, Michael
HC- Biotechnology																			
3SBio	1530 HK	16.6	5.3	Buy	-2.3	-0.4	-25.7	-44.0	14.9	23.3	-74	-36	1.2	1.1	1.5	1.5	8.1	4.9	Li, Bo (David)
Akeso	9926 HK	108.7	12.8	Buy	14.0	23.5	-16.5	-23.0	NM	82.6	89	NM	8.0	7.2	-	-	-1.4	9.2	Cui, Ethan
BeiGene	ONC US	365.3	44.6	Buy	-0.4	28.2	23.0	7.2	46.5	24.1	189	93	7.8	5.9	-	-	17.4	26.8	Li, Bo (David)
BeiGene	6160 HK	225.4	45.5	Buy	0.4	32.3	31.4	9.8	46.5	24.1	189	93	7.8	5.9	-	-	17.4	26.8	Li, Bo (David)
CanSino	6185 HK	36.5	2.4	Buy	15.1	64.0	17.1	-26.2	101.7	32.0	140	218	0.7	0.7	-	-	1.3	4.1	Li, Bo (David)
Everest Medicine	1952 HK	30.1	1.4	Neutral	-13.0	23.0	-19.7	-46.5	12.4	NM	NM	NM	1.5	1.5	-	-	11.8	-0.0	Li, Bo (David)
Innovent	1801 HK	98.1	21.8	Buy	-8.8	23.2	15.5	1.7	66.1	40.7	157	62	6.2	5.4	-	-	10.1	14.2	Li, Bo (David)
Kelun-Biotech	6990 HK	487.0	15.3	Buy	-5.3	11.6	5.9	-5.3	492.8	77.4	NM	536	18.0	14.6	-	-	3.7	20.8	Li, Bo (David)
Laekna	2105 HK	8.3	0.5	Buy	37.5	23.0	-44.9	-51.9	NM	NM	65	-119	2.2	2.5	-	-	-7.3	-17.5	Li, Bo (David)

Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX (Local) 30-Sep	Mkt Cap (USD bn)	Inv. Rating	1M (%)	3M (%)	6M (%)	12M (%)	PE (x) 26E	PE (x) 27E	EPS Growth (%) 26E	EPS Growth (%) 27E	PB (x) 26E	PB (x) 27E	D Yield (%) 26E	D Yield (%) 27E	ROE (%) 26E	ROE (%) 27E	Analyst
Zai Lab	ZLAB US	25.9	3.0	Neutral	-0.6	36.5	37.9	-23.5	NM	NM	-61	3	6.3	3.0	-	-	-48.1	-37.7	Li, Bo (David)
Zai Lab	9688 HK	20.6	3.0	Neutral	-0.2	42.7	50.7	-22.6	NM	NM	-61	3	6.3	3.0	-	-	-48.1	-37.7	Li, Bo (David)
HC- Health Care Equipment & Services																			
Adicon Holdings	9860 HK	4.7	0.4	Buy	20.2	11.2	10.7	-32.1	31.2	14.7	388	112	1.6	1.4	-	-	5.4	10.3	Li, Bo (David)
		2.9	5.9	Buy	-8.9	-0.8	-34.4	-54.1	20.9	20.0	35	2	2.2	2.3	-	-	13.6	12.0	Zhuang, Miranda
AliHealth	241 HK																		
Angelalign Tech	6699 HK	85.4	1.9	Buy	1.3	35.2	29.5	52.4	60.9	44.6	4	37	3.3	3.0	0.7	0.9	5.6	6.9	Li, Bo (David)
Baiyunshan	874 HK	13.3	4.5	Buy	-2.9	-3.9	-15.6	-22.4	7.1	6.8	-13	4	0.1	0.1	6.6	6.8	6.7	6.7	Sun, Sandra
Gushengtang	2273 HK	26.9	0.8	Buy	-3.5	8.9	5.6	-6.8	13.5	13.3	17	2	2.2	2.0	3.7	3.8	18.2	17.0	Li, Bo (David)
Hygeia	6078 HK	9.7	0.7	Buy	-8.0	6.1	-14.7	-32.0	10.4	9.9	197	5	0.7	0.7	4.3	5.0	7.4	7.5	Cui, Ethan
		36.0	14.6	Buy	-1.9	9.6	-23.5	-45.9	14.0	12.1	6	16	1.4	1.3	-	-	10.8	11.2	Zhuang, Miranda
JD Health	6618 HK																		
Jinxin Fertility	1951 HK	2.2	0.8	Buy	-1.3	13.7	-3.9	-20.0	19.4	16.9	NM	14	0.5	0.5	2.8	2.9	3.8	4.0	Cui, Ethan
MicroPort	853 HK	6.1	1.5	Buy	-2.6	-1.5	-35.9	-55.9	22.0	48.0	NM	-54	1.1	1.0	-	-	5.8	2.2	Sun, Sandra
		6.3	1.7	Underp	-2.0	-9.1	-44.9	-65.3	39.4	24.0	-35	64	1.1	1.1	-	-	2.8	4.4	Zhuang, Miranda
PAGD	1833 HK																		
Shanghai Pharma	2607 HK	11.1	8.0	Buy	-2.7	1.7	0.4	-4.5	6.1	5.9	-2	4	0.1	0.1	5.0	5.2	7.2	7.1	Li, Bo (David)
Sinopharm	1099 HK	14.9	5.9	Buy	-6.7	-6.6	-22.6	-14.8	5.5	5.4	0	3	0.4	0.4	6.5	7.1	8.3	8.1	Li, Bo (David)
HC- Life Sciences Tools & Services																			
		1.2	0.3	Underp	-1.7	24.2	7.3	-5.6	12.3	10.8	49	14	0.8	0.8	-	-	6.6	7.3	
Frontage	1521 HK																		Li, Bo (David)
		30.8	5.1	Underp	21.7	65.7	58.4	34.8	22.2	86.4	158	-74	0.4	0.4	1.0	0.2	8.9	2.2	
Joinn Lab	6127 HK																		Li, Bo (David)
Pharmaron	3759 HK	31.8	11.4	Buy	8.1	76.3	71.0	13.2	25.6	20.4	7	25	0.6	0.5	1.0	1.1	11.3	13.0	Li, Bo (David)
Tigermed	3347 HK	46.9	7.2	Buy	19.5	34.9	13.7	2.9	321.7	58.0	-88	455	0.2	0.2	0.2	0.5	0.5	2.7	Li, Bo (David)
WuXi AppTec	2359 HK	215.2	76.6	Buy	9.2	40.4	86.1	84.2	21.9	18.2	71	20	5.3	4.4	1.4	1.6	26.4	26.4	Li, Bo (David)
Wuxi Biologics	2269 HK	56.1	29.4	Neutral	10.7	62.0	69.7	36.8	32.3	27.1	22	19	3.6	3.2	-	-	11.8	12.4	Li, Bo (David)
HC- Pharmaceuticals																			
Alebund Pharmaceuticals	9637 HK	25.0	1.1	Buy	-20.1	-45.6	NA	NA	NM	NM	52	-22	3.0	3.9	-	-	-49.5	-45.1	Li, Bo (David)
CR Pharmaceutical	3320 HK	4.5	3.6	Buy	-0.4	7.4	-18.8	-2.4	5.5	5.0	5	10	0.4	0.3	4.6	5.1	7.6	7.2	Li, Bo (David)
		10.1	14.8	Underp	5.7	44.5	13.1	11.6	8.1	20.5	191	-60	2.2	2.1	2.8	2.9	30.1	10.5	
CSPC Pharmaceutical	1093 HK																		Cui, Ethan
Hansoh	3692 HK	35.3	27.3	Buy	-3.1	20.9	0.9	-0.7	24.0	24.9	28	-4	4.0	3.6	1.7	1.7	18.0	15.0	Li, Bo (David)
Sino Biopharm	1177 HK	5.7	13.6	Buy	3.4	31.2	-0.7	-28.1	16.0	13.5	136	18	2.6	2.3	2.2	2.6	17.0	17.9	Li, Bo (David)
IND- Aerospace & Defense																			
		44	0.3	Underp	-3.5	-33.6	-55.2	-76.6	NM	NM	-12	56	1.7	1.5	-	-	-7.0	9.4	
Ehang	EH US																		Liang, Fiona
IND- Airline, Logistics & Shipping																			
Air China	753 HK	4.0	16.5	Neutral	-0.5	-6.8	-13.6	-32.1	NM	61.7	-204	NM	1.2	1.2	-	-	-15.9	1.8	Han, Amy
Cathay Pacific	293 HK	14.7	11.4	Neutral	2.1	15.7	33.8	51.5	8.6	8.6	1	-0	1.5	1.3	6.1	6.1	17.1	15.9	Han, Amy
		2.6	10.3	Underp	-9.6	-16.8	-24.6	-21.0	NM	85.0	-121	NM	2.9	2.8	-	-	-37.9	3.7	
China Eastern Airlines	670 HK																		Han, Amy
		3.0	11.7	Underp	-7.9	-10.9	-22.6	-27.4	NM	150.0	NM	NM	1.3	1.3	-	-	-28.7	-0.9	
China Southern Airlines	1055 HK																		Han, Amy
		16.6	36.4	Underp	-0.9	31.1	18.5	45.8	5.1	103.0	42	-95	0.9	0.9	9.8	0.5	17.5	0.8	
COSCO Shipping	1919 HK																		Gee, Nathan
COSCO Shipping Energy	1138 HK	18.3	15.8	Buy	14.0	39.8	7.9	114.4	8.1	10.7	149	-24	1.2	1.1	6.7	5.1	21.4	14.5	Gee, Nathan
Full Truck Alliance	YMM US	8.3	8.6	Buy	-6.1	2.8	1.7	-34.5	11.6	10.0	10	17	1.2	1.1	0.4	0.4	12.5	13.0	Tso, Fan
Guangshen Railway	525 HK	2.3	3.0	Buy	-6.3	12.2	7.3	-3.4	11.3	8.9	4	27	0.1	0.1	4.5	5.0	4.6	4.9	Han, Amy
JD Logistics	2618 HK	10.1	8.5	Buy	-9.4	-14.4	-26.3	-23.2	6.2	5.7	20	10	0.9	0.8	-	-	15.7	14.9	Tso, Fan
J&T Global Express	1519 HK	8.6	10.6	Buy	-12.3	3.3	-14.5	-11.7	12.8	10.6	79	21	2.6	2.2	-	-	22.2	22.7	Tso, Fan
		143.6	12.1	Underp	-5.4	21.1	8.7	19.7	6.3	197.2	28	-97	0.8	0.9	0.6	0.0	13.7	0.4	
Orient Overseas Int	316 HK																		Gee, Nathan
Pacific Basin	2343 HK	3.9	2.6	Buy	-6.6	50.1	44.6	64.7	10.6	10.3	314	3	1.3	1.3	9.5	9.6	12.9	12.8	Gee, Nathan
Sinotrans	598 HK	4.5	6.2	Buy	-5.4	22.3	2.5	-0.4	9.0	8.4	83	7	0.7	0.6	7.6	7.6	7.3	7.6	Tso, Fan
SITC International	1308 HK	48.0	16.6	Neutral	4.0	58.1	50.1	75.1	11.4	12.8	21	-11	5.9	5.0	7.9	5.5	55.3	42.1	Gee, Nathan
ZTO Express	ZTO US	19.6	15.0	Neutral	-8.8	-12.4	-20.9	3.7	9.3	8.5	20	9	1.5	1.3	4.3	4.7	15.7	15.4	Tso, Fan
IND- Conglomerate & Commercial Services																			
EB Environment	257 HK	4.6	3.6	Buy	-8.5	4.3	-9.4	9.6	6.4	5.9	13	7	0.5	0.5	6.8	7.6	8.3	8.5	Guan, Cissy
		13.2	4.6	Buy	-2.6	18.2	5.9	NA	18.8	13.9	32	36	2.3	2.0	-	-	13.7	15.9	Zhuang, Miranda
JD Industrials	7618 HK																		
		14.2	6.8	Neutral	-17.4	14.2	9.8	-36.6	11.2	10.2	8	10	1.6	1.5	3.6	3.6	18.1	17.4	Zhuang, Miranda
Kanzhun	BZ US																		
		55.1	6.7	Neutral	-19.5	12.0	9.9	-36.7	11.2	10.2	8	10	1.6	1.5	3.6	3.6	18.1	17.4	Zhuang, Miranda
Kanzhun	2076 HK																		
		11.3	1.2	Buy	-9.3	-11.1	-12.9	-41.0	15.9	11.5	-29	38	1.3	1.2	-	-	9.1	11.3	Zhuang, Miranda
TUHU Car	9690 HK																		

Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX (Local) 30-Sep	Mkt Cap (USD bn)	Inv. Rating	1M (%)	3M (%)	6M (%)	12M (%)	PE (x) 26E	PE (x) 27E	EPS Growth (%) 26E	EPS Growth (%) 27E	PB (x) 26E	PB (x) 27E	D Yield (%) 26E	D Yield (%) 27E	ROE (%) 26E	ROE (%) 27E	Analyst
IND- Construction & Engineering																			
China State Construction Intl	3311 HK	8.9	6.0	Buy	16.6	33.1	15.1	-3.3	4.8	4.4	-6	9	0.5	0.5	7.5	8.2	11.0	11.2	Wang, Summer
Sinopec Engineering	2386 HK	5.3	3.1	Buy	6.7	10.8	-3.3	-15.9	9.2	8.2	21	12	0.6	0.6	7.9	8.0	6.8	7.3	Wang, Yiming
Xinyi Glass	868 HK	8.2	4.6	Buy	-9.6	-2.8	-13.5	-6.1	12.6	9.3	-12	35	0.8	0.8	4.0	5.3	6.5	8.5	Zhao, Matty
IND- Electrical Equipment																			
Dongfang Electric	1072 HK	18.4	11.4	Buy	-10.3	-13.6	-44.3	13.9	10.5	9.0	27	17	0.1	0.1	4.6	5.6	10.7	11.7	Wang, Peter
Goldwind	2208 HK	8.9	9.7	Buy	-8.2	-15.2	-36.2	-34.9	9.2	6.3	28	47	0.1	0.1	2.9	4.3	8.5	11.6	Tsang, Gary
JL Mag	6680 HK	15.0	4.6	Buy	-11.8	-8.1	-17.1	-31.5	19.2	13.3	30	44	0.4	0.3	2.6	3.8	11.8	15.9	Xia, Yibing
IND- Heavy Machinery																			
CRRC Times Electric	3898 HK	28.3	7.4	Neutral	-10.7	-28.2	-19.4	-31.4	7.2	6.1	9	18	0.7	0.7	5.1	6.0	10.0	11.0	Lee, Ming Hsun
Dtech Technology	1377 HK	259.4	21.3	Buy	-23.9	NA	NA	NA	57.4	27.4	275	110	11.9	9.5	1.5	2.9	31.4	38.6	Lee, Ming Hsun
		14.1	3.8	Underp	-17.4	-24.6	25.2	NA	37.6	24.5	591	53	2.9	2.5	-	-	11.0	12.2	
FSTUN	2715 HK																		Lee, Ming Hsun
GeekPlus	2590 HK	7.5	1.2	Buy	-26.3	-36.8	-55.6	-74.6	NM	98.4	-889	NM	2.6	2.5	-	-	-3.1	2.6	Wang, Summer
		1.2	0.2	Underp	-13.8	-22.1	-53.6	-74.9	40.7	9.7	-89	321	0.8	0.8	5.3	2.1	1.9	8.2	
L.K. Technology	558 HK																		Yang, Joey
		24.4	21.4	Underp	-4.1	-6.0	-11.4	-43.1	21.2	17.4	0	22	2.5	2.2	1.4	1.7	12.3	13.6	
Sanhua	2050 HK																		Lo, Jessie
Sany Heavy	6031 HK	17.1	23.7	Buy	-8.2	-7.9	-18.1	NA	12.8	10.7	24	19	0.1	0.1	4.0	4.7	11.4	12.7	Lee, Ming Hsun
Sany International	631 HK	8.4	3.5	Buy	-8.6	27.2	-20.1	8.6	12.5	9.4	14	33	1.6	1.5	4.8	6.4	14.8	17.8	Wang, Summer
Sinotruk	3808 HK	36.2	12.7	Buy	-11.4	-1.5	-2.1	65.3	9.3	7.6	26	22	1.7	1.6	7.5	9.2	18.8	21.2	Liang, Fiona
UBTECH	9880 HK	74.4	4.8	Buy	-11.0	-27.7	-12.9	-51.8	NM	665.8	31	NM	4.8	4.9	-	-	-6.9	0.8	Lee, Ming Hsun
Weichai Power	2338 HK	28.7	32.2	Buy	-10.5	-12.9	8.7	112.9	13.6	9.7	39	40	0.4	0.3	4.4	6.2	15.0	17.5	Liang, Fiona
Wuxi Lead	470 HK	28.5	8.6	Buy	-5.4	-15.0	-30.6	NA	15.2	10.4	44	46	1.7	1.5	2.0	2.9	14.6	16.5	Lee, Ming Hsun
Yuchai International	CYD US	32.6	1.2	Buy	-14.7	-29.9	-13.6	-19.6	9.4	7.2	61	30	0.8	0.7	3.2	4.1	8.8	10.6	Liang, Fiona
Zoomlion	1157 HK	5.8	7.5	Buy	-8.6	-16.5	-31.3	-16.2	8.5	6.8	0	24	0.1	0.1	8.4	10.4	8.3	9.9	Lee, Ming Hsun
IND- Transportation Infrastructure																			
Beijing Cap Airport	694 HK	1.5	0.9	Neutral	-3.5	4.8	-16.9	-45.3	179.7	24.9	NM	623	0.4	0.4	-	-	0.2	1.8	Han, Amy
China Merchants Port	144 HK	17.1	9.1	Neutral	7.8	40.3	22.1	22.7	9.4	9.2	17	3	0.6	0.5	4.8	5.1	6.6	6.6	Choi, Karl
IT- Communications Equipment																			
		21.9	20.5	Underp	-7.3	-4.3	2.2	-37.2	16.2	14.6	-1	11	0.2	0.2	2.2	2.4	7.2	7.5	
ZTE Corporation	763 HK																		Zhu, Katherine
IT- Electronic Equipment & Components																			
AAC	2018 HK	39.4	5.8	Buy	-3.8	-7.6	20.1	-13.1	14.2	12.1	11	17	1.4	1.3	1.1	1.2	10.9	11.6	Zhu, Katherine
BYD Electronic	285 HK	23.0	6.6	Neutral	-7.2	9.8	-16.1	-44.0	12.6	9.0	-0	40	1.2	1.1	2.4	3.3	9.7	12.4	Zhu, Katherine
Cowell	1415 HK	22.5	2.5	Buy	-8.9	-4.1	-12.1	-41.6	10.4	7.7	17	34	2.7	2.1	1.9	2.6	27.9	29.4	Zhu, Katherine
Kingboard Laminates	1888 HK	48.5	19.5	Buy	7.5	-51.0	155.8	302.1	14.9	7.7	305	93	6.4	4.0	3.4	6.6	50.4	63.4	Zhu, Katherine
Lens Tech	6613 HK	21.6	24.8	Buy	-12.5	-22.3	10.2	-27.5	20.5	14.6	15	40	1.6	1.5	2.7	3.8	8.2	10.9	Zhu, Katherine
RoboSense	2498 HK	16.7	1.0	Buy	-11.4	-24.9	-52.1	-60.5	NM	NM	-64	94	1.9	1.9	-	-	-6.5	-0.3	Yang, Joey
Sunny Optical	2382 HK	63.4	8.7	Neutral	-4.3	3.9	20.3	-28.9	15.1	12.4	-17	21	1.8	1.6	1.3	1.6	12.4	13.6	Zhu, Katherine
IT- Semiconductors																			
Black Sesame	2533 HK	9.8	0.9	Neutral	-8.2	-8.4	-36.7	-52.6	NM	NM	15	20	17.9	NM	-	-	-115	-880.0	Li, Daley
		105.4	44.5	Underp	-12.6	-51.0	35.7	31.8	115.8	71.6	265	62	3.2	3.1	0.1	0.2	2.9	4.4	
Hua Hong Semi	1347 HK																		Shen, Dai
Iluvatar CoreX	9903 HK	106.0	10.7	Buy	-19.9	-58.4	50.6	NA	NM	42.7	80	NM	5.7	4.9	-	-	-5.4	15.7	Li, Daley
InnoScience Technology	2577 HK	39.4	4.6	Buy	-14.9	-39.1	-21.6	-55.1	NM	78.0	40	NM	4.3	3.7	-	-	-7.5	16.0	Li, Daley
IT- Software & Services																			
Agora	API US	4.2	0.4	Buy	1.2	4.0	17.2	8.6	29.1	15.2	48	92	0.4	0.4	-	-	2.8	4.2	Li, Daley
Chinasoft International	354 HK	3.8	1.3	Neutral	-1.4	32.6	18.5	-38.5	15.3	11.0	62	39	0.7	0.7	2.3	3.2	4.7	6.2	Li, Daley
GDS Holdings	GDS US	31.3	6.3	Buy	-6.4	4.2	-22.4	-19.2	19.1	134.2	156	-86	1.1	1.1	-	-	7.5	1.0	Li, Daley
GDS Holdings	9698 HK	31.5	6.4	Buy	-4.4	11.7	-18.4	-21.3	19.1	134.2	156	-86	1.1	1.1	-	-	7.5	1.0	Li, Daley
Horizon Robotics	9660 HK	4.2	8.5	Buy	-11.9	2.5	-36.9	-56.4	21.7	NM	NM	NM	3.0	3.2	-	-	-18.3	-4.5	Li, Daley
Kingdee International Software	268 HK	7.3	3.3	Buy	-17.9	24.1	-14.3	-58.1	56.8	28.3	328	101	2.6	2.4	-	-	6.8	10.9	Li, Daley
Kingsoft Cloud	KC US	9.1	2.7	Buy	-14.6	0.4	-32.0	-39.1	NM	544.7	49	NM	2.1	2.1	-	-	-3.4	0.4	Li, Daley
Kingsoft Cloud	3896 HK	4.9	2.8	Buy	-12.2	5.9	-28.8	-40.1	NM	544.7	49	NM	2.1	2.1	-	-	-3.4	0.4	Li, Daley
Kingsoft Corporation	3888 HK	24.8	4.3	Neutral	-0.2	11.9	11.1	-27.9	11.9	16.1	22	-26	1.0	0.9	0.5	0.8	9.1	6.1	Li, Daley
Meitu Inc.	1357 HK	3.8	2.2	Buy	-19.1	3.2	-8.9	-57.8	11.3	9.4	84	20	2.2	2.0	3.7	4.8	22.3	24.9	Zhuang, Harry
MiniMax	100 HK	250.2	11.1	Buy	-16.7	-40.0	-73.1	NA	NM	NM	86	-6	NM	NM	-	-			Liu, Alex
		0.9	0.2	Underp	-25.1	-24.8	-54.1	-74.0	30.9	16.3	57	89	0.3	0.3	7.7				
Ming Yuan Cloud	909 HK																		
Momenta	6880 HK	161.2	4.8	Buy	-34.0	NA	NA	NA	NM	NM	27	97	NM	NM	-				
Pony AI	PONY US	6.5	2.8	Buy	-13.7	-5.9	-30.7	-70.9	NM	NM	-112	-3	1.8	2.3	-				
Pony AI	2026 HK	51.1	2.8	Buy	-13.4	-6.5	-23.6	NA	NM	NM	-112	-3	1.8	2.3	-				
SUNeVision	1686 HK	5.6	1.7	Buy	7.4	28.3	3.3	-17.1	20.0	19.7	17	2	2.1	2.0	2.5				
VNET Group	VNET US	5.7	1.6	Buy	-12.8	-29.0	-31.9	-44.7	NM	20.8	NM	NM	1.6	1.5	-				
Weimob	2013 HK	0.8	0.4	Neutral	-20.0	-27.4	-43.4	-71.0	NM	NM	1	74	0.7	0.6	-				
Zhipu	2513 HK	641.0	39.8	Buy	-41.2	-69.5	-7.6	NA	NM	NM	27	32	37.4	62.0	-				

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Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX	Mkt Cap (USD	Inv.	1M	3M	6M	12M	PE		EPS Growth		PB		D Yield		ROE		Analyst
		(Local) 30-Sep	bn)	Rating	(%)	(%)	(%)	(%)	(x) 26E	(x) 27E	(%) 26E	(%) 27E	(x) 26E	(x) 27E	(%) 26E	(%) 27E	(%) 26E	(%) 27E	
IT- Technology Hardware																			
Huaqin	3296 HK	65.8	16.6	Buy	-13.0	-3.7	NA	NA	15.9	12.8	26	25	0.2	0.1	1.9	2.3	18.0	18.3	Zhu, Katherine
Lenovo	992 HK	34.5	54.7	Buy	15.3	52.1	282.6	205.8	34.9	24.8	27	40	7.4	5.8	1.1	1.1	29.9	51.5	Cheng, Robert
Xiaomi	1810 HK	25.2	83.0	Buy	-9.3	16.6	-20.5	-53.3	24.7	22.4	-43	10	2.0	1.8	-	-	8.8	10.4	Cheng, Robert
MAT- Chemicals																			
Ganfeng Lithium	1772 HK	30.8	12.4	Buy	-25.4	-38.7	-57.5	-28.3	6.0	7.3	452	-18	1.0	0.9	3.2	2.7	18.0	12.9	Zhao, Matty
		11	3.5	Underp	-5.1	2.8	-8.9	-17.6	25.5	26.8	NM	-5	0.4	0.4	2.0	1.9	1.7	1.6	
Sinopec Shanghai Petchem	338 HK																		Wang, Yiming
Tianqi Lithium	9696 HK	28.7	9.7	Buy	-24.9	-28.6	-37.6	-36.2	5.6	6.6	NM	-16	0.8	0.7	5.4	4.5	16.1	12.1	Zhao, Matty
MAT- Construction Materials & Paper																			
Anhui Conch	914 HK	16.2	13.0	Buy	-8.3	-2.7	-20.1	-27.9	9.9	8.7	-15	14	0.4	0.4	6.0	7.4	3.7	4.2	Zhao, Matty
CNBM	3323 HK	3.2	3.1	Buy	-14.7	-39.7	-30.0	-39.6	4.1	3.1	NM	34	0.2	0.2	13.5	19.6	5.1	6.7	Zhao, Matty
		1.0	0.8	Underp	-9.5	-6.5	-34.5	-45.7	9.6	6.0	19	60	0.1	0.1	6.8	11.7	1.3	2.0	
CR Cement	1313 HK																		Zhao, Matty
Lee & Man	2314 HK	3.4	1.9	Buy	-11.2	21.6	4.0	26.9	5.7	5.6	33	0	0.5	0.4	6.2	6.2	8.3	7.8	Leung, Edward
Nine Dragons	2689 HK	5.6	3.3	Buy	-19.7	-18.1	-15.4	1.9	6.5	5.3	102	22	0.4	0.4	1.5	5.7	7.3	8.2	Zhao, Matty
MAT- Gold																			
SD Gold	1787 HK	19.5	17.2	Buy	-23.7	17.2	-38.8	-46.4	13.3	11.4	14	16	1.5	1.4	1.3	1.5	11.6	12.7	Chan, Miriam
Zhaojin Mining	1818 HK	18.1	8.1	Buy	-24.6	10.1	-42.8	-42.0	14.8	12.0	-2	23	1.5	1.3	0.7	0.8	12.7	13.9	Chan, Miriam
Zijin Gold Int'l	2259 HK	141.8	48.4	Buy	-12.0	61.8	-16.8	20.1	15.5	13.6	39	14	4.3	3.6	0.1	0.2	31.7	28.7	Zhao, Matty
Zijin	2899 HK	32.2	116.1	Buy	-15.8	19.4	-3.4	1.8	9.8	8.6	42	15	2.8	2.3	3.6	4.1	34.3	30.9	Zhao, Matty
MAT- Metals & Mining (ex. gold)																			
		1.2	2.7	Underp	-3.7	5.9	-21.7	-48.0	NM	NM	2	79	0.2	0.2	-	-	-9.5	-2.1	
Angang Steel	347 HK																		Chan, Miriam
Chalco	2600 HK	7.8	21.5	Buy	-8.2	7.9	-26.9	1.9	5.4	7.1	62	-24	1.2	1.1	7.4	6.3	24.8	16.5	Zhao, Matty
China Hongqiao	1378 HK	21.5	27.0	Buy	-8.3	7.4	-34.5	-13.9	5.8	7.2	34	-19	1.1	1.1	10.8	8.8	20.6	15.3	Chan, Miriam
CMOC	3993 HK	15.1	51.6	Buy	-13.9	0.4	-3.6	-1.1	9.6	7.9	40	21	2.6	2.1	3.1	3.8	30.4	29.3	Chan, Miriam
Jiangxi Copper	358 HK	32.9	18.8	Buy	-16.3	6.5	-1.4	11.8	6.9	6.1	85	13	0.4	0.4	6.8	7.6	15.8	16.1	Zhao, Matty
Maanshan Iron & Steel	323 HK	1.6	2.6	Neutral	-6.9	-3.3	-35.7	-39.5	73.2	26.7	NM	174	0.4	0.4	-	-	0.6	1.6	Chan, Miriam
MMG Limited	1208 HK	8.7	14.2	Buy	-8.6	25.1	20.3	28.7	8.1	6.9	210	19	2.1	1.6	-	-	32.2	26.7	Chan, Miriam
RE- Real Estate																			
C&D International	1908 HK	13.7	4.0	Buy	-11.6	1.3	15.0	-19.0	8.5	7.3	-18	17	0.8	0.7	6.6	7.7	9.4	10.5	Du, Eric
		3.3	1.4	Underp	-3.0	6.1	-10.6	-29.9	7.0	6.8	-3	2	1.4	1.3	6.3	6.4	21.3	19.4	
China OVS PPT	2669 HK																		Du, Eric
COLI	688 HK	13.2	18.4	Buy	-2.9	11.2	18.5	-4.7	9.0	8.3	4	8	0.3	0.3	4.0	4.2	3.4	3.6	Choi, Karl
CR Land	1109 HK	30.6	27.8	Buy	-7.2	2.7	10.9	4.5	8.9	8.0	-10	11	0.6	0.6	4.2	4.6	6.5	7.3	Choi, Karl
Country Garden Services	6098 HK	5.3	2.3	Neutral	-6.2	9.7	-0.7	-11.2	5.7	5.5	4	4	0.4	0.4	10.5	10.5	7.2	7.4	Du, Eric
CR Mixc Lifestyle	1209 HK	38.2	11.1	Buy	-2.8	7.1	-14.5	-2.7	17.2	15.8	10	9	4.8	4.8	5.8	6.0	28.0	30.5	Du, Eric
Greentown Service	2869 HK	4.2	1.7	Buy	-2.4	7.1	4.3	-11.1	11.2	10.0	14	12	1.4	1.3	6.7	7.5	12.4	13.4	Du, Eric
Hang Lung Prop	101 HK	6.7	4.4	Buy	-7.9	-1.6	-18.8	-18.8	11.4	11.0	-11	3	0.2	0.2	7.9	7.9	2.2	2.4	Tso, Fan
Henderson Land	12 HK	26.7	16.5	Neutral	-6.0	9.9	-3.3	1.9	16.2	15.8	30	3	0.4	0.4	4.8	4.8	2.4	2.3	Tso, Fan
		16.6	19.1	Buy	-9.4	14.2	12.9	-11.0	14.5	13.0	78	11	2.0	2.0	2.8	3.1	13.1	13.8	Zhuang, Miranda
KE Holdings	BEKE US																		
		44.6	19.6	Buy	-6.1	18.7	19.9	-13.7	14.5	13.0	78	11	2.0	2.0	2.8	3.1	13.1	13.8	Zhuang, Miranda
KE Holdings	2423 HK																		
Kerry Properties	683 HK	17.9	3.3	Buy	-6.1	1.3	-12.7	-8.5	14.4	10.2	-12	42	0.2	0.2	7.7	7.7	1.8	2.5	Tso, Fan
Longfor	960 HK	5.7	5.2	Buy	-16.1	-4.8	-24.6	-51.6	NM	10.9	-284	NM	0.2	0.2	-	2.8	-4.3	1.9	Choi, Karl
		6.1	1.9	Underp	-13.5	-4.4	-25.1	-22.6	NM	7.2	88	NM	0.1	0.1	-	-	-1.2	1.2	
New World Dev	17 HK																		Tso, Fan
Onewo	2602 HK	18.9	2.8	Neutral	1.6	30.9	25.5	-16.0	8.7	8.5	1	2	1.3	1.3	4.5	4.7	14.7	15.0	Du, Eric
Poly Property Serv	6049 HK	28.0	2.0	Neutral	-0.8	8.7	-5.1	-15.0	8.0	7.7	5	5	1.2	1.1	6.2	6.6	14.9	14.5	Du, Eric
Seazen	1030 HK	1.5	1.3	Buy	0.0	9.4	-28.7	-43.2	11.4	6.9	106	64	0.2	0.2	-	-	1.7	2.7	Du, Eric
Swire Properties	1972 HK	24.4	17.9	Buy	0.9	20.5	8.8	15.7	15.1	15.0	8	1	0.5	0.5	5.0	5.1	3.4	3.4	Choi, Karl
		2.8	7.0	Underp	12.0	31.6	-4.1	-49.9	NM	NM	76	31	0.1	0.1	-	-	-20.4	-17.0	
Vanke	2202 HK																		Choi, Karl
Wharf Holdings Ltd	4 HK	19.3	7.5	Neutral	-1.5	8.5	-8.4	-10.9	15.2	13.5	-5	13	0.4	0.4	3.1	2.2	2.7	2.9	Choi, Karl
		3.4	1.7	Underp	-9.7	2.1	-9.5	-32.4	110.1	16.9	-60	553	0.2	0.2	0.4	2.4	0.2	1.2	
Yuexiu Property	123 HK																		Du, Eric
UTL- Gas & Water Utilities																			
Beijing Enterprises	392 HK	30.1	4.8	Buy	-0.6	15.0	6.0	-4.7	6.2	6.1	15	2	0.4	0.3	6.4	6.6	5.8	5.6	Guan, Cissy
		1.6	2.0	Underp	-6.0	-28.5	-38.2	-29.9	11.7	9.9	-28	19	0.5	0.5	7.0	8.2	4.1	4.8	
BJ Water	371 HK																		Guan, Cissy
		5.5	3.8	Underp	-3.1	10.1	-20.2	-23.7	10.6	11.6	-16	-8	0.5	0.5	6.5	6.5	4.9	4.4	
China Gas	384 HK																		Guan, Cissy
CR Gas	1193 HK	16.4	4.8	Neutral	1.3	13.6	-9.3	-13.0	10.8	10.8	-4	-0	0.8	0.8	5.9	5.9	7.4	7.3	Guan, Cissy
ENN Energy	2688 HK	48.7	7.0	Buy	-0.2	20.4	-19.7	-20.2	7.6	8.1	3	-6	0.9	0.9	7.3	7.3	12.3	10.8	Tsang, Gary
Guangdong Investment	270 HK	8.9	7.4	Buy	10.6	21.4	20.5	38.4	11.6	11.5	7	0	1.3	1.2	5.6	5.7	11.4	11.0	Guan, Cissy
Kunlun Energy	135 HK	7.6	8.3	Neutral	-1.9	17.8	8.4	11.5	9.3	9.1	14	1	0.8	0.8	5.4	5.5	8.8	8.5	Wang, Yiming

Exhibit 62: By end of 3Q26, our China research team rates 63% of the coverage at Buy, 21% at Neutral, and 16% at Underperform

Valuation table for BofA Global Research China coverage universe (as of Sep 30, 2026)

Company	Ticker	PX	Mkt Cap (USD	Inv.	1M	3M	6M	12M	PE		EPS Growth		PB		D Yield		ROE		Analyst
		(Local) 30-Sep	bn)	Rating	(%)	(%)	(%)	(%)	(x) 26E	(x) 27E	(%) 26E	(%) 27E	(x) 26E	(x) 27E	(%) 26E	(%) 27E	(%) 26E	(%) 27E	
UTL- Independent Power & Renewable																			
China Power	2380 HK	2.7	4.3	Neutral	-6.6	-1.1	-9.3	-11.3	14.3	19.3	-32	-26	0.4	0.4	7.4	7.2	3.4	2.5	Xia, Charlotte
CGN Power	1816 HK	3.1	29.2	Buy	1.0	15.1	-9.6	10.1	11.8	10.0	14	17	0.2	0.2	3.3	4.4	8.8	9.8	Tsang, Gary
CR Power	836 HK	19.8	13.0	Neutral	5.2	18.8	14.3	16.9	8.6	8.6	-18	-1	0.8	0.7	4.7	-	10.2	9.5	Tsang, Gary
		1.0	0.9	Underp	-13.7	-18.7	-35.4	-62.6	5.8	5.9	-12	-1	0.2	0.2	6.2	6.1	3.1	3.0	
Datang Renewable	1798 HK																		Tsang, Gary
Flat Glass	6865 HK	5.5	2.9	Neutral	-22.1	-14.0	-34.6	-50.6	10.0	5.4	11	83	0.1	0.1	3.0	5.5	4.8	8.3	Leung, Edward
		4.3	8.2	Underp	5.5	13.9	9.3	7.6	8.9	8.8	-17	1	0.5	0.5	6.5	6.1	6.5	6.4	
Huadian	1071 HK																		Xia, Charlotte
		6.0	15.2	Underp	7.0	10.1	10.1	19.9	16.0	15.1	-58	6	1.1	1.1	3.6	3.8	6.9	7.1	
Huaneng	902 HK																		Tsang, Gary
		5.4	13.5	Underp	-0.7	8.0	-23.4	-33.3	11.2	9.0	-27	25	0.5	0.5	2.6	3.3	4.5	5.5	
Longyuan	916 HK																		Tsang, Gary
		2.0	2.3	Underp	-19.1	-5.2	-32.7	-43.1	97.5	10.6	-82	822	0.5	0.5	0.5	4.6	0.5	4.7	
Xinyi Solar	968 HK																		Leung, Edward

Source: Bloomberg, BofA Global Research

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