



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51231.6	0.1	0.6	(2.9)	6.6
S&P 500	7765.4	(0.5)	1.3	1.2	13.4
FTSE 100	10441.6	(0.2)	0.1	(3.4)	5.1
AS30	8851.8	0.3	(0.0)	(2.8)	(1.9)
CSI 300	4310.3	(1.1)	(4.6)	(5.7)	(6.9)
FSSTI	5413.0	(3.5)	(4.5)	(5.5)	16.5
HSCEI	8010.6	(0.9)	(2.5)	(4.3)	(10.1)
HSI	23785.8	(1.4)	(3.4)	(6.0)	(7.2)
JCI	6031.3	(1.9)	0.4	(9.7)	(30.2)
KLCI	1601.0	(0.7)	(1.8)	(6.6)	(4.7)
KOSPI	6625.9	(2.6)	(3.1)	(4.1)	57.2
Nikkei 225	69042.1	(1.4)	0.1	6.0	37.2
SET	1570.6	(0.9)	0.4	(2.9)	24.7
TWSE	49313.4	(1.0)	2.0	6.8	70.3
BDI	2973	(0.7)	(5.3)	(17.0)	58.4
CPO (RM/mt)	4333	(0.8)	(2.6)	(7.0)	10.2
Brent Crude (US\$/bbl)	104	4.1	1.9	6.5	71.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Sep Money Supply (M2, M1, M0)	China	9-15 Oct
Sep FDI YTD YoY CNY	China	12-18 Oct
Sep Inflation (PPI, CPI)	China	14 Oct
Sep Trade Balance, Exports, Imports	China	14 Oct
3Q GDP	China	19 Oct
Sep Retail Sales	China	19 Oct
Sep Industrial Production	China	19 Oct
Sep Fixed Assets Ex Rural	China	19 Oct
Sep Surveyed Jobless Rate	China	19 Oct
Sep Unemployment Rate 3Mths	Hong Kong	22 Oct
Sep CPI Composite	Hong Kong	22 Oct

Top Stories

Sector Update | Automobile

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- We cut our 2026-28 sales estimates for auto OEMs, based on lower-than-expected 9M26 sales. 2027 sales are poised for a modest recovery on stabilisation of domestic sales and sustained buoyant export growth. Trade barriers to China's EVs are rising globally through tariffs and localisation rules that force Chinese OEMs from exports to local production. This favours the leading OEMs – BYD and Geely. Maintain MARKET WEIGHT. Top BUYs: BYD, Geely, CATL. Top SELLs: Li Auto, XPeng.

Sector Update | Consumer

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- During the National Day holiday, service consumption remained resilient. Tourism and entertainment revenue rose 24% yoy, while catering and accommodation services also delivered solid growth. Household durables and audio-visual equipment were key bright spots, with sales surging 40% yoy. However, broader retail trends remained lukewarm, with sales at key commercial districts up only 5% yoy and Hainan duty-free per capita spending down 10% yoy. Our top picks are Anta, Atour, Midea, YUM China and Mengniu. Maintain OVERWEIGHT.

Technical Analysis

Semiconductor Manufacturing International | 981 HK

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- Support levels: HK\$49.30/HK\$39.66
- Resistance levels: HK\$61.00/HK\$62.35

Xiaomi | 1810 HK

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- Support levels: HK\$21.30/HK\$19.88
- Resistance levels: HK\$24.70/HK\$25.24

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Automobile

China Auto Sector Weekly (26 Sep-8 Oct 26)

Highlights

- We cut our 2026-28 sales estimates for auto OEMs, based on lower-than-expected 9M26 sales.
- 2027 sales are poised for a modest recovery on stabilisation of domestic sales and sustained buoyant export growth.
- Trade barriers to China's EVs are rising globally through tariffs and localisation rules that force Chinese OEMs from exports to local production. This favours the leading OEMs – BYD and Geely.
- Maintain MARKET WEIGHT. Top BUYs: BYD, Geely, CATL. Top SELLs: Li Auto, XPeng.

Analysis

- Auto OEMs' 9M26 sales came in below estimates, due to weaker-than-expected domestic market and ICE-car sales amid the expiry of the purchase tax exception and spike in oil prices.**
 - BYD (1211 HK/BUY/Target: HK\$140.00)** has resumed positive yoy sales growth since May. Monthly sales recovered from a recent trough of 190,190 units (-41% yoy/-9% mom) in Feb 26 to 463,561 units (+17% yoy/+5% mom) in Sep 26, the seventh month of positive growth in a row. This brings 9M26 sales to 3.13m units (-3.9% yoy). Attaining BYD's 2026 sales target of 5m units requires average monthly sales of 622,800 units (+39% yoy) in 4Q26, well above September sales of 463,561 units.
 - Geely (175 HK/BUY/Target: HK\$29.00)** has kept positive yoy sales growth ytd. Monthly sales remained at 200,000-300,000 units ytd, with export growth offset by a drop in domestic sales. September sales grew 7% yoy and 8% mom to a ytd record of 292,168 units, bringing 9M26 sales to 2.235m units (+3% yoy). It requires average monthly sales of 404,840 units (+42% yoy) in 4Q26 to reach Geely's 2026 target of 3.45m units.

Analyst(s)

Ken Lee

ken.lee@uobkh.com

+852 2236 6760

MARKET WEIGHT (Maintained)

Segmental Rating

Segment	Rating
OEMs	OVERWEIGHT (Maintained)
Auto parts	MARKET WEIGHT (Maintained)
Battery	MARKET WEIGHT (Maintained)
Battery materials	UNDERWEIGHT (Maintained)

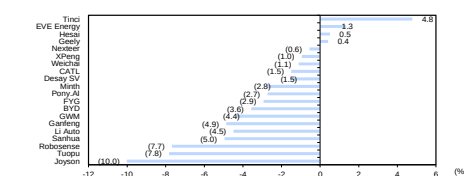
Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
BYD	1211 HK	BUY	72.90	140.00
Geely	175 HK	BUY	14.61	29.00
CATL	300750 CH	BUY	286.75	585.00
Li Auto	2015 HK	SELL	43.02	30.00
XPeng	9868 HK	SELL	37.50	30.00

Source: Bloomberg, UOB Kay Hian

Weekly Stock Performance



Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 8 Oct 26 (lcy)	Target Price (lcy)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy m)	Price/ NAV ps (x)
BYD – H	1211 HK	BUY	72.90	140.00	92.0	12/25	17.7	12.7	10.3	0.8	15.3	268,520	2.0
Geely	175 HK	BUY	14.61	29.00	98.5	12/25	8.9	7.8	6.2	3.6	17.8	157,582	2.1
Great Wall Motor - H	2333 HK	HOLD	6.91	7.00	1.3	12/25	5.2	5.6	4.5	3.3	10.2	15,868	0.5
Li Auto	2015 HK	SELL	43.02	30.00	(30.3)	12/25	170.0	53.6	66.3	0.0	2.0	89,697	1.1
XPeng	9868 HK	SELL	37.50	30.00	(20.0)	12/25	Loss	119.1	14.4	0.0	1.7	58,883	2.0
Fuyao Glass - H	3606 HK	BUY	53.05	84.00	58.3	12/25	12.9	12.1	10.1	5.5	27.2	32,188	2.8
Huizhou Desay SV	002920 CH	BUY	78.07	135.00	72.9	12/25	19.0	18.9	16.1	1.8	24.8	46,593	2.7
Mintch	425 HK	BUY	22.54	56.00	148.4	12/25	8.1	7.8	6.6	3.7	11.7	26,405	0.9
Nexteer	1316 HK	BUY	4.50	11.40	153.3	12/25	14.2	10.8	9.7	4.2	6.2	11,294	0.7
Ningbo Joyson	600699 CH	BUY	21.11	25.00	18.4	12/25	22.3	16.7	14.6	1.2	9.9	29,463	1.6
Ningbo Tuopu	601689 CH	BUY	42.88	64.00	49.3	12/25	27.7	24.5	21.4	0.0	11.7	74,518	3.0
Pony AI	PONY US	BUY	6.07	15.00	147.1	12/25	Loss	Loss	Loss	0.0	n.a.	2,149	0.2
Weichai Power - H	2338 HK	HOLD	28.40	31.00	9.2	12/25	35.8	18.6	17.5	3.2	10.7	55,182	2.2
Zhejiang Sanhua	002050 CH	BUY	33.94	43.00	26.7	12/25	35.5	30.3	26.2	1.3	14.2	126,646	4.1
Hesai	2525 HK	BUY	15.66	29.00	85.2	12/25	34.8	31.2	18.8	0.0	5.9	16,304	1.8
RoboSense	2498 HK	BUY	15.40	33.00	114.3	12/25	Loss	69.5	16.0	0.0	2.4	7,249	1.6
CATL	300750 CH	BUY	286.75	585.00	104.0	12/25	18.1	13.8	10.5	3.6	20.8	1,257,972	3.3
EVE Energy	300014 CH	BUY	50.48	85.00	68.4	12/25	25.3	13.3	10.1	1.9	6.8	109,708	2.1
Ganfeng Lithium - H	1772 HK	BUY	29.34	75.00	155.6	12/25	33.2	16.0	9.8	1.2	(1.2)	14,174	1.1
Tinci Materials	002709 CH	BUY	32.69	54.00	65.2	12/25	46.2	13.0	10.9	2.3	5.4	66,641	2.8

Source: Bloomberg, UOB Kay Hian

- **Great Wall Motor (GWM) (2333 HK/HOLD/Target: HK\$7.00).** Yoy sales growth has hovered around zero ytd. September sales dropped 14% yoy and edged up 1% mom to 114,944 units, bringing 9M26 sales to 920,302 units. It takes average monthly sales of 143,233 units (+7% yoy) in 4Q26 to reach our 2026 estimate of 1.35m units.
- **Li Auto (2015 HK/SELL/Target: HK\$30.00).** Sales rebounded from a trough of 26,421 units in Feb 26 to a peak of 41,053 units in Mar 26 and then dropped to 31,817 units (-6% yoy/-16% mom) in Sep 26. This takes 9M26 sales to 293,436 units (-1% yoy). It requires average monthly sales of 42,188 units (+16% yoy) to hit our 2026 sales estimate of 420,000 units.
- **XPeng (9868 HK/SELL/Target: HK\$30.00).** Yoy sales reversed into positive territory in Jun-Aug 26, and returned to a negative trajectory in Sep 26 with sales of 41,256 units (-1% yoy/+5% mom). 9M26 sales fell 9% yoy to 284,367 units. It takes average monthly sales of 65,211 units (+68% yoy) to reach our full-year estimate of 480,000 units.
- **2027 sales poised for a modest recovery on stabilisation of domestic sales and sustained buoyant export growth.** We expect China's passenger vehicle (PV) wholesales to drop 7.1% yoy to 27.8m units and grow 9.1% yoy to 30.3m units in 2027.
 - **Modest domestic recovery.** After falling 22.9% yoy to 18.6m units in 2026, we expect China's domestic PV wholesales to recover 4.8% yoy to 19.5m units in 2027. The 2026 rebound will be driven by replacement demand from 2016-17 high-sales cohort, and the front-loading effect from the doubling of EV purchase tax from 5% currently to 10% by 1 Jan 28.
 - **EV penetration continues to rise even as absolute volumes moderate.** We expect domestic passenger EV sales to grow from 10.9m units (-15% yoy) in 2026 to 12.6m units (+15.7% yoy) in 2027, representing 65% penetration (+8.0ppt yoy). This trajectory is driven by: a) model launches in the Rmb100,000-200,000 mass-market segment, where EV price parity with ICE-cars has largely been achieved; and b) fast-charging tech launches and improving charging infrastructure.
 - **Overseas sales become the primary growth engine, but localisation is the new battleground.** We expect China's PV export volume to reach 10.8m units (+18% yoy) in 2027, including 6.8m passenger EVs (+43% yoy). The export growth will be driven by Chinese OEMs launching new EV models and expanding production capacity overseas. Trade barriers to China's EVs are rising globally – the UK, EU, Thailand, Malaysia, India, Brazil, Turkey and beyond – through tariffs and localisation rules that force Chinese OEMs from exports to local production. The cost of access is now a factory, not a border tax, and fast localisers turn barriers into competitive moats. This favours leading auto OEMs – BYD and Geely, due to their extensive sales network and production bases overseas.
- **We are cutting our 2026-28 sales estimates on 9M26 sales.** Having said that, we still expect the leading auto OEMs to deliver above-industry sales CAGR in 2027-28 – BYD (21%) and Geely (17%).
 - **BYD (1211 HK/BUY/Target: HK\$140.00).** BYD's earnings will be driven by the ramp-up of the Flash-Charging models along with the capacity of the 2nd-gen Blade Battery, and the ramp-up of overseas capacity in Brazil, Thailand, and Hungary.
 - o **Cut our 2026 sales estimate by 5% to 4.75m units (+3% yoy), and keep our 2027-28 sales estimates at 6m units (+26% yoy)/7m units (+17% yoy) respectively.** Our 2026-28 sales estimates include 1.95m units (+86% yoy)/3m units (+54% yoy)/4m units (+33% yoy) respectively.
 - o **Cut 2026-28 net profit per vehicle by 9%/11%/11% to Rmb7,000/Rmb8,500/Rmb9,100 respectively.**
 - o **Cut 2026-28 net profit by 14%/11%/11% to Rmb35,609m/Rmb54,326m/Rmb67,441m respectively.**
 - o **We estimate 3Q26 net profit at Rmb10.38b (+33% yoy/+26% qoq).**

Auto OEMs' Sales (Sep 26)

(units)	Sep 26	yoy %	mom %	9M26	yoy %
BYD	463,561	17.0	5.3	3,131,576	(3.9)
Domestic	282,861	(13.0)	12.8	1,788,616	(30.2)
Exports	180,700	153.6	(4.6)	1,342,960	92.7
Geely	292,168	7.0	8.1	2,235,481	3.0
EV	190,868	15.5	8.5	1,326,364	13.6
ICE-car	101,300	(6.1)	7.4	909,117	(9.3)
Domestic	185,483	(20.2)	15.9	1,437,811	(23.3)
Exports	106,685	162.4	(3.1)	797,670	170.5
GWM	114,944	(14.0)	1.4	920,302	(0.3)
EV	41,982	(8.7)	3.1	267,253	(4.0)
ICE-car	72,962	(16.8)	0.4	653,049	1.3
Domestic	54,925	(34.1)	8.0	444,325	(24.6)
Exports	60,019	19.4	(4.0)	475,977	42.4
Li Auto	31,817	(6.3)	(15.6)	293,436	(1.2)
XPeng	41,256	(0.8)	5.5	284,367	(9.2)

Source: Respective companies

Our Estimates On Auto OEM Sales

	Old			New		
('000 units)	26F	27F	28F	26F	27F	28F
BYD						
Domestic	3,000	3,000	3,000	2,800	3,000	3,000
Export	2,000	3,000	4,000	1,950	3,000	4,000
Total	5,000	6,000	7,000	4,750	6,000	7,000
Export/Total	40.0	50.0	57.1	41.1	50.0	57.1
Geely						
Domestic	2,250	2,300	2,350	2,070	2,250	2,350
Export	1,200	2,000	2,800	1,130	1,500	2,000
Total	3,450	4,300	5,150	3,200	3,750	4,350
Export/Total	34.8	46.5	54.4	35.3	40.0	46.0
EV	2,100	2,790	3,600	1,950	2,440	3,050
ICE-car	1,350	1,510	1,550	1,250	1,310	1,300
Total	3,450	4,300	5,150	3,200	3,750	4,350
EV/Total	60.9	64.9	69.9	60.9	65.1	70.1
GWM						
Domestic	620	630	650	640	580	520
Export	730	870	1,000	660	720	780
Total	1,350	1,500	1,650	1,300	1,300	1,300
Export/Total	54.1	58.0	60.6	50.8	55.4	60.0
EV	400	530	660	410	450	500
ICE-car	950	970	990	890	850	800
Total	1,350	1,500	1,650	1,300	1,300	1,300
EV/Total	29.6	35.3	40.0	31.5	34.6	38.5
Li Auto						
Total	420	450	480	400	400	400
XPeng						
Domestic	390	510	590	340	390	420
Export	90	140	190	90	110	130
Total	480	650	780	430	500	550
Export/Total	18.8	21.5	24.4	20.9	22.0	23.6

Source: UOB Kay Hian

- o **Maintain BUY, but cut target price from HK\$150.00 to HK\$140.00** pegged to an unchanged 20x 2027F PE (on par with historical mean) and lower 2027 EPS.
- **Geely (175 HK/BUY/Target: HK\$29.00).** Geely's earnings growth will be driven by the launch of new fast-charging tech, the debuts of more battery electric vehicle (BEV) models, eg Zeekr 9X, Galaxy TT, new E5, and the launch of iHEV models in overseas markets.
 - o **Cut our 2026-28 sales estimates by 7%/13%/16% to 3.20m/3.75m/4.35m units respectively**, including 1.13m/1.50m/2.00m overseas sales.
 - o **Raise 2026-28 net profit per vehicle by 18%/15%/15%**, based on the upbeat margins of the premium products and exports.
 - o **Raise 2026 net profit by 7% to Rmb21.36b, keep 2027 net profit unchanged at Rmb27.37b, and trim 2028 net profit by 3% to Rmb34.17b.**
 - o **We estimate 3Q26 net profit at Rmb5,525m (+36% yoy/+18% qoq).**
 - o **Maintain BUY with a target price of HK\$29.00**, pegged to 10x 2027F PE (on par with historical mean).
- **GWM (2333 HK/HOLD/Target: HK\$7.00).** GWM will face earnings headwinds from losing market share in the SUV market, a decline in ICE-car sales in both domestic and overseas markets, and margin contraction.
 - o **Cut our 2026-28 sales estimates by 4%/13%/21% to 1.3m/1.3m/1.3m units respectively.**
 - o **Cut 2026-28 net profit by 3%/31%/51% to Rmb5,587/Rmb5,620m/Rmb4,962m, respectively.**
 - o **We estimate 3Q26 net profit at Rmb1,615m (-30% yoy/+6% qoq).**
 - o **Maintain HOLD and cut target price from HK\$9.90 to HK\$7.00**, pegged to an unchanged target 2027F PE of 9x and lower 2027 EPS.
- **Li Auto (2015 HK/SELL/Target: HK\$30.00).** Li Auto will see sustained loss in 2026-28, due to its extended-range electric vehicle products losing market share, the rising share of lower-margin BEV models in its sales mix, and the substantial spending in AI and robotics.
 - o **Cut 2026-28 deliveries by 5%/11%/17% to 400,000/400,000/400,000 units respectively.**
 - o **Increase our 2026-28 net loss estimates by 8%/27%/53% to Rmb7,885m/Rmb7,284m/Rmb7,141m.**
 - o **We estimate 3Q26 net loss at Rmb1.7b (+172% yoy/flat qoq).**
 - o **Maintain SELL and cut target price from HK\$35.00 to HK\$30.00**, based on DCF. Our target price implies 1.0x 2027F P/B.
- **XPeng (9868 HK/SELL/Target: HK\$30.00).** XPeng's bottom line will be dragged by increasing competition in the premium BEV segment and its substantial spending on AI and robotics.
 - o **Cut 2026-28 deliveries by 10%/23%/29% to 430,000/500,000/550,000 units respectively.**
 - o **Cut our 2026-28 bottom line estimates to -Rmb4,282m/-Rmb1,376m/Rmb1,195m.**
 - o **We estimate 3Q26 net loss at Rmb1b (+163% yoy/-25% qoq).**
 - o **Downgrade from BUY to SELL, and slash target price from HK\$60.00 to HK\$30.00**, based on DCF. Our target price implies 2.0x 2027F PEG.

Valuation/Recommendation

- **Maintain MARKET WEIGHT** on China's auto sector. Our preference for segments in descending order is OEMs > auto parts > battery > battery materials.
- **Top BUYs:** BYD, Geely, and CATL. **Top SELLs:** Li Auto, and XPeng.

3Q26 Earnings Preview

(Rmbm)	3Q26	yoy % chg	qoq % chg	9M26	yoy % chg
BYD					
Sales ('000 units)	1,323	18.7	19.4	3,132	(3.9)
Net profit	10,378	32.7	25.9	22,704	(2.7)
NP/vehicle (Rmb)	7,300	25.6	4.5	6,765	7.5
Geely					
Sales ('000 units)	813	6.8	13.9	2,235	3.0
Net profit	5,525	36.2	18.2	14,616	11.5
NP/vehicle (Rmb)	6,800	35.5	(1.5)	6,538	8.2
GWM					
Sales ('000 units)	336	(4.9)	6.9	920	(0.3)
Net profit	1,615	(29.7)	6.3	4,079	(52.8)
NP/vehicle (Rmb)	4,800	(26.1)	(0.5)	4,433	(52.6)
Li Auto					
Sales ('000 units)	100	7.2	1.7	293	(1.2)
Net profit	(1,700)	172.0	(0.2)	(5,694)	n.m.
NP/vehicle (Rmb)	(17,000)	153.6	(1.9)	(19,404)	n.m.
XPeng					
Sales ('000 units)	118	2.1	14.6	284	(9.2)
Net profit	(1,000)	162.6	(25.2)	(4,121)	170.7
NP/vehicle (Rmb)	(8,450)	157.3	(34.7)	(14,492)	198.1

Source: UOB Kay Hian

Earnings Revisions (2026-28)

	Old			New		
(Rmbm)	26F	27F	28F	26F	27F	28F
BYD						
Net profit	41,297	60,934	76,164	35,609	54,326	67,441
EPS (Rmb)	4.530	6.684	8.354	3.906	5.959	7.397
Geely						
Net profit	19,891	27,265	35,086	21,358	27,373	34,165
EPS (Rmb)	1.844	2.528	3.253	1.980	2.538	3.168
GWM						
Net profit	5,733	8,171	10,160	5,587	5,620	4,962
EPS (Rmb)	0.670	0.955	1.196	0.653	0.657	0.584
Li Auto						
Net profit	(7,275)	(5,720)	(4,672)	(7,885)	(7,284)	(7,141)
EPS (Rmb)	(3.425)	(2.693)	(2.199)	(3.712)	(3.429)	(3.361)
XPeng						
Net profit	(3,235)	1,437	4,620	(4,282)	(1,376)	1,195
EPS (Rmb)	(1.715)	0.761	2.450	(2.270)	(0.730)	0.633

Source: UOB Kay Hian

Rating Upgrade/Downgrade

	Rating		Target price (HK\$)	
(Rmbm)	Old	New	Old	New
BYD	BUY	BUY	150.00	140.00
Geely	BUY	BUY	29.00	29.00
GWM	HOLD	SELL	9.90	7.00
Li Auto	SELL	SELL	35.00	30.00
XPeng	BUY	SELL	60.00	30.00

Source: UOB Kay Hian

Consumer

China Consumer: 2026 National Day Holiday Consumption Trend

Highlights

- During the National Day holiday (1-7 October), service consumption remained resilient. Tourism and entertainment revenue increased 24% yoy, supported by the extended Mid-Autumn and National Day holidays, which boosted long-distance travel and cross-province trips. Catering revenue rose 9% yoy, while economy hotel chains and homestays also delivered solid growth. Macau tourism remained robust, with daily visitor arrivals increasing 14% yoy and exceeding the official forecast by 9%.
- Household durables and audio-visual equipment consumption were the bright spots, with sales surging 40% yoy, driven by trade-in subsidies, new product launches and replacement demand. However, broader retail trends were lukewarm, with sales at key commercial districts rising only 5% yoy and Hainan duty-free per capita spending falling 10% yoy.
- Our top picks are Anta, Atour, Midea and YUM China in consumer discretionary, and Mengniu in consumer staples. Maintain OVERWEIGHT.

Analysis

- Baijiu – channel checks suggested an over 10% yoy decline in sell-through.** Liquor retailers in Chongqing and Chengdu reported that sell-through remained lacklustre during the Mid-Autumn and National Day holidays, with most stores recording yoy declines of more than 10% compared with the same period last year. By price segment, retailers indicated that unpackaged baijiu and products priced around Rmb100 were the best sellers, while demand for products in the Rmb400-500 price range was weak. Premium baijiu, particularly Moutai and Wuliangye, maintained relatively stable pricing, with limited promotional activity.

Meanwhile, online channels delivered steady growth, supported by holiday promotions and instant delivery services. JD Supermarket's liquor GMV grew 15% yoy during 20 August-25 September, with live-streaming sales up more than 29% yoy.

- Catering – sales revenue rose 9% yoy.** According to VAT invoice data from the State Taxation Administration, sales revenue from catering services expanded 9% yoy during the National Day holiday, with snack food and fast-food up 16% and 31% yoy, respectively.
- Hotel – demand for diversified accommodation picked up.** According to VAT invoice data from the State Taxation Administration, sales revenue from economy hotel chains and homestay services increased 6% and 13% yoy, respectively, during the National Day holiday.
- Household durables – retail sales rose 41% yoy.** According to VAT invoice data from the State Taxation Administration, retail sales of household durables and audio-visual equipment grew 40% yoy during the National Day holiday, supported by the release of trade-in subsidy funds ahead of the holiday, concentrated launches of new digital products and replacement demand. By category, retail sales of household durables, household audio-visual equipment (such as TVs), communication devices (such as smart phones and wristband), and kitchen and sanitary appliances jumped 41%, 37%, 120% and 52% yoy, respectively.
- Specialty retail – per capita spending fell 10% yoy.** According to Haikou Customs, during the National Day holiday, total offline duty-free sales in Hainan were Rmb855m, up 4% yoy on a daily average basis, while the number of shoppers was 123,000, up 14% yoy on a daily average basis. This implies per capita spending of Rmb6,951, down 10% yoy.

Analyst(s)

Stella Guo

stella.guo@uobkh.com
+852 2236 6798

Ejann Hiew

hejann@uobkh.com
+603 2147 1995

OVERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
Apparel & textiles	MARKET WEIGHT (Maintained)
Broadline retail	MARKET WEIGHT (Maintained)
Household durables	OVERWEIGHT (Maintained)
Macau gaming	OVERWEIGHT (Maintained)
Restaurant	OVERWEIGHT (Maintained)
Specialty retail	MARKET WEIGHT (Maintained)
Baijiu	UNDERWEIGHT (Maintained)
Beer	MARKET WEIGHT (Maintained)
Dairy	OVERWEIGHT (Maintained)

Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
Anta	2020 HK	BUY	71.80	112.20
Atour	ATAT US	BUY	31.61	47.10
Mengniu	2319 HK	BUY	17.55	24.40
Midea	000333 CH	BUY	81.74	112.60
Yum China	9987 HK	BUY	323.80	513.70

Source: Bloomberg, UOB Kay Hian

- **Macau – daily arrivals increased 14% yoy and exceeded the official forecast by 9%; floor checks indicated HK\$1,000-2,000 baccarat tables dominated the mass market.** According to provisional data from the Public Security Police Force, Macau welcomed approximately 1,143,000 visitors during the National Day holiday, averaging around 163,000 arrivals per day, up 14% yoy and 9% above the Macao Government Tourism Office's forecast of 150,000 daily arrivals. Combined with the Mid-Autumn holiday on 25-27 September, total visitor arrivals reached approximately 1,872,000 during 25 September-7 October, representing an average of around 144,000 arrivals per day.

According to GGRAsia's floor checks on 5 October, HK\$1,000 and HK\$2,000 baccarat tables were the dominant mass-market denominations across both the Macau Peninsula and Cotai. Minimum bet levels on Cotai casino main floors, including side bets, were generally higher than those at comparable Macau Peninsula properties. The checks also indicated that operators continue to optimise their baccarat side-bet offerings, with several casinos discontinuing Monkey no Monkey and Pairs+ side bets side bets, which had been approved in late-March and implemented around the Labour Day holiday, while Sands China has been promoting its newly launched distinct four-tier progressive jackpot feature across its Cotai properties.

- **Retail – sales at key commercial districts rose 5% yoy.** According to the Ministry of Commerce, footfall and sales at the 78 key monitored pedestrian streets (commercial districts) increased 3% and 5% yoy respectively during 1-6 October.
- **Tourism – extended holidays drove strong travel demand.** According to VAT invoice data from the State Taxation Administration, sales revenue from tourism and entertainment services rose 24% yoy during the National Day holiday, with travel agency services and amusement park revenue up 26% and 41% yoy, respectively. Data from Trip.com indicated that the extended Mid-Autumn and National Day long holidays encouraged longer-distance travel, with the proportion of cross-province trips increasing 6ppt yoy to 59%. According to the National Immigration Administration, cross-border trips during the National Day holiday reached 15.5m, averaging 2.2m per day, up 7% yoy. Foreign nationals made 0.7m inbound trips, up 5% yoy, of which 0.5m, or 74%, entered China under visa-free policies, up 9% yoy. Meanwhile, data from Trip.com indicated that inbound travel maintained strong momentum, with arrivals growing by double digits, led by Russia, followed by South Korea and Southeast Asia countries.

Valuation/Recommendation

- **Maintain BUY on Anta (2020 HK).** Our DCF-based target price is HK\$112.20, implying 19.2x 2026F PE and 17.7x 2027F PE. Anta currently trades at 11.7x 2026F PE and 10.9x 2027F PE.
- **Maintain BUY on Atour (ATAT US).** Our DCF-based target price is US\$47.10, implying 20.4x 2026F PE and 16.8x 2027F PE. Atour currently trades at 13.6x 2026F PE and 11.3x 2027F PE.
- **Maintain BUY on Mengniu (2319 HK).** Our DCF-based target price is HK\$24.40, implying 17.0x 2026F PE and 15.1x 2027F PE. Mengniu currently trades at 11.7x 2026F PE and 10.4x 2027F PE.
- **Maintain BUY on Midea (000333 CH).** Our SOTP-based target price is Rmb112.60, implying 18.4x 2026F PE and 17.3x 2027F PE. Midea currently trades at 13.4x 2026F PE and 12.6x 2027F PE.
- **Maintain BUY on YUM China (9987 HK).** Our DCF-based target price is HK\$513.70, implying 23.8x 2026F PE and 20.8x 2027F PE. YUM China currently trades at 15.3x 2026F PE and 13.6x 2027F PE.

Peer Comparison

Company	Ticker	Rec	Price	Target	Upside	Market	PE		P/B		EV/EBITDA		ROE	Yield
			8-Oct-26	Price	to TP	Cap	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2026F
			(lcy)	(lcy)	(%)	(US\$m)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Anta Sports	2020 HK	BUY	71.80	112.20	56.3	25,588.06	11.7	10.9	2.3	2.1	5.3	4.6	20.9	3.9
Atour Lifestyle	ATAT US	BUY	31.61	47.10	49.0	4,300.33	13.6	11.3	5.9	4.4	7.9	6.1	46.6	3.4
Bud APAC	1876 HK	BUY	5.74	9.30	62.0	9,686.91	15.4	14.7	1.0	1.0	4.7	4.4	6.2	7.1
CR Beer	291 HK	BUY	18.87	28.60	51.6	7,801.01	10.1	9.5	1.5	1.4	4.6	4.0	15.6	5.5
CTG Duty-Free	601888 CH	BUY	50.69	77.10	52.1	15,481.54	21.2	18.8	1.8	1.7	8.2	6.7	8.6	1.9
Galaxy	27 HK	BUY	30.64	47.00	53.4	17,098.65	12.4	11.5	1.5	1.5	7.0	6.6	12.7	6.0
Haidilao	6862 HK	BUY	9.24	16.70	80.8	6,559.61	10.6	9.5	4.2	4.0	5.1	4.6	40.6	9.0
Haier Smart Home	6690 HK	BUY	20.20	28.30	40.1	26,736.94	8.6	7.7	1.3	1.2	5.8	5.2	14.3	6.7
Li Ning	2331 HK	BUY	12.28	21.80	77.5	4,044.84	11.2	10.1	0.9	0.9	1.5	1.2	8.6	4.5
Mengniu	2319 HK	BUY	17.55	24.40	39.0	8,657.57	11.7	10.4	1.3	1.3	4.2	3.6	12.0	4.4
Midea	000333 CH	BUY	81.74	112.60	37.8	92,590.78	13.4	12.6	2.7	2.5	12.5	11.7	20.3	5.5
Miniso	MNSO US	BUY	9.07	17.50	92.9	2,752.84	7.3	6.4	1.7	1.6	5.5	4.4	24.1	6.9
Moutai	600519 CH	HOLD	1,255.79	1,295.00	3.1	234,188.73	19.6	19.1	6.0	5.6	12.0	11.4	34.5	4.0
Sands China	1928 HK	BUY	11.02	20.30	84.2	11,365.43	9.6	8.9	7.7	7.0	7.7	7.4	81.7	10.1
Shenzhou	2313 HK	BUY	34.42	55.80	62.1	6,591.69	10.2	8.3	1.1	1.1	5.2	4.7	11.3	5.9
Tsingtao Brewery	168 HK	BUY	40.02	62.40	55.9	8,674.44	10.0	9.7	1.5	1.4	6.8	6.5	14.8	7.2
Wuliangye	000858 CH	HOLD	70.14	78.50	11.9	40,615.15	18.3	17.6	2.4	2.5	7.3	7.2	12.7	7.1
Xtep	1368 HK	BUY	3.47	5.60	61.4	1,244.79	7.1	6.6	0.8	0.7	2.5	2.1	11.6	8.0
Yili	600887 CH	BUY	27.32	32.40	18.6	25,779.62	14.3	12.9	3.1	2.9	10.6	9.8	21.7	5.3
YUM China	9987 HK	BUY	323.80	513.70	58.6	13,983.66	15.3	13.6	2.4	2.1	6.7	5.6	17.5	2.9

Source: Bloomberg, UOB Kay Hian

Technical Analysis



Analyst(s)

Greater China Research Team
research-hk@uobkh.com

Tham Mun Hon, CFA

munhon.tham@uobkh.com
+852 2236 6799

Semiconductor Manufacturing International (0981 HK)

Last price: HK\$56.80
Support levels: HK\$49.30/HK\$39.66
Resistance levels: HK\$61.00/HK\$62.35

Price executed a decisive downward expansion following a successful capping at its support-turned-resistance zone. The RSI remains established in bearish territory and continues to slope downward with negative velocity. As long as price remains underneath this newly converted resistance, we see continued downward expansion towards the lower support.

Average timeframe: Around two weeks.



Xiaomi (1810 HK)

Last price: HK\$23.66
Support levels: HK\$21.30/HK\$19.88
Resistance levels: HK\$24.70/HK\$25.24

Price executed a downward expansion initiated by a gap-down from its support-turned-resistance zone. The RSI remains established in bearish territory and is descending toward oversold boundaries. As long as price remains underneath this converted gap resistance, we see continued downward expansion towards the lower support.

Average timeframe: Around two weeks.

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