

China Internet

1H26 Outlook: AI Competition, Productivity Gains to Be Key Themes

CITI'S TAKE

China's internet sector has been the top performer YTD-2025 with a +36.5% return, outpacing SEA's +18.3%, India's +17.6%, Japan's +16.8%, US's +16.2%, Korea's +12.8%. By contrast KOSPI has risen +64%, HSI +29%, Nikkei +26%, S&P 500 +15.8%, Nifty +10.4%. On these returns, risk-off is being seen in China, Japan and the US amid year-end profit-taking and portfolio rebalancing. While the debate on AI valuations persists, we expect China's internet companies to trade at discounts to global peers due to geopolitical and AI supply-chain issues. But with AI adoption brisk, competition among China's AI players in 2026 could intensify – from AI cloud infra, to chatbots, to applications. Monetization is likely to trail user traffic growth and that of global peers. Our 1H26 Top Picks: 1) Tencent, BABA – core AI plays; 2) TCOM, NTES for resilient/stable earnings growth; 3) J&T – cross-border exposure; 4) Century Huatong among A shares.

AI Cloud Infra, Chatbots and Agents — The AI themes for China in 2026 are likely to be: 1) recurring revs growth of cloud infra/model stack/inference token usage (BABA, Baidu); 2) user traffic turf war between AI chatbots (Qwen, Doubao, Hunyuan) as key internet players (BABA, Bytedance, Tencent) rush to capture AI era traffic gateway for future ecosystem monetization; and 3) vertical players (Meituan, TCOM, Didi, etc), deploying their self-trained proprietary data AI agents to stay ahead of potential disruption and seeking to strengthen user engagement and monetization upside. We expect most internet companies will improve operating leverage through productivity gains from AI-assisted cost optimization, with some enjoying reacceleration of top-line growth thanks to effective AI agent deployment.

China AI chatbots penetrating global markets — Globally, ChatGPT leads by a wide margin, at 800m global MAUs (Nov 25), followed by Gemini at 335m. Dola (by Bytedance affiliate) and DeepSeek rank 4 & 5, after Perplexity at #3. Combining Dola (47m) + Doubao (197m), Bytedance's AI Chat is now ranked #3 globally with total MAUs of ~250m, a significant milestone that could draw more attention.

Resilient leisure & entertainment wallet spend — Fast adoption of AI assistant tools is likely to improve consumers' productivity both in and outside work environments, which should give them more time for leisure and entertainment. Demand for travel and online gaming should support stable and resilient earnings growth for OTA and gaming companies, which we believe provide good portfolio diversification to offset higher risk from any AI hype.

Investment risks — Geopolitical risks, AI supply-chain constraints, muted consumption sentiment in the absence of stimulus policies, merchant support measures weigh on profits, lock-in of consumer wallet share through membership investment, more intense competition in AI apps, and slowdown in capital return.

3Q25 wrap & 4Q25 outlook — Of the 44 internet companies in our universe that have reported 3Q25 results, 18/27 delivered revs/earnings beats, 20/9 reported in-line revs/earnings and 6/8 missed revs/earnings. In terms of 4Q guidance, 2/3/1 companies beat/flat-lined/missed on rev; on profits, 1 guidance beat, 1 missed.

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

Citi Research is a division of Citigroup Global Markets Inc. (the "Firm"), which does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Certain products (not inconsistent with the author's published research) are available only on Citi's portals. Not for distribution in the People's Republic of China, excluding the Hong Kong Special Administrative Region and Qualified Foreign Institutional Investors.

Alicia Yap, CFA^{AC}

+852-2501-2773

alicia.yap@citi.com

Brian Gong

+852-2501-2747

brian.gong@citi.com

Vicky Wei, CFA

+852-2501-2742

vicky.wei@citi.com

Nelson Cheung

+852-2501-2728

nelson.cheung@citi.com

Contents

1H26 Outlook: AI Buzz & Productivity	3
1H26 Top Picks	9
Core AI plays	9
Sustainable earnings growth	9
Play on Chinese companies going international	9
A-share preferred pick	10
AI Cloud Infra, AI Assistant Chat & AI Agents	11
More Intense Competition in AI Assistant Chatbots	14
ChatGPT leading with significant share globally	15
China AI Assistant apps increase global penetration	17
Early adoption of AI agents on vertical apps	17
Gaming an AI beneficiary with Resilient Earnings	21
Travel Demand Recurring, Growing Wallet Spend	24
Resilient China travel demand	24
Outbound travel	24
Inbound travel demand growing rapidly	26
Highlights Across Sub-Sectors	28
Online advertising: AI effect growing	28
Ecommerce: muted macro & promotional effect	29
Entertainment content: demand, sub vs growth	31
Operation highlights across verticals	32
Shareholder returns	34
China Internet Comps	35
Share Price Performance	36
Appendix A-1	39

1H26 Outlook: AI Buzz & Productivity

3Q25 results wrap: more earnings beats

Of the 44 major internet companies in our universe that have reported 3Q25 results, 18 delivered revenue beats and 27 reported earnings beats; 20 reported in-line 3Q25 revenues and 9 in-line earnings; 6 missed on revenues and 8 missed on earnings. Of the companies that provided revenues guidance, 2/3/1 companies guided 4Q25 revenues that beat/in line/missed expectations. One provided profit guidance that beat expectations and one missed.

Figure 1. 3Q25 results and 4Q25E guidance

		3Q25 (A)		4Q25E guidance		Share price performance			
Company name	Reuters Ticker	Revenues	Earnings	Revenues	Earnings	1-Week	1-Month	3-Month	YTD
Alicia Yap, CFA									
Alibaba	BABA.N	Beat	Miss	N/A	N/A	2.9%	-12.6%	16.5%	85.5%
Tencent	0700.HK	Beat	Beat	N/A	N/A	0.2%	-5.2%	2.5%	46.6%
Baidu	BIDU.O	Beat	Beat	N/A	N/A	5.4%	-8.4%	22.7%	38.6%
Meituan	3690.HK	Miss	Miss	N/A	N/A	7.3%	2.5%	-0.2%	-32.4%
NetEase	NTES.O	Miss	Inline	N/A	N/A	3.3%	-4.8%	1.4%	54.7%
JD.com	JD.O	Beat	Beat	N/A	N/A	3.1%	-13.2%	-4.0%	-14.0%
PDD	PDD.O	Inline	Beat	N/A	N/A	2.5%	-15.9%	-3.4%	19.7%
Tencent Music Entertainment	TME.N	Beat	Beat	N/A	N/A	1.7%	-19.5%	-24.8%	62.6%
Vipshop Hldgs	VIPS.N	Beat	Beat	Inline	N/A	5.4%	7.3%	17.3%	45.8%
Baozun	BZUN.O	Inline	Miss	N/A	N/A	0.7%	-16.1%	-15.6%	5.1%
Weibo	WB.O	Inline	Beat	N/A	N/A	3.1%	-10.9%	-13.3%	4.1%
Sohu	SOHU.O	Beat	Beat	Beat	Miss	8.4%	2.1%	-4.1%	17.0%
DiDi Global	DIDIY.PK	Inline	Beat	N/A	N/A	0.8%	-18.3%	-8.5%	17.1%
Sea	SE.N	Beat	Inline	N/A	N/A	5.8%	-10.9%	-25.5%	31.0%
Grab	GRAB.O	Inline	Beat	Inline	Beat	11.2%	-9.9%	9.2%	15.5%
Brian Gong									
Kuaishou	1024.HK	Inline	Beat	N/A	N/A	5.9%	-10.7%	-10.0%	64.0%
Trip.com	TCOM.O	Inline	Beat	N/A	N/A	0.1%	-3.5%	-5.2%	1.8%
Tongcheng Travel	0780.HK	Inline	Beat	N/A	N/A	4.4%	2.5%	-0.1%	20.4%
Bilibili	BILI.O	Inline	Beat	N/A	N/A	7.7%	-16.9%	14.4%	46.9%
Joyy	YY.O	Beat	Beat	N/A	N/A	2.2%	4.3%	16.8%	50.8%
Kanzhun	BZ.O	Inline	Beat	Inline	N/A	8.1%	-1.7%	-6.4%	60.1%
Autohome	ATHM.N	Inline	Inline	N/A	N/A	1.2%	-6.8%	-17.7%	-8.4%
Full Truck Alliance	YMM.N	Beat	Miss	Beat	N/A	9.5%	-10.8%	-13.0%	4.9%
JD Logistics	2618.HK	Beat	Inline	N/A	N/A	3.0%	-3.3%	-5.1%	-4.9%
SF Holdings	002352.SZ	Inline	Miss	N/A	N/A	-1.9%	-5.8%	-13.9%	-4.8%
STO Express	002468.SZ	Beat	Beat	N/A	N/A	2.3%	-7.8%	-17.5%	41.9%
YTO Express	600233.SS	Inline	Inline	N/A	N/A	1.4%	-2.7%	0.6%	20.2%
ZTO Express	ZTO.N	Miss	Beat	N/A	N/A	7.4%	8.3%	13.5%	5.6%
Kingsoft Cloud	KC.O	Inline	Beat	N/A	N/A	2.4%	-6.7%	-16.3%	17.8%
Kingsoft Office	688111.SS	Beat	Beat	N/A	N/A	1.8%	-7.8%	-6.9%	8.7%
Vicky Wei, CFA									
iQiyi	IQ.O	Inline	Inline	N/A	N/A	2.8%	-6.8%	-17.4%	9.0%
Mango Excellent Media	300413.SZ	Miss	Miss	N/A	N/A	0.8%	-10.2%	-0.6%	-3.6%
Damai Entertainment	1060.HK	Beat	Beat	N/A	N/A	8.5%	-6.3%	-23.3%	87.4%
Zhihu	ZH.N	Miss	Beat	N/A	N/A	-7.5%	-14.2%	-23.1%	4.2%
Focus Media	002027.SZ	Beat	Beat	N/A	N/A	-2.6%	-3.5%	-11.6%	4.6%
Nelson Cheung									
Huya	HUYA.N	Inline	Inline	N/A	N/A	8.0%	1.4%	-20.4%	59.4%
Douyu	DOYU.O	Inline	Beat	N/A	N/A	5.5%	4.4%	-7.6%	66.4%
So-Young	SY.O	Inline	Miss	Miss	N/A	-3.0%	2.4%	-23.2%	267.4%
Century Huatong	002602.SZ	Inline	Inline	N/A	N/A	8.8%	-1.3%	15.8%	250.0%
Giant Network	002558.SZ	Beat	Beat	N/A	N/A	14.3%	8.5%	30.2%	224.2%
G-Bits	603444.SS	Beat	Beat	N/A	N/A	1.6%	-14.8%	-6.5%	96.1%
Kingnet	002517.SZ	Inline	Inline	N/A	N/A	7.0%	-10.7%	-4.1%	64.0%
37 Interactive	002555.SZ	Miss	Beat	N/A	N/A	3.5%	-2.8%	4.5%	31.6%
Perfect World	002624.SZ	Beat	Miss	N/A	N/A	-3.8%	-19.4%	-14.9%	37.2%
# Beat		18	27	2	1				
# Inline		20	9	3	0				
# Miss		6	8	1	1				

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Compared to previous quarters, the 3Q25 result season concluded with more companies delivering profit beats and more companies delivering in-line revs, which we attribute to continued cost optimization efforts and possible AI-enhanced savings or productivity gains. Less exciting revs growth could be related to a muted macro, continued merchant support measures and higher mix of counter-revs subsidies. Into 4Q25, many subsectors face high base/tough comp levels for their top line while competition remains intense across multiple industry verticals that could weigh on profitability growth.

Figure 2. Beat & miss summary – 3Q23 through 3Q25

	3Q23		4Q23		1Q24		2Q24		3Q24		4Q24		1Q25		2Q25		3Q25	
	Revs	Profit	Revs	Profit	Revs	Profit	Revs	Profit	Revs	Profit	Revs	Profit	Revs	Profit	Revs	Profit	Revs	Profit
# of beat	13	27	23	32	23	26	16	30	17	22	20	24	18	26	22	25	18	27
# of inline	19	2	12	4	10	4	14	4	12	5	12	10	14	5	12	11	20	9
# of miss	10	13	7	6	8	11	11	7	8	10	7	5	7	8	15	13	6	8

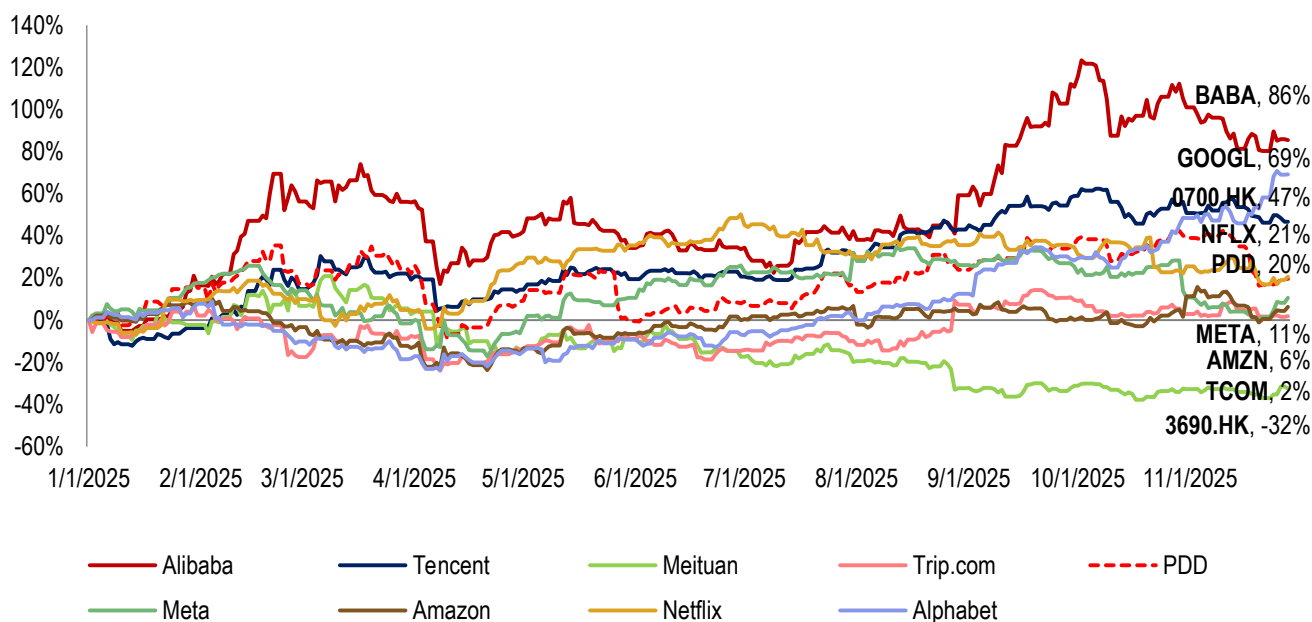
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research

YTD share price performances

Compared with our [2Q25 wrap](#), where China internet sectors outperformed US peers as of Sept 1, in this 3Q25 wrap, YTD (as of Nov 28), the overall China Internet sector continued to outperform US peers, with BABA leading with an 86% return as of Nov 28, followed by Tencent at 47%, PDD at 20%; Meituan underperformed its US peers at -32%. Alphabet has broken out in the past couple months and ranked the highest among US peers at a 69% return, followed by Netflix at 21%; Meta and Amazon have trailed with 11% and 6% returns.

Figure 3. YTD price performance of the ATM stocks, TCOM, PDD and the FANG stocks



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: dataCentral, Citi Research, data as of Nov 28, 2025, close, ATM = Alibaba, Tencent and Meituan, FANG = Facebook, Amazon, Netflix and Google

Comparing Tencent and Meta (Figure 4), Tencent started to break away from Meta in early August and Meta further underperformed in the last few months. In

contrast, while Tencent's performance caught up with Baba's (figure 5) in August and early Sept, it could not participate in the further rally of BABA shares post Sept following BABA's upbeat FY1Q26 print and optimistic outlook at the Apsara conference on IDC capacity expectations.

Both Baidu and Alphabet (Figure 6) underperformed their peers until Aug and then both started to rise, with Baidu breaking out in Sept following optimism about its Kunlun chip and Alphabet breaking away from Baidu and other US peers following the growing traction of its latest Gemini model.

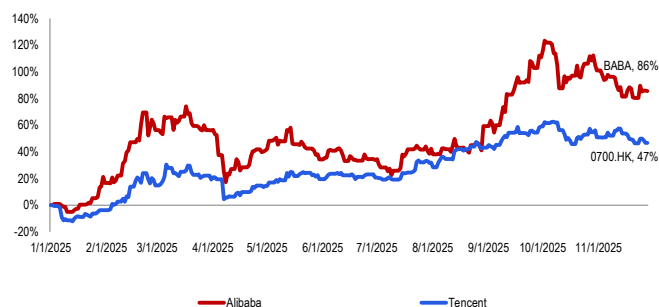
Alibaba and Amazon (both are in ecommerce and cloud services) have had different share price performance paths, which we attribute mainly to the sentiment on AI, foundation model capability and acceleration of cloud revs growth for BABA.

Figure 4. YTD price performance of Tencent and Meta



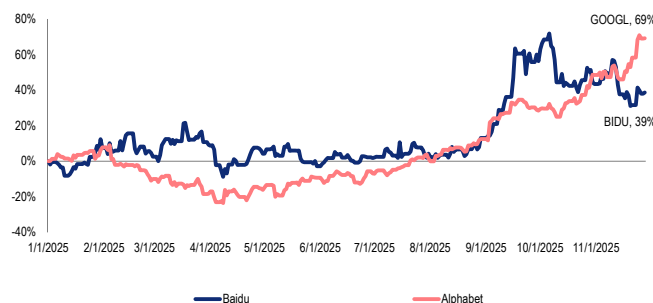
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 5. YTD price performance of Tencent and Alibaba



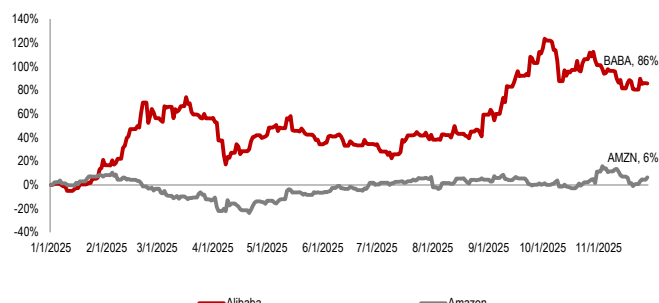
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 6. YTD price performance of Baidu and Alphabet



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 7. YTD price performance of Alibaba and Amazon



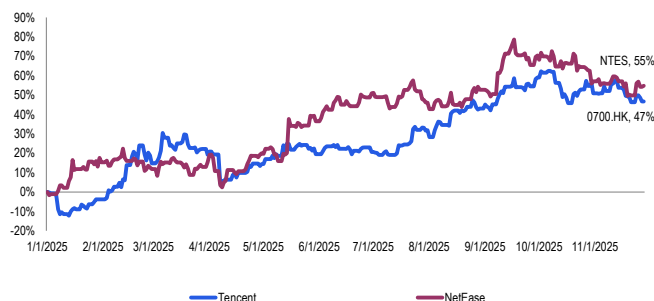
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, data as of Nov 28, 2025, close

After outperforming Tencent from May to Oct, NetEase started to lose momentum likely due to sector rotation or year-end profit-taking (Figure 8).

In ecommerce, BABA leads (+86%) VIPS (+46%), PDD (+20%), JD (-14%) and Meituan (-32%), reflecting the food delivery competition and lack of fundamental catalysts (Figure 9).

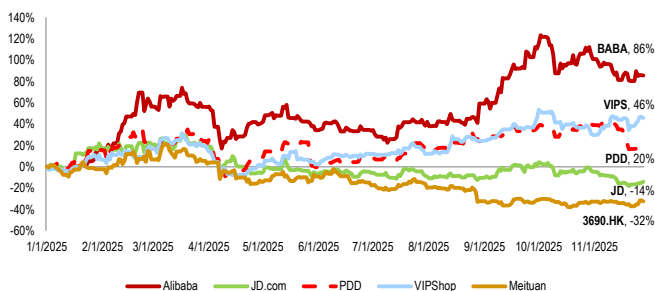
Comparing Meituan to TCOM and Meituan to Kuaishou, we note that the share price performance divergence for Meituan/TCOM started from June while the divergence for Meituan/Kuaishou started earlier, from Feb 2025.

Figure 8. YTD price performance of Tencent and NetEase



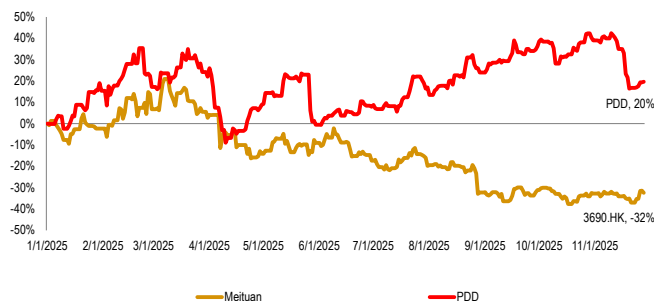
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 9. YTD price performance of ecommerce companies



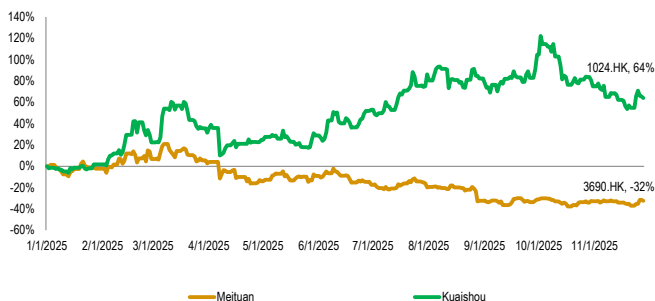
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 10. YTD price performance of Meituan and PDD



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

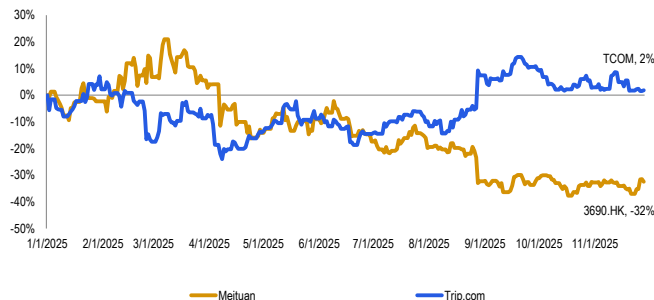
Figure 11. YTD price performance of Meituan and Kuaishou



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

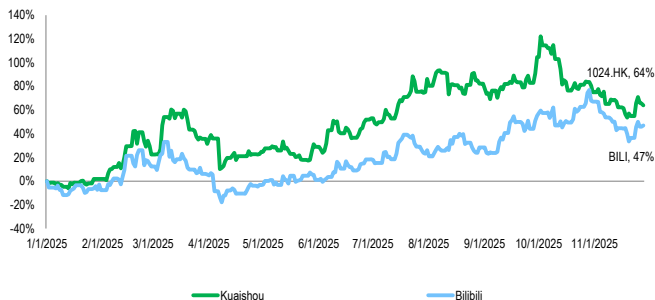
While both Meituan and TCOM have underperformed peers, TCOM saw a big divergence after its 2Q25 print (Figure 12). Kuaishou and Bili continue to trade in close correlation, with Bili further closing the gap with Kuaishou in the last two months (Figure 13).

Figure 12. YTD price performance of Meituan and Trip.com



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

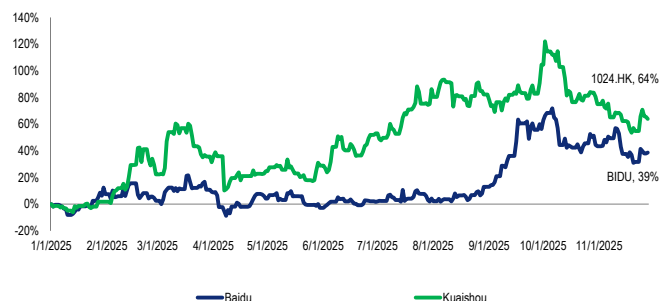
Figure 13. YTD price performance of Kuaishou and Bilibili



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

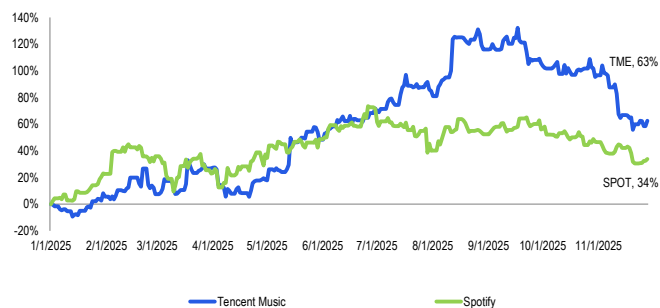
Below are a few interesting share-price performance comparisons, including Baidu vs Kuaishou (figure 14), TME and Spotify (figure 15), Alibaba vs. Meituan (figure 16), Kanzhun vs. Full Track Alliance (figure 17), TCOM vs YMM (figure 18), and TME vs. NTES (figure 19).

Figure 14. YTD price performance of Baidu and Kuaishou



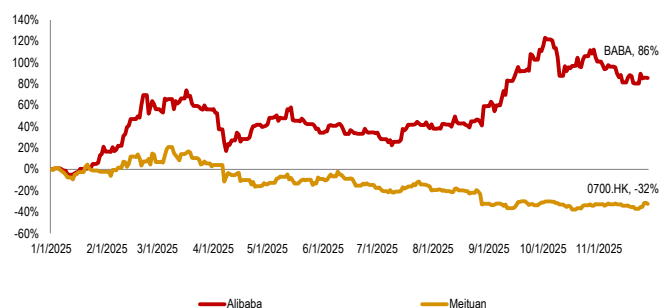
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 15. YTD price performance of TME and Spotify



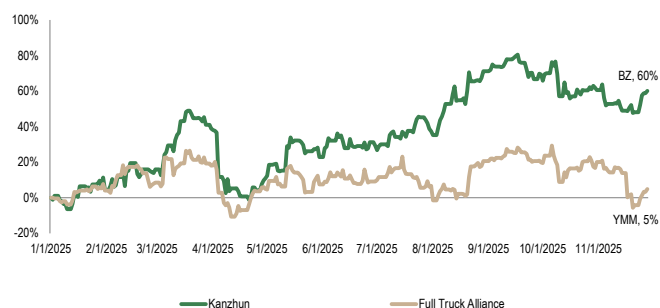
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 16. YTD price performance of Alibaba and Meituan



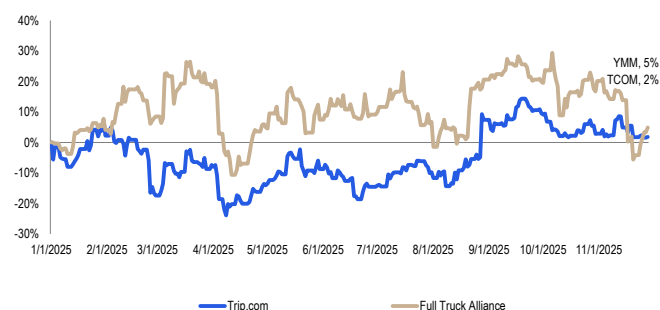
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 17. YTD price performance of Kanzhun and Full Truck Alliance



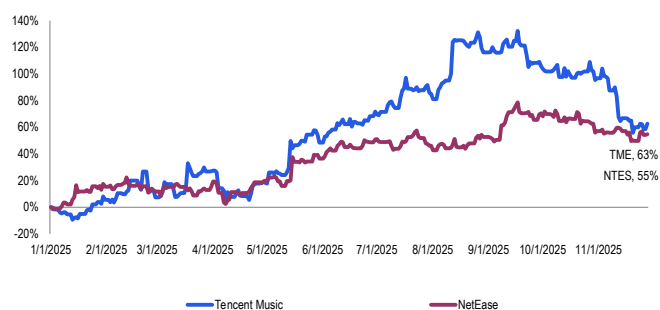
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 18. YTD price performance of Trip.com and Full Truck Alliance



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 19. YTD price performance of Tencent Music and NetEase



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

Figure 20. Growth and profitability comparison of major internet companies, 2Q vs. 3Q25

	Tencent	Alibaba	PDD	NetEase	Meituan	Trip.com	JD	Baidu	Kuaishou	Tencent Music
Market cap (US\$ mn)	718,237	375,330	164,793	87,413	80,344	45,700	42,733	40,183	37,649	28,577
Revenue yoy growth										
2Q25	14.5%	1.8%	7.1%	9.4%	11.7%	16.2%	22.4%	-3.6%	13.1%	17.9%
3Q25	15.4%	4.8%	9.0%	8.2%	2.0%	15.5%	14.9%	-7.1%	14.2%	20.6%
Adjusted profit yoy growth										
2Q25	10.0%	-12.4%	-5.0%	21.9%	-89.0%	0.5%	-48.9%	-35.2%	20.1%	33.0%
3Q25	18.0%	-71.3%	14.3%	26.7%	na	-1.8%	-56.0%	-35.9%	26.3%	27.7%
GPM %										
2Q25	56.9%	44.9%	55.9%	64.7%	33.1%	81.0%	15.9%	43.9%	55.7%	44.4%
3Q25	56.4%	39.2%	56.7%	64.1%	26.4%	81.7%	16.9%	41.2%	54.7%	43.5%
Adjusted OFM %										
2Q25	37.5%	15.7%	26.7%	35.9%	2.0%	31.4%	0.3%	13.6%	17.1%	38.1%
3Q25	37.6%	3.7%	25.0%	31.4%	-16.1%	33.4%	0.1%	7.1%	16.7%	35.7%
Adjusted NM %										
2Q25	34.2%	14.3%	31.5%	34.2%	1.6%	33.7%	2.1%	14.7%	16.0%	31.3%
3Q25	36.6%	4.2%	29.0%	33.5%	-16.8%	31.9%	1.9%	12.1%	14.0%	29.3%

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports and Citi Research Estimates, data as of Nov 28, 2025, close, Note: Alibaba financials in calendar year

Figure 21. Growth and profitability comparison of major internet companies, 2024 vs. 25/26E

	Tencent	Alibaba	PDD	NetEase	Meituan	Trip.com	JD	Baidu	Kuaishou	Tencent Music
Market cap (US\$ mn)	718,237	375,330	164,793	87,413	80,344	45,700	42,733	40,183	37,649	28,577
Revenue yoy growth										
FY24	8.4%	5.9%	59.0%	1.8%	22.0%	19.7%	6.8%	-1.1%	11.8%	2.3%
FY25E	13.9%	4.7%	9.5%	7.9%	8.3%	16.1%	14.6%	-2.1%	11.9%	15.1%
FY26E	9.1%	9.6%	11.9%	7.1%	9.1%	13.5%	5.5%	4.5%	7.5%	13.2%
Adjusted profit yoy growth										
FY24	41.2%	-4.8%	80.2%	2.8%	88.2%	38.0%	35.9%	-6.1%	72.4%	30.7%
FY25E	17.9%	-24.9%	-6.7%	16.5%	na	5.4%	-37.4%	-27.8%	16.2%	21.1%
FY26E	12.5%	24.1%	22.1%	2.8%	na	11.9%	28.6%	3.8%	14.9%	10.4%
GPM %										
FY24	52.9%	38.8%	60.9%	62.5%	38.4%	81.3%	15.9%	50.3%	54.6%	42.3%
FY25E	56.3%	42.0%	56.8%	64.2%	31.3%	80.5%	15.9%	45.4%	55.1%	44.3%
FY26E	57.1%	44.2%	58.7%	64.5%	32.8%	80.6%	16.7%	46.6%	55.9%	44.1%
Adjusted OFM %										
FY24	36.0%	16.7%	30.0%	31.8%	13.4%	30.4%	3.8%	19.7%	13.9%	34.6%
FY25E	37.6%	11.8%	24.3%	34.8%	-4.5%	29.1%	1.0%	12.0%	16.2%	36.7%
FY26E	38.2%	13.4%	28.0%	34.5%	-3.5%	29.4%	2.2%	14.0%	17.3%	35.6%
Adjusted NM %										
FY24	33.7%	15.6%	31.1%	31.8%	13.0%	33.8%	4.1%	20.3%	14.0%	28.6%
FY25E	34.9%	11.2%	26.5%	34.4%	-4.6%	30.7%	2.3%	15.0%	14.5%	30.1%
FY26E	36.0%	12.7%	28.9%	33.0%	-3.5%	30.3%	2.7%	14.9%	15.5%	29.4%

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports and Citi Research Estimates, data as of Nov 28, 2025, Note: Alibaba financials in calendar year

Figure 22. Valuation summary

Name	Current P/E	Peak valuation	Trough valuation	Note
Tencent	17.4x	51.3x	10.2x	Below average
Alibaba	19.2x	48.3x	7.6x	Below average
PDD	9.7x	19.6x	6.6x	Below avg since Dec 21
JD.com	8.3x	59.2x	5.2x	Below average
NetEase	15.9x	46.9x	1.6x	Above average
Baidu	14.0x	137.9x	7.0x	Below average
Vipshop	8.2x	51.9x	3.1x	Below average
TME	19.0x	79.6x	6.8x	Below average
Tongcheng	12.4x	46.5x	9.3x	Below average
Trip.com	16.1x	40.4x	8.6x	Above average since 2023
Kuaishou	11.8x	10340x	7.6x	Below average
Kanzhun	18.4x	158x	11.1x	Below average
Full Truck Alliance	16.1x	165x	10.7x	Below average
Name	Current P/S	Peak valuation	Trough valuation	Note
Meituan	1.6x	12.2x	1.2x	Below average

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, data powered by datacentral, current forward P/E price was based on Nov 28 2025 market close data

1H26 Top Picks

Core AI plays

- **Tencent (0700.HK; Buy; TP HK\$751):** We retain our constructive view on Tencent as the company continues to demonstrate solid execution in driving steady/sustainable top- and bottom-line growth while pursuing its AI aspiration in the forefront of enterprise and user applications. Supply-chain constraints have not slowed Tencent's commitment to upgrading its foundation model architecture and developing agentic AI capabilities within Weixin, which we believe will yield notable investment return ahead. With solid grossing from a growing number of evergreen titles, upgraded ad platforms and AI cloud infrastructure, the growth trajectory across segments looks clear. Maintain Buy with a TP of HK\$751.
- **Alibaba (BABA.N/9988.HK; Buy; TP US\$225/HK\$223):** We maintain our Buy rating on BABA with SOTP of US\$225/HK\$223. We continue to view BABA as one of the best AI plays for China AI exposure. BABA looks well-positioned to capture the AI evolution that should translate to sustainable cloud revs growth with efficiency margins upside in coming years. Leveraging its strong AI capabilities including the Qwen model, multi-modal cloud infrastructure and strong traction across industry enterprises in China, we expect Ali Cloud revs to sustain high level of cloud revs growth in the coming quarters following decent reaccelerated growth in the past 6 quarters. We expect synergies between Shangou and marketplaces to bring more resilient CMR growth despite lapse of fee and higher base and decent EBITA rebound post the heavy investment stage.

Sustainable earnings growth

- **Trip.com (TCOM: Buy; TP US\$86):** We remain positive on TCOM given resilient China travel demand and strong momentum for Trip.com. The recent recovery in the hotels industry presents tailwinds for domestic business, while outbound has shown decent trajectory despite a normalizing base. Trip.com is performing well thanks to strong enhancement in user engagement along with product and service upgrades. We remain optimistic over TCOM's margin trajectory ahead thanks to its more disciplined spending on both China and int'l businesses. Maintain Buy with a TP of US\$86.
- **NetEase (NTES: Buy; TP US\$161):** We like NetEase for its operation and execution track record developing and publishing high-quality, longevity games franchise titles. Not only is the company maintaining and achieving record grossing momentum of evergreen *FWJ PC* and *FWJ Mobile*, it is also consistently delivering growing evergreen franchises with increasing global success such as *Where Wind Meets* and *Sword of Justice*. Its renewed and deeper operation success of Blizzard titles further proves its localization and publishing strengths. Entering 2026, with steady and resilient grossing from flagship evergreen titles, together with upcoming release of *Ananta*, we believe NTES' gaming portfolio performance will further strengthen. Together with solid execution and stable shareholder return and what we think are undemanding valuations, we maintain Buy with a TP of US\$161.

Play on Chinese companies going international

- **J&T Express (1519.HK; Buy; TP HK\$12):** J&T Express remains our Top Pick in the China logistics sector. With a stabilizing China earnings outlook, J&T Express is gaining strong momentum in SEA driven by solid performance of its key

customers and J&T's further wallet share gain thanks to its superior competitive edge vs. peers. We also see decent potential from new markets where J&T is enjoying rapid expansion of its Chinese customers and also penetrating into local ecommerce platforms. Maintain Buy with a TP of HK\$12.

A-share preferred pick

- **Century Huatong (002602.SZ; Buy; TP Rmb22):** We expect near-term catalysts to include upcoming 12-month buyback program at Rmb0.5-1bn, potential media ETF/index inclusion by mid-Dec and possible new flows from HK Stock Connect and margin trading. We also expect a solid and resilient performance of *Whiteout Survival* and *Kingshot* in 4Q25/1Q26. With new hires from Century Games mainly focusing on new game development, we expect Century Huatong will continue to actively invest in global strategy and casual game markets. Maintain Buy with TP Rmb22, based on 20x 2026E PE.

Fund flow & investment sentiment

We expect AI themed names to feature in key portfolio allocation decisions. In addition to AI cloud infra and LLM, 2026 could mark the race among AI chatbots and agents to explore potential monetization upside. Gaming names possess both resilient earnings and AI amplification while travel/leisure/entertainment services could gain further traction in wallet spend share.

Figure 23. Valuation comp of preferred picks (date as of Nov 28, 2025 close)

Company Name	Reuters Ticker	Analyst	Price Currency	Price	Mkt Cap		Risk/ Rating	Target Price	ETR %	P/E			P/S			EV/EBITDA		
					HKD\$M	USD\$M				2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Tencent	0700.HK	Alicia Yap, CFA	HKD	611.50	5,692,088	718,237	1	751.00	23.6%	19.8	17.4	15.9	6.8	6.3	5.8	13.8	10.7	9.7
Alibaba	BABA.N	Alicia Yap, CFA	USD	157.30	2,922,266	375,330	1	225.00	44.3%	21.5	18.7	15.1	2.6	2.3	2.1	12.8	10.3	8.1
NetEase	NTES.O	Alicia Yap, CFA	USD	138.05	680,585	87,413	1	161.00	18.3%	16.1	15.7	14.3	5.5	5.2	4.9	13.1	12.1	10.9
Trip.com	TCOM.O	Brian Gong	USD	69.92	355,813	45,700	1	86.00	23.4%	18.1	16.2	15.0	5.6	4.9	4.5	12.9	9.5	7.3
Century Huatong	002602.SZ	Nelson Cheung	CNY	17.99	147,052	18,887	1	22.00	22.3%	24.8	16.3	15.2	3.5	2.9	2.8	16.0	10.6	9.1
J&T Express	1519.HK	Brian Gong	HKD	9.58	85,242	10,948	1	12.00	25.3%	34.6	20.0	13.5	1.1	0.9	0.8	10.9	7.3	5.4

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: dataCentral, Citi Research, data as of Nov 28, 2025, close

AI Cloud Infra, AI Assistant Chat & AI Agents

This year was an inflection year for China AI sentiment thanks to the “DeepSeek” moment in end-Jan. As noted back in our [4Q24 wrap](#), it triggered transformations including: reversal of investor sentiment toward the China market and valuations, especially for internet giants with AI plays like BABA and Tencent; and fast adoption of AI Assistant chatbots by a vast majority of consumers and deployment of LLM models across big and small enterprises across all industries and government departments. In addition, we also noticed a shift in capital allocation toward prioritizing investment in AI while shareholder returns for some companies slowed down. And investors had higher tolerance for core business performance as long as the AI story looked promising.

Fast forward to end-Nov/early Dec, as the market went through big volatility in early-April and the mega cross-investment projects by US tech giants into Open AI, etc., as well as optimistic IDC capacity comments made by Alibaba’s CEO during the Apsara Conference in Sept, the share price performance of AI names continued to outperform yet face volatility as investors look to locking in profits.

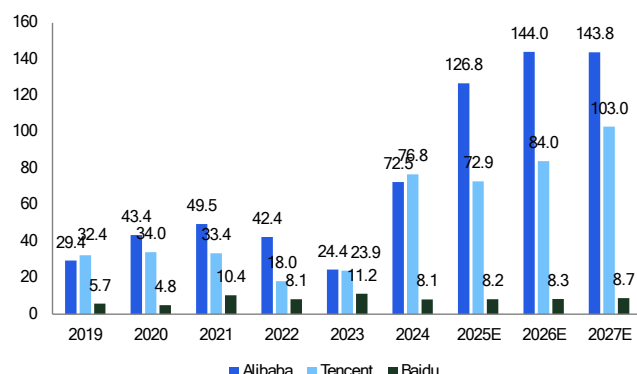
As we head into 2026, while the debate on whether we are in an AI valuation bubble or not rages on, we believe China internet stocks are likely to remain at discounts vs global peers amid geopolitical uncertainty and AI supply chain constraints. **That said, with the adoption speed brisk, we expect intense AI competition among China players across AI infrastructure, AI Assistant chatbots to AI applications in 2026, with monetization likely trailing user traffic growth and that of global peers.**

The AI themes for China in 2026 are likely to be: 1) recurring revs growth of cloud infra/model stack/inference token usage (BABA, Baidu); 2) user traffic turf war between AI chatbots (Qwen, Doubao, Hunyuan) as key internet players (BABA, Bytedance, Tencent) rush to capture AI era traffic gateway for future ecosystem monetization; and 3) vertical players (Meituan, TCOM, Didi, etc), deploying their self-trained proprietary data AI agents to stay ahead of potential disruption and seeking to strengthen user engagement and monetization upside. We expect most internet companies will improve operating leverage through productivity gains from AI-assisted cost optimization, with some enjoying reacceleration of top-line growth thanks to effective AI agent deployment.

AI Cloud revs and capex

In China, Alibaba Cloud clearly leads the market with higher capex commitment and higher cloud revs size, and it is growing fast.

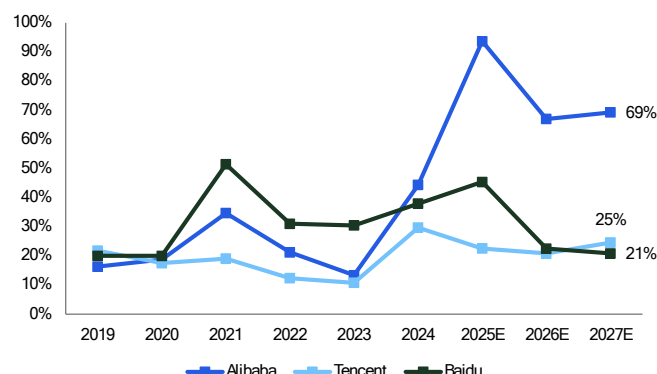
Figure 24. Capex by Alibaba, Tencent, Baidu (Rmb bn)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports and Citi Research Estimates, Note: capex spend of Alibaba in calendar year

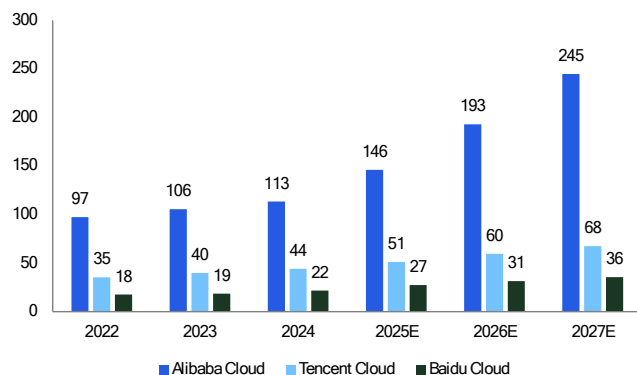
Figure 25. Capex of Alibaba, Tencent, Baidu as % of operating cash flow



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports and Citi Research Estimates, Note: Alibaba financials in calendar year

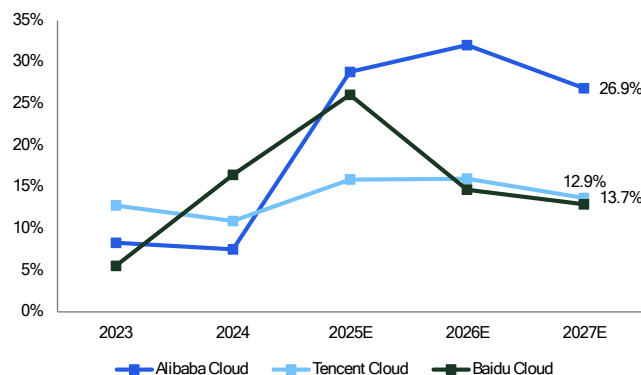
Figure 26. Cloud revs of Alibaba, Tencent, Baidu (Rmb bn)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports and Citi Research Estimates, Note: Alibaba cloud revenues in calendar year

Figure 27. Cloud revs yoy growth of Alibaba, Tencent, Baidu



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports and Citi Research Estimates, Note: Alibaba cloud revenues in calendar year

■ **Alibaba Cloud:** During the Sep quarter, cloud revs +34% yoy (+29% yoy excluding Alibaba-consolidated subsidiaries) and AI-related product revenue achieved triple-digit yoy growth for the 9th consecutive quarter. Over the past 4 quarters, Ali has deployed ~Rmb120bn in capex toward AI and cloud infrastructure. Management noted that customer demand for cloud and AI services remains strong with its capacity still not enough to meet customer order volume growth, leading to stronger pent-up order demand for Alibaba Cloud. Management highlighted their Rmb380bn capex plan mainly designed for a 3-year time horizon, and Alibaba Cloud may further invest actively in capex and GPU supply chain to fulfill customer demand as soon as possible ([link](#)).

■ **Tencent Cloud:** In 3Q25, business services revs grew teens % yoy despite supply-chain constraints on sourcing GPUs, driven by cloud services and fees collected on Mini Shops ecommerce transactions. Management has highlighted notable YoY growth in revenues from cloud storage and data management products. During the quarter, Tencent has enhanced Hunyuan LLM's complex reasoning capabilities especially in coding, math and science. At the same time,

Tencent will continue to strengthen the synergies between Weixin and Yuanbao by launching multiple AI features on Weixin powered by Yuanbao. Mgmt believes it is possible that ultimately there will be an AI agent embedded within Weixin to help users to achieve multiple missions within the Weixin ecosystem ([link](#)).

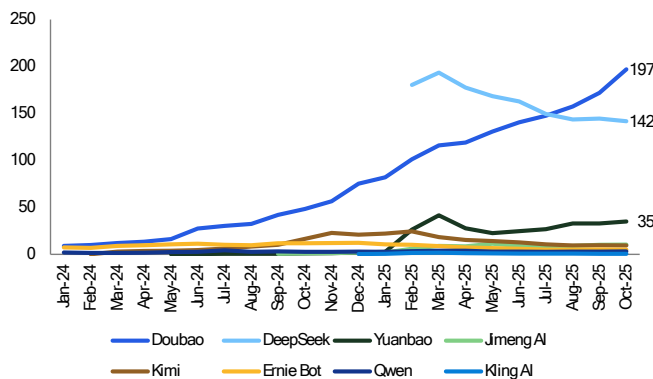
- **Baidu AI Cloud:** In 3Q25, AI cloud revs grew 21% yoy to Rmb6.2bn, including **AI cloud infrastructure** revenues reaching Rmb4.2bn, +33% yoy. Within AI cloud infrastructure, **subscription-based AI accelerator** infrastructure revenues grew 128% yoy, accelerating from around 50% last quarter. **AI applications revenues** amounted to Rmb2.6bn, including Baidu Wenku and Baidu Drive, where AI has enhanced the functionalities across these products. For **AI native marketing services**, which include agents and digital humans, revenues reached Rmb2.8bn representing a robust 262% yoy increase and contributing 18% of Baidu Core online marketing revenues, up from 4% a year ago. Adding altogether, revenue from **AI-powered business** grew over 50% yoy to roughly Rmb10bn in 3Q25. ([link](#)).

More Intense Competition in AI Assistant Chatbots

As shown in Figures 28–31, it is clear that Doubao by ByteDance is leading the AI Assistant Chatbot in China with 197m MAUs and 54mn DAUs as of Oct, followed by DeepSeek at #2 and Tencent's Yuanbao at #3.

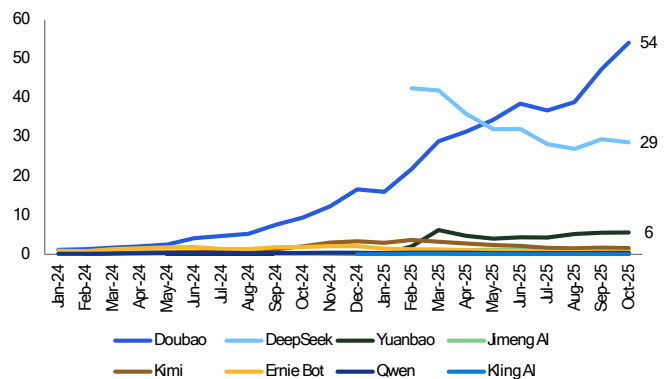
Prior to the revamp and rebranding of Qwen, BABA's Tongyi app captured a very small number of users. However, since repositioning with Qwen Chat powered by the latest Qwen Max 3 model and others on Nov 17th, BABA disclosed that Qwen app has been downloaded by >10m within a week since launch (figure 32–35), with DAU spiking and reaching 16.7m as Nov 21, per Quest Mobile.

Figure 28. China AIGC app MAU (mn)



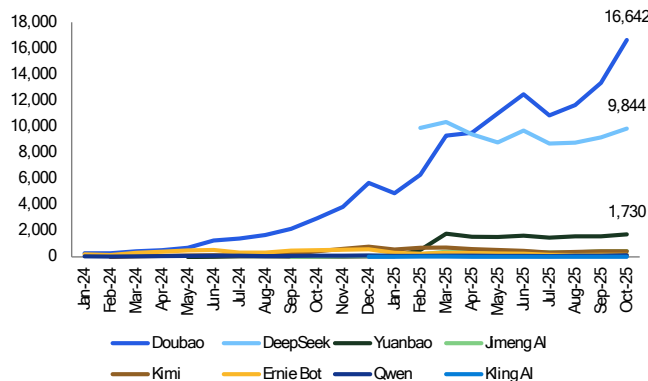
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Questmobile, Citi Research

Figure 29. China AIGC app DAU (mn)



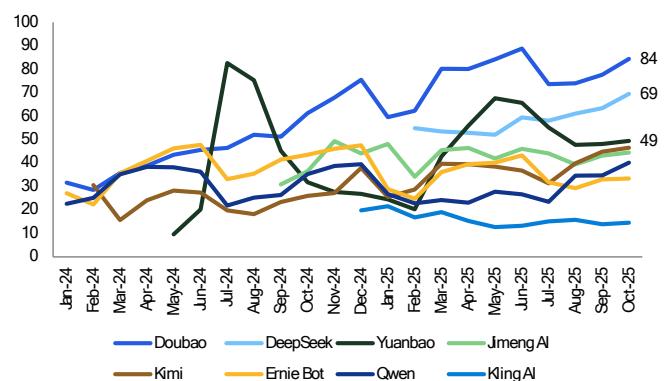
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Questmobile, Citi Research

Figure 30. China AIGC app total time spent (mn min)



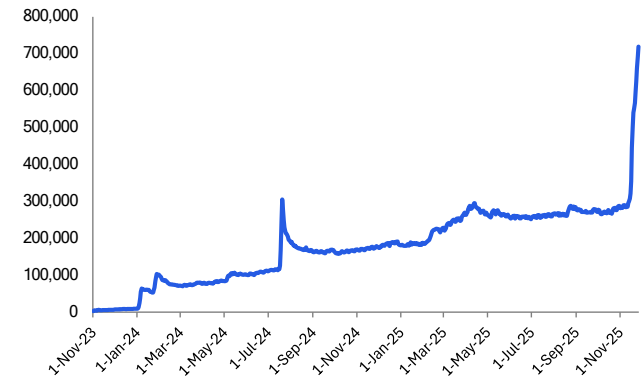
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Questmobile, Citi Research

Figure 31. China AIGC app average time spent (min)



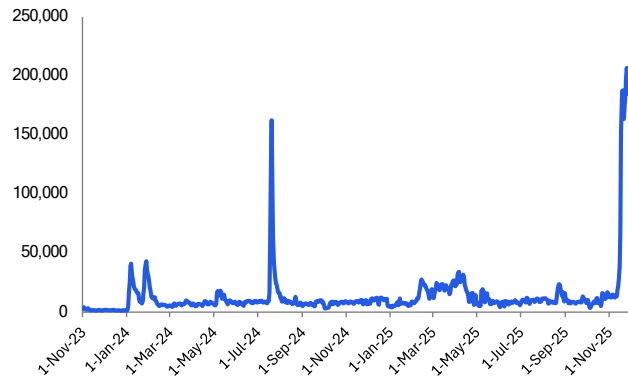
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Questmobile, Citi Research

Figure 32. Qwen DAU trend on iOS in China



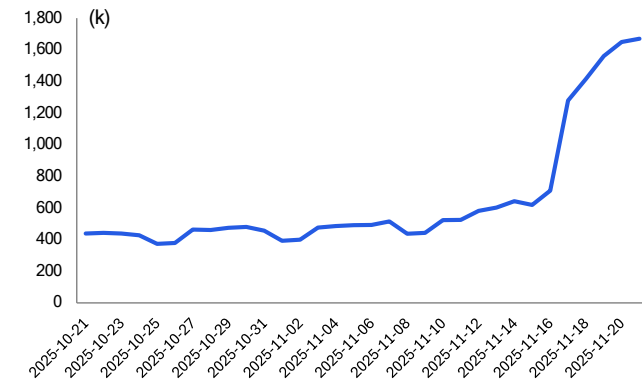
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 33. Qwen daily download trend on iOS in China



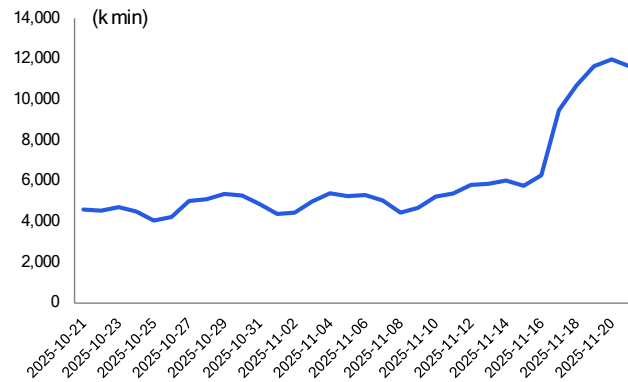
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 34. Qwen DAU from Oct to Nov



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Quest Mobile, Citi Research

Figure 35. Qwen total time spend from Oct to Nov

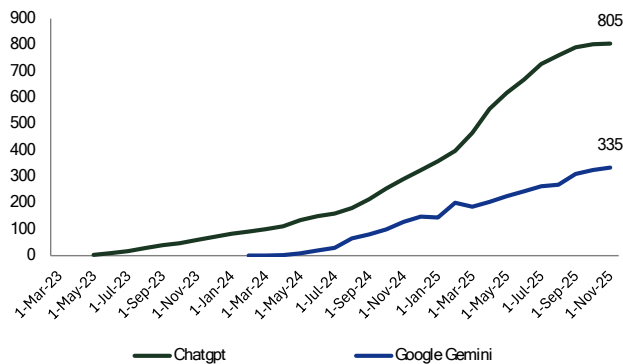


© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Quest Mobile, Citi Research

ChatGPT leading with significant share globally

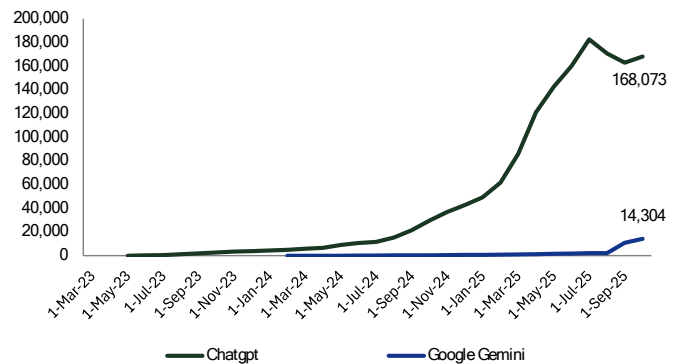
Globally, ChatGPT continues to grow strongly, reaching 800m global MAUs as of Nov 2025, significantly ahead of all other AI apps. That said, with continued improvements through newer versions of models, Google Gemini MAU has climbed robustly in recent months to reach 335m as of Nov 2025, up from 128m a year ago. Perplexity ranks # 3 with 50m MAUs, followed by Dola at 46.6m, DeepSeek 39mn, Grok 31.9mn, Microsoft Copilot 29,96mn and Meta Ai at 17.8mn and Claude at 10.6mn. In comparison, Alibaba's Qwen global stood at 1.48m as of Nov 2025.

Figure 36. Global all-platform MAU of Chatgpt and Google Gemini (mn)



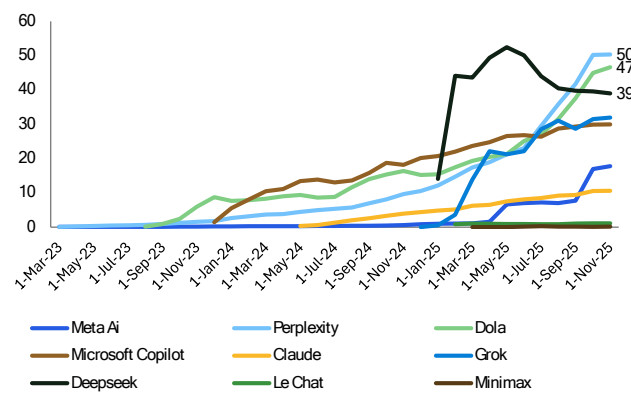
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 37. Global all-platform total time spent of Chatgpt and Google Gemini (mn min)



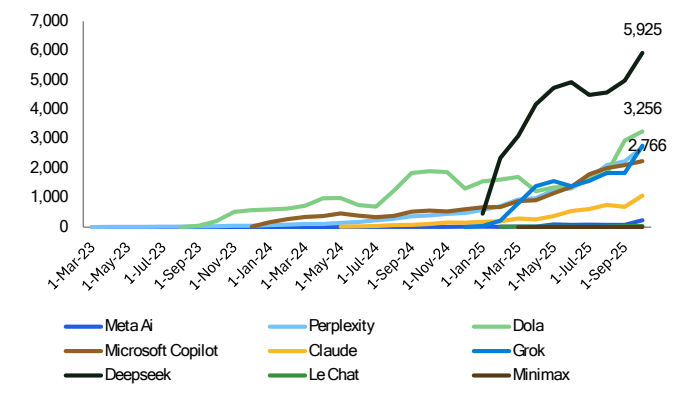
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 38. Global all-platform MAU of other major AI apps (mn)



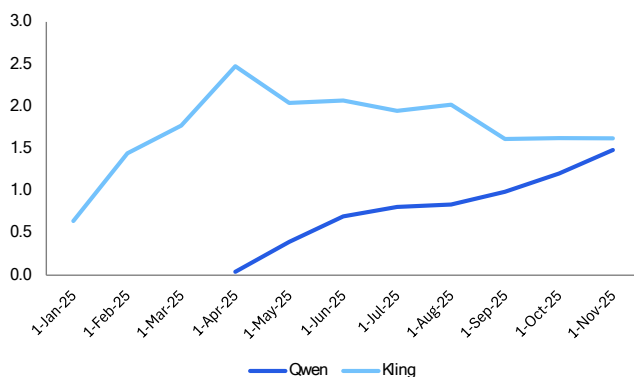
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 39. Global all-platform total time spent of other major AI apps (mn min)



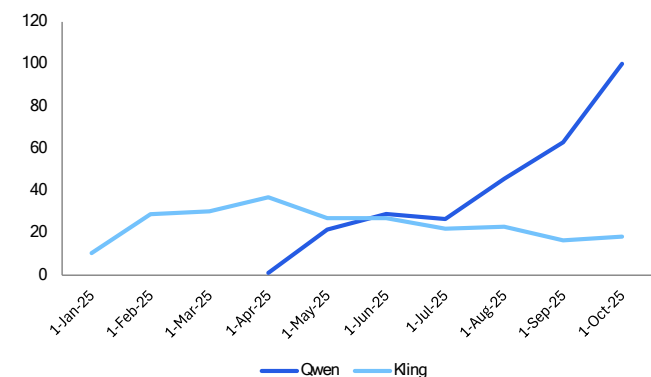
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 40. Global all-platform MAU of Qwen and Kling (mn)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 41. Global all-platform total time spent of Qwen and Kling (mn min)

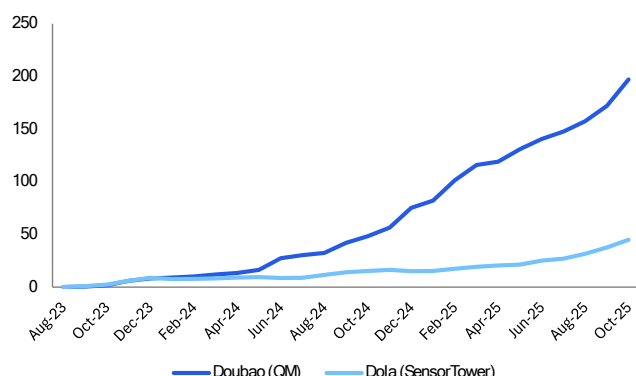


© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

China AI Assistant apps increase global penetration

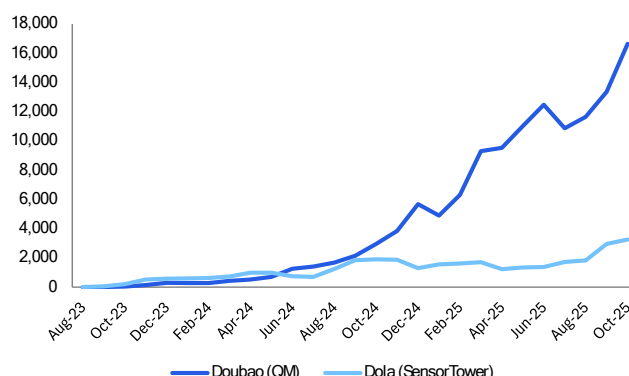
Before BABA decided to push its revamped Qwen Chat to global markets, some of Chinese AI chats like the Doubao international version Dola (only recently renamed, previously called Cici (published by ByteDance affiliate) have been penetrating quite a number of countries, especially emerging markets like Latam countries and Southeast Asia. Dola's MAU has grown rapidly in the past few months to reach 46.6m in Nov 2025 (ranked #4), up from 16.38m a year ago. If Dola (46.6m) + Doubao (197m) are combined, Bytedance's AI Chat would have ranked as #3 with total MAU of ~250m globally, a significant milestone.

Figure 42. MAU trend for Doubao in China and Dola globally (mn)



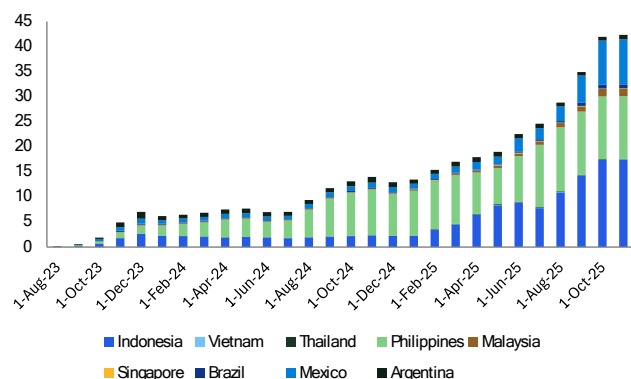
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Questmobile, SensorTower, Citi Research

Figure 43. Total time spent trend for Doubao in China and Dola globally (mn min)



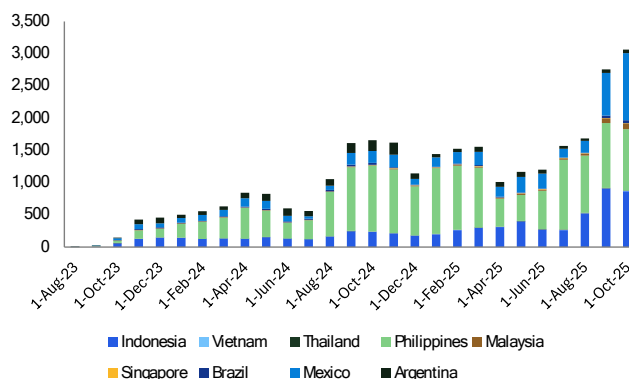
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Questmobile, SensorTower, Citi Research

Figure 44. Dola MAU split by major EM countries



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Figure 45. Dola time spend split by major EM countries



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: SensorTower, Citi Research

Early adoption of AI agents on vertical apps

- **TCOM:** OTAs are actively integrating AIGC technologies into their operation. Beside coding development and customer service, the key area of the adoption is on travel assistant for its users by leveraging capabilities from major LLMs. TCOM's TripGenie is now used in mor than 200 countries and regions, with related users growing over 200% yoy in 1H25, supporting interaction of audio and image, travel planning, real-time translation and booking service to

enhance user engagement. Like TCOM, Tongcheng also rolled out its AI-driven travel planner DeepTrip in Mar 2025 to provide viable and personalized travel itineraries for users, attracting millions of users with a steadily increasing number of orders placed directly through the portal.

- **Meituan:** Meituan is advancing its AI strategy by building capabilities in three core areas: self-developed large language models, AI productization, and AI infrastructure. The company has launched its open-source "Long Cat" series of self-trained LLMs, which have received positive feedback and are now deeply integrated into its applications to drive innovation. For merchants, Meituan has upgraded AI tools like "Shangqitong" for product planning and site selection, and "Smart Shopkeeper" with new modules for AI reception, operational analysis, and review responses. For consumers, the company is testing both a standalone AI assistant, "Xiaomei," and an integrated assistant, "Ask Xiaotuan," within the Meituan app, which can handle the entire service process from search and price comparison to order generation across all local service categories. Internally, Meituan is also developing AI programming tools to boost employee efficiency.
- **Didi:** Didi has an AI Lab focus on machine learning, natural language processing, computer vision, voice recognition, operations research and statistical studies and has been focusing on investing in AI and self-driving technology. On Sept 25, 2025, Didi started to perform open beta testing of its AI Travel Assistant "Xiao Di" which is embedded in the Didi dispatch system which uses intelligent understanding of user needs to provide them with customized car service plans. While in early stage, we believe that through its large volume of data and user traffic, applying AI tools will ensure Didi's app stays relevant and provide personalized experience to its users.

Timeline of AI model launches and product upgrades

Figure 46. AliCloud Qwen major milestones and achievements YTD

Date	Event	Milestones
9-Jan-25	Product launch	Launch of Wanxiang 2.1 video generation model
29-Jan-25	Product launch	Launch of Qwen2.5-Max
9-Feb-25	Model integration	Bailian integrated with DeepSeek-V3, DeepSeek-R1
25-Feb-25	Product launch	Launch of reasoning model QwQ
25-Feb-25	Open source	Open-sourced Wanxiang 2.1
6-Mar-25	Open source	Open-sourced QwQ-32B
27-Mar-25	Open source	Open-sourced Qwen2.5-Omni-7B
15-Apr-25	Product launch	AI open-source community ModelScope launch MCP stores to support Alipay, MiniMax
18-Apr-25	Open source	Open-sourced Wanxiang 2.1-FLF2V-14B
29-Apr-25	Open source	Open-sourced Qwen3.0's 8 hybrid reasoning models
23-May-25	Product launch	Launch of Cloud Shield for AI security products by AliCloud
30-May-25	Product launch	Launch of Tongyi Lingma AI agent IDE for coding development
23-Jun-25	Product launch	Launch of PAI-TurboX as autonomous driving training and reasoning framework
7-Jul-25	Open source	Open-sourced WebSailor, a network and browse agent
23-Jul-25	Open source	Open-sourced Qwen3-Coder, an AI coding large model
28-Jul-25	Open source	Open-sourced Wan2.2
26-Aug-25	Open source	Open-sourced Wan2.2-S2V
18-Sep-25	Open source	Open-sourced DeepResearch, an in-depth research agent model
19-Sep-25	Open source	Open-sourced Wan2.2-Animate
24-Sep-25	Product launch	Launch of Qwen3-Max, Qwen3-VL, and Qwen3-Next
17-Nov-25	Product launch	Launch of Qwen app as to-C AI assistant
27-Nov-25	Product launch	Launch of Quark AI Glasses with G1 and S1 models available

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Figure 47. Tencent Cloud Hunyuan major milestones and achievements YTD

Date	Event	Milestones
21-Jan-25	Open source	Open-sourced Hunyuan 3D-2.0
2-Feb-25	Model integration	Tencent Cloud integrated with DeepSeek-R1 and its model series
11-Feb-25	Model integration	QQ Music integrated DeepSeek-R1
13-Feb-25	Model integration	Tencent Yuanbao integrated DeepSeek-R1 671B
16-Feb-25	Model integration	WeChat Weixin Search and QQ Browser integrated DeepSeek-R1
17-Feb-25	Model integration	Tencent Docs integrated DeepSeek-R1
19-Feb-25	Model integration	Huya, Peacekeeper Elite integrated DeepSeek
27-Feb-25	Product launch	Launch of Hunyuan Turbo S , a quick think model
6-Mar-25	Open source	Open-sourced Hunyuan graphics-to-video model
13-Mar-25	Model integration	Integration between Tencent Yuanbao and Tencent Docs
21-Mar-25	Product launch	Launch of Hunyuan T1 official version , an in-depth reasoning model
9-Apr-25	Product launch	Launch of AI development module
23-Apr-25	Product launch	Launch of Hunyuan 3D-2.5
24-Apr-25	Product launch	Launch of CodeBuddy 3.1 together with Craft software development agent
16-May-25	Product launch	Launch of Hunyuan Image 2.0 as real-time graphic generative large model
19-May-25	Product launch	Launch of QBot in QQ Browser as new-generation AI browser
28-May-25	Product launch	Launch of CloudBase AI Toolkit as backend coding services
29-May-25	Model integration	Integration of Tencent Yuanbao with DeepSeek-R1-0528
14-Jun-25	Open source	Open-sourced Hunyuan 3D-2.1
20-Jun-25	Product launch	Launch of AI Builder as full-chain AI application development platform
27-Jun-25	Open source	Open-sourced Hunyuan MoE model A13B
27-Jul-25	Product launch	Launch of Hunyuan 3D World Model
4-Aug-25	Open source	Open-sourced Hunyuan 7B/4B/1.8B/0.5B
2-Sep-25	Open source	Open-sourced Youtu-Agent, an agent framework developed by Youtu Lab
9-Sep-25	Product launch	Launch of CodeBuddy Code as AI CLI tool
11-Sep-25	Open source	Open-sourced Youtu-GraphRAG, a graphical search augmented generative framework
24-Sep-25	Product launch	Upgrade of EdgeOne Pages as edge full-chain development platform
14-Oct-25	Open source	Open-sourced Youtu-Embedding, an enterprise-level generic text model
23-Oct-25	Product launch	Upgrade of ima 2.0 as personal knowledge base with agent capabilities
21-Nov-25	Open source	Open-sourced Hunyuan-Video1.5 based on diffusion transformer structure
26-Nov-25	Product launch	Launch of Hunyuan 3D Global targeting overseas users

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Figure 48. Baidu AI Cloud Ernie major milestones and achievements YTD

Date	Event	Milestones
Feb-25	Product launch	Launch of in-depth search on Ernie Bot
16-Mar-25	Product launch	Launch of Ernie 4.5 and Ernie X1
24-Mar-25	Product launch	Launch of Miaoda , a generative application development platform
2-Apr-25	Product launch	Launch of Ernie X1 on Qianfan
25-Apr-25	Product launch	Launch of Ernie 4.5 Turbo , Ernie X1 Turbo , Xin Xiang as multi-agent collaboration app
28-May-25	Model integration	Integration of Qianfan with DeepSeek-R1-0528
12-Jun-25	Model integration	Integration of Qianfan with Baidu AI Search
30-Jun-25	Open source	Open-sourced Ernie 4.5
2-Jul-25	Product launch	Launch of MuseSteamer 1.0 as advanced AI image to video generation
21-Aug-25	Product launch	Launch of MuseSteamer 2.0 as advanced AI image to video generation
9-Sep-25	Product launch	Launch of Ernie X1.1 on Qianfan
22-Sep-25	Open source	Open-sourced Qianfan-VL
16-Oct-25	Product launch	Upgrade of Baidu Qianfan with agent-oriented approach for enterprise customers
13-Nov-25	Product launch	Launch of Ernie 5.0

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Video Generation Model – Kling sees successful global penetration

After the development of a new generation of video models in 2024, roll-outs by various domestic and int'l players in 2025 have not only intensified competition for the industry but have also pushed technology development and stimulated the adoption of video generation models by a wider group of users. The technology enhancement this year mainly involves better video effects and physical world simulation, audio-video synchronization, longer videos generated and easier editing tools.

Google released the Voe3 model in May 2025, which enhances visual fidelity, offers creators greater control and integrates audio directly into video generation. OpenAI's Sora2 rolled out in Sep 2025 has attracted strong response from consumer users for its strong physical world aroused simulation, native audio-video synchronization and innovative features like Cameo and Remix. Bytedance's latest versions of Seedance has caught up with leading players in terms of technology, and Kuaishou has persistently upgraded its Kling model for drama and film quality videos generation with user friendly editing tools. Minimax's Hailuo is also a major player in video generation models. Beside Bytedance, Kuaishou and Minimax, domestic leading internet players like BABA, Tencent and Baidu have also rolled out video generation models.

Strategy of Kuaishou's Kling: Kuaishou's mgmt sees many more video generation models rolled out by peers now vs. 2 years ago but mainly views Seedance from ByteDance and Veo3 from Google as direct competitors in terms of accumulation of video data and technologies. The strategic focus ahead for Kling is 1) to generate videos with effects at film and drama level, 2) persistently upgrade its prompt tools to make it easier for users to generate videos, and 3) further push and explore monetization opportunities.

Gaming an AI beneficiary with Resilient Earnings

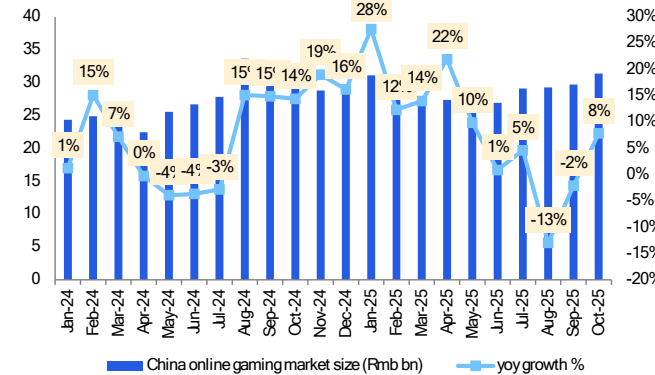
As AI Assistant tools support users' productivity improvement at work and personal lives, users might have more time to spare for leisure and entertainment activities. We believe the gaming industry will likely see benefits from AI adoption.

Despite a relatively stable China online gamer base at 679m in 1H25, per CNG data, monthly ARPU of China gamers continued to rebound meaningfully since 2022 to reach Rmb41 in 1H25, +13.3% yoy. We believe such growth was driven by a normalized regulatory environment, resilient new game supplies and continued differentiation by top-tier and second-tier online gaming players through genre segmentation and slowdown of new game launches to focus on evergreen title operations and boost hit rate.

We also believe the online gaming sector would remain as the frontier for AIGC application in terms of productivity and efficiency gains in art design, content generation and further boost creativity such as AI NPC, AI companion and AI live-streaming features. Together with rich cash positions, generous shareholder returns and steady margin profiles, we believe the online gaming sector will likely generate a decent earnings profile entering 2026E with ample opportunities for further differentiation in the domestic market and huge TAM tapping into the overseas gamer base. Below are recent AI developments by major China game companies:

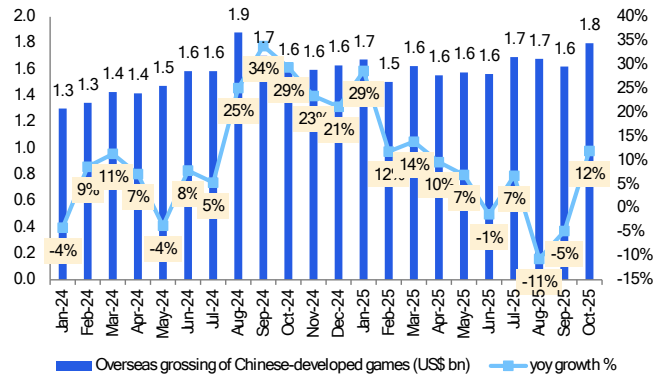
- **Tencent:** According to *Peacekeeper Elite* official account dated Nov 26 ([link](#)), *Peacekeeper Elite* has officially kicked off a new testing on AI gameplay by introducing industry's first AI pet companion supporting real-time voice recognition to provide more immersive interactive and diversified gameplay.
- **NetEase:** Reported by GameMatrix dated Nov 26 ([link](#)), *Where Winds Meet* recent debut in overseas market on Steam, PlayStation and Epic on Nov 14, with concurrent players surpassing 250K on Steam in the second weekend, representing the top performing Chinese-developed game on Steam by concurrent players. In addition to high quality content and graphics designs, overseas gamers were also attracted to AI NPCs in which the article quoted that some gamers took hours talking to AI NPCs to learn about game background and Chinese culture. This article further suggested that this may further change the perception of overseas gamers in adopting AI gameplay and AI content generation in game title.
- **Century Huatong:** According to an offline investor meeting hosted by Century Huatong on Nov 25 ([link](#)), management leveraged AI tools to improve production efficiency including 2D art design, map design, music design and promotions video by 60-80%. The company also launched automated beta process through its proprietary PhraseTest platform to shorten game development time and beta cycle.
- **Kingnet:** Kingnet also accelerated its AI commercialization progress through AI game development platform Soon, which targets small game developers and AI companion app *EVE*, both of which will start to monetize in 1Q26E.

Figure 49. China online gaming market size



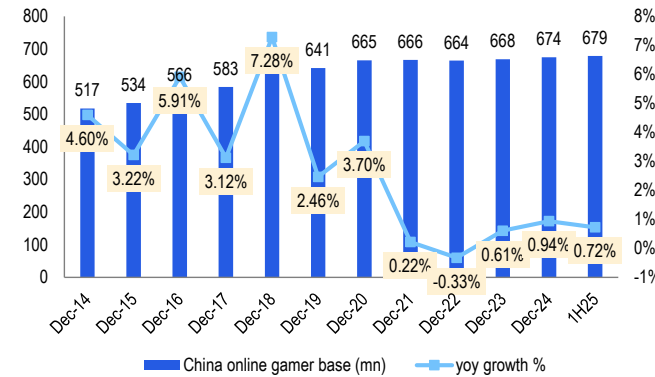
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: CNG, Citi Research

Figure 50. Overseas grossing of Chinese-developed games



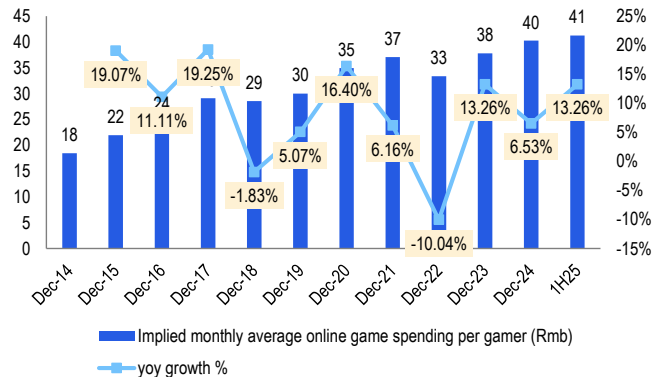
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: CNG, Citi Research

Figure 51. China online gamer base



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: CNG, Citi Research

Figure 52. Implied monthly ARPU per gamer in China



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: CNG, Citi Research

Figure 53. Growth and profitability comparison for China online gaming companies

	Top Players		A-Share Gaming						Other H-Share Gaming	
	Tencent Gaming	NetEase Gaming	Century Huatong	Giant Network	Kingnet	37 Interactive	G-Bits	Perfect World	XD	IGG
Market cap (US\$ mn)	158,012	71,679	18,887	11,250	6,740	6,435	4,370	3,885	4,491	563
Revenue growth										
FY24	10.0%	6.1%	70.3%	0.0%	19.2%	5.4%	-11.7%	-28.5%	47.9%	8.9%
FY25E	20.7%	12.9%	68.8%	79.0%	10.3%	-5.3%	63.1%	28.3%	26.2%	-2.5%
FY26E	7.5%	7.4%	23.1%	46.2%	23.6%	2.3%	2.6%	8.4%	7.4%	5.4%
Profit growth										
FY24	na	na	131.5%	31.2%	11.4%	-0.9%	-16.0%	na	na	427.9%
FY25E	na	na	344.9%	41.9%	27.6%	15.8%	87.6%	na	80.9%	-8.1%
FY26E	na	na	52.6%	83.7%	45.4%	11.7%	11.7%	72.1%	5.3%	55.8%
GPM %										
FY24	56.9%	68.7%	65.6%	86.2%	81.3%	78.4%	87.9%	57.5%	69.4%	80.4%
FY25E	60.1%	69.3%	69.7%	89.3%	83.1%	76.6%	93.5%	60.0%	71.9%	83.0%
FY26E	60.3%	69.8%	70.5%	90.0%	83.6%	77.7%	93.6%	63.9%	69.7%	83.0%
S&M %										
FY24	5.0%	13.4%	34.2%	34.4%	33.9%	55.7%	26.5%	15.6%	27.9%	49.0%
FY25E	5.3%	13.3%	38.7%	35.4%	30.4%	49.3%	32.1%	10.1%	24.9%	51.4%
FY26E	4.9%	13.0%	36.0%	26.0%	26.1%	47.7%	30.0%	9.8%	25.5%	46.5%
R&D %										
FY24	17.1%	16.6%	7.4%	23.7%	11.7%	3.7%	20.5%	34.6%	18.3%	13.7%
FY25E	18.2%	15.6%	7.0%	20.1%	11.9%	4.1%	14.1%	25.2%	17.4%	14.4%
FY26E	19.0%	16.1%	6.9%	18.5%	10.2%	4.0%	14.4%	23.7%	16.6%	14.0%
OPM %										
FY24	36.0%	31.8%	12.7%	49.6%	32.7%	16.8%	34.7%	-20.3%	18.3%	12.1%
FY25E	37.6%	34.8%	17.4%	41.8%	39.3%	21.2%	40.5%	18.7%	25.8%	11.8%
FY26E	38.2%	34.5%	20.8%	51.2%	46.4%	23.5%	42.0%	26.2%	24.0%	17.3%
NM %										
FY24	33.7%	31.8%	5.4%	48.8%	31.8%	15.6%	25.6%	-23.1%	17.5%	10.6%
FY25E	34.9%	34.4%	14.1%	38.7%	36.8%	19.1%	29.4%	14.2%	25.1%	10.0%
FY26E	36.0%	33.0%	17.5%	48.6%	43.3%	20.9%	32.0%	22.6%	24.6%	14.7%
Dividend yield %										
FY24	0.6%	1.9%	0.0%	0.7%	0.9%	4.9%	2.3%	1.6%	0.6%	3.9%
FY25E	0.8%	1.7%	0.0%	1.0%	1.3%	5.6%	4.3%	1.5%	0.5%	5.3%
FY26E	0.9%	1.7%	0.0%	1.8%	1.9%	6.3%	4.8%	2.5%	0.5%	5.9%

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, dataCentral, Citi Research, data as of Nov 28, 2025, close

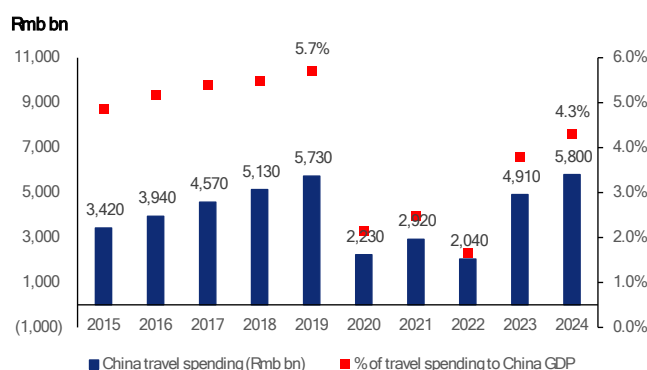
Travel Demand Recurring, Growing Wallet Spend

Besides gaming as an entertainment choice, we believe improving productivity gains from AI will also lead to growing demand for leisure activity like traveling.

Resilient China travel demand

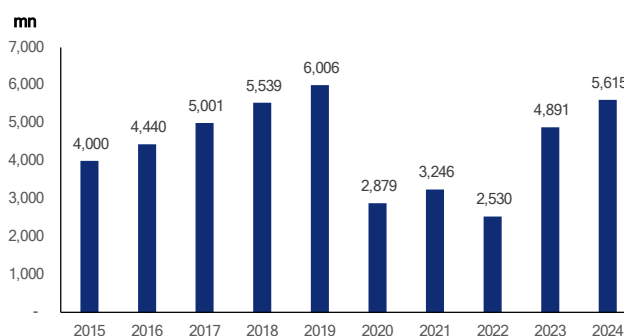
Before COVID, China travel spending and volume showed robust trajectory, resulting in a persistently rising ratio for travel spending to total GDP which reached 5.7% in 2019 from 4.9% in 2015. COVID disrupted the travel industry during 2020 to 2022. Post COVID, travel demand quickly recovered and surpassed the pre-COVID level in 2024, but the ratio of travel spending to total GDP at 4.3% was still below 2019 level, implying decent potential for further recovery ahead. Into 2025, China travel demand remained resilient mainly driven by volume growth despite some pressures on pricing. Recently we have observed ADR recovery for hotel industry, probably indicating stabilizing pricing pressures.

Figure 54. China travel spending and its ratio to total GDP



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Ministry of Culture and Tourism, NBS

Figure 55. China number of tourists

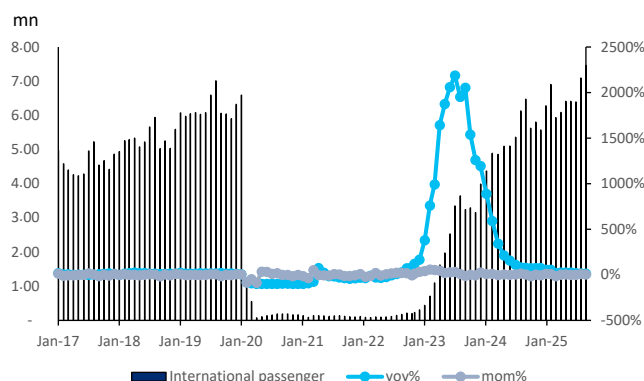


© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Ministry of Culture and Tourism

Outbound travel

China's Int'l flights passenger volume (including HK, Macau & Taiwan) already recovered to pre-COVID levels in 3Q25, and the growth momentum has remained decent despite a normalizing base. We expect a more normalized growth rate for the industry volume ahead but still see decent room of more Chinese citizens to travel abroad gradually, considering 1) only >160m Chinese owned effective passports in mid-2025 vs. its total population of 1.4bn, 2) gradual shift of household spending more toward experience consumption, and 3) more friendly visa policies for Chinese citizens.

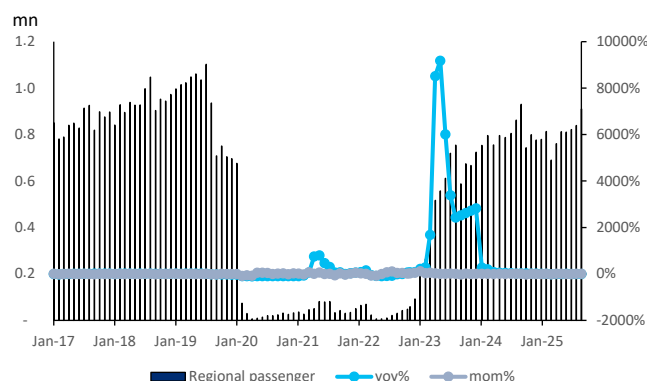
Figure 56. Total passengers carried by China airlines mn – international



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Ministry of Transport

Figure 57. Total passengers carried by China airlines mn – regional

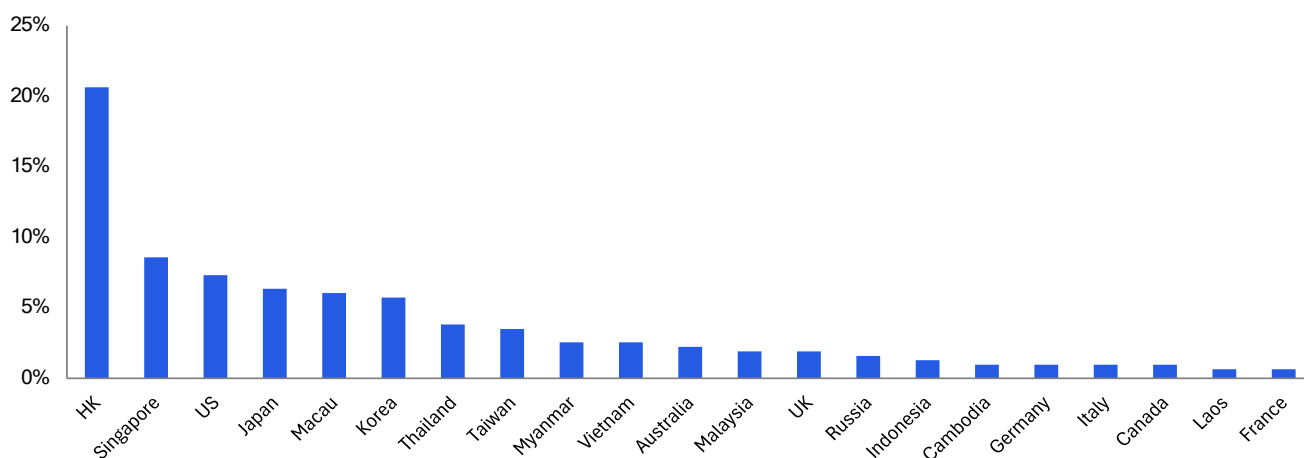


© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Ministry of Transport

In terms of destinations, per China Tourism Academy in 11M24 HK, Macau & Taiwan combined attracted >30% of total Chinese outbound travelers; Thailand, Myanmar & Vietnam combined attracted >10%, similar to Japan & Korea combined. Per CEIC data, in 10M25, the travel recovery vs. 2019 outperformed in HK, Macau, Japan, Korea, Vietnam, Singapore and Malaysia outperformed other regions. China's recent travel warning for Japan might lead to travelers switching to other destinations like Korea and SEA, but we see the outbound momentum as intact because 1) it is a seasonal low period, 2) travelers have sufficient time to switch to other destinations with similar distances to Japan and where visa requirements might be easier vs. Japan, and 3) not all bookings will be canceled.

Figure 58. Ranking of outbound destinations by Chinese travelers in Jan-Nov 2024



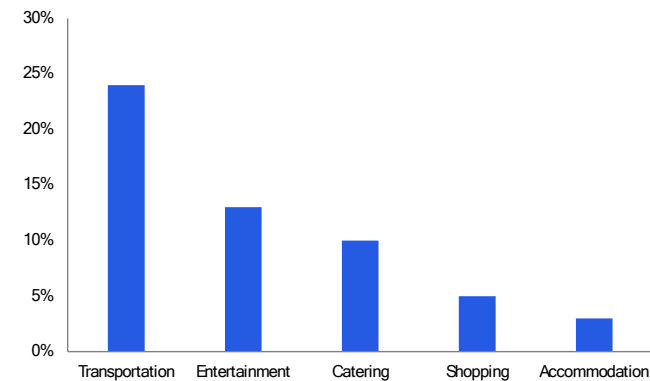
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: China Tourism Academy Report, Citi Research

Per a report by Mastercard and Ctrip, the consumption patterns of Chinese outbound tourists are undergoing a shift from traditional shopping and accommodation toward experience-oriented activities. The data reveals that expenditure on transportation has seen the highest growth, indicating a preference for convenient and diverse travel options. Spending on entertainment and dining follows closely, highlighting a greater emphasis on immersive local experiences and cultural activities. This shift is further evidenced by increased per-capita spending at destinations, suggesting longer stays amid deeper cultural immersion. In

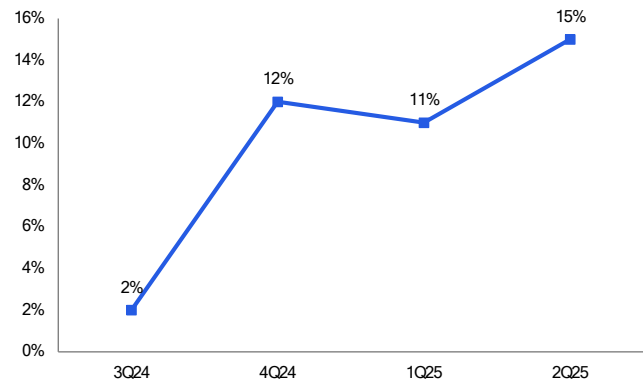
contrast, growth in spending on shopping has slowed, implying that tourists are becoming more value-conscious.

Figure 59. yoy growth % of major scenarios of China outbound tourism (3Q24-2Q25)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Mastercard, Citi Research

Figure 60. yoy growth % on local consumption on Trip.com (3Q24-2Q25)

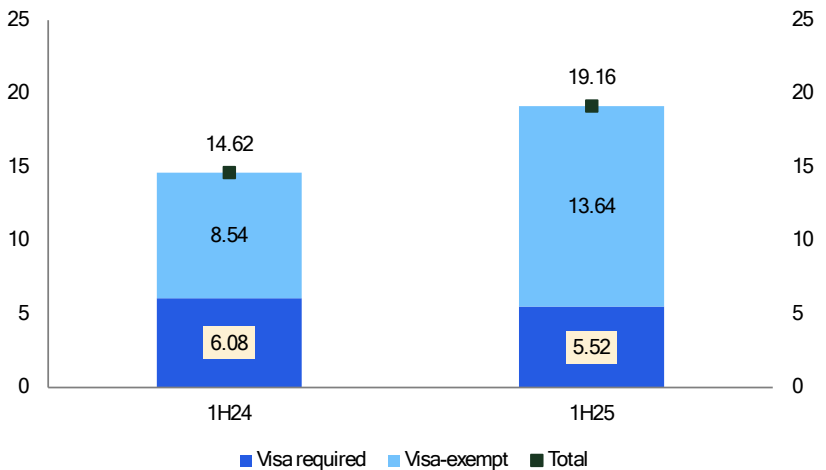


© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Company Reports, Citi Research

Inbound travel demand growing rapidly

China's visa facilitation policies have yielded decent results, driving a substantial increase in foreign arrivals. In 1H25, a total of 136.4mn foreign visitors entered China under various visa-waiver schemes, marking 53.9% yoy growth and accounting for 71.2% of all foreigners' arrivals, per China's immigration. Major gateway cities like Beijing and Shanghai experienced robust growth. Beyond visa liberalization, China has enhanced the overall visitor experience by improving payment options, expanding tax-refund services, and providing multi-language services. These measures have effectively boosted inbound tourism spending.

Figure 61. No. of foreign inbound visitors (mn)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Company Reports, Citi Research

Per TCOM's booking data, the top source countries for inbound tourism to China in 1H25 were South Korea, Malaysia, Japan, the US, Thailand, Singapore, Russia, and Canada. Among these countries, the number of inbound tourists from S. Korea

held the top position yoy. All those source destinations in the list are covered by China's visa-free policy, proving China's visa-free policies effectively facilitating its inbound travel.

Figure 62. Top 10 countries by number of inbound travelers to China in 1H25

Origin of inbound travellers	Korea	Malaysia	Japan	US	Thailand	Singapore	Russia	Canada
Ranking in 1H25	1	2	3	4	5	6	7	8
Ranking change vs. 2024	-	+1	+1	-2	+1	-1	New	-1

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Per TCOM's data, a clear trend towards longer and more immersive travel experiences is evident among foreigners visiting China, which is particularly the case for older tourist demographics. Per the data, 29% of young travelers aged 18-24 stayed for 4-7 days and 16% stayed for over a week in 1H25, while extended stays over 7 days are chosen by 27/20% for tourists aged above 60 and 50-59. The proportion of visitors engaging in short 1-3 day trips decreased across all age groups in 1H25 vs. 2024, implying inbound visitors seeking deeper cultural and experimental engagement.

Figure 63. Number of days inbound travelers have stayed split by different age groups

	18-24		25-34		35-49		50-59		60+	
	2024	1H25	2024	1H25	2024	1H25	2024	1H25	2024	1H25
1-3 days	56%	55%	55%	53%	54%	51%	50%	47%	42%	40%
4-7 days	27%	29%	30%	32%	30%	32%	31%	33%	33%	34%
More than 7 days	17%	16%	15%	15%	16%	16%	19%	20%	26%	27%

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Highlights Across Sub-Sectors

Online advertising: AI effect growing

In 3Q25, 1) various advertising companies including Weibo and Focus Media noted advertising revenue growth from e-commerce players due to step-up in competition in quick commerce, while Tencent noted increases in all categories during the quarter; 2) AI capabilities have supported ad eCPM and helped advertising efficiency, as noted by Tencent, Kuaishou, Weibo, etc.; 3) Players like Weibo and Focus Media remain positive on e-commerce advertiser spending in 4Q25E due to continued competition in quick commerce, and entering 2026E, key events including Winter Olympics in Feb 2026 and World Cup in Jun 2026 are expected to contribute to advertising budgets.

Figure 64. Advertising revenue table

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Alibaba CMR revs	63,574	81,088	71,667	100,790	71,077	89,252	78,927
yoy	5%	2%	4%	9%	12%	10%	10%
PDD online marketing service revs	42,456	49,116	49,351	57,011	48,722	55,703	53,348
yoy	56%	29%	24%	17%	15%	13%	8%
Tencent online ad revs	26,506	29,871	29,993	35,004	31,853	35,762	36,242
yoy	26%	19%	17%	17%	20%	20%	21%
Kuaishou	13,064	17,515	17,634	20,620	17,977	19,765	20,102
yoy	27%	22%	20%	13%	38%	13%	14%
Baidu online marketing revs	18,490	20,625	20,108	19,340	17,306	17,485	16,566
yoy	3%	-2%	-6%	-7%	-6%	-15%	-18%
-Baidu core ad	17,000	19,200	18,830	17,900	16,000	16,200	15,300
yoy	3%	-2%	-4%	-7%	-6%	-15%	-18%
Meituan marketing revs	10,391	12,360	13,539	12,951	11,947	13,650	14,327
yoy	34%	20%	18%	18%	15%	10%	6%
Weibo online ad revs (US\$mn)	339	375	399	386	339	383	375
yoy	-5%	-3%	2%	-4%	0%	2%	-6%
Bilibili online ad revs	1,669	2,037	2,094	2,389	1,998	2,449	2,570
yoy	31%	30%	28%	24%	20%	20%	23%
iQiyi online ad revs	1,482	1,461	1,337	1,434	1,328	1,272	1,241
yoy	6%	-2%	-20%	-13%	-10%	-13%	-7%
Zhihu online marketing services	331	344	257	316	197	223	189
yoy	-16%	-17%	-33%	-32%	-40%	-35%	-26%
Sohu ad revs (US\$mn)	16.1	19.9	18.7	18.9	16.1	15.6	13.6
yoy	-29%	-17%	-15%	-7%	0%	-21%	-27%
Focus Media total revs	2,730	3,238	3,294	3,001	2,858	3,255	3,494
yoy	6%	10%	4%	-7%	5%	1%	6%

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Company Reports

Figure 65. Advertising company comments on AI and trends in 3Q25

Companies	Comments
Tencent	Overall revenues of marketing services grew by 21% yoy, underpinned by ad spending growth in all major categories, with impressions grew yoy due to engagement enhancement and increased ad load across Video Accounts, Mini Programs and Weixin Search. During the quarter, eCPM increased yoy due to upgraded adtech foundation model which captured more close-looped marketing demand. Regarding ad growth outlook, management believe despite softer consumption spending right now, a modest sentiment improvement may result in a gradual tailwind from demand side. From supply perspective, Tencent will continue to strengthen its AI capabilities especially through automated ad campaign AIM+.
Baidu	In Oct, nearly 70% of mobile search results page have AI-generated content and multi-modal content. Going forward, Baidu will further strengthen the quality and enrich media content like images and videos to drive higher user time spent and retention. On monetization side, management is testing MCP with strong performance during this year's double 11 campaign, agent features and digital human for live streaming e-commerce. Looking ahead, management expects significant monetization potential for AI search with near-term priority remains to be user experience over immediate monetization.
Weibo	For 4Q25, mgmt noted consumption weakness but expects e-commerce to see stronger performance amid intense competitive landscape with incremental ad budget for offline scenarios and local services. Auto industry is expected to attract ad spend while gaming and handset likely to remain weak. For 2026, with two major events like Winter Olympics and World Cup, mgmt expects ad spend sentiment will be better than in 2025, especially from FMCG.
Kuaishou	Domestic ads might remain at decent trajectory driven by efficiency improvement brought by AI and outperformance of verticals like short-dramas, comic-dramas and mini-games, which should be partially offset by weakness in Brazil.
Bilibili	Ads momentum is likely to remain decent, driven by decent performance during the Single Day and continuous efficiency improvement and exploration of ads scenarios and potentials in underpenetrated verticals.
Focus Media	Entering 4Q25E, we expect continued quick commerce competition, together with Double 11 promotions, to support 4Q25E rev and profit growth.
Joyy	With ad revenues growing strongly by 29.2% yoy to US\$112.5mn in 3Q25, management highlighted that their ambition is to develop a performance-based ad network platform covering multi-channels, industries and verticals. Going forward, the company will explore potentials from various verticals including casual gaming, investing in mid-to-hardcore gaming, social networking, e-commerce and digital finance ecosystem.

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research

Ecommerce: muted macro & promotional effect

Intense competition continues

Intensified competition is not a new thing for China's e-commerce sector. Specifically in 3Q25, competition between BABA and Meituan intensified in quick commerce, and competition further extended to local services. The competition between the two giants also impacted other players including PDD, which noted high competitive pressures. Entering 4Q25E, both BABA and Meituan reiterated the strategic importance of quick commerce investment, while subsidy intensities might have peaked in July/Aug, and see signs of moderation post Singles Day promotion (per Meituan management), both still stressing that competition remains dynamic. BABA expects quick commerce loss to narrow in 4Q25E with improving efficiency, but the EBITA fluctuations depend on competition. Similarly, Meituan also sees lower subsidy level post Singles Day promotions, but the ultimate performance for 4Q25E will be based on competition involvement. Overall, we believe loss from food delivery/quick commerce investment should have peaked in 3Q25 based on both companies' comments; uncertainties remain, though, given both companies will not want to be the one that scales back subsidy (which would benefit opponents). Hence, while we believe loss magnitude for 4Q25 and future quarters should be lower than 3Q25, it remains uncertain when Meituan/industry could return to profitability.

Singles Day promotions result

Syntun Data released a report estimating 2025 Double 11 GMV reached Rmb1.62trn, +12.3% YoY, or Rmb1.696trn if including Rmb67bn from quick commerce. Tmall, JD, and Douyin rank among the top 3 e-commerce platforms by

GMV. There have been no comments from BABA and PDD about the actual performance on the Singles Day promotions while VIPs and JD gave positive comments on the promotions. We believe while BABA might have gained back some traction from overseas cosmetic brands and branded apparel demand, competition in white label/long tail merchants remained intense. More importantly, due to a high base from last year's trade-in program, we expect all platforms face a tough comp/high base, especially for JD and to a lesser extent BABA from appliance categories.

- VIPs stated that Oct and Nov growth was decent, and it also achieved good GMV momentum during the 11.11 promotion period, but with higher base and uncertainty on weather temperature trend.
- During JD Double 11 Grand Promotion, the number of shopping customers increased by 40% year-on-year.

Retail sales in Oct and trend: high base and muted macro

In Oct, China online physical sales grew by 5% yoy, vs +7.5% yoy in 3Q25. The deceleration was likely due to 1) the high base of the home appliance category benefiting from government subsidy trade-in programs last year, and the high base effect should sustain in Dec; 2) a slowly recovering economy. By category, we expect continued tough comp for home appliances in Nov and Dec while discretionary products like apparel, cosmetics and jewelry are likely to hold up relatively better in Dec. Additionally, we believe due to earlier 2025 CNY, some of the purchases might have been booked under Dec 2024 last year, which could lead to higher base for this year Dec, especially with 2026 CNY fall in mid Feb next year and hence most of the purchase will likely happen in Jan rather than Dec.

Figure 66. Ecommerce company comments on competition and trend in 3Q25

Companies	Comments
Alibaba	BABA expects CMR to slow in Dec Q due to lapse of 0.6% fee and base effect from Quanzhantui tool despite synergies from quick commerce has positively impacted CMR growth. Mgmt sounded upbeat on efficiency improvement in quick commerce investment and reiterated UE loss has been reduced by 50% in Nov vs July/Aug thanks to better mix of higher AOV orders, double-digit growth of AOV vs Aug and improving logistic cost per order on scale efficiency. That said, mgmt reminded of competitive market and will dynamically adjust investment hence expect fluctuation of EBTA.
JD	Heading into 4Q25, while management noted healthy growth during 11.11 sales, it also cautious of extremely tough comp lapse out of trade-in benefit. The proactive discount offered on home appliance through partnership with OEM suppliers will result in counter revs and lower GPM. General merchandise category has sustained four consecutive quarters of double-digit growth, with key categories like supermarket, health, fashion, and home goods showing strong performance. JD also has strong mindshare in liquor, baby and mom products, and household cleaning.
PDD	While industry peers have stepped up investment in new business model, PDD remains focus on creating unique, LT value for consumer and merchants and would not react to ST trends that highlighted by competitors. With larger scale and intensified competitive landscape, mgmt expects growth rate to naturally slowdown.
Vipshop	Mgmt stated that Oct and Nov growth was decent, and it also achieved good GMV momentum during 11.11 promotion period. That said, with higher base and uncertainty on weather temperature trend, we model 4Q25 at lower end of 1.7% yoy growth. Mgmt expects high-quality growth and stable profitability in 2026.
Meituan	Mgmt shared that subsidy level seems to have trending down from the peak level after double 11 campaign, nevertheless, given subsidy level in Dec remain uncertain, similar to peer, mgmt noted that it will dynamically adjust its strategy depending on competition action. Mgmt highlighted Meituan's market share and order volume have recovered recently while maintaining leadership in high AOV categories. Specifically, market share of Meituan reached over two-third for AOV above Rmb15 and around 70% for AOV above Rmb30, resulting in higher ave. AOV for Meituan vs other platforms.
Kuaishou	Ecommerce revs growth could return to a more normalized level, slightly faster than GMV growth, after a strong 3Q25 since Kuaishou began to return some commission rebate to KOLs With more revs contribution from ads and other revs during peak season for ecommerce, GPM could rise further qoq in 4Q25E

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research

Entertainment content: demand, sub vs growth

Online video: supportive-policy benefits emerge

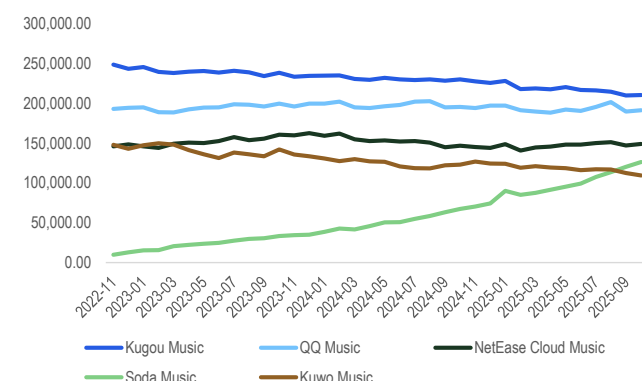
Among long video platforms, we prefer iQiyi over Mango Excellent Media as iQiyi should benefit more from the drama regulations as the leading drama producer and streaming platform, and iQiyi has started to see positive impacts from supportive regulations. Mango expects 1-2 years for audience to see more obvious impact.

- **iQiyi:** In the two months since the policy implementation, iQiyi has observed positive progress. Some of iQiyi's projects have already benefited from the policy support, allowing them to reach a ready-to-broadcast status more quickly. As production proceeds smoothly in the future, iQiyi anticipates gradually seeing the broad benefits of the policies.
- **Mango Excellent Media:** Regulators aim to support and improve the drama industry. There will be positive impact from the regulations on drama genres, faster review process, etc. Mango expects the audience to see material impact in the next one to two years.

Online music: subscription, concert business & competition

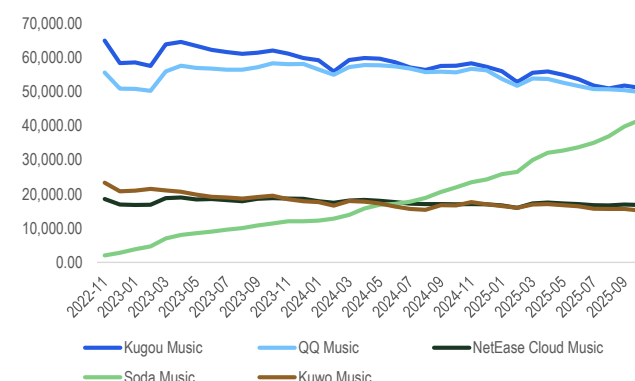
- **TME:** Mgmt highlighted TME's competitive advantage in music library, experience in music asset mgmt and commitment in providing high quality listening experience. Comparison on mobile-only active users underestimated TME's large PC subscriber base and high penetration in in-car service and ability to leverage Tencent games and video IPs.
- **User metrics:** MAU of Soda Music increased by 88% yoy to 127m in Oct 2025, vs Kugou Music at 211m (-8% yoy), QQ Music at 192m (-2%), Cloud Music at 149m (+1% yoy), and Kuwo Music at 109mn (-11% yoy). Average time spent per user of Soda Music was 76mins (+21% yoy), vs Kugou Music at 115 mins (-7% yoy), QQ Music at 90 mins (-15% yoy), Cloud Music at 27 mins (-6% yoy) and Kuwo Music at 112 mins (+10% yoy).

Figure 67. MAU of online music apps (K)



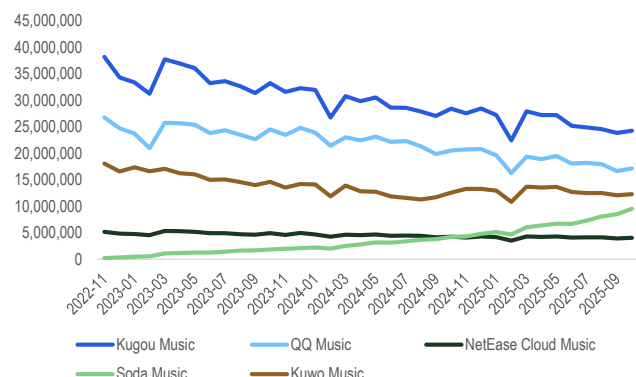
© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Questmobile

Figure 68. DAU of online music apps (K)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Questmobile

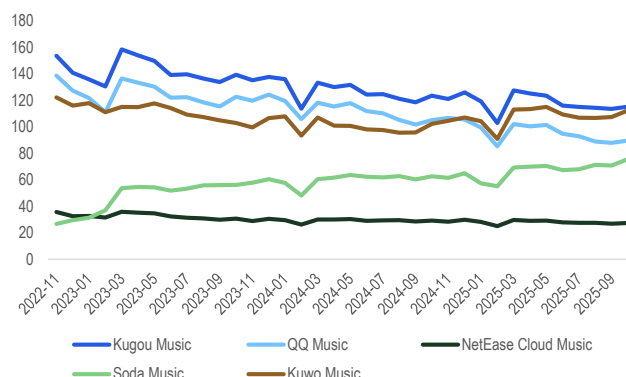
Figure 69. Time spent of online music apps (k mins)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Questmobile

Figure 70. Average time spent of online music apps (mins)



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Questmobile

Music concert: slowing domestic growth & going global

- **Damai:** China market should continue to grow but overall should be largely stable as music category's growth is capped by venue capacity. Overall Damai's take rate is stable in FY1H26 and we think competition impact is minimal. Damai International will invest in overseas markets and will 1) cooperate with local partners to host international artist events; 2) exploring ticketing services and participate in content production.
- **TME:** Mgmt shared that live performances and concerts are a key commitment for the company, and they have made substantial investments in this area. TME has organized tours for top artists and have their own proprietary IPs like TMEA. The concert business not only helps build experience but also forges deeper partnerships with artists and the ecosystem. One example is the successful G-Dragon concert tour in Asia Pacific this past quarter.
- **Maoyan:** Maoyan noted that for 9M25, China music concert ticketing GMV grew at mid-single digit yoy, and Maoyan is growing faster than the industry. Generally after three years post Covid-19, the pent-up demand for music concert might decelerate and the industry will return to normal growth and expect next year's growth rate to be similar with 2025. For local entertainment performances like stand-up comedy & exhibitions, Maoyan shared that they are growing at high double digits.

Operation highlights across verticals

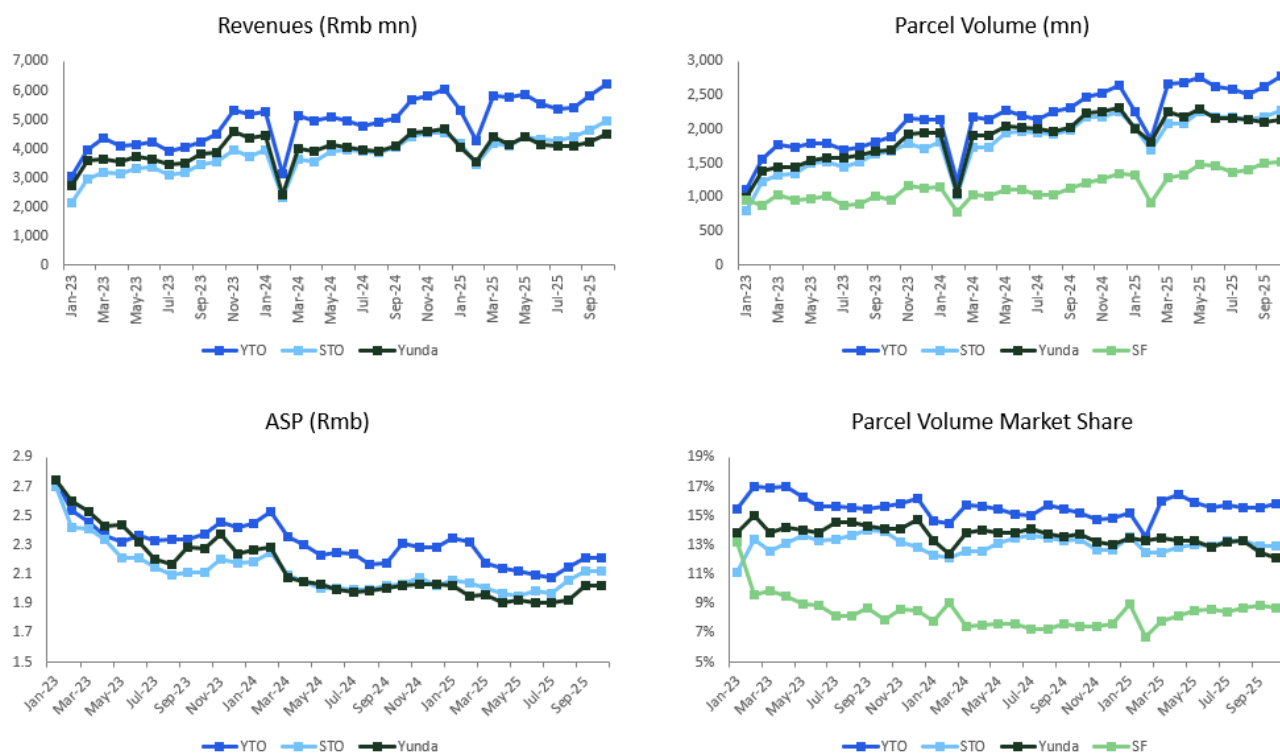
Online recruitment outlook

Kamzhu mgmt shared that blue-collar recruitment continued to outperform white-collar with a record-high revs contribution, and transportation, logistics and service verticals outperformed within blue-collar recruitment, while AI, internet, new consumption and gaming outperformed within white-collar recruitment. Mgmt also sees persistently rising contribution from 3rd-tier cities and below with recovery on 1st tier cities and stable 2nd tier cities. With improving recruitment sentiment, we expect its mid-teens CCB growth is likely to sustain into 4Q25E.

Logistics pricing and competitive landscape

With the impact of anti-involution policy toward low-pricing parcels, the industry parcel volume has been slowing in recent months but with decent ASP recovery across most regions. Nonetheless, after the price hike amid the policy and peak season, there seems little room for further increase ahead, and we are seeing market share gain for STO and stable performance for ZTO/YTO/J&T with Yunda losing share. For premium express players, we see the worst likely behind for SF, though it might take time for its earnings to recover, while JDL could maintain decent organic momentum with margin likely to re-expand in 2026E. That said, J&T remains our Top Pick in China's logistics sector thanks to its strong parcel volume growth in SEA, decent potential in new markets and stabilizing China earnings outlook.

Figure 71. China express delivery players' revenue, parcel volume and ASP trends in 2023-YTD 2025 by month



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Shareholder returns

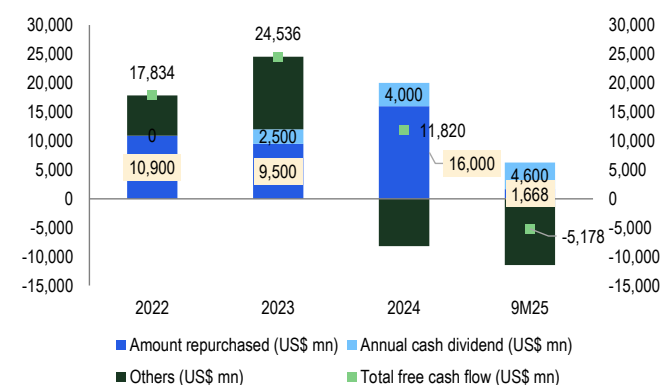
Figure 72. Shareholders return summary

Company	Cash & Cash equivalent, ST investment and deposit (3Q25, US\$)	ST loans and LT Debt (3Q25, US\$)	Net cash as of 3Q25 (US\$)	Current authorized share repurchase program (US\$)	Amount repurchased in 3Q25 (US\$)	Amount repurchased in 2024 (US\$)	Amount outstanding as of 3Q25 (US\$)	Dividend/share announced in 3Q25	Dividend payment in 3Q25	Free cash flow in 3Q25 (US\$)	Total shareholder return as % of FCF in 3Q25
Alibaba	80.6bn	39.6bn	41.0bn	65.0bn	0.253bn	16.0bn	19.1bn	NA	NA	-3.1bn	NA
Tencent	69.3bn	54.9bn	14.4bn	HK\$80bn	HK\$21.1bn	HK\$112.0bn	NA	NA	NA	8.2bn	33.0%
JD.com	29.6bn	11.3bn	18.3bn	5.0bn	0	3.6bn	3.5bn	NA	NA	-1.6bn	0.0%
Baidu	17.6bn	12.6bn	5.0bn	5.0bn	0	1.0bn	2.7bn	NA	NA	-302mn	NA
Meituan	19.8bn	6.3bn	13.5bn	NA	0	HK\$28.2bn	NA	NA	NA	-3.1bn	0.0%
PDD	59.5bn	737.2mn	58.8bn	0	0	0	0	NA	NA	6.4bn	0.0%
NetEase	22.6bn	1.0bn	21.5bn	5.0bn	0	~1.2bn	3.0bn	US\$0.570/ADS	US\$364mn	1.8bn	20.2%
Trip.com	15.1bn	4.4bn	10.7bn	5.0bn	NA	~300mn	5.0bn	NA	NA	NA	NA
VIPShop	4.4bn	1.1bn	3.3bn	1.0bn	24.6mn	536.1mn	621.4mn	NA	NA	190.4mn	12.9%
Autohome	3.1bn	NA	3.1bn	200.0mn	3.5mn	NA	NA	NA	NA	9.4mn	37.2%
Tencent Music	5.1bn	496.0mn	4.6bn	1.0bn	NA	~300mn	0.9bn	NA	NA	517mn	NA
Weibo	2.0bn	1.9bn	0.1bn	NA	NA	NA	NA	NA	NA	194.9mn	0.0%
Tongcheng	1.9bn	518.6mn	1.4bn	NA	NA	NA	NA	NA	NA	45.4mn	0.0%
iQiyi	686.0mn	2.0bn	-1.3bn	NA	NA	NA	NA	NA	NA	-40.8mn	NA
YMM	4.4bn	NA	4.4bn	200.0mn	NA	NA	NA	NA	NA	232.8mn	NA
Kuaishou	15.4bn	1.8bn	13.6bn	HK\$16bn	HK\$157.5mn	HK\$5.5bn	NA	NA	NA	1.1bn	1.8%
YY	3.3bn	16.9mn	3.3bn	300.0mn	52.1mn	309.2mn	211.4mn	NA	NA	73.4mn	71.0%
Kanzhun	2.7bn	NA	2.7bn	150mn	NA	NA	NA	NA	NA	164.9mn	NA

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Bloomberg, Company Reports and Citi Research

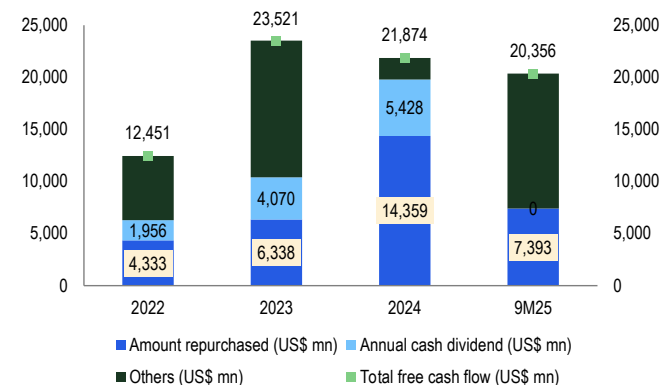
Figure 73. REPO & annual dividend vs FCF for Alibaba



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

Figure 74. REPO and annual dividend vs FCF for Tencent



© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Company Reports, Citi Research

China Internet Comps

Figure 75. China Internet valuation comp

Company Name	Reuters Ticker	Analyst	Price Currency	Price	Mkt Cap		Risk/ Rating	Target Price	ETR %	P/E			P/S			EV/EBITDA		
					HKD\$m	USD\$m				2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Category Leader																		
Alibaba	9988.NH	Alicia Yap, CFA	USD	157.30	2,922,266	375,330	1	225.00	44.3%	21.5	18.7	15.1	2.6	2.3	2.1	12.8	10.3	8.1
Alibaba	BABA.NH	Alicia Yap, CFA	HKD	151.50	2,891,929	371,434	1	223.00	48.5%	21.2	18.3	14.7	2.6	2.3	2.0	12.6	10.2	8.0
Baidu	BIDU.O	Alicia Yap, CFA	USD	116.89	312,862	40,183	1	181.00	54.8%	14.5	13.9	11.0	2.2	2.1	1.9	3.6	3.0	1.8
NetEase	NTES.O	Alicia Yap, CFA	USD	138.05	680,585	87,413	1	161.00	18.3%	16.1	15.7	14.3	5.5	5.2	4.9	13.1	12.1	10.9
JD.com	JD.O	Alicia Yap, CFA	USD	29.83	332,709	42,733	1	44.00	51.8%	10.5	8.1	6.7	0.2	0.2	0.2	2.3	1.2	0.5
Meituan	3690.HK	Alicia Yap, CFA	HKD	102.50	625,544	80,344	2H	117.00	na	na	na	24.7	1.5	1.4	1.3	na	na	13.5
Tencent	0700.HK	Alicia Yap, CFA	HKD	611.50	5,592,088	718,237	1	751.00	23.6%	19.6	17.4	15.9	6.8	6.3	5.8	13.6	10.7	9.7
PDD	PDD.O	Alicia Yap, CFA	USD	116.08	1,283,050	164,793	1H	170.00	46.5%	10.7	8.8	7.5	2.8	2.5	2.3	6.9	4.2	2.4
Tip.com	TOOM.O	Brian Gong	USD	69.92	355,813	45,700	1	86.00	23.4%	18.1	16.2	15.0	5.6	4.9	4.5	12.9	9.5	7.3
Average										16.5	14.6	13.9	3.3	3.0	2.8	5.4	3.5	6.9
Ecommerce																		
Alibaba	BABA.NH	Alicia Yap, CFA	USD	157.30	2,922,266	375,330	1	225.00	44.3%	21.5	18.7	15.1	2.6	2.3	2.1	12.8	10.3	8.1
Baozun	BZUN.O	Alicia Yap, CFA	USD	2.86	1,286	165	1	4.90	67.8%	40.9	7.1	5.5	0.1	0.1	0.1	4.9	1.8	1.4
JD.com	JD.O	Alicia Yap, CFA	USD	29.83	332,709	42,733	1	44.00	51.8%	10.5	8.1	6.7	0.2	0.2	0.2	2.3	1.2	0.5
PDD	PDD.O	Alicia Yap, CFA	USD	116.08	1,283,050	164,793	1H	170.00	46.5%	10.7	8.8	7.5	2.8	2.5	2.3	6.9	4.2	2.4
Vipshop	VIPS.N	Alicia Yap, CFA	USD	19.64	75,387	9,683	2	21.00	8.5%	8.2	7.3	6.7	0.7	0.6	0.6	4.2	3.4	2.7
Average										18.3	16.0	8.3	1.3	1.2	1.1	6.2	4.2	3.0
Online Travel																		
Tongcheng Travel	0780.HK	Brian Gong	HKD	21.92	51,489	6,613	1	28.00	27.7%	13.6	12.2	10.8	2.4	2.2	2.1	7.8	6.4	5.2
Tip.com	TOOM.O	Brian Gong	USD	69.92	355,813	45,700	1	86.00	23.4%	18.1	16.2	15.0	5.6	4.9	4.5	12.9	9.5	7.3
Average										23.8	17.3	14.6	3.0	2.7	2.5	10.4	8.0	6.2
Verticals																		
Autohome	ATHM.N	Brian Gong	USD	23.76	21,911	2,814	2	26.00	16.7%	12.3	12.1	11.8	2.9	2.9	2.9	na	na	-9.4
Didi Global	DIDI.PK	Alicia Yap, CFA	USD	5.35	193,957	24,912	1H	8.30	55.1%	23.1	28.1	16.8	0.8	0.7	0.7	77.1	18.0	9.0
Full Truck Alliance	YUMN.N	Brian Gong	USD	11.35	92,425	11,871	1H	15.00	33.7%	17.7	15.9	12.7	6.8	6.3	5.5	12.8	10.2	7.1
Kanzhun	BZ.O	Brian Gong	USD	22.10	82,499	10,596	1	26.00	17.6%	20.4	18.2	15.7	8.8	7.9	7.2	19.9	15.5	12.5
Yixin	2858.HK	Vicky Wei, CFA	HKD	2.42	16,425	2,110	1	3.50	48.3%	10.4	8.3	7.6	1.3	1.1	1.0	1.1	na	na
Average										16.7	15.9	12.8	3.3	3.0	2.8	20.7	8.3	4.8
Digital content																		
China Literature	0772.HK	Vicky Wei, CFA	HKD	37.54	38,346	4,925	1	38.00	1.2%	25.1	22.5	20.7	4.7	4.5	4.4	17.9	24.0	21.0
IQOO	IQOO	Vicky Wei, CFA	USD	2.19	16,419	2,109	1	2.70	23.3%	na	27.8	20.8	0.6	0.6	0.5	2.3	2.1	1.9
Netease Cloud Music	9899.HK	NR	HKD	193.20	42,028	5,398	NR	NR	NR	13.0	16.0	14.0	4.9	4.4	4.0	18.9	15.0	11.6
Tencent Music Entertainment	TMEN.N	Alicia Yap, CFA	USD	18.45	222,498	28,577	1	29.00	58.2%	20.6	18.7	16.3	6.2	5.6	5.0	15.2	13.4	11.0
Average										19.6	21.3	18.0	4.1	3.8	3.5	13.6	13.6	11.4
Advertising/Portal																		
Sohu	SOHU.O	Alicia Yap, CFA	USD	15.42	3,610	464	1	22.00	42.7%	na	na	na	0.8	0.7	0.7	6.0	3.7	2.7
So-Young	SY.O	Nelson Cheung	USD	2.95	2,289	294	1H	5.20	76.3%	na	na	8.5	1.4	1.0	0.8	na	5.8	na
Weibo	WB.O	Alicia Yap, CFA	USD	9.94	18,947	2,434	1	12.00	29.0%	5.6	5.6	5.3	1.5	1.5	1.5	na	na	na
Zhihu	ZHI.N	Vicky Wei, CFA	USD	3.69	2,584	332	1H	6.00	62.6%	45.1	98.9	56.2	0.8	0.8	0.5	8.9	13.8	na
Average										44.8	40.8	20.4	1.6	1.4	2.0	6.4	5.5	na
Live streaming																		
Hello Group	MOMO.O	Brian Gong	USD	6.96	10,817	1,389	2H	8.00	19.3%	9.4	6.0	5.5	0.8	0.8	0.7	1.4	0.7	0.2
JOYY	JOYY.O	Brian Gong	USD	63.12	25,053	3,218	1	70.00	16.9%	11.8	10.5	9.5	1.6	1.5	1.4	1.9	na	na
HUYA.N	HUYA.N	Nelson Cheung	USD	2.85	5,267	676	1	4.20	51.9%	35.0	22.7	15.1	0.7	0.7	0.7	na	9.7	3.4
DOYU.O	DOYU.O	Nelson Cheung	USD	7.13	1,724	221	2	7.60	6.6%	na	na	na	0.4	0.5	0.5	na	68.7	80.5
Kuaishou	1024.HK	Brian Gong	HKD	67.80	293,130	37,649	1	88.00	29.8%	13.1	11.7	10.1	1.9	1.8	1.7	7.7	6.2	4.6
Newborn Town	9911.HK	Nelson Cheung	HKD	9.46	13,367	1,717	1H	16.00	69.1%	10.0	9.4	7.6	1.6	1.4	1.2	9.4	6.8	4.6
Bilibili	BILI.O	Brian Gong	USD	26.61	85,788	11,018	2H	27.00	1.5%	32.7	27.4	23.6	2.8	2.6	2.4	19.5	14.8	11.9
Average										18.7	14.6	11.9	1.4	1.3	1.2	78.8	15.3	14.9
Gaming/software services																		
37 Interactive	002555.SZ	Nelson Cheung	CNY	20.58	50,100	6,435	1	25.50	29.7%	14.4	12.9	11.5	2.8	2.7	2.6	11.8	10.4	9.2
Century Huotou	002802.SZ	Nelson Cheung	CNY	17.99	147,052	18,887	1	22.00	22.3%	24.8	16.3	15.2	3.5	2.9	2.6	16.0	10.6	9.1
B-Ray Media	600880.SS	Nelson Cheung	CNY	5.39	6,485	833	3H	3.20	-40.4%	na	na	na	9.0	8.4	7.8	62.5	50.4	42.8
Chinese Media	600373.SS	Nelson Cheung	CNY	10.57	15,906	2,043	3	9.00	-12.0%	17.2	12.2	11.5	2.0	2.0	2.0	2.3	1.5	1.0
G-Bits	603444.SS	Nelson Cheung	CNY	429.18	34,024	4,370	1	550.00	32.5%	17.4	15.6	15.3	5.1	5.0	4.9	9.8	8.9	8.3
Giant Network	002558.SZ	Nelson Cheung	CNY	41.14	87,590	11,250	1	42.00	3.1%	40.0	21.7	20.0	15.4	10.6	10.1	46.0	20.8	18.3
IGG	0799.HK	Nelson Cheung	HKD	3.82	4,383	563	1	5.30	44.0%	7.9	5.1	4.8	0.8	0.8	0.7	2.7	1.6	1.3
Kingnet	002517.SZ	Nelson Cheung	CNY	22.32	52,475	6,740	1	31.00	40.2%	22.9	15.8	14.2	8.4	6.8	6.3	18.8	12.4	10.6
NetEase	NTES.O	Alicia Yap, CFA	USD	138.05	680,585	87,413	1	161.00	18.3%	16.1	15.7	14.3	5.5	5.2	4.9	13.1	12.1	10.9
Oupalm	300315.SZ	Nelson Cheung	CNY	5.20	15,494	1,990	3H	1.50	-71.2%	na	na	94.2	20.9	20.6	20.4	na	na	na
Perfect World	002824.SZ	Nelson Cheung	CNY	14.17	30,250	3,895	2	18.00	28.4%	27.0	15.7	13.3	3.8	3.5	3.3	16.4	10.9	8.6
ZQGame	300052.SZ	Nelson Cheung	CNY	12.20	3,516	452	3H	5.00	-59.0%	na	na	na	15.5	14.5	13.7	na	na	na
XD	2400.HK	Nelson Cheung	HKD	70.65	34,963	4,491	2H	82.00	16.6%	19.9	19.0	19.5	5.0	4.7	4.6	16.3	15.4	14.8
YOZOZO Interactive	002174.SZ	Nelson Cheung	CNY	11.83	12,801	1,644	3H	8.00	-31.2%	41.4	25.2	22.0	7.1	7.0	6.9	16.1	12.3	10.6
Average										27.4	20.6	22.3	6.0	5.4	5.5	8.2	62.1	na
Media and Entertainment																		
Enlight Media	300251.SZ	Vicky Wei, CFA	CNY	16.41	52,975	6,804	1H	23.00	40.7%	20.7	52.5	49.2	13.2	21.8	19.6	14.0	34.0	31.3
Damai Entertainment	1060.HK	Vicky Wei, CFA	HKD	0.89	26,590	3,415	1	1.40	57.3%	28.3	23.5	21.9	3.2	2.9	2.6	14.4	10.8	9.4
Focus Media	102027.SZ	Vicky Wei, CFA	CNY	7.35	116,811	15,003	1	14.00	41.1%	8.2	7.9	17.7	1.8	1.7	1.6	13.9	13.9	na
Huayi Brothers Media	300027.SZ	Vicky Wei, CFA	CNY	2.62	7,999	1,027	3H	1.10	-58.0%	48.7	33.5	28.1	8.8	5.6	4.7	21.5	17.6	15.9
Mango Excellent Media	300413.SZ	Vicky Wei, CFA	CNY	25.92	53,359	6,853	1	31.00	20.4%	35.2	28.5	24.2	3.8	3.4	3.1	5.2	4.4	4.0
Maoyan Entertainment	1896.HK	Vicky Wei, CFA	HKD	6.91	8,030	1,031	1	9.30	39.2%	13.3	10.1	9.3	1.5	1.5	1.4	7.0	6.2	4.0
Zhejiang Huace Film & TV	300133.SZ	Vicky Wei, CFA	CNY	7.70	16,000	2,055	1	9.00	17.5%	26.3	22.1	19.9	5.8	4.8	4.4	13.8	11.1	9.5
Average										37.1	33.7	30.1	5.2	5.4	5.1	19.9	18.3	16.2
Software services/ Internet Infrastructure																		
360 Security	601360.SS	Nelson Cheung	CNY	13.62	104,909	13,474	2	11.00	-17.8%	na	na	na	11.1	11.1	10.7	na	na	na
Kingsoft Office	688111.SS	Brian Gong	HKD	21.99	158,674	20,380	1	17.00	54.6%	59.38	50.38	50.00	24.4	21.8	20.6	34.5	62.4	29.1
Kingsoft HK	3888.HK	Brian Gong	HKD	26.64	40,108	5,151	1	44.00	3.3%	19.7	17.3	14.1	3.1	2.8	2.6	3.8	3.1	2.3
Kingsoft Cloud	KCOO.O	Brian Gong	USD	12.36	29,074	3,734	1	20.00	61.8%	na	na	na	2.4	2.2	2.0	18.7	14.1	11.1
Lakala Payment	300773.SZ	Vicky Wei, CFA	CNY	22.15	18,931	2,431	3	22.00	0.7%	32.3	26.3	24.0	3.1	2.9	2.8	21.9	17.2	15.1
Weinob	2013.HK	Brian Gong	HKD	1.99	7,881	1,012	3	1.55	-22.1%	na	na	na	3.5	3.3	3.0	na	na	na
Yeehaa	9923.HK	Vicky Wei, CFA	HKD	7.99	3,688	474	2H	14.60	82.7%	14.5	12.8	10.6	0.8	0.7	0.7	10.3	7.4	5.4
Youzan	8083.HK	Brian Gong	HKD	0.16	5,205	668	3H	0.05	-68.8%	51.5	19.8	16.7	3.4	3.3	3.0	na	44.3	20.9
Average										30.7	27.5	34.5	5.2	4.5	4.0	na	na	41.2
Southeast Asia Internet																		
Bukalapak	BUKA.JK	Ferry Davis	IDR	169.00	8,149	1,047	1	200.00	18.3%	22.3	17.5	14.8	3.3	3.0	2.8	na	na	na
GoTo Golek Tokopedia	GO.TOK	Ryan Wong, CFA	IDR	64.00	34,124	4												

Share Price Performance

Figure 76. China internet price performance

Company Name	Reuters Ticker	Analyst	Price Currency	Price	Mkt Cap		52 Week		Price Performance			
					HKD\$m	USD\$m	High	Low	1 week	1 mth	3 mth	YTD
Category Leader												
Alibaba	BABA.N	Alicia Yap, CFA	USD	157.30	2,922,266	375,330	192.67	79.67	2.9%	-12.6%	16.5%	87.0%
Alibaba	9988.HK	Alicia Yap, CFA	HKD	151.50	2,891,929	371,434	186.20	74.74	2.6%	-11.4%	30.9%	85.3%
Baidu	BIDU.O	Alicia Yap, CFA	USD	116.89	312,862	40,183	149.51	74.71	5.4%	-8.4%	22.7%	38.6%
NetEase	NTE.S.O	Alicia Yap, CFA	USD	138.05	680,585	87,413	159.55	87.67	3.3%	-4.8%	1.4%	54.7%
JD.com	JD.O	Alicia Yap, CFA	USD	29.83	332,709	42,733	46.45	28.21	3.1%	-13.2%	-4.0%	-14.0%
Meituan	3690.HK	Alicia Yap, CFA	HKD	102.50	625,544	80,344	189.60	94.05	7.3%	2.5%	-0.2%	-32.4%
Tencent	0700.HK	Alicia Yap, CFA	HKD	611.50	5,592,088	718,237	683.00	364.80	0.2%	-5.2%	2.5%	46.6%
PDD	PDD.O	Alicia Yap, CFA	USD	116.08	1,283,050	164,793	139.41	87.11	2.5%	-15.9%	-3.4%	19.7%
Trip.com	TCOM.O	Brian Gong	USD	69.92	355,813	45,700	78.65	51.35	0.1%	-3.5%	-5.2%	1.8%
Ecommerce												
Alibaba	BABA.N	Alicia Yap, CFA	USD	157.30	2,922,266	375,330	192.67	79.67	2.9%	-12.6%	16.5%	87.0%
Baozun	BZUN.O	Alicia Yap, CFA	USD	2.86	1,288	165	4.88	2.12	0.7%	-16.1%	-15.6%	5.1%
JD.com	JD.O	Alicia Yap, CFA	USD	29.83	332,709	42,733	46.45	28.21	3.1%	-13.2%	-4.0%	-14.0%
PDD	PDD.O	Alicia Yap, CFA	USD	116.08	1,283,050	164,793	139.41	87.11	2.5%	-15.9%	-3.4%	19.7%
Vipshop	VIPS.N	Alicia Yap, CFA	USD	19.64	75,387	9,683	21.06	12.16	5.4%	7.3%	17.3%	45.8%
Online Travel												
Tongcheng Travel	0780.HK	Brian Gong	HKD	21.92	51,489	6,613	24.90	17.02	4.4%	2.5%	-0.1%	20.4%
Trip.com	TCOM.O	Brian Gong	USD	69.92	355,813	45,700	78.65	51.35	0.1%	-3.5%	-5.2%	1.8%
Verticals												
Autohome	ATHM.N	Brian Gong	USD	23.76	21,911	2,814	32.59	23.12	1.2%	-6.8%	-17.7%	-8.4%
DIDI Global	DIDIY.PK	Alicia Yap, CFA	USD	5.35	193,957	24,912	6.99	3.15	0.8%	-18.3%	-8.5%	17.1%
Full Truck Alliance	YMM.N	Brian Gong	USD	11.35	92,425	11,871	14.07	9.45	9.5%	-10.8%	-13.0%	4.9%
Kanzhun	BZ.O	Brian Gong	USD	22.10	82,499	10,596	25.26	12.85	8.1%	-1.7%	-6.4%	60.1%
Yixin	2858.HK	Vicky Wei, CFA	HKD	2.42	16,425	2,110	3.30	0.64	10.0%	-1.6%	-23.7%	180.3%
Digital content												
China Literature	0772.HK	Vicky Wei, CFA	HKD	37.54	38,346	4,925	46.88	22.40	7.7%	-7.5%	-7.4%	49.0%
IQIYI	IQ.O	Vicky Wei, CFA	USD	2.19	16,419	2,109	2.84	1.50	2.8%	-6.8%	-17.4%	9.0%
Netease Cloud Music	9899.HK	NR	HKD	193.20	42,028	5,398	303.40	106.00	2.0%	-23.3%	-30.9%	69.2%
Tencent Music Entertainment	TME.N	Alicia Yap, CFA	USD	18.45	222,498	28,577	26.70	10.26	1.7%	-19.5%	-24.8%	62.6%
Advertising/Portal												
Sohu	SOHU.O	Alicia Yap, CFA	USD	15.42	3,610	464	16.45	7.79	8.4%	2.1%	-4.1%	17.0%
So-Young	SY.O	Nelson Cheung	USD	2.95	2,289	294	6.28	0.67	-3.0%	2.4%	-23.2%	267.4%
Weibo	WB.O	Alicia Yap, CFA	USD	9.94	18,947	2,434	12.96	7.10	3.1%	-10.9%	-13.3%	4.1%
Zhihu	ZH.N	Vicky Wei, CFA	USD	3.69	2,584	332	6.31	3.20	-7.5%	-14.2%	-23.1%	4.2%
Live streaming												
Hello Group	MOMO.O	Brian Gong	USD	6.96	10,817	1,389	9.22	5.05	-0.3%	1.5%	-16.1%	-4.5%
JOYY	JOYY.O	Brian Gong	USD	63.12	25,053	3,218	67.85	35.01	2.2%	4.3%	16.8%	50.8%
Huya	HUYA.N	Nelson Cheung	USD	2.85	5,267	676	4.00	1.64	8.0%	1.4%	-20.4%	59.4%
Douyu	DOYU.O	Nelson Cheung	USD	7.13	1,724	221	9.93	3.92	5.5%	4.4%	-7.6%	66.4%
Kuaishou	1024.HK	Brian Gong	HKD	67.80	293,130	37,649	92.60	38.15	5.9%	-10.7%	-10.0%	64.0%
Newborn Town	9911.HK	Nelson Cheung	HKD	9.46	13,367	1,717	13.63	3.26	0.0%	-14.0%	-23.2%	154.3%
Bilibili	BILI.O	Brian Gong	USD	26.61	85,788	11,018	32.50	14.47	7.7%	-16.9%	14.4%	46.9%
Gaming/software services												
37 Interactive	002555.SZ	Nelson Cheung	CNY	20.58	50,100	6,435	24.35	13.11	3.5%	-2.8%	4.5%	31.6%
Century Huatong	002602.SZ	Nelson Cheung	CNY	17.99	147,052	18,887	22.49	4.11	8.8%	-1.3%	15.8%	250.0%
B-Ray Media	600880.SS	Nelson Cheung	CNY	5.39	6,485	833	7.22	3.78	3.3%	7.2%	6.3%	13.7%
Chinese Media	600373.SS	Nelson Cheung	CNY	10.57	15,906	2,043	14.20	9.91	0.1%	2.8%	2.9%	-15.8%
G-Bits	603444.SS	Nelson Cheung	CNY	429.18	34,024	4,370	668.00	198.21	1.6%	-14.8%	-6.5%	96.1%
Giant Network	002558.SZ	Nelson Cheung	CNY	41.14	87,590	11,250	47.66	11.11	14.3%	8.5%	30.2%	224.2%
IGG	0799.HK	Nelson Cheung	HKD	3.82	4,383	563	5.75	2.90	5.5%	-5.2%	-18.2%	-4.5%
Kingnet	00257.SZ	Nelson Cheung	CNY	22.32	52,705	6,740	30.50	12.53	7.0%	-10.7%	-4.1%	64.0%
NetEase	NTE.S.O	Alicia Yap, CFA	USD	138.05	680,585	87,413	159.55	87.67	3.3%	-4.8%	1.4%	54.7%
Ourpalm	300315.SZ	Nelson Cheung	CNY	5.20	15,494	1,990	7.23	4.21	3.4%	1.6%	-11.4%	-5.5%
Perfect World	002624.SZ	Nelson Cheung	CNY	14.17	30,250	3,885	20.35	9.19	-3.8%	-19.4%	-14.9%	37.2%
ZQGame Co	300052.SZ	Nelson Cheung	CNY	12.20	3,516	452	25.08	7.80	2.2%	1.9%	7.0%	-27.3%
XD	2400.HK	Nelson Cheung	HKD	70.65	34,963	4,491	89.40	22.05	7.1%	0.5%	-12.6%	180.9%
YOZZO Interactive	002174.SZ	Nelson Cheung	CNY	11.83	12,801	1,644	18.15	7.65	4.0%	-8.6%	-30.4%	26.5%
Media and Entertainment												
Enlight Media	300251.SZ	Vicky Wei, CFA	CNY	16.41	52,975	6,804	41.68	8.28	3.5%	-2.1%	-17.0%	73.8%
Damai Entertainment	1060.HK	Vicky Wei, CFA	HKD	0.89	26,590	3,415	1.37	0.42	8.5%	-6.3%	-23.3%	87.4%
Focus Media	002027.SZ	Vicky Wei, CFA	CNY	7.35	116,811	15,003	8.76	6.21	-2.6%	-3.5%	-11.6%	4.6%
Huayi Brothers Media	300027.SZ	Vicky Wei, CFA	CNY	2.62	7,969	1,027	3.73	2.00	1.9%	6.1%	-5.1%	0.0%
Mango Excellent Media	300413.SZ	Vicky Wei, CFA	CNY	25.92	53,359	6,853	36.42	20.94	0.8%	-10.2%	-0.6%	-3.6%
Maoyan Entertainment	1896.HK	Vicky Wei, CFA	HKD	6.91	8,030	1,031	9.95	6.25	3.3%	0.7%	-10.7%	-13.5%
Zhejiang Huace Film & TV	300133.SZ	Vicky Wei, CFA	CNY	7.70	16,000	2,055	10.53	5.87	0.7%	2.7%	-10.3%	6.6%
Software services/ Internet Infrastructure												
360 Security	601360.SS	Nelson Cheung	CNY	13.62	104,909	13,474	14.40	8.98	8.0%	28.6%	17.4%	31.6%
Kingsoft Office	688111.SS	Brian Gong	CNY	311.31	158,674	20,380	408.68	249.05	1.8%	-7.8%	-6.9%	8.7%
Kingsoft	3888.HK	Brian Gong	HKD	28.64	40,108	5,151	47.50	27.24	0.0%	-14.5%	-16.0%	-14.9%
Kingsoft Cloud	KC.O	Brian Gong	USD	12.36	29,074	3,734	22.26	7.17	2.4%	-6.7%	-16.3%	17.8%
Lakala Payment	300773.SZ	Vicky Wei, CFA	CNY	22.15	18,931	2,431	35.97	13.95	3.9%	-10.1%	-21.7%	25.1%
Weimob	2013.HK	Brian Gong	HKD	1.99	7,881	1,012	3.69	1.36	2.1%	-11.9%	-24.0%	-39.1%
Yeahka	9923.HK	Vicky Wei, CFA	HKD	7.99	3,688	474	16.58	6.36	6.1%	-10.1%	-32.9%	-35.0%
Youzan	8083.HK	Brian Gong	HKD	0.16	5,205	668	0.24	0.08	-5.3%	-18.4%	-5.9%	28.0%
Southeast Asia Internet												
Bukalapak	BUKA.JK	Ryan Davis	IDR	169.00	8,149	1,047	198.00	111.00	0.6%	0.6%	-2.9%	35.2%
GoTo Gojek Tokopedia	GOTO.JK	Ferry Wong, CFA	IDR	64.00	34,124	4,383	89.00	53.00	0.0%	14.3%	10.3%	-8.6%
Grab Holdings	GRAB.O	Alicia Yap, CFA	USD	5.45	173,423	22,274	6.62	3.36	11.2%	-8.9%	9.2%	15.5%
Sea	SE.N	Alicia Yap, CFA	USD	139.01	640,750	82,297	199.24	99.64	5.8%	-10.9%	-25.5%	31.0%
Logistics												
ANE	9956.HK	Brian Gong	HKD	11.55	13,584	1,745	11.68	6.52	0.0%	23.3%	38.1%	44.9%
J&T Express	1519.HK	Brian Gong	HKD	9.58	85,242	10,948	11.34	4.53	2.2%	-5.2%	-7.9%	56.3%
ID Logistics	2618.HK	Brian Gong	HKD	12.17	80,992	10,402	15.64	10.08	3.0%	-3.3%	-5.1%	-4.9%
KLN Logistics	0636.HK	Brian Gong	HKD	7.03	12,706	1,632	9.79	5.49	2.0%	-2.1%	-12.2%	2.2%
S.F. Holding	002352.SZ	Brian Gong	CNY	38.37	202,650	26,028	51.13	38.33	-1.9%	-5.8%	-13.9%	-4.8%
SF Intra-City	9699.HK	Nelson Cheung	HKD	11.44	10,459	1,343	19.26	7.54	4.0%	-10.7%	-24.0%	23.1%
STO Express	002468.SZ	Brian Gong	CNY	14.37	24,207	3,109	20.07	9.48	2.3%	-7.8%	-17.5%	41.9%
YTO Express	600233.SS	Brian Gong	CNY	17.05	64,215	8,248	20.57	11.97	1.4%	-2.7%	0.6%	20.2%
YUNDA Holding	002120.SZ	Brian Gong	CNY	6.99	22,301	2,864	9.06	6.33	-0.6%	-4.4%	-12.5%	-7.0%
ZTO Express	ZTO.N	Brian Gong	USD	20.65	129,341	16,612	22.01	16.34	7.4%	8.3%	13.5%	5.6%
China Ride-Hailing												
CaoCao	2643.HK	Alicia Yap, CFA	HKD	45.14	24,585	3,158	92.50	32.85	-5.1%	-9.0%	-43.6%	na
Chenqi Technology Ltd	9680.HK	NR	HKD	10.21	2,084	268	16.88	7.00	14.1%	-3.2%	-10.3%	-27.1%
Dida Inc	2558.HK	NR	HKD	2.80	2,851	366	4.35	0.99	1.8%	-5.7%	122.2%	60.0%
DIDI Global	DIDIY.PK	Alicia Yap, CFA	USD	5.35	193,957	24,912	6.99	3.15	0.8%	-18.3%	-8.5%	17.1%

© 2025 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: dataCentral, Citi Research, data as of Nov 28, 2025, close, consensus figs for NR stocks

Figure 77. Companies Mentioned (priced as of 28 Nov 2025)

Company	Ticker	Mkt Cap		Close Price	Target Price	Rating	P/E (x)		EV/EBITDA (x)		P/B (x)		Dividend (%)		Debt / equity (%)	
		US\$ (M)	Ccy				2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
360 Security Technology	601360.SS	13,118	Rmb	13.260	11.000	2	NA	NA	NA	NA	3.2	3.4	1.5	1.5	3.1	3.3
37 Interactive Entertainment	002555.SZ	6,500	Rmb	20.790	25.500	1	14.6	13.0	11.9	10.5	3.4	3.3	5.6	6.2	27.1	33.2
Alibaba Group Hldg	9988.HK	371,434	HK\$	151.50	223.00	1	21.2	18.3	12.6	10.2	2.3	2.1	0.7	0.7	23.3	23.2
Alibaba Group Hldg	BABA.N	375,330	US\$	157.30	225.00	1	21.5	18.7	12.8	10.3	2.4	2.1	0.6	0.6	23.3	23.2
Alphabet	GOOGL.O	3,863,288	US\$	320.18	343.00	1	30.2	29.2	24.8	19.6	9.3	7.1	NA	NA	5.2	3.9
Amazon.com	AMZN.O	2,493,172	US\$	233.22	320.00	1	24.7	22.3	16.7	13.0	6.3	4.9	NA	NA	12.8	9.9
ANE	9956.HK	1,745	HK\$	11.55	10.20	1H	12.6	11.2	5.1	4.6	3.1	2.5	NA	NA	26.3	21.6
Autohome	ATHM.N	2,814	US\$	23.76	26.00	2	12.3	12.1	-3.7	-7.0	0.8	0.7	NA	NA	0.1	0.1
Baidu	BIDU.O	40,183	US\$	116.89	181.00	1	14.5	13.9	3.6	3.0	1.0	0.9	NA	NA	28.4	25.8
Baozun	BZUN.O	165	US\$	2.86	4.80	1	40.9	7.1	4.9	1.8	0.2	0.2	NA	NA	25.1	24.5
Beijing Enlight Media	300251.SZ	7,007	Rmb	16.900	23.000	1H	21.3	54.1	14.6	35.3	4.7	4.6	1.2	0.7	0.0	0.0
Beijing Kingsoft Office Software	688111.SS	20,758	Rmb	317.080	410.000	1	77.0	61.0	86.2	63.5	10.8	9.5	NA	NA	0.0	0.0
Bilibili	BILI.O	11,018	US\$	26.61	27.00	2H	32.7	27.4	19.5	14.8	4.8	4.1	NA	NA	19.9	17.0
Bukalapak.com	BUKA.JK	1,047	Rp	169	200	1	22.3	17.5	-16.5	-8.5	0.7	0.6	NA	NA	0.1	0.1
CaoCao	2643.HK	3,158	HK\$	45.14	70.00	1H	-40.8	85.8	NA	43.6	-5.0	-5.5	NA	NA	NA	NA
Century Huatong	002602.SZ	19,507	Rmb	18.580	22.000	1	25.7	16.8	16.6	11.0	4.6	3.7	NA	NA	2.8	2.2
Chengdu B-ray Media	600880.SS	830	Rmb	5.370	3.200	3H	NA	NA	62.2	50.1	1.9	1.9	0.1	0.2	5.1	5.1
China Literature	0772.HK	4,925	HK\$	37.54	38.00	1	25.1	22.5	17.9	24.0	1.7	1.6	NA	NA	0.0	0.0
Chinese Media	600373.SS	2,043	Rmb	10.570	9.000	3	17.2	12.2	2.3	1.5	0.8	0.8	2.6	3.7	8.6	8.3
Damai Entertainment Holdings	1060.HK	3,415	HK\$	0.89	1.40	1	28.3	23.5	14.4	10.8	1.4	1.3	NA	NA	6.5	9.5
DiDi Global	DIDIY.PK	24,912	US\$	5.35	8.30	1H	23.1	28.4	77.1	18.0	1.8	1.7	NA	NA	15.5	14.5
Douyu	DOYU.O	221	US\$	7.13	7.60	2	NA	NA	NA	68.7	0.4	0.4	NA	NA	0.0	0.0
Focus Media	002027.SZ	15,228	Rmb	7.460	10.000	1	19.7	18.6	15.8	15.2	5.3	5.2	4.7	5.0	11.2	10.9
Full Truck Alliance	YMM.N	11,871	US\$	11.35	15.00	1H	17.7	15.9	12.8	10.2	2.0	1.8	NA	NA	0.0	0.0
G-bits	603444.SS	4,496	Rmb	441.520	550.000	1	17.9	16.1	10.2	9.3	6.0	5.4	4.2	4.7	0.2	0.2
Giant Network	002558.SZ	11,302	Rmb	41.330	42.000	1	40.1	21.8	46.2	21.0	5.6	4.6	1.0	1.8	3.5	2.0
GoTo Gojek Tokopedia	GOTO.JK	4,383	Rp	64	110	1H	NA	58.4	56.8	15.3	2.4	2.3	NA	NA	11.2	10.7
Grab Holdings	GRAB.O	22,274	US\$	5.45	7.20	1	NA	88.7	58.2	45.4	3.2	3.1	NA	NA	31.4	30.6
Hello Group Inc	MOMO.O	1,389	US\$	6.96	8.00	2H	9.4	6.0	1.4	0.7	0.7	0.7	3.2	5.0	0.0	0.0
Huayi Brothers Media	300027.SZ	1,067	Rmb	2.720	1.100	3H	50.6	34.8	22.5	18.4	21.1	17.2	NA	NA	424.6	345.8
Huya	HUYA.N	676	US\$	2.85	4.20	1	35.0	22.7	-5.0	9.7	0.9	0.9	NA	NA	0.0	0.0
IGG	0799.HK	563	HK\$	3.82	5.30	1	7.9	5.1	2.7	1.6	1.4	1.3	5.3	5.9	0.0	0.0
iQIYI	IQ.O	2,109	US\$	2.19	2.70	1	NA	27.8	2.3	2.1	1.1	1.1	NA	NA	122.6	143.0
J&T Express	1519.HK	10,948	HK\$	9.58	12.00	1	34.6	20.0	10.9	7.3	3.4	2.9	NA	NA	54.7	44.5
JD Logistics	2618.HK	10,402	HK\$	12.17	18.00	1	8.7	7.3	3.5	2.5	1.1	1.0	NA	NA	10.2	9.0
JD.com	JD.O	47,542	US\$	29.83	44.00	1	10.5	8.1	4.1	2.1	1.3	1.2	2.3	2.9	12.6	11.9
JOYY	JOYY.O	3,218	US\$	63.12	70.00	1	11.8	10.5	1.9	-0.1	0.7	0.6	6.0	6.0	0.6	0.6
Kanzhun	BZ.O	10,596	US\$	22.10	26.00	1	20.4	18.2	19.9	15.5	3.8	3.2	NA	NA	0.0	0.0
Kingnet	002517.SZ	6,960	Rmb	23.050	31.000	1	23.7	16.3	19.5	12.9	6.2	4.9	1.3	1.8	0.0	0.0
Kingsoft	3888.HK	5,151	HK\$	28.64	44.00	1	19.7	17.3	3.8	3.1	1.5	1.4	NA	NA	11.2	11.6
Kingsoft Cloud	KC.O	3,734	US\$	12.36	20.00	1	-39.7	-34.6	18.7	14.1	4.7	5.7	NA	NA	143.7	185.8
KLN Logistics	0636.HK	1,632	HK\$	7.03	8.50	1H	10.0	9.2	3.0	2.6	0.7	0.7	3.8	5.1	43.5	40.1
Kuaishou	1024.HK	31,461	HK\$	67.80	88.00	1	13.1	11.7	6.1	4.8	3.2	2.5	NA	NA	0.0	0.0
Lakala Payment	300773.SZ	2,429	Rmb	22.130	22.000	3	32.2	26.3	21.9	17.2	4.1	3.8	1.4	1.8	7.3	6.7
MANGO	300413.SZ	6,734	Rmb	25.470	31.000	1	34.6	28.0	5.1	4.3	2.0	1.9	0.7	1.1	2.1	2.6
Maoyan Ent	1896.HK	1,031	HK\$	6.91	9.30	1	13.3	10.5	7.0	6.2	0.8	0.7	NA	NA	5.0	4.7
Meituan	3690.HK	80,344	HK\$	102.50	115.00	2H	-33.6	-40.6	-22.4	-28.2	3.7	4.1	NA	NA	1.2	1.4
Meta Platforms	META.O	1,633,176	US\$	647.95	850.00	1	19.8	16.5	15.2	12.7	7.8	6.0	NA	NA	0.0	0.0
Microsoft	MSFT.O	3,656,804	US\$	492.01	690.00	1	32.3	27.0	19.4	16.1	9.4	7.4	0.7	0.7	11.1	8.7

NetEase	NTES.O	87,413	US\$	138.05	161.00	1	16.1	15.7	13.1	12.1	3.4	3.5	1.7	1.7	3.9	4.0
Netflix Inc	NFLX.O	457,136	US\$	107.58	128.00	2	42.7	33.3	34.1	27.7	17.2	16.2	NA	NA	54.8	48.9
Newborn Town	9911.HK	1,717	HK\$	9.46	16.00	1H	10.0	9.4	9.4	6.8	4.1	2.8	NA	NA	3.0	2.1
Ourpalm	300315.SZ	1,998	Rmb	5.220	1.500	3H	NA	NA	NA	NA	3.0	3.0	0.1	0.1	0.2	0.2
PDD Holdings	PDD.O	164,793	US\$	116.08	170.00	1H	10.7	8.8	6.9	4.2	2.7	2.0	NA	NA	0.6	0.4
Perfect World	002624.SZ	3,992	Rmb	14.560	18.000	2	27.8	16.1	16.9	11.2	4.1	3.6	1.4	2.5	0.7	0.6
SF Hldg	002352.SZ	26,055	Rmb	38.410	55.000	1	17.8	16.0	6.4	5.9	2.0	1.9	2.6	3.0	45.1	42.3
Sea Ltd	SE.N	82,297	US\$	139.01	200.00	1	42.7	35.2	22.4	18.6	7.4	6.1	NA	NA	55.6	38.1
SF Intra-City	9699.HK	1,343	HK\$	11.44	22.00	1	31.1	20.1	31.4	18.9	2.9	2.5	NA	NA	0.0	0.0
Shenzhen ZQGame	300052.SZ	454	Rmb	12.270	5.000	3H	-89.0	NA	NA	NA	8.7	9.4	NA	NA	13.9	15.1
So-Young Intl	SY.O	294	US\$	2.95	5.20	1H	-11.0	NA	-0.9	5.8	1.3	1.3	NA	NA	0.0	0.0
Sohu	SOHU.O	464	US\$	15.42	22.00	1	-8.2	-5.1	6.0	3.7	0.4	0.4	NA	NA	0.0	0.0
Spotify Tech	SPOT.N	123,304	US\$	598.87	750.00	2	79.2	44.2	44.1	30.8	15.6	11.3	NA	NA	25.6	18.3
STO Express	002468.SZ	3,098	Rmb	14.320	20.000	1	18.0	13.8	7.0	5.5	2.0	1.8	0.5	0.7	52.0	46.0
Tencent Hldgs	0700.HK	718,237	HK\$	611.50	751.00	1	19.6	17.4	13.6	10.7	5.0	4.8	0.8	0.9	19.5	19.0
Tencent Music Entertainment	TME.N	28,577	US\$	18.45	29.00	1	20.6	18.7	15.2	13.4	2.8	2.6	0.1	0.2	4.8	4.5
Tongcheng Travel Hldgs	0780.HK	6,613	HK\$	21.92	28.00	1	13.6	12.2	7.8	6.4	2.0	1.8	1.3	1.7	17.6	15.7
Trip.com Group	TCOM.O	45,700	US\$	69.92	86.00	1	18.1	16.2	12.9	9.5	1.9	1.7	NA	NA	22.5	20.2
Vipshop Hldgs	VIPS.N	9,683	US\$	19.64	21.00	2	8.2	7.3	4.2	3.4	1.7	1.5	0.3	0.4	18.9	16.6
Weibo	WB.O	2,434	US\$	9.94	12.00	1	5.6	5.6	-2.2	-3.7	0.6	0.5	8.2	8.2	0.0	0.0
Weimob Inc	2013.HK	1,012	HK\$	1.99	1.55	3	-49.3	-73.5	NA	NA	5.3	8.8	NA	NA	313.2	636.2
XD	2400.HK	4,491	HK\$	70.65	82.00	2H	19.9	19.0	16.3	15.4	7.9	5.7	0.5	0.5	0.0	0.0
Yeahka Limited	9923.HK	474	HK\$	7.99	14.60	2H	14.5	12.8	10.7	7.2	0.9	0.9	NA	NA	32.0	29.8
Yixin	2858.HK	2,110	HK\$	2.42	3.50	1	10.4	8.3	1.1	-0.1	0.8	0.8	5.9	3.6	171.2	170.0
YOOZOO Interactive	002174.SZ	1,650	Rmb	11.870	8.000	3H	41.6	25.3	16.2	12.4	2.4	2.2	1.2	2.0	13.5	12.3
Youzan Technology	8083.HK	668	HK\$	0.16	0.05	3H	51.5	19.8	-35.9	44.3	5.1	5.0	NA	NA	7.8	7.7
YTO Express	600233.SS	8,272	Rmb	17.100	18.500	2	14.7	12.1	7.9	6.8	1.7	1.6	2.1	2.5	17.8	17.6
YUNDA Holding	002120.SZ	2,840	Rmb	6.930	6.360	3	10.7	10.0	5.0	4.5	0.9	0.9	2.8	3.0	53.1	49.9
Zhejiang Huace Film & TV	300133.SZ	2,063	Rmb	7.730	9.000	1	26.4	22.2	13.8	11.2	1.8	1.7	0.6	0.7	7.0	6.5
ZHIHU	ZH.N	332	US\$	3.69	6.00	1H	45.1	98.9	8.9	13.8	1.5	0.4	NA	NA	0.6	0.6
ZTO Express (Cayman)	ZTO.N	16,612	US\$	20.65	22.60	1	13.6	12.3	7.1	6.1	1.7	1.6	3.0	3.5	24.8	23.0

Source: Citi Research, and dataCentral. Financials and ratios are calendar year basis.

If you are visually impaired and would like to speak to a Citi representative regarding the details of the graphics in this document, please call USA 1-888-500-5008 (TTY: 711), from outside the US +1-210-677-3788

Appendix A-1

ANALYST CERTIFICATION

The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by “AC” in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

The Firm has made a market in the publicly traded equity securities of Bilibili Inc on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Kuaishou Technology on at least one occasion since 1 Jan 2024.

An employee of Citigroup Global Markets Inc or its affiliates is a Director of Microsoft Corp

The Firm has made a market in the publicly traded equity securities of Weimob Inc on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Tongcheng Travel Holdings Ltd on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Meituan on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Alibaba Group Holding Ltd on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Baidu Inc on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Trip.com Group Ltd on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of NetEase Inc on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of Tencent Holdings Ltd on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of JD.Com Inc on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of S.F. Holding Co Ltd on at least one occasion since 1 Jan 2024.

The Firm has made a market in the publicly traded equity securities of JD Logistics Inc on at least one occasion since 1 Jan 2024.

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of Grab Holdings Ltd,S.F. Holding,ZTO Express (Cayman). This position reflects information available as of the prior business day.

Citigroup Global Markets Inc. or its affiliates has a net short position of 0.5% or more of any class of common equity securities of ZTO Express (Cayman).

Citigroup Global Markets Inc. or its affiliates beneficially owns 2.0% or more of any class of common equity securities of Grab Holdings Ltd,ZTO Express (Cayman).

Within the past 12 months, Citigroup Global Markets Inc. or its affiliates has acted as manager or co-manager of an offering of securities of Alibaba,Alphabet Inc,Amazon.com, Inc.,Meta Platforms Inc.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Alibaba,Alphabet Inc,Amazon.com, Inc.,Baidu.com,China Literature,J&T Express,Meta Platforms Inc,Microsoft Corp.,Netflix, Inc,Sea,Tencent Holdings,Tencent Music Entertainment,ZTO Express (Cayman).

Citigroup Global Markets Inc. or its affiliates expects to receive or intends to seek, within the next three months, compensation for investment banking services from Alibaba,China Literature,Tencent Holdings,Tencent Music Entertainment.

Citigroup Global Markets Inc. or its affiliates received compensation for products and services other than investment banking services from 360 Security Technology,ANE,Alibaba,Alphabet Inc,Amazon.com, Inc.,Baidu.com,Baozun,Bukalapak,Century Huatong,China Literature,Damai Entertainment Holdings,DiDi Global,Focus Media,Full Truck Alliance,G-Bits,GoTo Gojek Tokopedia,Grab Holdings Ltd,Hello Group Inc,Huya,IGG,J&T Express,JD Logistics,JD.com,JOYY,KLN Logistics,Kanzhun Ltd,Kingsoft,Kingsoft Cloud,Kuaishou,Meituan,Meta Platforms Inc,Microsoft Corp.,NetEase,Netflix, Inc,Newborn

Town, Ourpalm, PDD Holdings Inc, S.F. Holding, Sea, So-Young International, Spotify Technology SA, Tencent Holdings, Tencent Music Entertainment, Tongcheng Travel Holdings, Trip.com Group Ltd, Vipshop Holdings, Weibo, Weimob, XD, YOOZOO Interactive, YTO Express, Youzan Technology, ZTO Express (Cayman), iQIYI in the past 12 months.

Citigroup Global Markets Inc. or its affiliates currently has, or had within the past 12 months, the following as investment banking client(s): Alibaba, Alphabet Inc, Amazon.com, Inc., Baidu.com, China Literature, J&T Express, Meta Platforms Inc, Microsoft Corp., Netflix, Inc, Sea, Tencent Holdings, Tencent Music Entertainment, ZTO Express (Cayman).

Citigroup Global Markets Inc. or its affiliates currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, securities-related: 360 Security Technology, ANE, Alibaba, Alphabet Inc, Amazon.com, Inc., Baidu.com, Baozun, Bukalapak, Century Huatong, China Literature, Damai Entertainment Holdings, DiDi Global, Full Truck Alliance, G-Bits, GoTo Gojek Tokopedia, Grab Holdings Ltd, Hello Group Inc, Huya, IGG, J&T Express, JD Logistics, JD.com, JOYY, KLN Logistics, Kanzhun Ltd, Kuaishou, Meituan, Meta Platforms Inc, Microsoft Corp., NetEase, Netflix, Inc, Newborn Town, Ourpalm, PDD Holdings Inc, S.F. Holding, Sea, So-Young International, Spotify Technology SA, Tencent Holdings, Tencent Music Entertainment, Trip.com Group Ltd, Vipshop Holdings, Weibo, Weimob, XD, YOOZOO Interactive, YTO Express, Youzan Technology, ZTO Express (Cayman).

Citigroup Global Markets Inc. or its affiliates currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, non-securities-related: 360 Security Technology, ANE, Alibaba, Alphabet Inc, Amazon.com, Inc., Baidu.com, Baozun, Bukalapak, Century Huatong, China Literature, Damai Entertainment Holdings, DiDi Global, Focus Media, Full Truck Alliance, G-Bits, GoTo Gojek Tokopedia, Grab Holdings Ltd, Hello Group Inc, Huya, IGG, J&T Express, JD Logistics, JD.com, JOYY, KLN Logistics, Kanzhun Ltd, Kingsoft, Kingsoft Cloud, Kuaishou, Meituan, Meta Platforms Inc, Microsoft Corp., NetEase, Netflix, Inc, Newborn Town, Ourpalm, PDD Holdings Inc, S.F. Holding, Sea, So-Young International, Spotify Technology SA, Tencent Holdings, Tencent Music Entertainment, Tongcheng Travel Holdings, Trip.com Group Ltd, Vipshop Holdings, Weibo, Weimob, XD, YOOZOO Interactive, YTO Express, Youzan Technology, ZTO Express (Cayman), iQIYI.

Citigroup Global Markets Inc. and/or its affiliates has a significant financial interest in relation to Alibaba, Alphabet Inc, Amazon.com, Inc., Baidu.com, Meituan, Meta Platforms Inc, Microsoft Corp., Netflix, Inc. (For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at www.citiVelocity.com.)

Analysts' compensation is determined by Citi Research management and Citigroup's senior management and is based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates (the "Firm"). Compensation is not linked to specific transactions or recommendations. Like all Firm employees, analysts receive compensation that is impacted by overall Firm profitability which includes investment banking, sales and trading, and principal trading revenues. One factor in equity research analyst compensation is arranging corporate access events between institutional clients and the management teams of covered companies. Typically, company management is more likely to participate when the analyst has a positive view of the company.

For financial instruments recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in such financial instruments (and any underlying instruments) and may act as principal in connection with transactions in such instruments. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the issuer(s) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

The Firm is a market maker in the publicly traded equity securities of Alibaba, Baidu.com, Bilibili, JD Logistics, JD.com, Kuaishou, Meituan, NetEase, S.F. Holding, Tencent Holdings, Tongcheng Travel Holdings, Trip.com Group Ltd.

Unless stated otherwise neither the Research Analyst nor any member of their team has viewed the material operations of the Companies for which an investment view has been provided within the past 12 months.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citi Research product ("the Product"), please contact Citi Research, 388 Greenwich Street, 6th Floor, New York, NY, 10013, Attention: Legal/Compliance [E6WYB6412478]. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Pursuant to the Market Abuse Regulation a history of all Citi Research recommendations published during the preceding 12-month period can be accessed via Citi Velocity (<https://www.citivelocity.com/cv2>) or your standard distribution portal. Historical disclosures (for up to the past three years) will be provided upon request.

Citi Research Equity Ratings Distribution

Data current as of 01 Oct 2025	12 Month Rating			Catalyst Watch		
	Buy	Hold	Sell	Buy	Hold	Sell
Citi Research Global Fundamental Coverage (Neutral=Hold)	58%	33%	9%	37%	46%	17%
% of companies in each rating category that are investment banking clients	36%	39%	26%	38%	35%	35%

Guide to Citi Research Fundamental Research Investment Ratings:

Citi Research stock recommendations include an investment rating and an optional risk rating to highlight high risk stocks.

Risk rating takes into account both price volatility and fundamental criteria. Stocks will either have no risk rating or a High risk

rating assigned.

Investment Ratings: Citi Research investment ratings are Buy, Neutral and Sell. Our ratings are a function of analyst expectations of expected total return ("ETR") and risk. ETR is the sum of the forecast price appreciation (or depreciation) plus the dividend yield for a stock within the next 12 months. The target price is based on a 12 month time horizon. The Investment rating definitions are: Buy (1) ETR of 15% or more or 25% or more for High risk stocks; and Sell (3) for negative ETR. Any covered stock not assigned a Buy or a Sell is a Neutral (2). For stocks rated Neutral (2), if an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Citi Research management not to assign a target price and, thus, not derive an ETR. Citi Research may suspend its rating and target price and assign "Rating Suspended" status for regulatory and/or internal policy reasons. Citi Research may also suspend its rating and target price and assign "Under Review" status for other exceptional circumstances (e.g. lack of information critical to the analyst's thesis, trading suspension) affecting the company and/or trading in the company's securities. In both such situations, the rating and target price will show as "—" and "—" respectively in the rating history price chart. Prior to 11 April 2022 Citi Research assigned "Under Review" status to both situations and prior to 11 Nov 2020 only in exceptional circumstances. As soon as practically possible, the analyst will publish a note re-establishing a rating and investment thesis. Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

Catalyst Watch/Short Term Views ("STV") Ratings Disclosure:

Catalyst Watch and STV Upside/Downside calls: Citi Research may also include a Catalyst Watch or STV Upside or Downside call to indicate the analyst expects the share price to rise (fall) in absolute terms over a specified period of 30 or 90 days in reaction to one or more specific near-term catalysts or events impacting the company or the market. A Catalyst Watch will be published when Analyst confidence is high that an impact to share price will occur; it will be a STV when confidence level is moderate. A Catalyst Watch or STV Upside/Downside call will automatically expire at the end of the specified 30/90 day period. The Catalyst Watch will also be automatically removed if share price performance (calculated at market close) exceeds 15% against the direction of the call (unless over-ridden by the analyst). The analyst may also remove a Catalyst Watch or STV call prior to the end of the specified period in a published research note. A Catalyst Watch/STV Upside or Downside call may be different from and does not affect a stock's fundamental equity rating, which reflects a longer-term total absolute return expectation. For purposes of FINRA ratings-distribution-disclosure rules, a Catalyst Watch/STV Upside call corresponds to a buy recommendation and a Catalyst Watch/STV Downside call corresponds to a sell recommendation. Any stock not assigned to a Catalyst Watch Upside, Catalyst Watch Downside, STV Upside, or STV Downside call is considered Catalyst Watch/STV No View. For purposes of FINRA ratings distribution-disclosure rules, we correspond Catalyst Watch/STV No View to Hold in our ratings distribution table for our Catalyst Watch/STV Upside/Downside rating system. However, we reiterate that we do not consider No View to be a recommendation. For all Catalyst Watch/STV Upside/Downside calls, risk exists that the catalyst(s) and associated share-price movement will not materialize as expected.

RESEARCH ANALYST AFFILIATIONS / NON-US RESEARCH ANALYST DISCLOSURES

The legal entities employing the authors of this report are listed below (and their regulators are listed further herein). Non-US research analysts who have prepared this report (i.e., all research analysts listed below other than those identified as employed by Citigroup Global Markets Inc.) are not registered/qualified as research analysts with FINRA. Such research analysts may not be associated persons of the member organization (but are employed by an affiliate of the member organization) and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Citigroup Global Markets Asia Limited

Vicky Wei, CFA; Nelson Cheung; Alicia Yap, CFA; Brian Gong

OTHER DISCLOSURES

Any price(s) of instruments mentioned in recommendations are as of the prior day's market close on the primary market for the instrument, unless otherwise stated.

The completion and first dissemination of any recommendations made within this research report are as of the Eastern date-time displayed at the top of the Product. If the Product references views of other analysts then please refer to the price chart or rating history table for the date/time of completion and first dissemination with respect to that view.

Regulations in various jurisdictions require that where a recommendation differs from any of the author's previous recommendations concerning the same financial instrument or issuer that has been published during the preceding 12-month period that the change(s) and the date of that previous recommendation are indicated. For fundamental coverage please refer to the price chart or rating change history within this disclosure appendix or the issuer disclosure summary at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures.

Citi Research has implemented policies for identifying, considering and managing potential conflicts of interest arising as a result of publication or distribution of investment research. A description of these policies can be found at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures.

The proportion of all Citi Research research recommendations that were the equivalent to "Buy", "Hold", "Sell" at the end of each quarter over the prior 12 months (with the % of these that had received investment firm services from Citi in the prior 12 months

shown in brackets) is as follows: Q3 2025 Buy 33% (61%), Hold 44% (52%), Sell 23% (50%), RV 0.4% (80%); Q2 2025 Buy 33% (63%), Hold 44% (51%), Sell 23% (49%), RV 0.4% (86%); Q1 2025 Buy 33% (63%), Hold 44% (51%), Sell 23% (49%), RV 0.5% (87%); Q4 2024 Buy 32% (64%), Hold 44% (52%), Sell 23% (44%), RV 0.4% (92%). For the purposes of disclosing recommendations other than for equity (whose definitions can be found in the corresponding disclosure sections), "Buy" means a positive directional trade idea; "Sell" means a negative directional trade idea; and "Relative Value" means any trade idea which does not have a clear direction to the investment strategy.

European regulations require a 5 year price history when past performance of a security is referenced. CitiVelocity's Charting Tool (https://www.citivelocity.com/cv2/#go/CHARTING_3_Equities) provides the facility to create customisable price charts including a five year option. This tool can be found in the Data & Analytics section under any of the asset class menus in CitiVelocity (<https://www.citivelocity.com/>). For further information contact CitiVelocity support (https://www.citivelocity.com/cv2/go/CLIENT_SUPPORT). The source for all referenced prices, unless otherwise stated, is DataCentral, which sources price information from LSEG Data & Analytics. Past performance is not a guarantee or reliable indicator of future results. Forecasts are not a guarantee or reliable indicator of future performance.

Investors should always consider the investment objectives, risks, and charges and expenses of an ETF carefully before investing. The applicable prospectus and key investor information document (as applicable) for an ETF should contain this and other information about such ETF. It is important to read carefully any such prospectus before investing. Clients may obtain prospectuses and key investor information documents for ETFs from the applicable distributor or authorized participant, the exchange upon which an ETF is listed and/or from the applicable website of the applicable ETF issuer. The value of the investments and any accruing income may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance. Any information on ETFs contained herein is provided strictly for illustrative purposes and should not be deemed an offer to sell or a solicitation of an offer to purchase units of any ETF either explicitly or implicitly. The opinions expressed are those of the authors and do not necessarily reflect the views of ETF issuers, any of their agents or their affiliates. Citigroup Global Markets India Private Limited and/or its affiliates may have, from time to time, actual or beneficial ownership of 1% or more in the debt securities of the subject issuer.

Please be advised that pursuant to Executive Order 13959 as amended (the "Order"), U.S. persons are prohibited from investing in securities of any company determined by the United States Government to be the subject of the Order. This research is not intended to be used or relied upon in any way that could result in a violation of the Order. Investors are encouraged to rely upon their own legal counsel for advice on compliance with the Order and other economic sanctions programs administered and enforced by the Office of Foreign Assets Control of the U.S. Treasury Department.

This communication is directed at persons who are "Eligible Clients" as such term is defined in the Israeli Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management law, 1995 (the "Advisory Law"). Within Israel, this communication is not intended for retail clients and Citi will not make such products or transactions available to retail clients or to non-Eligible Clients. The presenter is not licensed as investment advisor or investment marketer by the Israeli Securities Authority ("ISA") and this communication does not constitute investment or marketing advice. The information contained herein may relate to matters that are not regulated by the ISA. Any securities which are the subject of this communication may not be offered or sold to any Israeli person except pursuant to a security offering exemption according to the Israeli Securities Law, 1968 and the public offering rules provided thereunder.

Citi Research broadly and simultaneously disseminates its research content to the Firm's institutional and retail clients via the Firm's proprietary electronic distribution platforms (e.g., Citi Velocity and various Global Wealth platforms). As a convenience, certain, but not all, research content may be distributed through third party aggregators. Clients may receive published research reports by email, on a discretionary basis, and only after such research content has been broadly disseminated. Certain research is made available only to institutional investors to satisfy regulatory requirements. The level and types of services provided by Citi Research analysts to clients may vary depending on various factors such as the client's individual preferences as to the frequency and manner of receiving communications from analysts, the client's risk profile and investment focus and perspective (e.g. market-wide, sector specific, long term, short-term etc.), the size and scope of the overall client relationship with the Firm and legal and regulatory constraints.

Pursuant to Comissão de Valores Mobiliários Resolução 20 and ASIC Regulatory Guide 264, Citi is required to disclose whether a Citi related company or business has a commercial relationship with the subject company. Considering that Citi operates multiple businesses in more than 100 countries around the world, it is likely that Citi has a commercial relationship with the subject company.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. Statements and views concerning ESG (environmental,

social, governance) factors are typically based upon public statements made by the affected company or other public news, which the author may not have independently verified. ESG factors are one consideration that investors may choose to examine when making investment decisions. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citi Research does not set a predetermined frequency for publication, if the Product is a fundamental equity or credit research report, it is the intention of Citi Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental research reports, Citi Research may not provide regular updates to the views, recommendations and facts included in the reports. Notwithstanding that Citi Research maintains coverage on, makes recommendations concerning or discusses issuers, Citi Research may be periodically restricted from referencing certain issuers due to legal or policy reasons. Where a component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Product. Upon the lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the analyst continues to support it or it will be officially closed. Citi Research may provide different research products and services to different classes of customers (for example, based upon long-term or short-term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative research product, provided that each is consistent with the rating system for each respective product.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by.

The Product is made available in **Australia** through Citigroup Global Markets Australia Pty Limited. (ABN 64 003 114 832 and AFSL No. 240992), participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. Citigroup Global Markets Australia Pty Limited is not an Authorised Deposit-Taking Institution under the Banking Act 1959, nor is it regulated by the Australian Prudential Regulation Authority.

The Product is made available in **Brazil** by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários ("CVM"), BACEN - Brazilian Central Bank, APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBIMA - Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais. Av. Paulista, 1111 - 14º andar (parte) - CEP: 01311920 - São Paulo - SP.

This Product is available in **Chile** through Banchile Corredores de Bolsa S.A., an indirect subsidiary of Citigroup Inc., which is regulated by the Comisión Para El Mercado Financiero. Enrique Foster Sur, 20, piso 6, Las Condes, Santiago, Chile.

Disclosure for investors in the Republic of Colombia: This communication or message does not constitute a professional recommendation to make investment in the terms of article 2.40.1.1.2 of Decree 2555 de 2010 or the regulations that modify, substitute or complement it. Para la elaboración y distribución de informes de investigación y de comunicaciones generales de que trata este artículo no se requiere ser una entidad vigilada por la Superintendencia Financiera de Colombia.

The Product is made available in **Germany** by Citigroup Global Markets Europe AG ("CGME"), which is regulated by the European Central Bank and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht BaFin). Börsenplatz 9, 60313 Frankfurt am Main, Germany.

Unless otherwise specified, if the analyst who prepared this report is based in Hong Kong and it relates to "securities" (as defined in the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)), the report is issued in Hong Kong by Citigroup Global Markets Asia Limited. Citigroup Global Markets Asia Limited is regulated by Hong Kong Securities and Futures Commission. If the report is prepared by a non-Hong Kong based analyst, please note that such analyst (and the legal entity that the analyst is employed by or accredited to) is not licensed/registered in Hong Kong and they do not hold themselves out as such. Please refer to the section "Research Analyst Affiliations / Non-US Research Analyst Disclosures" for the details of the employment entity of the analysts.

The Product is made available in **India** by Citigroup Global Markets India Private Limited (CGM), which is regulated by the Securities and Exchange Board of India (SEBI), as a Research Analyst (SEBI Registration No. INH000000438). CGM is also actively involved in the business of merchant banking (SEBI Registration No. INM000010718) and stock brokerage ((SEBI Registration No. INZ000263033) in India, and is registered with SEBI in this regard. Registration granted by SEBI and certification from National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. CGM's registered office is at 1202, 12th Floor, First International Financial Centre

(FIFC), G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400098 & registered Tel: +91 22 61759999. Citi maintains robust policies, procedures, controls, and training to ensure continued compliance with all applicable rules and regulations. All recommendations contained herein are made by duly qualified research analysts. CGM's Corporate Identity Number is U99999MH2000PTC126657, and its Compliance Officer [Vishal Bohra] contact details are: Tel: +91-022-61759994, Fax: +91-022-61759851, Email: cgmcompliance@citi.com. The Investor Charter in respect of Research Analysts, the Compliance Audit Report and Complaints information can be found at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures. The grievance officer [Nikita Jadhav] contact details are Tel: +91-022-42775089, Email: EMEA.CR.Complaints@citi.com. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. SEBI prescribed Client Terms & Conditions can be found at <https://www.citivelocity.com/rendition/authfilelinksvcs/eppublic/V1/file?paramData=ZmlsZU5hbWU9L1MzL0dETVMvcHVlRGltY2xvc3VyZUh0bWxzL2dkaV9kaXNfc2VlaV9UZXJtc29mVXNlLmh0bWw>

The Product is made available in **Indonesia** through PT Citigroup Sekuritas Indonesia. Citibank Tower 10/F, Pacific Century Place, SCBD lot 10, Jl. Jend Sudirman Kav 52-53, Jakarta 12190, Indonesia. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Services Authority (OJK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations.

The Product is made available in **Japan** by Citigroup Global Markets Japan Inc. ("CGMJ"), which is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-8132 Japan. In the event that an error is found in an CGMJ research report, a revised version will be posted on the Firm's Citi Velocity website. If you have questions regarding Citi Velocity, please call (81 3) 6270-3019 for help.

The product is made available in the **Kingdom of Saudi Arabia** in accordance with Saudi laws through Citigroup Saudi Arabia, which is regulated by the Capital Market Authority (CMA) under CMA license (17184-31). 2239 Al Urubah Rd – Al Olaya Dist. Unit No. 18, Riyadh 12214 – 9597, Kingdom Of Saudi Arabia.

The Product is made available in **Korea** by Citigroup Global Markets Korea Securities Ltd. (CGMK), which is regulated by the Financial Services Commission, the Financial Supervisory Service and the Korea Financial Investment Association (KOFIA). The address of CGMK is Citibank Center, 50 Saemunan-ro, Jongno-gu, Seoul 03184, Korea. KOFIA makes available registration information of research analysts on its website. Please visit the following website if you wish to find KOFIA registration information on research analysts of

CGMK. <http://dis.kofia.or.kr/websquare/index.jsp?w2xPath=/wq/fundMgr/DISFundMgrAnalystList.xml&divisionId=MDISO3002002000000&serviceld=SDISO3002002000>. The Product is made available in Korea by Citibank Korea Inc., which is regulated by the Financial Services Commission and the Financial Supervisory Service. Address is Citibank Center, 50 Saemunan-ro, Jongno-gu, Seoul 03184, Korea. This research report is intended to be provided only to Professional Investors as defined in the Financial Investment Services and Capital Market Act and its Enforcement Decree in Korea.

The Product is made available in **Malaysia** by Citigroup Global Markets Malaysia Sdn Bhd (Registration No. 199801004692 (460819-D)) ("CGMM") to its clients and CGMM takes responsibility for its contents as regards CGMM's clients. CGMM is regulated by the Securities Commission Malaysia. Please contact CGMM at Level 43 Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia in respect of any matters arising from, or in connection with, the Product.

The Product is made available in **Mexico** by Citi México Casa de Bolsa, S.A. de C.V., Grupo Financiero Citi México which is a wholly owned subsidiary of Citigroup Inc. and is regulated by Comisión Nacional Bancaria y de Valores. Prolongación Reforma 1196, 24 floor, Colonia Santa Fe, Alcaldía Cuajimalpa de Morelos, C.P. 05348, Ciudad de México.

The Product is made available in **Poland** by Biuro Maklerskie Banku Handlowego (DMBH), separate department of Bank Handlowy w Warszawie S.A. a subsidiary of Citigroup Inc., which is regulated by Komisja Nadzoru Finansowego. Biuro Maklerskie Banku Handlowego (DMBH), ul. Senatorska 16, 00-923 Warszawa.

The Product is made available in **Singapore** through Citigroup Global Markets Singapore Pte. Ltd. ("CGMSPL"), a capital markets services and Exempt Financial Advisor license holder, and regulated by Monetary Authority of Singapore. Please contact CGMSPL at 8 Marina View, 21st Floor Asia Square Tower 1, Singapore 018960, in respect of any matters arising from, or in connection with, the analysis of this document. This Product is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act 2001. For Citi Private Bank, the Product is made available in Singapore by Citi Private Bank through Citibank, N.A., Singapore Branch. Citibank N.A., Singapore Branch is a licensed bank in Singapore that is regulated by the Monetary Authority of Singapore. Please contact your Private Banker in Citibank N.A., Singapore Branch if you have any queries on or any matters arising from or in connection with this document. The Product is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act 2001. For Citibank Singapore Limited ("CSL"), the Product is distributed in Singapore by CSL to selected Citigold/Citigold Private Clients. CSL provides no independent research or analysis of the substance or in preparation of the Product. Please contact your Citigold/Citigold Private Client Relationship Manager in CSL if you have any queries on or any matters arising from or in connection with this document. The Product is intended for recipients who are accredited investors as defined under the Securities and Futures Act (Cap. 289).

Citigroup Global Markets (Pty) Ltd. is incorporated in the **Republic of South Africa** (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa.

The Product is made available in the **Republic of China (Taiwan)** through Citigroup Global Markets Taiwan Securities Company Ltd. ("CGMTS"), 14F, 15F and 16F, No. 1, Songzhi Road, Taipei 110, Taiwan, subject to the license scope and the applicable laws and regulations in the Republic of China (Taiwan). CGMTS is regulated by the Securities and Futures Bureau of the Financial Supervisory Commission of Taiwan, the Republic of China (Taiwan). No portion of the Product may be reproduced or quoted in the Republic of China (Taiwan) by the press or any third parties [without the written authorization of CGMTS]. Pursuant to the applicable laws and regulations in the Republic of China (Taiwan), the recipient of the Product shall not take advantage of such Product to involve in any matters in which the recipient may have conflicts of interest. If the Product covers securities which are not allowed to be offered or traded in the Republic of China (Taiwan), neither the Product nor any information contained in the Product shall be considered as advertising the securities or making recommendation of the securities in the Republic of China (Taiwan). The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security or financial products. Any decision to purchase securities or financial products mentioned in the Product must take into account existing public information on such security or the financial products or any registered prospectus.

The Product is made available in **Thailand** through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 399 Interchange 21 Building, 18th Floor, Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok 10110, Thailand.

Disclosure for investors in the Republic of Turkey: The Product is made available in **Turkey** through Citibank AS which is regulated by Capital Markets Board. Tekfen Tower, Eski Buyukdere Caddesi # 209 Kat 2B, 23294 Levent, Istanbul, Turkey. Under Capital Markets Law of Turkey (Law No: 6362), the investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations. Furthermore, Citi Research is a division of Citigroup Global Markets Inc. (the "Firm"), which does and seeks to do business with companies and/or trades on securities covered in this research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report, however investors should also note that the Firm has in place organisational and administrative arrangements to manage potential conflicts of interest of this nature.

In the **U.A.E.**, these materials (the "Materials") are communicated by Citigroup Global Markets Limited, DIFC branch ("CGML"), an entity registered in the Dubai International Financial Center ("DIFC") and licensed and regulated by the Dubai Financial Services Authority ("DFSA", license #CLO221) to Professional Clients and Market Counterparties, as defined in DFSA regulations, only and should not be relied upon or distributed to Retail Clients. Financial products and/or services to which the Materials relate will only be made available to Professional Clients and Market Counterparties. Citigroup Global Markets Limited DIFC Branch registered address is Level 3, Gate District Building 02, Dubai International Financial Centre and can be contacted on +971 4 509 97 90.

The Product is made available in **United Kingdom** by Citigroup Global Markets Limited, which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. This material may relate to investments or services of a person outside of the UK or to other matters which are not authorised by the PRA nor regulated by the FCA and the PRA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB.

The Product is made available in **United States** and **Canada** by Citigroup Global Markets Inc., which is a member of FINRA and registered with the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013.

Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Europe AG ("CGME"), which is regulated by the European Central Bank and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin).

The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would not be permitted.

Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. The yield and average life of CMOs (collateralized mortgage obligations) referenced in this Product will fluctuate depending on the actual rate at which mortgage holders prepay the mortgages underlying the CMO and changes in current interest rates. Any government agency backing of the CMO applies only to the face value of the CMO and not to any premium paid. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. The Product does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Advice in the Product is general and should not be construed as personal advice given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. Prior to acquiring any financial product, it is the client's responsibility to

obtain the relevant offer document for the product and consider it before making a decision as to whether to purchase the product.

Card Insights. Where this report references Card Insights data, Card Insights consists of selected data from a subset of Citi's proprietary credit card transactions. Such data has undergone rigorous security protocols to keep all customer information confidential and secure; the data is highly aggregated and anonymized so that all unique customer identifiable information is removed from the data prior to receipt by the report's author or distribution to external parties. This data should be considered in the context of other economic indicators and publicly available information. Further, the selected data represents only a subset of Citi's proprietary credit card transactions due to the selection methodology or other limitations and should not be considered as indicative or predictive of the past or future financial performance of Citi or its credit card business.

Citi Research product may source data from dataCentral. dataCentral is a Citi Research proprietary database, which includes the Firm's estimates, data from company reports and feeds from LSEG Data & Analytics. The source for all referenced prices, unless otherwise stated, is DataCentral. Past performance is not a guarantee or reliable indicator of future results. Forecasts are not a guarantee or reliable indicator of future performance. The printed and printable version of the research report may not include all the information <(e.g. certain financial summary information and comparable company data) that is linked to the online version available on the Firm's proprietary electronic distribution platforms.

Where included in this report, MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are services marks of MSCI and its affiliates. Where data is attributed to Morningstar that data is © 2025 Morningstar, Inc. All Rights Reserved. That information: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The Firm accepts no liability whatsoever for the actions of third parties. The Product may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the Product refers to website material of the Firm, the Firm has not reviewed the linked site. Equally, except to the extent to which the Product refers to website material of the Firm, the Firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of the Firm) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the Product or the website of the Firm shall be at your own risk and the Firm shall have no liability arising out of, or in connection with, any such referenced website.

© 2025 Citigroup Global Markets Inc. Citi Research is a division of Citigroup Global Markets Inc. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. and its affiliates and are used and registered throughout the world. All rights reserved. The research data in this report are not intended to be used for the purpose of (a) determining the price of or amounts due in respect of (or to value) one or more financial products or instruments and/or (b) measuring or comparing the performance of, or defining the asset allocation of a financial product, a portfolio of financial instruments, or a collective investment undertaking, and any such use is strictly prohibited without the prior written consent of Citi Research. Any unauthorized use, duplication, redistribution or disclosure of this report (the "Product"), including, but not limited to, redistribution of the Product by electronic mail, posting of the Product on a website or page, and/or providing to a third party a link to the Product, is prohibited by law and will result in prosecution. The information contained in the Product is intended solely for the recipient and may not be further distributed by the recipient to any third party.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST