

China Quarterly Update

30 September 2025



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Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 bailliegifford.com

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All investment strategies have the potential for profit and loss.

Stock Examples

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Product Overview

China is a regional equity strategy that adds value through active management by identifying and exploiting inefficiencies in growth companies.

Risk Analysis

Key Statistics	
Number of Holdings	62
Typical Number of Holdings	40-80
Active Share	63%*
Rolling One Year Turnover	27%

*Relative to MSCI China All Shares Index. Source: Baillie Gifford & Co, MSCI.

Baillie Gifford Key Facts

Assets under management and advice	US\$286.9bn
Number of clients	552
Number of employees	1655
Number of investment professionals	365

Market Backdrop

Chinese equities continued their robust performance over the quarter. This is largely attributed to the policy campaign against “involutionary” competition, which promises to tackle production capacity, end deflation and boost industrial profit margins. The second area of excitement is the potential for domestic firms to start meaningfully profiting from the artificial-intelligence boom.

China’s economy has shown a complex but resilient backdrop shaped by both policy stimulus and structural shifts. Beijing has adopted its most expansionary fiscal stance in decades, while industrial output and exports have provided solid contributions despite global headwinds. Export strength has been underpinned by a move up the value chain, most notably in semiconductors, autos, and advanced machinery, alongside growing cultural and consumer brand influence abroad. Domestic consumption has been uneven, with goods demand holding but property weakness weighing heavily, though localized brands in areas such as sportswear, luxury, and food are capturing strong structural growth opportunities. Overall, while cyclical challenges persist, structural innovation and policy support continue to define the market landscape.

Performance

Over the quarter, the portfolio outperformed the MSCI China All Shares index.

While not owning Xiaomi Corp was a top contributor, the three holdings which contributed most to performance in the portfolio were Zhongji Innolight, Zijin Mining and CATL.

Zhongji Innolight manufactures optical transceivers. Its products are a crucial component in AI chip training clusters and are used in hyperscale datacentres and in the training of large language models. It has had very strong demand in its core markets which has led to strong operational performance and upgrades to earnings growth forecasts.

Zijin Mining, one of China’s leading copper and gold miners, has continued to report strong growth from both higher metals prices and increased volumes. Its rising profile in global mining rankings and the upcoming IPO of its subsidiary, Zijin Gold, have also boosted sentiment.

CATL’s strong share-price performance this quarter seems driven by a confluence of solid earnings growth, margin improvement, favourable

policy tailwinds (especially in energy storage), analyst upgrades and strategic expansion. With the transition to zero carbon a clear driver of global growth, CATL is set to benefit not just as a battery market, but as a global infrastructure layer for the electric age.

The top detractors from performance include China Merchants Bank, Pop Mart and DPC Dash.

China Merchants Bank was impacted by sluggish broader economic growth in the second quarter, weak consumer confidence, and deflationary pressures reducing credit demand. CMB is particularly vulnerable to weak consumer demand, and intense corporate loan competition further pressured margins. While the bank maintains strong fundamentals and expects sequential improvement, these headwinds have created near-term pressure.

Pop Mart is a toy company whose share price has risen more than 400 per cent over the last 12-months as it has reported very strong growth both in the domestic and overseas markets. While its operational performance remains robust, the share price took a breather from its stellar run.

DPC Dash is the Domino’s pizza franchise in China, and a relatively new holding in the portfolio with a significant growth opportunity ahead. With operating results remaining strong, its poor share price performance over the quarter is more likely driven by expectations and consumer sentiment.

Stewardship

During the quarter, we met with the vice-president and board secretary of home appliance manufacturer, Midea. The meeting helped us explore emerging customer demands for green and low-carbon products, a driver behind the company’s recently announced carbon emissions reduction goals. The company has achieved significant technological breakthroughs, focusing on high energy efficiency, safety, and low noise solutions, and is at the forefront of the industry in refrigerant technologies and setting standards for green products. Beyond green technology, Midea shared insights on digitalisation and forward-looking robotics, including factory and home agents. The company also discussed its global strategies across various markets. This helped reinforce our conviction in their role as an industrial leader which aligns well with national initiatives. Midea remains a key player in the energy transition.

Notable Transactions

The portfolio bought new holdings in Trip.com, H World and Luxshare Precision during the period. This provides exposure to the growth opportunity in China's domestic travel, with Trip.com the leading travel platform in China and H World being one of the largest hotel chains. Luxshare is precision manufacturing company that makes the connectors, cables and modules that are critical parts and systems in consumer devices and autos. These were funded by reductions to positions that have performed well, most notably toy maker Pop Mart and optical transceiver manufacturer, Innolight. The portfolio also sold its holding in Sinocare.

Market Outlook

We see a constructive backdrop for Chinese equities, underpinned by a supportive policy stance in Beijing, improving private-sector sentiment, and clear leadership in high-growth industries such as AI and advanced manufacturing. Breakthroughs like DeepSeek have demonstrated China's ability to match or exceed global AI leaders, while the government's campaign to embed AI across the real economy has the potential to accelerate productivity gains, upgrade traditional industries, and reinforce technological self-sufficiency. At the same time, strong export growth in high-value sectors - from semiconductors to branded consumer goods - underscores China's success in moving up the value chain. We recognise that challenges remain, from persistent property market weakness to patchy domestic demand, but believe the combination of targeted policy support, accelerating innovation, and attractive valuations creates a compelling environment for bottom-up growth investors. And while geopolitics will often dominate news flow with discussion of tariffs and security, it is unlikely to derail the structural growth trends evident in the domestic market. The potential for positive announcements between the US-China administration could further catalyse market performance.

Our focus remains on areas where sustainable growth opportunities and competitive advantages can deliver long-term outperformance regardless of short-term macro noise. AI is already transforming earnings trajectories across several of our largest holdings: Tencent and Alibaba are using generative AI to boost advertising efficiency, cloud adoption, and user engagement. In hardware, companies like Innolight and Horizon Robotics are positioned to benefit from surging AI datacentre and autonomous

mobility investment, while AMEC and Naura support the domestic chipmaking capacity critical to China's self-sufficiency push. Beyond AI, we see significant runway in global brand expansion for consumer IP leaders and rising market share for Chinese champions in sectors like sportswear, travel, and cosmetics. Against a backdrop of attractive starting valuations, we believe our concentrated exposure to innovative, well-capitalised companies positions the portfolio to benefit from the size of China's markets and the scale of its ambition.

Performance Objective

Long-term capital appreciation, outperform the Index after fees over rolling three year periods.

The performance objective is aspirational and is not guaranteed. We don't use it to compile the portfolio and returns will vary. A single performance objective may not be appropriate across all vehicles and jurisdictions. We may not meet our investment objectives if, for example, our growth investment style is out of favour, or we misjudge the long-term earnings growth of our holdings.

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	26.6	22.7	3.9
1 Year	30.1	25.1	5.0
3 Years	6.1	8.1	-2.0
5 Years	-2.7	0.3	-3.0
10 Years	10.5	8.7	1.9
Since Inception	9.4	8.3	1.1
USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	24.4	20.5	3.9
1 Year	30.5	25.5	5.0
3 Years	12.9	15.0	-2.1
5 Years	-1.9	1.1	-3.0
10 Years	9.2	7.4	1.8
Since Inception	8.0	6.9	1.1
EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	24.3	20.4	3.9
1 Year	24.0	19.2	4.8
3 Years	6.3	8.3	-2.0
5 Years	-1.9	1.0	-3.0
10 Years	8.7	6.8	1.8
Since Inception	8.1	6.9	1.1
CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	26.9	22.9	3.9
1 Year	34.5	29.3	5.2
3 Years	13.4	15.5	-2.1
5 Years	-1.1	1.9	-3.0
10 Years	9.6	7.8	1.8
Since Inception	9.1	8.0	1.1
AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	23.0	19.2	3.8
1 Year	36.6	31.4	5.3
3 Years	11.8	13.9	-2.1
5 Years	-0.3	2.7	-3.0
10 Years	9.9	8.0	1.8
Since Inception	8.6	7.5	1.1

Annualised periods ended 30 September 2025. 3 Month & 1 Year figures are not annualised.

Inception date: 28 February 2006

Figures may not sum due to rounding.

Benchmark is MSCI China All Shares Index (MSCI All China Index prior to 27 November 2019, MSCI Golden Dragon Index to 02 May 2019).

Source: Revolution, MSCI.

The China composite is more concentrated than the MSCI China All Shares Index.

Discrete Performance

GBP	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	-1.7	-25.6	-12.2	4.6	30.1
Benchmark (%)	-2.8	-17.4	-8.0	9.7	25.1
USD	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	2.5	-38.4	-4.0	14.9	30.5
Benchmark (%)	1.4	-31.6	0.6	20.6	25.5
EUR	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	3.7	-27.2	-11.2	9.0	24.0
Benchmark (%)	2.6	-19.1	-7.0	14.4	19.2
CAD	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	-2.8	-33.2	-5.6	14.8	34.5
Benchmark (%)	-3.8	-25.8	-1.0	20.5	29.3
AUD	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	1.7	-30.8	-4.4	6.9	36.6
Benchmark (%)	0.6	-23.2	0.2	12.2	31.4

Benchmark is MSCI China All Shares Index.

Source: Revolution, MSCI.

The China composite is more concentrated than the MSCI China All Shares Index

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2025

Stock Name	Contribution (%)
Xiaomi Corporation	0.9
Zijin Mining Group Co Ltd 'H'	0.8
CATL	0.7
Zhongji Innolight 'A' - Stock Connect	0.6
Sanhua Intelligent Controls	0.6
Sungrow Power	0.6
China Construction Bank Corp	0.5
Advanced Micro-Fabrication 'A' - Stock Connect	0.4
Jiangsu Azure Corp	0.4
Zijin Gold International	0.3
China Merchants Bank 'H'	-0.9
Foxconn Industrial Internet Co	-0.5
Pop Mart International Group L	-0.5
Midea Group	-0.3
Silergy	-0.3
Weichai Power 'H'	-0.3
Dpc Dash	-0.3
Haidilao Intl	-0.3
Kweichow Moutai	-0.3
Ping An Insurance	-0.2

One Year to 30 September 2025

Stock Name	Contribution (%)
Pop Mart International Group L	2.5
Shenzhen Megmeet Electrical	1.4
Zijin Mining Group Co Ltd 'H'	1.0
Jiangsu Azure Corp	0.7
Sanhua Intelligent Controls	0.7
CATL	0.6
Mint Group	0.5
JD.com	0.5
Horizon Robotics Inc	0.4
Kingdee Int'l Software Group	0.4
Meituan	-1.2
Xiaomi Corporation	-1.0
Kweichow Moutai	-0.8
Proya Cosmetics 'A'	-0.7
Midea Group	-0.5
Haier Smart Home 'H'	-0.5
Centre Testing	-0.5
Haidilao Intl	-0.5
Robam Appliances 'A' - Stock C	-0.4
FOXCONN INDUSTRIAL INTERNET CO	-0.4

Source: Revolution, MSCI. China composite relative to MSCI China All Shares Index.

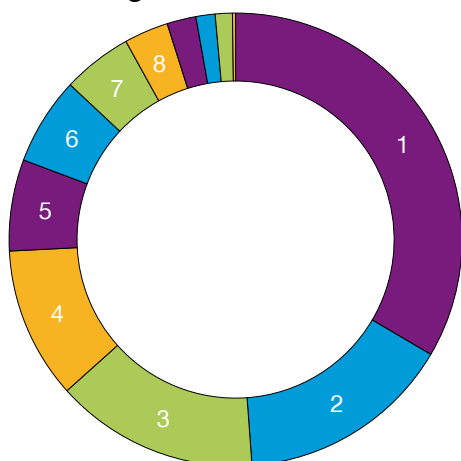
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated is available on request. Some stocks may not have been held for the whole period. All attribution figures are calculated gross of fees, relative to the index from stock level up, based on closing prices. As attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
Tencent	Technology conglomerate	9.8
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments.	8.5
CATL	Battery manufacturer	4.4
Zijin Mining Group	Chinese mining company	3.5
PDD Holdings	Chinese e-commerce platform focused on social commerce	3.4
Ping An Insurance	Provides insurance services in China	3.2
Kweichow Moutai	Chinese spirits manufacturer	3.1
China Merchants Bank	Chinese bank	3.0
NetEase	Chinese online gaming company	2.7
Pop Mart International Group	Chinese toy manufacturer	2.6
Total		44.2

Totals may not sum due to rounding.

Sector Weights



	%
1 Consumer Discretionary	33.5
2 Industrials	15.4
3 Communication Services	14.5
4 Information Technology	10.8
5 Materials	6.5
6 Financials	6.3
7 Consumer Staples	5.0
8 Health Care	3.2
9 Utilities	2.1
10 Energy	1.4
11 Real Estate	1.2
12 Cash	0.2

Totals may not sum due to rounding

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	21	Companies	1	Companies	None
Resolutions	285	Resolutions	1	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Contemporary Amperex Technology Co., Limited, Meituan, Midea Group Co., Ltd., Zijin Mining Group Company Limited
Social	Zijin Mining Group Company Limited
Governance	Hangzhou Robam Appliances Co., Ltd., Medlive Technology Co., Ltd., Minth Group Limited, Weichai Power Co., Ltd., Zijin Mining Group Company Limited
Strategy	Contemporary Amperex Technology Co., Limited, Dongguan Yiheda Automation Co., Ltd, Meituan, Zijin Mining Group Company Limited

Company	Engagement Report
Contemporary Amperex Technology	<p>Objective: We sought to deepen our understanding of CATL's strategy to navigate the challenges and opportunities in the global battery market over the coming five years and beyond. We spent nearly a full day at CATL's headquarters in Ningde, China, in broad-ranging discussions with the board secretary, investor relations, a process engineer, and a special technology officer responsible for lithium battery product development, plus we toured CATL's automated smart factory.</p> <p>Discussion: Recognising that CATL's leading-edge electric vehicle (EV) batteries already charge in as little as five minutes and offer range as far as 800km, further improvements in charging time and range will likely contribute little meaningful additional value for customers. As such, CATL is now directing its relentless focus on innovation to target price-sensitive customers. This could unlock significant volume growth. We discussed several levers via which CATL could achieve this strategy. For instance, our tour of the factory was notable in that throughout the entire manufacturing process, from raw materials to finished products, humans were involved in only two steps at the final quality inspection stage. Given CATL's sheer scale and its decades of proprietary production data, artificial intelligence (AI) and robotics are setting new precedents in enhancing efficiencies - e.g. new production lines are three times faster and have reduced manufacturing unit cost by a third. Additional examples of cost-reducing innovations for customers include battery swapping (i.e. leasing a battery rather than buying it) and recycling (CATL already has industry-leading recycling rates and aims to increasingly derisk its supply chain by using recycled raw materials).</p> <p>Outcome: Against the backdrop of challenging geopolitics and a slowdown in EV penetration in several Western markets, this far-ranging discussion was valuable in deepening our knowledge of CATL's strategic direction. The company is not only relentless in its product innovation; it is also innovating its business model.</p>
Dongguan Yiheda Automation	<p>Objective: To build a sustainable relationship with the company and confirm the ESG disclosure next year.</p> <p>Discussion: Yiheda is an automation components provider. As a private sector company focusing mainly on the domestic market, it stands as one of the few holdings in our portfolio that haven't made comprehensive ESG disclosures. Our engagement with Yiheda on governance and sustainability topics began in early 2023. During our last engagement in 2024, the company acknowledged the importance of sustainability but expressed a lack of incentive to disclose, unless regulators mandate it. This quarter, we managed to connect with Yiheda's newly appointed ESG manager. We exchanged basic information and addressed the absence of sustainability reporting. The ESG manager assured us that efforts are underway to address this, with plans to release a stand-alone ESG report in the upcoming reporting season. We offered our support in conducting stakeholder surveys and addressing any queries the team might face during the disclosure process.</p> <p>Outcome: The appointment of a dedicated ESG manager signifies Yiheda's commitment to aligning with industry standards in sustainability disclosure. This positive development is likely influenced by the recent revision of the Code of Corporate Governance, which emphasises sustainability reporting. We are pleased with this progress and will continue our dialogue, offering support as needed.</p>

Company	Engagement Report
Meituan	<p>Objective: To support the company in enhancing its sustainability management and increasing its influence on sustainable practices within the industry.</p> <p>Discussion: Following our responses to Meituan's stakeholder surveys in July, the company's Investor Relations (IR) initiated this meeting to explore potential improvements in its sustainability governance and communication with investors. We began by discussing our internal assessment criteria and expectations for holdings across various strategies, focusing on how net-zero efforts are evaluated. Specifically, we addressed Meituan's most material sustainability areas and identified opportunities for further improvement. Meituan expressed a desire to increase its visibility and voice regarding sustainability practices within the industry and sought our advice. We recommended the upcoming 2025 ESG Global Leaders Conference, led by the State Council, as an excellent starting point for exchanging valuable industrial experiences with peers.</p> <p>Outcome: We appreciate Meituan's approach to seeking our sustainability advice, recognising us as true long-term supportive investors. This meeting reinforced our positive relationship built over the past five years, and we are committed to continuing this constructive dialogue.</p>
Midea Group	<p>Objectives: To discuss Midea's periodic carbon reduction targets and to explore emerging customer demands for green and low-carbon products.</p> <p>Discussion: We met Huaili LIU, Midea's China vice president, and Shu GAO, the board secretary, in Shanghai. During the meeting, we acknowledged Midea's efforts in establishing detailed periodic carbon emission reduction goals until 2050, i.e., to reduce Scope 1 and 2 GHG emissions by 30 per cent by 2030 and 80 per cent by 2050, and to reduce Scope 3 GHG emissions by 20 per cent by 2030 and 60 per cent by 2050. Ms. Gao confirmed a growing trend in customer demand for low-carbon products and highlighted Midea's proactive approach in promoting the new refrigerant R290, a high pure propane with lower warming impacts. The company has achieved significant technological breakthroughs, focusing on high energy efficiency, safety, and low noise solutions. As of May 2025, Midea operates 13 R290 production lines for products such as dehumidifiers, heat pumps, and portable air conditioners, based on open-source information. Midea is without a doubt at the forefront of the industry in refrigerant technologies, setting standards for green products. Beyond green technology, Midea shared insights on client relations, user communications, digitalisation, and forward-looking strategies on robotics, including factory and home agents. The company also discussed its global strategies across various markets.</p> <p>Outcome: The meeting reinforced our confidence in Midea's role as an industrial leader with detailed climate-related targets. Midea is poised to influence its value chain and achieve technological breakthroughs. The company aligns well with national initiatives and remains a key player in the energy transition.</p>

Company	Engagement Report
Zijin Mining Group	<p>Objectives: To better understand the rationale for guideline selection for the Ashele Copper audit, and to encourage Zijin to follow up directly with MSCI to ensure their sustainability progress is reflected in future assessments.</p> <p>Discussion: Zijin's 2024 ESG Report includes a disclosure of a recent human rights assessment and rating at the Ashele Copper mine. There was initial confusion regarding the guidelines used for the assessment, as it was expected, based on insights we gained from a local leading mining consultant, that these guidelines would not offer ratings. To clarify, the company explained that the assessment was conducted by a third-party in line with industrial guidelines, detailing the scoring system they used in the assessment. The Ashele Mine was rated second best out of six grades, with identified areas for improvement, such as establishing a joint remediation mechanism with business partners to enhance monitoring and training on human rights impacts.</p> <p>Additionally, our communication with a third-party rating agency this quarter revealed an information gap between the rating provider and Zijin Mining. Many of the company's sustainability advancements were not reflected in the latest assessment. We informed Zijin Mining of this gap, suggesting they follow up directly to ensure their progress is accurately captured.</p> <p>Outcome: Zijin Mining expressed gratitude for the efforts and insights provided. With a clearer understanding of the independent audit, we remain confident in the company's proactive approach to addressing issues. We continue to believe that the company is heading in the right direction. The expectation is that the company's progress will be reflected in the next round of rating assessments.</p>

Votes Cast in Favour

Companies	Voting Rationale
Advanced Micro-Fabrication 'A' - Stock Connect, Alibaba Group Holding, Anker Innovations 'A', China Yangtze Power 'A' - Stock Connect, Dongguan Yiheda Automation Co 'A', Estun Automation 'A', Fuyao Glass Industry Grp 'H', Guangzhou Kingmed 'A', Jiangsu Azure Corp 'A', Midea Group 'A', NAURA Technology Gp 'A' - Stock Connect, Proya Cosmetics 'A', Robam Appliances 'A', SG Micro 'A', Sanhua Intelligent Controls 'A', Shanxi Xinghuacun Fen Wine 'A' - Stock Connect, Sinocera Material 'A', Sungrow Power Supply 'A' - Stock Connect, Tianqi Lithium 'H', Yifeng Pharmacy Chain 'A' - Stock Connect, Zhongji Innolight 'A' - Stock Connect	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
China Yangtze Power 'A' - Stock Connect	EGM 15/08/25	1	We opposed the resolution to finance the project due to the lack of information on the quantitative assessment of the project's indirect economic benefits and the lack of clarity regarding the future shareholder return plans.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Ctrip.com	Trip.com is the largest online travel company in China. It offers an unrivalled breadth of travel services including accommodation, air and rail tickets, package tours and attraction bookings. It is particularly known for its exceptional customer service and is therefore the preferred facilitator of high-end and international travel. The travel industry in China is likely to continue growing faster than GDP driven by middle-class incomes, whilst penetration of online travel in China also has room to rise. Global travel demand is also a long-term growth driver post Trip's investments and expansion across Asia Pacific and international markets. In terms of competition, we have historically under-estimated Trip.com's ability to navigate successive waves of competition from companies such as Qunar, Meituan and Bytedance. Each new entrant brought aggressive pricing and technological innovation yet Trip.com consistently leveraged its scale, service depth, and targeted investments to defend its core business. Most recently, we have been impressed by the company's strategic investments in AI via TripGenie, its travel assistant and recommendation engine, which has led to a marked increase in conversion rates across the platform. Improved capital allocation is also a likely driver of long-term returns with the company having just announced a \$5bn buyback programme. We do not believe the valuation reflects the long-term attractiveness of this business and have therefore decided to take a holding.
DiDi Global	Didi is the dominant player in China's online ride-hailing market with 70%+ share in terms of Gross Transaction Value (GTV). At the same time, Didi is also expanding internationally in Latam and Asia with ride-hailing, food delivery and fintech services. Exceptional operational efficiency, lower-cost EVs, and, in the long run, potentially robotaxis, are all likely to contribute to Didi's ability to bring down the cost of ride-hailing and unlock demand. Indeed, we believe low-teens GTV growth is likely for the next 5 years. We also believe that Didi's profitability can significantly improve largely as a result of stronger scale, better cost control and the potential for a rising take-rate. Currently, Didi's take rate is c. 19% which is well below peers (22%+) and the regulatory cap (29%). The profitability drag from the international expansion is also falling as Didi scales overseas (for example, Mexico is almost breakeven). Didi is also preparing for the growth of robotaxis in the future: it has a proprietary robotaxi division and aims to deploy 10,000+ vehicles in 2027. One of our major concerns, historically, was Didi's run-in with the Chinese policymakers which resulted in a forced delisting in the US. However, we believe government relations have improved substantially since then, with the management team working hard to rectify their past errors. Indeed, in May 2025, Didi was featured on CCTV Channel 1 (a government TV channel) as a good example of a company that was contributing to society via employment. We believe relisting progress is being made and that we may also benefit from a re-rating in the shares once the stock is no longer traded over the counter only.
Dpc Dash	DPC Dash is the master franchisee of Domino's Pizza in China, HK and Macau. Pizza as a key western fast-food category is still very underpenetrated (1% of total restaurants) in China and also one of the fastest growing QSR (Quick Service Restaurant) categories. Currently DPC Dash only has 1000+ stores in China with a target of reaching 3000 by 2030. We think there is ample room for DPC to meet this target with very little risk of cannibalisation. Execution is, however, key and here we take comfort from the fact that the management team come from McDonalds China, a very successful franchise in its own right. They have demonstrated exceptional localisation abilities - their bestselling pizza is salted egg yolk and juicy chicken nuggets - and a strong commitment to both superior taste (freshly baked dough instead of frozen) and consumer experience (proprietary delivery force with average delivery time of 20 minutes). Improving profitability is likely to come along with DPC Dash expanding its scale, both for store-level and corporate-level. We will be expecting much higher profit growth than topline growth. Despite a relatively high spot multiple, we believe the company's growth - both in terms of pace and longevity - remain underappreciated.
H World	We have bought a position in H World, which we see as the best-positioned hotel operator in China to benefit from the long-term shift toward branded, digitally enabled lodging. The company combines scale, a sophisticated tech backbone, and a loyalty programme with over 200 million members to drive high direct-booking volumes and operational leverage across its 10+ brands. H World's proprietary franchise platform allows it to expand rapidly and efficiently, particularly in cities where demand is rising and local hotel supply remains fragmented and under-branded. Structurally, we see continued growth in domestic travel driven by China's rising middle class. H World's tech-enabled, capital-light model should position it well ahead of slower-moving state-owned competitors. With room count set to double by 2030, and margins likely to rise, the company has the potential to deliver strong double digit earnings growth. We see H World as a long-term winner in China's travel market.

Luxshare Precision	Luxshare Precision is a leading manufacturer specialising in electronic connectors, cables, and advanced assembly solutions for consumer electronics and automotive clients. Its largest client is currently Apple where it provides manufacturing and assembly services. However, it is rapidly broadening its customer base and taking wallet share due to its reputation for quality, reliability and speed. Acquisitions are also a growth driver and here the company has a strong and disciplined track record. Revenue and profit growth is comfortably double digit as a result. Optionality is provided by the company's move into copper-interconnects which are essential for high-speed and cost-effective data transmission in AI servers. We do not believe the mid-teens price earnings valuation reflects the company's future opportunity for profitable growth. As such, we have taken a holding.
Zijin Gold International	We participated in the IPO of Zijin Gold, a subsidiary of Zijin Mining, China's largest copper and gold mining company, as we believed the IPO underprices the value of the company's existing reserves and operational capability.

Complete Sales

Stock Name	Transaction Rationale
Huayu Auto Systems	The investment case for Huayu has not developed as anticipated. Its efforts to diversify away from parent company SAIC have progressed more slowly than expected, resulting in muted growth over our holding period. Moreover, while Huayu has secured new business outside the SAIC group, this has come at lower-than-expected levels of profitability. Although the valuation remains undemanding, our conviction in the company's long-term prospects has diminished. As a result, we have chosen to reallocate some of the capital into higher-conviction opportunities with more compelling growth trajectories.
Sinocare	Sinocare is the market leader in blood glucose monitoring (BGM) devices and a potential leader in continuous glucose monitoring (CGM) devices. These devices help diabetics monitor and control their insulin levels. While the diabetes treatment market is large and growing, competitive intensity has been stronger than we expected. Price competition has been severe and is likely to impact profitability for some time. Furthermore, the company has decided to withdraw its CGM application in the US, thereby removing a significant leg of future potential growth. Given the deterioration in the company's long term profitability and growth outlook, we have decided to sell the holding.

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