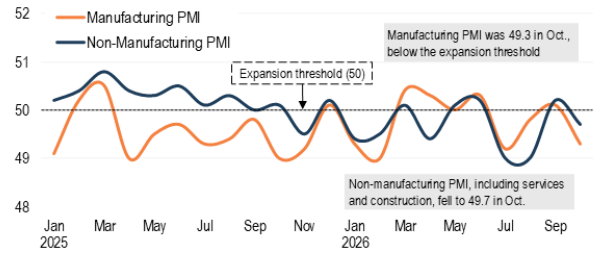
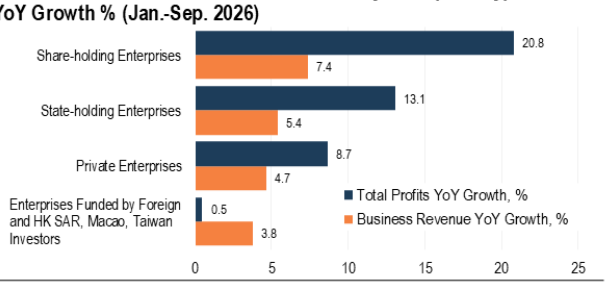
China's Industrial Profits Grow Despite Weak Manufacturing Momentum in 2026

Manufacturing PMI slipped below 50 in October, while industrial profits rose 15.5% in the first nine months of the year, led by mining, selected high-tech industries and strong profit growth among state-holding enterprises

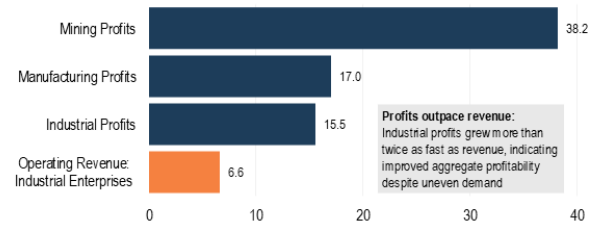
China Purchasing Managers' Indices (Jan. 2025-Oct. 2026)



China Business Revenue and Total Profits by Enterprise Type* YoY Growth % (Jan.-Sep. 2026)



China Industrial Performance, YoY Growth, % (Jan.-Sep. 2026)



China Highest and Lowest Industrial Profit Growth Across Sectors (Jan.-Sep. 2026)

Largest Profit Declines	**-41.6%** Timber & Wood Products	**-46.9%** Non-metallic Minerals	**-51.3%** Furniture Manufacturing	**-73.3%** Ferrous Metals Smelting
Strongest Profit Growth	**+68.0%** Mining & Processing of Non-ferrous Metal Ores	**+79.7%** Smelting & Pressing of Non-ferrous Metals	**+81.7%** Chemical Fibres	**+103.8%** Computers, Comms. Equipment, etc. Manufacturing

Note: *Enterprise ownership categories not mutually exclusive. Industrial data covers enterprises with annual operating revenue of approximately USD 3 million or more. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's industrial economy is sending mixed signals in 2026. On the one hand, factories are facing a difficult business environment, with manufacturing activity weakening in October as new orders and demand remain under pressure. On the other hand, industrial profits rose 15.5% in the first nine months of the year, more than twice as fast as business revenue. This suggests that parts of Chinese industry are becoming more profitable even as the broader economy struggles to build momentum.

But the gains are far from evenly distributed. Mining profits surged 38.2%, while manufacturers of computers, communications equipment & other electronics recorded profit growth of more than 100%. Industries linked to metals processing and chemical fibres also performed strongly.

Traditional industries such as furniture, timber products and ferrous metals suffered steep profit declines, illustrating the pressures facing businesses exposed to weak demand, intense competition and changing industrial needs. The differences extend to enterprise types: share-holding and state-holding enterprises reported stronger profit growth than private and foreign-funded businesses.

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For global business, China's industrial economy cannot be understood through a single growth figure. Some sectors are expanding rapidly and generating new commercial opportunities, while others face shrinking margins and difficult market conditions.

China remains a vast manufacturing and industrial market, but understanding where growth and profitability are concentrated, and where pressures are intensifying, is increasingly important for companies investing, sourcing or competing in the country.

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