The 720: Alibaba, GDS, HSBC, Victory Giant, Netease, Lead Intelligent, JD.com, Hon Hai, Nvidia

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In Focus | Alibaba

Alibaba - Key highlights from Chairman & CEO Letter/Alibaba Cloud Summit – Buy (on CL). Alibaba hosted its Alibaba Cloud Summit Day 1 on May 20 in Hangzhou, alongside a Chairman and CEO Letter to Shareholders released on the same day highlighting a new phase of critical investments into the AI agentic era. We view the launch of Qwen3.7-Max, Qwen Cloud, and QoderWake as solid execution towards production-grade agent workflows and monetizable enterprise use cases, with Bailian MaaS' growing model ecosystem broadening developers' choices and lowering adoption friction, alongside T-Head's chip roadmap/rising shipment scale strengthening cost efficiency. We believe Alibaba's suite of agentic AI products should support its recently stated MaaS ARR target (Rmb10bn ARR for the June quarter and Rmb30bn before end of FY27E), where we continue to forecast accelerating cloud revenue growth (GSe: +40%/+41% yoy in 1QFY27E/FY27E) on the back of token growth from rising enterprise adoption of agents. 12m TPs of US$186/HK$180. *Ronald Keung*

Listen Up - GS Webcasts on the Agenda

US Macro & Strategy: Rates, AI Momentum & Equity Market Implications | 830am HK | Access Webinar | with William Marshall, Ryan Hammond, Dani Wojdyla

Results | GDS, Kanzhun

GDS Holdings – Strong YTD Order Wins Despite Soft 1Q26 – Buy. We remain constructive on the company's growth outlook following 1Q26 results, where revenue slightly missed our estimates but adjusted EBITDA was in line. We are encouraged by strong sales momentum year-to-date, with 346MW in IT power commitments driving the backlog to 600MW, most of which will be billable in the next 6-8 quarters. We see enhanced financial flexibility following the sale of a 15% equity interest in DayOne and a US$300mn private placement, leading to Rmb19.2bn in cash. We maintain our Buy rating and 12m TP of US$55/HK$54, as the company targets 500-800MW of new bookings annually over the next three years with stable investment returns. *Timothy Zhao*

Kanzhun – 1Q26 EPS Beat and AI Monetization – Buy. We raise our 2026E non-GAAP net profit by 13% following a 1Q26 beat, where non-GAAP net profit came in 60% above our estimates driven by lower operating expenses and investment gains. We expect revenue growth to accelerate to 14% year-over-year in 2Q26, supported by recovering recruitment demand and structural shifts toward blue-collar users and lower-tier cities. We view the company's AI strategy as a key growth driver, with AI-enabled closed-loop services generating roughly Rmb50mn in 1Q26 and expected to boost 2026 revenue growth by 1.5 percentage points. We maintain our Buy rating and 12m TP of US$21/HK$82, reflecting robust user growth and improving engagement. *Timothy Zhao*

Themes in Play | HSBC, Victory Giant, Netease, China Staples

HSBC – Key Takeaways from Investor Event – Buy. Management outlined a strategic roadmap focused on simplicity, customer-centricity, and sustainable growth, with Asia remaining a core growth engine contributing 65% of PBT. We continue to like the bank as a global liquidity engine offering a scaled deposit franchise and structural growth, supported by its leading wealth management position in Asia and $1.5bn in simplification savings. While investor feedback was neutral with limited expectations for near-term guidance upgrades, medium-term targets remain unchanged. We maintain our Buy rating on HSBA.L (on CL) and 0005.HK with 12m TPs of GBp1,700 and HK$165. *Melissa Kuang, Chris Hallam*

Victory Giant – AI PCB Capacity Expansion – Buy. Following our management visit, we remain positive on the company's AI PCB growth momentum, driven by strong end demand from both GPU and ASIC AI servers. We believe timely capacity expansion and strong R&D capabilities position the company well to capture specification upgrades toward higher layer counts and rising PCB usage replacing copper cables. Management also highlighted stronger-than-expected demand from local AI server clients and active expansion into optical transceiver and advanced packaging PCBs. We maintain our Buy rating and 12m TP of Rmb550, supported by the global AI infrastructure ramp-up and highly automated production lines. *Allen Chang*

NetEase – Game Conference Takeaways – Buy. We highlight NetEase's annual 520 Game Conference, which showcased progress on four self-developed pipeline games and detailed content updates for 36 flagship titles. Key upcoming catalysts include a new testing phase for Sea of Remnants on May 28, which has already surpassed 22mn preregistrations, and a major update for Justice Mobile launching on June 26. We believe these robust pipeline developments and continuous flagship content upgrades will support user engagement and monetization. Our 12m TPs are US$160/HK$250. *Lincoln Kong*

China Consumer Staples – Assessing Potential Impact of Logistics Costs Inflation. We note that emerging logistics cost inflation has begun to materialize across the sector since March and April, compounding expected second-half headwinds from packaging materials. Our cost tracker indicates diesel prices have increased 11% in May month-to-date versus the 2025 average, driven by an 80% year-to-date climb in Brent oil prices. Because logistics account for a high-single to low-teens percentage of cost of goods sold for pure beverage players and a single to mid-teens percentage for other staples, this diesel price inflation could theoretically lead to low-to-high single-digit net profit downside across our coverage. We expect the highest earnings impacts to be felt by beer, dairy, and beverage players such as Tingyi and UPC. *Leaf Liu*

Asia Communacopia+Tech Conference | Pony AI, SenseTime, Lead Intelligent, Hon Hai, JD.com, Roborock, Ninebot

Pony AI – 3,000 robotaxis by 2026 and declining costs enable break-even. Management targets a 3,000-unit robotaxi fleet by 2026, expanding to 20 cities globally driven by both self-operating and licensed fleets. The company has achieved unit economic break-even in Guangzhou and Shenzhen, with margins continuing to improve. Operating costs are expected to decrease further due to optimized vehicle and hardware costs, alongside growing operating leverage as the business scales. 12m TP of US$30/HK$234. *Allen Chang*

SenseTime – Native multimodal AI model differentiates – Buy. Management highlighted their 1+X strategy, focusing on generative AI and computer vision to reduce operating expenses and consolidate headcount. The company's foundation model is natively multimodal, deeply integrating vision and text to achieve solid performance with fewer parameters than peers. Supported by 40,000 PFLOPS of in-house computing resources, the model is well adapted to domestic GPUs and targets corporations with sensitive data. 12m TP of HK$3.55. *Allen Chang*

Lead Intelligent – Multi-dimensional growth underpins solid 2026 – Buy H. Management expects the second-quarter order trend to strengthen further from the first quarter's record Rmb9.6bn, driven by accelerating energy storage system capex. Beyond lithium battery equipment, major order growth drivers include new equipment demand for sodium batteries, consumer electronics 3D-printing, and a new partnership with X-Humanoid for robot manufacturing. We believe the battery capex cycle is structurally more sustainable now, as expansion is concentrated among top players and gated by strict utilization rate evaluations. We see upside risks to firmwide order growth tracking above the FY26 target of 30-50 percent, maintaining our Buy rating on the H-shares with a 12m TP of HK$55.6 and Neutral on the A-shares with a 12m TP of Rmb61. *Jacqueline Du*

Hon Hai – AI Server QoQ growth and strong 800G+ switch demand – Buy. Management expects AI server shipments to increase sequentially throughout 2026, with 2Q growth reaching the high double digits. Driven by increasing demand for high-speed interconnection, 800G+ switch shipments are projected to grow twofold this year, with next-generation CPO switches shipping in the second half. To support margins against the dilution effect of high-ASP AI servers, the company is increasing its in-house component supply to cover 50 percent of AI server racks and adopting a consignment business model for ASIC projects. 12m TP of NT$400. *Allen Chang*

JD.com – Resilient retail margins with incremental investments into Joybuy – Buy. Despite a softer 2Q retail trend in electronics, JD Retail margins remain resilient, supported by supply chain enhancements and a mix shift toward marketplace and advertising. Food delivery losses continue to narrow sequentially due to improving unit economics, while the company increases investments in international expansion through Joybuy and Jingxi. Management reiterated a strong commitment to shareholder returns, noting a 17% share count reduction since 2024 and a stable dividend policy. We continue to see JD as a multiple repair story into the second half of 2026. 12m TPs of US$43/HK$169. *Ronald Keung*

Roborock – Resilient Growth and Improving Tariff Set-up - Buy. Management noted that while domestic robotic vacuum cleaner demand faces near-term pressure on a high base, the industry pricing floor has stabilized. In overseas markets, European demand remains solid, and the company sees US growth opportunities by scaling its offline distribution network despite tariff-induced headwinds. We believe the company is well-placed for continued global market share gains driven by channel expansion, enhanced marketing, and new product rollouts like wet dry vacuums and robotic lawn mowers. 12m TP of Rmb170. *Nicolas Yi*

Ninebot – Resilient Revenue Growth and E2W Recovery in Focus - Buy. Management expects a sequential recovery in electric two-wheeler (E2W) sales starting late May driven by new product rollouts, despite near-term margin pressures from cost inflation. The company remains on track to double robotic lawn mower sales this year, capitalizing on rising penetration and first-mover advantages in offline retail channels. Furthermore, electric kickscooters continue to gain market share in Europe, supported by strong consumer demand amid rising oil prices. 12m TP of Rmb62. *Nicolas Yi*

Connections | Consumer Durables

China Consumer Durables – Appliance Tracker: Weakening Domestic Demand and Mixed Exports. We foresee ongoing domestic demand pressure into the second quarter following weaker April retail and ex-factory shipment data, making the upcoming 618 festival a key test for demand resilience post price hikes. While domestic appliance retail sales fell 15% year-over-year on a challenging base, exports resumed positive single-digit growth despite continued declines in air conditioning shipments. Amid regional differences and overseas demand uncertainty, we believe weakness may be partially offset by leading Chinese players gaining share abroad. We continue to favor Buy-rated Midea, Ninebot, and Hisense Home Appliances based on their strong product value propositions, overseas growth potential, and attractive valuations. *Nicolas Yi*

Around the world | Nvidia, EM Trader

Nvidia – Strong Quarter and Guidance – Buy. We expect the stock to trade higher following a strong quarter and Q2 guidance that came in well above Street expectations, pointing to a solid AI spending environment. Nvidia reported Q1 revenue of $81.6bn and guided Q2 revenue to $91.0bn, beating our $87.7bn estimate, alongside an $80bn buyback increase and dividend hike that we see as incrementally supportive. We believe these results reinforce our constructive view on the broader semiconductor space. 12m TP of $250. *James Schneider*

The EM Trader – Rate Reality Check. We note that emerging market currencies and equities have come under pressure recently, driven by a combination of higher US long-end yields and weaker risk sentiment. With US 10-year yields reaching 4.6%, EM equities have given back 5% over the past week, though we expect resilient global growth and AI-led earnings momentum to provide ongoing support. In EM local rates, long-dated yields have moved higher following hawkish repricing in core markets. Given our expectation for moderate sovereign credit spread widening, we recommend hedging in LatAm IG oil importers if US rates continue to rise. *Kamakshya Trivedi*

Graphic language | EM Trader - EM Equities vs US Rates

MSCI EM 1-month Return (median)		US 10-Year Treasury Yield		
		Rising	Falling	All
US Growth (Cyc vs Def)	Improving	1.5%	3.3%	1.7%
	Slowing	(3.9%)	(1.5%)	(1.7%)
	All	(0.8%)	0.3%	0.5%

Source: FactSet, Goldman Sachs Global Investment Research

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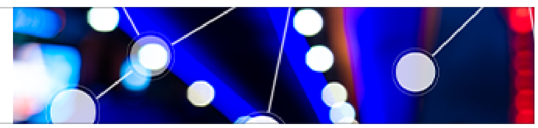

GS Events (Home Page here)

- **Global Healthcare Conference | Miami** | 8-10 Jun
- **Emerging Markets Conference | London** | 12 Jun
- **Asia Leaders Conference | Hong Kong** | 31 Aug – 2 Sep