China Industrial Tech

Go Global 3.0: The Age of China's AI Industrialization

China has entered the **"Go Global 3.0"** era—a new export phase that is characterized by the export of AI-enabled, technology-led industrial capabilities, ranging from AI data center power infrastructure to physical AI (robotics & automation). **To provide a granular understanding of where China's AI industrialization can create globally relevant export winners,** this analysis uniquely examines **11 product-based export opportunities** with global TAM ranging from US$12bn to US$212bn by 2030E**. We categorize these into four Go Global 3.0 archetypes:** **(1) Bottleneck Solvers**; **(2) Technology Upgraders**; **(3) Established Global** players; and products with **(4) Idiosyncratic Opportunities**.

We expect Chinese companies to follow markedly different overseas trajectories across archetypes.

Key conclusions:

- **Mid-term gain, long-term success to watch: We forecast the largest market share gain and margin uplift for "Bottleneck Solvers" over 2026-30E driven by strong S/D tailwind, and are Buy-rated on Sieyuan, Kstar and Yingliu. This is followed by "Technology Upgraders" with rapid engineering and technological iteration as the key differentiator, e.g., Buy-rated Envicool.** That said, sustainability beyond 2030E will depend on the duration of the S/D gap and advancement in meeting the stringent, long-term operational standards of global utility and industrial clients, as establishing robust, localized aftermarket support and lifecycle services remain a key differentiator for Western incumbents. Relay, an electrical component with **Hongfa (Buy-rated)** as the China leader, is the exception with proven success in our view.

- **Mid-term pain, long-term potential intact: "Established Global"** sectors such as energy storage and humanoid robot face strong market access headwind in the mid-term, hence need to navigate complex international regulatory, safety, and environmental compliance frameworks. **We stay Neutral on Sungrow. On the other hand, we project slow initial overseas ramp over the mid-term for China industrial robotics & automation leaders (e.g Inovance and Estun) that present "Idiosyncratic Opportunities".** However, strong product/tech competitiveness, R&D iteration speed and cost competitiveness still position them as potential long-term winners.

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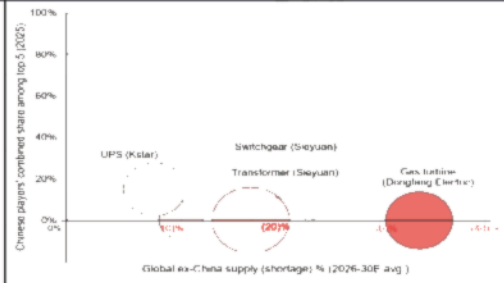
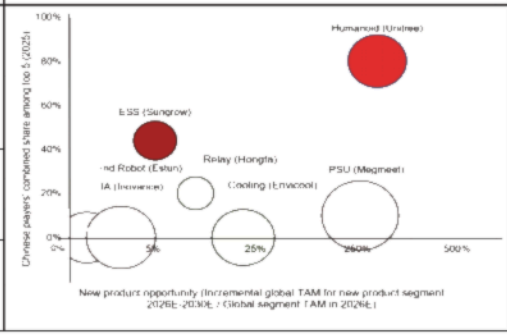
Exhibit 1: We examine 11 competitive battlegrounds and categorize the China AI industrialization export opportunity into four archetypes

Go Global 3.0 opportunity archetype		Product category	China leader	China 2030E TAM (US$bn)	Global ex-China 2030E TAM (US$ bn)	Global ex-China 2026-30E TAM CAGR	Key overseas market features: Demand tailwind	Key overseas market features: Regulatory risk/trade barriers (red=high, green=low)	China leader's market share trend in key overseas market: Mid-term (2026-30E)	Mid-term competitiveness metrics: Time-to-market	Mid-term competitiveness metrics: Price competitiveness	Mid-term competitiveness metrics: R&D/ iteration speed	Long-term (2030E and beyond)	Long-term competitiveness metrics: Product quality	Long-term competitiveness metrics: Certification/ ecosystem	Long-term competitiveness metrics: Global service
Bottleneck Solvers		Gas turbine	Dongfang Electric	12	56	11%	✓ AIDC power shortage		↑ 6pp	✗	✓	✗	↓	✗	✗	✗
		Transformer	Sieyuan	5	22	7%	✓ AIDC power shortage		↑ 7pp	✓	✓	-	↓	✗	✗	✗
		Switchgear	Sieyuan	7	18	6%	✓ AIDC power shortage		↑ 6pp	✓	✓	-	–	✓	✗	✗
		UPS	Kstar	3	13	9%	✓ AIDC buildout		↑ 3pp	✓	✓	✓	↓	✗	✗	✗
Established Global		Humanoid	Unitree	3	10	53%	✓ Labor & demographic shift+AI accelerant		n.a	✓	✓	✓	– / ↑	✗	✓	✓
		ESS	Sungrow	52	106	21%	✓ Renewable integration+ 800VDC shift		↓ -8pp	-	✓	✓	– / ↑	✓	✓	✓
Technology upgraders		PSU	Megmeet	12	55	46%	✓ 800VDC shift		↑ 4pp	✓	✓	✗	↓ / –	✗	✗	✗
		Global server cooling	Envicool	11	35	9%	✓ AIDC buildout		↑ 5pp	✓	✓	✓	– / ↑	✓	✗	✗
		Relay	Hongfa	5	7	3%	✓ 800VDC shift		↑ 11pp	✓	✓	✓	↑	✓	✗	✓
Idiosyncratic Opportunities		Industrial robot	Estun	6	20	10%	–		– 2pp	✓	✓	✓	– / ↑	✓	✗	✗
		Industrial Automation	Inovance	49	163	3%	–		– 0pp	✓	✓	✓	– / ↑	✓	✗	✗

(1) TAM estimates are derived from a combination of company data, Goldman Sachs estimates, and third-party sources. Figures are indicative and may differ from other published estimates due to differences in scope, definitions, and methodology; (2) UPS: Uninterruptible Power Supply; (3) PSU: Power Supply Unit; (4) IA: Industrial Automation.

Source: Company data, Fortune Business Insights, GasTurbineFocus, ICT Research, QY Research, CCID, Omdia, Frost & Sullivan, Yole Research, Intel Market Research, MIIT, MIR, International Society of Automation (ISA), MMR, NBS, InfoLink Consulting, Wood Mackenzie, Data compiled by Goldman Sachs Global Investment Research

Exhibit 2: Supply/demand tailwind, product upgrade opportunity and pricing power are crucial to drive margin expansion by outweighing overseas headwinds such as raw material/production cost inflation, competition and trade hurdles

Attribution of overseas GPM change (2030E vs. 2025) by key drivers across selected sectors

Archetype	Product (China Leader)	Global peer's ex-factory ASP trend in key overseas market, 2026-30E		China leader's ex-factory ASP trend in key overseas market, 2026-30E		China leader GPM trend in key overseas market, 2026-30E		S/D	Product upgrade	Pricing power	Competition	Raw materials	Overseas factory	Trade hurdles
		2026-30E trend	2030 vs 2026	2026-30E trend	2030 vs 2026	Net GPM change in key overseas market	Net effect							
Bottleneck solvers	Transformer (Sieyuan)		↑		↑	3pp	↑	14pp	-	-	-	-8pp	-	-3pp
	Switchgear (Sieyuan)		↑		↑	8pp	↑	11pp	-	-	-	-3pp	-	-
	UPS (Kstar)		↑		↑	5pp	↑	6pp	2pp	1pp	-	-2pp	-1pp	-1pp
Established Global	ESS (Sungrow)		↓		↓	-18pp	↓	-	2pp	6pp	-10pp	-5pp	-3pp	-8pp
	Humanoid (Unitree)	-	↓	-	↓	-		-	-	-	-	-	-	-
Technology upgraders	PSU (Megmeet)		↑		↑	2pp	↑	-	5pp	-	-2pp	-1pp	-1pp	-
	Cooling (Envicool)		↓		↓	3pp	↑	3pp	5pp	1pp	-3pp	-2pp	-1pp	-1pp
	Relay (Hongfa)		↑		↑	2pp	↑	2pp	2pp	4pp	-	-5pp	-1pp	-
Idiosyncratic Opportunities.	IA (Inovance)		↑		↑	1pp	↑	1pp	1pp	2pp	-	-2pp	-1pp	-
	Industrial robot (Estun)		↓		↓	-2pp	↓	1pp	1pp	-	-3pp	-1pp	-	-

(1) All GPM change figures in this table reflect our forecasts for each company's specific product in its key target overseas market. These figures are product- and market-specific and do not represent the consolidated performance or entire product portfolio of the companies. (2) Gas turbines excluded, as the relevant company is outside our coverage universe. Margin trend for humanoid robots are shown for directional reference only, reflecting our sector outlook; the relevant company (Unitree) is not yet publicly listed at the time of publication.

Source: Company data, Goldman Sachs Global Investment Research

PM Summary

China has entered the **"Go Global 3.0"** era—a new export phase that moves beyond the low-cost manufactured goods of Go Global 1.0 and the "New Three" (electric vehicles, lithium-ion batteries, and solar photovoltaics) of Go Global 2.0. This current phase is characterized by the export of AI-enabled, technology-led industrial capabilities, ranging from AI data center power infrastructure to physical AI (robotics & automation). With that said, the 28 July, 2026 US FCC decision to restrict new Chinese humanoid and quadruped robots, alongside certain connected power equipment, highlights how regulatory scrutiny is expanding into AI robotics and AI power infrastructure, making market access an increasingly important consideration alongside product competitiveness for investors to look at Chinese companies' export potential. This shift is exemplified by the **"Born Global"** phenomenon among the new generation of Chinese technology companies. Unlike traditional manufacturers that spent decades saturating their domestic market before venturing abroad, these emerging humanoid robotics firms treat the global market as their primary market from day one.

To provide a granular understanding of where can China's AI industrialization create globally relevant export winners, this analysis identifies 11 product-based export opportunities with global TAM ranging from US$12bn to US$212bn by 2030E. Across each category, we compare a China market leader (by domestic market share) with the most relevant global peer in its core overseas market. We categorize these into four Go Global 3.0 archetypes: (1) Bottleneck Solvers, where overseas share gains are enabled by global-ex-China supply shortages and capacity constraints; **(2) Technology Upgraders**, where technology transitions create windows of opportunities to narrow historical competitive gaps; **(3) Established Global** players, where Chinese players are establishing or pursing global leadership; and products with **(4) Idiosyncratic Opportunities**, where there is no specific and visible demand headwind or tailwind so overseas expansion primarily depends on company specific execution.

We expect the companies to follow markedly different overseas trajectories across archetypes. Our framework separates the drivers of mid-term (2026-30E) and long-term (2030E and beyond) overseas success. Key conclusions:

- **Mid-term gain, long-term success to watch: We forecast the largest market share gain and margin uplift for "Bottleneck Solvers" over 2026-2030E driven by strong S/D tailwind, and we are Buy-rated on Sieyuan, Kstar and Yingliu. This is followed by "Technology Upgraders" with rapid engineering and technological iteration as the key differentiator, eg. Buy-rated Envicool.** With that said, sustainability beyond 2030E will be contingent on the duration of the supply/demand gap and significant advancement in meeting the stringent, long-term operational standards of global utility and industrial clients, as establishing robust, localized aftermarket support and lifecycle services remain a key differentiator for Western incumbents. Relay, an electrical component with **Hongfa (Buy)** as the China leader, is the exception with proven success in our view.
- **Mid-term pain, long-term potential remains: "Established Global"** sectors such as energy storage and humanoid robot face strong market access headwind in the

mid-term, where they need to navigate complex international regulatory, safety, and environmental compliance frameworks. **We stay Neutral on Sungrow. On the other hand, we project slow initial overseas ramp over the mid-term for China industrial robotics & automation leaders (e.g Inovance and Estun) that have "Idiosyncratic Opportunities".** However, strong product/tech competitiveness, R&D iteration speed and cost competitiveness still position them as potential long-term winners.

Our framework:

We arrive at four categories by applying two sequential filters and one market-positioning lens:

1. **What is the primary source of overseas demand tailwind?** We identify two major opportunity sets: (1) products benefiting from significant global ex-China supply shortages (c. 8%-34% supply gap over 2026-30E), where capacity constraints create an immediate demand pull for Chinese suppliers; and (2) products benefiting from new technology adoption cycles (incremental TAM for the new product within its existing segment up to >350% by 2030E), where AI, electrification and automation create entirely new demand pools.
2. **What determines whether overseas share gains are likely to be temporary or sustainable?** Building on the demand drivers identified above, we assess the relative importance of mid-term competitiveness (2026-30E) versus long-term competitiveness (2030E and beyond). In our view, near-term share gains are often driven by execution advantages such as time-to-market, pricing and R&D iteration speed, while long-term positioning depends increasingly on product quality, certification and ecosystem acceptance, global service capabilities, and the ability to navigate evolving regulatory requirements. As a result, strong mid-term share gains may not necessarily translate into durable long-term leadership.
3. **What is China's existing competitive position in the global landscape?** Finally, having assessed the source of demand creation (Filter 1) and the likely durability of share gains (Filter 2), we evaluate the combined market share of Chinese players among the global top five participants in each product category. Viewed alongside the demand and competitiveness measures above, this lens helps distinguish between sectors where Chinese companies have already established meaningful global positions through years of export expansion and technology development (e.g., ESS), and emerging "born-global" categories where Chinese firms are securing leadership positions from an early stage of market formation (e.g., humanoid robots). Conversely, sectors with limited Chinese representation among global leaders, despite competitive products, tend to follow a more company-specific and idiosyncratic path to overseas expansion.

Together, this results in four Go Global 3.0 archetypes:

1) Bottleneck solvers: Chinese firms rapidly delivering critical infrastructure products (e.g., gas turbines, transformers, switchgear), alleviating global supply constraints through speed and execution. These opportunities offer the largest margin uplift, though their sustainability is contingent on the duration of the supply/demand gap; We

compare **Sieyuan** (002028.SZ, covered by China Industrials analyst Zhou Li) vs. **Siemens Energy** (ENR1n.DE, covered by European Utilities analyst Ajay Patel) in the US and Latin Americas markets; Dongfang Electric (Not Covered) and **Yingliu** (603308.SS, covered by Zhou Li) vs. **GE Vernova** (GEV, covered by US Industrials analyst Joe Ritchie) and **Howmet** (HWM, covered by US Aerospace & Defence analyst Noah Poponak) in the North Americas market; and **Kstar** (002518.SZ, covered by China Industrials analyst Hao Chen) vs. **Schneider Electric** (SCHN.PA, covered by European Industrials analyst Daniela Costa) in the US market.

2) Technology upgraders: Chinese firms leveraging faster R&D and production iterations to capitalize on shifts like the 800VDC architecture, offering advanced cooling, power supply units (PSU), and high-voltage direct current (HVDC) relays. This category promises margin accretion from new product iterations; We compare **Megmeet** (002851.SZ, covered by China Industrial Tech analyst Hao Chen) vs. **Delta Electronics** (2308.TW, covered by Taiwan Electronic Components analyst Chao Wang) in the US market; **Envicool** (002837.SZ, covered by Jacqueline Du) vs. **Vertiv** (VRT, covered by US Industrial Tech analyst Mark Delaney) in the US; and **Hongfa** (600885.SS, covered by Jacqueline Du) vs. **Panasonic** (6752.T, covered by Japan Industrial Electronics analyst Ryo Harada) in the Europe market.

3) Established Global: Sectors where Chinese players are already establishing or pursuing global leadership, either by creating entirely new demand pools or through existing global market dominance. This includes frontier categories such as humanoid robots, which reflect China's ambition to lead in emerging technologies from inception, as well as markets such as energy storage systems (ESS) where Chinese players already hold strong global positions. We compare **Unitree (private) vs. Boston Dynamics (private)** (80% owned by Hyundai Motors, 005380.KS covered by Korea Autos analyst Do Hyoung Kim); and **Sungrow** (300274.SZ, covered by Jacqueline Du) vs. **Tesla** (TSLA, covered by Mark Delaney) in the US market.

4) Idiosyncratic Opportunities: Industrial automation and industrial robot companies expanding globally through product competitiveness, localization, channel expansion and broader customer penetration, rather than relying on a clear demand tailwind. For these companies, success will depend increasingly on their ability to gain share in overseas markets beyond their initial Chinese customer base. We compare **Inovance** (300124.SZ, covered by Jacqueline Du) vs. **Siemens** (SIEGn.DE, covered by Daniela Costa) in Europe and **Estun** (002747.SZ/2715.HK, covered by Jacqueline Du) vs. **Fanuc** (6954.T, covered by Japan Machinery analyst Yuichiro Isayama) in Southeast Asia.

Mapping AI industrialization: Representative peer pairings and where the 11 opportunities fit

Exhibit 3: AI Industrialization value chain: 11 representative China-global company pairings

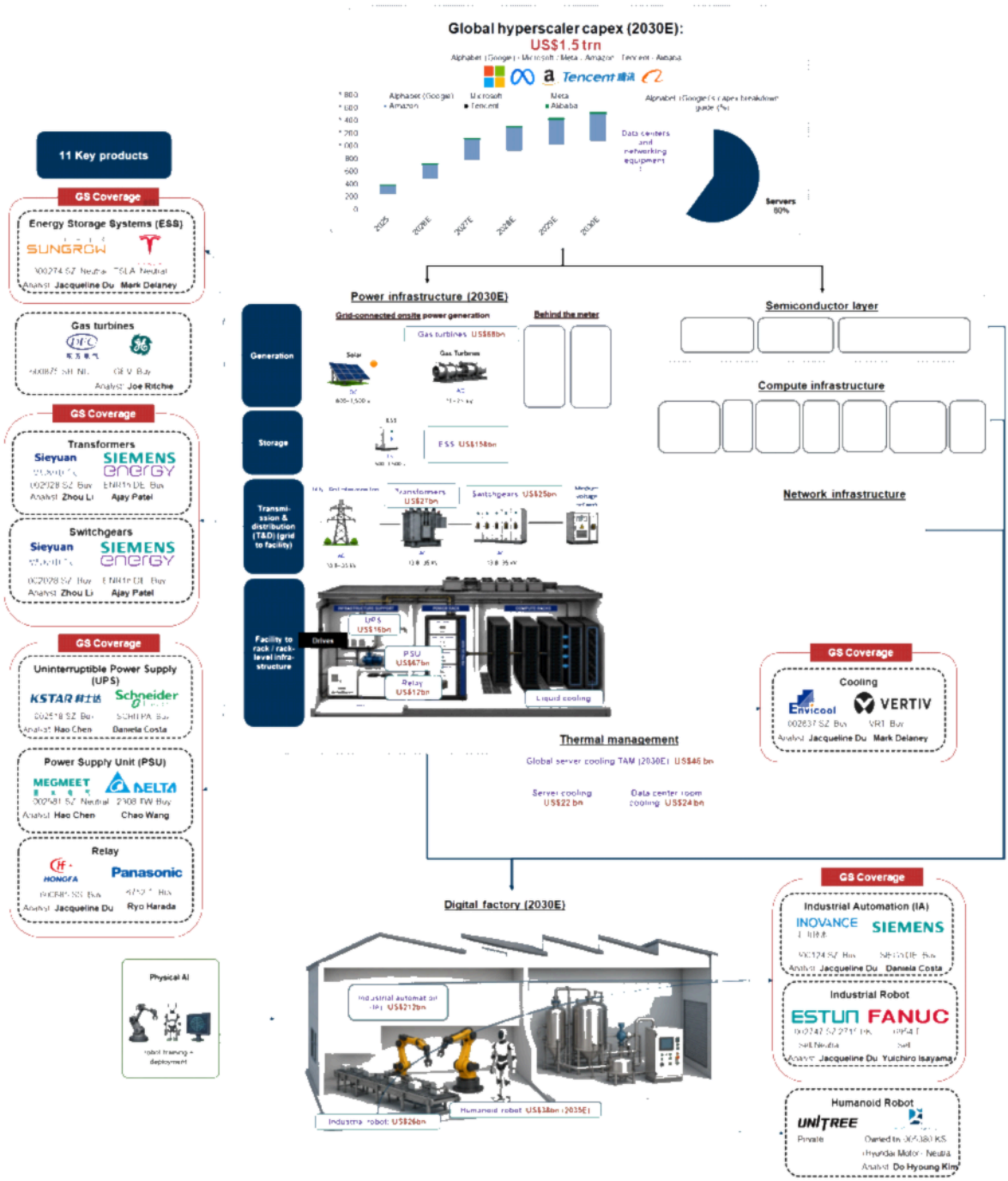
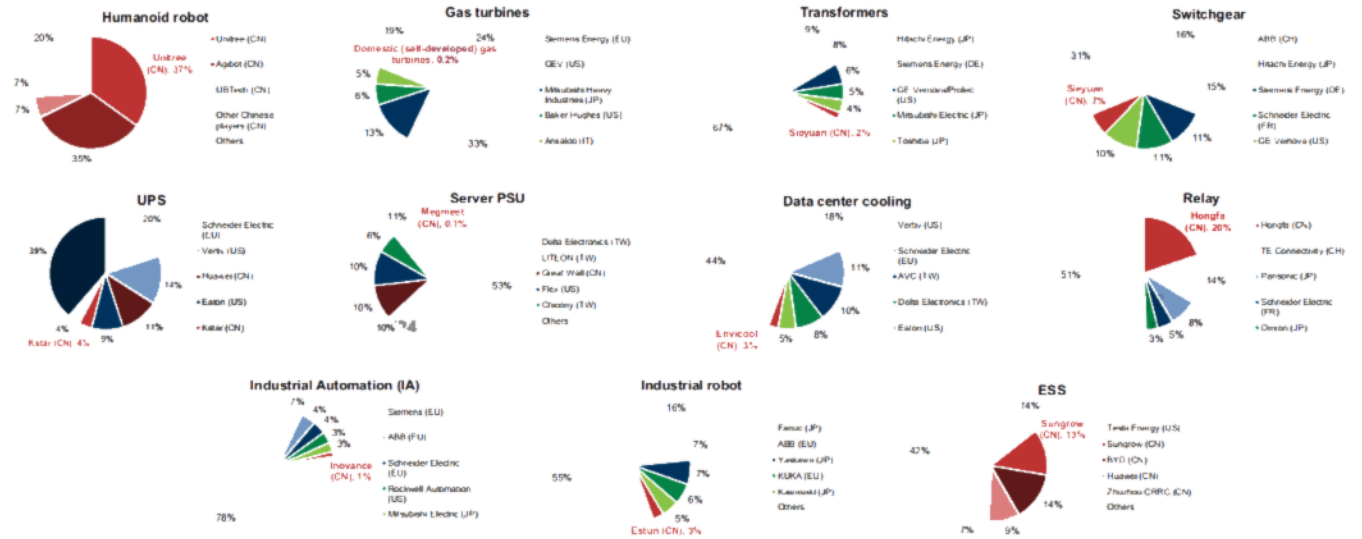


Exhibit shows eleven representative China-global company pairings across selected segments of the AI industrialization value chain, aligned with the 11 products analyzed in this report. Company selection is illustrative and not intended to be comprehensive; a broader set of credible global and regional players (including, for example, additional U.S. and European participants in power, thermal management, and related infrastructure) are not shown. TAM estimates are derived from a combination of company data, Goldman Sachs estimates, and third-party sources. Figures are indicative and may differ from other published estimates due to differences in scope, definitions, and methodology.

Source: Company data, Fortune Business Insights, GasTurbineFocus, ICT Research, QY Research, CCID, Omdia, Frost & Sullivan, Yole Research, Intel Market Research, MIIT, MIR, International Society of Automation (ISA), MMR, NBS, InfoLink Consulting, Wood Mackenzie, Data compiled by Goldman Sachs Global Investment Research

Exhibit 4: Global competition landscape and top players of the 11 key products, as of 2025



(1) Market share estimates are derived from a combination of company data, GS estimates, and third party sources. Results are indicative and may not fully capture the complete competitive landscape and may vary from other published estimates due to differences in scope, definitions, and methodology. (2) All market share distribution is calculated on a value (US$) basis, with the exception of industrial and humanoid robots which are on volume (units) bases. (3) Note that ABB Robotics is currently under the final stages of its planned disposal to SoftBank.

Source: Company data, Fortune Business Insights, GasTurbineFocus, ICT Research, QY Research, CCID, Omdia, Frost & Sullivan, Yole Research, Intel Market Research, MIIT, MIR, International Society of Automation (ISA), MMR, NBS, InfoLink Consulting, Wood Mackenzie, Goldman Sachs Global Investment Research

Exhibit 5: Comp sheet of China leader vs. Global leader discussed in this report

Company	Ticker	Covering analyst	PCY	Last closing price	12m-Target price	+/- side %	Rating	Mkt Cap (US$bn)	Rev CAGR	EBITDA CAGR	NI CAGR	P/E		P/B		EV/EBITDA		ROE	
									25-27E	25-27E	25-27E	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Gas turbine																			
Dongfang Electric	**600875.SS**	**n.a.**	**CNY**	**27.19**	**n.a.**	**n.a.**	**NC**	**13.0**	**11%**	**19%**	**23%**	**20x**	**17x**	**2x**	**2x**	**11x**	**9x**	**10%**	**11%**
Yingliu	**603308.SS**	**Zhou Li**	**CNY**	**48.38**	**82.40**	**70%**	**Buy**	**4.9**	**34%**	**41%**	**69%**	**52x**	**33x**	**6x**	**5x**	**38x**	**27x**	**11%**	**16%**
GE Vernova	GEV	Joe Ritchie	USD	990.85	1268.00	28%	Buy	271.5	21%	80%	17%	69x	40x	21x	20x	40x	24x	30%	51%
Howmet	HWM	Noah Poponak	USD	283.71	314.00	11%	Buy	113.5	17%	26%	29%	51x	45x	18x	16x	35x	31x	39%	38%
Median									19%	33%	26%	52x	36x	12x	10x	37x	26x	21%	27%
Transformer / Switchgear																			
Sieyuan	**002028.SZ**	**Zhou Li**	**CNY**	**165.42**	**203.70**	**23%**	**Buy**	**19.0**	**29%**	**31%**	**33%**	**32x**	**23x**	**7x**	**6x**	**25x**	**18x**	**23%**	**26%**
Siemens Energy	ENR1n.DE	Ajay Patel	EUR	154.60	212.00	37%	Buy*	154.5	13%	52%	93%	35x	26x	12x	12x	19x	14x	35%	46%
Median									21%	42%	63%	34x	25x	10x	9x	22x	16x	29%	36%
Uninterruptible Power Supply (UPS)																			
Kstar	**002518.SZ**	**Hao Chen**	**CNY**	**33.39**	**67.00**	**101%**	**Buy**	**2.9**	**32%**	**47%**	**49%**	**22x**	**15x**	**4x**	**3x**	**16x**	**12x**	**17%**	**22%**
Schneider Electric	SCHN.PA	Daniela Costa	EUR	302.25	352.00	16%	Buy	195.6	13%	16%	19%	28x	23x	6x	6x	18x	15x	23%	25%
Median									22%	32%	34%	25x	19x	5x	4x	17x	13x	20%	23%
Power Supply Unit (PSU)																			
Megmeet	**002851.SZ**	**Hao Chen**	**CNY**	**120.70**	**112.00**	**-7%**	**Neutral**	**9.8**	**38%**	**127%**	**217%**	**110x**	**48x**	**7x**	**6x**	**63x**	**35x**	**8%**	**14%**
Delta Electronics	2308 TW	Chao Wang	TWD	1815.00	4120.00	127%	Buy	145.8	43%	65%	80%	45x	24x	15x	11x	28x	15x	29%	44%
Median									41%	96%	149%	77x	36x	11x	9x	46x	25x	19%	29%
Cooling																			
Envicool	**002837.SZ**	**Jacqueline Du**	**CNY**	**55.24**	**84.62**	**53%**	**Buy**	**10.4**	**59%**	**83%**	**92%**	**70x**	**37x**	**16x**	**12x**	**54x**	**30x**	**26%**	**37%**
Vertiv	VRT	Mark Delaney	USD	270	301.00	11%	Buy	106.1	33%	n.a.	49%	39x	29x	17x	13x	30x	22x	52%	51%
Median									46%	83%	70%	55x	33x	17x	13x	42x	26x	39%	44%
Relay																			
Hongfa	**600885.SS**	**Jacqueline Du**	**CNY**	**35.30**	**45.50**	**29%**	**Buy**	**8.1**	**22%**	**19%**	**24%**	**25x**	**20x**	**4x**	**3x**	**13x**	**11x**	**13%**	**13%**
Panasonic	6752.T	Ryo Harada	JPY	4436.00	5100.00	15%	Buy	65.6	-3%	9%	16%	55x	21x	2x	2x	18x	11x	4%	9%
Median									9%	14%	20%	40x	21x	3x	3x	15x	11x	8%	11%
Energy Storage Systems (ESS)																			
Sungrow	**300274.SZ**	**Jacqueline Du**	**CNY**	**113.71**	**128.90**	**13%**	**Neutral**	**34.9**	**5%**	**-6%**	**-5%**	**22x**	**19x**	**4x**	**4x**	**15x**	**14x**	**20%**	**20%**
Tesla	TSLA	Mark Delaney	USD	330.88	360.00	9%	Neutral	1171.3	16%	39%	45%	n.m.	154x	14x	13x	99x	57x	4%	8%
Median									11%	17%	20%	22x	87x	9x	8x	57x	36x	12%	14%
Industrial Robot																			
Estun	**002747.SZ**	**Jacqueline Du**	**CNY**	**34.63**	**14.90**	**-57%**	**Sell**	**5.0**	**16%**	**36%**	**158%**	**127x**	**112x**	**10x**	**9x**	**71x**	**60x**	**10%**	**8%**
FANUC	6954.T	Yuichiro Isayama	JPY	6507.00	5600.00	-14%	Sell	38.4	10%	18%	22%	36x	27x	3x	3x	23x	19x	9%	12%
Median									13%	27%	90%	82x	70x	7x	6x	47x	39x	9%	10%
Industrial Automation (IA)																			
Inovance	**300124.SZ**	**Jacqueline Du**	**CNY**	**64.34**	**92.90**	**44%**	**Buy***	**25.8**	**17%**	**21%**	**19%**	**28x**	**24x**	**4x**	**4x**	**24x**	**21x**	**16%**	**16%**
Siemens	SIEGn.DE	Daniela Costa	EUR	276.95	292.00	5%	Buy	247.0	10%	15%	3%	26x	21x	3x	3x	16x	13x	12%	14%
Median									14%	18%	11%	27x	23x	4x	4x	20x	17x	14%	15%

Prices as of Aug 10, 2026. * denotes that stock is on the Conviction List (CL). Dongfang Electric forecast values reflect Wind consensus estimates.

Source: Wind, Visible Alpha Consensus Data, Company data, Goldman Sachs Global Investment Research

"Go Global 3.0" increasingly product/technology dictated, with differentiated market share and profitability outlooks

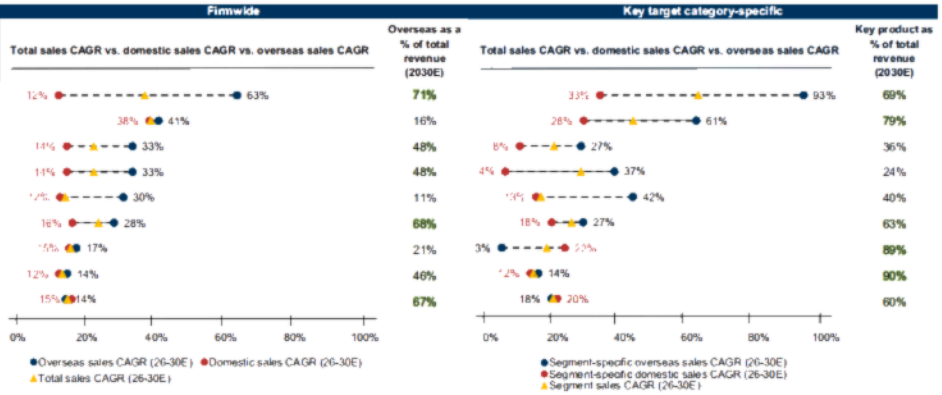
This report will explore how China's AI industrialization is manifesting across various industries, creating distinct export opportunities that define this "Go Global 3.0" era. To provide a granular understanding, **this analysis uniquely adopts a bottom-up, product-level approach, breaking the non-homogeneous industrial complex into 11 discrete competitive battlegrounds:** gas turbines, transformers, switchgears, UPS, power supply units (PSUs), server cooling, relays, humanoids, energy storage systems (ESS), industrial automation (IA), and industrial robots (IR). We further classify these opportunities into four Go Global 3.0 archetypes: Bottleneck Solvers, Technology Upgraders, Established Global players, and products with Idiosyncratic Opportunities. **Across each category, we compare a Chinese leader with a global peer in the most relevant overseas market.** This product-by-product, market-by-market framework helps identify how Chinese companies are penetrating abroad, where profit pools are the deepest, which products are the best positioned to gain overseas market share and expand margins over 2026-30E, and whether these advantages are likely to be sustainable beyond 2030E. In doing so, we move beyond blended financial disclosures to isolate the specific revenue, margin, and competitive drivers of overseas expansion.

Our 11 Chinese leaders are likely to derive an average 35% of revenue from overseas markets in 2026E, rising to 40% by 2030E per GSe, vs. c.16% for the broader China-listed universe, **but this rising mix does not describe a single export story.** Regional exposure diverges greatly by company and product, with the largest overseas region accounting for as high as 71%, reflecting **highly targeted choices on which customers to pursue, which channels and service networks to build, and where to place capacity.** On average, oversea revenue exposure is projected to be 19%/11%/11%/5%/3% of total revenue for North America (primarily the US)/Europe/Southeast Asia/LatAm/Middle East. **The implication is that overseas growth actually requires a more demanding playbook, with category-specific and player-specific decisions**. Geography, in practice, reflects the operating model each company has chosen and the market-specific requirements of competing successfully overseas. We find that outcomes vary meaningfully across products and archetypes: while some opportunities are driven by supply shortages, others benefit from technology transitions, existing global competitiveness, or company-specific execution. Likewise, strong market share gains do not necessarily translate into stronger profitability, nor do near-term competitive advantages always imply durable long-term leadership.

Exhibit 6: On a topline basis, overseas revenue CAGR is likely to outgrow domestic by up to c.50pp with contribution likely rising to 40% of firmwide total by 2030E

Firmwide and key target category-specific total sales CAGR vs. domestic sales CAGR vs. overseas sales CAGR, 2026-30E

Product category	China leader - Company name	Mkt. cap (US$ bn)	Firmwide: Total sales CAGR vs. domestic sales CAGR vs. overseas sales CAGR	Overseas as a % of total revenue (2030E)	Key target category-specific: Total sales CAGR vs. domestic sales CAGR vs. overseas sales CAGR	Key product as % of total revenue (2030E)
PSU (Power Supply Unit)	Megmeet	9.8	12% – 63%	71%	33% – 93%	69%
Cooling	Envicool	10.0	38% – 41%	16%	28% – 61%	79%
Switchgears	Sieyuan	18.4	14% – 33%	48%	8% – 27%	36%
Transformers	Sieyuan	18.4	14% – 33%	48%	4% – 37%	24%
IA (Industrial Automation)	Inovance	25.4	[illegible] – 30%	11%	[illegible] – 42%	40%
UPS (Uninterruptible Power Supply)	Kstar	2.9	16% – 28%	68%	18% – 27%	63%
Industrial robot	Estun	5.0	[illegible] – 17%	21%	3% – [illegible]	89%
Relay	Hongfa	8.1	12% – 14%	46%	[illegible] – 14%	90%
ESS (Energy Storage System)	Sungrow	32.8	15% – 14%	67%	18% – 20%	60%



(1) Market cap data is priced as of Aug 6, 2026. (2) Gas turbines and humanoid robots are excluded, as the relevant companies are either outside our coverage universe or not yet publicly listed at the time of publication.

Source: Company data, Goldman Sachs Global Investment Research

Push meets pull, but the product/technology increasingly dictate both market share and profitability outlook: This new phase of global expansion is characterized by a dynamic interplay of 'push' and 'pull' factors. While domestic overcapacity in sectors such as energy storage systems (ESS) can act as a 'push' for global expansion, significant 'pull' factors include demand for AI data center power infrastructure, persistent supply shortages in select critical equipment categories, and technology transitions such as the shift toward 800VDC architectures. Furthermore, Chinese companies are increasingly helping to create entirely new demand pools, as seen in humanoid robots and the convergence of AI and robotics.

Exhibit 7: Chinese competitiveness evaluated on six holistic dimensions: time-to-market, rapid engineering and tech iteration is increasingly becoming the differentiation factors vs. overseas peer over the mid-term while advancement in overall product quality, ecosystem and global service capabilities still needed to drive longer run success

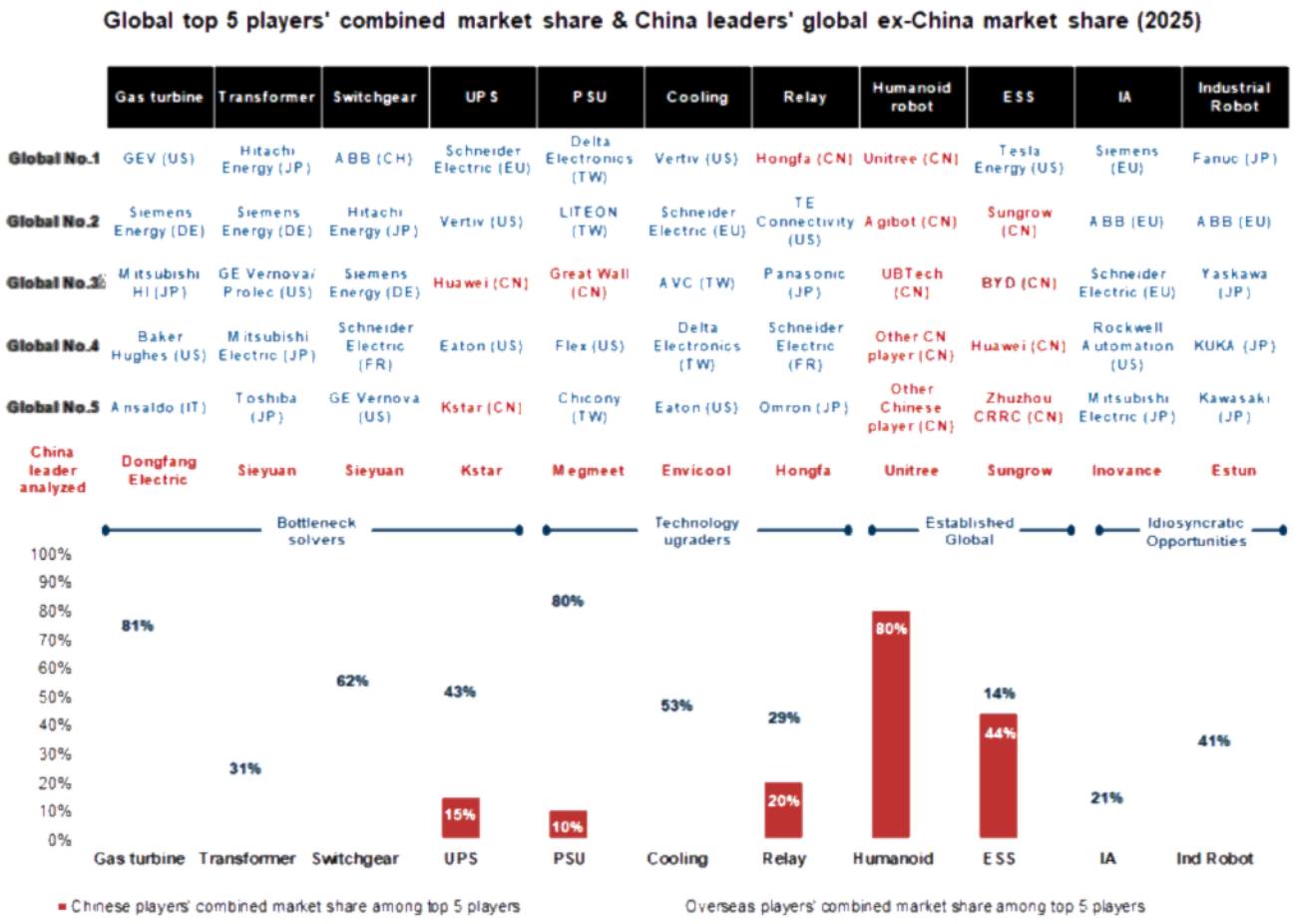
Overall competitiveness - Is the China leader at least on-par with its overseas peer?

Archetype	Product category	China leader	Overseas peer	Overseas peer origin	All metrics	Competitive? (>3/6 on par)	Mid-term competitiveness metrics			Long-term competitiveness metrics		
							Time-to-market	Price competitiveness	R&D/ iteration speed	Product quality	Certification/ ecosystem	Global service
Bottleneck solvers	Gas turbine	DEC 东方电气	GE	USA	1/6	No	✗	✓	✗	✗	✗	✗
	Transformer	Sieyuan	SIEMENS energy	GERMANY	2/6	No	✓	✓	-	✗	✗	✗
	Switchgear	Sieyuan	SIEMENS energy	GERMANY	3/6	No	✓	✓	-	✓	✗	✗
	UPS	KSTAR	Schneider Electric	FRANCE	3/6	No	✓	✓	✓	✗	✗	✗
Technology upgraders	PSU	MEGMEET	DELTA	TAIWAN	2/6	No	✓	✓	✗	✗	✗	✗
	Cooling	Envicool	VERTIV	USA	3/6	No	✓	✓	✓	✓	✗	✗
	Relay	HONGFA	Panasonic	JAPAN	5/6	Yes	✓	✓	✓	✓	✗	✓
Established Global	Humanoid	UNITREE	Boston Dynamics	USA/S. KOR	5/6	Yes	✓	✓	✓	✗	✓	✓
	ESS	SUNGROW	TESLA	USA	5/6	Yes	-	✓	✓	✓	✓	✓
Idiosyncratic Opportunities	Ind Robot	ESTUN	FANUC	JAPAN	3/6	No	✓	✓	✓	✓	✗	✗
	IA	INOVANCE	SIEMENS	GERMANY	3/6	No	✓	✓	✓	✓	✗	✗
# of companies meeting criterion (out of 12; higher = stronger implied Chinese competitive strength)							8	9	7	6	2	3

Tick = Chinese peer on par or better; cross = not on par; dash = not a meaningful metric for this product.

Source: Data compiled by Goldman Sachs Global Investment Research

Exhibit 8: Global ex-China presence of China leaders are still minimal, except for humanoid robots at early stage, ESS that are already dominant and selective electrical components such as relay



(1) Red/blue text denotes China/non-China companies, respectively. (2) Note that ABB Robotics is currently under the final stages of its planned disposal to SoftBank.

Source: Company data, Fortune Business Insights, Omdia, Frost & Sullivan, Intel Market Research, MIR, InfoLink Consulting, Wood Mackenzie, Data compiled by Goldman Sachs Global Investment Research

Differing pathways to overseas share gains and profitability:

1) Bottleneck Solvers: Chinese firms rapidly delivering critical infrastructure components (e.g., gas turbines, transformers, switchgear), alleviating global supply constraints through speed and execution. These opportunities typically offer the strongest mid-term market share gains and margin expansion, as customers prioritize delivery certainty amid severe equipment shortages. However, these advantages are primarily driven by favorable supply-demand dynamics rather than structural leadership. As supply constraints gradually ease, long-term competitiveness will increasingly depend on whether Chinese players can convert strengths in deployment speed and price competitiveness into durable advantages in product quality, certification and ecosystem access, and global service capabilities.

- **Transformer**: We compare **Sieyuan** (002028.SZ, covered by Zhou Li) vs. **Siemens Energy** (ENR1n.DE, covered by Ajay Patel). As a Bottleneck Solver, Sieyuan's opportunity is primarily driven by severe transformer shortages in key export

market, North America. In North America, we expect Sieyuan to see rapid market share gains over 2026-28E (from 2% to ~8%) before stabilizing at c.9% in 2029-30E, bringing overall market share gain in its key overseas market to 7pp across 2026-30E. We forecast higher margins in the US (GPM c.36-37% in 2027-28E vs. ~20% in China), driven by more favorable supply-demand dynamics amid strong AIDC and grid upgrade demand, while local capacity expansion lags. Sieyuan's key competitive advantages are its faster lead times (6-9 months vs. 2-3 years for peers), with reliability broadly on par, offered at a similar pricing without meaningful discounts. Key risks include shifts in supply-demand, including weaker-than-expected AIDC demand or faster-than-expected capacity ramp by foreign players), though we believe Sieyuan can still sustain ~8-9% share in North America over 2028-30E under such risks, albeit with a more gradual trajectory. Additional risks to margins include rising raw material costs and potential trade hurdles.

- **Switchgear**: We compare **Sieyuan** (002028.SZ, covered by Zhou Li) vs. **Siemens Energy** (ENR1n.DE, covered by Ajay Patel). Like transformers, switchgear represents a Bottleneck Solver opportunity where supply-demand remains favorable and customers prioritize delivery certainty. In switchgear's key export market, Latin America, we expect steady market-share gains over 2026-30E (from ~10% to ~16%). We also forecast higher overseas margins (GPM c.40-46% in 2026-30E vs. ~36% in China), supported by more favorable regional supply-demand dynamics. In Latin America, competition is primarily with global incumbents that typically price at a premium, rather than with domestic Chinese peers competing aggressively on price. We believe Sieyuan's key advantages are faster time-to-market and more competitive pricing, while maintaining quality and reliability broadly on par with global peers. Key risks include raw-material cost inflation and potential intensification of domestic competition.
- **Gas turbine:** We compare Dongfang Electric (Not Covered) and **Yingliu** (603308.SS, covered by Zhou Li) vs. **GE Vernova** (GEV, covered by Joe Ritchie) and **Howmet** (HWM, covered by Noah Poponak) in the North Americas market, as the opportunity spans both turbine OEMs and critical hot-section components. While Dongfang Electric and Yingliu are not like-for-like, we use Yingliu as the GS-covered China proxy for the component-level bottleneck, particularly turbine blades, analogous to Howmet in the global peer set, while Dongfang Electric represents potential China participation at the turbine system/OEM level. Gas turbines are among the clearest Bottleneck Solver opportunities, benefiting from persistent shortages across turbine and blade supply chains. We expect Yingliu, as a blade supplier, to reach ~4% market share in North America by 2030E, with margins broadly in line with its domestic business. We forecast Yingliu's GPM to improve to ~44% by 2030E (from ~40% in 2026E), driven by supply-demand tightness, as limited capacity expansion in turbines and blades struggles to meet strong demand, supporting pricing. Product upgrades, alongside yield improvement, should also contribute to margin expansion. For both Dongfang Electric and Yingliu, key advantages include faster deployment and cost competitiveness, though reliability and ecosystem capabilities remain below global peers. Key risks include raw-material cost pressure and potential trade

barriers for direct supply into North America.

- **Uninterruptible power supply:** We compare **Kstar** (002518.SZ, covered by Hao Chen) vs. **Schneider Electric** (SCHN.PA, covered by Daniela Costa). UPS combines Bottleneck Solver characteristics with Kstar's role as an ODM partner, enabling it to benefit from both supply shortages and outsourced demand from global leaders. We expect Kstar to continue filling supply gaps and absorbing spillover demand in the US market, potentially reaching ~6% local market share by 2030E, supported by competitive product offerings, fast iteration cycles and cost advantages. Kstar is among the few Chinese electrical system players to secure ODM orders tied to US AI data centers, as US and European peers remain cautious on capacity expansion amid the transition towards 800VDC architectures. On product development, Kstar is progressing on key next-generation technologies: its 800VDC power conversion module (launched May 2026) is expected to see initial small-batch orders as early as 2H26, while its SST (solid-state transformer) roadmap targets a prototype by late 2026 and system completion by mid-2027. Overall, we expect the US business to deliver an average 11pp higher GPM vs. China across 2026-30E, driven by more favorable supply-demand dynamics, product upgrades and limited ODM competition. Key risks include ramp-up uncertainty for new products and potential shifts in industry architecture adoption.

2) Technology Upgraders: Chinese firms leveraging faster R&D and production iterations to capitalize on technology transitions such as AI data-center buildout and the shift toward 800VDC architectures. Unlike Bottleneck Solvers, whose opportunities arise from supply shortages, Technology Upgraders benefit from technology transitions that can partially reset competitive dynamics and create opportunities for Chinese players to leapfrog established incumbents. These categories typically offer attractive medium-term share gains and margin expansion, supported by rapid innovation cycles, strong price competitiveness, and products aligned with evolving customer needs. The key question is whether technology leadership can be translated into durable advantages in product quality, ecosystem integration, certification, and global service capabilities. Within this group, electrical relays represent the highest-conviction opportunity, with Chinese players already demonstrating sustainable competitive strengths. By contrast, liquid cooling and server PSUs remain more execution-dependent, with long-term leadership still to be proven.

- **Server power supply units (PSUs)**: We compare **Megmeet** (002851.SZ, covered by Hao Chen) vs. **Delta Electronics** (2308.TW, covered by Chao Wang). PSUs exemplify a Technology Upgrader opportunity where AI power architecture changes are creating openings for new suppliers, although long-term competitive positioning remains highly dependent on execution and ecosystem development. We note Megmeet is among the few Chinese players penetrating the high-end US market (historically dominated by Taiwanese and US peers), supported by deepening partnerships with key ecosystem players such as NVIDIA. We expect Megmeet to emerge as an alternative supplier in the AI server PSU market, with MSD market share in the US, and an average 13pp higher GPM vs. its China business (though still below global peers) across 2026-30E. This is driven by (1) strong product iteration (including standalone PSUs/power shelves and integrated solutions such as 800VDC

sidecars and DC-DC products); (2) capacity build-out in China and Thailand, supporting competitive lead times increasingly valued by customers with urgent time-to-power requirements; and (3) willingness to price competitively to gain share, alongside hyperscalers' need to mitigate single-supplier risk. That said, incumbents such as Delta are likely to maintain dominant positions near term, given Megmeet's relative gap in ecosystem access, global service coverage, and proven track record on uptime and reliability.

- **Data center cooling**: We compare **Envicool** (002837.SZ, covered by Jacqueline Du) vs. **Vertiv** (VRT, covered by Mark Delaney). As a Technology Upgrader, Envicool is benefiting from the AI data-center buildout and liquid-cooling adoption, which create an opportunity to narrow historical competitive gaps through rapid product iteration and deployment. We expect Envicool to gain traction in the US market from 2026, supported by (1) comparable liquid cooling product quality (e.g., Quick Disconnect (QD) products validated by NVIDIA and the Deschutes 5 CDU (Coolant Distribution Unit) designed to Google's specifications), underpinned by high R&D intensity and full-chain liquid cooling offerings tailored to hyperscalers' needs for lifecycle reliability and efficiency amid rising compute density and power demand; (2) fast product iteration and deployment, leveraging China's comprehensive mechanical and industrial supply chain; and (3) a more competitive cost and pricing profile vs. global peers. That said, Envicool still lags in global service coverage, having only entered the US market in 2023-24 and remains in the process of building customer relationships, on-the-ground sales and engineering support, and overseas capacity. Overall, we expect the US business to deliver an average 17pp higher GPM vs. China across 2026-30E, driven by higher value-add, stronger entry barriers and less intense competition from Chinese peers.
- **Relay**: We compare **Hongfa** (600885.SS, covered by Jacqueline Du) vs. **Panasonic** (6752.T, covered by Ryo Harada). Relays represent the strongest Technology Upgrader opportunity in our framework, where the shift toward 800V architectures has enabled Chinese players to establish durable competitive advantages beyond cost and speed. In Hongfa's key export market, Europe, we expect market share to increase from ~21% in 2026E to ~32% by 2030E, supported by stronger demand from 800V architecture adoption across data center and EV applications. Hongfa is well positioned to capture this demand, driven by competitive pricing, continued R&D and product iteration (particularly in HVDC and power relays), as well as strong reliability and deployment speed. We forecast Europe GPM to remain stable at ~40%, while maintaining an average 7pp higher GPM vs. China across 2026-30E, supported by pricing power and a product offering well aligned with customer needs. Key risks include raw-material cost inflation and operational risks related to overseas production.

3) Established Global: Sectors where Chinese players are already establishing, or are well positioned to establish, global leadership, supported by powerful demand tailwinds, strong price competitiveness, and rapid R&D iteration. This includes frontier categories such as humanoid robots, where Chinese companies are helping create entirely new demand pools from inception, as well as markets such as energy storage systems (ESS), where Chinese players already occupy leading global positions. On pure product

competitiveness, these are arguably the most attractive opportunities in our framework, with Chinese players often matching or exceeding international peers on cost, speed of innovation, and increasingly on product performance.

However, these categories also face the highest regulatory, trade, and geopolitical risks. Unlike other archetypes, the primary constraint is often not product competitiveness, but market access. As a result, trade barriers such as the US FCC's July 2026 restrictions on new Chinese humanoid and quadruped robots represent both the most significant handicap to realizing their global potential and the largest source of uncertainty around long-term outcomes. While underlying competitiveness may continue to improve, the trajectory of overseas market share and profitability will increasingly be dictated by evolving policy, localization requirements, supply-chain restrictions, and customer willingness to adopt Chinese technologies in strategically sensitive sectors. Consequently, these opportunities have the widest range of potential outcomes, combining some of the strongest competitive positioning with some of the greatest external uncertainty. Recent US restrictions, including the Jul 28, 2026 new expansion of the US FCC restricted equipment list, exemplify precisely the extent of this risk.

- **Energy storage system (ESS):** We compare **Sungrow** (300274.SZ, covered by Jacqueline Du) vs. **Tesla** (TSLA, covered by Mark Delaney) in the US market. ESS exemplifies the tension within the Established Global archetype: Chinese players possess leading global scale, cost competitiveness, and product capabilities, yet face some of the highest regulatory and trade barriers. We expect a gradual decline in Sungrow's US market presence over 2026-30E, driven by (1) tightening regulations (e.g., OBBBA restricting tax credits for projects reliant on Chinese supply chains); and (2) intensifying competition as more Chinese system integrators and battery players expand globally. This comes despite Sungrow's global leadership (No.2 share) and competitive technology and product performance vs. global peers. In our view, the primary challenge is increasingly market access rather than product competitiveness. We see risks to both growth and margins in utility-scale applications, although upside could emerge from increasing ESS adoption in AI data centers, where hyperscalers seek faster grid connection, load balancing and backup solutions, and are less price-sensitive. Monitoring Sungrow's engagement with hyperscalers and its AIDC-focused power product development (e.g., Solid State Transformer (SST)) will be key.

- **Humanoid robot:** We compare **Unitree** (private) vs. **Boston Dynamics** (private) (90% owned by **Hyundai Motors**, 005380.KS covered by Do Hyoung Kim) to assess Chinese leadership in frontier robotics. Chinese players already dominate the global humanoid market (2025 CR5 entirely domestic, ~80% share per Omidia), with Unitree as the global leader (~37% share, ~5,500 units shipped in 2025), significantly ahead of Western peers. Internationally, Unitree offers a substantially lower ASP (US$4k-100k vs. US$150k-1mn for Boston Dynamics), leveraging China's supply chain advantages, rapid deployment and strong motion-control capabilities. Unitree exemplifies the "Born Global" model, with overseas revenue contribution exceeding 50% since 2022, supported by rapid hardware iteration and direct global e-commerce distribution. Absent trade or regulatory restrictions, humanoids would likely rank among the most attractive opportunities in our framework from both a

medium- and long-term market-share perspective. However, regulatory risks are rising. On July 28, 2026, the US FCC expanded its restricted equipment list to include advanced robotic devices, including new models of Chinese humanoid and quadruped robots. Additional risks include rising competition from both US (e.g., Tesla, Figure AI) and domestic players, as well as still-evolving AI/software capabilities versus leading global peers.

4) Idiosyncratic Opportunities: Categories lacking an obvious demand tailwind, supply shortage, or technology reset that would materially alter competitive dynamics. While these markets can still offer sizeable TAMs and healthy growth, overseas market-share gains tend to be more gradual than for Technology Upgraders, as Chinese players must win business through sustained improvements in product competitiveness rather than benefiting from a structural industry inflection point. Success therefore depends primarily on company execution, including localization, customer acquisition, channel development, service buildout, and continued product enhancement. Many Chinese firms initially gain traction by supporting existing domestic customers expanding overseas, but meaningful long-term share gains require broader penetration into local customer bases and direct competition with established incumbents. As a result, these opportunities are generally characterized by modest near-term share gains, while long-term outcomes depend on the ability to steadily close gaps in product quality, ecosystem integration, certification, and global service capabilities.

- **Industrial automation (IA):** We compare **Inovance** (300124.SZ, covered by Jacqueline Du) vs. **Siemens** (SIEGn.DE, covered by Daniela Costa). Inovance's overseas expansion depends primarily on localization, customer acquisition, and sustained product competitiveness improvements rather than a structural industry catalyst. In Inovance's key overseas market, Europe, we expect early traction during 2028-2030E with upfront investment bearing fruits. We forecast higher Europe margins (c.50% vs. 40% in China) on better pricing vs. domestic China. While Inovance remains subscale vs. global leaders (e.g., Siemens) and ex-China share is likely to stay modest, its strong domestic leadership in core IA segments and pricing power in the domestic China market position it as one of the better placed Chinese players for overseas expansion. The key risk is execution on localization strategy.
- **Industrial robot:** We compare **Estun** (002747.SZ/2715.HK, covered by Jacqueline Du) vs. **Fanuc** (6954.T, covered by Yuichiro Isayama) in the SEA market. Despite a sizable market opportunity, market-share gains are likely to be gradual in the absence of a clear technology reset or demand tailwind, making execution the key differentiator. We expect Estun's SEA market share to rise to 10% by 2030E (from ~3% in 2026E), mainly riding on China manufacturing customers expanding production capacities into SEA. We forecast GPM in SEA is likely only slightly higher or similar as the China market. While Estun remains at an early stage of overseas expansion and continues to lag global peers in service coverage, and software/ecosystem, its fast deployment position it as one of the competitive players in SEA. Key risks include potentially more intensified competition from China local peers also expanding overseas.

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Key downside risks: (1) Weaker-than-expected smart meter revenue recognition; (2) Weaker-than-expected revenue from front-loaded solar inverter revenue; (3) Further increase in copper and silver prices that negatively impacts GPM.

Investment Thesis - Shenzhen Envicool Technology

We are Buy-rated on Envicool. The company specializes in precision cooling technology, helping critical loads (e.g., data centers, servers, and energy storage systems) to operate in a highly controlled temperature/humidity environment, thereby enhancing their power usage efficiency (PUE) and reducing the total cost of ownership. We believe the digital economy and carbon reduction are long-term global focuses, and technologies – such as precision cooling – that enable and improve energy utilization efficiency will be increasingly adopted to achieve these development goals. Envicool's data center technology and products have been widely adopted by Chinese hyperscalers and telco customers. It is also a major supplier of cooling systems in the global energy storage market. With increasing attention on and investment in generative AI, we believe liquid cooling adoption will see a rapid pick-up, driving strong revenue growth in data center room cooling and server cooling for Envicool. We are bullish on Envicool capturing the surging global server liquid cooling demand and expect the company to take a 7% global server liquid cooling market share in 2028E and 10% by 2030E. We view current stock valuation as undemanding (on a current P/E basis) compared to our sector average, with a strong growth trajectory and an improvement in its margins/return profile.

Price Target Risks and Methodology - Shenzhen Envicool Technology

Valuation methodology: Our 12-m TP of Rmb84.62 is based on a 42x 2028E P/E discounted back to 2027E at 10% CoE.

Key downside risks: (1) Slow R&D/business progress with key customers; (2) tougher liquid cooling competition and margin risks; (3) ESS demand growth hiccups; (4) geopolitical changes impacting the global server/data center and ESS supply chain.

Investment Thesis - Shenzhen Inovance Technology Co.

Shenzhen Inovance is a domestic leader in industrial automation. We like the company's growth outlook given: 1) although its two key products, i.e., inverter/servo already reached 25%/33% or No.1/No.1 in China as of 2025, the company still has opportunities in overseas markets; 2) we expect the company to gain market share in small/large PLC, which will serve as a building block for it to extend into digitalization and transform into an IoT solution provider; 3) EV components continue to ramp up share on top of fast industry growth; and 4) digitalization business development with the potential to exceed our expectations. We view Inovance's major competitive moats that will underpin its resilience through cycles as: 1) industry leading R&D effectiveness with high success rates for new product lines; and, 2) a comprehensive product portfolio and end-market coverage that reinforce customers' switching costs. We view valuation as attractive given the shares are trading at around historical average multiples with a solid long-term growth and return profile; we are Buy rated.

Price Target Risks and Methodology - Shenzhen Inovance Technology Co.

Valuation methodology: Our 12-month TP of Rmb92.90 is based on 35x 2027E P/E at 9.5% CoE.

Key downside risks: 1) Slower-than-expected industrial automation market share gains; 2) Weaker-than-expected margin trends; 3) EV component segment ramp-up coming slower than expected; 4) general manufacturing capex/automation demand slowing down.

Investment Thesis - Megmeet

Megmeet is undergoing a structural transformation from an automation & control specialist to a global AI server power supply contender. The company has secured volume orders for 5.5kW PSUs (GB200/GB300) with new orders and shipments to continue through 2026. While its entry into the NVIDIA MGX ecosystem validates its R&D capabilities, a gap remains in its high-efficiency product portfolio compared to tier-1 peers such as Delta Electronics. Moreover, the blurring of supply chain boundaries - with increasing new entrants could intensify competition for next-gen 800 VDC products and potentially higher uncertainties with the adoption of solid-state transformers (SST). At current valuations, we see a balanced risk-reward profile, with upside potential contingent on faster GPU/ASIC order wins or accelerated 800V product validation. Going forward, we will continue to monitor its execution on mass production yields and R&D progress of next-generation products. We are Neutral rated on a sector-relative basis considering earnings growth rate, return profile and P/E valuation.

Price Target Risks and Methodology - Megmeet

Valuation methodology: Our 12-month TP of Rmb112.00 is based on 32x 2028E P/E discounted back to 2027E with 11% CoE.

Key up/downside risks: (1) Faster/slower AI server PSU market share gain within NVIDIA ecosystem; (2) Faster/slower product validation progress with ASIC hardware supply chains; (3) Better/worse-than-expected execution on mass production; (4) Shorter/longer R&D cycles on 800VDC power products; (5) Faster/slower industry adoption on 800V DC power distribution architecture; (6) Global AI capex growth sustainability and AIDC supply/demand dynamics.

Investment Thesis - Sungrow Power Supply Co.

Sungrow is a leading global solar inverter and ESS (energy storage system) provider globally. We believe Sungrow will continue to ride on the increasing demand for renewable energy across developed and emerging markets, leveraging its leading product performance and extensive project experience and sales network. That said, with highly fluid global trade policies, we believe the company's strategies and execution to mitigate tariff impacts and OBBBA restrictions will be key swing factors. Meanwhile, Sungrow is conducting R&D on data center power products, especially SST (solid-state transformers) and 800V DC (Direct Current) systems, and is engaging with domestic and global hyperscalers/internet companies on potential technology and product collaborations. We will closely monitor its progress in this new area, but we do not expect a meaningful financial contribution in 2026E. We are Neutral rated on Sungrow as we see a balanced risk-reward profile for the stock.

Price Target Risks and Methodology - Sungrow Power Supply Co.

Our 12m target price of Rmb128.90 for Sungrow is based on 22x 2027E P/E discounted

back to 2026E with 11% CoE.

Upside/downside risks: (1) Prolonged/moderating material cost inflation; (2) Faster/slower production footprint diversification; (3) Intensifying/easing global ESS industry competition; (4) Faster/slower commercialization progress on AIDC power and AIDC related ESS products.

Investment Thesis - Estun Automation Co.

Estun Automation Co is the domestic leader in industrial robots with in-house production of servos and controllers. Its market share now ranks No.1 in the domestic industrial robot market and is rapidly expanding market share in the automation component market. We believe the tailwind from the trend of domestic substitution and production automation by industrial robots will continue in the coming years. Per Estun, the company aims to improve its product and business quality, and to compete directly with the Big Four to further drive market share gains. However, we are cautious on its margin outlook due to: 1) fierce price competition in its major end markets, auto and auto electronics; 2) inconsistent earnings track record. We do recognize the company already has credible monetization paths in "physical AI" for industrial settings and meaningful optionality into the broader humanoid ecosystem, and forecast AI projects to take up 10% of firmwide revenue by 2030E.

Price Target Risks and Methodology - Estun Automation Co.

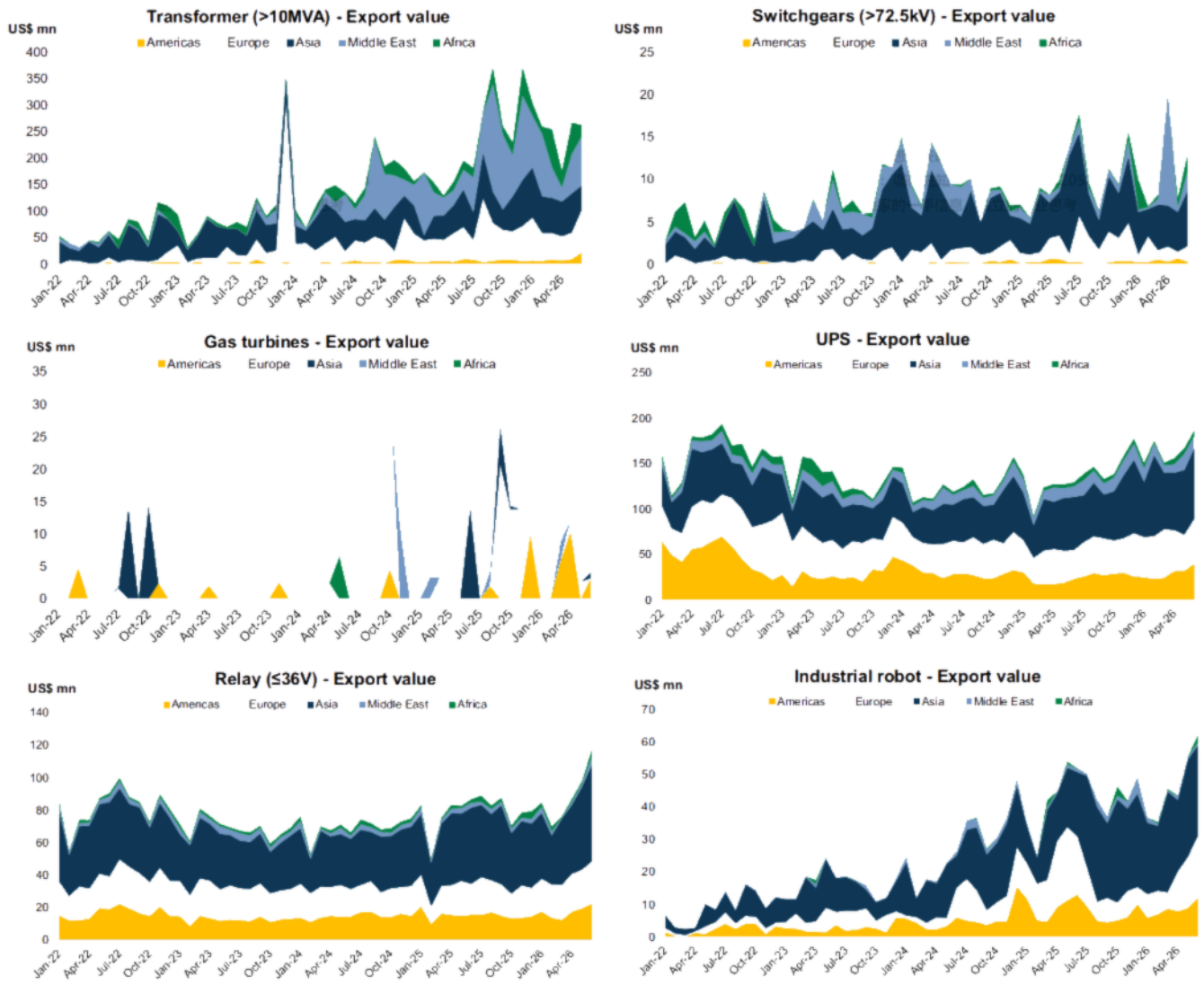
Valuation: Our 12-month target price for Estun A/H of Rmb14.90/HK$11.80 is derived from 2030E P/E of 35X and 25X, discounted to 2027E at a COE of 11.5%. We are Sell rated on Estun A / Neutral on Estun H.

Upside risks for Estun-A: (1) Faster-than-expected robotics market share gains; (2) Better-than-expected margin trend; (3) Faster-than-expected humanoid robot development progress.

Up/Downside risks for Estun-H: (1) Faster/Slower-than-expected robotics market share gains; (2) Better/Worse-than-expected margin trend; (3) Faster/Slower-than-expected humanoid robot development progress

Appendix: Export tracker of key product categories

Exhibit 31: China made products remain in early stage of export opportunity
Export value of key product categories (USD mn) by region, where customs data is available



Latest customs data up to Jun 2026.

Source: China Customs