The 720: Asia Leaders Conf - Day 2 Takeaways, Tencent, Xiaomi, MiniMax, BYD, Alibaba, Anta, Mediatek, S-Oil

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In Focus | Mediatek

MediaTek – Expanded Nvidia collaboration and US$3.5bn investment – Buy. We view the expanded multi-generation partnership with Nvidia and the successful US$3.9bn convertible bond issuance—anchored by a US$3.5bn investment from Nvidia alongside Alphabet's participation—as a strong endorsement of MediaTek's custom silicon and advanced packaging capabilities. The adoption of Nvidia's NVLink Fusion platform broadens the company's role from designing individual AI ASICs toward enabling production-ready, rack-scale AI systems, capturing incremental value across connectivity and memory architecture. While we expect limited near-term earnings contribution given the early integration stage, we believe this collaboration significantly strengthens longer-term AI ASIC positioning and customer win rates. 12m TP of NT$7,000. *Evelyn Yu*

Asia Leaders Conference Takeaways | Internet, Tech, Consumer, Autos, Financials, Healthcare

Internet

Tencent – ALC Takeaways: The Road from Investment to Returns – Buy. Tencent's Chief Strategy Officer Mr. James Mitchell presented at a fireside chat at our GS Asia Leaders Conference. He reiterated that AI remains the highest capital allocation priority, expecting third-quarter capex and prepayments to remain meaningful as they front-load infrastructure build-outs to secure favorable compute economics against memory price inflation. They highlighted that the Hunyuan model's scaling gains increasingly stem from full-stack optimization and proprietary feedback loops via WorkBuddy, which reinforces both model performance and long-term cost competitiveness. While consumer sentiment remains subdued, management expects multiple levers like ad load to offset macro softness, noting that AI integration is accelerating game development and increasing gaming margins. 12m TP of HK$670. *Ronald Keung*

Alibaba – ALC Takeaways: Accelerating cloud with high AI capex return visibility – Buy. We hosted management at our Asia Leaders Conference, where they reiterated confidence in funding AI investments through strong core eCommerce cash generation and accelerating cloud growth. Management highlighted a clear three-year payback trajectory on AI infrastructure investments, aiming to expand its leading 40% share in China's AI cloud market. The company remains on track for its Rmb30bn MaaS ARR target by FY27 and a 20% medium-term cloud margin,

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prioritizing B2B monetization while expanding overseas. 12m TP of US$186/HK$180. *Ronald Keung*

Z.AI – Scaling ARR & Compute Investments – Neutral. We remain Neutral on Z.AI with a 12m TP of HK$1,610 following our Asia Leaders Conference, where management highlighted a strategic focus on pushing the model frontier and expanding enterprise use cases. The company is seeing strong ARR momentum, reaching US$1.6bn in August with a target of US$2.4bn by year-end, driven primarily by China's internet sector demand. To support this growth and create new revenue streams, Z.AI is introducing commercial licenses for its open-weight GLM-5.3 model and actively deploying proceeds from its recent US$4bn follow-on offering to secure additional compute capacity. *Ronald Keung*

MiniMax Group – The Next Era of Frontier AI Models – Buy. We reiterate our Buy rating and 12m TP of HK$760 following management meetings that reinforced our positive view on the company's ARR momentum and upcoming model pipeline, including M3.1 and H3.1. We expect sequential gross margin expansion in the second half, supported by ongoing inference optimization and model efficiency gains that reinforce the company's cost-effective ROI proposition. While compute supply remains an industry bottleneck, management is focused on infrastructure optimization and leveraging its open-weight ecosystem and harness products to strengthen enterprise adoption and customer stickiness. *Ronald Keung*

Xiaomi – Ecosystem Resuming Growth and Investments Bearing Fruit – Buy. Management highlighted positive consumer feedback for the SkyNomad EV and expressed confidence in order conversion rates and maintaining a healthy gross profit margin post-launch. For smartphones, the company expects a 9% gross margin this year as memory cost increases moderate, while near-term consumer demand has proven more resilient than anticipated. Although AIoT revenue may decline 5% to 10% year-over-year in 2026, growth is expected to turn positive from the fourth quarter onward, supported by an easier domestic base and strong overseas markets. We maintain our 12m TP of HK$39. *Timothy Zhao*

JD.com – Improving JD Retail Growth and Food Delivery Discipline – Buy. Management expects JD Retail to return to positive top-line growth in 3Q, benefiting from the roll-off of a high trade-in subsidy base, with general merchandise growth improving from 2Q levels. We see a stable profit margin outlook for JD Retail, supported by supply chain efficiency and higher-margin services, offsetting rising R&D expenses. Furthermore, management anticipates food delivery losses to narrow significantly year-on-year into 3Q while maintaining critical order scale. We maintain our 12m TPs of US$43 and HK$169. *Ronald Keung*

Tencent Music Entertainment Group – Strengthening Ecosystem Collaboration to Address Competition – Buy. Management outlined strategies to address competition from Soda Music by strengthening traffic acquisition through the Tencent ecosystem and advocating for stricter enforcement against AI-related IP infringement. SVIP momentum remains solid, with subscribers exceeding 20mn and ARPU reaching Rmb20 in 2Q26. Additionally, the recent Ximalaya acquisition contributed roughly Rmb400mn in revenue over 1.5 months, and management plans to integrate its long-form audio content into the SVIP library to drive conversion. We maintain our 12m TPs of US$11.7 and HK$46, supported by an accelerated US$1bn share repurchase program. *Lincoln Kong*

Kingsoft Cloud – ALC Takeaways: AI Cloud Driving Revenue Expansion – Buy. We hosted Kingsoft Cloud management, who highlighted AI cloud as a primary growth driver that reached 43% of total revenue in 2Q26. Management expects to maintain stable gross margins and positive GAAP operating margins into 2H26, aiming for positive adjusted NPM in 2027 on the back of high-margin Model-as-a-Service (MaaS) offerings and strict OPEX control. To meet robust AI training demand from ecosystem partners like Xiaomi, the company budgeted Rmb15bn for 2026 capex, noting an attractive AI IaaS payback period of 3.5 years on revenue. We view the company as a key beneficiary of continued AI investments, with a 12m TP of US$18. *Timothy Zhao*

Technology

Lingyi – AI Servers and Humanoid Robots to Fuel Long-Term Growth – Buy. Management highlighted the company's strategic expansion from precision components into functional modules, targeting humanoid robots and AI servers. In physical AI, offerings now extend to robot joint modules and complete-machine assembly, enabling integrated manufacturing services across the hardware value chain. Furthermore, the company is broadening its AI server portfolio beyond liquid-cooling components to include comprehensive thermal management and power solutions. We remain positive on the ramp-up of these innovative businesses with a 12m TP of Rmb21.2. *Allen Chang*

Victory Giant – AI PCB Specification Upgrades to Drive Dollar Content – Buy. Management expects the ramp-up of AI PCBs for new-generation GPU platforms in 2H26 to drive significant dollar content upgrades and expansion to new ASIC clients. To support this AI infrastructure demand, the company is expanding HDI and MLPCB capacity across China and Southeast Asia, with 2026E capex projected at roughly Rmb20bn. While non-AI copper-clad laminate costs have risen due to supply constraints, AI products remain less sensitive to these increases, allowing the company to pass costs to clients. We maintain our positive view with a 12m TP of Rmb550. *Allen Chang*

MinebeaMitsumi – ALC Takeaways: Accelerating Momentum in AI Servers and Humanoids – Buy. Following a panel discussion with the CEO at the Asia Leaders Conference, we came away with a positive impression as business expansion for AI servers and humanoid robots is progressing faster than expected. Management noted that ball bearings for data center and AI applications are increasing at a pace approaching one-third of total production volume, with capacity utilization exceeding 90% and selective price revisions planned for expansion-driven volume. Furthermore, concrete business negotiations for humanoid robots are advancing globally, with the number of bearings installed per unit trending significantly higher than previously anticipated, driving management's ambition to achieve its medium-term plan ahead of schedule. 12m TP of ¥5,500. *Daiki Takayama*

Refining

S-Oil – Strong Refining Margins Offset Crude Headwinds – Buy (on CL). W
rated on the Conviction List with a 12m TP of W163,000, as strong refin
sequentially improved lube margins are driving higher margin capture. T
margins are more than offsetting near-term crude supply constraints fr
and domestic price cap headwinds, with uncapped export markets acc
50-60% of total sales. Furthermore, the Shaheen project remains on tra



commercial operations next year with attractive breakeven metrics, which should lead to significant capex reduction and strong free cash flow generation by 2027. *Nikhil Bhandari*

Autos

BYD – Vision to Become Global Leader in Energy Solutions – Buy (on CL). Management projects global NEV penetration will exceed 50% within the next three to five years, supported by the rollout of the second-generation Blade Battery and a target of 20,000 flash charging stations by year-end. Beyond automotive sales, the company envisions a renewable energy ecosystem where its vehicles function as mobile energy storage units capable of bidirectional grid participation. BYD is also advancing its physical AI strategy, leveraging 220 million kilometers of ADAS data and its proprietary Xuanji A3 chip to drive autonomous driving and robotics automation. We maintain our 12m TPs of Rmb137/HK$134. *Tina Hou*

Hesai Group – Strategic Expansion From Cars to Robotics – Buy. Building on its leadership in autonomous driving sensors, management is strategically expanding into the robotics sector, which offers a total addressable market five times larger than the automotive industry. The company aims to overcome critical bottlenecks in physical AI by providing advanced hardware, such as the Sharpa dexterous hand, to solve real-world automation challenges without human intervention. By positioning itself as a strategic physical infrastructure provider for global tech giants like Google DeepMind and Nvidia, Hesai targets a full-stack, closed-loop system integrating hardware and foundational models. We maintain our 12m TPs of US$31/HK$30. *Tina Hou*

Hyundai Mobis – ALC Takeaways: Margin Resilience and Robotics Actuator Readiness – Buy (on CL). We hosted management for an investor update, highlighting structural margin resilience in the After-Service (A/S) segment and supply chain readiness for robotics actuators. Management expects A/S operating margins to remain in the 23–25% range despite FX headwinds, while core electronic parts are seeing operational improvements driven by increased content value per vehicle and accelerating non-captive order wins. We also see a gradual turnaround in the electrification unit supported by upcoming volume drivers like Waymo and 2027 U.S. EREV platforms, alongside a capital-light robotics actuator business targeting prototypes in 4Q. 12m TP of W710,000. *Do Hyoung Kim*

XPeng – ALC Takeaways: Dual growth from new vehicle models and physical AI – Buy. Management anticipates a significant volume ramp-up to 60,000 monthly deliveries in 4Q26, driven by new model launches including the G9L and L05, alongside strong premium traction for the Mona L03. The company is aggressively expanding internationally with a target of 40,000 overseas deliveries in Q4, supported by localized contract manufacturing and an upgraded dealership network. Furthermore, XPeng is advancing its autonomous driving and humanoid robotics commercialization, utilizing in-house chips for cost savings and planning a major robotics technology launch in 1Q27. We see these product launches and overseas expansion driving sustainable sales growth and margin improvement. 12m TP of US$18/HK$69. *Tina Hou*

Eicher Motors – Demand Visibility Supports Capacity Addition – Buy. We are Buy rated with a 12m TP of Rs9,400, supported by strong demand visibility that is driving steady capacity additions toward a target of 2 million units by September 2027. Management highlighted that the international business is now margin neutral following CKD cost

initiatives, with Latin America seeing retail growth triple over three years. The customer base continues to broaden into informal and rural segments, and with operating cash flow running at roughly twice the level of investments, the company is well-positioned to fund its expansion and new urban EV brand without external capital. *Chandramouli Muthiah*

Consumer

Anta Sports Products – Multi-Brand Resilience and Overseas Expansion – Buy. Management noted a retail sales recovery in the second half of August following a soft start to the third quarter, with premium brands outperforming the mass market. The company reiterated its retail sales growth guidance and operating margin targets of roughly 20% for the Anta brand and 25% for Fila, having already factored in macroeconomic and competitive headwinds. To drive quality growth, the core Anta brand is focusing on product innovation, disciplined expansion of premium concepts, and refining the ANTA SUPER STORE format. We maintain our 12m TP of HK$108. *Michelle Cheng*

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a 12m TP of HK$30.1, as management maintains a constructive full-year outlook with broadly stable volumes and positive ASP growth expected in the second half. While overall industry conditions remain soft, the premium portfolio is resilient, highlighted by Heineken volumes growing over 20% year-over-year in July and August. We expect less comparative pressure on gross margins in the second half and anticipate that continued SG&A savings will help keep full-year core operating margins largely stable despite elevated aluminum costs. *Leaf Liu*

Shiseido – Global Fragrance Expansion & AI Search – Buy. We maintain our Buy rating and 12m TP of ¥3,800 following a CEO meeting that highlighted the company's strategic focus on expanding its global fragrance business, particularly in the underpenetrated Americas market. Management noted that prestige brands like Clé de Peau Beauté continue to drive growth in China, while domestic sales in Japan are tracking in line with expectations despite a recent dip in inbound visitor spending. Looking ahead, the company aims to leverage its rich repository of research data through AI-driven search recommendations to enhance marketing and is targeting a core operating margin of 10% or more by 2030. *Takashi Miyazaki*

Budweiser APAC – China Volume Pressure & India Growth – Buy. We maintain our Buy rating and 12m TP of HK$7.7, though we expect continued volume pressure in China during the second half as management prioritizes healthy channel inventory amid weak on-trade demand. Despite these headwinds, the O2O channel continues to grow at a strong double-digit rate with a premium mix, and nightlife is holding up better than catering. Meanwhile, India remains a bright spot approaching 10% of group volume with a focus on scalability, and the company continues to outperform the broader industry in Korea, aided by new product launches. *Leaf Liu*

Miniso – China Playbook Proven, Overseas Model Refining – Buy. Management remains confident in sustaining China growth through larger-format stores, membership expansion, and proprietary IP development, which are delivering better sales productivity and profitability. While the North American market faced short-term adjustments due to product shortages and merchandise planning issues, the company

views the US as a market potentially comparable in size to China over the long term. For other overseas markets, management plans to improve store models and profitability on a market-by-market basis before pursuing further expansion. We maintain our 12m TPs of US$15/HK$29.3. *Michelle Cheng*

New Oriental Education & Technology – Strong 1QFY27 Kickoff and Enhanced Visibility – Buy. Management expects 1QFY27 revenue growth to exceed the full-year guidance of 14% to 18% year-over-year, driven by healthy enrollment growth, expanding market share, and a 2% to 4% annual ASP increase. The company has completed its initial cost reduction phase with US$100mn in savings and anticipates further margin expansion from management reorganization, lower rental rates, and AI-enabled efficiency gains projected to save over US$100mn. Furthermore, the board has approved a robust shareholder return plan for FY27, combining a US$300mn cash dividend and up to a US$200mn share repurchase program. We maintain our 12m TPs of US$70/HK$55. *Timothy Zhao*

Financials

BOC HK – ALC Takeaways: CRE trend, fee income and capital returns – Buy. We hosted management at our GS Asia Leaders Conference, where discussions highlighted mixed Hong Kong commercial real estate trends and a reiterated commitment to deliver at least HK$10.5bn in additional shareholder returns over 2026-2028. Management noted that while brokerage activity improved from 1Q26, net fee income remained below 1H25 levels due to conservative customer behavior and a shift toward BOC Life insurance products. Looking ahead, the bank expects loan growth to outperform the market in 2H26 alongside moderating operating expense growth, and we maintain our 12m TP of HK$57.8. *Melissa Kuang*

AU Small Finance Bank – Growth Outlook Remains Strong – Buy. Management reiterated its loan growth guidance of 2-2.5x nominal GDP, driven by sustained wheels growth and expanding southern distribution. While loan yields may see some moderation from an adverse mix shift, asset quality remains benign with FY27 credit cost guidance maintained at 90 bps. The bank remains adequately capitalized and reiterated its FY27 RoA guidance of 1.8%. We maintain our 12m TP of Rs1,270. *Sumeet Kariwala*

Healthcare

Tigermed – ALC Takeaways: Accelerating Order and Pricing Recovery – Buy. Management highlighted strong business momentum at our Asia Leaders Conference, with 1H26 net new orders accelerating to over 30% year-over-year and blended pricing recovering to high-single-digit growth year-to-date. Management expects this stronger order growth and pricing recovery to increasingly flow through to revenue growth and margin expansion from 2027 onward, given the typical lag from signing to revenue conversion. They also see structural growth opportunities driven by China's strengthening role in global drug development and the long-term potential of AI-driven drug discovery to generate incremental outsourcing demand. 12m TPs of Rmb65.9/HK$52.1. *Chris Pan*

BeOne Medicines – ALC Takeaways: RevMed Deal Highlights Deep-Synergy Collaboration – Buy. Management highlighted the recent Revolution Medicines collaboration as a deep-synergy partnership, leveraging BeOne's commercialization capabilities in emerging markets and its clinical development "superhighway" to fund a global phase 3 trial in lieu of upfront payments. The company is discussing a potential bridging study

waiver with the NMPA for daraxonrasib, which could enable an accelerated China approval for late-line PDAC by 2027, while a recent MFN agreement with the US government will expand patient access for Tevimbra. Management also noted rapid progress across five solid tumor programs, led by encouraging monotherapy data for its GPC3/4-1BB bispecific antibody in HCC. 12m TPs of US$441.3/Rmb381.06. *Ziyi Chen*

Telcos

KT Corp – ALC Takeaways: Value-Up execution and AI infra strategy remain key – Buy. We hosted management at our Asia Leaders Conference, reinforcing our view that the company offers the most balanced risk-reward among Korean telcos with a clear path to ROE improvement. Management reiterated its commitment to its medium-term Value-Up plan, focusing on margin improvement, disciplined capital allocation, and the gradual optimization of non-core financial and real estate assets. We believe the combination of stable telecom cash flows, a demand-led AI infrastructure strategy, and a shifting revenue mix toward higher-growth B2B areas provides a highly differentiated investment case. 12m TP of W69,000. *Eric Cha*

Results | Yingliu, CR MixC, Angelalign

Yingliu – 2Q26 Miss and Slower Capacity Ramp – Buy. We lower our 12m TP to Rmb72.2 from Rmb82.4 and cut 2026-30E EPS by 12%-13% following a 2Q26 net profit miss driven by FX losses and credit impairments, alongside a slower-than-expected capacity ramp. Despite near-term capacity bottlenecks, order intake remains robust with roughly Rmb1.5bn in first-half two-engine new orders tracking well against the full-year target. We expect gross and net margins to improve into the second half, supported by easing raw-material pressures, pricing pass-through, better capacity utilization, and lower financial expenses. *Zhou Li*

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core profit growth – Buy. CR Mixc reported broadly in-line 1H26 results, with an 11% yoy increase in core profit to Rmb2.2bn and a 100% dividend payout. Segment performance diverged, with robust commercial operations—highlighted by a 22% year-over-year jump in retail sales and record-high mall occupancy—offsetting sluggish residential property management revenue growth amid macro headwinds and business restructuring. We leave our 2026–2028 EPS estimates largely unchanged, projecting an 11% average annual core net profit growth driven by new mall openings, a fast-growing ecosystem segment, and sustained margin stability. 12m TP of HK$52. *Yi Wang*

Angelalign – Raised FY26 guidance on overseas profitability inflection – Buy. We raise our 12m TP to HK$122 following a strong 1H26 where adjusted net profit rose 80% year-over-year to US$35 million and the overseas segment achieved profitability ahead of schedule. Management raised FY26 total case-volume guidance to 700k, driven by scale benefits from the direct-sales network, higher doctor productivity, and domestic share gains in lower-tier markets. We revise our 2026-2028E net profit estimates by -1.8%/+13.9%/+15.1% to reflect better-than-expected volume ramp-up alongside increased costs from the US facility expansion, viewing the company as a scalable global franchise. *Chris Pan*

Around the World | US & EU Conviction Lists, US Semis

US Conviction List – September 2026 Update. We update our US Conviction List of top

fundamental Buy ideas for September, adding Vertex Pharmaceuticals (VRTX) with a 12m TP of $653 and removing Interactive Brokers Group (IBKR). Salveen Richter believes the large-cap biotech company Vertex, is well-positioned for long-term growth as it executes against multi-billion dollar opportunities across cystic fibrosis, pain, kidney disease, and hematology. Furthermore, she expects the proposed acquisition of CRNX to establish a fifth commercial pillar in endocrinology, creating a path to significant additional peak sales. *Steven Kron*

European Conviction List – Directors' Cut: September 2026 Update. We update our European Conviction List for September, adding RWE, Adyen, and Talanx while removing Enel, Wise Group, Hannover Re, and Zalando. Alberto Gandolfi expects RWE to re-rate as it shifts to a vertically integrated powerhouse, driving his 2031 EPS forecast 25% above consensus, while Adyen's unified tech stack and wallet share expansion put Mo Moawalla's FY27-29 EBITDA estimates 4-6% ahead of the Street. Talanx offers underappreciated structural growth in its Retail International division alongside significant resilience reserves, in Andrew Baker's view. *Jessica Binder Graham*

US Semis – What to expect at the Communacopia + Technology Conference 2026. Heading into the conference, we expect a robust AI infrastructure spending environment driven by agentic AI adoption, alongside a strong wafer fab equipment upturn lasting through at least 2028. We anticipate tight memory supply dynamics to persist through 2027, the analog industry to begin a broad cyclical recovery, and EDA software providers to capitalize on a $3.7bn annual incremental opportunity by 2030 as agentic AI addresses structural chip design engineer shortages. Across these themes, our preferred names include Buy-rated Applied Materials, Lam Research, Onto Innovation, Qnity, SanDisk, Seagate, and Cadence, alongside constructive views on NXP and SiTime. *James Schneider*

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