[GS Sales Note]: AI Series: The build-out of gigantic data centers in China and ASEAN: Can you pinpoint the city Ulanqab (乌兰察布) on a map?

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In the AI-driven society, gigantic data centers are constantly being built.

The locations of these data centers are very important. Many factors determine the choices of these the big data user locations: such as the local natural environments (temperature, humidity, etc.), the availability of the stable power & water supplies, the proximity to the big cities where the usage of data is needed, and last but not the least, the local residents' concerns.

In the last week, our China Internet research team published two separate pieces on this subject. One piece is in the China context. The other piece is in the ASEAN context (though there are huge Chinese funding and demand for the ASEAN data centers). The rise of Ulanqab as APAC's largest and fastest growing AI computing clusters; ASEAN Data Center Premier: Mapping the Ecosystem.

1. **For the China piece first:**

Ulanqab is a city that frequently comes up in news reports. It is a prefecture-level city in Inner Mongolia that has become one of the largest and fastest growing computing clusters in China and APAC. I've been to many Chinese cities. However, I must admit, prior to this report, I would have had a hard time pinpointing Ulanqab on a map: Wikipedia of Ulanqab.

Recent news headlines on GigaWatts (GW)-scale data center investments by leading data center operators and internet/AI companies (e.g. GDS, DeepSeek, Z.AI, RedNote) have drawn investors' attention. Some of the key findings of Ulanqab's computing capabilities:

1. **Data center capacity:** Ulanqab has received **12.5GW** capacity commitment from data center operators and internet/AI companies as of Jun 2026 (live and pipeline combined, Exhibit 1), implying **10x+** capacity expansion from its c.1.2GW live capacity as of 2025 which accounted for only c.4% of live capacity in China. This is **three times the total upcoming data center capacity in Johor, Malaysia** (live and pipeline combined, Exhibit 2) which has the largest incoming data center capacity in APAC (ex. China).

2. **Key players:** We see **GW-scale projects** underway from **3 of the top 4 data center operators in China** by live capacity, namely GDS, VNET and Chindata (owned by Dongyangguang, 600673.SS, Not Covered), as well as Envision (Private), followed by hundred MW-scale projects from ZDATA and Centrin (both Private). Meanwhile, in addition to **self-built campuses** owned by Kuaishou and

UCloud, ByteDance, Z.AI and other leading internet/AI companies are reportedly aiming to establish a data center presence in Ulanqab.

2. **For the ASEAN data centers piece second**:

Our primer evaluates six key regional hubs – Johor, Bangkok, Jakarta, Singapore, Kuala Lumpur, and Batam – and quantifies the capacity opportunity the region can capture using a combined bottom-up and top-down approach.

Sizing the opportunity. Drawing on our proprietary model, we expect live capacity across the six hubs to grow from c.3GW today to 13GW by 2030E in our base case (a 33% 5-year CAGR). We identify Johor as the largest hub at one-third of regional capacity by 2030E, with Bangkok and Batam as the fastest compounders. Singapore remains the premium connectivity and enterprise anchor.

ASEAN is contested by US/Chinese hyperscalers that provide both self-build supply and lease demand, and regional players such as Singtel's Nxera with footprint across the region, as well as the lower-cost Chinese data center operators that are aggressively expanding capacity vs. global colocation platforms. **Listed real estate beneficiaries are KDCREIT with 2/3rd exposure in Singapore, Keppel with an integrated digital infrastructure ecosystem, and WHA as provider of land and power.**

The binding power bottleneck varies by market in terms of fuel availability, generation economics, transmission capacity, grid stability, etc. As signed PPAs increasingly represent intent rather than energized capacity, execution on power delivery – including willingness to co-fund infrastructure – is critical to capacity expansion. **Cooling equally strategic in a tropical region.**

Pls let me know if you would like to speak to our analysts who worked on these two pieces. At our Asia Leader Conference in JW Marriott starting next Monday, we will also have some of the leading AI experts as our panel speakers: e.g. Co-Founder of MiniMax, the former senior employee of DeepMind, etc. Pls come and join us. Thanks.

Exhibit 1: GS covered stocks with exposure to the theme

Company	Ticker	Analyst	Rating	FX	Last Price	Target Price	+/- Side	Mkt Cap (US$mn)
Power & Land								
Keppel Ltd	KPLM.SI	Xuan Tan, CFA	Buy	SGD	11.35	13.61	19.9%	15,743
Sembcorp	SCIL.SI	Nikhil Bhandari	Not Rated	SGD	5.99			8,406
WHA Corp.	WHA.BK	Xuan Tan, CFA	Sell	THB	4.84	3.80	-21.5%	2,213
Connectivity / Cable								
Keppel Ltd	KPLM.SI	Xuan Tan, CFA	Buy	SGD	11.35	13.61	19.9%	15,743
Singtel	STEL.SI	Pang Vittayaamnuaykoon	Coverage Suspended	SGD	4.42			56,851
Telkom	TLKM.JK	Pang Vittayaamnuaykoon	Coverage Suspended	IDR	2,620.00			14,524
M&E, Cooling								
ABB	ABBN.S	Daniela Costa	Neutral	USD	78.18	82.00	4.9%	209,526
Eaton	ETN	Joe Ritchie	Not Rated	USD	408.67			159,177
Envicool Technology	002837.SZ	Jacqueline Du	Buy	CNY	54.75	84.62	54.5%	10,347
Faratronic	600563.SS	Jacqueline Du	Buy	CNY	126.27	154.80	22.6%	4,224
Hongfa Technology	600885.SS	Jacqueline Du	Buy	CNY	34.06	45.50	33.6%	7,840
Huaming	002270.SZ	Zhou Li	Buy	CNY	19.52	23.90	22.4%	2,581
Kehua	002335.SZ	Hao Chen	Neutral	CNY	29.72	35.00	17.8%	3,303
Kstar Science & Technology	002518.SZ	Hao Chen	Buy	CNY	34.45	67.00	94.5%	2,983
Schneider Electric	SCHN.PA	Daniela Costa	Buy	EUR	291.80	352.00	20.6%	190,684
Sieyuan Electric	002028.SZ	Zhou Li	Buy	CNY	175.20	204.50	16.7%	20,166
Vertiv	VRT	Mark Delaney, CFA	Buy	USD	254.97	301.00	18.1%	100,139
Weichai Power	000338.SZ	Nick Zheng, CFA	Buy	CNY	26.99	48.00	77.8%	35,030
Yingliu	603308.SS	Zhou Li	Buy	CNY	42.60	82.40	93.4%	4,302
DC operators								
Digital Realty	DLR	Michael Ng, CFA	Buy	USD	188.55	223.00	18.3%	68,000
Equinix	EQIX	Michael Ng, CFA	Neutral	USD	1,055.20	1,060.00	0.5%	104,608
GDS Holdings	GDS	Timothy Zhao	Buy	CNY	31.75	49.00	54.3%	6,172
Keppel Data Center	KPLM.SI	Xuan Tan, CFA	Buy	SGD	11.35	13.61	19.9%	15,743
Keppel DC REIT	KEPE.SI	Xuan Tan, CFA	Buy	SGD	2.26	2.93	29.8%	4,341
NeutraDC (Telkom)	TLKM.JK	Pang Vittayaamnuaykoon	Coverage Suspended	IDR	2,620.00			14,524
NTT	9432.T	Chikai Tanaka, CFA	Buy	JPY	166.50	179.00	7.5%	85,160
Nxera (Singtel)	STEL.SI	Pang Vittayaamnuaykoon	Coverage Suspended	SGD	4.42			56,851
Range Intelligent	300442.SZ	Timothy Zhao	Buy	CNY	62.45	117.00	87.3%	15,180
Sinnet	300383.SZ	Timothy Zhao	Sell	CNY	12.12	12.40	2.3%	3,240
True Corp.	TRUE.BK	Pang Vittayaamnuaykoon	Coverage Suspended	THB	13.10			13,846
VNET	VNET	Timothy Zhao	Buy	CNY	6.47	14.00	116.4%	1,774
Demand								
Alibaba	BABA	Ronald Keung, CFA	Buy	CNY	118.47	186.00	57.0%	284,336
AWS (Amazon)	AMZN	Eric Sheridan	Buy	USD	262.07	375.00	43.1%	2,857,349
Azure (Microsoft)	MSFT	Gabriela Borges, CFA	Buy	USD	487.31	640.00	31.3%	3,640,895
CoreWeave	CRWV	Gabriela Borges, CFA	Neutral	USD	86.25	139.00	61.2%	52,454
Google Cloud (Alphabet)	GOOGL	Eric Sheridan	Buy	USD	348.06	435.00	25.0%	4,284,271
Meta	META	Eric Sheridan	Buy	USD	559.02	725.00	29.7%	1,434,445
Oracle	ORCL	Gabriela Borges, CFA	Buy	USD	142.45	239.00	67.8%	430,674
Tencent	0700.HK	Ronald Keung, CFA	Buy	CNY	440.00	670.00	52.3%	544,340

Target prices are on a 12-month timeframe. Note MSFT is on the Americas Conviction List. Companies in brackets indicate parent company.

Source: Bloomberg, Company data, Goldman Sachs Global Investment Research

