China Industrial Tech: AIDC Power: Asia Leaders Conference 2026 Takeaways: Focusing on earnings delivery

Asia Leaders Conference 2026
Aug 31-Sep 2, 2026
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We hosted ~40 companies for investor meetings at the GS Asia Leaders Conference 2026 in Hong Kong during Aug 31-Sept 2. In this report, **we summarize highlights from key AIDC power companies:**

- Geopolitical/policy risk has not materially disrupted underlying BTM demand or the LV components/equipment demand so far based on our checks with **Jereh/Megmeet/Kstar.** On the other hand China domestic AIDC demand looks increasingly constructive into 2027-28 with better domestic chip availability;
- 800 VDC remains on the roadmap, but commercialization appears further away than market expectations suggesting a more gradual revenue ramp for related component suppliers;
- Overseas orders remain robust across the gas-turbine supply chain (**Yingliu/Jereh/Impro**) and AIDC electricals (**Kstar**), but capacity execution is increasingly the key constraint; and
- We believe the market focus should shift from AI-exposure TAM and wallet-share narratives to customer certification, capacity delivery and earnings conversion; we prefer **Kstar (Buy)** and remain cautious on **Jianghai** (Sell).

The author would like to thank Zhihan Ye and Junfang Zhang for their contributions to this report.

Key takeaways

Geopolitical/policy risk has not materially affected underlying BTM demand or the LV components/equipment demand so far for the companies we talked to during ALC (Jereh, Megmeet, Kstar): Jereh's existing US projects remain intact given their off-grid nature, local manufacturing and US-sourced core components; Kstar continues to supply to North America via ODM model, reducing policy risk; Megmeet continues to see increasing US CSP orders into 2H26.

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China AIDC demand looks increasingly constructive into 2027-28. Honor expects improving domestic GPU/ASIC availability and migration from 2-4kW toward 5.5kW server PSUs, while Megmeet has already been validated by multiple domestic CSPs/server ODMs. Kstar is also running relatively full high-power UPS capacity with strong orders from domestic hyperscalers (especially Bytedance) since May. We see domestic demand becoming a more meaningful earnings driver rather than a drag on the data center product sales growth.

800 VDC remains on the roadmap, but commercialization appears further away than market expectations. For example, Sifang sees 34.5kV SST commercialization only from 2H28 with large-scale deployment around 2029, Megmeet expect the transition to 800 VDC architecture will be a gradual one and does not expect volume SST adoption within the next 1-2 years, and Kstar notes its overseas customers are debating on the 800 VDC penetration trajectory given the trade-off between reliability and efficiency. This supports 800 VDC as a medium-term content opportunity but suggests limited SST earnings contribution before 2028-29.

Overseas orders remain robust across the gas-turbine supply chain (Yingliu, Jereh, Impro) and AIDC electricals (Kstar), but capacity execution is increasingly the key constraint. For Jereh, the US$1.465bn gas-turbine order announced on July 22 represented only the first PO under a five-year agreement. Four additional POs lifted cumulative orders over roughly half a month to close to US$2bn, including nearly US$0.5bn of ancillary equipment, with better pricing, higher prepayment and broader scope. Capacity is planned at around 3GW in 2027, although achieving full run-rate capacity within the year remains uncertain, rising to at least 4-5GW by 2030. For Yingliu, 1H26 two-engine new orders reached c.Rmb1.5bn, including c.Rmb800mn in 1Q26 and c.Rmb700mn in 2Q26, while backlog stood at c.Rmb2.2bn; management still sees full-year new orders above Rmb3.0bn as achievable. Two additional large furnaces are planned for 1H27, with deposits already paid, followed by further equipment additions in 2H27. If additional capacity is ordered now, most new equipment could be completed by 3Q-4Q27. We therefore see demand as supportive, but await further equipment orders and effective capacity additions to underpin the next leg of earnings delivery.

Key market focus should shift from AI exposure TAM, wallet share potential to customer certification and earnings delivery. Jianghai has gained Eaton/Flex adoption for AI aluminum electrolytic capacitors but has yet to qualify at Delta, and we remain conservative versus the company's 25%-40% market-share aspiration. For supercapacitors, Delta has placed an initial EDLC trial order, while LIC samples have been submitted to Delta and Flex but qualification has not yet been confirmed. We therefore believe the company's aggressive capacity expansion plans still require significant customer qualification and volume conversion to be validated, and maintain our Sell thesis.

Other takeaways by company

Honor Electronic (300870.SZ, not covered)

- **Google programs:** Company expects to see small-volume shipment for a 5kw PSU program from Google in 4Q26 before ramping up in 1H27. Only Honor and Delta Electronics (2308.TW, covered by Chao Wang) is involved in this program and Honor expects this peer to have a larger wallet share. Meanwhile, the company has started to work on other programs for Google but there is no clear timeline on volume products yet. Company has a designed annual capacity of 400~500k 5~5.5kW PSU for its Vietnam factory currently with 2 production lines.
- **NVIDIA ecosystem:** After being included in NVIDIA's MGX ecosystem, Honor is now engaging with potential overseas customers. That said, the company notes they are relatively late vs. peers already in the ecosystem, hoping to catch up on participating on more next-generations programs.
- **Domestic demand:** Company is constructive on domestic server power supply demand in 2027-28 on better domestic GPU and ASIC availability and the upgrade to 5.5kW vs. currently 2-4kW for most domestic projects.

Impro Precision (1286.HK, not covered)

- **2026 revenue growth** guidance was raised from 15%-20% to 20%-25%, with potential for another review in late October. 2027 growth is currently expected at around 20%-30%, while the company targets group revenue above HK$10bn by 2030 at the latest, potentially in 2029.
- **2026 capex guidance** was raised from HK$850mn to around HK$1.5bn, with around two-thirds of the incremental spend directed to China large-horsepower engine capacity.
- **New products:** Mexico remains a key ramp-up base. Liquid-cooling products started ramping in June 2026, large-horsepower engines should accelerate after major customer certifications in 4Q26, and aerospace production is targeted to begin in 2027 after completing special-process certification in 2H26.

Jereh (002353.SZ, not covered)

- **Expects limited policy impact:** Existing US projects are currently not expected to be affected by policy, as they are mainly off-grid applications with US local manufacturing, US-sourced core components and local assembly; ownership-related policy tightening remains a residual risk.
- **Order intake:** The US$1.465bn gas-turbine order announced on July 22 was only the first Purchase Order (PO) under a five-year agreement. Four additional POs brought cumulative orders over roughly half a month to close to US$2bn, including nearly US$0.5bn of ancillary equipment, with better pricing, higher prepayment and broader scope.

- **Capacity & delivery:** 2027 deliveries remain above US$2bn despite changes in customer priority and product mix. Capacity is planned at around 3GW in 2027 (although mgmt believe it is still uncertain whether the company can achieve full run rate in 2027), and at least 4-5GW by 2030.

Jianghai (002484.SZ, Sell)

- **AI-related aluminum electrolytic capacitor** output reached around 2mn units/month by end-August, with capacity targeted at 3-4mn units/month by end-2026 and 10-12mn units/month by end-2027. The company expects to reach around 25%-40% market share. Eaton and Flex have already adopted the products, while Delta has not yet been qualified. Despite aggressive capacity expansion plan and market share goal, we believe it will likely require concrete customer certification progress to support the company's growth aspirations.
- **Supercapacitor:** Google historically did not require supercapacitors as standard configuration in some solutions, but is gradually increasing adoption, which should create incremental demand for supercapacitors. For EDLC, Delta has already placed an initial trial order. For LIC, samples have been sent to Delta and Flex, but qualification has not yet been confirmed. Despite early stage progress for EDLC and limited qualification progress for LIC, we believe share price has priced in aggressive market share assumptions and therefore remain Sell rated.

Kstar (002518.SZ, Buy): Accelerating data center segment growth into 3Q-4Q26 supported by strong overseas and domestic orders with increasing demand from global colocation/integrator customers.

- **Data center segment** growth will remain strong in 3Q26-4Q26 with a relatively full capacity utilization for high-power UPS, and order growth has been strong since May 2026, per mgmt. Revenue contribution from colocation/integrator customers will rise as the company expands its customer portfolio beyond the global electricals companies and these customers increasingly value delivery speed and cost competitiveness.
- **800 VDC architecture:** Kstar plans to send its 800 VDC products for onsite testing for 3-6 months in Europe and Southeast Asia in October 2026. The company notes there is heated debates in the supply chain and among its customers on the penetration trajectory of 800 VDC architecture given the trade-off between reliability and efficiency.
- **Renewable energy segment:** Per management, the energy storage segment will see decent growth in 2H26-2027 with commercial & industrial applications growing faster than the residential business. Solar inverter sales will likely remain subdued in 2H26 impacted by industry weakness.

Megmeet (002851.SZ, Neutral)

- **Product category:** Demand related to the Vera Rubin platform will likely increase sequentially into 2H26 and 2027, and make a larger contribution to company's AIDC power business in the next 1-2 years per management. In the domestic market, server power supply in the near term will mostly fall around the 5.5kW power range and Megmeet has been

validated by multiple domestic CSPs and server ODMs.

- **US CSP relationship:** Megmeet is continuously working on customized projects with several US CSPs, apart from starting volume shipment to some US CSPs in 1H26. The company is see increasing orders into 2H26 vs. in 1H26 while the delivery pace will be subject to customers' data center construction cadence.
- **800 VDC transition:** Mass adoption of 800 VDC architecture will likely be gradual, while the volume adoption of SST (solid state transformer) will not likely arrive in the next 1-2 years given that reliability tests and component availability take time.

Sifang (601126.SS, not covered)

- **SST is the key medium-term optionality**. Based on NVIDIA's roadmap, 800V Option C could begin deployment in 2H27, while 34.5kV SST under Option D is expected to commercialize in 2H28 and reach large-scale deployment around 2029.
- **SST competitive landscape:** Sifang mgmt believe Vertiv, Eaton and Delta are better positioned in North America given their power-electronics capabilities and ecosystem access, while traditional distribution players such as Siemens, ABB and GE Vernova may find entry harder. In China, mgmt see Huawei, CATL, Sungrow, XJ Electric and Nari Tech as potential participants, although competition is likely to be intense.
- **Domestic revenue** is expected to maintain around 10%-20% growth, while international orders rose from Rmb350mn in 2024 to Rmb500mn in 2025, with a Rmb1bn target for 2026 and more than Rmb500mn already signed in 1H26; 2027 international orders are expected at around Rmb2bn.

Sinexcel (300693.SZ, not covered)

- **Medium-voltage UPS** will see <100MW orders from pilot programs in 4Q26 which is scheduled for delivery in 1H27. Company is seeing a 2GW (including redundancy) project pipeline for MV UPS from the US market in 2027, with an ASP of Rmb1bn+/GW. Typical configuration for MV UPS is 2.5MW and 5MW. MV UPS is more useful for data center projects connected to a less stable grid environment.
- **Power quality products** such as APF (Active Power Filter) and SVG (Static Var Generator) generated 50%/50% sales from the domestic/overseas markets with 50%+ GPM, and mgmt noted the growth driver in 2025-27 is coming from the AI data center capex.
- **HVDC/SST:** HVDC products will be sent to a Chinese customer for testing in a SEA data center, while SST is under development.

Wedge (000534.SZ, not covered)

- **Two-engine revenue** is expected at Rmb600-700mn this year and Rmb1.2-1.3bn next year, including around

Rmb800mn from gas turbines and Rmb350mn from commercial aviation; Siemens and CSIC Longjiang Guanghan-related revenue is expected at around Rmb600mn next year.

- **Capacity** is expected to reach Rmb1.8bn this year, with utilization around 50%, rising to around 60% next year alongside continued yield improvement.
- **Profitability:** The business remains loss-making this year, but targets around 5% net margin for the full year and 12%-15% next year as utilization and yield improve.

Yingliu (603308.SS, Buy)

- **Two-engine capacity** continues to expand in 2H26, with firmwide revenue targeting at least Rmb360mn/month in Jul-Sep and Rmb380mn/month in Oct-Dec, in line with our forecast; two furnaces will arrive in 1H27 per mgmt, which could raise concern about capacity expansion pace in 1H27.
- **Two-engine orders were in line with their year-beginning goal**, signing Rmb1.5bn in 1H26, vs. 2026 goal of Rmb3bn. But most orders come from Ansaldo, etc., with limited progress on Siemens Energy so far.
- **SpaceX in-house turbine-blade production:** Yingliu mgmt believe that SpaceX output may mainly serve MRO and its own AI-related demand rather than external sales, while building equipment, recruiting talent and ramping effective capacity would likely take years.



Investment thesis, price targets, risks & methodology

Yingliu is a leading domestic high-end cast component supplier with <1% global share, leaving a long runway for growth. We expect U.S. AIDC to source up to ~60% of power from gas turbines, while global OEMs (Siemens Energy, GE Vernova, MHI) face severe capacity constraints, with turbine blades a key bottleneck due to stringent metallurgical requirements and supply concentration among Western suppliers (e.g., PCC, Howmet), who may be prioritizing aerospace, potentially facing labor shortages. Yingliu is well positioned to capture demand spillover given available capacity, lower ASPs, comparable quality, and strong R&D and customer relationships, reinforced by expanded product development for Siemens Energy and long-term contracts with Baker Hughes, Ansaldo, and GE Aerospace. While still a complementary supplier relative to Western incumbents with single-digit global share by 2030E, improving product mix, scale, and asset turnover should drive GPM, NPM, and ROE expansion through the cycle. We forecast 26%/41% total sales/earnings CAGRs in 2026E-30E and derive a 12m TP of Rmb72.2. We are Buy rated.

Price Target Risks and Methodology - Yingliu
Valuation methodology: Our 12m target price of Rmb72.2 is based on a 2030E P/E of 30x discounted back to 2027E at 10% CoE.

Key downside risks: (1) Capacity ramp-up comes in below expectations due to failure to improve yield rate or recruit skilled technicians; (2) Order intake growth below our expectations, potentially due to the long cycle to develop new SKU; (3) AIDC demand weakens with hyperscalers canceling orders for gas turbine manufacturers.

Investment Thesis - Shenzhen Kstar Science & Tech
Kstar specializes in electric power conversion technology, providing data centers and energy storage systems (ESS) with a constant and stable power supply. It has achieved the largest UPS (uninterruptible power supply) shipments in China for more than 20 years. For Kstar, we expect the company to deliver solid revenue/net income growth, mainly driven by: (1) overseas AIDC customer expansion and product innovation (including high-power UPS, 800 VDC, SST etc.) serving broader regions including the North American market; (2) domestic data center revenue growth pick-up, riding on increased capex from both SOE and POE hyperscalers and expanding customer base in the domestic data center market, and (3) overseas ESS business recovery benefiting from channel inventories normalization and C&I ESS demand. We are Buy rated on the stock considering the attractive P/E valuation on its long-term growth profile and better margin and returns vs. peers.

Price Target Risks and Methodology - Shenzhen Kstar Science & Tech
Valuation methodology: Our 12m target price of Rmb60.0 is based on a 2028E P/E of 26x discounted back to 2027E at 11% CoE.

Key downside risks: (1) Lower-than-expected US ODM order growth; (2) Slower new product launches especially 800V DC products; (3) Lower-than-expected overseas ESS growth and margin.

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 Rmb120.0 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.

Jianghai is a top aluminum electrolytic capacitor supplier expanding into film capacitor, supercapacitor, and MLPC products. From a positive standpoint, we note the company's (1) vertical integration of key aluminum electrolytic capacitor manufacturing processes with a c.75% self-sufficiency rate for formed foil (vs. c.30% for Japanese peers), which provides c.18% GPM advantage and closer control of product performance; (2) strong industrial client base in aluminum electrolytic capacitor, which has high entry barriers – with brand recognition the company can leverage into other segments. We expect AIDC-led demand across aluminum electrolytic capacitors, LIC, and MLPC to remain the key earnings driver from 2026E, supported by customer wins, higher per-rack usage, pricing upside, and next-generation power architectures, while EDLC is likely to be a more transitional solution as adoption shifts toward LIC over time. However, after the stock's recent rerating, we believe the current valuation has run ahead of Jianghai's medium-term AIDC potential and already prices in overly aggressive market-share gains across LIC, MLPC, and aluminum electrolytic capacitors, despite still-limited LIC and MLPC customer certification progress and remaining product-quality gaps versus leading peers. We are Sell rated.

Price Target Risks and Methodology - Jianghai

Valuation methodology: Our 12-m TP is Rmb54.4, based on a 30x 2028E P/E discounted back to 2027E with 10.5% CoE.

Upside risks: (1) Faster-than-expected LIC and MLPC customer qualification progress; (2) Higher-than-expected market share gains in LIC, MLPC, and aluminum electrolytic

capacitors; (3) Stronger AIDC demand, capacitor content growth, and pricing than our expectations.