The 720: The Refining Super Cycle, China Online Games: NetEase & XD, Xiaomi, Toray, Busy Ming, Sansera Engg, Ramelius

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In Focus | The Refining Super Cycle

Global Oil – The Refining Super Cycle (Part 4): A System Stretched for Longer. We expect the global refining system to operate at elevated utilization rates for longer, requiring product cracks to stay high to suppress end-user demand and inventory restocking through 2027. Reflecting this delayed recovery and higher diesel and jet fuel margin forecasts, we raise our 2026-2028 Asia refiner EBITDA estimates by an average of 27%/24%/17% and increase their 12m TPs by 24%. We upgrade SK Innovation to Neutral with a 12m TP of W140,000 as strong refining margins and tight lube base oil supply offset persistent battery overcapacity. Furthermore, we spotlight key Buy-rated names including S-Oil (on CL), Thai Oil, Valero, Marathon Petroleum, and Repsol for their robust free cash flow generation and outsized exposure to structurally tight middle distillates. *Nikhil Bhandari*

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US Internet: Takeaways from Communacopia+Technology Conference | 830am HK | Access Webinar | with Eric Sheridan, Dani Wojdyla

China Online Games | NetEase, XD

China Entertainment – Infinite content, finite attention in the age of AI. We see the rapid emergence of AI-generated content driving a structural shift in the industry, characterized by near-infinite content supply, 80-90% production cost savings, and significantly faster turnarounds against finite user attention. We view online gaming as the most resilient vertical, as established publishers can leverage AI tools to extend long-lasting IP franchises, while traditional production layers face commoditization and long-form video faces structural copyright and engagement risks. Within our coverage, we upgrade XD to Buy as its TapTap distribution platform shifts to an AI beneficiary amid abundant game supply, and we highlight Tencent and Conviction List name NetEase as front-runners in adopting AI for game development and user experience. *Lincoln Kong*

NetEase – Strong 2027 Game Pipeline Set to Drive Topline Recovery – Buy (on CL). We expect a double-digit topline growth recovery in 2027 driven by a robust new game pipeline featuring Ananta and Beneath the Mist, offsetting the soft performance of Sea of Remnants and a light 2026 schedule. We fine-tune our 2026-2028 revenue and net profit estimates by -1% to +1% to reflect enhanced pipeline visibility, projecting Ananta will generate Rmb6bn in its first 12 months

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following a January 2027 global launch. We believe successful execution and increased overseas revenue contribution from these differentiated titles, alongside AI tool proliferation and renewed Blizzard IP, will support sustained long-term growth and a potential narrative re-rating. We view the current risk-reward as attractive and maintain a 12m TP of US$168/HK$263. *Lincoln Kong*

XD – Resetting for growth inflection and narrative shift – Buy. We upgrade XD Inc. to Buy and lower our 12m TP to HK$60.7 following a recent share price pullback, as we see the company resetting for a revenue and operating profit growth inflection starting in 2H26. We lower 2026-28E revenue estimates by 3-5% on softer legacy titles and cut net profit by 10-15% to reflect back taxes and an increasing effective tax rate. However, we believe earnings revisions have bottomed and project 20% year-over-year core operating profit growth in 2H26, driven by resolved TapTap traffic cannibalization issues, incremental overseas contributions from Heartopia, and disciplined AI token spending. With the stock trading at historically low valuations and near-term tax headwinds largely priced in by the market, we view the current risk-reward profile as attractive. *Lincoln Kong*

Themes in Play | Xiaomi, Toray, Busy Ming, Sansera Engg

Xiaomi Corp. – Strong Agentic Gains from MiMo-V2.6 RL Live Streaming – Buy. We maintain our 12m TP of HK$39 following Xiaomi's unprecedented live streaming of its MiMo-V2.6 reinforcement learning process, which demonstrated substantial improvements in long-horizon agentic performance on par with leading open-source models. The telemetry revealed that the V2.6-Flash model provides a more favorable return on compute investment than the Pro version, suggesting that AI training bottlenecks have shifted from hardware availability to engineering optimization. Looking ahead, we expect Xiaomi to continue disrupting market API pricing structures upon the official V2.6 release, and we anticipate the early 2027 launch of an efficient MiMo-V3 model featuring a new HySparse architecture to further push the efficiency frontier and reduce inference costs. *Timothy Zhao*

Toray Industries – US Capacity Expansions to Drive Aerospace and UAM Growth – Buy. We view media reports of Toray's planned carbon fiber prepreg capacity expansions at three US sites positively, reiterating our Buy rating and ¥1,590 12m TP. We believe these additions are a strategic move to capture rising demand across commercial aircraft, space and defense, and urban air mobility (UAM). The capacity expansion supports our forecast for carbon fiber composite business profits to reach ¥44.2 bn by FY3/29, as Toray's lightweight materials offer significant performance edges, such as an estimated 15% weight reduction for UAM aircraft. Furthermore, establishing an integrated multi-site production system enhances supply stability and raises switching costs for customers across all three target demand layers. *Atsushi Ikeda*

Busy Ming Group – 2026 H-share award grant reinforces long-term incentives – Buy. We maintain our Buy rating and 12m TP of HK$610 following the company's announcement of a 1.62mn share grant to 185 employees under its 2026 H-Share Award Scheme. We believe the award design, which features differentiated vesting schedules through 2032 and performance-based deferrals, effectively balances long-term incentives with accountability to align employee and shareholder interests. This well-structured equity framework should support talent retention and execution capability as the company continues its rapid expansion, having recently exceeded 30,000 contracted stores while

maintaining resilient same-store sales and healthy unit economics across lower-tier markets. *Leaf Liu*

Sansera Engg – Prospective customers expand India semiconductor sourcing – Buy. Following announcements by global semiconductor equipment manufacturers to invest US$5bn and US$1.2bn respectively to develop India's local supplier ecosystems, we raise our 12m TP on Buy-rated Sansera to Rs4,990 (from Rs4,500). We view these prospective customers as potential long-term growth contributors to the company's higher-margin component supply business, building on an approximate US$180mn semiconductor order win from an existing customer in August 2026. Consequently, we make slight estimate increases to our FY29E EPS to partially factor in upside potential from this incremental development as well as a quarterly roll-forward. *Chandramouli Muthiah*

Event | Ramelius

Ramelius Resources – Refreshed production outlook drives estimate upgrades – Buy (on CL). We raise our 12m TP to A$5.30 from A$5.05 after management's updated four-year outlook and FY27 guidance revealed better-than-expected near-term production and an 11% upgrade to FY30 group production targets. We increase FY27-29E EBITDA by 6% to 25% reflecting the revised volume profile, higher growth capex, and cost adjustments, predominantly driven by the Mt. Magnet build-out and grade displacement. Although elevated medium-term growth spending somewhat subdues near-term free cash flow yields, we favor the stock for its strong longer-term organic production trajectory and fully funded balance sheet. *Hugo Nicolaci*

Connections | HK, China Consumer Durables

Hong Kong Tracker – Softened housing volume but resilient pricing. We maintain our 15% FY26E housing price growth forecast, noting that while transaction volumes softened following China's July capital controls, prices remain resilient due to an ongoing demand and supply imbalance. We see the office market recovery broadening into non-Central districts supported by solid financial institution leasing, whereas retail rent is tracking behind our expectations at a 1.5% year-to-date decline despite stabilizing since June. System liquidity remains abundant with bank deposit balances up 10% year-over-year, and we highlight Henderson Land, SHKP, Swire Properties, Jardine Matheson, HSBC, STAN, and HKEX as our key Buy-rated names. *Simon Cheung*

China Consumer Durables – Appliance Tracker: Aug 2026. We see further signs of sequential improvement in domestic appliance retail demand, with August NBS sales resuming positive growth at +2% year-on-year on an easing comp base. While air conditioner domestic ex-factory shipments remained weak due to extreme weather and cautious distributor sentiment, exports tracked ahead of production plans, driven by restocking in Latin America and emerging market strength. Despite renewed margin pressures from sequentially higher copper and aluminum prices, we highlight Midea, Roborock, and Anker for their robust overseas growth potential, product innovation, and continued market share gains. *Nicolas Yi*

Around the world | Microsoft, Cross Asset Strategy, Credit Line: Banks & AI

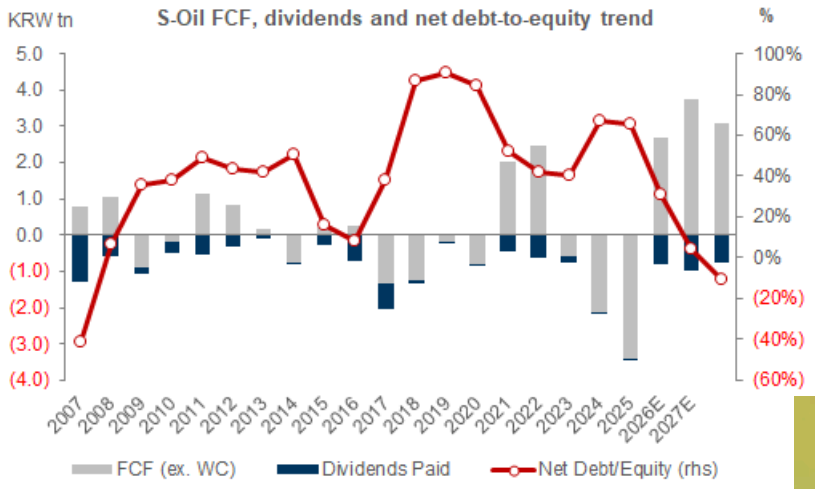
Microsoft – NDR Feedback Validates AI Platform Strategy – Buy (on CL). Following recent investor meetings, we remain constructive on the company's AI platform go-to-market momentum as management believes key strategic decisions from the past three years

are now paying off. The company has successfully front-loaded long-dated infrastructure investments, giving management greater flexibility over short-dated capex decisions to dynamically match capacity with enterprise demand. Management notes that AI unit economics are tracking healthier than the early cloud cycle, evidenced by a $51bn qoq RPO increase driven entirely by non-frontier enterprise. 12m TP of US$640. *Gabriela Borges*

Global Cross Asset Strategy – Markets repricing around higher rates and oil prices. We maintain our neutral cross-asset stance on a three-month horizon and remain modestly pro-risk over 12 months, standing overweight equities, neutral on bonds, commodities, and cash, and underweight credit. Recent 25bp rate hikes from the Fed and BoJ, alongside Brent crude briefly breaching $100/bbl, have driven a cross-asset repricing led by front-end rates and widened the gap between safe and risky asset sentiment to its largest level since 2022. With global equities modestly de-rating and European risk premia weighed by rising energy and sovereign risks, we view calls on credit, bonds, and real estate, alongside receiver swaptions on front-end rates, as attractive hedges against recessionary headwinds or a rates-relief scenario. *Christian Mueller-Glissmann*

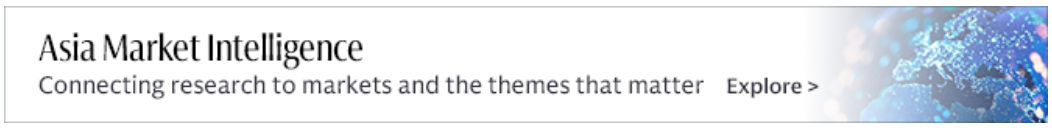
The Credit Line – Banks and AI: A Credit-Positive Outlook. We reiterate our Overweight recommendation on banks versus non-financial sectors, particularly technology, as we view AI adoption as fundamentally credit-positive for the banking industry. As non-financials burden their balance sheets to fund AI infrastructure—prompting us to raise our 2026 USD IG gross supply forecast to $2.3 trillion from $2.1 trillion and pencil in $2.4 trillion for 2027—banks are capturing capital-light advisory, underwriting, and syndication fees while distributing most long-dated risk to private markets. Additionally, banks are broadly deploying AI for process automation and cost discipline, yielding efficiency gains that we believe easily outweigh the technical headwinds of record USD IG bank issuance. *Sara Grut*

Graphic language | S-Oil – We expect strong FCF to sustain through 2026-28 underpinned by strong refining margins coupled with the Shaheen project capex cycle completion



Source: Company data, Goldman Sachs Global Investment Research

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GS Events (Home Page here)

- **Asia Healthcare CDMO Day | Singapore |** 23-25 Sep
- **Vietnam Corporate Day | Singapore** | 5-6 Oct
- **APAC Healthcare Corporate Day 2026 - Part I | Hong Kong** | 3-6 Nov
- **Japan Conference | Tokyo |** 30 Nov - 4 Dec