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October 7, 2026 10:00 PM GMT

China Internet, Software, and Data Centers | Asia Pacific

Catalyst Preview: What's Ahead

Where relevant and meaningful, we have identified and previewed catalysts for China's online entertainment, software, and data center stocks that could affect share prices in the near future.

Yang Liu
Equity Analyst
Yang.Liu@morganstanley.com +852 2239-1911

Lydia Lin
Equity Analyst
Lydia.Lin@morganstanley.com +852 2239-1572

Tom Tang
Equity Analyst
Tom.Tang@morganstanley.com +852 3963-1860

Gary Yu
Equity Analyst
Gary.Yu@morganstanley.com +852 2848-6918

CHINA INTERNET AND OTHER SERVICES
Asia Pacific
Industry View **Attractive**

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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AlphaSignals Catalyst Event Preview

Company / Catalyst	Date	Importance	Surprise
Kingdee International Software Group 0268.HK			
3Q KPIs release	Oct 2026	High	| In-line

Takeaways:

- Kingdee is likely to disclose qtly ARR growth and NDR, and even more KPIs.

Kuaishou Technology 1024.HK			
Kling 4.0 full version launch	Oct 2026	Very High	| In-line

Takeaways:

- Its capability comparison vs. competitors SeeDance 2.5 and Minimax H3 will be the key factor to watch.

NetEase, Inc NTES.O			
Ananta game global launch	15 Jan 2027	Very High	| In-line

Takeaways:

- This is the most important game in the pipeline for Netease
- We forecast Rmb6bn annual grossing, which is relatively conservative, given that NetEase is not aggressive on monetization (free characters).

GTA VI launch	19 Nov 2026	High	| In-line

Takeaways:

- Given Ananta has a similar gameplay with GTA VI (urban open-world), the popularity of GTA VI has good implication to Ananta
- Ananta could differentiate by its triple A quality but free-to-play model, all platforms, graphic style and story etc

Trip.com Group Ltd TCOM.O			
Travel demand for October Golden Week	08 Oct 2027	High	↓ Modest downside surprise

Takeaways:

- Daily airline data suggest a relative weak travel demand growth during Golden week
- 2026 Gloden Week holiday is one day shorter than 2025

VNET Group Inc VNET.O			
Sizable order for overseas project	4Q26	High	↑ Modest upside surprise

Company / Catalyst	Date	Importance	Surprise

Source:

Valuation Methodology and Risks

Kingdee International Software Group (0268.HK)

Base case, 10-year discounted cash flow model. We favor DCF because we believe it best reflects the company's long-term growth potential.

- We use a 13.9% WACC with 15.0% cost of equity (2% risk-free rate, 2.0 beta), 4% cost of debt, and 10:90 debt-to-equity weighting.
- We assume a 2.5% terminal growth rate.

Risks to Upside

- Faster cloud revenue growth
- Well-managed implementation offloading
- Faster-than-expected revenue growth from the large enterprise market

Risks to Downside

- Further slowdown in China's economy
- Execution risk in cloud transition and implementation offloading
- Intensified domestic competition and share loss in the midsize enterprise market

Kuaishou Technology (1024.HK)

Base case, discounted cash flow model - key assumptions include

- We value the core business at 8x 2027E P/E, in line with peers.
- We value Kling at 18x P/ARR 2026E and apply a 30% holdco discount to Kuaishou's 68% stake, which is below that for publicly listed peers due to our concerns around competition.

Risks to Upside

- Better-than-expected MAU growth.
- Improving ad revenue per DAU.
- Lower-than-expected sales and marketing expenses, leading to higher margins.
- Faster monetization of other revenue, overseas expansion.

Risks to Downside

- Lower-than-expected advertising revenue growth.
- Lower-than-expected margins owing to revenue sharing, S&M and overseas expansion.
- Lower-than-expected MAU growth owing to competition, scale-back of S&M.

NetEase, Inc (NTES.O)

Base case, sum of the parts.

- Games - 15x 2026e P/E compared to US/EU publishers at 15-30x. and limited overseas exposure.
- Music - Latest market cap adjusted for NetEase's stake of 61.3
- Youdao - Latest market cap adjusted for NetEase's stake of 53



- Net cash at 30% discount
- USD/CNY assumption of 6.75.

Risks to Upside

- Better-than-expected performance of existing and/or new game titles
- Faster-than-expected overseas expansion

Risks to Downside

- Shorter-than-expected life cycle of games
- Weaker-than-expected margin, with a drag from loss-making businesses

Trip.com Group Ltd (TCOM.O)

Base case, DCF. Key assumptions: 1) WACC of 12.5%, aligned with the lower bound of Chinese Internet WACCs; 2) terminal growth of 3%, aligned with our long-term GDP growth target; 3) FX of Rmb6.80/US$, aligned with our macro team's estimate.

Risks to Upside

- Rebound in macroeconomic growth and RMB
- Recovery in outbound travel growth

Risks to Downside

- Rising competition in the domestic market from Tongcheng Travel and Meituan
- Macro slowdown and extreme weather conditions lead to low travel incentives.

VNET Group Inc (VNET.O)

Base case, 10-year discounted cash flow (DCF) model. Our assumption of weighted average cost of capital (WACC) is 8.7%, with a 4.0% cost of debt, 14.0% cost of equity and 50% debt weighting. We assume a terminal growth rate (TGR) of 3%.

Risks to Upside

- Adding new wholesale contracts
- Faster move-in than expected
- Further interest rate cuts in China or the US
- Progress in asset monetization via REITs at accretive valuations

Risks to Downside

- Hyperscalers reducing their cloud capex, especially AI-related investment
- Delay of capacity delivery
- Weak sales execution