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Investor Presentation | Asia Pacific

China Internet and Other Services: China's AI Path

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CHINA INTERNET AND OTHER SERVICES

Asia Pacific
Industry View **Attractive**

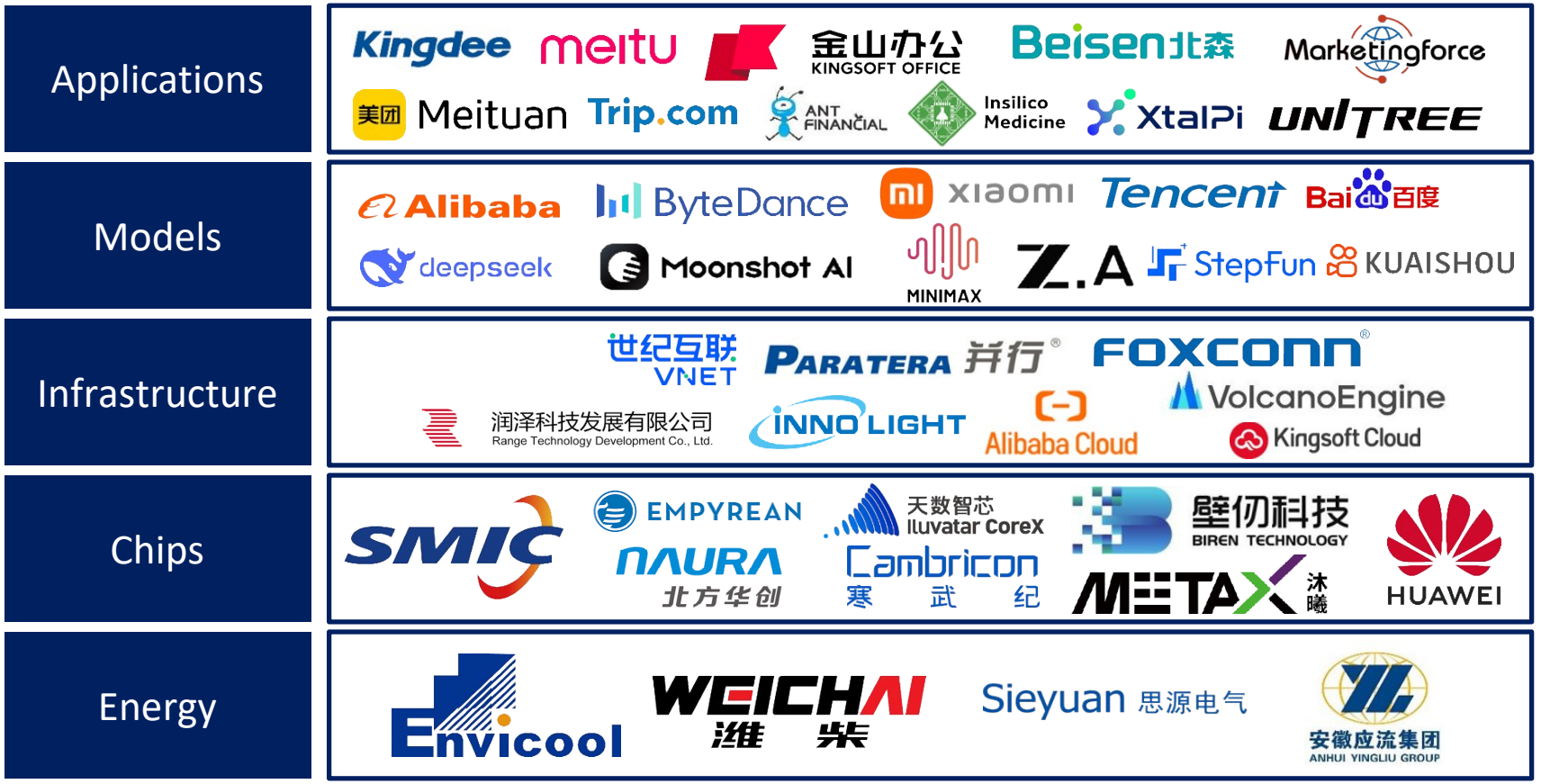
investors should be aware that the firm may have a conflict of

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

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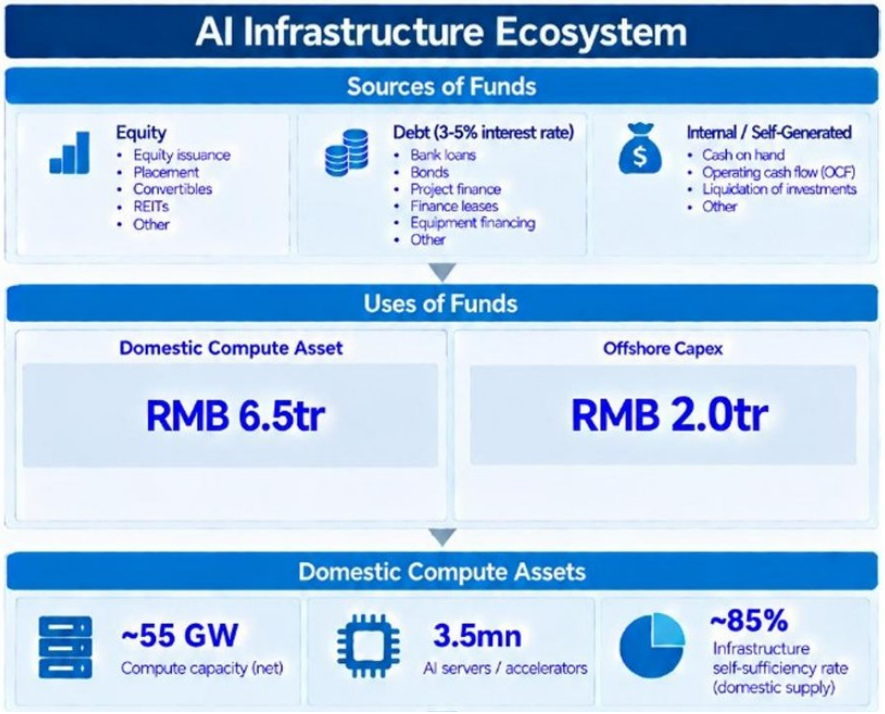
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China AI Supply Chain



AI Infrastructure

Rmb8.5tr Capex into 55GW Compute

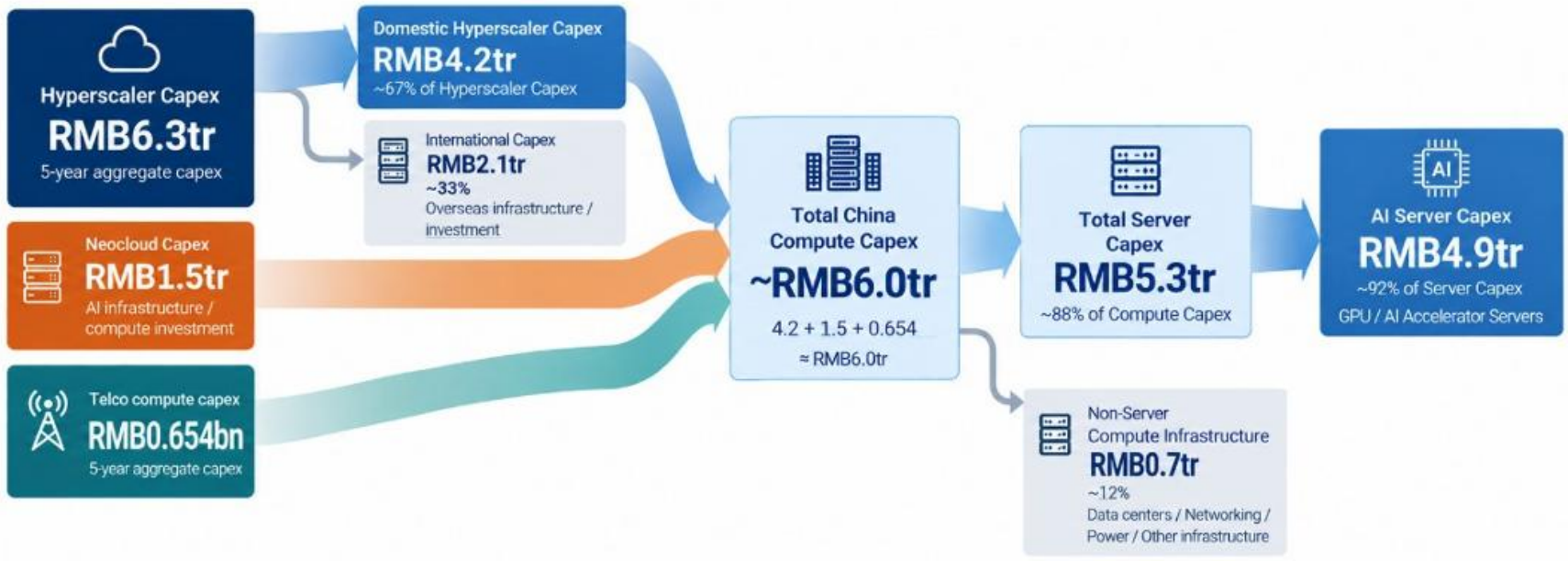




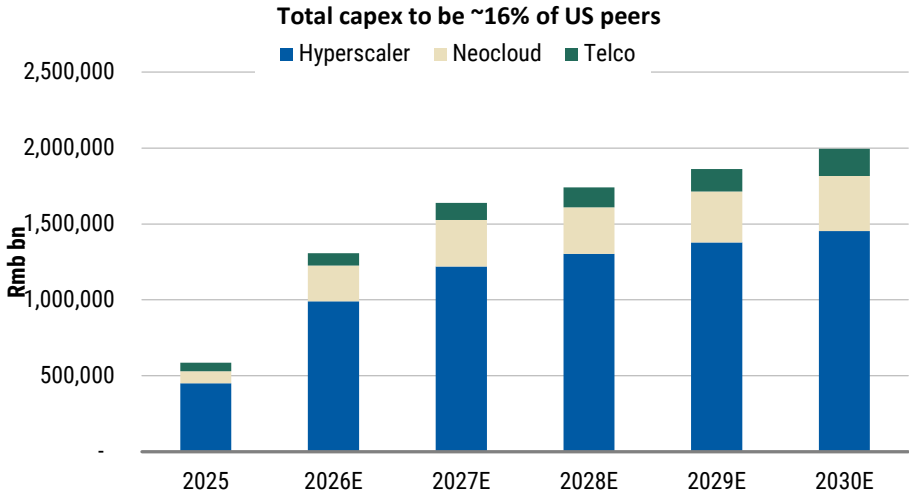
training/inference mix, for which we have details in the ROIC section

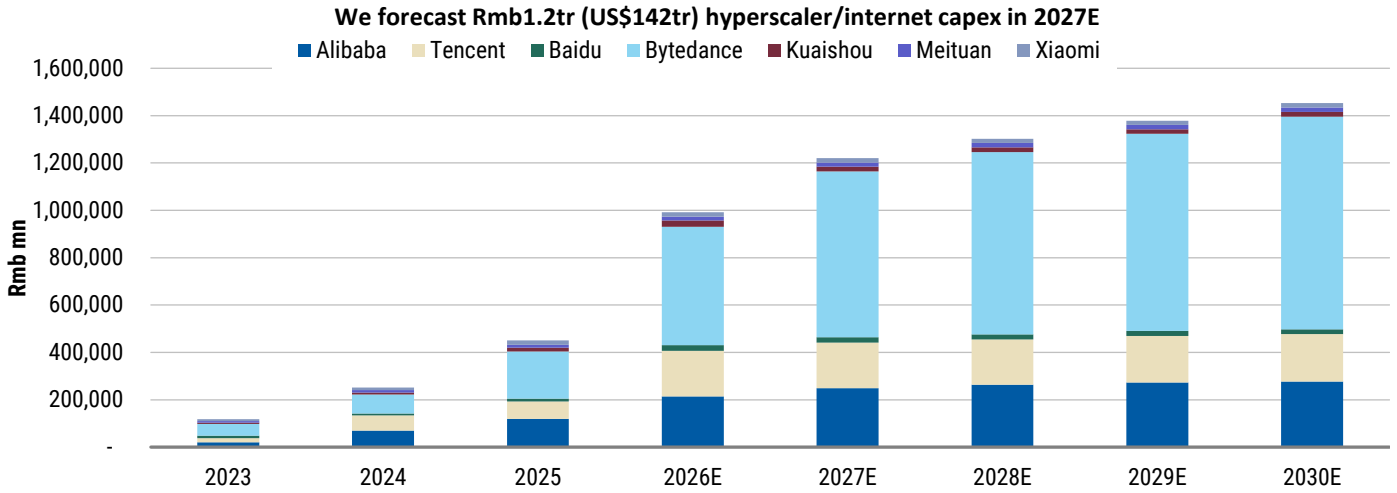
token cost and

We forecast Rmb8.5tr capex in 2026-30E



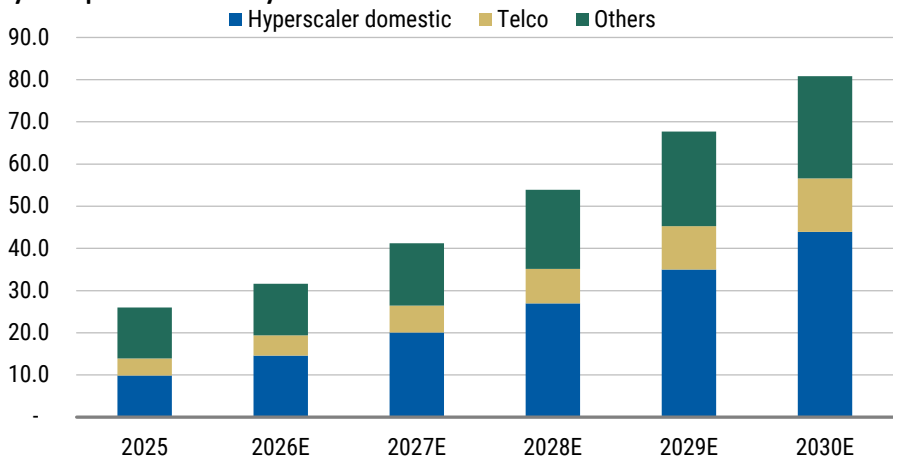
AI Cloud is the major growth driver



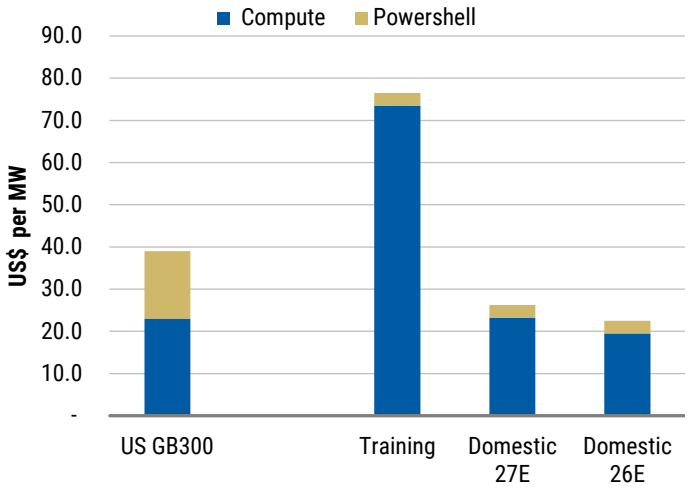


… Should translate into ~55GW compute domestically

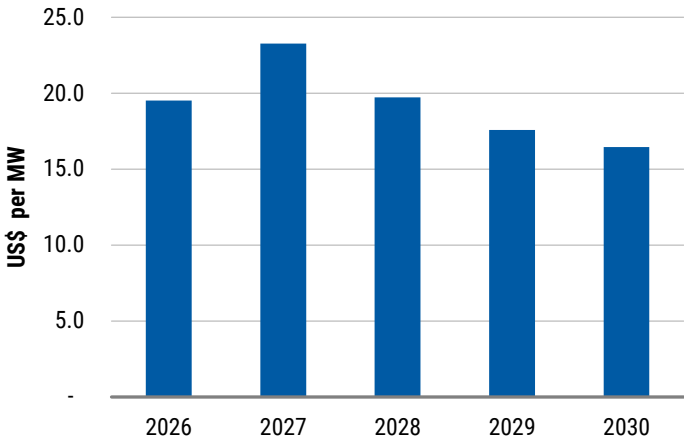
We forecast compute capacity to expand to 81GW by 2030E



Domestic compute deployment is cheaper vs the US

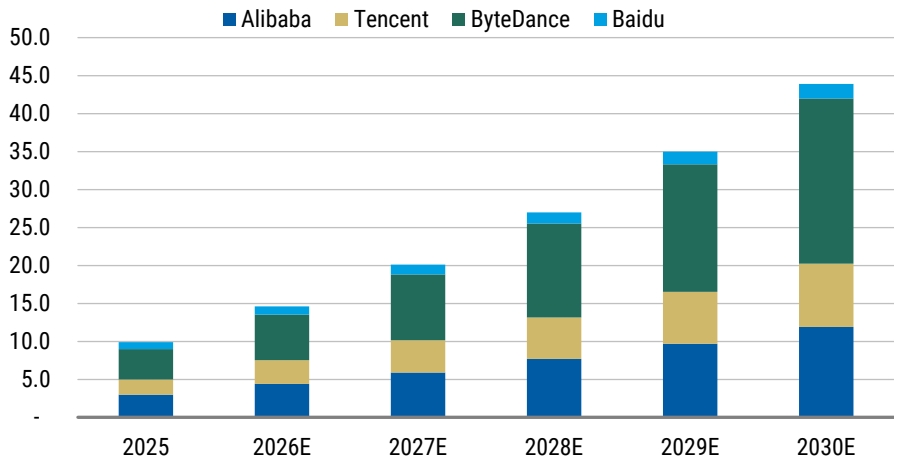


… at US$15-23mn per MW

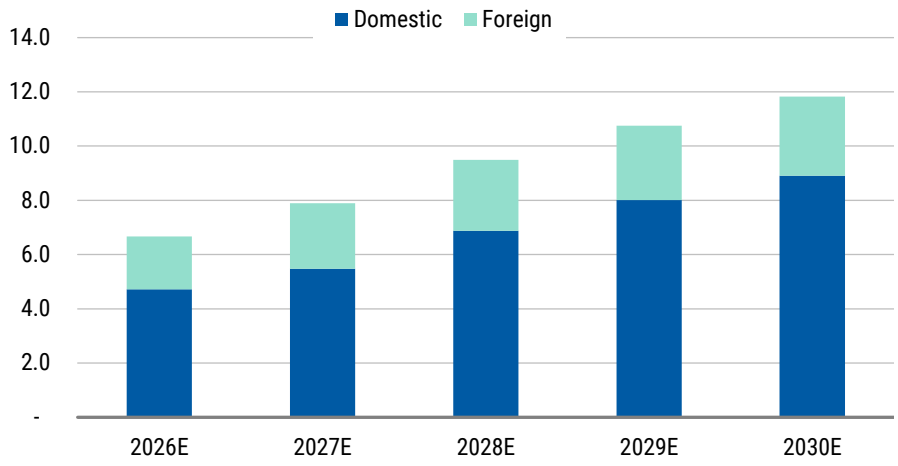


AI Cloud is the major growth driver

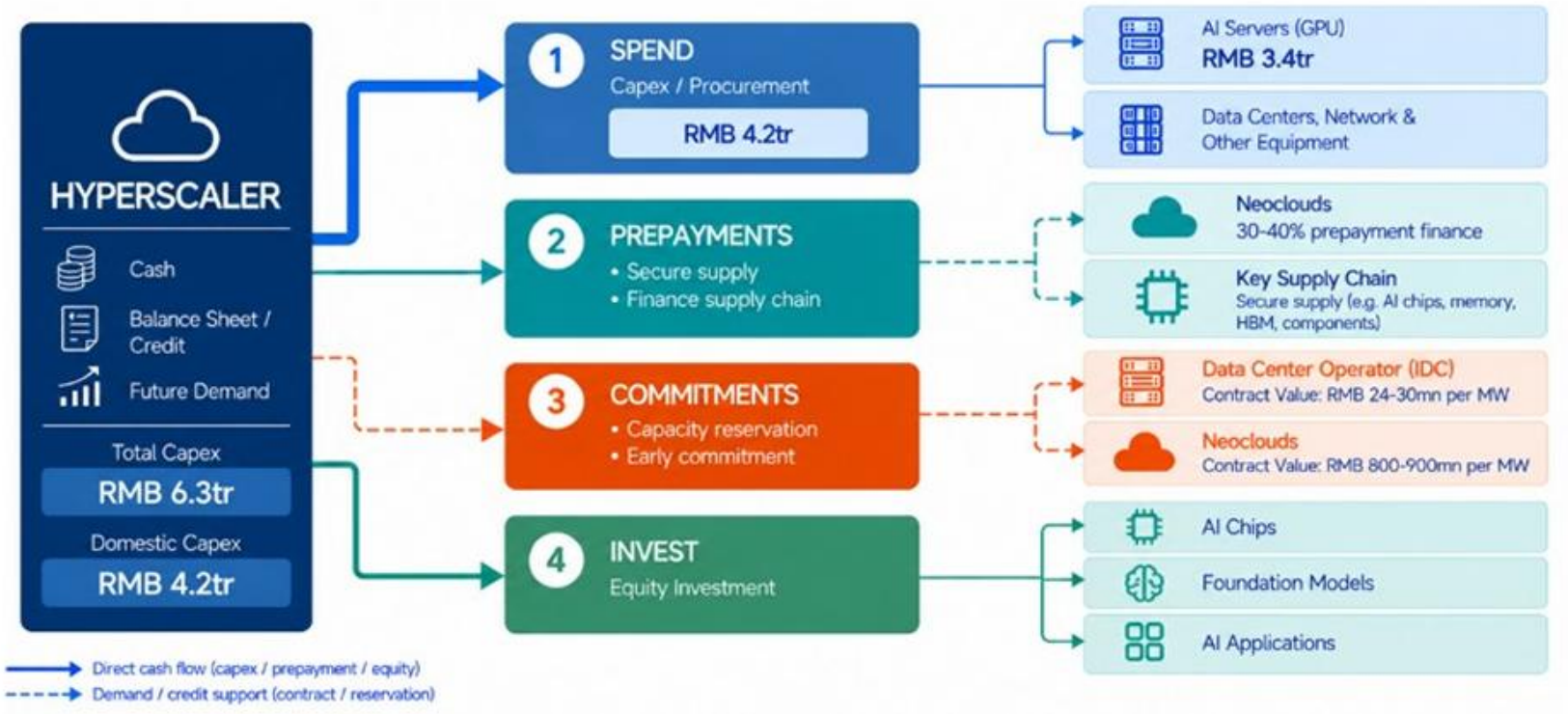
We forecast 34GW domestic net adds by hyperscalers in 2026-30E



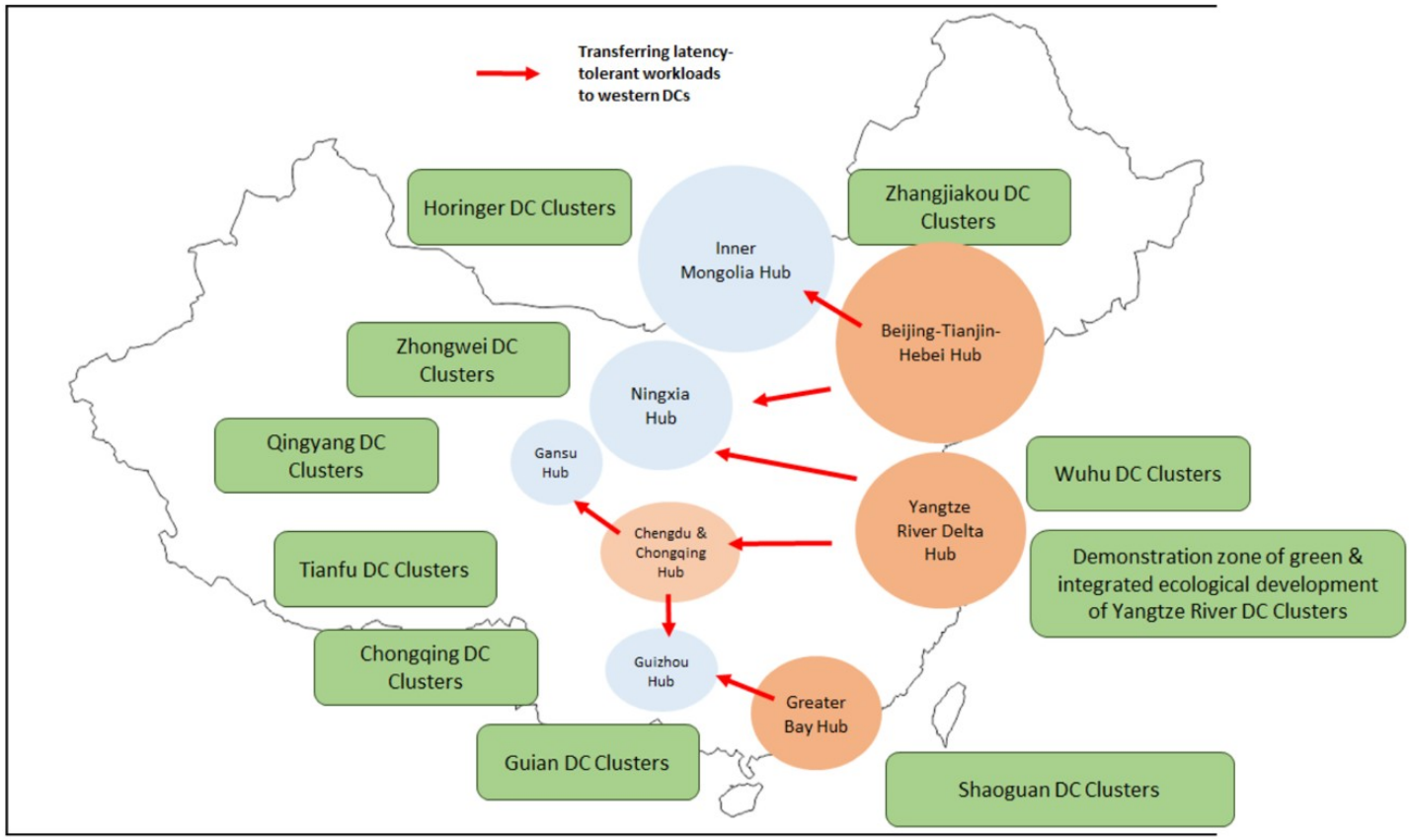
… 47GW on global scale



Hyperscalers assuming multiple roles in the supply chain



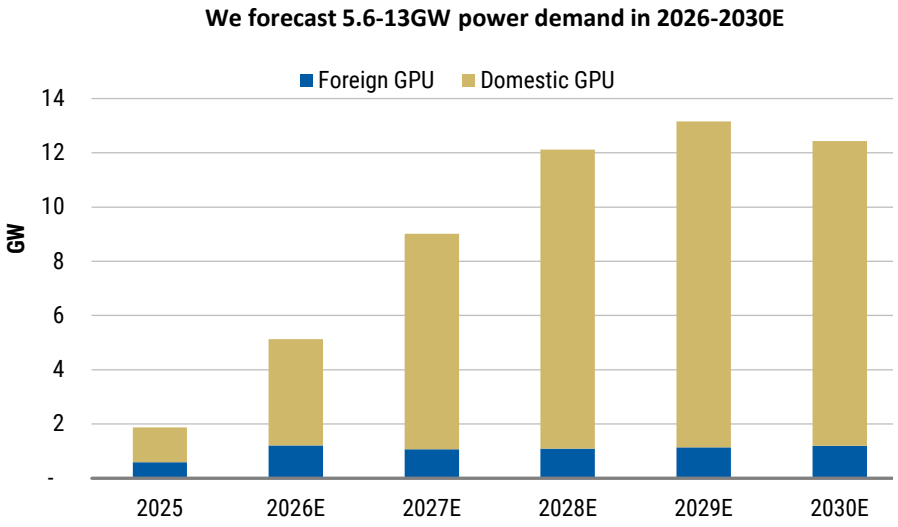
Datacenters Going to Remote Areas

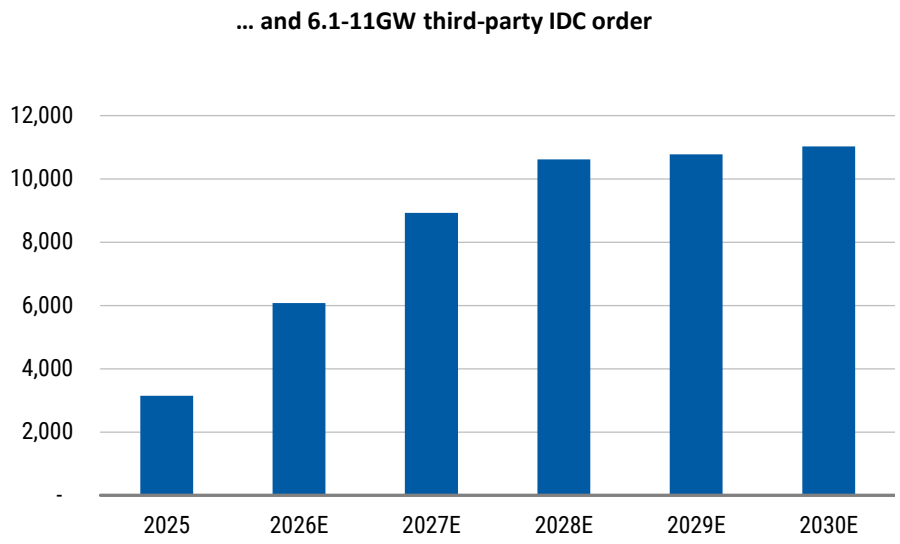


Cloud Era vs. AI Era – What Is the Difference

	Cloud era	AI era
Rack density	5kW	10-30kW now, higher in future
Hyperscale order	5-20MW	50MW+
Preferred location	Tier 1 markets for low latency	Remote areas for scale and low cost
CSPs' In-house strategy	Outsource in tier 1 markets; In-house in remote sites	Prefer outsourcing for time-to-market and flexibility
Move-in speed	Usually 1-2 years depending on the demand	As fast as 6 months
Delivery time	Usually 1-2 years of construction	6-9 months construction through pre-fab model
Supply side	Power quota scheme; tight in tier 1 market, loose in remote areas	Large DC clusters must be in East Data West Computation nodes; NDRC strictly controlling the supply through construction permit
Cost of capital	High due to high interest rate and lack of alternate financing vehicle	Low interest environment and availability of REITs for alternative financing

Power demand and datacenter order forecasts





GPU IaaS – self-owned vs rented

Self-owned – 44% OP margin, 13% ROIC and 3-year payback

ROIC for CSP / hyperscalers self-built IaaS (Rmb)					
Monthly server rental fee (Rmb)	350,000	300,000	250,000	200,000	150,000
Revenue	**4,200,000**	**3,600,000**	**3,000,000**	**2,400,000**	**1,800,000**
Server depreciation	2,400,000	2,000,000	1,600,000	1,200,000	800,000
IDC depreciation	26,667	26,667	26,667	26,667	26,667
Energy cost	68,000	68,000	68,000	68,000	68,000
Total opex	**2,494,667**	**2,094,667**	**1,694,667**	**1,294,667**	**894,667**
OP / EBIT	**1,705,333**	**1,505,333**	**1,305,333**	**1,105,333**	**905,333**
% margin	40.6%	41.8%	43.5%	46.1%	50.3%
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
NOPAT	**1,449,533**	**1,279,533**	**1,109,533**	**939,533**	**769,533**
Server	12,000,000	10,000,000	8,000,000	6,000,000	4,000,000
IDC	400,000	400,000	400,000	400,000	400,000
Total capex	**12,400,000**	**10,400,000**	**8,400,000**	**6,400,000**	**4,400,000**
ROIC (NOPAT / Capex)	**11.7%**	**12.3%**	**13.2%**	**14.7%**	**17.5%**
EBITDA	4,132,000	3,532,000	2,932,000	2,332,000	1,732,000
Tax	(255,800)	(225,800)	(195,800)	(165,800)	(135,800)
Operating cash flow	3,876,200	3,306,200	2,736,200	2,166,200	1,596,200
Cash payback (yrs)	**3.20**	**3.15**	**3.07**	**2.95**	**2.76**

Rented infra – no capex, ~20% OP margin

ROIC for CSP / hyperscalers +neocloud IaaS (Rmb)					
Monthly server rental fee (Rmb)	200,000	225,000	250,000	275,000	300,000
Revenue	**2,400,000**	**2,700,000**	**3,000,000**	**3,300,000**	**3,600,000**
Monthly server rental cost	200,000	200,000	200,000	200,000	200,000
Server leasing cost	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total opex	**2,400,000**	**2,400,000**	**2,400,000**	**2,400,000**	**2,400,000**
OP / EBIT	**-**	**300,000**	**600,000**	**900,000**	**1,200,000**
% margin	0.0%	11.1%	20.0%	27.3%	33.3%
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
NOPAT	**-**	**255,000**	**510,000**	**765,000**	**1,020,000**
Server	-	-	-	-	-
IDC	-	-	-	-	-
Total capex	**-**	**-**	**-**	**-**	**-**
ROIC (NOPAT / Capex)					
EBITDA	-	300,000	600,000	900,000	1,200,000
Tax	-	(45,000)	(90,000)	(135,000)	(180,000)
Operating cash flow	-	255,000	510,000	765,000	1,020,000
Cash payback (yrs)	**-**	**-**	**-**	**-**	**-**

MaaS – 1P vs 3rd party API

1P Model – 53%OP margin, 19% ROIC and 2.5-year payback

ROIC for CSP / hyperscalers self-built MaaS (Rmb)					
Token throughput (token / second / GPU)	2,000	3,000	4,000	4,500	5,000
Inference vs training workload	30.0%	40.0%	50.0%	60.0%	70.0%
Utilization rate	75.0%	75.0%	75.0%	75.0%	75.0%
Revenue generating tokens (mn)	**113,530**	**227,059**	**378,432**	**510,883**	**662,256**
Input	4.00	5.50	7.00	8.50	10.00
Input (KV Cache)	0.40	0.55	0.70	0.85	1.00
Output	12.00	16.50	21.00	25.50	30.00
Blended (Rmb/mn)	**5.46**	**7.51**	**9.56**	**11.60**	**13.65**
Blended (US$/mn)	**0.81**	**1.11**	**1.42**	**1.72**	**2.02**
Revenue	**619,872**	**1,704,647**	**3,615,918**	**5,927,522**	**9,039,794**
Server depreciation	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
IDC depreciation	26,667	26,667	26,667	26,667	26,667
Energy cost	68,000	68,000	68,000	68,000	68,000
Total cost and opex	**1,694,667**	**1,694,667**	**1,694,667**	**1,694,667**	**1,694,667**
Inference cost	508,400	677,867	847,333	1,016,800	1,186,267
Gross profit	**111,472**	**1,026,780**	**2,768,584**	**4,910,722**	**7,853,528**
% margin	18.0%	60.2%	76.6%	82.8%	86.9%
Training cost	1,186,267	1,016,800	847,333	677,867	508,400
OP / EBIT	**(1,074,795)**	**9,980**	**1,921,251**	**4,232,856**	**7,345,128**
% margin	-173.4%	0.6%	53.1%	71.4%	81.3%
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
NOPAT	**(913,576)**	**8,483**	**1,633,063**	**3,597,927**	**6,243,359**
Server	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
IDC	400,000	400,000	400,000	400,000	400,000
Total capex	**8,400,000**	**8,400,000**	**8,400,000**	**8,400,000**	**8,400,000**
ROIC (NOPAT / Capex)	**-10.9%**	**0.1%**	**19.4%**	**42.8%**	**74.3%**
EBITDA	551,872	1,636,647	3,547,918	5,859,522	8,971,794
Tax	161,219	(1,497)	(288,188)	(634,928)	(1,101,769)
Operating cash flow	713,091	1,635,150	3,259,730	5,224,594	7,870,025
Cash payback (yrs)	**11.78**	**5.14**	**2.58**	**1.61**	**1.07**

3P model – 57% OP margin, 29% ROIC and 2-year payback

ROIC for CSP / hyperscalers self-built 3rd party API (Rmb)					
1P base case throughput	4,000	4,000	4,000	4,000	4,000
Discount to 1P model	50%	40%	30%	20%	10%
Token throughput (token / second / GPU)	2,000	2,400	2,800	3,200	3,600
Inference vs training workload	100.0%	100.0%	100.0%	100.0%	100.0%
Utilization rate	75.0%	75.0%	75.0%	75.0%	75.0%
Revenue generating tokens (mn)	**378,432**	**454,118**	**529,805**	**605,491**	**681,178**
Input	4.00	5.50	7.00	8.50	10.00
Input (KV Cache)	0.40	0.55	0.70	0.85	1.00
Output	12.00	16.50	21.00	25.50	30.00
Blended (Rmb/mn)	**5.46**	**7.51**	**9.56**	**11.60**	**13.65**
Blended (US$/mn)	**0.81**	**1.11**	**1.42**	**1.72**	**2.02**
Revenue	**2,066,239**	**3,409,294**	**5,062,285**	**7,025,212**	**9,298,074**
Sharing ratio	10%	10%	10%	10%	10%
Revenue sharing	206,624	340,929	506,228	702,521	929,807
Server depreciation	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
IDC depreciation	26,667	26,667	26,667	26,667	26,667
Energy cost	68,000	68,000	68,000	68,000	68,000
Total cost and opex	**1,901,291**	**2,035,596**	**2,200,895**	**2,397,188**	**2,624,474**
Inference cost	1,901,291	2,035,596	2,200,895	2,397,188	2,624,474
Gross profit	**164,948**	**1,373,698**	**2,861,390**	**4,628,024**	**6,673,600**
% margin	8.0%	40.3%	56.5%	65.9%	71.8%
OP / EBIT	**164,948**	**1,373,698**	**2,861,390**	**4,628,024**	**6,673,600**
% margin	8.0%	40.3%	56.5%	65.9%	71.8%
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
NOPAT	**140,206**	**1,167,643**	**2,432,181**	**3,933,820**	**5,672,560**
Server	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
IDC	400,000	400,000	400,000	400,000	400,000
Total capex	**8,400,000**	**8,400,000**	**8,400,000**	**8,400,000**	**8,400,000**
ROIC (NOPAT / Capex)	**1.7%**	**13.9%**	**29.0%**	**46.8%**	**67.5%**
EBITDA	1,791,615	3,000,364	4,488,056	6,254,690	8,300,267
Tax	(24,742)	(206,055)	(429,208)	(694,204)	(1,001,040)
Operating cash flow	1,766,873	2,794,310	4,058,848	5,560,487	7,299,227
Cash payback (yrs)	**4.75**	**3.01**	**2.07**	**1.51**	**1.15**

Domestic inferencing – ROIC could be lower, but room for improvement

ROIC for CSP / hyperscalers self-built 3rd party API (Rmb)	Foreign					
Performance vs foreign server		20%	25%	30%	35%	40%
Token throughput (token / second / GPU)	2,800	560	700	840	980	1,120
Inference vs training workload	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Utilization rate	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Revenue generating tokens (mn)	**529,805**	**105,961**	**132,451**	**158,941**	**185,432**	**211,922**
Input	7.00	7.00	7.00	7.00	7.00	7.00
Input (KV Cache)	0.70	0.70	0.70	0.70	0.70	0.70
Output	21.00	21.00	21.00	21.00	21.00	21.00
Blended (Rmb/mn)	**9.56**	**9.56**	**9.56**	**9.56**	**9.56**	**9.56**
Blended (US$/mn)	**1.42**	**1.42**	**1.42**	**1.42**	**1.42**	**1.42**
Revenue	**5,062,285**	**1,012,457**	**1,265,571**	**1,518,685**	**1,771,800**	**2,024,914**
Sharing ratio		10%	10%	10%	10%	10%
Revenue sharing	506,228	101,246	126,557	151,869	177,180	202,491
Server depreciation	1,600,000	800,000	800,000	800,000	800,000	800,000
IDC depreciation	26,667	26,667	26,667	26,667	26,667	26,667
Energy cost	68,000	68,000	68,000	68,000	68,000	68,000
Total cost and opex	**2,200,895**	**995,912**	**1,021,224**	**1,046,535**	**1,071,847**	**1,097,158**
Inference cost	2,200,895	995,912	1,021,224	1,046,535	1,071,847	1,097,158
Gross profit	**2,861,390**	**16,545**	**244,347**	**472,150**	**699,953**	**927,756**
% margin	56.5%	1.6%	19.3%	31.1%	39.5%	45.8%
OP / EBIT	**2,861,390**	**16,545**	**244,347**	**472,150**	**699,953**	**927,756**
% margin	56.5%	1.6%	19.3%	31.1%	39.5%	45.8%
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
NOPAT	**2,432,181**	**14,063**	**207,695**	**401,328**	**594,960**	**788,593**
Server	8,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
IDC	400,000	400,000	400,000	400,000	400,000	400,000
Total capex	**8,400,000**	**4,400,000**	**4,400,000**	**4,400,000**	**4,400,000**	**4,400,000**
ROIC (NOPAT / Capex)	**29.0%**	**0.3%**	**4.7%**	**9.1%**	**13.5%**	**17.9%**
EBITDA	4,488,056	843,211	1,071,014	1,298,817	1,526,620	1,754,423
Tax	(429,208)	(2,482)	(36,652)	(70,823)	(104,993)	(139,163)
Operating cash flow	4,058,848	840,730	1,034,362	1,227,994	1,421,627	1,615,259
Cash payback (yrs)	**2.07**	**5.23**	**4.25**	**3.58**	**3.10**	**2.72**

AI Foundation Model

China Frontier LLM

Pro

AI lab	Alibaba	MiniMax	Z.ai	Moonshot	DeepSeek	Tencent	Xiaomi
Model	**Qwen3.8-Max**	**M3**	**GLM-5.3**	**K3**	**V4-Pro**	**Hy4 Preview**	**MiMo-V2.6-Pro**
Release date	Aug-26	Jun-26	Aug-26	Jul-26	Aug-26	Aug-26	Sep-26
License	Open Weight	MiniMax Community License	GLM-5.3 License	Kimi K3 License	MIT	Apache 2.0	MIT
Total parameter (B)	2400	428	744	2800	1600	770	1020
Active parameter (B)	95	23	40	104	49	49	42
Context window (K)	1000	1000	1000	1000	1000	1000	1000
API price (Rmb/mn tokens)							
Input (uncached)	12.00	3.15	8.00	20.00	6.75	6.00	3.00
Input (cached read)	1.50	0.63	2.00	2.00	0.23	0.30	0.03
Output	36.00	12.60	28.00	100.00	20.25	18.00	6.00
AA Intelligence Index	45	29	45	44	36	n.a	46

Flash

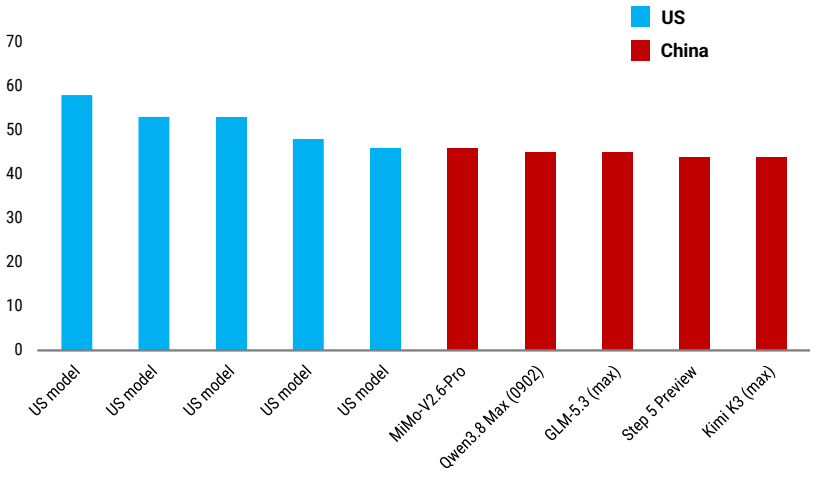
AI lab	Alibaba	MiniMax	Z.ai	DeepSeek	Xiaomi
Model	**Qwen3.8-flash**	**M3.1 flash preview**	**GLM-5.3 Flash**	**V4.1 flash**	**MiMo-V2.6-Flash**
Release date	Aug-26	Sep-26	Aug-26	Sep-26	Sep-26
License	Qwen Community License 1.0	n.a	MIT	MIT	MIT
Total parameter (B)	125	n.a	320	552	309
Activated parameter (B)	6	n.a	18		15
Prefill				8	
Decode				16	
Context window (K)	1000	1000	1000	1000	1000
API price (Rmb/mn tokens)					
Input (uncached)	1.00	n.a	0.40	1.50	1.00
Input (cached read)	n.a	n.a	0.12	0.03	0.02
Output	3.00	n.a	1.40	6.00	2.00
AA Intelligence Index	40	n.a	42	39	38

Source: Company data, Artificial Analysis

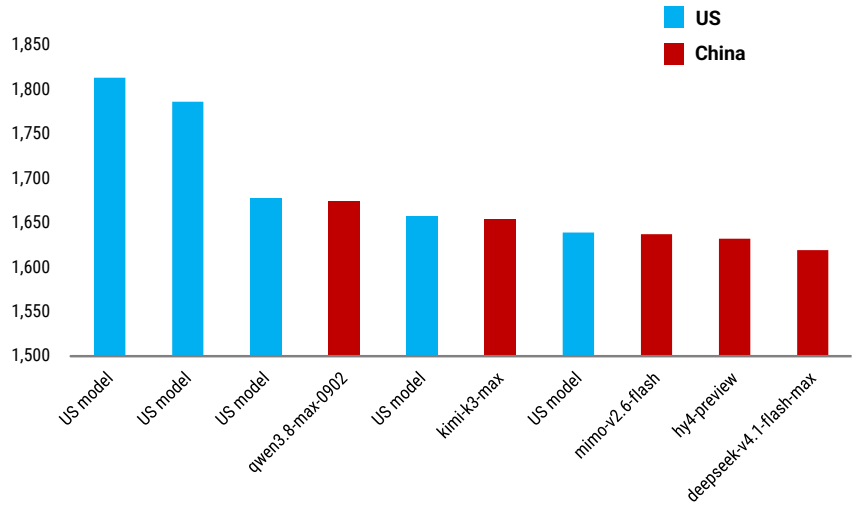
Global SOTA Model

- Model performance criteria: intelligence level, price, speed
- China contributes over half of the top 10 SOTA models globally as a major competitor to the US
- AI model strategy: “Open” China vs. “Proprietary” US

Artificial Analysis intelligence index



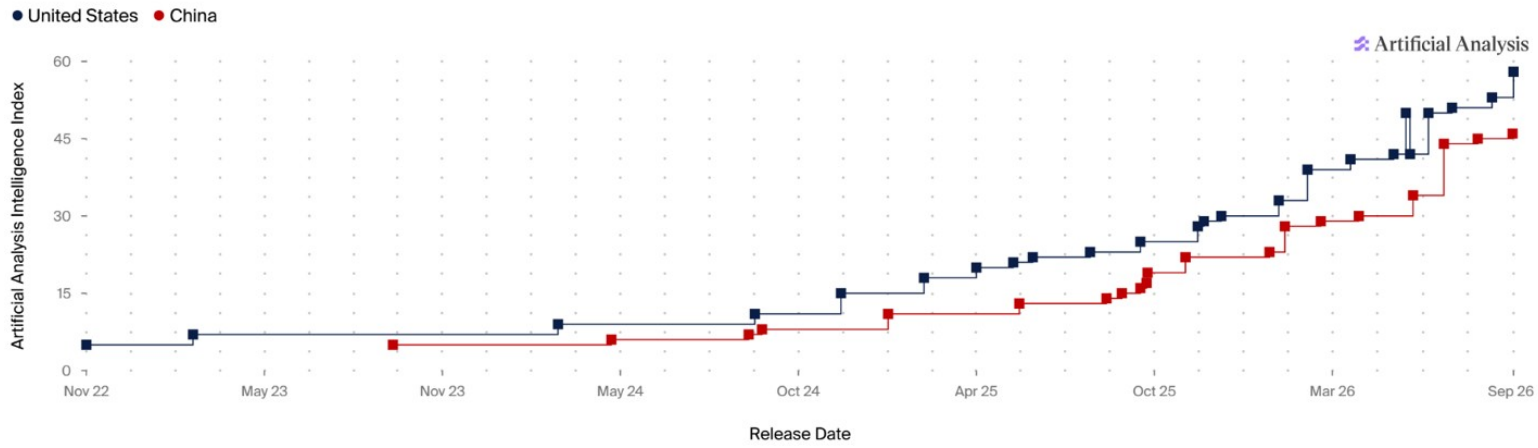
Arena.ai coding score



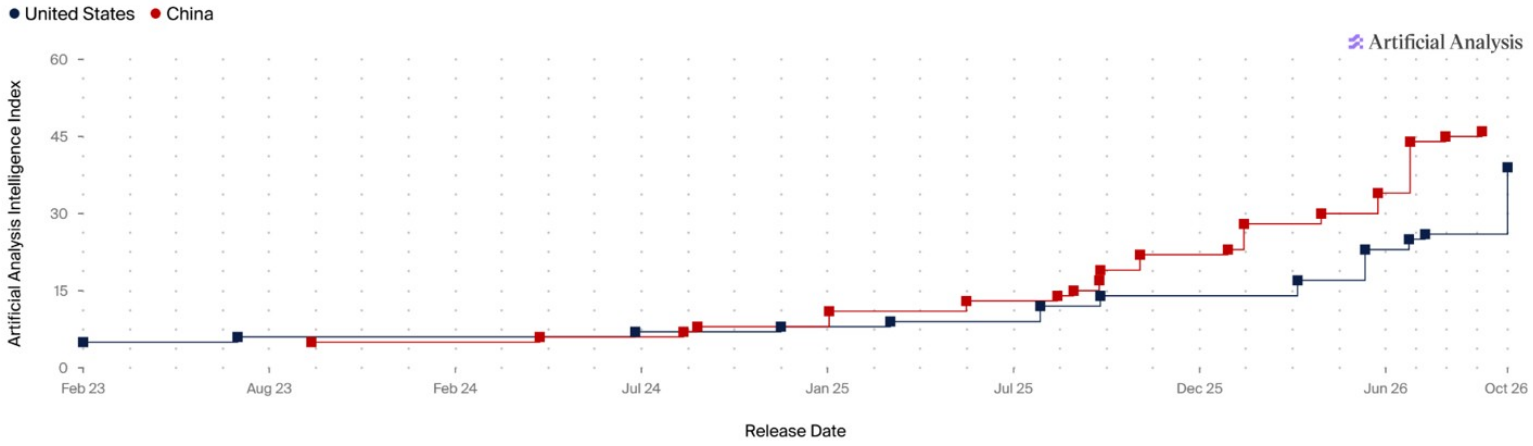
Source: Artificial Analysis, Arena.ai, updated as Oct 2026

Global SOTA Model Performance over Time

Frontier LLM intelligence index over time



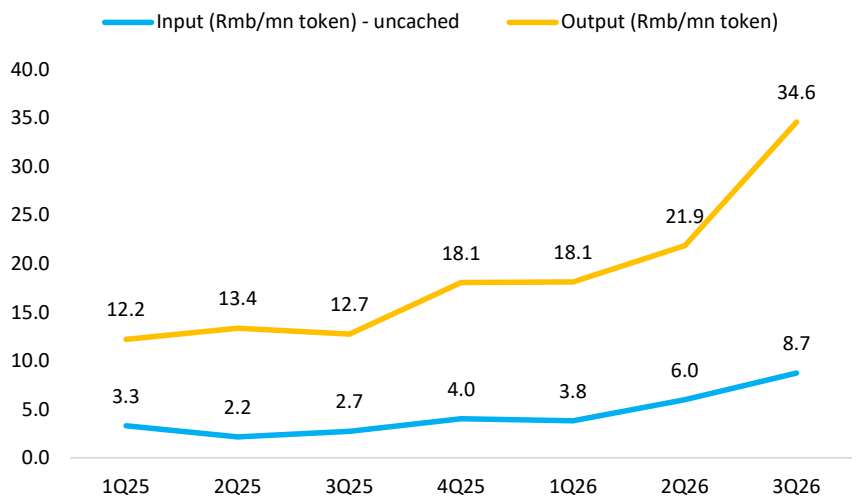
Open-weight LLM intelligence index over time



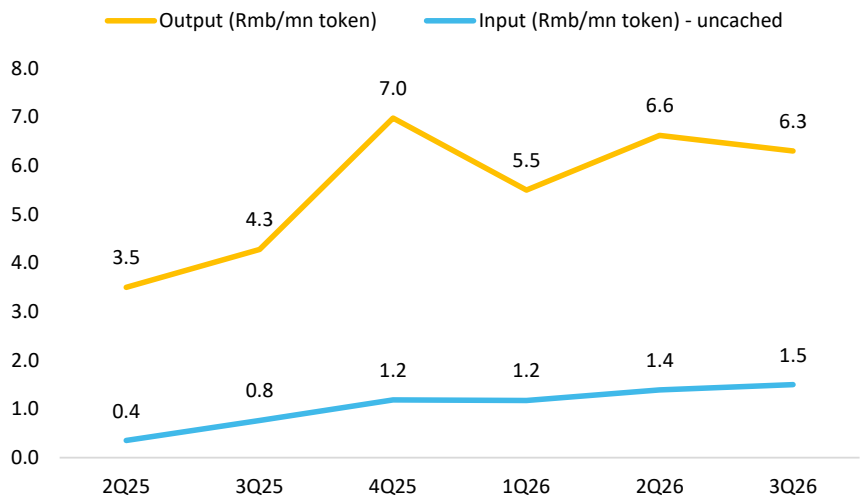
Source: Artificial Analysis

China Major LLM Pricing Trend

China frontier LLMs average pricing trend (Pro)



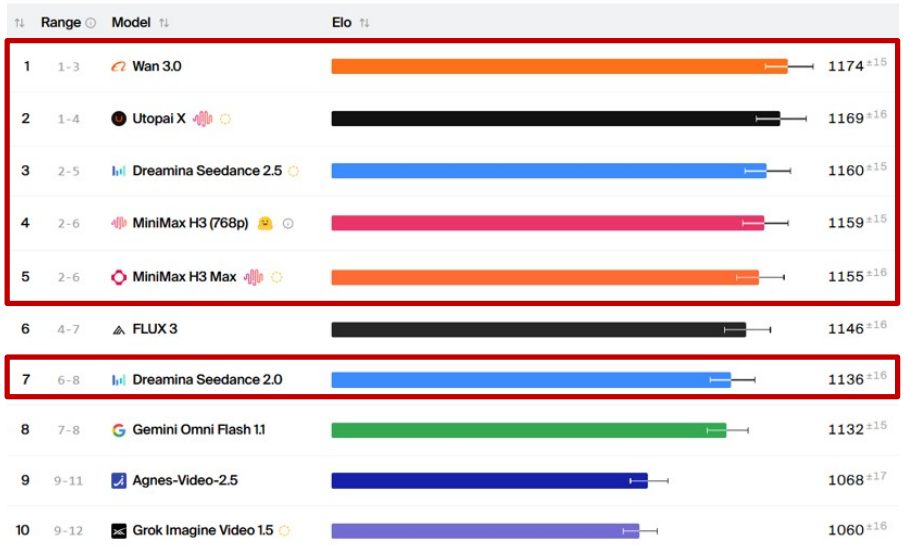
China frontier LLMs average pricing trend (Flash)



Source: Company data, average prices for Bytedance, Alibaba, Baidu, Tencent, MiniMax, Z.ai, Moonshot and DeepSeek; Updated as of Oct 15, 2026.

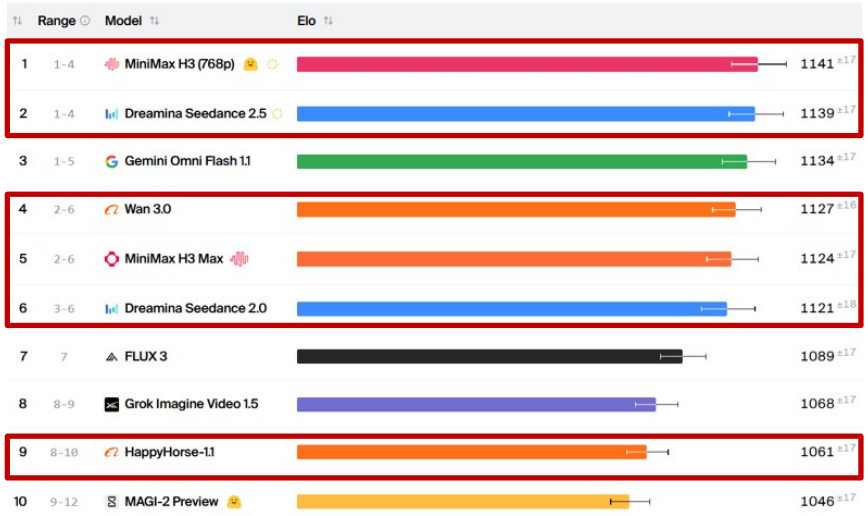
Global Top Multi-modal Models

Artificial Analysis text-to-video leaderboard



	Range	Model	Elo
1	1-3	Wan 3.0	1174 ±15
2	1-4	Utopai X	1169 ±16
3	2-5	Dreamina Seedance 2.5	1160 ±18
4	2-6	MiniMax H3 (768p)	1159 ±15
5	2-6	MiniMax H3 Max	1155 ±16
6	4-7	FLUX 3	1146 ±16
7	6-8	Dreamina Seedance 2.0	1136 ±16
8	7-8	Gemini Omni Flash 1.1	1132 ±15
9	9-11	Agnes-Video-2.5	1068 ±17
10	9-12	Grok Imagine Video 1.5	1060 ±16

Artificial Analysis image-to-video leaderboard



	Range	Model	Elo
1	1-4	MiniMax H3 (768p)	1141 ±17
2	1-4	Dreamina Seedance 2.5	1139 ±17
3	1-5	Gemini Omni Flash 1.1	1134 ±17
4	2-6	Wan 3.0	1127 ±16
5	2-6	MiniMax H3 Max	1124 ±17
6	3-6	Dreamina Seedance 2.0	1121 ±18
7	7	FLUX 3	1089 ±17
8	8-9	Grok Imagine Video 1.5	1068 ±17
9	8-10	HappyHorse-1.1	1061 ±17
10	9-12	MAGI-2 Preview	1046 ±17

by Oct 2026

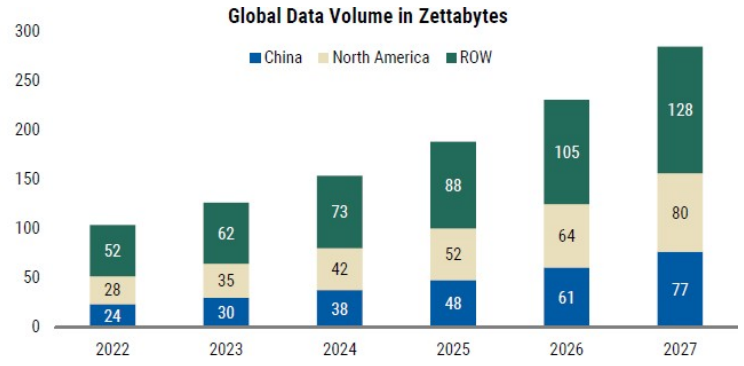
China's Competitive Edge – Talent, Data and Power

Number of AI patents as of 2024

Rank	Country	Total AI Patents (2024*)	Number of Companies in Dataset	Patents per Company	Key Jurisdictions
1	China	12,945	523	24.8	CN, US, EP
2	United States	8,609	257	33.5	US, EP, CN, JP
3	South Korea	1,537	43	35.7	KR, US, CN, EP
4	Japan	1,537	41	37.5	JP, US, CN, EP
5	Germany	784	18	43.6	EP, US, CN
6	United Kingdom	369	11	33.5	GB, EP, US
7	Netherlands	249	7	35.6	EP, US, CN
8	Sweden	243	4	60.8	EP, US
9	Finland	180	1	180	EP, US
10	Taiwan	156	11	14.2	TW, US, CN

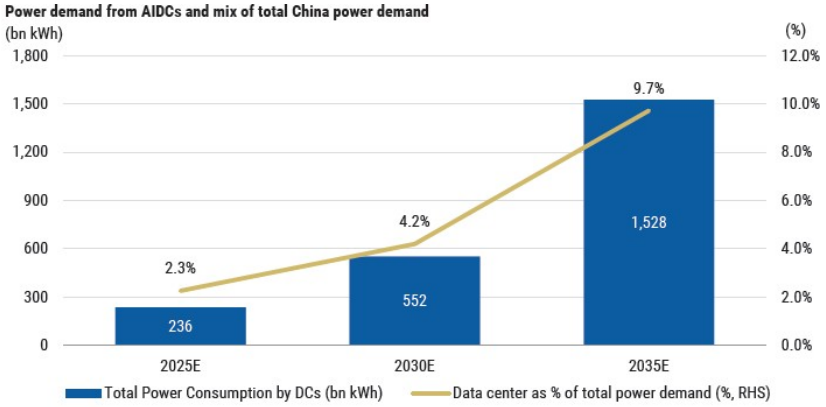
Source: R&D World

Global data volume in zettabytes

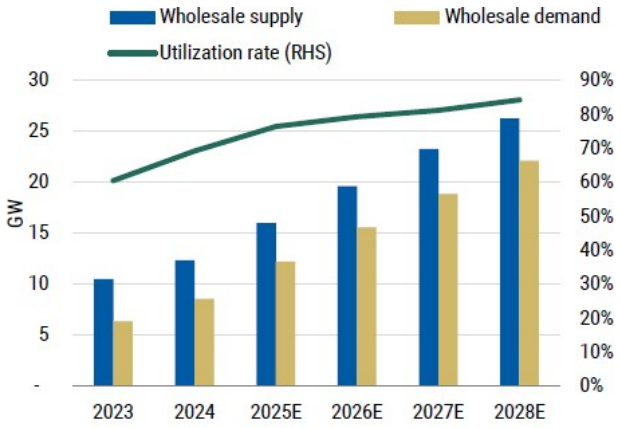


Source: IDC

AIDCs power demand as % of total China power demand



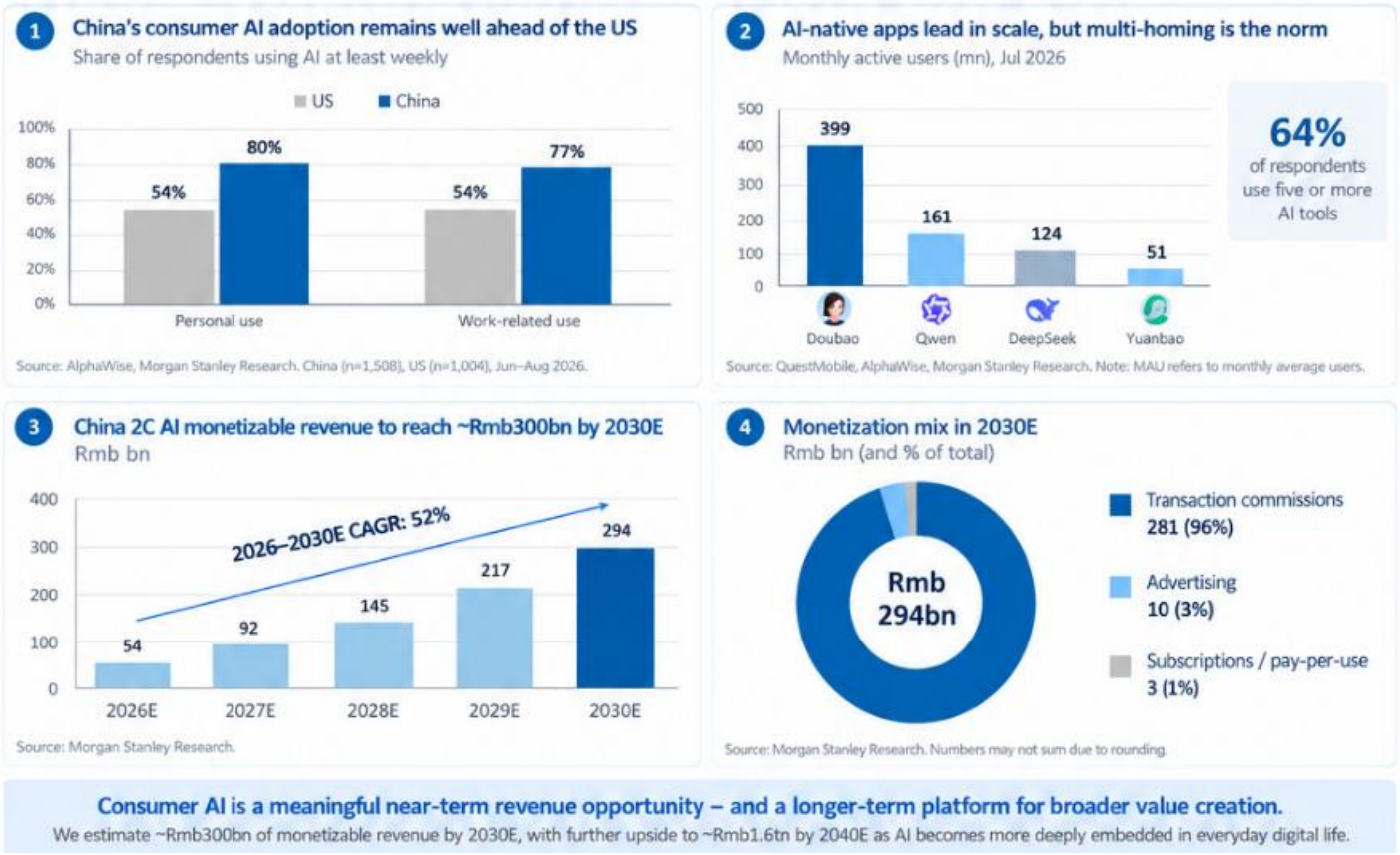
Total wholesale DC supply and demand in China



Source: CIC

AI Application

China Consumer AI – Beyond The Chatbot Race



Consumer AI is a meaningful near-term revenue opportunity – and a longer-term platform for broader value creation.

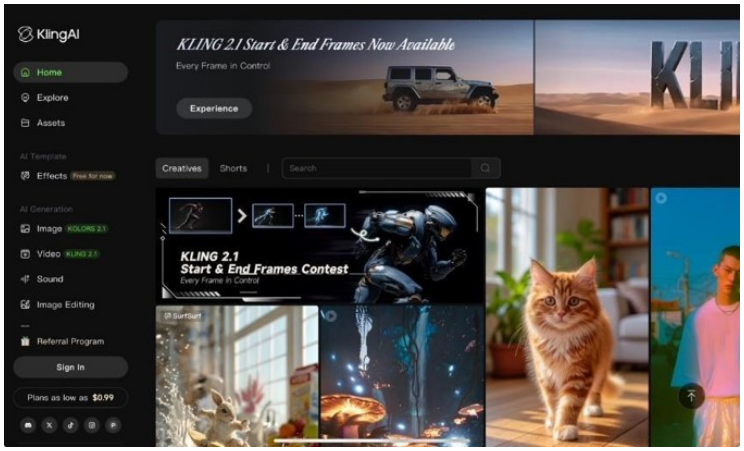
We estimate ~Rmb300bn of monetizable revenue by 2030E, with further upside to ~Rmb1.6tn by 2040E as AI becomes more deeply embedded in everyday digital life.

The Tencent/WeChat Ecosystem

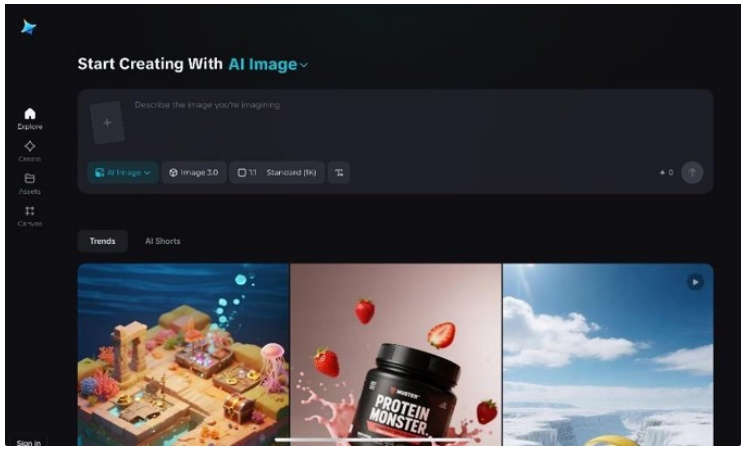


2P AI Application – Content Creator

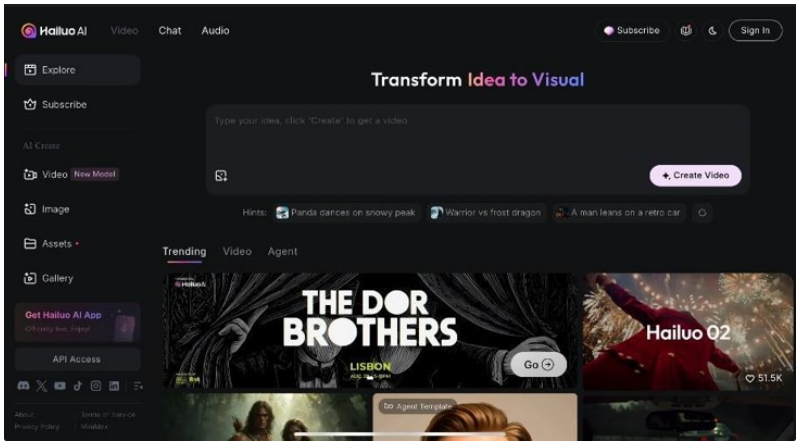
Kuaishou Kling



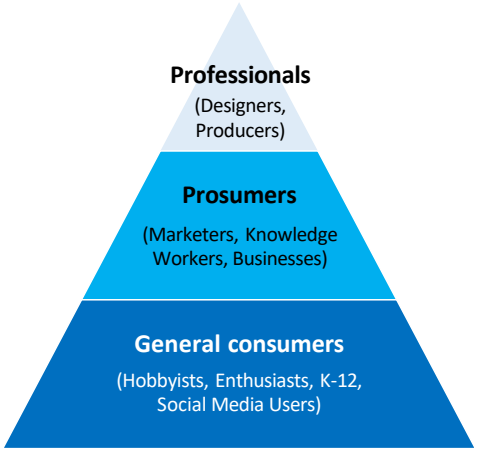
ByteDance Dreamina



Hailuo



Content creation market



2B AI Application – Early Adoption Cases

China major toB AI application scenarios

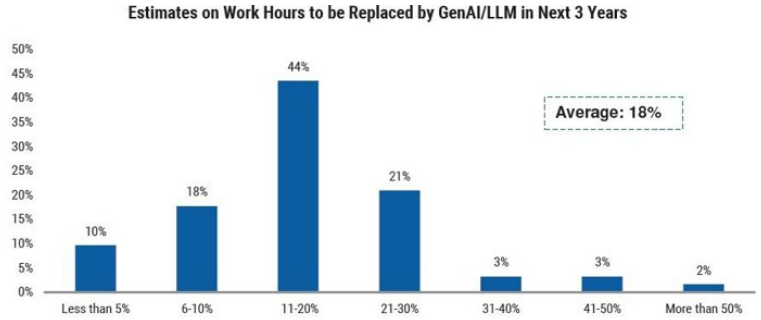
Advertising & Digital Content	Financials	Healthcare	Energy & Industrials	E-commerce	Office
Marketing Efficiency	AI Portfolio Management	New Drug Development	Energy Usage Analytics	Product Description & Image Generation	Document Summary & Rewrite
Enhanced Ad Targeting	Financial Advisors	Medical Imaging	Energy Trading Enhancement	Customer Services	PPT Generation
Recommendation Engine	Credit Review	Pathology Detection	Labor Scheduling	Data Analysis	Knowledge Base
Higher Ad Conversion	Compliance Check	Identify Biomarkers	Leak Detection & Track Emissions	Demand Prediction	Email/IM Summary
Ad Auction Dynamics	Investment Research	Clinical Decision Support (CDSS)	Geological Models	Inventory Management	Spreadsheet Formula Generation
Content Creation	Customer Service	Analysis of Genomic Data	AI Tools for Pipelines	AI Human Model	
Customized Travel Itineraries		Physician Point of Service Tools			
Videl Game Development					

2B AI Application – Enterprise Adoption

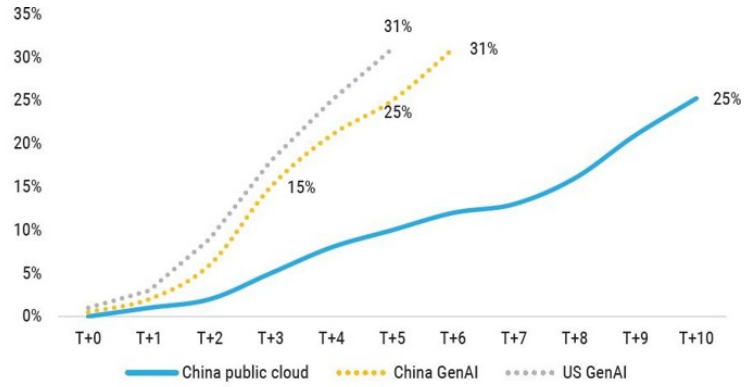
Public cloud vs. GenAI major milestone

Milestone	Public Cloud	GenAI
Foundation theory	**1983:** Utility Computing by Sun	**2017:** Transformer by Google
First product	**2002:** AWS	**2018:** OpenAI GPT-1
Commercialization	**2006:** AWS EC2	**2022:** OpenAI GPT-3.5
China's first product	**2009:** AliCloud	**2023:** Baidu Ernie Bot
China mass adoption	**2013:** AliCloud, Tianyi Cloud, QingCloud, UCloud	**2025:** DeepSeek-R1, Alibaba Qwen2.5-Max, Bytedance Doubao 1.5-pro

Work hours to be replaced by GenAI in next 3 years in China



Enterprise workload penetration estimates



Companies

Alibaba Cloud: Full-stack AI cloud offering

Consumption-centric Applications
AI agents/coding assistant • Qwen app • Wukong • Alibaba token hub

SOTA open weight Models (MaaS)
Model Studio: Bailian, Qwen 3.8, Wan, Happy Horse & third-party models

Cloud infra (Alicloud)

GPU compute, ACK containers, network, security
AI engineering platform PAI: label, train, optimize, deploy and monitor models
Data, analytics & databases: ApsaraDB / RDS • analytics • data pipeline

AI infrastructure & chips
• T-Head PPU (GPU), CPU, scale-up networking

Owning the full AI Stack

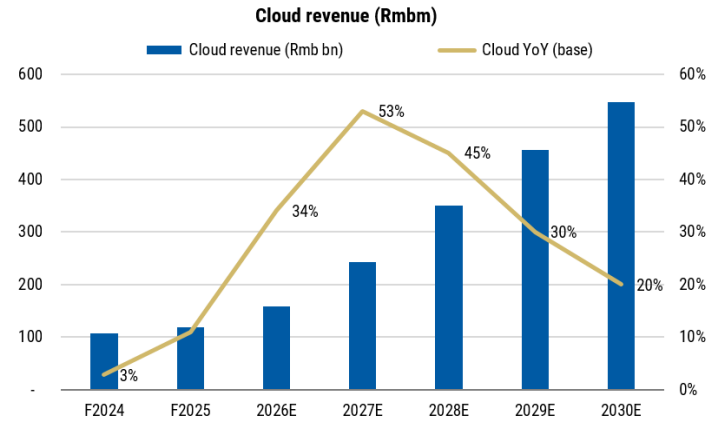
An integrated stack — not only owning the largest China cloud infrastructure, but also offering top tier AI model (Qwen), tools (Alicloud) and apps needed to build agents. (Qoder CN)

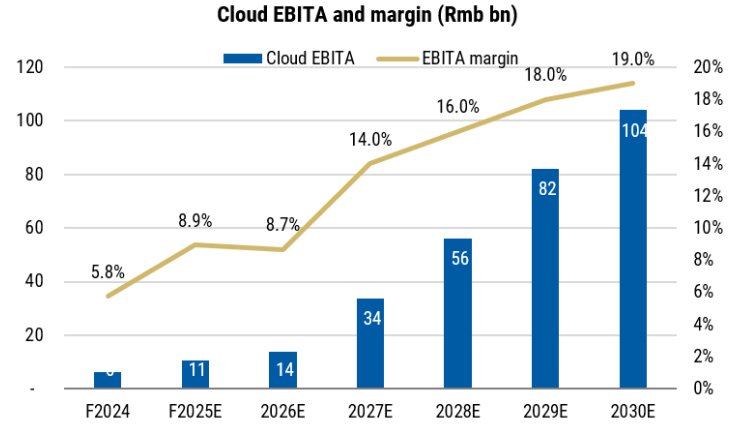
IaaS	PaaS	MaaS
Compute, storage, network, security	Data + AI engineering toolchain	Qwen / Wan models through Bailian

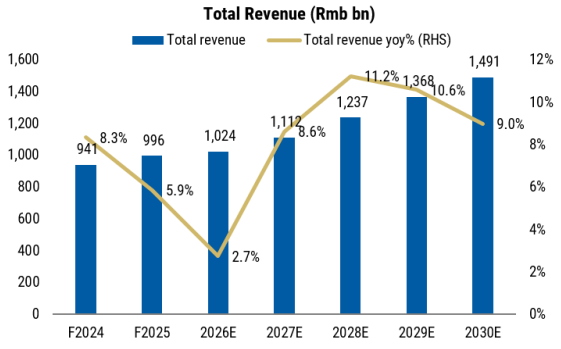
Key financials

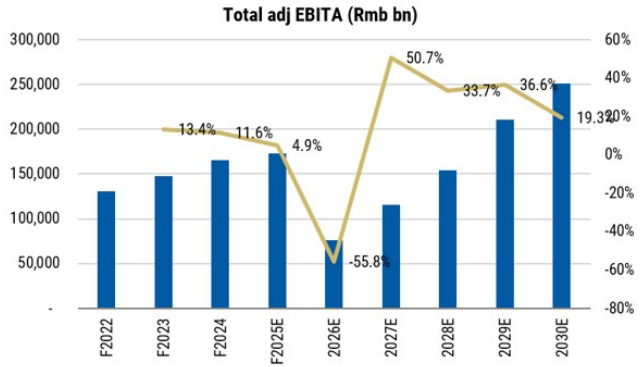
Multi year cloud growth	US$100bn cloud revenue target by 2030; 40-50% CAGR
Solid ROIC	AI capex yields mid teens ROIC with <3-year payback
Cloud margin expansion	Expanding cloud margins with high visibility reaching long-term target of 20%
Qwen ARR ramp up	ARR currently at Rmb20bn+, doubled in 3 months, expects to exceed RMB30bn+ by year-end

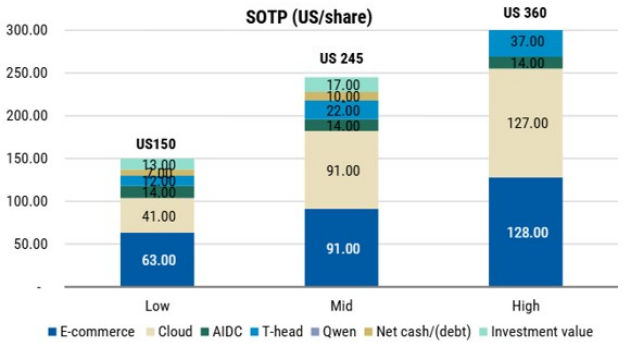
Alibaba (Top pick): Multi-year cloud growth and margin expansion





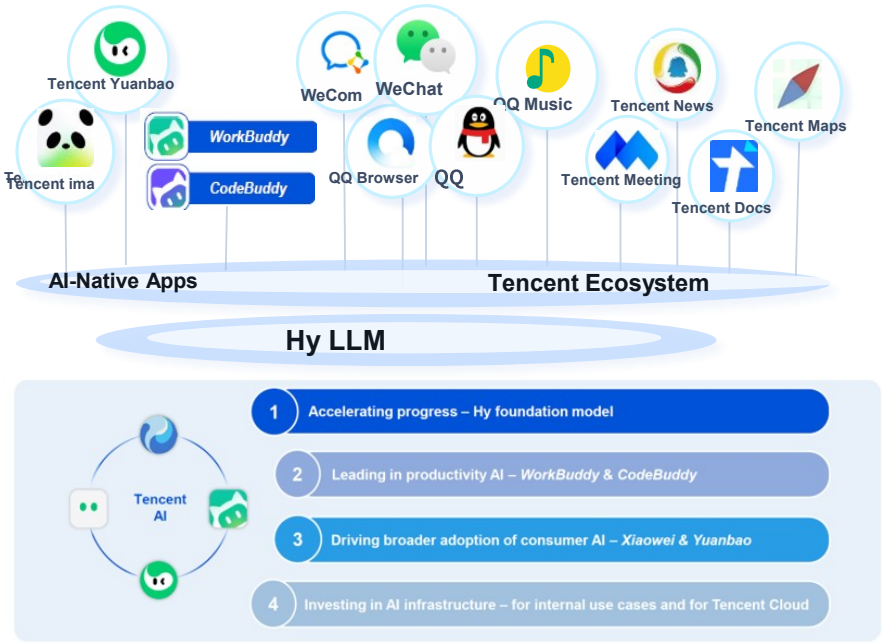




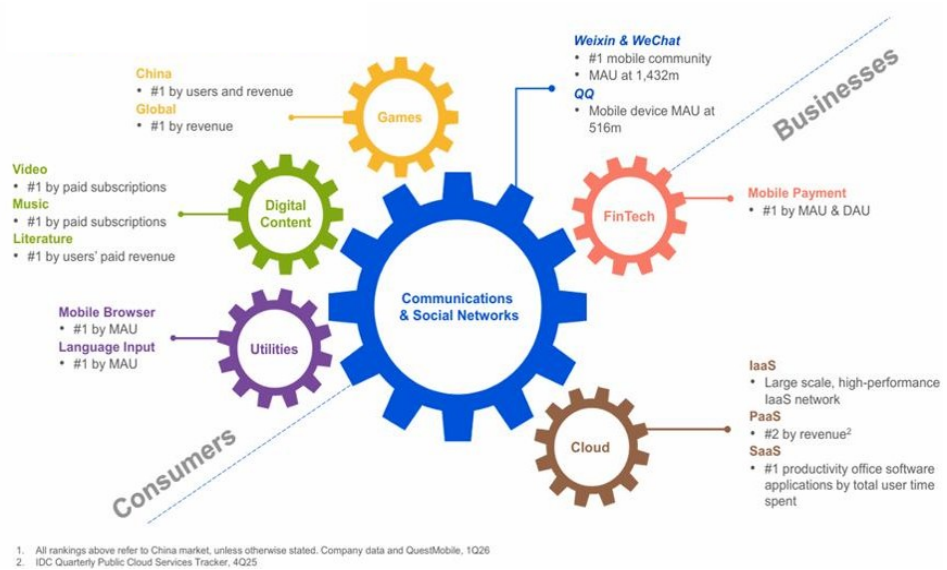


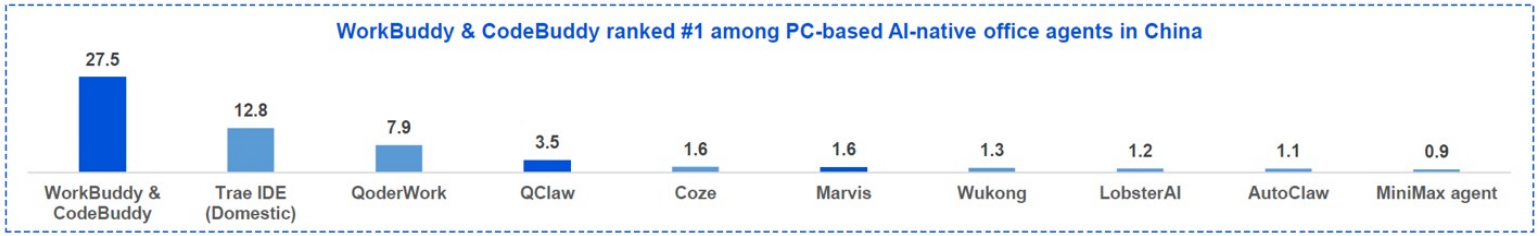
Tencent: Step Up AI Investment in 2026

Tencent's key products and data flywheel



Key franchises resilient and defensible in age of AI



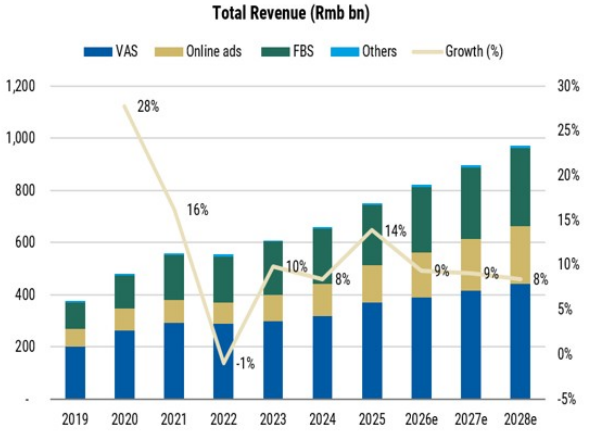


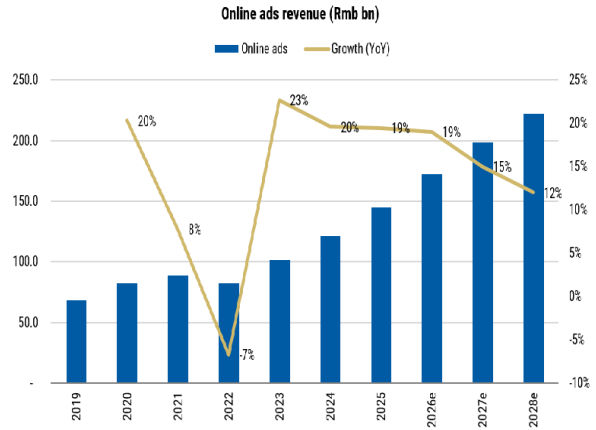
Source: Company data, millions of Interactions in June 2026, Analysis,

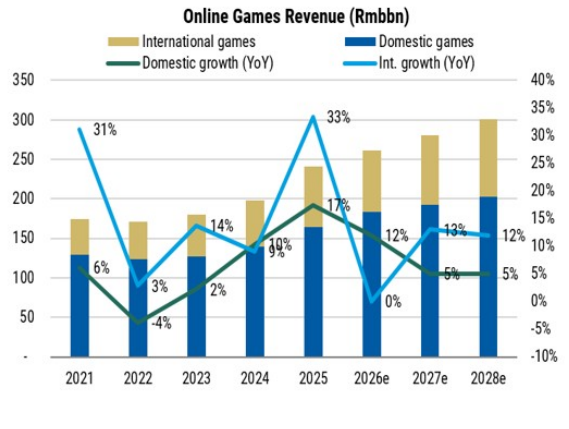
Morgan Stanley

Tencent: Step Up AI Investment in 2026

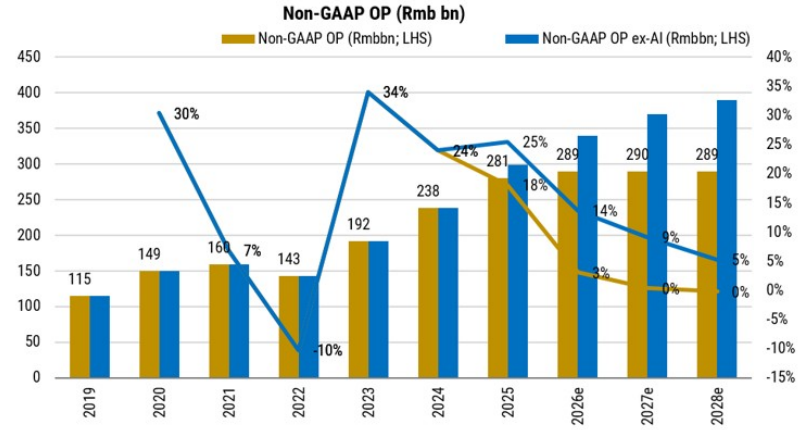
Solid Core Business with Improving AI Capabilities

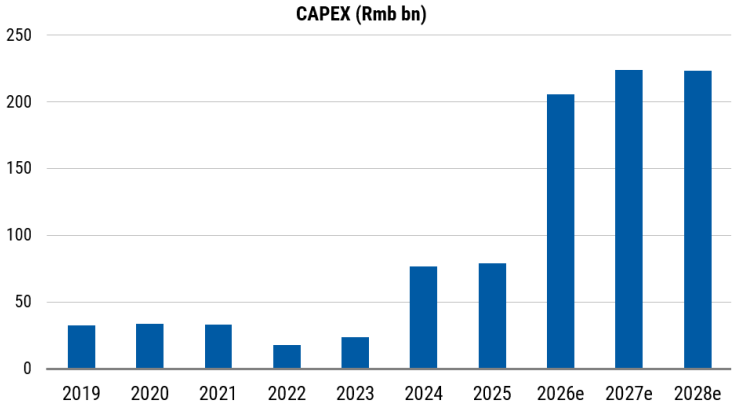






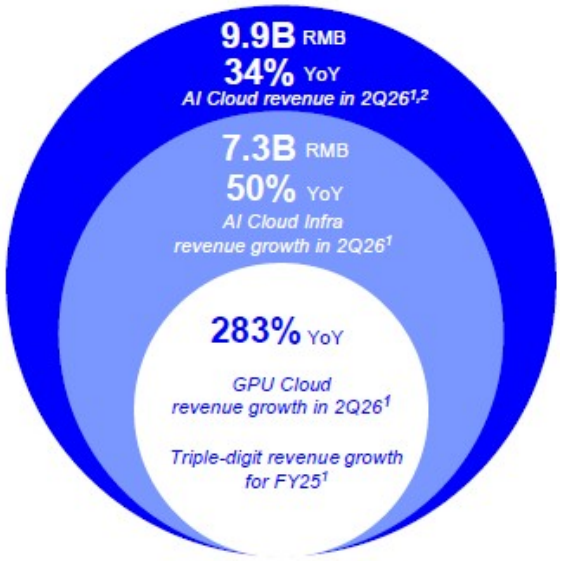
Increasing Margin Pressure with Stepped-up AI Investment

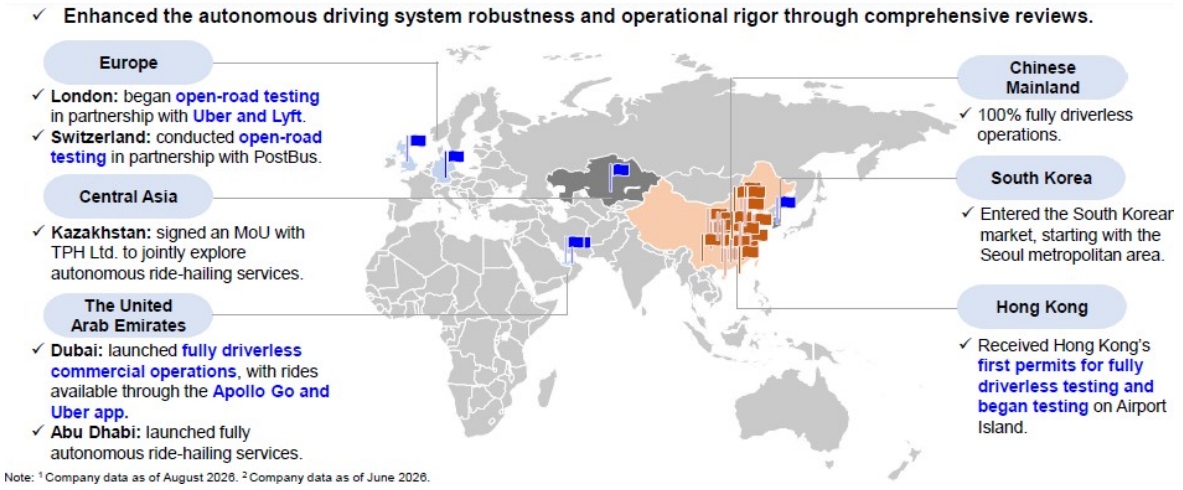




Baidu: Limited core business recovery; AI Cloud Infra as Core Rev Driver

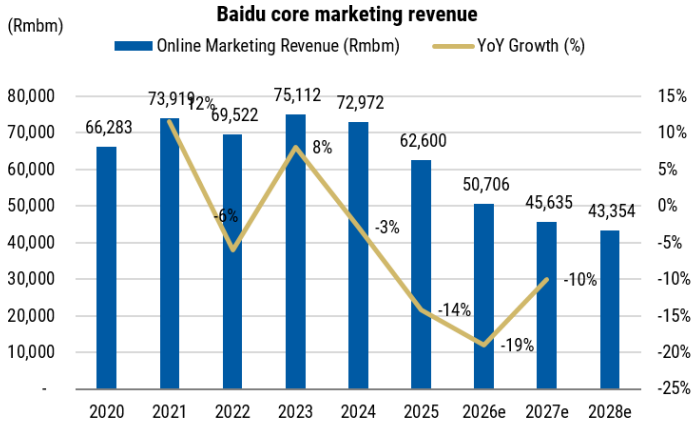
- **Baidu Core AI-powered Revenue:** Reached Rmb12.5bn in 2Q26, accounting for 50% of Baidu core revenue.
- **AI cloud infra rev grew 50% YoY, with GPU Cloud revenue** grew 283% YoY in 2Q26
- **Apollo Go** delivered >23mn cumulative rides, globally operating in 28 cities.

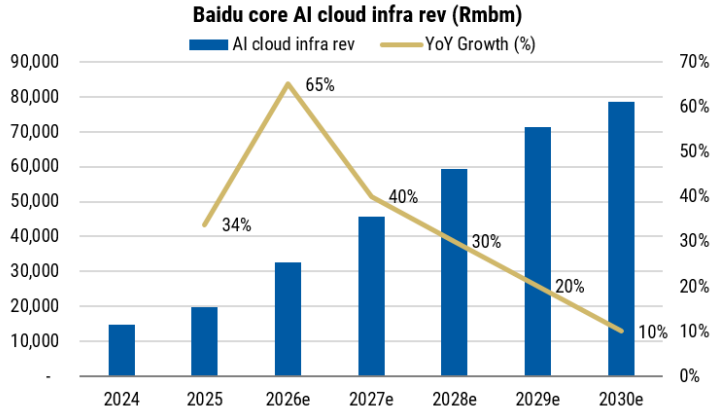


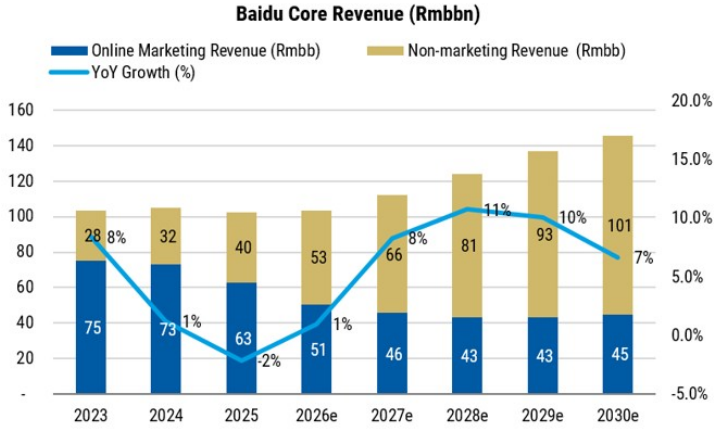


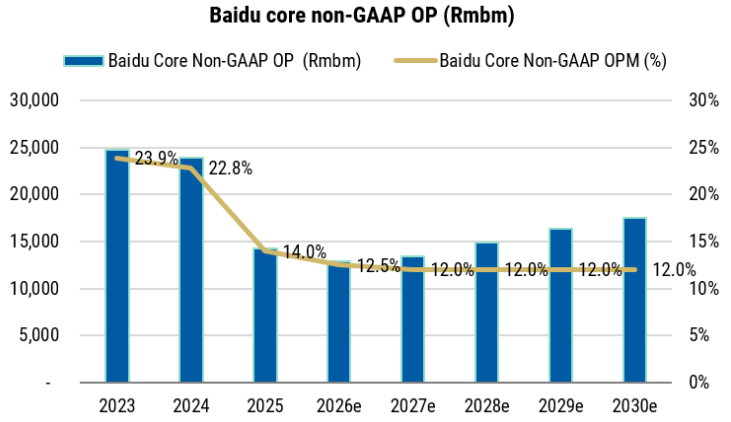
Note: [1] Company data as of August 2026. [2] Company data as of June 2026.

Baidu: Limited core business recovery; AI Cloud Infra as Core Rev Driver

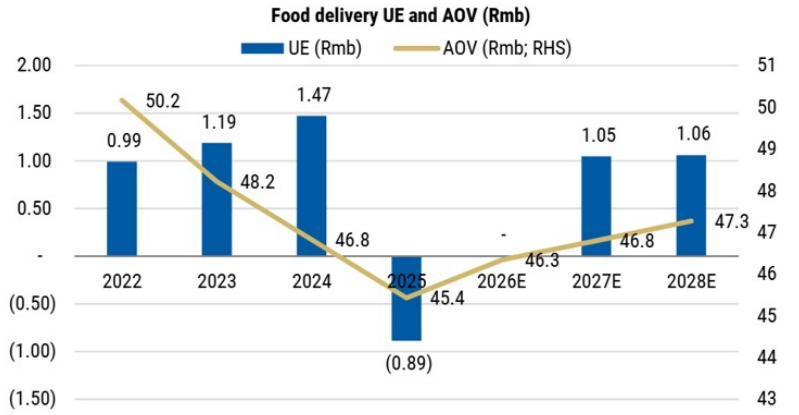


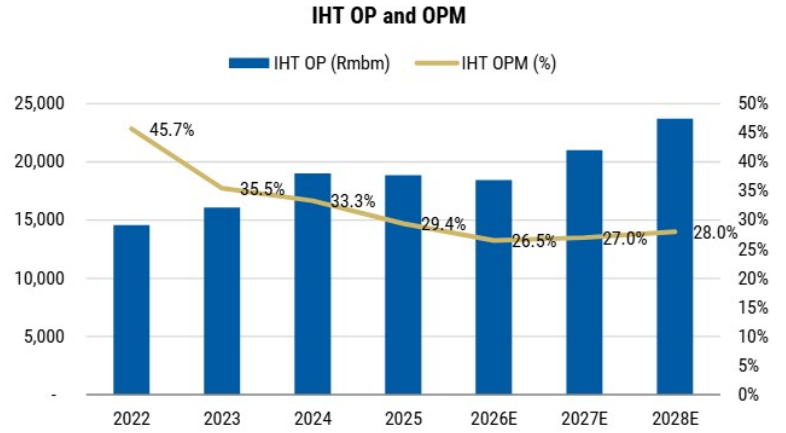


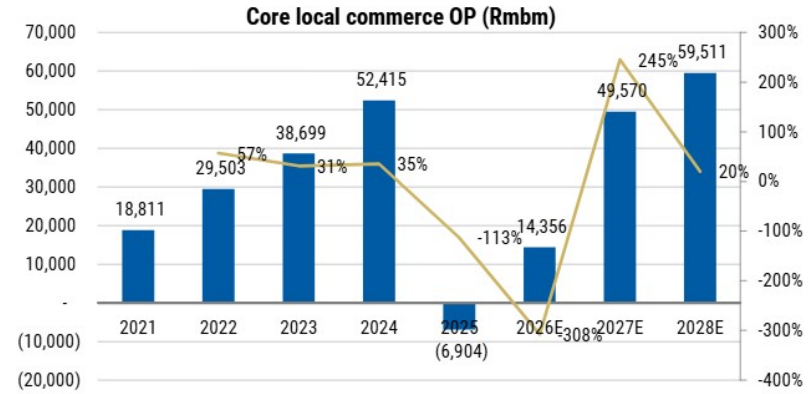


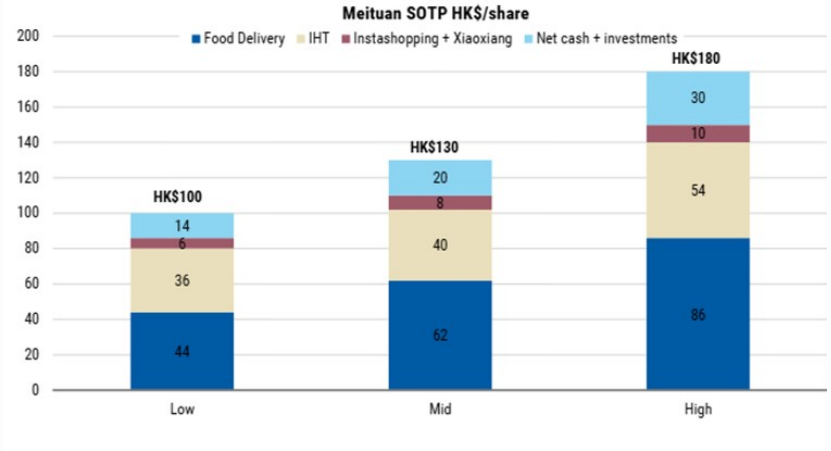


Meituan: Non-linear recovery; Silver linings in In-store Others

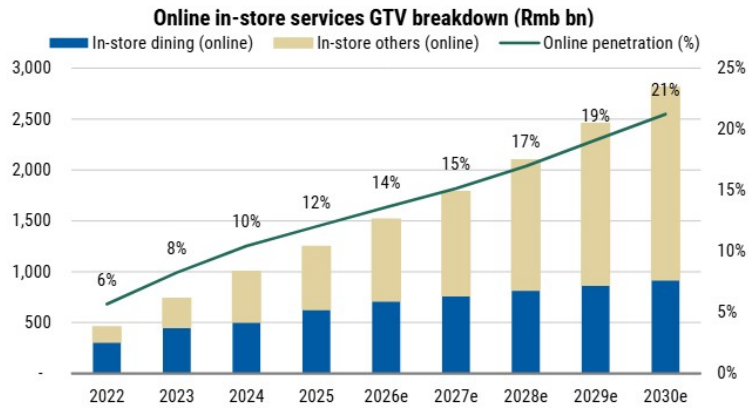


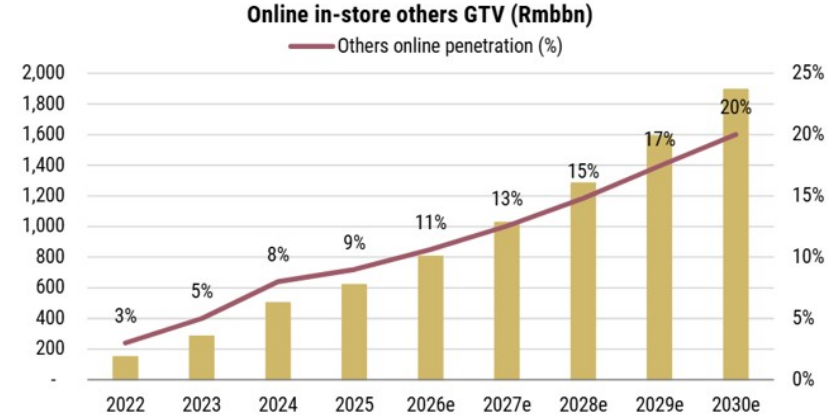


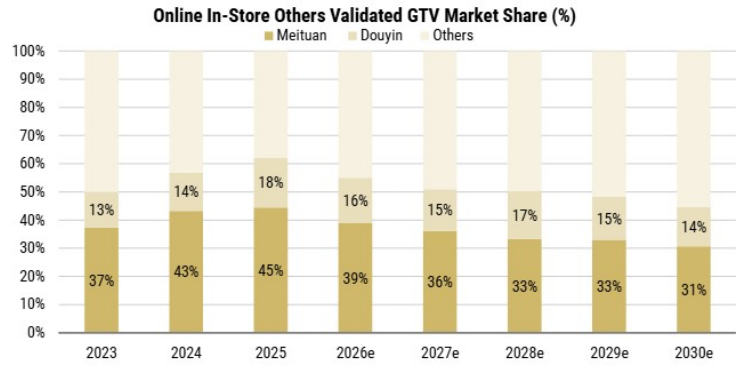


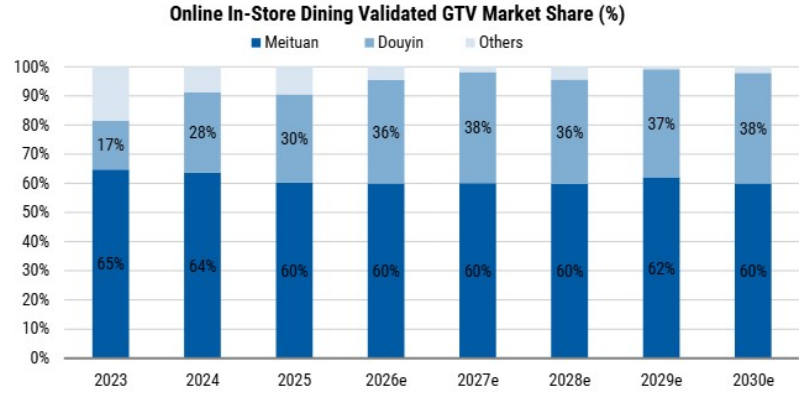


Meituan: Online in-store services GTV of Rmb2.8tn in 2030e; to maintain in store others 2:1 GTV mix vs. Douyin



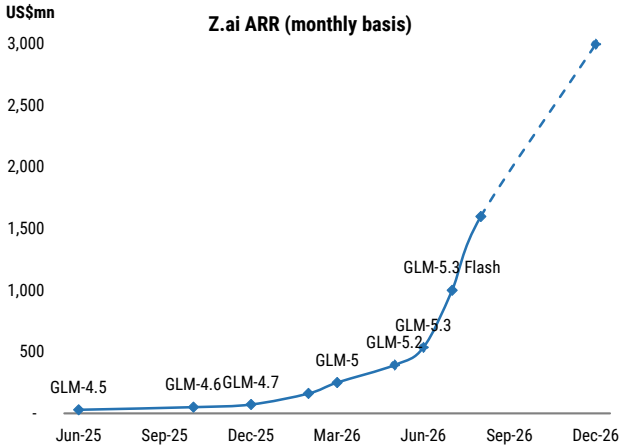


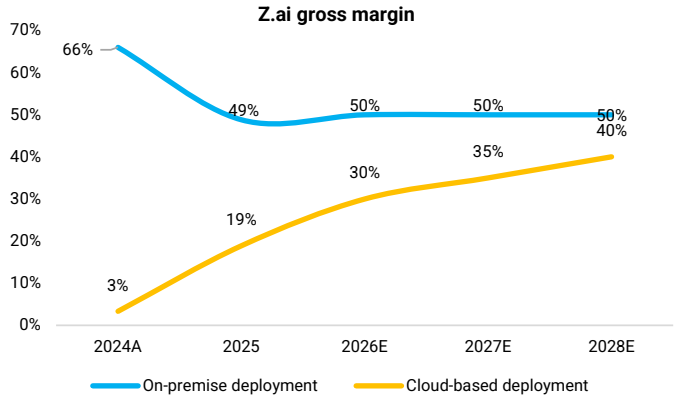




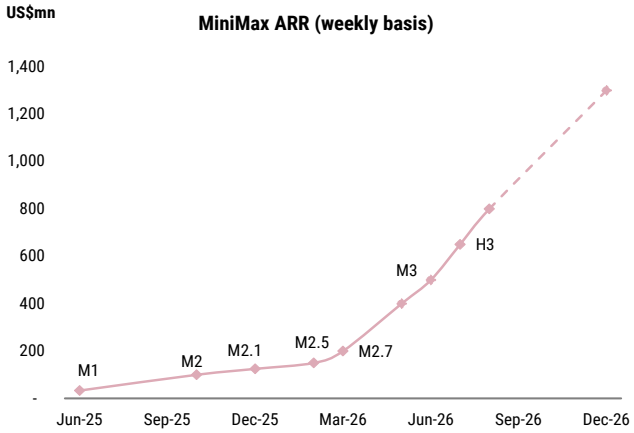
Z.AI & MiniMax

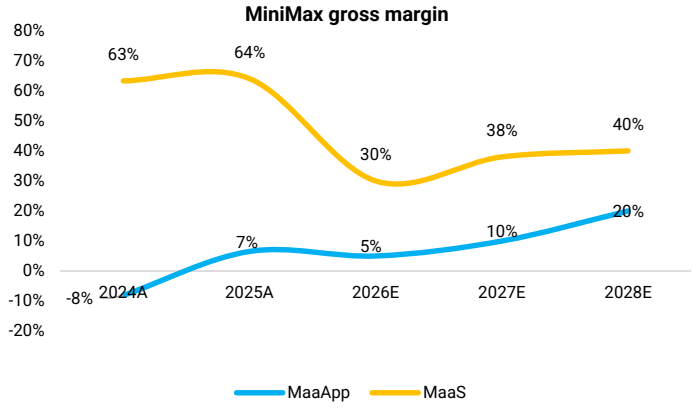
Z.AI – Focusing on LLMs





MiniMax: Omni-modality player





Valuation Methodology and Risks

Alibaba Group Holding (BABA.N)

Base case, discounted cash flow model. Key assumptions include a 10% WACC and 3% terminal growth rate, in line with our Chinese Internet coverage range.

Risks to Upside

- Better core e-commerce monetization, driving earnings growth upside
- Faster enterprise digitalization, re-accelerating cloud revenue growth
- Stronger AI demand to drive cloud revenue

Risks to Downside

- More intense competition
- Higher-than-expected reinvestment costs
- Weaker consumption amid a slower post-Covid recovery
- Slower pace of enterprise digitalization pace
- Regulation - additional scrutiny of Internet platforms

