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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

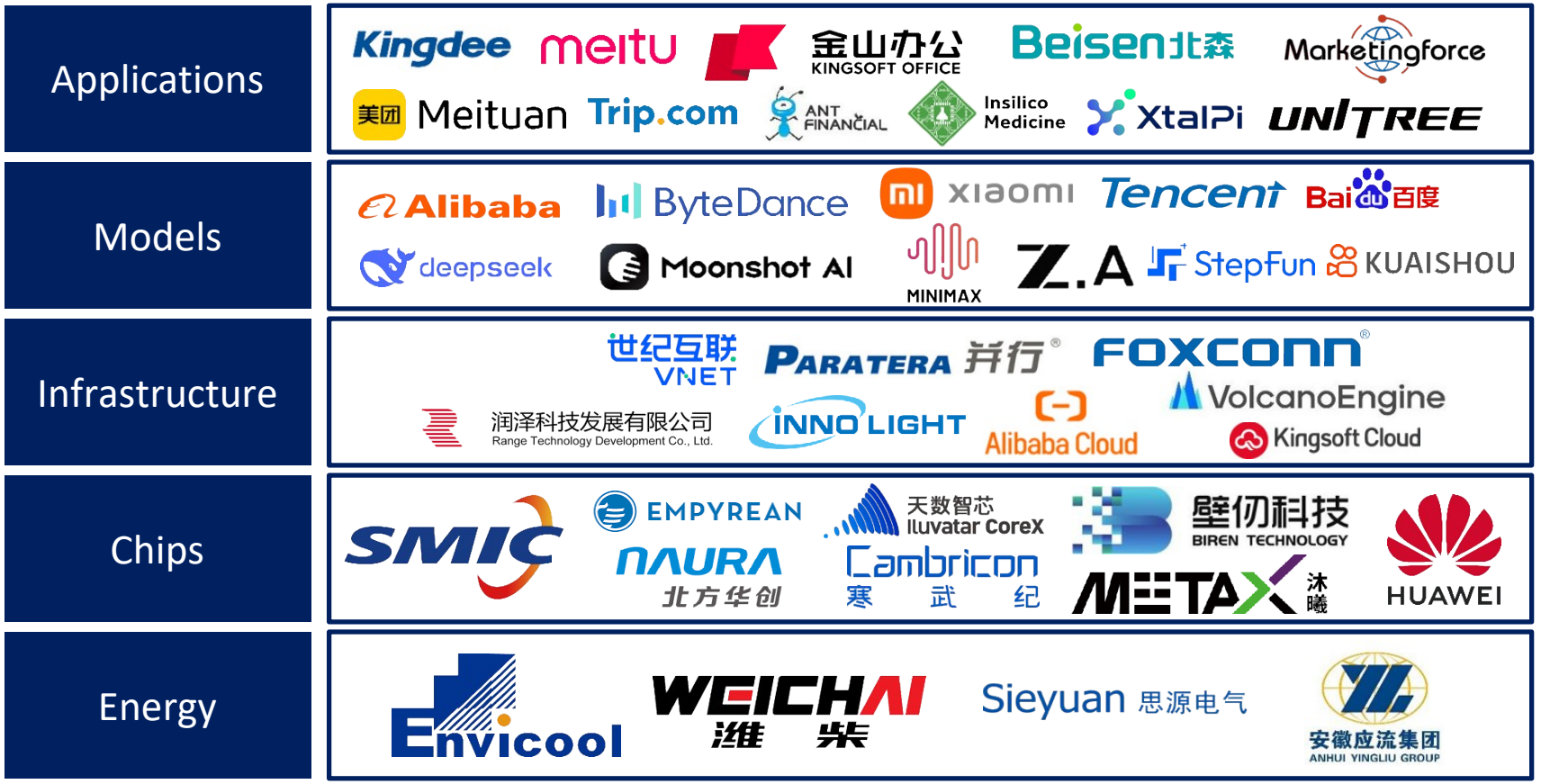
Asia Pacific
Industry View **Attractive**

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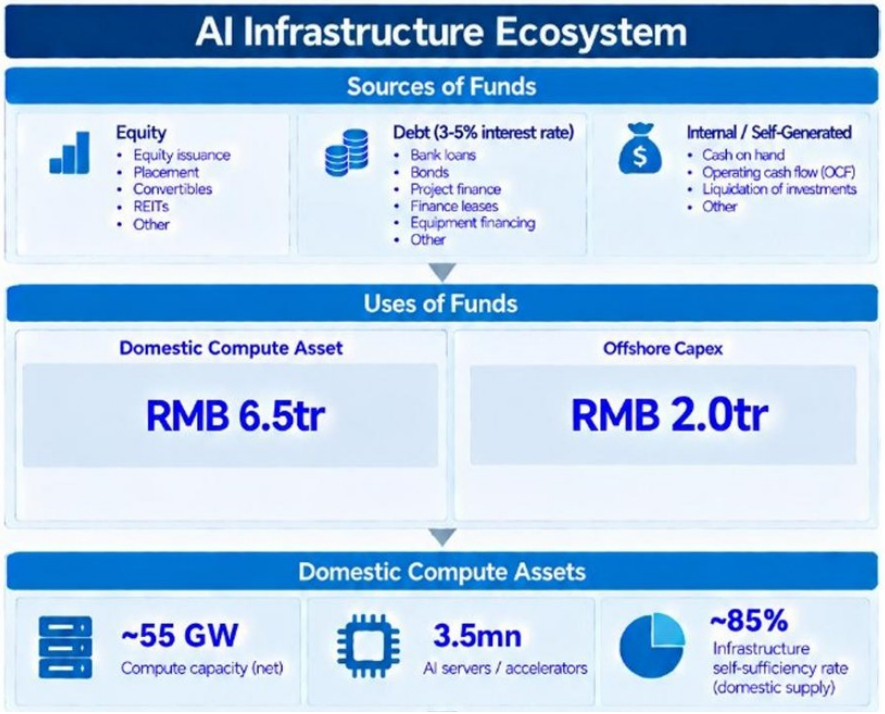
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China AI Supply Chain



AI Infrastructure

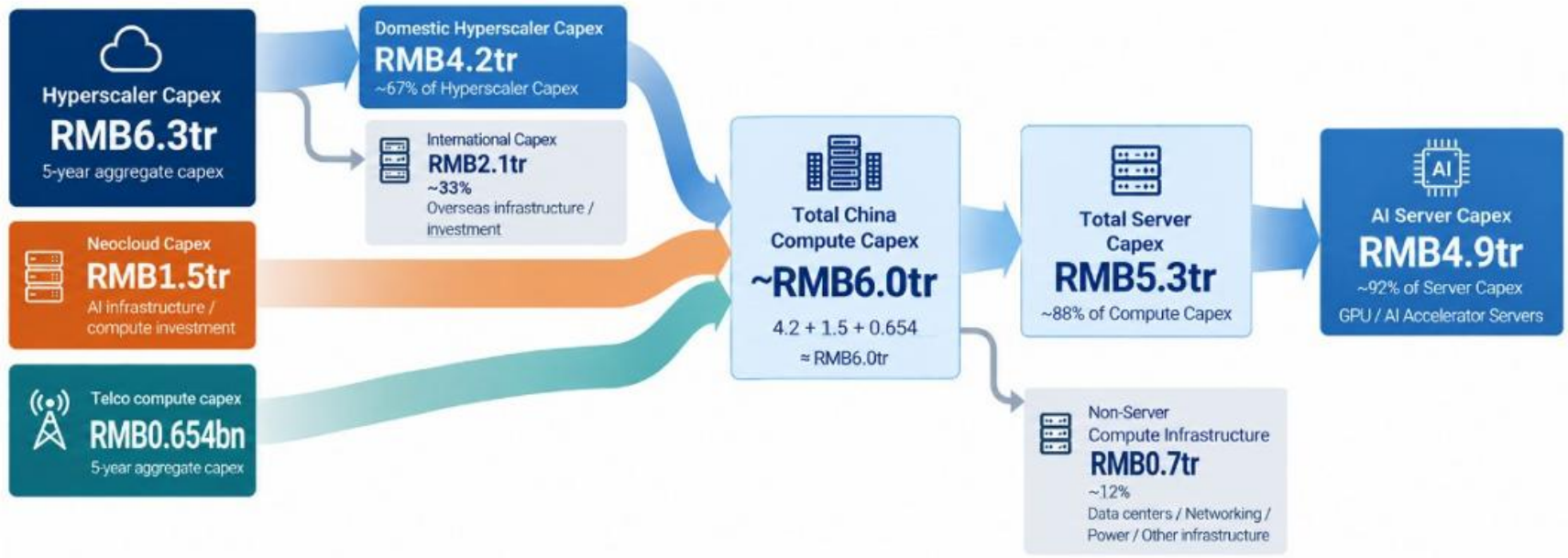
Rmb8.5tr Capex into 55GW Compute





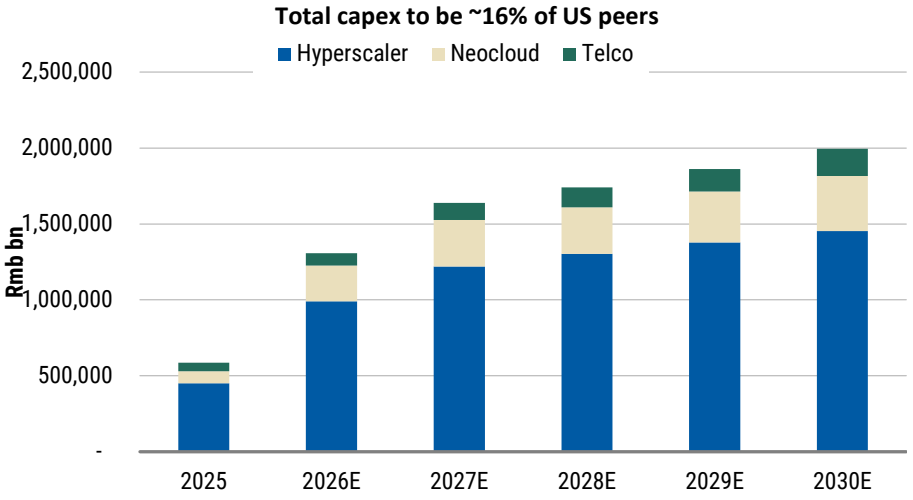
Source: Company data, Morgan Stanley Research estimates. Our ARR per MW is calculated based on a range of assumptions on TPS, token cost and training/inference mix, for which we have details in the ROIC section

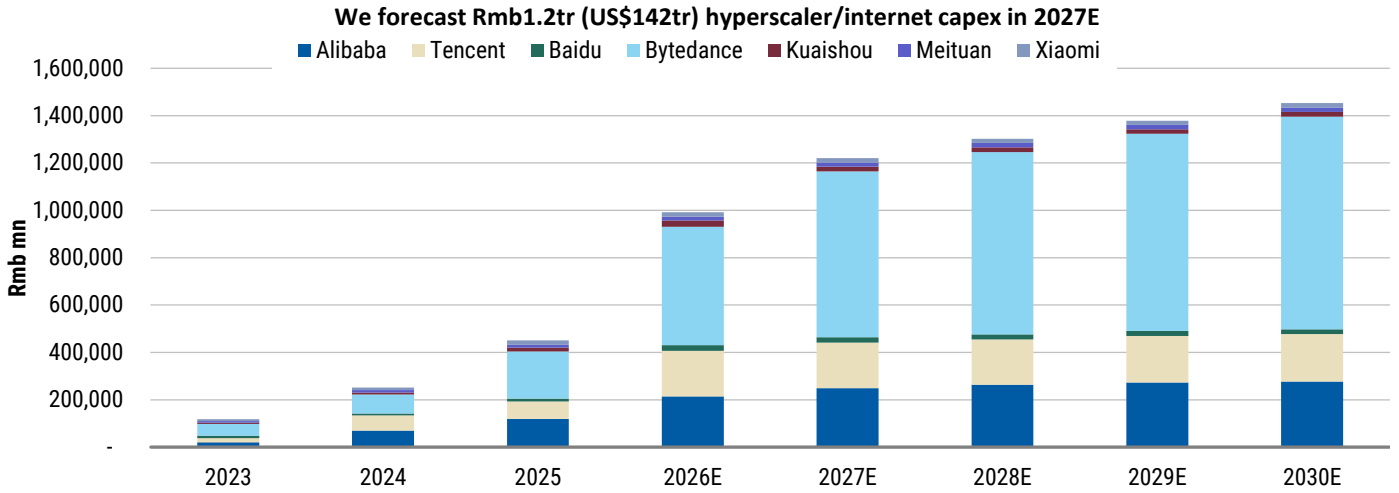
We forecast Rmb8.5tr capex in 2026-30E



Source: Company data, Morgan Stanley Research estimates.

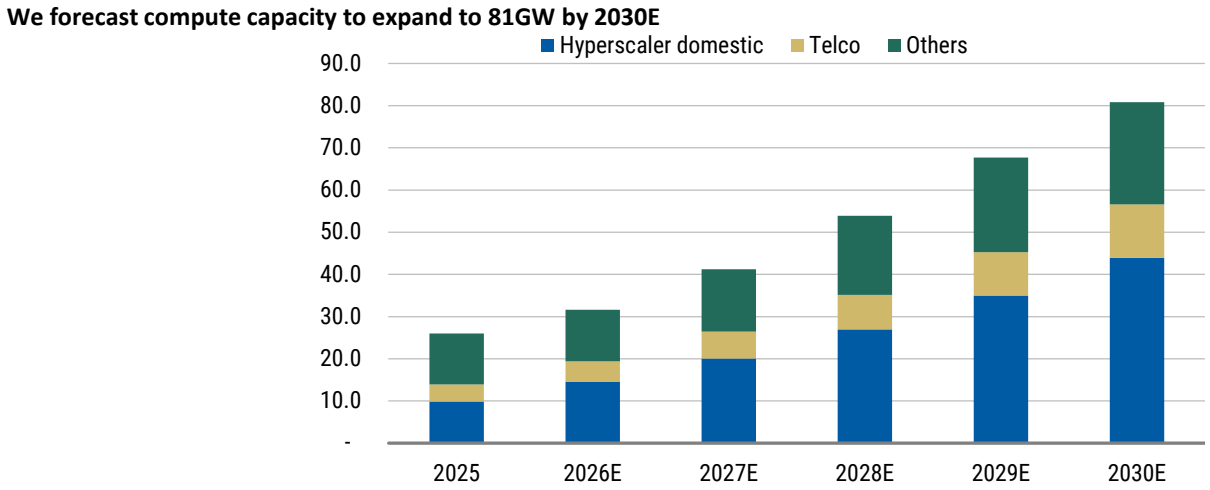
AI Cloud is the major growth driver

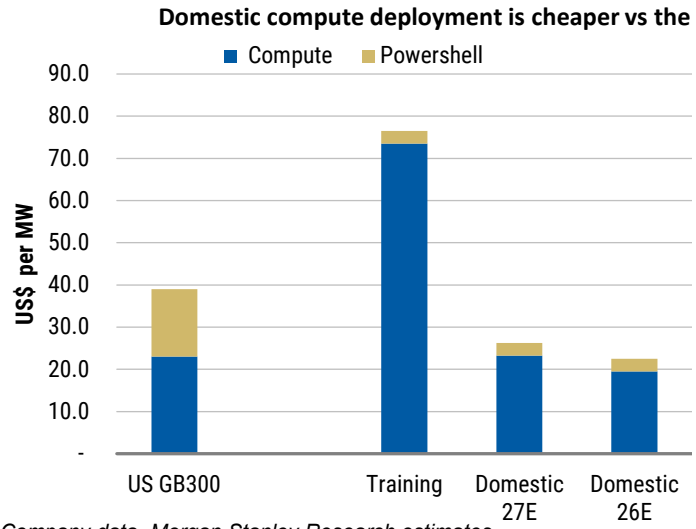


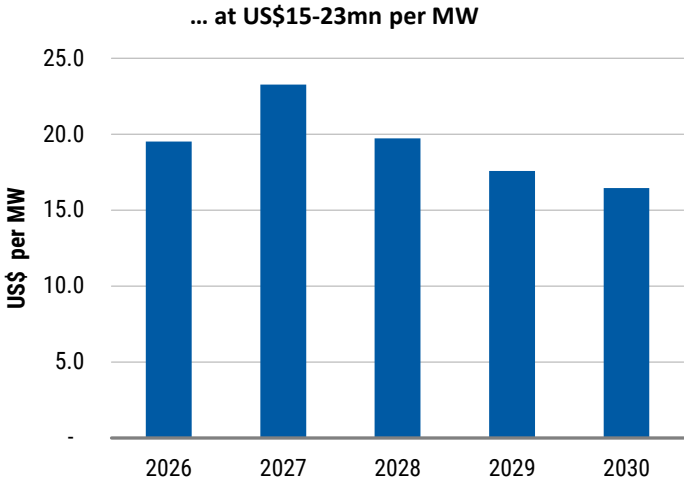


Source: Company data, Morgan Stanley Research estimates.

… Should translate into ~55GW compute domestically

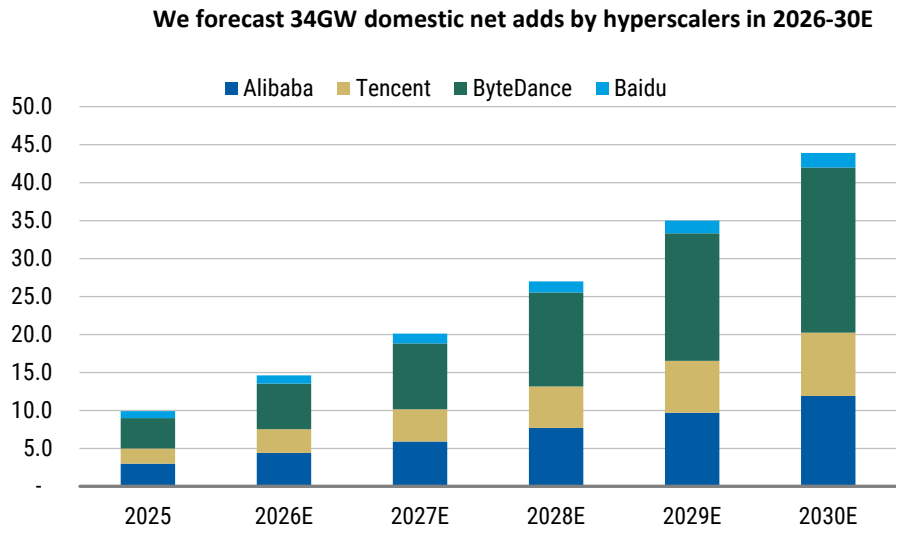


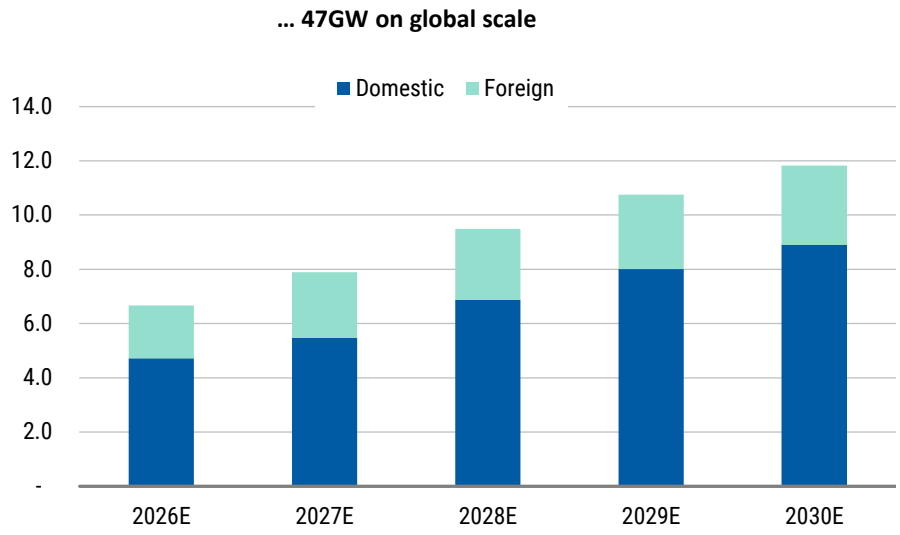




Source: Company data, Morgan Stanley Research estimates.

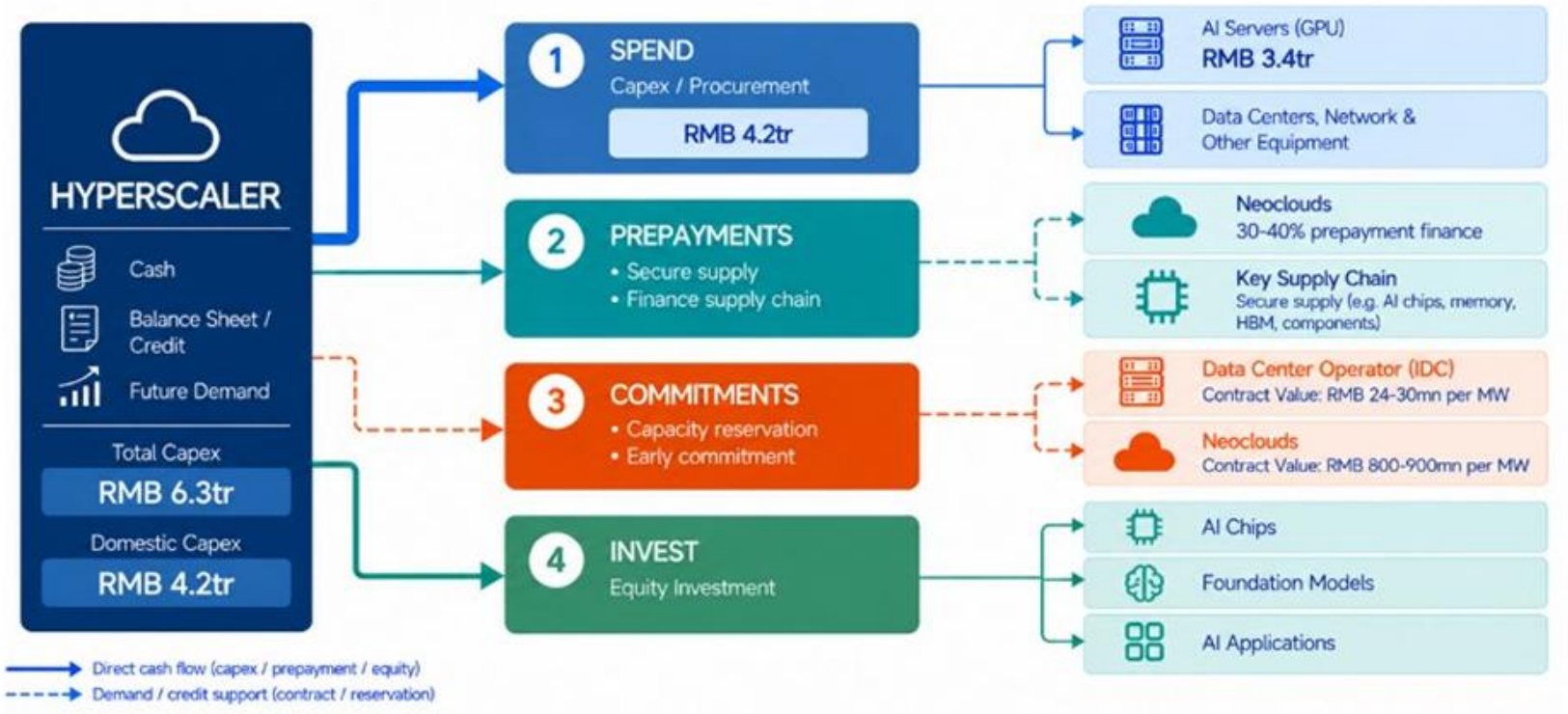
AI Cloud is the major growth driver





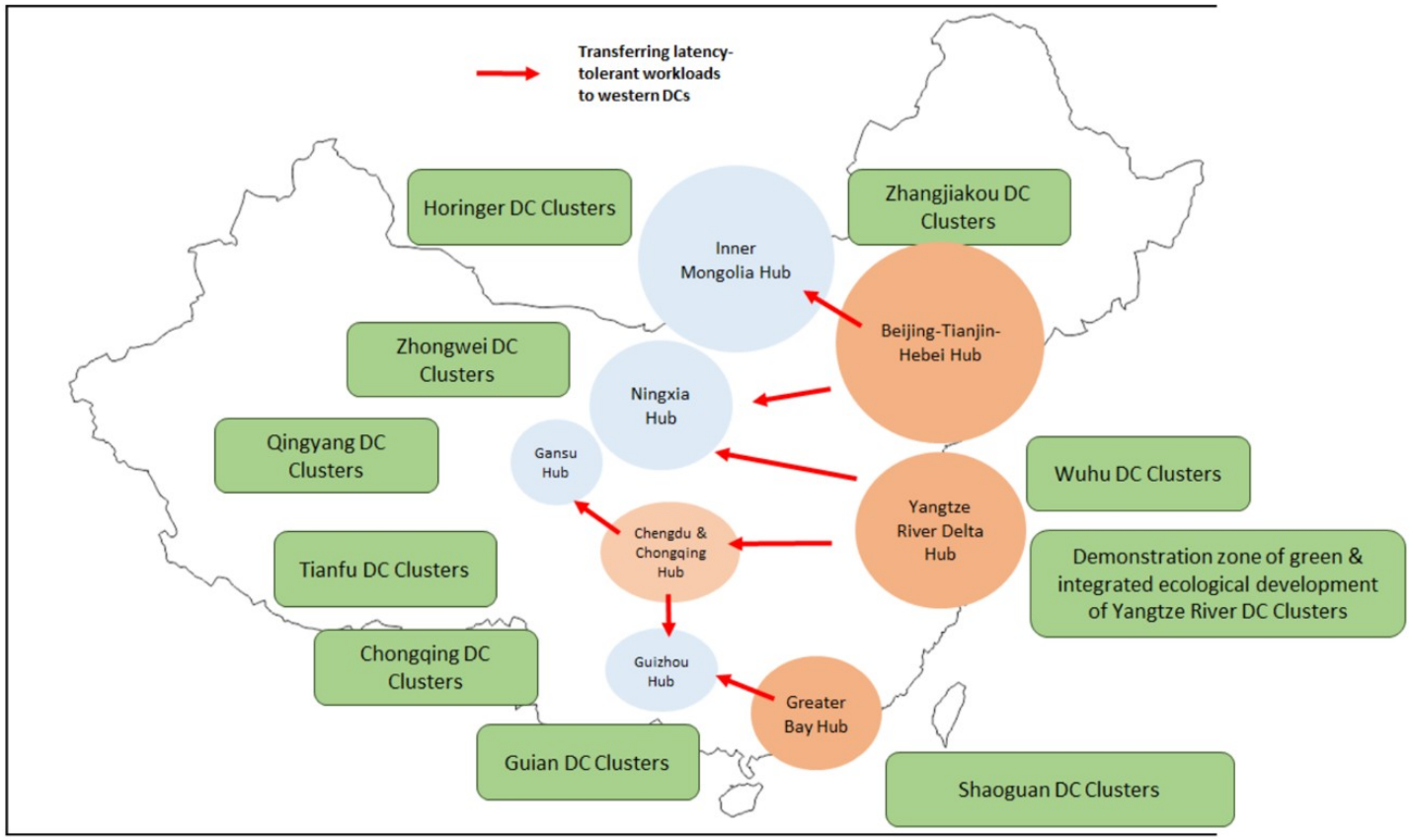
Source: Company data, Morgan Stanley Research estimates.

Hyperscalers assuming multiple roles in the supply chain



Source: Company data, Morgan Stanley Research estimates.

Datacenters Going to Remote Areas



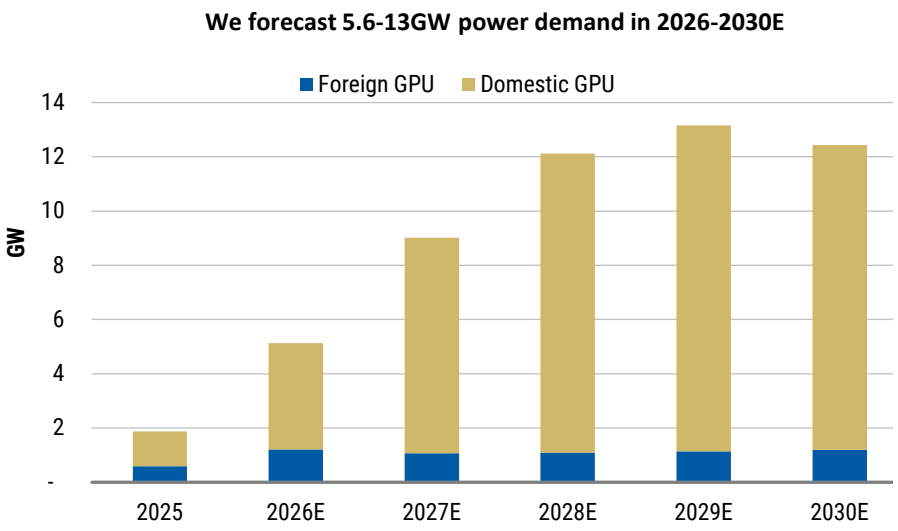
Source: NDRC, Morgan Stanley Research. Note: The size of the bubble represents the size of the datacenter market.

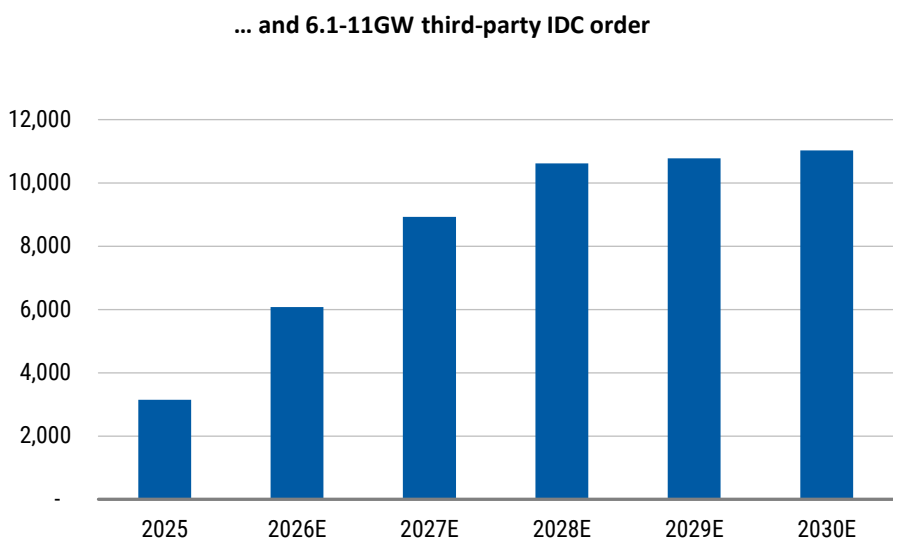
Cloud Era vs. AI Era – What Is the Difference

	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

Source: Company data, Morgan Stanley Research estimates.

Power demand and datacenter order forecasts





Source: Company data, Morgan Stanley Research estimates.

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)	**-**	**-**	**-**	**-**	**-**

Source: Company data, Morgan Stanley Research estimates.

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**

Source: Company data, Morgan Stanley Research estimates.

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**

Source: Company data, Morgan Stanley Research estimates.

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

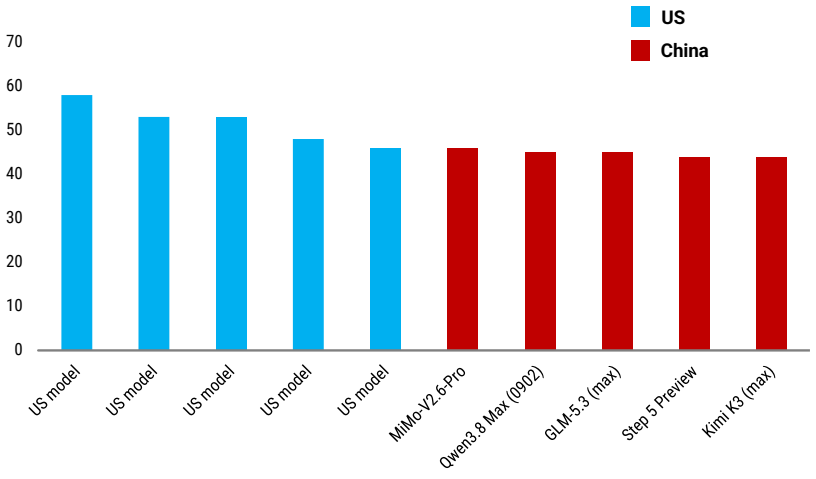
AI lab	Alibaba	MiniMax	Z.ai	DeepSeek	Xiaomi
Model	**Qwen3.8-flash**	**M3.1 flash preview**	**GLM-5.3 Flash**	**V4.1 flash**	**MiMo-V2.6-Flash**
Release date	Aug-26	Sep-26	Aug-26	Sep-26	Sep-26
License	Qwen Community License 1.0	n.a	MIT	MIT	MIT
Total parameter (B)	125	n.a	320	552	309
Activated parameter (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

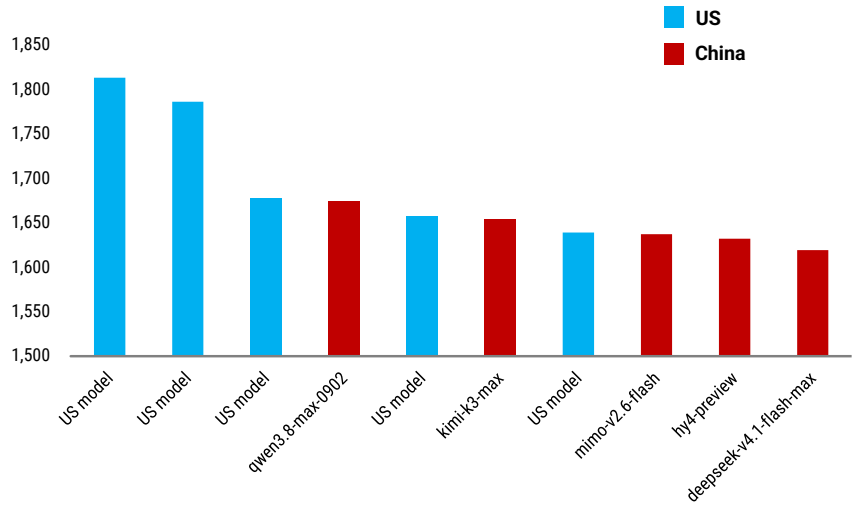
Global SOTA Model

- 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



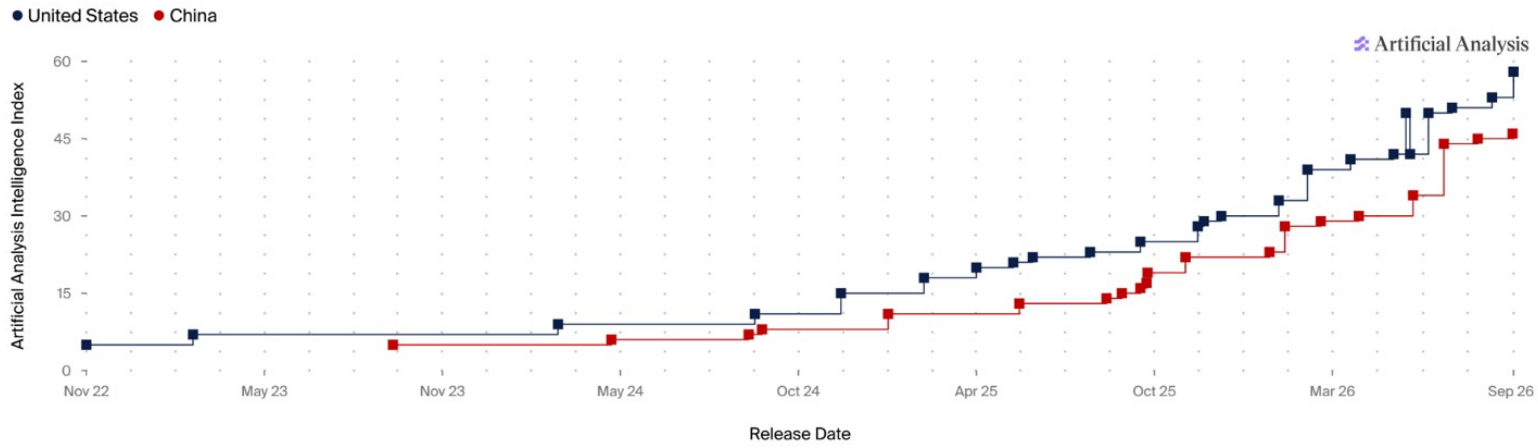
Arena.ai coding score



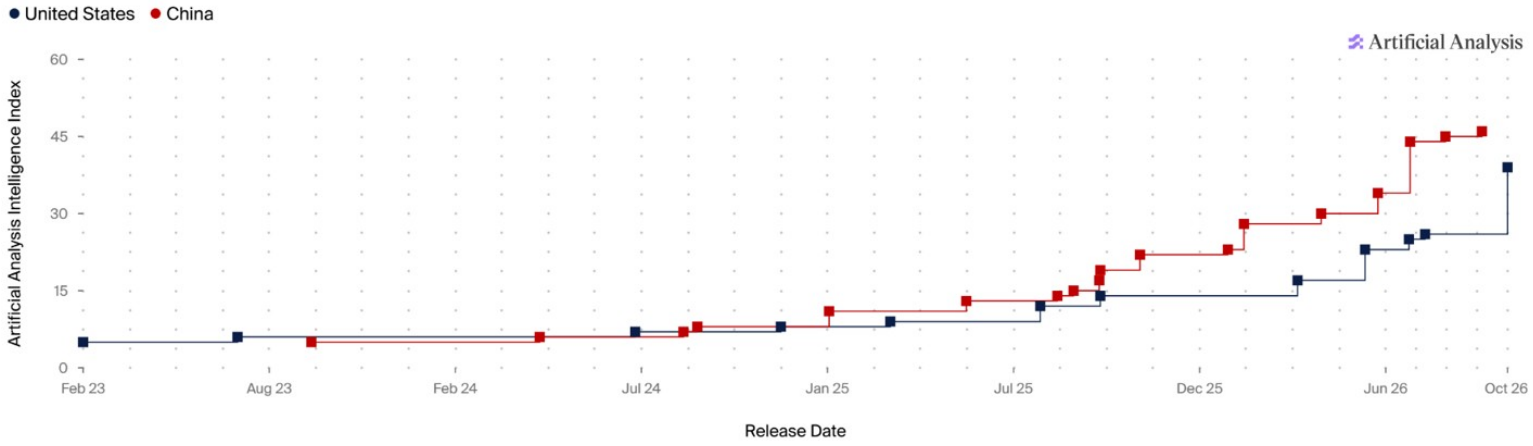
Source: Artificial Analysis, Arena.ai, updated as Oct 2026

Global SOTA Model Performance over Time

Frontier LLM intelligence index over time



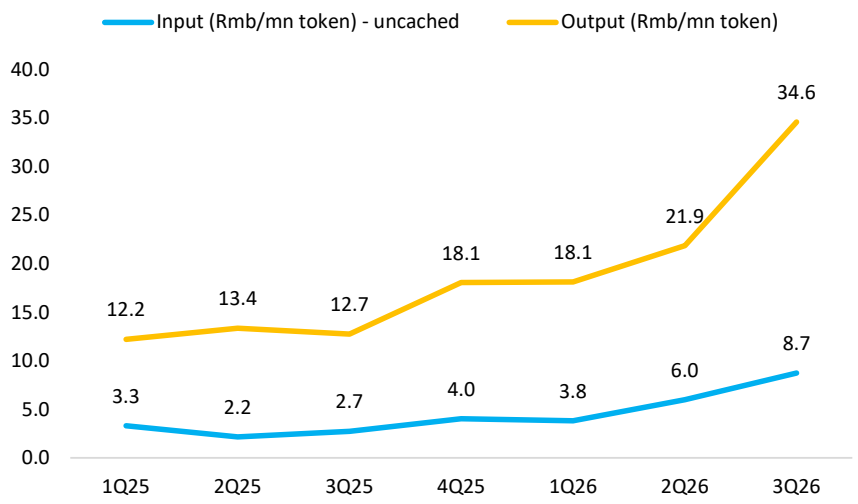
Open-weight LLM intelligence index over time



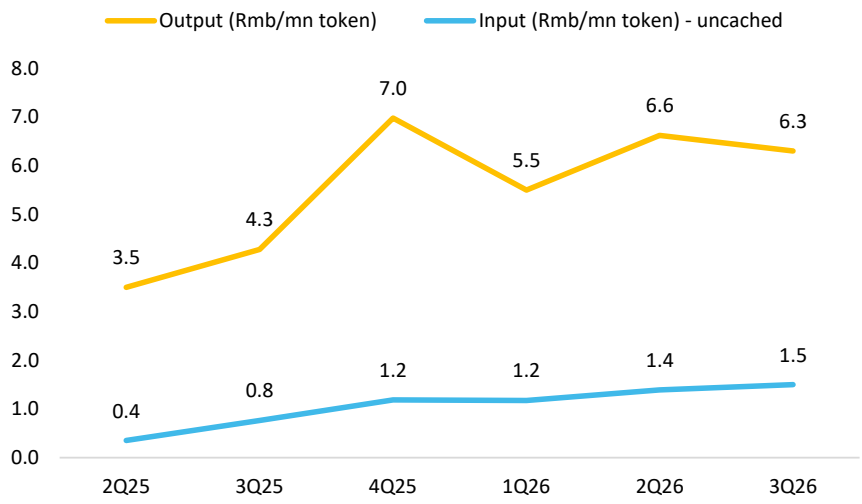
Source: Artificial Analysis

China Major LLM Pricing Trend

China frontier LLMs average pricing trend (Pro)



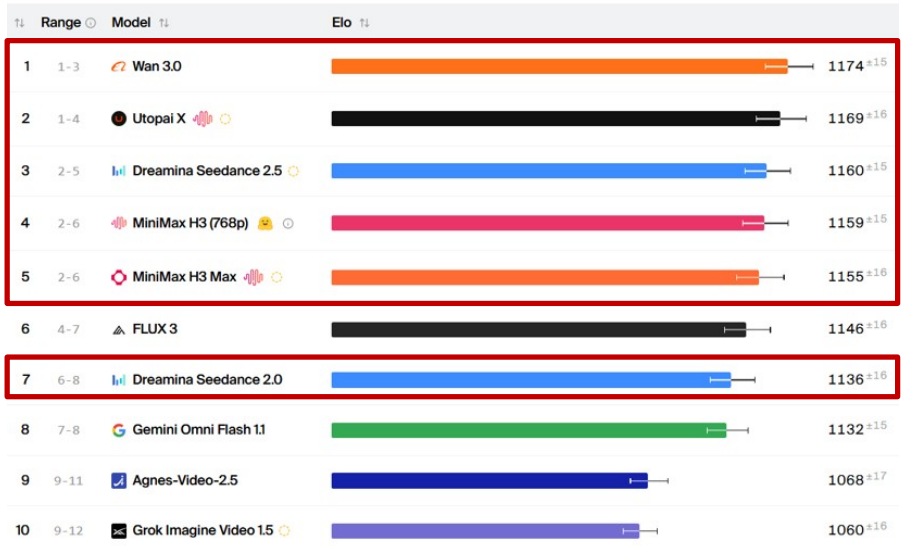
China frontier LLMs average pricing trend (Flash)



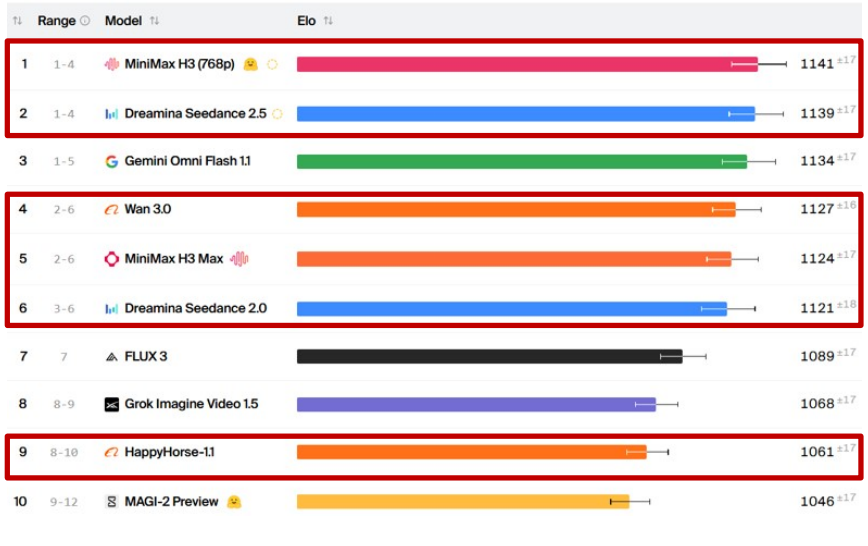
Source: Company data, average prices for Bytedance, Alibaba, Baidu, Tencent, MiniMax, Z.ai, Moonshot and DeepSeek; Updated as of Oct 15, 2026.

Global Top Multi-modal Models

Artificial Analysis text-to-video leaderboard



Artificial Analysis image-to-video leaderboard



Source: Artificial Analysis, Morgan Stanley Research, updated by Oct 2026

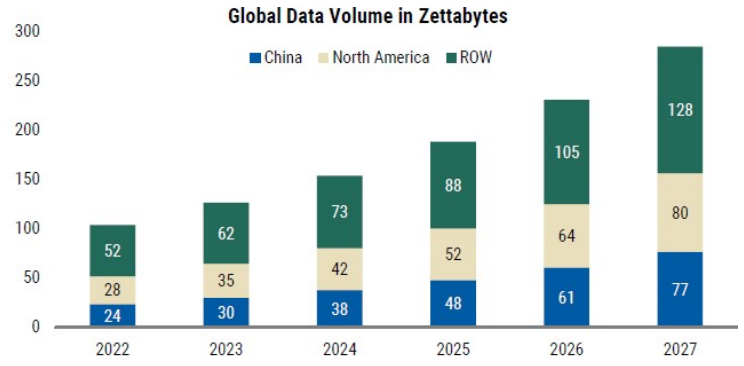
China's Competitive Edge – Talent, Data and Power

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

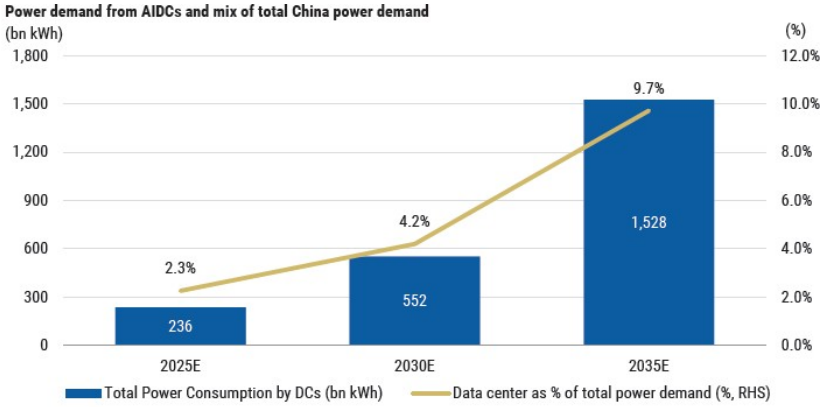
Source: R&D World

Global data volume in zettabytes



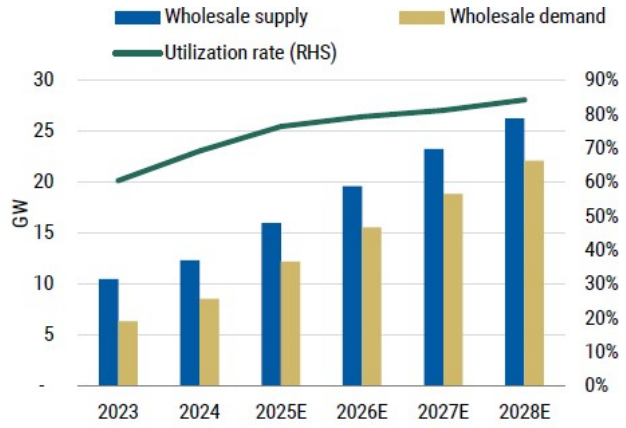
Source: IDC

AIDCs power demand as % of total China power demand



Source: Morgan Stanley Research (E)stimates

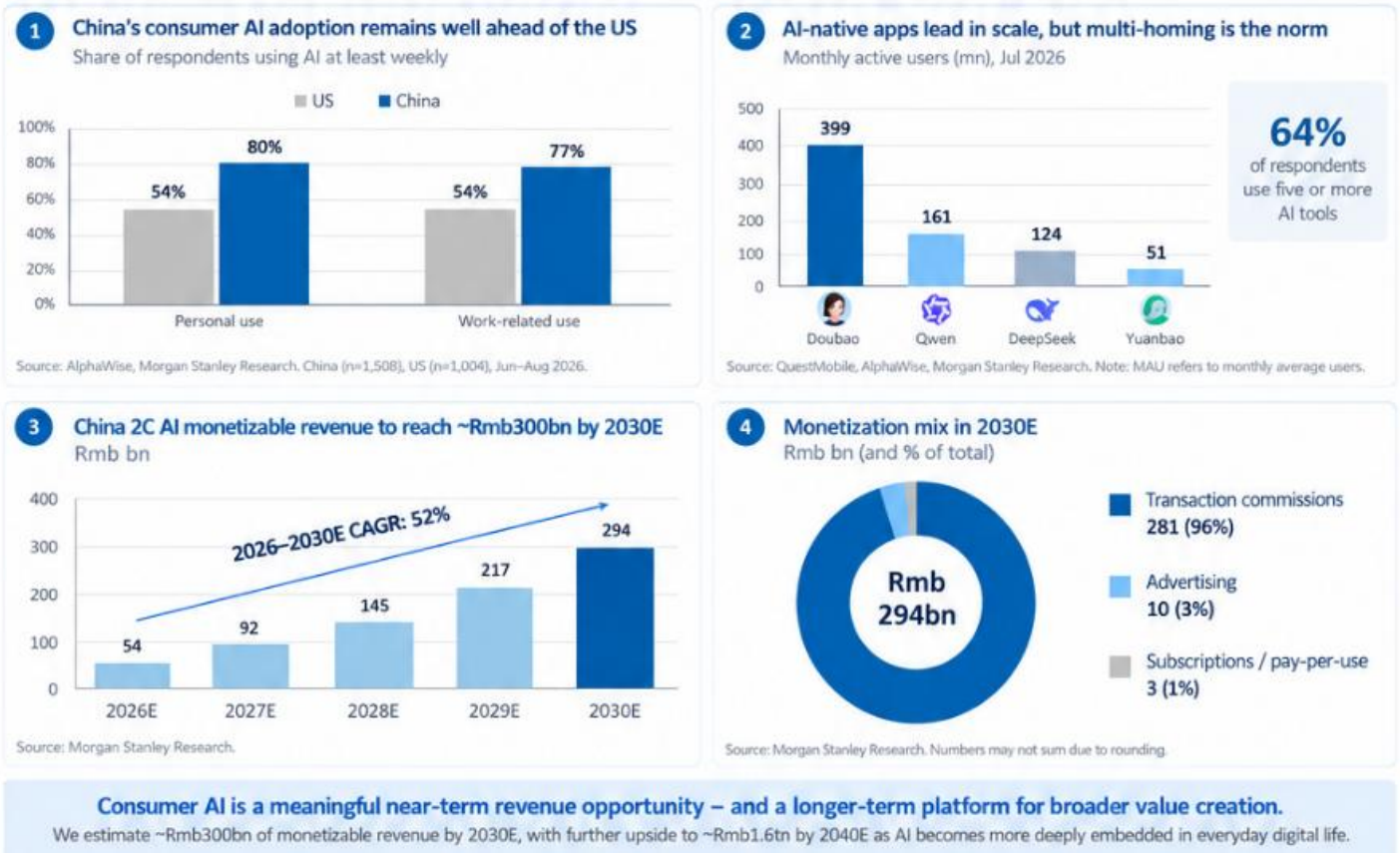
Total wholesale DC supply and demand in China



Source: CIC

AI Application

China Consumer AI – Beyond The Chatbot Race



Source: Morgan Stanley Research

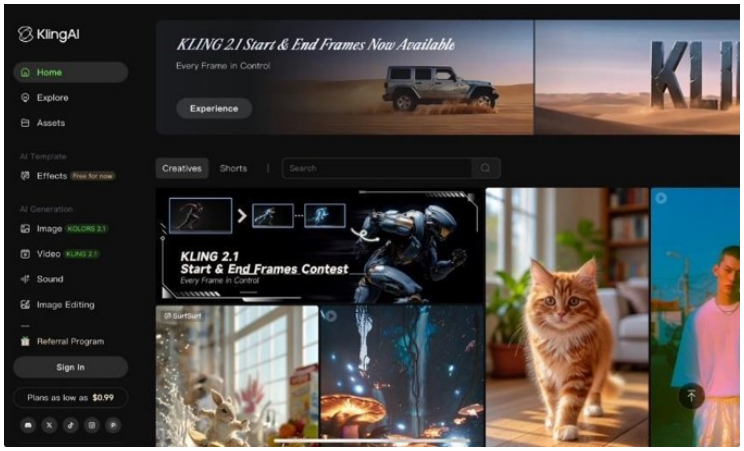
The Tencent/WeChat Ecosystem



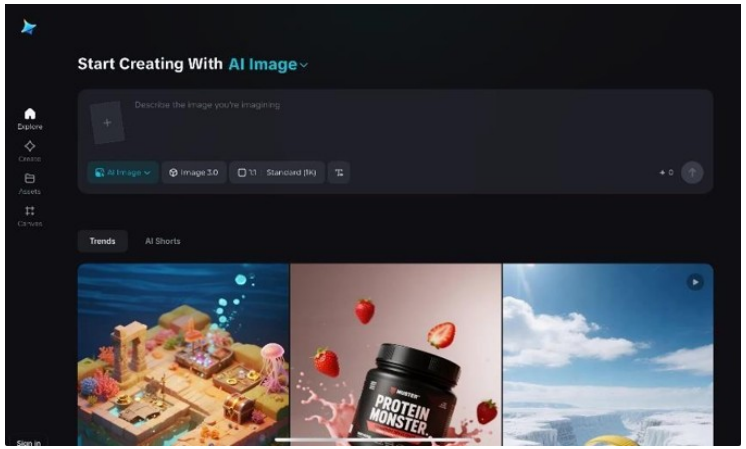
Source: Morgan Stanley Research, Tencent. 1. Since 4Q19, 2. In 2024, 3.In 4Q25.

2P AI Application – Content Creator

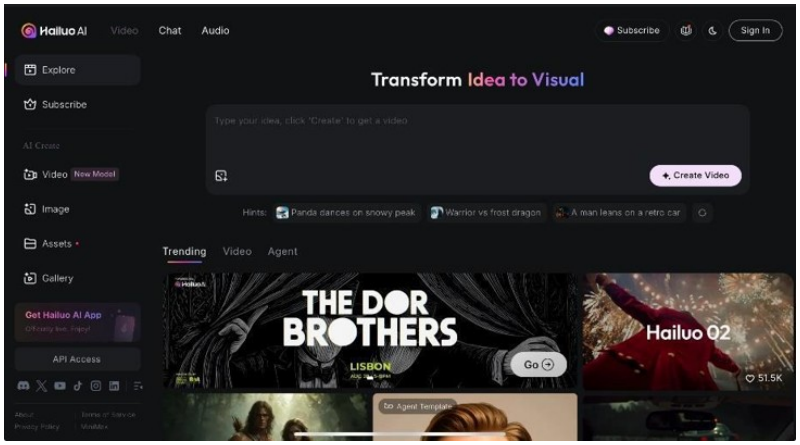
Kuaishou Kling



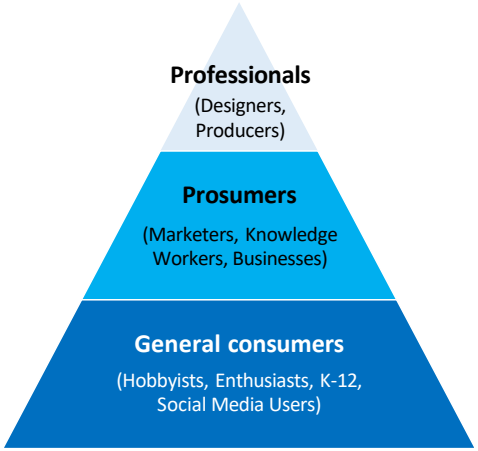
ByteDance Dreamina



Hailuo



Content creation market



Source: Company data, Morgan Stanley Research

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					

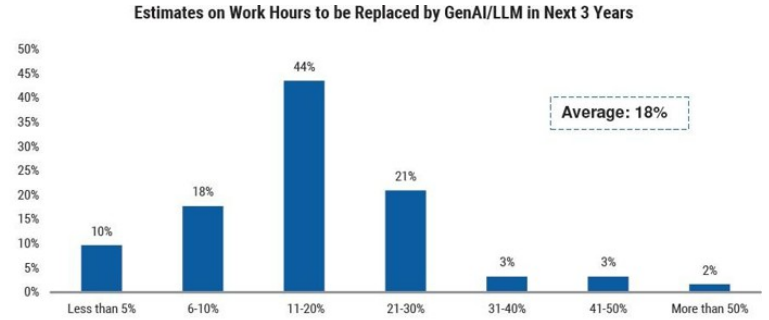
Source: Morgan Stanley Research

2B AI Application – Enterprise Adoption

Public cloud vs. GenAI major milestone

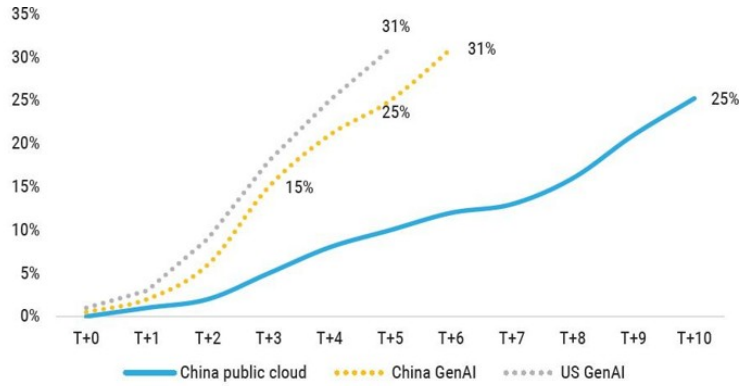
Milestone	Public Cloud	GenAI
Foundation theory	**1983:** Utility Computing by Sun	**2017:** Transformer by Google
First product	**2002:** AWS	**2018:** OpenAI GPT-1
Commercialization	**2006:** AWS EC2	**2022:** OpenAI GPT-3.5
China's first product	**2009:** AliCloud	**2023:** Baidu Ernie Bot
China mass 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



Source: AlphaWise China CIO Survey 2H25, Morgan Stanley Research

Enterprise workload penetration estimates



Source: Morgan Stanley Research, US GenAI workload penetration estimated by US research team

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)

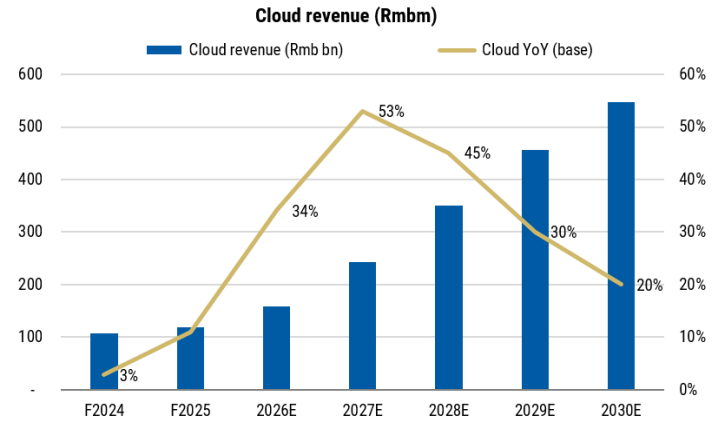
IaaS	PaaS	MaaS
Compute, storage, network, security	Data + AI engineering toolchain	Qwen / Wan models through Bailian

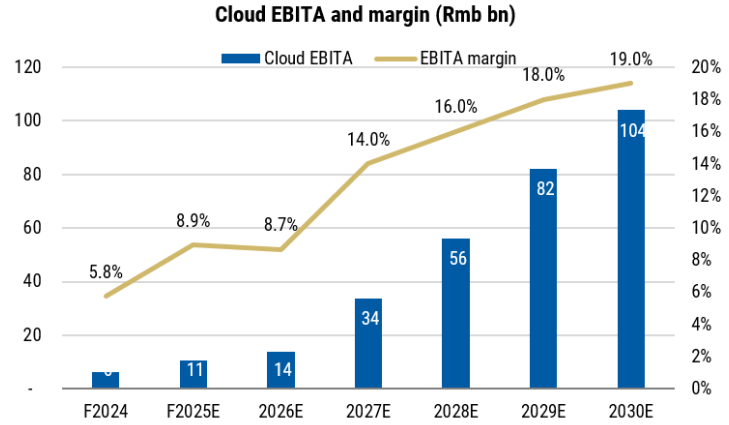
Key financials

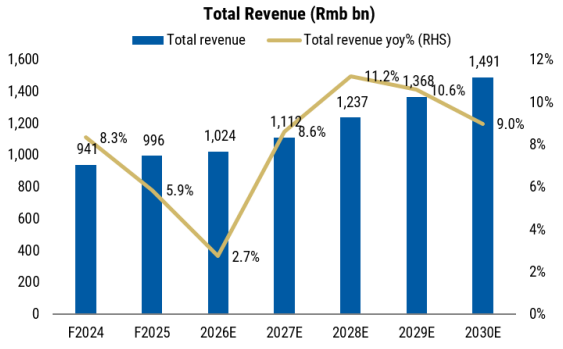
Multi year cloud growth	US$100bn cloud revenue target by 2030; 40-50% CAGR
Solid ROIC	AI capex yields mid teens ROIC with <3-year payback
Cloud margin expansion	Expanding cloud margins with high visibility reaching long-term target of 20%
Qwen ARR ramp up	ARR currently at Rmb20bn+, doubled in 3 months,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

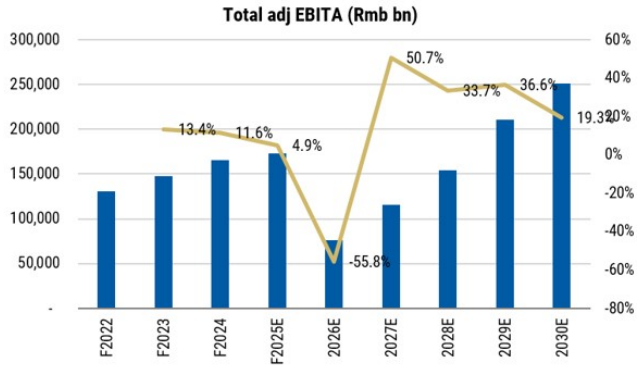
Source: Company data, Morgan Stanley Research

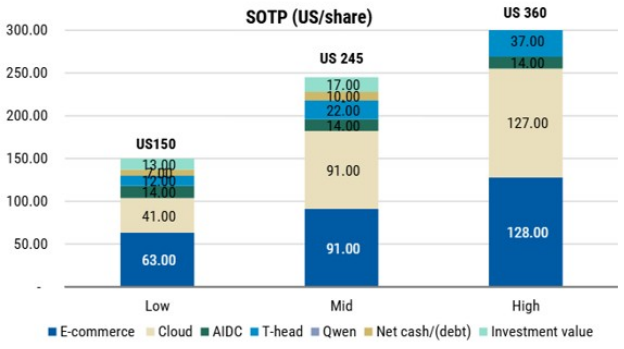
Alibaba (Top pick): Multi-year cloud growth and margin expansion







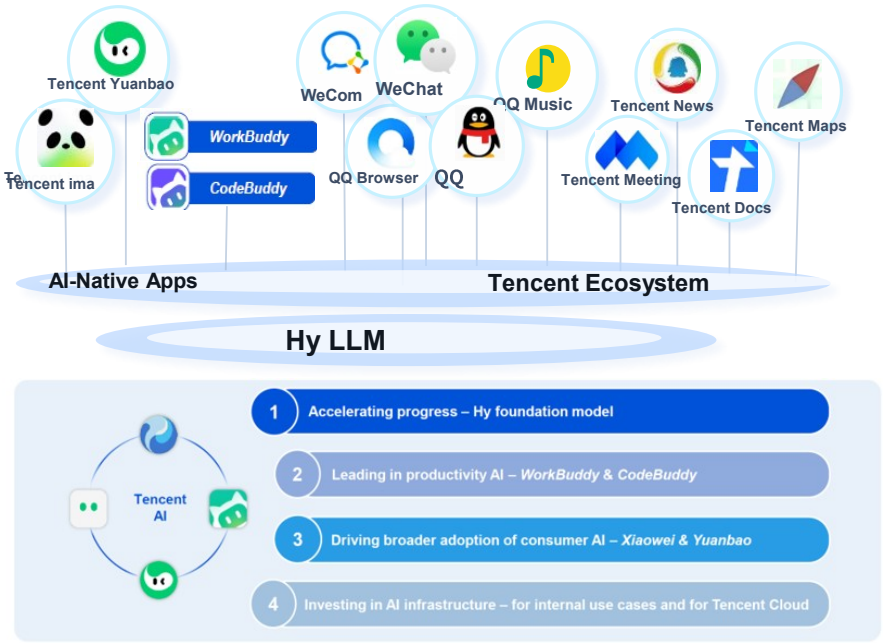




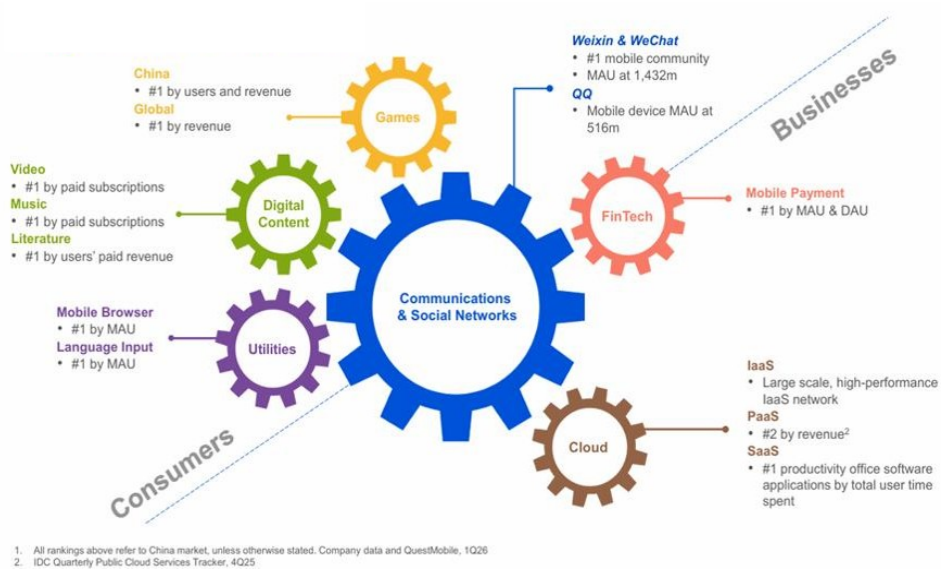
Source: Company data, Morgan Stanley Research (E)stimates

Tencent: Step Up AI Investment in 2026

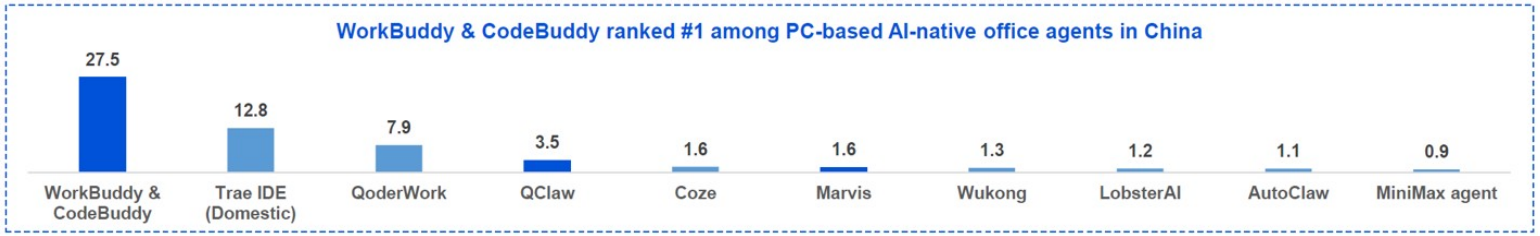
Tencent's key products and data flywheel



Key franchises resilient and defensible in age of AI



Source: Company data, Morgan Stanley Research;

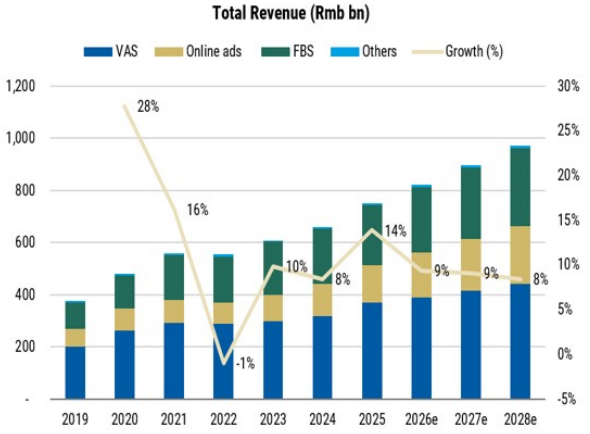


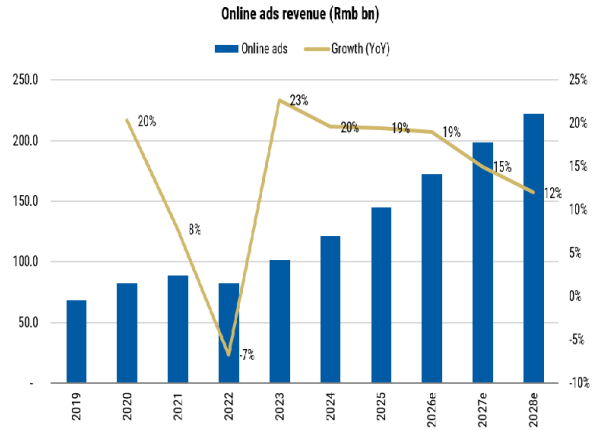
Source: Company data, millions of Interactions in June 2026, Analysis, *Morgan Stanley Research;*

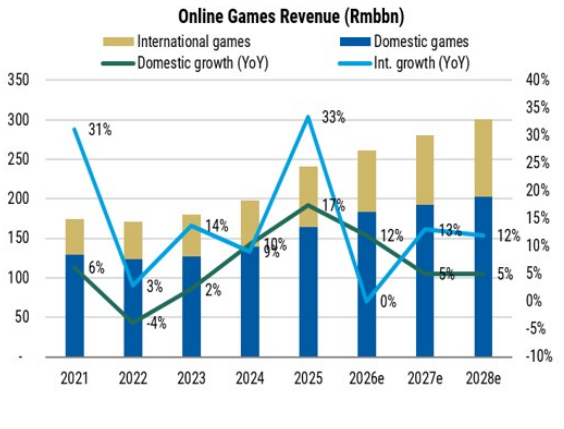
Morgan Stanley

Tencent: Step Up AI Investment in 2026

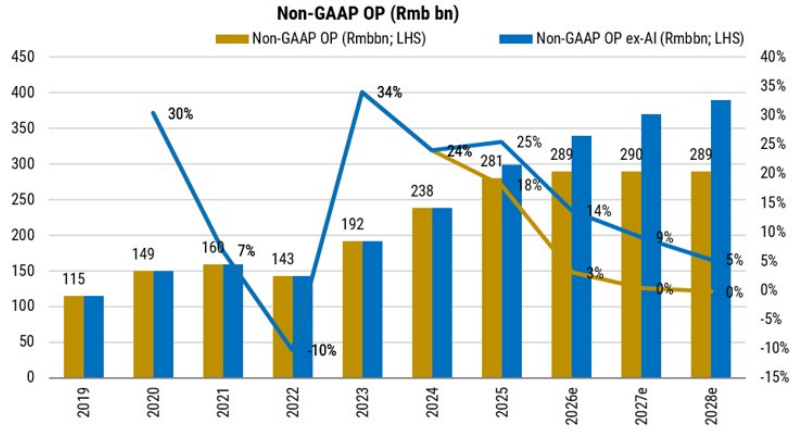
Solid Core Business with Improving AI Capabilities

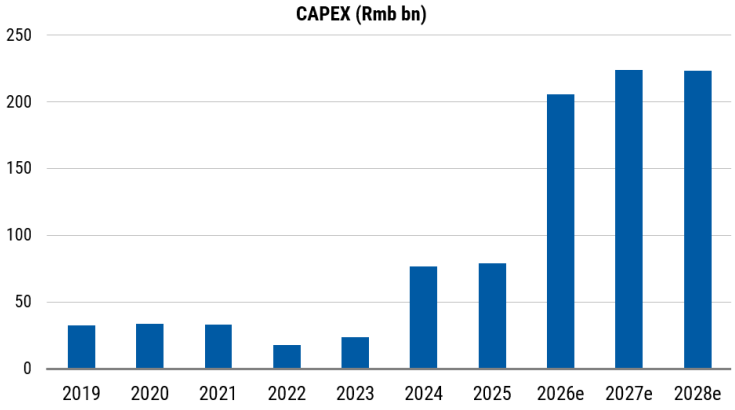






Increasing Margin Pressure with Stepped-up AI Investment

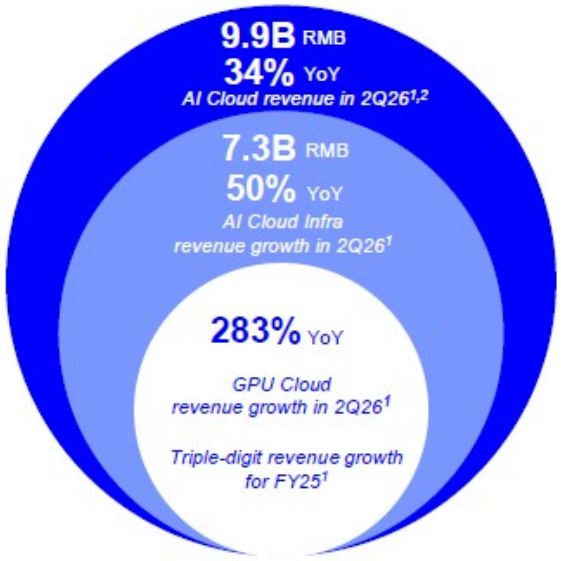


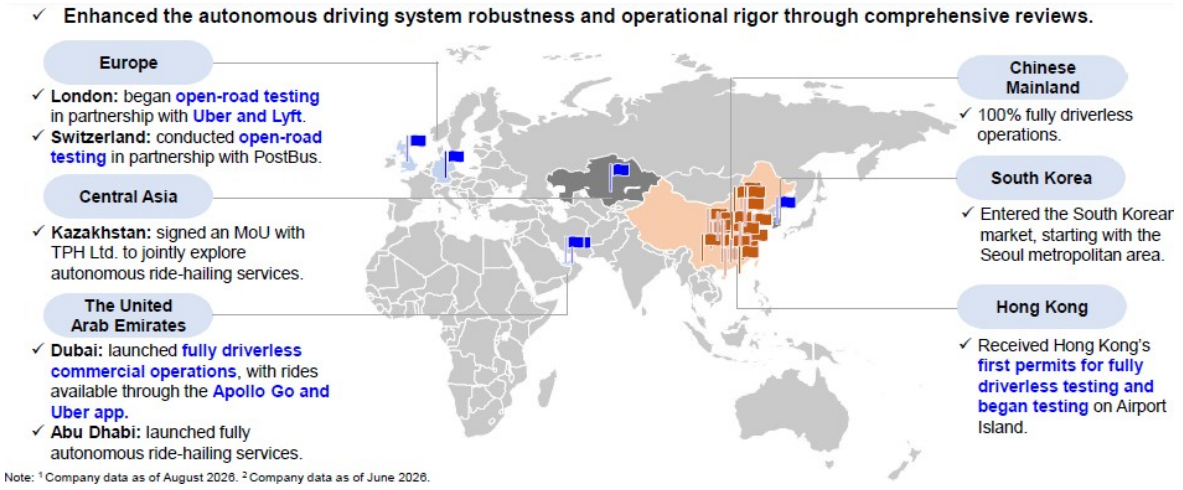


Source: Company data, Morgan Stanley Research (E) estimates

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

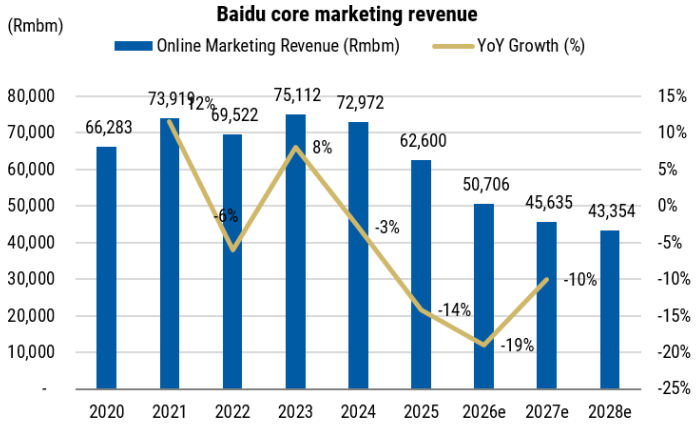
- **Baidu Core AI-powered Revenue:** Reached Rmb12.5bn in 2Q26, accounting for 50% of Baidu core revenue.
- **AI cloud infra rev grew 50% YoY, with GPU Cloud revenue** grew 283% YoY in 2Q26
- **Apollo Go** delivered >23mn cumulative rides, globally operating in 28 cities.

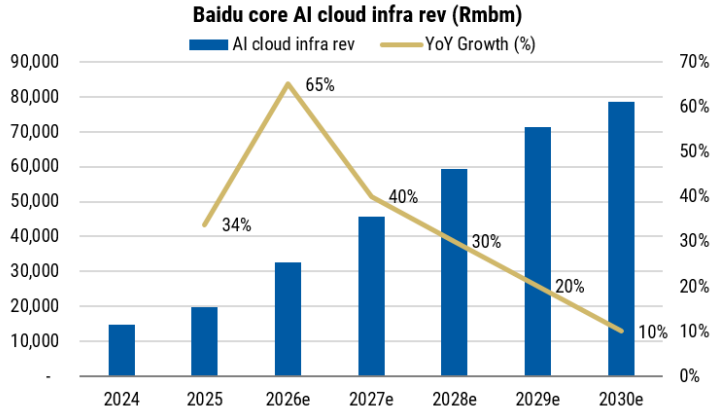


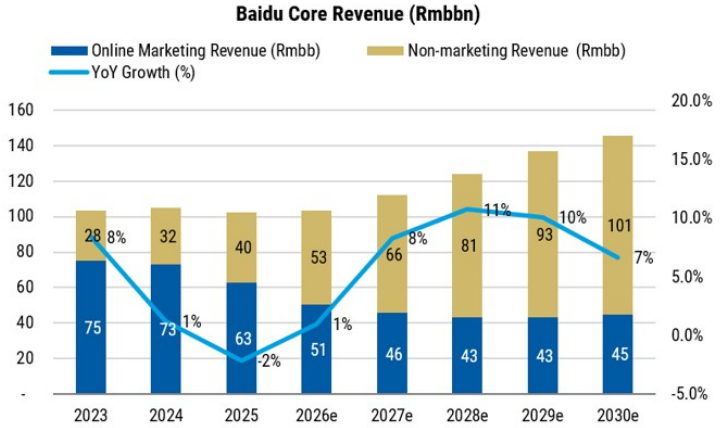


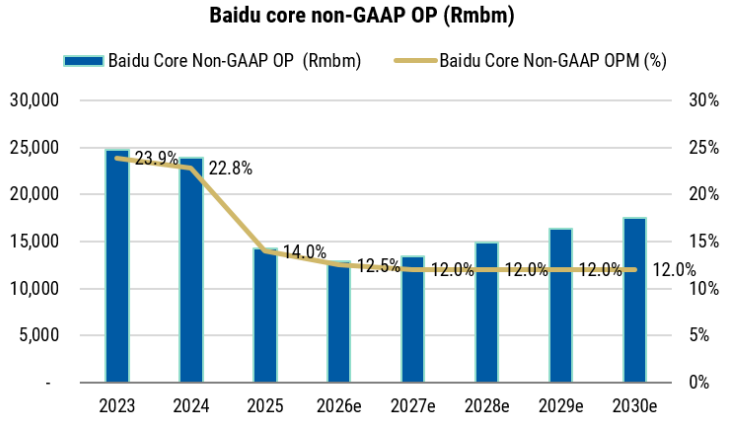
Source: Company data, Morgan Stanley Research

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



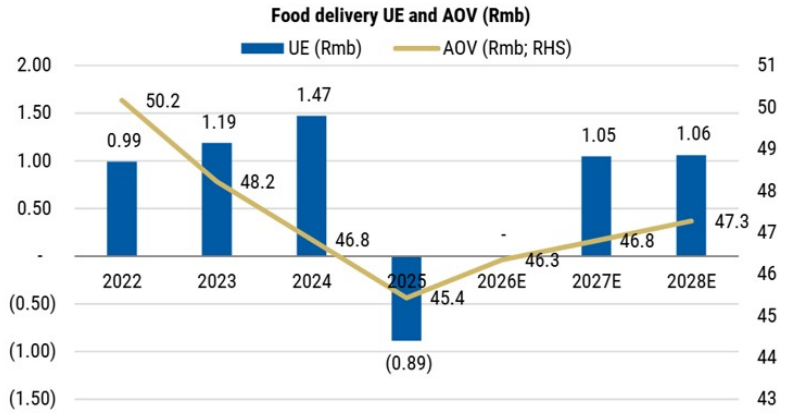


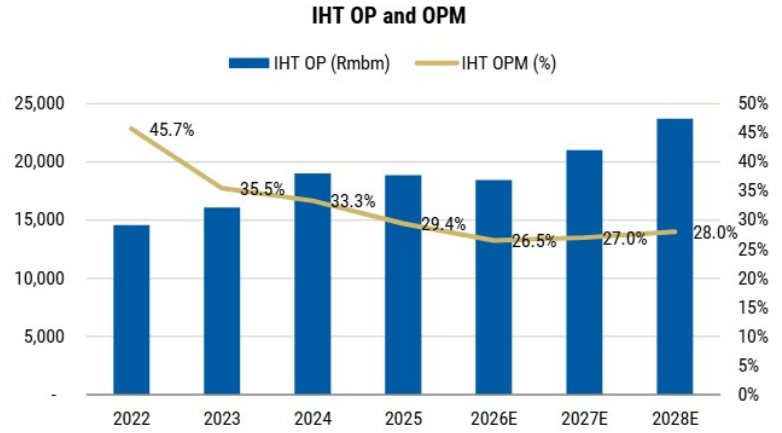


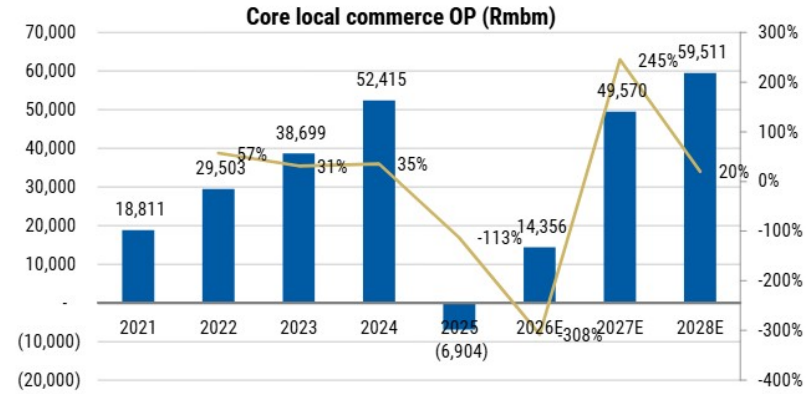


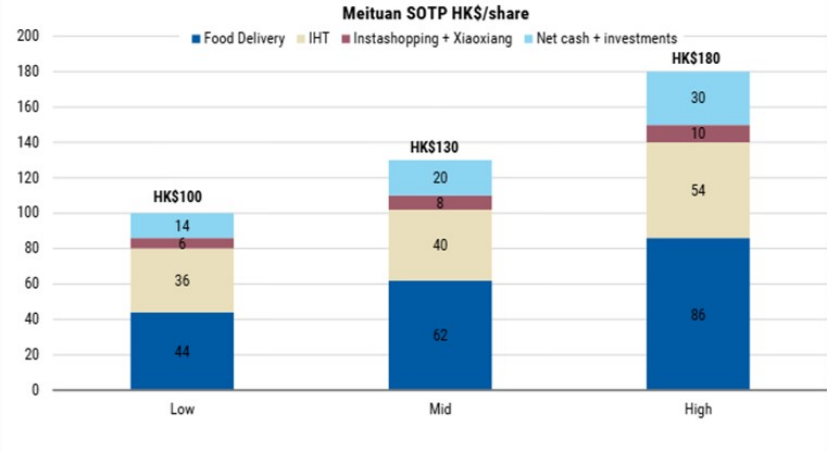
Source: Company data, e = Morgan Stanley Research estimates

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



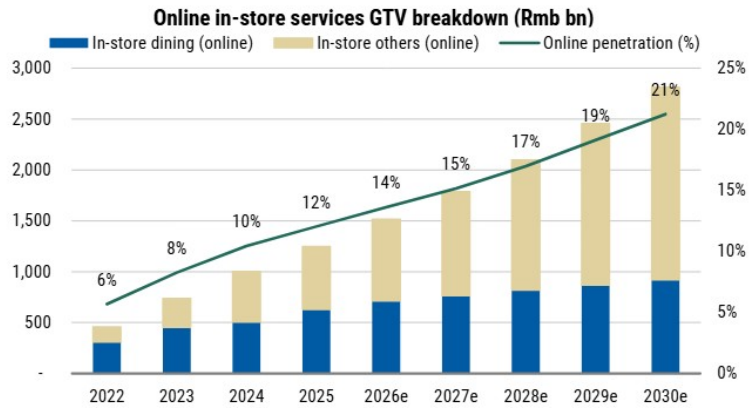


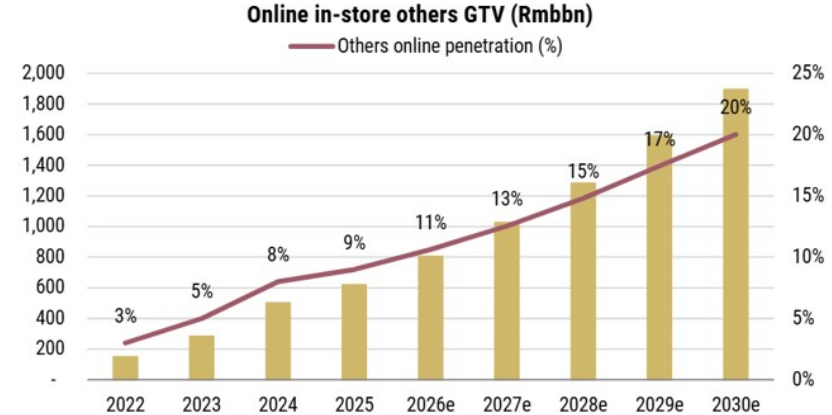


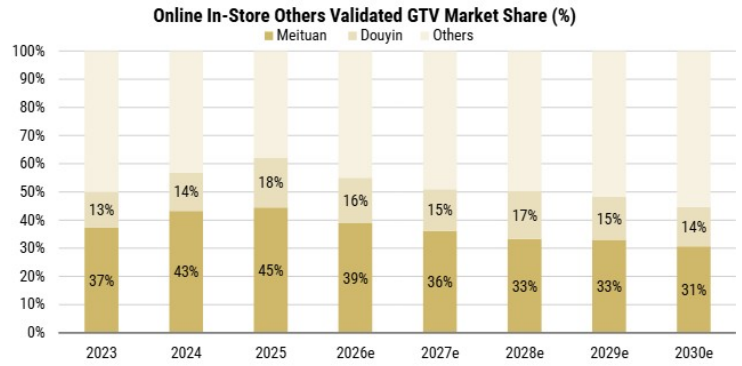


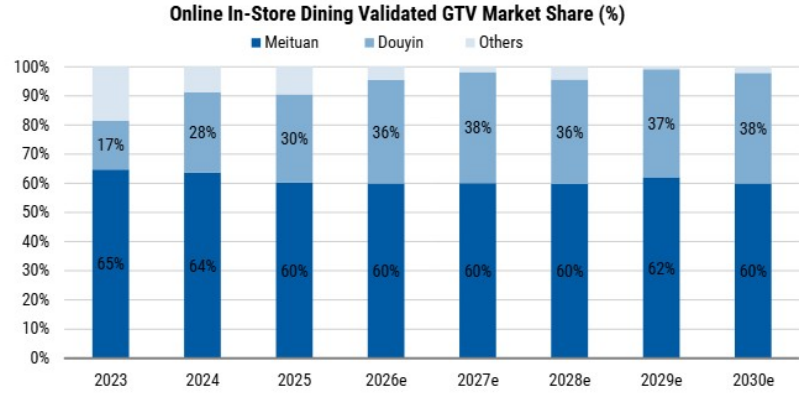
Source: Company data, e = Morgan Stanley Research estimates

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





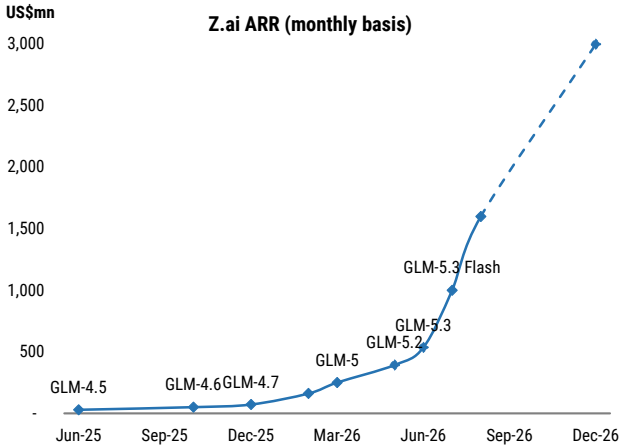


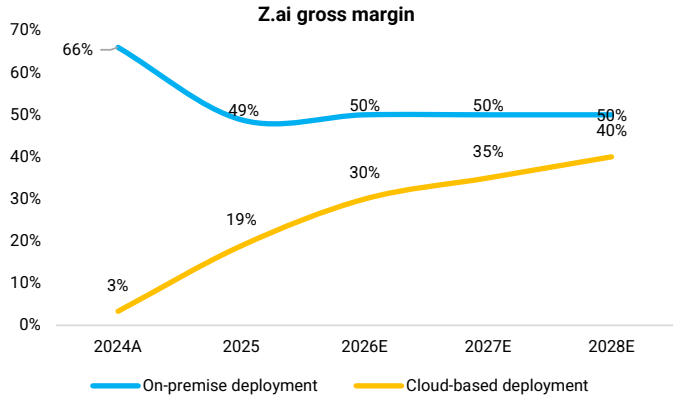


Source: Company data, e = Morgan Stanley Research estimates

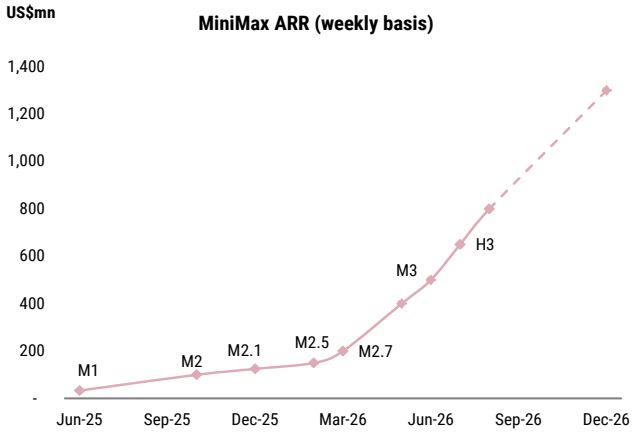
Z.AI & MiniMax

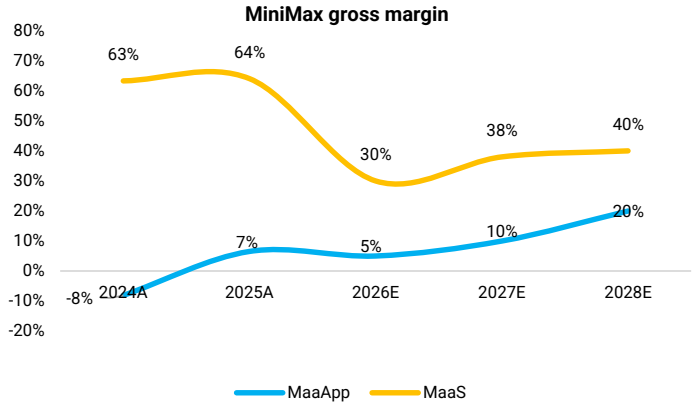
Z.AI – Focusing on LLMs





MiniMax: Omni-modality player





Source: Company data, Morgan Stanley Research (E) estimates

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



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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

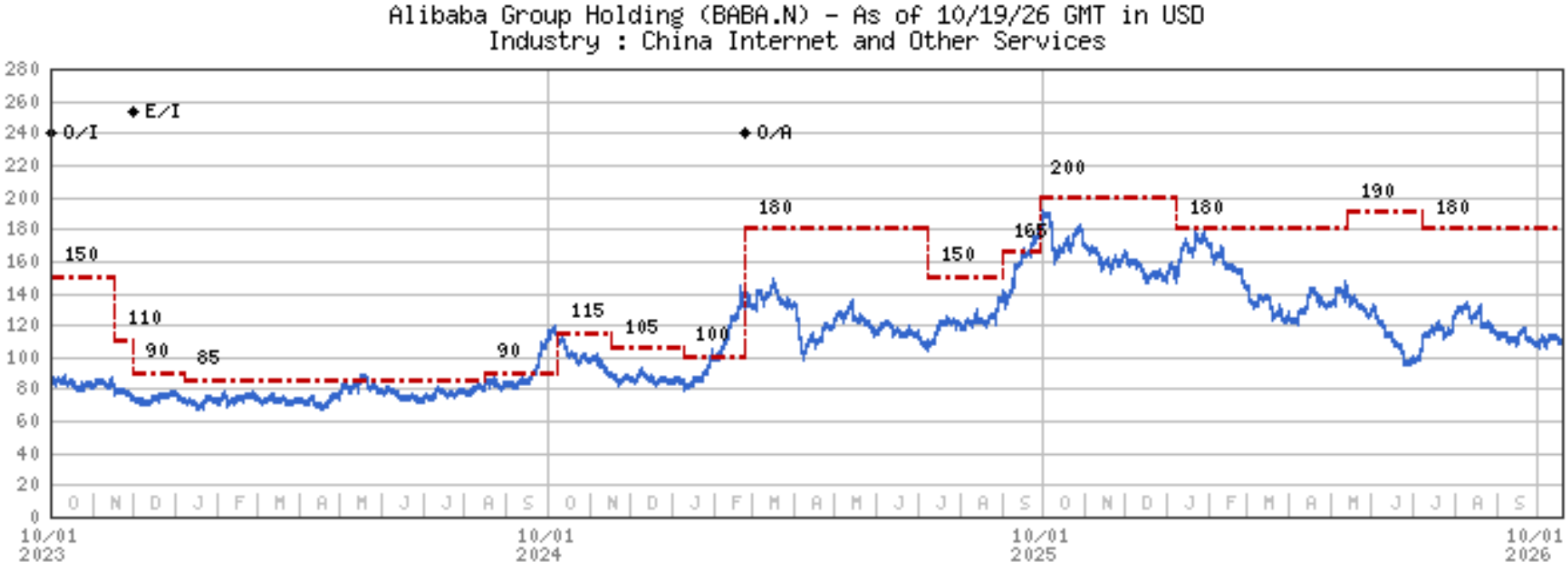
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : O/I; 12/1/23 : E/I; 2/24/25 : O/A

Price Target History: 9/20/21 : 220; 11/19/21 : 180; 1/8/22 : 165; 2/25/22 : 145; 3/21/22 : 140; 9/29/22 : 110; 10/28/22 : 90; 11/18/22 : 100; 1/9/23 : 150; 11/17/23 : 110; 12/1/23 : 90; 1/8/24 : 85; 8/16/24 : 90; 10/9/24 : 115; 11/18/24 : 105; 1/9/25 : 100; 2/24/25 : 180; 7/9/25 : 150; 9/1/25 : 165; 9/29/25 : 200; 1/8/26 : 180; 5/14/26 : 190; 7/8/26 : 180

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: China Internet and Other Services

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/16/2026)
Eddy Wang, CFA		
Autohome Inc (ATHM.N)	E (02/09/2023)	US$20.15
Full Truck Alliance Co. Ltd (YMM.N)	O (07/05/2023)	US$8.75
JD.com, Inc. (JD.O)	U (11/10/2025)	US$27.01
Kanzhun Ltd (BZ.O)	O (08/04/2021)	US$16.74
KE Holdings Inc (BEKE.N)	O (03/16/2022)	US$18.07
PDD Holdings Inc (PDD.O)	O (03/02/2023)	US$80.97
Vipshop Holdings Ltd (VIPS.N)	E (02/24/2022)	US$12.86
Gary Yu		
Alibaba Group Holding (BABA.N)	O (02/24/2025)	US$109.11
Baidu Inc (BIDU.O)	U (08/19/2026)	US$80.14
Meituan (3690.HK)	O (08/29/2024)	HK$75.70
Tencent Holdings Ltd. (0700.HK)	O (03/19/2020)	HK$417.80
Rebecca Xu		
HUYA Inc (HUYA.N)	E (05/16/2024)	US$2.21
IQIYI Inc (IQ.O)	E (01/19/2023)	US$0.95
JOYY Inc. (JOYY.O)	E (06/02/2022)	US$82.61
Weibo Corp (WB.O)	U (05/17/2024)	US$6.49
Yang Liu		
Bilibili Inc (BILI.O)	++	US$14.07
Kuaishou Technology (1024.HK)	E (08/20/2026)	HK$29.30
NetEase, Inc (NTES.O)	O (01/08/2025)	US$126.06
Tongcheng Travel Holdings (0780.HK)	O (01/04/2019)	HK$9.96
Trip.com Group Ltd (TCOM.O)	O (05/17/2021)	US$40.01

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

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