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China Internet

Wuzhen WIC 2026: Key Comments From China Internet Executives

Alicia Yap, CFA[AC]
Vicky Wei, CFA
Nelson Cheung

CITI'S TAKE

The 2026 World Internet Conference in Wuzhen (Nov 2–5), themed *"Open Source and Openness, Joint Contribution and Shared Benefits,"* brought together 1,800 delegates across 138 countries to align on AI strategies. As Premier Li Qiang's called for human-centric AI and ethical governance, key internet leaders highlighted tangible business roadmaps. Alibaba highlighted the growing scale of its Qwen ecosystem, Tencent focused on integrating AI across its social, content and payment platforms to enhance user engagement and productivity, while JD.com showcased investment in embodied AI and logistics automation. Maintain Buy on Alibaba, Tencent and JD.com as we continue to favor leading platform companies with strong ecosystems, proprietary data and clear monetization pathways.

Premier speech- Marking the 13th year of the WIC Summit, Premier Li Qiang (link) stressed that despite rapid technological advancement over the past decade, the core purpose of technology must remain unchanged: to benefit humanity. As the Internet converges with AI, cloud, and blockchain, it has evolved from basic infrastructure into a new way of life, a catalyst for industrial transformation, and an engine of generative intelligence powering autonomous AI agents. Premier Li highlighted that development must stay human-centric rather than tech-dominant, identifying four critical challenges: maintaining human primacy over machines, embedding ethics into algorithms, securing cyber-physical integration, and closing the digital divide. He called on the international community to build a shared cyberspace community through open technological innovation, trustworthy security cooperation, and equitable sharing of digital dividends.

Alibaba - Chairman Joseph Tsai (link, Ifeng,3-Nov) shared accelerating global AI adoption across manufacturing, healthcare, public services, and enterprise is driving compute demand beyond current supply, with Chinese firms now leading the world in open-source AI by download volume and derivative models; Qwen, which has released over 470 open-source models with more than 4 billion cumulative downloads and 330,000 derivative models, and Alibaba's ModelScope community, which has 33 million users across 239 countries offering 280,000 models, 40,000 datasets, and 12,000 MCPs, highlighting that open-sourcing lowers R&D costs for SMEs and developing countries is essential to building a sustainable, inclusive AI era.

Tencent - Senior VP and Chief Talent Officer Xi Dan said (link,Sina,4-Nov) in the AI era, marked by more diverse infrastructure, faster tech iteration, and stronger commercial orientation, leading tech firms should take primary responsibility for AI

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

infrastructure investment and key technology breakthroughs. Tencent's focus this year is to deepen industrial infrastructure, and it will prioritize resources toward computing power, data centers, and other AI foundational support, shifting from a beneficiary to a co-builder of AI infrastructure. Xi Dan also stressed that people are the measure of AI's development, with the core goal being to amplify human value and agency; Tencent is embedding AI into social, payment, employment, and public service scenarios to improve service experiences and ensure AI's benefits are shared across different groups in society.

JD - JD.com's robotics head Xu Lei outlined JD's supply-chain-driven strategy for the booming embodied intelligence sector, noting domestic embodied AI financing surpassed Rmb120bn in early 2026 (up 3x YoY). Amid surging demand the humanoid robot sales up was 8x and exoskeletons up 7x. JD plans to invest >Rmb10bn to build an integrated robotics supply chain. Key initiatives include partnering with 300+ brands via zero-threshold onboarding, deploying robotics across JD retail outlets, cutting component costs via standardized bulk procurement, gathering real-world training datasets, launching the "JoyInside" embodied platform, and expanding its "JoyRobocare" global service network.

Open-sourced model discussions - At an AI panel (link,Eastmoney,4-Nov) panelists including John Higgins, DeepSeek's Gao Xi, Alibaba Qwen's Liu Dayiheng, and MiniMax's Feng Wen discussed open-source AI. DeepSeek open-sources to accelerate AGI's arrival, framing time is the main competitor. Qwen has open-sourced 460+ models with 4 billion downloads, enabling decentralized global innovation. MiniMax shares engineering insights beyond models. Panelists agreed that open source and open collaboration are becoming an important force in accelerating AGI and reshaping competitive landscape of AI industry though governance, security and human capability development will determine its long-term viability.



Alibaba

(9988.HK; HK$100.6; 1; 04 Nov 26; 16:10)

Valuation

Our target price for Alibaba H-shares of HK$192 is based on 10x P/E on FY2027E Ecommerce group net profit, 7.0x P/S on FY2027E AI Cloud and Compute Services revenue, 5.0x P/S on AI Labs and Applications revenue, and 0.2x P/S on all other businesses. Our target multiples are benchmarked against comps. We also assign a 30% discount to net cash position, in-line with our SOTP for other internet peers. Our SOTP fair value comes to HK$192 per share.

Risks

Key downside risks that could prevent the shares from reaching our target price include: (i) failure in executing its new retail strategy; ii) investment spend and margins pressure become worse than expected; iii) slowdown of user traffic and online GMV and losing appeal to brands & merchants; iv) integration risks for newly acquired entities; v) slowdown of the Chinese and global economies and overhang of US-China or other trade disputes; and vi) regulatory risks on poor product quality and integrity of merchants.

Alibaba Group Holding

(BABA.N; US$105.29; 1; 04 Nov 26; 16:00)

Valuation

Our target price for Alibaba N-shares of US$193 is based on 10x P/E on FY2027E Ecommerce group net profit, 7.0x P/S on FY2027E AI Cloud and Compute Services revenue, 5.0x P/S on AI Labs and Applications revenue, and 0.2x P/S on all other businesses. Our target multiples are benchmarked against comps. We also assign a 30% discount to net cash position, in-line with our SOTP for other internet peers. Our SOTP fair value comes to US$193 per share.

Risks

Key downside risks that could prevent the shares from reaching our target price include: (i) failure in executing its new retail strategy; ii) investment spend and margins pressure become worse than expected; iii) slowdown of user traffic and online GMV and losing appeal to brands & merchants; iv) integration risks for newly acquired entities; v) slowdown of the Chinese and global economies and overhang of US-China or other trade disputes; and vi) regulatory risks on poor product quality and integrity of merchants.

JD.com

(JD.O; US$27.73; 1; 04 Nov 26; 16:00)

Valuation

Our target price of US$39.0 is based on 10x 2027E non-GAAP EPS of US$3.88; our target multiple implies 0.7x PEG which we believe is reasonable considering continued weakness in consumption sentiment.

Risks

Key downside risks that could impede the shares from reaching our target price include: 1) intensifying competition in the China e-commerce and food delivery space; 2) heavy investment in logistics delivery and overseas initiatives that could drag on margins; 3) a lack of visibility on margins trajectory and early years of profitability; and 4) a further slowdown in China's economy, which could impact consumer spending.

Tencent Holdings

(0700.HK; HK$401.6; 1; 04 Nov 26; 16:10)

Valuation

Our target price of HK$755 is based on a SOTP approach, which implies 22.8x 2026E and ~23.4x 2027E P/E. Our SOTP is based on the following: 1) Online games – We apply a 12x P/E to our 2027 estimated games net profit of Rmb130bn and yield a

valuation of HK$189 per share, or 25% of our target price; 2) Online advertising – We apply a 20x P/E to our 2027 estimated ads profit of Rmb85bn which yields a valuation of HK$205 per share, or 27% of our target price; 3) Social network – While we attribute the non-gaming revs (community platform revs) as overall social network revs, given the WeChat, QQ, and other Tencent apps, we apply a 25x P/E to the estimated profit of Rmb59bn and yield a valuation of HK$177 per share, or 23% of our target price; 4) Fintech – We apply a 15x P/E to our estimated profit of Rmb48bn and yield a valuation of HK$88 per share, or 12% of our target price; 5) Cloud/business services – We apply a 5x P/S (average of China peers) to our 2027 estimated Business services revs of Rmb76bn, which yields a valuation of HK$46 per share, or 6% of our target price; 6) Investment portfolio – We apply a 30% discount to the equity stake in the publicly listed investment portfolio which implies HK$51/share.

Risks

Downside risks that could prevent the Tencent shares from reaching our target price include: i) a faster-than-expected revenue slowdown in core PC games; ii) unsuccessful launches of new mobile games; iii) a decline of Honor of Kings ranking and momentum; iv) a further slowdown in China's economy, which might negatively affect advertising demand; and v) a change in the regulatory environment.