

What's Hot Today:

► GDS (9698.HK, HK\$39.56, HK\$63bn) Strong AI Orders Drive Backlog Expansion

GDS Holdings is a major data center infrastructure platform in mainland China, focusing on high-performance facilities for cloud and AI workloads. It reported 1Q26 revenue of RMB3.37bn (+24% YoY, +15% QoQ) and adjusted EBITDA of RMB1.95bn (+47% YoY, +43% QoQ), boosted by RMB429mn in one-time revenue and RMB89mn in one-time other income. Excluding these items, core revenue stood at RMB2.94bn (+8% YoY, +1% QoQ) and adjusted EBITDA amounted to RMB1.43bn (+8% YoY, +5% QoQ), reflecting strong AI / hyperscale order acceleration and improving revenue visibility, while core revenue conversion remained gradual as new orders are still moving into delivery.

Backlog expanding on AI order recovery: YTD gross additional power committed reached 346MW, already exceeding FY25's full-year 317MW, confirming that the AI order recovery highlighted in the 4Q25 earnings call has materialized in 1Q26. Area-based bookings also improved sharply, with net additional area committed rising to 55,379 sqm from 13,377 sqm in 4Q25, driving total backlog up to 204,556 sqm and effective backlog, a conservative measure after deducting 5% potential non-conversion, to 168,281 sqm. With around 35% of backlog expected to be delivered in 2Q–4Q26 and 40% in FY27, the expanding backlog provides stronger visibility and support for future recurring revenue growth

Move-In Gradual, Project Yield Stable: 1Q26 net additional area utilized stood at 16,086 sqm, lower than 18,236 sqm in 4Q25, suggesting customer move-in remained steady but has not yet caught up with strong order momentum. Total utilized area rose to 520,929 sqm, with utilization improving from 75.5% to 77.3%. MSR declined from RMB1,964/sqm/mth to RMB1,909/sqm/mth, mainly due to a higher hyperscale mix and more projects in lower-rent edge. Adjusted gross profit yield stayed around 11%, as project-level cash returns remained resilient despite lower MSR.

China & HK Indices	CLOSE	1D	YTD
HSI	25,651	-0.6%	0.1%
HSCEI	8,605	-0.4%	-3.5%
HSCCI	4,468	-0.6%	11.3%
CSI300	4,850	-0.0%	4.8%
Shanghai A	4,365	-0.2%	11.6%
Shanghai B	283	-1.5%	11.6%
Shenzhen A	3,002	-0.3%	13.4%
Shenzhen B	1,140	0.1%	-9.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	50,009	1.3%	4.0%
S&P 500	7,432	1.1%	8.6%
Nasdaq	26,270	1.5%	13.0%
NIKKEI Index	61,420	2.7%	22.0%
FTSE Index	10,432	1.0%	5.0%
CAC Index	8,117	1.7%	-0.4%
DA-X Index	24,737	1.4%	1.0%

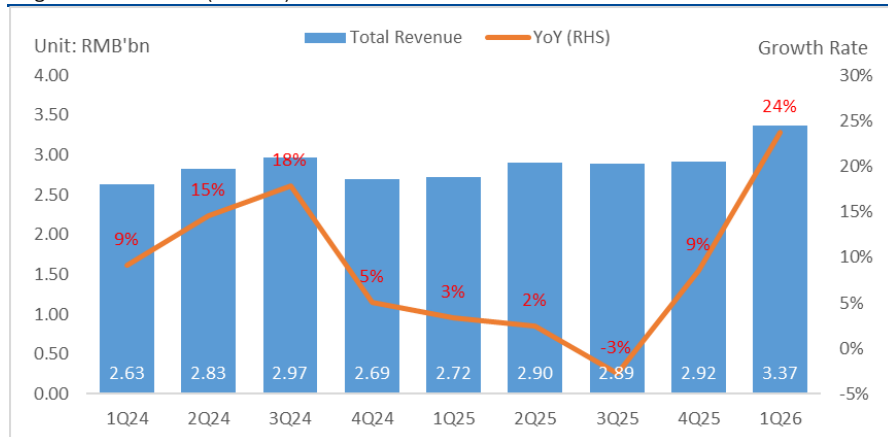
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,544	1.4%	5.2%
STEEL (US\$/oz.)	3,123	0.2%	22.8%
SILVER (US\$/oz.)	75	2.9%	5.8%
CRUDE OIL (US\$/bbl)	98	-8.8%	73.5%
COPPER (US\$/oz.)	13,655	0.5%	9.9%
ALUMINIUM (US\$/oz.)	3,622	1.5%	20.9%
PLATINUM (US\$/oz.)	1,953	1.5%	-5.2%
ZINC (US\$/oz.)	3,555	0.9%	14.0%
WHEAT (US\$/bu)	660	-1.0%	29.7%
CORN (US\$/bu)	465	-2.0%	2.2%
SUGAR (US\$/lb)	122	-1.0%	-
SOYBEAN (US\$/bu)	1,199	-0.8%	11.6%
PVC (US\$/t)	4,992	-1.1%	58.3%
CRB	396	-2.2%	3.0%
BDI	-	-1.2%	62.7%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.834	0.860	158.920	0.787	6.800
HKD	0.128		0.110	20.288	10.049	0.868
EUR	1.162	9.106		184.720	1.093	7.910
JPY	0.006	4.929	0.541		0.495	0.043
CHF	1.271	9.952	1.093	201.966		8.644
RMB	0.147	1.152	0.126	23.361	0.116	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	17	-2.4%

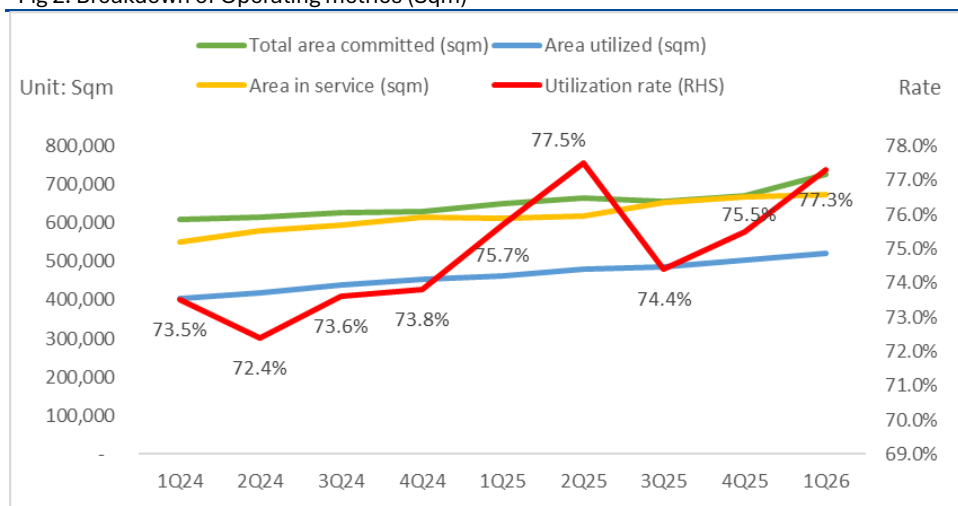
Source: Bloomberg

Fig 1: Total Revenue (RMB'bn)



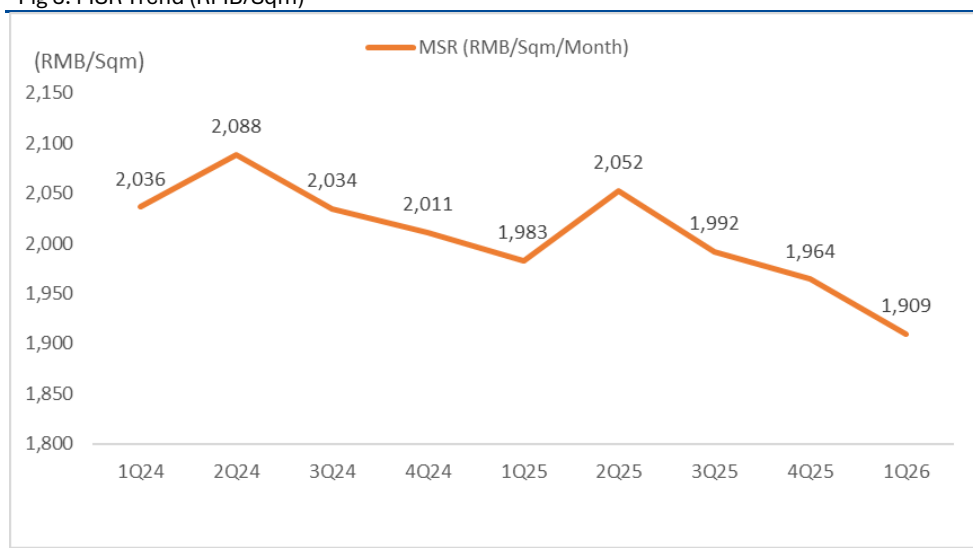
Source: Company Data, Sunwah Kingsway Research

Fig 2: Breakdown of Operating metrics (SqM)



Source: Company Data, Sunwah Kingsway Research

Fig 3: MSR Trend (RMB/Sqm)

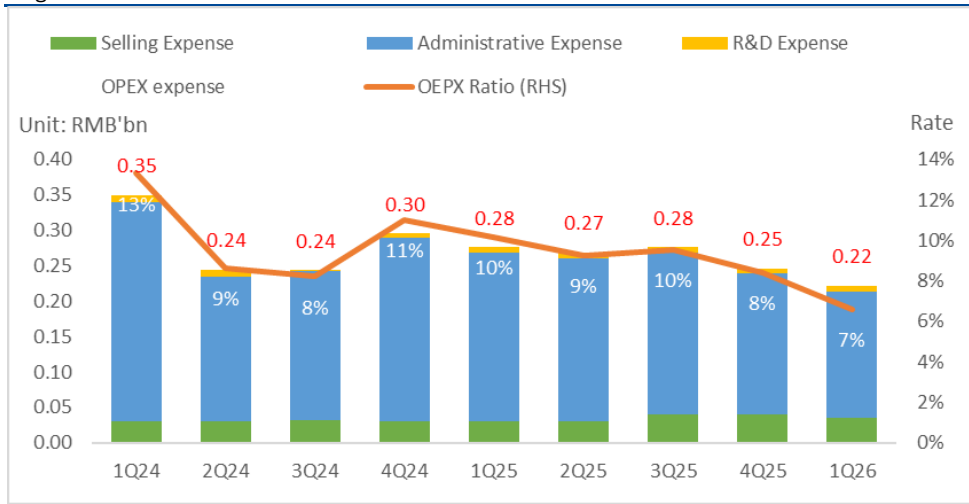


Source: Company Data, Sunwah Kingsway Research

Margins Improved: 1Q26 core GPM improved to around 23.9% from 21% in 4Q25, while core adjusted GPM rose to around 51.8% from 50.6%. Adjusted EBITDA excluding one-time items amounted to RMB1.43bn (+8% YoY, +5% QoQ), with margin improving to 48.7% from 46.7% in 4Q25. The improvement was supported by lower revenue cost, higher utilization and better operating efficiency.

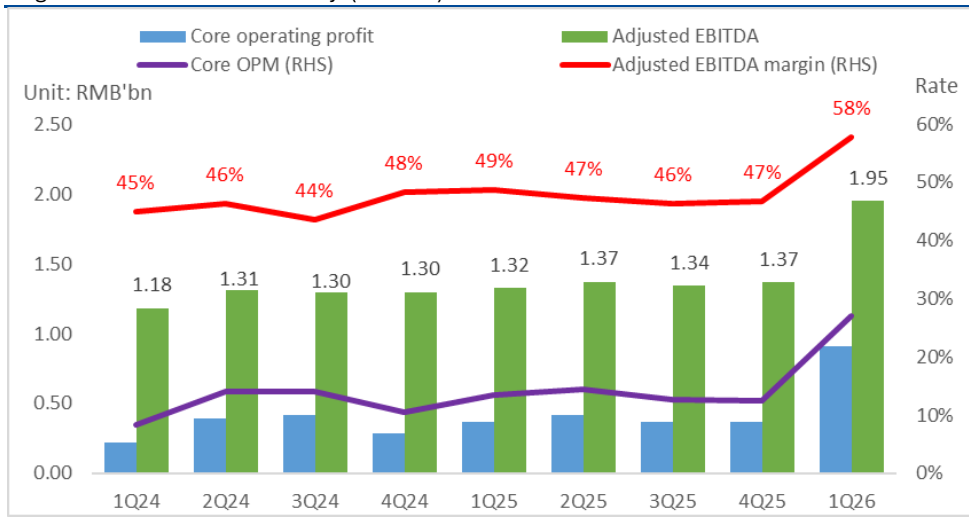
Cash Position Improved Ahead of AI Capex Cycle: Cash balance rose to RMB14.8bn at the end of 1Q26 from RMB14.3bn in 4Q25, while net debt declined to RMB31.1bn from RMB31.9bn due to partial sell-down of stake in DayOne CPS issuance. With stronger AI / hyperscale orders and better visibility on domestic high-performance chip supply, GDS strengthened its balance sheet ahead of a higher AI data center investment cycle. The company maintained FY26 organic capex guidance at RMB9.0bn, nearly double FY25's RMB4.7bn. 1Q26 organic capex was RMB770mn, with spending set to ramp as new orders enter construction and delivery.

Fig 4: Breakdown of OPEX



Source: Company Data, Sunwah Kingsway Research

Fig 5: Breakdown of Profitability (RMB'bn)



Source: Company Data, Sunwah Kingsway Research

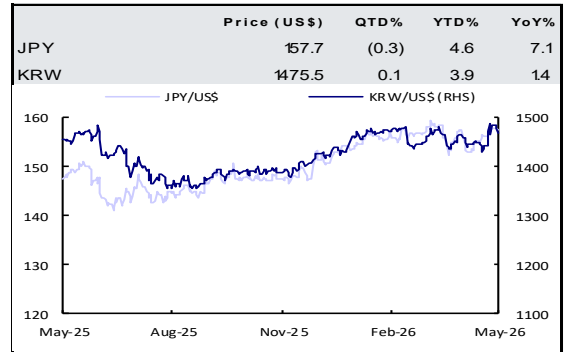
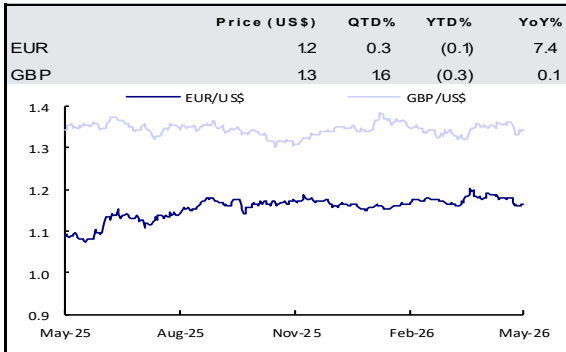
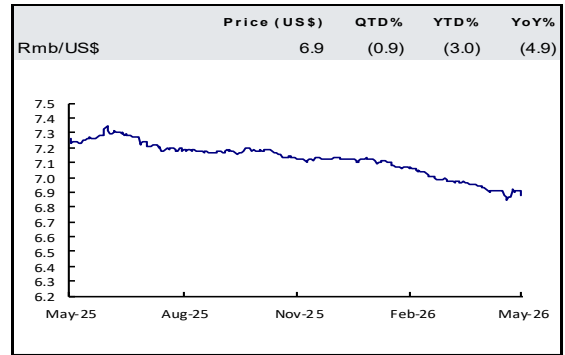
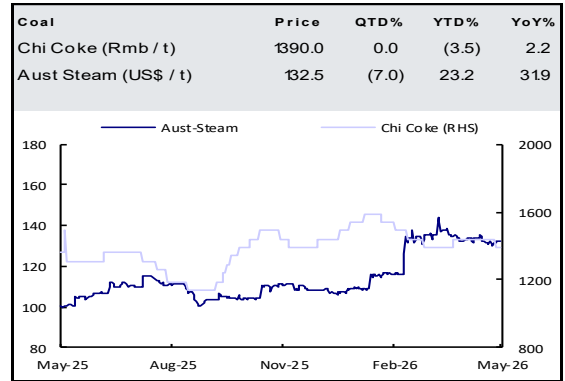
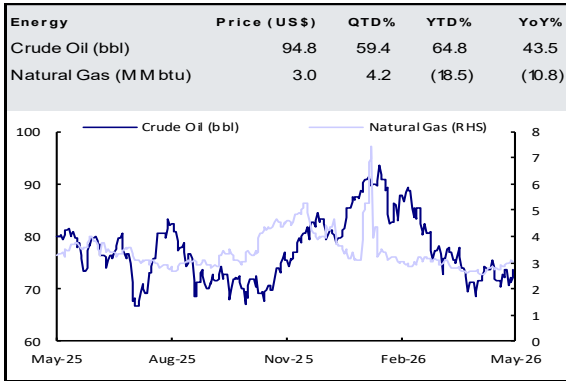
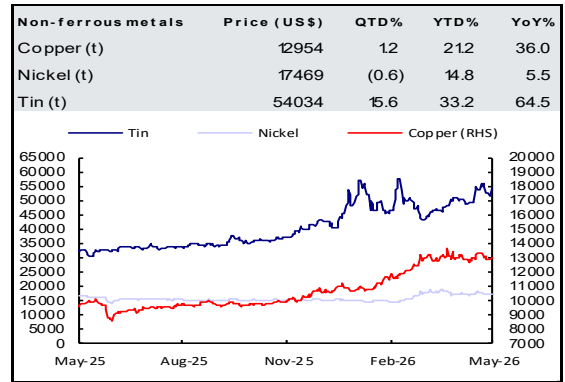
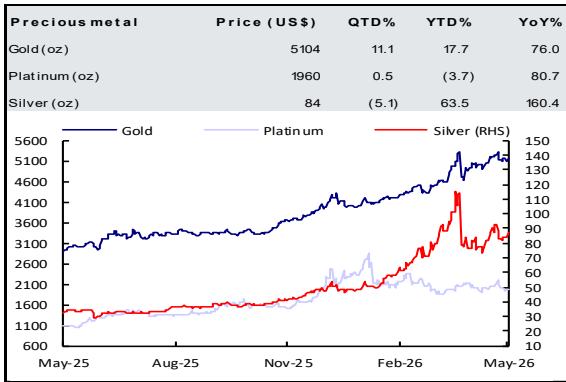
Our views: 1Q26 further confirmed the recovery in China's AI data center demand, with GDS seeing faster order intake, continued backlog expansion and improved operating momentum, largely in line with our previous expectations. However, AIDC should be viewed as a medium- to long-term AI infrastructure cycle rather than a short-term compute leasing trade, in our opinion. Unlike GPU leasing, which can quickly benefit from near-term supply-demand imbalance, AIDC orders need to go through a much longer process before converting into recurring revenue. As backlog expands and delivery progresses, GDS' revenue visibility and growth certainly should continue to improve.

This AIDC cycle is also different from the previous IDC cycle. High-power AI data centers are no longer just about cabinet supply. Operators need to meet national PUE requirements, securing power and energy consumption quotas, and fit into national computing hub planning. This should limit uncontrolled supply growth and develop into a better competitive landscape. GDS has secured around 3,700MW of powered land and reservations, with total developable capacity of around 5,600MW, providing strong resource headroom for future AI data center expansion.

DayOne remains a hidden gem in GDS with about 24% stake remaining. It is reported that DayOne is planning a dual listing on Nasdaq and SGX. Based on an estimated valuation of around US\$20bn, GDS' remaining stake would imply a look-through value of around US\$4.8bn, representing some 58% of GDS's market cap.

We remain positive on GDS' core competitiveness in the AIDC industry. As domestic GPU supply ramps up, AI / hyperscale customers' deployment confidence should strengthen further, supporting the continued conversion of GDS' backlog into delivery, customer move-in and recurring revenue. The counter is trading at FY26E 3.7x P/B and 15x EV/EBITDA. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		21-May-26
Housing Starts / Building Permits	MoM		21-May-26
Consumer Confidence	MoM		26-May-26
Personal Income & Spending	MoM		28-May-26
Durable Goods Orders	MoM		28-May-26
GDP	QoQ		28-May-26
New home Sales	MoM		28-May-26
Wholesale Inventories	MoM		29-May-26
ISM Manufacturing PMI	MoM		1-Jun-26
Factory Orders	MoM		3-Jun-26
Employment Report	MoM		5-Jun-26
Trade Balance	MoM		9-Jun-26
Existing Home Sales	MoM		9-Jun-26
CPI	MoM		10-Jun-26
PPI	MoM		11-Jun-26
Industrial Production	MoM		15-Jun-26
Retail Sales	MoM		17-Jun-26
Business Inventories	MoM		17-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-May-26
Foreign Exchange Reserves	QoQ		7-Jun-26
Money Supply - M2	MoM		9-Jun-26
Trade Balance	MoM		9-Jun-26
PPI	MoM		10-Jun-26
CPI	MoM		10-Jun-26
Retail Sales	MoM		16-Jun-26
Industrial Production	MoM		16-Jun-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		21-May-26
Trade Balance	MoM		28-May-26
Money Supply - M2	MoM		29-May-26
Retail Sales	MoM		2-Jun-26
PMI	MoM		3-Jun-26
Foreign Currency Reserve	MoM		5-Jun-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Unemployment Rate	MoM		16-Jun-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst
Howard Wong
Alan Li

Email
howard.wong@sunwahkingsway.com
alan.li@sunwahkingsway.com

Phone No.
(852) 2283 7307
(852) 2283 7306

Notice of interest disclosure filed by substantial shareholders for the two previous trading days

Name of listed corporation	Name of substantial share holder	No. of shares bought/sold/involved	Average price per share
SSY Group Ltd.	Qu Jiguang	2,000,000(L)	HKD 2.3133
Wanka Online Inc.	GAO Dinan	600,000(L)	HKD 1.3491
Wanka Online Inc.	LU Haiyan	600,000(L)	HKD 1.3491
Wanka Online Inc.	Wanka Media Limited	600,000(L)	HKD 1.3491
Agile Group Holdings Ltd.	Chan Cheuk Hei	874,000(L)	HKD 0.2413
Agile Group Holdings Ltd.	Chan Cheuk Nam	874,000(L)	HKD 0.2413
Agile Group Holdings Ltd.	Chen Zhuo Lin	874,000(L)	HKD 0.2413
Agile Group Holdings Ltd.	Lu Yanping	874,000(L)	HKD 0.2413
Asia Tele-Net And Technology Corporation Ltd.	Anatole Investment Management Limited	12,800,000(L)	HKD 8.6800
Asia Tele-Net And Technology Corporation Ltd.	Medusa Group Limited	12,800,000(L)	HKD 8.6800
Asia Tele-Net And Technology Corporation Ltd.	Yang Xiaofan	12,800,000(L)	HKD 8.6800
CGN Power Co., Ltd. - H Shares	中信证券资产管理有限公司	4,228,000(L)	HKD 3.4156
Ciprun Technology Holdings Co. Ltd.	Kong Junmin	5,116,000(L)	HKD 0.2130
Everest Medicines Ltd.	Wu Yifang	20,000(L)	HKD 30.5300
Glorious Sun Enterprises Ltd.	Yeung Chun Kam	52,000(L)	HKD 1.4000
Hengan International Group Co. Ltd.	Hui Ching Lau	300,000(L)	HKD 26.0653
Hong Kong Technology Venture Co. Ltd.	WONG WAI KAY	300,000(L)	HKD 1.1000
Jimu Group Ltd.	Sharp Ally International Limited	6,180,000(L)	HKD 0.5000
Kintor Pharmaceutical Ltd. - B	KT International Investment Limited	70,000(L)	HKD 2.7400
Kintor Pharmaceutical Ltd. - B	Tong Youzhi	70,000(L)	HKD 2.7400
Paradise Entertainment Ltd.	CHUN JAY	204,000(L)	HKD 0.6598
Red Star Macalline Group Corporation Ltd. - A Shares	Alibaba Group Holding Limited	2,685,200(L)	CNY 2.5700
Red Star Macalline Group Corporation Ltd. - A Shares	Taobao China Holding Limited	2,685,200(L)	CNY 2.5700
Red Star Macalline Group Corporation Ltd. - A Shares	Taobao Holding Limited	2,685,200(L)	CNY 2.5700
Red Star Macalline Group Corporation Ltd. - A Shares	杭州瀚月企业管理有限公司	2,685,200(L)	CNY 2.5700
Red Star Macalline Group Corporation Ltd. - A Shares	浙江天猫技术有限公司	2,685,200(L)	CNY 2.5700
Red Star Macalline Group Corporation Ltd. - A Shares	淘宝(中国)软件有限公司	2,685,200(L)	CNY 2.5700
Shanghai Bio-heart Biological Technology Co., Ltd. - B - H Shares	Wang Philip Li	10,000(L)	HKD 3.7300
Shanghai Bio-heart Biological Technology Co., Ltd. - B - H Shares	Winning Powerful Limited	10,000(L)	HKD 3.7300
Shouhui Group Ltd.	Asian Equity Special Opportunities Portfolio Master Fund Limited	11,220,200(L)	HKD 2.8681
Shouhui Group Ltd.	RAYS Capital Partners Limited	12,220,200(L)	HKD 2.8681
Silkway Inc	CHAU Ngai Fung	452,000(L)	HKD 0.1910
Softcare Ltd.	SHEN Yanchang	63,600(L)	HKD 26.0467
Softcare Ltd.	YANG Yanjuan	63,600(L)	HKD 26.0467
SSY Group Ltd.	Qu Jiguang	2,000,000(L)	HKD 2.3532
Tanwan Inc.	WU XUBO	10,000(L)	HKD 13.5900
Tomson Group Ltd.	HSU FENG	224,000(L)	HKD 2.3500
Wanka Online Inc.	GAO Dinan	400,000(L)	HKD 1.3785
Wanka Online Inc.	LU Haiyan	400,000(L)	HKD 1.3785
Wanka Online Inc.	Wanka Media Limited	400,000(L)	HKD 1.3785
Yeahka Ltd.	LIU YINGQI	146,400(L)	HKD 5.9950

Source: HKEX

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Head Office

Hong Kong
Kingsway Financial Services Group Limited
7/F, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: 852-2283-7000
Fax: 852-2877-2665

Affiliated & Overseas Offices

Guangdong
廣東新華滙富商業保理有限公司
601-5, Building 3
130 Jiaoxi Road, Nansha District,
Guangzhou, 511455, PRC