Not for redistribution without written consent of Morgan Stanley

Morgan Stanley | RESEARCH

IDEA

May 27, 2026 08:00 AM GMT

Greater China Semiconductors | Asia Pacific

Double Catalysts from Memory Expansion and Huawei's t (Tau)-Law

We reiterate our OW ratings on Naura, AMEC, and ACMR, with meaningful price target upside driven by memory capex acceleration and Huawei's 3D IC breakthrough.

Upgrading China WFE market forecasts: Our Global Semi team recently raised its 2026 global WFE market forecast to US$149bn (+27% Y/Y) and its 2027 forecast to US$191bn (+28% Y/Y) driven by stronger-than-expected memory and leading-edge foundry logic spending. Based on the updated regional breakdown, China's WFE market is on track to grow 15% Y/Y in 2026 to US$48bn and 18% Y/Y in 2027 to US $56bn (see Shane Brett's 2Q'26 WFE Update).

Accelerating memory capacity expansion in China: Our industry checks indicate YMTC and CXMT will start building additional fabs in 2026 to expand production. YMTC laid out its Fab 3/4/5 roadmap, with Fab 3 under construction and set to begin ramping in 2026. Beyond existing fabs in Hefei and Beijing, CXMT also plans to expand capacity in Shanghai. Based on our industry checks, our YMTC capacity expansion forecasts have been lifted to 85kwpm for 2027 and 100kwpm for 2028. For CXMT, our capacity projections have also been raised to 80kwpm for 2026, 90kwpm for 2027, and 100kwpm for 2028.

Implications of Huawei's t (Tau)-Law for WFE: On May 25, Huawei published a research paper (link) introducing t-scaling theory and presenting Logicfolding as a production-proven advance. In our interpretation, this approach uses vertical integration of circuit layers during wafer manufacturing to reduce interconnect lengths (a 3D IC architecture), lowering latency. This breakthrough could enable China to circumvent node limitations by allowing 5nm/7nm chips to deliver performance comparable to more advanced nodes. The paper repeatedly cites hybrid bonding and TSV (through-silicon via) as critical enablers for this architecture. We believe semicap companies capable of supplying corresponding tools, including hybrid bonding systems and TSV copper ECP, will be the primary beneficiaries.

Keep OW on Naura, AMEC, and ACMR: We raise our price targets for Naura to Rmb818 and for AMEC to Rmb550, driven primarily by significant upward revisions to our memory capacity forecasts and robust localization demand from domestic memory manufacturers. For ACMR, we lift our price target to US$90, reflecting strong demand from memory clients and our expectation that Huawei's LogicFolding process will drive increased adoption of ECP for TSV metallization, catalyzing rapid growth in ACMR's non-wet cleaning tool business.

MORGAN STANLEY TAIWAN LIMITED+
Charlie Chan
Equity Analyst
Charlie.Chan@morganstanley.com +886 2 2730-1725

Daniel Yen, CFA
Equity Analyst
Daniel.Yen@morganstanley.com +886 2 2730-2863

MORGAN STANLEY ASIA LIMITED+
Daisy Dai, CFA
Equity Analyst
Daisy.Dai@morganstanley.com +852 2848-7310

Henry Zhao
Research Associate
Henry.Zhao@morganstanley.com +852 2239-7731

MORGAN STANLEY TAIWAN LIMITED+
Tiffany Yeh
Equity Analyst
Tiffany.Yeh@morganstanley.com +886 2 7712-3032

Lucas Wang
Research Associate
Lucas.Wang@morganstanley.com +886 2 2730-2875

MORGAN STANLEY ASIA LIMITED+
Ethan Jia
Research Associate
Ethan.Jia@morganstanley.com +852 3963-2287

GREATER CHINA TECHNOLOGY SEMICONDUCTORS

Asia Pacific	
Industry View	**Attractive**

WHAT'S CHANGED

NAURA Technology Group Co Ltd (002371.SZ)	**From**	**To**
Price Target	Rmb600.00	**Rmb818.00**
Advanced Micro-Fabrication Equipment Inc (688012.SS)	**From**	**To**
Price Target	Rmb450.00	**Rmb550.00**
ACM Research Inc (ACMR.O)	**From**	**To**
Price Target	US$68.00	**US$90.00**

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+= Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

China WFE Market Outlook Raised on Stronger AI and Memory Investment Cycles

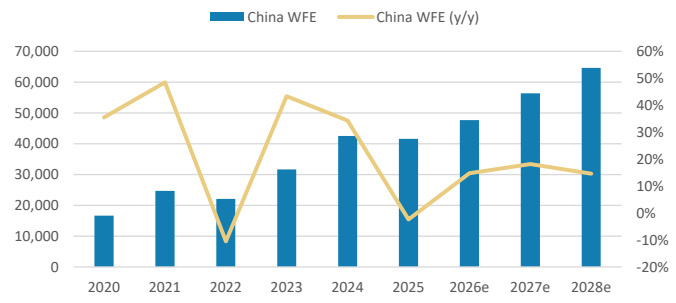
China WFE market outlook revised higher on stronger AI and memory investment cycle

Following our Global Semi team's WFE forecast upgrade, we now project China's WFE market to grow 15% Y/Y to US$48bn in 2026, then a further 18% Y/Y to US$56bn in 2027. Stronger-than-expected memory foundry investment and sustained domestic AI-related semiconductor demand primarily drive the revision.

China remains a key contributor to incremental WFE demand despite ongoing export restrictions. Our industry checks indicate Chinese foundries and memory players continue expanding capacity across mature and advanced nodes to support domestic AI compute, automotive, and industrial demand. While US-origin restrictions still limit direct access to some leading-edge tools, Japanese and domestic Chinese vendors have increasingly filled gaps across multiple process steps.

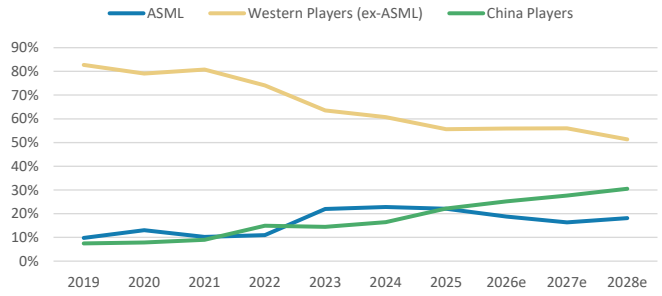
In parallel, local equipment suppliers are accelerating product localization and broadening technology coverage, particularly in etch, deposition, and cleaning systems. We therefore remain constructive on China domestic WFE vendors, as ongoing localization and capacity expansion should continue to support market share gains and revenue growth over the next several years.

Exhibit 1: China's WFE market – Our forecasts



Source: Company data, Morgan Stanley Research estimates. e = Morgan Stanley Research estimates

Exhibit 2: Chinese WFE vendors is expected to account for 25% of local WFE market share in 2026e



Source: Company data, Morgan Stanley Research estimates. e = Morgan Stanley Research estimates

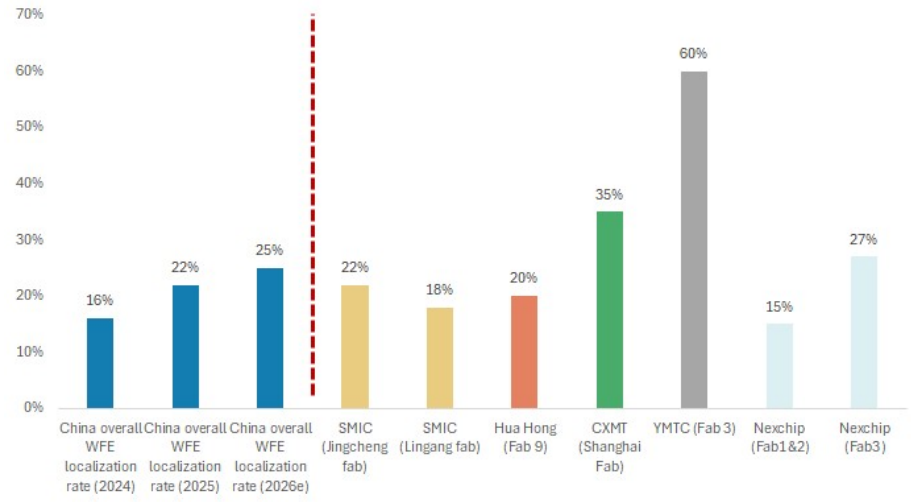
China Memory: IPO Momentum Fuels Accelerated Capacity Expansion and Localization Upside

CXMT is set for a pivotal milestone, with its listing committee review scheduled for May 27, 2026 (link), and a late-June 2026 STAR Market IPO widely anticipated. Concurrently, YMTC officially commenced pre-IPO coaching on May 19, 2026 (link), marking a critical step toward its A-share listing. If completed, we believe these listings would strengthen capital positions, providing a solid foundation for long-term capex and capacity scaling.

CXMT (Pre-IPO): We now expect a more aggressive capacity trajectory amid faster-than-anticipated qualification of domestic 1z nm (Gen4B) tooling. Our industry checks point to steady progress on DDR5 readiness, while localization rates track 5-10pp above our prior estimates to 35% for future projects due to tighter US export controls. Accordingly, CXMT's 2026-28 capacity expansion forecasts are raised to 80k, 90k and 100kwpm (from 30k, 50k, 50kwpm), respectively.

YMTC (IPO-coaching): Our supply-chain checks confirm YMTC continues filling Fab 2, with Fab 3 construction and tool move-in advancing despite modest delays that do not alter our core ramp-up thesis. Based on our industry checks, YMTC's 2027-28 capacity additions are forecast to be 85k and 100kwpm (from 40k and 50kwpm), respectively, reflecting more aggressive buildout on Fab 4/5 post–Fab 3 construction. Our 2026 capacity expansion forecast is unchanged at 35kwpm. In addition, our supply chain checks indicate localization penetration has increased to ~60% for new fabs as YMTC increasingly prioritizes qualified domestic vendors for 3D NAND etch, deposition, and hybrid bonding-related equipment. The ongoing IPO tutoring reinforces confidence in sustained capex support.

Exhibit 3: Local equipment adoption ratios of different key projects



Source: Company data, Morgan Stanley Research estimates.

Exhibit 4: Greater China Semis: Chinese foundries – Capacity forecasts

Chinese fab capacity (kwpm - 12" equiv)	2023	2024	2025	2026e	2027e	2028e
YMTC*	120	150	180	215	300	400
CXMT*	122	200	270	350	440	540
SMIC	358	399	464	541	640	757
HLMC*	120	130	145	180	205	225
Hua Hong	175	190	226	255	262	279
Silan	144	139	142	144	147	150
Yangjie	149	172	198	209	218	227
CR Micro	143	148	163	178	203	218
CanSemi*	45	60	67	77	85	96
AOS - China*	56	62	68	74	77	81
GTA*	76	96	116	116	116	116
NexChip*	120	180	220	260	300	340
SMEC*	67	67	87	97	107	112
SiEN*	73	93	103	113	128	143
XLMEC*	-	-	20	40	55	65
Guangmao*	-	-	5	30	40	60
Total	**1,768**	**2,086**	**2,471**	**2,849**	**3,284**	**3,750**

Source: Company data, Morgan Stanley Research estimates. e = Morgan Stanley Research estimates, * represents private companies or companies not covered by Morgan Stanley Research.

Exhibit 5: Morgan Stanley Global Semicap TAM forecasts – We forecast China's WFE TAM to rise 4% Y/Y in 2026

($mn)	2021	2022	2023	2024	2025	2026e	2027e	2028e
WFE by Region								
Total	*91,092*	*96,222*	*96,008*	*105,057*	*117,048*	*149,041*	*191,043*	*215,312*
North America	*7,755*	*10,239*	*11,346*	*13,657*	*10,534*	*12,221*	*15,666*	*17,656*
Europe	*2,879*	*5,982*	*5,741*	*4,202*	*2,341*	*2,534*	*2,866*	*3,230*
Japan	*6,879*	*7,244*	*6,438*	*7,354*	*8,779*	*10,433*	*13,755*	*15,718*
Korea	*22,757*	*19,655*	*18,965*	*18,910*	*23,410*	*33,534*	*44,513*	*50,168*
Taiwan	*23,566*	*26,566*	*19,501*	*15,233*	*27,506*	*39,049*	*53,492*	*60,287*
China	*24,695*	*22,105*	*31,682*	*42,548*	*41,552*	*47,693*	*56,358*	*64,594*
Other	*2,561*	*4,431*	*2,334*	*3,152*	*2,926*	*3,577*	*4,394*	*3,660*
WFE by Region (Y/Y)								
North America	28%	32%	11%	20%	-23%	16%	28%	13%
Europe	8%	108%	-4%	-27%	-44%	8%	13%	13%
Japan	14%	5%	-11%	14%	19%	19%	32%	14%
Korea	51%	-14%	-4%	0%	24%	43%	33%	13%
Taiwan	54%	13%	-27%	-22%	81%	42%	37%	13%
China	48%	-10%	43%	34%	-2%	15%	18%	15%
Other	40%	73%	-47%	35%	-7%	22%	23%	-17%
WFE by Region (% of Total)								
North America	9%	11%	12%	13%	9%	8%	8%	8%
Europe	3%	6%	6%	4%	2%	2%	2%	2%
Japan	8%	8%	7%	7%	8%	7%	7%	7%
Korea	25%	20%	20%	18%	20%	23%	23%	23%
Taiwan	26%	28%	20%	15%	24%	26%	28%	28%
China	27%	23%	33%	41%	36%	32%	30%	30%
Other	3%	5%	2%	3%	3%	2%	2%	2%

Source: Company data, Morgan Stanley Research estimates. e = Morgan Stanley Research estimates

Exhibit 6: CXMT may keep its capacity expansion strong in 2026

CXMT	2021	2022	2023	2024	2025	2026e	2027e	2028e
Capacity (kwpm - 8" equiv)	**113**	**128**	**275**	**450**	**608**	**788**	**990**	**1,215**
12-inch fabs	**50**	**57**	**122**	**200**	**270**	**350**	**440**	**540**
Hefei Phase 1 (12-inch)	50	52	100	100	100	100	100	100
Hefei Phase 2 (12-inch)	0	0	0	50	90	100	100	100
Beijing (12-inch)	0	5	22	50	80	100	100	100
SH Chuansha (12-inch)	0	0	0	0	0	50	140	200
Fab 5								40

Source: TrendForce, Morgan Stanley Research estimates.

Exhibit 7: YMTC to ramp up capacity for Fab 2 and Fab 3 in 2026

YMTC	2021	2022	2023	2024	2025	2026e	2027e	2028e
Capacity (kwpm - 8" equiv)	**191**	**236**	**270**	**338**	**405**	**484**	**675**	**900**
12-inch fabs	**85**	**105**	**120**	**150**	**180**	**215**	**300**	**400**
Wuhan Fab1 (12-inch)	85	95	95	95	100	100	100	100
Wuhan Fab2 (12-inch)	0	10	25	55	80	100	100	100
Wuhan Fab3 (12-inch)	0	0	0	0	0	15	100	100
Fab4 (12-inch)								100
Fab5 (12-inch)								

Source: TrendForce, Morgan Stanley Research estimates.

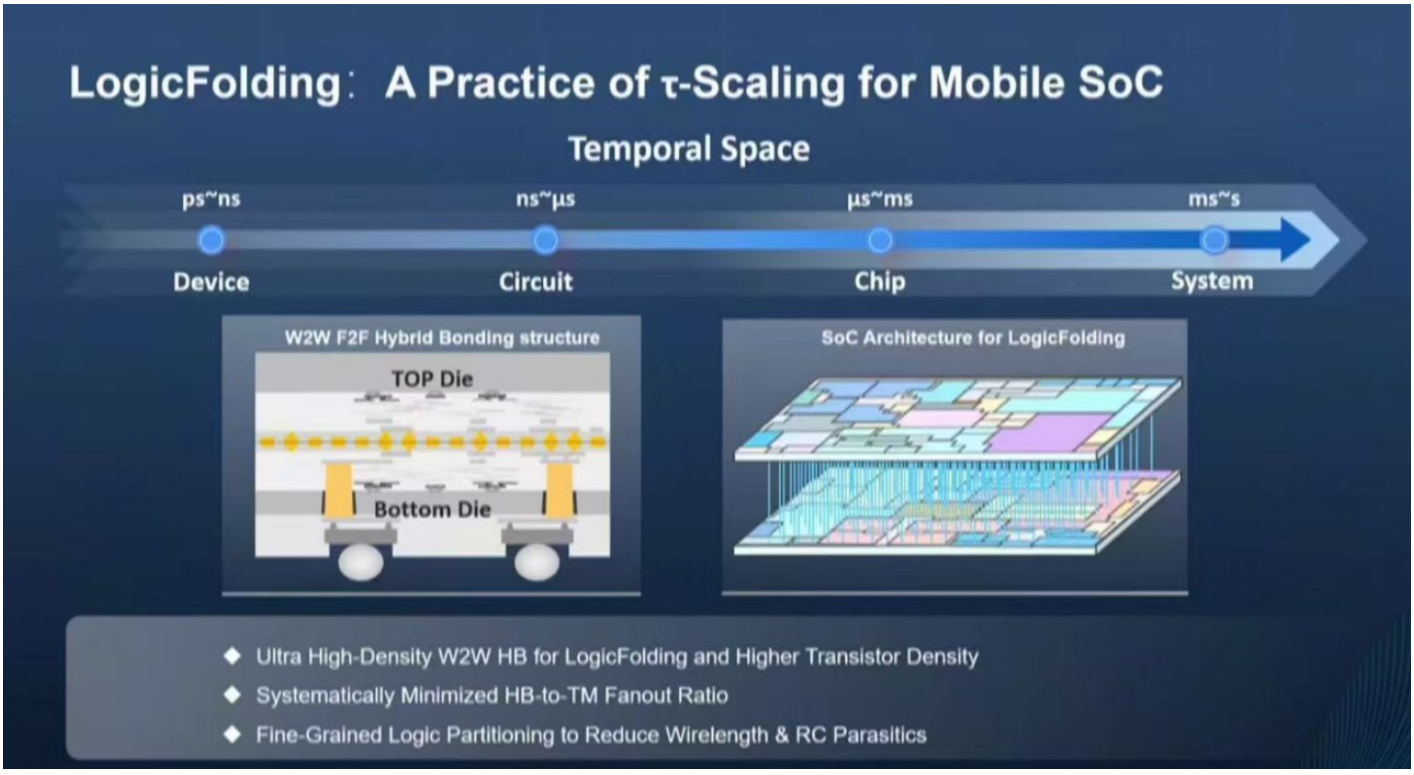
Huawei's t (Tau)-Scaling Breakthrough: Unlocking China's Advanced Node Catch-up Trajectory

Huawei's t-scaling theory shifts focus from geometric node shrink to systematically reducing the system time constant (t) across device, circuit, chip, and system layers

LogicFolding vertically stacks digital circuits to shorten interconnects and cut RC delay, enabling meaningful gains in transistor density, power efficiency, and frequency on mature process nodes. This 3D integration bypasses advanced lithography, creating a sustainable performance path despite constrained node access.

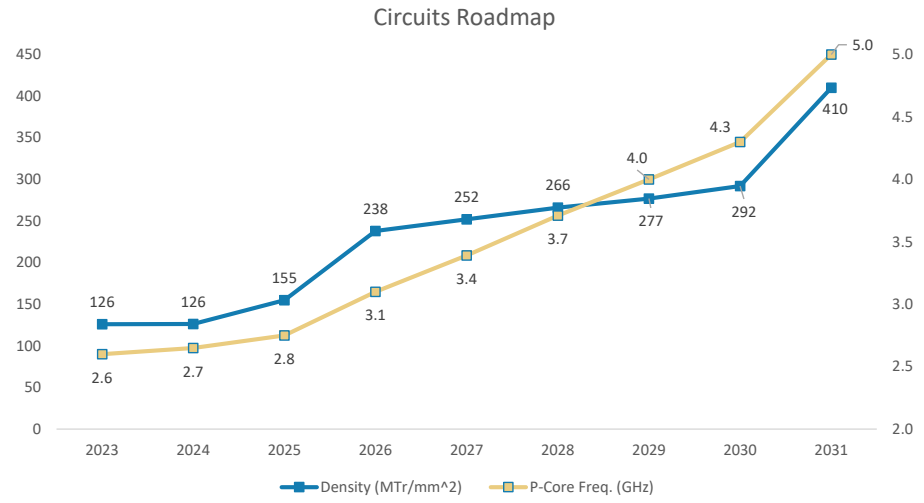
Realizing LogicFolding and broader t-scaling depends on advanced packaging and wafer fab infrastructure, with two key enablers: hybrid bonding and TSV (through-silicon via). The paper sets stringent requirements: 1) hybrid bonding pitch below 2 m; 2) overlay accuracy under 0.5 m; 3) tight TSV dimension/pitch controls; and 4) near-100% yield via smart redundancy. These translate into incremental WFE demand for hybrid bonding tools, TSV etchers, and copper electroplating equipment for via fill.

Exhibit 8: LogicFolding for Huawei's mobile SoC



Source: Huawei.

Exhibit 9: t-Scaling roadmap



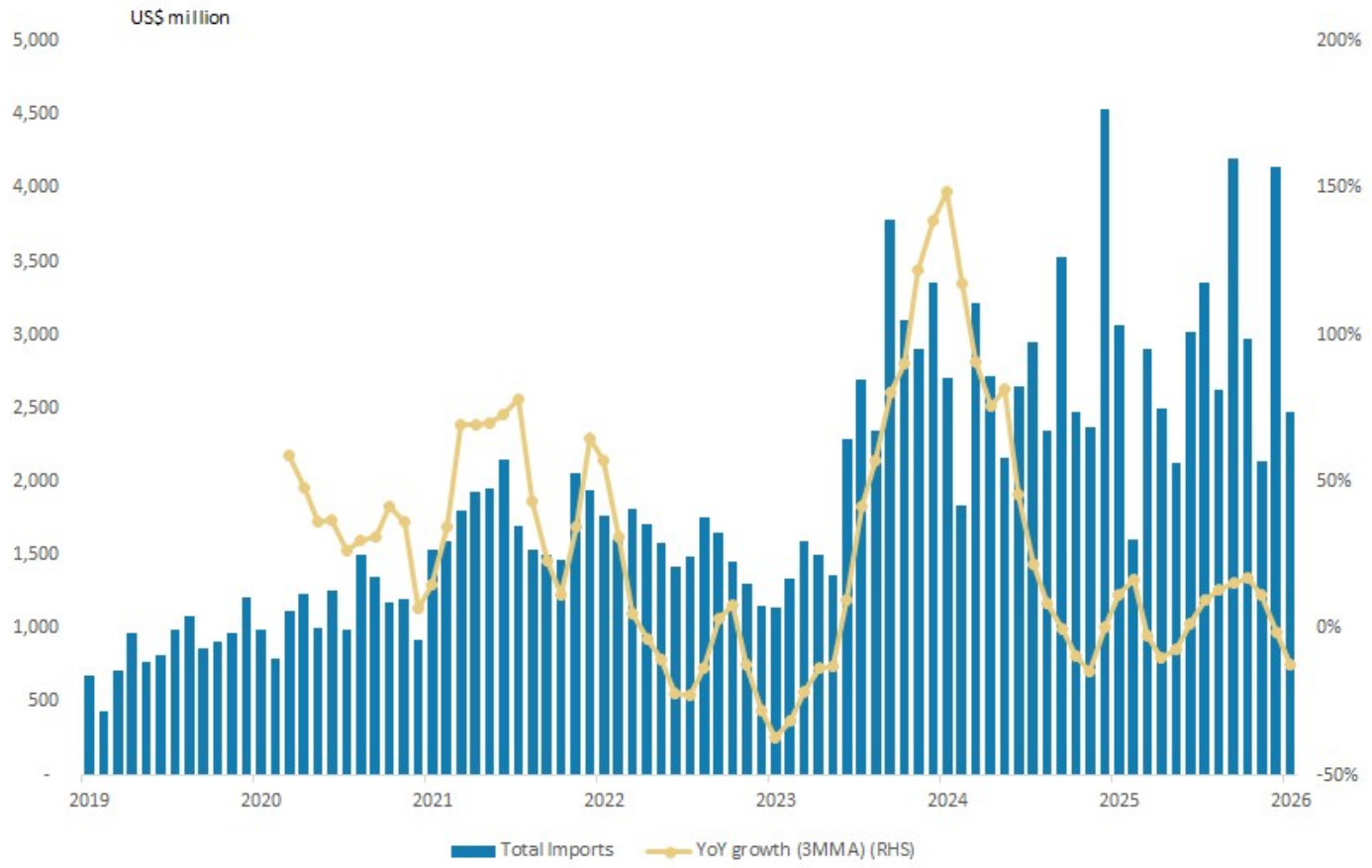
Source: Huawei, Morgan Stanley Research.

Exhibit 10: SMIC is ramping up its N+2 node (7nm), which remains roughly two generations behind TSMC; while this supports national security objectives, it may not be cost-competitive for consumer chips



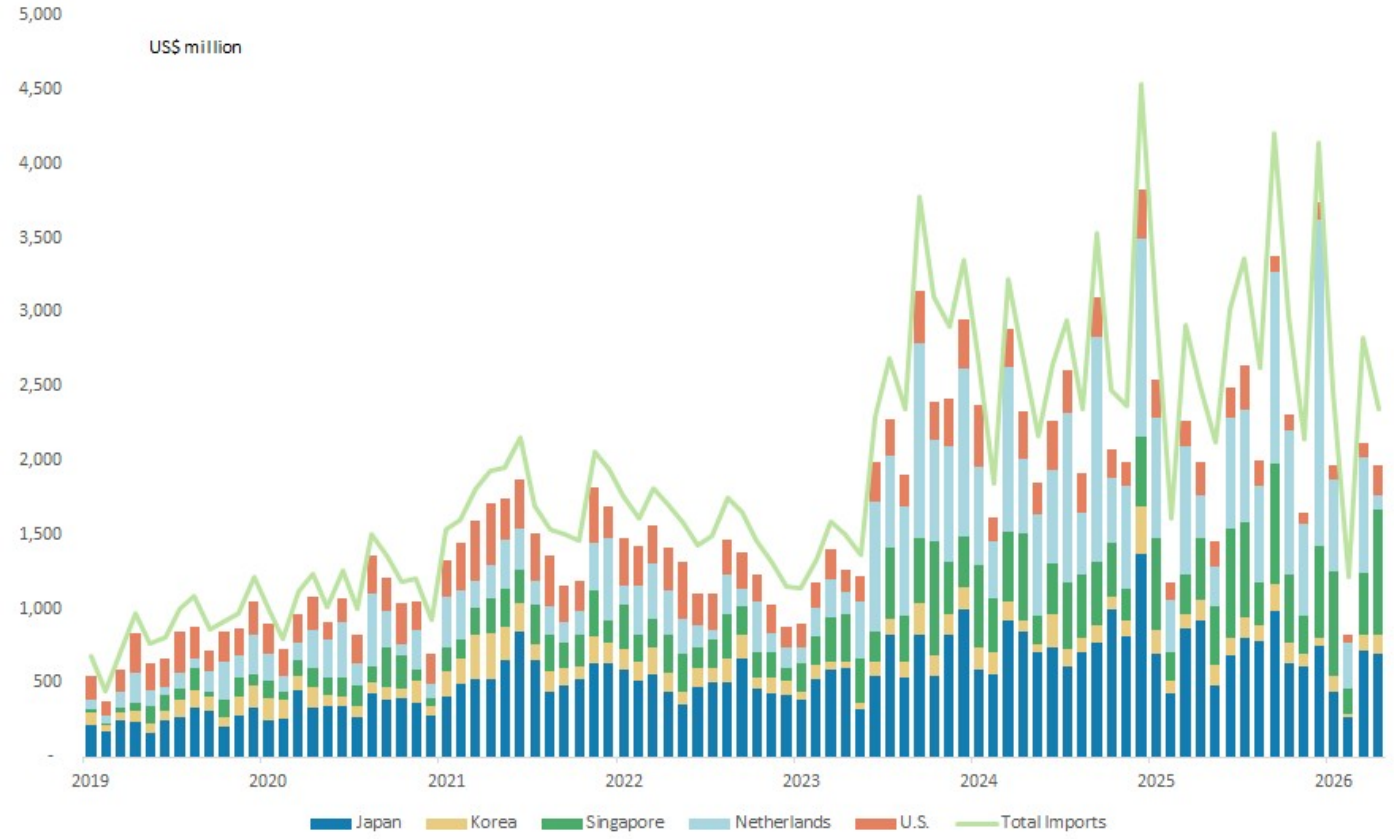
Source: Company data, Morgan Stanley Research.

Exhibit 11: China's semi equipment imports slowdown in January-April 2026



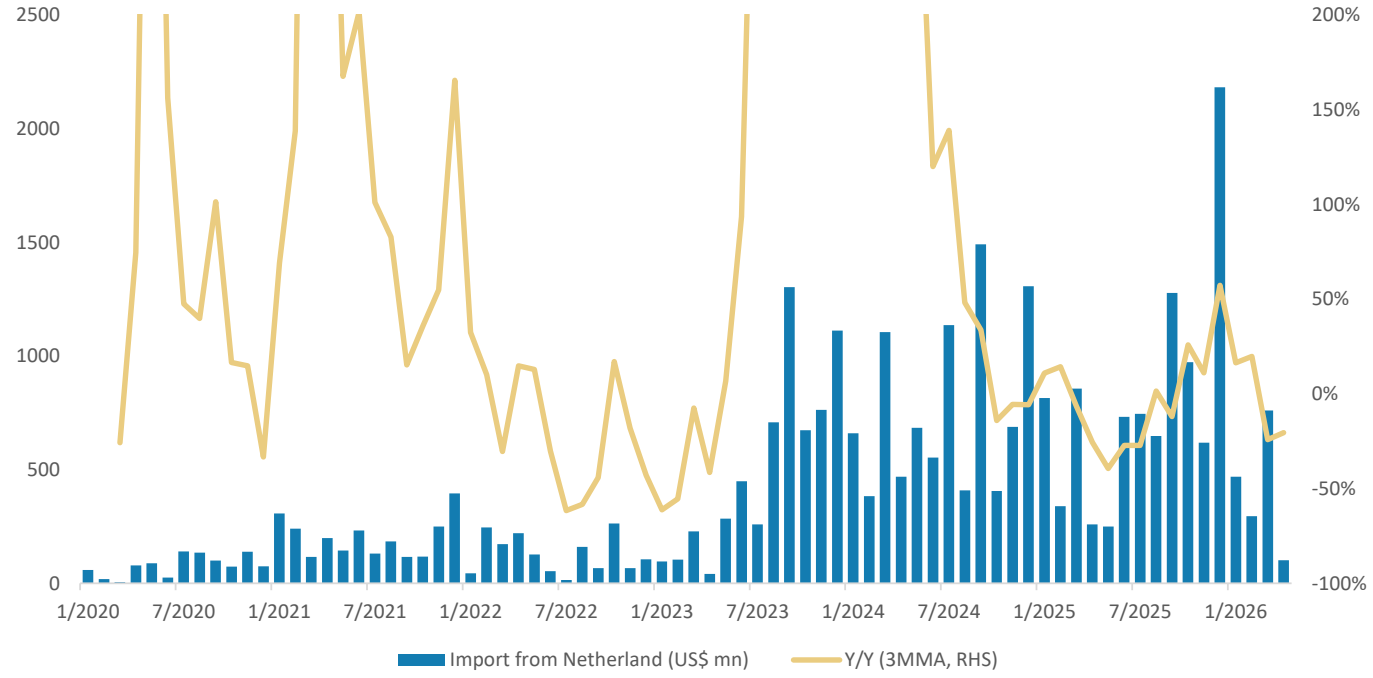
Source: China Customs, Morgan Stanley Research

Exhibit 12: Japan, Netherlands, Korea, and the US down y/y; Singapore up y/y (January-April 2026)



Source: China Customs, Morgan Stanley Research

Exhibit 13: Imports of semi lithography equipment from the Netherlands (mostly DUV tools) also slowed down in 1Q26



Source: China Customs, Morgan Stanley Research

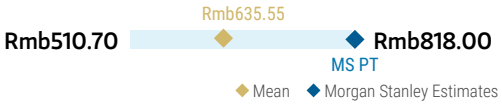
Risk Reward – NAURA Technology Group Co Ltd (002371.SZ)

Memory capacity expansion with long-term 3D IC opportunities; OW

PRICE TARGET Rmb818.00

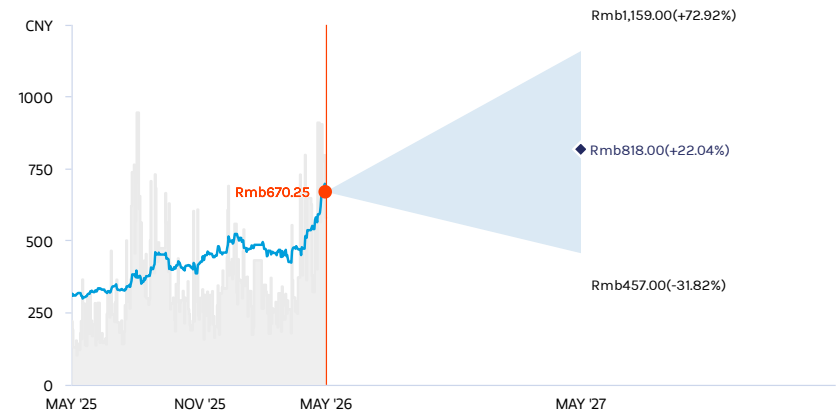
We use a residual income model to value NAURA. Our base case assumptions are:
- WACC of 10.1%, derived from a risk-free rate of 2.0%, beta of 1.35 and a market risk premium of 6.0%.
- Intermediate growth rate of 15%, reflecting opportunities in domestic advanced node capacity expansion.
- Terminal growth rate of 5%.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



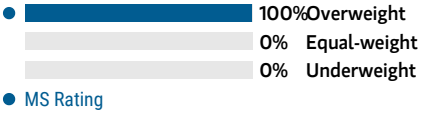
Key: Historical Stock Performance Current Stock Price Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Chinese logic and memory foundries appear likely to maintain high capex in 2026, which should help fuel NAURA's revenue growth.
- We view NAURA as a long-term beneficiary of China's semiconductor equipment localization trend. We believe its key customers will continue to expand capacity aggressively over the next few years.
- The company has acquired a 17.9% share in KingSemi, whose track, cleaning, and back-end equipment could complement NAURA's product portfolio.
- 2026e P/E is lower than its average P/E since 2016, which we view as appealing.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE Rmb1,159.00

91x 2026e P/E

We assume: 1) >45% revenue CAGR in 2025-28e, fueled by stronger-than-expected semi capex; 2) NAURA's domestic market share rises in 2026; and 3) gross margin improves to over 45% in 2026, thanks to scale effects and the company's technology competitiveness. Customers' capex also resumes a bullish trend.

BASE CASE Rmb818.00

64x 2026e P/E

We expect: 1) 30% revenue CAGR in 2025-28e, thanks to the robust capacity expansion plans of downstream fabs; 2) NAURA's domestic market share to increase gradually; and 3) gross margin to grow slightly through 2026-28e.

BEAR CASE Rmb457.00

36x 2026e P/E

We assume: 1) <15% revenue CAGR in 2025-28e, owing to slower-than-expected capacity expansion plans by fabs; 2) NAURA's domestic market share is stable or even declines because of slower-than-expected R&D and slower cost reduction versus peers; and 3) gross margin falls below 35%, owing to the high bargaining power of its customers. Customers' capex also deteriorates more than expected.

Risk Reward – NAURA Technology Group Co Ltd (002371.SZ)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Sales to Memory Customers (Rmb, mn)	36,271	46,740	63,998	78,781
Sales to Front-end Logic Customers (Rmb, mn)	1,705	1,978	2,709	3,335
Sales to backend and others (Rmb, mn)	137	195	267	328

INVESTMENT DRIVERS

- Strong demand from China's semiconductor localization trend
- Production capacity expansion of domestic fabs

GLOBAL REVENUE EXPOSURE



100% Mainland China

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 MOST — 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger-than-expected semi capex cycle in China
- Faster-than-expected R&D, leading to substantial market share increases for NAURA
- Tight production capacity in chips, leading to faster capacity expansion by fabs

RISKS TO DOWNSIDE

- Slowdown in China's semi capex cycle
- NAURA's market share declines
- Weakening demand in automotive, factory automation, and IoT, resulting in oversupply of chips

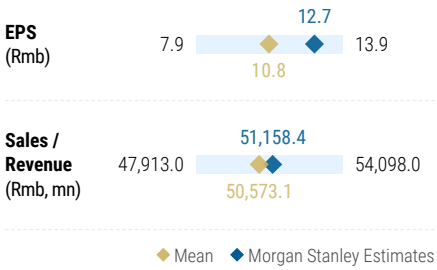
OWNERSHIP POSITIONING

Inst. Owners, % Active 94%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Naura: Earnings Estimate Revisions

We raise our 2026-28e EPS estimates 1%, 11%, and 16%, respectively: We believe NAURA will be one of the key beneficiaries of rising Chinese memory fab capacity and increasing localization rate due to tighter US export controls. Also, given the LogicFolding technology introduced by Huawei, foundries will also see more hybrid bonding and wet cleaning tools to conduct the 3D IC process, which will benefit NAURA. Therefore, we raise our 2026-28e revenue estimates for the company by 1%, 12%, and 18%, respectively. As our margin forecasts are effectively unchanged, our 2026-28e EPS forecasts rise by 1%, 11%, and 16%, respectively.

Exhibit 14: Naura: Estimate revisions

Rmb$ mn	New '2026E	Old '2026E	Diff.	New '2027E	Old '2027E	Diff.	New '2028E	Old '2028E	Diff.
Net sales	51,158	50,450	1%	70,469	62,918	12%	86,805	73,469	18%
Gross profit	21,187	20,889	1%	30,244	26,972	12%	37,417	31,611	18%
Operating profit	8,811	8,685	1%	13,483	12,008	12%	17,123	14,435	19%
Pretax Income	9,641	9,515	1%	14,116	12,640	12%	17,756	15,068	18%
Net income	9,228	9,115	1%	13,504	12,176	11%	17,180	14,761	16%
EPS for consensus	**12.71**	**12.56**	**1%**	**18.60**	**16.77**	**11%**	**23.67**	**20.34**	**16%**
Margins									
Gross margin	41.4%	41.4%		42.9%	42.9%		43.1%	43.0%	
Operating margin	17.2%	17.2%		19.1%	19.1%		19.7%	19.6%	
Pretax margin	18.8%	18.9%		20.0%	20.1%		20.5%	20.5%	
Net margin	18.0%	18.1%		19.2%	19.4%		19.8%	20.1%	
Opex %	24.2%	24.2%		23.8%	23.8%		23.4%	23.4%	

Source: Morgan Stanley Research (E) estimates.

Naura: Valuation Methodology

We raise our price target to Rmb818 from Rmb600 to factor in our EPS estimate changes. We also roll over our model from 2026 to 2H26-1H27.

We continue to derive our price target via a residual income model. Key assumptions remain a WACC of 10.1% (beta of 1.35, cost of equity of 6%, and risk-free rate of 2%) and terminal growth rate of 5.0%.

We raise our medium-term growth rate forecast to 15% from 14%, reflecting opportunities in domestic advanced node capacity expansion, which should continue to boost orders for NAURA following memory fab expansions.

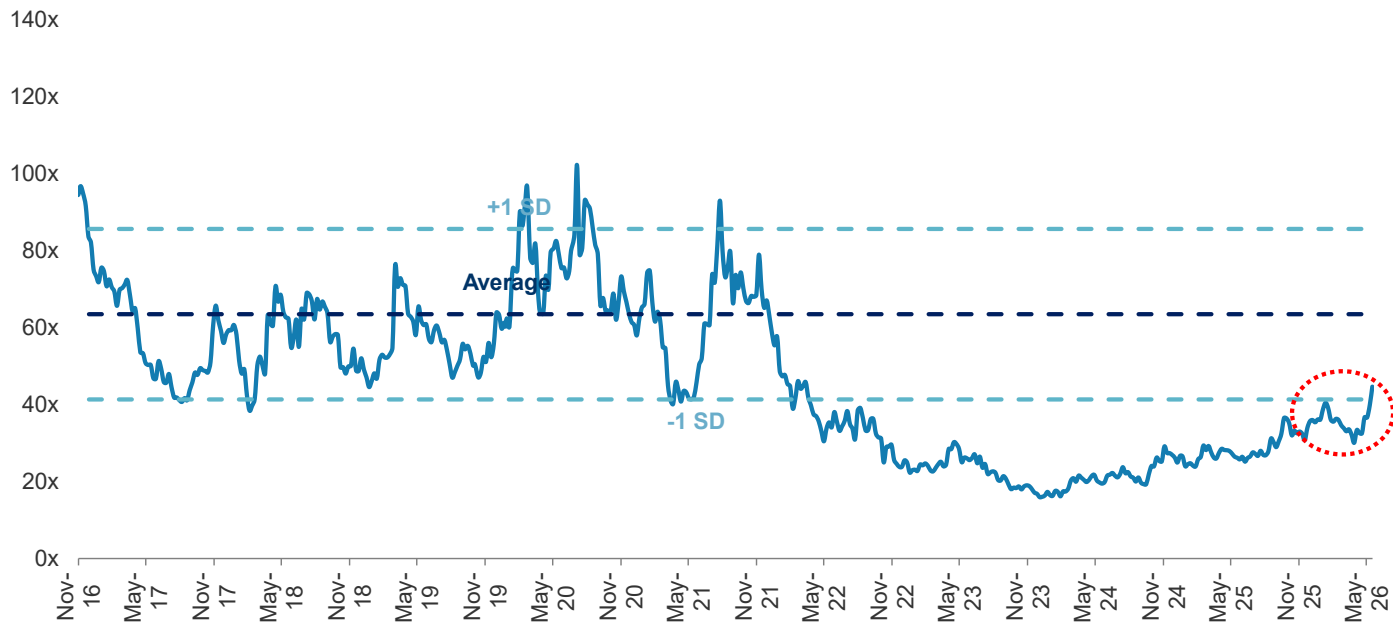
We raise our bull-case scenario value to Rmb1,159 from Rmb850, implying 91x 2026e P/E, and our bear-case value to Rmb457 from Rmb336, implying 36x 2026e P/E.

Exhibit 15: Naura: Residual income model

Rmb million	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E
Total Equity	**51,420**	**62,161**	**75,297**	**89,087**	**104,946**	**123,184**	**144,158**	**168,277**	**196,015**	**227,913**	**264,596**	**306,781**	**355,294**	**411,084**
Net Profit	**9,228**	**13,504**	**17,180**	**19,757**	**22,721**	**26,129**	**30,048**	**34,555**	**39,739**	**45,699**	**52,554**	**60,437**	**69,503**	**79,928**
ROAE	**19.4%**	**23.8%**	**25.0%**	**24.0%**	**23.4%**	**22.9%**	**22.5%**	**22.1%**	**21.8%**	**21.6%**	**21.3%**	**21.2%**	**21.0%**	**20.9%**
Residual Income	4,066	7,034	9,260	10,495	11,866	13,440	15,249	17,328	19,717	22,463	25,621	29,251	33,425	38,225
Spread	**9.3%**	**13.7%**	**14.9%**	**13.9%**	**13.3%**	**12.8%**	**12.4%**	**12.0%**	**11.7%**	**11.5%**	**11.2%**	**11.1%**	**10.9%**	**10.8%**
Ending Equity Capital	51,420	62,161												
PV of Forecast Period	102,634	117,917												
PV of Continuing Value	397,338	454,395												
Equity Value	**551,392**	**634,473**												
No. of Shares	725	725												
Implied Value	**761**	**876**												
Price Target (2H26-1H27)	**818**													

Source: Morgan Stanley Research (E) estimates.

Exhibit 16: Naura: Historical P/E band



Source: FactSet, Morgan Stanley Research (E) estimates.

Naura: Financial Summary

Exhibit 17: Naura: Financial summary

Income Statement

Rmbmn (Years End Dec)	2025	2026E	2027E	2028E
Net sales	39,353	51,158	70,469	86,805
COGS	(23,571)	(29,971)	(40,225)	(49,388)
Gross profit	15,782	21,187	30,244	37,417
Operating expenses	(10,505)	(12,376)	(16,760)	(20,294)
Operating income	**5,277**	**8,811**	**13,483**	**17,123**
Non-operating income	568	830	633	633
Pre-tax income	5,845	9,641	14,116	17,756
Income tax	436	1,029	1,412	1,776
Minority Interest	113	617	800	1,200
Reported net Income	**5,522**	**9,228**	**13,504**	**17,180**
Adj.wtd.avg.shrs(m)	627	725	725	725
Reported EPS (Rmb)	**9.25**	**12.74**	**18.64**	**23.71**
EPS for consensus (Rmb)	**9.23**	**12.71**	**18.60**	**23.67**

Balance Sheet

Rmbmn (Years End Dec)	2025	2026E	2027E	2028E
Cash	17,337	21,398	22,895	27,963
Mkt Securities	42	42	42	42
AR/NR	9,402	10,647	14,665	18,065
Inventory	28,627	33,127	44,461	54,588
Other	3,912	3,912	3,912	3,912
Current Assets	**59,321**	**69,126**	**85,975**	**104,570**
Long-term investments	300	300	300	300
Fixed assets	7,568	7,568	7,568	7,568
Deffered assets	1,239	1,239	1,239	1,239
Other assets	21,372	21,372	21,372	21,372
Total Assets	**89,801**	**99,605**	**116,455**	**135,050**
S/T borrowings	319	319	319	319
AP/NP	15,544	17,856	23,965	29,424
Other ST liabilities	10,317	10,317	10,317	10,317
LT debt	12,973	12,973	12,973	12,973
Other LT liabilities	6,720	6,720	6,720	6,720
Common shares	725	725	725	725
Total Liabilities	**45,873**	**48,185**	**54,294**	**59,753**
Additional capital	17,966	17,966	17,966	17,966
Retained earning	18,802	26,294	37,035	50,171
Other shareholders' equity	6,436	6,436	6,436	6,436
Total Equity	**43,928**	**51,420**	**62,161**	**75,297**
Total Liab. & Shrhldr's Equity	**89,801**	**99,605**	**116,455**	**135,050**

E = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

Cash Flow Statement

Rmbmn (Years End Dec)	2025	2026E	2027E	2028E
Cashflow from Operations	**2,133**	**6,237**	**4,702**	**9,553**
Net profits	5,522	9,228	13,504	17,180
Depreciation	441	441	441	441
Working Capital Change	(1,537)	(3,432)	(9,243)	(8,068)
Other adjustments	(2,293)	0	0	0
Cashflow from Investing	**(3,929)**	**(441)**	**(441)**	**(441)**
Capex	(1,804)	(441)	(441)	(441)
Change of LT Investment	(234)	0	0	0
Change of ST Investment	(42)	0	0	0
Other adjustments	(1,849)	0	0	0
Cashflow from financing	**6,607**	**(1,736)**	**(2,764)**	**(4,044)**
Increase in L/T debt	9,027	0	0	0
Increase in S/T debt	316	0	0	0
Cash Dividend Paid	(1,682)	(1,736)	(2,764)	(4,044)
Issuance of stock	191	0	0	0
Other adjustments	(1,244)	0	0	0
Exchange rate adjustment	840	0	0	0
Net change in cash	**5,652**	**4,061**	**1,497**	**5,068**

Financial Ratios

	2025	2026E	2027E	2028E
Growth(%)				
Turnover	31.9	30.0	37.7	23.2
Operating profits	-10.9	67.0	53.0	27.0
Pretax profits	-10.2	64.9	46.4	25.8
Net profits	-1.6	67.1	46.3	27.2
EPS	-12.7	37.8	46.3	27.2
Margins (%)				
Gross Margin	40.1	41.4	42.9	43.1
Operating Margin	13.4	17.2	19.1	19.7
Pretax Margin	14.9	18.8	20.0	20.5
Net Profit	14.0	18.0	19.2	19.8
Return (%)				
ROAE	14.5	19.4	23.8	25.0
ROAA	7.1	9.7	12.5	13.7
Gearing (%)				
Net Debt/Equity	(38.7)	(41.0)	(36.3)	(36.7)
Liabilities/Equity	104.4	93.7	87.3	79.4
Ratios (X)				
Current ratio	2.3	2.4	2.5	2.6
Quick ratio	1.0	1.1	1.1	1.1
Others				
AR/NR Turnover (days)	76	76	76	76
Inventory Turnover (days)	403	403	403	403
AP Turnover (days)	217	217	217	217
Cash Conversion (days)	262	262	262	262

Risk Reward – Advanced Micro-Fabrication Equipment Inc (688012.SS)

Higher backlog guidance given robust memory capacity expansion

PRICE TARGET Rmb550.00

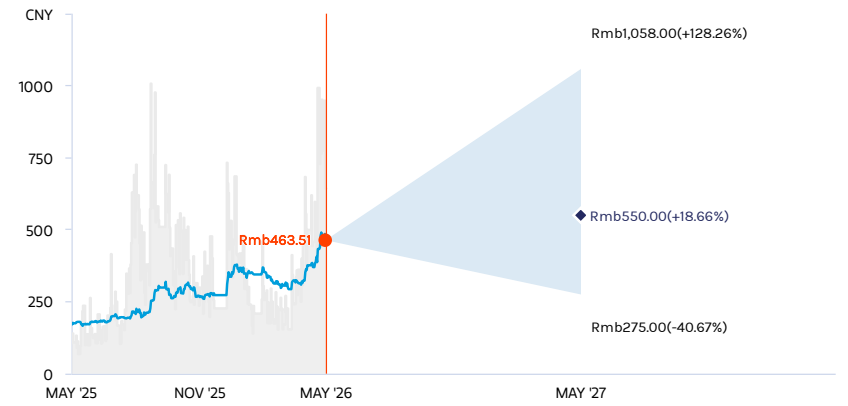
Base case, residual income model. We assume a 6.2% cost of equity, a medium-term growth rate of 14% and a terminal growth rate of 4.0%. We believe these assumptions are justified, given AMEC's structural position in the Chinese semiconductor equipment industry, allowing it to grasp opportunities coming from any fab expansions.

Consensus Price Target Distribution Rmb220.00 — Rmb443.08 — MS PT — Rmb614.00

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- We remain positive on AMEC's new orders signed in 2026 and localization trends.
- We believe AMEC is strategically positioned to benefit from China's demand for domestic etching equipment and deposition over the long run.
- AMEC continues to expand its pipeline, including critical wafer fab equipment like EPI tools, process control, etc. As well, AMEC has entered the CMP field by acquiring SiZone Tech.
- Our estimates and price target reflect heavy spending on R&D and investment income from Piotech; valuation still looks attractive.

Consensus Rating Distribution

96%	Overweight
4%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Disruption:	*Negative*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE Rmb1,058.00

173x 2026e P/E

AMEC rides China's semi localization wave with global market rebound: 1) Semi fab projects start to proliferate with substantial equipment demand; 2) shipments of AMEC's leading-edge equipment increase significantly; 3) all US export controls are lifted -- Chinese memory customers ramp up faster than expected and contribute significantly to AMEC's revenue; and 4) AMEC's margins start recovering with high-end product sale.

BASE CASE Rmb550.00

90x 2026e P/E

AMEC is a beneficiary of Chinese local semi demand; strong demand and capex in 2026: 1) Chinese localized semi fab capacity starts to proliferate with steady local equipment demand in the long run; 2) shipments of AMEC's leading-edge and memory equipment grow as expected; 3) AMEC's margins expand slightly to 39.9% in 2026.

BEAR CASE Rmb275.00

45x 2026e P/E

Global semi market weakens with limited expansion overseas: 1) Chinese localized semi fab projects slow with minimal equipment demand; 2) Chinese memory customers ramp up more slowly than expected and barely contribute to AMEC's revenue; and 3) AMEC's margins decline further due to stronger bargaining power of major fab clients.

Risk Reward – Advanced Micro-Fabrication Equipment Inc (688012.SS)

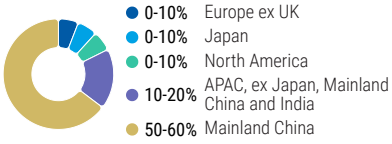
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue from Equipment for Etching (Rmb, mn)	9,419	11,690	14,875	17,866
Revenue from Equipment for MOCVD (Rmb, mn)	616	737	997	1,362
MOCVD business revenue Y/Y (%)	62.6	19.6	35.4	36.6

INVESTMENT DRIVERS

- Semi equipment industry demand
- Technology migration to more advanced nodes
- New projects driven by China's semi localization efforts

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 MOST — 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger-than-expected semi market
- Faster-than-expected product development
- Acceleration in China's local demand

RISKS TO DOWNSIDE

- Weak semi demand, leading vendors to compete on pricing
- Slower-than-expected product development
- Deceleration in China's local demand

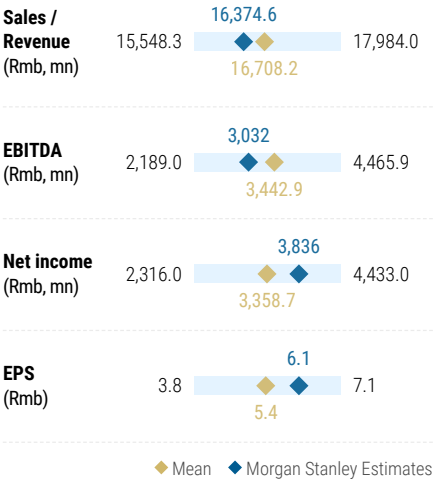
OWNERSHIP POSITIONING

Inst. Owners, % Active 96.1%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

AMEC: Earnings Estimate Revisions

We raise our EPS estimates 1%, 6%, and 11% for 2026-28e, respectively, reflecting potential market share gains at memory fab and advanced node clients. The company recently raised its backlog growth guidance for 2026 to 50% from 30%, which we believe will fuel top-line growth in 2027 and 2028. Therefore, we raise our 2026-28e revenue forecasts by 1%, 4%, and 8%, respectively. Given operating leverage, we raise our 2026-28e operating margin forecasts for AMEC by 0.2ppt, 0.6ppt, and 1.2ppt, respectively.

Exhibit 18: AMEC: Estimate revisions

Rmb mn	New '26E	Old '26E	Diff.	New '27E	Old '27E	Diff.	New '28E	Old '28E	Diff.
Net sales	16,375	16,237	1%	21,955	21,143	4%	27,839	25,718	8%
Gross profit	6,534	6,476	1%	8,744	8,415	4%	11,053	10,200	8%
Operating profit	2,879	2,827	2%	4,744	4,443	7%	6,847	6,068	13%
Pretax Income	4,200	4,148	1%	5,744	5,443	6%	7,847	7,068	11%
Net income	3,836	3,788	1%	5,236	4,959	6%	7,171	6,454	11%
EPS for consensus	**6.13**	**6.05**	**1%**	**8.36**	**7.92**	**6%**	**11.45**	**10.31**	**11%**
Margins									
Gross margin	39.9%	39.9%		39.8%	39.8%		39.7%	39.7%	
Operating margin	17.6%	17.4%		21.6%	21.0%		24.6%	23.6%	
Pretax margin	25.6%	25.5%		26.2%	25.7%		28.2%	27.5%	
Net margin	23.4%	23.3%		23.8%	23.5%		25.8%	25.1%	
Opex %	22.3%	22.5%		18.2%	18.8%		15.1%	16.1%	

Source: Morgan Stanley Research (E) estimates.

AMEC: Valuation Methodology

We raise our price target to Rmb550 from Rmb450, factoring in our EPS changes. We also roll over our model from 2026 to 2H26-1H27.

We continue to utilize a residual income model for valuation, including a WACC of 6.2% and terminal growth rate of 4.0% (unchanged). We believe these assumptions match AMEC's structural position in the Chinese semiconductor equipment industry. Our medium-term growth rate is 14%, reflecting AMEC's market share in memory clients and its quick pipeline expansion.

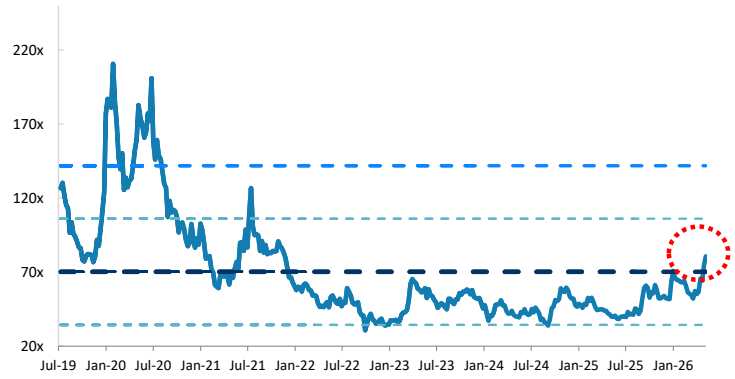
We also increase our bull-case scenario value to Rmb1,058 from Rm865, implying 173x 2026e P/E, and our bear-case value to Rmb275 from Rmb225, implying 45x 2026e P/E.

Exhibit 19: AMEC: Residual income model

Rmb million	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E
Total Equity	**26,661**	**31,993**	**39,261**	**44,596**	**50,678**	**57,612**	**65,516**	**74,527**	**84,799**	**96,510**	**109,860**	**125,079**	**142,428**
Net Profit	**3,932**	**5,333**	**7,267**	**8,285**	**9,445**	**10,767**	**12,274**	**13,993**	**15,952**	**18,185**	**20,731**	**23,633**	**26,942**
ROAE	**15.9%**	**18.2%**	**20.4%**	**19.8%**	**19.8%**	**19.9%**	**19.9%**	**20.0%**	**20.0%**	**20.1%**	**20.1%**	**20.1%**	**20.1%**
Residual Income	2,213	3,199	4,547	5,330	6,084	6,943	7,923	9,040	10,314	11,766	13,421	15,308	17,459
Spread	**9.7%**	**12.0%**	**14.2%**	**13.6%**	**13.6%**	**13.7%**	**13.8%**	**13.8%**	**13.8%**	**13.9%**	**13.9%**	**13.9%**	**14.0%**
Ending Equity Capital	26,661	31,993											
PV of Forecast Period	53,494	62,004											
PV of Continuing Value	240,439	274,224											
Equity Value	**320,594**	**368,221**											
No. of Shares	626	626											
Implied Value	**512**	**588**											
Price Target (2H26-1H27)	**550**												

Source: Morgan Stanley Research (E) estimates.

Exhibit 20: AMEC: P/E band



Source: FactSet, Morgan Stanley Research estimates

AMEC: Financial Summary

Exhibit 21: AMEC: Financial summary

Income Statement Rmb mn (Years End Dec)	2025	2026E	2027E	2028E
Net sales	12,385	16,375	21,955	27,839
COGS	(7,534)	(9,841)	(13,211)	(16,785)
Gross profit	4,850	6,534	8,744	11,053
Operating expenses	(3,452)	(3,655)	(4,000)	(4,206)
Operating income	**1,399**	**2,879**	**4,744**	**6,847**
Non-operating income	791	1,321	1,000	1,000
Pre-tax income	2,190	4,200	5,744	7,847
Income tax	126	316	460	628
Minority Interest	(47)	(48)	(48)	(48)
Reported net Income	**2,017**	**3,836**	**5,236**	**7,171**
Adj.wtd.avg.shrs(m)	625	626	626	626
EPS for consensus (NT$)	**3.23**	**6.13**	**8.36**	**11.45**

Balance Sheet Rmb mn (Years End Dec)	2025	2026E	2027E	2028E
Cash	5,997	7,957	9,696	13,030
Mkt Securities	792	792	792	792
AR/NR	2,047	2,309	3,096	3,925
Inventory	7,170	9,279	12,457	15,828
Other	2,928	2,928	2,928	2,928
Current Assets	**18,934**	**23,265**	**28,969**	**36,503**
Long-term investments	1,445	1,445	1,445	1,445
Fixed assets	2,829	3,095	3,515	4,087
Deffered assets	335	335	335	335
Other assets	6,303	4,705	4,705	4,705
Total Assets	**29,846**	**32,844**	**38,968**	**47,074**
S/T borrowings	0	0	0	0
AP/NP	1,856	2,309	3,100	3,939
Other ST liabilities	2,959	2,959	2,959	2,959
LT debt	730	730	730	730
Other LT liabilities	1,572	185	185	185
Common shares	626	626	626	626
Total Liabilities	**7,117**	**6,184**	**6,975**	**7,813**
Additional capital	15,042	15,042	15,042	15,042
Retained earning	6,922	10,854	16,186	23,454
Other shareholders' equity	139	139	139	139
Total Equity	**22,729**	**26,661**	**31,993**	**39,261**
Total Liab. & Shrhldr's Equity	**29,846**	**32,844**	**38,968**	**47,074**

E = Morgan Stanley Research Estimates
Source: Morgan Stanley Research, Company Data

Cash Flow Statement Rmb mn (Years End Dec)	2025	2026E	2027E	2028E
Cashflow from Operations	**2,295**	**2,379**	**2,312**	**4,060**
Net profits	2,111	3,932	5,333	7,267
Depreciation	153	153	153	153
Working Capital Change	11	(1,706)	(3,174)	(3,361)
Other adjustments	20	0	0	0
Cashflow from Investing	**(2,105)**	**(419)**	**(572)**	**(726)**
Capex	(266)	(419)	(572)	(726)
Change of LT Investment	(7,628)	0	0	0
Change of ST Investment	6,891	0	0	0
Other adjustments	(1,101)	0	0	0
Cashflow from financing	**182**	**0**	**0**	**0**
Increase in L/T debt	9	0	0	0
Increase in S/T debt	0	0	0	0
Cash Dividend Paid	0	0	0	0
Issuance of stock	0	0	0	0
Other adjustments	173	0	0	0
Exchange rate adjustment	(31)	0	0	0
Net change in cash	**342**	**1,960**	**1,740**	**3,334**

Financial Ratios	2025	2026E	2027E	2028E
Growth(%)				
Turnover	36.6	32.2	34.1	26.8
Operating profits	4.1	105.8	64.8	44.3
Pretax profits	28.1	91.8	36.8	36.6
Net profits	24.8	90.2	36.5	37.0
EPS	24.2	89.8	36.5	37.0
Margins (%)				
Gross Margin	39.2	39.9	39.8	39.7
Operating Margin	11.3	17.6	21.6	24.6
Pretax Margin	17.7	25.6	26.2	28.2
Net Profit	16.3	23.4	23.8	25.8
Return (%)				
ROAE	9.5	15.5	17.9	20.1
ROAA	7.2	12.2	14.6	16.7
Gearing (%)				
Net Debt/Equity	(26.4)	(29.8)	(30.3)	(33.2)
Liabilities/Equity	31.3	23.2	21.8	19.9
Ratios (X)				
Current ratio	3.9	4.4	4.8	5.3
Quick ratio	1.7	1.9	2.1	2.5
Others				
AR/NR Turnover (days)	51	51	51	51
Inventory Turnover (days)	344	344	344	344
AP Turnover (days)	86	86	86	86
Cash Conversion (days)	310	310	310	310

Risk Reward – ACM Research Inc (ACMR.O)

Key beneficiary of Huawei's LogicFolding via ECP tool upside

PRICE TARGET US$90.00

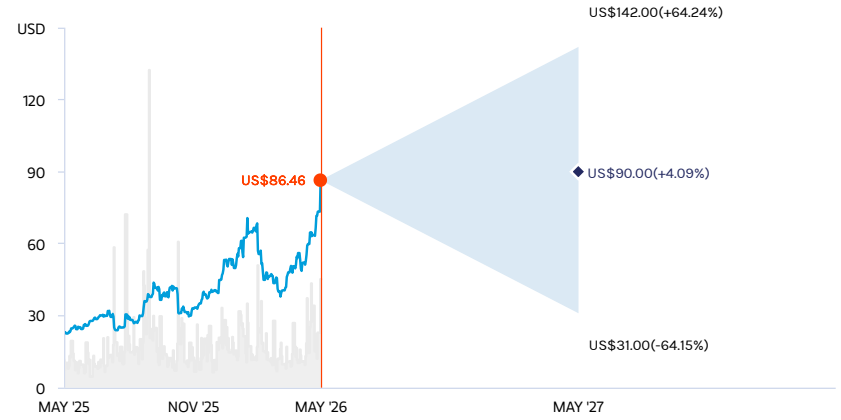
Base case, residual income model. Key assumptions: a 10.1% WACC (beta 1.35, risk-free rate 2%, and cost of equity of 6%), a medium-term growth rate of 11%, and a terminal growth rate of 4.0%. Dividend payout ratio is 77%, reflecting long-term shareholder payback with stronger cash flow.

Consensus Price Target Distribution US$68.00 — US$74.63 — US$90.00 MS PT

Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- We are positive on 2026 WFE demand from China, given rising capex investments by Chinese logic and memory fabs.
- ACMR has a long-term revenue target of US$4.0bn, in view of increased confidence in new product cycles and opportunities in China. Its market share gain has been stronger than expected.
- ACMR's long-term gross margin target is 42-48%, but we might see some margin pressure in 1H26 due to competition and inventory provisions.
- ACMR's ECP and wet cleaning tools could be key enablers for Huawei's LogicFolding technology.
- We view our price target as justified by increasing Chinese foundry capex and ACMR's ongoing share gains.

Consensus Rating Distribution

88%	Overweight
13%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Disruption:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE US$142.00

50x 2026e P/E

Greater-than-expected equipment shipments from foundry players and memory customers: We assume 1) ACMR's equipment continues to attract more aggressive end-demand with some market share gains from Chinese customers; 2) revenue rises at a >30% CAGR in 2025-28e; 3) gross margin exceeds 50% in 2026; and 4) The US reduces restrictions on Chinese semis.

BASE CASE US$90.00

32x 2026e P/E

Strong equipment shipments and backlog orders from Chinese foundry players: We expect 1) ACMR's equipment continues to attract steady end-demand with some market share gains from Chinese customers; 2) a revenue CAGR of 23% in 2025-28e; and 3) gross margin to be 45.4% in 2026e, up 1 ppt from 44.4% in 2025.

BEAR CASE US$31.00

11x 2026e P/E

Worse-than-expected equipment shipments from foundry players and memory customers: We assume 1) ACMR's equipment is more affected by order cancellations, and the share gains with Chinese customers turn out to be slower; 2) revenue to grow <5% in 2025-28e; 3) gross margin to drop further to <40% in 2026; 4) The US implements more restrictions on Chinese semis and ACMR's operations are affected.

Risk Reward – ACM Research Inc (ACMR.O)

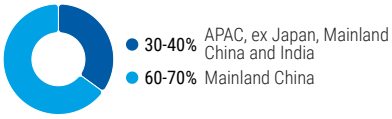
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Sales to Memory Customers (US$, mn)	341	405	489	570
Sales to Front-end Logic Customers (US$, mn)	265	312	372	434
Sales to backend and others (US$, mn)	295	411	568	662

INVESTMENT DRIVERS

- Successful ramp-up from key customer YMTC and CXMT
- Strong revenue growth and guidance
- Expanding gross margin

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	5/5 **MOST**	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger-than-expected equipment demand from China given faster capacity ramp-up
- Accelerating global semiconductor demand

RISKS TO DOWNSIDE

- Weaker-than-expected equipment demand from China given slower capacity ramp-up
- Decelerating global semiconductor demand

OWNERSHIP POSITIONING

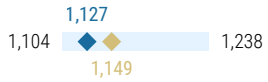
Inst. Owners, % Active	46.1%
HF Sector Long/Short Ratio	2x
HF Sector Net Exposure	25.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue (US$, mn)



EBITDA (US$, mn)



Note: There are not sufficient brokers supplying consensus data for this metric

Net income (US$, mn)



Note: There are not sufficient brokers supplying consensus data for this metric

EPS (US$)



Note: There are not sufficient brokers supplying consensus data for this metric

Mean Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

ACMR: Earnings Estimate Revisions

We lift our EPS estimates 3%, 11%, and 17% for 2026-28, respectively: We believe ACMR could benefit from the strong demand for WFE from memory capacity expansion in China. In addition, as 3D IC requires ECP and more wet cleaning tools, Huawei's -3D IC-like LogicFolding technology could be a major driver for ACMR's future order growth. Therefore, we raise our 2026-28e revenue estimates by 2%, 8%, and 11%, respectively. With operating leverage, we estimate operating margin to expand to 24% in 2027 and 24.4% in 2028.

Exhibit 22: ACMR: Estimate revisions

US$ mn	New '26E	Old '26E	Diff.	New '27E	Old '27E	Diff.	New '28E	Old '28E	Diff.
Net sales	1,127	1,104	2%	1,428	1,317	8%	1,667	1,504	11%
Gross profit	511	501	2%	664	612	8%	775	699	11%
Operating profit	200	194	3%	291	261	12%	355	300	18%
Pretax Income	247	242	2%	342	312	10%	406	351	16%
Net income	198	193	3%	288	261	11%	346	296	17%
EPS for consensus	**2.84**	**2.76**	**3%**	**4.13**	**3.73**	**11%**	**4.95**	**4.25**	**17%**
Margins									
Gross margin	45.4%	45.4%		46.5%	46.5%		46.5%	46.5%	
Operating margin	17.8%	17.6%		20.4%	19.8%		21.3%	20.0%	
Pretax margin	21.9%	21.9%		24.0%	23.7%		24.4%	23.4%	
Net margin	17.6%	17.5%		20.2%	19.8%		20.7%	19.7%	
Opex %	27.6%	27.8%		26.1%	26.7%		25.2%	26.5%	

Source: Morgan Stanley Research (e) estimates

ACMR: Valuation Methodology

We raise our price target to US$90 from US$68: We factor in our EPS changes for 2026-28 and roll over our model from 2026 to 2H26-1H27.

We derive our price target from a residual income model, with key assumptions unchanged, including a WACC of 10.1% (beta of 1.35, cost of equity of 6%, and risk-free rate of 2%), intermediate growth rate of 11%, and terminal growth rate of 4.0%. We now assume a dividend payout ratio of 77% (vs 64% previously), reflecting long-term shareholder payback with stronger cash flow.

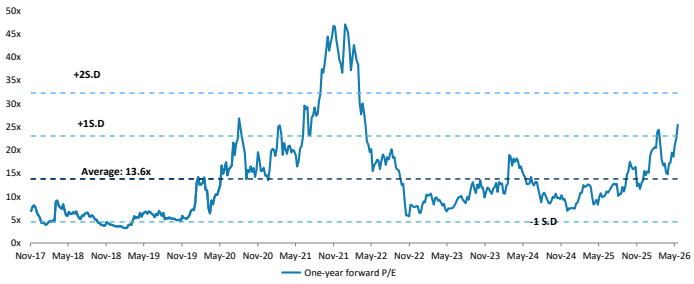
We also raise our bull-case scenario value to US$142 from US$107, implying 50x 2026e P/E, and our bear-case value to US$31 from US$24, implying 11x 2026e P/E.

Exhibit 23: ACMR: Residual income model

US$million	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E
Total Equity	**2,102**	**2,334**	**2,408**	**2,489**	**2,580**	**2,680**	**2,792**	**2,916**	**3,054**	**3,207**	**3,376**	**3,564**	**3,773**
Net Profit	**198**	**288**	**320**	**355**	**394**	**438**	**486**	**539**	**598**	**664**	**737**	**818**	**908**
ROAE	**9.8%**	**13.0%**	**13.5%**	**14.5%**	**15.6%**	**16.6%**	**17.7%**	**18.9%**	**20.0%**	**21.2%**	**22.4%**	**23.6%**	**24.8%**
Residual Income	(6)	61	79	106	135	168	205	245	290	339	394	455	522
Spread	**-0.3%**	**2.9%**	**3.4%**	**4.4%**	**5.4%**	**6.5%**	**7.6%**	**8.8%**	**9.9%**	**11.1%**	**12.3%**	**13.5%**	**14.6%**
Ending Equity Capital	2,102	2,334											
PV of Forecast Period	1,062	1,283											
PV of Continuing Value	2,682	3,079											
Equity Value	**5,846**	**6,696**											
No. of Shares	70	70											
Implied Value	**84**	**96**											
Price Target (2H26-1H27)	**90**												

Source: Morgan Stanley Research (E) estimates.

Exhibit 24: ACMR: P/E band



Source: FactSet, Morgan Stanley Research estimates

ACMR: Financial Summary

Exhibit 25: ACMR: Financial summary

Income Statement

US$mn (Years End Dec)	2025	2026E	2027E	2028E
Net sales	901.3	1,127.3	1,428.4	1,666.8
COGS	(501.2)	(615.8)	(764.5)	(892.1)
Gross profit	400.1	511.4	663.9	774.7
Operating expenses	(290.6)	(311.3)	(372.6)	(419.6)
Operating income	**109.4**	**200.1**	**291.3**	**355.0**
Non-operating income	25.8	47.2	51.1	51.1
Pre-tax income	135.2	247.3	342.5	406.2
Income tax	13.3	25.5	34.2	40.6
Minority Interest	(27.8)	(23.9)	(20.0)	(20.0)
Reported net Income	**94.1**	**197.9**	**288.2**	**345.6**
Adj.wtd.avg.shrs(m)	64.1	65.8	65.8	65.8
Reported EPS (US$)	**1.47**	**3.01**	**4.38**	**5.25**
EPS for consensus (US$)	**1.39**	**2.84**	**4.13**	**4.95**

Balance Sheet

US$mn (Years End Dec)	2025	2026E	2027E	2028E
Cash	757.4	1,410.9	1,513.1	1,670.4
Mkt Securities	8.6	8.6	8.6	8.6
AR/NR	504.3	278.0	352.2	411.0
Inventory	702.6	381.3	473.3	552.4
Other	463.8	463.8	463.8	463.8
Current Assets	**2,436.7**	**2,542.6**	**2,811.1**	**3,106.2**
Long-term investments	66.0	66.0	66.0	66.0
Fixed assets	314.8	314.8	314.8	314.8
Deffered assets	29.4	29.4	29.4	29.4
Other assets	25.3	25.3	25.3	25.3
Total Assets	**2,872.2**	**2,978.1**	**3,246.6**	**3,541.7**
S/T borrowings	74.0	74.0	74.0	74.0
AP/NP	215.4	150.2	186.4	217.5
Other ST liabilities	456.2	456.2	456.2	456.2
LT debt	178.9	178.9	178.9	178.9
Other LT liabilities	17.0	17.0	17.0	17.0
Common shares	0.0	0.0	0.0	0.0
Total Liabilities	**941.7**	**876.4**	**912.6**	**943.8**
Additional capital	1,115.5	1,115.5	1,115.5	1,115.5
Retained earning	350.4	521.6	753.8	1,017.9
Other shareholders' equity	464.6	464.6	464.6	464.6
Total Equity	**1,930.5**	**2,101.7**	**2,333.9**	**2,597.9**
Total Liab. & Shrhldr's Equity	**2,872.2**	**2,978.1**	**3,246.6**	**3,541.7**

E = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

Cash Flow Statement

US$mn (Years End Dec)	2025	2026E	2027E	2028E
Cashflow from Operations	**(76.2)**	**681.0**	**159.0**	**239.7**
Net profits	94.1	197.9	288.2	345.6
Depreciation	0.8	0.8	0.8	0.8
Working Capital Change	(171.1)	482.3	(130.0)	(106.7)
Other adjustments	0.0	0.0	0.0	0.0
Cashflow from Investing	**135.9**	**(0.8)**	**(0.8)**	**(0.8)**
Capex	45.6	0.0	0.0	0.0
Change of LT Investment	0.0	0.0	0.0	0.0
Change of ST Investment	0.0	0.0	0.0	0.0
Other adjustments	90.3	(0.8)	(0.8)	(0.8)
Cashflow from financing	**(29.0)**	**(26.7)**	**(56.0)**	**(81.6)**
Increase in L/T debt	73.4	0.0	0.0	0.0
Increase in S/T debt	41.2	0.0	0.0	0.0
Cash Dividend Paid	(29.0)	(26.7)	(56.0)	(81.6)
Issuance of stock	0.0	0.0	0.0	0.0
Other adjustments	(114.6)	0.0	0.0	0.0
Exchange rate adjustment	291.8	0.0	0.0	0.0
Net change in cash	**322.4**	**653.5**	**102.2**	**157.3**

Financial Ratios

	2025	2026E	2027E	2028E
Growth(%)				
Turnover	15.2	25.1	26.7	16.7
Operating profits	-27.5	82.9	45.6	21.9
Pretax profits	-18.7	82.9	38.5	18.6
Net profits	-9.2	110.3	45.7	19.9
EPS	-10.7	104.2	45.7	19.9
Margins (%)				
Gross Margin	44.4	45.4	46.5	46.5
Operating Margin	12.1	17.8	20.4	21.3
Pretax Margin	15.0	21.9	24.0	24.4
Net Profit	10.4	17.6	20.2	20.7
Return (%)				
ROAE	6.2	9.8	13.0	14.0
ROAA	4.0	6.8	9.3	10.2
Gearing (%)				
Net Debt/Equity	(35.4)	(63.6)	(61.7)	(61.4)
Liabilities/Equity	48.8	41.7	39.1	36.3
Ratios (X)				
Current ratio	3.3	3.7	3.9	4.2
Quick ratio	1.7	2.5	2.6	2.8
Others				
AR/NR Turnover (days)	90	90	90	90
Inventory Turnover (days)	226	226	226	226
AP Turnover (days)	89	89	89	89
Cash Conversion (days)	227	227	227	227

This report references U.S. Executive Order 14032 and/or entities or securities that are designated thereunder. U.S. persons may be prohibited from buying certain securities of entities named in this report. Readers are solely responsible for ensuring that their investment activities are carried out in compliance with applicable laws.

This report references export controls and/or entities that may be subject to export control restrictions. Readers are solely responsible for ensuring that their investment or trade activities are carried out in compliance with applicable laws.

This report references U.S. Executive Order 14105 and/or entities that may be in scope of such order. U.S. persons may be prohibited from engaging in certain transactions or otherwise require certain other transactions be notified to the U.S. Department of Treasury. Readers are solely responsible for ensuring that their investment or trade activities are carried out in compliance with applicable laws.

.

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com which accepts the responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research, and their affiliates (collectively, "Morgan Stanley"). Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/eqr/disclosures/webapp/generalresearch, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Charlie Chan; Daisy Dai, CFA; Tiffany Yeh; Daniel Yen, CFA.

.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of April 30, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: ACM Research Inc, Advanced Micro-Fabrication Equipment Inc, Advanced Wireless Semiconductor Co, Alchip Technologies Ltd, AllRing Tech Co., AP Memory Technology Corp, ASE Technology Holding Co. Ltd., ASMPT Ltd, Aspeed Technology, Cambricon Technology Corporation, Global Unichip Corp, GlobalWafers Co Ltd, Gudeng Precision, Hon Precision, Hua Hong Semiconductor Ltd, JCET Group Co Ltd, King Yuan Electronics Co Ltd, Macronix International Co Ltd, Montage Technology Co Ltd, MPI Corporation, Nanya Technology Corp., NAURA Technology Group Co Ltd, Novatek, Nuvoton Technology Corporation, Phison Electronics Corp, Realtek Semiconductor, SG Micro Corp., Shanghai Fudan Microelectronics, Silergy Corp., Silicon Motion, TSMC, UMC, Vanguard International Semiconductor, WIN Semiconductors Corp, Winbond Electronics Corp, WPG Holdings, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Montage Technology Co Ltd.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from ASMPT Ltd, Montage Technology Co Ltd.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Advanced Micro-Fabrication Equipment Inc, Alchip Technologies Ltd, AP Memory Technology Corp, ASE Technology Holding Co. Ltd., ASMedia Technology Inc, ASMPT Ltd, Espressif Systems, GigaDevice Semiconductor Beijing Inc, GlobalWafers Co Ltd, Gudeng Precision, Himax Technologies Inc, Hua Hong Semiconductor Ltd, Iluvatar CoreX Semiconductor Co., Ltd., Innoscience, King Yuan Electronics Co Ltd, Macronix International Co Ltd, MediaTek, Montage Technology Co Ltd, Novatek, Phison Electronics Corp, Powerchip Semiconductor Manufacturing Co, Realtek Semiconductor, Shenzhen Longsys Electronics Co Ltd, Silergy Corp., Silicon Motion, TSMC, UMC, Vanguard International Semiconductor, Winbond Electronics Corp, WinWay Technology Co Ltd, WPG Holdings, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from ASE Technology Holding Co. Ltd., King Yuan Electronics Co Ltd, MediaTek, Nanya Technology Corp., Novatek, Nuvoton Technology Corporation, Realtek Semiconductor, Silicon Motion, SMIC, TSMC, UMC, Universal Scientific Ind. (Shanghai), Winbond Electronics Corp, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Advanced Micro-Fabrication Equipment Inc, Alchip Technologies Ltd, AP Memory Technology Corp, ASE Technology Holding Co. Ltd., ASMedia Technology Inc, ASMPT Ltd, Espressif Systems, GigaDevice Semiconductor Beijing Inc, GlobalWafers Co Ltd, Gudeng Precision, Himax Technologies Inc, Hua Hong Semiconductor Ltd, Iluvatar CoreX Semiconductor Co., Ltd., Innoscience, King Yuan Electronics Co Ltd, Macronix International Co Ltd, MediaTek, Montage Technology Co Ltd, Novatek, Phison Electronics Corp, Powerchip Semiconductor Manufacturing Co, Realtek Semiconductor, Shenzhen Longsys Electronics Co Ltd, Silergy Corp., Silicon Motion, TSMC, UMC, Vanguard International Semiconductor, Winbond Electronics Corp, WinWay Technology Co Ltd, WPG Holdings, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: ASE Technology Holding Co. Ltd., King Yuan Electronics Co Ltd, MediaTek, Montage Technology Co Ltd, Nanya Technology Corp., Novatek, Nuvoton Technology Corporation, Realtek Semiconductor, Silicon Motion, SMIC, TSMC, UMC, Universal Scientific Ind. (Shanghai), Winbond Electronics Corp, WT Microelectronics Co. Ltd..

Morgan Stanley & Co. LLC makes a market in the securities of ACM Research Inc, Himax Technologies Inc, Silicon Motion.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management,

commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of April 30, 2026)
The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.
For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	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	1546	42%	467	51%	30%	709	44%
Equal-weight/Hold	1568	43%	358	39%	23%	715	44%
Not-Rated/Hold	4	0%	0	0%	0%	1	0%
Underweight/Sell	555	15%	84	9%	15%	202	12%
Total	3,673		909			1627	

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.

Analyst Stock Ratings

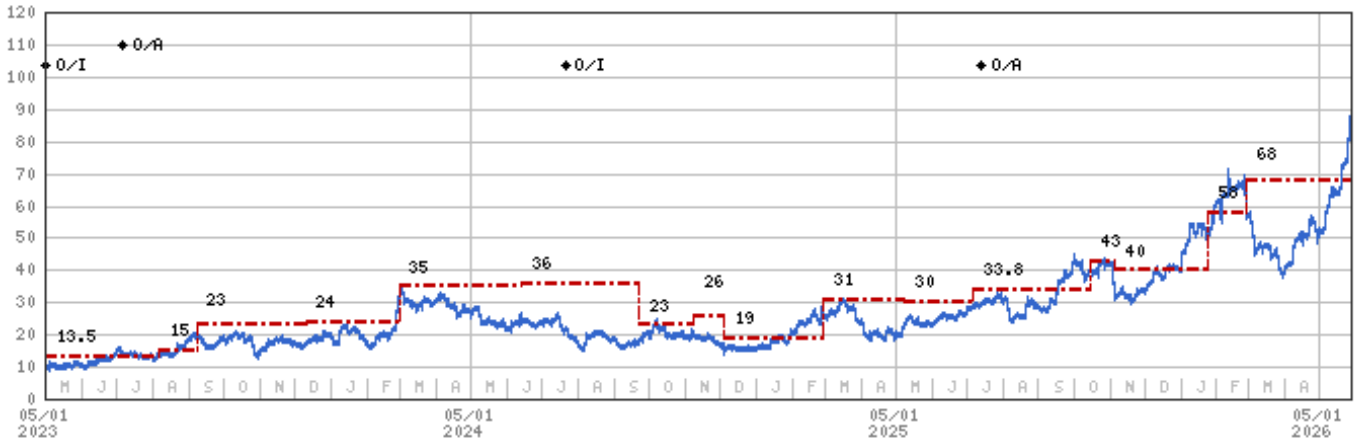
Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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

ACM Research Inc (ACMR.O) - As of 05/27/26 GMT in USD
Industry : Greater China Technology Semiconductors



Stock Rating History: 5/1/21 : O/I; 10/12/21 : O/C; 10/4/22 : O/A; 10/18/22 : E/A; 2/22/23 : U/I; 3/7/23 : O/I; 7/7/23 : O/A; 7/21/24 : O/I; 7/14/25 : O/A

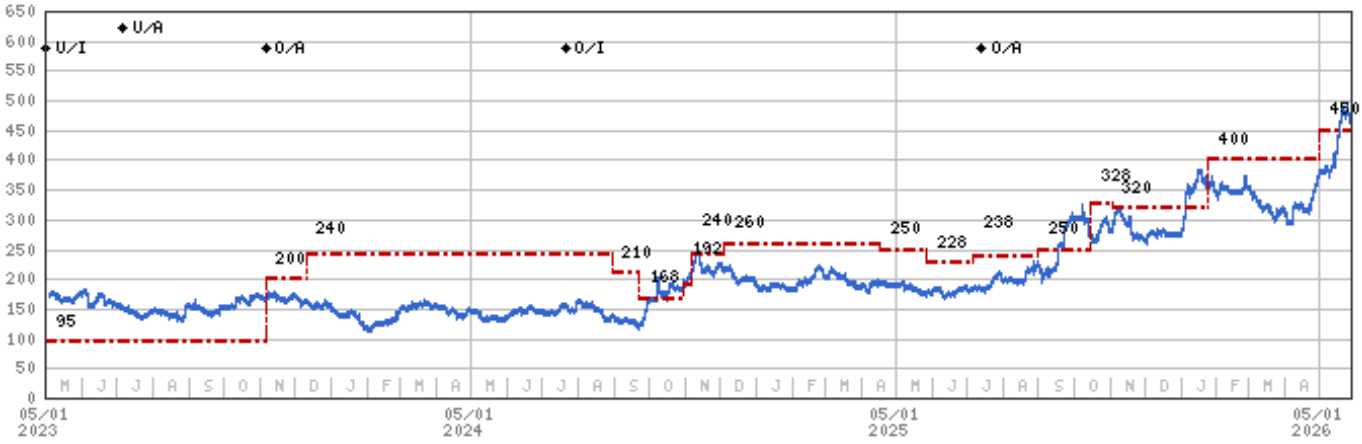
Price Target History: 2/24/21 : 144; 3/28/22 : 32; 5/6/22 : 28; 10/18/22 : 9; 11/5/22 : 8; 2/22/23 : 10; 3/7/23 : 13.5; 8/7/23 : 15; 9/8/23 : 23; 12/11/23 : 24; 2/29/24 : 35; 6/13/24 : 36; 9/23/24 : 23; 11/8/24 : 26; 12/5/24 : 19; 2/28/25 : 31; 5/9/25 : 30; 7/7/25 : 33.8; 10/16/25 : 43; 11/6/25 : 40; 1/24/26 : 58; 2/27/26 : 68

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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Advanced Micro-Fabrication Equipment Inc (688012.SS) - As of 05/27/26 GMT in CNY
Industry : Greater China Technology Semiconductors



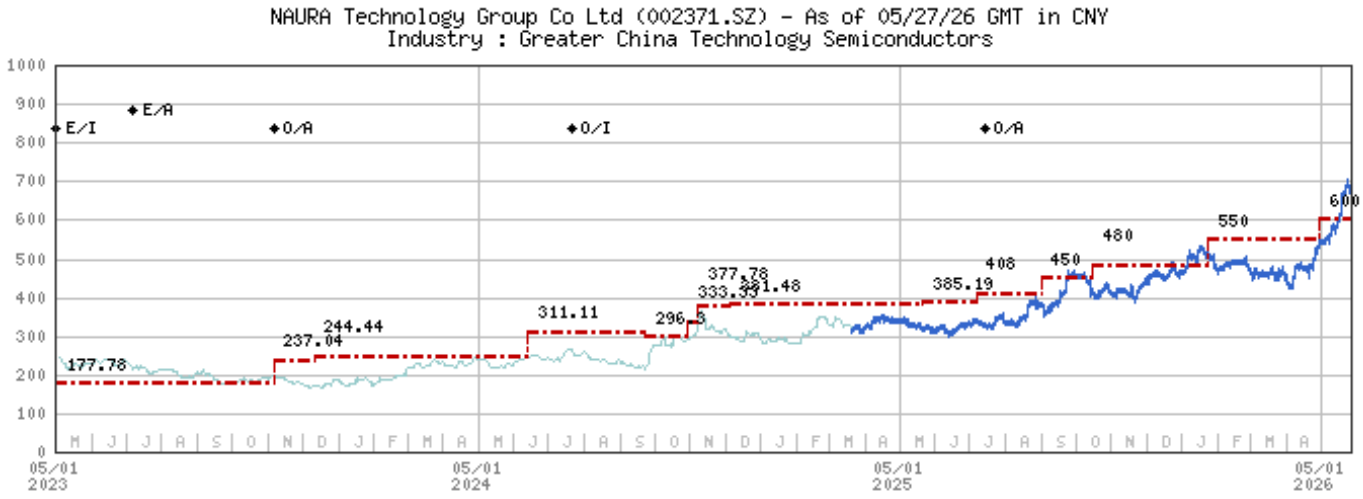
Stock Rating History: 5/1/21 : U/I; 8/26/21 : E/I; 10/12/21 : E/C; 1/25/22 : O/C; 10/4/22 : O/A; 10/18/22 : E/A; 2/22/23 : U/I; 7/7/23 : U/A; 11/6/23 : O/A; 7/21/24 : O/I; 7/14/25 : O/A

Price Target History: 1/12/21 : 135; 6/11/21 : 116; 8/26/21 : 180; 11/8/21 : 160; 8/12/22 : 175; 10/18/22 : 90; 2/22/23 : 85; 4/4/23 : 95; 11/6/23 : 200; 12/11/23 : 240; 8/30/24 : 210; 9/23/24 : 168; 10/30/24 : 192; 11/7/24 : 240; 12/5/24 : 260; 4/18/25 : 250; 5/27/25 : 228; 7/7/25 : 238; 8/31/25 : 250; 10/16/25 : 328; 11/3/25 : 320; 1/24/26 : 400; 4/30/26 : 450

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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.



Stock Rating History: 12/21/21 : U/C; 6/1/22 : NA/C; 10/4/22 : NA/A; 11/23/22 : E/A; 2/22/23 : E/I; 7/7/23 : E/A; 11/6/23 : O/A; 7/21/24 : O/I; 7/14/25 : O/A

Price Target History: 12/21/21 : 196.74; 6/1/22 : NA; 11/23/22 : 200; 2/22/23 : 177.78; 11/6/23 : 237.04; 12/11/23 : 244.44; 6/13/24 : 311.11; 9/23/24 : 296.3; 10/30/24 : 333.33; 11/7/24 : 377.78; 12/5/24 : 381.48; 5/21/25 : 385.19; 7/7/25 : 408; 9/1/25 : 450; 10/16/25 : 480; 1/24/26 : 550; 4/30/26 : 600

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)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding any material conflict of interest that can reasonably be expected to have influenced Morgan Stanley Smith Barney LLC's choice of a third-party research provider or the subject company of a third-party research report, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures.

For Morgan Stanley specific disclosures, you may refer to https://www.morganstanley.com/eqr/disclosures/webapp/generalresearch.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html). Please use the provided link to review the Terms and Conditions and Most Important Terms and Conditions for Morgan Stanley India Company Private Limited (https://www.morganstanley.com/assets/pdfs/about-us-global-offices/india/Terms_and_conditions.pdf) and the following link to review the audit report (https://ny.matrix.ms.com/eqr/research/webapp/researchdocs/MSICPL_Morgan_Stanley_Research_Audit_Report.pdf).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited. Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FC0118J); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Canada by Morgan Stanley Canada Limited; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital

Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

Morgan Stanley Hong Kong Securities Limited is the liquidity provider/market maker for securities of ASMPT Ltd, Hua Hong Semiconductor Ltd listed on the Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: http://www.hkex.com.hk.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA) or by Morgan Stanley & Co. International plc (ADGM Branch), regulated by the Financial Services Regulatory Authority Abu Dhabi (the FSRA), and is directed at Professional Clients only, as defined by the DFSA or the FSRA, respectively. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria of a Professional Client. A distribution of the different MS Research ratings or recommendations, in percentage terms for Investments in each sector covered, is available upon request from your sales representative.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

Registration granted by SEBI and certification from the National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/26/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$86.46
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb463.51
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$179.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,640.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$611.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,410.96
Global Unichip Corp (3443.TW)	O (07/27/2024)	NT$5,285.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$866.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$589.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$143.70
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$518.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$338.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb117.91
MediaTek (2454.TW)	O (11/28/2025)	NT$4,265.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb735.16
Nanya Technology Corp. (2408.TW)	E (03/20/2026)	NT$303.50
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb670.25
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb106.07
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,505.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb116.66
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$630.00
SMIC (0981.HK)	O (10/21/2025)	HK$84.40
TSMC (2330.TW)	O (02/07/2022)	NT$2,270.00
UMC (2303.TW)	O (05/19/2026)	NT$130.50
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$165.00
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$562.00

Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$204.60
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb64.38
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$166.00
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb135.00
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb33.90
Innoscience (2577.HK)	E (10/13/2025)	HK$74.20
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb88.19
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$36.80
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb154.00
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb132.94
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb82.95
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb41.43
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb97.90
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$1,080.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,545.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$17,240.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$146.50
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb183.45
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb526.22
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$160.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$462.00
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb272.29
Novatek (3034.TW)	U (02/04/2026)	NT$491.50
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$211.00
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$807.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$70.80
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$590.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb66.60
Winbond Electronics Corp (2344.TW)	E (03/20/2026)	NT$141.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$121.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$293.50
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb155.13
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb538.95
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,155.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$885.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$21.43
Hon Precision (7769.TW)	O (04/17/2026)	NT$7,900.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$6,240.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$290.32
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$8,905.00

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

© 2026 Morgan Stanley