Morgan Stanley | RESEARCH

UPDATE

April 30, 2026 09:13 AM GMT

MetaX Integrated Circuits | Asia Pacific

Risk Reward Update

WHAT'S CHANGED

Updated Components
EPS
Investment Thesis
Bull Base Bear Scenarios

Risk Reward for MetaX Integrated Circuits (688802.SS) has been updated

Reason for change

We raise our EPS estimates for 2026 and 2027 by 11% and 4%, respectively, given strong GM portfolio in Q1, while keeping our 2028 EPS forecast flat. Despite these revisions, the absolute EPS changes are modest and do not affect our valuation. We therefore maintain our price target at Rmb758.

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MetaX Integrated Circuits (688802.SS, 688802 CG)

Greater China Technology Semiconductors | China

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	**Rmb758.00**
Shr price, close (Apr 30, 2026)	Rmb758.03
52-Week Range	Rmb895.00-479.01

Fiscal Year Ending	**12/25**	**12/26e**	**12/27e**	**12/28e**
EPS (Rmb)**	(2.1)	0.1	1.4	2.5
Prior EPS (Rmb)**	(2.1)	0.1	1.3	2.5

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

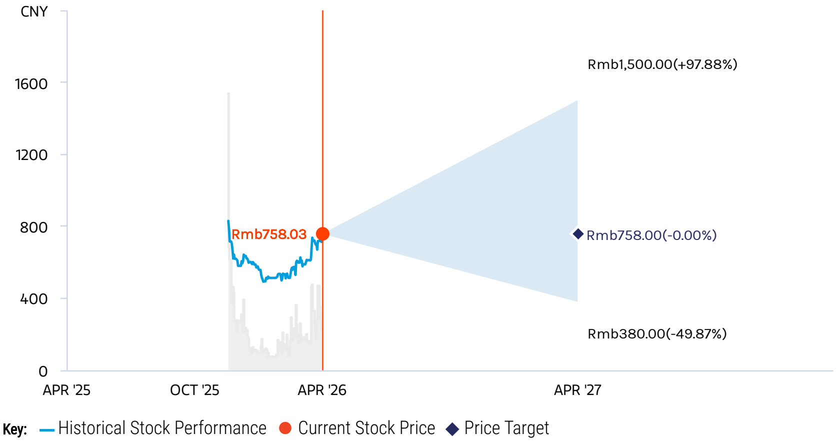
Risk Reward – MetaX Integrated Circuits (688802.SS)

Fast top-line growth with narrowing loss; EW

PRICE TARGET Rmb758.00

Key valuation assumptions include: an 6.5% cost of equity (derived from a beta of 0.75, risk-free rate of 2.0%, and equity risk premium of 6.5%), a long-term target payout ratio of 51% (was 50%), a medium-term CAGR of 18% through 2038e, and a perpetual terminal growth rate of 6%.

RISK REWARD CHART



Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- Strong CUDA compatibility via MXMACA, lowering migration barriers and supporting faster adoption among existing NVIDIA users.
- Stable government and enterprise orders provide revenue visibility, with higher-margin projects supporting near-term gross margin profile.
- Mature domestic supply chain with SMIC N+1 production, ensuring capacity availability and relatively stable yields versus peers.
- Our target price implies 74x 2026e P/S, which is higher than the peer average.

Risk Reward Themes

New Data Era:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE Rmb1,500.00

147x 2026e P/S

We assume (1) >100% revenue CAGR in 2025-28e on the back of faster-than-expected mass production and delivery of flagship GPGPUs, as well as booming demand for domestic general computing and AI training chips; (2) significant market share expansion in China's domestic AI semi market, with full adaptation to mainstream AI frameworks and soverign customers; (3) gross margin improves to over 60% in 2026e.

BASE CASE Rmb758.00

74x 2026e P/S

We assume (1) 66% revenue CAGR in 2025-28e on the back of mass production and delivery of C600 and C700 AI GPU; (2) Market share expansion in China's domestic AI semi market, with rising orders from soverign customers and entry into core CSPs; (3) gross margin reach 58.4% in 2026e.

BEAR CASE Rmb380.00

37x 2026e P/S

We assume (1) <40% revenue CAGR in 2025-28e given delayed mass production schedule of flagship GPU products, slower-than-expected customer validation and weaker domestic AI computing capital expenditure. (2) Share loss in China's AI semi market amid intensifying domestic and overseas competition. (3) Gross margin falls below 45% in 2026e due to high R&D, rising wafer and packaging costs, and fierce price competition in the market.

Risk Reward – MetaX Integrated Circuits (688802.SS)

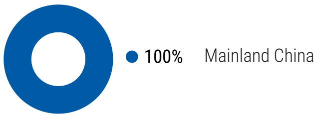
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Operating profit (YoY) (%)	(39.2)	(111.2)	431.5	97.0

INVESTMENT DRIVERS

- CUDA migration trend
- Government AI capex
- C500 shipment ramp and C600 commercialization
- Domestic substitution tailwind
- Customer expansion to CSP clients
- Yield and cost improvement

GLOBAL REVENUE EXPOSURE



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

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster CUDA migration
- Stronger government and CSP orders
- Better-than-expected C600 ramp

RISKS TO DOWNSIDE

- Product concentration risk
- Weaker-than-expected demand
- Intensifying competition

OWNERSHIP POSITIONING

Inst. Owners, % Active	100%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue (Rmb, mn)	◆ 4,085.5	*Note: There are not sufficient brokers supplying consensus data for this metric*
Net income (Rmb, mn)	◆ 24	*Note: There are not sufficient brokers supplying consensus data for this metric*
EPS (Rmb)	◆ 0.1	*Note: There are not sufficient brokers supplying consensus data for this metric*

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

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(as of March 31, 2026)

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Equal-weight/Hold	1573	43%	372	40%	24%	716	44%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	568	15%	89	10%	16%	209	13%
Total	3,679		923			1624	

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

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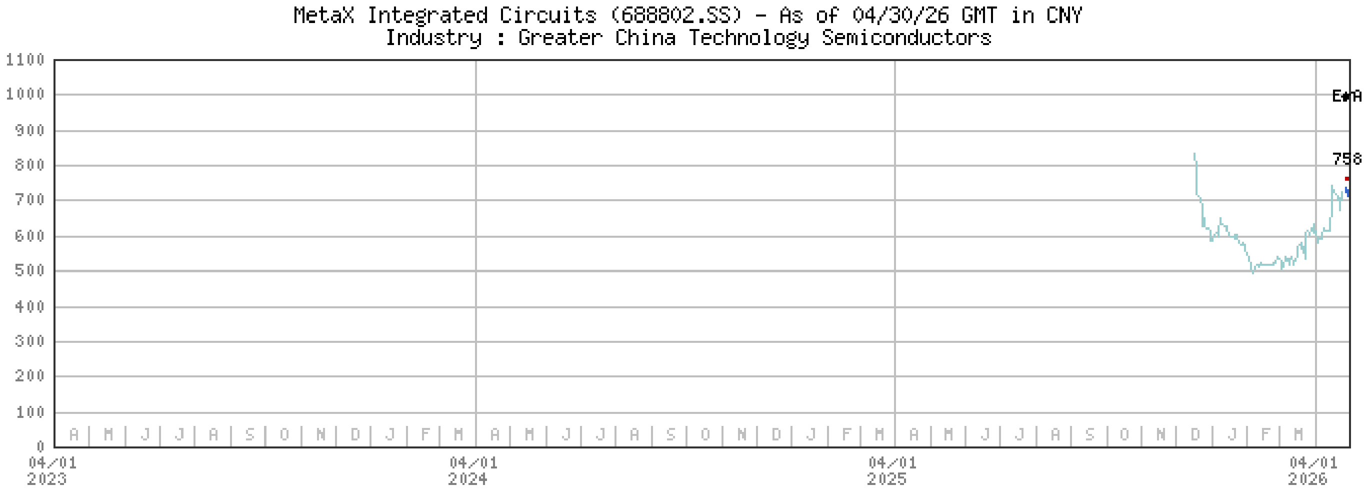
Stock Price, Price Target and Rating History (See Rating Definitions)



MetaX Integrated Circuits (688802.SS) - As of 04/30/26 GMT in CNY
Industry : Greater China Technology Semiconductors

Stock Rating History: 4/27/26 : E/A

Price Target History: 4/27/26 : 758

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) ▬
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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (04/30/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$48.65
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb376.30
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$144.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,135.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$478.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,699.96
Global Unichip Corp (3443.TW)	O (07/27/2024)	NT$4,260.00
GlobalWafers Co Ltd (6488.TWO)	O (09/19/2025)	NT$580.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$537.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$114.10
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$465.80
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$302.50
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb99.62
MediaTek (2454.TW)	O (11/28/2025)	NT$2,610.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb758.03
Nanya Technology Corp. (2408.TW)	E (03/20/2026)	NT$215.50
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb536.99
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb98.30
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,900.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb91.94
Silergy Corp. (6415.TW)	E (04/21/2026)	NT$427.00
SMIC (0981.HK)	O (10/21/2025)	HK$70.90
TSMC (2330.TW)	O (02/07/2022)	NT$2,135.00
UMC (2303.TW)	E (04/20/2026)	NT$77.30
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$145.50
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$536.00
Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$163.10
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb56.65

Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$136.50
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb88.82
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb28.90
Innoscience (2577.HK)	E (10/13/2025)	HK$64.15
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb45.56
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$38.86
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb101.00
StarPower Semiconductor Ltd (603290.SS)	O (03/01/2022)	Rmb103.92
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb77.32
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb37.80
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb75.88
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$840.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,365.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$16,475.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$122.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb172.12
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb312.99
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$154.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$261.80
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb173.30
Novatek (3034.TW)	U (02/04/2026)	NT$409.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$147.50
Parade Technologies Ltd (4966.TWO)	E (01/30/2026)	NT$575.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$51.90
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$537.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb64.89
Winbond Electronics Corp (2344.TW)	E (03/20/2026)	NT$89.80
WPG Holdings (3702.TW)	O (03/16/2026)	NT$101.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$204.00
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb143.77
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb401.12
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,210.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$769.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.45
Hon Precision (7769.TW)	O (04/17/2026)	NT$4,945.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$4,925.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$217.50
Winway Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$10,385.00

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* Historical prices are not split adjusted.