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Greater China Technology Semiconductors | Asia Pacific

Catalyst Preview: What's Ahead for China WFE

Where relevant and meaningful, we have identified and previewed near-term catalysts for key Chinese WFE companies (Naura, AMEC and ACM Research) that could affect share prices.

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GREATER CHINA TECHNOLOGY SEMICONDUCTORS

Asia Pacific
Industry View **Attractive**

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AlphaSignals Catalyst Event Preview

Company / Catalyst	Date	Importance	Surprise
NAURA Technology Group Co Ltd 002371.SZ			
3Q26 earnings release	29 Oct 2026	High	↓ Modest downside surprise

Takeaways:

- We see potential downside risk to 3Q26 earnings due to selective component shortages, which could delay equipment deliveries and revenue recognition.
- While underlying customer demand remains robust, supply chain constraints could lead to a modest earnings miss, with some shipments potentially pushed into 4Q26.

Stronger-than-expected backlog	4Q26	Very High	↑ Meaningful upside surprise

Takeaways:

- Our industry checks suggest NAURA's 2026 backlog could reach Rmb80bn, above market expectations of ~Rmb70bn, implying ~14% upside.
- A stronger backlog could improve 2027 revenue visibility and potentially drive upward revisions to market earnings expectations.

Advanced Micro-Fabrication Equipment Inc 688012.SS			
3Q26 earnings release	30 Oct 2026	High	| In-line

Takeaways:

- We expect 3Q26 earnings to be broadly in line with market expectations, supported by resilient etch equipment shipments and relatively manageable component shortages.
- Compared with some domestic WFE peers, AMEC's etch business appears less affected by supply chain bottlenecks, supporting steadier equipment deliveries and revenue recognition.

Thin-film deposition equipment order ramp-up	4Q26	High	↑ Modest upside surprise

Takeaways:

- We expect further customer adoption and repeat orders for AMEC's emerging thin-film deposition portfolio, particularly tungsten CVD and ALD equipment.
- Progress in customer qualifications and volume-production adoption could accelerate revenue contributions from deposition tools in 2027, diversifying AMEC's revenue base beyond etch.

ACM Research Inc ACMR.O			
3Q26 earnings release and 2027 revenue guidance	04 Nov 2026	High	| In-line

Takeaways:

- We expect 3Q26 earnings to be broadly in line with market expectations, supported by strong shipments of backend packaging and ECP equipment.

Company / Catalyst	Date	Importance	Surprise
• We expect management to provide an initial 2027 revenue outlook, with continued strength in advanced packaging and ECP equipment supporting robust growth.			
New orders for ECP, PECVD and KrF Track equipment	1Q27	Very High	↑ Modest upside surprise

Takeaways:

- We expect additional orders for ACM Research's ECP equipment, while PECVD and KrF Track tools are undergoing customer evaluation and could secure initial or incremental orders.
- Faster-than-expected commercialization of PECVD and Track equipment could provide upside risk to 2027 growth expectations.

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

NAURA Technology Group Co Ltd (002371.SZ)

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%.

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

Advanced Micro-Fabrication Equipment Inc (688012.SS)

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.

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

ACM Research Inc (ACMR.O)

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 13%, and a terminal growth rate of 4.0%. Dividend payout ratio is 80%, reflecting long-term shareholder payback with stronger cash flow.

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



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(as of September 30, 2026)
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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
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Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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

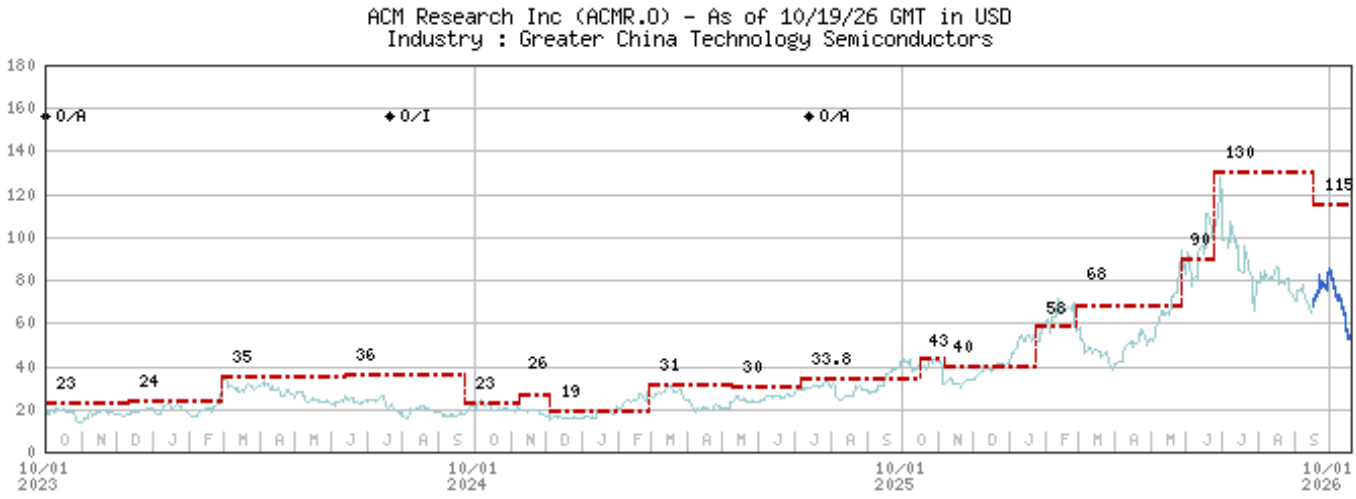
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : O/I; 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; 5/27/26 : 90; 6/24/26 : 130; 9/17/26 : 115

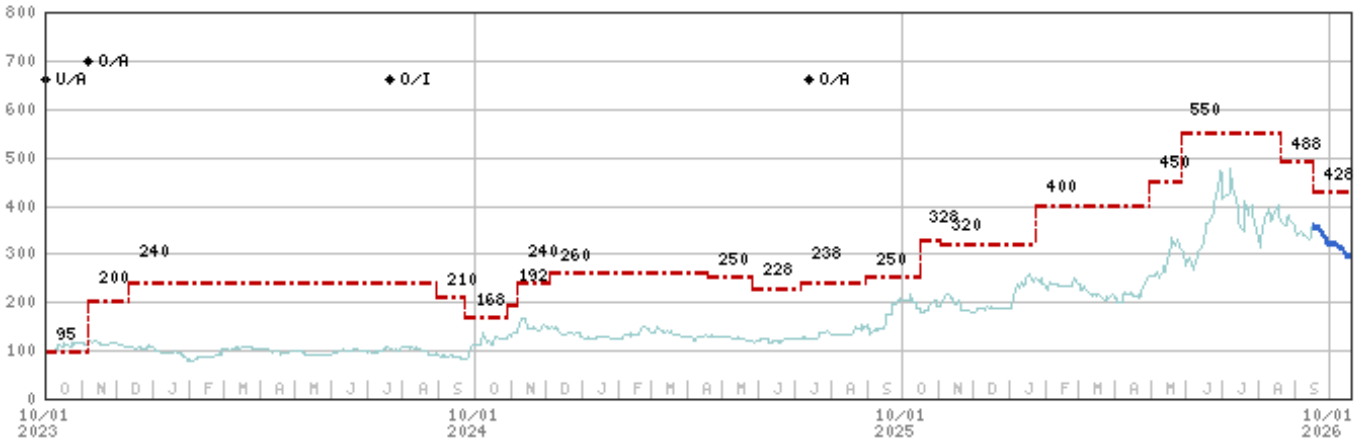
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Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
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Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Advanced Micro-Fabrication Equipment Inc (688012.SS) - As of 10/19/26 GMT in CNY
Industry : Greater China Technology Semiconductors



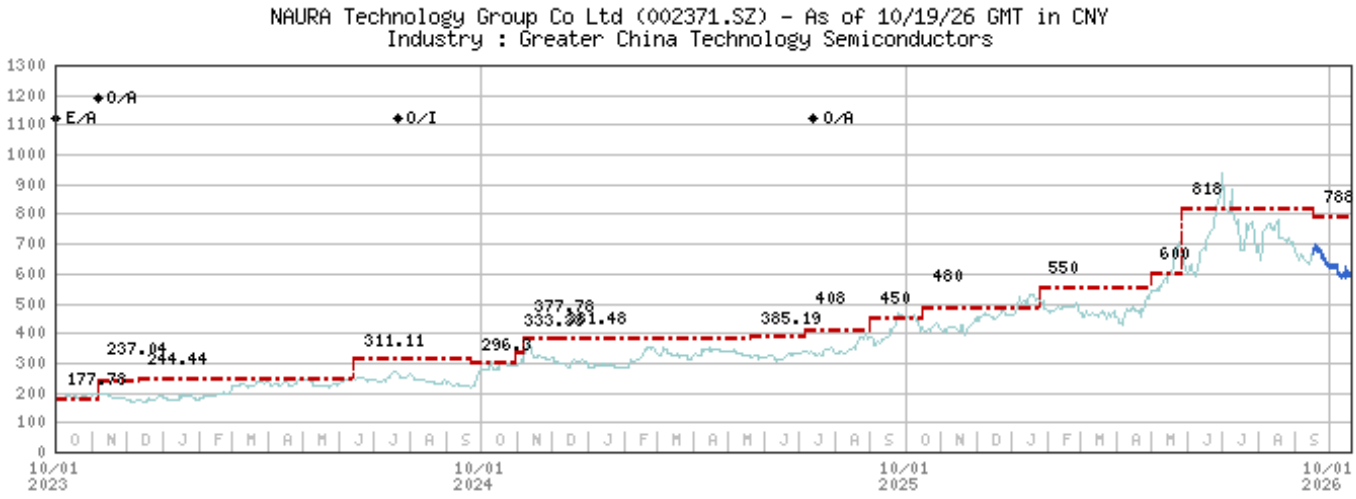
Stock Rating History: 10/1/21 : E/I; 10/12/21 : E/C; 1/25/22 : O/C; 10/4/22 : O/A; 10/18/22 : E/A; 2/22/23 : U/I; 7/7/23 : U/A; 11/6/23 : O/A; 7/21/24 : O/I; 7/14/25 : O/A

Price Target History: 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; 5/27/26 : 550; 8/21/26 : 488; 9/17/26 : 428

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
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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; 5/27/26 : 818; 9/17/26 : 788

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

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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/16/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$131.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,685.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$671.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb915.00
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb45.02
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$7,480.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$902.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$513.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$74.95
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$78.95
MediaTek (2454.TW)	O (11/28/2025)	NT$4,250.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb415.73
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$447.50
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb71.53
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,890.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb90.36
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$489.00
SMIC (0981.HK)	O (10/21/2025)	HK$52.40
TSMC (2330.TW)	O (02/07/2022)	NT$2,420.00
UMC (2303.TW)	O (05/19/2026)	NT$133.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$167.50
WIN Semiconductors Corp (3105.TWO)	E (10/09/2026)	NT$501.00

Daisy Dai, CFA

ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$138.00
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb49.20
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb98.35
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb25.65
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb192.54
Innoscience (2577.HK)	E (10/13/2025)	HK$32.58
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb56.96
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$24.84
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb86.13
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb90.44
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb69.68
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb53.23
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb20.49
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb73.86
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$882.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,490.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$16,480.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$96.00
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$139.00
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,750.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb118.43
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb281.86
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$107.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$211.20
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb169.20
Novatek (3034.TW)	U (02/04/2026)	NT$577.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$139.00
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$540.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$67.30
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$778.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb47.26
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$161.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$116.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$210.00
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$53.10
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb295.22
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb54.76
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb593.63
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,410.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$531.00
Hon Precision (7769.TW)	O (04/17/2026)	NT$5,285.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$275.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,205.00
Tiffany Yeh		
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.65
Silicon Motion (SIMO.O)	O (05/06/2024)	US$211.30
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$5,160.00

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