CXMT (A)

China memory/AI key play, good entry point amid DRAM super-cycle, initiate Buy

Initiating Coverage: BUY | PO: 65.00 CNY | Price: 43.00 CNY

New Buy: proven 1H results, super-cycle, China AI

We initiate coverage of CXMT (Changxin Memory Technologis), China's largest DRAM manufacturer or globally No.4 after Korea/US Big-3 (Samsung, Hynix, Micron), with a Buy rating and PO of CNY65. Our Buy rating is based on proven earnings results (1H26 revenue US$22bn; OPM 79%; net cash position), memory super-cycle (high margin sustainable at 70%+/- by 2030) and long-tewrm growth opportunities with China local customers, particularly in AI/data center area.

Favorable competitive landscape and high margin profile

CXMT does not need to compete much with China's local chipmakers (YMTC, SwaySure, Jinhua, etc. not yet comparable in scale) or Korea/US Big-3 (lots of LTAs with US hyperscalers). We assume CXMT's most DRAM will be purchased by local OEMs/hyperscalers (instead of US Big Tech and OEMs). CXMT's DRAM ASP will still rise in 2027 (+9% YoY) and then witness a soft-landing (down 10-20% YoY pa). Cost reduction should be single-digit %/bit pa using lots of local equipment (eventually 4F² based on ex-EUV multi-patterning) and yield improvement. Capex increase is also assumed but we model at only CNY62bn/CNY100bn/CNY120bn for 2026/27/28, which appears just ~10% of global DRAM capex. Annual FCF should easily be CNY200-400bn pa in 2026-28. This offers upside to dividend yield. CXMT's end-2026 wafer capacity (300k/month) accounts for ~15% of global capacity (~10% in terms of revenue).

Attractive valuation vs China chipmakers; PO CNY65

CXMT currently trades at only 11x 2027-28E P/E. Our PO of CNY65 is derived from 16x 2027-28E EPS of CNY4.07, considering 2027-30E EPS CAGR of 16%. The target P/E is higher than our target multiple for other global memory peers, i.e. 8-10x, given CXMT is still in the rapid capacity expansion stage. The stock's current valuation is attractive considering other China semiconductor manufacturers' stocks are traded at c.40x. Upside risk is more successful ramp-up of AI memory, including HBM, while further trade restrictions and new tech execution (4F², etc.) are the key downside risks to be watched. In addition, inclusion in key indices could also be a catalyst.

Estimates (Dec) (CNY)	2024A	2025A	2026E	2027E	2028E
Net Income (Adjusted - mn)	(7,145)	1,875	193,511	261,098	291,877
EPS	(0.130)	0.031	2.85	3.85	4.30
EPS Change (YoY)	56.7%	NM	NM	34.9%	11.8%
Dividend / Share	0	0	0.350	1.20	1.30
Free Cash Flow / Share	(1.17)	(0.220)	3.83	5.04	5.73
Valuation (Dec)					
P/E	NM	1,381x	15.08x	11.18x	10.00x
Dividend Yield	0%	0%	0.814%	2.79%	3.02%
EV / EBITDA*	308.60x	78.77x	8.28x	5.76x	5.04x
Free Cash Flow Yield*	-2.20%	-0.453%	8.91%	11.71%	13.33%

* For full definitions of *iQmethod℠* measures, see page 36.

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Refer to important disclosures on page 37 to 39. Analyst Certification on page 34. Price Objective Basis/Risk on page 34.

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28 October 2026

Equity

Dai Shen >>
Research Analyst
Merrill Lynch (Hong Kong)
+852 3508 7310
dai.shen@bofa.com

Simon Woo, CFA >>
Research Analyst
Merrill Lynch (Seoul)
+82 2 3707 0554
simon.woo@bofa.com

Matt Shin >>
Research Analyst
Merrill Lynch (Seoul)
+82 2 3707 0534
matt.shin2@bofa.com

Stock Data

Price	43.00 CNY
Price Objective	65.00 CNY
Date Established	28-Oct-2026
Investment Opinion	C-1-7
52-Week Range	38.11 CNY-61.80 CNY
Mrkt Val / Shares Out (mn)	431,755 USD / 67,884.1
Market Value (mn)	2,919,016 CNY
Average Daily Value (mn)	1,620 USD
Free Float	10.4%
BofA Ticker / Exchange	XCXMF / SHH
Bloomberg / Reuters	688825 CH / 688825.SS
ROE (2026E)	106.0%
Net Dbt to Eqty (Dec-2025A)	61.5%

DRAM: Dynamic random-access memory
ASP: Average selling price
HBM: High bandwidth memory based on DRAM
DDR4/5: 4th/5th gen double-data rate DRAM
YMTC: Yangtze Memory Technologies Co.

See the full list of abbreviations on Page33

*iQ*profile℠ CXMT (A)

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(CNY Millions)					
Sales	24,178	61,799	397,007	577,826	669,887
Gross Profit	1,349	25,334	342,444	487,947	543,013
Sell General & Admin Expense	(2,765)	(7,319)	(8,566)	(12,754)	(14,834)
Operating Profit	(6,074)	8,477	317,739	443,305	491,996
Net Interest & Other Income	(3,025)	(721)	(1,963)	3,017	6,938
Associates	NA	NA	NA	NA	NA
Pretax Income	(9,049)	7,701	315,275	446,322	498,934
Tax (expense) / Benefit	(2)	(557)	(29,409)	(44,632)	(49,893)
Net Income (Adjusted)	(7,145)	1,875	193,511	261,098	291,877
Average Fully Diluted Shares Outstanding	54,961	60,193	67,884	67,884	67,884
Key Cash Flow Statement Data					
Net Income	(7,145)	1,875	193,511	261,098	291,877
Depreciation & Amortization	15,854	26,430	35,041	59,329	78,923
Change in Working Capital	(8,291)	(7,579)	9,398	(18,359)	(18,061)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	6,479	15,794	83,627	139,831	156,300
Cash Flow from Operations	6,897	36,520	321,578	441,900	509,039
Capital Expenditure	(71,230)	(49,739)	(61,594)	(100,000)	(120,000)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	(1,186)	(37,084)	(21,311)	(6,378)	(7,236)
Cash Flow from Investing	(72,415)	(86,823)	(82,905)	(106,378)	(127,236)
Shares Issue / (Repurchase)	45,867	31,795	66,201	0	0
Cost of Dividends Paid	NA	NA	NA	NA	NA
Cash Flow from Financing	77,214	46,121	42,098	(50,694)	(102,041)
Free Cash Flow	(64,332)	(13,219)	259,983	341,900	389,039
Net Debt	86,395	94,804	(208,815)	(520,578)	(820,919)
Change in Net Debt	13,161	16,911	(302,296)	(335,522)	(381,802)
Key Balance Sheet Data					
Property, Plant & Equipment	194,341	214,814	239,102	282,559	327,696
Other Non-Current Assets	9,244	10,985	18,689	23,041	27,081
Trade Receivables	1,846	1,524	7,115	8,428	10,069
Cash & Equivalents	42,699	51,990	332,725	617,553	897,314
Other Current Assets	23,470	57,472	92,603	118,965	144,651
Total Assets	271,599	336,785	690,234	1,050,545	1,406,812
Long-Term Debt	95,994	118,825	98,971	80,612	65,659
Other Non-Current Liabilities	14,157	11,017	15,324	15,324	15,324
Short-Term Debt	33,100	27,969	24,938	16,362	10,735
Other Current Liabilities	24,091	24,873	44,296	53,612	62,878
Total Liabilities	167,342	182,685	183,530	165,911	154,597
Total Equity	104,257	154,100	506,704	884,635	1,252,215
Total Equity & Liabilities	271,599	336,785	690,234	1,050,545	1,406,812
iQmethod℠ **- Bus Performance***					
Return On Capital Employed	-2.4%	3.6%	60.1%	49.7%	39.2%
Return On Equity	-18.6%	3.8%	106.0%	61.2%	44.8%
Operating Margin	-24.9%	13.6%	79.9%	76.7%	73.4%
EBITDA Margin	39.2%	60.1%	88.9%	87.9%	86.5%
iQmethod℠ **- Quality of Earnings***					
Cash Realization Ratio	NM	19.5x	1.7x	1.7x	1.7x
Asset Replacement Ratio	4.5x	1.9x	1.8x	1.7x	1.5x
Tax Rate (Reported)	NM	7.2%	9.3%	10.0%	10.0%
Net Debt-to-Equity Ratio	82.9%	61.5%	-41.2%	-58.8%	-65.6%
Interest Cover	-2.4x	3.6x	NM	NM	NM

Key Metrics

* For full definitions of *iQ*method℠ measures, see page 36.

Company Sector

Semiconductors

Company Description

Founded in 2016, CXMT is a semiconductor integrated device manufacturer focusing on DRAM chip design, fabrication, and sale. The company is headquartered in Hefei, Anhui Province.

Investment Rationale

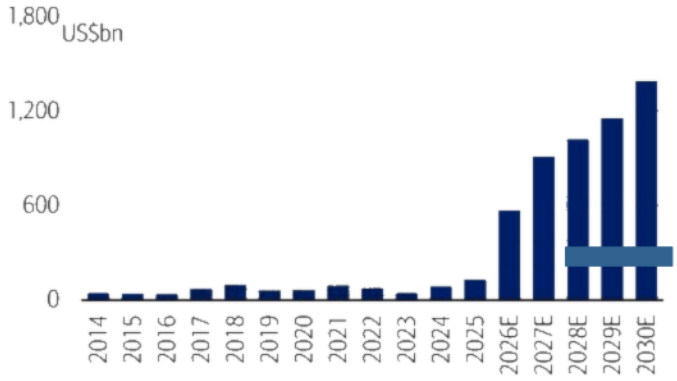
Our Buy rating for CXMT is based on the company's solid profitability amid a multi-year global DRAM super cycle and its key role in China's memory semiconductor sufficiency effort and AI ecosystem.

Stock Data

Price to Book Value	9.5x

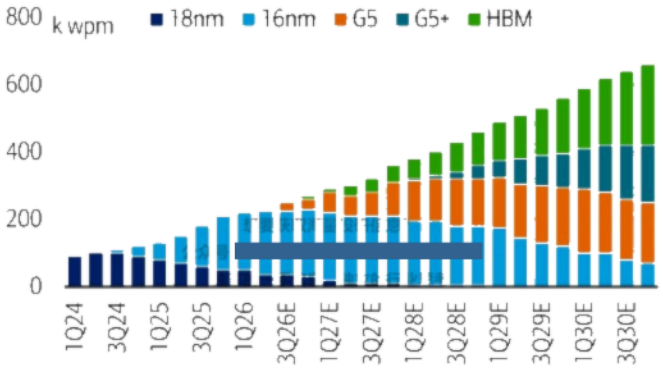
Key 6 charts

Exhibit 1: Global annual DRAM market size
Global DRAM market size of US$1.4tn expected in 2030



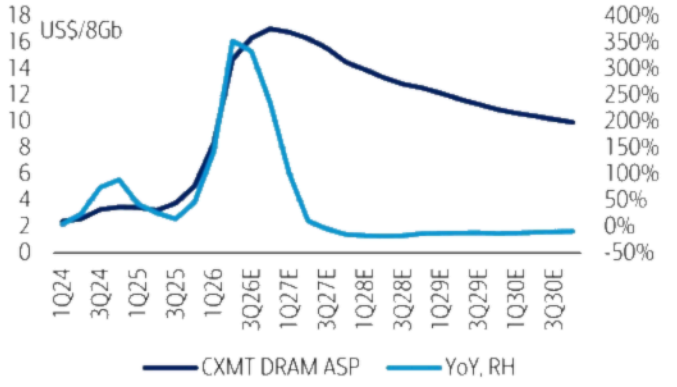
Source: BofA Global Research estimates

Exhibit 2: CXMT – Wafer capacity by node generation
CXMT capacity over 600k wpm by 2030, more than doubled vs 300k now



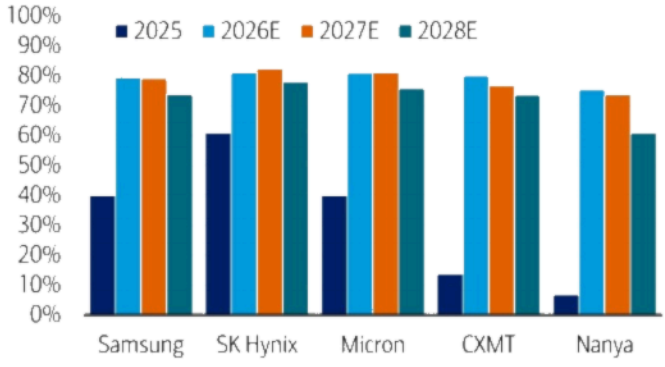
Source: BofA Global Research estimates

Exhibit 3: CXMT – Blended DRAM ASP and YoY
Generally, we expect CXMT's ASP to see mid/low-single digit% YoY correction in 2028-30



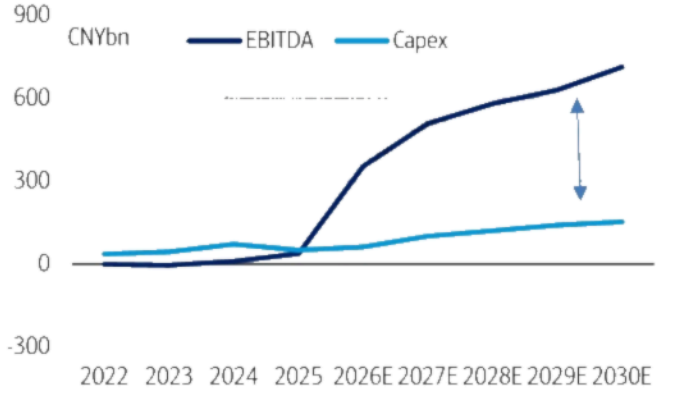
Source: BofA Global Research estimates

Exhibit 4: OP margins of global memory suppliers' DRAM business
CXMT is expected to maintain 80% OPM in 2026; 70%+ OPM likely to last into 2028



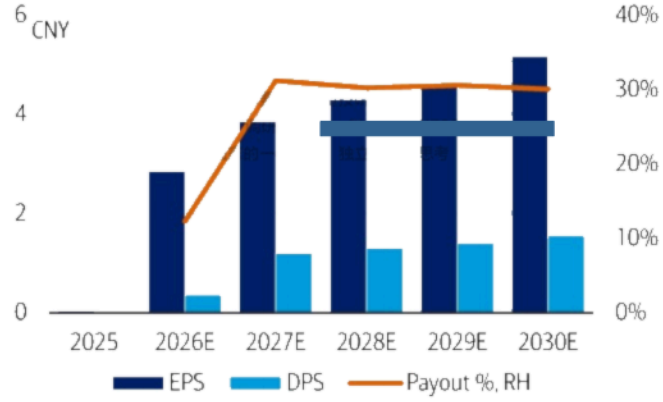
Source: Companies, BofA Global Research estimates

Exhibit 5: CXMT – Capex and EBITDA
Notable free cash flow generation despite US$15bn-20bn capex p.a. from 2027 to 2030



Source: Company, BofA Global Research estimates

Exhibit 6: CXMT – Annual EPS vs DPS
Continuous profit generation from 2027 to 2030 could support 30% dividend payout ratio, in our view



Source: BofA Global Research estimates

Investment thesis

We like CXMT because of 1) its unique position in China semiconductor/AI industries; 2) positive outlook on global DRAM industry; 3) the company's solid profitability; 4) FCF generation despite capex increase; and 5) attractive valuation.

Key memory enabler in China technology/AI eco-system

CXMT (previously known as ChangXin Memory Technologies) is China's leading DRAM supplier and the only mainland China-based company with large-scale DRAM design and manufacturing capabilities. According to the company's IPO prospectus, CXMT ranks No.1 in China and No.4 globally by DRAM production capacity, following Samsung, SK Hynix and Micron. The company has successfully commercialized DDR4, DDR5, and LPDDR6 DRAM products. It is also developing HBM - a key semiconductor component for AI applications - establishing itself as a key participant in the global DRAM industry and a strategic enabler of China's memory semiconductor localization efforts.

Global DRAM "super-cycle" a multi-year trend

We expect the global DRAM/memory super-cycle to last into 2028-2030. As we learnt from the recent BofA 2026 Asia Conference, hyperscalers are still trying to secure more DRAM chip supply via long-term agreements (LTAs), which could drive up 2027 DRAM pricing. Additional DRAM supply by the chipmakers' new wafer capacity expansion should be easily absorbed by HBM content upgrade in AI servers. We now see single-digit% YoY fluctuation in DRAM prices through 2028-30, no hard-landing or downcycle is expected.

CXMT margin resilient amid demand/policy uncertainties

In contrast, given CXMT's high revenue exposure to consumer-oriented applications (smartphone, etc.) and a relatively short history in the advanced DRAM areas such as high-end DDR5, enterprise DRAM solution, HBM, etc., we currently expect 17%/12%/11% YoY DRAM ASP decline for CXMT from 2028 to 2030, assuming higher price cut pressure from consumer-related DRAM customers in the China market. Similarly, we do not model very aggressive capacity expansion by the company, i.e. adding more than 100k+ wpm capacity per year due to the restrictions for the company to access critical equipment/material, etc. In our view, 80-100k wpm capacity additions per year and resilient ASP (still US$10-15/GB level) from 2027-30 should warrant 20%+ sales CAGR and continuously solid margins (60%+ OPM likely in 2030 vs c.80% in 2H26).

Valuation attractive among China semis manufacturers

Currently, China semiconductor chip manufacturers' (foundry/IDM/OSAT) shares are traded at 36x P/E on average (2027E), with 2026-28 EPS CAGR of 20-30%. In comparison, CXMT shares are traded at only 11x P/E (2027E). We believe CXMT's leading position in China's memory semiconductor localization drive, coupled with the ongoing DRAM demand upcycle, positions the company for notable earnings growth (2027-30 EPS CAGR 16% estimated). This should suggest an attractive share-price/valuation upside for the stock. We adopt 16x P/E (2027-28 average) to derive the PO of CNY65, given the company's long-term earnings growth potential.

Investor FAQs

The outlook for the global DRAM market and the implication to CXMT ASP?
We expect DRAM super-cycle to extend into 2028–30, supported by AI/HBM demand, with no major downcycle. This should be supportive for CXMT's ASP. Even though, we only estimate CXMT's ASP will rise 9% in 2027 but decline by 17%/12%/11% in 2028/29/30, respectively, reflecting its greater exposure to price-sensitive mobile and mainstream DRAM customers.

Trade restrictions' impact on CXMT?
We acknowledge restrictions on advanced lithography, equipment components, software and technical services could be risk factors for CXMT's capacity expansion, node migration and HBM development. The forecasts assume CXMT retains access to essential tools and support, or can draw on equipment stockpiles.

Assumptions for CXMT capacity expansion?
To reflect the trade restriction risks, we now assume CXMT's annual capacity additions of roughly 80–90k wafers per month through 2027/28, upon its current capacity of nearly 300k. This pace could continue into 2029/30. Overall, we model CXMT's total wafer capacity to be 470k wpm by 2028-end and 670k wpm by 2030 – it's too early to assume more than 100k wpm per year capacity expansion by CXMT for now, in our view.

Assumptions for CXMT node migration?
We view G4/16nm could represent more than 70% of CXMT's total capacity in 2H26. The company has announced G5 node so that 2027–28 capacity additions could increasingly focus on this node. Further modifications/ upgrade based on the G5 node is possible but we do not assume migration beyond the 10nm class during the forecast period without EUV supply.

New node architecture, such as $4F^2$, could be another approach for CXMT to continue improving DRAM density without EUV. This could enhance CXMT's competitiveness vs other memory chipmakers outside China if it manufactures large volumes of $4F^2$ DRAM in 2027-28 (other major chipmakers not planning $4F^2$ mass production before 2028). However, this could also involve higher execution risks and production cost.

Can CXMT mass produce HBM?
CXMT has reportedly delivered small-volume HBM3/HBM3E samples, but commercial scale production has not proved. As the major global suppliers are restricted from supplying HBM chips to China, we believe CXMT will continue investing in HBM development and mass production. We estimate 50k wafers per month capacity will be allocated by CXMT for HBM by end-2027 and 100k by end-2028, while its bit shipment share in the global HBM market should remain limited, only 2-6% assumed.

Will CXMT lead to a significant over-supply in global DRAM market?
We expect CXMT's global wafer-capacity share to remain around 15–16%, while AI and HBM demand should absorb incremental industry supply, thus unlikely to cause severe oversupply in the global market.

Any competition in China domestic market?
CXMT is currently China's only large-scale integrated DRAM producer, but emerging suppliers such as SwaySure pose a competitive risk. We expect this competition to remain manageable in the short- to medium-term

Valuation

CXMT's shares are currently traded at 11x P/E (2027E). We view 1) a higher visibility for the global DRAM price upcycle lasting into 2028 or even 2029/30; 2) CXMT's improvement in HBM mass production; thus a higher revenue/profit exposure to AI applications, 3) significantly improved shareholder returns, 4) CXMT's inclusion into major China stock indices, should be main catalysts driving the company's valuation/share price upside.

Our CNY65 PO for CXMT is derived from 16x 2027-28 average EPS of CNY4.07. The target P/E is higher than our target multiple for other global memory peers, i.e. 9-11x for Samsung, SK Hynix, Nanya Tech, Winbond, etc. This is mainly because CXMT is still in the rapid capacity expansion stage; thus could see higher earnings growth than the more established global peers – we forecast CXMT 2027-28 two-year EPS CAGR at 16% vs the global peers' c.10-15% for the same period (based on Bloomberg consensus) as well as the company's key role in China's semiconductor localization trend and AI eco-system.

CXMT's current valuation looks attractive compared to China semiconductor chipmakers' average valuation level – the local foundry/IDM/OSAT companies' shares are mostly traded at 30-40x P/E (2027/28E). The downside risk factors to our PO and valuation multiple are: 1) slower-than-expected capacity expansion/revenue growth due to disruptions in supplies of key equipment, materials/components, and even technical services; 2) substantial DRAM price correction due to faster-than-expected capacity expansions by CXMT itself/global peers, e.g. in 2029 or 2030. Even the competition from emerging China domestic DRAM players, such as SwaySure, could be a risk for CXMT while this should be manageable in the medium-/ short-term, in our view.

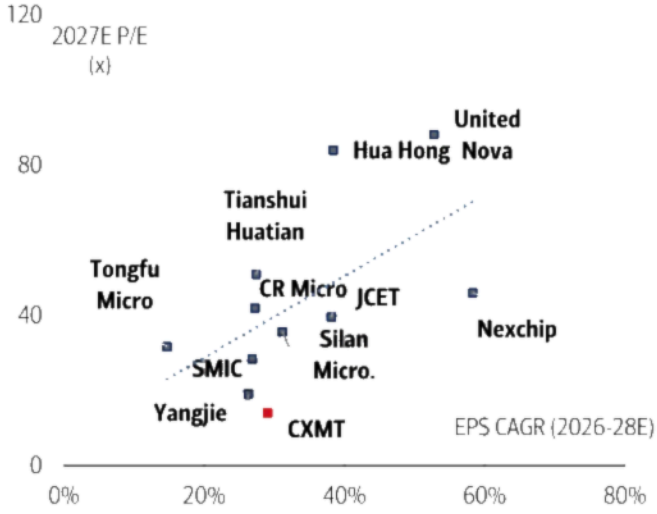
On the other hand, the upside risks to our PO/target valuation for CXMT are: 1) more severe global-wise DRAM supply shortage, thus higher DRAM price hike in 2027-30; 2) more aggressive capacity expansion; 3) faster-than-expected technology breakthroughs, e.g. in new DRAM node, new-generation HBM, etc.; 4) better shareholder-return policy.

Exhibit 7: CXMT - P/E band (forward 12-month)
CXMT's stock has broadly been traded at approximately 11x -14x P/E



Source: Company, Bloomberg, BofA Global Research estimates

Exhibit 8: China semis manufacturers' P/E vs EPS CAGR
CXMT stands out as one of the cheapest names relative to its earnings growth outlook among China semiconductor peers



Source: Company, Bloomberg, BofA Global Research estimates

Exhibit 9: CXMT – Valuation comparison with China semiconductor manufacturers and global memory peers
CXMT trades at 14x/11x/10x FY26E/27E/28E P/E, at a steep discount to China semiconductor peers but at a premium to global memory peers

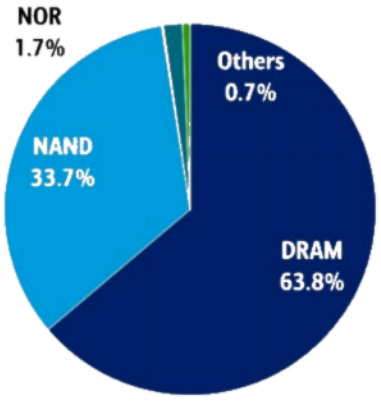
	Ticker	Rating	Price (Local)	Mcap ($bn)	P/E			P/B			ROE			EPS growth			Dividend yield		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
China semis manufacturing companies																			
CXMT	**688825 CH**	**C-1-7**	**42.7**	**434.3**	**14**	**11**	**10**	**9.0**	**5.1**	**3.7**	**106%**	**61%**	**45%**	**nm**	**35%**	**12%**	**0.9%**	**2.9%**	**3.2%**
SMIC	981 HK	nc	45.2	72.9	32	25	20	7.7	6.4	5.6	6%	7%	8%	99%	30%	24%	0.3%	0.4%	0.6%
Hua Hong	1347 HK	C-3-7	64.3	30.0	71	44	37	1.9	1.9	1.8	3%	4%	5%	265%	62%	18%	0.2%	0.3%	0.3%
JCET	600584 CH	C-1-7	55.1	14.8	42	27	22	3.2	2.9	2.6	8%	11%	12%	48%	56%	22%	0.5%	0.5%	0.5%
Tongfu Micro	002156 CH	nc	42.8	10.2	33	30	25	2.5	2.2	2.0	12%	11%	12%	60%	11%	19%	0.2%	0.4%	0.5%
United Nova	688469 CH	nc	7.7	9.7	103	74	44	7.5	6.0	4.9	5%	6%	10%	-194%	40%	67%	na	na	0.1%
Nexchip	688249 CH	nc	26.3	8.5	58	34	23	5.9	4.8	4.1	5%	6%	8%	26%	68%	49%	0.5%	1.2%	1.8%
CR Micro	688396 CH	nc	48.2	9.6	48	36	30	2.6	2.4	2.3	5%	7%	8%	102%	32%	23%	0.2%	0.3%	0.4%
Silan Micro	600460 CH	C-2-7	25.0	6.2	36	25	21	3.2	2.9	2.6	9%	12%	13%	189%	43%	20%	0.5%	0.7%	0.8%
Huatian	002185 CH	nc	15.4	7.7	58	44	36	3.2	2.7	2.4	5%	6%	7%	22%	32%	23%	0.3%	0.4%	0.5%
Average					**50**	**35**	**27**	**4.7**	**3.7**	**3.2**	**16%**	**13%**	**13%**	**69%**	**41%**	**28%**	**0.4%**	**0.8%**	**0.9%**
International memory semiconductor companies																			
Samsung	005930 KS	C-1-7	213,000	980.9	5	4	4	2.1	1.5	1.1	52%	46%	33%	558%	34%	-2%	4.6%	5.0%	5.2%
Micron	MU US	C-1-7	904	1,022.5	12	5	5	7.4	3.7	2.5	90%	96%	69%	879%	128%	9%	5.9%	7.3%	8.8%
SK Hynix	000660 KS	C-1-7	1,275,000	740.3	4	4	3	2.4	1.6	1.2	98%	53%	38%	479%	3%	1%	3.0%	6.0%	7.4%
SanDisk	SNDK US	C-1-9	1,256	181.5	18	5	5	11.8	3.4	2.0	88%	103%	52%	2252%	229%	6%	0.0%	0.0%	0.0%
Kioxia	285A JP	C-1-9	12,605	131.7	4	3	2	3.5	1.6	1.0	144%	74%	51%	831%	32%	25%	0.0%	0.0%	0.0%
Nanya Tech	2408 TT	B-1-7	441	46.7	6	4	5	3.1	1.9	1.6	75%	56%	34%	3417%	39%	-19%	5.1%	9.4%	9.6%
Winbond	2344 TT	C-1-7	163	22.5	7	5	6	3.2	2.1	1.7	59%	50%	33%	2329%	45%	-11%	3.1%	6.1%	5.2%
Macronix	2337 TT	C-1-7	103	6.3	7	5	5	2.5	1.8	1.4	46%	43%	30%	-932%	45%	-9%	3.9%	4.9%	4.4%
Average					**8**	**4**	**4**	**4.5**	**2.2**	**1.6**	**82%**	**65%**	**42%**	**1227%**	**69%**	**0%**	**3.2%**	**4.8%**	**5.1%**

Source: Bloomberg, BofA Global Research estimates

Overview of global DRAM market

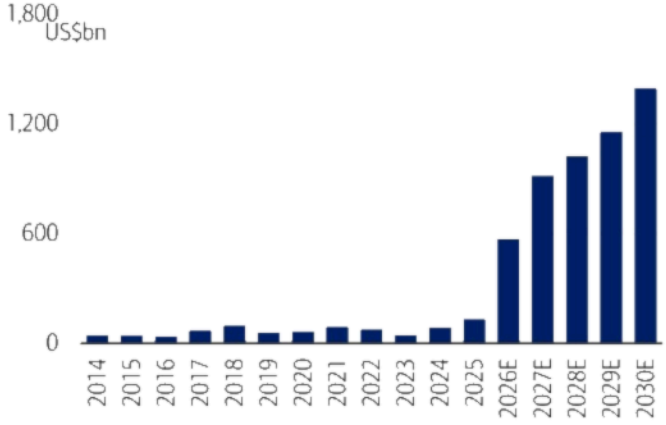
Dynamic Random Access Memory (DRAM) is used to store, write, and read sequences of data. In electronic devices, DRAM acts as a cache/temporary memory between the permanent storage device (hard disk/solid-state drives) and the processor (CPU, etc.) for frequently accessed data. DRAM is one of the most used semiconductor chip, representing c.19% of the global semiconductor market in 2025, according to Semiconductor Industry Association (SIA). Historically, the DRAM market was cyclical, with annual sales fluctuating between c.US$40bn and US$90bn p.a. in the past decade. Driven by emerging demand from AI applications, especially high-bandwidth memory (HBM) that is critical for AI training/inferencing, the global DRAM sales could surge to US$573bn (6.5x of 2024 level) and reach nearly US$1.4tn in 2030, in our view.

Exhibit 10: Global memory market breakdown by chip type (2025)
DRAM representing nearly 2/3rd of the global memory market



Source: WSTS, BofA Global Research

Exhibit 11: Global annual DRAM market size
Global DRAM market size approaching US$600bn in 2026 vs sub-US$100bn p.a. prior to 2025 due to boosting AI demand; US$1.4tn expected in 2030



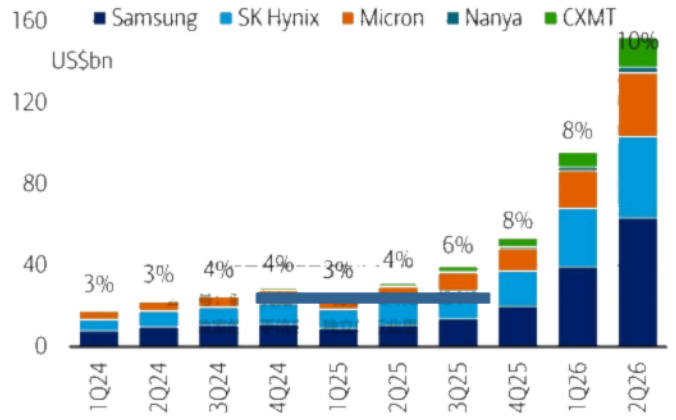
Source: BofA Global Research estimates

The global DRAM market is led by three companies, i.e. Samsung Electronics, SK Hynix, and Micron, in revenue size, technology, and production capacity. CXMT is rapidly expanding its business scale and investing in technology upgrade. There are several other DRAM chipmakers, such as Nanya Tech and Winbond, which are relatively smaller in scale.

In terms of revenue, the three suppliers accounted for about 90% of the global DRAM market in 1H26 – Samsung low-40%; SK Hynix high-20% to 30%; Micron about 20%. Especially in the high-end DRAM area, such as HBM, the three companies dominate almost all supply. CXMT's DRAM revenue comprised nearly 8-10% global share in 1H26. Nanya Tech and Winbond each has about 1-2% shares in the global market.

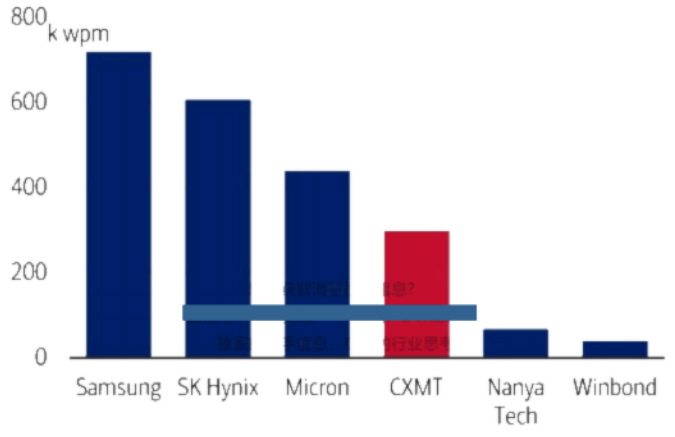
We estimate the total DRAM production wafer capacity global-wise currently is around 2.2mn wafers per month (wpm). Samsung, SK Hynix, and Micron own about 720k, 610k, and 440k wpm, respectively. CXMT's capacity should be around 300k wpm by end-2026 or 14% of the global total.

Exhibit 12: Global DRAM revenue by company
CXMT global market share already 9-10% in 1H26 vs 3-4% in 2024



Source: Companies, BofA Global Research estimates

Exhibit 13: DRAM wafer capacity by company (2026)
CXMT's capacity already near-300k wpm vs global No.3 Micron's c.400k wpm



Source: Companies, BofA Global Research estimates

Technologically, the global major DRAM makers, i.e. Samsung, SK Hynix, and Micron, have begun mass production of DRAM chips based on their 6th generation 10nm-class technology platforms – the node size is around 11-12nm, referred to as 1c nm by Samsung and SK Hynix and 1γ (1-gamma) by Micron. Meanwhile, Taiwan DRAM makers' technologies are also migrating into sub-20nm stage: Nanya Tech has started its 2nd generation 10nm-class (1B) DRAM production; Winbond is also ramping up 16nm DRAM production.

We expect the global DRAM/memory super-cycle to last into 2028-2030. As we learnt from the recent BofA 2026 Asia Conference, hyperscalers are still trying to secure more DRAM chip supply via long-term agreements (LTAs) which could drive up 2027 DRAM pricing. Additional DRAM supply by the chipmakers' new wafer capacity expansion should be easily absorbed by HBM content upgrade in AI servers. We see single-digit% YoY fluctuation in DRAM prices through 2028-30, no hard-landing or downcycle is expected.

CXMT's track record in DRAM business

CXMT unveiled the preliminary 9M26 sales of CNY265-270bn (about US$39-40bn), which implies the 3Q26 sales should be around US$17bn and the 2026 full-year revenue should be on track of reaching nearly CNY400bn (US$58bn), which will represent 9% of the global DRAM market. CXMT's gross/OP margins were around 88%/83% in 2Q26 – the profitability has been in line with the global Top-3 suppliers who achieved low-80% OPM in 2Q. Looking ahead, we expect CXMT's global market share to remain largely stable – its capacity expansion could be faster but pricing bargain power may not be as solid as global peers'.

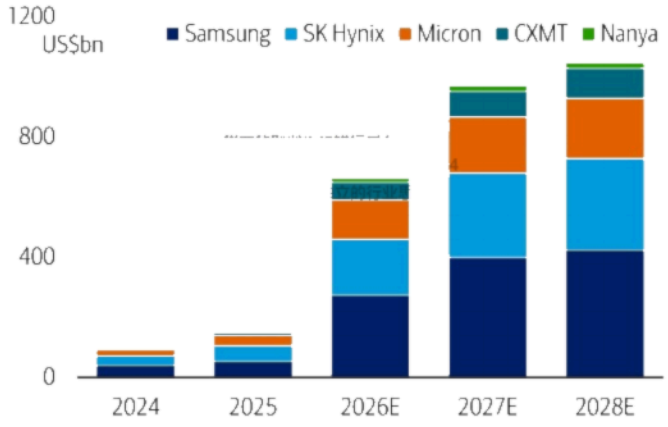
In terms of technology, CXMT has managed to mass produce DDR5/LPDDR5 chips utilizing sub-20nm nodes (mainly on 16nm level technology for now). It has recently announced new technology upgrades, such as mass production of LPDDR6 chips, 5th generation node (with about 12nm half-pitch size), etc. Future watch points for the company should be focusing on its ramp-up progresses in new technology areas, e.g. yield or quality of the enterprise DRAM solution, Gen5 node, 4F² architecture, HBM, etc.

China local memory chipmakers

Currently, major local memory chipmakers in China include CXMT and Yangtze Memory Technologies (YMTC), which have started mass production of DRAM and NAND flash chips, respectively. Several other companies are attempting to enter memory chip production, such as SwaySure, Jinhua (JHICC), etc. but their actual outputs are not notable so far. There have been media reports (*Reuters* as of Sept 2025 and 2026) that

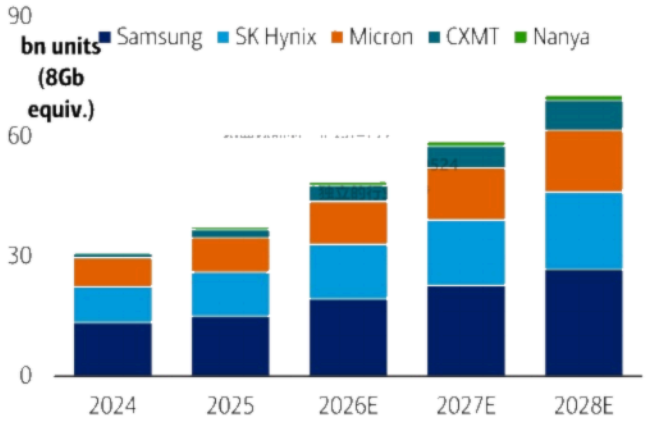
YMTC plans to penetrate into DRAM area, while CXMT seems to be considering NAND products. However, we believe these companies are still at an early stage of developing various types of memory chips and are likely to remain focused on their core businesses over the forecast period.

Exhibit 14: Global DRAM makers' annual sales by company
CXMT global market share likely to remain at c.9% from 2026 to 2028



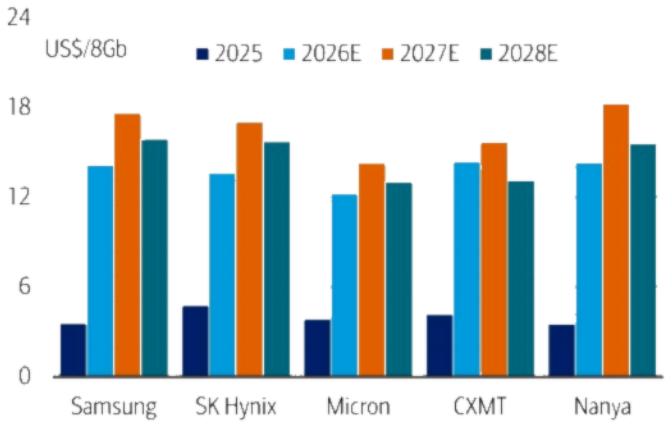
Source: Companies, BofA Global Research estimates

Exhibit 15: Global DRAM makers' bit shipment by company
9-11% bit share by CXMT in 2027/28 projected



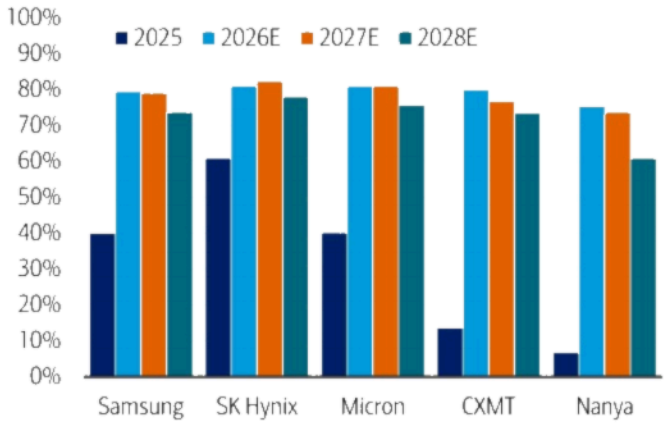
Source: Companies, BofA Global Research estimates

Exhibit 16: DRAM chipmakers' annual ASP
CXMT's DRAM ASP at about US$14/8Gb in 2026; 9% YoY increase expected in 2027 followed by about 17% correction in 2028



Source: Companies, BofA Global Research estimates

Exhibit 17: OP margins of global memory suppliers' DRAM business
CXMT is expected to maintain 80% OPM in 2026; 70%+ OPM likely to last into 2028



Source: Companies, BofA Global Research estimates

Assumption #1: Capacity and capex

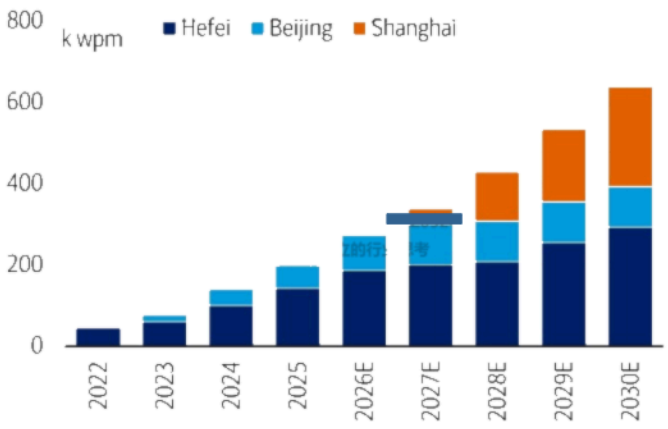
CXMT currently operates 3 fabs - 2 fabs (Fab A1/A2) in Hefei and 1 fab in Beijing (including 2 phases of Fab C1/C2. The Hefei fabs completed shell fab construction in 2018 and 2022. The Beijing fab originated from a memory production project by the municipal government and was taken over by CXMT in 2020. We estimate each of these fabs has about 100k wpm DRAM production capacity, so that CXMT's total DRAM production capacity by end-2026 should be around 300k wpm.

Besides the three existing fabs, media reports that CXMT has been constructing or planning additional DRAM front-end fabs. *China Securities Times* reported in July 2026 that CXMT is building a new DRAM fab in Tangzhen area, Shanghai, focusing on high-end DRAM wafer fabrication, such as HBM. *Reuters* reported in June 2026 that CXMT is building a third fab in Hefei and it is in talks with Beijing municipal government to build a second fab next to the existing one. We currently assume CXMT can add 80-90k wpm new capacity per year if these facilities can be completed in 2027-30. That said, we expect CXMT's total DRAM capacity to reach 380k and 470k wpm by 2027/28-end and even 670k wpm by 2030. However, we think it's too early to assume more than 100k wpm capacity additions per year given the limited visible cleanroom space upside and potential restrictions of accessing key equipment and materials.

In terms of capex, we view CXMT will need c.US$10bn/year for equipment to support these new wafer capacity expansion projects in 2027/28. Additional capex could be required for existing capacity node migration, maintenance, etc. Hence, we project CXMT's capex to be c.US$14.7bn/US$17.6bn (CNY100bn/CNY120bn) in 2027/28 vs US$9.0bn in 2026.

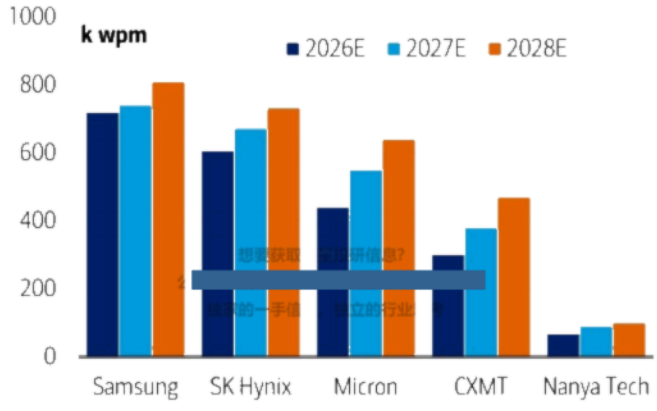
It is worth noting that CXMT's capacity/capex plans rely on its accesses to key semiconductor equipment, especially the critical ones supplied by overseas vendors, such as lithography machines. The US Congress is reviewing the Multilateral Alignment of Technology Controls on Hardware Act (MATCH Act), which could block CXMT's accesses to key equipment and related technical supports (spare parts, software, on-site services, etc.). Our projection for CXMT's capacity expansion is based on the assumption that the company can still access to these tools/supports or rely on its equipment inventory stockpiles. Further technology/trade restrictions should be a downside risk to our views.

Exhibit 18: CXMT – DRAM wafer capacity by fab
Capacity expansion across multiple fabs is expected to more than double DRAM wafer output by 2030, driven primarily by the ramp-up of the Shanghai and Hefei new fabs



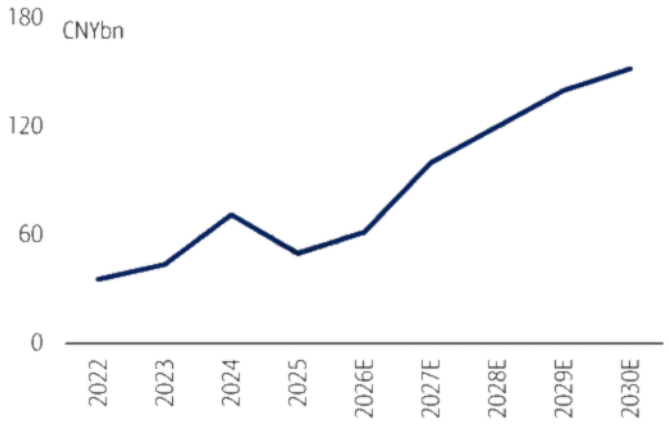
Source: Company, BofA Global Research estimates

Exhibit 19: DRAM wafer capacity by company
CXMT's capacity expanding along with global major suppliers



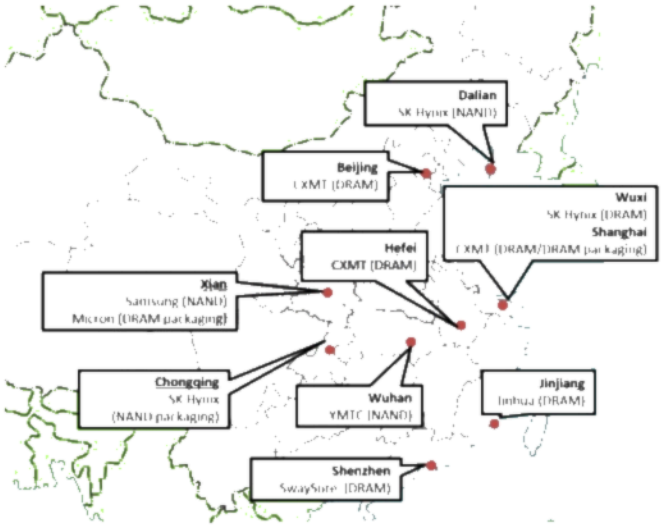
Source: Companies, BofA Global Research estimates

Exhibit 20: CXMT – Annual capex
CXMT is expected to sustain elevated capex spending to support its aggressive DRAM and HBM capacity expansion plans



Source: Company, BofA Global Research estimates

Exhibit 21: Major memory chip production facilities in China
CXMT has been operating DRAM fabs in Hefei and Beijing; Shanghai fab is planned as well

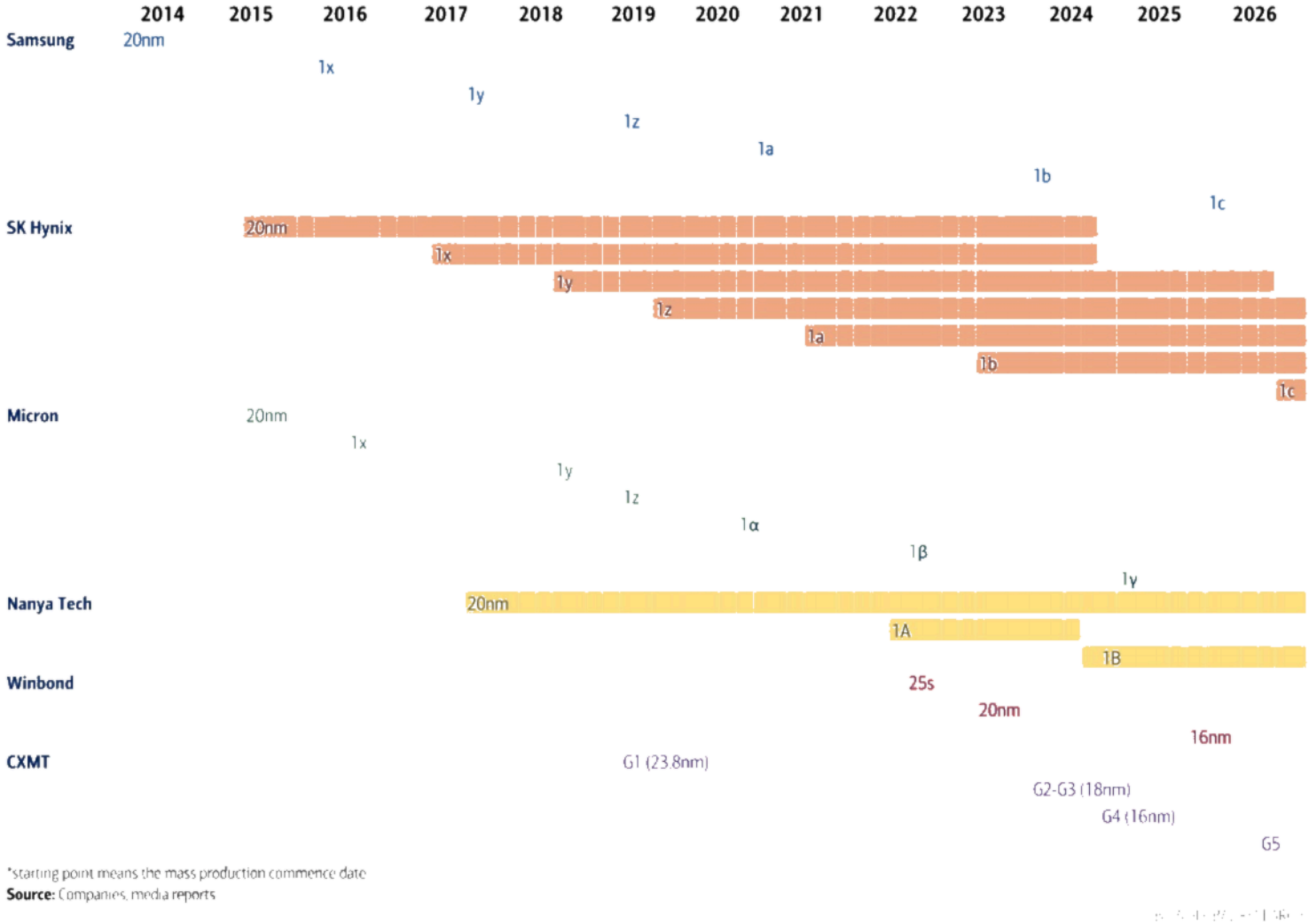


Source: BofA Global Research

Assumption #2: Node migration & bit growth

CXMT has developed five generations of DRAM nodes. According to TechInsight's teardown analysis, CXMT's initial DRAM node (G1) was 24nm, similar to the 2y generation by other suppliers; followed by its G2/3 generations, which were 18nm-grade (1x nm), and the latest G4 gen (16/1z nm). CXMT stated that its 1st generation node has been phased out and the G3/G4 nodes are in the mass-production stage. In Sept-2026, CXMT announced it has started mass production of its 5th generation DRAM node (G5). The company adopts self-aligned quadruple patterning (SAQP, a type of multi-patterning lithography technology) to achieve the half-pitch size of 11.95nm. The new-generation node can provide at least 50% more dies per wafer than the previous generation.

Exhibit 22: Major DRAM manufacturers' technology roadmap
Samsung, SK Hynix, Micron migrating to the 6th generation 10nm-level node; CXMT current technology level similar to tier-1 suppliers' in 2023-24



*starting point means the mass production commence date
Source: Companies, media reports

By DRAM generation, CXMT produced its first 8Gb DDR4 DRAM product in September 2019. So far, the company has started mass production of LPDDR4X, DDR5, LPDDR5/5X products while its in-house brand DDR4 products have ceased production. According to the company, mass shipment of its 5th generation DRAM (DDR5 and LPDDR5/5X) started in 2023. In 1H25, 4th/5th generations of DRAM accounted for 60%/40% of the company's total revenue. Meanwhile, high-density products, i.e. 12GB LPDDR4X and 64GB DDR5, contributed 9% and 10% of the total sales, respectively, in 1H25. In September 2026,

CXMT announced it has started mass producing LPDDR6 chips. Its LPDDR6 chip offers 16GB capacity based on 8x16Gb dies with maximum data rate of 12800 Mbps.

Exhibit 23: CXMT – Product development milestone
CXMT launched DDR5 (including LPDDR5/LPDDR5X) in 2023-25 and LPDDR6 in 2026



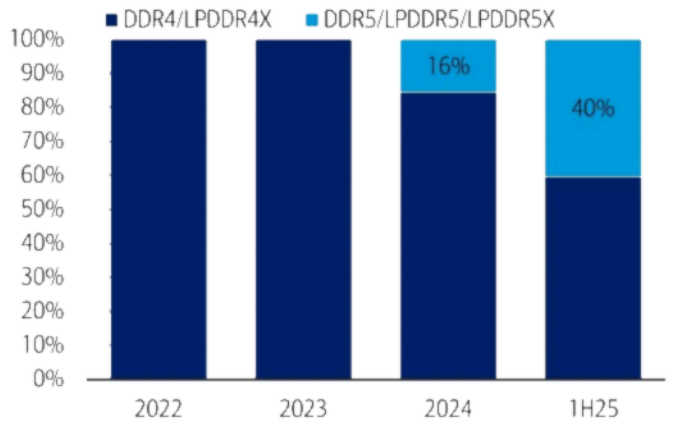
Source: Company

Exhibit 24: CXMT and global DRAM makers' product specs
CXMT shows its DRAM products having similar specs with global tier-1 suppliers' in terms of density and speed

Company	Type	Density	Speed (Mbps)
CXMT	DDR4	8/16Gb	up to 3200
	DDR5	16/24Gb	up to 8000
	LPDDR4X	64/96/128Gb	up to 4266
	LPDDR5/5X	36/64/96/128Gb	up to 10667
	LPDDR6	128Gb	up to 12800
Samsung	DDR4	up to 32Gb	up to 3200
	DDR5	up to 32Gb	up to 7200
	LPDDR4/4X (auto)	4Gb - 64Gb	up to 4300
	LPDDR5	24Gb - 96Gb	up to 6400
	LPDDR5X	16Gb-192Gb	up to 10700
SK Hynix	DDR4	4-32Gb	2666-3200
	DDR5	16Gb	4800/5600
	LPDDR4	4-32Gb	3200-4266
	LPDDR4X	4-64Gb	3733-4266
	LPDDR5	16-144Gb	6400
	LPDDR5X	24-128Gb	8533-9600
Micron	DDR4	4/8/16/32Gb	2666-3200
	DDR5	16/24/32Gb	4800-7200
	LPDDR4/4X	2-128Gb	Not mentioned
	LPDDR5	16-128Gb	6400-9600
	LPDDR5X	16-128Gb	8533

Source: Companies, BofA Global Research

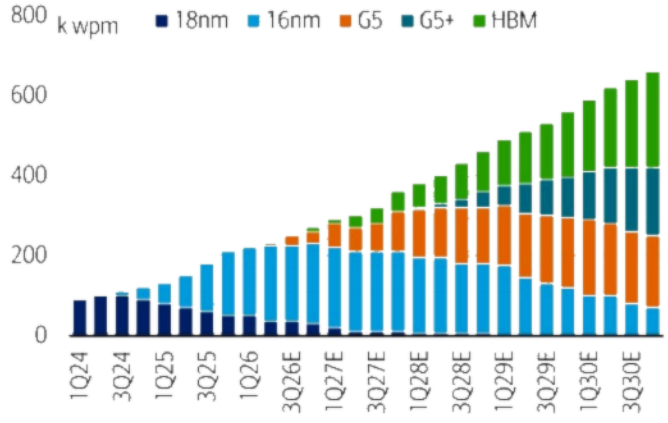
Exhibit 25: CXMT – Sales mix by DRAM type
5TH generation (DDR5 and LPDDR5/5X) contributed 40% revenue in 1H25



Source: Company

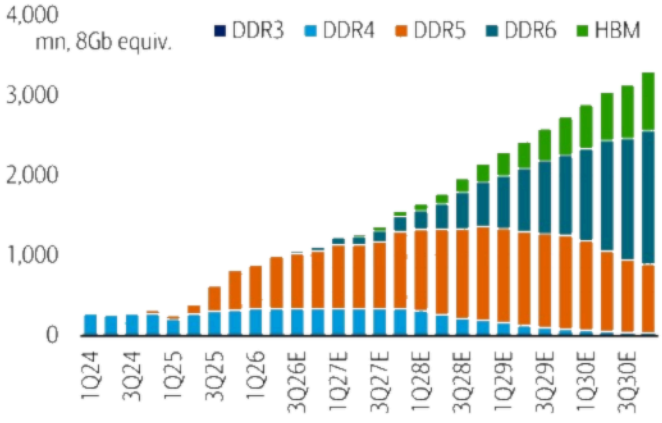
We estimate CXMT's G4/16nm capacity could reach 200k wpm or more in 2H26, accounting for more than 70% of its total wafer capacity. The company's wafer capacity expansion in 2027 and 2028 could focus on G5 node, for high-end DDR5, DDR6, and HBM production. Even if CXMT's G5 node could have a lower yield rate (70-85% assumed for 2027/28 vs older generations' 90%+), we still expect the node migration, along with the wafer capacity expansion, to deliver 34-39% per year bit shipment growth through 2027-28. That said, barring minor technology upgrades based on the G5 generation, currently we do not expect further node migration, i.e. beyond 10nm, by CXMT in the forecast period, given the high-yield loss without EUV lithograph tools. Besides node miniaturization, CXMT is also trying new architectures, such as 4F², to improve chip density. This could enhance CXMT's competitiveness vs other memory chipmakers outside China if it manufactures large volumes of 4F² DRAM in 2027-28, versus no such production among memory chipmakers outside China even in 2028. However, this could also involve higher execution risks and production cost, in our view.

Exhibit 26: CXMT – Wafer capacity by node generation
Currently CXMT mainly relies on G4/16nm, more G5 capacity could be added through 2027/28



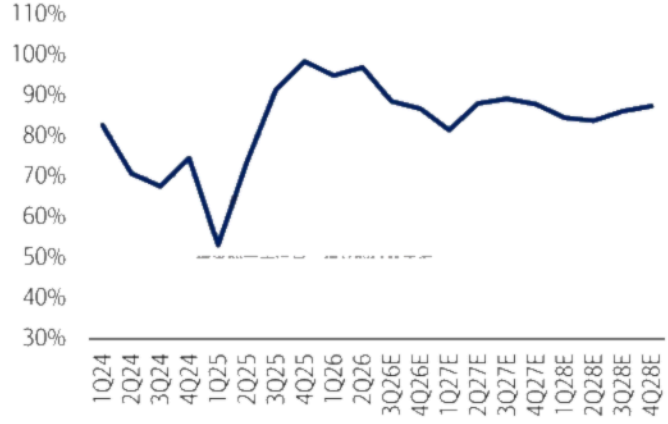
Source: BofA Global Research estimates

Exhibit 27: CXMT – Bit shipment by DRAM type
CXMT already started DDR5 mass production; DDR6/HBM contribution likely to be more meaningful from 2H27



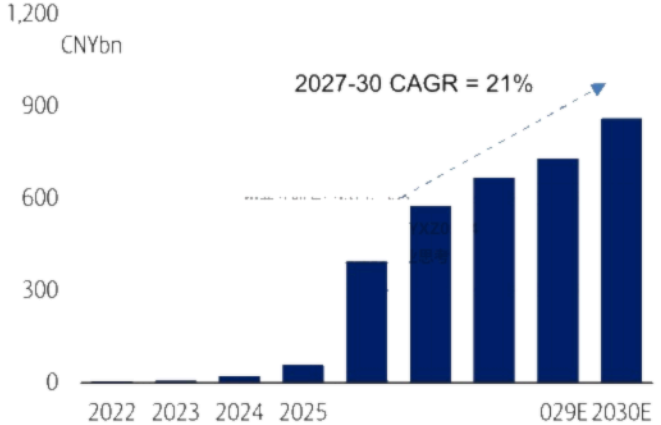
Source: BofA Global Research estimates

Exhibit 28: CXMT – Utilization trend
WE expect the company's utilization to remain high even after 2026 due to the continuously rising demand for DRAM chips



Source: BofA Global Research estimates

Exhibit 29: CXMT – Annual revenue trend
CXMT revenue growth relying on both capacity expansion and smooth technology upgrade



Source: Company, BofA Global Research estimates

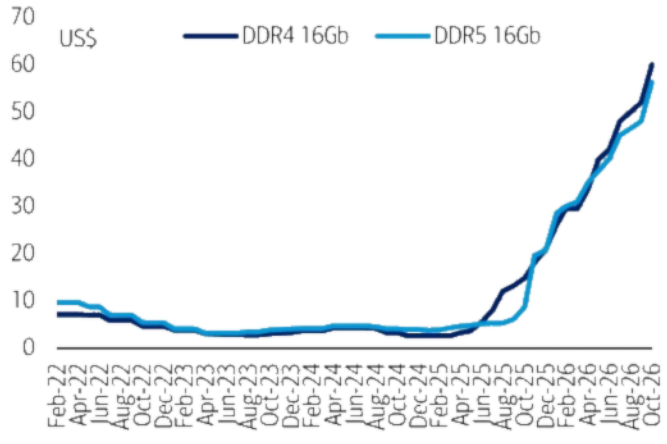
Assumption #3: ASP trend

CXMT stated that its DDR/LPDDR DRAM chip ASPs increased 55%/55% YoY in 2024 and 61%/24% YoY in 2025, following the global DRAM "super-cycle". We estimate CXMT's DRAM ASP increased 63%/77% QoQ in 1Q and 2Q26 (+141%/+353% YoY).

Compared to the global DRAM market where server (including both AI and conventional types) has been accounting for 45% of the total demand (in terms of bit shipment), CXMT's revenue is still more exposed to mobile applications (smartphone, tablet, etc.). In 2025, mobile applications contributed 60% of CXMT's DRAM sales vs server 27% and PC 4%. In addition, CXMT's customer concentration is relatively high – 74% of the company's 2025 revenue was contributed by its Top-5 customers. In our view, CXMT could face significant ASP pressure than other major DRAM suppliers in 2027-28 given the higher demand elasticity of the mobile applications (vs AI/data center, etc.) and stronger bargaining power by its customers.

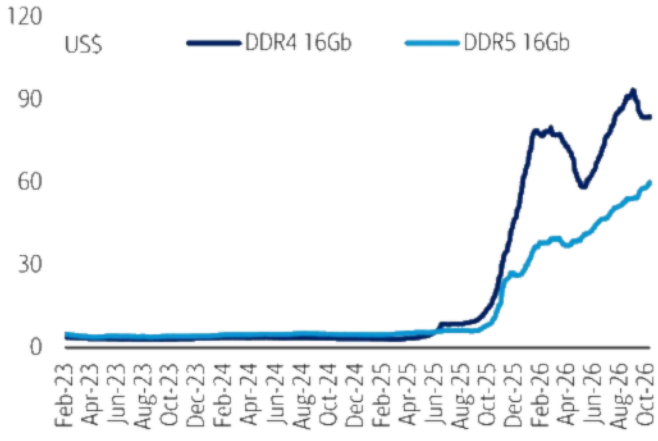
Thus, for 2027, we now assume CXMT's DRAM ASP to start softening by single-digit% per quarter, mainly led by mainstream DRAM (DDR4 and DDR5) types. Its overall DRAM ASP will increase by 9% YoY in 2027 (mainly due to 1H26 low base). This assumption is more conservative than our DRAM industry ASP forecast that mid-/low-single digit% increase can be maintained through 2027 so that the full-year ASP will increase by 34% YoY. This trend could persist through 2028–30, with CXMT's mainstream DRAM prices continuing to correct, while pricing for more advanced products, such as HBM, may remain relatively resilient. Overall, we project CXMT DRAM ASP to contract by 17% in 2028, followed by 12%/11% decline in 2029/30. Nonetheless, the ASP will remain at US$10/GB level even through 2030, which is clearly higher than the historical level of US$3-4/GB prior to 2026.

Exhibit 30: 16Gb DDR4/DDR5 contract price
Currently, 16Gb DDR4/DDR5 contract prices almost the same



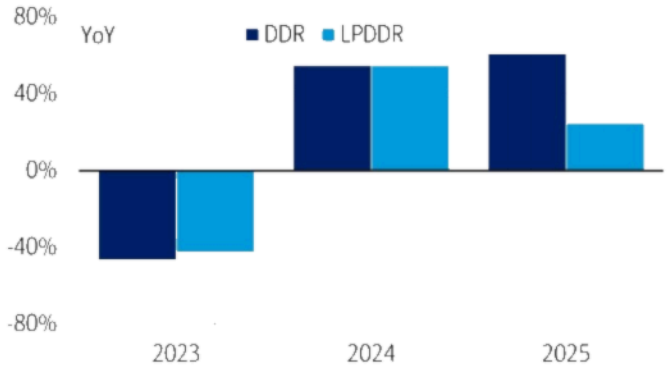
Source: DRAMeXchange

Exhibit 31: 16Gb DDR4/DDR5 spot price
DDR4 spot prices have surpassed DDR5 prices, highlighting severe supply tightness amid continued demand for legacy memory



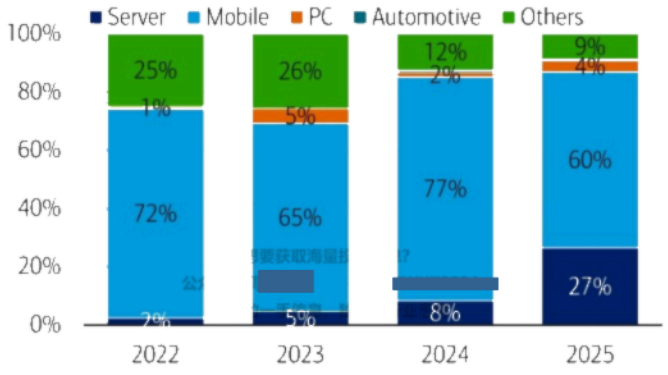
Source: DRAMeXchange

Exhibit 32: CXMT - DDR and LPDDR ASP YoY
CXMT DRAM ASP growth trend in 2024/25 generally in line with the global market trend



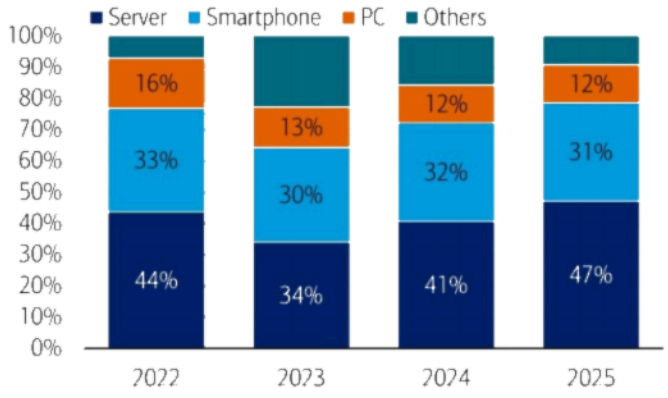
Source: Company

Exhibit 33: CXMT – Sales breakdown by application
Mobile accounts for 60% of total sales; server proportion rose significantly from 8% in 2024 to 27% in 2025



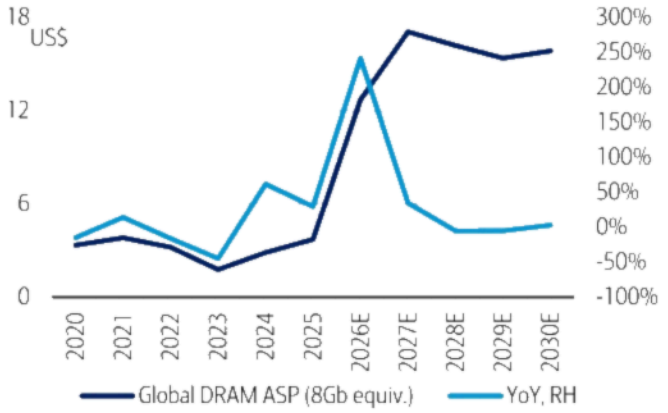
Source: Company

Exhibit 34: Global DRAM demand mix by application (in bit shipment)
More than 40% of global DRAM output is consumed by server/data center; smartphone accounts for c.30%, followed by PC (low-teen%)



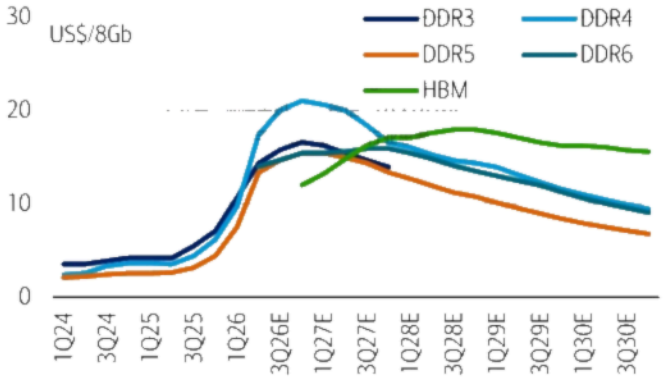
Source: BofA Global Research estimates

Exhibit 35: Global DRAM ASP and YoY
For global overall DRAM pricing, we expect another 34% YoY increase in 2027 and a generally stable trend from 2028 to 2030



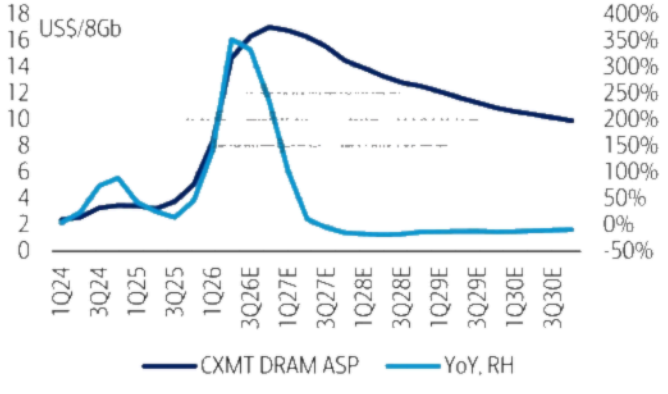
Source: BofA Global Research estimates

Exhibit 36: CXMT – DRAM ASP by product
CXMT's commodity DRAM (ex-HBM) prices could be under pressure given the higher exposure to consumer-related end-demand



Source: BofA Global Research estimates

Exhibit 37: CXMT – Blended DRAM ASP and YoY
Generally, we expect CXMT's ASP to see mid/low-single digit% YoY correction in 2028-30



Source: BofA Global Research estimates

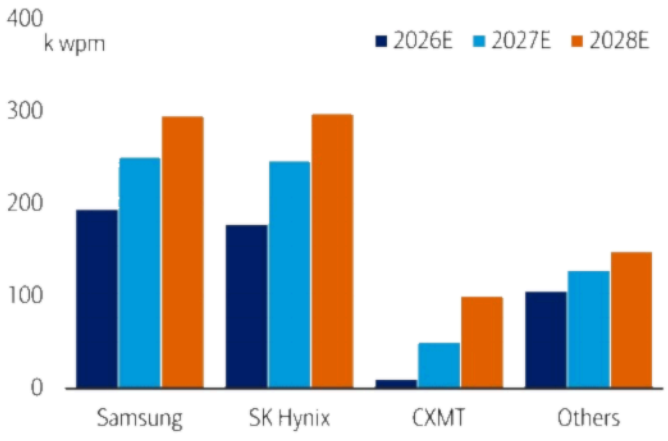
Assumption #4: Stake in China HBM

CXMT has not officially announced high-bandwidth memory (HBM) development or shipment. According to media reports, such as *EE Times China* in October 2025 and *The Information* in August 2026, CXMT has delivered small-volume HBM3 and HBM3E samples to potential domestic customers. On the other hand, some media speculates CXMT is encountering low-yield issues in HBM production – *Chosun Biz* reported in September 2026 that CXMT HBM3 production yield is only 20-30% as the company lags behind the global major HBM suppliers in know-hows of larger size DRAM die fabrication and TSV/die stacking processes.

Nonetheless, CXMT has prepared production facilities for HBM manufacturing. In June 2024, *Bloomberg* reported that CXMT agreed with Shanghai municipal government to invest US$2.4bn to build a back-end fab in Jinqiao area (not the front-end fab in Tangzhen), focusing on technologies such as TSV which is a critical step in HBM production. The target packaging capacity of this fab is reported to be 30k wpm.

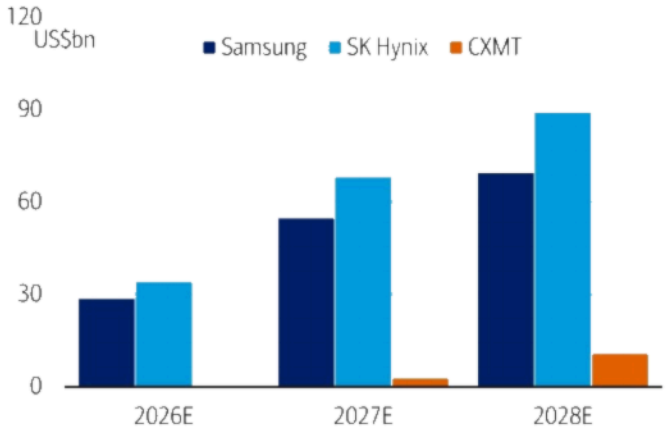
Currently, we estimate CXMT's wafer capacity allocated for HBM to be 50k wpm by end-2027 and then 100k wpm by end-2028, respectively, vs almost nil in 2026. That said, the HBM bit shipment could be 0.2EB and 0.6EB in 2027/28, representing 2% and 6% of the global HBM supply. HBM should contribute 3% and 11% of CXMT's total revenue during this period. If its technology development is on track, we believe HBM could contribute 20–30% of CXMT's total revenue by 2029/30.

Exhibit 38: Wafer capacities allocated for HBM by company
We expect CXMT to allocate 50-100k wpm capacity for HBM production by 2027/28-end due to demand from China domestic AI chipmakers



Source: BofA Global Research estimates

Exhibit 39: Annual HBM revenue by company
CXMT HBM revenue is likely to remain behind global leaders in 2027/28



Source: BofA Global Research estimates

Assumption #5: Gross margin and opex

CXMT's cost of goods sold (COGS) is dominated by depreciation cost. In 2024 and 2025, the company's fixed-asset depreciation was CNY15bn/CNY25bn, comprising about 64% and 68% of the total COGS, respectively. In comparison, the combined raw material and labor costs only accounted for 5-7% of the total COGS. CXMT's gross margin was negative in 2022-1H24 but rapidly improved to 41% in 2025 and 85% in 1H26, mainly backed by: 1) DRAM ASP hike; 2) capacity utilization rate improvement – from 80% +/- in 2022-23 to 95%+ in late-2025/1H26; 3) yield improvement, particularly for its G4 node; 4) inventory revaluation gain/write-back in 2023-25.

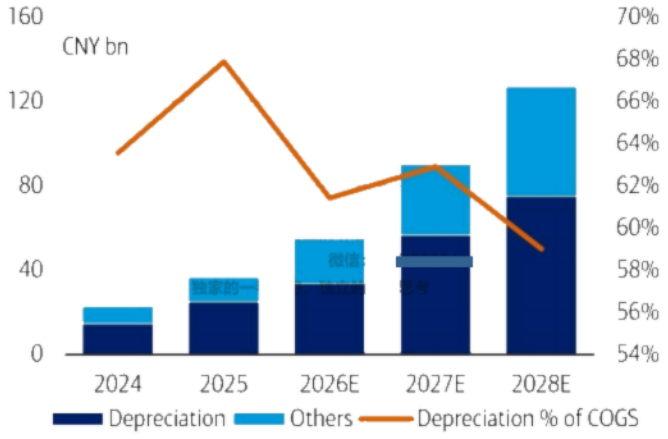
We expect CXMT's GPM to be maintained at high-80% range through 2H26 and remain 80%+ through 2027 and even 2028. Given the company's intensive capex spending, mainly after 2022, we estimate its depreciation will be CNY34bn/CNY57bn/CNY75bn in 2026-28, +35%/68%/32% YoY. For 2027, the COGS per GB could rise 23% YoY, mainly due to the depreciation hike, as well as the initial cost for new G5 node ramp-up etc. but this should be offset by the 9% ASP increase. From 2028, if CXMT's new node migration and HBM ramp-up progress well, its bit growth should generally match the deprecation growth, thus the COGS per bit will be largely stable. Thus, even if we assume a mild correction in CXMT DRAM ASP from 2028, the impact on the GPM will be limited.

CXMT G&A expense increased from CNY2.3bn/CNY2.4bn per year in 2023/24 to CNY6.6bn in 2025 (11% of revenue), mainly due to the cost of stock incentive plans for key employees, especially an one-off 1.5bn shares granted to the company Chairman Yiming Zhu in July 2025 (2023-25 stock incentive expenses in G&A were CNY1.2bn/ CNY1.4bn/CNY5.2bn, respectively). Employee incentive expenses will recur in the future while the impact on the OP margin will be limited, in our view. In 1H26, the G&A expense was CNY1.4bn or around 1% of the total revenue. We assume the company's G&A expense will be CNY7.3-8.5bn per year in 2027/28, around 1.3% of its revenue.

CXMT's R&D expense was CNY9.6bn in 2025 and CNY5.5bn in 1H26 (16%/4% of revenue). Supported by the company's higher revenue, we expect its R&D expense to increase to CNY32bn/CNY36bn in 2027/28 (US$4.6bn/US$5.2bn, about 5.5% of revenue) to support its new technology development (multi-patterning based new nodes, equipment localization, HBM, etc.).

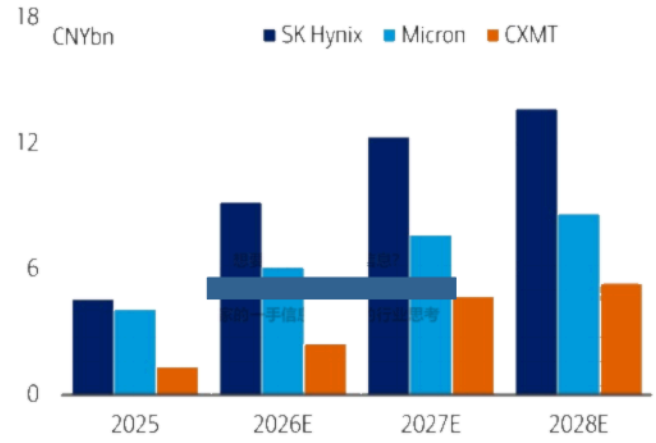
Overall, we expect CXMT's rising COGS (mainly deprecation) and opex (employee compensation, R&D, etc) to be well absorbed by its shipment growth. CXMT's DRAM full cost (COGS+opex) per bit should remain relatively stable at US$3.3-3.5/GB through 2027-30. Thus, even if a moderate ASP adjustment is assumed, the company should still maintain a robust OPM margin of 65-70%.

Exhibit 40: CXMT – Annual depreciation and COGS
CXMT'S COGS increase mainly driven by depreciation (60%+ of total COGS); we also assume higher material, labor, and other manufacturing costs to be conservative



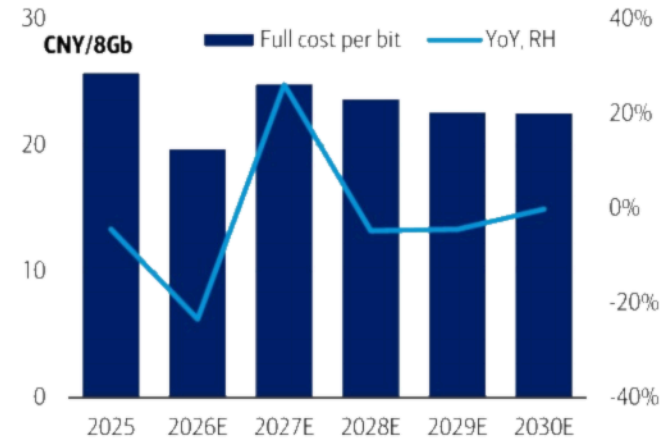
Source: Company, BofA Global Research estimates

Exhibit 41: Annual R&D expenses by memory chipmakers
Higher R&D investments needed for 2027-28 for CXMT to follow the global DRAM technology trend



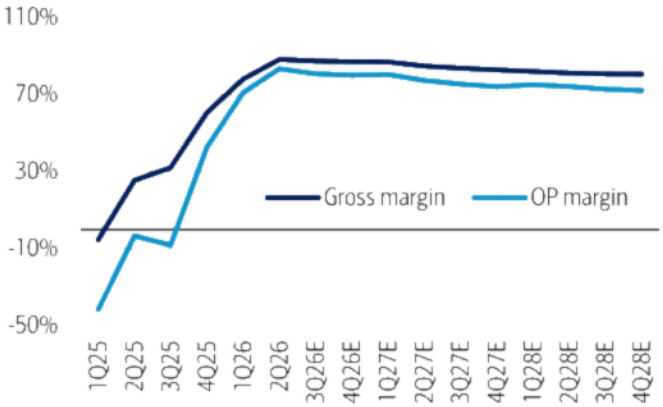
***SK Hynix and Micron R&D expenses are for both DRAM and NAND businesses**
Source: Companies, BofA Global Research estimates

Exhibit 42: CXMT - Full cost (COGS+opex) per bit
The company's rising depreciation cost and opex should be well absorbed if it can maintain the capacity utilization and yield



Source: BofA Global Research estimates

Exhibit 43: CXMT – Gross and OP margin trend
Overall, we view CXMT's uptrend GPM (80%+) and OPM (70%+) can sustain into 2028 even under a relatively cautious ASP assumption



Source: Company, BofA Global Research estimates

Assumption #6: Minority interest

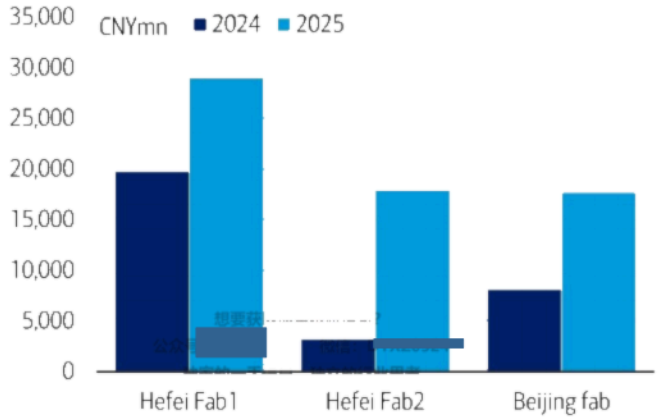
Currently, CXMT's revenue and profit are mostly generated by its 3 fabs. These 3 fabs' shareholding structures are as follows:

- The Hefei Fab A1 is 100% owned by CXMT.
- For Hefei Fab A2, which is operated by Changxin Xinqiao, CXMT owns 30.8% shares of this company, vs Hefei municipal government's investment funds hold 42.3% shares and China National IC Fund has 27.0% shares. CXMT and Hefei government funds are persons acting in concert and Hefei funds have delegated their voting rights to CXMT, according to the agreement by these parties. Hence, CXMT controls 73% voting rights of Changxin Xinqiao and consolidates this company.
- For Beijing Fab C, which is operated by the company Changxin Jidian, CXMT directly owns 31.7% shares, vs Beijing municipal government's investment funds/owned companies hold 43.6% shares in total and China National IC Fund has 24.7% shares. Similarly, Beijing municipal government's voting rights of this fab have been delegated to CXMT; thus, CXMT controls and consolidates Changxin Jidian.

CXMT discloses that the sales by Hefei Fab A1, A2, and Beijing Fab C were CNY29bn, CNY18bn, CNY18bn, respectively, in 2025 with net profit of CNY8bn, CNY3bn, CNY4bn (before consolidation). These 3 subsidiaries' net profit margins (19-26% in 2025) were generally in line with the company's average level of about 23%.

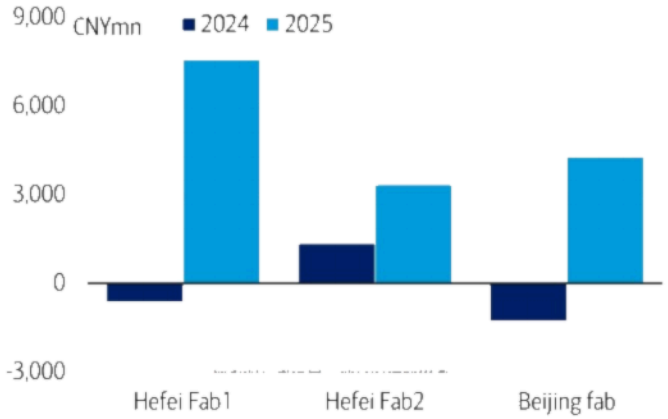
Based on the shareholding structure, CXMT (the list-co) owns 62% of the total revenue or 66% of the total net profit (before consolidation) of the 3 fabs; thus, the minority interest portion should be 34-38%, according to our estimate. Even if the minority shareholders' portion of the total net profit in 1H26 was 28%, lower than our estimate which could be due to adjustments in the consolidation accounting process, we assume the minority interest to be 35% of the total net profit in 2H26-2028, to be conservative.

Exhibit 44: CXMT– Revenue by subsidiary
Revenue growth accelerated across all fabs on continued capacity ramp



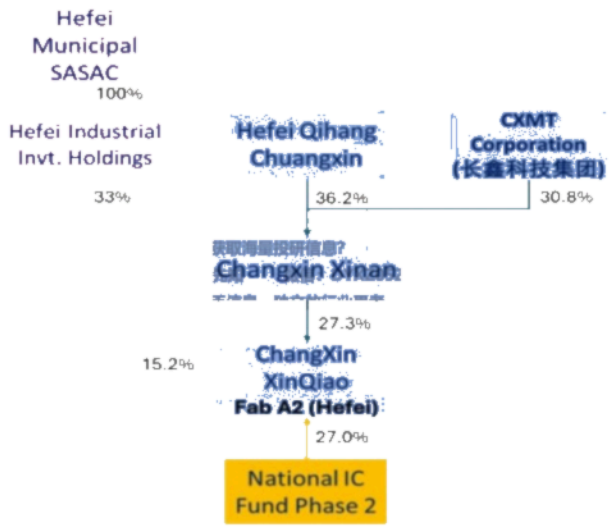
Source: Company

Exhibit 45: CXMT– Net profit by subsidiary
Profitability improved materially across all fabs, driven by operating leverage



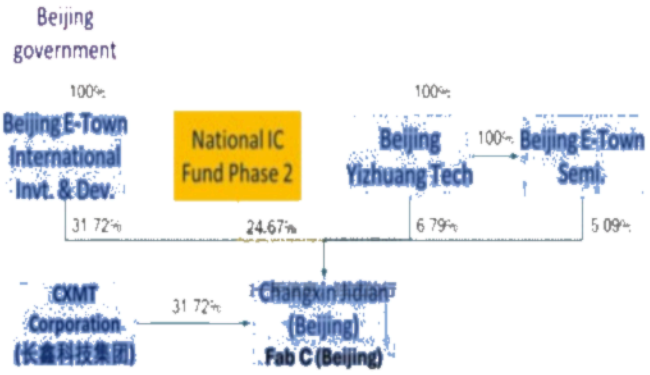
Source: Company

Exhibit 46: CXMT– Shareholding structure of Hefei Fab A2
CXMT Corp. directly holds 31% stake of Hefei Fab A2 but controls it through acting-in-concert agreements with other investors



Source: Company, Qichacha

Exhibit 47: CXMT– Shareholding structure of Beijing Fab C
Similarly, CXMT Corp. holds 32% stake of the Beijing fab but controls it with agreements with Beijing government

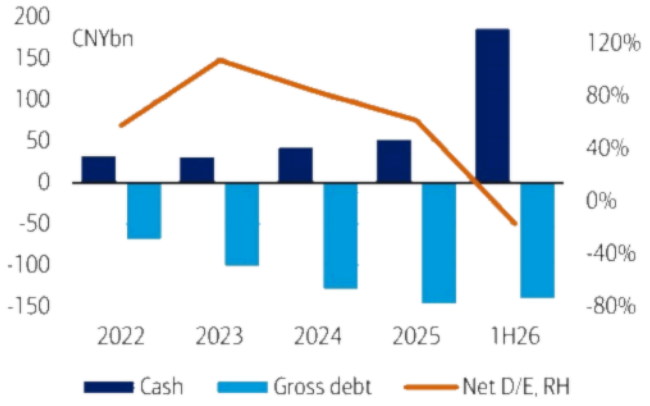


Source: Company, Qichacha

Balance sheet/cash flow financials

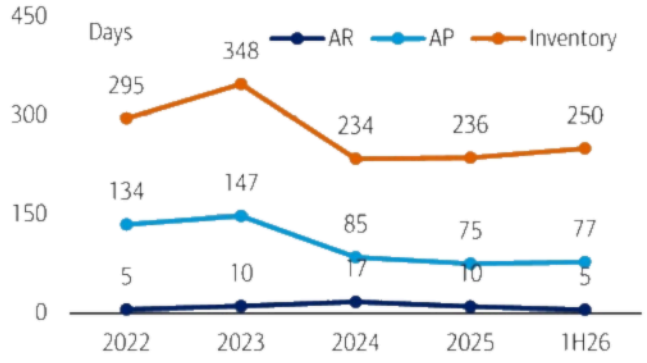
As of 1H26, CXMT's total asset was about CNY468bn (c.US$68bn), comprising mainly of CNY143bn cash and equivalent, CNY35bn inventory, and CNY218bn fixed assets. The company's total liability came in at CNY197bn, including CNY140bn debts – thus net cash was about CNY3bn (CNY46bn including short-term investments, etc.). In addition, within CXMT's net asset of CNY271bn, minority shareholders' interests were CNY136bn due to their significant shareholdings in the Hefei Fab2 and Beijing Fab projects. CXMT Corporation's direct shareholdings in these two subsidiaries were 31%/ 32%, respectively, but it controls the two subsidiaries through acting-in-concert agreements with the minority shareholders. CXMT's shareholder equity balance was CNY135bn, as of 1H26, implying BVPS of CNY2.2, while we expect the BVPS to increase to CNY4.5/8.0/10.7 by 2026/27/28-end with operation cash inflows in the following period.

Exhibit 48: CXMT – Cash and gross debt
CXMT's gross debt cannot be covered by cash



Source: Company

Exhibit 49: CXMT – AR/AP/Inventory turnover days
CXMT's inventory turnover days increased from 234 days, as of end-2024, to nearly 250 days by 1H26



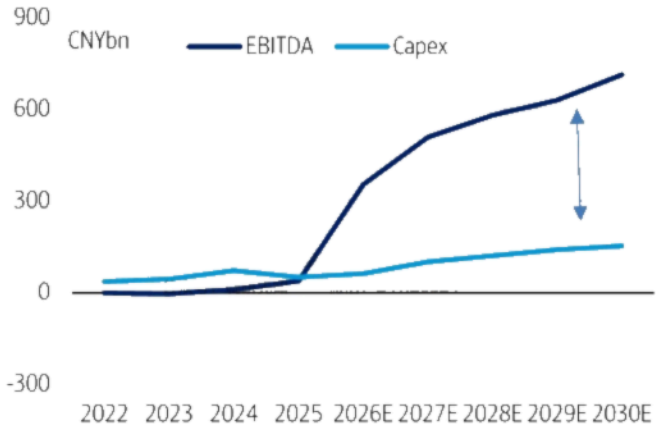
Source: Company

Cashflow

We expect CXMT's operating cash inflows to be CNY322bn/CNY442bn/CNY509bn from 2026 to 2028, mainly through the company's operating profit generation. CXMT's capex were CNY44bn/CNY71/CNY50bn (US$6.2bn/US$9.9bn/US$6.9bn) in 2023 to 2025 and CNY22bn in 1H26. We assume US$9bn capex for CXMT in 2026, while we believe the company's sufficient operating cash inflows should well support US$15-18bn capex in 2027-28 and even over US$20bn/year in 2029-30, which will be spent for its capacity expansion and new technology development.

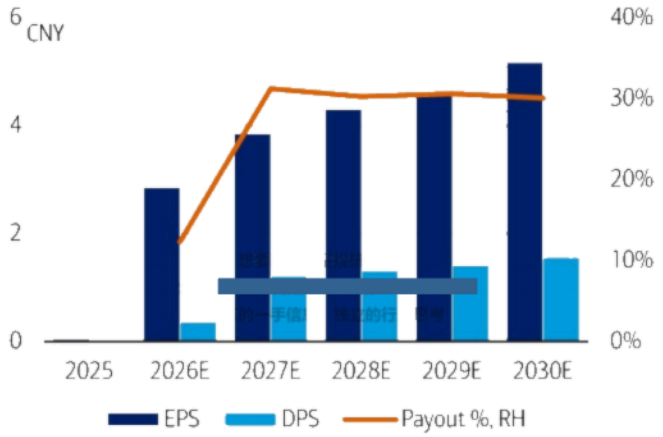
CXMT has not provided official guidance on dividend payout ratio. The company did not pay dividend from 2022 to 2025, due to the loss-making status/minimal profit generation. We expect its 2026 dividend per share to be CNY0.35 (at about 12% payout ratio) and around 30% payout ratio through 2027-30, given the solid cash generation.

Exhibit 50: CXMT – Capex and EBITDA
CXMT's EBITDA became positive since 2024 but still below capex in 2024-25; strong profitability in 1H26, leading EBITDA already 6x vs capex



Source: Company, BofA Global Research estimates

Exhibit 51: CXMT – Annual EPS vs DPS
Continuous profit generation from 2027 to 2030 could support 30% dividend payout ratio, in our view



Source: BofA Global Research estimates

Exhibit 52: CXMT – DRAM assumptions

Our forecasts assume robust bit shipment growth, driven by capacity expansion, while profitability supported by rising ASPs and cost reductions

(8Gb equiv)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E	2029E	2030E
Sales US$mn	**7,335**	**14,638**	**17,235**	**19,044**	**20,688**	**20,577**	**21,152**	**22,558**	**8,583**	**58,252**	**84,974**	**98,513**	**115,046**	**126,850**
Bit shipemnt (mn, 8Gb equiv.)	882	997	1,055	1,118	1,234	1,263	1,361	1,557	2,065	4,053	5,414	7,518	10,026	12,363
ASP US$/8Gb	**8.3**	**14.7**	**16.3**	**17.0**	**16.8**	**16.3**	**15.5**	**14.5**	**4.2**	**14.4**	**15.7**	**13.1**	**11.5**	**10.3**
Per bit full cost CNY	17	17	21	23	22	25	26	26	26	20	25	24	23	23
OP margin	**71%**	**83%**	**81%**	**80%**	**80%**	**77%**	**75%**	**74%**	**13%**	**80%**	**77%**	**73%**	**71%**	**68%**
%QoQ														
Sales	76%	100%	18%	10%	9%	-1%	3%	7%						
Bit growth	8%	13%	6%	6%	10%	2%	8%	14%						
ASP	63%	77%	11%	4%	7%	3%	5%	7%						
Per bit full cost	-19%	0%	28%	8%	-3%	13%	3%	-2%						
%YoY														
Sales	769%	1066%	641%	358%	182%	41%	23%	18%	158%	579%	46%	16%	17%	10%
Bit growth	260%	157%	71%	37%	40%	27%	29%	39%	85%	96%	34%	39%	33%	23%
ASP	141%	353%	333%	234%	102%	11%	-5%	-15%	40%	246%	9%	-17%	-12%	-11%
Per bit full cost	-53%	-31%	-27%	11%	33%	51%	21%	11%	-4%	-23%	26%	-5%	-4%	0%
DRAM wafer capa (K wpm, yr-avg.)														
18nm (G3)	50	35	35	30	20	10	10	10	65	38	13	5	0	0
16nm (G4)	170	190	190	200	200	200	200	200	103	188	200	183	143	88
G5		5	25	30	60	60	70	100			73	131	164	183
G5+												19	79	148
HBM				10	10	30	40	50		10	33	80	138	210
Total	**250**	**260**	**280**	**300**	**310**	**320**	**340**	**380**	**198**	**273**	**338**	**428**	**533**	**638**
By fab														
Hefei Fab1	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Hefei Fab2	75	80	90	100	100	100	100	100	43	86	100	100	100	100
Hefei Fab3												8	55	93
Beijing Fab1 P1	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Beijing Fab1 P2	45	50	60	70	70	70	70	70	25	56	70	70	70	70
Shanghai Fab					10	20	40	80			38	120	178	245
Total	**250**	**260**	**280**	**300**	**310**	**320**	**340**	**380**	**198**	**273**	**338**	**428**	**533**	**638**

Source: Company, BofA Global Research estimates

Exhibit 53: CXMT – Our forecast vs consensus

Our 2027/28 EPS forecasts are nearly 20-30% lower than consensus, mainly due to more conservative ASP assumptions; but EPS of c.CNY4 per year strong enough to support a Buy rating

(CNYmn, %)	3Q26E			4Q26E			1Q27E			2026E			2027E			2028E		
	BofAe	Cons	% Diff.	BofAe	Cons	% Diff.	BofAe	Cons	% Diff.	BofAe	Cons	% Diff.	BofAe	Cons	% Diff.	BofAe	Cons	% Diff.
Sales	117,199	116,244	1%	129,498	135,941	-5%	140,681	139,127	1%	397,007	369,674	7%	577,826	602,169	-4%	669,887	756,738	-11%
GP	102,417	103,225	-1%	112,651	122,164	-8%	122,169	na	na	342,444	317,006	8%	487,947	519,346	-6%	543,013	639,580	-15%
OP	94,623	91,052	4%	103,651	112,619	-8%	113,096	117,900	-4%	317,239	278,960	14%	443,305	467,137	-5%	491,996	565,423	-13%
Pre tax profit	94,351	97,290	3%	103,779	113,396	8%	113,474	119,055	5%	315,275	281,274	12%	446,327	473,980	6%	498,934	588,361	15%
Net profit (incl minority)	84,916	104,352	-19%	93,401	138,283	-32%	102,127	138,256	-26%	285,867	281,703	1%	401,690	467,828	-14%	449,041	523,115	-14%
Minority interest	29,721	26,088	14%	32,690	34,571	-5%	35,744	34,564	3%	92,355	71,036	30%	140,591	115,709	21%	157,164	136,616	15%
NP	55,195	66,578	-17%	60,711	77,637	-22%	66,382	87,504	-24%	193,511	192,134	1%	261,098	322,868	-19%	291,877	394,600	-26%
EPS (FD)	0.86	0.94	-8%	0.89	1.10	-19%	0.98	1.19	-18%	2.85	2.92	-2%	3.85	4.80	-20%	4.30	5.86	-27%
Implied shares (mn)	64,038	70,978	-10%	67,884	70,708	-4%	67,884	73,341	-7%	67,884	65,845	3%	67,884	67,334	1%	67,884	67,361	1%
Gross margin	*87.4%*	*88.8%*	*-1.4%pt*	*87.0%*	*89.9%*	*-2.9%pt*	*86.8%*	*na*	*na*	*86.3%*	*85.8%*	*0.5%pt*	*84.4%*	*86.2%*	*-1.8%pt*	*81.1%*	*84.5%*	*-3.5%pt*
OP margin	*80.7%*	*78.3%*	*2.4%pt*	*80.0%*	*82.8%*	*-2.8%pt*	*80.4%*	*84.7%*	*-4.4%pt*	*79.9%*	*75.5%*	*4.4%pt*	*76.7%*	*77.6%*	*-0.9%pt*	*73.4%*	*74.7%*	*-1.3%pt*
Net margin	*47.1%*	*57.3%*	*-10.2%pt*	*46.9%*	*57.1%*	*-10.1%pt*	*47.0%*	*62.9%*	*-15.7%pt*	*48.7%*	*52.0%*	*-3.2%pt*	*45.2%*	*53.6%*	*-8.4%pt*	*43.6%*	*52.1%*	*-8.6%pt*

Source: Company, Bloomberg, BofA Global Research estimates

Exhibit 54: CXMT – Income statement

We forecast CXMT's revenue to grow from CNY 61.8bn in 2025 to CNY397bn/CNY578bn in 2026/27 with mid-80% gross margin and 70%+ OP margin , driven by rapid DRAM capacity ramp-up and significant DRAM price hike

(CNYmn)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E	2029E	2030E
Sales total	**50,800**	**99,510**	**117,199**	**129,498**	**140,681**	**139,920**	**143,833**	**153,392**	**61,799**	**397,007**	**577,826**	**669,887**	**731,865**	**862,582**
COGS	11,176	11,758	14,782	16,846	18,512	21,363	23,623	26,382	36,465	54,563	89,878	126,874	150,607	203,376
Gross profit	**39,624**	**87,751**	**102,417**	**112,651**	**122,169**	**118,558**	**120,210**	**127,010**	**25,334**	**342,444**	**487,947**	**543,013**	**581,257**	**659,207**
Opex	3,581	4,830	7,794	9,000	9,074	10,424	11,722	13,422	16,912	25,205	44,642	51,017	60,817	75,589
Sales tax and surcharges	381	907	938	1,036	1,125	1,119	1,151	1,227	351	3,262	4,623	5,359	5,855	6,901
Selling	102	122	176	194	211	210	216	230	337	593	867	1,005	1,098	1,294
G&A	559	804	1,406	1,942	1,407	1,399	2,157	2,301	6,631	4,712	7,264	8,471	10,593	12,334
R&D	2,540	2,997	5,274	5,827	6,331	7,696	8,198	9,664	9,593	16,639	31,888	36,182	43,271	55,061
Operating profit	**36,043**	**82,922**	**94,623**	**103,651**	**113,096**	**108,134**	**108,488**	**113,588**	**8,422**	**317,239**	**443,305**	**491,996**	**520,441**	**583,617**
Non-operating income/(loss)	-608	-1,210	-272	128	379	645	901	1,092	-721	-1,963	3,017	6,938	10,828	15,048
Pre-tax income	**35,434**	**81,711**	**94,351**	**103,779**	**113,474**	**108,779**	**109,388**	**114,680**	**7,701**	**315,275**	**446,322**	**498,934**	**531,269**	**598,665**
Taxes	2,423	7,173	9,435	10,378	11,347	10,878	10,939	11,468	557	29,409	44,632	49,893	53,127	59,867
Effective tax rate	7%	9%	10%	10%	10%	10%	10%	10%	7%	9%	10%	10%	10%	10%
Net profit	**33,012**	**74,538**	**84,916**	**93,401**	**102,127**	**97,901**	**98,449**	**103,212**	**7,144**	**285,867**	**401,690**	**449,041**	**478,142**	**538,799**
Minority income	8,249	21,695	29,721	32,690	35,744	34,265	34,457	36,124	5,269	92,355	140,591	157,164	167,350	188,580
Net profit after minority	**24,762**	**52,843**	**55,195**	**60,711**	**66,382**	**63,636**	**63,992**	**67,088**	**1,875**	**193,511**	**261,098**	**291,877**	**310,792**	**350,219**
EPS (FD)	**0.41**	**0.88**	**0.86**	**0.89**	**0.98**	**0.94**	**0.94**	**0.99**	**0.03**	**2.85**	**3.85**	**4.30**	**4.58**	**5.16**
% to sales total														
Gross profit	78%	88%	87%	87%	87%	85%	84%	83%	41%	86%	84%	81%	79%	76%
Opex	7%	5%	7%	7%	6%	7%	8%	9%	27%	6%	8%	8%	8%	9%
Operating profit	71%	83%	81%	80%	80%	77%	75%	74%	14%	80%	77%	73%	71%	68%
Pre-tax income	70%	82%	81%	80%	81%	78%	76%	75%	12%	79%	77%	74%	73%	69%
Net profit	65%	75%	72%	72%	73%	70%	68%	67%	12%	72%	70%	67%	65%	62%
QoQ growth														
Sales	71%	96%	18%	10%	9%	-1%	3%	7%						
Gross profit	120%	121%	17%	10%	8%	-3%	1%	6%						
Opex	-33%	35%	61%	15%	1%	15%	12%	14%						
Operating profit	184%	130%	14%	10%	9%	-4%	0%	5%						
Pre-tax income	159%	131%	15%	10%	9%	-4%	1%	5%						
Net profit	152%	126%	14%	10%	9%	-4%	1%	5%						
YoY growth														
Sales	719%	977%	604%	336%	177%	41%	23%	18%	156%	542%	46%	16%	9%	18%
Gross profit	nm	3646%	1824%	526%	208%	35%	17%	13%	1778%	1252%	42%	11%	7%	13%
Opex	59%	82%	17%	69%	153%	116%	50%	49%	129%	49%	77%	14%	19%	24%
Operating profit	nm	nm	nm	717%	214%	30%	15%	10%	nm	3667%	40%	11%	6%	12%
Pre-tax income	nm	nm	nm	659%	220%	33%	16%	11%	nm	3994%	42%	12%	6%	13%
Net profit	nm	nm	nm	612%	209%	31%	16%	11%	nm	3901%	41%	12%	6%	13%

Source: Company, BofA Global Research estimates

Exhibit 55: CXMT – Balance sheet

CXMT's balance sheet strengthens materially, with net cash projected to reach CNY209bn/CNY521bn in 2026/27

CNYmn	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E	2029E	2030E
Assets total	**402,431**	**468,078**	**602,791**	**690,234**	**786,606**	**880,289**	**950,721**	**1,050,545**	**336,785**	**690,234**	**1,050,545**	**1,406,812**	**1,790,515**	**2,231,760**
Current assets total	**171,801**	**232,616**	**355,654**	**432,443**	**514,320**	**595,550**	**654,909**	**744,946**	**110,986**	**432,443**	**744,946**	**1,052,034**	**1,382,964**	**1,772,825**
Cash & cash equivalent	74,697	143,426	262,374	332,725	409,276	482,766	535,653	617,553	51,990	332,725	617,553	897,314	1,200,978	1,563,960
ST investment	30,178	39,009	39,009	39,009	39,009	39,009	39,009	39,009	21,346	39,009	39,009	39,009	39,009	39,009
A/R	4,211	6,899	6,439	7,115	7,730	7,688	7,903	8,428	1,524	7,115	8,428	10,069	11,132	12,216
Inventories	31,849	35,130	38,986	44,430	48,822	56,341	62,302	69,578	28,568	44,430	69,578	93,876	118,589	142,711
Others	30,867	8,152	8,845	9,164	9,484	9,746	10,042	10,378	7,558	9,164	10,378	11,766	13,256	14,928
Non-current assets total	**230,630**	**235,462**	**247,137**	**257,791**	**272,286**	**284,739**	**295,811**	**305,600**	**225,799**	**257,791**	**305,600**	**354,778**	**407,551**	**458,935**
Fixed assets	216,577	218,341	229,263	239,102	252,737	264,114	274,086	282,559	214,814	239,102	282,559	327,696	376,098	422,097
Others	14,053	17,120	17,874	18,689	19,550	20,625	21,725	23,041	10,985	18,689	23,041	27,081	31,453	36,838
Liabilities total	**190,007**	**197,329**	**189,488**	**183,530**	**177,775**	**197,316**	**169,298**	**165,911**	**182,685**	**183,530**	**165,911**	**154,597**	**148,408**	**145,892**
Current liabilities total	**62,592**	**72,341**	**69,984**	**69,234**	**68,428**	**92,670**	**69,119**	**69,974**	**52,842**	**69,234**	**69,974**	**73,613**	**79,603**	**87,007**
ST debts	29,378	30,788	27,709	24,938	22,444	20,200	18,180	16,362	27,969	24,938	16,362	10,735	7,043	4,621
A/P	9,871	11,039	12,183	13,884	15,257	17,607	19,469	21,743	8,702	13,884	21,743	29,336	37,059	44,597
Advanced payment	851	1,256	609	694	763	880	973	1,087	447	694	1,087	1,467	1,853	2,230
Others	22,491	29,258	29,482	29,718	29,964	53,983	30,496	30,782	15,724	29,718	30,782	32,075	33,648	35,559
Non-current liabilities	**127,415**	**124,988**	**119,504**	**114,295**	**109,347**	**104,646**	**100,180**	**95,937**	**129,843**	**114,295**	**95,937**	**80,984**	**68,804**	**58,884**
LT debts	114,244	109,663	104,180	98,971	94,022	89,321	84,855	80,612	118,825	98,971	80,612	65,659	53,480	43,560
Others	13,171	15,324	15,324	15,324	15,324	15,324	15,324	15,324	11,017	15,324	15,324	15,324	15,324	15,324
Equity total	**95,738**	**134,722**	**247,555**	**308,266**	**374,648**	**414,525**	**478,517**	**545,605**	**56,754**	**308,266**	**545,605**	**756,021**	**978,563**	**1,233,745**
Paid in capital	60,193	60,193	67,884	67,884	67,884	67,884	67,884	67,884	60,193	67,884	67,884	67,884	67,884	67,884
Capital surplus	33,287	33,471	83,418	83,418	83,418	83,418	83,418	83,418	33,104	83,418	83,418	83,418	83,418	83,418
Retained earnings	2,152	40,955	96,150	156,861	223,243	263,120	327,112	394,200	-36,650	156,861	394,200	604,615	827,158	1,082,340
Treasury stocks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	105	103	103	103	103	103	103	103	108	103	103	103	103	103
Minority	116,687	136,027	165,748	198,438	234,183	268,448	302,905	339,030	97,346	198,438	339,030	496,194	663,544	852,123
Net Asset	**212,425**	**270,749**	**413,303**	**506,704**	**608,831**	**682,973**	**781,422**	**884,635**	**154,100**	**506,704**	**884,635**	**1,252,215**	**1,642,107**	**2,085,868**
D/E Analysis														
Cash & cash equivalent	74,697	186,080	305,028	375,378	451,929	525,419	578,307	660,206	51,990	332,725	617,553	897,314	1,200,978	1,563,960
Gross debts	143,623	140,451	131,889	123,909	116,467	109,521	103,035	96,974	146,794	123,909	96,974	76,394	60,523	48,181
Net debts	68,926	-45,629	-173,139	-251,469	-335,463	-415,898	-475,272	-563,232	94,804	-208,815	-520,578	-820,919	-1,140,455	-1,515,779
Net D/E ratio	32%	-17%	-42%	-50%	-55%	-61%	-61%	-64%	62%	-41%	-59%	-66%	-69%	-73%
BVPS	1.6	2.2	3.6	4.5	5.5	6.1	7.0	8.0	0.9	4.5	8.0	11.1	14.4	18.2

Source: Company, BofA Global Research estimates

Exhibit 56: CXMT – Cash flow statement

CXMT is expected to generate substantial free cash flow with elevated capital spending

CNYmn	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E	2029E	2030E
I. CF flows from operation	**42,566**	**88,590**	**90,926**	**99,496**	**110,260**	**106,975**	**109,773**	**114,893**	**36,520**	**321,578**	**441,900**	**509,039**	**556,439**	**633,374**
Net income	33,012	74,538	84,916	93,401	102,127	97,901	98,449	103,212	7,144	285,867	401,690	449,041	478,142	538,799
Depreciation and amortization	7,402	7,402	9,549	10,687	11,952	14,274	15,760	17,344	26,430	35,041	59,329	78,923	96,867	112,758
Change in net working capital	8,592	8,592	-3,369	-4,417	-3,638	-5,013	-4,244	-5,464	-7,579	9,398	-18,359	-18,061	-17,584	-17,052
Others	-6,440	-1,943	-170	-175	-181	-187	-193	-199	10,525	-8,728	-760	-865	-987	-1,130
II. CF from investments	**-17,789**	**-17,789**	**-26,162**	**-21,165**	**-26,266**	**-26,539**	**-26,640**	**-26,933**	**-86,823**	**-82,905**	**-106,378**	**-127,236**	**-148,654**	**-163,012**
Capital expenditures	-10,797	-10,797	-20,000	-20,000	-25,000	-25,000	-25,000	-25,000	-49,739	-61,594	-100,000	-120,000	-140,000	-152,000
Others	-6,991	-6,991	-6,162	-1,165	-1,266	-1,539	-1,640	-1,933	-37,084	-21,311	-6,378	-7,236	-8,654	-11,012
III. CF from financing	**501**	**501**	**49,076**	**-7,980**	**-7,442**	**-6,946**	**-30,245**	**-6,061**	**46,121**	**42,098**	**-50,694**	**-102,041**	**-104,121**	**-107,380**
Change in debts	-2,914	-2,914	-8,562	-7,980	-7,442	-6,946	-30,245	-6,061	12,200	-22,369	-50,694	-102,041	-104,121	-107,380
Change in capital stocks	4,281	4,281	57,638	0	0	0	0	0	31,795	66,201	0	0	0	0
Others	-866	-866	0	0	0	0	0	0	2,126	-1,733	0	0	0	0
IV. FX impact	**-422**	**-422**	**0**	**0**	**0**	**0**	**0**	**0**	**-528**	**-844**	**0**	**0**	**0**	**0**
IV. Cash flows (I+II+III)	**24,856**	**70,880**	**113,840**	**70,351**	**76,551**	**73,490**	**52,888**	**81,899**	**-4,710**	**279,927**	**284,828**	**279,761**	**303,664**	**362,982**
Cash at beginning of the period	37,798	62,654	133,534	247,374	317,725	394,276	467,766	520,653	42,508	37,798	317,725	602,553	882,314	1,185,978
Adjustment for cash balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash at end of the period	**62,654**	**133,534**	**247,374**	**317,725**	**394,276**	**467,766**	**520,653**	**602,553**	**37,798**	**317,725**	**602,553**	**882,314**	**1,185,978**	**1,548,960**

Source: Company, BofA Global Research estimates

Policy-related discussions

Semiconductors have become a strategic industry at the center of both China's and the US' industrial and national-security policies. China has made semiconductor self-sufficiency a major policy priority. The US has increasingly used export controls and entity-based restrictions regarding access to advanced semiconductor technologies, particularly leading-edge chips and semiconductor manufacturing equipment. Memory/DRAM remain a focus of these policies. We view these policies have significant influence on CXMT's critical business developments, e.g. capacity expansion and technology roadmap choices.

Exhibit 57: China semiconductor industry policies
China has been setting semiconductor self-sufficiency as a national target since mid-2010s

Department	Date	Document/Policy	Remarks
State Council	Jun-14	Outline for Advancing the National Integrated Circuit Industry	By 2020, to achieve - Global leading IC design technologies for key applications such as mobile devices, networking, cloud, IoT, big data, etc; initially form an eco-system - Mass production on 14/16nm nodes - Global leading packaging and testing technologies - Key equipment and material supply to the global semis supply chain A batch of domestic companies becoming leading players in the global semis supply chain by 2030
State Council	May-15	Made in China 2025	To strengthen basic industrial capability: - Achieve 40% self-sufficiency of key components and materials by 2020 - Achieve 70% self-sufficiency of key components and materials by 2025 In semiconductor/special equipment area - Improve IC design capability - Enrich IP core and design tools - Breakthrough in key general purpose chip technologies related to national information and network security/electronics industry development - Improve domestic-made chips' adaptability - Develop high-density/3D micro-packaging technology - Develop key manufacturing equipment supply capability
State Council	Dec-16	13th Five-Year Plan - National Strategic Emerging Industry Plan	- Accelerate production line construction for advanced processes, memory, and specialty processes - Enhance R&D and application levels for key chips such as reliable CPU, analog, DSP, etc - Facilitate fast development of segments such as OSAT, key equipment and materials, etc - Improve services of foundries and 3rd party IP suppliers - Support coordination and innovation between IC designers and manufacturers - Enhance industry consolidation in key areas - Propel coordination and innovation of semis/display supply chains
State Council	Mar-21	PRC 14th Five-Year Plan (2021-2025) and 2035 Vision	In semiconductor area, to achieve technology breakthroughs including: - R&D of IC design tools, key equipment and materials (e.g. high-purity sputtering material) - Advanced IC manufacturing processes and specialty processes such as IGBT, MEMS - Advanced memory technology upgrades - Development of wide bandgap semiconductors (SiC, GaN, etc)
Cyberspace Administration of China	Dec-21	14th Five-Year Plan for National Informatization	Accelerate tackling of key problems in critical integrated circuit technology: - Promote innovation in computing chips, storage chips, etc. - Accelerate R&D of critical materials such as integrated circuit design tools, prioritized equipment and high-purity targets - Promote breakthroughs in specialized crafts such as IGBTs, MEMSs, etc. Deploy strategic advanced technologies: - Strengthen strategic research deployments and scalable technological innovation in critical and advanced areas such as artificial intelligence, quantum information, integrated circuits, digital twinning, novel non-volatile storage, silicon electrons, non-silicon semiconductors, etc.
The Ministry of Industry and Information Technology, National Development and Reform Commission	Sep-26	15th Five-Year Plan for the Development of China's Electronic Information Manufacturing Industry	- Accelerate the development of advanced storage capabilities, enhance computing through storage, and enable storage-centric computing. - Improve the technological capabilities of distributed, hyperconverged, and other storage systems, while refining tiered and hierarchical data-storage architectures and storage protocols. - Achieve breakthroughs in technologies such as intelligent storag optimization, and key-value caching. - Develop emerging memory and storage products, including high bandwidth memory (HBM), ferroelectric random-access memory memory (ReRAM), and magnetoelectric memory.

Source: BofA Global Research

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Exhibit 58: U.S. DRAM & HBM export controls
DRAM-related technologies are highly controlled to be exported from US to China

Date	Document	Key DRAM Restriction	Impact
Oct-22	Export Controls on Advanced Computing & Semiconductors	Imposed licensing requirements for US persons supporting PRC fabs producing DRAM ≤18nm half-pitch	First direct restriction on advanced DRAM manufacturing in China
Oct-23	Advanced Computing/Semiconductor Controls Update	Maintained 18nm DRAM threshold and formalized methodology for determining DRAM technology node	Tightened enforcement and reduced ambiguity around DRAM node definitions
Dec-24	HBM Export Control Rule	Added controls on HBM stacks exceeding specified memory-bandwidth-density thresholds (ECCN 3A090.c)	Expanded restrictions from DRAM process technology to AI-oriented memory products

Source: BofA Global Research

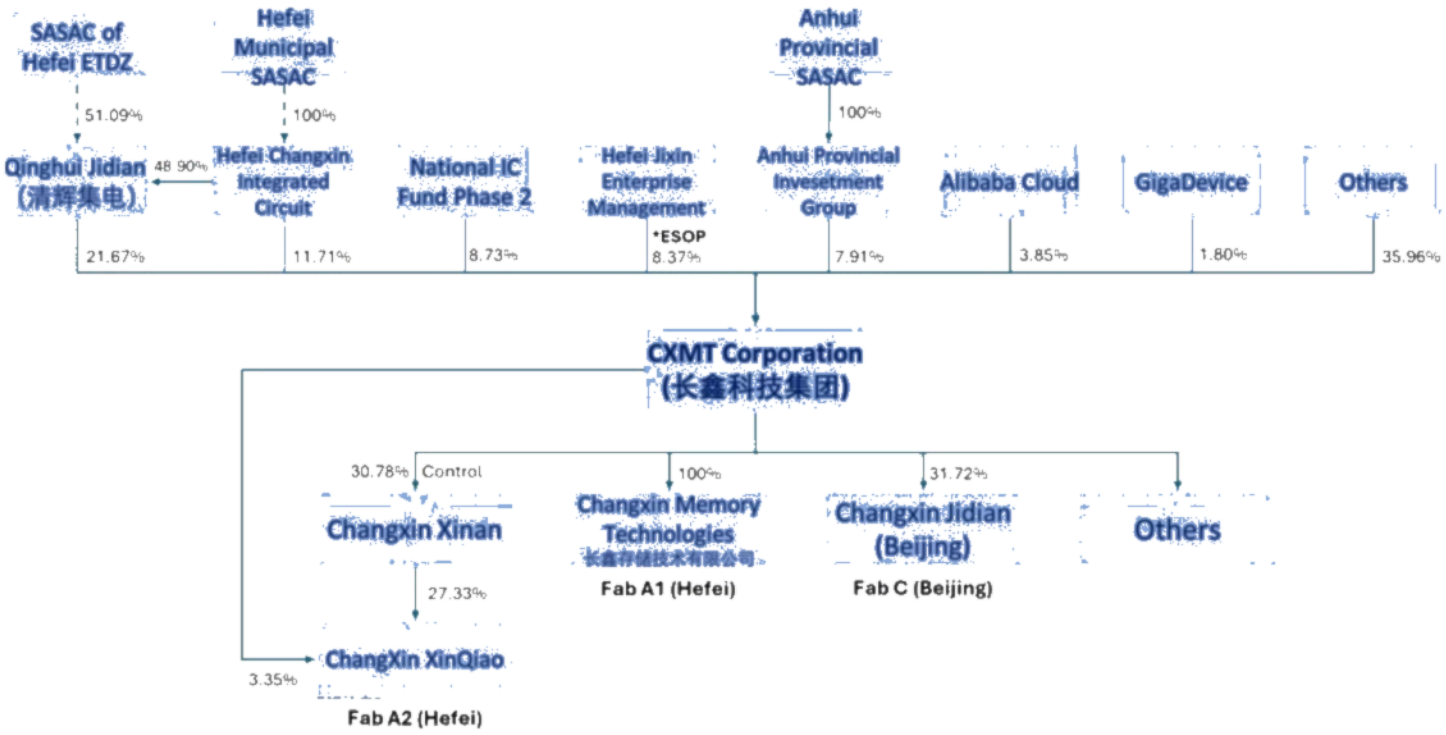
On 13 April, 2026, the US Senate introduced the Multilateral Alignment of Technology Controls on Hardware (MATCH) Act, legislation aimed at establishing a coordinated multilateral export-control framework for semiconductor manufacturing equipment (SME) among the US and key allied supplier nations. The bill seeks to close perceived gaps in the existing export-control regime by aligning restrictions across major equipment-producing countries and limiting China's access to advanced semiconductor manufacturing capabilities. It specifically identifies ChangXin Memory Technologies (CXMT), Hua Hong Semiconductor, Huawei, Semiconductor Manufacturing International Corporation (SMIC), and Yangtze Memory Technologies Corporation (YMTC) as entities of concern due to their efforts to develop advanced-node semiconductor production capabilities. The proposed measures would extend beyond equipment exports to cover components, maintenance, repairs, software and firmware updates, technical assistance, process optimization, and other servicing activities. Also, the legislation authorizes the US to impose controls on equipment and related technologies originating from allied countries that do not adopt comparable restrictions. By strengthening coordination with allies and expanding controls over critical semiconductor manufacturing technologies, including immersion DUV lithography and other advanced process tools, the MATCH Act is designed to reinforce constraints on China's long-term development of advanced logic, DRAM, and NAND manufacturing capabilities. The explicit inclusion of CXMT alongside SMIC and YMTC further highlights the increasing focus of US policymakers on China's progress in advanced memory technologies.

Company background

Founded in June 2016, CXMT Corporation is an integrated design manufacturer (IDM) focusing on Dynamic Random Access Memory (DRAM) design and manufacturing. The company offers products including DRAM wafers, chips, and modules, which are eventually adopted by mobile devices (smartphone), PC, server, consumer electronics, automobile, etc. CXMT's major customers are mainly Chinese smartphone, PC/server, and internet/data center companies, such as Alibaba Cloud, ByteDance, Tencent, Lenovo, Xiaomi, Transsion, Honor, OPPO, Vivo, etc. The company is headquartered in Hefei City, Anhui Province in China with three major manufacturing fabs (2 in Hefei/1 in Beijing).

CXMT originated from the DRAM manufacturing project, known as ChangXin Memory Technologies under the parent company Innotron. The project initially was co-invested/developed by the Hefei municipal government and GigaDevice. Innotron was renamed as CXMT Corporation in 2023. Since the project's launch, it has completed nine rounds of fund raising. The company's current shareholders include State-owned Assets Supervision and Administration Commissions of Hefei/Anhui municipal governments, National IC Fund, management/employees, Alibaba, GigaDevice, etc. Other minority shareholders include Beijing municipal government, etc. (Exhibit 59).

Exhibit 59: CXMT – Shareholding structure
Major ultimate investors include Anhui/Hefei governments, National IC Fund, management, etc.



***ESOP: Employee Stock Option Program**
Source: Company, Qichacha

Exhibit 60: CXMT – Key milestones
Fab construction and technology migrations since 2017

Date	History milestone
Sep-26	CXMT announced mass production of its fifth-generation DRAM technology platform and unveiled 24Gb LPDDR5X products based on the platform
Sep-26	CXMT announced that LPDDR6 had entered mass production, debuting in Xiaomi's flagship smartphone
Nov-25	CXMT showcased its DDR5 and LPDDR5X portfolios at IC China, including DDR5 products with speeds up to 8,000Mbps and die capacities up to 24Gb
May-25	CXMT's 8533/9600Mbps LPDDR5X products entered mass production; the 10667Mbps LPDDR5X is available for customer sampling
Nov-23	CXMT launched its LPDDR5 lineup, including 12Gb dies and 6GB/12GB mobile DRAM packages
Jun-22	Construction of Fab A2 in Hefei was completed
Jan-22	Operations began at the Fab C1 trial-production line in Beijing
Dec-21	Construction of Fab C2 commenced
Jun-20	CXMT launched the Fab C project
Nov-19	CXMT received its first order and commenced product sales
Sep-19	CXMT announced mass production of its 8Gb DDR4 product at the World Manufacturing Convention
May-19	CXMT successfully tested its DDR4 product
Jul-18	CXMT taped out its 8Gb DDR4 product for manufacturing
Jan-18	Construction of Fab A1 was completed
Mar-17	Construction of Fab A in Hefei commenced
2016	CXMT was founded

Source: Company, BofA Global Research

Affiliation with GigaDevice

GigaDevice has maintained a longstanding strategic relationship with CXMT since the early stages of the company's development. In 2017, the two parties established a cooperation framework covering DRAM product distribution, wafer foundry services, procurement, and joint product development, creating a mutually beneficial partnership between GigaDevice's memory design and channel capabilities and CXMT's manufacturing platform. Most recently, GigaDevice participated in ChangXin Technology's 2024 financing round with a RMB1.5bn investment, increasing its stake to 1.88%. In addition, Yiming Zhu, founder and chairman of GigaDevice, also serves as chairman of ChangXin Technology. As of October 2026, GigaDevice held approximately 1.6% of ChangXin Technology's equity, while continuing to maintain commercial cooperation with the company in selected DRAM-related areas.

Key management

Yiming Zhu – Mr Zhu serves as the Chairman of both CXMT and GigaDevice. Since February 2021, he has served as the Chairman of CXMT. From May 2020 to April 2023, he served as the CEO of CXMT, and from July 2018 to April 2023, he successively served as the Chairman and CEO of CXMT. Since April 2005, he has served as the Chairman of GigaDevice, and from April 2005 to July 2018, he served as its General Manager. Prior to founding GigaDevice in 2005, he served as a Project Manager at Monolithic System Technologies Inc. and as a Senior Engineer at iPolicy Network Inc. in the US.

Kanyu Cao – Dr Cao has successively served as the CEO and President of CXMT since April 2023. Since June 2021, he has also served as a Director of CXMT. After joining CXMT in November 2017, he successively served as Executive Vice President of Product and Technology R&D at CXMT and General Manager of Changxin Jidian. Prior to joining CXMT, he served as General Manager of the NAND Flash Business Unit at NoVoMem from November 2013 to October 2017. Earlier, from July 2005 to August 2013, he founded Beijing Stars and Beijing Fandasixun Technology. From May 2002 to June 2005, he worked at Philips Semiconductor and Hyperband Communications Inc. in the US.

Lun Zhao – Mr Zhao has served as the General Manager of CXMT since October 2022. From June 2023 to August 2025, he served as a Director of CXMT. Prior to his current role, he served as General Manager and Executive Director of CXMT from November 2017 to October 2022. Before joining CXMT, he served as Chairman of Beijing Chuang'an Weixin Technology from July 2015 to November 2017, and as Deputy General Manager of AVIC (Chongqing) from February 2012 to July 2015. From April 2002 to February 2012, he successively served as General Manager and Vice Chairman of Datang Technology, while concurrently serving as Director and Deputy General Manager of Datang Telecom Technology. Earlier, from February 1982 to April 2002, he worked at the Semiconductor Research Institute of the former Ministry of Posts and ns, the Integrated Circuit Design Center of the former China Academy of ns Technology, and the Division of Datang Telecom Technology.

Hongwen Li – Mr Li has successively served as Vice President and Senior Vice President of CXMT since February 2023. Prior to that, after joining CXMT in March 2017, he served as Design Director of CXMT and Vice President of Changxin Memory. Before joining CXMT, he served as Manager of Design Department at Micron Semiconductor (Shanghai) Co., Ltd. from March 2003 to February 2017. Earlier, from September 1998 to March 2003, he worked successively at the Tenth Research Division of the China Institute of Aviation Computing Technology, Beijing Gaohong Communication Technology Co., Ltd., and Beijing Changxun Communication Technology Co., Ltd.

Risk factors

DRAM price volatility

A stronger-for-longer DRAM upcycle or greater AI/server memory demand could keep ASPs above our assumptions and drive meaningful earnings upside. On the other hand, Weaker end-demand, industry oversupply or more aggressive customer pricing could result in larger-than-expected ASP declines and margin compression.

Trade restrictions

Tighter restrictions on access to critical semiconductor equipment, materials, software or services could constrain CXMT's capacity expansion and technology migration, thus these could be downside risks for our forecast.

Execution of HBM ramp/node migration

Earlier HBM n and stronger customer adoption could accelerate CXMT's penetration into higher-value AI memory and improve its product mix. Faster migration to advanced DRAM nodes and improving yields could increase bit output per wafer, lower unit costs and support stronger-than-expected margins.

Reversely, delays in advanced-node migration, HBM development, yield improvement or customer qualification could limit CXMT's ability to improve its product mix and close the monetization gap with global peers.

Rising competition

More aggressive capacity or technology expansion by Samsung, SK Hynix, Micron or domestic Chinese competitors could put greater pressure on CXMT's market share and pricing.

Stronger shareholder returns

Higher-than-expected free cash flow and increased dividends or other capital returns could improve the investment case and support a valuation re-rating.

Exhibit 61: Abbreviations
Abbreviations

Abbr.	Full name	Abbr.	Full name
AI	Artificial Intelligence	IDM	Integrated Device Manufacturer
ASP	Average Selling Price	IGBT	Insulated Gate Bipolar Transistor
CAGR	Compound Annual Growth Rate	IoT	Internet of Things
CPU	Central Processing Unit	LPDDR	System in Package
DDR	Double Data Rate	LTA	Long-term Agreements
DRAM	Dynamic Random-Access Memory	MATCH Act	Multilateral Alignment of Technology Controls on Hardware Act
DSP	Digital Signal Processor	MEMS	Micro-Electro-Mechanical-Systems
DUV	Deep Ultraviolet	NAND	Not AND
EB	Exabyte	OSAT	Outsourced Semiconductor Assembly and Testing
EUV	Extreme Ultraviolet	PC	Personal Computer
GaN	Gallium-nitride	SAQP	Self-aligned Quadruple Patterning
GB	Gigabyte	SIA	Semiconductor Industry Association
HBM	High Bandwidth Memory	SiC	Silicon Carbide
IC	Integrated Circuit	TSV	Through-Silicon Via

Source: BofA Global Research

Price objective basis & risk

CXMT (XCXMF)

Our PO of CNY65 for CXMT is based on 16x 2027/28 average EPS of CNY4.07, supported by the solid long-term profit growth outlook (2027-30 EPS CAGR 16% expected). The target P/E multiple is higher than our fair multiples for global DRAM peers (9-11x 2027/28 average) given CXMT's higher capacity growth potential - still in the early-stage of business expansion backed by the semiconductor localization trend in China vs the more established footprint of the global major players. The target P/E is still lower than the current P/E multiples of China local semiconductor manufacturers (foundries, IDMs, OSATs, etc.) which are 30-40x for 2027/28, to reflect the cyclical nature of the DRAM business (volatilities in the company's product ASP and profitability).

Downside risks: 1) unexpected DRAM price correction, 2) escalation of restrictions for CXMT to access critical equipment/materials from global suppliers, 3) emerging competitors in China

Upside risks: 1) stronger DRAM pricing in the forecast period, 2) faster-than-expected capacity expansion by the company.

Analyst Certification

We, Dai Shen, Matt Shin and Simon Woo, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

APR - Semiconductor Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alchip	ALCPF	3661 TT	Haas Liu
	All Ring	XNQNF	6187 TT	Haas Liu
	AMEC	XRTOF	688012 CH	Dai Shen
	ASE Technology Holding	XSRIF	3711 TT	Haas Liu
	ASE Technology Holding -ADR	ASX	ASX US	Haas Liu
	ASMPT	ASMVF	522 HK	Simon Woo, CFA
	Aspeed	XLKMF	5274 TT	Mike Yang
	Chroma ATE	CRMJF	2360 TT	Haas Liu
	CXMT	XCXMF	688825 CH	Dai Shen
	Doosan Corp	DOSAF	000150 KS	Simon Woo, CFA
	eMemory	XYLWF	3529 TT	Mike Yang
	GigaDevice	XGXIF	603986 CH	Daley Li, CFA
	Global Unichip Corp	GBUHF	3443 TT	Haas Liu
	Grand Process Technology Corp	XZOWF	3131 TT	Haas Liu
	Hanmi Semiconductor	HNSIF	042700 KS	Simon Woo, CFA
	Hon Precision	XXPIF	7769 TT	Haas Liu
	Horizon Robotics	HRZRF	9660 HK	Daley Li, CFA
	Iluvatar CoreX	XSIBF	9903 HK	Daley Li, CFA
	Ingenic	XISCF	300223 CH	Dai Shen
	InnoScience Technology	XSCHF	2577 HK	Daley Li, CFA
	JCET Group Co Ltd	XJIEF	600584 CH	Dai Shen
	King Yuan Electronics Corp.	KYUFF	2449 TT	Haas Liu
	Kinik	KIKCF	1560 TT	Haas Liu
	Macronix International	MXICF	2337 TT	Dai Shen
	MediaTek	MDTKF	2454 TT	Haas Liu
	Montage Technology	XRDFF	688008 CH	Daley Li, CFA
	MPI Corporation	XMJCF	6223 TT	Mike Yang
	Nanya Technology	NNYAF	2408 TT	Simon Woo, CFA
	NCE Power	XVFFF	605111 CH	Daley Li, CFA
	OmniVision	XXHQF	603501 CH	Dai Shen

APR - Semiconductor Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Phison Electronics	PISNF	8299 TT	Simon Woo, CFA
	Powerchip Semiconductor Manufacturing Co	XCHPF	6770 TT	Haas Liu
	Powertech Technology	PWOGF	6239 TT	Simon Woo, CFA
	Rockchip	XRPXF	603893 CH	Daley Li, CFA
	Samsung C&T	XCDTF	028260 KS	Simon Woo, CFA
	Samsung Elec -G	SSNHZ	SMSN LI	Simon Woo, CFA
	Samsung Electronics	SSNLF	005930 KS	Simon Woo, CFA
	Samsung Electronics Preferred	SSNNF	005935 KS	Simon Woo, CFA
	Silergy Corp.	SLEGF	6415 TT	Mike Yang
	Silicon Motion	SIMO	SIMO US	Simon Woo, CFA
	SK Hynix	HXSCF	000660 KS	Simon Woo, CFA
	SK Hynix ADR	SKHY	SKHY US	Simon Woo, CFA
	SK Square	SKSQF	402340 KS	Simon Woo, CFA
	Taiwan Semiconductor Manufacturing Co.	TSM	TSM US	Haas Liu
	Taiwan Semiconductor Manufacturing Co.	TSMWF	2330 TT	Haas Liu
	Vanguard International Semiconductor Co	VGILF	5347 TT	Haas Liu
	Winbond Electronics	WBEKF	2344 TT	Dai Shen
	WinWay Technology	XWCLF	6515 TT	Mike Yang
	WT	XZOPF	3036 TT	Mike Yang
NEUTRAL				
	ASMedia Technology Inc	XZSFF	5269 TT	Mike Yang
	Black Sesame Intl Holding	BSIHF	2533 HK	Daley Li, CFA
	Hangzhou Silan	XDFRF	600460 CH	Daley Li, CFA
	Lion Electronics	XDHFF	605358 CH	Dai Shen
	MetaX	XMEZF	688802 CH	Daley Li, CFA
	Novatek	NVKMF	3034 TT	Mike Yang
	Realtek	RLTKF	2379 TT	Haas Liu
	Shenzhen Goodix	XQPLF	603160 CH	Daley Li, CFA
	Soulbrain	XSBOF	357780 KS	Simon Woo, CFA
	VeriSilicon	XMLZF	688521 CH	Daley Li, CFA
UNDERPERFORM				
	Crystal Clear	XPPTF	300655 CH	Dai Shen
	Faraday	FDYTF	3035 TT	Haas Liu
	GlobalWafers	XWLFF	6488 TT	Mike Yang
	Hua Hong Grace	HHUSF	1347 HK	Dai Shen
	LX Semicon	XLXSF	108320 KS	Simon Woo, CFA
	M31 Technology	XMTZF	6643 TT	Mike Yang
	Maxscend	XMXSF	300782 CH	Daley Li, CFA
	Parade	PRDWF	4966 TT	Mike Yang
	United Corp.	XUMIF	2303 TT	Haas Liu
	United Corp.	UMC	UMC US	Haas Liu
	Win Semiconductors	WSMIF	3105 TT	Haas Liu
	Wonik IPS	XRHQF	240810 KS	Simon Woo, CFA

iQmethod℠ Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 − Tax Rate) + Goodwill Amortization	Total Assets − Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations − Total Capex	N/A

Quality of Earnings	Numerator	Denominator
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt − Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense

Valuation Toolkit	Numerator	Denominator
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations − Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

iQmethod℠ is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase℠ is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

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