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Greater China Technology Hardware | Asia Pacific

Automation – Read-across from China's May Manufacturing PMI

MORGAN STANLEY TAIWAN LIMITED+

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In this report, we focus on China's manufacturing PMI, which we see as a potential catalyst for Airtac's and Hiwin's share prices.

China's manufacturing PMI further edged down to 50.0 in May from 50.3 in April:

- This was aligned with MSe of 50.0.
- Production index dropped by 0.3ppt MoM to 51.2, while new orders index declined by 0.7ppt MoM to 49.9 during the month, likely reflecting the impacts from elevated oil prices and softer fiscal stimulus.

Our view:

- We expect the broad-based recovery in the industrial automation space to continue playing out, supported by demand from the tech, battery and other traditional sectors.
- We stay OW on both Airtac (1590.TW) and Hiwin (2049.TW) within the Taiwan automation space:
  - AirTAC should continue to outgrow the market through broader product offerings and further share gains, while valuation remains undemanding at 21x 2027e P/E (vs. mid-cycle average of 25x).
  - Hiwin should witness more margin expansion in the coming quarters, supported by higher utilization and price hikes as delivery lead times keep lengthening. The stock now trades at 36x 2027e P/E vs. a peak-cycle range of 35-40x, though we believe there could be potential upside to earnings estimates if this upcycle sustains into coming years.

GREATER CHINA TECHNOLOGY HARDWARE	
Asia Pacific	
Industry View	In-Line

Valuation Methodology and Risks

AirTAC International (1590.TW)

Base case, 30x 2027e P/E. We believe this methodology better captures earnings growth momentum for industrial automation component plays (market sentiment moves along with business cycles). As the industry enters an upcycle, we think applying a peak cycle valuation of 30x P/E is reasonable given the stronger business outlook.

Risks to Upside

- Stronger macroeconomic climate in China
- Stronger-than-expected demand from industrial automation

Risks to Downside

- Sharper economic downturn in China
- Miniature linear guideway business development taking more time
- Larger-than-expected investment in new products but weaker-than-expected demand

Hiwin Technologies Corp. (2049.TW)

Base case, P/E. We think this valuation methodology better captures Hiwin's earnings growth momentum, as its valuation tends to move with the business cycle. We apply a target multiple of 37x to our 2027 EPS estimate. We view this multiple as justified by the 44% operating profit CAGR we project for 2025-28.

Risks to Upside

- Stronger industrial automation demand pickup.
- Market share gains.
- Earlier-than-expected revenue contribution from humanoids.

Risks to Downside

- Weaker industrial automation demand.
- More pricing pressure.
- Market share loss.
- More broad-based impact on the global economy from geopolitical risks.

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(as of April 30, 2026)
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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1546	42%	467	51%	30%	709	44%
Equal-weight/Hold	1568	43%	358	39%	23%	715	44%
Not-Rated/Hold	4	0%	0	0%	0%	1	0%
Underweight/Sell	555	15%	84	9%	15%	202	12%
Total	3,673		909			1627	

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

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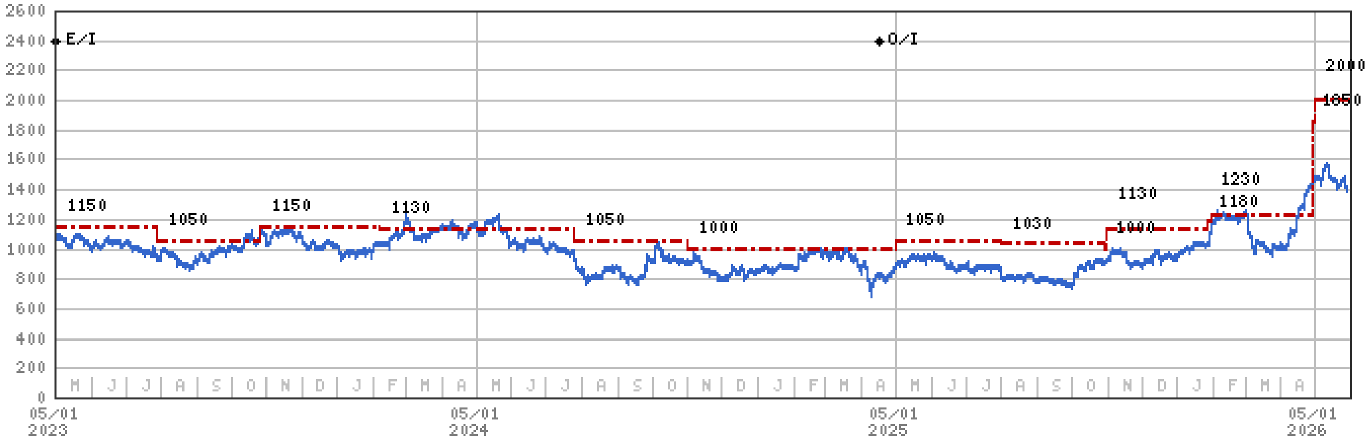
Stock Price, Price Target and Rating History (See Rating Definitions)

AirTAC International (1590.TW) - As of 05/31/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : O/I; 11/8/21 : E/I; 1/11/22 : O/I; 8/4/22 : E/I; 4/16/25 : O/I

Price Target History: 4/29/21 : 1567.27; 8/5/21 : 1379.98; 10/4/21 : 1300; 11/8/21 : 870; 1/11/22 : 1250; 3/24/22 : 1150; 8/4/22 : 850; 10/27/22 : 600; 1/16/23 : 1050; 2/8/23 : 1100; 4/26/23 : 1150; 7/28/23 : 1050; 10/26/23 : 1150; 2/7/24 : 1130; 7/25/24 : 1050; 11/1/24 : 1000; 4/30/25 : 1050; 8/1/25 : 1030; 10/30/25 : 1000; 10/31/25 : 1130; 1/27/26 : 1180; 1/30/26 : 1230; 4/28/26 : 1850; 4/30/26 : 2000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Hiwin Technologies Corp. (2049.TW) - As of 05/31/26 GMT in TWD
Industry : Greater China Technology Hardware

Stock Rating History: 6/1/21 : O/I; 8/11/22 : E/I; 2/21/23 : O/I; 8/11/23 : E/I; 5/12/25 : U/I; 2/27/26 : E/I; 3/30/26 : O/I

Price Target History: 1/20/21 : 556.84; 8/5/21 : 480.04; 10/5/21 : 479.6; 2/28/22 : 341.16; 3/24/22 : 301.61; 7/20/22 : 295; 8/11/22 : 230; 11/21/22 : 200; 2/21/23 : 295; 2/27/23 : 283; 5/10/23 : 280; 8/11/23 : 205; 11/13/23 : 220; 2/27/24 : 210; 8/13/24 : 205; 11/12/24 : 225; 2/27/25 : 310; 5/12/25 : 160; 2/27/26 : 210; 3/30/26 : 300; 4/28/26 : 380; 5/11/26 : 400

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/29/2026)

Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$45.50
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb203.95
BYD Electronics (0285.HK)	O (04/28/2023)	HK$29.18
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb8.01
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.69
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb706.45
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$603.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb5.31
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb30.56
Largan Precision (3008.TW)	E (10/17/2025)	NT$3,515.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb9.21
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb8.96
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$9.54
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb75.10
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$42.26
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb60.20
Sunny Optical (2382.HK)	E (03/23/2026)	HK$83.80
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb455.20
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb20.67
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$28.04
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb402.81
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$227.20
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb130.98
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb39.36
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,161.16
ZTE Corporation (0763.HK)	E (03/11/2024)	HK$26.78
ZTE Corporation (000063.SZ)	U (07/02/2021)	Rmb36.72
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,430.00
Advantech (2395.TW)	O (01/20/2021)	NT$495.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,400.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$23.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,085.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.11
Chenbro (8210.TW)	O (07/23/2025)	NT$1,365.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,520.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$220.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$72.80
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$389.00
Innolux (3481.TW)	E (04/07/2025)	NT$51.00
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$5,065.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb40.50
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$106.50
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb15.64
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.28
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb7.62
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb194.20
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$35.20
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$761.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$36.70
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$8.90
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$370.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,320.00

Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb64.63
Lenovo (0992.HK)	E (11/16/2025)	HK$24.00
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,650.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$848.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$88.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$339.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb140.62
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb411.41
Unimicron (3037.TW)	O (02/23/2026)	NT$1,055.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$158.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$5,445.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$738.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$515.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,665.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,065.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$203.50
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$2,445.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,930.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb73.40
Foxconn Technology (2354.TW)	U (04/23/2025)	NT$60.90
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb26.83
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$289.00
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,615.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb14.55
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$234.50
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb73.29
Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT$159.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT$247.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$422.00

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