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Greater China – Displays | Asia Pacific

Progress for Glass in Advanced Packaging among Panel Makers

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We do see the potential of glass panels in semiconductors, as the package size gets bigger – though a more realistic timing for HPC adoption looks to be 2028/2029, in our view.

All eyes on advanced packaging: We think the recent market enthusiasm for panel stocks has centered on the opportunities for glass in advanced packaging. In our deep analysis, Emerging Opportunities for Glass in Advanced Packaging (October 27, 2024), we noted that glass can offer cost advantages from larger dimensions. Moreover, it can provide better electrical performance, leading to lower signal loss, less mismatch of coefficients of thermal expansion among different materials to mitigate the warpage issue, and greater mechanical strength to resist distortion during the manufacturing process or operation.

Innolux appears to be leading the pack: Innolux has been one of the most aggressive players in this area and we believe that it is involved in one foundry's glass core substrate project, where the proof of concept is complete and more verifications will be implemented in coming quarters. Innolux will do the TGVs (Through Glass Vias) process on a glass panel (510mm*515mm), before sending that to Ibiden for substrate processes. For Innolux, the challenges lie in forming TGVs and the subsequent copper plating, because this is not part of the regular display panel production. Our understanding is that Innolux will need to procure new equipment for glass cores; the initial capex might be NT$20-30bn. Last, though Innolux is involved in the early stage development of this technology, we do not rule out the possibility that other players could join later on in the mass production stage, which looks to be in 2028 at the earliest, per our supply chain checks.

BOE is making progress as well: BOE is also interested in leveraging its expertise to tap into the advanced packaging market. Different from Innolux, BOE aspires to finish the whole glass core substrate manufacturing, including the glass core with TGVs and the build-up layers. It has been engaging with domestic and overseas IC designers for verifications. If things move smoothly, it might spend Rmb5bn to build a monthly capacity of 15K substrates (510*515mm) in 2027 and target mass production in 2028.

AUO is focusing on LEO and optical modules: AUO's efforts in this area are less on HPC at this stage; rather, more on the LEO antenna and the CPO modules. On the LEO front, it plans to use glass as a substrate to carry the antenna patterns and RF component for integration with the sunroof in the vehicle. As for CPO modules, AUO and its partners, including Ennostar and Tyntek, are promoting the micro LED-based CPO architecture for lower costs/power consumption in shorter-distance transmission, where glass could be used as the substrate. Management indicates that it continues to progress on these fronts, though it provides no specific timetable for revenue contribution.

GREATER CHINA TECHNOLOGY HARDWARE	
Asia Pacific	
Industry View	**In-Line**

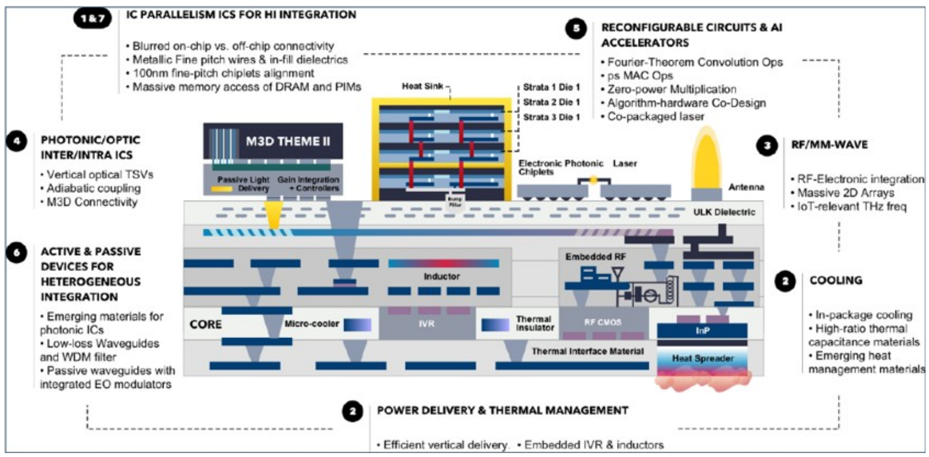
WHAT'S CHANGED		
Innolux (3481.TW) Price Target	**From** NT$19.50	**To** **NT$60.00**
AU Optronics (2409.TW) Price Target	**From** NT$14.00	**To** **NT$27.00**
BOE Technology (000725.SZ) Price Target	**From** Rmb5.20	**To** **Rmb9.30**

A Closer Look

All eyes on opportunities for glass in advanced packaging

We think the recent market enthusiasm for panel stocks has centered on the opportunities that glass could have in advanced packaging. In our deep analysis, Emerging Opportunities for Glass in Advanced Packaging (October 27, 2024), we noted that glass can offer cost advantages from larger dimensions. Moreover, it can provide better electrical performance, leading to lower signal loss, less mismatch of coefficients of thermal expansion among different materials to mitigate the warpage issue, and greater mechanical strength to resist distortion during the manufacturing process or operation.

Exhibit 1: Concept of Ultra-dense Advanced Packaging



Source: College of Engineering, Penn State

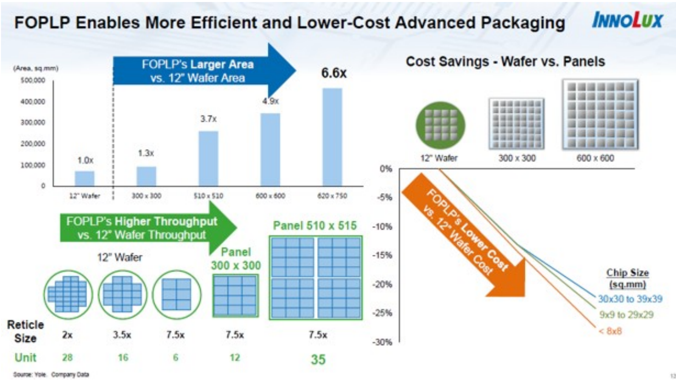
Innolux appears to be leading the pack

Innolux has been one of the most aggressive players in advocating the benefits of glass panels in advanced packaging in the past couple of years. We believe that it is involved in one foundry's glass core substrate project, where the proof of concept is complete and more verification tests will be implemented in coming quarters. Innolux will do the TGVs (Through Glass Vias) process on a 510mm*515mm glass panel, before sending that to Ibiden for ABF substrate manufacturing processes and eventually to the foundry player for the advanced packaging.

For Innolux, the challenges lie in forming TGVs with laser-induced etching and the subsequent copper plating, because this is not part of the regular display panel production to which Innolux's expertise is related. Our understanding is that Innolux will need to procure new equipment for glass cores and the initial capex might be NT$20-30bn.

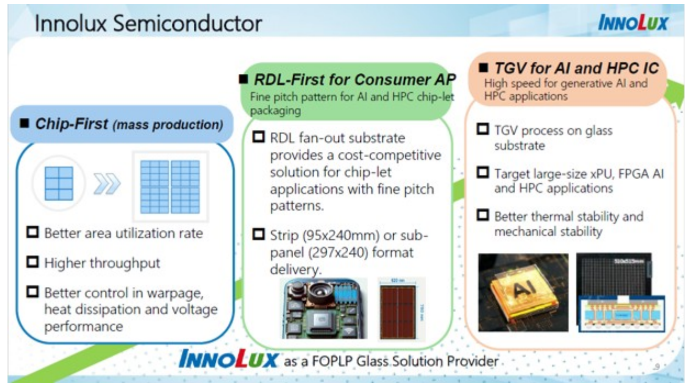
Last, though Innolux is involved in the early stage development of this technology, we do not rule out the possibility that other players could join later on in the mass production stage, which looks to be in 2028 at the earliest, per our supply chain checks. In our model, we estimate it to generate NT$20bn of revenue from packaging-related businesses in 2028, or 6% of its revenue mix.

Exhibit 2: Innolux – Benefits of Glass in Advanced Packaging



Source: Innolux

Exhibit 3: Innolux – Strategies in Semiconductor Packaging



Source: Innolux

BOE making progress as well

As the biggest panel manufacturer globally, BOE is also interested in leveraging its expertise to tap into the advanced packaging market. Different from Innolux, BOE aspires to finish the whole glass core substrate manufacturing, including the glass core with TGVs and the build-up layers.

BOE started to study the glass core substrate technology in 2020 and already has an experimental line now. It has been engaging with domestic and overseas IC designers for verifications. If things progress smoothly, it might spend Rmb5bn to build a monthly capacity of 15K substrates (510*515mm) in 2027 and target mass production in 2028.

We project Rmb5bn of revenue for BOE in 2028, or 5% of its mix.

AUO is focusing on LEO and optical modules

AUO's efforts in this area are less on HPC at this stage; rather, more on the LEO antenna and the CPO modules. On the LEO front, it plans to use glass as a substrate to carry the antenna patterns and RF component for integration with the sunroof in the vehicle. As for the CPO module, AUO and its partners, including Ennostar and Tyntek, are promoting the micro LED-based CPO architecture for lower costs/power consumption in shorter-distance transmission, where glass could be used as the substrate. Management indicates that it continues to progress on these fronts, without pointing out a specific timetable for more meaningful contribution.

We have not yet factored in revenue from advanced packaging for AUO through 2028 – we think there is less visibility regarding the timing of contribution.

Exhibit 4: AUO – Glass in Antenna Module

Source: AUO

Exhibit 5: AUO -- Glass in Optical Module

Source: AUO

Our Thoughts on the Recent Share Price Movement

We believe that the recent share price rally among panel makers has been mostly driven by the enthusiasm around the opportunities that glass-based advanced packaging can present to them. We understand that this could galvanize sentiment toward panel stocks, but we note that the revenue and earnings contributions are more likely to emerge from 2028 at the earliest, so we tend to think that the core commodity panels are still what is dictating the fundamentals of these panel players (AUO and Innolux are still generating 40-50% of their revenue from commodity panels and BOE 70-80%).

Our order of preference in the Greater China Display segment is BOE > Innolux > AUO

BOE (000725.SZ, OW): It remains a dominant player in the display segment with potential upside on the advanced packaging front. Though its visibility on the advanced packaging business is less clear vs. Innolux, the current valuation of 2.1x 2026e P/B is still lower than its peak valuation of 2.7x, so its risk-reward leads to our relative preference in the segment.

We lower our 2026-27 estimates but raise our price target. See BOE: Estimate Revisions and BOE: Valuation Methodology .

Innolux (3481.TW, EW): It is partnering with the leading foundry player in glass core substrate development, so theoretically it has the best visibility on the trajectory of this business in coming years, though the valuation of 2.1x 2026e P/B is way above the peak valuation of 1.1x in the past decade, so we think the risk-reward does not look very attractive at this stage. Moreover, the current share price of NT$67 implies a 2.1x 2028e P/B, which we think is not cheap, even if the advanced packaging business can account for 15-20% of its profits in 2028. We thus have an EW rating on the stock.

We increase our 2026-27 estimates and price target. See Innolux: Estimate Revisions and Innolux: Valuation Methodology .

AUO (2409.TW, EW): AUO has the least visibility in the advanced packaging business, in our view, as the LEO antenna business does not accommodate HPCs and market acceptance of the micro LED-based CPO module is up in the air now. That said, its current valuation of 1.4x 2026e P/B is the least demanding among the three, so we maintain our EW rating as well.

We lower our 2026-27 estimates but raise our price target. See AUO: Estimate Revisions and AUO: Valuation Methodology .

We introduce 2028 earnings estimates for all three companies.

Innolux: Financial Summary

Exhibit 6: Innolux: Financial Summary

Income Statement

NT$ mn	2024	2025	2026E	2027E	2028E
Net sales	**216,510**	**226,724**	**264,275**	**278,799**	**316,406**
COGS	-202,337	-208,067	-225,476	-236,584	-260,422
Gross profit	**14,173**	**18,657**	**38,799**	**42,215**	**55,984**
Operating expenses	-22,092	-22,817	-30,173	-30,174	-31,932
- Promotion	-2,193	-3,065	-6,523	-6,119	-6,460
- ADM	-7,492	-7,915	-11,942	-12,027	-12,697
- R&D	-12,407	-11,838	-11,708	-12,027	-12,776
Operating income	**-7,919**	**-4,160**	**8,625**	**12,041**	**24,052**
Non-operating income	16,147	4,457	5,269	2,800	3,200
Interest income	-3,492	-2,918	-2,556	-2,400	-2,400
Investment income	32	0	0	0	0
Disposal of investment	9	-14	0	0	0
Disposal of fixed assets	12,891	1,557	-286	0	0
Exchange gain	1,659	-488	-11	0	0
Other	5,049	6,320	8,123	5,200	5,600
Pre-tax income	8,228	296	13,895	14,841	27,252
Income tax	-1,501	369	-1,190	-1,484	-2,725
Net income	**6,473**	**250**	**12,527**	**13,337**	**24,507**
EPS (NT$)	**0.76**	**0.03**	**1.57**	**1.67**	**3.07**

Balance Sheet

NT$ mn	2024	2025	2026E	2027E	2028E
Cash	55,289	52,827	84,806	101,050	127,301
Mkt securities	9,529	29,314	29,314	29,314	29,314
Accounts/Notes receivYles	36,606	41,496	59,333	62,594	71,037
Inventory	42,447	47,891	20,217	21,212	23,350
Other current assets	9,550	11,547	11,547	11,547	11,547
Current Assets	153,420	183,075	205,217	225,718	262,550
Long-term investments	37,643	20,670	20,670	20,670	20,670
Fixed assets	127,395	112,550	101,550	90,550	79,550
Other assets	39,629	67,998	67,998	67,998	67,998
Total Assets	**358,088**	**384,293**	**395,435**	**404,936**	**430,768**
S/T borrowings	3,097	33,006	33,006	33,006	33,006
AP/NP	44,149	50,114	49,238	51,664	56,869
Other ST liYilities	42,221	44,372	47,855	47,856	50,645
Other liYilities	6,276	14,500	14,500	14,500	14,500
L/T debt	28,804	18,829	18,829	18,829	18,829
Total LiYilities	**124,547**	**160,820**	**163,427**	**165,855**	**173,849**
Common shares	79,892	79,892	79,892	79,892	79,892
Capital Collection	0	0	0	0	0
APIC	105,920	103,976	103,976	103,976	103,976
Retained earnings	49,425	43,652	52,186	59,260	77,098
Treasury Stock	-57	-57	-57	-57	-57
Other shareholders' equity	-3409	-6138	-6138	-6138	-6138
Shareholders' equity	**233,541**	**223,473**	**232,007**	**239,081**	**256,919**
Total LiY./Shrhldr's Equity	**358,088**	**384,293**	**395,435**	**404,936**	**430,768**

Cash Flow Statement

NT$ mn	2024	2025	2026E	2027E	2028E
Cashflow from operations	**17,533**	**20,168**	**55,971**	**42,507**	**52,920**
Net Profits	6,473	250	12,527	13,337	24,507
Depreciation	31,150	29,721	31,000	31,000	31,000
Equity investment losses (income)	-32	0	0	0	0
Other adjustments	-20,058	-9,803	12,444	-1,829	-2,586
Cashflow from investing	**3,251**	**-34,727**	**-20,000**	**-20,000**	**-20,000**
(Purchases) sale of FA (capex)	190	-7,478	-20,000	-20,000	-20,000
(Purchases) sale of L/T investment	-199	-1,500	0	0	0
(Purchases) sale of S/T investment	1,943	-689	0	0	0
Other adjustments	1,317	-25,060	0	0	0
Cashflow from financing	**-17,476**	**10,878**	**-3,993**	**-6,264**	**-6,668**
Increase in L/T debt	-10,802	-9,900	0	0	0
Increase in S/T debt	2,927	29,909	0	0	0
Issuance of stock	-10,889	-1,996	0	0	0
Cash dividends	0	-6,027	-3,993	-6,264	-6,668
Dir.& Emp. Bonus	0	0	0	0	0
Changes in Treasury Stocks	0	0	0	0	0
Other adjustments	1,288	-1,108	0	0	0
Exchange rate adjustment	1,467	1,220	0	0	0
Net change in cash	4,776	-2,461	31,979	16,244	26,252

Financial Ratios

	2024	2025	2026E	2027E	2028E
Margins					
Gross margin	6.5%	8.2%	14.7%	15.1%	17.7%
Operating margin	-3.7%	-1.8%	3.3%	4.3%	7.6%
Pretax margin	3.8%	0.1%	5.3%	5.3%	8.6%
Net margin	3.0%	0.1%	4.7%	4.8%	7.7%
YoY growth					
Sales	2%	5%	17%	5%	13%
Operating profits	-58%	-47%	-307%	40%	100%
Pretax profits	-150%	-96%	4586%	7%	84%
Net profits	-135%	-96%	4916%	6%	84%
EPS	-138%	-96%	4916%	6%	84%
Net Debt/Equity (Net of mkt secs.)	-14%	-14%	-27%	-33%	-41%
Net Debt/Equity	-10%	0%	-14%	-21%	-29%
LiYilities/Equity	53%	72%	70%	69%	68%
LiYilities/Assets	35%	42%	41%	41%	40%
ROAE	2.8%	0.1%	5.5%	5.7%	9.9%
ROY	1.8%	0.1%	3.2%	3.3%	5.9%
AR/NR Turnover (days)	56	63	70	80	77
AP/NP Turnover (days)	76	83	80	78	76
Inventory Turnover (days)	72	79	55	32	31
Cash conversion cycle (days)	52	59	44	34	32

Source: Company data, Morgan Stanley Research (E) estimates

Exhibit 7: Innolux: Quarterly Financials

NT$ mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**55,932**	**56,231**	**57,818**	**56,742**	**66,645**	**66,412**	**66,516**	**64,703**	**226,724**	**264,275**	**278,799**
COGS	-51,699	-51,519	-53,258	-51,591	-57,026	-56,681	-56,536	-55,234	-208,067	-225,476	-236,584
Gross profit	**4,234**	**4,712**	**4,560**	**5,151**	**9,619**	**9,731**	**9,979**	**9,469**	**18,657**	**38,799**	**42,215**
Operating expenses	-5,473	-5,490	-5,535	-6,319	-8,120	-7,372	-7,383	-7,298	-22,817	-30,173	-30,174
- Promotion	-588	-637	-743	-1,097	-1,978	-1,527	-1,530	-1,488	-3,065	-6,523	-6,119
- ADM	-1,806	-1,852	-1,808	-2,449	-3,195	-2,922	-2,927	-2,899	-7,915	-11,942	-12,027
- R&D	-3,079	-3,001	-2,984	-2,774	-2,947	-2,922	-2,927	-2,912	-11,838	-11,708	-12,027
Operating profit	**-1,239**	**-778**	**-975**	**-1,168**	**1,498**	**2,360**	**2,596**	**2,171**	**-4,160**	**8,625**	**12,041**
Non-operating income	2,798	244	1,359	56	909	3,420	470	470	4,457	5,269	2,800
Interest income	-716	-893	-581	-728	-816	-580	-580	-580	-2,918	-2,556	-2,400
Investment income	0	0	0	0	0	0	0	0	0	0	0
Disposal of investment	0	0	-14	0	0	0	0	0	-14	0	0
Disposal of fixed asset	1,619	-10	11	-64	-286	0	0	0	1,557	-286	0
Exchange gain	-85	-949	267	278	-11	0	0	0	-488	-11	0
Other	1,980	2,095	1,675	569	2,023	4,000	1,050	1,050	6,320	8,123	5,200
Pre-tax profit	1,559	-534	384	-1,113	2,408	5,780	3,066	2,641	296	13,895	14,841
Income tax	-475	-143	-192	1,178	-616	-289	-153	-132	369	-1,190	-1,484
Net profit	**962**	**-761**	**67**	**-19**	**1,630**	**5,486**	**2,908**	**2,504**	**250**	**12,527**	**13,337**
EPS (NT$)	**0.12**	**-0.10**	**0.01**	**0.00**	**0.20**	**0.69**	**0.36**	**0.31**	**0.03**	**1.57**	**1.67**
Margins											
Gross margin	7.6%	8.4%	7.9%	9.1%	14.4%	14.7%	15.0%	14.6%	8.2%	14.7%	15.1%
Operating margin	-2.2%	-1.4%	-1.7%	-2.1%	2.2%	3.6%	3.9%	3.4%	-1.8%	3.3%	4.3%
Pre-tax margin	2.8%	-1.0%	0.7%	-2.0%	3.6%	8.7%	4.6%	4.1%	0.1%	5.3%	5.3%
Net margin	1.7%	-1.4%	0.1%	0.0%	2.4%	8.3%	4.4%	3.9%	0.1%	4.7%	4.8%
EBITDA margin	11.1%	11.8%	10.9%	11.3%	11.3%	14.1%	15.5%	15.8%	11.3%	15.0%	15.4%
QoQ Growth											
Sales	4%	1%	3%	-2%	17%	0%	0%	-3%			
Gross profit	221%	11%	-3%	13%	87%	1%	3%	-5%			
Operating profit	NM	NM	NM	NM	NM	57%	10%	-16%			
Pre-tax profit	-84%	NM	NM	NM	NM	140%	-47%	-14%			
Net profit	-89%	NM	NM	NM	NM	237%	-47%	-14%			
YoY Growth											
Sales	11%	-1%	4%	6%	19%	18%	15%	14%	5%	17%	5%
Gross profit	98%	-17%	-9%	291%	127%	107%	119%	84%	32%	108%	9%
Operating profit	NM	NM	NM	NM	NM	NM	NM	NM	-47%	NM	40%
Pre-tax profit	NM	NM	-47%	NM	54%	NM	698%	NM	-96%	4586%	7%
Net profit	NM	NM	-84%	NM	69%	NM	4247%	NM	-96%	4916%	6%

Source: Company data, Morgan Stanley Research (E) estimates

Innolux: Estimate Revisions

We lift our 2026 and 2027 earnings estimates to factor in 4Q25/1Q26 actuals, along with preliminary April profit announcements. A part of the increase is from the consolidation of Pioneer from 1Q26, which added ~20% incrementally to Innolux's revenue. We also introduce 2028 estimates, where we pencil in contribution from packaging-related businesses.

Exhibit 8: Innolux: Estimate revisions

	2026e Earnings Estimates			2027e Earnings Estimates			2028e Earnings Estimates		
NT$mn	**New**	**Old**	**Variance**	**New**	**Old**	**Variance**	**New**	**Old**	**Variance**
Net sales	**264,275**	**266,270**	**-1%**	**278,799**	**277,985**	**0%**	**316,406**		
COGS	-225,476	-240,928	-6%	-236,584	-250,356	-6%	-260,422		
Gross profit	**38,799**	**25,342**	**53%**	**42,215**	**27,628**	**53%**	**55,984**		
Operating expenses	-30,173	-24,781	22%	-30,174	-25,058	20%	-31,932		
Operating income	**8,625**	**561**	**1438%**	**12,041**	**2,570**	**369%**	**24,052**		
Non-operating income	5,269	2,630	100%	2,800	2,500	12%	3,200		
Pre-tax income	13,895	3,191	335%	14,841	5,070	193%	27,252		
Net income	**12,527**	**3,107**	**303%**	**13,337**	**4,827**	**176%**	**24,507**		
EPS (NT$)	**1.57**	**0.36**	**332%**	**1.67**	**0.56**	**196%**	**3.07**		
Margins (%)			***ppt***			***ppt***			
Gross margin	14.7%	9.5%	5.2	15.1%	9.9%	5.2	17.7%		
Operating margin	3.3%	0.2%	3.1	4.3%	0.9%	3.4	7.6%		
Pre-tax margin	5.3%	1.2%	4.1	5.3%	1.8%	3.5	8.6%		
Net margin	4.7%	1.2%	3.6	4.8%	1.7%	3.0	7.7%		

Source: Morgan Stanley Research (e) estimates

Innolux: Valuation Methodology

Our price target/base case value is now NT$60 (vs. NT$19.5 previously): We apply a target multiple of 2.1x 2026e P/B (vs. 0.7x 2026e P/B previously). We lift our target multiple as we factor in the market's optimism from the advanced packaging angle. Our BVPS estimate for 2026 is NT$29.05 vs. NT$26.29 previously.

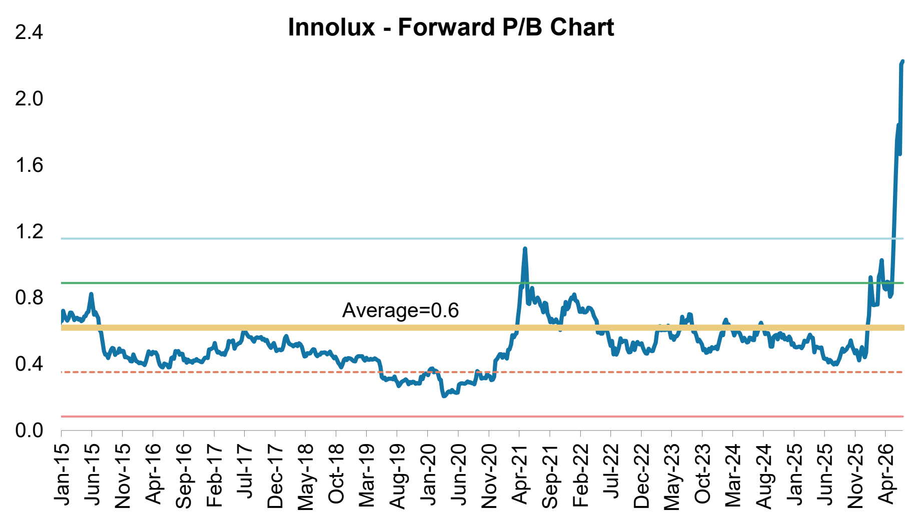
We use price/book value as our methodology because we believe it better reflects Innolux's intrinsic value, given the industry's relatively cyclical nature (although we expect this to lessen) and panel makers' capacity-driven profitability.

Innolux has generally traded at an average of 0.6x P/B because of its earnings volatility in a highly cyclical segment. However, the stock has re-rated from the FOPLP/advanced packaging angle, with its current valuation now at 2.2x 2026e P/B. We thus see our target multiple of 2.1x reasonable, because we believe it would take time for revenue contribution to start. With the share price nearly tripled in the past two months (vs. +16% for the TAIEX) and valuation at a record high, we view risk-reward as unattractive and thus maintain our EW rating.

Bull case scenario value – NT$90 (+233%): We apply 3.1x 2026e P/B (vs.1.0x 2026e P/B previously) to our estimate, mainly reflecting a better demand profile and more aggressive utilization adjustments among panel makers, as well as faster-than-expected progress on advanced packaging business.

Bear case scenario value – NT30 (+186%): We apply 1.0x 2026e P/B (vs. 0.4x 2026e P/B previously) to our estimate, mainly reflecting more significant panel price corrections triggered by less disciplined supply-side dynamics, along with slower progress on advanced packaging business.

Exhibit 9: Innolux Forward P/B



Source: Factset, Morgan Stanley Research estimates

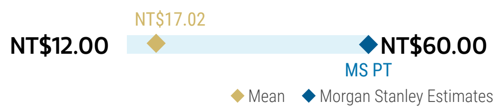
Risk Reward – Innolux (3481.TW)

Re-rating from advanced packaging business - but time needed to contribute; EW

PRICE TARGET NT$60.00

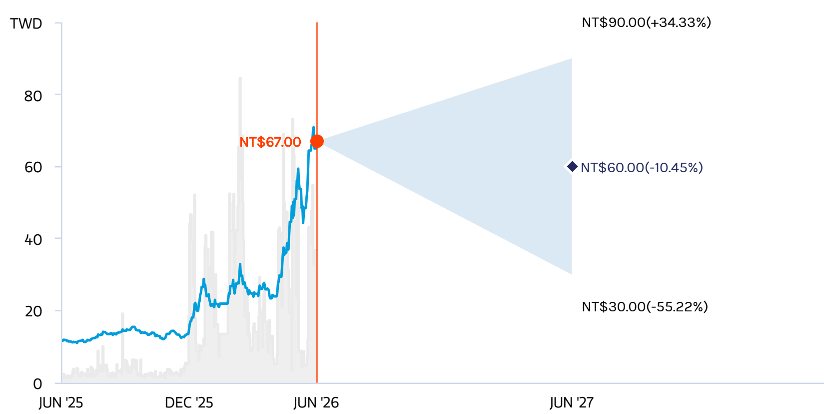
Base case, 2.1x 2026e P/B. We use price/book value as our methodology because we believe it better reflects Innolux's intrinsic value, in view of the industry's relatively cyclical nature. Innolux has generally traded at an average of 0.6x P/B, but the stock has re-rated from the FOPLP/advanced packaging angle, We view 2.1x as justified because we see do not see semi contribution kicking in until 2028.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



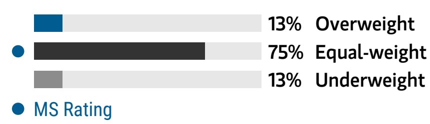
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- This round of TV panel price hikes likely has come to an end. We think prices could start declining from 3Q26 onwards. That said, we believe major panel makers will continue to show good output discipline.
- Fan-out panel level packaging (FOPLP) and TGV process has been a popular topic in the market. Innolux looks to be leading the pack among the players here, and we believe that it is involved in one foundry's glass core substrate project. However, we do not rule out the possibility that other players could join later in the mass production stage, while revenue should kick in only in 2028.
- Valuation is at a record high after the recent rally. We find risk-reward unattractive and thus stay EW

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power:	*Positive*
Self-help:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$90.00

3.1x 2026e P/B

Better supply-demand dynamics and faster contribution from semi business: Better demand profile and more aggressive utilization adjustments among panel makers, along with faster-than-expected progress on advanced packaging business.

BASE CASE NT$60.00

2.1x 2026e P/B

Semi business to take time: This round of TV panel price hike has come to an end and we expect prices to start declining from 3Q26 onwards. That said, major panel makers are expected to continue demonstrating good output discipline. On semi business, while we believe that it is involved in one foundry's glass core substrate project, we do not expect contribution to kick in until 2028 and do not rule out more players joining in mass production stage.

BEAR CASE NT$30.00

1.0x 2026e P/B

Oversupply coupled with weaker demand with slower contribution from semi business: More significant panel price corrections triggered by less disciplined supply-side dynamics and softer-than-expected demand, coupled with slower-than-expected progress on semi business.

Risk Reward – Innolux (3481.TW)

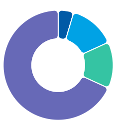
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Commodity revenue growth YoY (%)	(12.5)	(10.7)	(0.8)	0.2
Non-commodity revenue growth YoY (%)	67.6	(5.0)	3.1	3.3
Display revenue growth YoY (%)	25.5	80.1	12.1	12.2

INVESTMENT DRIVERS

- Panel price movements
- Fab utilization trend
- Product offering upgrade
- Cost reduction curve
- Capital spending patterns

GLOBAL REVENUE EXPOSURE



- 0-10% Europe ex UK
- 10-20% Mainland China
- 10-20% North America
- 70-80% APAC, ex Japan, Mainland China and India

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

MS ALPHA MODELS

3/5 MOST	3 Month Horizon

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

RISKS TO PT/RATING

RISKS TO UPSIDE

- More panel price hikes amid slower ramps of Chinese players
- Higher contribution from assembly business
- Stronger TV/IT demand recovery
- Faster progress on semi businesses

RISKS TO DOWNSIDE

- Macro demand slowdown
- Fiercer competition from Chinese panel makers
- Faster OLED panel adoptions in large size applications
- Slower progress on semi businesses

OWNERSHIP POSITIONING

Inst. Owners, % Active 38.5%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue (NT$, mn): 246,160 – 277,337; Morgan Stanley Estimate 264,275; Mean 263,571

EBITDA (NT$, mn): Morgan Stanley Estimate 39,339

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

Net income (NT$, mn): 2,448 – 12,527; Morgan Stanley Estimate 12,527; Mean 3,300

EPS (NT$): 0.27 – 1.57; Morgan Stanley Estimate 1.57; Mean 0.40

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

AUO: Financial Summary

Exhibit 10: AUO: Quarterly Financials

NT$ mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**72,102**	**69,237**	**69,908**	**70,142**	**69,031**	**70,251**	**72,666**	**69,102**	**281,388**	**281,051**	**293,212**
COGS	-63,323	-59,875	-63,218	-62,617	-60,848	-61,412	-63,637	-60,815	-249,033	-246,712	-256,330
Gross profit	**8,778**	**9,362**	**6,690**	**7,525**	**8,183**	**8,839**	**9,029**	**8,287**	**32,355**	**34,339**	**36,882**
Operating expenses	-7,638	-7,858	-8,496	-9,418	-8,819	-8,992	-8,938	-8,705	-33,410	-35,454	-35,785
- Promotion	-1,491	-1,632	-1,815	-2,042	-1,704	-1,756	-1,744	-1,728	-6,979	-6,932	-7,178
- ADM	-2,383	-2,567	-2,679	-2,826	-2,701	-2,740	-2,689	-2,624	-10,455	-10,753	-10,525
- R&D	-3,765	-3,660	-4,002	-4,550	-4,414	-4,496	-4,505	-4,353	-15,976	-17,769	-18,082
Operating profit	**1,141**	**1,504**	**-1,806**	**-1,893**	**-636**	**-153**	**91**	**-418**	**-1,056**	**-1,116**	**1,097**
Non-operating income	3,347	630	738	4,782	134	230	230	230	9,496	824	920
Interest income	-445	-449	-454	-460	-423	-420	-420	-420	-1,808	-1,683	-1,680
Investment income	0	0	0	0	61	0	0	0	0	61	0
Disposal of investment	1,263	901	0	32	0	0	0	0	2,197	0	0
Disposal of fixed assets	2,361	9	121	5,384	61	0	0	0	7,876	61	0
Exchange gain	-151	-845	261	98	-223	0	0	0	-636	-223	0
Other	318	1,012	809	-272	658	650	650	650	1,868	2,608	2,600
Pre-tax profit	4,487	2,133	-1,068	2,889	-501	77	321	-188	8,441	-292	2,017
Income tax	-1,228	-229	-29	34	-538	-9	-39	-9	-1,452	-595	-349
Net profit	**3,294**	**1,948**	**-1,280**	**2,882**	**-1,144**	**65**	**273**	**-192**	**6,843**	**-997**	**1,607**
EPS (NT$)	**0.44**	**0.26**	**-0.17**	**0.38**	**-0.15**	**0.01**	**0.04**	**-0.03**	**0.90**	**-0.13**	**0.21**
Margins											
Gross margin	12.2%	13.5%	9.6%	10.7%	11.9%	12.6%	12.4%	12.0%	11.5%	12.2%	12.6%
Operating margin	1.6%	2.2%	-2.6%	-2.7%	-0.9%	-0.2%	0.1%	-0.6%	-0.4%	-0.4%	0.4%
Pre-tax margin	6.2%	3.1%	-1.5%	4.1%	-0.7%	0.1%	0.4%	-0.3%	3.0%	-0.1%	0.7%
Net margin	4.6%	2.8%	-1.8%	4.1%	-1.7%	0.1%	0.4%	-0.3%	2.4%	-0.4%	0.5%
EBITDA margin	12.2%	12.9%	7.8%	8.1%	10.2%	9.6%	9.7%	9.8%	10.2%	9.6%	11.6%
QoQ Growth											
Sales	5.0%	-4.0%	1.0%	0.3%	-1.6%	1.8%	3.4%	-4.9%			
Gross profit	61.2%	6.6%	-28.5%	12.5%	8.8%	8.0%	2.1%	-8.2%			
Operating profit	NM	31.8%	NM	NM	NM	NM	NM	NM			
Pre-tax profit	48.6%	-52.5%	NM	NM	NM	NM	317.4%	NM			
Net profit	103.4%	-40.9%	NM	NM	NM	NM	317.4%	NM			
YoY Growth											
Sales	21.2%	-6.8%	-10.1%	2.1%	-4.3%	1.5%	3.9%	-1.5%	0%	0%	4%
Gross profit	347.5%	12.1%	-20.9%	38.2%	-6.8%	-5.6%	35.0%	10.1%	34%	6%	7%
Operating profit	NM	1303.9%	NM	NM	NM	NM	NM	NM	-88%	6%	NM
Pre-tax profit	NM	646.8%	NM	-4.3%	NM	-96.4%	NM	NM	NM	NM	NM
Net profit	NM	NM	NM	78.0%	NM	-96.6%	NM	NM	NM	NM	NM

Source: Company data, Morgan Stanley Research (E) estimates

Exhibit 11: AUO: Financial Summary

Income Statement

NT$ mn	2024	2025	2026E	2027E	2028E
Net sales	**280,245**	**281,388**	**281,051**	**293,212**	**307,451**
COGS	-256,029	-249,033	-246,712	-256,330	-267,823
Gross profit	**24,216**	**32,355**	**34,339**	**36,882**	**39,629**
Operating expenses	-32,682	-33,410	-35,454	-35,785	-36,717
- Promotion	-6,293	-6,979	-6,932	-7,178	-7,529
- ADM	-10,360	-10,455	-10,753	-10,525	-10,599
- R&D	-16,028	-15,976	-17,769	-18,082	-18,589
Operating income	**-8,466**	**-1,056**	**-1,116**	**1,097**	**2,912**
Non-operating income	**7,861**	**9,496**	**824**	**920**	**920**
Interest income	-1,519	-1,808	-1,683	-1,680	-1,680
Investment income	142	0	61	0	0
Disposal of investment	1,151	2,197	0	0	0
Disposal of fixed assets	5,119	7,876	61	0	0
Exchange gain	765	-636	-223	0	0
Other	2,203	1,868	2,608	2,600	2,600
Pre-tax income	-605	8,441	-292	2,017	3,832
Income tax	-2,340	-1,452	-595	-349	-460
Net income	**-3,064**	**6,843**	**-997**	**1,607**	**3,257**
EPS (NT$)	**-0.40**	**0.90**	**-0.13**	**0.21**	**0.43**

Balance Sheet

NT$ mn	2024	2025	2026E	2027E	2028E
Cash	68,447	55,617	132,171	147,481	165,335
Mkt securities	1,185	1,911	1,911	1,911	1,911
Accounts/Notes receivables	25,946	34,590	33,551	35,002	36,702
Inventory	33,811	36,213	21,570	22,410	23,415
Other current assets	8,742	9,798	9,798	9,798	9,798
Current Assets	138,131	138,129	199,000	216,603	237,162
Long-term investments	31,746	24,052	24,113	24,113	24,113
Fixed assets	166,244	160,104	152,104	139,104	126,104
Other assets	56,749	59,739	59,739	59,739	59,739
Total Assets	**392,869**	**382,023**	**434,955**	**439,558**	**447,118**
S/T borrowings	3,466	9,698	9,698	9,698	9,698
AP/NP	54,136	52,338	47,128	48,965	51,160
Other ST liabilities	51,710	61,492	124,090	125,248	128,509
Other liabilities	21,764	18,399	18,399	18,399	18,399
L/T debt	102,021	76,256	76,256	76,256	76,256
Total Liabilities	**233,096**	**218,182**	**275,570**	**278,566**	**284,022**
Common shares	76,679	75,471	75,471	75,471	75,471
Capital Collection	0	0	0	0	0
APIC	48,276	45,873	45,873	45,873	45,873
Retained earnings	28,699	34,863	30,847	32,455	34,558
Treasury Stock	0	0	-439	-439	-439
Other shareholders' equity	-356	-4208	-4208	-4208	-4208
Shareholders' equity	**159,773**	**163,841**	**159,385**	**160,993**	**163,096**
Total Liab./Shrhldr's Equity	**392,869**	**382,023**	**434,955**	**439,558**	**447,118**

Cash Flow Statement

NT$ mn	2024	2025	2026E	2027E	2028E
Cashflow from operations	**23,146**	**11,129**	**100,012**	**35,310**	**39,008**
Net Profits	-3,064	6,843	-997	1,607	3,257
Depreciation	34,104	29,846	28,000	33,000	33,000
Equity investment losses (income)	-142	0	-61	0	0
Other adjustments	-7,753	-25,561	73,070	703	2,751
Cashflow from investing	**-33,089**	**-5,423**	**-20,000**	**-20,000**	**-20,000**
(Purchases) sale of FA (capex)	-22,535	-8,304	-20,000	-20,000	-20,000
(Purchases) sale of L/T investment	3,872	-479	0	0	0
(Purchases) sale of S/T investment	-293	497	0	0	0
Other adjustments	-14,132	2,863	0	0	0
Cashflow from financing	**-7,395**	**-19,181**	**-3,458**	**0**	**-1,154**
Increase in L/T debt	-2,752	-18,637	0	0	0
Increase in S/T debt	3,138	4,760	0	0	0
Issuance of stock	0	0	0	0	0
Cash dividends	-6,901	-2,300	-3,019	0	-1,154
Dir.& Emp. Bonus	0	0	0	0	0
Changes in Treasury Stocks	0	-1,824	-439	0	0
Other adjustments	-879	-1,180	0	0	0
Exchange rate adjustment	1,815	646	0	0	0
Net change in cash	-15,523	-12,830	76,554	15,310	17,855

Financial Ratios

	2024	2025	2026E	2027E	2028E
Margins					
Gross margin	8.6%	11.5%	12.2%	12.6%	12.9%
Operating margin	-3.0%	-0.4%	-0.4%	0.4%	0.9%
Pretax margin	-0.2%	3.0%	-0.1%	0.7%	1.2%
Net margin	-1.1%	2.4%	-0.4%	0.5%	1.1%
YoY growth					
Sales	13.0%	0.4%	-0.1%	4.3%	4.9%
Operating profits	-61.5%	-87.5%	5.7%	-198.3%	165.5%
Pretax profits	-97%	-1496%	-103%	-792%	90%
Net profits	-83.2%	-323.3%	-114.6%	-261.2%	102.6%
EPS	-83.2%	-326.2%	-114.6%	-261.2%	102.6%
Net Debt/Equity (Net of mkt secs.)	22%	17%	-30%	-39%	-50%
Net Debt/Equity	23%	19%	-29%	-38%	-49%
Liabilities/Equity	146%	133%	173%	173%	174%
Liabilities/Assets	59%	57%	63%	63%	64%
ROAE	-1.9%	4.2%	-0.6%	1.0%	2.0%
ROAA	-0.8%	1.8%	-0.2%	0.4%	0.7%
AR/NR Turnover (days)	33	39	44	43	43
AP/NP Turnover (days)	73	78	74	68	68
Inventory Turnover (days)	45	51	43	31	31
Cash conversion cycle (days)	4	13	13	6	6

Source: Company data, Morgan Stanley Research (E) estimates

AUO: Estimate Revisions

We adjust our earnings estimates for 2026-27 to factor in 4Q25/1Q26 actuals, with the cut partially reflecting weaker 1Q26 results. We also introduce our 2028 estimates.

Exhibit 12: AUO: Estimate Revisions

	2026e Earnings Estimates			2027e Earnings Estimates			2028e Earnings Estimates		
NT$mn	**New**	**Old**	**Variance**	**New**	**Old**	**Variance**	**New**	**Old**	**Variance**
Net sales	**281,051**	**288,025**	**-2%**	**293,212**	**305,012**	**-4%**	**307,451**		
COGS	-246,712	-253,511	**-3%**	-256,330	-266,868	**-4%**	-267,823		
Gross profit	**34,339**	**34,514**	**-1%**	**36,882**	**38,144**	**-3%**	**39,629**		
Operating expenses	-35,454	-32,918	**8%**	-35,785	-33,573	**7%**	-36,717		
Operating income	**-1,116**	**1,596**	**-170%**	**1,097**	**4,571**	**-76%**	**2,912**		
Non-operating income	824	800	**3%**	920	120	**667%**	920		
Pre-tax income	-292	2,396	**-112%**	2,017	4,691	**-57%**	3,832		
Net income	**-997**	**1,927**	**-152%**	**1,607**	**3,987**	**-60%**	**3,257**		
EPS (NT$)	**-0.13**	**0.25**	**-152%**	**0.21**	**0.51**	**-58%**	**0.43**		
Margins (%)			***ppt***			***ppt***			
Gross margin	12.2%	12.0%	0.2	12.6%	12.5%	0.1	12.9%		
Operating margin	-0.4%	0.6%	-1.0	0.4%	1.5%	-1.1	0.9%		
Pre-tax margin	-0.1%	0.8%	-0.9	0.7%	1.5%	-0.9	1.2%		
Net margin	-0.4%	0.7%	-1.0	0.5%	1.3%	-0.8	1.1%		

Source: Company data, Morgan Stanley Research estimates

AUO: Valuation Methodology

Our price target/base case value is NT$27 (previously NT$16): We apply a target P/B multiple of 1.4x 2026e P/B (vs. 0.7x 2026e P/B previously). We lift our target multiple because we see further potential in its LEO antenna and CPO module businesses. Our BVPS estimate is NT$19.5 for 2026 vs. NT$20.1 previously.

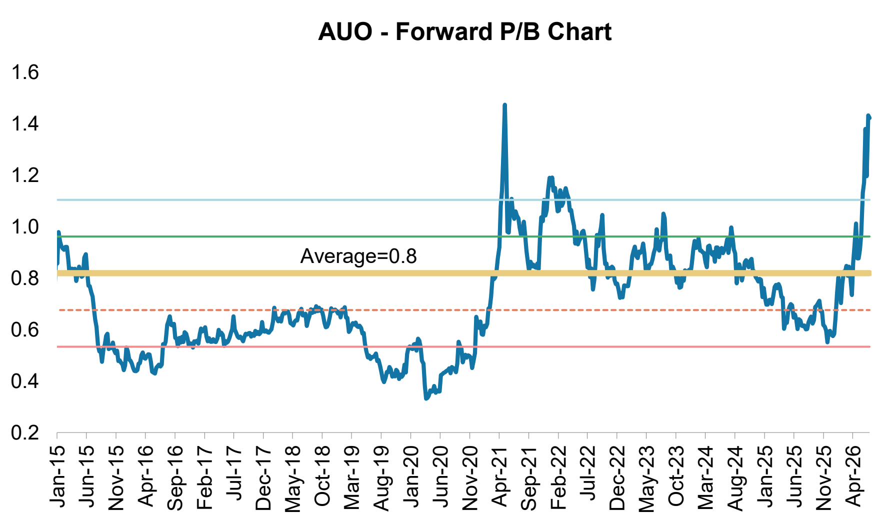
We use price/book value as our methodology because we believe it better reflects AUO's intrinsic value in view of the industry's relatively cyclical nature and because panel makers' profitability still largely depends on their capacity.

AUO's mid-cycle average since 2015 has been 0.8x P/B because of its earnings volatility in a highly cyclical segment. It has re-rated mainly because of its CPO business and is now trading at 1.4x 2026e.

Bull case scenario value – NT$39 (+77%): We apply 2.0x 2026e P/B (vs. 1.1x 2026e P/B previously), mainly reflecting a better demand profile and more aggressive utilization adjustments among panel makers, along with faster-than-expected progress on LEO and optical module businesses.

Bear case scenario value – NT$15 (+76%): We apply 0.8x 2026e P/B (vs. 0.4x 2026e P/B previously), mainly reflecting a more significant panel price correction triggered by less disciplined supply-side dynamics, as well as a slower progress on LEO and optical module businesses.

Exhibit 13: AUO Forward P/B



Source: Factset, Morgan Stanley Research estimates

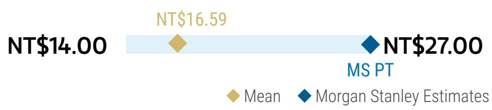
Risk Reward – AU Optronics (2409.TW)

LEO and optical module businesses still in progress; EW

PRICE TARGET NT$27.00

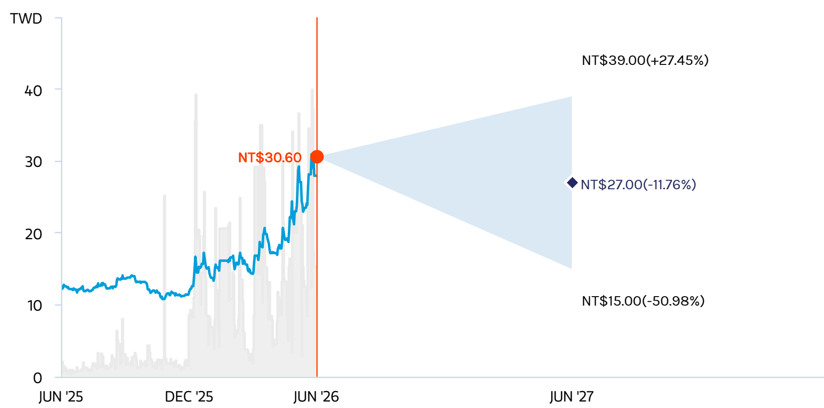
Base case, 2026e P/B of 1.4x. We believe price/book value better reflects AUO's intrinsic value, in view of the industry's relatively cyclical nature. The stock's mid-cycle average has been 0.8x P/B, but it has re-rated due to its CPO and LEO businesses. We see our target multiple as reasonable in consideration of the company's business diversification efforts, although they will take time to contribute.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



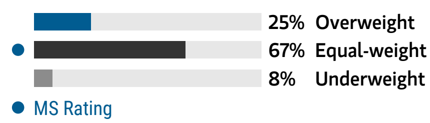
Key: Historical Stock Performance, Current Stock Price, Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- This round of TV panel price hikes likely has come to an end. We think prices could start declining from 3Q26 onwards. That said, we believe major panel makers will continue to demonstrate good output discipline.
- While we appreciate AUO's efforts in diversifying away from commodity displays - i.e., with its LEO antenna and CPO module businesses - we believe it would take time for meaningful contribution to kick in.
- Current valuation is the least demanding among AUO, Innolux, and BOE. We thus stay EW.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*
Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$39.00

2.0x 2026e bull case P/B

Better supply-demand dynamics: Better demand profile and more aggressive utilization adjustments among panel makers, which leads to an even better pricing environment, along with better progress on its LEO and optical module businesses.

BASE CASE NT$27.00

1.4x 2026e base case P/B

New initiatives take time: This round of TV panel price hikes has come to an end and we expect prices to start declining from 3Q26 onwards. That said, major panel makers are expected to continue demonstrating good output discipline. While we appreciate AUO's efforts in business diversification, we think it would take time for meaningful contribution to start.

BEAR CASE NT$15.00

0.8x 2026e bear case P/B

Oversupply coupled with weaker demand: More significant panel price corrections triggered by less disciplined supply-side dynamics and softer-than-expected demand, coupled with slower-than-expected progress on its LEO and optical module businesses.

Risk Reward – AU Optronics (2409.TW)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
TV panel shipment YoY (%)	8.4	(11.4)	(2.5)	(1.3)
Overall panel shipment YoY (%)	(3.7)	(13.3)	(1.6)	(1.7)
Blended panel ASP YoY (%)	4.6	1.0	0.2	1.0

INVESTMENT DRIVERS

- Panel price movements
- Fab utilization trend
- Product offering upgrade
- Cost reduction curve
- Capital spending patterns

GLOBAL REVENUE EXPOSURE

- 0-10% Europe ex UK
- 0-10% Japan
- 0-10% North America
- 30-40% Mainland China
- 40-50% APAC, ex Japan, Mainland China and India

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

MS ALPHA MODELS

4/5 **MOST** | 3 Month Horizon

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

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger-than-expected end-demand
- Disciplined capacity control among peers
- Favorable panel pricing environment
- Faster progress on new business initiatives

RISKS TO DOWNSIDE

- Macro headwinds leading to weak demand
- Faster yield improvement among Chinese players, leading to more supply
- Faster OLED panel adoption among large-size applications
- Slower progress on new business initiatives

OWNERSHIP POSITIONING

Inst. Owners, % Active 17.6%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue (NT$, mn): 280,245 – 294,505; Morgan Stanley Estimate 281,051; Mean 288,719

EBITDA (NT$, mn): 27,007 – 30,496; Morgan Stanley Estimate 27,007; Mean 30,210

Net income (NT$, mn): Morgan Stanley Estimate (997)
Note: There are not sufficient brokers supplying consensus data for this metric

EPS (NT$): Morgan Stanley Estimate (0.13)
Note: There are not sufficient brokers supplying consensus data for this metric

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

BOE: Financial Summary

Exhibit 14: BOE: Financial Summary

Income Statement

Rmb mn	2024	2025	2026E	2027E	2028E
Net sales	**198,381**	**204,590**	**209,550**	**219,376**	**232,150**
COGS	-168,222	-172,602	-176,441	-182,883	-191,180
Gross profit	**30,159**	**31,988**	**33,110**	**36,493**	**40,970**
Operating expenses	-3,291	-3,598	-3,220	-3,003	-3,188
- Op. Tax/Surcharge	-1,296	-1,426	-1,478	-1,476	-1,625
- Promotion & ADM	-1,995	-2,173	-1,742	-1,527	-1,563
- R&D	0	0	0	0	0
Operating income	**26,867**	**28,390**	**29,890**	**33,490**	**37,782**
Non-operating income	-2,440	-1,623	-1,075	-1,600	-1,600
Interest income	-1,224	-1,837	-2,707	-2,400	-2,400
Investment income	-541	654	543	600	600
Disposal of investment	522	432	400	400	400
Disposal of fixed assets	-3,736	-4,069	-2,389	-3,000	-3,000
Exchange gain	0	0	0	0	0
Other	2,540	3,197	3,077	2,800	2,800
Pre-tax income	24,428	26,767	28,815	31,890	36,182
Income tax/minorities	-19,104	-20,910	-21,508	-21,963	-23,265
Net income	**5,323**	**5,857**	**7,307**	**9,927**	**12,917**
EPS (Rmb)	**0.14**	**0.16**	**0.20**	**0.27**	**0.35**

Balance Sheet

Rmb mn	2024	2025	2026E	2027E	2028E
Cash	74,253	72,223	77,850	75,316	76,679
Mkt securities	3,116	1,671	1,671	1,671	1,671
Accounts/Notes receivables	37,149	33,393	36,519	38,232	40,458
Inventory	23,464	28,142	22,488	23,309	24,366
Other current assets	5,405	6,447	6,447	6,447	6,447
Current Assets	143,387	141,876	144,975	144,975	149,622
Long-term investments	15,726	21,319	21,862	22,462	23,062
Fixed assets	235,063	239,242	279,308	319,374	359,440
Other assets	35,801	33,941	33,941	33,941	33,941
Total Assets	**429,978**	**436,378**	**480,087**	**520,752**	**566,065**
S/T borrowings	1,563	3,655	3,655	3,655	3,655
AP/NP	38,113	38,622	38,817	40,234	42,060
Other ST liabilities	72,957	59,036	65,338	65,273	67,395
Other liabilities	11,866	15,043	37,192	59,392	81,592
L/T debt	100,932	112,545	122,545	132,545	142,545
Total Liabilities	**225,432**	**228,903**	**267,547**	**301,100**	**337,246**
Common shares	37,645	37,414	37,414	37,414	37,414
Capital Collection	0	0	0	0	0
APIC	52,208	51,860	51,860	51,860	51,860
Retained earnings	39,411	43,228	48,440	55,753	65,119
Treasury Stock	0	0	0	0	0
Other shareholders' equity	3674	1977	1977	1977	1977
Shareholders' equity	**204,546**	**207,476**	**212,539**	**219,652**	**228,818**
Total Liab./Shrhldr's Equity	**429,978**	**436,378**	**480,087**	**520,752**	**566,065**

Cash Flow Statement

Rmb mn	2024	2025	2026E	2027E	2028E
Cashflow from operations	**47,738**	**48,825**	**37,788**	**30,145**	**34,980**
Net Profits	5,323	5,857	7,307	9,927	12,917
Depreciation	37,154	37,379	22,000	22,000	22,000
Equity investment losses (income)	541	-654	-543	-600	-600
Other adjustments	4,719	6,243	9,024	-1,181	663
Cashflow from investing	**-32,650**	**-40,928**	**-40,066**	**-40,066**	**-40,066**
(Purchases) sale of FA (capex)	-33,881	-40,066	-40,066	-40,066	-40,066
(Purchases) sale of L/T investment	0	0	0	0	0
(Purchases) sale of S/T investment	0	0	0	0	0
Other adjustments	1,232	-863	0	0	0
Cashflow from financing	**-5,517**	**-11,225**	**7,905**	**7,386**	**6,449**
Increase in L/T debt	-1,923	-14,609	10,000	10,000	10,000
Increase in S/T debt	0	0	0	0	0
Issuance of stock	4,652	7,730	0	0	0
Cash dividends	-6,391	-6,002	-2,095	-2,614	-3,551
Dir.& Emp. Bonus	0	0	0	0	0
Changes in Treasury Stocks	0	0	0	0	0
Other adjustments	-1,855	1,656	0	0	0
Exchange rate adjustment	342	-465	0	0	0
Net change in cash	9,912	-3,794	5,627	-2,534	1,364

Financial Ratios

Rmb mn	2024	2025	2026E	2027E	2028E
Margins					
Gross margin	15.2%	15.6%	15.8%	16.6%	17.6%
Operating margin	13.5%	13.9%	14.3%	15.3%	16.3%
Pretax margin	12.3%	13.1%	13.8%	14.5%	15.6%
Net margin	2.7%	2.9%	3.5%	4.5%	5.6%
YoY growth					
Sales	13.7%	3.1%	2.4%	4.7%	5.8%
Operating profits	57.7%	5.7%	5.3%	12.0%	12.8%
Pretax profits	27.9%	9.6%	7.6%	10.7%	13.5%
Net profits	109.0%	10.0%	24.8%	35.9%	30.1%
EPS	109.0%	10.7%	24.8%	35.9%	30.1%
Net Debt/Equity (Net of mkt secs.)	12%	20%	22%	27%	30%
Net Debt/Equity	14%	21%	23%	28%	30%
Liabilities/Equity	110%	110%	126%	137%	147%
Liabilities/Assets	52%	52%	56%	58%	60%
ROAE	2.6%	2.8%	3.5%	4.6%	5.8%
ROAA	1.3%	1.4%	1.6%	2.0%	2.4%
AR/NR Turnover (days)	66	63	61	62	62
AP/NP Turnover (days)	78	81	80	79	79
Inventory Turnover (days)	52	55	52	46	46
Cash conversion cycle (days)	39	36	33	29	29

Source: Company data, Morgan Stanley (E) estimates

Exhibit 15: BOE: Quarterly Financials

RMB mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**50,599**	**50,679**	**53,270**	**50,042**	**51,001**	**51,541**	**54,553**	**52,455**	**204,590**	**209,550**	**219,376**
COGS	-42,617	-44,070	-45,579	-40,335	-43,047	-43,114	-46,016	-44,264	-172,602	-176,441	-182,883
Gross profit	**7,982**	**6,609**	**7,690**	**9,707**	**7,954**	**8,428**	**8,537**	**8,191**	**31,988**	**33,110**	**36,493**
Operating expenses	-5,186	-5,335	-5,910	-6,901	-5,689	-5,618	-5,783	-5,668	-23,331	-22,758	-22,735
Operating profit	**2,796**	**1,274**	**1,781**	**2,807**	**2,265**	**2,810**	**2,754**	**2,523**	**8,657**	**10,352**	**13,758**
Non-operating income	-448	599	-41	-1,733	200	-425	-425	-425	-1,623	-1,075	-1,600
Pre-tax profit	2,348	1,873	1,740	1,074	2,465	2,385	2,329	2,098	7,034	9,277	12,158
Income tax	-411	-781	-364	-451	-755	-477	-466	-420	-2,007	-2,118	-2,432
Minority Interest	323	-541	21	-633	2	-50	-50	-50	-830	-148	-200
Net profit	**1,614**	**1,633**	**1,355**	**1,255**	**1,707**	**1,958**	**1,914**	**1,729**	**5,857**	**7,307**	**9,927**
EPS (Rmb)	**0.04**	**0.04**	**0.04**	**0.03**	**0.05**	**0.05**	**0.05**	**0.05**	**0.16**	**0.20**	**0.27**
Margins											
Gross margin	15.8%	13.0%	14.4%	19.4%	15.6%	16.4%	15.6%	15.6%	15.6%	15.8%	16.6%
Operating margin	5.5%	2.5%	3.3%	5.6%	4.4%	5.5%	5.0%	4.8%	4.2%	4.9%	6.3%
Pre-tax margin	4.6%	3.7%	3.3%	2.1%	4.8%	4.6%	4.3%	4.0%	3.4%	4.4%	5.5%
Net margin	3.2%	3.2%	2.5%	2.5%	3.3%	3.8%	3.5%	3.3%	2.9%	3.5%	4.5%
QoQ Growth											
Sales	-7.4%	0.2%	5.1%	-6.1%	1.9%	1.1%	5.8%	-3.8%			
Gross profit	-4.2%	-17.2%	16.4%	26.2%	-18.1%	6.0%	1.3%	-4.1%			
Operating profit	142.6%	-54.5%	39.8%	57.6%	-19.3%	24.1%	-2.0%	-8.4%			
Pre-tax profit	1.7%	-20.2%	-7.1%	-38.3%	129.6%	-3.2%	-2.3%	-9.9%			
Net profit	-19.8%	1.2%	-17.0%	-7.3%	36.0%	14.7%	-2.3%	-9.7%			
YoY Growth											
Sales	10%	7%	6%	-8%	1%	2%	2%	5%	3%	2%	5%
Gross profit	31%	-16%	-2%	16%	0%	28%	11%	-16%	6%	4%	10%
Operating profit	137%	-51%	-31%	143%	-19%	121%	55%	-10%	15%	20%	33%
Pre-tax profit	270%	14%	249%	-53%	5%	27%	34%	95%	38%	32%	31%
Net profit	64%	26%	32%	-38%	6%	20%	41%	38%	10%	25%	36%

Source: Company data, Morgan Stanley (E) estimates

BOE: Estimate Revisions

We lower our earnings estimates 12% for 2026 and 8% for 2027, to factor in 4Q25/1Q26 actuals. The estimate cuts partially reflect weaker 1Q26 results. We also introduce our 2028 estimates.

Exhibit 16: BOE: Estimate Revisions

	2026e Earnings Estimates			2027e Earnings Estimates			2028e Earnings Estimates		
Rmb mn	**New**	**Old**	**Variance**	**New**	**Old**	**Variance**	**New**	**Old**	**Variance**
Net sales	**209,550**	**213,647**	-2%	**219,376**	**221,398**	-1%	**232,150**		
COGS	-176,441	-179,301	-2%	-182,883	-183,739	0%	-191,180		
Gross profit	**33,110**	**34,346**	-4%	**36,493**	**37,659**	-3%	**40,970**		
Operating expenses	-22,758	-22,082	3%	-22,735	-22,477	1%	-23,474		
Operating income	**10,352**	**12,265**	-16%	**13,758**	**15,182**	-9%	**17,496**		
Non-operating income	-1,075	-880	22%	-1,600	-880	82%	-1,600		
Pre-tax income	**9,277**	**11,385**	-19%	**12,158**	**14,302**	-15%	**15,896**		
Income tax	-2,118	-1,708	24%	-2,432	-2,145	13%	-3,179		
Net income	**7,307**	**8,377**	-13%	**9,927**	**10,857**	-9%	**12,917**		
EPS (Rmb)	**0.20**	**0.22**	-12%	**0.27**	**0.29**	-8%	**0.35**		
Margins (%)			***ppt***			***ppt***			
Gross margin	15.8%	16.1%	-0.3	16.6%	17.0%	-0.4	17.6%		
Operating margin	4.9%	5.7%	-0.8	6.3%	6.9%	-0.6	7.5%		
Pre-tax margin	4.4%	5.3%	-0.9	5.5%	6.5%	-0.9	6.8%		
Net margin	3.5%	3.9%	-0.4	4.5%	4.9%	-0.4	5.6%		

Source: Morgan Stanley Research estimates

BOE: Valuation Methodology

Our price target/base case value is Rmb9.30 (previously Rmb5.20) based on 2.5x 2026e P/B (previously 1.4x 2026e P/B). We lift our target multiple because we see potential for its advanced packaging business. Our BVPS estimate is Rmb3.73 for 2026 vs. Rmb3.80 previously.

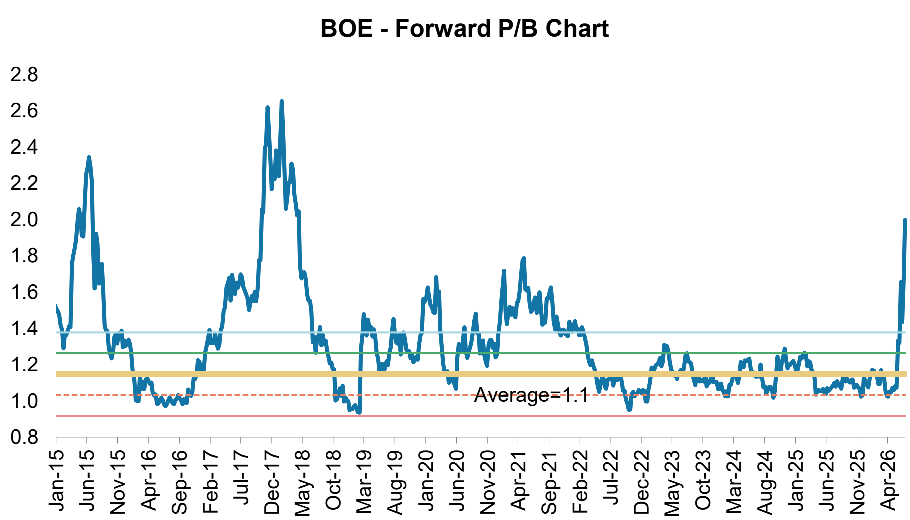
We apply P/B as our valuation methodology to align with our approach for other Greater China panel makers. We believe it better reflects BOE's intrinsic value in view of the industry's relatively cyclical nature.

We view our target multiple of 2.5x 2026e P/B as justifiable, as we estimate a ROE of 5-8% over 2026-28, whereas the stock was trading at an average P/B of 1.1x in 2023-25, with a ROE of 2-4%.

Bull case scenario value – Rmb11 (+28%): We apply 2.9x 2026e P/B (previously 2.3x 2026e P/B), reflecting a better-than-expected pricing environment which supports profitability, along with faster progress within the advanced packaging business.

Bear case scenario value – Rmb3.50 (+25%): We apply 0.9x 2026e P/B (previously 0.7x 2026e P/B), reflecting less disciplined supply and worse-than-expected panel price trends, coupled with slower progress for the advanced packaging business.

Exhibit 17: BOE Forward P/B



Source: Factset, Morgan Stanley Research estimates

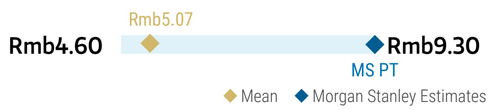
Risk Reward – BOE Technology (000725.SZ)

Penetrating the advanced packaging market

PRICE TARGET Rmb9.30

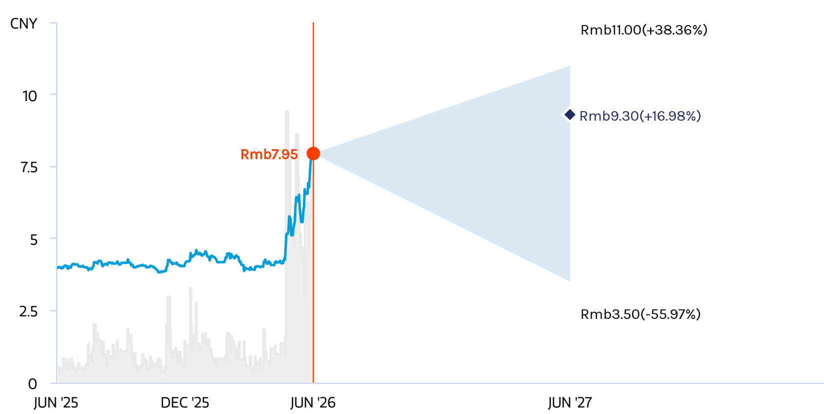
Base case, P/B valuation, which we think better reflects BOE's intrinsic value in view of the industry's relatively cyclical nature and aligning with the methodology we use for other panel makers in Greater China. We view our target multiple of 2.5x 2026e P/B as reasonable given that we estimate ROE of 5-8% over 2026-28 vs. BOE's average of 1.1x P/B in 2023-25 with ROE of 2-4% during the same period.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



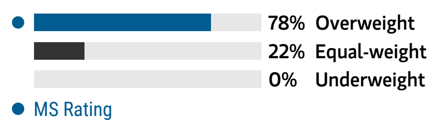
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- We like BOE as the biggest player with comprehensive product offerings in the LCD market. Moreover, as the biggest independent OLED display supplier, it is well positioned in the OLED market for more share gains in the future.
- The company is also penetrating the advanced packaging market, by aiming for the whole glass core substrate manufacturing.
- We continue to prefer BOE among China's panel players for its scale advantage and higher concentration on the display business, along with potential from advanced packaging.
- Current valuation is still below its historical peak - risk/reward thus leads to relative preference within our Greater China display coverage.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power:	*Positive*
Self-help:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE Rmb11.00

2.9x 2026e P/B

Enhanced profitability: All the newly built fabs are fully loaded with a full range of panel product offerings. Good progress on yield improvement and order wins in AMOLED panels along with a healthier pricing environment further boost profitability. Advanced packaging business progress is faster than expected.

BASE CASE Rmb9.30

2.5x 2026e P/B

Penetrating the advanced packaging space: This round of TV panel price hikes has come to an end and we expect prices to start declining from 3Q26 onwards. That said, major panel makers are expected to continue demonstrating good output discipline. We also appreciate the company's efforts in leveraging its expertise to penetrate the advanced packaging market.

BEAR CASE Rmb3.50

0.9x 2026e P/B

Less disciplined supply: Less disciplined supply and softer demand resulting in weaker revenue for Display business. Coupled with slower-than-expected progress for advanced packaging business.

Risk Reward – BOE Technology (000725.SZ)

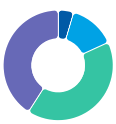
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Display business revenue YoY (%)	0.9	0.2	3.9	2.3
Display business margin (%)	12.9	14.1	15.1	15.4

INVESTMENT DRIVERS

- TFT-LCD panel pricing
- TV demand growth, especially in China's TV market
- AMOLED yield improvement progress

GLOBAL REVENUE EXPOSURE



- 0-10% Europe ex UK
- 10-20% North America
- 40-50% APAC, ex Japan, Mainland China and India
- 40-50% Mainland China

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

MS ALPHA MODELS

3/5 MOST	3 Month Horizon

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

RISKS TO PT/RATING

RISKS TO UPSIDE

- Better-than-expected industry-wide ASP
- Higher yield in G10.5 fab
- Faster-than-expected AMOLED ramp
- Faster progress on advanced packaging business

RISKS TO DOWNSIDE

- Worse-than-expected industry-wide ASP
- Lower yield in G10.5 fab
- Slower-than-expected AMOLED ramp
- Slower progress on advanced packaging business

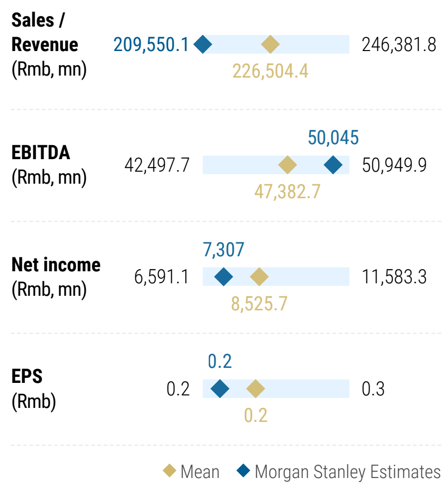
OWNERSHIP POSITIONING

Inst. Owners, % Active 86.3%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

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

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

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

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

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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Global Stock Ratings Distribution

(as of May 31, 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	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

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

Analyst Stock Ratings

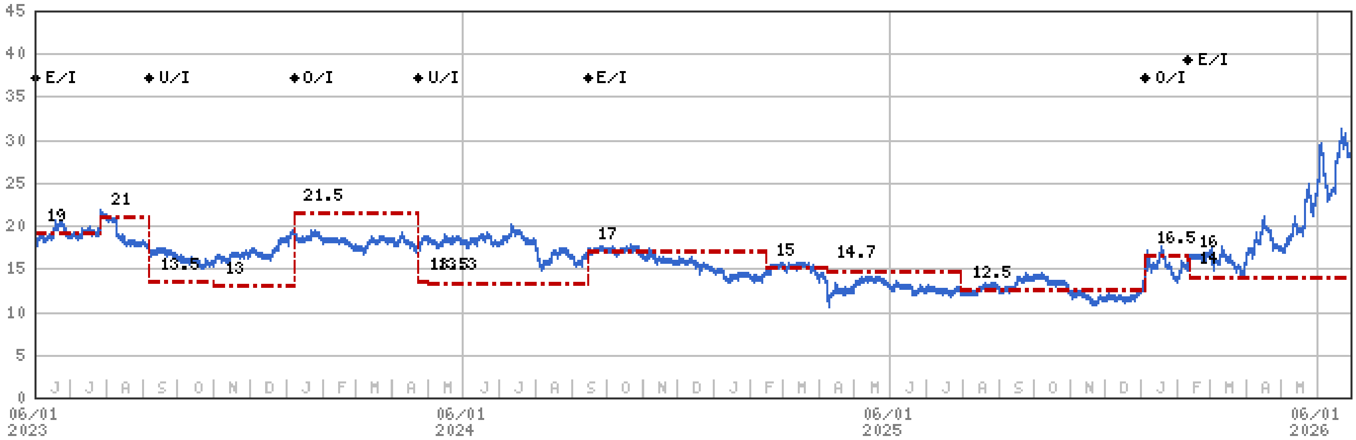
Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return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

Analyst Industry Views

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

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

AU Optronics (2409.TW) - As of 06/29/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : O/I; 8/19/21 : E/I; 11/5/21 : O/I; 1/20/22 : E/I; 4/26/22 : U/I; 10/4/22 : E/I; 9/6/23 : U/I; 1/8/24 : O/I; 4/23/24 : U/I; 9/15/24 : E/I; 1/5/26 : O/I; 2/10/26 : E/I

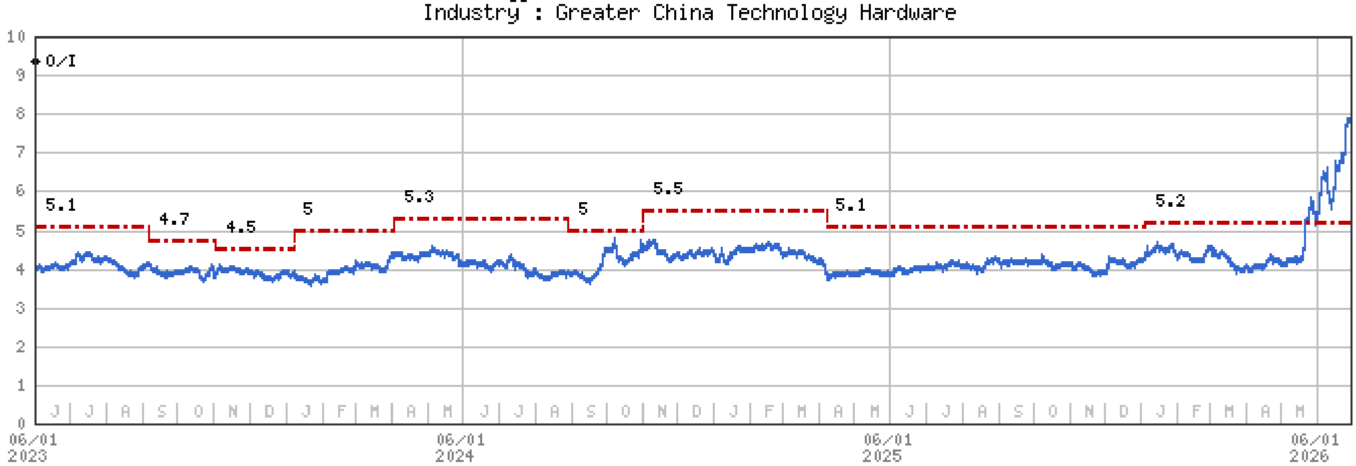
Price Target History: 4/30/21 : 50; 6/18/21 : 36.25; 8/19/21 : 29.38; 10/20/21 : 23.13; 10/29/21 : 26.25; 11/5/21 : 31.88; 1/20/22 : 28.75; 2/11/22 : 27.5; 3/17/22 : 23.13; 4/26/22 : 18.13; 7/14/22 : 14.38; 7/29/22 : 12.5; 10/4/22 : 14; 10/27/22 : 15; 2/9/23 : 19.5; 4/28/23 : 19; 7/27/23 : 21; 9/6/23 : 13.5; 11/1/23 : 13; 1/8/24 : 21.5; 4/23/24 : 13.5; 5/1/24 : 13.3; 9/15/24 : 17; 2/14/25 : 15; 4/7/25 : 14.7; 7/31/25 : 12.5; 1/5/26 : 16.5; 2/10/26 : 16; 2/11/26 : 14

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

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

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

BOE Technology (000725.SZ) - As of 06/29/26 GMT in CNY
Industry : Greater China Technology Hardware



Stock Rating History: 6/1/21 : O/I

Price Target History: 4/15/21 : 9.2; 6/18/21 : 7.7; 8/19/21 : 7.2; 8/31/21 : 7.7; 10/20/21 : 6; 11/5/21 : 6.3; 3/17/22 : 5.5; 4/29/22 : 5.3; 8/31/22 : 4.8; 10/4/22 : 4.5; 4/5/23 : 5.1; 9/6/23 : 4.7; 11/2/23 : 4.5; 1/8/24 : 5; 4/2/24 : 5.3; 8/29/24 : 5; 11/1/24 : 5.5; 4/7/25 : 5.1; 1/5/26 : 5.2

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

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

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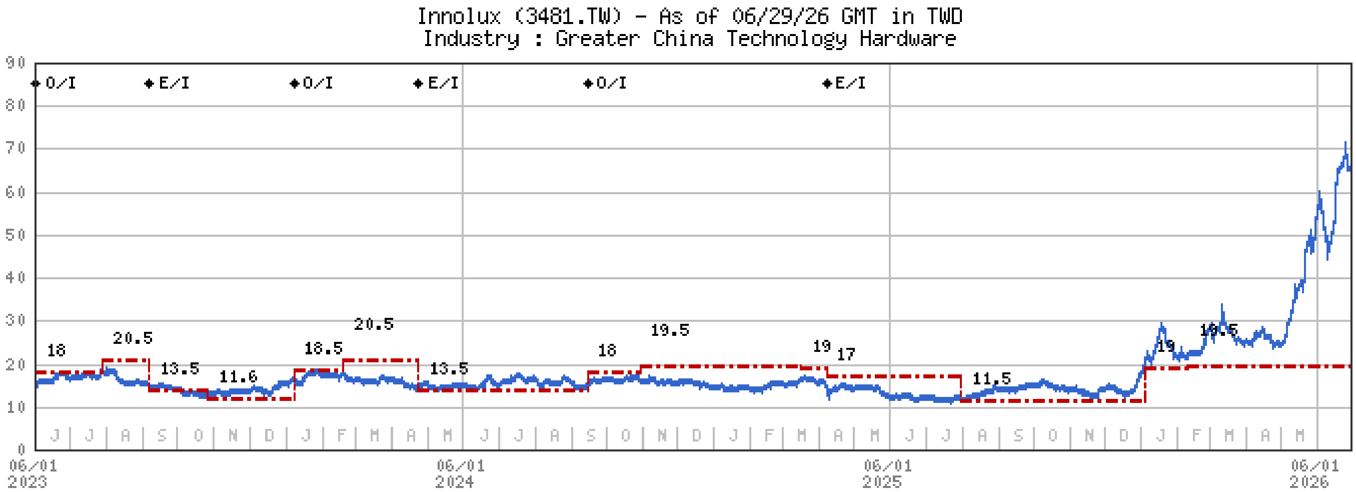

Stock Rating History: 6/1/21 : O/I; 8/19/21 : E/I; 11/5/21 : O/I; 1/20/22 : E/I; 4/26/22 : U/I; 10/4/22 : O/I; 9/6/23 : E/I; 1/8/24 : O/I; 4/23/24 : E/I; 9/15/24 : O/I; 4/7/25 : E/I

Price Target History: 5/11/21 : 35.91; 6/18/21 : 28.73; 8/19/21 : 25.41; 10/20/21 : 18.78; 10/29/21 : 19.34; 11/5/21 : 23.76; 1/20/22 : 21.55; 2/14/22 : 20.99; 3/17/22 : 16.57; 4/26/22 : 13.48; 5/12/22 : 12.15; 7/14/22 : 9.39; 7/29/22 : 8.51; 10/4/22 : 13.5; 10/28/22 : 14.5; 2/15/23 : 15; 3/2/23 : 17; 4/18/23 : 18; 7/28/23 : 20.5; 9/6/23 : 13.5; 10/26/23 : 11.6; 1/8/24 : 18.5; 2/19/24 : 20.5; 4/23/24 : 13.5; 9/15/24 : 18; 10/30/24 : 19.5; 3/17/25 : 19; 4/7/25 : 17; 7/31/25 : 11.5; 1/5/26 : 19; 2/10/26 : 19.5

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* (06/29/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$42.58
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb235.94
BYD Electronics (0285.HK)	O (04/28/2023)	HK$21.18
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.10
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.00
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb556.96
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT$657.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.41
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb32.99
Largan Precision (3008.TW)	E (10/17/2025)	NT$4,380.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb6.88
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb8.93
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$6.90
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb46.52
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.00
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb57.00
Sunny Optical (2382.HK)	E (03/23/2026)	HK$59.40
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb295.15
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.71
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$21.86
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb527.10
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK$239.40
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb141.60
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb32.25
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,220.00

ZTE Corporation (0763.HK)	O (06/04/2026)	HK$22.96
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.20
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,340.00
Advantech (2395.TW)	O (01/20/2021)	NT$472.50
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,355.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.60
Bizlink (3665.TW)	O (03/10/2025)	NT$1,880.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb7.95
Chenbro (8210.TW)	O (07/23/2025)	NT$1,215.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,080.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT$214.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$62.40
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$318.50
Innolux (3481.TW)	E (04/07/2025)	NT$67.00
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$7,110.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb51.83
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT$86.90
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb21.06
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.29
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb9.48
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb295.00
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$32.20
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$703.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$34.20
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$6.78
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$325.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,155.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb65.82
Lenovo (0992.HK)	E (11/16/2025)	HK$21.28
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$2,135.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,080.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$82.20
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$367.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb171.16
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb434.16
Unimicron (3037.TW)	O (02/23/2026)	NT$976.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$154.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$4,580.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$1,040.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT$573.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$2,300.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$995.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$203.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,905.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT$1,625.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb69.61
Foxconn Technology (2354.TW)	U (04/23/2025)	NT$54.80
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb21.43
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$246.50
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,035.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb15.76
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$211.50

Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb65.30
Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT$138.00
Tong Hsing (6271.TW)	E (03/18/2019)	NT$243.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$336.00

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