20 Jul 2026 15:18:56 ET | 16 pages

Greater China Semiconductors

US Marketing Takeaways

CITI'S TAKE

We return from our US marketing (July 13-17) after meeting 50+ investors in New York, Boston, and San Francisco. We found US investor sentiment very nervous regarding the sustainability of the memory and AI capex uptrend, with many reluctant to buy recent dips. Key concerns center on an eventual US hyperscaler capex slowdown, growing memory supply from China, and disruption from Chinese AI models such as Kimi K3. However, we believe fears of aggressive capacity expansion from Chinese memory makers are unlikely to materialize in 2026-27. We also see continuing price uptrend in 2H26 and prefer analog > OSAT > Power discrete. Our stock picks: **Montage** (robust fundamentals + unmatched product pipeline, **ASMPT** (backend AP capex super cycle, semicap rally), **Chroma ATE** (multiple AI-driven growth drivers), and **SG Micro** (analog pricing upside in 2H26).

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US investor sentiment 'very nervous' — Most investors that we talked to were still optimistic on memory pricing and expected DRAM uptrend to continue into end-2027. That said, US investors approach the bull/bear argument from a demand angle, with jittery sentiment on concerns of: 1) US hyperscalers' eventual capex slowdown in 2027-28, 2) growing DRAM/NAND supply from China, and 3) cheaper Kimi K3 disrupting US AI model monetization and future investment. Despite recent share corrections, most investors were reluctant to buy the dips at this point.

The rise of Chinese memory: CXMT & YMTC — Many US investors worried CXMT would expand capacity aggressively and pressure DRAM pricing, which we believe to be unlikely in 2026-27. CXMT's main facilities at Hefei are already full (100k-120k wpm each), and new fabs coming online, likely in 2027, are required to add capacity. YMTC is expanding prudently to sustain NAND pricing until its IPO. Profitability is strong and close to international memory makers due to severe supply shortage, allowing CXMT and YMTC to sell memory at close to market prices.

Price uptrend in 2H26: prefer Analog > OSAT > Power discrete — We expect analog pricing uptrend in China to continue on: 1) international analog vendor raised prices (in Apr & Jul) leading to accelerated analog supply localization, and 2) rising domestic analog demand from networking/computing applications. Supply growth should be limited given Chinese analog vendors are mostly fabless. CN OSAT price increase could continue in 2H26 on tight capacity UTR. Power discrete could also raise prices, but CN IDMs may also add new capacity.

Our stock pick — We like 1) **Montage-A** (while US investors prefer **Montage-H**) given its solid fundamentals (record 2Q26 revenue & profit) and product pipeline (RCD Gen 3-4-5, MRCD/MDB, PCIe retimer/switch, CXL). Valuation is compelling after recent Korean antitrust probe. 2) **ASMPT** given our expectation of a backend capex super cycle driving TCB upsides and a SemiCap rally after the CXMT IPO. 3) **Chroma ATE** on multiple AI-driven growth drivers (SLT, power tester, metrology, photonics/CPO). Fundamentals remain intact despite recent market profit-taking. 4) **SG Micro** as we expect 2H26 pricing uptrend to drive revenue/earnings upside. CN analog may raise prices for the first time since 2022.

RELATED:

Montage Technology (688008.SS):Mgmt. Update Takeaways: Strong Fundamentals Intact Despite Near-Term Share Volatility

ASMPT (0522.HK):Structural Demand Supports Higher TP, Reiterate Buy

Greater China Semiconductors:Sector Re-Rating Lifts Valuations Across the Board; Model Update

ASMPT

(0522.HK; HK$161.2; 1; 20 Jul 26; 16:10)

Valuation

Our target price of HK$250 is based on peak valuation of 40x 2027E P/E. We view the peak valuation as justified because we expect strong revenue and earnings recovery driven by: 1) AI-driven advanced packaging order wins, including TCB for HBM and CoW applications; and 2) ongoing recovery of mainstream SEMI and SMT. Potential sales of SMT business could solidify its market position as a leading provider of advanced packaging solutions, leading to valuation re-rating beyond its historical range.

Risks

Downside risks to our target price being achieved include: 1) a slowdown in AI infrastructure outlook with delayed investment; 2) TCB market share loss at key customers; 3) reduced TCB demand due to alternative technologies; 4) intensifying industry competition; and 5) export restriction extending to backend equipment.

Chroma ATE

(2360.TW; NT$1835.0; 1; 20 Jul 26; 13:30)

Valuation

Our target price of NT$2,500 is based on 40x 2027E P/E, at close to 1x PEG. Chroma shares have re-rated above its historical range as its growth outlook is now strongly tied to AI infrastructure build out. We estimate 60%+ of its revenue are now AI-related, with strong growth across product segments including power testers, SLT, metrology, and photonics. Chroma has a commanding market share in most of these segments and well positioned to capitalized on the global AI expansion.

Risks

Downside risks to our target price include: 1) softer AI/CPO growth expectation due to changes in capex outlook or production bottleneck; 2) fewer SLT needed as a result of shortened cycle time as GPU yield rate improves; 3) disappointing metrology shipment due to changes at ramp-up schedule; 4) testing process change leading to loss in market share; 5) FX risks (50-60% of Chroma's sales are in US$, 10-20% in Rmb).

Montage Technology

(6809.HK; HK$264.0; 1; 20 Jul 26; 16:10)

Valuation

Our target price for Montage-H is set at HK$305 based on 66x 2027E P/E, at 10% premium to our Montage-A share target multiple. We view Montage-H a rare opportunity for international investors to invest in both China and global

AI data center expansion. Such quality name with strong AI-thematic has gained strong traction from international investors and resulted in an unusual H-share premium over its A-share counterpart.

We believe the valuation is justified given Montage's improving product mix (DDR5 Gen 3 surpassing Gen 2) and growing contribution from new AI-driven connectivity solutions (MRDIMM, CXL), with demand upside coming from agentic AI and inferencing. The company should continue to benefit from China's increasing semiconductor localization in the coming few years.

Risks

Key downside risks to our target price include: 1) AI infrastructure capex slowdown, 2) market share loss if international customers shift away from Chinese suppliers; 3) rising SOCAMM / LPDDRX adoption in servers that reduces memory interface demand, 4) delayed product migration (DDR5 sub-gen) and development (PCIe switch, CXL switch).

Citi's quant system rates Montage-H high-risk given its short trading history. We view Montage's fundamentals remain strong and expect solid AI-driven revenue/earnings momentum in the coming years. As such, we do not assign a High-Risk rating to Montage-H.

Montage Technology

(688008.SS; Rmb189.94; 1; 20 Jul 26; 15:00)

Valuation

Our target price of Rmb245 is based on 60x 2027E P/E, at 1.5SD above its 5-year average. We believe the valuation is justified given Montage's improving product mix (DDR5 Gen 3 surpassing Gen 2) and growing contribution from new AI-driven connectivity solutions (MRDIMM, CXL), with demand upside coming from agentic AI and inferencing. The company should continue to benefit from China's increasing semiconductor localization in the coming few years.

Risks

Key downside risks to our target price include: 1) AI infrastructure capex slowdown, 2) market share loss if international customers shift away from Chinese suppliers; 3) rising SOCAMM / LPDDRX adoption in servers that reduces memory interface demand, 4) delayed product migration (DDR5 sub-gen) and development (PCIe switch, CXL switch).

SG Micro

(300661.SZ; Rmb98.01; 1; 20 Jul 26; 15:00)

Valuation

Our target price of Rmb120 is based on 61x 2027E P/E, set at its 5-year average valuation. Chinese analog stocks have traded at higher valuation vs. international peers driven by expectation of increasing analog localization. We expect steady market share gain for SG Micro to drive strong top- and bottom-line growth in the coming years.

Risks

Key downside risks to our target price include: 1) intensifying price competition from global and Chinese peers; 2) GPM compression as SG Micro overly prioritize market share over profitability; 3) tariff-induced industry inventory overbuilt leading to correction; 4) inventory write-off.

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Appendix A-1

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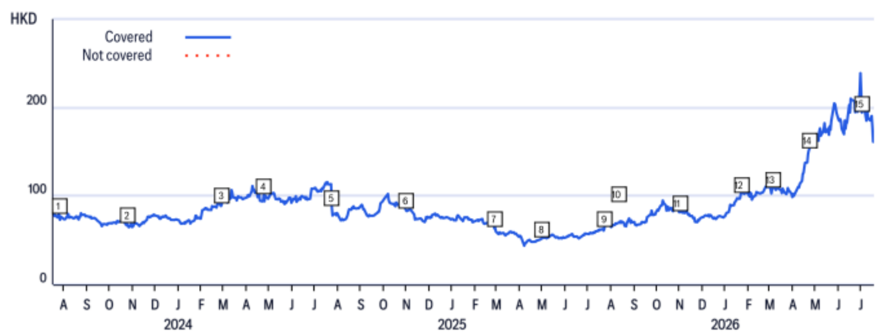
IMPORTANT DISCLOSURES

ASMPT (0522.HK)

Ratings and Target Price History
Fundamental Research

Analyst: Kevin Chen



#	Date	Rating	Target Price	Closing Price
1	26-Jul-23 21:43:15	2	*85.00	78.46
2	25-Oct-23 19:24:43	*1	85.00	67.92
3	28-Feb-24 17:15:12	1	*120.00	90.64
4	24-Apr-24 15:46:35	1	*140.00	100.84
5	24-Jul-24 08:56:09	1	*110.00	87.21
6	31-Oct-24 04:34:18	1	*105.00	84.08
7	26-Feb-25 12:15:35	1	*75.00	63.47
8	01-May-25 13:33:57	1	*65.00	51.73
9	23-Jul-25 13:13:41	1	*75.00	62.91
10	11-Aug-25 11:00:54	1	*85.00	69.88
11	31-Oct-25 03:41:57	1	*100.00	81.63
12	21-Jan-26 18:19:50	1	*125.00	101.34
13	04-Mar-26 15:09:09	1	*145.00	107.51
14	22-Apr-26 15:53:46	1	*180.00	151.51
15	02-Jul-26 15:48:42	1	*250.00	194.20

*Indicates Change

Rating/target price changes above reflect Eastern Time

SG Micro (300661.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Kevin Chen

#	Date	Rating	Target Price	Closing Price
1	16-Aug-23 18:16:35	2	*61.54	60.01
2	26-May-24 20:50:54	2	*57.69	56.82
3	29-Aug-24 18:57:29	*1	*64.62	51.79
4	07-Apr-25 18:56:35	1	*88.46	70.00
5	02-Sep-25 13:15:51	1	*100.00	74.30
6	07-May-26 12:41:11	1	*120.00	89.95

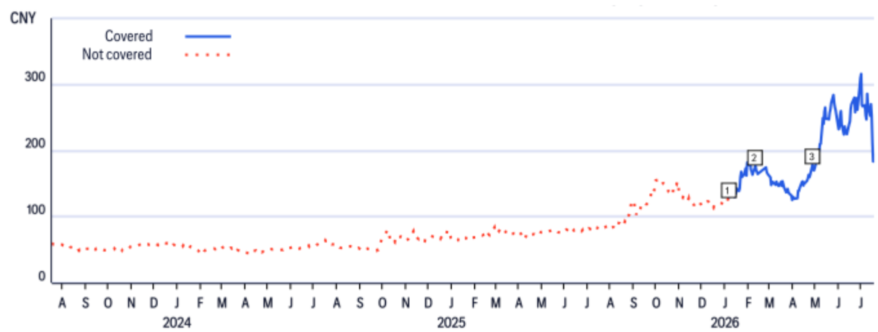
*Indicates Change

Rating/target price changes above reflect Eastern Time

Montage Technology (688008.SS)

Ratings and Target Price History
Fundamental Research

Analyst: Kevin Chen



	Date	Rating	Target Price	Closing Price
1	05-Jan-26 16:00:18	*1	*170.00	127.75
2	10-Feb-26 04:59:21	1	*205.00	177.50
3	27-Apr-26 18:12:40	1	*245.00	178.09

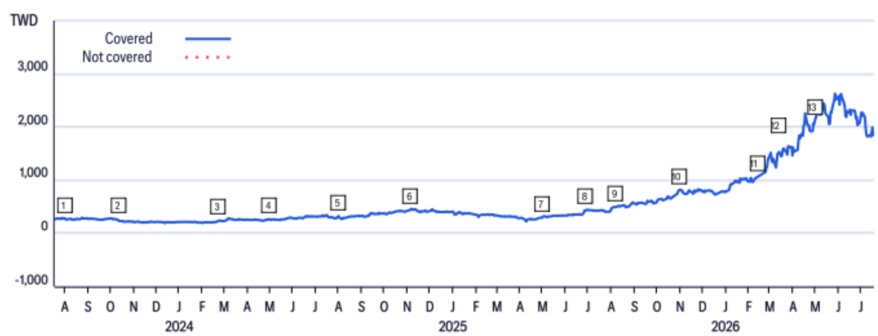
*Indicates Change

Rating/target price changes above reflect Eastern Time

Chroma ATE (2360.TW)

Ratings and Target Price History
Fundamental Research

Analyst: Kevin Chen



	Date	Rating	Target Price	Closing Price
1	31-Jul-23 13:17:00	1	*340.00	276.00
2	11-Oct-23 14:29:57	1	*330.00	253.00
3	21-Feb-24 11:50:58	1	*280.00	227.50
4	30-Apr-24 13:48:08	1	*320.00	266.50
5	31-Jul-24 15:19:03	1	*360.00	301.00
6	04-Nov-24 17:53:01	1	*500.00	437.00
7	30-Apr-25 14:29:54	1	*425.00	292.50
8	29-Jun-25 19:17:54	1	*500.00	429.50
9	06-Aug-25 09:55:28	1	*550.00	494.50
10	30-Oct-25 18:40:38	1	*900.00	804.00
11	22-Feb-26 19:26:56	1	*1,200.00	1,050.00
12	11-Mar-26 02:42:34	1	*1,650.00	1,495.00
13	03-May-26 18:43:42	1	*2,500.00	2,120.00

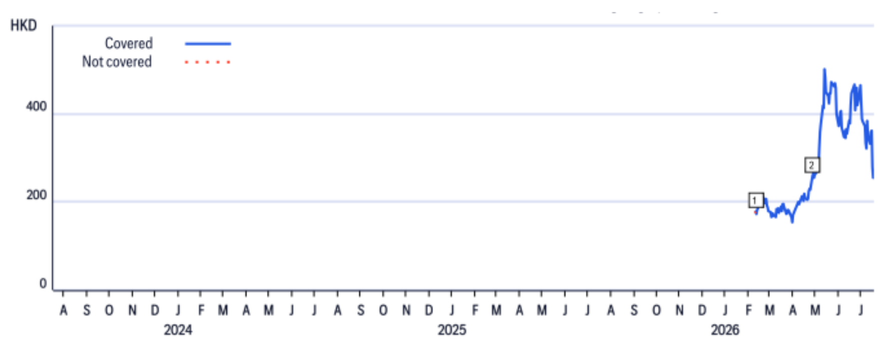
*Indicates Change

Rating/target price changes above reflect Eastern Time

Montage Technology (6809.HK)

Ratings and Target Price History
Fundamental Research

Analyst: Kevin Chen



	Date	Rating	Target Price	Closing Price
1	10-Feb-26 04:59:21	*1	*205.00	178.00
2	27-Apr-26 18:12:40	1	*305.00	259.20

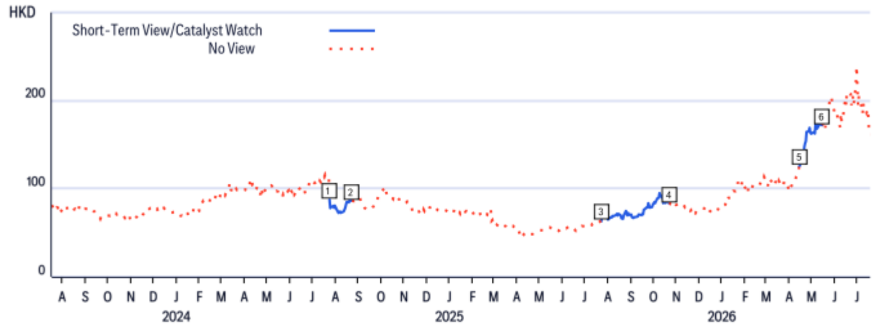
*Indicates Change

Rating/target price changes above reflect Eastern Time

ASMPT (0522.HK)

Short-Term View/Catalyst Watch Research

Analyst: Kevin Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	24-Jul-24 04:56:09	Add STV	Downside	30 Days	87.21
2	23-Aug-24 14:19:04	Remove STV	Downside	30 Days	86.26
3	23-Jul-25 09:13:41	Add STV	Upside	90 Days	62.91
4	22-Oct-25 00:34:21	Remove STV	Upside	90 Days	83.17
5	14-Apr-26 00:41:45	Add CW	Upside	30 Days	124.93
6	15-May-26 00:28:53	Remove CW	Upside	30 Days	172.00

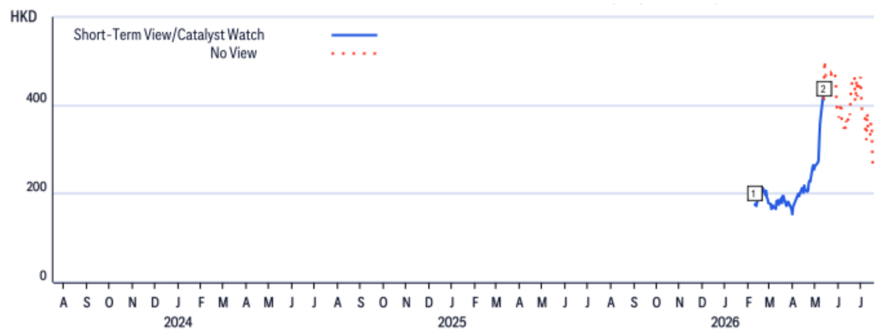
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Montage Technology (6809.HK)

Short-Term View/Catalyst Watch Research

Analyst: Kevin Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	09-Feb-26 23:59:21	Add CW	Upside	90 Days	175.00
2	12-May-26 00:13:10	Remove CW	Upside	90 Days	413.00

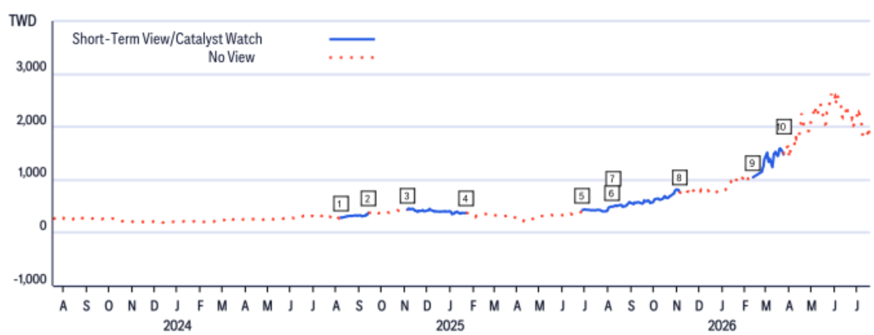
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Chroma ATE (2360.TW)

Short-Term View/Catalyst Watch Research

Analyst: Kevin Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	07-Aug-24 18:28:11	Add CW	Upside	90 Days	292.00
2	13-Sep-24 00:34:47	Remove CW	Upside	90 Days	380.00
3	04-Nov-24 12:53:01	Add STV	Upside	90 Days	437.00
4	02-Feb-25 19:44:53	Remove STV	Upside	90 Days	379.50
5	29-Jun-25 15:17:54	Add STV	Upside	90 Days	429.50
6	06-Aug-25 05:55:28	Remove STV	Upside	90 Days	494.50
7	06-Aug-25 05:55:28	Add CW	Upside	90 Days	494.50
8	04-Nov-25 19:35:17	Remove CW	Upside	90 Days	776.00
9	22-Feb-26 14:26:56	Add CW	Upside	30 Days	1,050.00
10	24-Mar-26 21:33:21	Remove CW	Upside	30 Days	1,480.00

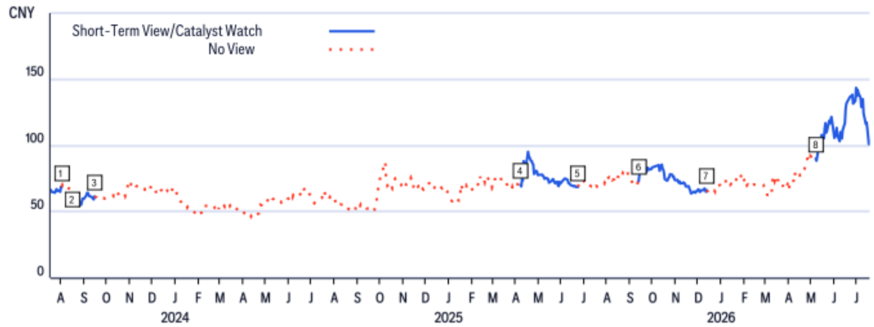
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

SG Micro (300661.SZ)

Short-Term View/Catalyst Watch Research

Analyst: Kevin Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	02-Aug-23 13:09:57	Remove CW	Downside	90 Days	68.42
2	17-Aug-23 04:17:51	Add CW	Downside	30 Days	59.70
3	16-Sep-23 13:12:49	Remove CW	Downside	30 Days	61.45
4	07-Apr-25 14:56:35	Add CW	Upside	90 Days	70.00
5	23-Jun-25 03:10:05	Remove CW	Upside	90 Days	68.63
6	14-Sep-25 13:42:50	Add CW	Upside	90 Days	72.85
7	12-Dec-25 12:07:16	Remove CW	Upside	90 Days	66.16
8	07-May-26 08:41:11	Add STV	Upside	90 Days	89.95

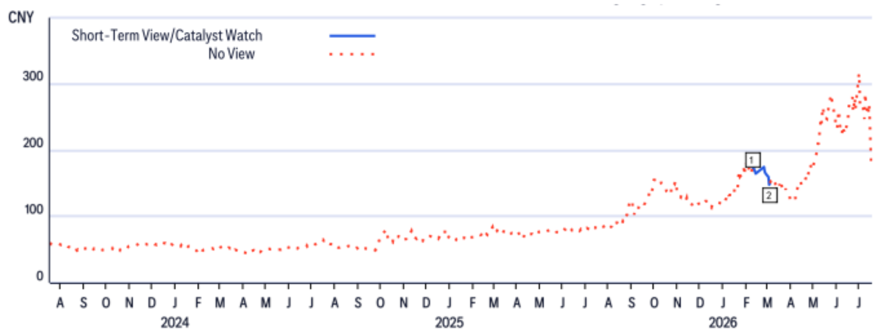
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Montage Technology (688008.SS)

Short-Term View/Catalyst Watch Research

Analyst: Kevin Chen



	Date	Action	Expected Direction	Duration	Closing Price
1	09-Feb-26 23:59:21	Add CW	Upside	90 Days	173.45
2	04-Mar-26 01:14:39	Remove CW	Upside	90 Days	150.31

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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	12 Month Rating			Catalyst Watch		
Data current as of 01 Jul 2026	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Research Global Fundamental Coverage (Neutral=Hold)	61%	32%	7%	36%	48%	16%
% of companies in each rating category that are investment banking clients	38%	42%	27%	42%	37%	36%

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