Morgan Stanley | RESEARCH

UPDATE

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Greater China Technology Hardware | Asia Pacific

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

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Morgan Stanley appreciates your support in the 2027 Extel Asia Research Survey. Voting opens 10 November 2026.

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 fell to 49.3 in October from 50.1 in September:

- This came in lower than both our estimate and consensus of 49.9.
- The production index decreased 1.9ppt while the new order index declined 1.1ppt MoM.

Our view:

- We believe the soft manufacturing PMI data could weigh on market sentiment in the near term. Nonetheless, we prefer supply players with company-specific drivers such as Airtac and Hiwin:
  - Airtac (1590.TW, OW) should continue to benefit from its own share gains and incremental contribution from linear guides. Valuation appears undemanding at 16x 2027e P/E, vs. the 25x average since 2020 (see our 30 Oct 2026 report).
  - Hiwin (2049.TW, OW) should show more margin expansion in coming quarters, supported by higher utilization and price hikes. We see potential share price upside at the current 28x 2027e P/E, vs. peak cycle valuation of 35-40x.

GREATER CHINA TECHNOLOGY HARDWARE

Asia Pacific
Industry View **In-Line**

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AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
AirTAC International 1590.TW			
China's October Manufacturing PMI	31 Oct 2026	Unchanged	↓ Modest downside surprise
Hiwin Technologies Corp. 2049.TW			
China's October Manufacturing PMI	31 Oct 2026	Unchanged	↓ Modest downside surprise

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

AirTAC International (1590.TW)

Base case, 29x 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 up-cycle, we think applying a near-peak cycle valuation of 29x 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 38x to our 2027 EPS estimate. We view this multiple as justified by the 47% 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 October 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	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

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

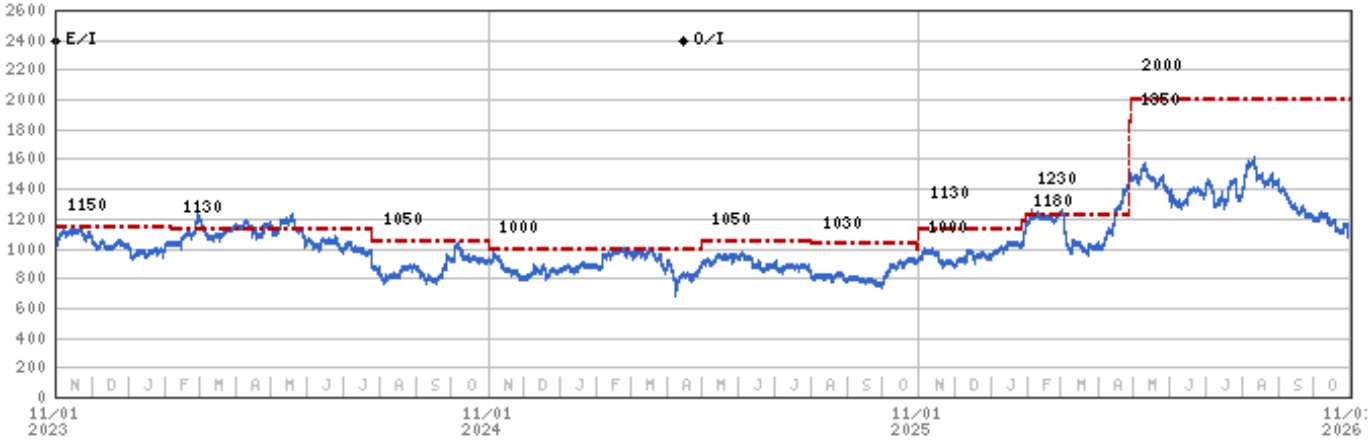
Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return 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.
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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.
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Stock Price, Price Target and Rating History (See Rating Definitions)

AirTAC International (1590.TW) - As of 11/01/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 11/1/21 : 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: 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 11/01/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 11/1/21 : 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: 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; 8/12/26 : 450

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

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/30/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$36.82
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb102.60
BYD Electronics (0285.HK)	O (04/28/2023)	HK$21.80
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.61
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb14.06
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb196.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,085.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb22.12
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb3.88
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb34.55
Largan Precision (3008.TW)	O (10/13/2026)	NT$5,430.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb4.90
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb11.25
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$5.06
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$45.30
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb45.60
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb5.18
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.50
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb60.30
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$32.68
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb55.16
Sunny Optical (2382.HK)	E (03/23/2026)	HK$63.30
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb148.00
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb11.40
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.48
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb252.88
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$96.15
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb89.18
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb21.70
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb553.00
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$676.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$19.33
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb27.36
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,615.00
Advantech (2395.TW)	O (01/20/2021)	NT$680.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,075.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,095.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$30.65
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,330.00
Bizlink (3665.TW)	O (03/10/2025)	NT$1,625.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.46
Chenbro (8210.TW)	O (07/23/2025)	NT$716.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$1,755.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,335.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$149.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$58.10
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,385.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$326.50
Innolux (3481.TW)	E (04/07/2025)	NT$42.55
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$9,650.00

Lens Technology (300433.SZ)	E (07/22/2020)	Rmb25.58
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$240.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.50
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb5.33
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$30.40
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$906.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$193.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$35.20
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$4,675.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$3.35
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb45.00
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$336.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,020.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$245.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb54.18
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$34.68
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,370.00
Lenovo (0992.HK)	O (07/10/2026)	HK$20.50
Lotes Co. Ltd. (3533.TW)	O (10/27/2026)	NT$1,860.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,190.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$102.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$318.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb87.00
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb233.00
Unimicron (3037.TW)	O (02/23/2026)	NT$989.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$447.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$183.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$1,810.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$502.00
Zhen Ding (4958.TW)	++	NT$486.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$405.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,265.00

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