NOMURA

Global Markets Research
20 August 2026

Greater China Tech Hardware

EQUITY: TECHNOLOGY

Takeaways from Asia Tech Tour

Takeaways from our meetings with Ta Liang, EMC, ITEQ, Kinsus, Compeq, AVC, Auras, Lotes, and Hon Hai

Research Analysts

Taiwan Technology

Anne Lee, CFA - NITB
anne.lee@nomura.com
+886(2) 21769966

Eric Chen, CFA - NITB
eric.chen@nomura.com
+886(2) 21769965

We hosted our Asia Tech Tour in Taipei during 18-19 August 2026. We had discussions with: AI PCB/CCL/substrate – Ta Liang (3167 TT, Not rated), EMC (2383 TT, Buy; *see our report*), ITEQ (6213 TT, Buy; *see our report*), Kinsus (3189 TT, Not rated) and Compeq (2313 TT, Buy); AI thermal and component – Asia Vital Components (AVC; 3017 TT, Buy), Auras (3324 TT, Buy), and Lotes (3533 TT, Buy); and AI ODM – Hon Hai (2317 TT, Buy) about recent industry dynamics. We summarize our key takeaways below:

AI PCB/CCL/substrate

Ta Liang (3167 TT, Not rated)

- According to Ta Liang, it is one of the world's top-three PCB mechanical drilling/back-drilling equipment makers with strong capabilities in precise CCD alignment systems. According to the company, it is also the world's largest PCB routing machine maker and enjoys a leading market position in optical module PCB routing.
- According to management, Ta Liang now manages 300-400 units of drilling/router monthly capacity and expects to add 50 units/month of commodity equipment capacity through outsourcing partners this year. The company kicked off the outsourcing program from the beginning of this year, and has plans to further increase commodity model outsourcing to 100 units/month in 2027E. Beyond the outsourcing scale, Ta Liang may have to find more partners, as per management.
- Premium tools made up >60% of Ta Liang's 1H26 revenue, in which drilling and router each made up half of the mix. Management attributed the strength in routers to high demand for optical modules, and expects to book more router revenue than drilling in 2H26E. Yet, management expects drilling momentum to pick up in 2H26E and more revenue share of drilling in 1H27E considering three months lead time from tool shipments to revenue recognition.
- Ta Liang spun off its semiconductor equipment business unit into a subsidiary TLSmart (unlisted) in August. TLSmart's equipment portfolio covers, metrology, inspection and automation for advanced packaging, and a leading foundry and OSATs each makes up half of the volume mix. Management expects TLSmart to benefit from the leading foundry and OSATs' advanced packaging capacity expansion. In addition, TLSmart also has tools intended for SoIC, CoPoS/FOPLP and CPO.

Kinsus (3189 TT, Not rated)

- Kinsus currently focuses only on the expansion of ABF substrate capacity, for which it estimates c.50% addition over the next few years by taking the scale from 40mn units/month in 2026, to 50mn units/month in 2027E, and to 80mn units/month in 2029E. Instead of signing long-term agreements (LTAs) with customers, Kinsus expects to get customers involved in the expansion via capital injection or tool consignments (e.g., customers have to pay for 2028-29E machinery capex, with a contract amount of TWD60-80bn). As far as BT substrates are concerned, while Kinsus is witnessing decent growth thanks to memory demand and exploring new fungible opportunities in optical modules, the company may start evaluating BT capacity expansion in mid-2027E as the current utilization is around 75%.
- Kinsus has qualified its hybrid core technology that uses T-glass and E-glass in the core layers to alleviate glass fabric supply burden for ABF substrates and reserved the T-glass resource for high-end AI chips. However, the company notes that for GPUs/ASICs

Production Complete: 2026-08-19 17:00 UTC

with passive IPDs embedded in the substrates or multi-layer cores, it might not opt for hybrid core adoption.

- According to management, while Kinsus is not working with Intel (INTC US, Not rated) on the EMIB-T substrate technology, it is open to any collaborative discussion with the leading logic foundry in new package technologies such as ceramic cores and EMIB-like.

Compeq (2313 TT, Buy)

- Compeq is concentrating on transforming its business focus, from consumer electronics, to embracing low earth orbit (LEO) satellites, and now seeking more data center product exposures.
- According to management, PCBs in satellite user terminals will be the main growth driver in the aerospace business this year since Compeq's satellite end-customer is looking to grow the subscriber base aggressively, and Compeq is making those boards in Taiwan or Thailand as per the customer's request. That being said, Compeq expects space-grade PCB growth to accelerate from late-2026E given increases in both v3 board area and layer count to drive >2x dollar content vs v2.
- In addition to LEO satellites, Compeq is also investing in data center products. It estimates to spend TWD20bn on capex in 2026E vs TWD7bn in 2025, and the majority of spending will be directed toward mSAP capacity builds in Taiwan and China for optical modules given growing dependence on mSAP for 800G/1.6T optical module HDI. According to management, Apple's (AAPL US, Not rated) iPhone motherboard suppliers are particularly specialized in mSAP, including Compeq, and the GM of optical module mSAP HDI could end up being the highest amongst all of Compeq's lines if the scale ramps up. Meanwhile, Compeq acknowledges the growing importance of HDI in AI mainboards in 2H27-1H28E, and it is currently working on adjusting the capacity structure to better position for new opportunities.
- The company also sees changes in price negotiations with customers, particularly with the US premium smartphone brand, given persistent supply crowd-out and higher upstream material costs. Most customers agree to the price adjustments for passing on the cost pressure, according to management.
- We reiterate our Buy rating on Compeq and TP of TWD345 based on 30x 2027F EPS of TWD11.6. The stock is currently trading at 18x 2027F EPS (*see our coverage initiation report here*).

AI thermal and component

AVC (3017 TT, Buy)

- AVC notes that thermal solutions for merchant GPUs are more standardized, while those for ASIC projects are highly customized and therefore could carry better ASP and GM profile with less competition. AVC generates ~two-thirds of its revenue from servers, 70% of which is from AI servers; and within AI servers, the company estimates nVidia (NVDA US, Not rated) platforms to make up 70% of the revenue, followed by 25% from ASIC. AVC looks to pivot its business to ASIC in 2H26E to monetize the strong volume growth as well as transition to liquid cooling.
- AVC noted the GM drivers in 2Q26 were product mix, automation efforts and yield improvements. For 2H26E, while more contribution from ASIC projects could continue to support the GM uptrend, the company expects less benefit from automation as customers are shifting to new designs and tooling cost from production tuning might outweigh the benefits of automation.
- As all components on the Vera Rubin compute tray are fully liquid-cooled, AVC estimates a net of 50% per tray thermal content uplift vs half liquid-cooled Grace Blackwell, despite a decline in CPU/GPU cold plate value due to standardization. As far as whether tray height reduction could be a positive factor to liquid-cooling contents, AVC thinks it comes down to the trade-off between more chips in a rack and more engineering, yet fewer materials, from lower heights.
- As far as the removable lid design is concerned, AVC does not expect any impact on cold plate dollar contents.

- We reiterate our Buy rating on AVC and TP of TWD4,000 based on 27x 2027F EPS of TWD148. The stock currently trades at 21x 2027F EPS (*see our latest update here*).

Auras (3324 TT, Buy)

- For 2H26E, Auras expects revenue momentum to come from GB300 and ASIC, and an OPM improvement scale of more than GM driven by opex controls. Based on its current visibility, it expects stronger GB300 demand in 3Q26E than 4Q26E, and notes Blackwell demand mostly comes in the form of rush orders (likely for neoclouds) that could sustain into 1Q27E.
- Auras expects its initial revenue from Vera Rubin to kick off from 4Q26E. The company estimates the upcoming ASIC project's liquid-cooling dollar content per tray to be 3x of GB300, while the content per VR200 tray will be in the middle of the two platforms. Meanwhile, it sees liquid-cooling becoming the mainstream also for Rubin HGX (2x CPUs + 8x GPUs), and the memory inside could also adopt liquid cooling.
- Auras estimates that 30-35% of its liquid-cooling revenue in 1H26 came from rack manifold, while inner manifold and quick disconnect (QD) together accounted for 55-60%. CDU was c.5% of Auras' liquid-cooling revenue, and the company expects the contribution could step up to 10% in 2027E as it is working on some projects for AI server sidecars.
- Auras targets 2-3pp GM improvement each year and expects a similar pattern in 2026E. The company registered a GM of 29.0% in 1H26, vs 26.7% in 1H25 and 27.4% in 2025, which we think could imply an even higher GM in 2H26E.
- We reiterate our Buy rating on Auras and TP of TWD1,840, based on 23x 2027F EPS of TWD80.01. The stock currently trades at 12x 2027F EPS.

Lotes (3533 TT, Buy)

- Lotes reiterated that its new server platform ramp-up progress is critical to its GM improvements given new price schemes against the current raw material cost inflation. Yet, Lotes expects slower penetration of AMD's (AMD US, Not rated) new server CPU platform (Venice) toward the end of 2026E, and Intel Oak Stream ramp to only start in 1Q27E. When AMD's Venice and Intel's Oak Stream gain traction, Lotes could enjoy accelerated growth thanks to new socket adoption, as well as share gain within PCIe 6.0 cables/connectors, according to management.
- Meanwhile, despite a server CPU platform customer's more aggressive demand forecast in 2026, Lotes observes a slight decline in the server board production volume into 2H26E given a shortage in other server components (e.g., memory, PCB, etc.).
- Lotes is engaging with a cloud service provider (CSP) for sockets used for its ARM-based CPU, whose production timeline is scheduled in 2H27E, whereas the CSP customer still adopts board-to-board connectors for its AI xPUs where Lotes is not in the vendor pool. In the new business, Lotes remains positive on the revenue contribution from SOCAMM connectors and QD into 2H26E, which are both above management expectations laid out at the beginning of the year.
- Lotes currently has two potential customers for detachable CPO/NPO sockets, and one of them is supported by the subsidiary Lintes (6715 TT, Not rated). For Lotes' direct account, the company expects potential mass production in 2H27E and that it may need to lift capex to fund the expansion in China and Vietnam accordingly. Lotes believes recent financing activities (equity offerings and convertible bond issuance) could be directed toward the capacity investment. According to Lotes, despite a smaller NPO socket form factor than CPU sockets, the ASP could be 20-30% higher than that of the latest generation CPU sockets given higher complexity and 224G SerDes supports.
- We have a Buy rating on Lotes and TP of TWD2,720, based on 24x 2027F EPS of TWD113.3. The stock currently trades at 14x 2027F EPS (*see our latest update here*).

AI ODM

Hon Hai (2317 TT, Buy)

- According to management, on top of CSP client coverage, Hon Hai has also started working with larger neoclouds with contribution visible from late 2026E, and gradually more significantly in 2027E. Hon Hai sees more standardized products in neocloud projects to enable easier production scale-up than CSP projects which require more rack-level customization and engineering efforts for a higher value-added. The neocloud margin profile would depend on the business model, and Hon Hai sees HGX products likely having consignment models vs rack-level solution reliance on Hon Hai's balance sheets.

- For AI ASIC L6/L10 opportunities, Hon Hai expects to prepare capacity ahead of customer engagement, in the US, Taiwan, Mexico or Europe. Hon Hai's ultimate target is to take a 40% share in AI ASIC projects by leveraging its strong vertical integration, as well as design capabilities.
- Hon Hai estimates >30% y-y capex growth in 2026E to fund AI server assembly capacity, particularly in the US, Mexico and Vietnam. The company flags that testing machinery is one of the constraints and thus, would like to build more system assembly and test capacity via the investments given at least one week of rack-level testing before shipments.
- We reiterate our Buy rating on Hon Hai and TP of TWD435, based on 17x 2027F EPS of TWD25.57. The stock currently trades at 10x 2027F EPS (*see our latest update here*).

Appendix A-1

This report has been produced by Nomura International (Hong Kong) Ltd., Taipei Branch (NITB), Taiwan.
See Disclaimers for Nomura Group entity details.

Analyst Certification

We, Anne Lee and Eric Chen, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

Important Disclosures

Online availability of research and conflict-of-interest disclosures

Nomura Group research is available on www.nomuranow.com/research, Bloomberg, Capital IQ, Factset, LSEG.
Important disclosures may be read at http://go.nomuranow.com/research/m/Disclosures or requested from Nomura Securities International, Inc.
If you have any difficulties with the website, please email grpsupport@nomura.com for help.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2241 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Nomura Global Financial Products Inc. (NGFP) Nomura Derivative Products Inc. (NDP) and Nomura International plc. (NIplc) are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and NIplc are generally engaged in the trading of swaps and other derivative products, any of which may be the subject of this report.

Distribution of ratings (Nomura Group)

The distribution of all ratings published by Nomura Group Global Equity Research is as follows:
58% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 33% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services** by the Nomura Group.
39% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 57% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group
3% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 15% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group.
As at 30 June 2026.
**The Nomura Group as defined in the Disclaimer section at the end of this report.*
*** As defined by the EU Market Abuse Regulation*

Definition of Nomura Group's equity research rating system and sectors

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan:** please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: http://go.nomuranow.com/research/m/Disclosures; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan:** Russell/Nomura Large Cap.

SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan:** Sector ratings are not assigned.

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

Disclaimers

obligation, and therefore is under no duty, to update or revise this document. Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The Nomura Group does not provide tax advice.

The Nomura Group, and/or its officers, directors, employees and affiliates, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. The Nomura Group companies may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including, but not limited to, ratings from credit ratings agencies such as Standard & Poor's. The Nomura Group hereby expressly disclaims all representations, warranties or undertakings of originality, fairness, accuracy, completeness, correctness, merchantability or fitness for a particular purpose with respect to any of the information obtained from third parties contained in this material or otherwise arising in connection therewith, and shall not be liable (in negligence or otherwise, and in whole or in part) for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use or misuse of any of the information obtained from third parties contained in this material or otherwise arising in connection therewith. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not, express or implied, guarantee the fairness, accuracy, completeness, correctness, timeliness or availability of any information, including ratings, and are not in any way responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use or misuse of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable (in negligence or otherwise, and in whole or in part) for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use or misuse of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Any MSCI sourced information in this document is the exclusive property of MSCI Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be duplicated, reproduced, re-disseminated, redistributed or used, in whole or in part, for any purpose whatsoever, including creating any financial products and any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all representations, warranties or undertakings of originality, fairness, accuracy, completeness, correctness, merchantability or fitness for a particular purpose with respect to any of this material or the information contained in this material or otherwise arising in connection therewith. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability (in negligence or otherwise, and in whole or in part) for any damages of any kind. MSCI and the MSCI indexes are services marks of MSCI and its affiliates.

The intellectual property rights and any other rights, in Russell/Nomura Japan Equity Index belong to Nomura Fiduciary Research & Consulting Co., Ltd. ("NFRC") and FTSE Russell ("Russell"). NFRC and Russell do not guarantee fairness, accuracy, completeness, correctness, reliability, usefulness, marketability, merchantability or fitness of the Index, and do not account for business activities or services that any index user and/or its affiliates undertakes with the use of the Index.

Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. The Nomura Group publishes research product in a number of different ways including the posting of product on the Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future or likely performance. Where the information contains an expectation, projection or indication of future performance and business prospects, such forecasts may not be a reliable indicator of future or likely performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this document is not intended for "use" as a "benchmark" as defined by the European Benchmark Regulation.

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. 'Stop loss' levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, LSEG or Nomura prices and yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.

This document has been approved for distribution in the UK as investment research by NIplc. NIplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NIplc is a member of the London Stock

not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese Walls and employee training.

Additional information regarding the methodologies or models used in the production of any investment recommendations contained within this document is available upon request by contacting the Research Analysts of Nomura listed on the front page. Disclosures information is available upon request and disclosure information is available at the Nomura Disclosure web page:

http://go.nomuranow.com/research/m/Disclosures