



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51349.9	(0.3)	(1.0)	(4.1)	6.8
S&P 500	7670.8	(0.2)	(1.2)	(0.5)	12.1
FTSE 100	10636.7	(0.5)	(0.7)	(1.7)	7.1
AS30	8886.6	0.4	(0.7)	(4.1)	(1.5)
CSI 300	4345.2	0.1	(4.3)	(6.1)	(6.1)
FSSTI	5714.8	(0.2)	(0.2)	(0.7)	23.0
HSCEI	8178.8	(0.5)	(2.2)	(3.9)	(8.2)
HSI	24523.6	(0.5)	(2.2)	(4.1)	(4.3)
JCI	6121.7	(0.4)	(2.5)	(6.2)	(29.2)
KLCI	1644.0	(1.6)	(2.3)	(4.7)	(2.2)
KOSPI	6870.8	(0.3)	(0.3)	0.7	63.0
Nikkei 225	65481.3	(0.6)	2.1	(1.3)	30.1
SET	1594.3	(0.5)	(0.6)	(0.1)	26.6
TWSE	47632.0	(0.8)	1.0	3.3	64.5
BDI	3178	(2.8)	(7.4)	(0.3)	69.3
CPO (RM/mt)	4474	0.0	(2.9)	(2.9)	13.8
Brent Crude (US\$/bbl)	103	(2.6)	3.4	14.9	68.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
New Economy Conference at The Ritz Carlton Hotel	Malaysia	07 Oct	07 Oct
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Sep PMI (Composite, Manufacturing, Non-manufacturing)	China	30 Sep
Sep RatingDog China PMI (Mfg, Composite, Services)	China	30 Sep
Aug Money Supply (M1, M2, M3)	Hong Kong	30 Sep

Top Stories

Sector Update | China Property

Page 2 →

- The central government will subsidise new first-home mortgages by 1ppt a year from 1 October, its first subsidy on commercial mortgages, with eligible loans capped at Rmb1m for up to five years. Premier Li Qiang called for further property support, while Beijing and Shanghai detailed the 28 August housing sales reform. Tier 1 land supply rose to 17 sites worth Rmb61.8b in Sep 26, up 12% mom and 3.5x yoy, with premiums at 12.9%. Maintain UNDERWEIGHT.

Sector Update | IT Hardware

Page 5 →

- We visited Phison and Winbond during our Taiwan trip last week. Both companies are bullish on memory demand for the foreseeable future and expect supply shortages to worsen through 2027. As such, consumer electronic clients that are unwilling to accept cost hikes will receive significantly less supply, which reinforces our cautious view on the consumer electronics supply chain. Overall, we prefer the semicaps such as ASMPT and NAURA which are positioned to benefit from the highly visible capex growth.

Technical Analysis

Guming Holdings | 1364 HK

Page 8 →

- Support levels: HK\$21.20/HK\$19.98
- Resistance levels: HK\$23.60/HK\$26.68

BYD Electronic | 285 HK

Page 8 →

- Support levels: HK\$22.22/HK\$21.12
- Resistance levels: HK\$27.12/HK\$28.38

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

China Property

First Central Mortgage Interest Subsidy From 1 Oct 26; Tier 1 Land Supply Up 12% mom In Sep 26

Highlights

- The central government will subsidise interest on new first-home mortgages by 1ppt a year from 1 Oct for properties valued below Rmb1.5m, with eligible loans capped at Rmb1m for up to five years. The policy support is expected to benefit lower-tier cities and the second-hand market, with a mixed impact on investors' sentiment. Premier Li Qiang separately called for further measures to stabilise the property market.
- Beijing and Shanghai published implementation rules for the 28 August reform of housing sales, setting a reference for other cities, and Tier 1 land supply rose to 17 sites at a Rmb61.8b reserve price in Sep 26, up 12% mom and 3.5x yoy, with the premium on settled lots at 12.9%.
- Maintain UNDERWEIGHT. Our top picks are COLI and CR Mixc.

Analysis

- Central government finally announces nation-wide mortgage interest subsidy.** On 29 September, the Ministry of Finance, the PBOC and the National Financial Regulatory Administration announced a one-year mortgage interest subsidy programme, effective from 1 Oct 26. As we noted in last week's report, this policy was very likely amid an accelerated decline in mortgage lending in 2026. To qualify, these three conditions must be met: a) it must be a newly issued commercial mortgage for a first-home purchase, excluding refinancing; b) the home size should be no more than 120 sqm; and c) the purchase price does not exceed Rmb1.5m. Eligible loans are capped at Rmb1m, with a 1ppt annual interest subsidy for up to five years. For a Rmb1m loan, this means a maximum interest saving of Rmb10,000 per year, or Rmb50,000 over five years.
- Mortgage subsidy to benefit lower-tier cities and second-hand market.** Limited data suggest that homes priced below Rmb1.5m accounted for: a) 34.4% of Guangzhou's combined primary and secondary market transactions in 2025, and b) 61% of new-home sales in Chongqing in 1H26. In general, the second-hand market sees a higher share of low-price units than the new-home market. We expect the policy to benefit second-hand transactions, as well as new-home markets in suburban Tier 1 and Tier 2 areas and lower tier cities.
- Mixed impact on investor sentiment.** On the positive side, this is the first time the central government has subsidised interest on commercial residential mortgages, and the 100bp subsidy is at the upper end of market expectations (40-100bp). However, the eligibility criteria are narrower than expected, covering only a subset of first-home buyers.
- Premier LI Qiang called for further policies to stabilise the property market.** At the State Council executive meeting on 28 September, Li called for stronger counter-cyclical policy support and asked officials to study and introduce measures to stabilise the property market and boost employment and household income. Despite the announced interest subsidy, we expect further easing measures to be introduced.

Peer Comparison

Company	Ticker	Rec	Price 29-Sep-26 (HK\$)	Target Price (HK\$)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2027F (%)	ROE 2026F (%)	Market Cap. (HK\$m)	Price/ NAV ps (x)
China Resources Land Ltd	1109 HK	BUY	30.46	39.60	30.0	12/25	8.3	9.3	8.3	4.2	4.7	217,208.4	0.63
China Overseas Land	688 HK	BUY	13.37	19.88	48.7	12/25	9.7	10.8	10.1	3.7	2.7	146,333.1	0.32
Longfor Properties	960 HK	BUY	5.77	8.76	51.8	12/25	4.7	n.a.	n.a.	0.2	-1.9	40,952.0	0.22
Yuexiu Property	123 HK	BUY	3.45	4.50	30.4	12/25	45.9	48.3	38.1	1.0	0.5	13,887.6	0.22
CR Mixc Lifestyle	1209 HK	BUY	38.34	55.00	43.5	12/25	19.0	17.1	15.4	6.5	26.6	87,511.1	4.63
China Overseas Property Holdings	2669 HK	BUY	3.31	4.20	26.9	12/25	6.8	7.6	7.7	5.6	18.5	10,869.9	1.42

Source: Bloomberg, UOB Kay Hian

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UNDERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
China Property	UNDERWEIGHT (Maintained)
Property management	UNDERWEIGHT (Maintained)

Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (HK\$)	Target Price (HK\$)
COLI	688HK	BUY	13.37	19.88
CR Mixc	1209 HK	BUY	38.34	55.00

Source: Bloomberg, UOB Kay Hian

Presale Reform: Beijing And Shanghai Implementation Rules Compared

Rule	Beijing	Shanghai
Presale condition	Topping-out of the main structure for land tendered after 28 Aug 26; full escrow, released after joint inspection.	Same rule; escrow released after combined completion acceptance.
Transition	Planning permits held by 28 Aug 26 keep the old terms; land-only projects until end-27 on district filing.	Same two categories, plus sites tendered before 28 August but handed over after it, which may presale on the old terms if listed before end-27.
Completed-home sales	Preferred on land announced from 28 Aug 26; deposit up to 1% of the price.	Same preference; deposit up to 3% of the price.
Mortgage disbursement	Only after completion filing, provident fund loans included, paid into escrow.	Same.
Land premium	At least 50% within 30 days of signing; balance within two years, interest-free.	At least 50% within 30 days; balance within one year, extendable by a further year on approval.

Source: Beijing Municipal Commission of Housing and Urban-Rural Development, Shanghai Municipal Commission of Housing and Urban-Rural Development, UOB Kay Hian

- **Beijing and Shanghai published detailed rules on pre-sale reform, setting a reference for other cities.** Both cities concurred with national rule that for land parcels put up for sale from 28 Aug 26, projects can only start presales after main-structure topping-out, while mortgage loans can only be disbursed after completion filing. While both cities stated that at least 50% of the land premium is due within 30 days after land sale, Beijing requires the remaining balance to be paid in interest-free instalments over two years, while Shanghai requires payment to be completed within one year, with a second year subject to approval. Last, the deposit for pre-sale capped at 3% of the contracted price in Shanghai, versus 1% in Beijing. We expect more cities to announce local rules, further removing policy uncertainties.
- **Tier 1 land supply has increased since the 828 policy, and the premium rate has edged up slightly.** Beijing, Shanghai, Guangzhou and Shenzhen offered 17 residential sites with a combined reserve price of Rmb61.8bn in Sep 26, up 12% mom and 3.5x yoy. The average premium rate of completed transactions was 12.9%, marginally above the 11.4% of Aug 26. However, market activity diverged by site size. Large sites in Shanghai, Guangzhou and Beijing mostly sold at reserve prices, while smaller central sites in Shenzhen, Shanghai and Beijing attracted strong bidding, with premiums of up to 125%. We believe this reflects developers' growing preference for smaller, faster-selling projects amid longer cash conversion cycles under the 828 policy. Large sites, which require greater upfront capital, are increasingly being acquired at reserve prices, mainly by SOEs and local government platforms.

Tier 1 Residential Lands Put Up For Sale At Reserve Price

Reserve price (Rmbb)	Sep 25	Aug 26	Sep 26	yoy	mom
Beijing	7.4	21.7	25.1	239%	16%
Shanghai	9.9	23.9	26.3	166%	10%
Guangzhou	0.5	9.6	9.3	1,684%	-4%
Shenzhen	0.0	0.0	1.1	n.a.	n.a.
Tier 1 total	17.8	55.1	61.8	247%	12%
Parcels offered	11	17	17	/	/
Premium on settled lots	13.9%	11.4%	12.9%	-1.0 ppt	+1.5ppt

Source: China Index Academy, UOB Kay Hian

- **High-frequency data for 1-27 Sep 26 shows momentum narrowing, partly due to disruption from the Mid-Autumn Festival holiday.** New-home sales in the four Tier 1 cities rose 4% yoy and Tier 2 fell 4%, against +17%/-0.2% yoy during 1-20 Sep 26, with the second-hand market following the same path. Tier 1 second-hand volumes fell 30% wow to 1,233 units/day during 21-27 Sep 26, as Mid-Autumn fell on 25 Sep 26 against 6 October in 2025 and the last week of Sep 25 was a strong base.
 - New-home sales in 19 major cities were flat yoy during 1-27 Sep 26.** Tier 1/2 cities changed by +4%/-4% yoy respectively, against +17%/-0.2% yoy in 1-20 Sep 26. Beijing/Shanghai rose 18%/10% yoy while Guangzhou/Shenzhen fell 5%/17% yoy. Against full-month Aug 26, 19 major cities rose 12% mom. On a ytd basis, 19 major cities fell 4% yoy.

- b) **Second-hand transactions slowed in both tiers in 1-27 Sep 26.** Average daily second-hand sales rose 5% yoy in three Tier 1 cities and fell 4% yoy in nine Tier 2 cities, against +13%/+4% yoy in 1-20 Sep 26. Beijing/Shanghai/Shenzhen changed by -2%/+12%/-1% yoy respectively, leaving Shanghai as the only Tier 1 city still growing. Against full-month Aug 26, three Tier 1 cities rose 6% mom. On a ytd basis, three Tier 1 cities rose 9% yoy while nine Tier 2 cities fell 4% yoy.
- c) **Overall price trends remained on a downward trajectory, with Shanghai as the only Tier 1 city still rising.** According to the ICE Index updated on 27 Sep 26, average listing prices of second-hand homes in 100 major cities fell 0.1% wow and 0.7% mom. Among the four Tier 1 cities, Beijing/Shanghai/Guangzhou/Shenzhen changed by -0.2%/+0.1%/-0.1%/-0.1% wow and by -4.0%/+1.7%/-4.1%/-2.0% ytd respectively; Shanghai leads Tier 1 cities in both monthly and ytd readings.

1-27 Sep 26 Daily New-Home Sales (GFA) Of Key Cities

GFA	T1 cities				T2 cities					
(000 sqm)	BJ	SH	GZ	SZ	Wuhan	Qingdao	Suzhou	Fuzhou	Chengdu	Nanning
1-27 Sep 25	14	33	17	6	25	33	8	5	25	13
1-31 Aug 26	12	30	18	6	30	30	5	6	14	9
1-27 Sep 26	17	36	16	5	25	30	7	15	15	13
YoY	18%	10%	-5%	-17%	3%	-7%	-2%	221%	-38%	-4%
MoM	38%	22%	-11%	-11%	-16%	1%	46%	138%	7%	40%

Cities with relatively better yoy performance are highlighted in orange

Source: iFind, UOB Kay Hian

1-27 Sep 26 Daily Second-Hand Home Transactions (In Units) Of 12 cities

Units	SH	BJ	SZ	HZ	NJ	QD	Suzhou	Wuxi	DG	XM	CD	FS
1-27 Sep 25	684	566	189	160	230	154	138	105	104	76	763	237
1-31 Aug 26	746	503	175	145	260	159	171	97	135	82	576	239
1-27 Sep 26	767	553	187	155	264	148	175	111	133	79	584	239
YoY	12%	-2%	-1%	-3%	14%	-4%	26%	5%	28%	4%	-23%	1%
MoM	3%	10%	6%	7%	1%	-7%	2%	14%	-1%	-4%	1%	0%

Cities with relatively better yoy performance are highlighted in orange

Source: iFind, UOB Kay Hian

Valuation/Recommendation

- **Maintain UNDERWEIGHT on China's property sector.** The materialisation of mortgage rate subsidy may lead to a pull-back in stock price in the near term, while we think policy developments are generally supportive of investor sentiment, as endorsed by the positive tone of Premier Li Qiang. We maintain UNDERWEIGHT and continue to prefer developers with low reliance on presale proceeds and strong Tier 1 exposure. Our top picks are COLI and CR Mixc.

Sector Catalyst/Risk

- Stronger-than-expected fiscal and monetary easing.

IT Hardware

Company Visit Takeaways From Phison And Winbond

Highlights

- We visited Phison, a fabless NAND controller designer and module maker, and Winbond, a specialty DRAM, NOR and SLC NAND supplier, during our Taiwan trip last week.
- Phison is filling about 30% of orders, sees no NAND price decline within five years, and puts memory at 50-60% of a device bill of materials.
- Winbond reported that 3Q26 DRAM contract prices were up 50-60% qoq, expecting 2027 shortages to exceed that of 2026, and will mass produce its CUBE custom stacked memory from 2027.

What's New

Phison (8299 TT)

- **A fabless controller designer with three routes to market.** Management described the core business as NAND controller design with no fabs and no production staff. The company, at its core, is a fabless NAND controller specialist and based on their NAND controllers, the company also provides fabless services for NAND modules according to their customers' needs. The company's product encompasses a wide range of storage types, including eMMC, UFS, SSD, USB Drive, and SD cards.
- **Contribution split shows strong growth in AI-related sales.** As of 2Q26, Phison generated 38% of its revenue from AI-related products with sales primarily coming from AI infrastructure and AI PCs. It is expected to easily surge to over 50% in the near future. The other "embedded ODM" business contributed to 33% of total revenue, and the rest came from industrial modules (16%), direct NAND controller sales (6%), retail modules (5%) and others (2%).
- **Phison specialises in smaller volume, customised NAND modules.** While the foundries and large-scale players are responsible for the large volume/mass market projects, Phison specialises in the more niche, highly customised and smaller volume orders, and often acts as a second/third supplier for larger clients. As such, management views its relationship with the larger IDMs as complementary rather than as competitors, as both parties have distinct specialisations within the market, and they benefit from each other's order wins in most cases. Given that qualification runs from three to six months up to two years, once qualified, price sensitivity is low and customers rarely switch suppliers.

Peer Comparison

Company	Ticker	Rec	Price 29 Sep 26 (lcy)	Target Price (lcy)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy m)	Price/ NAV ps (x)
AI and semiconductors													
ASMPT	522 HK	BUY	162.60	211.00	29.8	Dec 2025	62.4	39.0	28.3	1.3	9.9	68,196	3.78
FII	601138 CH	BUY	58.42	89.50	53.2	Dec 2025	34.1	19.0	15.5	2.9	32.6	1,159,292	5.72
Lenovo	992 HK	BUY	35.48	49.00	38.1	Mar 2026	38.7	27.3	13.9	1.1	29.9	440,476	13.0
NAURA	002371 CH	BUY	628.96	930.00	47.9	Dec 2025	82.6	54.4	39.9	0.2	20.1	456,429	15.0
Sunny Optical	2382 HK	BUY	62.70	106.00	69.1	Dec 2025	12.6	14.2	12.5	1.5	13.3	67,651	2.1
Han's Laser	002008 CH	BUY	81.76	153.20	87.4	Dec 2025	70.8	26.4	20.8	0.8	15.6	84,180	4.8
AAC Technologies	2018 HK	BUY	39.98	47.80	19.6	Dec 2025	16.0	15.2	13.3	0.9	10.0	46,104	1.8
Lens Technology-H	6613 HK	BUY	21.04	43.10	104.8	Dec 2025	22.7	19.2	14.2	2.6	8.4	111,065	11.2
Lens Technology-A	300433 CH	BUY	31.46	48.40	39.0	Dec 2025	38.9	33.0	24.3	1.5	8.4	166,069	18.4
ZTE	763 HK	HOLD	21.72	22.30	2.5	Dec 2025	15.9	18.4	13.3	1.6	7.1	103,898	1.6
Xiaomi	1810 HK	HOLD	25.20	26.20	4.0	Dec 2025	14.1	24.5	20.8	0.0	7.9	649,158	2.0
BYD Electronic	285 HK	SELL	23.36	14.50	(37.9)	Dec 2025	13.1	26.0	15.9	1.0	5.0	52,635	1.7

Source: Bloomberg, UOB Kay Hian

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OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
ASMPT	0522 HK	BUY	162.60	211.00
NAURA	002371 CH	BUY	628.96	930.00

Source: Bloomberg, UOB Kay Hian

- **Management expects NAND prices to remain elevated in the foreseeable future.** Management stated that demand from AI-related application is insatiable – it is suggested that it will not be surprising to see a 5-10x increase in inferencing-related compute demand in the next 2-3 years. However at the same time, it is impossible for NAND supply to grow by 5-10x in such a short period of time, and this implies a structural undersupply in the foreseeable future. As such, Phison's management is extremely positive regarding the sustainability of NAND pricing.
- **Cost pass-through is the binding constraint on consumer devices.** Management said PC and handset customers cannot afford current prices because they add too little value to pass through to consumers, and as such, the company is now recommending its consumer device customers to despec, ie lower capacity per device and re-introducing SD card slots for smartphones rather than cutting shipment volume. That said, management believes pass-through will be less widely accepted for the consumer space and stated that the device brands will have to find a way to expand AI devices' applications in order to ask for higher MSRP from the consumers. Management also believes that the key watch is whether cloud service providers and AI companies are profitable, not PC and handset units, and does not regard the current investment cycle as a bubble because the main spenders have operating cash flow behind them.
- **Customers unwilling to accept price hikes will receive less supply allocation.** Management said it is filling about 30% of orders while still holding inventory and buying material, in order to keep other customer groups supplied and to protect next year's business. Industrial, medical, aerospace and automotive customers are deliberately kept supplied rather than leaving only AI. Customers refusing price increases are given a total capacity ceiling rather than cut outright.
- **aiDAPTIV+ proprietary GPU memory-extension architecture as an alternative solution for memory offloading.** aiDAPTIV+ is a solution that utilises high-endurance NVMe SSD along with its in-house IC interface chip and software to turn the SSD into an extended memory pool for the GPU. It is designed to store model weights, KV caches, MoE modules to the SSD when the higher tier VRAM/HBM reaches maximum capacity. Currently, Phison has partnered with Intel on the adoption of aiDAPTIV+ solutions, and aiDAPTIV+ is already mounted in AI PCs and AI workstations such as specific SKUs for the DGX Spark.

Winbond (2344 TT)

- **An old memory chip IDM specialising in DDR3/4, NOR Flash and SLC NAND.** Of which, the DRAM business (under the CMS segment) contributed 53% of its 2Q26 revenue, while flash (mainly NOR flash and SLC NAND) contributed 33%. The company also sells logic ICs under the Nuvoton brand which is built around controllers and interface/peripheral chips which contribute about 13% of revenue, although the business serves more as a complementary/supportive arm to its memory businesses.
- **Winbond is a major specialty player.** The company is the largest NOR flash supplier globally at 23% as of 2025, and second largest in SLC NAND flash at 15% share during the same period. Regarding the DRAM market, the company is significantly smaller at 0.6%-0.7% as it is also only targeting the more niche legacy DDR3/4 products. Note that Winbond had managed to achieve significant content wins on the Vera Rubin platform which is expected to further expand the company's global share going forward.
- **Prices are increasing sharply across memory products.** DRAM contract prices rose 50-60% qoq and by 6-10x yoy as of 3Q26; NOR prices were up 10-15% qoq and by 2x yoy during the same period; while SLC NAND prices were up 30-40% qoq in 3Q26 after an over 50% qoq growth in 2Q26.
- **Management expects 2027 shortages to worsen.** The reasoning given is that inventory has been worked down while new industry capacity will not arrive until 2028, although management said prices are likely to have a ceiling

going forward. In particular, AIDC's consumption in NOR flash had increased significantly, from about 100 NOR flash devices in traditional rack to at least 500-600 NOR devices in NVIDIA's Vera Rubin rack. At the same time, the major memory IDMs are now allocating their capacity to high-end products (eg, HBM, DDR5) while the lower-end DRAM capacity is shrinking. This has indirectly impacted the supply of legacy memory such as SLC NAND (and DDR4), giving opportunities to specialised players such as Winbond. Management now expects its SLC NAND share to expand meaningfully through 2026-27 from 15% in 2025 to over 20% by 2027. Similarly, NOR flash is now expected to see rapid price hikes at 20-30% qoq through 2027 due to the sustained supply shortages.

- **Winbond is expanding capacity aggressively.** Winbond has two bases in Taichung and Kaohsiung. Taichung is operating at a full cleanroom capacity of 60,000 wpm, although there will be more optimisation in capacity usage as Winbond will be shifting 5,000 wpm capacity from the older DDR3 to NOR Flash throughout 2027. The Kaohsiung plant is built for DDR4's production with capacity now expanding from 15,000 wpm to 24,000 wpm by end-26. A second Kaohsiung plant "Module B" is expected to begin construction in early-27 with a planned capacity of 50,000-60,000 when the capacity is fully ramped up by 2029.
- **Winbond launched CUBE – a new DRAM product positioned between DDR and HBM.** CUBE is a die-on-die stacked custom DRAM solution outside of JEDEC specifications, built on 16/14nm process nodes and paired with an in-house interface logic IC to match customers' requirement as a full-packaged solution. Volume production is expected to begin in 2027, with the first batch of target customers utilising CUBE in wearable applications. Specifications are also simpler with either a 2.5D packaging or two-layer 3D stacking utilising wire bond or TSV, but the company's roadmap indicated that CUBE would have the capability to reach up to eight layers utilising hybrid bonding. Currently, management expects CUBE to contribute to around 5% of the CMS segment's revenue in 2027, and the pricing strategy is somewhat closer to that of HBM rather than commodity DRAM, ie more stable pricing rather than quarterly fluctuations.

Our View

- Both companies are overwhelmingly positive regarding the opportunities from AI applications, and both are expecting the memory supply to further tighten in 2027 with more pricing upside across the board. Their stance also indicates that they are unlikely to give up excess profitability just to cater to the consumer electronic clients' requirements as it is apparent that consumer electronics as an end-market is quite low in terms of importance for them. This reinforces our view to exercise sustained caution on the consumer electronic supply chain, as shipment volume is likely to further decline with more despec pressure going forward if we see no additional breakthrough in the adoption of AI applications.
- On the other hand, the shortages and implies sustained, strong demand on both front-end and backend tools, which is a positive signal for semi caps such as NAURA (002371 CH/BUY) and ASMPT (522 HK).
- **NAURA (002371 CH/BUY/Rmb930.00)** is a key wafer fabrication equipment (WFE) supplier to Huawei's foundry and OSAT upstream supply chains, positioning it to benefit directly as domestic foundries and OSATs expand production capacity. We maintain BUY with a target price of Rmb930.00, based on 59.0x 2027F PE, pegged to 1.5SD above its five-year historical forward mean.
- **ASMPT (522 HK/BUY/HK\$211.00)** is a key supplier of advanced packaging equipment for Huawei's upstream suppliers for chips. Maintain BUY, with a target price of HK\$211.00 based on 2027F P/B of 4.6x, pegged to 3SD above its 10-year historical forward mean.

Technical Analysis

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Guming Holdings (1364 HK)

Last price: HK\$22.28
Support levels: HK\$21.20/HK\$19.98
Resistance levels: HK\$23.60/HK\$26.68

Price rebounded from its resistance-turned-support zone. The RSI is turning upward directly out of deep oversold territory, signalling extreme momentum exhaustion among sellers and a sharp reacceleration of buy-side momentum. With price strictly supported above this converted anchor, we could see a sustained bullish expansion towards the prior swing high resistance.

Average timeframe: Around two weeks.



BYD Electronic (0285 HK)

Last price: HK\$23.36
Support levels: HK\$22.22/HK\$21.12
Resistance levels: HK\$27.12/HK\$28.38

Price rebounded from its resistance-turned-support zone. The RSI remains below its neutral 50-midline, its upward turn signals decaying downside momentum and the early stages of a momentum reacceleration. As long as price remains supported above this converted anchor, we see a sustained bullish expansion towards higher supply targets.

Average timeframe: Around two weeks.

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