

Greater China Technology Hardware | Asia Pacific

China Consumption Subsidy
Extended into 2026

According to NDRC and MOF, the consumption subsidy policy will be extended into 2026. Technology hardware products, including smartphones, tablets, smart watches and smart glasses could continue to enjoy 15% subsidy with a limit of Rmb500 per item. Consumer electronics products, including refrigerators, washing machines, TVs, air conditioners, PCs and water heaters could also enjoy 15% subsidy with a limit of Rmb1,500 per item.

The 2026 subsidy policy subsidy remains largely unchanged as compared to 2025 for technology hardware products with smart glasses a new addition to the list. For consumer electronics, the subsidy is down slightly from 20% in 2025 to 15% in 2026 with the upper limit also lower from Rmb2,000 to Rmb1,500.

We believe the newly announced policy is a positive catalyst for the technology hardware industry given market expectations that the subsidy would be reduced rather than remaining unchanged. For consumer electronics, we believe a 15% subsidy is still a good scenario for Xiaomi's AIoT business in 2026.

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GREATER CHINA TECHNOLOGY HARDWARE

Asia Pacific

Industry View

In-Line

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Valuation Methodology and Risks

Xiaomi Corp (1810.HK)

Base case, sum of the parts.

- Residual income (RI) model for three of the units. We apply a CoE of 11% to the smart-phone business, 11% to IoT and 11.4% to Internet Services, with terminal growth rates of 3%, 3% and 6%, respectively.
- EV business: DCF, probability-weighted 30% bull, 60% base, 10% bear to reflect likely success for the second EV. WACC 12.2%, terminal growth rate 5%.
- We add the value of investments.

Risks to Upside

- Better-than-expected orders and customer feedback for the second EV model
- Good ramp-up for offline expansion in China with strong volume contribution
- Higher share gain in overseas markets

Risks to Downside

- Continued fierce EV competition in 2025
- Smartphone gross margin pressure from inventory de-stocking and weak demand
- More concerns about smart EV investment, which could exert pressure

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(as of November 30, 2025)

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	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1501	41%	389	46%	26%	661	41%
Equal-weight/Hold	1608	44%	379	44%	24%	736	46%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	567	15%	83	10%	15%	212	13%
Total	3,680		852			1610	

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.

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

Xiaomi Corp (1810.HK) - As of 12/30/25 GMT in HKD
Industry : Greater China Technology Hardware



Stock Rating History: 12/1/20 : E/I; 4/14/21 : 0/I

Price Target History: 8/27/20 : 24; 4/14/21 : 31.5; 5/27/21 : 33.5; 11/4/21 : 31.5; 12/17/21 : 27; 5/18/22 : 14; 8/5/22 : 13.4; 11/15/22 : 12; 1/9/23 : 15; 11/10/23 : 19; 1/15/24 : 19.5; 3/11/24 : 17.5; 4/12/24 : 20; 5/30/24 : 25; 7/15/24 : 25.5; 9/3/24 : 26; 11/15/24 : 35; 2/3/25 : 45; 5/9/25 : 62

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* (12/30/2025)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK\$39.22
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb70.45
BYD Electronics (0285.HK)	O (04/28/2023)	HK\$34.14
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb11.77
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb18.96
Eoptolink Technology Inc Ltd (300502.SZ)	U (09/11/2025)	Rmb446.00
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT\$446.00
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb6.11
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb29.85
Largan Precision (3008.TW)	E (10/17/2025)	NT\$2,470.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb10.60
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb10.61
Q Technology (Group) Company Ltd (1478.HK)	E (11/10/2023)	HK\$8.45
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb94.11
Shanghai Conant Optical Co Ltd (2276.HK)	E (09/11/2025)	HK\$51.80
Shenzhen Transsion Holdings Co Ltd (688036.SS)	O (10/24/2023)	Rmb67.62
Sunny Optical (2382.HK)	O (07/10/2025)	HK\$64.80
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb212.47
Wingtech Technology Co Ltd (600745.SS)	E (11/10/2023)	Rmb37.49
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK\$39.36
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb119.30
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	E (04/20/2023)	HK\$51.95
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb104.17
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb24.98
Zhongji Innolight Co Ltd (300308.SZ)	O (11/06/2023)	Rmb632.00
ZTE Corporation (0763.HK)	E (03/11/2024)	HK\$26.48

ZTE Corporation (000063.SZ)	U (07/02/2021)	Rmb37.27
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT\$1,190.00
Advantech (2395.TW)	O (01/20/2021)	NT\$287.00
AirTAC International (1590.TW)	O (04/16/2025)	NT\$942.00
AU Optronics (2409.TW)	E (09/15/2024)	NT\$12.05
Bizlink (3665.TW)	O (03/10/2025)	NT\$1,505.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb4.17
BOE Varitronix Ltd (0710.HK)	O (06/20/2023)	HK\$5.25
Chenbro (8210.TW)	O (07/23/2025)	NT\$1,000.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT\$790.00
E Ink Holdings Inc. (8069.TWO)	O (08/08/2025)	NT\$195.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT\$33.20
Hiwin Technologies Corp. (2049.TW)	U (05/12/2025)	NT\$194.50
Innolux (3481.TW)	E (04/07/2025)	NT\$16.30
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT\$3,785.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb29.66
Radiant Opto-Electronics Corporation (6176.TW)	E (03/01/2024)	NT\$125.50
Sanan Optoelectronics (600703.SS)	U (08/21/2023)	Rmb14.16
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.54
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb8.87
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb84.99
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT\$26.70
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT\$540.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT\$30.35
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK\$5.07
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT\$246.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT\$692.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb67.56
Lenovo (0992.HK)	E (11/16/2025)	HK\$9.31
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT\$1,290.00
Nan Ya PCB (8046.TW)	U (12/21/2022)	NT\$240.50
Pegatron Corporation (4938.TW)	U (11/16/2025)	NT\$68.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT\$263.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb70.76
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb233.75
Unimicron (3037.TW)	E (04/15/2025)	NT\$219.50
Wistron Corporation (3231.TW)	O (07/12/2023)	NT\$147.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT\$4,395.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT\$225.50
Zhen Ding (4958.TW)	E (08/02/2022)	NT\$141.00
Sharon Shih		
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT\$1,530.00
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT\$1,030.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT\$207.50
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT\$961.00
Fositek Corp (6805.TW)	O (06/25/2025)	NT\$1,625.00
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb64.23
Foxconn Technology (2354.TW)	U (04/23/2025)	NT\$61.50
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb28.90
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT\$228.00
LandMark Optoelectronics Corporation (3081.TWO)	E (01/09/2025)	NT\$605.00
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb15.83
Lite-On Technology (2301.TW)	E (01/15/2025)	NT\$162.00

Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb58.07
Sunonwealth Electric Machine Industry Co (2421.TW)	E (02/23/2024)	NT\$159.50
Tong Hsing (6271.TW)	E (03/18/2019)	NT\$135.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT\$154.00

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* Historical prices are not split adjusted.

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