

Morgan Stanley Taiwan Limited+

Sharon Shih

Sharon.Shih@morganstanley.com
+886 2 2730 2865

Morgan Stanley Asia Limited+

Jasmine Lu

Jasmine.Lu@morganstanley.com
+852 2239 1348

November 25, 2008

Stock Rating
Overweight

Industry View
In-Line

Gemtek Technology

Annual Analyst Meeting

Takeaway – Not Pessimistic

Quick Comment: We attended Gemtek's annual analyst meeting today. Our investment thesis on Gemtek remains intact for its ongoing diversification into telco segment (40%~50%) that enables it to offset retail space slowdown in 2009E. (Refer to our update dated Nov. 20, 2008 "Better Positioning Amid the Downturn".) While near-term share price volatility is likely to remain high, along with the macro turmoil, we continue to rank Gemtek as our preferred name in Taiwan networking space. We believe Gemtek will weather the downturn on better positioning and healthy balance sheet plus, its wireless broadband integrated product offerings should allow Gemtek to catch the upcoming triple play trend in long run. Current valuations of 7/8x of '08/09E or 1x P/B for '09E. We retain our OW rating.

What we like? 1) 2009 revenue guidance should be at least flattish YoY thanks to steady telco grade order strength albeit retail segment likely remains sluggish; 2) Favorable product mix shift likely leads Gemtek to better sustain margin and momentum during the down cycle, which targets AP/router for 20%~25%, IAD/IP STB 25%~30%, WiMAX 15%~20% and Wi-Fi client 25%~30%; 3) Wireless SiP module small volume shipment already with meaningful contribution in 2010E, which should ride on increasing popularity of portable internet device, i.e. MID, Netbook and mobile handset; and 4) Sound balance sheet should help Gemtek obtain greater order allocations from tier-one OEMs, who aim to minimize potential supplier risk.

What we don't like? 1) 4Q revenue guidance lowered to 10% QoQ, mainly due to greater order reduction at AP/router for retail/SOHO channels vs. our prior estimate of 5% QoQ dip (but likely offset by lower tax rate in 4Q); 2) WiMAX CPE slightly shy of previous target (~15%) to account for 11% of total sales in '08 given delayed field try/commercial run of mobile WiMAX service in developed countries; and 3) WLAN client order flows might not recover until 3Q09, implying retail segment remains the business drag in 1H09E as we have factored in our 2009E earnings estimate.

Key Ratios and Statistics

Reuters: 4906.TW Bloomberg: 4906 TT

Taiwan Networking Equipment

Price target	NT\$41.50
Shr price, close (Nov 25, 2008)	NT\$33.50
Mkt cap, curr (mn)	US\$236
52-Week Range	NT\$75.40-29.00
Sh out, basic, curr (mn)	241.2
EV, curr (mn)	NT\$5,588
Net debt/cap (12/08e) (%)	(27.9)
ROE (12/08e) (%)	16.0
S'hldr eqty (12/08e) (mn)	NT\$8,404

Fiscal Year ending	12/07	12/08e	12/09e	12/10e
ModelWare EPS (NT\$)	2.82	4.78	4.06	4.51
EPS, basic (NT\$)	4.28	5.46	4.61	5.12
Revenue, net (NT\$ mn)	17,492	21,141	21,079	24,464
ModelWare net inc (NT\$ mn)	664	1,223	1,040	1,156
P/E	19.3	7.0	8.3	7.4
P/E, basic	12.7	6.1	7.3	6.5
P/BV	2.0	1.1	1.0	1.0
EV/EBITDA	12.4	3.5	3.2	2.9
Div yld (%)	4.7	9.0	10.0	8.5

e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to NASD/NYSE restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

November 25, 2008

Gemtek Technology

Exhibit 1

Gemtek: Quarterly Earnings Summary, 2007-09E (Pre- and Post-employee Bonus Dilution)

<i>NT\$ m</i>	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08E	2007	2008E	2009E
Sales	4,317	4,420	4,571	4,184	4,222	5,795	5,719	5,170	17,492	20,906	21,053
COGS	-3,774	-3,987	-4,014	-3,651	-3,683	-4,992	-4,931	-4,487	-15,428	-18,094	-18,323
Gross profit	542	433	557	533	539	804	787	683	2,065	2,812	2,730
Operating expenses	-242	-211	-219	-307	-261	-304	-327	-314	-979	-1,207	-1,306
- Promotion	-58	-57	-30	-27	-43	-60	-82	-74	-172	-259	-261
- ADM	-68	-61	-64	-72	-66	-69	-85	-85	-266	-306	-358
- R&D	-115	-93	-125	-208	-152	-175	-160	-155	-542	-642	-686
Operating profit	301	221	338	226	277	499	460	369	1,085	1,606	1,425
Non-operating income	61	209	15	-82	-28	119	126	17	203	235	50
Interest income	-8	-14	-10	36	0	1	-7	-7	4	-13	0
Investment income	3	-20	-40	-38	-25	-26	-8	-16	-95	-75	-30
Disposal of investment	0	127	60	53	46	94	-4	20	240	156	80
Disposal of fixed assets	0	0	0	3	-2	-1	-1	0	3	-4	0
Exchange gain	71	41	0	40	-38	57	161	0	152	180	0
Others	-5	75	5	-176	-8	-7	-15	20	-101	-10	0
Pre-tax profit	362	430	353	144	249	619	587	386	1,289	1,840	1,475
Income tax	-61	-29	-50	-46	-45	-137	-174	-27	-186	-384	-295
Net profit	301	308	303	96	179	435	426	358	1,008	1,399	1,180
EPS-Pre-Employee Bonus	1.28	1.31	1.29	0.41	0.70	1.70	1.66	1.40	4.28	5.46	4.61
EPS-Post-Employee Bonus	0.85	0.82	0.85	0.30	0.60	1.47	1.49	1.20	2.82	4.78	4.06
Margins (Pre-Employee Bonus)											
Gross margin	12.6%	9.8%	12.2%	12.7%	12.8%	13.9%	13.8%	13.2%	11.8%	13.5%	13.0%
Operating margin	7.0%	5.0%	7.4%	5.4%	6.6%	8.6%	8.0%	7.1%	6.2%	7.7%	6.8%
Pre-tax margin	8.4%	9.7%	7.7%	3.4%	5.9%	10.7%	10.3%	7.5%	7.4%	8.8%	7.0%
Net margin	7.0%	7.0%	6.6%	2.3%	4.2%	7.5%	7.5%	6.9%	5.8%	6.7%	5.6%
Margins (Post-Employee Bonus)											
Gross margin	-	-	-	-	12.7%	13.5%	13.5%	12.9%	11.8%	13.2%	12.7%
Operating margin	-	-	-	-	5.8%	7.3%	6.9%	6.1%	3.9%	6.6%	5.9%
Pre-tax margin	-	-	-	-	5.2%	9.4%	9.1%	6.4%	5.1%	7.7%	6.2%
Net margin	-	-	-	-	3.7%	6.5%	6.7%	6.0%	3.8%	5.8%	4.9%
QoQ Growth (Pre-Employee Bonus)											
Sales	-4.4%	2.4%	3.4%	-8.5%	0.9%	37.3%	-1.3%	-9.6%	6.5%	19.5%	0.7%
Gross profit	27.4%	-20.3%	28.7%	-4.2%	1.0%	49.2%	-2.0%	-13.3%	7.9%	36.2%	-2.9%
Operating profit	51.8%	-26.5%	52.7%	-33.1%	22.7%	80.1%	-7.8%	-19.9%	1.1%	47.9%	-11.3%
Pre-tax profit	62.8%	18.8%	-17.9%	-59.2%	73.1%	148.3%	-5.2%	-34.3%	19.7%	42.8%	-19.9%
Net profit	178.9%	2.4%	-1.7%	-68.3%	86.4%	142.4%	-1.9%	-16.0%	17.1%	38.7%	-15.7%
QoQ Growth (Post-Employee Bonus)											
Sales	-	-	-	-	0.9%	37.3%	-1.3%	-9.6%	6.5%	19.5%	0.7%
Gross profit	-	-	-	-	0.4%	46.1%	-1.7%	-13.2%	7.9%	33.4%	-2.7%
Operating profit	-	-	-	-	31.6%	71.8%	-6.6%	-20.5%	20.0%	102.6%	-9.7%
Pre-tax profit	-	-	-	-	107.3%	148.5%	-3.8%	-36.5%	55.0%	82.6%	-19.7%
Net profit	-	-	-	-	120.1%	143.8%	1.3%	-19.2%	56.1%	84.0%	-14.9%

E= Morgan Stanley Research Estimates Source: Company data, Morgan Stanley Research

November 25, 2008
Gemtek Technology

Exhibit 2

Valuation Comparison- Tech Hardware Industry (US GAAP)

Ticker	Closing Price		Price Target (Local Dollar)	Market Cap	Market Cap (US\$ m)	EPS (Local Dollar)			P/E (X)		P/B (X)		EV/EBITDA		ROA (%)		ROE (%)			
	11/25/2008	Rating				07	08E	09E	08E	09E	08E	09E	08E	09E	08E	09E	08E	09E	08E	09E
EMS & PC system																				
2353.TW	Acer	41.5	O	60.0	104,161	3,174	4.47	4.90	5.12	8.5	8.1	0.2	1.2	1.3	5.3	4.6	4.7	4.7	15.3	15.8
2357.TW	Asustek	36.9	O	68.0	137,576	4,192	4.91	6.35	6.51	5.8	5.7	0.5	0.9	0.8	2.6	2.2	7.4	8.3	16.9	15.5
2324.TW	Compal	16.4	E	23.0	68,158	2,077	2.92	3.18	3.18	5.2	5.2	0.1	0.8	0.7	4.2	4.4	7.8	7.4	16.5	15.4
2308.TW	Delta Electronics	63.3	O	81.0	133,335	4,063	5.65	5.10	5.24	12.4	12.1	0.8	1.8	1.7	6.9	6.3	9.2	9.2	15.3	15.6
2317.TW	Hon Hai	59.6	E	65.0	441,912	13,465	8.72	9.11	7.15	6.5	8.3	0.2	1.0	0.9	4.4	4.1	7.3	5.3	16.4	11.6
0992.HK	Lenovo	1.80	U	1.80	2,253	2,253	0.05	0.04	0.03	6.2	6.7	0.1	1.1	1.0	2.6	3.0	5.4	5.3	21.6	17.8
2315.TW	Mitac	10.45	E	13.0	15,221	464	3.40	1.87	1.77	5.6	5.9	0.2	0.5	0.4	3.2	2.5	4.7	4.6	8.4	7.8
3518.TW	Paragon	53.8	O	105.0	3,761	115	8.76	7.77	9.86	6.9	5.5	1.5	1.0	0.9	4.0	3.7	14.4	16.0	15.0	17.7
2382.TW	Quanta	37	E	39.0	132,616	4,041	4.37	5.84	5.48	5.8	6.1	0.2	1.4	1.3	4.9	5.5	6.2	5.5	22.4	20.0
3231.TW	Wistron	21.6	O	32.0	29,850	910	3.52	5.01	5.26	4.3	4.1	0.1	0.9	0.8	4.4	4.0	5.4	4.8	20.6	19.7
Handset & Networking																				
2018.HK	AAC Acoustic	2.42	O	5.0	2,659	343	0.44	0.55	0.61	3.9	3.5	1.0	0.8	0.7	1.9	1.2	18.6	16.8	23.1	20.6
0285.HK	BE	2.09	O	5.3	4,181	540	0.58	0.59	0.59	3.1	3.1	0.3	0.6	0.5	1.6	1.9	13.7	10.2	23.2	17.8
1211.HK	BYD	11.00	E	10.2	19,856	2,562	0.79	0.90	0.90	10.8	10.8	0.5	1.3	1.2	5.9	5.7	5.5	4.7	13.2	11.6
8078.TW	CCI	14.55	U	22.5	8,250	251	5.67	2.42	2.16	6.0	6.7	0.2	0.7	0.7	-2.2	-3.4	6.7	6.2	12.3	11.1
2332.TW	D-Link	16.55	E	26.5	11,544	352	3.69	2.77	2.56	6.0	6.5	0.4	0.6	0.6	1.9	1.6	5.7	5.2	10.1	9.1
0722.HK	Delta Networks	0.95	O	1.45	1,137	147	0.20	0.16	0.12	6.0	7.9	0.3	0.5	0.4	-4.5	-6.7	5.8	4.1	8.1	5.8
2038.HK	FIH	1.95	E	3.7	1,753	1,753	0.10	0.07	0.06	3.5	3.9	0.1	0.5	0.4	1.8	1.6	6.9	5.4	14.1	11.0
4906.TW	Gemtek	33.5	O	41.5	7,885	240	2.82	4.78	4.06	7.0	8.3	0.4	1.0	0.9	3.9	3.6	9.5	7.5	15.2	12.1
2498.TW	HTC	306	E	350	231,151	7,043	42.10	37.63	34.93	8.1	8.8	1.5	3.7	3.2	6.8	6.7	29.4	24.8	47.7	39.2
3008.TW	Largan	206	O	435	26,807	817	14.58	25.66	28.36	8.0	7.3	3.0	2.2	1.9	5.8	4.7	27.3	25.5	29.9	27.7
2439.TW	Merry	23.3	E	46.0	3,707	113	4.94	4.35	4.08	5.4	5.7	0.3	0.8	0.8	3.1	3.3	8.8	8.0	15.1	13.9
3311.TW	Sillitech	44.3	O	98	6,677	203	6.07	6.18	6.55	7.2	6.8	0.6	1.6	1.5	3.5	2.4	11.6	11.3	23.6	22.5
2000.HK	SIM Tech	0.37	E	0.52	560	72	0.16	0.16	0.16	2.1	2.1	0.2	0.4	0.4	-0.6	-0.8	11.5	10.7	18.0	16.2
3044.TW	Tripod	26	E	45	12,030	367	7.87	7.01	5.23	3.7	5.0	0.4	0.8	0.7	2.5	2.1	9.7	6.5	22.2	14.8
3037.TW	Unimicon	12.5	O	22.3	13,659	416	4.80	2.86	2.48	4.4	5.0	0.3	0.5	0.4	2.1	1.7	5.0	4.3	10.8	9.1
8046.TW	Nan Ya PCB	64.5	O	99.0	39,867	1,215	13.80	11.32	9.80	5.7	6.6	1.1	1.1	1.1	3.1	3.4	15.9	14.0	18.4	16.1
0763.HK	ZTE	14.4	E	32.2	17,055	2,201	0.93	1.27	1.42	10.0	9.0	0.3	1.2	1.0	5.1	4.4	3.6	3.4	12.4	12.2
Consumer & LED																				
2474.TW	Catcher	52.3	U	79.1	31,158	949	11.66	8.11	8.31	6.4	6.3	1.5	1.1	0.9	4.3	4.0	12.5	11.5	17.5	15.9
2392.TW	Cheng Uei	31.7	U	44.0	12,730	388	4.25	4.33	3.83	7.3	8.3	0.2	0.7	0.7	3.8	4.0	4.9	4.2	10.7	9.0
2448.TW	Epistar	28.85	U	22.2	17,900	545	2.29	1.12	1.55	25.9	18.6	1.5	0.8	0.8	8.8	7.2	2.5	3.5	3.0	4.2
2393.TW	Everlight	37.95	E	74.5	13,320	406	4.36	4.75	4.92	8.0	7.7	1.0	1.3	1.3	6.3	5.1	9.9	9.6	16.6	16.4
2354.TW	Foxconn Tech	64.0	O	99.0	48,573	1,480	8.70	8.32	8.98	7.7	7.1	0.3	1.3	1.2	5.5	5.0	7.5	8.3	15.6	17.7

Source: Company data, Morgan Stanley Research

Company Description


Established in 1988, Gemtek is the leading provider of wireless broadband solutions, offering a wide range of WLAN solutions for enterprise, SoHo & public access.

Taiwan Networking Equipment

Industry View: In-Line

MSCI Country: Taiwan

Asia Strategist's Recommended Weight: 12.0%
MSCI Asia/Pac All Country Ex Jp Weight: 12.1%

	<p>Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations. For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.</p>
---	--

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited and their affiliates (collectively, "Morgan Stanley").

For important disclosures, stock price charts and rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Equity Research Management), New York, NY, 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Sharon Shih.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictolicies.

Important US Regulatory Disclosures on Subject Companies

As of October 31, 2008, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Gemtek Technology.

The research analysts, strategists, or research associates principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of October 31, 2008)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	869	39%	275	42%	32%
Equal-weight/Hold	983	44%	286	44%	29%
Not-Rated/Hold	22	1.0%	6	0.9%	27.3%
Underweight/Sell	403	18%	89	14%	22%
Total	2,277		656		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

November 25, 2008
Gemtek Technology

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Not-Rated/Hold (NA or NAV) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months. Please note that NA or NAV may also be used to designate stocks where a rating is not currently available for policy reasons. For the current list of Not-Rated/Hold stocks as counted above in the Global Stock Ratings Distribution Table, please email morganstanley_research@morganstanley.com.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

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.

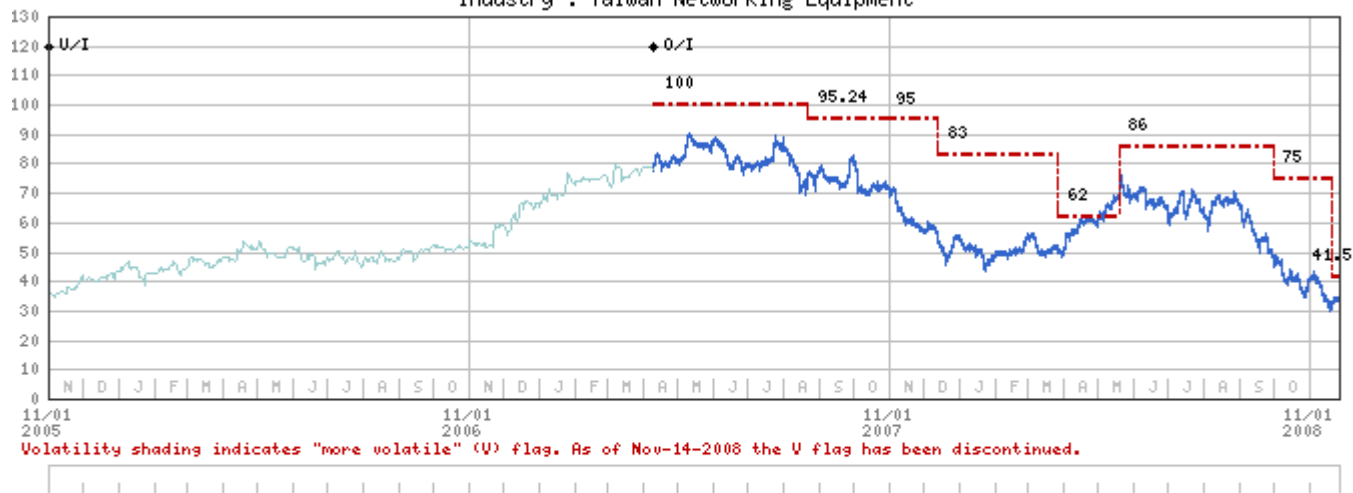
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

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

Gemtek Technology (4906.TW) - As of 11/25/08 in TWD
Industry : Taiwan Networking Equipment



Stock Rating History: 11/1/05 : U/I; 4/11/07 : O/I

Price Target History: 4/11/07 : 100; 8/22/07 : 95.24; 10/30/07 : 95; 12/14/07 : 83; 3/27/08 : 62; 5/19/08 : 86; 9/30/08 : 75; 11/20/08 : 41.5

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 Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ♦
 Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (U) No Rating Available (NAU)
 Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAU)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Other Important Disclosures

Morgan Stanley produces a research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in this or other research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Client Link at www.morganstanley.com.

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this summary and the risks related to achieving these targets, please refer to the latest relevant published research on these stocks.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities/instruments discussed in Morgan Stanley Research may not be suitable for all investors. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities or derivatives of securities of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities or derivatives of securities of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

November 25, 2008
Gemtek Technology

Morgan Stanley and its affiliate companies do business that relates to companies/instruments covered in Morgan Stanley Research, including market making and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis.

With the exception of information regarding Morgan Stanley, research prepared by Morgan Stanley Research personnel are based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the closing price on the primary exchange for the subject company's securities/instruments.

To our readers in Taiwan: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. Information on any securities/instruments issued by a company owned by the government of or incorporated in the PRC and listed in on the Stock Exchange of Hong Kong ("SEHK"), namely the H-shares, including the component company stocks of the Stock Exchange of Hong Kong ("SEHK")'s Hang Seng China Enterprise Index; or any securities/instruments issued by a company that is 30% or more directly- or indirectly-owned by the government of or a company incorporated in the PRC and traded on an exchange in Hong Kong or Macau, namely SEHK's Red Chip shares, including the component company of the SEHK's China-affiliated Corp Index is distributed only to Taiwan Securities Investment Trust Enterprises ("SITE"). The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning Morgan Stanley Research, please contact our Hong Kong sales representatives.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited.

Morgan Stanley Research is disseminated in Japan by Morgan Stanley Japan Securities Co., Ltd.; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore, which accepts responsibility for its contents; in Australia by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services licence No. 233742, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of Morgan Stanley Research in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. Incorporated, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized and regulated by Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International plc representative about the investments concerned. In Australia, Morgan Stanley Research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. RMB Morgan Stanley (Proprietary) Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley (Proprietary) Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at wholesale customers only, as defined by the DFSA. This research will only be made available to a wholesale customer who we are satisfied meets the regulatory criteria to be a client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley Research, or any portion hereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Morgan Stanley Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities/instruments is available on request.

The Americas

1585 Broadway
New York, NY 10036-8293

United States

Tel: +1 (1) 212 761 4000

Europe

20 Bank Street, Canary Wharf
London E14 4AD

United Kingdom

Tel: +44 (0) 20 7 425 8000

Japan

4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008

Japan

Tel: +81 (0) 3 5424 5000

Asia/Pacific

Three Exchange Square
Central

Hong Kong

Tel: +852 2848 5200

Industry Coverage: Taiwan Networking Equipment

Company (Ticker)	Rating (as of)	Price (11/25/2008)
Sharon Shih		
D-Link Corporation (2332.TW)	E (09/30/2008)	NT\$16.55
Gemtek Technology (4906.TW)	O (04/11/2007)	NT\$33.5

Stock Ratings are subject to change. Please see latest research for each company.