IT Hardware – China

Impact Of Jensen Huang's Reinstatement As NVIDIA's President And CEO

Highlights

- Yesterday evening, NVIDIA announced that Jensen Huang has been reinstated as President and Chief Executive Officer and as a member of the board. This is a major positive event for the AI tech supply chain, and we will be highlighting the implications and the immediate beneficiaries in this piece.
- Maintain OVERWEIGHT.

Analysis

- **What overhangs are resolved?** a) The visibility and integrity of the NVIDIA supply chain's growth story, given how instrumental Huang is towards the company's development direction, execution, as well as operation; b) Parties highly correlated to NVIDIA, ie Neoclouds which had received a lot of support (eg financing, investments, shipment priority) from NVIDIA under Huang's management, is seeing a sharp boost in confidence, in both financing and general competitiveness vs the larger CSPs; and c) Initiatives and new AI infrastructure designs such as CPO and 800v HVDC, areas that NVIDIA is leading the development in, are also less likely to see delays.
- **Our pecking order for a short-term rebound is Lenovo > CXMT > FII > ASMPT > Han's Laser.** We expect Lenovo to see the biggest recovery, as Neoclouds is Lenovo's primary AI server clients. Given that it is now less likely to see AIDC buildout slippage from the Neocloud party, previous concerns of a meaningful decline in demand are partially relieved, which should also benefit DRAM suppliers such as CXMT.
- We also like Foxconn Industrial internet (FII), the largest NVIDIA AI server ODM with over 50% global share which contributes to 70-80% of its AI server revenue ytd, followed by ASMPT for its exposure to both advanced logic (TSMC) and HBM (SK Hynix).
- **This should also benefit the component suppliers under our coverage, such as Lens Tech, AAC, BYDE, Sunny Optical.** However, for most of the names, we suspect that the non-AI consumer electronic business will continue to drag their share prices in the next few months, and we expect these names to underperform. That said, we do prefer Lens Tech over the others, as the company is involved in the R&D in multiple next-generation components (eg CPO components, glass substrates) that NVIDIA is known to be aggressively pushing for an acceleration in development under Huang's leadership. This may bolster market sentiment towards Lens Tech in the near term.

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OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
CXMT	688825 CH	BUY	35.90	59.40
Lenovo	992 HK	BUY	17.59	30.50
ASMPT	522 HK	BUY	84.15	184.00
FII	601138 CH	BUY	38.29	77.60

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 23 Nov 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)
IT Hardware													
ASMPT	522 HK	BUY	84.15	184.00	118.7	Dec 2025	32.3	18.9	14.5	2.6	12.7	35,293	1.9
FII	601138 CH	BUY	38.29	77.60	102.7	Dec 2025	22.4	12.7	9.3	4.5	32.9	760,419	3.6
Lenovo	992 HK	BUY	17.59	30.50	73.4	Mar 2026	13.5	7.3	5.8	2.2	50.6	216,033	2.3
NAURA	002371 CH	BUY	541.09	783.20	44.7	Dec 2025	71.0	53.3	36.0	0.2	17.9	392,200	8.8
CXMT	688825 CH	BUY	35.90	59.40	65.5	Dec 2025	1,152.6	14.4	6.8	0.0	51.2	2,437,039	8.4
Sunny Optical	2382 HK	BUY	62.45	106.00	69.7	Dec 2025	12.5	14.2	12.5	1.5	13.3	68,371	2.5
Han's Laser	002008 CH	BUY	46.63	106.90	129.3	Dec 2025	40.4	16.9	11.9	1.2	16.1	49,063	2.4
AAC Technologies	2018 HK	BUY	32.26	47.80	48.2	Dec 2025	12.9	12.2	10.7	1.1	10.0	38,664	0.9
Lens Technology-H	6613 HK	BUY	12.32	21.50	74.5	Dec 2025	13.3	18.8	9.9	2.7	5.1	61,160	1.0
Lens Technology-A	300433 CH	BUY	23.71	32.10	35.4	Dec 2025	29.3	41.4	21.8	1.2	5.1	117,703	2.1
ZTE	763 HK	HOLD	18.05	19.20	6.4	Dec 2025	13.2	16.3	12.8	1.9	6.6	86,338	1.5
Xiaomi	1810 HK	HOLD	27.52	25.90	(5.9)	Dec 2025	15.4	26.4	25.6	0.0	8.1	709,871	3.3
BYD Electronic	285 HK	SELL	17.74	14.50	(18.3)	Dec 2025	9.9	19.7	12.1	1.3	5.0	39,972	1.3

Source: Bloomberg, UOB Kay Hian

- **What overhangs are NOT resolved?** a) The US tightening export restrictions on China is still ongoing, and the rules that had been put into effect (eg BIS remote-access rule) will still impact China AI designers' access to advanced foundry overseas and AIDC buildout in the five affected countries, limiting China's access to advanced compute; b) the potential tightening regulations in the US' state-level governments which may lead to slippage are also not affected by Huang's reinstatement; and c) the tightening liquidity amid rate hikes, and worsening financing environment for new AIDC projects are also still an issue. As such, we are expecting a short-term rebound if there are no further clearing events. For the China import substitution names, we see the event as more neutral.

Valuation/Recommendation

- **Maintain OVERWEIGHT. We believe Lenovo, CXMT Foxconn Industrial internet, and ASMPT are all strong BUYs at the current valuation.**
- **Lenovo (992 HK/BUY/HK$30.50).** Our target price is based on 10x FY28 PE, pegged to the peer average. The stock currently trades at 5.8x FY2028 PE.
- **CXMT (688825 CH/BUY/Rmb59.40).** Our target price is based on 11.2x 2027 PE, pegged to the average valuation of global DRAM IDMs during previous upcycles. The stock currently trades at 6.8x 2027 PE.
- **Foxconn Industrial Internet (601138 CH/BUY/Rmb77.60).** Our target price is based on 18.8x 2027 PE, pegged to 1SD above its historical mean. The stock currently trades at 9.3x 2027 PE.
- **ASMPT (522 HK/BUY/HK$184.00).** Our target price is based on 3.92x 2027 P/B, pegged to 2SD above its 10-year historical forward mean. The stock currently trades at 1.8x 2027 P/B and 14.5x 2027 PE.
- **Lens Technology-A (300433 CH/BUY/Rmb32.10).** Upgrade to BUY after the recent decline. Our target price is based on 29.5x 2027 PE, pegged to its historical mean. The stock currently trades at 21.8x 2027 PE.

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