

# Technology

## Implications of China-US tariff reduction

On 12 May, China and the US issued a joint statement ([link](#)) that the US and China will lower tariffs for 90 days by 14 May, with the US reducing its tariff from 145% to 30% and China reducing its tariff from 125% to 10%. Overall, we believe this is a further relief on China technology supply chain after the US CBP's exemption from reciprocal tariffs for 20 product categories on 11 Apr ([our note](#)). Overall, we believe consumer technology (esp. Apple supply chain) with high US revenue exposure will benefit most from the China-US tariff deal. Taking into account three selection criteria: 1) US/Apple sales exposure, 2) earnings growth and 3) post-correction valuation, we are positive on tech names in the near term including **BYDE** (iPad OEM/iPhone casing), **AAC** (iPhone/iPad components), **Luxshare** (iPhone/AirPods OEM /components) and **FIT Hon Teng** (iPhone components/AirPods OEM).

■ **China-US tariff deal is positive to consumer tech products, esp. TWS/ smart speaker/TV.** Overall, we believe China consumer technology companies, especially the Apple supply chain, are most sensitive to tariff reduction, given their high sales exposure to US market. Following the US CBP's exemption on 11 Apr, **smartphone (iPhone)/tablet (iPad)/ NB (Macbook)** were already exempted from the US's reciprocal tariff, implying that the US tariff is 20% for China. For **smart watch/ TWS(AirPods)**, the tariff rate is 27.5%/170% for China, and for **TV**, the tariff rate is 156% for China. Therefore, we believe TWS (AirPods), smart speaker/watch and TV will benefit most from this round of China-US tariff de-escalation.

■ **What will happen if no further deal in 90 days?** Regarding details of the tariff deal, both China and US will cancel the 91% retaliation tariff, while the US will keep 20% Fentanyl-related tariff, 10% baseline tariff and suspend 34% reciprocal tariff (90 days); and China will suspend 24% retaliation tariff (90 days) and keep 10% tariff. It suggests that, should no further deal be reached in the next 90 days, US tariff will return to 34% and China tariff will return to 54% respectively.

■ **Stock implications.** As highlighted earlier ([note](#)), we believe sector correction since early Apr has reflected the worst scenario for prior reciprocal tariff (i.e. 125% for China). Therefore, we continue to stay positive on gradual recovery of sector sentiment in the near term, following the China-US tariff deal, better-than-expected 1Q25 results and upbeat guidance from US tech leaders. We recommend to accumulate quality names in the near term, such as **BYDE** (iPad OEM/iPhone casing), **AAC** (iPhone/iPad components), **Luxshare** (iPhone/AirPods/watch OEM/components) and **FIT Hon Teng** (iPhone components/AirPods OEM). Upcoming catalysts include the Computex event in May, AI glasses launch in 2Q and 2Q25 results.

### Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	TP (LC)	Upside/Downside	P/E (x) FY25E	P/E (x) FY26E	P/B (x) FY25E	P/B (x) FY26E	ROE (%) FY25E	ROE (%) FY26E
Xiaomi	1810 HK	BUY	168,507	59.99	19%	29.7	24.4	4.3	3.7	14.6	15.3
AAC Tech	2018 HK	BUY	6,397	58.78	39%	17.9	15.2	1.8	1.6	9.9	10.8
BYDE	285 HK	BUY	10,975	43.22	29%	12.5	10.0	1.9	1.7	15.0	16.6
FIT Hon Teng	6088 HK	BUY	2,210	3.48	47%	9.6	7.3	0.8	0.7	8.3	10.0
Q-Tech	1478 HK	BUY	1,031	9.25	38%	12.6	10.0	1.3	1.2	10.3	11.6
Luxshare	002475 CH	BUY	34,315	55.09	61%	14.8	12.0	2.4	2.4	16.4	20.2
Cowell	1445 HK	NR	2,878	NA	NA	14.6	11.4	4.1	3.1	31.8	30.8
Lens Tech	300433 CH	NR	15,897	NA	NA	22.0	17.6	2.2	2.0	10.2	11.8

Source: Company data, CMBIGM estimates

## OUTPERFORM (Maintain)

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### Related Reports:

1. Technology: Apple FY2Q25 read-through: iPhone/China weakness and US\$900mn tariff cost; Mixed outlook into 2H25E – 6 May 2025 ([link](#))
2. Technology: US tariff updates: Reciprocal tariff exemptions for smartphone/PC/server but new electronics tariff will come soon – 14 Apr 2025 ([link](#))
3. Technology: US tariff updates: Addressing FAQs after a volatile day – 8 Apr 2025 ([link](#))
4. Technology: Implications of US reciprocal tariffs on supply chain – 3 Apr 2025 ([link](#))
5. Technology: Apple FY1Q25: Beat on iPad/Mac offsetting China/iPhone weakness; Positive on AI-led upgrade cycle - 3 Feb 2025 ([link](#))

**Figure 1: Updated US tariffs on China tech imports after China-US tariff deal**

Product	Example	China				
		Section 301	IEEPA (fentanyl)	Reciprocal Tariff	Tariff (Prior)	Tariff (Latest)
Smartphone	iPhone	0	20	0	20	20
Smart Watch	Watch	7.5	20	0	27.5	27.5
Smart Speaker	Home Pod	7.5	20	125	152.5	37.5
TWS	AirPods	25	20	10	170	55
Tablet/NB	iPad	0	20	10	20	20
Server	HGX/DGX	25	20	0	45	45
Router/Switch		25	20	0	45	45
TV		7.5	20	10	156.4	37.5

Source: US CBP, CMBIGM

**Figure 2: Latest China-US tariff timeline in 2025**

Announced	US Tariff Hike on China	Cum. Tariff Hike	Status
4-Feb-25	"Fentanyl tariff" = 10%	10%	In effect
4-Mar-25	"Fentanyl tariff" = 10%	20%	In effect
2-Apr-25	"Reciprocal tariffs" = 34% on China "Universal tariff" = 10%	54%	"34% Reciprocal" 90-Day Pause; "10% Universal" remains (5/12)
9-Apr-25	"Retaliation tariff" = 50%	104%	Cancel (5/12)
10-Apr-25	"Retaliation tariff" = 41%	145%	Cancel (5/12)
11-Apr-25	US CBP exemption 20 categories from "Retaliation tariff"	-	In effect
12-May-25	US and China announced tariff reductions	30% (20% Fentanyl + 10% Universal)	In effect
Announced	China Tariff Hike on US	Cum. Tariff Hike	Status
4-Apr-25	"Retaliation tariffs" = 34%	34%	"24%" 90-Day Pause; "10%" remains (5/12)
9-Apr-25	"Retaliation tariffs" = 50%	84%	Cancel (5/12)
12-Apr-25	"Retaliation tariffs" = 41%	125%	Cancel (5/12)
12-May-25	US and China announced tariff reductions	10%	In effect

Source: CMBIGM

**Figure 3: Supply chain mapping and sales mix exposure (2024)**

Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major products
AAC Tech	2018 HK	25%	10%	10%	43%	12%	Acoustics, haptics, optics, casing
FIT Hon Teng	6088 HK	25%	-	-	-	75%	Connectors, AirPods, accessories, EV, servers
BYDE	285 HK	60%	5%	5%	15%	15%	Metal/glass/plastics casing, ODM/OEM, automobile
Tongda	698 HK	5%	5%	5%	50%	35%	Metal/plastic casing, waterproof materials
Q-Tech	1478 HK	-	5%	-	85%	15%	Camera modules/lenses, FPM, auto CCM
TK Group	2283 HK	10%	-	-	-	90%	Plastic molding, plastic precision
Truly	732 HK	-	-	3%	62%	35%	Camera modules, fingerprint, display modules
Cowell	1415 HK	90%	-	5%	-	5%	Camera modules
Luxshare	002475 CN	60%	10%	3%	-	27%	Wireless, iPhone/AirPods/Watch OEM, acoustics/haptics

Source: Company data, CMBIGM estimates

Figure 4: Sales exposure by region for A/H listed tech companies

Company	Ticker	2023 Overseas sales exposure	Revenue Breakdown of Top 5 regions (2023)									
			Region 1	Sales Mix (%)	Region 2	Sales Mix (%)	Region 3	Sales Mix (%)	Region 4	Sales Mix (%)	Region 5	Sales Mix (%)
FIT Hon Teng	6088 HK	83%	US	46%	Others	17%	China	17%	Taiwan	9%	Hong Kong	6%
Lenovo	992 HK	76%	Americas	34%	EMEA	25%	China	24%	APAC	17%		0%
BYD Electronics	285 HK	67%	International	67%	China	33%		0%		0%		0%
TCL Electronics	1070 HK	59%	China	41%	Emerging Market	27%	North America	21%	Europe	11%		0%
TK Group	2283 HK	52%	China	48%	US	18%	Europe	16%	SE Asia(Inc HK	11%	Others	5%
AAC Technologies	2018 HK	50%	Greater China	50%	Americas	43%	Other Asia	6%	Europe	0%		0%
Xiaomi	1810 HK	45%	China	55%	International	45%		0%		0%		0%
Time Interconnect	1729 HK	30%	China	70%	US	15%	Others	4%	Singapore	4%	Netherlands	2%
BOEVx	710 HK	27%	China	73%	Europe	13%	Americas	7%	Others	4%	Korea	3%
Tongda	698 HK	21%	China	79%	Others	7%	Asia	7%	Europe	6%	US	1%
Q Technology	1478 HK	20%	China	80%	India	15%	Others	5%	Hong Kong	0%		0%
Cowell	1415 HK	8%	HK & China	92%	India	6%	Others	2%	Korea	0%		0%
Intron Tech	1760 HK	3%	China	97%	Hong Kong	3%	Others	0%		0%		0%
Transsion	688036.SH	98%	Asia	63%	Africa	35%	Others	2%				
Goertek	002241.SZ	93%	International	93%	China	7%						
Luxshare	002475.SZ	89%	International	89%	China	11%						
Avary	002938.SZ	84%	US	81%	Greater China	16%	Others	4%	Europe	0%		
Dongshan Precision	002384.SZ	83%	International	83%	China	17%						
Sunway	300136.SZ	81%	International	81%	China	19%						
WUS PCB	002463.SZ	81%	International	81%	China	15%	Others	4%				
Crystal-Optech	002273.SZ	77%	International	77%	China	21%	Others	2%				
Leyard Optoelectronic	300162.SZ	72%	Greater China&Ove	72%	North America	55%	Mid-East	10%	South-China	7%	Asia	7%
Lingyi iTech	002600.SZ	69%	International	69%	China	31%						
Lens Tech	300433.SZ	68%	International	68%	China	32%						
Wingtech	600745.SH	67%	International	67%	China	33%	Others					
Huaqin	603296.SH	66%	International	66%	China	34%						
BOE	000725.SZ	54%	China	46%	Other Asia	32%	Americas	19%	Europe	3%	Others	0%
USI	601231.SH	48%	China	62%	Greater China & C	48%	Others	0%	Internal	-9%		
Everwin	300115.SZ	47%	China	53%	International	47%						
Tianma	000050.SZ	42%	China	58%	International	42%						
Lianchuang	002036.SZ	20%	China	80%	International	20%						

Source: Company data, Wind, CMBIGM

Figure 5: Global capacity of component names

Company	Production base
AAC Tech	China (mainland), Vietnam, the Philippines, Singapore, Germany
FIT Hon Teng	China (mainland), Vietnam, Taiwan (China), India, Mexico, Europe
BYDE	China (mainland), India, Vietnam, Europe, Mexico
Goertek	China (mainland), Vietnam
Luxshare	China (mainland), Vietnam, Malaysia, Germany
Lens Tech	China (mainland), Vietnam
Q-Tech	China (mainland), Taiwan (China), India

Source: Company data, CMBIGM

Figure 6: Global capacity of ODM names

Company	Production base
Hon Hai	China (mainland), Taiwan (China), Vietnam, India, Mexico, the US, Malaysia
Quanta	China (mainland), Taiwan (China), the US, Thailand, Vietnam, Germany, Mexico
Wistron	China (mainland), Taiwan (China), India, Vietnam, Mexico, Europe, Malaysia
Wiwynn	Taiwan (China), Malaysia, Mexico
Inventec	China (mainland), Taiwan (China), Mexico, Europe
Compal	Taiwan (China), Vietnam, Mexico, the US, Brazil
Lenovo	China (mainland), Europe, Mexico
Xiaomi	China (mainland), SEA, India

Source: Company data, CMBIGM

**Figure 7: Peers valuation**

		Mkt Cap	Price	P/E (x)		P/B (x)		ROE (%)		Perf
Company	Ticker	(US\$ mn)	(LC)	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	YTD (%)
Brand										
Apple	AAPL US	2,965,210	198.5	27.6	25.4	43.4	34.5	179.0	196.9	(20.7)
Xiaomi	1810 HK	168,507	50.6	29.7	24.4	4.3	3.7	14.6	15.3	46.7
Transsion	688036 CH	12,494	79.0	14.6	12.5	3.7	3.1	26.6	28.0	(16.9)
Samsung	005930 KS	240,351	57,600.0	11.9	9.8	0.9	0.9	7.9	9.0	8.3
LG	066570 KS	8,398	72,800.0	8.1	6.3	0.6	0.5	7.2	8.5	(12.8)
TCL Electronics	1070 HK	3,449	10.7	12.5	10.7	1.4	1.3	11.7	12.7	67.9
		Average		17.4	14.8	9.1	7.3	41.2	45.1	12.1
ODM/EMS										
BYDE	285 HK	10,975	33.6	12.5	10.0	1.9	1.7	15.0	16.6	(9.8)
Luxshare	002475 CH	34,315	34.1	14.8	12.0	2.4	2.4	16.4	20.2	(16.3)
Hon Hai Precision	2317 TT	70,017	153.0	11.1	9.8	1.2	1.1	10.9	11.4	(16.8)
		Average		12.8	10.6	1.8	1.7	14.1	16.1	(14.3)
Optics										
Q Tech	1478 HK	1,121	7.3	13.7	11.0	1.4	1.3	10.3	11.6	13.3
Truly	732 HK	430	1.1	-	-	-	-	-	-	(7.0)
Cowell	1415 HK	2,878	26.0	14.6	11.4	4.1	3.1	31.8	30.8	(8.1)
Largan	3008 TT	9,696	2,205.0	11.5	11.2	1.5	1.4	13.6	12.6	(17.6)
Genius	3406 TT	1,445	389.0	10.9	10.3	1.6	1.5	15.5	15.3	(23.3)
O-Film	002456 CH	5,542	12.1	45.9	36.9	8.6	7.7	12.5	13.4	0.7
Lg Innotek	011070 KS	2,494	149,500.0	7.7	6.2	0.6	0.6	8.4	9.5	(7.7)
		Average		17.4	14.5	3.0	2.6	15.4	15.5	(7.1)
Acoustics/Haptics										
AAC Tech	2018 HK	6,397	42.4	17.9	15.2	1.8	1.6	9.9	10.8	13.1
Luxshare	002475 CH	34,315	34.1	14.8	12.0	2.4	2.4	16.4	20.2	(16.3)
Merry	2439 TT	1,036	124.0	14.0	12.5	1.7	-	12.1	12.9	14.8
Knowles	KN US	1,430	16.4	15.6	12.9	-	-	-	-	(17.5)
Nidec	6594 JP	21,443	2,663.5	16.8	15.2	1.7	1.6	10.8	10.7	(6.7)
		Average		16.7		1.9		11.8		(3.8)
Connector										
FIT Hon Teng	6088 HK	2,210	2.4	9.6	7.3	0.8	0.7	8.3	10.0	(35.3)
Luxshare	002475 CH	34,315	34.1	14.8	12.0	2.4	2.4	16.4	20.2	(16.3)
TE	TEL US	45,336	152.9	18.6	17.0	3.7	3.5	19.7	20.4	6.9
Amphenol	APH US	97,832	80.9	30.4	27.8	8.2	6.9	30.4	27.9	16.5
		Average		18.4		3.8		18.7		(7.1)
Casing										
BYDE	285 HK	10,975	38.0	14.1	11.3	2.1	1.9	15.0	16.6	(9.8)
Tongda	698 HK	94	0.1	3.9	2.9	0.2	0.2	5.9	7.4	(7.4)
TK Group	2283 HK	233	2.2	6.1	4.7	1.0	0.9	15.9	18.3	(8.0)
Everwin	300115 CH	4,293	22.8	36.7	29.0	3.4	2.1	9.5	8.6	40.5
Lens Tech	300433 CH	15,897	23.0	22.0	17.6	2.2	2.0	10.2	11.8	5.0
Catcher	2474 TT	4,920	219.5	13.8	13.6	0.9	0.8	6.2	5.9	13.1
Jabil	JBL US	16,529	154.0	17.2	15.1	11.8	11.8	62.6	71.4	7.0
		Average		16.3	13.5	3.1	2.8	17.9	20.0	5.8
Hinge										
AAC Tech	2018 HK	6,397	42.4	17.9	15.2	1.8	1.6	9.9	10.8	13.1
Jiangsu Gian	300709 CH	934	36.2	-	-	-	-	-	-	(10.0)
KH Vatec	060720 KS	160	9,610.0	7.8	6.7	0.8	0.7	10.2	11.6	18.1
Foseltek	6805 TT	1,202	532.0	18.9	13.6	5.5	4.4	30.7	33.5	(34.3)
Jarlytec	3548 TT	265	121.5	13.1	16.4	1.3	1.2	9.7	7.4	(31.2)
NBTM	600114 CH	1,761	20.6	21.4	16.9	4.1	3.6	18.8	20.3	27.3
Dongguan Eontec	300328 CH	1,147	12.0	-	-	-	-	-	-	62.6
		Average			13.7	2.7	2.3	15.9	16.7	6.5

Source: Bloomberg, CMBIGM estimates; data as of 12 May close

**Figure 8: Peers valuation (cont.)**

Figure 8: P/E Ratio Variation (Cont.)										
Company	Ticker	Mkt Cap (US\$ mn)	Price (LC)	P/E (x)		P/B (x)		ROE (%)		Perf
				FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	YTD (%)
PC/Server										
Lenovo	992 HK	16,207	10.2	11.1	10.5	2.5	2.1	24.0	22.4	1.0
Dell	DELL US	66,930	95.9	12.2	10.4	-	90.4	(166.4)	3,040.5	(16.8)
HPE	HPE US	22,186	16.9	9.4	8.2	0.9	0.8	9.7	10.5	(20.9)
HP Inc	HPQ US	24,944	26.5	7.6	7.3	-	-	(292.6)	(18.5)	(18.9)
Super Micro	SMCI US	19,090	32.0	15.3	11.3	3.1	2.4	21.8	25.2	5.0
ASUSTeK	2357 TT	14,755	603.0	12.5	11.0	1.6	1.5	12.8	14.4	(2.1)
Inspur	000977 CH	10,617	52.0	26.6	21.6	3.4	3.0	13.0	13.8	0.2
Dawning	603019 CH	13,196	65.0	37.5	31.1	4.2	3.8	11.3	12.1	(10.1)
		Average		16.5	13.9	2.6	14.9	(45.8)	390.1	(7.8)
ODM/OEM										
FII	601138 CH	53,104	19.3	12.8	10.9	2.2	2.0	17.7	18.4	(10.4)
Huaqin	603296 CH	10,625	75.4	20.3	16.9	3.1	2.7	14.4	15.4	6.2
BYDE	285 HK	10,975	38.0	14.1	11.3	2.1	1.9	15.0	16.6	(9.8)
Quanta	2382 TT	32,895	258.5	14.1	12.0	4.3	3.9	30.8	32.7	(9.9)
Wistron	3231 TT	10,354	108.5	13.2	10.6	2.2	1.9	17.0	18.5	4.3
Wiwynn	6669 TT	13,806	2,255.0	13.5	11.8	4.1	3.6	32.1	31.1	(13.9)
Inventec	2356 TT	5,035	42.6	16.3	14.1	2.1	2.1	13.4	15.1	(15.0)
GigaByte	2376 TT	5,495	249.0	14.3	11.9	2.8	2.6	21.0	22.2	(8.6)
		Average		14.8	12.4	2.9	2.6	20.2	21.3	(7.1)
Connector										
FIT Hon Teng	6088 HK	2,210	2.4	9.6	7.3	0.8	0.7	8.3	10.0	(35.3)
Luxshare	002475 CH	34,315	34.1	14.8	12.0	2.4	2.4	16.4	20.2	(16.3)
TE	TEL US	45,336	152.9	18.6	17.0	3.7	3.5	19.7	20.4	6.9
Amphenol	APH US	97,832	80.9	30.4	27.8	8.2	6.9	30.4	27.9	16.5
		Average		18.4		3.8		18.7		(7.1)
Switch/Storage										
Cisco	CSCO US	237,783	59.8	16.0	14.9	5.1	4.8	33.0	33.1	1.0
Arista	ANET US	108,662	86.5	34.0	29.2	8.8	7.0	27.9	26.1	(21.7)
Juniper	JNPR US	12,155	36.4	17.7	16.3	2.4	2.3	14.0	14.0	(2.9)
Keysight	KEYS US	26,634	154.1	22.0	19.4	5.0	4.4	19.8	20.9	(4.1)
Seagate	STX US	20,311	95.7	12.1	10.3	-	28.4	(155.0)	7,215.9	10.9
Western Digital	WDC US	15,386	44.1	8.6	7.8	2.8	2.4	24.1	46.5	(2.1)
		Average		19.8	17.2	4.6	7.1	0.1	924.4	(2.9)
Substrate										
Unimicron	3037 TT	5,090	101.0	17.0	10.4	1.5	1.4	9.2	14.2	(28.4)
Ibiden	4062 JP	4,722	4,966.0	23.0	19.5	1.3	1.3	6.1	7.3	4.0
NYPCB	8046 TT	2,278	107.0	41.2	19.1	1.5	1.4	3.7	8.2	(18.0)
		Average		27.1	16.3	1.5	1.4	6.3	9.9	(14.1)
PCB										
WUS Printed	002463 CH	8,456	31.7	17.3	14.1	4.2	3.4	25.0	25.3	(20.1)
Victory Giant	300476 CH	9,582	80.0	18.2	13.6	5.7	4.2	26.8	25.9	90.2
Gold Circuit	2368 TT	3,727	230.0	15.1	12.0	4.3	3.5	32.3	32.0	(4.8)
		Average		16.9	13.2	4.7	3.7	28.0	27.7	21.8
Power Supply										
Delta	2308 TT	31,663	370.0	21.1	17.9	3.7	3.2	17.5	18.4	(14.1)
Lite-on	2301 TT	7,810	101.0	15.6	13.5	2.4	2.3	16.2	17.5	1.5
		Average		18.3	15.7	3.0	2.8	16.9	17.9	(6.3)
Thermal										
Vertiv	VRT US	35,847	94.1	26.4	21.7	11.0	8.9	45.0	42.0	(17.2)
FII	601138 CH	53,104	19.3	12.8	10.9	2.2	2.0	17.7	18.4	(10.4)
Sunowealth	2421 TT	855	94.9	13.7	11.5	3.1	2.7	23.7	24.5	(2.8)
Auras	3324 TT	1,611	533.0	16.8	12.8	4.6	3.7	28.7	30.7	(20.7)
AVC	3017 TT	6,910	541.0	17.2	14.3	5.6	4.4	35.7	33.7	(13.2)
		Average		17.4	14.2	5.3	4.3	30.1	29.9	(12.8)

Source: Bloomberg, CMBIGM estimates; data as of 12 May close



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