

IT Hardware

Takeaways From 2026 Huawei Connect

Highlights

- Huawei hosted its flagship annual Huawei Connect 2026 conference in Shanghai from 17-19 September under the theme Advancing the Agentic World. It outlined a core strategy focused on building AI infrastructure to support long-horizon agentic workloads and massive foundation models.
- Huawei brought forward the release of its flagship Ascend 960 AI accelerators ahead of schedule to 1Q27 (960DT) and 3Q27 (960PR), while unveiling supporting next-generation ICT hardware, including the liquid-cooled Atlas 960E SuperPod, liquid cooled TaiShan 950, NPO-enabled CloudEngine switches, and OceanStor M900 context memory storage.
- Its strategy remains centred on maximising token-per-watt efficiency by addressing interconnect and memory bottlenecks through NPO-enabled high-speed clustering, UnifiedBus scale-up protocols, and 4-level 3D AI data centre designs.

Analysis

- **AI accelerators.** Release schedules for the Ascend 960 series have been brought forward to 1Q27 for the training-focused 960DT and 3Q27 for the inference-focused 960PR (vs 4Q27 previously). Next-generation 970 and 980 accelerators remain on track for launch in 2028 and 2029, respectively. Set for a 3Q27 launch, the liquid-cooled Atlas 960E SuperPoD multi-rack system leverages Hi-ONE Near-Packaged Optics (NPO, 7.2 Tb/s per engine) over UnifiedBus to deliver an optical inter-rack scale-up domain interconnecting 4,096 NPUs, offering 8 EFLOPS of FP8 (16 EFLOPS of FP4) compute and up to 1 petabyte (PB) of high bandwidth memory capacity, providing the compute capacity needed for next generation 10-trillion parameter models.

Atlas 960E Liquid Cooled SuperPoD



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

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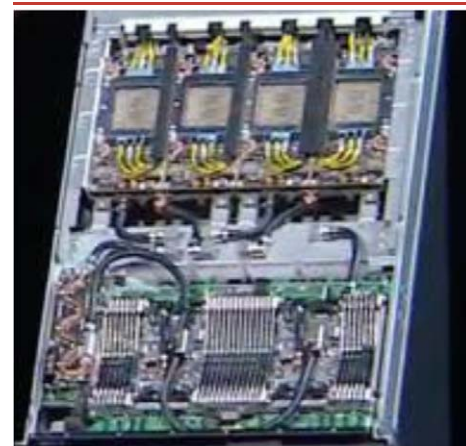
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
ASMPT	0522 HK	BUY	167.40	211.00
FII	601138 CH	BUY	63.60	89.50
Han's Laser	002008 CH	BUY	96.55	153.20
NAURA	002371 CH	BUY	676.61	930.00

Source: Bloomberg, UOB Kay Hian

Atlas 960E Liquid Cooled Compute Tray



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 4 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	167.40	211.00	26.0	Dec 2025	64.3	40.2	29.1	1.2	9.9	70,209	3.9
FII	601138 CH	BUY	63.60	89.50	40.7	Dec 2025	37.1	20.7	16.8	2.7	32.6	1,262,084	6.2
Lenovo	992 HK	BUY	35.74	49.00	37.1	Mar 2026	39.0	27.5	14.0	1.1	29.9	433,704	13.1
NAURA	002371 CH	BUY	676.61	930.00	37.4	Dec 2025	88.8	58.5	43.0	0.2	20.1	491,009	16.1
Sunny Optical	2382 HK	BUY	67.35	106.00	57.4	Dec 2025	13.5	15.3	13.4	1.4	13.3	72,668	2.3
Han's Laser	002008 CH	BUY	96.55	153.20	58.7	Dec 2025	83.6	31.2	24.6	0.6	15.6	99,408	5.7
AAC Technologies	2018 HK	BUY	40.28	47.80	18.7	Dec 2025	16.1	15.3	13.4	0.9	10.0	46,488	1.8
Lens Technology-H	6613 HK	BUY	22.50	43.10	91.6	Dec 2025	24.2	20.6	15.1	2.4	8.4	118,772	12.0
Lens Technology-A	300433 CH	BUY	34.83	48.40	39.0	Dec 2025	43.0	36.5	26.9	1.4	8.4	183,859	20.4
ZTE	763 HK	HOLD	23.54	22.30	(5.4)	Dec 2025	17.3	19.9	14.4	1.5	7.1	112,604	1.7
Xiaomi	1810 HK	HOLD	27.58	26.20	(5.0)	Dec 2025	15.4	26.8	22.7	0.0	7.9	710,447	2.2
BYD Electronic	285 HK	SELL	23.52	14.50	(38.4)	Dec 2025	13.1	26.2	16.1	1.0	5.0	52,995	1.7

Source: Bloomberg, UOB Kay Hian

- **General computing.** Huawei showcased its upgraded liquid-cooled SKU for its TaiShan 950 SuperPoD general computing multi-rack system, integrating an all-optical scale-up interconnect powered by the UnifiedBus protocol. The upgrade expands scale-up limits to 4,096 nodes (housing up to 8,192 Kunpeng CPUs) and 256 TB of unified memory (vs a previous limit of 16 nodes/32 CPUs and 48 TB). This structural overhaul broadens the system's deployment scope from legacy database hosting to high-density AI sandboxes and rapid feature retrieval for agentic AI workloads.
- **Networking & interconnect.** Huawei introduced CloudEngine SF9300 and XH9300 switches alongside UnifiedBus interconnect devices for AI data center networks with both offering 100T and 51.2T SKUs. The SF9300 uses traditional 800G pluggable optical transceivers, running RoCE over Ethernet for high-throughput scale-out inter-rack networking and UnifiedBus protocol for Node-to-node intra-Cluster scale-up connectivity. The XH9300 leverages Near-Packaged Optics (NPO) powered by 3.2T optical engines with external light sources to connect compute racks with storage and general networks, reducing interconnect power consumption by 40% and latency by 26%. On-site technical discussions suggest near-term co-packaged optics (CPO) adoption remains unlikely over the next 1-2 years due to PCB power delivery and thermal management constraints.
- **AI storage.** Huawei introduced the OceanStor M900 for context memory storage, serving as an ultra-fast external flash storage layer for KV cache, AI agent contexts, and multi-step inference weights. Available in air-cooled and liquid-cooled configurations, each tray houses up to 12 AI storage units (64 TB capacity and 40 GB/s bandwidth per unit), while a full five-rack cluster system scales up to 64 PB of aggregate capacity and 40 TB/s in total bandwidth. Interconnected via UnifiedBus, the M900 functions as a high-density, scale-out context memory layer that extends global shared memory across the Atlas cluster to deliver ultra-low latency data pooling.

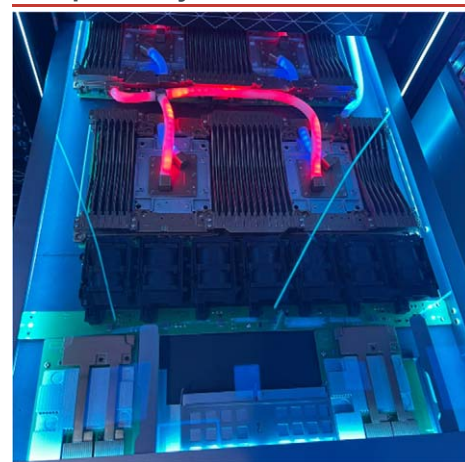
UnifiedBus Architecture for AI SuperCluster



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

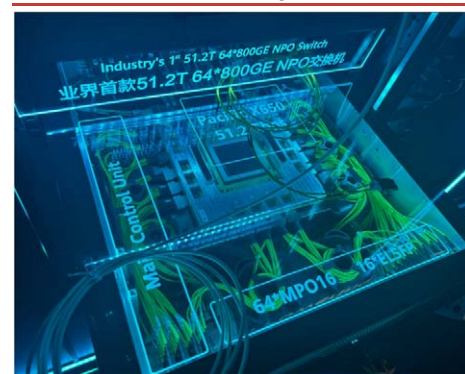
- **Data centre architecture.** Huawei unveiled a four-level 3D AI data centre reference design aimed at maximising tokens per watt through extreme spatial optimisation and high-density prefabrication. Borrowing structural separation concepts from advanced semiconductor fabs, the vertical layout isolates heavy infrastructure from the compute nodes. The architectural stack builds from the ground up: Level 1 houses the cooling infrastructure and water pumps; level 2 acts as the compute equipment layer; level 3 contains the main power supply network; and level 4 holds the backup power generators.
- **Huawei Cloud.** AI cluster service powered by Ascend 950 is set to be launched in China by late-Sep 26 and overseas by late-Nov 26. Context memory storage powered by the M900 is scheduled for a launch in China by Mar 27.
- **Robotics.** Demonstrations at Huawei Connect showcased basic pick-and-place tasks running local Vision-Language-Action (VLA) models on edge; however, pre-trained execution remains limited by zero-shot generalisation bottlenecks when encountering out-of-sample tasks. On-site discussions indicate researchers broadly view true general-purpose robotics models as unlikely over the next 1-2 years without a fundamental paradigm shift in model architectures. Even under a tethered scenario – where power and local compute constraints are eliminated to allow larger, multi-tiered reasoning models – researchers noted that overcoming zero-shot physical

TaiShan 950 Liquid Cooled CPU Compute Tray



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

X650: Proof of concept for XH9300



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

OceanStor M900 Liquid Cooled Storage Tray



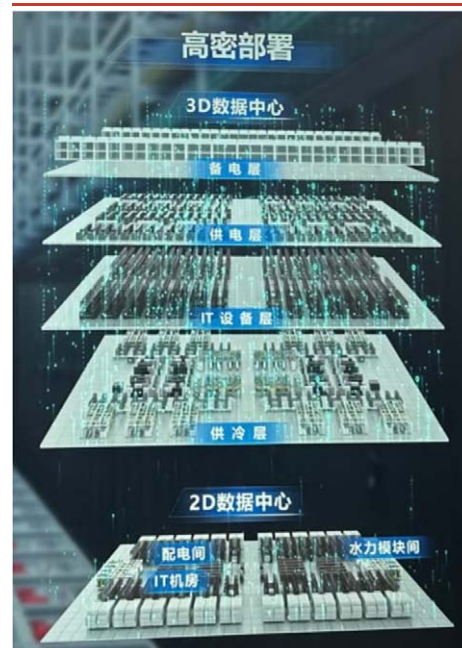
Source: Huawei, Huawei Connect 2026, UOB Kay Hian

generalisation remains a core wall. Consequently, specialised deployment (eg breaker-switching robodogs) is viewed as the only practical near-term commercial path because these systems do not over-rely on probabilistic VLAs, instead pairing lightweight models with deterministic, hard-coded execution algorithms that sharply reduce operational errors.

Valuation/Recommendation

- **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.
- **Han's Laser (002008 CH/BUY/Rmb153.20)** is a key supplier of PCB laser drilling and processing equipment to Shennan Circuits (002916 CH/Not rated) and Victory Giant Technology (300476 CH/Not rated), both of which are major PCB suppliers to Huawei. Maintain BUY with a target price of Rmb153.20 based on 39.9x 2027F PE, pegged to 1SD above its historical mean.
- **Foxconn Industrial Internet (601138 CH/BUY/Rmb89.50).** Maintain BUY with a target price of Rmb89.50, based on 23.7x 2027F PE, pegged to 2SD above the historical average mean.
- **AI rack ODM/OEMs**, such as Inspur (000977 CH/Not rated) and xFusion (Not listed/Not rated), are immediate beneficiaries of Huawei's production ramp of the current Atlas 950 in 4Q26, ongoing shipment obligations for the TaiShan 950, and the upcoming Atlas 960E SuperPoDs in 3Q27.
- **Liquid cooling component suppliers** like Envicool (002837 CH/Not rated) and Gaolan (300499 CH/Not rated) are well positioned to benefit from Huawei's ongoing transition to a full liquid-cooling architecture.
- **Foundries and OSATs** stand to gain as Huawei leverages higher production volumes to offset single chip performance constraints, with SMIC (688981 CH / 00981 HK/Not rated) acting as the primary advanced fab partner alongside SJSemi (688820 CH/Not rated) and JCET (600584 CH/Not rated) as core 2.5D advanced packaging partners.
- **Domestic WFE suppliers** beyond Naura, including AMEC (688012 CH/Not rated), Piotech (688072 CH/Not rated), and ACM Research Shanghai (688082 CH/ACMR US/Not rated), stand to benefit directly from capacity expansion across Huawei's core foundry and advanced packaging partners.

Next Generation 3D AI Data Centre



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

Bimanual Humanoid Executing Table Cleanup Policy



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

Multi-Humanoid Assembly Line with Dexterous Hands



Source: Huawei, Huawei Connect 2026, UOB Kay Hian

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