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Opportunities in Asia tech amid the AI revolution

As the global economy navigates macroeconomic and geopolitical landscapes that remain complex and uncertain, the Asian technology sector continues to innovate and grow. From the tech hubs of China, Taiwan, South Korea, and Japan to those rapidly digitizing economies currently playing catch-up, the region is set to potentially benefit from structural tailwinds, driven by artificial intelligence (AI) adoption, advances in semiconductors, and the ongoing global digital transformation.

The AI Supercycle catalyzing growth

Unsurprisingly, AI continues to be the defining theme across Asia's tech landscape, with demand in this sector not just robust but accelerating. Indeed, capital expenditure from the hyperscalers is expected to rise significantly, underpinned by exponential growth in token usage being driven by the growth of applications such as ChatGPT, Gemini autonomous vehicles, and AI software agents.



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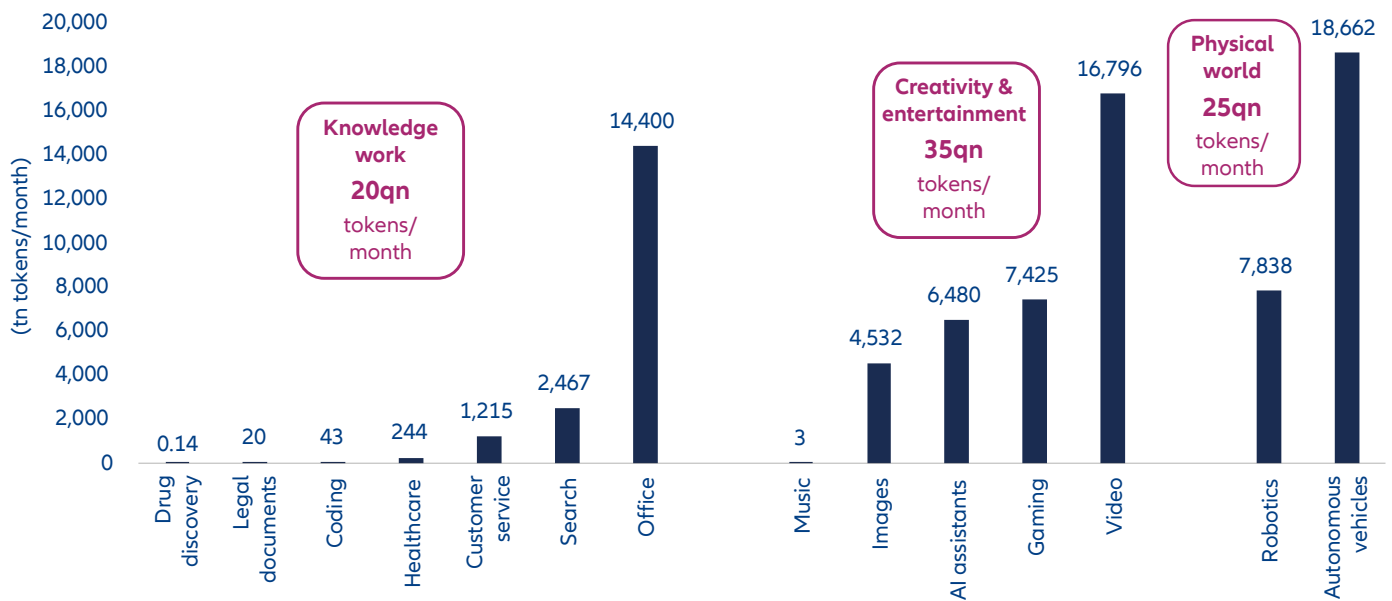


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**Embracing
Disruption**

80qn Tokens per month in a decade



Source: CLSA, September 2025.

Taiwan remains the global epicenter of the semiconductor and AI hardware supply chain, with local corporates set to stay at the forefront of powering the AI transformation. The transition to 2 nanometer nodes, the next level of “die shrink” that will permit more processing power on the same physically sized chip, is expected to further cement the dominance of Taiwan’s leaders in this space, benefiting both margins and revenue growth.

Hardware requirements, of course, go beyond semiconductors and Taiwanese firms are also leading the way in terms of both power management and cooling. The latest generation of AI chips have increasing power and voltage requirements, and we are thus seeing a ramp up in shipments of higher spec power supply units (PSUs). Higher power consumption, of course, comes alongside the need for greater and more efficient cooling, with liquid cooling systems now rapidly gaining traction as traditional air cooling becomes insufficient. Taiwan currently has over 30 firms competing for dominance in this rapidly growing space.

Memory is another area benefiting from the AI buildout, with strong demand for both HBM (high bandwidth memory) and conventional memory, alongside favourable supply demand dynamics with South Korean memory vendors uniquely positioned in this segment.

Meanwhile, the Chinese AI ecosystem remains robust across AI infrastructure, semiconductors and AI models. The local substitution of semiconductors and semiconductor equipment remains at low levels and should be set to increase, providing growth tailwinds for the sector.

Southeast Asia – the digital frontier

Beyond hardware, the digital economy is booming across Southeast Asia with young, tech-savvy populations, and improving internet infrastructure, driving digital innovation and investment. One of the most prominent trends here is the explosive growth of e-commerce and on-demand services. Several trends, including urbanization and increasing consumer expectations, are driving platforms to invest heavily in logistics, last-mile delivery, and technology infrastructure to enhance user experience and operational efficiency.

With populations in some parts of the region still remaining un- or underbanked, the challenge of financial inclusion is creating significant opportunities for a range of digital financial services, including mobile payments, digital wallets, micro-lending, and insurance technology. Existing tech platforms are leveraging their large user bases and data analytics capabilities to offer tailored financial products, such as buy-now-pay-later

solutions, merchant financing, and peer-to-peer lending. Regulatory support for digital banking is further accelerating the adoption of fintech solutions across the region.

A region still rising

The Asia tech growth story remains compelling, and Asia's tech sector is firmly at the front of the global AI revolution. While investors should always be mindful of potential risks, such as an uncertain geopolitical landscape and the danger of currency headwinds, the region still offers a diverse range of promising

corporates. In particular, Taiwan and South Korea stand out as critical to the AI value chain, while China is also demonstrating its leadership in digital consumer and AI-related technologies with the broader Southeast Asian digital economy also looking set for long-term structural growth, with long runways for expansion across multiple subsectors.

Asia tech equities thus offer a compelling mix of innovation, scale, and growth. With a careful, active approach, and an eye on macro and geopolitical risks, the region is set to remain a cornerstone of future-focused portfolios.

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