

China Communications Infrastructure

AI Optics in Structural Upcycle



CITI'S TAKE

The AI infrastructure buildout is triggering a structural upcycle in optical interconnects, with the global optical interconnects market projected in our model to reach US\$92bn by 2028E — a 65% three-year CAGR. Datacom should dominate at 89% of shipments, led by 800G and 1.6T transceivers growing at 31% and 215% shipment CAGRs, respectively. CPO/NPO shipments should emerge from 2027E, reaching 56m units in 2028E. Silicon photonics penetration would rise to 60% by 2028E, we estimate, driving a 987m of CW laser chips demand. Our top picks are **DSBJ** (TP raised to Rmb350 from Rmb225) on optical chips/module share gain, **Eoptolink** (TP up to Rmb701 from Rmb353.572) on 3.2T/NPO benefits, and **Suzhou TFC** (TP Rmb419, up from Rmb318.572) as a CPO beneficiary. We downgrade **T&S Communications** to Sell (from Buy; TP cut to Rmb152 from Rmb156) on Corning decoupling risk and stretched valuations.

Datacom dominates optical interconnects: We extend our optical interconnects industry model to cover telecoms, datacom and enterprises demand. We forecast 2028 optical interconnects shipments could reach 300m, from 110m in 2025, with a 40% three-year CAGR, in which datacom accounts for 89%. The overall market could hit US\$92bn by 2028 with a 65% 3-year CAGR driven by bandwidth upgrade and scale-up penetration. The ASP is likely to trend up with an 18% CAGR in the same period.

High-speed optical interconnects for datacom surging: Applying Citi's latest AI accelerator assumptions ([from our US team forecasts](#)) to our AI optics model, we forecast 800G/1.6T optical transceivers shipments will reach 60m/22m in 2026E and 60m/67m in 2027E, respectively. 3.2T optical transceivers shipments could start from 4m in 2027E and ramp up to 35m in 2028E. We project CPO/NPO shipments to reach 0.4m/18m/56m in 2026/27/28E respectively. Scale-out demand could reach 0.4m/3m/4m in 2026/27/28E, based on 10k/80k/120k (from prior 5k/40k/100k) units of scale-out CPO switch tray/box while scale-up could reach 16m/52m in 2027/28E.

Silicon Photonic penetration rising: We project SiPh penetration in optical interconnects to reach 60% in 2028E from 29% in 2025 driven by rising adoption of 800G+ optics, CPO/NPO migration and EML chip tightness. Result would be 1714m of optical chips demand in 2028E with a 62% 3-year CAGR, in which EML and CW laser chips shipments are 718m and 987m in 2028E, growing at 34% and 114% 3-year CAGRs, respectively.

Implications: We update company models and introduce 2028 forecasts for our AI optics coverage. We prefer **DSBJ** (TP Rmb350) on optical chips/module share gain, **Eoptolink** (TP Rmb701) on 3.2T/NPO benefits, and **Suzhou TFC** (TP Rmb419) as a CPO beneficiary. We downgrade **T&S Communications** to Sell on Corning decoupling risk and stretched valuations. We maintain our Neutral rating on **EverproX** amid MPO opportunities and Sell rating on **Accelink** due to valuations.

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

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Data Summary

Company	Ticker	Ccy	Price	Mkt Cap (M)	Date & Time											Current Fiscal Year		Next Fiscal Year	
						Rating		Short-Term View	Target Price		ESPR (%)	Div Yld (%)	ETR (%)	Last Rpt Yr	EPS		EPS		
						Old	New		Old	New					Old	New	Old	New	
Accelink Technologies	002281.SZ	Rmb	266.360	220,430	24 Jun 15:00	3	nc	-	24.600	137.000	-48.6	0.2	-48.4	Dec-25	1.629	2.072	1.950	3.087	
Dongshan Precision	002384.SZ	Rmb	257.130	470,961	24 Jun 15:00	1	nc	-	225.000	350.000	36.1	0.0	36.1	Dec-25	4.171	4.368	11.746	15.993	
Eoptolink	300502.SZ	Rmb	555.300	774,231	24 Jun 15:00	1	nc	-	353.572	701.000	26.2	0.5	26.7	Dec-25	19.718	24.667	31.044	34.943	
EverProX Technologies	300548.SZ	Rmb	282.230	83,160	24 Jun 15:00	2	nc	-	122.000	286.000	1.3	0.3	1.6	Dec-25	2.614	3.162	3.973	5.223	
Suzhou TFC Optical Communication	300394.SZ	Rmb	325.280	354,824	24 Jun 15:00	1	nc	-	318.572	419.000	28.8	0.3	29.2	Dec-25	5.225	4.738	12.731	12.194	
T&S Communications	300570.SZ	Rmb	271.320	61,624	24 Jun 15:00	1	3	-	156.000	152.000	-44.0	0.4	-43.5	Dec-25	2.683	1.659	6.214	4.761	

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk
 Source: Citi Research

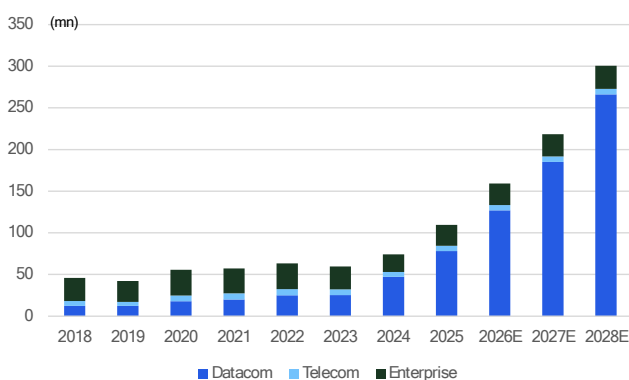
ESPR = Expected Share Price Return, ETR = Expected Total Return, nc = no change
 ^Catalyst Watch

Structural Upgrade Cycle in AI Optics

Datacom dominates optical interconnects

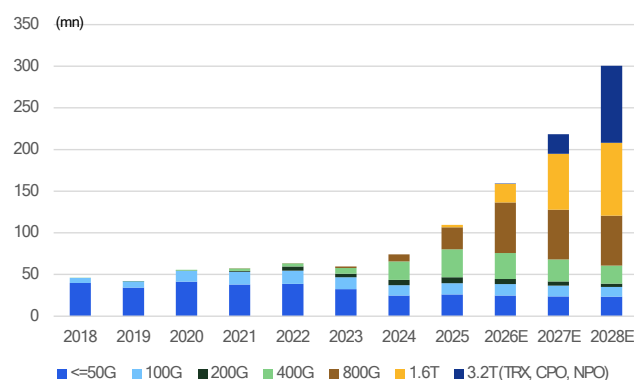
Extending our optical interconnects industry model to cover telecoms and enterprise besides high-speed optical interconnects ([prior update covered 400G+ AI datacom demand in February](#)), we forecast 2028 optical interconnects shipments will reach 300m from 110m in 2025 with a 40% 3-year CAGR, in which datacom would account for 89%. The market could reach US\$92bn by 2028E with a 65% 3-year CAGR driven by bandwidth upgrade. 1.6T and 800G optical transceivers will grow at 215% and 31% CAGRs in shipment and 120% and 7% in revenues during 2025-28E, we estimate.

Figure 1. Datacom applications have dominated optical interconnects shipments since 2024



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Source: Citi Research, Company Reports, CIC

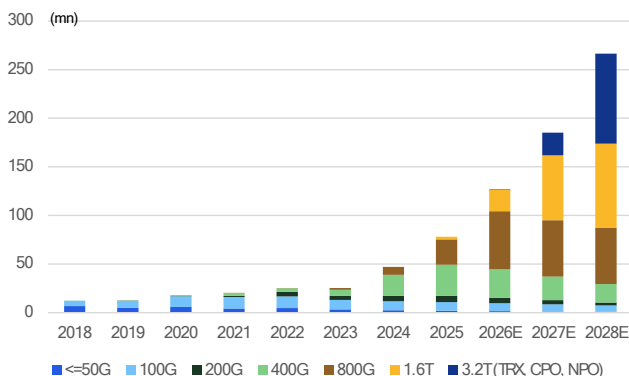
Figure 2. 800G/1.6T/3.2T will likely be key growth drivers in 2025-28E



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Source: Citi Research, Company Reports, CIC

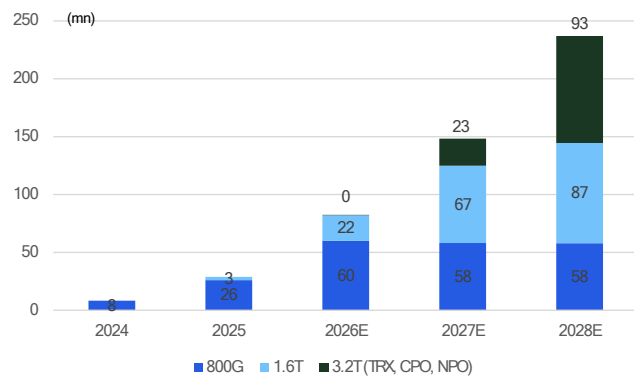
Data centers are proliferating along with cloud and AI migration. The contribution of optical interconnects from datacom will increase from 71% of shipments in 2025 to 89% in 2028E, in our view. 800G or above bandwidth demand is increasing given the spec upgrade in AI server (GPU/ASIC). We project high-speed optical interconnects (800G+) shipments could contribute 89% in 2028E from 37% in 2025 in datacom applications.

Figure 3. Datacom optical interconnects to grow at 50% CAGR in 2025-28E...



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Source: Company Reports and Citi Research Estimates, LightCounting, CIC

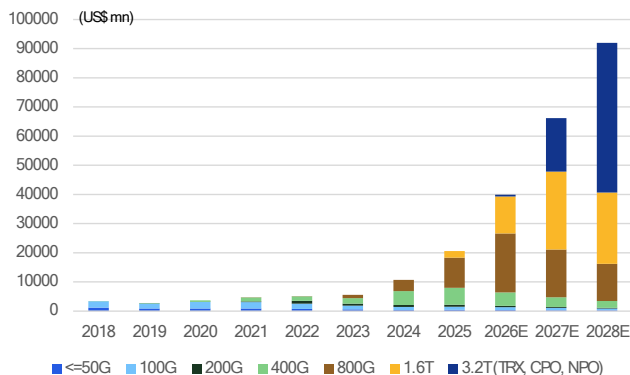
Figure 4. ...in which high-speed optical interconnects (800G+) share to rise from 37% in 2025 to 89% in 2028E



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Source: Company Reports and Citi Research Estimates, LightCounting, CIC

The ASP is likely to trend up with an 18% CAGR in a 3-year period along with bandwidth expansion, yet stabilizing in 2028E given the rise of co-packaged and near-packaged optics migration, in which DSP will be integrated with the switch ASIC.

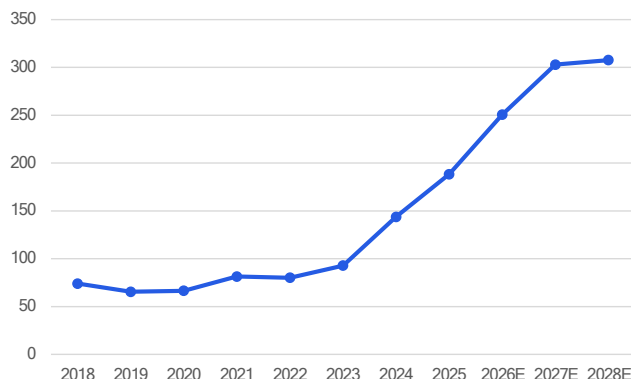
Figure 5. Global optical interconnects market could reach US\$92bn in 2028E with 65% 3-year CAGR



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Source: LightCounting, CIC, Citi Research Estimates

Figure 6. ASP of optical interconnects should grow at 18% CAGR in the same period



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Source: LightCounting, CIC, Citi Research Estimates

Base case vs. bull case in AI optics for datacom

Our base case is based on the assumption of GPU/ASIC [aligning with our US team forecast of AI accelerator shipments](#) and the potential adoption of scale-up optical interconnects in the next-generation computing platform. We understand there are several constraints limiting the possible supply and final shipments. We also have a bull case representing the bullish market expectations on strong CSPs demand.

Figure 7. Assumptions of GPU/ASIC AI accelerator shipments for AI optics

Chip shipment (mn)	Base case				Bull case			
	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E
NVDA	7.1	11.7	13.4	15.5	7.0	12.5	14.9	17.5
Hopper and others	0.8	0.8	0.4	1.0	0.8	0.8	0.4	1.0
Blackwell	6.2	8.4	2.0	1.5	6.2	8.9	2.5	2.0
Rubin		2.2	9.0	2.0		2.8	9.5	2.5
Rubin Ultra			2.0	9.0			2.5	9.5
Feymann				2.0				2.5
ASIC	4.2	8.9	17.1	24.8	4.2	10.1	23.1	36.3
AWS	1.5	2.1	3.0	4.5	1.5	2.1	3.5	5.0
Google	2.0	4.0	8.0	16.0	2.0	4.0	12.0	25.0
Meta	0.0	0.3	0.5	1.0	0.0	0.5	1.0	2.0
Others	0.6	2.5	5.6	3.3	0.6	3.5	6.6	4.3
Total	11.3	20.6	30.5	40.3	11.2	22.6	38.0	53.8
% YoY		83%	48%	32%		102%	68%	42%

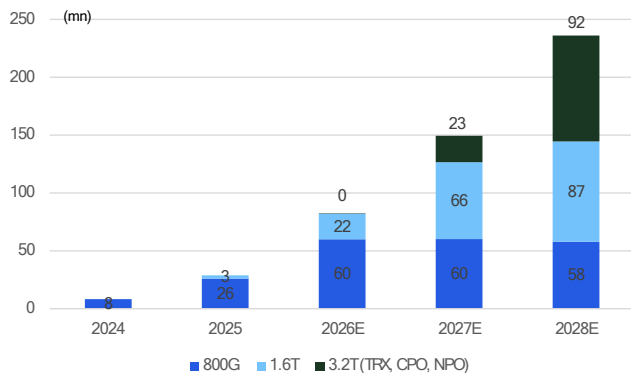
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Source: Company Reports and Citi Research Estimates

In our high-speed datacom optical interconnects demand projections, we forecast 800G/1.6T optical transceivers shipments will reach 60m/22m in 2026E and 60m/67m in 2027E respectively. 3.2T optical transceivers, still under sampling or development, could start shipping in 2027E with 4m units likely but will ramp up to 35m in 2028E, on our estimates. 3.2T optical engines for CPO and NPO could reach 19m and 56m in 2028E with the majority of demand from scale-up networks.

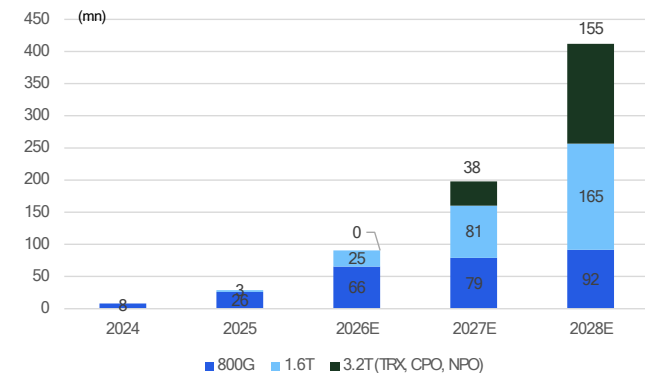
In our bull case, 800G/1.6T optical transceivers shipments could reach 66m/25m in 2026E and 79m/81m in 2027E respectively. 3.2T optical transceivers could reach 5m units in 2027E but will likely ramp up to 39m in 2028E. For 3.2T optical engines for CPO and NPO, it could reach 33m and 116m in 2028E, with the majority of demand from scale-up networks, subject to the adoption of scale-up design in the Nvidia/Google AI cluster.

Figure 8. High-speed datacom optical interconnects could reach 82m/149m in 2026E/27E in our base case



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Source: LightCounting, CIC, Citi Research Estimates

Figure 9. ... while could reach 90m/198m in bull case, respectively

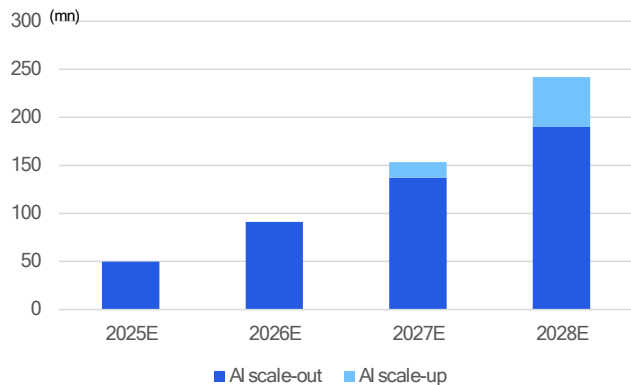


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CPO and NPO to emerge from 2027E

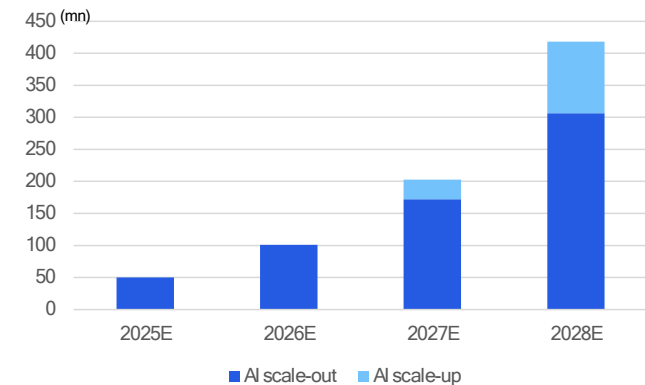
As we discussed about the potential TAM from Nvidia CPO opportunities in our [March 2026 report](#), we now project CPO/NPO shipments to reach 0.4m/18m/56m in 2026/27/28E respectively. Scale-out demand could reach 0.4m/3m/4m in 2026/27/28E, based on 10k/80k/120k (from prior 5k/40k/100k) units of scale-out CPO switch tray/box while scale-up could reach 16m/52m in 2027/28E for both Nvidia CPO and Google NPO approach. In our bull case, scale-up network demand could reach 30m/112m in 2027/28E, scale-out network could reach 172m/307m.

Figure 10. AI optics demand by network in base case



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Source: Citi Research Estimates

Figure 11. AI optics demand by network in bull case

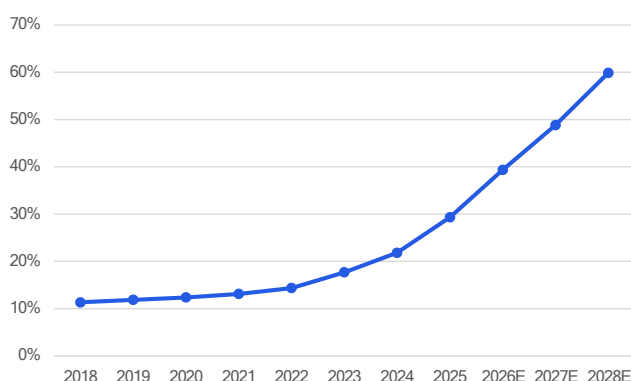


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Source: Citi Research Estimates

Silicon photonic penetration to ramp

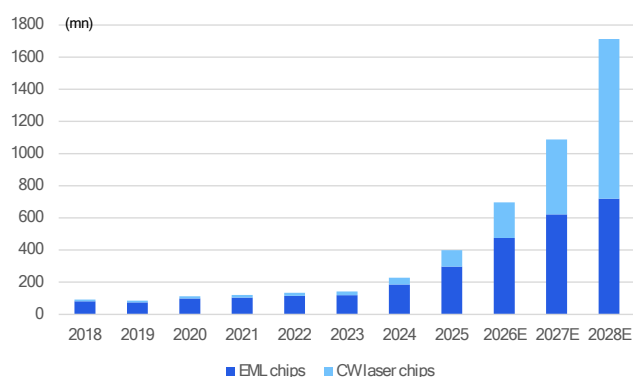
We project SiPh penetration to reach 60% in 2028E from 29% in 2025 driven by (1) rising adoption in 800G or above, (2) CPO/NPO ramp, (3) EML chip shortage etc. Result is 1705m optical chips in 2028E from 399m in 2025 based on our base case, representing a 62% 3-year CAGR. The demand for EML chips and CW laser chips could hit 718m and 987m in 2028 respectively, representing 34% and 114% CAGRs in 2025-28E. DSBJ has an aggressive plan to capture the strong growing opportunity in optical chips for AI demand, leveraging its 100G EML and CW laser development. Accelink also has its own optical chips manufacturing while mainly serving the domestic market. Pure optical module makers are working closely with upstream vendors to secure long-term supply through strategic investment and LTA.

Figure 12. SiPh penetration could reach 60% in 2028E



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Source: LightCounting, CIC, Citi Research Estimates

Figure 13. Optical chips demand is growing at 63% CAGR



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Source: LightCounting, CIC, Citi Research Estimates

Accelink Technologies (002281.SZ)

Sell | TP Rmb137.000 from Rmb24.600 | Price Rmb266.360 (24 Jun 26 15:00)

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We update our model to introduce 2028 forecasts while raising our 2026/27E net profit by 32/64% given the strong AI capex rollout from domestic customers including telcos and hyperscalers and gradual improvement in gross margins given a higher utilization rate. Our new TP of Rmb137 is based on 44.3x rolled-forward 27E P/E (1SD above its 5-year historical average, from 20x - 1SD below the stock's 5-year historical forward P/E), supported by a 57% 3-year earnings CAGR. The stock is trading at 87x 27E P/E, which to us seems stretched. We thus maintain our Sell rating on valuations.

Figure 14. Earnings changes

Rmb m	2026E			2027E			2028E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	17,281	12,414	39%	22,919	14,289	60%	28,802	N/A	N/A
Gross profit	4,425	3,286	35%	6,021	3,802	58%	7,792	N/A	N/A
OPEX	2,546	1,975	29%	3,228	2,211	46%	3,912	N/A	N/A
Operating profit	1,880	1,312	43%	2,793	1,592	75%	3,880	N/A	N/A
Pre-tax profit	1,915	1,420	35%	2,825	1,700	66%	4,000	N/A	N/A
Net profit	1,706	1,292	32%	2,543	1,547	64%	3,631	N/A	N/A
Ratio (%)									
Gross margin	25.6	26.5	-0.9ppts	26.3	26.6	-0.3ppts	27.1	N/A	N/A
OPEX to Sales ratio	14.7	15.9	-1.2ppts	14.1	15.5	-1.4ppts	13.6	N/A	N/A
Operating margin	10.9	10.6	0.3ppts	12.2	11.1	1.0ppts	13.5	N/A	N/A
Net margin	9.9	10.4	-0.5ppts	11.1	10.8	0.3ppts	12.6	N/A	N/A

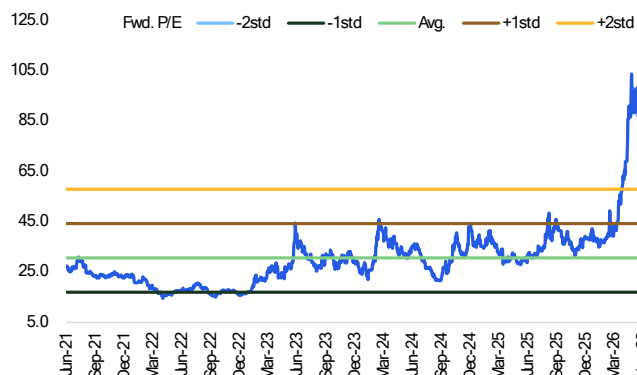
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Source: Citi Research

Figure 15. Citi estimates vs consensus

Rmb m	2026E			2027E			2028E		
	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff
Revenue	17,281	16,547	4%	22,919	19,729	16%	28,802	38,806	-26%
Gross profit	4,425	4,130	7%	6,021	4,998	20%	7,792	10,010	-22%
OPEX	2,546	2,278	12%	3,228	2,175	48%	3,912	5,047	-23%
Operating profit	1,880	1,852	2%	2,793	2,823	-1%	3,880	4,963	-22%
Pre-tax profit	1,915	1,682	14%	2,825	2,393	18%	4,000	4,031	-1%
Net profit	1,706	1,571	9%	2,543	2,483	2%	3,631	4,247	-15%
Ratio (%)									
Gross margin	25.6	25.0	0.7ppts	26.3	25.3	0.9ppts	27.1	25.8	1.3ppts
OPEX to Sales ratio	14.7	13.8	1.0ppts	14.1	11.0	3.1ppts	13.6	13.0	0.6ppts
Operating margin	10.9	11.2	-0.3ppts	12.2	14.3	-2.1ppts	13.5	12.8	0.7ppts
Net margin	9.9	9.5	0.4ppts	11.1	12.6	-1.5ppts	12.6	10.9	1.7ppts

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Source: Citi Research, Bloomberg

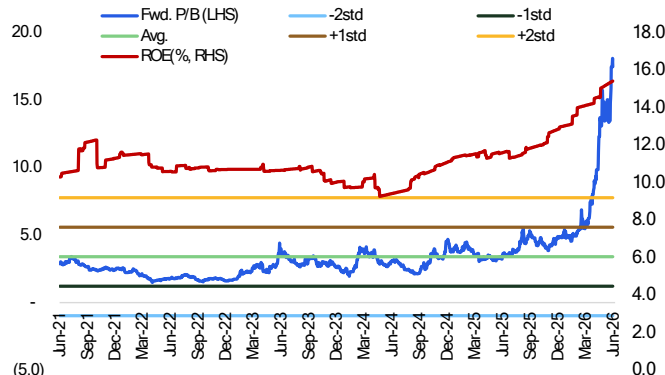
Figure 16. Forward P/E chart



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Source: Citi Research, Bloomberg

Figure 17. Forward P/B chart



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Source: Citi Research, Bloomberg

Dongshan Precision (002384.SZ)

Buy | TP Rmb350.000 from Rmb225.000 | Price Rmb257.130 (24 Jun 26 15:00)

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Earnings revisions and raise TP to Rmb350.0 — We revise up DSBJ

2026/2027/2028 net profits by 5%/36%/58% to Rmb8.0/29.3/59.8bn mainly as we raise 2026-28E optical transceiver shipments. We model that: (1) DSBJ could ship 5m/20m/22m 800G and 200k/5m/23m 1.6T in 2026-28E; (2) DSBJ could produce 57/344/815m 100G EML equivalent lasers in 2026-28E, of which 0/145/411m would be for external sales. As such, we estimate AI optics will generate net profits of Rmb5.4/25.7/52.7bn. We derive our new TP of Rmb350 based on SOTP method: (1) 15x 26E P/E for the legacy biz (5Y historical forward P/E average); (2) 20x 27E P/E for the transceiver biz (peers' average forward P/E, from 15x on higher 2027 order visibility); (3) 50x 27E P/E for the chip biz (peer average); (4) 25x 27E P/E to AI-PCB (from 20x, in-line with the sector average). Our TP implies 22x/11x 27E/28E EPS.

Figure 18. DSBJ forecast revisions

Rmb m	2026			2027			2028		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	67,498	66,616	1%	133,098	111,096	20%	207,411	153,896	35%
Gross profit	16,624	16,120	3%	48,168	37,047	30%	88,676	58,624	51%
OPEX	(5,510)	(5,436)	1%	(10,896)	(9,060)	20%	(16,908)	(12,521)	35%
Operating profit	11,115	10,685	4%	37,272	27,987	33%	71,768	46,103	56%
Pre-tax profit	9,573	9,142	5%	35,112	25,787	36%	71,731	45,416	58%
Net profit	8,000	7,640	5%	29,293	21,513	36%	59,843	37,890	58%
EPS (Rmb)	4.37	4.17	5%	15.99	11.75	36%	32.67	20.69	58%
Ratio (%)									
Gross margin	24.6%	24.2%	0.4pp	36.2%	33.3%	2.8pp	42.8%	38.1%	4.7pp
OPEX to Sales ratio	-8.2%	-8.2%	0.0pp	-8.2%	-8.2%	0.0pp	-8.2%	-8.1%	0.0pp
Operating margin	16.5%	16.0%	0.4pp	28.0%	25.2%	2.8pp	34.6%	30.0%	4.6pp
Net margin	11.9%	11.5%	0.4pp	22.0%	19.4%	2.6pp	28.9%	24.6%	4.2pp

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Source: Citi Research Estimates

Figure 19. DSBJ: Citi vs Bloomberg

Rmb m	2026E			2027E			2028E		
	Citi	BBG	Diff	Citi	BBG	Diff	Citi	BBG	Diff
Revenue	67,498	63,663	6%	133,098	92,723	44%	207,411	141,281	47%
Gross profit	16,624	13,437	24%	48,168	22,982	110%	88,676	44,889	98%
OPEX	(5,510)	(5,387)	2%	(10,896)	(6,002)	82%	(16,908)	(10,235)	65%
Operating profit	11,115	8,050	38%	37,272	16,980	120%	71,768	34,654	107%
Pre-tax profit	9,573	7,924	21%	35,112	16,821	109%	71,731	34,895	106%
Net profit	8,000	6,324	26%	29,293	12,954	126%	59,843	28,363	111%
Ratio (%)									
Gross margin	24.6%	21.1%	3.5pt	36.2%	24.8%	11.4pt	42.8%	31.8%	11.0pt
OPEX to Sales ratio	-8.2%	-8.5%	0.3pt	-8.2%	-6.5%	-1.7pt	-8.2%	-7.2%	-0.9pt
Operating margin	16.5%	12.6%	3.8pt	28.0%	18.3%	9.7pt	34.6%	24.5%	10.1pt
Net margin	11.9%	9.9%	1.9pt	22.0%	14.0%	8.0pt	28.9%	20.1%	8.8pt

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Source: Citi Research Estimates, Bloomberg

Figure 20. DSBJ Optics Assumption

Assumption	2026	2027	2028	Rev	2026	2027	2028	NP	2026	2027	2028	
Chips												
Optical chip capacity (kk per month, yr-end)	28	63	143	Chips			Chips					
Annual Production (mn)	57	344	815	Rev (mn Rmb)			NP (mn Rmb)					
				Chips			Chips					
						5,945	15,156			2,378	6,063	
External Sales												
Unit		145	411				NPM			40%		
ASP(US\$)		6	5							40%		
*Note: we do not model in external chip sales in 2026												
Transceivers												
Shipment (k)				Rev (mn Rmb)				NP (mn Rmb)				
400G	2,600	1,800	-	400G	3,203	1,774	-	400G				
800G	5,000	20,000	22,200	800G	14,000	44,800	39,782	800G				
1.6T	200	5,000	23,000	1.6T	1,260	25,200	92,736	1.6T				
ASP (US\$)				Transceivers				Transceivers				
400G	176	141	-	18,463	71,774	132,518	5,376	23,278	46,602	NPM		
800G	400	320	256					29%				
1.6T	900	720	576					32%				
Tx Yield				Total				Total				
400G		90%	90%	18,463	77,719	147,675	5,376	25,656	52,665	36%		
800G		85%-90%	90%					29%				
1.6T		80%	80%-90%					33%				
Implied 100G EML consumption												
400G	12	8	-									
800G	45	133	148									
1.6T	3	58	256									
Total	59	199	404									

*Note: we assum all are EML solution and tranlate to 100G-EML-based chips

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Source: Citi Research

Figure 21. DSBJ SOTP

Base case	Methods	NP	P/E	Valuation (mn Rmb)	Note
Original Biz	2026 P/E	2,424	15	36,357	DSBJ past 5-yr average fwd P/E
Optical Transceiver	2027 P/E	23,278	20	465,559	Optical transceiver names avg fwd P/E
Optical chips	2027 P/E	2,378	50	118,905	Optical chip names trading at 50x 2027 P/E
AI PCB	2027 P/E	800	25	20,000	AI-PCB names avg fwd P/E
Total				640,821	
Shares Outstanding (mn) - 4Q25				1,832	
TP (Rmb)				350.0	
Share Price (Rmb)				270.6	
Upside				29%	
Bull case	Methods	NP	P/E	Valuation	
Original Biz	2026 P/E	2,424	15	36,357	
Optical Transceiver	2027 P/E	25,121	20	502,419	Assuming NPM to 35% on better yield
Optical chips	2027 P/E	2,973	60	178,357	Assuming NPM to 50% on better yield/pricing
AI PCB	2027 P/E	3,200	25	80,000	Assuming AI-PCB rev to be Rmb16bn with NPM of 21
Total				797,133	
Shares Outstanding (mn) - 4Q25				1,832	
TP (Rmb)				435.0	
Share Price (Rmb)				270.6	
Upside				61%	
Bear case	Methods	NP	P/E	Valuation	
Original Biz	2026 P/E	2,424	15	36,357	
Optical Transceiver	2027 P/E	17,944	15	269,153	Assuming NPM to 25% on lower yield
Optical chips	2027 P/E	1,784	40	71,343	Assuming NPM to 30% on lower yield/pricing
AI PCB	2027 P/E	600	15	9,000	Assuming NPM to 15% on lower yield
Total				385,853	
Shares Outstanding (mn) - 4Q25				1,832	
TP (Rmb)				211.0	
Share Price (Rmb)				270.6	
Upside				-22%	

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Source: Citi Research

Eoptolink Technology (300502.SZ)

Buy | TP Rmb701.000 from Rmb353.572 | Price Rmb555.300 (24 Jun 26 15:00)

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We update our model to introduce 2028 forecasts while raising 2026/27E net profit by 8%/13% to factor in 3.2T optical transceivers and NPO contributions. Our new TP of Rmb701 is based on 20x 27E P/E, -0.5SD below the 5Y historical mean (from 11x based on 1SD below mean), supported by 190% 3-year earnings CAGR. Reiterate Buy rating.

Figure 22. Earnings changes

	2026E			2027E			2028E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	69,567	65,055	7%	110,792	97,196	14%	149,920	#N/A	#N/A
Cost of Revenue	32,748	30,676	7%	51,030	44,354	15%	68,919	#N/A	#N/A
Gross Profit	36,819	34,380	7%	59,762	52,842	13%	81,001	#N/A	#N/A
Opex	3,070	3,393	-10%	4,747	4,544	4%	6,381	#N/A	#N/A
Operating profit	33,748	30,987	9%	55,015	48,297	14%	74,620	#N/A	#N/A
Profit Before Tax	33,343	31,238	7%	55,257	49,035	13%	75,324	#N/A	#N/A
Net Profit	29,558	27,408	8%	48,864	43,151	13%	65,828	#N/A	#N/A
Ratio (%)									
Gross Margin	52.9%	52.8%	0.1%	53.9%	54.4%	-0.4%	54.0%	#N/A	#N/A
OPEX to Sales ratio	4.4%	5.2%	-0.8%	4.3%	4.7%	-0.4%	4.3%	#N/A	#N/A
Operating Margin	48.5%	47.6%	0.9%	49.7%	49.7%	0.0%	49.8%	#N/A	#N/A
Net Margin	42.5%	42.1%	0.4%	44.1%	44.4%	-0.3%	43.9%	#N/A	#N/A

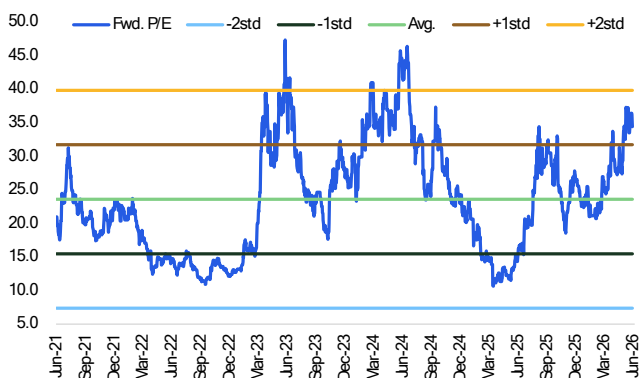
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Source: Citi Research

Figure 23. Citi estimates vs consensus

Rmb m	2026E			2027E			2028E		
	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff
Revenue	69,567	49,925	39.3%	110,792	74,236	49.2%	149,920	95,830	56.4%
Gross profit	36,819	24,101	52.8%	59,762	35,705	67.4%	81,001	46,023	76.0%
OPEX	3,070	2,096	46.5%	4,747	2,544	86.6%	6,381	8,063	-20.9%
Operating profit	33,748	22,005	53.4%	55,015	33,161	65.9%	74,620	37,960	96.6%
Pre-tax profit	33,343	22,068	51.1%	55,257	33,507	64.9%	75,324	40,386	86.5%
Net profit	29,558	18,332	61.2%	48,864	26,052	87.6%	65,828	34,988	88.1%
Ratio (%)									
Gross margin	52.9%	48.3%	4.7%	53.9%	48.1%	5.8%	54.0%	48.0%	6.0%
OPEX to Sales ratio	4.4%	4.2%	0.2%	4.3%	3.4%	0.9%	4.3%	8.4%	-4.2%
Operating margin	48.5%	44.1%	4.4%	49.7%	44.7%	5.0%	49.8%	39.6%	10.2%
Net margin	42.5%	36.7%	5.8%	44.1%	35.1%	9.0%	43.9%	36.5%	7.4%

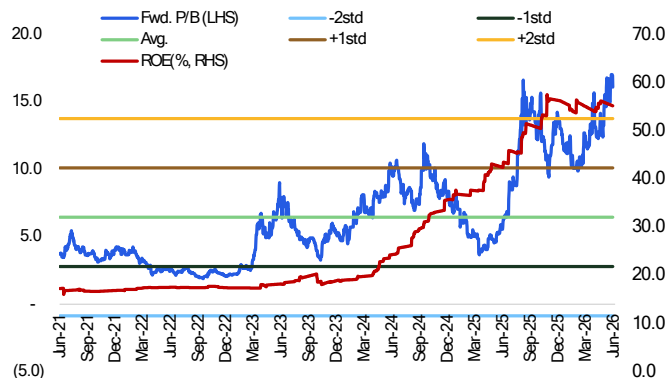
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Source: Citi Research, Bloomberg

Figure 24. Forwarding P/E chart



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Source: Citi Research, Bloomberg

Figure 25. Forwarding P/B chart



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EverProX Technologies (300548.SZ)

Neutral | TP Rmb286.000 from Rmb122.000 | Price Rmb282.230 (24 Jun 26 15:00)

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We update our model to introduce 2028 forecasts while raising 2026/27E net profit by 23%/34% to factor in the company's growth momentum and market-share expansion in a still-growing datacom industry, like MPO, AOC, etc. Our new TP of Rmb286 is based on 54.6x 27E PE, set at 1 SD above the stock's 5-year historical average.

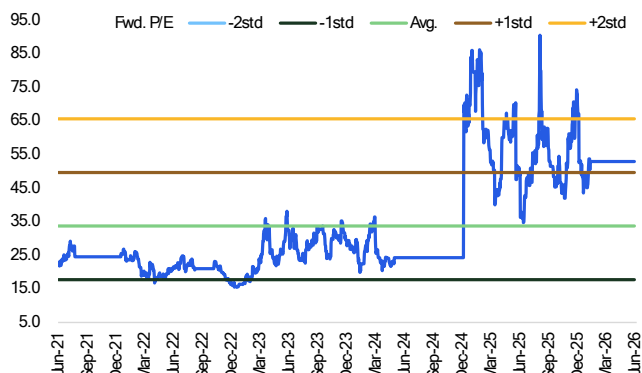
Figure 26. Earnings changes

	2026E			2027E			2028E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	4,078	3,878	5.2%	6,260	5,597	11.8%	8,296	#N/A	#N/A
Gross Profit	2,088	1,799	16.0%	3,356	2,666	25.9%	4,585	#N/A	#N/A
Opex	567	567	0.1%	811	786	3.1%	775	#N/A	#N/A
EBIT	1,536	1,233	24.6%	2,560	1,880	36.2%	3,825	#N/A	#N/A
Profit Before Tax	1,564	1,273	22.8%	2,597	1,935	34.2%	3,898	#N/A	#N/A
Net Profit	927	755	22.8%	1,539	1,147	34.2%	2,234	#N/A	#N/A
Gross Margin	51.2%	46.4%	4.8%	53.6%	47.6%	6.0%	55.3%	#N/A	#N/A
Opex as % of Sales	13.9%	14.6%	-0.7%	13.0%	14.0%	-1.1%	9.3%	#N/A	#N/A
EBIT Margin	37.7%	31.8%	5.9%	40.9%	33.6%	7.3%	46.1%	#N/A	#N/A
Net Margin	22.7%	19.5%	3.3%	24.6%	20.5%	4.1%	26.9%	#N/A	#N/A

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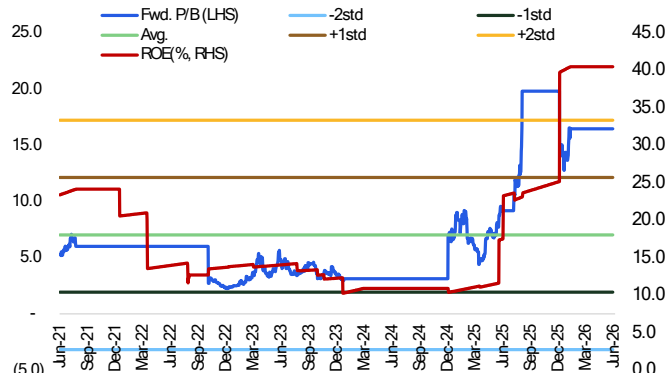
Source: Citi Research

Figure 27. Forwarding P/E chart



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Source: Citi Research, Bloomberg

Figure 28. Forwarding P/B chart



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Source: Citi Research, Bloomberg

Suzhou TFC Optical Communication (300394.SZ)

Buy | TP Rmb419.000 from Rmb318.572 | Price Rmb325.280 (24 Jun 26 15:00)

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We lower 2026/27E earnings by 22%/4% on (1) lower optical engine shipments amid tight EML supply, (2) lower other passive components on competitive landscape but partially offset by (3) higher scale-out CPO unit assumption and (4) 3.2T optical engine shipments. We keep fiber tray assumptions largely unchanged. GM is lower than prior estimates due to product mix (with higher active optical components contribution). We introduce 2028 net profit of Rmb19bn supported by 2028E CPO assumptions and 3.2T optical engine ramp. Our new TP of Rmb419 is based on an upcycle 27E P/E of 34.3x (5-year historical average, from 25x). The target price implies 24x 28E EPS when CPO and 3.2T products are ramping.

Figure 29. Estimates change table

Rmb m	2026E			2027E			2028E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	13,071	14,913	-12%	36,437	33,449	9%	61,765	#N/A	#N/A
Gross profit	6,274	7,425	-15%	16,050	17,491	3%	25,993	#N/A	#N/A
OPEX	1,085	1,000	9%	2,474	1,786	38%	3,731	#N/A	#N/A
Operating profit	5,189	6,425	-19%	15,576	15,695	-1%	22,262	#N/A	#N/A
Pre-tax profit	5,212	6,484	-20%	15,673	15,801	-1%	22,486	#N/A	#N/A
Net profit	4,434	5,673	-22%	13,322	13,823	-4%	19,113	#N/A	#N/A
Ratio (%)									
Gross margin	48.0	49.8	-1.8ppts	49.5	52.3	-2.7ppts	42.1	#N/A	#N/A
OPEX to Sales ratio	8.3	6.7	1.6ppts	6.8	5.3	1.4ppts	6.0	#N/A	#N/A
Operating margin	39.7	43.1	-3.4ppts	42.7	46.9	-4.2ppts	36.0	#N/A	#N/A
Net margin	33.9	38.0	-4.1ppts	36.6	41.3	-4.8ppts	30.9	#N/A	#N/A

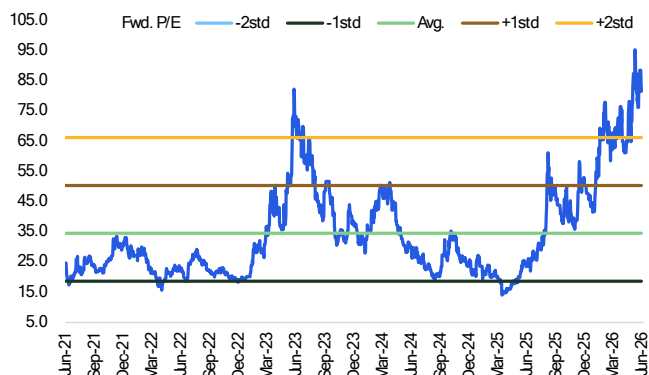
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Source: Citi Research, Bloomberg

Figure 30. Citi estimates vs. consensus

Rmb m	2026E			2027E			2028E		
	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff
Revenue	13,071	9,348	40%	36,437	11,983	204%	61,765	17,247	258%
Gross profit	6,274	4,883	28%	16,050	6,231	190%	25,993	8,914	192%
OPEX	1,085	784	39%	2,474	936	164%	3,731	1,319	183%
Operating profit	5,189	4,099	27%	15,576	5,295	194%	22,262	7,596	193%
Pre-tax profit	5,212	4,077	28%	15,673	5,645	178%	22,486	8,407	167%
Net profit	4,434	3,560	25%	13,322	4,933	170%	19,113	7,302	162%
Ratio (%)									
Gross margin	48.0	52.2	-4.2ppts	49.5	52.0	-2.5ppts	42.1	51.7	-9.6ppts
OPEX to Sales ratio	8.3	8.4	-0.1ppts	6.8	7.8	-1.0ppts	6.0	7.6	-1.6ppts
Operating margin	39.7	43.9	-4.2ppts	42.7	44.2	-1.4ppts	36.0	44.0	-8.0ppts
Net margin	33.9	38.1	-4.2ppts	36.6	41.2	-4.6ppts	30.9	42.3	-11.4ppts

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Source: Citi Research, Bloomberg

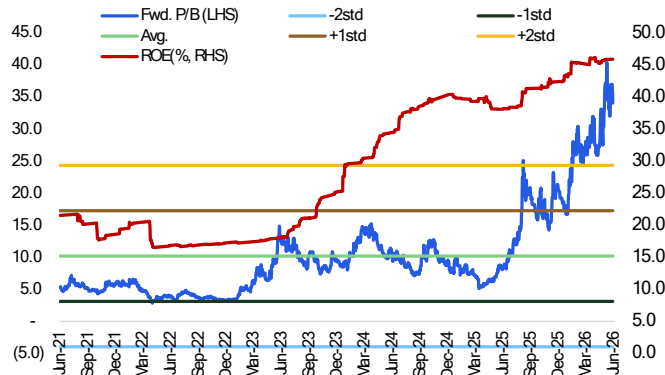
Figure 31. Forwarding P/E chart



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Source: Citi Research, Bloomberg

Figure 32. Forwarding P/B chart



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Source: Citi Research, Bloomberg

T&S Communications (300570.SZ)

Sell from Buy | TP Rmb152.000 from Rmb156.000 | Price Rmb271.320 (24 Jun 26 15:00)

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We introduce 2028 forecast and we lower 2026/27E EPS by 38%/23% to factor in the decoupling trend with Corning. Although we still believe T&S could get access to fiber shuffle box opportunity, we see increasing competition from Asian supply chains including Japanese vendors and Chinese players. Our new TP of Rmb152 is based on 31.8x 27E EPS, set at the stock's 5-year historical average. The stock is trading at 59x our 2027E EPS, which to us looks stretched. Downgrade to Sell from Buy on valuation.

Figure 33. Earnings changes

Rmb m	2026E			2027E			2028E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	1,862	2,680	-31%	5,511	6,329	-13%	11,186	#N/A	#N/A
Gross profit	715	1,088	-34%	2,010	2,436	-17%	4,102	#N/A	#N/A
OPEX	288	375	-23%	784	809	-3%	1,834	#N/A	#N/A
Operating profit	427	713	-40%	1,226	1,627	-25%	2,269	#N/A	#N/A
Pre-tax profit	438	702	-38%	1,244	1,614	-23%	2,265	#N/A	#N/A
Net profit	377	609	-38%	1,081	1,411	-23%	1,975	#N/A	#N/A
Ratio (%)									
Gross margin	38.4	40.6	-2.2ppts	36.5	38.5	-2.0ppts	36.7	#N/A	#N/A
OPEX to Sales ratio	15.4	14.0	1.4ppts	14.2	12.8	1.4ppts	16.4	#N/A	#N/A
Operating margin	22.9	26.6	-3.7ppts	22.2	25.7	-3.5ppts	20.3	#N/A	#N/A
Net margin	20.2	22.7	-2.5ppts	19.6	22.3	-2.7ppts	17.7	#N/A	#N/A

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Source: Citi Research

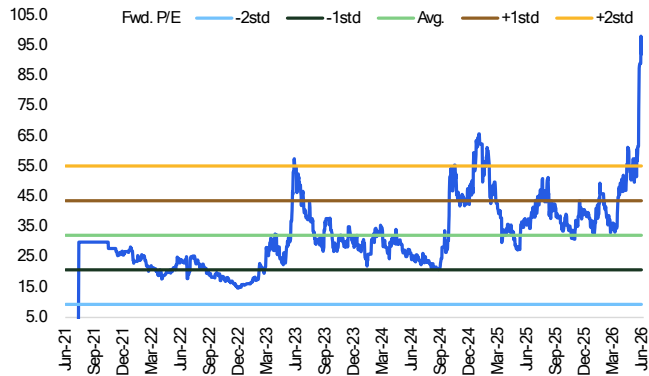
Figure 34. Citi estimates vs consensus

Rmb m	2026E			2027E			2028E		
	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff	Citi	BBG cons.	Diff
Revenue	1,862	2,595	-28%	5,511	4,147	33%	11,186	4,770	135%
Gross profit	715	1,053	-32%	2,010	1,723	17%	4,102	1,955	110%
OPEX	288	348	-17%	784	558	40%	1,834	674	172%
Operating profit	427	705	-39%	1,226	1,165	5%	2,269	1,281	77%
Pre-tax profit	438	464	-6%	1,244	619	101%	2,265	1,077	110%
Net profit	377	402	-6%	1,081	610	77%	1,975	1,007	96%
Ratio (%)									
Gross margin	38.4	40.6	-2.2ppts	36.5	41.6	-5.1ppts	36.7	41.0	-4.3ppts
OPEX to Sales ratio	15.4	13.4	2.0ppts	14.2	13.5	0.8ppts	16.4	14.1	2.3ppts
Operating margin	22.9	27.2	-4.2ppts	22.2	28.1	-5.9ppts	20.3	26.9	-6.6ppts
Net margin	20.2	15.5	4.8ppts	19.6	14.7	4.9ppts	17.7	21.1	-3.5ppts

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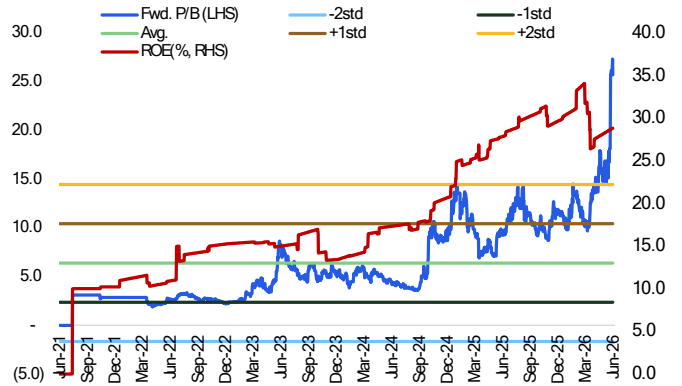
Source: Citi Research, Bloomberg

Figure 35. Forward P/E chart



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Source: Citi Research, Bloomberg

Figure 36. Forward P/B chart



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002281.SZ: Fiscal year end 31-Dec						Price: Rmb266.360; TP: Rmb137.000; Market Cap: Rmb220,430m; Recomm: Sell					
Profit & Loss (Rmbm)						Valuation ratios					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Sales revenue	8,272	11,929	17,281	22,919	28,802	PE (x)	na	na	na	86.3	60.4
Cost of sales	-6,414	-9,134	-12,855	-16,898	-21,011	PB (x)	23.2	21.3	18.7	15.8	12.9
Gross profit	1,858	2,795	4,425	6,021	7,792	EV/EBITDA (x)	na	na	93.7	65.7	47.9
Gross Margin (%)	22.5	23.4	25.6	26.3	27.1	FCF yield (%)	-0.6	0.4	-1.1	0.0	2.3
EBITDA (Adj)	854	1,350	2,341	3,359	4,562	Dividend yield (%)	0.1	na	0.2	0.2	0.3
EBITDA Margin (Adj) (%)	10.3	11.3	13.5	14.7	15.8	Payout ratio (%)	31	0	20	20	20
Depreciation	-209	-346	-367	-442	-520	ROE (%)	7.5	9.9	15.6	19.7	23.3
Amortisation	-109	-95	-94	-124	-162	Cashflow (Rmbm)	2024	2025	2026E	2027E	2028E
EBIT (Adj)	535	910	1,880	2,793	3,880	EBITDA	854	1,350	2,341	3,359	4,562
EBIT Margin (Adj) (%)	6.5	7.6	10.9	12.2	13.5	Working capital	-1,825	-115	-3,406	-1,655	1,989
Net interest	60	7	43	32	120	Other	330	393	-186	-261	-259
Associates	0	0	0	0	0	Operating cashflow	-641	1,628	-1,252	1,444	6,291
Non-Op/Except/Other Adj	126	109	-8	0	0	Capex	-707	-825	-1,141	-1,513	-1,325
Pre-tax profit	721	1,026	1,915	2,825	4,000	Net acq/disposals	0	1	0	0	0
Tax	-65	-94	-222	-292	-379	Other	812	494	0	0	0
Extraord./Min.Int./Pref.div.	5	14	13	10	10	Investing cashflow	105	-331	-1,141	-1,513	-1,325
Reported net profit	661	946	1,706	2,543	3,631	Dividends paid	-193	-213	0	-341	-509
Net Margin (%)	8.0	7.9	9.9	11.1	12.6	Financing cashflow	4	-10	0	-341	-509
Core NPAT	661	946	1,706	2,543	3,631	Net change in cash	-550	1,257	-2,392	-410	4,458
Per share data	2024	2025	2026E	2027E	2028E	Free cashflow to s/holders	-1,348	802	-2,392	-69	4,967
Reported EPS (Rmb)	0.833	1.200	2.072	3.087	4.408						
Core EPS (Rmb)	0.833	1.200	2.072	3.087	4.408						
DPS (Rmb)	0.260	0	0.418	0.622	0.889						
CFPS (Rmb)	-0.808	2.064	-1.520	1.753	7.639						
FCFPS (Rmb)	-1.698	1.018	-2.904	-0.083	6.030						
BVPS (Rmb)	11.479	12.504	14.250	16.910	20.683						
Wtd avg ord shares (m)	794	782	817	817	817						
Wtd avg diluted shares (m)	794	789	824	824	824						
Growth rates	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	36.5	44.2	44.9	32.6	25.7						
EBIT (Adj) (%)	34.5	69.9	106.6	48.6	38.9						
Core NPAT (%)	6.8	43.1	80.3	49.0	42.8						
Core EPS (%)	6.9	44.0	72.6	49.0	42.8						
Balance Sheet (Rmbm)	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	3,185	4,442	2,050	1,640	6,098						
Accounts receivables	3,301	1,754	4,719	4,815	6,958						
Inventory	3,955	5,746	8,293	11,020	8,814						
Net fixed & other tangibles	3,119	3,487	3,988	4,699	5,054						
Goodwill & intangibles	272	332	511	746	1,035						
Financial & other assets	953	581	957	1,133	1,465						
Total assets	14,786	16,343	20,518	24,052	29,424						
Accounts payable	2,554	2,291	4,327	5,070	6,792						
Short-term debt	1,501	1,843	1,843	1,843	1,843						
Long-term debt	430	294	294	294	294						
Provisions & other liab	1,144	1,770	2,214	2,815	3,352						
Total liabilities	5,629	6,198	8,679	10,022	12,282						
Shareholders' equity	9,110	10,087	11,793	13,994	17,116						
Minority interests	47	59	46	36	26						
Total equity	9,157	10,145	11,839	14,030	17,143						
Net debt (Adj)	-1,254	-2,305	87	497	-3,961						
Net debt to equity (Adj) (%)	-13.7	-22.7	0.7	3.5	-23.1						

For definitions of the items in this table, please click [here](#).

002384.SZ: Fiscal year end 31-Dec						Price: Rmb257.130; TP: Rmb350.000; Market Cap: Rmb470,961m; Recomm: Buy					
Profit & Loss (Rmbm)						Valuation ratios					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Sales revenue	36,770	40,125	67,498	133,098	207,411	PE (x)	na	na	58.9	16.1	7.9
Cost of sales	-31,615	-34,473	-50,874	-84,930	-118,735	PB (x)	23.3	21.4	15.9	8.0	4.0
Gross profit	5,155	5,652	16,624	48,168	88,676	EV/EBITDA (x)	na	98.2	34.0	11.6	5.9
Gross Margin (%)	14.0	14.1	24.6	36.2	42.8	FCF yield (%)	0.3	0.1	-0.8	2.5	8.2
EBITDA (Adj)	4,280	4,845	14,113	40,816	75,677	Dividend yield (%)	0.1	0.0	na	na	na
EBITDA Margin (Adj) (%)	11.6	12.1	20.9	30.7	36.5	Payout ratio (%)	39	9	0	0	0
Depreciation	-2,125	-2,606	-2,998	-3,544	-3,909	ROE (%)	5.9	6.9	31.4	66.3	67.4
Amortisation	0	0	0	0	0	Cashflow (Rmbm)					
EBIT (Adj)	2,155	2,239	11,115	37,272	71,768	EBITDA	4,280	4,845	14,113	40,816	75,677
EBIT Margin (Adj) (%)	5.9	5.6	16.5	28.0	34.6	Working capital	1,409	617	-6,996	-15,462	-19,407
Net interest	59	-262	-1,168	-1,447	1,037	Other	-702	-155	-2,100	-8,355	-12,693
Associates	-22	-9	15	15	15	Operating cashflow	4,986	5,307	5,016	16,999	43,577
Non-Op/Except/Other Adj	-724	-277	-388	-728	-1,089	Capex	-3,792	-5,000	-9,000	-5,000	-5,000
Pre-tax profit	1,468	1,690	9,573	35,112	71,731	Net acq/disposals	-144	-4,305	-245	93	16
Tax	-383	-297	-1,471	-5,442	-11,118	Other	-157	406	109	0	0
Extraord./Min.Int./Pref.div.	1	-7	-103	-376	-769	Investing cashflow	-4,094	-8,900	-9,136	-4,907	-4,984
Reported net profit	1,086	1,386	8,000	29,293	59,843	Dividends paid	-425	-119	0	0	0
Net Margin (%)	3.0	3.5	11.9	22.0	28.9	Financing cashflow	-1,319	3,749	2,401	0	0
Core NPAT	1,086	1,386	8,000	29,293	59,843	Net change in cash	-301	144	-1,815	12,092	38,594
Per share data						Free cashflow to s/holders					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Reported EPS (Rmb)	0.636	0.775	4.368	15.993	32.673		1,194	307	-3,984	11,999	38,577
Core EPS (Rmb)	0.636	0.775	4.368	15.993	32.673						
DPS (Rmb)	0.249	0.070	0	0	0						
CFPS (Rmb)	2.919	2.968	2.739	9.281	23.792						
FCFPS (Rmb)	0.699	0.172	-2.175	6.551	21.062						
BVPS (Rmb)	11.023	12.001	16.121	32.114	64.787						
Wtd avg ord shares (m)	1,708	1,788	1,832	1,832	1,832						
Wtd avg diluted shares (m)	1,708	1,788	1,832	1,832	1,832						
Growth rates											
	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	9.3	9.1	68.2	97.2	55.8						
EBIT (Adj) (%)	-14.0	3.9	396.4	235.3	92.6						
Core NPAT (%)	-44.7	27.7	477.1	266.2	104.3						
Core EPS (%)	-44.7	21.9	463.5	266.2	104.3						
Balance Sheet (Rmbm)											
	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	7,250	7,852	6,374	18,466	57,059						
Accounts receivables	7,672	9,793	16,473	32,483	50,620						
Inventory	6,153	8,929	13,177	21,998	30,754						
Net fixed & other tangibles	20,098	25,264	30,429	31,792	32,867						
Goodwill & intangibles	3,082	6,090	6,033	6,033	6,033						
Financial & other assets	1,758	2,323	2,728	2,840	2,864						
Total assets	46,014	60,251	75,214	113,612	180,197						
Accounts payable	9,659	13,043	18,231	27,888	35,426						
Short-term debt	4,811	8,011	8,861	8,861	8,861						
Long-term debt	5,289	6,375	8,231	8,231	8,231						
Provisions & other liab	7,369	11,119	10,197	10,022	9,994						
Total liabilities	27,128	38,549	45,520	55,001	62,512						
Shareholders' equity	18,826	21,461	29,527	58,821	118,664						
Minority interests	60	241	166	-210	-979						
Total equity	18,886	21,702	29,694	58,611	117,685						
Net debt (Adj)	2,850	6,535	10,718	-1,374	-39,967						
Net debt to equity (Adj) (%)	15.1	30.1	36.1	-2.3	-34.0						

For definitions of the items in this table, please click [here](#).

300502.SZ: Fiscal year end 31-Dec						Price: Rmb555.300; TP: Rmb701.000; Market Cap: Rmb774,231m; Recomm: Buy					
Profit & Loss (Rmbm)						Valuation ratios					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Sales revenue	8,647	24,842	69,567	110,792	149,920	PE (x)	na	58.0	22.5	15.9	11.8
Cost of sales	-4,780	-12,966	-32,748	-51,030	-68,919	PB (x)	47.3	30.8	16.7	8.5	5.1
Gross profit	3,867	11,876	36,819	59,762	81,001	EV/EBITDA (x)	na	70.3	22.1	13.3	9.3
Gross Margin (%)	44.7	47.8	52.9	53.9	54.0	FCF yield (%)	-0.2	1.2	1.2	4.2	5.2
EBITDA (Adj)	3,255	10,947	34,441	56,213	76,503	Dividend yield (%)	0.1	0.2	0.5	0.7	0.9
EBITDA Margin (Adj) (%)	37.6	44.1	49.5	50.7	51.0	Payout ratio (%)	11	10	11	11	11
Depreciation	-210	-399	-692	-1,198	-1,883	ROE (%)	41.1	72.6	91.8	70.8	54.1
Amortisation	0	0	0	0	0	Cashflow (Rmbm)					
EBIT (Adj)	3,046	10,548	33,748	55,015	74,620	EBITDA	3,255	10,947	34,441	56,213	76,503
EBIT Margin (Adj) (%)	35.2	42.5	48.5	49.7	49.8	Working capital	-2,340	-1,773	-16,233	-7,765	-13,850
Net interest	179	318	-409	241	702	Other	-275	-1,472	-3,948	-5,924	-8,570
Associates	0	0	0	0	0	Operating cashflow	641	7,701	14,261	42,524	54,083
Non-Op/Except/Other Adj	8	-1	4	2	1	Capex	-1,476	-1,320	-6,331	-10,082	-13,643
Pre-tax profit	3,233	10,866	33,343	55,257	75,324	Net acq/disposals	7	3	0	0	0
Tax	-396	-1,312	-3,779	-6,381	-9,483	Other	-28	-43	0	0	0
Extraord./Min.Int./Pref.div.	0	-21	-7	-12	-12	Investing cashflow	-1,497	-1,359	-6,331	-10,082	-13,643
Reported net profit	2,837	9,532	29,558	48,864	65,828	Dividends paid	-110	-319	-994	-3,796	-5,375
Net Margin (%)	32.8	38.4	42.5	44.1	43.9	Financing cashflow	-123	-197	-994	-3,796	-5,375
Core NPAT	2,837	9,532	29,558	48,864	65,828	Net change in cash	-964	6,620	6,936	28,645	35,065
Per share data						Free cashflow to s/holders					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Reported EPS (Rmb)	4.000	9.570	24.667	34.943	47.074		-835	6,382	7,930	32,442	40,440
Core EPS (Rmb)	4.000	9.570	24.667	34.943	47.074						
DPS (Rmb)	0.450	1.000	2.723	3.855	5.194						
CFPS (Rmb)	0.904	7.732	11.901	30.409	38.675						
FCFPS (Rmb)	-1.178	6.407	6.618	23.199	28.919						
BVPS (Rmb)	11.750	18.031	33.342	65.666	109.024						
Wtd avg ord shares (m)	709	992	1,194	1,394	1,394						
Wtd avg diluted shares (m)	709	996	1,198	1,398	1,398						
Growth rates											
	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	179.1	187.3	180.0	59.3	35.3						
EBIT (Adj) (%)	340.5	246.3	219.9	63.0	35.6						
Core NPAT (%)	312.1	236.0	210.1	65.3	34.7						
Core EPS (%)	312.4	139.3	157.8	41.7	34.7						
Balance Sheet (Rmbm)											
	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	1,535	8,156	15,091	43,737	78,802						
Accounts receivables	2,550	4,442	16,477	23,025	33,332						
Inventory	4,132	7,234	26,752	37,434	54,153						
Net fixed & other tangibles	3,126	5,158	10,526	19,128	30,581						
Goodwill & intangibles	172	193	227	295	392						
Financial & other assets	752	698	3,524	4,334	6,719						
Total assets	12,267	25,881	72,597	127,954	203,979						
Accounts payable	2,844	5,275	18,829	26,757	38,391						
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	0	0						
Provisions & other liab	1,094	2,541	7,133	9,482	13,408						
Total liabilities	3,938	7,817	25,962	36,239	51,799						
Shareholders' equity	8,328	17,923	46,487	91,555	152,008						
Minority interests	0	141	148	160	172						
Total equity	8,328	18,064	46,635	91,715	152,180						
Net debt (Adj)	-1,535	-8,156	-15,091	-43,737	-78,802						
Net debt to equity (Adj) (%)	-18.4	-45.1	-32.4	-47.7	-51.8						

For definitions of the items in this table, please click [here](#).

300548.SZ: Fiscal year end 31-Dec						Price: Rmb282.230; TP: Rmb286.000; Market Cap: Rmb83,160m; Recomm: Neutral					
Profit & Loss (Rmbm)						Valuation ratios					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Sales revenue	1,747	2,533	4,078	6,260	8,296	PE (x)	na	na	89.3	54.0	37.2
Cost of sales	-1,271	-1,504	-1,991	-2,904	-3,711	PB (x)	46.5	41.9	29.6	20.2	14.1
Gross profit	477	1,029	2,088	3,356	4,585	EV/EBITDA (x)	na	na	50.7	30.7	20.5
Gross Margin (%)	27.3	40.6	51.2	53.6	55.3	FCF yield (%)	0.3	0.6	1.0	2.1	2.6
EBITDA (Adj)	219	729	1,623	2,668	3,966	Dividend yield (%)	0.0	0.1	0.3	0.6	0.8
EBITDA Margin (Adj) (%)	12.5	28.8	39.8	42.6	47.8	Payout ratio (%)	32	25	25	30	30
Depreciation	-50	-66	-79	-100	-133	ROE (%)	4.2	18.0	38.9	44.5	44.7
Amortisation	-11	-8	-8	-8	-8	Cashflow (Rmbm)					
EBIT (Adj)	158	655	1,536	2,560	3,825	EBITDA	219	729	1,623	2,668	3,966
EBIT Margin (Adj) (%)	9.0	25.9	37.7	40.9	46.1	Working capital	22	-12	-439	-326	-802
Net interest	18	-11	48	56	92	Other	77	-2	-44	-118	-303
Associates	0	0	0	0	0	Operating cashflow	318	715	1,140	2,225	2,861
Non-Op/Except/Other Adj	14	-12	-19	-19	-19	Capex	-110	-181	-288	-442	-705
Pre-tax profit	190	632	1,564	2,597	3,898	Net acq/disposals	-372	205	0	0	0
Tax	21	-52	-125	-208	-429	Other	0	0	0	0	0
Extraord./Min.Int./Pref.div.	-139	-245	-512	-851	-1,235	Investing cashflow	-482	23	-288	-442	-705
Reported net profit	72	335	927	1,539	2,234	Dividends paid	-35	-33	-85	-234	-462
Net Margin (%)	4.1	13.2	22.7	24.6	26.9	Financing cashflow	13	-517	-85	-234	-462
Core NPAT	72	335	927	1,539	2,234	Net change in cash	-149	221	767	1,549	1,694
Per share data						Free cashflow to s/holders					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Reported EPS (Rmb)	0.250	1.148	3.162	5.223	7.582		208	533	852	1,783	2,156
Core EPS (Rmb)	0.250	1.148	3.162	5.223	7.582						
DPS (Rmb)	0.080	0.290	0.794	1.567	2.275						
CFPS (Rmb)	1.102	2.451	3.889	7.550	9.711						
FCFPS (Rmb)	0.722	1.829	2.907	6.050	7.318						
BVPS (Rmb)	6.070	6.737	9.525	13.954	19.969						
Wtd avg ord shares (m)	289	292	293	295	295						
Wtd avg diluted shares (m)	289	292	293	295	295						
Growth rates											
	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	4.3	44.9	61.0	53.5	32.5						
EBIT (Adj) (%)	308.1	314.6	134.5	66.7	49.4						
Core NPAT (%)	-11.5	364.6	176.8	66.1	45.2						
Core EPS (%)	-12.2	359.9	175.3	65.2	45.2						
Balance Sheet (Rmbm)											
	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	1,621	1,629	2,396	3,945	5,639						
Accounts receivables	545	668	1,174	1,726	2,338						
Inventory	332	347	491	716	1,271						
Net fixed & other tangibles	648	754	908	1,194	1,630						
Goodwill & intangibles	305	315	309	304	379						
Financial & other assets	85	113	151	203	252						
Total assets	3,536	3,826	5,429	8,089	11,509						
Accounts payable	421	537	685	1,018	1,289						
Short-term debt	0	0	0	0	0						
Long-term debt	445	269	269	269	269						
Provisions & other liab	260	355	456	626	768						
Total liabilities	1,126	1,162	1,410	1,914	2,327						
Shareholders' equity	1,752	1,964	2,807	4,112	5,884						
Minority interests	658	700	1,212	2,063	3,298						
Total equity	2,410	2,665	4,019	6,175	9,182						
Net debt (Adj)	-1,176	-1,360	-2,127	-3,675	-5,370						
Net debt to equity (Adj) (%)	-48.8	-51.0	-52.9	-59.5	-58.5						

For definitions of the items in this table, please click [here](#).

300394.SZ: Fiscal year end 31-Dec						Price: Rmb325.280; TP: Rmb419.000; Market Cap: Rmb354,824m; Recomm: Buy					
Profit & Loss (Rmbm)						Valuation ratios					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Sales revenue	3,252	5,163	13,071	36,437	61,765	PE (x)	na	na	68.7	26.7	18.6
Cost of sales	-1,391	-2,377	-6,797	-18,387	-35,772	PB (x)	45.3	45.9	37.8	16.5	9.6
Gross profit	1,861	2,786	6,274	18,050	25,993	EV/EBITDA (x)	na	na	65.3	21.8	14.8
Gross Margin (%)	57.2	54.0	48.0	49.5	42.1	FCF yield (%)	0.5	0.6	0.5	1.5	2.3
EBITDA (Adj)	1,581	2,508	5,375	15,973	23,195	Dividend yield (%)	0.2	0.2	0.3	1.0	2.7
EBITDA Margin (Adj) (%)	48.6	48.6	41.1	43.8	37.6	Payout ratio (%)	21	27	23	27	50
Depreciation	-118	-169	-179	-389	-921	ROE (%)	37.5	42.5	59.5	86.2	65.3
Amortisation	-8	-9	-6	-8	-12	Cashflow (Rmbm)	2024	2025	2026E	2027E	2028E
EBIT (Adj)	1,456	2,330	5,189	15,576	22,262	EBITDA	1,581	2,508	5,375	15,973	23,195
EBIT Margin (Adj) (%)	44.8	45.1	39.7	42.7	36.0	Working capital	-197	-408	-1,990	-4,997	-5,778
Net interest	91	31	45	117	244	Other	-121	-231	-736	-2,235	-3,130
Associates	0	0	0	0	0	Operating cashflow	1,263	1,868	2,648	8,741	14,287
Non-Op/Except/Other Adj	-11	-16	-22	-20	-20	Capex	-451	-418	-1,195	-3,330	-6,176
Pre-tax profit	1,535	2,344	5,212	15,673	22,486	Net acq/disposals	94	153	0	0	0
Tax	-192	-326	-778	-2,351	-3,373	Other	0	0	0	0	0
Extraord./Min.Int./Pref.div.	1	0	0	0	0	Investing cashflow	-358	-265	-1,195	-3,330	-6,176
Reported net profit	1,344	2,017	4,434	13,322	19,113	Dividends paid	-674	-667	-544	-1,196	-3,594
Net Margin (%)	41.3	39.1	33.9	36.6	30.9	Financing cashflow	-782	-673	-544	-1,196	-3,594
Core NPAT	1,344	2,017	4,434	13,322	19,113	Net change in cash	151	1,018	909	4,215	4,516
Per share data	2024	2025	2026E	2027E	2028E	Free cashflow to s/holders	811	1,451	1,454	5,411	8,110
Reported EPS (Rmb)	2.425	2.590	4.738	12.194	17.494						
Core EPS (Rmb)	2.425	2.590	4.738	12.194	17.494						
DPS (Rmb)	0.500	0.700	1.097	3.295	8.761						
CFPS (Rmb)	2.279	2.399	2.830	8.001	13.077						
FCFPS (Rmb)	1.464	1.863	1.553	4.953	7.423						
BVPS (Rmb)	7.184	7.082	8.613	19.729	33.956						
Wtd avg ord shares (m)	554	777	934	1,091	1,091						
Wtd avg diluted shares (m)	554	779	936	1,093	1,093						
Growth rates	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	67.7	58.8	153.2	178.8	69.5						
EBIT (Adj) (%)	83.9	60.0	122.8	200.2	42.9						
Core NPAT (%)	84.1	50.1	119.8	200.5	43.5						
Core EPS (%)	31.2	6.8	82.9	157.4	43.5						
Balance Sheet (Rmbm)	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	2,329	3,207	4,116	8,331	12,847						
Accounts receivables	780	1,124	2,991	8,134	13,961						
Inventory	350	457	2,328	6,297	12,251						
Net fixed & other tangibles	1,092	1,472	2,455	5,341	10,515						
Goodwill & intangibles	111	119	126	155	205						
Financial & other assets	74	70	162	436	731						
Total assets	4,737	6,449	12,179	28,694	50,511						
Accounts payable	323	495	1,498	3,941	7,775						
Short-term debt	0	0	0	0	0						
Long-term debt	4	3	3	3	3						
Provisions & other liab	423	439	1,275	3,222	5,685						
Total liabilities	751	937	2,776	7,165	13,463						
Shareholders' equity	3,980	5,506	9,396	21,521	37,040						
Minority interests	6	7	7	7	7						
Total equity	3,986	5,513	9,403	21,529	37,048						
Net debt (Adj)	-2,324	-3,204	-4,113	-8,328	-12,845						
Net debt to equity (Adj) (%)	-58.3	-58.1	-43.7	-38.7	-34.7						

For definitions of the items in this table, please click [here](#).

300570.SZ: Fiscal year end 31-Dec						Price: Rmb271.320; TP: Rmb152.000; Market Cap: Rmb61,624m; Recomm: Sell					
Profit & Loss (Rmbm)						Valuation ratios					
	2024	2025	2026E	2027E	2028E		2024	2025	2026E	2027E	2028E
Sales revenue	1,378	1,547	1,862	5,511	11,186	PE (x)	na	na	na	57.0	31.2
Cost of sales	-887	-959	-1,147	-3,501	-7,084	PB (x)	39.9	36.1	33.2	23.1	15.6
Gross profit	491	588	715	2,010	4,102	EV/EBITDA (x)	na	na	na	48.1	26.3
Gross Margin (%)	35.6	38.0	38.4	36.5	36.7	FCF yield (%)	0.2	0.2	0.7	-0.1	0.5
EBITDA (Adj)	298	377	464	1,266	2,328	Dividend yield (%)	0.3	0.4	0.4	1.1	1.9
EBITDA Margin (Adj) (%)	21.6	24.3	24.9	23.0	20.8	Payout ratio (%)	70	76	72	65	60
Depreciation	-31	-32	-32	-35	-51	ROE (%)	18.0	18.4	21.1	47.8	59.8
Amortisation	-3	-5	-5	-5	-9	Cashflow (Rmbm)	2024	2025	2026E	2027E	2028E
EBIT (Adj)	265	340	427	1,226	2,269	EBITDA	298	377	464	1,266	2,328
EBIT Margin (Adj) (%)	19.2	22.0	22.9	22.2	20.3	Working capital	-141	-235	18	-1,120	-1,351
Net interest	32	5	2	11	-11	Other	26	10	-15	-110	-259
Associates	0	0	0	0	0	Operating cashflow	184	152	468	36	717
Non-Op/Except/Other Adj	7	5	9	7	7	Capex	-56	-52	-32	-94	-414
Pre-tax profit	304	349	438	1,244	2,265	Net acq/disposals	30	82	0	0	0
Tax	-34	-42	-55	-156	-284	Other	11	9	0	0	0
Extraord./Min.Int./Pref.div.	-9	-9	-6	-6	-6	Investing cashflow	-15	39	-32	-94	-414
Reported net profit	261	299	377	1,081	1,975	Dividends paid	-114	-182	-227	-271	-703
Net Margin (%)	19.0	19.3	20.2	19.6	17.7	Financing cashflow	-84	-174	-227	-271	-403
Core NPAT	261	299	377	1,081	1,975	Net change in cash	94	11	209	-329	-100
Per share data	2024	2025	2026E	2027E	2028E	Free cashflow to s/holders	127	100	436	-58	303
Reported EPS (Rmb)	1.150	1.320	1.659	4.761	8.694						
Core EPS (Rmb)	1.150	1.320	1.659	4.761	8.694						
DPS (Rmb)	0.800	1.000	1.194	3.095	5.216						
CFPS (Rmb)	0.809	0.671	2.058	0.158	3.156						
FCFPS (Rmb)	0.561	0.442	1.919	-0.254	1.333						
BVPS (Rmb)	6.792	7.518	8.176	11.743	17.342						
Wtd avg ord shares (m)	227	226	227	227	227						
Wtd avg diluted shares (m)	227	226	227	227	227						
Growth rates	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	55.7	12.3	20.4	196.0	103.0						
EBIT (Adj) (%)	100.9	28.4	25.7	187.0	85.1						
Core NPAT (%)	68.5	14.4	26.0	187.0	82.6						
Core EPS (%)	70.6	14.8	25.7	187.0	82.6						
Balance Sheet (Rmbm)	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	716	737	946	617	517						
Accounts receivables	496	645	699	1,991	3,736						
Inventory	307	292	374	1,103	2,135						
Net fixed & other tangibles	258	283	251	270	583						
Goodwill & intangibles	47	54	52	58	72						
Financial & other assets	169	92	96	171	280						
Total assets	1,994	2,104	2,416	4,210	7,323						
Accounts payable	251	175	285	866	1,754						
Short-term debt	0	0	0	0	300						
Long-term debt	2	9	9	9	9						
Provisions & other liab	181	177	224	620	1,266						
Total liabilities	434	360	517	1,494	3,329						
Shareholders' equity	1,543	1,707	1,857	2,667	3,939						
Minority interests	18	36	42	49	55						
Total equity	1,560	1,743	1,899	2,716	3,994						
Net debt (Adj)	-714	-728	-937	-608	-208						
Net debt to equity (Adj) (%)	-45.8	-41.8	-49.3	-22.4	-5.2						

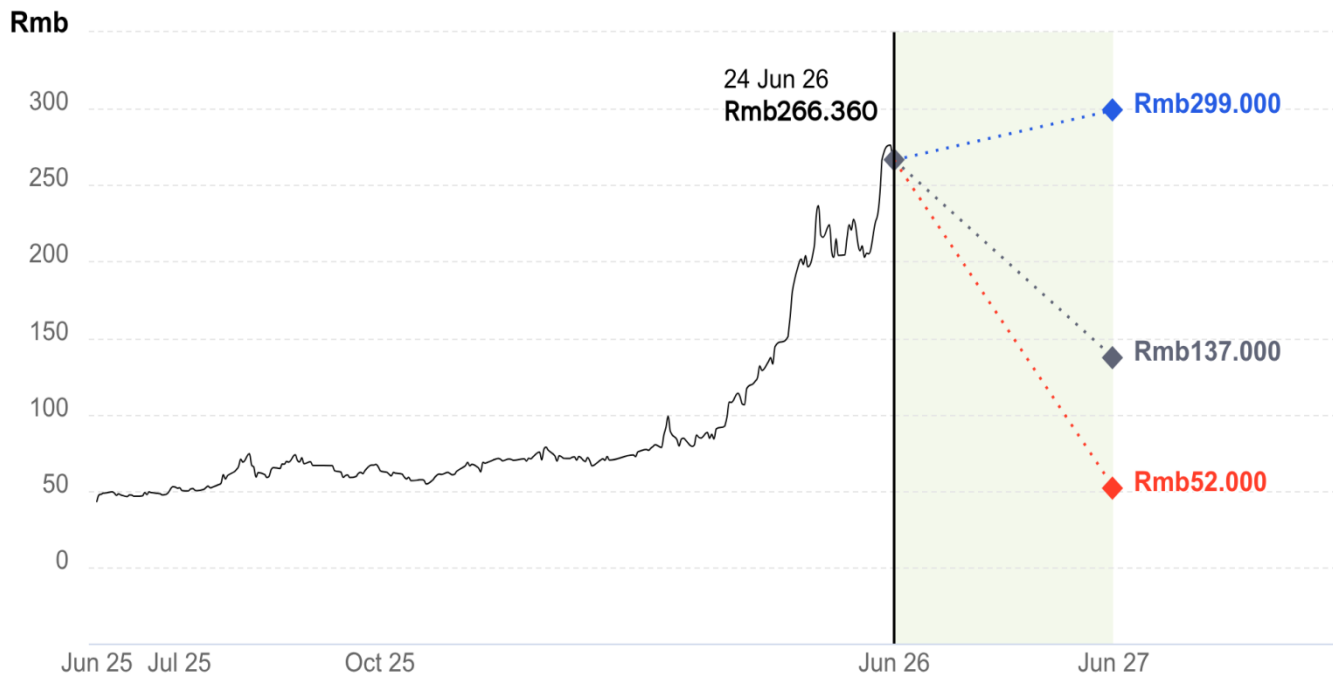
For definitions of the items in this table, please click [here](#).

Bull/Bear: Accelink Technologies (002281.SZ)

Rmb **299.000**
▲12% Upside

Rmb **137.000**
▼49% Downside

Rmb **52.000**
▼80% Downside



Spread 93pp
Current Price and expected returns (upside/downside) as of 24 Jun 2026

BULL Assumptions

- 97x FY27E PE (+2.5SD of 1-year Average), representing a continuous market sentiment
- Higher-than-expected revenue/earnings growth.

BASE Assumptions

- 44.3x FY27E PE (+1SD of 5-Y mean)

BEAR Assumptions

- 17x FY27E PE (-1SD of 5-Y mean)
- Lower-than-expected revenue/earnings growth.

Bull/Bear: Dongshan Precision (002384.SZ)

Rmb **435.000**
▲ 69% Upside

Rmb **350.000**
▲ 36% Upside

Rmb **211.000**
▼ 18% Downside



Spread 87pp
Current Price and expected returns (upside/downside) as of 24 Jun 2026

BULL Assumptions

- 15x P/E to DSBJ's original biz 2026 net profit;
- 20x 2027 P/E optical transceiver biz with NPM of 35%; 60x 2027 P/E optical chip biz with NPM of 50%;
- 25x 2027 P/E AI-PCB biz with NPM of 25%.

BASE Assumptions

- 15x P/E to DSBJ's original biz 2026 net profit;
- 20x 2027 P/E optical transceiver biz with NPM of 30%; 50x 2027 P/E optical chip biz with NPM of 40%;
- 25x 2027 P/E AI-PCB biz with NPM of 20%.

BEAR Assumptions

- 15x P/E to DSBJ's original biz 2026 net profit;
- 15x 2027 P/E optical transceiver biz with NPM of 25%; 40x 2027 P/E optical chip biz with NPM of 30%;
- 15x 2027 P/E AI-PCB biz with NPM of 15%.

Bull/Bear: Eoptolink Technology (300502.SZ)

Rmb **1,072.000**
▲ 93% Upside

Rmb **701.000**
▲ 26% Upside

Rmb **400.000**
▼ 28% Downside



Spread 121pp
Current Price and expected returns (upside/downside) as of 24 Jun 2026

BULL Assumptions

- 30.6x FY27E PE on better sentiment (+1 SD of 5-year average)
- Higher-than-expected 800G/1.6T Shipment and ASP
- Higher-than-expected margin

BASE Assumptions

- 20x FY27E PE (-0.5 SD of 5-year average)

BEAR Assumptions

- 11.4x FY27E PE on weaker sentiment (-1.5 SD of 5-year average)
- Lower-than-expected 800G/1.6T Shipment and ASP
- Lower-than-expected margin

Bull/Bear: EverProX Technologies (300548.SZ)

Rmb **326.200**
▲16% Upside

Rmb **286.000**
▲1.3% Upside

Rmb **121.200**
▼57% Downside



Spread 73pp
Current Price and expected returns (upside/downside) as of 24 Jun 2026

BULL Assumptions

- 62.5x FY27E PE (+1.5SD of 5Year Mean)
- Faster-than-expected revenue/earnings growth

BASE Assumptions

- 54.6x FY26E PE (+1SD vs. 5-Year Mean)

BEAR Assumptions

- 23.2x FY27E PE (-1SD Of 5-Y Mean)
- Slower-than-expected revenue/earnings growth

Bull/Bear: Suzhou TFC Optical Communication (300394.SZ)

Rmb **512.000**
▲ 57% Upside

Rmb **419.000**
▲ 29% Upside

Rmb **232.000**
▼ 29% Downside



Spread 86pp
Current Price and expected returns (upside/downside) as of 24 Jun 2026

BULL Assumptions

- 42.0x FY27E PE, +0.5 SD of its 5-year historical mean to account for better investor sentiment
- Higher-than-expected 800G/1.6T Optical Engines Shipment
- Higher-than-expected CPO Shipment

BASE Assumptions

- 34.3x FY27E PE, which is at its 5-year historical mean

BEAR Assumptions

- 19.0x FY27E PE, which is around 1SD below 5-year historical mean to account for weak investor sentiment
- Lower-than-expected 800G/1.6T Optical Engines Shipments
- Lower-than-expected CPO Shipments

Bull/Bear: T&S Communications (300570.SZ)

Rmb **298.000**
 **▲9.8% Upside**


Rmb **152.000**
 **▼44% Downside**

Rmb **101.000**
 **▼63% Downside**



Spread 73pp
Current Price and expected returns (upside/downside) as of 24 Jun 2026


BULL Assumptions

-  • Faster-than-expected revenue growth
- Higher-than-expected margin expansion⁶²
- 62.6x FY27E PE (2SD of 1-year Average), representing a continuous market sentiment

BASE Assumptions

-  • 31.8x FY27E PE (5-Year Average)

BEAR Assumptions

-  • Slower-than-expected revenue growth
- Lower-than-expected margin expansion
- 21.2x FY27E PE (-1SD of 5-Year Average)

Accelink Technologies

Company description

Accelink is a leading optical component supplier in China. It is the first Chinese optical vendor to own chipset-level technology and mass production capability, and it has R&D expertise in optical components. Accelink manufactures active and passive optical components, optical instruments, and integrated photo-electronic devices. The company also provides technical services and solution consultation. Accelink's predecessor was the Solid-State Device Institute of China's P&T Ministry which was founded in 1976 and renamed as Accelink Technologies in 2001.

Investment strategy

We rate Accelink shares as Sell, believing its recent strong share-price reaction has more than factored in the robust domestic optical transceiver demand. Current valuations for the stock look stretched considering its slower profit growth compared to overseas focused names and the lower profitability of domestic optical transceivers due to lower ASPs/margins.

Valuation

Our target price for Accelink of Rmb137 is based on 44.3x 27E P/E, 1SD above the stock's 5-year historical forward P/E to reflect robust domestic optical transceiver demand. We believe a P/E multiple is the most appropriate valuation methodology to capture Accelink's growth momentum driven by fast industry growth and its market-share expansion.

Risks

Upside risks that could prevent the shares from reaching our target price include: 1) Higher-than-expected optical network capex by telcos and corporates/government in China; 2) Margin expansion due to less price competition with its rivals; 3) Market share gains; and 4) Higher-than-expected datacenter investments and transceiver demand.

Dongshan Precision

Company description

DSBJ was established in 1998 and listed on Shenzhen Stock Exchange in 2010. The company manufactures PCB (FPC and RPCB), photoelectric displays (touch panels, LCM and LED) and precision metal structural components (for NEV, energy storage and communication equipment). In 2016, DSBJ acquired MFLEX (FPC biz), the global top-5 FPC company and the major supplier of Apple. In 2018, DSBJ acquired Multek (RPCB biz) to venture into the RPCB business.

Investment strategy

We rate the shares of DSBJ as Buy. We expect DSBJ to benefit from its aggressive optical chip expansion and gain share in the optical transceiver market with client expansion to Tier-1 US CSPs. Besides that, DSBJ also

provides FPC to most Apple's products, including iPhone, iPad, MacBook, Apple Watch, AirPods and Vision Pro. We believe DSBJ will benefit from the iPhone replacement cycle driven by edge AI, content value increase driven by venturing into module FPC and share gain at the cost of Japanese peers.

Valuation

We use SOTP methodology to derive our TP of Rmb350. We apply (1) 15x 26E P/E to DSBJ's original biz (past 5-year average); (2) 20x 27E P/E to the optical transceiver biz, in-line with the optical transceiver names average fwd P/E; (3) 50x 27E P/E to the optical chip biz, in-line with the optical chip names' average fwd P/E; (4) 25x to the 27E AI-PCB biz, in-line with PCB names' average fwd P/E.

Risks

Key downside risks that could impede the stock from reaching our TP include: (1) slower-than-expected progress in modules FPC and share gain from overseas peers; (2) slower-than-expected Tesla business growth due to fierce competition in the China NEV market; (3) continued optoelectronic business loss due to weak demand and intensified competition; (4) increasing materials costs; and (5) US-China geopolitical risk.

Eoptolink Technology

Company description

Founded in 2008, Eoptolink is principally engaged in R&D, manufacturing and sale of optical modules and components. It is a leading supplier of high-speed optical modules such as 400G/800G. Eoptolink's main products include point-to-point and passive optical network (PON) optical modules. Its products are used in various ICT applications, such as data centers, telecom networks, security monitoring, and smart grid.

Investment strategy

We rate Eoptolink shares as Buy. We maintain our positive view on the secular growth of its high-speed optical transceiver market boosted by AI and datacom demand. As one of the key overseas transceiver suppliers, we like its best-in-class cost efficiency and margin, which is ~10ppts higher than for peers. We expect its strong margin will continue by increasing 1.6T shipment mix, despite 800G still being its key products.

Valuation

Our target price for Eoptolink of Rmb701 is based on 20.0x FY27E, set at -0.5SD the 5-year historical mean to reflect a strong 800G/1.6T cycle, ASIC and Scale-Up Opportunity at CSP customers on the one hand and CPO cannibalization at its key customer Nvidia on the other.

Risks

Downside risks that could impede the stock from reaching our target price include: 1) slower-than-expected data center investments, 2) lower-than-expected optical network capex by telcos and corporates/governments in

China, 3) margin pressures due to price competition, 4) slower-than-expected expansion of new customers, 5) China-US tech disputes and 6) faster-than-expected CPO deployment.

EverProX Technologies

Company description

Established in 2003, EverProX Technologies (formerly Broadex Technologies) designs, produces, and sells a wide range of passive and active fiber-optic products for long-haul, metro and access networks, wireless networks, and datacenter optics. The company's passive optical products mainly include PLC optical splitters for fiber-to-the-home network, arrayed waveguide gratings (AWG) and adjustable optical power wavelength division multiplexer (VMUX) for the dense wavelength division multiplexing (DWDM) systems of backbone network and metropolitan area network, MEMS tunable optical attenuator for optical power attenuation, and optical fiber arrays widely used in various optical components. The company's active optical products mainly include 25G to 400G optical transceiver modules for data communications, active optical cables (AOC) and high-speed copper cables, optical transceiver modules for optical fiber access networks (PON), and optical transceiver modules for wireless bearer networks. The company offers both traditional optical transceiver modules and silicon photonics optical transceiver modules, which are mainly used in 5G fronthaul and data communication fields.

Investment strategy

We rate EverProX Technologies shares as Neutral. EverProX is trading at a consensus PE that is higher than those of peers despite its less upside potential in an era of CPO. We think the recent rally has largely factored in robust MPO/AOC sales. We think more clarity/re-rating opportunity would emerge if the company further consolidated the assets of subsidiary EverPro. Positives include the company's growth momentum and market-share expansion in a still-growing datacom industry, like MPO, AOC, etc.

Valuation

Our target price for EverProX Technologies of Rmb286 is based on 54.6x 27E PE, set at 1SD above the stock's 5-year historical average. The premium reflects EverProX Technologies' growth momentum and market-share expansion in a still-growing datacom industry, like MPO, AOC, etc.

Risks

Our quant model assigns a High Risk rating to EverProX Technologies based on the stock's volatility in the past 12 months. However, we believe such a rating is not warranted given our expectation that the company's leadership in 10GPON and DWDM products will deliver strong and visible revenue and earnings momentum.

Upside risks that could mean the EverProX Technologies stock fails to meet target price include: 1) Faster-than-expected Si photonic-based transceiver development; 2) Higher-than-expected optical network capex by telcos in

China; 3) Margin expansion due to less price competition among its peers; and 4) Higher-than-expected new customers expansion.

Downside risks that could impede the EverProX Technologies stock from reaching our target price include: 1) Slower-than-expected Si photonic-based transceiver development; 2) Lower-than-expected optical network capex by telcos in China; 3) Margin erosion due to less price competition among its peers; and 4) Lower-than-expected new customers expansion.

Suzhou TFC Optical Communication

Company description

Founded in Suzhou in 2005 and listed on the China stock market in 2015, Suzhou TFC is a China-based company primarily engaged in the research, development, design, manufacturing, and sales of fiber-optic components. It provides both passive and active optical components including ceramic sleeves, TOSA/ROSA/BOSA receptacles, CNC precision metal parts, fiber optic adapters, fiber optic connectors, attenuator, Optical Engines, FAU which are mostly used in datacom networks such as AI clusters and Switch-To-Switch Interconnection, and datacenters. The company operates businesses in domestic and overseas markets.

Investment strategy

We rate Suzhou TFC shares as Buy. The company, a leading provider of integrated solutions for optical components, had three types of basic passive optical components: ceramic sleeves, fiber optic adapters, and receptacles before listing. It continues to expand its optical components product chain through a series of M&As after listing. AI GPU/Network and upgrades of AI infrastructure to 800G and 1.6T/3.2T SiPh will drive demand for high-speed light engine, in our view. The high-speed light engine could also be used in other emerging markets such as laser radar and medical testing. We believe light engine business could become an important driver for the company in the long-term, with the company's high-speed light engine products being certified by more customers. Meanwhile, its SiPh chip packaging and processing capabilities and fiber-related product like FAU, PM, MT should benefit in the era of co-packaged optics.

Valuation

Our target price for Suzhou TFC of Rmb419/share is based on 34.3x 27E P/E, at the five-year mean of the stock to factor in new CPO re-rate, partially offset by cannibalization of its 1.6T/800G business in 2027.

Risks

Downside risks that could impede the Suzhou TFC stock from reaching our target price include: 1) slower-than-expected new product development; 2) slower-than-expected AI development across the globe; 3) slower-than-expected AI infrastructure/data center investment; 4) China-US tech disputes, 5) EML or upstream components supply constraint, 6) rising competition, 7) delayed CPO deployment in scale-out and scale-up.

T&S Communications

Company description

T&S Communications, established in 2000 and located in Shenzhen, is one of the leading manufacturers of optical communication products in China, serving both domestic and overseas customers. The company's optical communications products include high-density pre-terminated cable assemblies, connectivity accessories, WDM, FBT couplers, PLC splitters, ceramic ferrules, MT ferrules, PLC splitter chips & wafers, high-speed fiber optical transceivers, active optical cables (AOC), and integrated functional modules like LGX boxes, fiber optical enclosures and accessories. The products are applied in four major categories: 5G networks, data centers, FTTx networks, and smart grids. T&S Communications went public on the Shenzhen Stock Exchange in 2016.

Investment strategy

We have a Sell rating on the shares of T&S Communications, a leading supplier of optical fiber connectors. Although we still believe T&S could get access to fiber shuffle box opportunity, we see increasing competition from Asian supply chains including Japanese vendors and Chinese players. The stock is trading at valuations that we believe are stretched.

Valuation

Our target price for T&S Communications of Rmb152 is based on 31.8x 27E P/E, set at the stock's 5-year historical mean. We believe a P/E multiple is the most appropriate valuation methodology to capture T&S Communications' growth momentum, driven by the increasing demand for optical components like MPO, MT Ferrule and fiber shuffle for CPO/OIO, partially offset by rising competition.

Risks

Upside risks that could take the shares above our target price include: 1) faster-than-expected demand recovery in overseas markets; 2) better-than-expected expansion in the company's domestic market; 3) faster-than-expected investment ramp-up in data centers; 4) China-US tech disputes ease; 5) faster-than-expected CPO deployment.

If you are visually impaired and would like to speak to a Citi representative regarding the details of the graphics in this document, please call USA 1-888-500-5008 (TTY: 711), from outside the US +1-210-677-3788

Appendix A-1

ANALYST CERTIFICATION

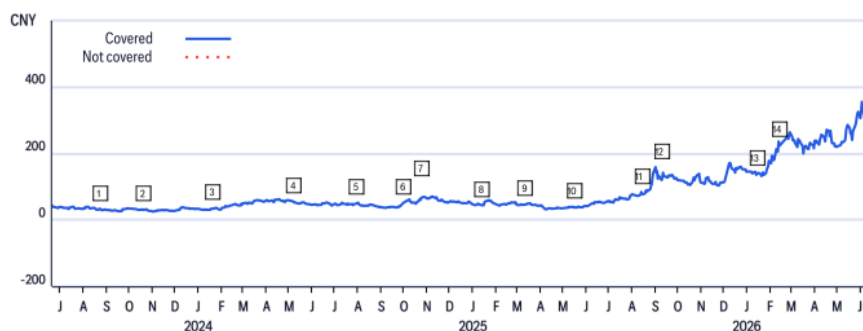
The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by “AC” in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

Suzhou TFC Optical Communication (300394.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Kyna Wong



Date	Rating	Target Price	Closing Price
1 24-Aug-23 19:43:34	1	*38.08	32.54
2 19-Oct-23 15:06:48	1	*39.36	29.96
3 21-Jan-24 18:52:58	1	*41.18	33.38
4 07-May-24 08:08:53	1	*67.42	53.02
5 29-Jul-24 03:37:15	1	*71.43	48.93

Date	Rating	Target Price	Closing Price
6 07-Oct-24 20:25:22	1	*73.47	51.28
7 27-Oct-24 20:40:44	1	*91.84	67.81
8 13-Jan-25 10:22:26	1	*81.63	44.23
9 11-Mar-25 18:00:35	1	*71.43	45.69
10 16-May-25 15:07:25	1	*48.47	37.90

Date	Rating	Target Price	Closing Price
11 13-Aug-25 14:24:12	1	*100.00	83.71
12 09-Sep-25 18:56:12	1	*140.00	119.95
13 14-Jan-26 03:30:29	1	*158.57	136.79
14 23-Feb-26 20:46:05	1	*318.57	222.56

*Indicates Change

Rating/target price changes above reflect Eastern Time

Eoptolink Technology (300502.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Kyna Wong



Date	Rating	Target Price	Closing Price
1 24-Aug-23 17:22:56	1	*28.52	23.93
2 23-Oct-23 14:03:04	*2	*18.83	17.05
3 11-Jan-24 05:38:30	*1	*29.29	23.42
4 12-May-24 21:34:55	1	*49.49	42.77

Date	Rating	Target Price	Closing Price
5 17-Jun-24 10:23:12	1	*67.86	56.37
6 07-Oct-24 20:25:22	1	*89.29	66.31
7 11-Mar-25 18:00:35	1	*76.53	48.11
8 16-May-25 15:07:25	1	*91.33	60.51

Date	Rating	Target Price	Closing Price
9 14-Jul-25 11:28:09	1	*141.43	93.50
10 13-Aug-25 14:24:12	1	*229.29	168.97
11 09-Sep-25 18:56:12	1	*337.14	225.23
12 23-Feb-26 20:46:05	1	*353.57	261.51

*Indicates Change

Rating/target price changes above reflect Eastern Time

T&S Communications (300570.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Kyna Wong



	Date	Rating	Target Price	Closing Price
1	17-Aug-23 11:50:50	1	*45.60	38.81
2	26-Oct-23 13:04:10	1	*42.20	33.83
3	05-Jan-25 17:27:33	1	*94.00	76.74

	Date	Rating	Target Price	Closing Price
4	11-Mar-25 18:00:35	1	*129.00	92.62
5	13-Jun-25 04:36:25	1	*137.00	88.32
6	23-Feb-26 20:46:05	1	*184.00	143.24

	Date	Rating	Target Price	Closing Price
7	23-Mar-26 21:17:55	1	*156.00	111.66

*Indicates Change

Rating/target price changes above reflect Eastern Time

Accelink Technologies (002281.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Kyna Wong



	Date	Rating	Target Price	Closing Price
1	27-Aug-23 22:25:00	1	*31.20	25.96
2	22-Sep-23 00:07:29	1	*33.00	31.22

	Date	Rating	Target Price	Closing Price
3	30-Oct-23 01:04:53	1	*33.90	28.45
4	13-Jan-25 10:22:26	*3	*29.00	48.05

	Date	Rating	Target Price	Closing Price
5	13-Jun-25 04:36:25	3	*24.60	43.55

*Indicates Change

Rating/target price changes above reflect Eastern Time

EverProX Technologies (300548.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Kyna Wong



	Date	Rating	Target Price	Closing Price
1	17-Aug-23 17:16:39	1	*33.70	27.84
2	22-Sep-23 00:07:29	1	*34.50	34.36

	Date	Rating	Target Price	Closing Price
3	23-Oct-23 14:54:57	*3	*17.30	23.82
4	25-Mar-24 15:53:01	3	*15.50	29.81

	Date	Rating	Target Price	Closing Price
5	13-Jun-25 04:36:25	*2	*63.00	60.19
6	14-Jan-26 03:30:29	2	*122.00	128.97

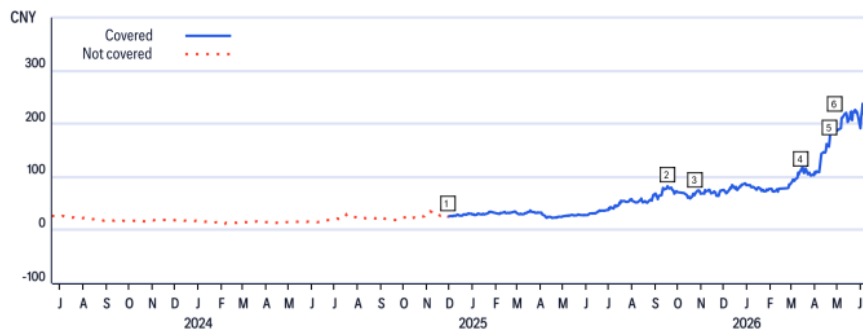
*Indicates Change

Rating/target price changes above reflect Eastern Time

Dongshan Precision (002384.SZ)

Ratings and Target Price History
Fundamental Research

Analyst: Karen Huang



	Date	Rating	Target Price	Closing Price		Date	Rating	Target Price	Closing Price		Date	Rating	Target Price	Closing Price
1	29-Nov-24 14:04:53	*1	*37.00	25.64	3	26-Oct-25 22:42:41	1	*95.00	69.15	5	21-Apr-26 21:40:41	1	*205.00	169.40
2	16-Sep-25 11:45:47	1	*99.00	79.71	4	15-Mar-26 21:31:51	1	*148.00	110.93	6	28-Apr-26 05:56:26	1	*225.00	183.90

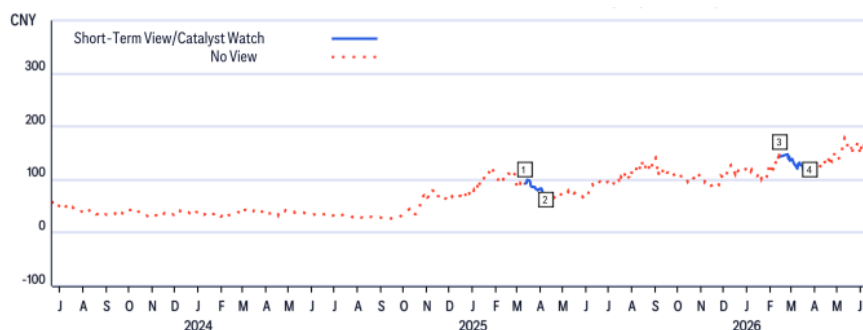
*Indicates Change

Rating/target price changes above reflect Eastern Time

T&S Communications (300570.SZ)

Short-Term View/Catalyst Watch Research

Analyst: Kyna Wong



	Date	Action	Expected Direction	Duration	Closing Price		Date	Action	Expected Direction	Duration	Closing Price
1	11-Mar-25 14:00:35	Add CW	Upside	30 Days	92.62	3	23-Feb-26 15:46:05	Add STV	Upside	30 Days	143.24
2	08-Apr-25 02:38:01	Remove CW	Upside	30 Days	62.04	4	25-Mar-26 23:03:23	Remove STV	Upside	30 Days	119.21

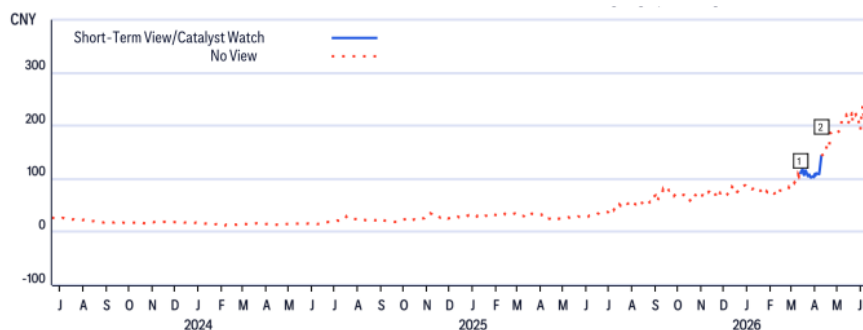
CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Dongshan Precision (002384.SZ)

Short-Term View/Catalyst Watch Research

Analyst: Karen Huang



	Date	Action	Expected Direction	Duration	Closing Price		Date	Action	Expected Direction	Duration	Closing Price
1	15-Mar-26 17:31:51	Add CW	Upside	30 Days	110.93	2	12-Apr-26 23:02:07	Remove CW	Upside	30 Days	143.55

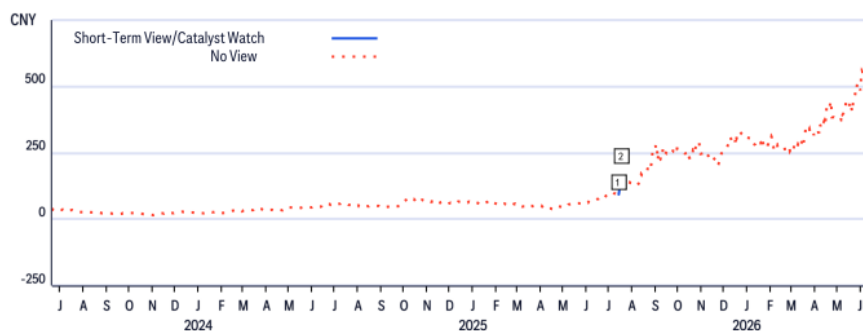
CW - Catalyst Watch, STV - Short-Term View

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Eoptolink Technology (300502.SZ)

Short-Term View/Catalyst Watch Research

Analyst: Kyna Wong



	Date	Action	Expected Direction	Duration	Closing Price
1	14-Jul-25 07:28:09	Add CW	Upside	30 Days	93.50

	Date	Action	Expected Direction	Duration	Closing Price
2	17-Jul-25 22:54:31	Remove CW	Upside	30 Days	131.07

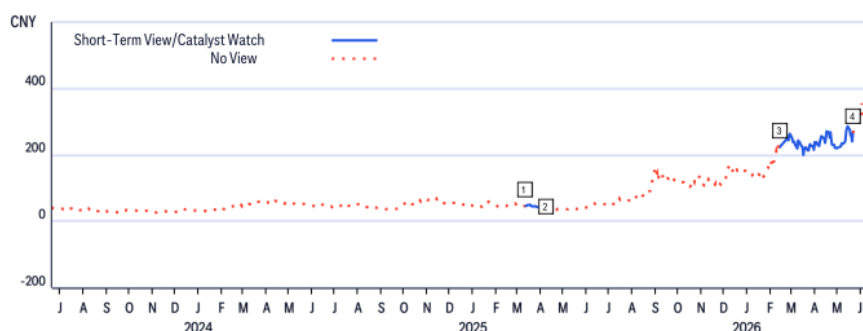
CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Suzhou TFC Optical Communication (300394.SZ)

Short-Term View/Catalyst Watch Research

Analyst: Kyna Wong



	Date	Action	Expected Direction	Duration	Closing Price
1	11-Mar-25 14:00:35	Add CW	Upside	30 Days	45.69
2	08-Apr-25 02:38:08	Remove CW	Upside	30 Days	31.75

	Date	Action	Expected Direction	Duration	Closing Price
3	23-Feb-26 15:46:05	Add CW	Upside	90 Days	222.56
4	24-May-26 23:24:29	Remove CW	Upside	90 Days	266.07

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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Data current as of 01 Apr 2026	12 Month Rating			Catalyst Watch		
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% of companies in each rating category that are investment banking clients	38%	41%	28%	42%	37%	36%

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