NOMURA

Global Markets Research

31 July 2026

Zhongji InnoLight 300308.SZ 300308 CH

EQUITY: TECHNOLOGY

Multiple growth engines ahead; leadership intact

2.4T transceiver / NPO to start in 2027, 3.2T / CPO in longer term

Rating Remains	**Buy**
Target price Increased from CNY 1,325.00	**CNY 1,375.00**
Closing price 31 July 2026	**CNY 902.01**
Implied upside	**+52.4%**
Market Cap (USD mn)	155,913.2
ADT (USD mn)	5,251.3

Action: Maintain Buy; raise TP to CNY1,375, implying 52% upside

Despite a recent pull-back in the share price, we think the strong fundamental growth drivers for InnoLight remain unchanged over FY26-28F: 1) 1.6T and Silicon photonics (SiPh) transceiver upgrades; 2) commercialization of 2.4T coherent-lite transceivers and NPO (near-field packaging optics) beginning 2027F; and 3) 3.2T transceiver, XPO (extra-dense pluggable optics), and CPO (co-packaged optics) market expansion in the long term. We **forecast FY26-27F global shipment forecasts for 800G/1.6T transceivers at 40.8-57.8mn/25.1-68.8mn**, and we also estimate **FY27-28F 2.4T transceivers shipments at 3-8mn units and NPO** at **8mn/25mn units**. Therefore, we **raise FY26-28F revenue/earnings forecasts by 2-5%/4-10%**, to reflect the strong product upgrades and margin expansion. We maintain our Buy rating and raise our TP to CNY1,375, based on 21x (previously 20x) FY27F EPS of CNY65.47, in line with WIND's China A share tech/electronic component sector median P/E. The stock is currently trading at 13.8x FY27F EPS.

Margin expansion to continue with the ease of components shortage and product upgrades in 2H26F

We think supply bottlenecks for upstream material (i.e., InP wafer) and components (i.e., EML/CW lasers) may gradually ease in 2H26F, thanks to accelerated capacity expansion and the company's effective supply chain management. Moreover, we believe there are multiple drivers of margin expansion, including the continued penetration of SiPh transceivers, the commercialization of 2.4T transceivers, and NPO products starting from 2027. The new product upgrade cycle should more than offset the increasing prices of upstream materials, in our view. As a result, we **raise FY26-28F gross margin by 1.5-3.1pp.**

Concerns about intensified competition overdone; multiple new technologies should help company maintain leadership

We think market concerns about new entrants into the market are overdone, as technology barriers will be rise further in new technology roadmaps (i.e., for 2.4T/3.2T/NPO/CPO). We believe the company's dedicated R&D and product development should help it to maintain market leadership, and we estimate the company will maintain a **30-35% market share in the global AIDC transceiver market in FY26-28F (40%+ for 1.6T and above)**.

Relative performance chart

Source: LSEG, Nomura

Research Analysts

China Technology

Bing Duan - NIHK
bing.duan1@nomura.com
+852 2252 2141

Ethan Zhang - NIHK
ethan.zhang@nomura.com
+852 2252 2157

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (CNY)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	38,240	122,105	124,240	261,031	266,386	371,545	388,945
Reported net profit (mn)	10,797	33,654	35,844	73,396	76,341	103,944	114,172
Normalised net profit (mn)	10,797	33,654	35,844	73,396	76,341	103,944	114,172
FD normalised EPS	9.72	30.29	30.74	66.06	65.47	93.55	97.91
FD norm. EPS growth (%)	110.7	211.7	216.3	118.1	113.0	41.6	49.6
FD normalised P/E (x)	92.8	–	29.3	–	13.8	–	9.2
EV/EBITDA (x)	71.3	–	21.1	–	9.5	–	5.8
Price/book (x)	33.7	–	10.0	–	6.2	–	4.0
Dividend yield (%)	0.2	–	0.6	–	1.2	–	1.8
ROE (%)	44.2	76.8	53.0	82.8	55.6	63.8	52.6
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Production Complete: 2026-07-31 10:50 UTC

See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Key data on Zhongji InnoLight

Performance

(%)	1M	3M	12M		
Absolute (CNY)	-29.0	5.2	314.5	M cap (USDmn)	155,913.2
Absolute (USD)	-28.5	6.6	341.9	Free float (%)	68.1
Rel to CSI 300	-20.3	10.5	302.9	3-mth ADT (USDmn)	5,251.3

Income statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	23,862	38,240	124,240	266,386	388,945
Cost of goods sold	-15,796	-22,166	-65,594	-138,085	-197,207
Gross profit	8,067	16,074	58,646	128,301	191,738
SG&A	-2,170	-2,170	-13,261	-33,762	-51,240
Employee share expense					
Operating profit	5,897	13,905	45,385	94,539	140,498
EBITDA	6,442	14,644	45,892	95,135	141,161
Depreciation	-545	-740	-508	-595	-663
Amortisation					
EBIT	5,897	13,905	45,385	94,539	140,498
Net interest expense	144	-183	-594	-1,273	-1,859
Associates & JCEs					
Other income	11	-122	-397	-852	-1,243
Earnings before tax	6,052	13,600	44,394	92,415	137,396
Income tax	-681	-2,020	-6,594	-13,726	-20,407
Net profit after tax	5,372	11,580	37,800	78,689	116,989
Minority interests	-200	-782	-1,956	-2,347	-2,817
Other items					
Preferred dividends					
Normalised NPAT	5,171	10,797	35,844	76,341	114,172
Extraordinary items					
Reported NPAT	5,171	10,797	35,844	76,341	114,172
Dividends	-845	-1,764	-5,856	-12,472	-18,652
Transfer to reserves	4,327	9,033	29,988	63,870	95,520
Valuations and ratios					
Reported P/E (x)	195.6	92.8	29.3	13.8	9.2
Normalised P/E (x)	195.6	92.8	29.3	13.8	9.2
FD normalised P/E (x)	195.6	92.8	29.3	13.8	9.2
Dividend yield (%)	0.1	0.2	0.6	1.2	1.8
Price/cashflow (x)	319.6	92.0	28.5	13.4	9.3
Price/book (x)	52.9	33.7	10.0	6.2	4.0
EV/EBITDA (x)	163.1	71.3	21.1	9.5	5.8
EV/EBIT (x)	178.2	75.1	21.4	9.6	5.8
Gross margin (%)	33.8	42.0	47.2	48.2	49.3
EBITDA margin (%)	27.0	38.3	36.9	35.7	36.3
EBIT margin (%)	24.7	36.4	36.5	35.5	36.1
Net margin (%)	21.7	28.2	28.9	28.7	29.4
Effective tax rate (%)	11.2	14.9	14.9	14.9	14.9
Dividend payout (%)	16.3	16.3	16.3	16.3	16.3
ROE (%)	31.0	44.2	53.0	55.6	52.6
ROA (pretax %)	29.1	47.9	111.8	171.4	190.3
Growth (%)					
Revenue	122.6	60.3	224.9	114.4	46.0
EBITDA	150.4	127.3	213.4	107.3	48.4
Normalised EPS	70.4	110.7	216.3	113.0	49.6
Normalised FDEPS	70.4	110.7	216.3	113.0	49.6

Source: Company data, Nomura estimates

Cashflow statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	6,442	14,644	45,892	95,135	141,161
Change in working capital	-4,452	-910	275	1,279	-2,093
Other operating cashflow	1,174	-2,839	-9,313	-17,970	-26,098
Cashflow from operations	3,165	10,896	36,854	78,443	112,970
Capital expenditure	-2,866	-2,760	-2,460	-2,160	-1,860
Free cashflow	298	8,136	34,394	76,283	111,110
Reduction in investments	0	0	0		
Net acquisitions					
Dec in other LT assets	0	0	0		
Inc in other LT liabilities	917	130	0	0	0
Adjustments	-993	12	0		
CF after investing acts	223	8,278	34,394	76,283	111,110
Cash dividends	-845	-1,764	-5,856	-12,472	-18,652
Equity issue	246	205	45,690	0	0
Debt issue	1,685	-1,114	500	500	500
Convertible debt issue					
Others	428	328	0	0	0
CF from financial acts	1,514	-2,344	40,334	-11,972	-18,152
Net cashflow	1,737	5,933	74,728	64,312	92,958
Beginning cash	3,317	5,054	10,987	85,715	150,027
Ending cash	5,054	10,987	85,715	150,027	242,985
Ending net debt	-2,377	-9,391	-83,619	-147,431	-239,889

Balance sheet (CNYmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	5,054	10,987	85,715	150,027	242,985
Marketable securities					
Accounts receivable	4,988	6,635	8,629	10,962	13,597
Inventories	7,051	12,681	21,536	34,422	51,577
Other current assets	1,103	781	781	781	781
Total current assets	18,196	31,084	116,661	196,192	308,939
LT investments					
Fixed assets	5,872	8,503	10,455	12,020	13,217
Goodwill	378	378	291	205	118
Other intangible assets	4,420	5,325	5,184	5,042	4,901
Other LT assets					
Total assets	28,866	45,289	132,591	213,458	327,175
Short-term debt	2,070	1,086	1,586	2,086	2,586
Accounts payable	4,417	10,446	21,570	38,068	55,765
Other current liabilities	10	27	27	27	27
Total current liabilities	6,497	11,558	23,182	40,180	58,377
Long-term debt	606	510	510	510	510
Convertible debt					
Other LT liabilities	1,470	1,599	1,599	1,599	1,599
Total liabilities	8,573	13,668	25,292	42,290	60,486
Minority interest	1,159	1,856	1,856	1,856	1,856
Preferred stock					
Common stock	19,134	29,765	105,443	169,313	264,833
Retained earnings					
Proposed dividends					
Other equity and reserves					
Total shareholders' equity	19,134	29,765	105,443	169,313	264,833
Total equity & liabilities	28,866	45,289	132,591	213,458	327,175
Liquidity (x)					
Current ratio	2.80	2.69	5.03	4.88	5.29
Interest cover	–	76.1	76.4	74.2	75.6
Leverage					
Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash
Per share					
Reported EPS (CNY)	4.61	9.72	30.74	65.47	97.91
Norm EPS (CNY)	4.61	9.72	30.74	65.47	97.91
FD norm EPS (CNY)	4.61	9.72	30.74	65.47	97.91
BVPS (CNY)	17.07	26.79	90.42	145.19	227.11
DPS (CNY)	0.75	1.59	5.02	10.69	15.99
Activity (days)					
Days receivable	61.0	55.5	22.4	13.4	11.6
Days inventory	131.1	162.5	95.2	74.0	79.8
Days payable	94.1	122.4	89.1	78.8	87.1
Cash cycle	98.0	95.6	28.5	8.6	4.3

Source: Company data, Nomura estimates

Company profile

Zhongji InnoLight is a China-based company mainly engaged in high-end optical communication transceiver module business and intelligent equipment manufacturing business. The company supplies optical transceiver modules to cloud computing data centers, data communications, 5G wireless networks and telecommunications transmission networks.

Valuation Methodology

Our TP of HKD1,375.00 is based on 21x 2027F EPS of CNY65.47, in line with its A-share historical median P/E. The benchmark index is Hang Seng Index.

Risks that may impede the achievement of the target price

Downside risks: 1) weaker-than-expected demand for high-end optical modules in both the datacom and telecom markets; 2) fierce competition in the 400G and 800G optical modules segments; 3) slower-than-expected product upgrades (i.e., 800G, 1.6T); and 4) escalated price war which may affect company's export to global customers.

ESG

Zhongji InnoLight, as a social responsibility, offers infrastructure products to telecom network and data centers. The manufacturing of optical modules requires land, equipment and other materials, which may impact the environment, while factory automation may help to improve its environmental friendliness.

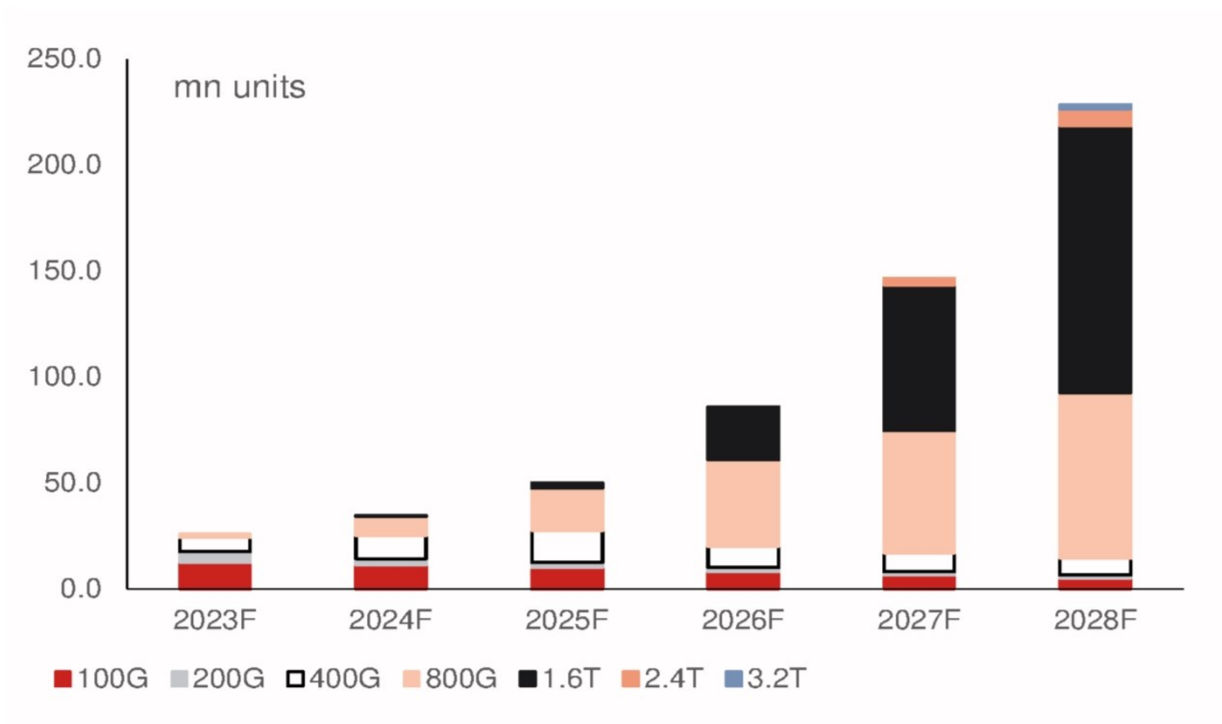
Investment thesis

Investment highlight # 1: High-speed optical transceiver leadership intact; product upgrades on track

We view 800G/1.6T transceivers as a key growth driver for InnoLight over FY26-28F, while we expect shipments of 2.4T and NPO products will start in 2027F, leading to a new product upgrade cycle. **We estimate 40.8mn/57.8mn/78.0mn units of 800G transceivers and 25.1mn/68.8mn/126.0mn units of 1.6T transceivers to be shipped in 2026F / 27F / 28F**. We raised FY27-28F shipment forecasts for **2.4T coherent-lite transceivers to 3mn / 8mn from 2mn / 5mn**, to reflect stronger-than-expected demand. We think Innolight will benefit from the large-scale commercialization of 2.4T coherent-lite transceivers. We also think 3.2T transceiver shipments may start in 2028F, with a small volume (2mn) at the start.

We expect the company to **maintain a 30-35% market share** in the global AIDC transceiver market due to strong R&D and effective supply chain management. Moreover, we expect the company maintain **40-47%/40-50%/50-55%** market share for 1.6T/2.4T/3.2T products in FY26-28F, which maintains leading position in the high-end transceiver market, in our view. In addition, we think Innolight is enjoying increasing penetration into SiPh-based transceivers, leading to higher gross margin, with the company also benefiting from technological dividend as a first-mover on SiPh technology.

Fig. 1: Global datacenter optical transceiver shipment forecast (mn units)



Source: Nomura estimates

Investment highlight #2: NPO/CPO not a major threat, but instead new growth opportunities

We estimate scale-out CPO switches (in both the Ethernet and IB switch markets) will remain **underpenetrated in 2026F/2027F (3%/8% penetration rate in unit term, 6.5% / 16.7% in dollar term)**, and shipment volume could reach c.18k/54k in 2026F/2027F, owing to technology difficulties (i.e., low yield rate) as well as supply chain challenges. We expect the **penetration rate of scale-out CPO switches to increase to 20% in 2030F (in unit terms, and 41.8% in dollar terms)**, and its TAM could increase from USD425mn in 2025F to USD23.5bn in 2030F. Meanwhile, we think scale-up CPO is becoming a mega-trend, which has a larger TAM than that for the scale-out CPO market in the long run. We expect **scale-up CPO content value to be USD3.8bn in 2027F, and it may reach USD103.9bn in 2030F**. We think Innolight is proactively preparing for large-scale CPO application in the long run.

Fig. 2: Scale-out CPO market TAM analysis and content value breakdown

	2025F	2026F	2027F	2028F	2029F	2030F
Data Center Ethernet Switch volume (k units)	1,200	1,320	1,452	1,597	1,757	1,933
Ethernet AI Switch volume (k units)	360	414	468	515	566	623
Ethernet AI Switch price (k USD)	30	34.5	39	43	47	52
Data Center IB Switch volume (k units)	320	352	387	426	469	515
IB AI Switch volume (k units)	160	184	208	229	252	277
IB AI Switch price (k USD)	50	57.5	65	72	79	87
Total AI Switch TAM (mn USD)	**18,800**	**24,863**	**31,772**	**38,444**	**46,517**	**56,286**
Ethernet CPO Switch penetration rate %	**1.0%**	**3.0%**	**8.0%**	**12%**	**15%**	**20.0%**
Ethernet CPO Switch volume (k units)	3.6	12.4	37.4	61.8	84.9	124.6
Ethernet CPO switch price (k USD)	74.4	81.8	90.2	99.2	109.1	120.1
IB CPO Switch penetration rate %	**1.0%**	**3.0%**	**8.0%**	**12%**	**15%**	**20%**
IB CPO Switch volume (k units)	1.6	5.5	16.6	27.5	37.8	55.4
IB CPO switch price (k USD)	98.4	108.2	116.2	127.8	140.6	154.7
Total CPO Switch TAM (mn USD)	**425**	**1,614**	**5,311**	**9,639**	**14,579**	**23,520**
CPO switch penetration (in dollar term)	2.3%	6.5%	16.7%	25.1%	31.3%	41.8%

Source: Nomura estimates

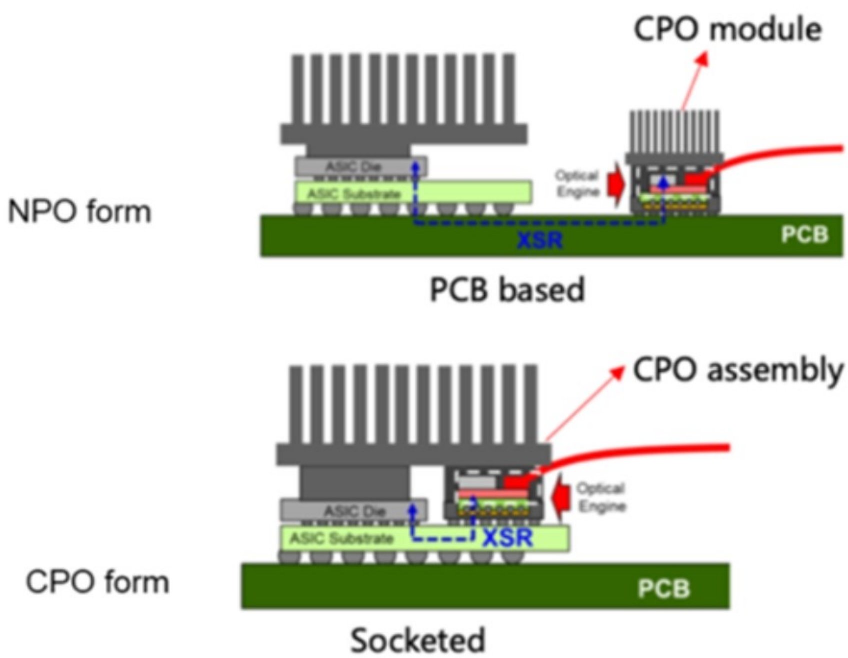
Fig. 3: Scale-up CPO market analysis and component breakdown (based on our assumptions for NVIDIA [NVDA US, Not rated])

	2027F	2028F	2029F	2030F
NVIDIA scale-up (NVLink Switch & OIO)	NVL144 (2 racks, rack-to-rack NVLink Switch CPO)	Feyman?? (NVLink Switch CPO)	Feyman?? (NVLink Switch CPO)	next gen GPU platform (OIO?)
Scale-up CPO rack shipments	**2,000**	**12,000**	**15,600**	**18,480**
No. of OE/Switch chip	6	6	6	6
Total No. of OE per rack	864	864	1,728	1,728
ASP of OE per unit (USD)	1,500	1,350	2,025	1,823
Content value of OE per rack (USD)	**1,296,000**	**1,166,400**	**3,499,200**	**3,149,280**
Total value of OE for NV scale-up (USD mn)	**2,592**	**13,997**	**54,588**	**58,199**
No. of ELS module per switch tray	18	18	36	36
No. of ELS module per rack	432	432	1,728	1,728
ASP of ELS module per unit (USD)	1,000	900	1350	1215
Content value of ELS per rack (USD)	**432,000**	**388,800**	**2,332,800**	**2,099,520**
Total value of ELS for NV scale-up (USD mn)	**864**	**4,666**	**36,392**	**38,799**
No. of FAU per rack	864	864	1,728	1,728
ASP of FAU per unit (USD)	50	45	67.5	60.75
Content value of FAU per rack (USD)	**43,200**	**38,880**	**116,640**	**104,976**
Total value of FAU for NV scale-up (USD mn)	**86**	**467**	**1,820**	**1,940**
No. of MPO fiber per rack	13,824	13,824	27,648	27,648
No. of MPO fiber per rack	864	864	1728	1728
ASP of MPO fiber per unit (USD)	100	90	135	121.5
Content value of MPO per rack (USD)	**86,400**	**77,760**	**233,280**	**209,952**
Total value of MPO for NV scale-up (USD mn)	**173**	**933**	**3,639**	**3,880**
No. of Shuffle box? per rack	24	24	48	48
ASP of Shuffle box? per rack (USD)	1,000	900	1350	1215
Content value of Shuffle box? per rack (USD)	**24,000**	**21,600**	**64,80[illegible]**	[illegible]
Total value of Shuffle box? for NV scale-up (USD mn)	**48**	**259**	**1,0[illegible]**	[illegible]
Total CPO content value per rack (USD)	**1,881,600**	**1,693,440**	**6,246,7[illegible]**	[illegible]
Total value for NV scale-up CPO (USD mn)	**3,763**	**20,321**	**97,4[illegible]**	[illegible]

Source: Nomura estimates

As an alternative to CPO, we think NPO solutions are gaining popularity, and we believe they are are more beneficial for the existing optical communications value chain. As NPO is more flexible with pluggable optical engines, which can leverage the production lines of pluggable optical transceivers, we believe the NOP commercialization timeline may start from 2027F. We raise our FY27-28F **NPO product shipment forecasts** from **5-20mn to 8-25mn units,** as we are positive on the demand from hyperscale customers. We expect Innolight to take a **40-50% market share** in FY27-28F, contributing 5-6% of its total revenue.

Fig. 4: NPO form vs CPO form



Source: Ruijie Network, Nomura research

Investment highlight #3: Effective supply chain management to underpin sustainable shipment growth; H-share listing to secure global capacity expansion

We note that there have been market concerns that capacity expansion of upstream components such as optical laser chips may lead to oversupply of optical transceivers. However, we expect the supply of high-end optical laser chips to remain tight in 2026-27F. Although there might be some uncertainties in 2028F, we think the new product cycle (3.2T/NPO/CPO) may lead to stronger demand for high-end optical lasers (including 400G EML, 300mW+ CW lasers). Some investors are concerned about heightened competition between transceiver players, but we expect that Innolight will maintain its leading position in the high-end optical transceiver market owing to its technological moat and effective supply chain management.

Fig. 5: Global optical chip shipment assumptions (mn units)

	2025F							2026F						
mn units	Lumentum	Broadcom	Mitsubishi	Sumitomo	Others	Total chip by category	Transceiver units (mn)	Lumentum	Broadcom	Mitsubishi	Sumitomo	Others	Total chip by category	Transceiver units (mn)
100G EML	30	20	34	36	5	*125*	16	36	18	30	32	30	*146*	18
200G EML	6	4	2	0		*12*	2	27	18	18	9		*72*	9
Vcsel	6	4	4	6		*20*	3	9	12	12	9		*42*	5
CW laser	18	12	0	18	15	*63*	16	18	12	0	40	40	*110*	28
Total	60	40	40	60	20	*220*	*35*	90	60	60	90	70	*370*	*60*
	2027F							2028F						
mn units	Lumentum	Broadcom	Mitsubishi	Sumitomo	Others	Total chip by category	Transceiver units (mn)	Lumentum	Broadcom	Mitsubishi	Sumitomo	Others	Total chip by category	Transceiver units (mn)
100G EML	65	31	48	51	100	295	37	97	46	72	77	194	486	61
200G EML	49	31	29	34	25	167	21	73	46	43	51	49	262	33
Vcsel	16	10	10	17	25	78	10	24	15	14	26	49	128	16
CW laser	32	31	10	68	100	241	60	49	46	14	103	194	406	101
Total	162	102	96	171	250	781	128	243	153	144	257	485	1282	211

Source: Nomura estimates
Note: Lumentum (LITE US, Not rated), Broadcom (AVGO US, Not rated), Mitsubishi (6503 JP, Buy, covered by Masaya Yamasaki), Sumitomo (5802 JP, Buy, covered by Yuji Matsumoto)

Proceeds from HK IPO will be invested for global capacity expansion and new product development

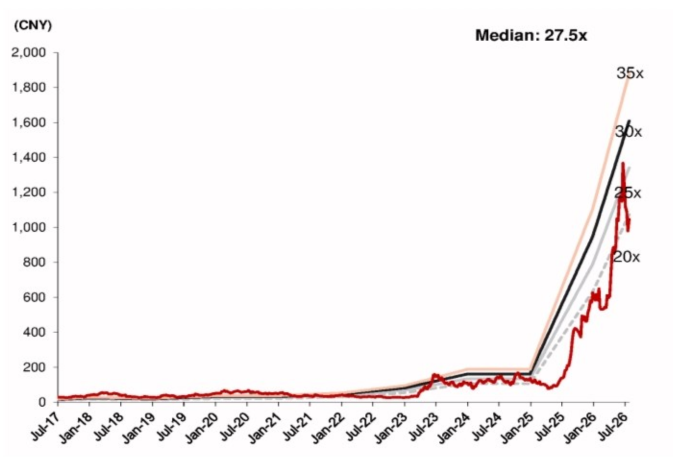
Innolight H shares were listed on Hong Kong Exchange (HKEX) on 30 July 2026, and the net proceeds were approximately HKD53bn. According to management, the company plans to invest: 1) about 35% of its net fundraising into R&D for optical interconnect products, focusing on improving the performance of 1.6T optical transceivers, mass production of 3.2T optical transceivers, and laying out cutting-edge technologies such as NPO and CPO; 2) about 30% to expand global capacity, aiming to increase annual optical transceiver capacity from about 40mn units to 90mn units by 2029; and 3) approximately 15% for strategic acquisitions and investments along the optical communication value chain. We think the company will continue to enjoy an optical communication sector upcycle in FY26-28F, with continuous capacity expansion and technical advantages.

Valuation and risks

Our new TP of CNY1,375 (vs CNY1,325 previously) is based on 21x (previously 20x) FY27F EPS of CNY65.47, in line with the consensus median P/E range of WIND's China A-share tech/electronic component companies.

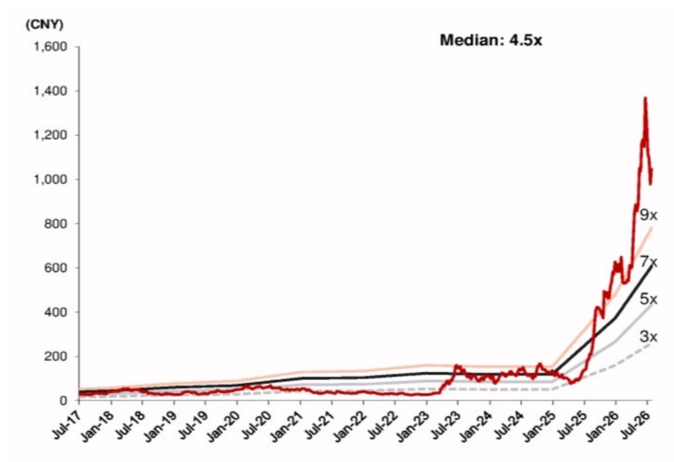
Downside risks: (1) weaker-than-expected demand for high-end optical modules in both the datacom and telecom markets; (2) fierce competition in the 800G/1.6T optical transceivers segments; (3) slower-than-expected product upgrades (i.e.,3.2T and silicon photonics products); and (4) an increase in price competition that might affect the company's exports to global customers.

Fig. 6: Zhongji InnoLight – 12-month-forward P/E bands



Source: Company data, Nomura estimates

Fig. 7: Zhongji InnoLight – 12-month-forward P/B bands



Source: Company data, Nomura estimates

Earnings forecast revisions

We raise FY26-28F revenue forecasts by 2-5% to reflect the strong demand for high-end transceiver products such as 2.4T transceivers, as well as business expansion into NPO/CPO. We raise FY26F-28F GPM by 1.5-3.1pp to reflect a better product mix from 2.4T and NPO/CPO products, partially offsetting price hikes for upstream materials. As a result, our FY26-28F earnings forecasts increase by 4-10%.

Fig. 8: Zhongji InnoLight – earnings forecast revisions

(CNY mn)	2022	2023	2024	2025	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
	A	A	A	A	(NOM)	(NOM)	(NOM)	(OLD)	(OLD)	(OLD)	Diff.	Diff.	Diff.
Revenue	9,642	10,718	23,862	38,240	124,240	266,386	388,945	122,105	261,031	371,545	2%	2%	5%
% chg yoy	25.3%	11.2%	122.6%	60.3%	224.9%	114.4%	46.0%	219.3%	113.8%	42.3%			
COGS	(6,816)	(7,182)	(15,796)	(22,166)	(65,594)	(138,085)	(197,207)	(66,275)	(140,825)	(199,824)	-1%	-2%	-1%
Gross Profit	2,826	3,536	8,067	16,074	58,646	128,301	191,738	55,830	120,206	171,721	5%	7%	12%
OPEX	(1,428)	(1,348)	(2,170)	(2,170)	(13,261)	(33,762)	(51,240)	(13,033)	(29,168)	(43,374)	2%	16%	18%
Operating Income	1,399	2,188	5,897	13,905	45,385	94,539	140,498	42,796	91,038	128,347	6%	4%	9%
% chg yoy	55.6%	56.4%	169.5%	135.8%	226.4%	108.3%	48.6%	207.8%	112.7%	41.0%			
Finance Expense	22	84	144	(183)	(594)	(1,273)	(1,859)	(584)	(1,248)	(1,776)			
Other gains/expense	(69)	221	11	(122)	(397)	(852)	(1,243)	(390)	(834)	(1,188)			
Pretax income	1,352	2,492	6,052	13,600	44,394	92,415	137,396	41,822	88,956	125,383	6%	4%	10%
% chg yoy	40.8%	84.4%	142.8%	124.7%	226.4%	108.2%	48.7%	207.5%	112.7%	40.9%			
Tax	128	319	881	2,802	8,550	16,073	23,224	8,168	15,560	21,439			
Profit to shareholders	1,224	2,174	5,171	10,797	35,844	76,341	114,172	33,654	73,396	103,944	7%	4%	10%
% chg yoy	39.6%	77.6%	137.9%	108.8%	232.0%	113.0%	49.6%	211.7%	118.1%	41.6%			
EPS	1.53	2.71	5.38	9.67	32.26	68.71	102.75	30.29	66.06	93.55	7%	4%	10%
Ratio Analysis													
GPM	29.3%	33.0%	33.8%	42.0%	47.2%	48.2%	49.3%	45.7%	46.1%	46.2%	1.5pp	2.1pp	3.1pp
OPEX	14.8%	12.6%	9.1%	5.7%	10.7%	12.7%	13.2%	10.7%	11.2%	11.7%	0.0pp	1.5pp	1.5pp
OPM	14.5%	20.4%	24.7%	36.4%	36.5%	35.5%	36.1%	35.0%	34.9%	34.5%	1.5pp	0.6pp	1.6pp
NPM	12.7%	20.3%	21.7%	28.2%	28.9%	28.7%	29.4%	27.6%	28.1%	28.0%	1.3pp	0.5pp	1.4pp

Source: Company data, Nomura estimates

Our FY26-28F revenues are 34-75% above WIND consensus estimates, while our FY26-28F earnings are 21-50% above, as we are more positive on shipment volumes, ASP growth and GPM expansion in the 1.6T/2.4T product cycle and NPO/CPO products in FY26-28F.

Fig. 9: Zhongji InnoLight – Nomura vs consensus

(CNY mn)	FY2025	FY2026F			FY2027F			FY2028F		
	Actual	(NOM)	(CON)	diff	(NOM)	(CON)	diff	(NOM)	(CON)	diff
Revenue	38,240	124,240	92,630	34%	266,386	163,648	63%	388,945	222,794	75%
Pretax Profit	13,600	44,394	37,401	19%	92,415	67,597	37%	137,396	96,418	43%
Net Profit	10,797	35,844	29,643	21%	76,341	56,137	36%	114,172	76,041	50%
EPS	9.72	30.74	26.58	16%	65.47	50.34	30%	97.91	68.18	44%

Source: Company data, WIND, Nomura estimates

Appendix A-1

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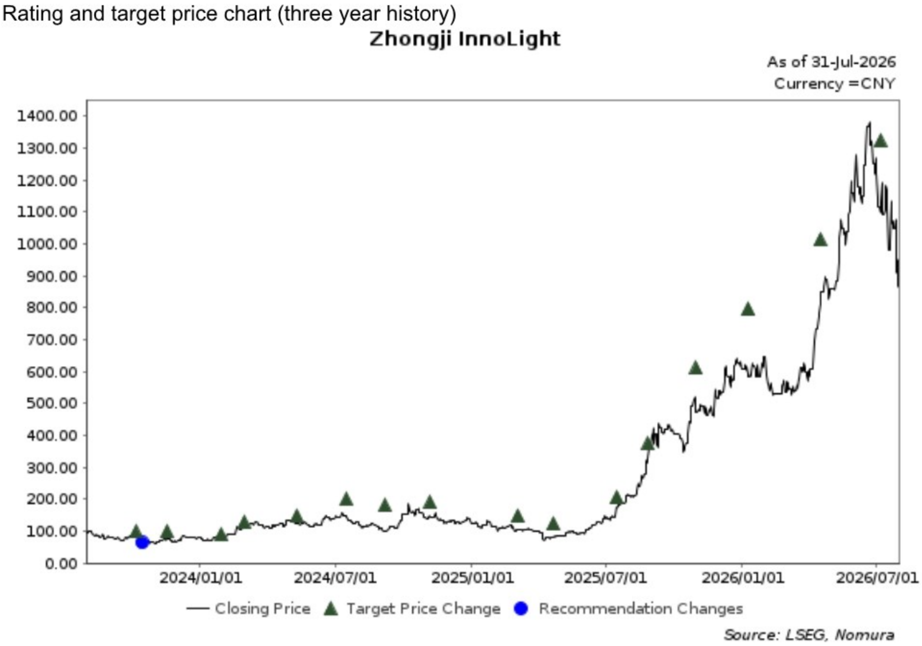
Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Zhongji InnoLight	300308 CH	CNY 902.01	31-Jul-2026	Buy	N/A	

Zhongji InnoLight (300308 CH) **CNY 902.01 (31-Jul-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
06-Jul-26		1,325.00	1,098.92
16-Apr-26		1,015.00	809.61
09-Jan-26		799.00	583.20
31-Oct-25		612.00	473.01
27-Aug-25		375.00	325.10
16-Jul-25		208.50	170.76
21-Apr-25		125.00	81.19
04-Mar-25		150.00	102.46
06-Nov-24		190.00	142.90
06-Sep-24		180.00	99.42
16-Jul-24		200.00	148.12
10-May-24		149.29	122.29
29-Feb-24		128.57	110.83
29-Jan-24		91.43	74.16
17-Nov-23		100.00	75.42
06-Oct-23	Buy		82.71
06-Oct-23		98.57	82.71

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of HKD1,375.00 is based on 21x 2027F EPS of CNY65.47, in line with its A-share historical median P/E. The benchmark index is Hang Seng Index.
Risks that may impede the achievement of the target price Downside risks: 1) weaker-than-expected demand for high-end optical modules in both the datacom and telecom markets; 2) fierce competition in the 400G and 800G optical modules segments; 3) slower-than-expected product upgrades (i.e., 800G, 1.6T); and 4) escalated price war which may affect company's export to global customers.

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