Asia Leaders Conference 2026 Takeaways: HG Tech (000988.SZ, NC): 1.6T and NPO to drive growth ahead

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We hosted HG Tech's management at our GS Asia Leaders Conference 2026. Management holds a positive view on their optical networking business and that highlighted their early preparation of raw materials should support their optical module shipments growth ahead. HG Tech is also developing next generation optical networking technology, such as NPO, to support its growth in long run.

Read across to Optical networking: The company's positive tone echoes our positive view on optical networking, in which we see dollar content increase on speed upgrade, market expansion from scale out to scale up, and technology migration to XPO (high-speed pluggable optical module), NPO (on-board optics), and CPO (co-packaged optics). We see the rising importance of optical networking in AI computing. **Read more:** Optical networking deepdive.

Company profile: HG Tech (000988.SS, not covered), based in Wuhan China, specializes in laser equipment, optoelectronic devices, sensors, etc. It is a local leading laser and optoelectronics manufacturer with end-market exposure to AI data centers, consumer electronics, industrial, automotive, etc., able to enjoy the product mix upgrade from 800G to 1.6T products.

Key Takeaways

The company's optical networking revenue reached Rmb3.8bn, with net income up 18% YoY to Rmb275m (link). Management mentioned that HG Tech's optical networking business growth was capped by raw material short supply, including 1.6T DSP chip, 800G LPO Driver, etc., and HG Tech has (1) included local DSP chip suppliers into supply chain, (2) stocked up inventory for key raw materials, (3) enhanced self-sufficiency in optical chips, supporting the optical module shipments growth in 2H26. Management remains positive on the optical networking device end-demand globally, with strong orders on hand for local market and for 800G LPO and 1.6T optical modules. HG Tech is also expanding its optical module capacity in China and overseas, enabling the company to capture the rising end-demand better. For the next generation optical devices, the company is collaborating with the AI

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ecosystem to develop the related technology, such as NPO, along with the rising contribution from SiPh devices, supporting the company's growth in long run.

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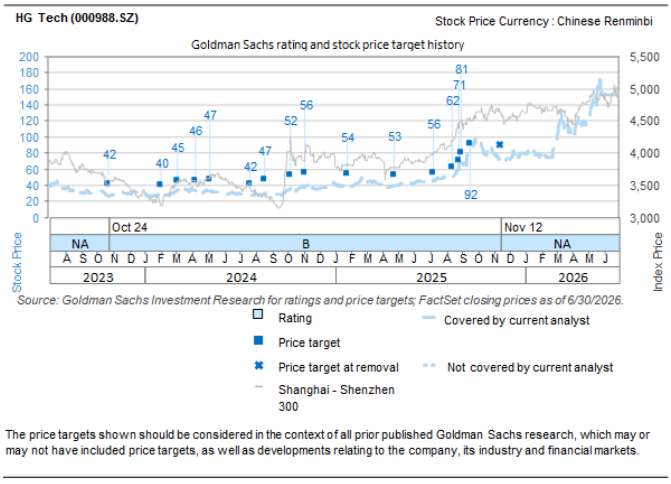
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