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China Hardware and Semiconductors

2Q26 Results Wrap and Inventory Tracker | Post AI Upcycle Beats, Swings to Selective for 3Q26

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CITI'S TAKE

40% of 2Q26 results beat (vs. 48% in 1Q26), mainly coming from the AI upcycle and improved pricing. Our China tech inventory tracker indicates relatively healthy inventory level for consumer electronics hardware in 2Q26, while AI hardware remained at a high level likely due to strategic stocking and strong order indication. Meanwhile, consecutive RF/wireless DIO increase likely suggests Android weakness. Smartphone supply chain may benefit from 2H flagship model restocking cycle, while AI supply chain may be under pressure amidst macro/policy uncertainties; 2028 and beyond - CSP financing for Capex and AI monetization. We highlight Lenovo as Neoclouds beneficiary, ASMPT on strong booking and AP demand, Montage as AI computing beneficiary, WUS on strong materials-locking capabilities, Luxshare on gaining momentum on AI (infra+edge) business and Lens Tech (H) on iPhone foldable beneficiary.

2Q26 results wrap — For 2Q26, among 40 tech hardware and semis stocks we cover 16/8/16 names reported results beat/in-line/miss. We saw results beat mainly from machine-vision demand recovery **(Hikvision, Dahua)**, AI upcycle (**Lenovo, IEIT Systems, WUS, ASMPT**), OSAT (**JCET, TSHT, TFME**), improved pricing (**SG Micro, CR Micro, StarPower, SICC**) and better-than-feared (**Sunny Optics, Lens Tech**). During 2Q26 results, we upgraded BYDE to Neutral. We expect (1) Apple chain with key upgrades (foldable display, heatsink, variable aperture) to benefit from 2H ramp. (2) Android supply chain share price bottoming, need new product drivers (AI glasses, edge AI, pan-IoT) to drive upside; (3) PCB makers generally expect tight supply and pricing pressure for key PCB materials to persist into 2H27; (4) Key components supply for optical transceiver may improve marginally in 3Q26, but most new capacity will not come online until 2H26–1H27; (5) AI's growing focus on advanced packaging benefitting ASMPT and CPU/interconnect driving Montage and; (6) positive pricing trend in analog (SG Micro) and power discrete (CR Micro) as industry capacity shift to AI-related applications.

2Q26 inventory tracker — Our China tech inventory tracker, which aggregated 207 HK/China downstream hardware, and 124 upstream semiconductor companies, suggests that **(1) Downstream hardware.** DIO of Distributor were relatively low in 2Q26, 2wks below 5-yr average. In contrast, DIO of PCB, Optical Communications, TVs and Surveillance were relatively high, and all reached 5-year 2Q high, likely due to preparation for 3Q sales. In conclusion, inventory levels of overall hardware sub-segments stayed healthy. **(2) Upstream semis**. MCU and SPE DIO was 2.6-2.8mths below 3-year 2Q average. In contrast, Memory was about 4mts above 3-yr average, and RF inventory has decreased to healthy level in 2Q26 vs. 1Q26. IDM/MCU DIO has been declining for the past 5/5 quarters, while Memory/RF/Wireless DIO has been rising for the past 4/5/5 quarters. Memory saw the most significant addition to DIO, adding 84 days QoQ in 2Q26, while MCU declined 21 days QoQ. Meanwhile, Wafer and RF has been making loss for consecutive 11/10 quarters as of 2Q26.

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

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Sector Views, Top Picks and Actions

Downstream Tech Hardware

Among 207 A-share and H-share downstream tech and communication companies we aggregated, tech hardware companies reported a YoY improvement in revenue driven likely on AI deployment and seasonal pull-in. We noted global smartphone shipment declined 7% YoY, TV up 4% YoY, PC down 5% YoY and server up 4% QoQ in 2Q26 respectively. We saw that (1) DIO of Distributors were relatively low in 2Q26. Revenue of Distributors increased by 136% YoY/43% QoQ in 2Q26 with YoY narrowed NPM. (2) DIO of PCB, Optical Communications, TVs and Surveillance were relatively high, and all reached 5-year 2Q high, likely due to preparation for 2H sales. For CCL-PCB supply chain, CCL/PCB DIO rose by 2/11 days QoQ, with revenue up by 62%/37% YoY or 37%/20% QoQ and NPM expanding by 6pts/3pts QoQ. Of note, CCL NPM improved for consecutive 6 quarters, while PCB NPM was volatile likely due to capacity ramp-up and raw material price hike pressure.

2Q iPhone build better than expected – Apple reported CY2Q26 (FY3Q26) iPhone sales 22% YoY increase, driven by higher Pro models, showing continuing momentum of premiumization. In Jun-Q, Apple faced supply constraints primarily on Mac, with smaller impacts on iPhone and iPad, driven by unexpectedly strong demand and limited availability of advanced-node capacity. For Sep-Q, management expects constraints to increase significantly, affecting iPhone, Mac, and iPad, with demand running above expectation and limited supply chain flexibility. Apple expects overall company sales to see 9-11% YoY in CY3Q26, and iPhone is expected to have high demand and grow mid-teens Y/Y, also impacted by the FX and supply constraints. Our recent checks on iPhone build plan suggested c.264mn iPhone production in 2026. 2H26E iPhone 18 build should reach 81mn, of which iPhone 18 Fold production volume could be 7.5mn. We noted innovative optical components for iPhone18 entered mass production in May, casing products for next generation iPhone began large-scale deliveries in August, while other components start ramp-up in 3Q26.

Android to slowdown in 2Q26 while Apple and Samsung up. IDC announced 2Q26 global smartphone shipment (sell-in) decreased by 7.4% YoY to 276.3mn while China smartphone shipment down by 4.3% YoY. Apple achieved 20.2% share to 55.7mn of shipment (up 14.9% YoY) and Samsung shipment grew 8.1% to 62.7mn. We note Xiaomi / OPPO / vivo posted a 26.4%/17.1%/19.6% YoY decline in 2Q26. In China, Apple iPhone shipment grew 24.4% YoY to 12.0mn, slightly behind Huawei of 14.9mn (up 19.4% YoY). Of note, Xiaomi shipment fell by 21.7% YoY in 2Q26. We expect global/China smartphone shipment to increase in 3Q26 on both Apple and Android flagship models launch, and benefit suppliers focusing on higher-end models, while lower-end smartphone may still be under pressure. Sentiment on smartphone pressure is likely well priced in. There are several flagship models launching in 2H which may provide certain catalysts to the supply chain – iPhone 18 series, Xiaomi 18, Huawei Mate 90 etc. Besides, in consumer electronics, Meta next-gen AI smart glasses are also drivers for edge AI supply chain.

AI likely range-bound across the board in 2H; focusing on Rubin over ASIC, NPO/CPO over transceivers – We believe the concerns over macro uncertainty, geopolitical tensions and policies (e.g. FCC), 2028 CSP financing for further capex growth and AI monetization, etc. would not be able to be addressed in 2H26. As such, we believe the U.S. AI supply chain will be range-bound across the board. Despite that, we believe Rubin and NPO/CPO supply chain should be more resilient as (1) our supply chain checks indicate that Rubin demand has been revised up during 2H26-27 while TPU has been revised down on Rubin more powerful performance. Meanwhile, we believe Rubin Ultra innovation, etc. PTFE switch tray and NPO will support suppliers' earnings upside. We expect a potential decision on

PTFE adoption/solution in Rubin Ultra switch tray in 4Q26 could be a catalyst to the PCB supply chain. (2) CPO starts mass production from 3Q26, and improving visibility on NPO adoptions for 2H27-2028 given certain parts of the supply chain have received orders and are preparing for NPO laser chips. We also think domestic GPU/ASIC ramp could drive certain parts of the domestic AI chain.

- **Lenovo (Buy)** – We expect Lenovo to benefit from strong server demand (general-purpose and AI servers) driven by Neoclouds, CSP and enterprises. PC business is likely to be better-than-feared with manageable revenue and OPM. We value Lenovo at HK$50, set at a 16.1x P/E on our FY2028 earnings forecast. Our target multiple is based on an SOTP approach, which values the IDG+SSG business at 10x P/E and the ISG business at 18.9x (both segments valued in line with peers). This reflects our expectation for a strong server demand outlook/profitability in FY27–29E, as well as stable and solid performance for the PC, mobile, and service businesses.

- **Luxshare (Buy)** – We believe the AI business is gaining momentum from 4Q26 – (1) we forecast <1mn/7.6mn/14.8mn datacom optical transceiver module shipments in 2026E/27E/28E, contributing Rmb1.9/24.8/48.0bn revenue respectively. (2) We also believe Luxshare could start to benefit from 224/448G CPC for high-density supernodes connectivity from late 2027. (3) Customized AI edge products for an overseas foundation-model company are progressing efficiently and should begin making a noticeable contribution to Luxshare from 2H26 through 2027. Other than that, we see core business remains resilient, Leoni business is likely to secure profitability, while its organic automotive will drive higher growth. Our Rmb86.0 target price for the A-shares is based on 22.3x 2027E P/E, set at 1std above historical five-year average, driven by improving visibility on optical transceivers and CPC opportunity in 2027, and supported by 33% EPS 2025-2028E CAGR.

- **Lens Tech-H (Buy)** – We believe Lens Tech will benefit from iOS foldable device rollout. We think Android components and assembly business will still see margins pressure but likely bottoming in 2Q range. Our target price of HK$31.0 is based on 20.0x 2027E EPS, a 35% discount to our A-share P/E target multiple. The H-share traded at a average 35% discount to the A-share since ts listing day. We believe the H-share will likely re-rate to components valuations of EMS due to the upcoming key upgrade cycle, driven by cover glass content upgrade in iOS foldable devices.

- **WUS (Buy)** – We prefer WUS among our AI PCB names as they have higher 2027 earnings visibility given their strong materials-locking capabilities. We value WUS on a higher P/E given its solid earnings delivery track record supported by a more balanced client portfolio. We apply 25x 2027E P/E to derive our target price of Rmb161.0 for WUS, which we believe is justified by an 81% 2026-28E earnings CAGR driven by: 1) robust growth backed by GenAI-related PCB demand during 2026-2028E; 2) potential ASP/GM improvement thanks to a favorable product mix; and 3) strong execution and delivery capabilities to help sustain a robust GM.

Semiconductors

- **ASMPT (Buy) –** We see strong revenue momentum to continue driven by increasing OSAT capex (especially into advanced packaging) and broadening TCB and photonics opportunities. AI GPU moving to SoIC compound die structure, new EMIB-T advanced packaging technology both require TCB for CoW bonding. Photonics (optical transceiver, O/E on substrate, FAU/microlens

attach) could be emerging opportunities. B/B ratio remained at 5-year high supported by strong orders and could rise higher driven increasing OSAT capex. Progress in customer TCB/HB orders, potential SMT divestiture would be positive share catalysts to push ASMPT shares higher.

- **Montage (Buy) –** We view Montage a rare investment opportunity among China semiconductor names to gain exposure to the global data center expansion. While 2Q26 results disappointed on GPM (product mix shift) and MRCD/MDB sales, we believe these are mostly results of product transition. New product tape-out, CPU platform launch (supporting MRDIMM Gen 2, PCIe 6.0/CXL 3.0) could set up a strong 2027 recovery. Montage is well positioned to capture growth opportunities from China/global AI capex expansion, supported by its robust product pipeline. Shares prices are undemanding after recent Korea office probe and soft 2Q26 results. We expect share re-rating later this year on better visibility of new product volume production.

- **OmniVision (Buy) –**OmniVision underperformed YTD as memory price hike severely suppressed smartphone and automotive demand. However, smartphone downside should be limited after >30% YoY decline in 1H26, reducing profit contribution to ~10%. Overseas auto share gain, helped by competitors' capacity constraint, also more than offset the domestic weakness. New AI/optical communication and edge AI opportunities are also emerging. Share prices are cheap at <20x 2027E P/E. We like OmniVision given favorable risk/reward. Any memory price pullback or signs of smartphone recovery, however small, could drive short covering and share re-rating.

1H/2Q26 Results Wrap

We joined 90+ A/H hardware/semiconductor company earnings calls, and we summarize the below industry trends.

CCL/PCB. PCB makers generally expect tight supply and pricing pressure for key PCB materials to persist into 2H27. Upstream electronic-glass-fabric suppliers noted that loom lead times are around three years, with Toyota Industries' order book extending to 2Q30. Kingboard expects a roughly two-month lag before CCL price increases are passed through to PCB makers and end customers. PCB makers began raising prices in 2Q; low-priced legacy orders should largely roll off in 3Q, with more complete cost pass-through in 4Q. AI PCB order visibility has also extended into 2027, with Victory Giant reporting that orders for its core high-layer-count and HDI products are already scheduled into 2027.

Optics. Key components for 800G/1.6T optical transceivers, including 3nm DSPs, optical chips, high-end PCBs and InP substrates—are likely to remain tight through 2026. Supply improved marginally in 3Q26, but most new capacity will not come online until 2H26–1H27. For example, HGTech's (000988.CN, NR) delivery fulfilment rate was below 50% in 2Q26 due to shortages of 1.6T DSPs and 800G LPO drivers, before recovering to 85–90% in July and August. Everbright Photonics (688048.CN, NR) sees lead times of 12–18 months for MOCVD tools and around 24 months for E-beam equipment, while Etern (600105.CN, NR) notes that new MOCVD tools require another 2-3 months of commissioning after delivery. TFC 1.6T optical engine utilization rate was only 30-40% in 2Q26 given chips tightness.

Domestic computing. (1) Switches. Demand is shifting from 400G to 800G. Ruijie (301165.CN, NR) has begun volume deliveries of 800G switches, while the H3C supply chain served by Mentech Optical & Magnetic (002902.CH, NR) remains primarily on 400G, with 800G scheduled for launch in 4Q26. H3C's high-end models still use Broadcom solutions, while a domestic switching chip benchmarked against Broadcom's Tomahawk 5 is expected to enter sampling only in 3Q26. **(2) Servers and supernodes:** Unisplendour (000938.CN, NR) shipped more than 10,000 liquid-cooled servers in 1H26 and secured over Rmb3bn of liquid-cooled AI rack orders, covering its planned full-year deliveries. Huaqin (603296.CH, NR) began pilot deliveries of supernodes to two major customers in 2Q, moved into volume delivery in 3Q and expects a further ramp in 4Q. It targets more than Rmb10bn of supernode revenue in 2026 and multi-fold growth in 2027. Huaqin indicated that a single supernode can carry a delivery value of over Rmb20mn.

Apple. Apple supply-chain companies generally view 2026 as a "traditional off year", with only modest growth in overall smartphone demand. Supply-chain growth is being driven mainly by share gains, sole-source projects and higher content per device. For the new product cycle, innovative optical components for the North American customer entered mass production in May, casing products for next-gen iPhone began large-scale deliveries in August, while other components start ramp-up in 3Q26.

Android. Xiaomi expects memory price increases to moderate in 3Q26 and slow further in 4Q, but 3Q26 smartphone margins may see bigger pressure to reflect 1H26 contract price hike. and Transsion (688036.CN, NR) shares a similar memory price view for 3Q–4Q26. Longcheer (603341.CN, NR) saw customers add orders from May to July, and MediaTek SoC costs could rise by more than 10%. If both memory and Qualcomm SoC costs continue to increase, low-margin projects may

still be delayed or cancelled. BYD Electronic has seen customers cut models priced below Rmb2,000, redirect resources towards the Rmb3,500–4,000 segment and increase the use of metal casings. Q Technology's smartphone camera-module shipments rose 30.1% YoY in 1H26, but shipments of 32MP-and-above products fell 7%, with their mix down around 15ppt, suggesting that higher memory costs are limiting camera upgrades in parts of the market. Despite that, Sunny Optical kept its handset business broadly stable through share gains in high-value main cameras and periscope modules and trimming low-margin projects. The Android supply chain is therefore seeing both pressure on low-end specifications and continued upgrades at the high end, rather than broad-based downgrading.

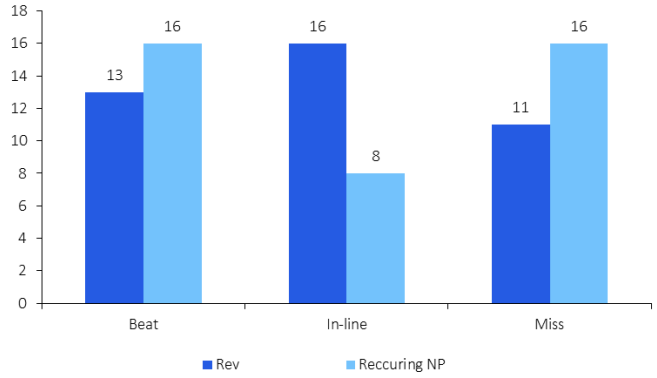
Display. HKC (001399.CN, NR) has observed a marked reduction in LCD price volatility following the exit of overseas producers, more disciplined production and further capacity concentration in mainland China. TCL Tech expects TV-panel prices to rise modestly in 2H26. The improvement in LCDs is being driven primarily by supply discipline rather than a sharp recovery in end demand. Flexible OLEDs remain under greater pressure: TCL Tech expects domestic flexible-OLED utilisation to fall below 70% in 2026, with prices already below cash cost. Stronger shipments to brand customers at individual panel makers should not be extrapolated into an industry-wide recovery.

Memory. Dosilicon (688110.CN, NR) expects tight memory capacity to persist into 1H27, although pricing trends should diverge across product categories in 2H26: SLC price increases are moderating, NOR remains relatively stable, while DRAM is stronger. GigaDevice (603986.CN, NR) noted that specialty DRAM prices have risen for several consecutive quarters and expects a moderate increase in 2H26, with limited new wafer capacity in 2027. Beijing Ingenic's (300223.CN, NR) DRAM ASP in 2Q was close to double the level a year earlier, while shipment volume rose around 20%. Unplanned capacity will remain difficult to secure in 2026, and incremental supply may not become available until 2H27. Its existing DRAM inventory can support demand through end-2027, although this reflects the company's own inventory and procurement position rather than the industry.

Power semiconductors. (1) Orders and capacity are tightening. NCE Power's (605111.CN, NR) lead times have exceeded nine months and continue to lengthen, with no clear inventory build-up in the channel. CR Micro's 6-inch, 8-inch and Chongqing 12-inch fabs are fully loaded, while packaging utilization exceeds 90% and maximum order visibility is around nine months. **(2) Price increases.** Supply is tightest for SGT and trench MOSFETs, while IGBT price adjustments started later. Customers have shown greater acceptance of price increases for MOSFETs, SiC and IGBTs than for consumer small-signal and rectifier products. Industrial customers have generally accepted higher prices, while solar customers remain more cautious given demand softness.

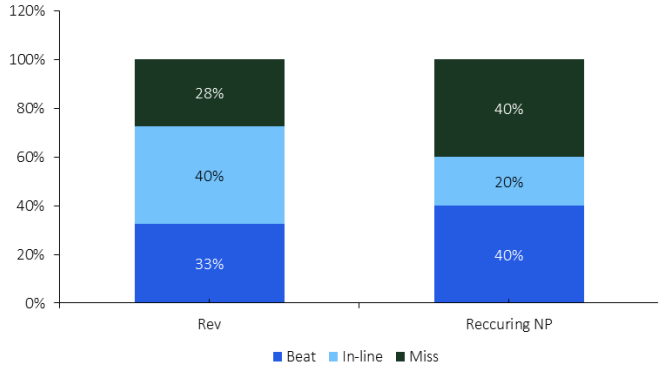
Analog. Analog-chip suppliers are also facing higher wafer and packaging costs, but the sector has not moved to broad-based price increases. Novosense (688052.CN, NR) had largely completed price adjustments for small and mid-sized customers by July, while negotiations with major customers were still under way. Awinic (688798.CN, NR) indicates consumer customers have relatively limited ability to absorb higher costs. SG Micro has explicitly ruled out broad or aggressive price increases, relying instead on volume growth, high-end new products and a better product mix to offset higher costs. Full utilization at mature-node fabs therefore does not imply uniform price increases across the analog sector.

Figure 1. Citi Hardware/semiconductor 2Q26 results summary



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Source: Citi Research, Company Reports

Figure 2. Citi Hardware/semiconductor 2Q26 results summary



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Figure 3. Tech Hardware – Capex

Company	Currency	Revenue (bn LC)			Capex (bn LC)			Capex/Rev		
		2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E
Surveillance										
Hikvision	CNY	92.5	101.8	113.2	3.6	3.3	3.3	4%	3%	3%
Dahua	CNY	32.7	35.7	38.8	0.7	0.7	0.7	2%	2%	2%
TransInfo	CNY	8.2	8.5	9.3	0.2	0.3	0.3	2%	3%	3%
OEM										
Xiaomi	CNY	496.3	512.1	607.9	13.9	14.5	15.5	3%	3%	3%
Lenovo	USD	83.1	80.5	106.3	1.3	1.1	1.4	2%	1%	1%
IEIT Systems	CNY	164.8	204.1	260.4	0.2	0.6	0.8	0%	0%	0%
Component										
Luxshare	CNY	332.3	414.0	490.6	111.6	18.9	18.7	34%	2%	2%
GoerTek	CNY	96.6	100.6	116.3	7.1	4.9	4.5	7%	5%	4%
FII	CNY	902.9	1,474.1	2,025.3	17.2	10.8	11.6	2%	1%	1%
USI		59.2	68.1	80.0	1.3	1.5	1.8	2%	2%	2%
BYDE	CNY	194.8	215.6	233.3	4.4	5.7	5.6	2%	3%	2%
Lens Tech	CNY	74.4	77.1	95.6	9.4	6.8	6.6	13%	9%	7%
Lingyi	CNY	51.4	62.9	75.1	4.8	4.2	4.2	9%	7%	6%
AAC	CNY	34.5	41.5	48.0	2.8	3.0	3.1	8%	7%	6%
OFILM	CNY	22.1	19.9	24.0	0.5	n.a.	n.a.	2%	n.a	n.a
WUS	CNY	18.9	28.0	42.5	3.2	5.2	5.8	17%	19%	14%
Victory Giant	CNY	19.3	32.0	57.4	6.4	11.5	10.1	33%	36%	18%
Delton	CNY	5.5	9.8	16.8	1.3	1.0	1.3	24%	11%	8%
DSBJ	CNY	40.1	67.6	110.2	4.4	4.3	4.5	11%	6%	4%
Optics										
Cowell	USD	27.3	32.9	38.9	0.6	1.3	1.4	2%	4%	3%
Sunny	CNY	46.9	54.6	60.7	2.3	3.3	3.1	5%	6%	5%
Q Tech	CNY	22.7	26.4	29.3	0.7	0.7	0.6	3%	3%	2%
Conant	CNY	2.4	2.9	3.5	0.3	0.4	0.3	13%	14%	8%
Optoelectronics										
BOE	CNY	204.6	219.5	240.3	40.1	26.3	24.9	20%	12%	10%
TCL	CNY	184.2	205.9	228.0	16.3	22.5	21.5	9%	11%	9%
AUO	TWD	281.4	281.6	294.7	18.2	18.8	18.7	6%	7%	6%
Compound Semi										
Sanan	CNY	17.9	18.4	n.a.	1.4	n.a.	n.a.	8%	n.a	n.a

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Note: *For companies with numerical 2026E capex guidance, we use 2026E guidance to calculate the ratio instead of BBG consensus.

Source: Bloomberg, Company, Citi Research

Figure 4. Tech Semiconductor – Capex

Company	Currency	Revenue (bn LC)			Capex (bn LC)			Capex/Rev		
		2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E
Wafer and Substrate										
SiCC	CNY	1.5	2.3	3.0	0.4	0.6	0.6	28%	25%	20%
SPE										
ASMPT	HKD	13.7	19.0	22.5	0.4	0.5	0.5	3%	3%	2%
Chroma	TWD	28.3	54.4	76.1	0.7	1.6	1.8	2%	3%	2%
Vital Deeptech	CNY	1.9	2.5	3.3	0.3	n.a.	n.a.	16%	n.a	n.a
China Design House										
Montage	CNY	5.5	7.5	10.9	0.3	0.3	0.4	5%	4%	3%
Goodix	CNY	4.7	5.4	6.1	0.1	0.2	0.2	2%	3%	3%
Maxscend	CNY	3.7	4.2	5.2	0.8	0.7	0.7	22%	16%	14%
Omnivision	CNY	28.9	30.3	35.3	2.3	1.8	2.0	8%	6%	6%
SG Micro	CNY	3.9	5.2	6.7	0.2	0.2	0.2	6%	4%	3%
Power Semis										
CR Micro	CNY	11.1	12.9	15.2	1.5	1.5	1.8	14%	11%	12%
Silan	CNY	13.1	15.7	18.3	1.6	1.5	1.1	13%	9%	6%
StarPower	CNY	4.0	4.7	5.7	0.7	0.6	0.6	17%	13%	10%
OSAT										
JCET	CNY	38.9	43.8	50.4	6.3	6.7	6.6	16%	15%	13%
TSHT	CNY	17.2	20.6	23.9	6.1	5.6	5.0	36%	27%	21%
TFME	CNY	27.9	33.7	38.6	6.2	2.8	2.5	22%	8%	6%

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Note: *For companies with numerical 2026E capex guidance, we use 2026E guidance to calculate the ratio instead of BBG consensus.

Source: Bloomberg, Company, Citi Research

Figure 5. Tech Hardware & Semiconductor – Assets Write-offs

Company	Ticker/RIC	DC code	BBG code	Wind code	Currency (mn)	Asset Write-Off				Inventory				Write-off/Inventory			
						3Q25	4Q25	1Q26	2Q26	3Q25	4Q25	1Q26	2Q26	3Q25	4Q25	1Q26	2Q26
Surveillance																	
Hikvision	002415.SZ	002415.CN	002415 CH	002415.SZ	CNY	(110)	(119)	(158)	(75)	20,105	20,472	24,382	29,488	-1%	-1%	-1%	0%
Dahua	002236.SZ	002236.CN	002236 CH	002236.SZ	CNY	(38)	(89)	(16)	(54)	6,360	6,090	7,542	8,568	-1%	-1%	0%	-1%
TransInfo	002373.SZ	002373.CN	002373.CH	002373.SZ	CNY	(2)	(93)	(2)	(6)	2,623	1,914	2,395	2,746	0%	-5%	0%	0%
OEM																	
IEIT Systems	000977.SZ	000977.CN	000977 CH	000977.SZ	CNY	1	(282)	(176)	(3)	57,654	46,508	44,207	52,679	0%	-1%	0%	0%
Dawning	603019.SS	603019.CN	603019 CH	603019.SH	CNY	19	(122)	(12)	(6)	3,231	3,533	4,336	6,792	1%	-3%	0%	0%
Component																	
Luxshare	002475.SZ	002475.CN	002475 CH	002475.SZ	CNY	(315)	(681)	(446)	(149)	51,997	42,333	46,032	50,367	-1%	-2%	-1%	0%
GoerTek	002241.SZ	002241.CN	002241 CH	002241.SZ	CNY	(92)	(814)	(72)	(181)	16,274	13,077	13,557	18,681	-1%	-6%	-1%	-1%
FII	601138.SS	601138.CN	601138 CH	601138.SH	CNY	(28)	(459)	(997)	(295)	164,664	150,913	167,332	192,109	0%	0%	-1%	0%
USI	601231.SS	601231.CN	601231 CH	601231.SH	CNY	14	18	(20)	62	8,272	7,977	8,669	9,764	0%	0%	0%	1%
Lens Tech	300433.SZ	300433.CN	300433 CH	300433.SZ	CNY	(157)	(252)	(214)	(223)	7,485	6,932	7,742	7,933	-2%	-4%	-3%	-3%
Lingyi	002600.SZ	002600.CN	002600 CH	002600.SZ	CNY	(57)	(24)	(241)	(119)	7,557	7,190	6,977	8,028	-1%	0%	-3%	-1%
OFILM	002456.SZ	002456.CN	002456 CH	002456.SZ	CNY	(21)	(42)	(23)	(5)	3,509	3,120	3,150	3,379	-1%	-1%	-1%	0%
WUS	002463.SZ	002463.CN	002463 CH	002463.SZ	CNY	(7)	(12)	(13)	(211)	3,592	4,246	4,913	6,041	0%	0%	0%	-3%
Victory Giant	300476.SZ	300476.CN	300476 CH	300476.SZ	CNY	(3)	(3)	(4)	(11)	2,667	3,162	3,905	5,890	0%	0%	0%	0%
Delton	001389.SZ	001389.CN	001389.CH	001389.SZ	CNY	(24)	(16)	(19)	(32)	621	764	958	1,384	-4%	-2%	-2%	-2%
DSBJ	002384.SZ	002384.CN	002384 CH	002384.SZ	CNY	(78)	(521)	(104)	(94)	7,286	8,929	9,745	11,418	-1%	-6%	-1%	-1%
Optoelectronics																	
BOE	000725.SZ	000725.CN	000725 CH	000725.SZ	CNY	(717)	(2,128)	(135)	(775)	27,858	27,749	25,524	26,881	-3%	-8%	-1%	-3%
TCL	000100.SZ	000100.CN	000100 CH	000100.SZ	CNY	(574)	(2,171)	(835)	(1,493)	21,141	18,371	20,358	22,977	-3%	-12%	-4%	-6%
Compound Semi																	
Sanan	600703.SS	600703.CN	600703 CH	600703.SH	CNY	(56)	(208)	(215)	(114)	6,349	6,595	6,835	6,635	-1%	-3%	-3%	-2%
Wafer and substrate																	
SICC	688234.SS	688234.CN	688234 CH	688234.SH	CNY	(10)	(29)	(8)	(10)	1,127	1,063	1,172	1,206	-1%	-3%	-1%	-1%
China Design House																	
Montage	688008.SS	688008.CN	688008 CH	603160.SH	CNY	(5)	(27)	(3)	(13)	690	746	807	692	-1%	-4%	0%	-2%
Goodix	603160.SS	603160.CN	603160 CH	603160.SH	CNY	(5)	(27)	(3)	(13)	690	746	807	692	-1%	-4%	0%	-2%
Maxscend	300782.SZ	300782.CN	300782 CH	300782.SZ	CNY	(15)	(125)	(82)	(97)	3,016	3,322	3,419	3,236	0%	-4%	-2%	-3%
Omnivision	603501.SS	603501.CN	603501 CH	603501.SH	CNY	(72)	(76)	(50)	(139)	8,070	8,598	9,382	9,187	-1%	-1%	-1%	-2%
SG Micro	300661.SZ	300661.CN	300661 CH	300661.SZ	CNY	(40)	(46)	(66)	(42)	1,362	1,448	1,592	1,677	-3%	-3%	-4%	-2%
Power Semis																	
CR Micro	688396.SS	688396.CN	688396 CH	688396.SH	CNY	(30)	(64)	(28)	(38)	2,279	2,279	2,342	2,294	-1%	-3%	-1%	-2%
Silan	600460.SS	600460.CN	600460 CH	600460.SH	CNY	(78)	(53)	(121)	(106)	3,727	3,882	3,876	3,792	-2%	-1%	-3%	-3%
StarPower	603290.SS	603290.CN	603290 CH	603290.SH	CNY	(2)	(25)	(10)	(7)	1,682	1,664	1,761	1,630	0%	-1%	-1%	0%
OSAT																	
JCET	600584.SS	600584.CN	600584 CH	600584.SH	CNY	(16)	(30)	(38)	(26)	3,727	3,811	4,408	4,996	0%	-1%	-1%	-1%
TSHT	002185.SZ	002185.CN	002185 CH	002185.SZ	CNY	(13)	(81)	(0)	(3)	2,662	2,843	3,262	3,695	0%	-3%	0%	0%
TFME	002156.SZ	002156.CN	002156 CH	002156.SZ	CNY	(17)	(71)	(0)	(67)	4,171	4,220	4,811	5,009	0%	-2%	0%	-1%

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Source: Citi Research, Company, Wind

Figure 6. Tech Hardware & Semiconductor - Consensus and revisions

Company	Ticker/RIC	Currency	Revenue (bn)			Trend	EPS			Trend	Net margin			Trend	Con. EPS 1m chg		Con. EPS 3m chg	
			2025A	2026E	2027E		2025A	2026E	2027E		2025A	2026E	2027E		2026E	2027E	2026E	2027E
Surveillance																		
Hikvision	002415.SZ	CNY	93	102	113		1.5	1.9	2.1		15.3%	17.2%	17.6%		-1.2%	-2.8%	7.0%	4.4%
Dahua	002236.SZ	CNY	33	36	39		1.2	1.2	1.4		11.8%	11.3%	11.8%		-0.6%	-1.1%	0.1%	-1.1%
TransInfo	002373.SZ	CNY	8	8	9		0.2	0.3	0.5		3.3%	5.4%	8.2%		-15.1%	0.0%	-2.3%	15.9%
OEM																		
Xiaomi	1810.HK	HKD	496	512	608		1.7	1.2	1.5		9.1%	5.9%	6.6%		-9.0%	-8.3%	-16.3%	-15.0%
Lenovo	0922.HK	USD	83	81	106		0.1	0.1	0.3		2.3%	2.2%	3.5%		0.8%	33.5%	0.8%	51.5%
IEIT	000977.SZ	CNY	165	204	260		1.6	2.9	3.7		1.5%	2.1%	2.1%		13.2%	8.3%	19.0%	14.1%
Component																		
Luxshare	002475.SZ	CNY	332	414	491		2.3	2.8	3.8		5.0%	5.1%	5.8%		-5.3%	-1.2%	-4.6%	1.4%
GoerTek	002241.SZ	CNY	97	101	116		1.1	1.0	1.3		4.1%	3.6%	3.8%		-2.6%	-8.3%	-10.0%	-8.3%
FII	601138.SS	CNY	903	1,474	2,025		1.8	3.0	4.0		3.9%	4.2%	4.1%		0.1%	0.7%	0.4%	2.2%
USI	601231.SS	CNY	59	68	80		0.8	1.0	1.4		3.1%	3.4%	4.2%		-4.9%	-3.6%	-11.7%	-5.6%
BYDE	0285.HK	HKD	195	216	233		1.7	1.5	2.3		2.0%	1.6%	2.2%		-8.5%	-1.0%	-15.0%	-3.5%
Lens Tech	300433.SZ	CNY	74	77	96		0.8	0.9	1.3		5.4%	6.0%	7.2%		-2.9%	1.8%	-6.1%	2.5%
Lingyi	002600.SZ	CNY	51	63	75		0.3	0.4	0.5		4.4%	4.8%	5.8%		-10.5%	-11.6%	-17.4%	-12.8%
AAC	2018.HK	HKD	35	41	48		2.4	2.7	3.4		7.9%	7.7%	8.2%		-1.5%	1.3%	-0.8%	3.1%
OFILM	002456.SZ	CNY	22	20	24		0.0	0.1	0.1		0.2%	0.9%	1.6%		0.0%	0.0%	-25.0%	-26.7%
WUS	002463.SZ	CNY	19	28	42		2.0	3.1	5.0		20.2%	23.7%	25.9%		6.6%	7.6%	7.9%	17.1%
Victory Giant	300476.SZ	CNY	19	32	57		5.0	8.7	16.4		22.4%	25.5%	27.4%		-3.5%	-3.2%	-10.5%	-2.4%
Delton	001389.SZ	CNY	5	10	17		2.4	4.7	8.6		18.5%	22.9%	24.2%		14.0%	24.2%	19.7%	37.6%
DSBJ	002384.SZ	CNY	40	68	110		0.8	4.4	11.0		3.5%	11.9%	18.4%		6.3%	3.9%	24.2%	56.8%
Optics																		
Cowell	1415.HK	HKD	27.3	32.9	38.9		1.7	2.2	2.7		5.6%	5.8%	5.9%		-2.1%	-2.9%	-3.5%	-3.7%
Sunny	2382.HK	HKD	47	55	61		4.6	4.3	5.1		10.7%	8.5%	9.1%		0.4%	-0.3%	-0.6%	-1.8%
Q Tech	1478.HK	HKD	23	26	29		1.4	0.7	0.9		7.2%	3.3%	3.5%		-12.8%	-12.5%	-11.9%	-12.0%
Conant	2276.HK	HKD	2	3	4		1.3	1.6	2.1		25.5%	27.5%	29.5%		-1.4%	-1.0%	-1.8%	-2.0%
Optoelectronics																		
BOE	000725.SZ	CNY	205	219	240		0.2	0.2	0.3		2.9%	3.8%	4.8%		4.2%	0.3%	-4.3%	-5.5%
TCL	000100.SZ	CNY	184	206	228		0.2	0.3	0.5		2.5%	3.5%	4.5%		-0.6%	-5.4%	0.3%	3.2%
AUO	2409.TW	TWD	281	282	295		0.9	0.1	0.6		2.4%	0.0%	1.6%		-36.7%	21.0%	-62.9%	18.2%
Compound Semi																		
Sanan	600703.SS	CNY	18	18	n.a.		-0.1	0.2	n.a.		-2.0%	5.1%	n.a.		0.0%	NA	5.6%	NA
Wafer and Substrate																		
SICC	688234.SS	CNY	1	2	3		-0.5	0.2	0.9		-14.2%	5.1%	11.1%		33.7%	0.8%	-8.5%	10.9%
SPE																		
ASMPT	0522.HK	HKD	14	19	23		2.2	4.2	6.1		6.6%	9.5%	11.6%		-0.9%	-1.1%	9.4%	6.0%
Chroma	2360.TW	TWD	28	54	76		27.5	44.5	65.3		41.3%	35.1%	36.6%		0.0%	0.0%	11.1%	11.4%
Vital Deeptech	600641.SS	CNY	1.9	2.5	3.3		-0.1	-0.1	-0.1		-6.8%	-2.7%	-1.6%		0.0%	0.0%	NA	NA
China Design House																		
Montage	688008.SS	CNY	5.5	7.5	10.9		2.0	3.1	4.4		41.0%	49.9%	49.2%		1.3%	-1.3%	0.9%	0.7%
Goodix	603160.SS	CNY	4.7	5.4	6.1		1.8	1.5	1.9		17.7%	13.0%	14.0%		-4.0%	-2.8%	-16.8%	-14.5%
Maxscend	300782.SZ	CNY	3.7	4.2	5.2		-0.5	-0.5	0.4		-7.9%	-7.3%	4.3%		-3771.4%	-51.7%	NA	-63.8%
Omnivision	603501.SS	CNY	29	30	35		3.4	2.9	4.0		14.0%	12.0%	14.2%		-12.4%	-8.8%	-19.1%	-13.3%
SG Micro	300661.SZ	CNY	3.9	5.2	6.7		0.9	1.4	2.1		14.0%	17.1%	19.6%		2.1%	3.3%	-0.6%	7.7%
Power Semis																		
CR Micro	688396.SS	CNY	11	13	15		0.5	1.0	1.4		6.0%	n.a.	12.3%		-1.2%	0.2%	-1.0%	1.9%
Silan	600460.SS	CNY	13	16	18		0.2	0.6	0.9		3.1%	6.2%	7.7%		-1.2%	0.5%	1.9%	5.5%
StarPower	603290.SS	CNY	4.0	4.7	5.7		1.7	1.4	2.4		10.1%	7.0%	10.6%		-21.8%	-17.4%	-37.6%	-23.2%
OSAT																		
JCET	600584.SS	CNY	39	44	50		0.9	1.3	1.7		4.0%	5.2%	6.2%		-0.6%	-0.9%	5.4%	10.7%
TSHT	002185.SZ	CNY	17	21	24		0.2	0.3	0.4		4.1%	4.2%	4.8%		0.0%	0.0%	-8.6%	-5.4%
TFME	002156.SZ	CNY	28	34	39		0.8	1.3	1.4		4.4%	5.8%	5.6%		21.9%	17.2%	24.2%	12.9%

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Source: Bloomberg, Citi Research

Figure 7. Tech Hardware & Semiconductor – PL Trend

Company	Currency (bn)	Revenue 2Q26	Revenue YoY	NP 2Q26	NP YoY	2Q26 GPM (%) 2Q26	2Q26 GPM (%) QoQ	2Q26 GPM (%) YoY	2Q26 OPM (%) 2Q26	2Q26 OPM (%) QoQ	2Q26 OPM (%) YoY	2Q26 NPM (%) 2Q26	2Q26 NPM (%) QoQ	2Q26 NPM (%) YoY
Surveillance														
Hikvision	CNY	26.11	12.1%	5.11	41.3%	50.7	1.6	5.3	23.3	4.0	6.3	19.6	6.2	4.1
Dahua	CNY	9.80	9.8%	1.69	-7.5%	42.6	-1.2	-0.1	19.6	5.9	3.6	17.2	7.1	-3.2
TransInfo	CNY	1.97	15.8%	-0.02	-52.0%	36.2	-1.9	3.6	-2.5	-3.8	7.9	-1.2	-1.5	1.8
OEM														
Xiaomi	CNY	108.92	-6.1%	9.46	-20.5%	19.8	-2.2	-2.7	9.9	4.6	-1.6	8.7	3.9	-1.6
Lenovo	CNY	183.30	34.6%	-4.14	-213.3%	16.5	0.1	1.8	0.5	-3.6	-3.7	-2.3	-4.7	-4.9
Inspur	CNY	48.91	46.7%	2.35	598.5%	10.3	3.6	4.2	5.9	4.1	3.9	4.8	3.1	3.8
Dawning	CNY	4.27	30.7%	0.74	37.1%	27.7	1.2	0.6	13.8	11.2	2.5	17.4	10.3	0.8
Component														
Luxshare	CNY	90.62	44.5%	4.18	16.2%	11.6	0.3	-0.4	4.6	1.1	0.7	4.6	0.3	-1.1
GoerTek	CNY	21.39	0.7%	0.96	1.6%	15.2	1.4	0.9	6.3	3.0	0.9	4.5	1.8	0.0
FII	CNY	306.78	53.1%	13.15	91.0%	7.0	-0.4	0.5	5.4	0.2	1.3	4.3	0.1	0.8
USI	CNY	13.99	3.1%	0.40	33.6%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.9	-0.2	0.7
BYDE*	CNY	82.23	2.0%	0.43	-75.4%	4.9	-0.4	-2.0	0.8	-1.0	-1.8	0.5	-1.3	-1.6
Lens Tech	CNY	14.73	-7.4%	0.73	1.8%	18.2	3.7	3.6	7.2	6.7	2.6	4.9	6.0	0.4
Lingyi	CNY	12.51	3.1%	0.37	2.0%	16.9	0.4	1.9	5.1	-0.1	-0.8	3.0	-0.1	0.0
AAC*	CNY	14.51	8.9%	0.90	2.9%	22.4	-0.7	1.7	7.6	-2.8	-1.2	6.2	-2.6	-0.4
OFILM	CNY	4.11	-17.0%	-0.20	292.7%	8.1	0.8	-1.5	-1.7	2.2	-2.4	-4.8	1.9	-3.8
WUS	CNY	7.48	67.7%	1.68	82.7%	41.3	5.6	4.0	27.5	3.5	5.7	22.5	2.5	1.8
Victory Giant	CNY	6.11	29.5%	1.57	28.3%	32.1	-2.4	-6.7	33.4	4.2	4.0	25.7	2.3	-0.2
Delton	CNY	2.47	89.2%	0.56	124.1%	41.1	4.2	3.6	28.8	3.5	6.8	22.8	2.2	3.5
DSBJ	CNY	14.66	75.5%	1.85	511.3%	20.9	1.6	7.9	16.7	4.7	12.0	12.6	4.2	9.0
Optics														
Cowell*	USD	1.60	18.0%	0.09	33.3%	11.2	1.7	-0.2	6.2	-0.4	-0.5	5.6	-0.5	0.6
Sunny*	CNY	21.91	11.5%	1.81	9.9%	19.5	-0.1	-0.3	10.1	-6.7	1.6	8.3	-4.4	-0.1
Q Tech*	CNY	9.92	12.4%	0.28	-10.5%	6.6	-1.4	-0.8	2.0	-8.5	-1.6	2.8	-7.1	-0.7
Conant*	CNY	1.17	7.6%	0.30	10.4%	42.9	-0.1	1.9	33.4	2.5	4.5	25.8	-0.1	0.6
Optoelectronics														
BOE	CNY	52.13	2.9%	3.54	116.8%	14.5	-1.1	1.4	7.9	1.7	4.6	6.8	3.4	3.6
TCL	CNY	45.21	-0.7%	2.25	158.6%	13.3	0.7	-0.4	3.2	0.6	1.9	5.0	1.4	3.1
AUO	TWD	70.89	2.4%	1.34	-31.0%	13.0	1.2	-0.5	0.3	1.2	-1.9	1.9	3.6	-0.9
Sanan	CNY	3.56	-23.8%	-0.17	366.9%	11.9	-6.6	-2.2	-0.9	-4.3	-3.5	-4.6	-7.0	-3.9
Wafer and substrate														
SICC	CNY	0.55	42.1%	0.00	-19.9%	25.4	6.2	14.2	13.1	19.1	9.5	0.3	16.9	-0.3
SPE														
ASMPT*	HKD	8.90	42.5%	0.59	174.1%	41.1	5.6	0.9	11.1	0.2	5.0	6.6	-2.9	3.2
Chroma	TWD	13.53	109.6%	5.12	162.3%	60.5	-2.1	-4.9	38.7	-1.7	4.7	37.9	5.3	7.6
Vital Deeptech	CNY	0.61	20.7%	0.23	270.4%	21.3	2.8	-2.9	40.1	52.2	42.1	37.1	40.3	25.0
China Design House														
Montage	CNY	1.87	32.8%	1.15	81.5%	61.8	-8.0	1.4	47.9	-13.1	8.3	61.3	3.3	16.4
Goodix	CNY	1.09	-7.9%	0.13	-42.9%	40.6	-0.3	-2.6	9.6	-0.8	-8.8	12.3	0.2	-7.5
Maxscend	CNY	0.98	3.6%	-0.23	124.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-23.1	-5.6	-12.4
Omnivision	CNY	7.61	1.7%	0.72	-38.3%	28.3	-1.1	-1.7	12.5	2.5	-3.5	9.4	1.6	-6.1
SG Micro	CNY	1.50	45.5%	0.30	110.3%	52.0	6.7	1.0	21.2	11.2	9.9	19.8	8.5	6.1
Power Semis														
CR Micro	CNY	3.27	14.2%	0.39	53.5%	27.6	2.1	1.7	15.9	-1.1	4.3	12.0	0.4	3.1
Silan	CNY	3.74	12.2%	0.31	164.2%	17.4	-2.4	-2.2	7.7	0.6	4.0	8.2	2.3	4.7
StarPower	CNY	1.06	4.6%	0.04	-77.7%	20.2	-0.9	-9.0	5.4	1.9	-11.2	3.6	0.5	-13.3
OSAT														
JCET	CNY	10.36	11.7%	0.55	107.3%	15.7	1.1	1.4	6.8	2.1	1.9	5.4	2.2	2.5
TSHT	CNY	5.71	35.6%	0.73	196.6%	16.9	5.6	4.5	15.6	12.5	7.7	12.7	10.9	6.9
TFME	CNY	8.56	23.2%	1.39	346.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	16.2	11.8	11.7

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Notes: *denotes we use 1H26 data instead 2Q26, accordingly we use HoH data instead of QoQ data

Source: Bloomberg, Company, Citi Research

Figure 8. Tech Hardware & Semiconductor - Operating Capability

		Inventory Days			AR Days			AP Days			CCC		
Company	Currency	end-1Q26	end-2Q26	Chg	end-1Q26	end-2Q26	Chg	end-1Q26	end-2Q26	Chg	end-1Q26	end-2Q26	Chg
Surveillance													
Hikvision	CNY	158.0	175.4	17.4	139.6	135.5	-4.1	101.9	109.8	7.9	195.7	201.2	5.5
Dahua	CNY	121.2	128.2	7.0	182.8	181.4	-1.4	82.4	81.9	-0.5	221.6	227.7	6.1
TransInfo	CNY	163.5	176.3	12.9	171.4	164.6	-6.8	190.2	183.1	-7.2	144.7	157.8	13.2
OEM													
Xiaomi	CNY	73.4	79.9	6.4	15.4	16.2	0.8	99.7	113.8	14.1	-10.9	-17.8	-6.9
Lenovo	USD	51.0	58.3	7.2	54.9	60.2	5.2	58.9	65.1	6.2	47.1	53.3	6.3
IEIT Systems	CNY	113.7	130.3	16.6	41.1	40.5	-0.6	77.8	69.1	-8.7	76.9	101.6	24.7
Dawning	CNY	127.0	160.1	33.1	55.8	58.6	2.7	83.5	113.9	30.4	99.3	104.7	5.4
Component													
Luxshare	CNY	47.0	45.7	-1.3	40.4	40.1	-0.3	66.2	64.4	-1.8	21.2	21.4	0.2
GoerTek	CNY	51.0	67.5	16.5	36.7	50.2	13.4	64.2	86.7	22.5	23.5	31.0	7.4
FII	CNY	56.8	56.3	-0.5	42.2	45.6	3.4	50.2	50.4	0.2	48.8	51.5	2.7
USI	CNY	54.6	n.a.	n.a.	56.7	n.a.	n.a.	67.9	n.a.	n.a.	43.3	n.a.	n.a.
BYDE*	CNY	39.6	43.2	3.6	48.6	35.1	-13.4	n.a.	27.0	n.a.	n.a.	51.4	n.a.
Lens Tech	CNY	43.2	46.0	2.8	41.3	47.1	5.8	68.1	73.1	5.0	16.4	20.0	3.6
Lingyi	CNY	51.6	58.0	6.4	83.6	83.9	0.4	73.8	80.5	6.7	61.4	61.4	0.0
AAC*	CNY	62.3	68.3	6.0	83.5	64.8	-18.7	79.0	72.8	-6.1	66.9	60.3	-6.6
OFILM	CNY	60.0	64.1	4.1	104.0	120.3	16.3	110.4	128.5	18.1	53.6	56.0	2.4
WUS	CNY	104.2	110.4	6.3	91.2	94.4	3.2	118.0	125.7	7.8	77.4	79.1	1.7
Victory Giant	CNY	85.9	107.9	21.9	96.6	112.1	15.5	135.4	129.4	-6.0	47.1	90.5	43.4
Delton	CNY	64.9	74.2	9.3	98.2	111.6	13.4	123.9	133.5	9.6	39.2	52.3	13.1
DSBJ	CNY	77.6	77.4	-0.2	69.9	61.4	-8.5	97.1	96.3	-0.8	50.4	42.5	-7.9
Optics													
Cowell*	USD	31.8	22.9	-8.9	54.0	32.2	-21.8	63.8	41.9	-21.9	21.9	13.2	-8.8
Sunny*	CNY	68.6	61.3	-7.3	72.1	65.5	-6.6	87.9	73.9	-14.0	52.8	53.0	0.2
Q Tech*	CNY	40.0	34.4	-5.6	93.0	85.6	-7.4	105.6	41.8	-63.8	27.5	78.2	50.7
Conant*	CNY	167.6	163.5	-4.1	63.4	84.9	21.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Optoelectronics													
BOE	CNY	53.7	57.0	3.4	60.6	65.0	4.4	77.3	80.3	3.0	36.9	41.8	4.8
TCL	CNY	44.6	48.7	4.1	40.4	43.9	3.5	71.5	76.1	4.6	13.5	16.5	3.0
AUO	TWD	52.8	56.3	3.5	40.7	40.8	0.2	77.4	75.5	-1.9	16.1	21.6	5.5
Compound semi													
Sanan	CNY	156.7	169.4	12.7	143.0	154.9	11.9	60.0	67.7	7.7	239.6	256.5	16.9
Wafer and substrate													
SICC	CNY	318.2	309.4	-8.8	146.9	150.1	3.2	118.6	104.1	-14.5	346.5	355.4	8.9
SPE													
ASMPT*	HKD	267.4	255.4	-12.0	92.5	94.4	1.9	59.9	53.7	-6.2	300.1	296.1	-4.0
Chroma	TWD	213.4	203.1	-10.3	111.1	91.0	-20.2	95.3	81.9	-13.4	229.3	212.2	-17.1
Vital Deeptech	CNY	688.6	823.9	135.3	78.5	85.9	7.4	23.4	33.4	10.0	743.6	876.4	132.8
China Design House													
Montage	CNY	116.9	117.2	0.3	34.7	40.5	5.7	30.6	31.3	0.7	121.0	126.3	5.3
Goodix	CNY	92.4	89.9	-2.5	41.3	48.7	7.4	36.1	42.3	6.2	97.7	96.3	-1.4
Maxscend	CNY	370.6	n.a.	n.a.	43.8	n.a.	n.a.	79.0	n.a.	n.a.	335.4	n.a.	n.a.
Omnivision	CNY	152.2	154.1	1.9	52.3	59.8	7.4	43.1	41.8	-1.3	161.4	172.1	10.7
SG Micro	CNY	n.a.	222.4	n.a.	n.a.	27.7	n.a.	n.a.	52.9	n.a.	n.a.	197.2	n.a.
Power Semis													
CR Micro	CNY	96.9	92.3	-4.6	86.7	93.4	6.8	59.7	62.1	2.4	123.8	123.6	-0.2
Silan	CNY	128.4	120.6	-7.8	137.9	142.8	4.9	107.0	103.0	-4.0	159.3	160.4	1.0
StarPower	CNY	191.0	186.4	-4.6	118.0	114.3	-3.6	98.6	114.8	16.2	210.4	185.9	-24.4
OSAT													
JCET	CNY	44.2	46.0	1.8	51.3	52.6	1.3	70.7	79.7	9.0	24.8	18.9	-5.9
TSHT	CNY	63.1	64.8	1.8	56.6	59.2	2.5	95.5	89.1	-6.4	24.2	34.9	10.7
TFME	CNY	58.8	n.a.	n.a.	65.5	n.a.	n.a.	88.6	n.a.	n.a.	35.8	n.a.	n.a.

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Notes: *denotes we use end-1H26 data instead of end 2Q26.

Source: Bloomberg, Company, Citi Research

Figure 9. Tech Hardware & Semiconductor - Solvency Ratio

Company	Ticker	Net Debt to Equity (%)			Current Ratio(x)			Cash Ratio(x)			Interest Coverage Ratio(x)		
		2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Surveillance													
Hikvision	002415 CH	-37.8	-31.5	-40.9	2.4x	2.4x	2.4x	1.1x	1.1x	1.1x	36.5x	40.0x	90.3x
Dahua	002236 CH	-29.4	-17.6	-12.7	2.6x	2.6x	2.6x	0.7x	0.7x	0.7x	20.6x	63.9x	-189.6x
TransInfo	002373 CH	-27.1	-29.8	-33.1	1.9x	1.9x	1.9x	0.8x	0.8x	0.8x	29.4x	-42.3x	69.0x
OEM													
Xiaomi	1810 HK	-47.4	-34.1	-24.7	1.3x	1.3x	1.3x	0.6x	0.6x	0.6x	15.7x	145.3x	15.5x
Lenovo	992 HK	47.0	39.9	65.9	0.9x	0.9x	0.9x	0.2x	0.2x	0.2x	13.1x	12.7x	12.3x
Inspur	000977 CH	25.4	28.8	16.6	1.4x	1.4x	1.4x	0.2x	0.2x	0.2x	22.3x	12.4x	5.4x
Dawning	603019 CH	-21.7	-22.3	-26.9	1.8x	1.8x	1.8x	0.9x	0.9x	0.9x	36.0x	42.7x	169.7x
Component													
Luxshare	002475 CH	12.5	4.2	20.8	1.1x	1.1x	1.1x	0.5x	0.5x	0.5x	15.7x	15.0x	15.2x
GoerTek	002241 CH	13.4	13.8	14.2	1.1x	1.1x	1.1x	0.4x	0.4x	0.4x	9.5x	11.8x	9.9x
FII	601138 CH	-23.5	-18.1	NA	1.4x	1.4x	1.4x	0.3x	0.3x	0.3x	11.7x	14.1x	NA
USI	601231 CH	-17.1	-26.2	-35.5	1.9x	1.9x	1.9x	0.8x	0.8x	0.8x	8.5x	8.2x	9.7x
BYDE	285 HK	20.3	16.7	-21.7	1.2x	1.2x	1.2x	0.4x	0.4x	0.4x	39.4x	21.0x	27.1x
Lens Tech	300433 CH	9.7	5.9	0.0	1.2x	1.2x	1.2x	0.4x	0.4x	0.4x	16.1x	23.0x	36.5x
Lingyi	002600.CH	33.7	33.7	33.7	1.2x	1.2x	1.2x	0.3x	0.3x	0.3x	16.0x	16.0x	16.0x
AAC	2018 HK	8.9	8.9	8.9	1.5x	1.5x	1.5x	0.6x	0.6x	0.6x	15.5x	15.5x	15.5x
OFILM	002456 CH	134.9	134.9	134.9	0.9x	0.9x	0.9x	0.1x	0.1x	0.1x	5.7x	5.7x	5.7x
WUS	002463 CH	16.6	16.6	16.6	1.5x	1.5x	1.5x	0.3x	0.3x	0.3x	38.2x	38.2x	38.2x
Victory Giant	300476 CH	39.1	39.1	39.1	1.0x	1.0x	1.0x	0.2x	0.2x	0.2x	42.8x	42.8x	42.8x
Delton	001389.CH	4.6	4.6	4.6	1.2x	1.2x	1.2x	0.2x	0.2x	0.2x	82.4x	82.4x	82.4x
DSBJ	002384 CH	50.1	50.0	66.3	1.0x	1.0x	1.0x	0.2x	0.2x	0.2x	11.4x	8.5x	9.5x
Optics													
Cowell	1415 HK	-17.6	16.6	-19.1	1.7x	1.7x	1.7x	0.5x	0.5x	0.5x	8.2x	9.7x	18.7x
Sunny	2382 HK	-23.2	-19.6	-19.8	1.6x	1.6x	1.6x	0.8x	0.8x	0.8x	6.7x	10.1x	17.9x
Q Tech	1478 HK	14.2	-9.3	-23.4	1.1x	1.1x	1.1x	0.4x	0.4x	0.4x	3.4x	6.2x	19.7x
Conant	2276 HK	-9.0	-13.2	-13.4	3.6x	3.6x	3.6x	0.9x	0.9x	0.9x	16.9x	28.3x	59.8x
Optoelectronics													
BOE	000725 CH	35.9	35.1	34.2	1.4x	1.4x	1.4x	0.7x	0.7x	0.7x	8.9x	10.4x	13.4x
TCL	000100 CH	88.3	103.7	97.4	1.0x	1.0x	1.0x	0.4x	0.4x	0.4x	5.8x	5.0x	6.6x
AUO	2409 TT	22.4	36.8	37.4	1.1x	1.1x	1.1x	0.5x	0.5x	0.5x	3.6x	7.4x	8.5x
Compound Semi													
Sanan	600703 CH	5.3	15.8	19.9	1.5x	1.5x	1.5x	0.5x	0.5x	0.5x	13.4x	13.3x	26.9x
Wafer and substrate													
SICC	688234 CH	-17.6	-7.3	-25.7	3.4x	3.4x	3.4x	2.1x	2.1x	2.1x	613.5x	60.2x	8.4x
SPE													
ASMPT	522 HK	-3.7	-2.2	-7.3	3.6x	3.6x	3.6x	1.2x	1.2x	1.2x	11.4x	6.1x	11.9x
Chroma	2360 TT	-5.8	-4.4	-13.4	2.9x	2.9x	2.9x	0.9x	0.9x	0.9x	89.3x	140.1x	345.9x
Vital Deeptech	600641 CH	-34.6	-37.3	15.4	2.8x	2.8x	2.8x	0.4x	0.4x	0.4x	3.8x	-2.5x	-8.6x
China Design House													
Montage	688008 CH	-58.4	-74.0	-71.9	14.3x	14.3x	14.3x	12.1x	12.1x	12.1x	389.7x	819.6x	1221.8x
Goodix	603160 CH	-42.0	-51.0	-59.4	4.6x	4.6x	4.6x	3.7x	3.7x	3.7x	13.3x	58.3x	75.6x
Maxscend	300782 CH	-6.6	11.7	21.5	2.0x	2.0x	2.0x	0.5x	0.5x	0.5x	575.1x	26.0x	5.5x
Omnivision	603501 CH	7.6	-1.3	-11.1	2.1x	2.1x	2.1x	1.0x	1.0x	1.0x	4.4x	13.2x	19.1x
SG Micro	300661 CH	-52.7	-45.4	-39.5	3.7x	3.7x	3.7x	2.0x	2.0x	2.0x	129.2x	223.6x	54.2x
Power Semis													
CR Micro	688396 CH	-44.5	-35.4	-37.4	2.9x	2.9x	2.9x	1.9x	1.9x	1.9x	35.1x	51.3x	255.9x
Silan	600460 CH	2.8	12.9	32.1	1.9x	1.9x	1.9x	0.7x	0.7x	0.7x	1.5x	5.0x	8.2x
StarPower	603290 CH	-13.8	7.2	NA	3.3x	3.3x	3.3x	0.9x	0.9x	0.9x	612.0x	280.6x	NA
OSAT													
JCET	600584 CH	0.4	1.0	12.9	1.3x	1.3x	1.3x	0.6x	0.6x	0.6x	16.7x	12.2x	14.1x
TSHT	002185 CH	18.7	30.7	38.0	1.0x	1.0x	1.0x	0.5x	0.5x	0.5x	11.1x	10.8x	12.4x
TFME	002156 CH	64.9	66.7	80.6	0.8x	0.8x	0.8x	0.3x	0.3x	0.3x	7.6x	9.0x	10.5x

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Source: Bloomberg, Citi Research

Figure 10. Citi China Tech Hardware & Semiconductor Coverage - Valuation Table

Company	Ticker	Rating	Analyst	TP	Price	Mar Cap	ETR %	P/S (x)		P/E (x)		EPS Growth		P/BV (x)		ROE		Div. Yield	
					03-Sep	(US$M)		2026	2027	2026	2027	2025	2026	2026	2027	2026	2027	2026	2027
Surveillance								**2.3**	**2.1**	**21.1**	**18.7**			**2.0**	**1.8**	**10.3%**	**10.4%**	**1.7%**	**1.9%**
Hikvision	002415.SZ	Neutral	Kyna Wong	38.1	35.0	47,717	11%	3.2	2.9	17.6	16.3	22%	27%	3.4	3.1	20.6%	20.0%	4.0%	4.3%
Dahua	002236.SZ	Neutral	Kyna Wong	16.6	16.3	7,927	5%	1.5	1.4	14.6	13.1	33%	-5%	1.3	1.3	9.5%	9.9%	3.4%	3.8%
TransInfo	002373.SZ	Sell	Kyna Wong	6.4	7.7	1,816	-16%	1.5	1.4	39.8	29.7	123%	14%	1.0	1.0	2.6%	3.4%	0.7%	1.0%
OEM								**0.9**	**0.7**	**29.4**	**19.5**			**4.6**	**4.1**	**18.2%**	**13.6%**	**0.8%**	**0.8%**
Xiaomi	1810.HK	Buy	Kyna Wong	34.0	27.4	90,210	24%	1.4	1.2	26.4	18.7	40%	-41%	2.1	1.8	10.1%	12.0%		
Lenovo	0992.HK	Buy	Kyna Wong	50.0	30.5	48,323	65%	0.6	0.4	23.3	10.9	34%	44%	6.7	6.2	30.3%	12.9%	1.3%	1.3%
IEIT	000977.SZ	Neutral	Karen Huang	75.0	86.4	18,874	-13%	0.7	0.5	38.4	28.7	5%	37%	5.0	4.2	14.0%	0.2	0.2%	0.3%
Component								**2.6**	**1.7**	**28.5**	**16.7**			**4.2**	**3.2**	**18.5%**	**23.8%**	**1.1%**	**1.3%**
Luxshare	002475.SZ	Buy	Kyna Wong	86.0	56.2	61,381	54%	1.1	0.9	21.3	14.6	23%	16%	4.2	3.3	21.5%	25.0%	0.4%	0.4%
Luxshare-H	2475.HK	Buy	Kyna Wong	84.0	60.3	3,043	40%	1.0	0.9	19.6	13.4	23%	16%	3.8	3.0	21.5%	25.0%	0.5%	0.5%
GoerTek	002241.SZ	Buy	Kyna Wong	27.0	23.8	12,573	15%	0.9	0.8	21.8	18.8	44%	-2%	2.1	1.9	10.1%	10.5%	1.2%	1.4%
FII	601138.SS	Buy	Karen Huang	99.0	63.2	186,669	58%	0.9	0.6	20.4	14.1	52%	75%	4.2	3.2	26.5%	26.0%	1.8%	2.5%
USI	601231.SS	Buy	Karen Huang	48.0	25.4	9,017	91%	0.9	0.7	25.2	13.9	13%	20%	2.5	2.2	10.7%	17.0%	1.8%	2.2%
BYDE	0285.HK	Neutral	Kyna Wong	28.0	25.0	7,185	13%	0.3	0.2	17.6	11.3	-18%	-22%	1.3	1.2	7.7%	11.0%	0.6%	0.9%
Lens Tech	300433.SZ	Neutral	Kyna Wong	40.0	35.9	28,183	14%	2.7	2.1	42.2	26.6	8%	9%	3.5	3.2	8.2%	12.5%	2.1%	2.1%
Lens Tech-H	6613.HK	Buy	Kyna Wong	31.0	23.7	28,183	34%	1.5	1.2	23.9	15.1	8%	9%	2.0	1.8	8.2%	12.5%	3.6%	3.6%
Lingyi	002600.SZ	Neutral	Kyna Wong	14.0	12.9	14,033	9%	1.7	1.4	37.4	23.5	28%	8%	3.1	2.8	9.6%	12.5%		
Lingyi-H	1688.HK	Buy	Kyna Wong	8.0	6.6	684	21%	0.7	0.6	16.4	10.3	28%	8%	1.4	1.2	9.6%	12.5%		
AAC	2018.HK	Buy	Kyna Wong	48.0	42.3	6,233	14%	1.3	1.0	17.3	13.7	40%	0%	1.6	1.4	9.6%	11.1%	0.7%	0.7%
OFILM	002456.SZ	Sell-H	Kyna Wong	9.6	7.7	3,981	25%	1.0	1.0	75.0	40.2	-124%	2503%	5.9	5.2	8.2%	13.7%		0.1%
WUS	002463.SZ	Buy	Karen Huang	161.0	116.4	33,346	39%	7.4	4.6	31.9	18.1	47%	84%	7.0	5.2	29.7%	33.0%	0.4%	0.8%
Victory Giant	300476.SZ	Buy	Karen Huang	345.0	222.5	28,897	56%	6.3	3.0	28.2	12.9	274%	58%	5.0	3.9	25.6%	34.2%	0.9%	1.4%
Delton	001389.SZ	Buy	Karen Huang	245.0	158.2	10,044	55%	7.2	4.2	30.9	16.3	49%	114%	7.9	5.6	36.1%	40.5%	0.5%	1.0%
Delton-H	1989.HK	Buy	Karen Huang	205.0	116.1	681	77%	4.5	2.7	19.4	10.3	49%	114%	5.0	3.6	36.1%	40.5%	0.7%	1.5%
DSBJ	002384.SZ	Buy	Karen Huang	282.0	179.2	48,843	57%	4.8	2.5	36.3	10.9	22%	537%	10.8	5.5	34.9%	66.6%	0.0%	0.3%
Optics								**2.3**	**2.0**	**15.5**	**12.6**			**2.7**	**2.2**	**18.2%**	**18.2%**	**1.4%**	**1.8%**
Cowell	1415.HK	Buy	Kyna Wong	32.0	24.5	2,715	31%	0.6	0.6	11.2	10.8	66%	25%	2.7	2.2	27.8%	22.5%		
Sunny	2382.HK	Buy	Kyna Wong	94.0	70.6	9,716	34%	1.4	1.3	15.9	12.7	72%	-10%	2.0	1.8	13.4%	14.8%	0.8%	1.0%
Q Tech	1478.HK	Neutral	Kyna Wong	6.9	5.8	879	23%	0.3	0.2	10.3	7.4	435%	-62%	0.9	0.8	8.8%	11.6%	2.4%	3.3%
Conant	2276.HK	Buy-H	Kyna Wong	43.2	42.0	2,672	4%	6.8	6.0	24.4	19.4	20%	23%	5.1	4.2	22.8%	23.9%	1.0%	1.3%
Displays								**0.8**	**0.7**	**21.7**	**26.2**			**1.6**	**1.5**	**8.0%**	**6.8%**	**2.4%**	**2.5%**
BOE	000725.SZ	Neutral	Karen Huang	8.7	5.7	31,322	54%	1.0	1.0	28.1	22.3	10%	30%	1.5	1.4	5.5%	6.5%	1.3%	1.6%
TCL	000100.SZ	Buy	Karen Huang	5.8	4.9	15,941	23%	0.5	0.5	15.2	15.1	174%	40%	1.6	1.5	10.6%	10.2%	3.9%	4.0%
AUO	2409.TW	Neutral	Karen Huang	15.0	26.6	6,315	-42%	0.7	0.6	n.a.	41.0	323%	-107%	1.6	1.6	-0.3%	3.9%	1.9%	1.9%
Compound Semi																			
Sanan	600703.SS	Sell	Karen Huang	13.0	13.9	10,314	-6%	3.6	3.3	n.a.	n.a.	-92%	-331%	2.0	2.0	-0.1%	0.4%		
Wafer and substrate																			
SICC	688234.SS	Sell-H	Karen Huang	43.0	100.7	6,438	-57%	37.0	33.2	n.a.	n.a.	-108%	-5%	6.6	6.6	-0.2%	0.2%		
SPE								**10.3**	**8.0**	**42.0**	**28.9**			**10.0**	**8.7**	**32.3%**	**39.0%**	**1.5%**	**2.2%**
ASMPT	0522.HK	Buy	Kevin Chen	250.0	162.0	8,667	56%	3.5	3.0	39.1	25.5	41%	253%	3.8	3.5	9.9%	14.2%	1.6%	2.2%
Chroma	2360.TW	Buy	Kevin Chen	2500.0	2015.0	27,005	25%	15.7	12.1	44.9	32.4	62%	124%	22.7	19.1	54.6%	63.8%	1.5%	2.1%
Vital Deeptech	600641.SS	Sell	Kevin Chen	25.0	31.5	4,438	-21%	11.6	8.9	n.a.	n.a.	-218%	46%	3.6	3.7	-0.8%	-0.6%		
China Design House								**16.0**	**12.0**	**51.8**	**38.7**			**6.3**	**5.5**	**14.0%**	**14.4%**	**0.4%**	**0.5%**
Montage	688008.SS	Buy	Kevin Chen	320.0	190.0	32,376	69%	31.5	22.5	59.8	44.4	58%	63%	10.0	8.5	21.5%	20.8%	0.3%	0.5%
Montage-H	6809.HK	Buy	Kevin Chen	425.0	258.4	2,498	65%	36.7	26.2	69.6	51.8	58%	63%	11.7	9.9	21.5%	20.8%	0.3%	0.4%
Goodix	603160.SS	Buy	Kevin Chen	66.0	53.9	3,740	23%	5.8	5.1	45.5	36.5	37%	-34%	2.6	2.5	5.8%	7.0%	0.7%	0.7%
Maxscend	300782.SZ	Sell	Kevin Chen	57.0	72.9	6,238	-22%	6.1	4.9	45.9	32.5	20%	75%	3.4	3.1	7.7%	10.0%	0.1%	0.2%
Omnivision	603501.SS	Buy	Kevin Chen	130.0	79.3	14,706	65%	3.3	2.8	23.0	18.3	22%	3%	2.7	2.4	13.5%	14.0%	0.6%	0.6%
SG Micro	300661.SZ	Buy	Kevin Chen	150.0	109.8	10,185	37%	12.9	10.2	67.3	48.7	9%	84%	7.0	6.3	13.9%	13.8%	0.2%	0.3%
Power Semis								**4.6**	**4.0**	**39.8**	**32.4**			**3.2**	**2.9**	**8.5%**	**10.0%**	**0.4%**	**0.6%**
CR Micro	688396.SS	Neutral	Kevin Chen	47.0	57.1	11,284	-18%	6.2	5.6	47.8	42.8	50%	38%	3.0	2.8	6.5%	6.9%	0.2%	0.2%
Silan	600460.SS	Neutral	Kevin Chen	30.0	31.2	7,735	-4%	3.4	3.0	41.1	32.6	216%	82%	3.8	3.5	9.5%	11.1%	0.4%	0.7%
StarPower	603290.SS	Neutral	Kevin Chen	110.0	87.3	3,113	27%	4.2	3.5	30.7	21.8	-15%	40%	2.8	2.5	9.4%	12.1%	0.7%	1.0%
OSAT								**2.7**	**2.4**	**59.3**	**46.8**			**4.1**	**3.8**	**7.4%**	**8.5%**	**0.2%**	**0.3%**
JCET	600584.SS	Buy	Kevin Chen	110.0	71.3	18,982	55%	2.9	2.6	57.5	45.9	-3%	42%	4.2	3.9	7.5%	8.7%	0.1%	0.2%
TSHT	002185.SZ	Buy	Kevin Chen	23.5	16.0	7,932	47%	2.6	2.2	65.8	48.1	14%	11%	2.8	2.7	4.4%	5.8%	0.4%	0.5%
TFME	002156.SZ	Buy	Kevin Chen	80.0	59.5	13,447	35%	2.8	2.5	54.7	46.3	80%	36%	5.4	4.8	10.2%	11.0%	0.1%	0.2%

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Note: Closing as of 2-Sep-2026

Source: dataCentral, Citi Research

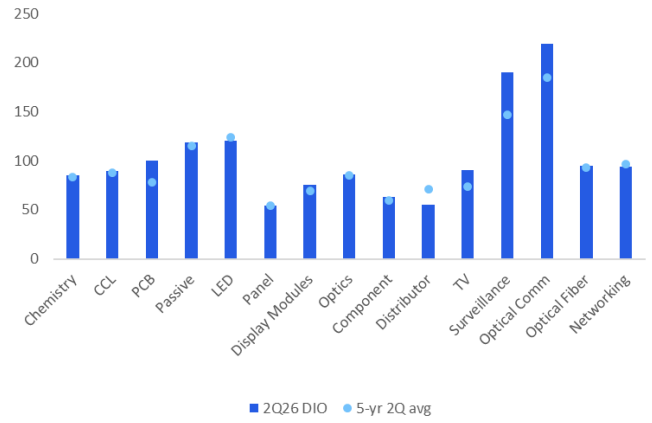
Inventory Tracker

Figure 11. Tech Hardware Summary - 2Q26 Revenue, NI and Inventory

	Revenue		NI		Loss?	From loss	Inventory		DIO		DIO Trend	GPM Trend	NPM Trend
	YoY	QoQ	YoY	QoQ		to profit?	YoY	QoQ	YoY	QoQ	3-yr	3-yr	3-yr
Chemistry	14%	12%	13%	32%	N	N	14%	3%	1.4	-0.7			
CCL	62%	37%	217%	104%	N	N	36%	13%	-0.5	2.3			
PCB	37%	20%	63%	54%	N	N	69%	20%	27.1	10.6			
Passive	49%	30%	50%	36%	N	N	45%	13%	13.0	0.8			
LED	0%	16%	17%	-22%	N	N	9%	1%	4.6	1.0			
Panel	0%	4%	131%	108%	N	N	6%	8%	1.6	3.9			
Display Modules	11%	25%	171%	291%	N	N	13%	4%	6.2	1.0			
Optics	2%	13%	1%	71%	N	N	15%	8%	6.2	6.7			
Component	14%	10%	-5%	19%	N	N	33%	14%	13.0	5.7			
Distributor	136%	43%	172%	63%	N	N	91%	48%	2.3	7.7			
TV	6%	9%	23%	23%	N	N	23%	20%	17.6	14.1			
Surveillance	12%	30%	25%	92%	N	N	49%	18%	61.5	26.8			
Optical Comm	83%	23%	132%	46%	N	N	82%	26%	27.7	21.4			
Optical Fiber	31%	44%	201%	141%	N	N	23%	8%	6.9	2.5			
Networking	45%	24%	72%	41%	N	N	32%	14%	-8.6	3.4			

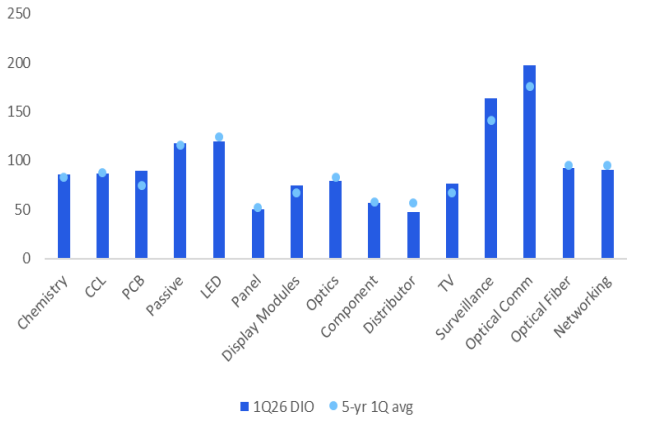
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Source: Wind, Company Reports, Citi Research

Figure 12. Tech Hardware - 2Q26 DIO vs. 5-yr 1Q Average



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Source: Citi Research, Wind, Company Reports

Figure 13. Tech Hardware - 1Q26 DIO vs. 5-yr 4Q Average



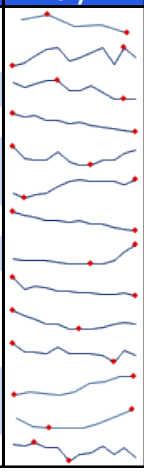
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Source: Company Reports, Wind, Citi Research

Figure 14. Tech Hardware: Inventory Breakdown (as of Jun-26)

	Raw Material	WIP	Finished Goods	Others
Chemistry	36%	9%	37%	17%
CCL	49%	15%	25%	11%
PCB	32%	28%	36%	4%
Passive	21%	21%	57%	1%
LED	27%	19%	47%	7%
Panel	20%	15%	25%	40%
Display Modules	45%	16%	31%	8%
Optics	33%	21%	40%	5%
Component	37%	16%	38%	9%
Distributor	4%	0%	90%	6%
TV	47%	14%	37%	2%
Surveillance	36%	6%	50%	7%
Optical Comm	44%	32%	22%	2%
Optical Fiber	32%	10%	48%	10%
Networking	58%	13%	26%	3%

Source: Company Reports, Wind, Citi Research

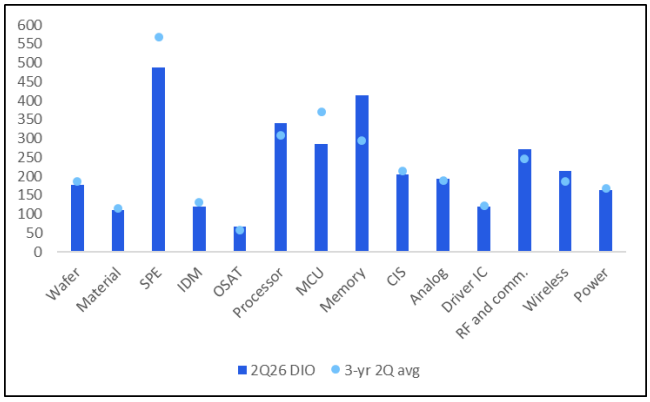
Figure 15. Tech Semiconductor Summary - 2Q26 Revenue, NI and Inventory

	Revenue		NI		Loss?	From loss to profit?	Inventory		DIO		DIO Trend 3-yr	GPM Trend 3-yr	NPM Trend 3-yr
	YoY	QoQ	YoY	QoQ			YoY	QoQ	YoY	QoQ			
Wafer	35%	18%	105%	-28%	Y	N	12%	1%	-13.1	-7.9			
Material	36%	18%	83%	42%	N	N	21%	-2%	-5.0	-11.6			
SPE	27%	16%	423%	210%	N	N	9%	8%	-100.8	9.8			
IDM	15%	15%	204%	404%	N	N	6%	0%	-12.2	-4.4			
OSAT	20%	15%	161%	410%	N	N	48%	9%	15.9	3.1			
Processor	50%	25%	84%	64%	N	N	57%	22%	17.3	32.8			
MCU	26%	22%	362%	263%	N	N	-13%	-2%	-107.1	-20.9			
Memory	172%	47%	1477%	104%	N	N	178%	38%	201.8	83.8			
CIS	6%	19%	-30%	37%	N	N	8%	-2%	-9.2	-8.9			
Analog	30%	21%	261%	129969%	N	N	43%	5%	17.5	-5.6			
Driver IC	46%	32%	185%	116%	N	N	13%	0%	-4.0	-10.1			
RF and comm.	15%	17%	-20%	-29%	Y	N	32%	5%	33.2	1.0			
Wireless	5%	18%	105%	203%	N	N	39%	14%	56.7	23.8			
Power	17%	31%	-8%	90%	N	N	12%	0%	-5.5	-11.1			

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Source: Citi Research, Company Reports, Wind

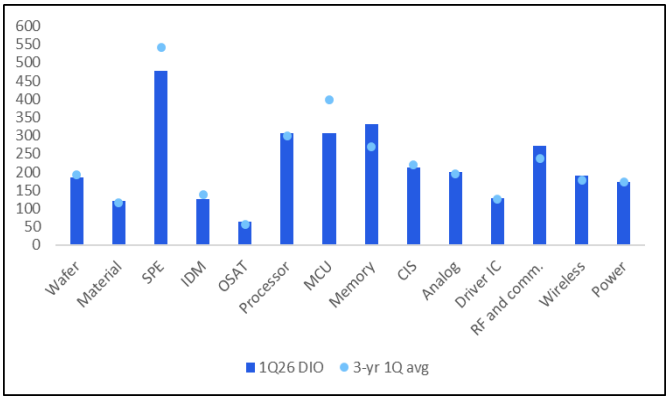
Figure 16. Tech Semiconductor – 1Q26 DIO vs. 3-yr 1Q Average



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Source: Company Reports, Wind, Citi Research

Figure 17. Tech Semiconductor - 1Q26 DIO vs. 3-yr 4Q Average



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Source: Company Reports, Wind, Citi Research

Figure 18. Tech Semiconductor: Inventory Breakdown (as of Dec-25)

	Raw Material	WIP	Finished Goods	Others
Wafer	52%	21%	23%	4%
Material	37%	17%	43%	2%
SPE	16%	12%	18%	54%
IDM	27%	34%	31%	8%
OSAT	70%	17%	12%	1%
Processor	38%	15%	25%	22%
MCU	22%	31%	32%	15%
Memory	46%	9%	33%	12%
CIS	27%	31%	40%	2%
Analog	28%	9%	31%	32%
Driver IC	21%	17%	34%	28%
RF and comm.	35%	6%	32%	27%
Wireless	29%	0%	29%	41%
Power	41%	22%	26%	11%

Source: Company Reports, Wind, Citi Research