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UPDATE

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Zhongji Innolight Co Ltd | Asia Pacific

Takeaways from 2026 OCP Global Summit

MORGAN STANLEY ASIA LIMITED+

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Zhongji Innolight Co Ltd (3308.HK, 3308 HK)

Greater China Technology Hardware | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$1,385.00
Up/downside to price target (%)	53
Shr price, close (Oct 12, 2026)	HK$903.00
52-Week Range	HK$1,322.00-880.00
Sh out, dil, curr (mn)	55
Mkt cap, curr (mn)	Rmb861,666.1
EV, curr (mn)	Rmb851,277.2
Avg daily trading value (mn)	HK$2,219

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	9.72	29.36	59.89	78.81
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	-	35.15	74.29	117.21
Revenue, net (Rmb mn)	38,240	107,904	196,339	251,279
EBITDA (Rmb mn)	14,244	45,017	86,963	113,301
ModelWare net inc (Rmb mn)	10,797	34,346	70,056	92,189
P/E	-	26.2	12.9	9.8
P/BV	-	8.4	5.2	3.5
RNOA (%)	73.7	192.9	178.8	142.4
ROE (%)	56.4	115.4	65.1	53.4
EV/EBITDA	46.9	18.7	9.2	6.5
Div yld (%)	-	0.2	0.5	1.1
FCF yld ratio (%)**	-	1.5	4.9	8.4
Leverage (EOP) (%)	(38.5)	(65.5)	(65.1)	(71.0)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Key Takeaways

- We believe Innolight's pioneer R&D progress on CPX, XPO, and SDM4 MCF could help the company gain market share in next-generation AI optical solutions.

At the 2026 OCP Global Summit, Innolight presented its vision and roadmap for Open Optical Interconnect Solutions by highlighting the following three key products:

1) **Open CPX MSA (Pluggable CPO/NPO OE):** It defines standard connectorized, pluggable co-packaged, and near-package OE modules delivering up to 6.4-7.2T per socket, addressing AI scale-up density, thermal, and serviceability requirements while reducing power consumption.

2) **XPO MSA (12.8T Ultra-High Density Pluggable Optics):** The XPO module incorporates integrated liquid cooling supporting up to 400W per module. The module includes fully retimed, half-retimed (RTLR), and LPO.

3) **SDM4 Multicore Fiber (MCF) MSA:** In collaboration with Corning, Sumitomo, and AFL, Innolight led the development of the SDM4 standard to help address fiber-routing congestion and high cable counts in AI scale-up and scale-out fabrics.

For the industry's first USFP (Ultra Small Form Factor Pluggable) 400G-per-lane optical transceiver module, unveiled at the summit, we believe Innolight is well positioned to be a key partner and could capture meaningful market share. We expect commercial production to start from 2028 onwards.

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Valuation Methodology and Risks

Zhongji Innolight Co Ltd (300308.SZ)

Residual income model, probability-weighted 30% bull, 50% base, 20% bear - skew reflects expected timeline for large-scale CPO application.

Key assumptions:

- CoE and terminal growth rate: 10% and 3.5% across scenarios
- High-end transceivers demand CAGR in 2026-2028e: bull 46%, base 43%, bear 43%
- 2028-36e net profit CAGR: bull 12%, base 8%, bear 1%.

Risks to Upside

- Later breakthrough in CPO
- Success with NPO
- Stronger-than-expected cloud infrastructure demand
- Share gains from new customers
- Better-than-expected cost control

Risks to Downside

- Earlier breakthrough in CPO or other new technology
- ASP declining faster than cost controls, leading to margin pressure
- Geopolitical issues that cause supply chain disruption
- Competitive intensity

Zhongji Innolight Co Ltd (3308.HK)

Residual income model, probability-weighted 30% bull, 50% base, 20% bear - skew reflects expected timeline for large-scale CPO application. We apply an RMB/HKD FX rate of 1.15 to arrive at our H-share price target.

Key assumptions:

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- 2028-36e net profit CAGR: bull 12%, base 8%, bear 1%.

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(as of September 30, 2026)
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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
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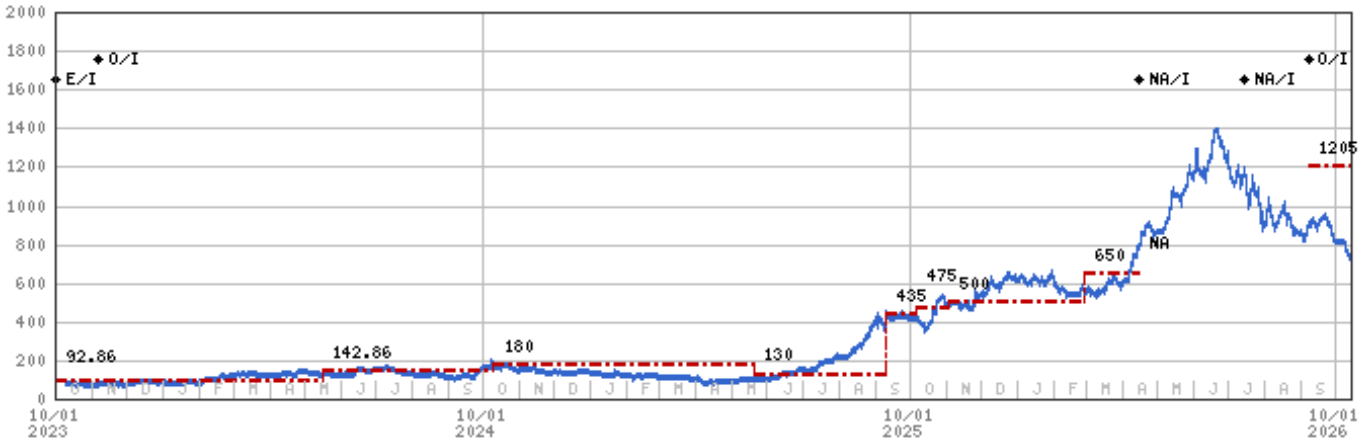
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Stock Price, Price Target and Rating History (See Rating Definitions)



Zhongji Innolight Co Ltd (300308.SZ) - As of 10/13/26 GMT in CNY
Industry : Greater China Technology Hardware



Stock Rating History: 10/1/21 : O/I; 12/17/21 : E/I; 5/12/22 : O/I; 12/1/22 : E/I; 11/6/23 : O/I; 4/15/26 : NA/I; 7/15/26 : NA/I; 9/7/26 : O/I

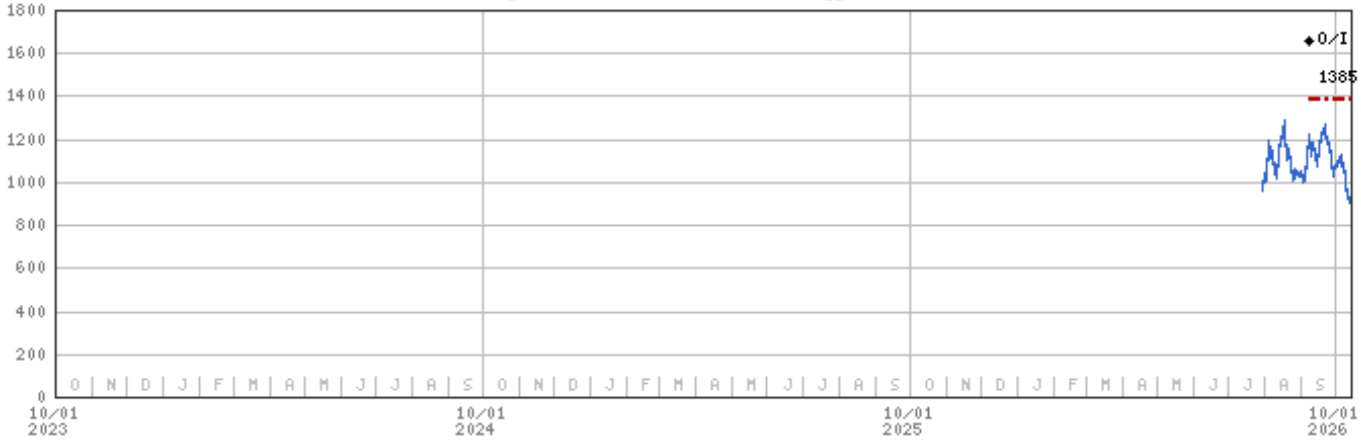
Price Target History: 9/14/21 : 30; 12/17/21 : 31.43; 5/12/22 : 29.29; 12/1/22 : 22.86; 4/20/23 : 50; 7/7/23 : 92.86; 5/16/24 : 142.86; 10/9/24 : 180; 5/20/25 : 130; 9/11/25 : 435; 10/7/25 : 475; 11/3/25 : 500; 2/27/26 : 650; 4/15/26 : NA; 9/7/26 : 1205

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Zhongji Innolight Co Ltd (3308.HK) - As of 10/13/26 GMT in HKD
Industry : Greater China Technology Hardware



Stock Rating History: 9/7/26 : O/I

Price Target History: 9/7/26 : 1385

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/13/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$36.56
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb145.86
BYD Electronics (0285.HK)	O (04/28/2023)	HK$22.96
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.42
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb15.27
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb351.30
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,175.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb20.63
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.16
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb33.62
Largan Precision (3008.TW)	O (10/13/2026)	NT$7,275.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb5.74
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb10.77
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$4.85
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$48.86
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb46.15
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.37
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.84
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb70.39
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$33.40
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb48.94
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.85
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb246.70
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb14.23
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$25.04
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb370.48
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$150.60
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb100.25
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb21.04
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb735.00
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$890.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$20.12
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb28.02
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,040.00
Advantech (2395.TW)	O (01/20/2021)	NT$718.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,170.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,280.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$34.15
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,475.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,260.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.35
Chenbro (8210.TW)	O (07/23/2025)	NT$838.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,200.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,775.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$147.50
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$60.80
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,210.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$327.00
Innolux (3481.TW)	E (04/07/2025)	NT$50.00
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$10,060.00

Lens Technology (300433.SZ)	E (07/22/2020)	Rmb26.33
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$276.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.51
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.08
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb167.28
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$31.25
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$966.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$194.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$35.80
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$5,545.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.38
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb52.29
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$355.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,170.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$240.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb61.65
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$44.70
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,725.00
Lenovo (0992.HK)	O (07/10/2026)	HK$31.10
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,860.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,440.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$102.50
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$323.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb122.54
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb337.24
Unimicron (3037.TW)	O (02/23/2026)	NT$1,180.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$508.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$187.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$2,195.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$599.00
Zhen Ding (4958.TW)	++	NT$552.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$493.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,655.00

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