

YOFC: Chip-metals firms advance after export restrictions

EQUITY STRATEGY TEAM

05 JULY 2023

TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	11.86
Latest Dividend	0.46
Dividend Ex-Date	4/7/2023
Indicated Dividend Yield	4.21%
14 Day RSI	37.62
Analysts 12M Target Price	21.62

REFINITIV STOCKREPORTS+ AVERAGE SCORE

9/10
As of 04 Jul 2023

Refer to page 3 for indicator components

Yangtze Optical Fibre and Cable (6869 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 04 Jul 2023 closing

KEY MARKET EVENTS

- 12 Jul** US CPI Release (Jun)
- 13 Jul** US Federal Budget Balance
- 16 Jul** China GDP Release (Q2)
- 24 Jul** US S&P Global Composite PMI (Jul)
- 26 Jul** US Fed Interest Rate Decision

Hang Seng Index Price Chart



As of 04 Jul 2023 closing

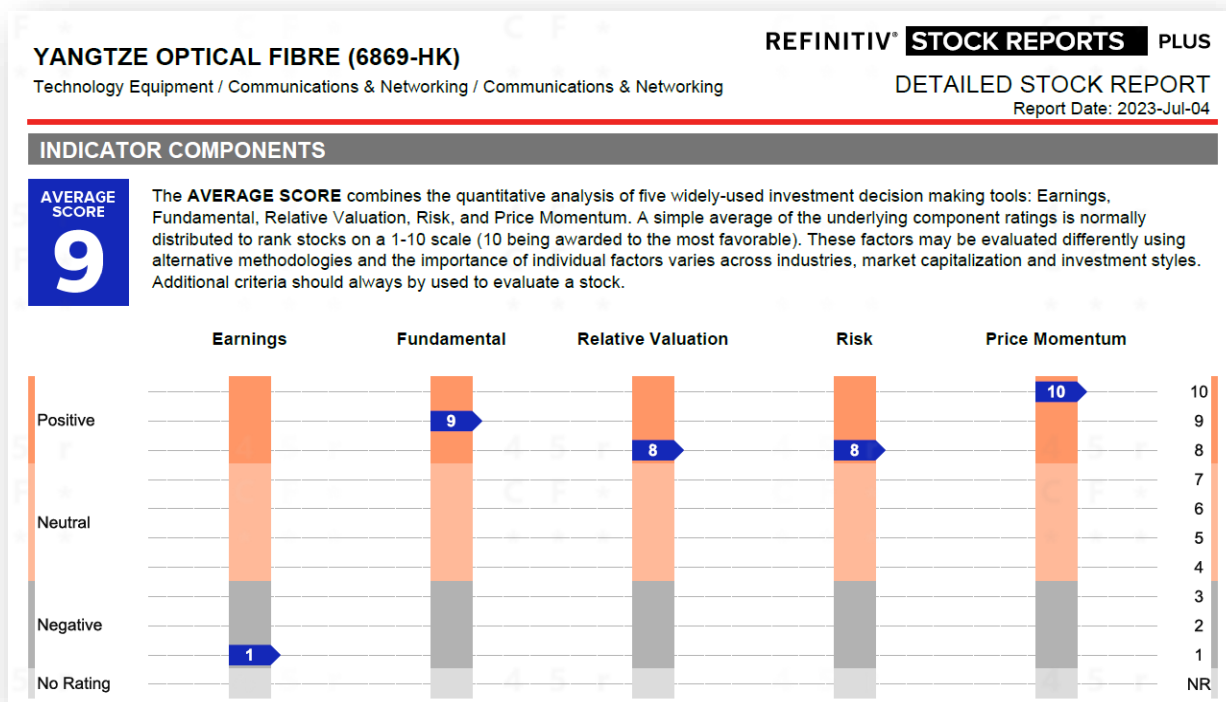
Headline News & Information

- Yangtze Optical Fibre and Cable Joint Stock Limited Company (YOFC) manufactures fiber and cable products. The company produces communication fibers, communication cables, specialty fibers, and products. Yangtze Optical Fibre and Cable markets its products domestically and internationally (Bloomberg)
- China's chip-metals firms advance after export restrictions (04 Jul 2023, Bloomberg)
 - China controls around 80% of the world's gallium and germanium output, while the US relies on imports for over 50% of its germanium needs
 - The two metals are often produced as a byproduct from refineries focused on zinc and aluminum
 - China's optical fiber industry as a whole could benefit, as 30% of global germanium output is used in optical fibre production
 - The supply restrictions would fuel massive price rises for the metals, which would outweigh the drop in export volumes
- Global optical fibre and cable supplier YOFC presents extensive lineup of products and solutions at MWC Shanghai 2023 (30 Jun 2023, PR News Wire)
 - YOFC has been committed to developing new innovative optical fibre and cable
 - By rolling out the BRIGHTS series of high-performance optical fibre and cable products and solutions, the company aims to create an intelligent, efficient, safe and stable optical network ecosystem for all-scenario applications, optimize and upgrade digital infrastructure, and support the growth of the digital economy

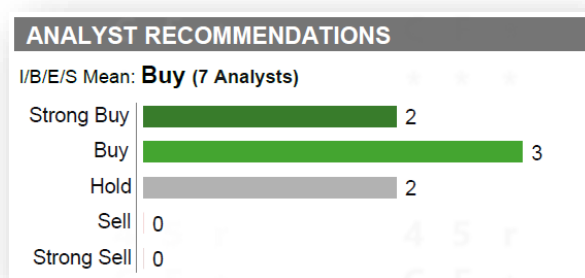
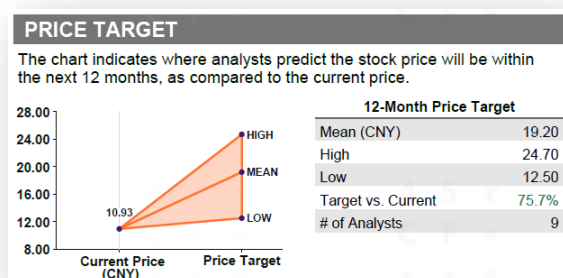
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> • Shares fell 0.2% in the past 5 days and are down 10% in the past 30 days 	<ul style="list-style-type: none"> • 14.00 (Jun 2023) • 17.00 (Apr 2023) • 21.00 (Sep 2022) 	<ul style="list-style-type: none"> • 12.00 (Jul 2022) • 9.80 (Apr 2022) • 6.90 (Mar 2016)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 04 Jul 2023

HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS												Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (2023-07-04)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	IB/E/S Mean	
8	763	31.95	30.1%	36.5%	80.5%	23.7B	17.2	14.5	1.4%	6.9%	13.0%	Buy	20
9	303	51.45	7.6%	8.8%	-16.1%	13.0B	11.1	9.5	9.0%	6.7%	--	Strong Buy	2
9	6869	11.86	-10.0%	-26.3%	-6.9%	4.2B	7.2	6.2	4.5%	8.6%	--	Buy	7
8	2342	1.44	4.3%	-5.3%	9.1%	4.0B	21.3	16.1	1.5%	3.0%	--	Hold	2
6	1729	1.59	-2.5%	-23.6%	-0.63%	3.0B	14.4	--	0.63%	3.7%	--	--	--
8	1523	2.24	0.90%	-10.4%	-22.5%	2.5B	13.9	--	6.5%	26.1%	--	Buy	1
9	2239	1.79	-8.2%	-20.4%	-19.7%	574M	1.3	--	0.56%	194.4%	--	--	--
NR	8005	0.18	2.9%	-21.5%	-20.5%	435M	--	--	--	-118.8%	--	--	--
NR	1402	0.31	-3.1%	-4.6%	-22.5%	315M	56.8	--	1.6%	3.6%	--	--	--
NR	1747	0.58	-10.8%	-15.9%	-1.7%	292M	--	--	--	3.6%	--	--	--
NR	9963	0.64	36.2%	54.2%	-36.6%	104M	--	--	--	-30.4%	--	--	--
8.1	Average	9.46	4.3%	-2.6%	-5.2%	4.7B	17.9	11.6	3.2%	9.8%	13.0%	Buy	6.4

PEER COMPANIES			
1402	I-CONTROL Holdings	2342	Comba Telecom Systems
1523	Plover Bay Technologies	303	Vtech Holdings
1729	Time Interconnect Technology	763	ZTE Corp
1747	Home Control International	8005	Yuxing Infotech Investment
2239	Smit Holdings	9963	Transtech Optelecom Science

Source: REFINITIV STOCKREPORTS+, extracted 04 Jul 2023

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		2,069	40.81	41.62	31.45	4.46	3.71	1.12
6869 HK	YANGTZE OPTICAL	2,606	11.86	6.86	9.66	0.79	0.95	4.21
	ACCELINK							
002281 CH	TECHNOLOGIES	4,047	36.38	44.33	21.57	3.52	2.03	0.47
	SUZHOU TFC							
300394 CH	OPTICAL	5,652	103.36	98.52	33.39	14.98	4.89	0.48
	STERLITE							
SOTL IN	TECHNOLOGIES LTD	737	151.70	24.67	48.33	2.90	3.54	0.66
CLFD US	CLEARFIELD INC	726	47.58	12.49	23.11	2.38	6.10	N/A
HLIT US	HARMONIC INC	1,816	16.31	40.29	39.35	5.41	4.07	N/A
000070 CH	SHENZHEN SDG INFO	1,157	9.28	N/A	N/A	4.39	3.19	N/A
INFN US	INFINERA CORP	1,058	4.69	N/A	N/A	5.66	9.43	N/A
603118 CH	SHENZHEN GONGJIN	1,561	14.16	42.53	20.56	2.09	1.23	0.92
	JIANGXI							
600363 CH	LIANCHUANG	2,366	37.52	56.82	44.37	4.53	3.23	0.16
300183 CH	QINGDAO EASTSOFT	1,033	16.12	48.06	42.74	2.36	2.11	0.93

Source: Bloomberg, extracted 04 Jul 2023 closing

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