AI Materials - China (H/A)

Jushi & Sinoma: e-glass upcycle sustaining longer; Sep e-glass & CCL price hike

Industry Overview

01 September 2026

Equity
China
AI Materials

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General e-glass shortage until end-2027 at least

We hosted post-result investor meetings with Jushi and Sinoma S&T. Both believe the current e-glass tightness will last until end-2027 at least, as the supply shortage has spread wider from previously known weaving bottleneck to also upstream yarn. After Kingboard ramping up its latest 70kt e-glass yarn capacity since July, the next yarn capacity addition in the market would be 2028, which means the yarn tightness will remain unchanged in between. Mgmt commented new entrants using Chinese loom supplies are increasing but remaining market minority as they are most producing inferior substitutes, a.k.a. industrial cloth or pseudo-7628, suitable for very low end of the market demand. Generally, these makers fail to secure qualified e-glass yarn feedstock and have to resort to alternatives like fine roving or crucible-produced yarns which are again of lower quality. Even if these new entrants manage to procure tank furnace-produced e-glass grade yarns, the lower yield of Chinese looms means its cloth production cost becomes prohibitively high since yarns are turning expensive. All incumbent e-glass producers now are all pivoting their focus to AI special e-glass and few are eager to expand capacity for general e-glass like grade 7628, but new entrants so far failed to form effective supplies. The more expensive the yarn becomes, the stronger the monopoly power of reliable looms like Toyota would be, whose supply pipelines have been all secured by incumbents until 2029 blocking new entrants entering the market.

Sep 7628 e-glass price hike at 15% or RMB1.5/m

According to Shanghai Securities News, Jushi has officially raised e-glass quotation for September, with prices for thick cloth 7628 increasing by 15% and thin cloth grades by 20%. This roughly equals to RMB1.5/m price hike for grade 7628, the same magnitude versus the increase in Aug. Jushi shared current inventory level is merely at 3 days, which are all essential inventory during normal operations. Still, mgmt explained that they are not seeking greater magnitude of price hike as they want to minimize the disruption or shortage fears to the downstream supply chain. The magnitude of the next few monthly price increases would be dependent of the market conditions later.

CCL price hike at 10% in late-Aug

Leading copper-clad laminate (CCL) maker Kingboard Laminates issued its seventh price increase notice of the year on August 28. The company announced a 10% price hike across all thicknesses of FR-4 copper-clad laminates. For PP (prepreg) materials, prices for thick-fabric grades 7628 and above will increase by 10%, while thin-fabric grades below 7628 will see a 20% increase. Our check suggests that PCB (Printed Circuit Board) supply for auto/smartphone is getting tighter especially since May/Jun, leading to OEMs (Original Equipment Manufacturer) negotiating directly with upstream CCL/material suppliers to get enough supply. This suggests ongoing supply tightness across PCB/CCL supply chain as well as brands' higher willingness to absorb cost.

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Refer to important disclosures on page 6 to 10. Analyst Certification on page 3. Price Objective Basis/Risk on page 2. **13014512**

Exhibit 1: Stocks mentioned
Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
XCKLF	600176 CH	Jushi	CNY 43.02	C-1-7
KGBLF	1888 HK	Kingboard Laminates	HK$ 43.80	C-1-7
XXTTF	002080 CH	Sinoma Sci & Tech	CNY 50.85	C-1-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

China Jushi (XCKLF)

We value China Jushi using a DCF approach. Our PO of RMB96 is based on a 6.8% WACC and a 2% terminal growth rate. The relatively low WACC is driven by a low post-tax cost of debt of only 1.7%, supported by its state-owned enterprise status and a favorable debt mix within its capital structure.

Given Jushi's strong positioning in E-glass and the expected medium-term supply tightness, we forecast its earnings to grow significantly. Our PO implies 30x FY27 P/E, representing a significant discount to c.60x for other Chinese AI infrastructure and component players, and 38x for other glass fiber names, and is therefore justified in our view.

Upside risks: Faster-than-expected demand growth driving stronger pricing, successful penetration into premium E-glass products such as second-generation low-Dk, low-CTE, and Q-glass, improved efficiency or yield leading to lower production costs.
Downside risks: Slower-than-expected demand growth, increased supply of weaving machines enabling additional capacity expansion and weakening pricing, slower R&D progress in next-generation products, including second-generation low-Dk and beyond.

Kingboard Laminates (KGBLF)

We set our PO at HK$65, on 13x 2H26-1H27E P/E. 13x is around +0.5SD of KBL's historical trading range, and matches with its last earnings upcycle in 2021 (led by e-glass price hike) while also reflects rising mix from high-end AI-related deliveries.

Downside risks: (1) slower-than-expected CCL price hike, (2) better-than-expected industry supply of upstream materials esp. cloth, (3) slower-than-expected AI server demand, and (4) slower-than-expected external glass fiber cloth sales.

Upside risks: (1) stronger-than-expected CCL price hike, (2) slower-than-expected industry supply of upstream materials esp. cloth, (3) stronger-than-expected AI server demand, and (4) faster-than-expected external glass fiber cloth sales.

Sinoma Sci & Tech (XXTTF)

We value Sinoma S&T using DCF. Our PO of RMB88 is based on 6.0% WACC and 2% terminal growth rate. The low WACC is driven by cheap post-tax cost of debt at only 2.0%, thanks to its state-owned enterprise status, and higher debt mix in the capital structure.

Upside risks: Faster-than-expected demand growth driving up pricing, greater market share gains in premium products such as 2nd gen low-Dk, low-CTE and Q-glass special glass, better efficiency or yield improving cutting cost.
Downside risks: Slower-than-expected demand growth, increased qualified special glass supply reducing the market tightness and weaken pricing, slower R&D progress into newer generation of products such as 2nd gen low-Dk and beyond.

Analyst Certification

I, Edward Leung, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

APR - Basic Materials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Anhui Conch	AHCHF	914 HK	Matty Zhao
	Anhui Conch -A	AHCAF	600585 CH	Matty Zhao
	Banpu Pcl	XNORF	BANPU TB	Komsun Suksumrun
	Baosteel	BAOSF	600019 CH	Matty Zhao
	CGN Mining	CGNMF	1164 HK	Miriam Chan, CFA
	Chalco	ALMMF	2600 HK	Matty Zhao
	Chalco -A	XAMTF	601600 CH	Matty Zhao
	China Hongqiao	CHHQF	1378 HK	Miriam Chan, CFA
	China Jushi	XCKLF	600176 CH	Edward Leung, CFA
	CMOC Group Ltd	CMCLF	3993 HK	Miriam Chan, CFA
	CMOC Group Ltd	XCMUF	603993 CH	Miriam Chan, CFA
	CNBM	CBUMF	3323 HK	Matty Zhao
	Defu Tech	XJDDF	301511 CH	Yibing Xia
	Ganfeng Lithium	GNENF	1772 HK	Matty Zhao
	Ganfeng Lithium	XMOZF	002460 CH	Matty Zhao
	Hoa Phat Group	XPHTF	HPG VN	Jessie Lo
	Huayou Cobalt	XZHCF	603799 CH	Miriam Chan, CFA
	Jiangxi Copper	JIAXF	358 HK	Matty Zhao
	Jiangxi Copper	JGXCF	600362 CH	Matty Zhao
	JL Mag	XJMRF	300748 CH	Yibing Xia
	JL Mag	XZRIF	6680 HK	Yibing Xia
	Lee & Man Paper	LMPMF	2314 HK	Edward Leung, CFA
	Lynas Rare Earths	LYSDY	LYSDY US	Chen Jiang
	MMG Limited	MMLTF	1208 HK	Miriam Chan, CFA
	Nine Dragons Paper	NDGPF	2689 HK	Matty Zhao
	POSCO Holdings	PKXFF	005490 KS	KJ Hwang
	POSCO Holdings	PKX	PKX US	KJ Hwang
	Putailai	XVHGF	603659 CH	Edward Leung, CFA
	SD Gold	SGOLF	600547 CH	Miriam Chan, CFA
	SD Gold	SDGMF	1787 HK	Miriam Chan, CFA
	Sinoma Sci & Tech	XXTTF	002080 CH	Edward Leung, CFA
	Tianqi Lithium	TQLCF	002466 CH	Matty Zhao
	Tianqi Lithium	XYECF	9696 HK	Matty Zhao
	Tinci Materials	XCVHF	002709 CH	Edward Leung, CFA
	United Tractors	PUTKF	UNTR IJ	Jessie Lo
	Xinyi Glass	XYIGF	868 HK	Matty Zhao
	Yunnan Energy	XLGFF	002812 CH	Edward Leung, CFA
	Yunnan Germanium	XYLXF	002428 CH	Miriam Chan, CFA
	Zhaojin Mining	ZHAOF	1818 HK	Miriam Chan, CFA
	Zijin Gold Int'l	ZJNGF	2259 HK	Matty Zhao
	Zijin Mining	ZIJMF	2899 HK	Matty Zhao
	Zijin Mining	XZNMF	601899 CH	Matty Zhao
NEUTRAL				
	FLAT Glass	FGSGF	6865 HK	Edward Leung, CFA
	FLAT Glass	XFLCF	601865 CH	Edward Leung, CFA
	Maanshan Iron & Steel	MAANF	323 HK	Miriam Chan, CFA
	Maanshan Iron & Steel -A	MISIF	600808 CH	Miriam Chan, CFA
	Press Metal	PSSMF	PMAH MK	Jessie Lo
	PT Merdeka Battery Materials	XDMBF	MBMA IJ	Jessie Lo
	Semirara Mining and Power Corporation	SMIRF	SCC PM	Julian Roxas
	Shenzhen Dynanonic	XJDCF	300769 CH	Edward Leung, CFA
	Shenzhen Senior	XHYRF	300568 CH	Edward Leung, CFA
UNDERPERFORM				
	Angang Steel	ANGGF	347 HK	Miriam Chan, CFA
	Angang Steel -A	AGGSF	000898 CH	Miriam Chan, CFA
	Chengxin Lithium Group	XCNGF	002240 CH	Miriam Chan, CFA
	China Resources Building Materials	CJRCF	1313 HK	Matty Zhao
	Hangzhou First Applied Material	XMLMF	603806 CH	Miriam Chan, CFA
	Kibing Group	XIOCF	601636 CH	Edward Leung, CFA
	Nickel Asia Corporation	NCKAF	NIKL PM	Philip Albert Felix
	Oriental Yuhong	XSUUF	002271 CH	Edward Leung, CFA
	Siam Cement	SCVQF	SCC TB	Komsun Suksumrun
	Sichuan Yahua Industrial Group	XVHEF	002497 CH	Miriam Chan, CFA

APR - Basic Materials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Tongwei	XGWTF	600438 CH	Miriam Chan, CFA
	Xinyi Solar	XNYIF	968 HK	Edward Leung, CFA

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AAC Technologies	AACAF	2018 HK	Katherine Zhu
	Advantech	ADTEF	2395 TT	Robert Cheng
	Asia Vital Components	AVMPF	3017 TT	Doris Kao
	Asustek	AKCPF	2357 TT	Robert Cheng
	BizLink	BIZLF	3665 TT	Doris Kao
	Chenbro	CEOMF	8210 TT	Doris Kao
	Cowell	CWLLF	1415 HK	Katherine Zhu
	Crystal-Optech	XMKAF	002273 CH	Katherine Zhu
	Delta Electronics (Thailand)	XLETF	DELTA TB	Suppapong Iemkongaek, CFA, CMT
	Delta Electronics Inc.	DLTEF	2308 TT	Robert Cheng
	Duksan Neolux	XDSXF	213420 KS	Simon Woo, CFA
	Dynamic Holding	XLHCF	3715 TT	Mike Yang
	Elite Material	ETMCF	2383 TT	Mike Yang
	Foxconn Industrial Internet	XDAZF	601138 CH	Robert Cheng
	Goertek	XGKCF	002241 CH	Katherine Zhu
	Gold Circuit	GOCCF	2368 TT	Doris Kao
	Hana Microelectronics	XHNNF	HANA TB	Suppapong Iemkongaek, CFA, CMT
	Hon Hai Precision Industry	HNHAF	2317 TT	Robert Cheng
	Huaqin	XHUAF	603296 CH	Katherine Zhu
	Huaqin	XPEZF	3296 HK	Katherine Zhu
	ISU Petasys	IPTYF	007660 KS	Matt Shin
	Jentech	XVFSF	3653 TT	Doris Kao
	King Slide	KGSLF	2059 TT	Doris Kao
	Kingboard Laminates	KGBLF	1888 HK	Katherine Zhu
	Kinsus	KNSUF	3189 TT	Mike Yang
	Largan Precision	LGANF	3008 TT	Robert Cheng
	Lenovo Group	LNVGF	992 HK	Robert Cheng
	Lenovo Group	LNVGY	LNVGY US	Robert Cheng
	Lens Tech	XLTVF	6613 HK	Katherine Zhu
	LG CNS	XLGLF	064400 KS	Simon Woo, CFA
	LG Electronics	LGEAF	066570 KS	Simon Woo, CFA
	LG Innotek	XLGQF	011070 KS	Simon Woo, CFA
	Lotes	ZYZTF	3533 TT	Doris Kao
	Luxshare	XNJQF	002475 CH	Katherine Zhu
	Netweb Technologies	XNTZF	NETWEB IN	Jatin Kalra, CFA
	NYPCB	NANYF	8046 TT	Mike Yang
	Quanta Computer	QUCPF	2382 TT	Robert Cheng
	Samsung Electro-Mechanics	SMSGF	009150 KS	Simon Woo, CFA
	Samsung SDI	SSDIF	006400 KS	Simon Woo, CFA
	Samsung SDS	XWPBF	018260 KS	Simon Woo, CFA
	Shennan Circuits	XAMKF	002916 CH	Katherine Zhu
	Taiwan Union Technology Corporation	TWUNF	6274 TT	Mike Yang
	Unimicron	UMCRF	3037 TT	Mike Yang
	Universal Display	OLED	OLED US	Simon Woo, CFA
	Victory Giant	XENEF	300476 CH	Katherine Zhu
	Wistron	WICOF	3231 TT	Doris Kao
	Wiwynn	XWIQF	6669 TT	Robert Cheng
	Xiaomi Corporation	XIACF	1810 HK	Robert Cheng
	Yageo	YGEQF	2327 TT	Robert Cheng
	Zhen Ding Tech	XFAGF	4958 TT	Doris Kao
	Zhongji Innolight	XZICF	300308 CH	Katherine Zhu
NEUTRAL				
	Auras Technology	AUTCF	3324 TT	Doris Kao
	BYD Electronic	BYDIF	285 HK	Katherine Zhu
	DS Precision	XBASF	002384 CH	Katherine Zhu

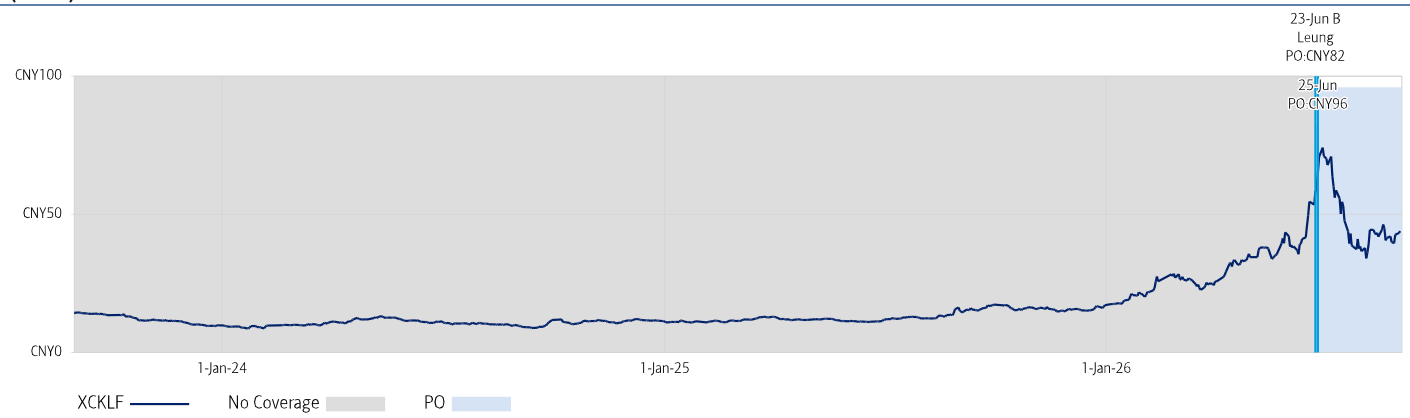
APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	E Ink Holdings	PVWIF	8069 TT	Doris Kao
	Lite-On Tech	LOTZF	2301 TT	Doris Kao
	Sunny Optical	SNPTF	2382 HK	Katherine Zhu
UNDERPERFORM				
	Acer	ASIYF	2353 TT	Robert Cheng
	Catcher Tech	CHERF	2474 TT	Robert Cheng
	Compal Electron	XLCPF	2324 TT	Doris Kao
	Everwin Precision	XSHZF	300115 CH	Katherine Zhu
	Genius Electronic Optical	GNSEF	3406 TT	Robert Cheng
	Lens Tech	XLTGF	300433 CH	Katherine Zhu
	LG Display	LPHLF	034220 KS	Simon Woo, CFA
	LG Display-ADR	LPL	LPL US	Simon Woo, CFA
	Pegatron	PGTRF	4938 TT	Robert Cheng
	Sanan Opto	XEQYF	600703 CH	Katherine Zhu
	Seoul Semiconductor	SLSOF	046890 KS	Simon Woo, CFA
	Shengyi	DGUNF	600183 CH	Mike Yang
	Sunway Communications	XWSVF	300136 CH	Katherine Zhu
	Transsion	XCINF	688036 CH	Robert Cheng
	ZTE Corporation	SHZZF	000063 CH	Katherine Zhu
	ZTE Corporation	ZTCOF	763 HK	Katherine Zhu

Disclosures

Important Disclosures

Jushi (XCKLF) Price Chart

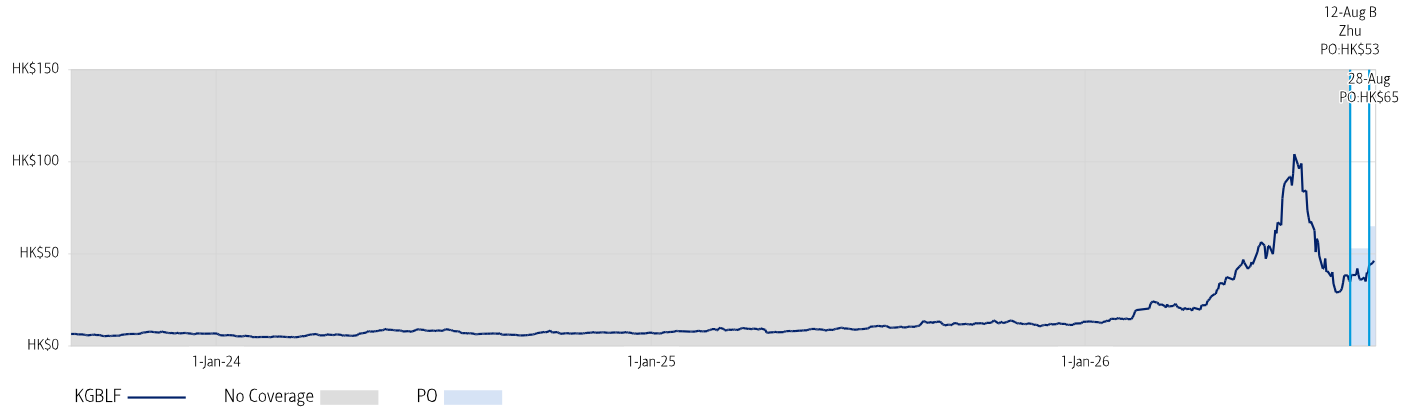


B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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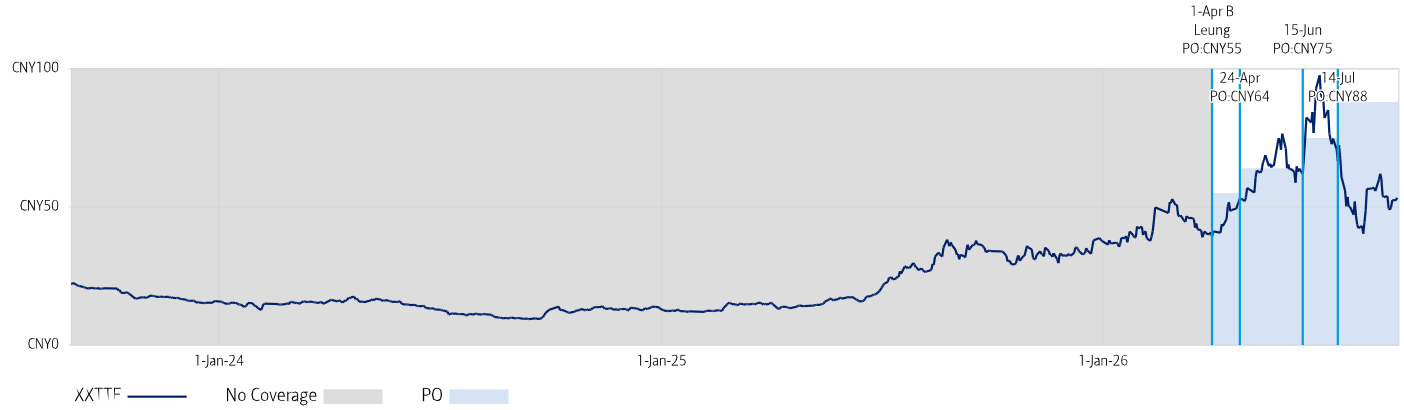
Kingboard Laminates (KGBLF) Price Chart



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Sinoma Sci & Tech (XXTTF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Building Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	45	53.57%	Buy	27	60.00%
Hold	15	17.86%	Hold	9	60.00%
Sell	24	28.57%	Sell	7	29.17%

Equity Investment Rating Distribution: Chemicals Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	67	48.55%	Buy	29	43.28%
Hold	29	21.01%	Hold	19	65.52%
Sell	42	30.43%	Sell	22	52.38%

Equity Investment Rating Distribution: Electronics Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	34	55.74%	Buy	16	47.06%
Hold	10	16.39%	Hold	3	30.00%
Sell	17	27.87%	Sell	6	35.29%

Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	68	62.39%	Buy	36	52.94%
Hold	15	13.76%	Hold	7	46.67%
Sell	26	23.85%	Sell	12	46.15%

Equity Investment Rating Distribution: Non-Ferrous Metals/Mining & Minerals Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	65	63.73%	Buy	36	55.38%
Hold	21	20.59%	Hold	10	47.62%
Sell	16	15.69%	Sell	7	43.75%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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