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UPDATE

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Greater China Technology Hardware | Asia Pacific

CCL – ITEQ announces preliminary August profit

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GREATER CHINA TECHNOLOGY HARDWARE
Asia Pacific
Industry View **In-Line**

Key Takeaways

- August pre-tax and net margins reached 25.8% and 18.3%, respectively, vs. 15.9% and 11.1% in 2Q26.
- With July/August revenue broadly tracking quarterly consensus, we think August's outsized earnings contribution points to upside risk to 3Q profit expectations.

What's new? ITEQ (6213.TW, not covered) reported August 2026 profit per TWSE regulatory requirements:

- August revenue was NT$5,044M (+6% m/m, +98% y/y). July/August revenues accounted for 67% of the consensus 3Q revenue estimate.
- August pre-tax profit was NT$1,302M (+762% y/y), 52% of the consensus 3Q forecast.
- August net profit was NT$924M (+853% y/y), 55% of the consensus 3Q estimate.

Our thoughts: ITEQ is a leading CCL supplier, with infrastructure applications (servers, switches, telecom, etc.) accounting for ~73% of 2Q26 revenue. We view its August earnings as a positive read-through for EMC, TUC and KB Laminates within our coverage. The margin improvement is consistent with effective cost pass-through and potentially wider price-cost spreads, which could continue to support further profitability expansion going forward. We remain OW on all three names.

Exhibit 1: ITEQ's preliminary August 2026 profit numbers

ITEQ			3Q26	
NT$ M	Aug-26	y/y	Cons	% of Cons
Revenue	5,044	*98%*	14,524	35%
Pre-tax profit	1,302	*762%*	2,491	52%
Net profit	924	*853%*	1,676	55%
EPS (NT$)	2.54	*841%*	4.62	55%
Pre-tax margin	25.8%	*19.9ppts*	17.1%	
Net margin	18.3%	*14.5ppts*	11.5%	

Source: Company data, Visible Alpha.

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AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Elite Material Co. 2383.TW			
ITEQ announces preliminary August profit	23 Sep 2026	Strengthens	↑ Meaningful upside surprise
Taiwan Union Technology Corporation 6274.TWO			
ITEQ announces preliminary August profit	23 Sep 2026	Strengthens	↑ Meaningful upside surprise
Kingboard Laminates Holdings Ltd. 1888.HK			
ITEQ announces preliminary August profit	23 Sep 2026	Strengthens	↑ Meaningful upside surprise

Source:Company data, Morgan Stanley Research

Valuation Methodology and Risks

Kingboard Laminates Holdings Ltd. (1888.HK)

Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.7% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 8%, and terminal growth rate of 3%.

Risks to Upside

- Stronger AI demand
- Share gains
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

Risks to Downside

- Weaker AI demand
- Share loss
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

Elite Material Co. (2383.TW)

Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.3% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 12%, and terminal growth rate of 3%.

Risks to Upside

- Stronger AI demand
- Share gains
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

Risks to Downside

- Weaker AI demand
- Share loss
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

Taiwan Union Technology Corporation (6274.TWO)

Base case, derived from a residual income (RI) model. Key assumptions include a cost of equity of 9.3% (beta of 1.0, equity premium of 8.7% and risk-free rate of 1%), medium-term growth rate of 11%, and terminal growth rate of 3%.

Risks to Upside

- Stronger AI demand
- Share gains
- Faster-than-expected material upgrades
- Slower-than-expected CPO adoption

Risks to Downside

- Weaker AI demand
- Share loss
- Slower-than-expected material upgrades
- Faster-than-expected CPO adoption

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(as of August 31, 2026)

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Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

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Stock Price, Price Target and Rating History (See Rating Definitions)



Elite Material Co. (2383.TW) - As of 09/23/26 GMT in TWD
Industry : Greater China Technology Hardware



Stock Rating History: 9/14/26 : O/I

Price Target History: 9/14/26 : 8400

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)
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Kingboard Laminates Holdings Ltd. (1888.HK) - As of 09/23/26 GMT in HKD
Industry : Greater China Technology Hardware



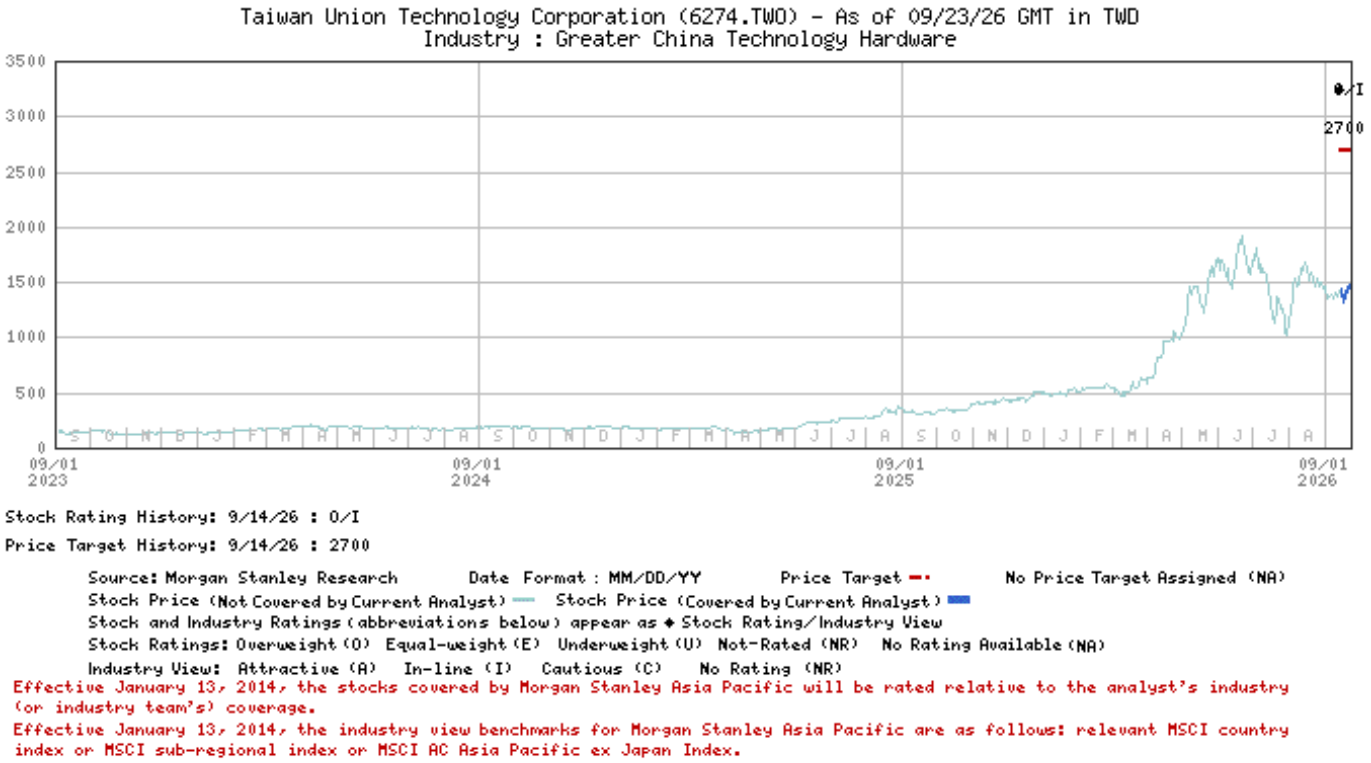
Stock Rating History: 9/14/26 : O/I

Price Target History: 9/14/26 : 75

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/23/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$39.48
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb190.00
BYD Electronics (0285.HK)	O (04/28/2023)	HK$22.98
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.38
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb15.85
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb451.20
Genius Electronic Optical Co. Ltd. (3406.TW)	U (09/10/2026)	NT$905.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb24.45
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.28
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb33.11
Largan Precision (3008.TW)	E (09/10/2026)	NT$6,190.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb6.26
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.37
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$6.04
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$59.25
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb54.37
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.85
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$5.16
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb74.58
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$43.54
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb55.65
Sunny Optical (2382.HK)	E (03/23/2026)	HK$65.00
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb275.40
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb17.10
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$26.18
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb457.89

Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$195.70
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb115.58
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb26.19
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb922.50
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$1,190.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$22.60
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb32.28
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$1,890.00
Advantech (2395.TW)	O (01/20/2021)	NT$701.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,230.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,470.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$34.70
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,595.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,340.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb6.02
Chenbro (8210.TW)	O (07/23/2025)	NT$892.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,325.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,900.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$144.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$67.50
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,600.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$323.50
Innolux (3481.TW)	E (04/07/2025)	NT$49.60
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$12,390.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb34.04
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$283.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.93
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.59
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb210.68
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$31.55
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$958.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$209.00
Compal Electronics (2324.TW)	U (04/23/2025)	NT$36.80
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$5,020.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$5.60
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb62.98
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$365.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,140.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$256.00
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb71.27
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$51.55
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$2,680.00
Lenovo (0992.HK)	O (07/10/2026)	HK$36.92
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,690.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,210.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$91.30
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$341.50
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb143.56
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb414.77
Unimicron (3037.TW)	O (02/23/2026)	NT$1,160.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$552.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$180.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$2,105.00

Yageo Corp. (2327.TW)	O (10/28/2025)	NT$573.00
Zhen Ding (4958.TW)	++	NT$473.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$497.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,460.00

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