

## What's Hot Today:

### ► Xinyi Solar (968 HK, HK\$3.09, HK\$28bn) Weak Start in 2025, But Outlook Improving

Xinyi Solar is one of the world's largest solar glass manufacturers, with core businesses covering the production of solar glass and the development and operation of solar power plants. As a key encapsulation material for PV modules, the solar glass segment benefits from a more favorable supply-demand dynamic compared to other parts of the value chain.

**1H25 earnings reflected ongoing industry challenges, but results tracked earlier expectations:** Dragged by continued market imbalances and aggressive pricing environment, the company posted a 59% YoY decline in 1H25 net profit to RMB745mn, within the previously guided range of a 56–66% drop. Total revenue slipped 6.5% YoY to RMB10.9bn. Although sales remained under pressure, the rate of decline has been narrowing, suggesting early signs of stabilization. Net margin dropped from 15.5% to 6.8%. An interim dividend of 4.2 HK cents was declared, representing a payout ratio of about 47%.

**Solar glass segment: volume growth offset by ASP pressure; margin recovered modestly from 2H24 trough:** Revenue from the solar glass business declined 7.3% YoY to RMB9.47bn in 1H25. Despite a 17.5% YoY increase in shipment volume (by tonnes), the topline contracted due to a steep drop in ASP. According to SMM, solar glass prices continued to trend downward throughout the period, effectively erasing the benefit from volume growth. GPM recovered to 11.4%, up from negative levels in 2H24, but remained 21.5ppts lower YoY. The margin pressure mainly stemmed from sharp ASP declines and fixed costs associated with idle capacity, though partially offset by lower raw material prices and improved production efficiency. Geographically, sales contribution from China fell 16.6ppts YoY to 68.4%, reflecting a slowdown in domestic demand. In contrast, the share of sales to North America surged to 8.1% (vs. 2.5% in 1H24), driven by front-loaded orders from module customers amid tariff-related uncertainties in the U.S. market.

China & HK Indices	CLOSE	1D	YTD
HSI	24,507	-1.1%	22.2%
HSCEI	8,804	-0.9%	20.8%
HSCCI	4,201	-1.1%	11.1%
CSI300	4,054	-0.5%	3.1%
Shanghai A	3,732	-0.4%	-0.7%
Shanghai B	265	0.3%	-0.7%
Shenzhen A	2,275	0.0%	11.1%
Shenzhen B	1,284	0.3%	5.9%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	43,588	-1.2%	2.5%
S&P 500	6,238	-1.6%	6.1%
Nasdaq	20,650	-2.2%	6.9%
Nikkei Index	40,019	-1.9%	0.3%
FTSE Index	9,068	-0.7%	11.0%
CAC Index	7,546	-2.9%	2.2%
DAX Index	23,425	-2.7%	17.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,363	2.2%	27.8%
STEEL (US\$/oz.)	2,020	-3.9%	13.1%
SILVER (US\$/oz.)	37	0.9%	27.6%
CRUDE OIL (US\$/bbl)	67	-2.8%	-6.6%
COPPER (US\$/oz.)	9,630	-0.7%	9.8%
ALUMINIUM (US\$/oz.)	2,566	-1.3%	0.6%
PLATINUM (US\$/oz)	1,320	2.2%	44.9%
ZINC (US\$/oz.)	2,727	-2.1%	-8.4%
WHEAT (US\$/bu)	516	-1.2%	-6.4%
CORN (US\$/bu)	410	-0.7%	-7.3%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	989	0.0%	-3.4%
PVC (US\$/t.)	N/A	N/A	-8.1%
CRB	295	-3.3%	3.0%
BDI			102.4%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.863	147.400	0.804	7.193
HKD	0.127		0.110	18.779	10.242	0.916
EUR	1.159	9.096		170.790	1.074	8.293
JPY	0.007	5.325	0.585		0.545	0.049
CHF	1.244	9.762	1.074	183.327		8.914
RMB	0.139	1.091	0.121	20.553	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	20	36.5%

Source: Bloomberg

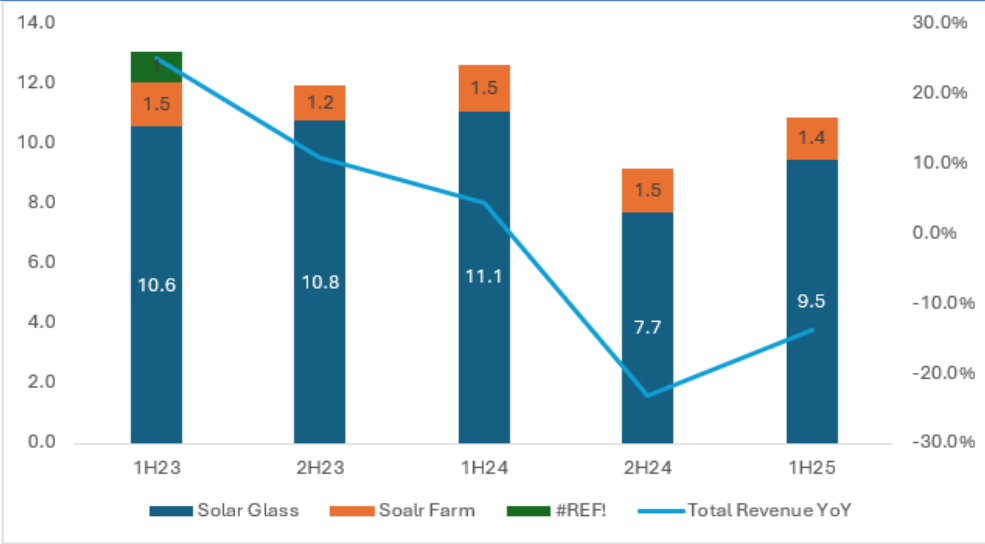
**Production capacity: operations remain steady, with flexibility for future scaling;** As of end-June 2025, the group had a total daily solar glass capacity of 23,200 tonnes, including two lines (1,800 t/d) that were suspended in July. Several inactive lines remain on standby and can be restarted subject to market conditions. Meanwhile, two new production lines in Indonesia are under construction and expected to begin operations in the first quarter of 2026. The group is also actively evaluating additional capacity expansion in selected regions, with plans to adjust production based on future market demand.

**Solar farm: revenue steady; margin slightly down on cost pressure;** revenue from the solar farm business recorded a mild YoY increase of 0.7% to RMB1.44bn in 1H25, as the group maintained a prudent view on project expansion given rising return uncertainties. Gross margin declined from 67.2% to 65.6%, mainly due to electricity curtailment in selected regions and higher depreciation costs.

**Our view:** glass price rebound driven by short-term supply tightening; long-term recovery still depends on demand; Xinyi's earnings remained under pressure in 1H25, as supply-demand imbalances led to a sharp drop in solar glass prices. Recently, policy support for upstream materials and seasonal inventory build-up have driven a short-term price rebound. Leading producers have cut output by ~30% and paused new capacity expansion, while stricter environmental standards accelerated the exit of smaller players, whose combined market share fell from 35% to 28%. As such, 2.0mm glass prices will likely rebound from historical lows in August. With daily industry melting capacity falling to ~80kt and July–August module restocking exceeding 21GW, Xinyi stands to benefit first given its cost advantage and production scale.

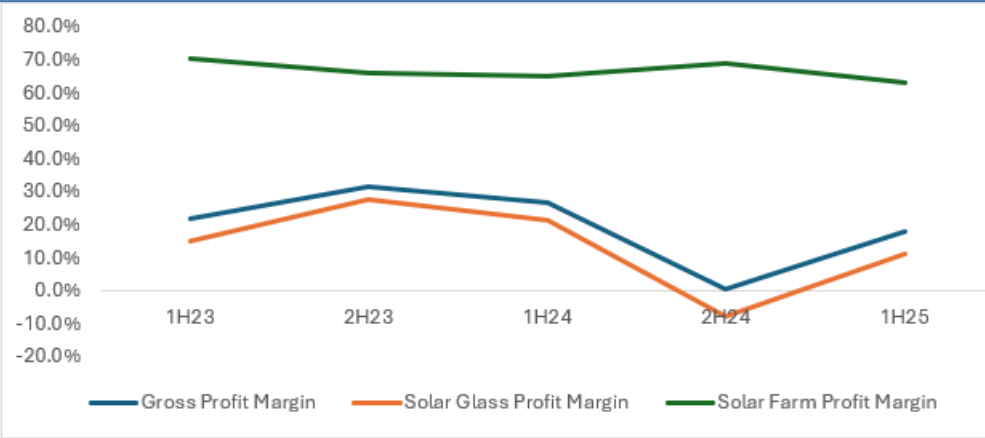
Near-term demand, however, remains constrained by overseas trade barriers and a slowdown in domestic project activities. Looking ahead, a recovery could be supported by easing tariffs, policy support in the energy storage sector and continued reduction of excess capacity. With manufacturing capacity in Southeast Asia helping to mitigate tariff risks, and premium thin-glass technology enhancing product competitiveness, Xinyi is well positioned to capture incremental growth as the market gradually normalizes. The counter is trading at 18.5x FY 26E P/E.  
(Research Department)

Fig 1: Revenue Breakdown (RMB bn)



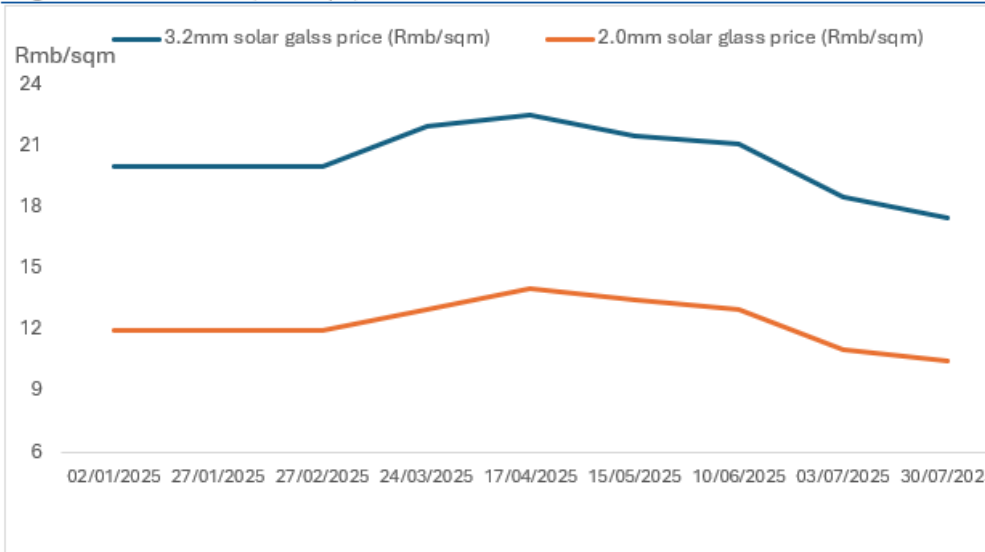
Source: Company Data, Sunwah Kingsway Research

Fig 2: Gross margin



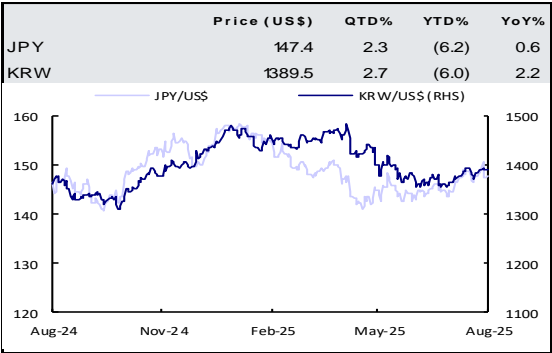
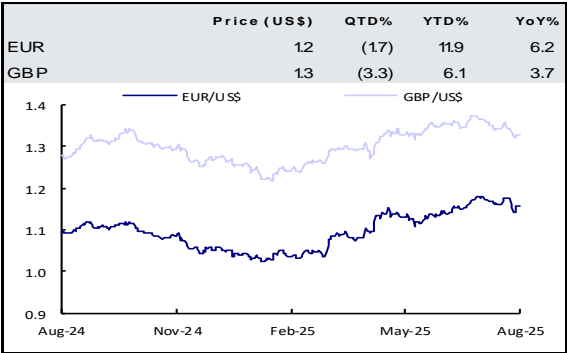
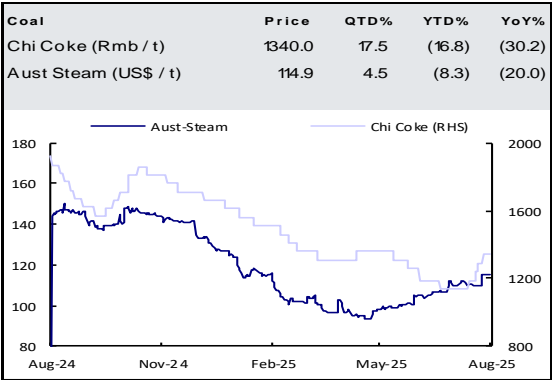
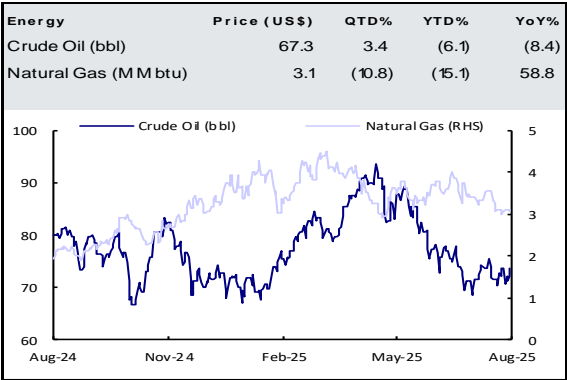
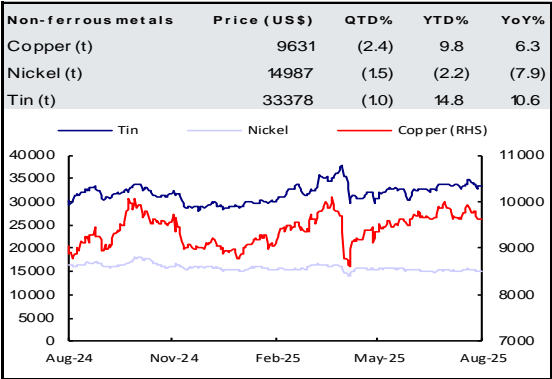
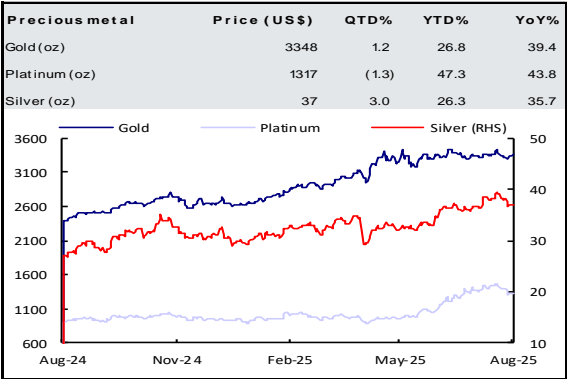
Source: Company Data, Sunwah Kingsway Research

Fig3 : Solar Glass Price (RMB sqm)



Source: SMM Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Durable Goods Orders	MoM		4-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
Initial Jobless Claims	WoW		7-Aug-25
Wholesale Inventories	MoM		7-Aug-25
CPI	MoM		12-Aug-25
PPI	MoM		14-Aug-25
Business Inventories	MoM		15-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
Housing Starts / Building Permits	MoM		19-Aug-25
Existing Home Sales	MoM		21-Aug-25
New home Sales	MoM		25-Aug-25
Consumer Confidence	MoM		26-Aug-25
GDP	QoQ		28-Aug-25
Personal Income & Spending	MoM		29-Aug-25
ISM Manufacturing PMI	MoM		2-Sep-25
Employment Report	MoM		5-Sep-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Aug-25
Trade Balance	MoM		7-Aug-25
Money Supply - M2	MoM		9-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
PMI Manufacturing	MoM		31-Aug-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
GDP	QoQ		15-Aug-25
Unemployment Rate	MoM		19-Aug-25
CPI	MoM		21-Aug-25
Trade Balance	MoM		26-Aug-25
Money Supply - M2	MoM		29-Aug-25
Retail Sales	MoM		1-Sep-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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KFS and/or its affiliates beneficially own shares of Xinyi Solar Holdings Ltd (968.HK).

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