

## What's Hot Today:

### ► China Energy Storage Sector: Policies Reshaping Economics Amid Strong Demand

**Surging Demand in Domestic and Overseas Markets:** According to CESA, China's cumulative installed capacity of new energy storage in 2025 reached 29.7 GW / 78.4 GWh up to August, marking solid YoY growth of +31.4% / +46.2%. In addition, Chinese companies have secured 199 new overseas energy storage orders in 1H25, with a total capacity exceeding 160 GWh, up 220% YoY. By region, the Middle East accounted for the largest share, followed by Australia, Europe, and Japan.

**Policies to encourage the building of standalone storages:** The latest policies on energy storage development in China have significantly enhanced the sector's economics. Three new revenue streams have been implemented: 1). Guaranteed returns from capacity-based subsidies or government operation subsidies offered in certain provinces; 2). Arbitrage opportunities through participation in the spot power market, capturing peak-trough price spreads; 3). Income from ancillary services and capacity leasing arrangements. Currently, the project-level IRR for standalone energy storage varies by province and market structure but generally ranges between 6% and 20%.

**Defined Growth Potential Going Forward:** According to National Energy Administration (NEA), China targets 180 GW of new energy storage by 2027. As of end-August 2025, cumulative domestic installations had reached 104.37 GW. Moreover, robust demand is expected to come from both the AI Data Centers (AIDC) and overseas markets. These drivers suggest a clearly defined and sustainable growth for China's energy storage industry in the coming years.

**Core components of the energy storage value chain:** The sector's value chain centers on battery cells and power conversion systems (PCS) — both characterized by favorable competitive dynamics, high technical barriers, and strong profitability. Battery cells (47.2%) and PCS (26%) together made up over 70% of total system costs. Driven by surging demand, the energy storage battery market remains supply-constrained, with most manufacturers' order books fully booked through year-end. The tight supply of storage cells is expected to persist at least until 2026. Among mainstream products, the 314Ah cell model has seen prices rebound from RMB 0.25/Wh to RMB 0.32/Wh, signaling a clear recovery from the previous trough.

China & HK Indices	CLOSE	1D	YTD
HSI	26,290	-1.7%	31.1%
HSCEI	9,358	-1.8%	28.4%
HSCCI	4,036	0.6%	6.7%
CSI300	4,616	-2.0%	17.3%
Shanghai A	4,085	-0.9%	-2.4%
Shanghai B	261	0.1%	-2.4%
Shenzhen A	2,621	-1.7%	28.0%
Shenzhen B	1,354	0.0%	11.6%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	45,479	-1.9%	6.9%
S&P 500	6,552	-2.7%	11.4%
Nasdaq	22,204	-3.6%	15.0%
NIKKEI Index	48,088	-1.0%	20.5%
FTSE Index	9,427	-0.9%	15.3%
CAC Index	7,918	-1.5%	7.3%
DAX Index	24,241	-1.5%	21.8%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,017	1.0%	54.3%
STEEL (US\$/oz.)	2,160	-5.0%	21.0%
SILVER (US\$/oz.)	50	1.8%	74.6%
CRUDE OIL (US\$/bbl)	58	-4.2%	-16.9%
COPPER (US\$/oz.)	10,518	-1.4%	20.0%
ALUMINIUM (US\$/oz.)	2,748	-0.2%	7.7%
PLATINUM (US\$/oz.)	1,597	-1.7%	80.2%
ZINC (US\$/oz.)	3,001	-0.1%	0.8%
WHEAT (US\$/bu)	498	-1.6%	-9.2%
CORN (US\$/bu)	413	-1.3%	-6.5%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,006	-1.5%	-1.6%
PVC (US\$/t)	N/A	N/A	-12.2%
CRB	292	-2.2%	3.0%
BDI		-1.4%	94.2%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.783	0.861	151.190	0.800	7.135
HKD	0.128		0.111	19.426	10.270	0.917
EUR	1.162	9.043		175.790	1.077	8.283
JPY	0.007	5.148	0.569		0.529	0.047
CHF	1.251	9.734	1.077	188.961		8.907
RMB	0.140	1.090	0.121	21.263	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	21	30.1%

Source: Bloomberg

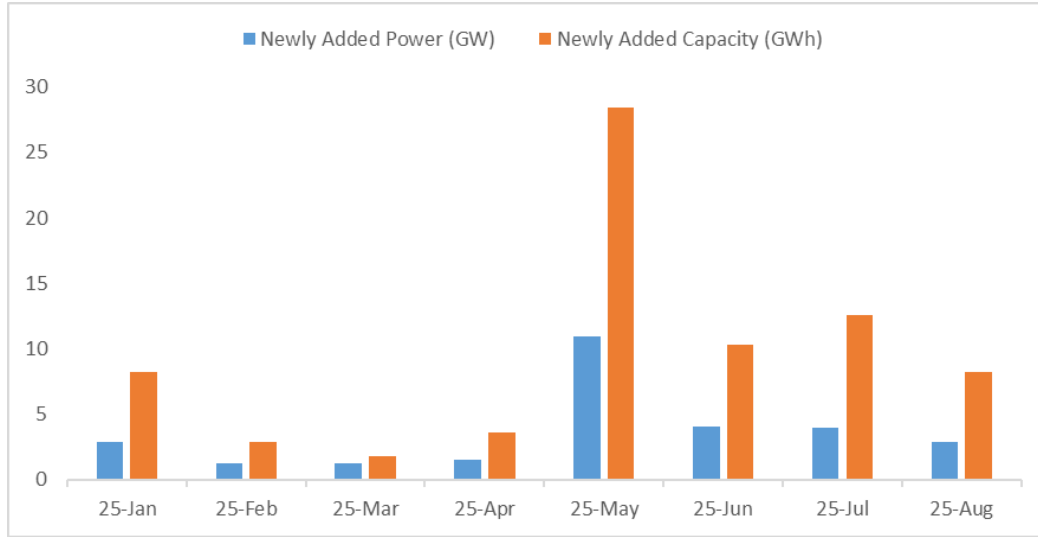
**CATL (3750 HK, HK\$543.00, HK\$2.48tn)** remains the global leader in energy storage cells. In 1H25, the company shipped 55 GWh of energy storage cells, capturing 36% of the global market. Its energy storage revenue exceeded RMB20 bn, up 110% YoY, with order backlog extending through 2026 and 89% capacity utilization. CATL is expanding its overseas business through plant construction in Europe and technology licensing in the United States. The company launched two major energy storage products: the mass-produced 587Ah large-capacity cell and the world's first mass-producible 9MWh energy storage system (ESS) solution. Both products not only enhance safety and efficiency but also improve users' profitability. Currently, CATL has 690 GWh of existing production capacity, and 235 GWh under construction, totaling 925 GWh of planned capacity.

**EVE Energy (300014 SZ, RMB80.38, RMB164bn)** Rapid growth with high capacity utilization and leading large-cell technology: the company recorded RMB10.2 bn in energy storage battery revenue and shipments of 28.71 GWh in 1H25, representing YoY growth of 32.5% and 37%, respectively. It ranked third globally by market share, with a capacity utilization rate of 90%. Its 628Ah ultra-large-capacity cell "Mr. Big" features high efficiency and outstanding performance, having received international certification, achieved mass production, and gained broad recognition and orders from global clients. The company plans to expand total production capacity to 300 GWh by 2027.

**Sungrow Power (300274 SZ, RMB146.52, RMB303.8 bn)** A global leader in inverters and energy storage system integration with a full "Battery-PCS-EMS" self-developed value chain, while also providing power plant development and operation services. Revenue from its energy storage system segment reached RMB17.8 bn in 1H25, representing a 128% YoY increase and accounting for 41% of total revenue. The segment achieved an industry-leading GPM of 39.9%. Sungrow's energy storage systems ranked first globally in conversion efficiency, and its system shipments ranked the highest worldwide, with products exported to over 100 countries.

**Our views:** Improving economics of standalone energy storages are driving strong demand for large-format cells of above 500Ah in China, while overseas orders continue to surge on the back of expanding grid-scale and data center projects. Hence, companies with global exposure such as CATL and Sungrow are well positioned to benefit from their product leadership and global channel strengths. The two companies are trading at 32x and 22x FY25E P/E respectively. (Research Department)

Fig1: The monthly new installed capacity of energy storage in China from January to August 2025



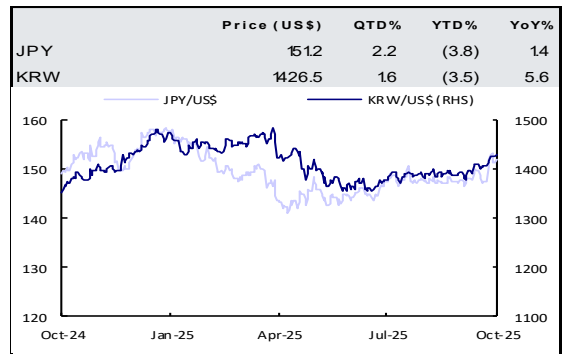
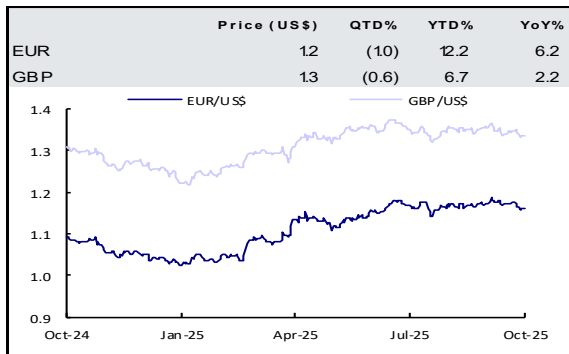
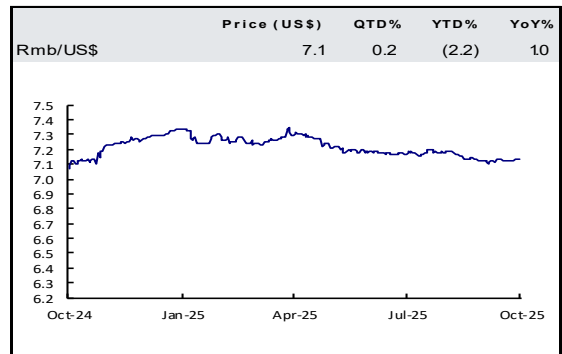
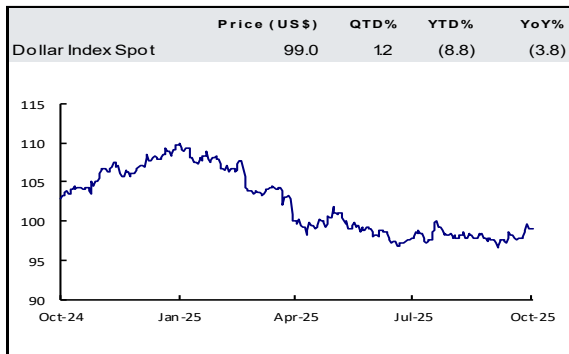
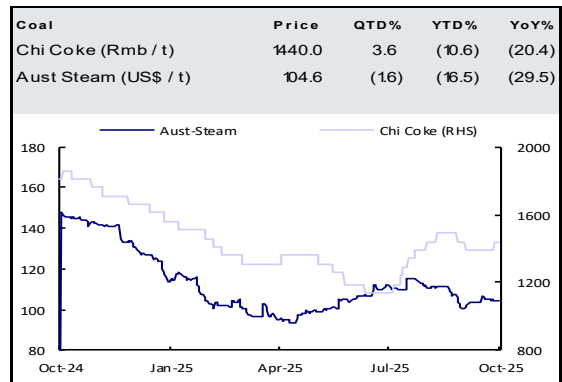
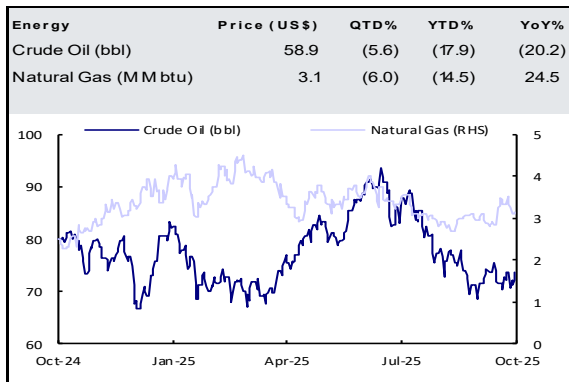
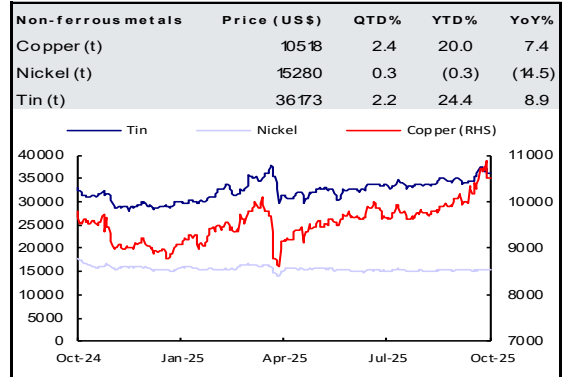
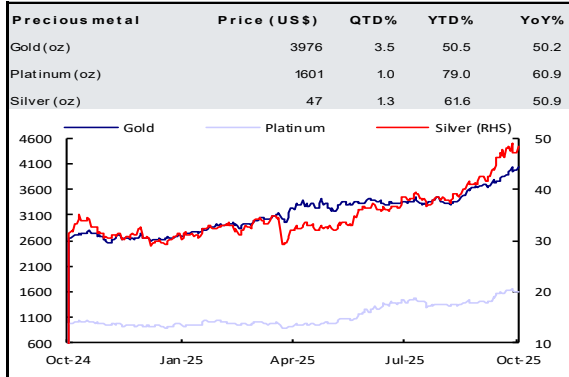
Source: CESA, Sunwah Kingsway Research.

Fig2: Comparison of Financial Reports for Three Energy Storage Companies

RMB'bn	CATL	Sungrow	EVE
<b>Revenue</b>	<b>178.89</b>	<b>43.53</b>	<b>28.17</b>
<i>YoY</i>	7.3%	40.3%	30.1%
<b>COGS</b>	<b>134.12</b>	<b>28.58</b>	<b>23.29</b>
<b>Gross Profit</b>	<b>44.76</b>	<b>14.95</b>	<b>4.88</b>
<i>GPM</i>	25.0%	34.4%	17.3%
Selling expense	1.62	2.29	0.37
<i>% of total</i>	0.9%	5.3%	1.3%
Administrative expenses	6.45	0.84	1.45
<i>% of total</i>	3.6%	1.9%	5.1%
R&D expenses	10.09	2.04	1.26
<i>% of total</i>	5.6%	4.7%	4.5%
<b>Profit before tax</b>	<b>38.84</b>	<b>9.38</b>	<b>1.91</b>
<i>OPM</i>	21.7%	21.5%	6.8%
<b>Attributable to the company</b>	<b>30.51</b>	<b>7.73</b>	<b>1.61</b>
<i>NPM</i>	17.1%	17.8%	5.7%
<b>Gearing ratio</b>	<b>62.6%</b>	<b>61.3%</b>	<b>62.6%</b>
<b>ROE</b>	<b>27.48</b>	<b>36.16</b>	<b>9.62</b>
<b>Cash and cash equivalents</b>	<b>323.79</b>	<b>19.87</b>	<b>2.27</b>

Source: Company report, Sunwah Kingsway Research.

**Market Watch – Major Commodities and Currencies**



Source: Bloomberg

**US Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		16-Oct-25
PPI	MoM		16-Oct-25
Business Inventories	MoM		16-Oct-25
Retail Sales	MoM		16-Oct-25
Housing Starts / Building Permits	MoM		17-Oct-25
Existing Home Sales	MoM		23-Oct-25
CPI	MoM		24-Oct-25
New home Sales	MoM		24-Oct-25
Durable Goods Orders	MoM		27-Oct-25
Consumer Confidence	MoM		28-Oct-25
Wholesale Inventories	MoM		29-Oct-25
GDP	QoQ		30-Oct-25
Personal Income & Spending	MoM		31-Oct-25
ISM Manufacturing PMI	MoM		3-Nov-25
Trade Balance	MoM		4-Nov-25
Factory Orders	MoM		4-Nov-25
Employment Report	MoM		7-Nov-25
Industrial Production	MoM		18-Nov-25
Auto Sales	MoM		

**China Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		13-Oct-25
Trade Balance	MoM		13-Oct-25
PPI	MoM		15-Oct-25
CPI	MoM		15-Oct-25
Retail Sales	MoM		20-Oct-25
Industrial Production	MoM		20-Oct-25
GDP	YoY		20-Oct-25
PMI Manufacturing	MoM		31-Oct-25
Foreign Exchange Reserves	QoQ		7-Nov-25

**Hong Kong Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		20-Oct-25
CPI	MoM		23-Oct-25
Trade Balance	MoM		27-Oct-25
GDP	QoQ		31-Oct-25
Money Supply - M2	MoM		31-Oct-25
Retail Sales	MoM		31-Oct-25
PMI	MoM		5-Nov-25
Foreign Currency Reserve	MoM		7-Nov-25
Producer Prices Index	QoQ		15-Dec-25
Industrial Production	QoQ		15-Dec-25
Composite Interest Rate	MoM		

**Kingsway Research Team**

**Analyst**  
**Howard Wong**  
**Ensley Liu**

**Email**  
[Howard.wong@sunwahkingsway.com](mailto:Howard.wong@sunwahkingsway.com)  
[Ensley.liu@sunwahkingsway.com](mailto:Ensley.liu@sunwahkingsway.com)

**Phone No.**  
(852) 2283 7307  
(852) 2283 7618



**Disclaimer**

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Copyright 2025 Kingsway Group. All rights reserved.

**Head Office**

Hong Kong  
 Kingsway Financial Services Group Limited  
 7/F, Tower One, Lippo Centre,  
 89 Queensway, Hong Kong  
 Tel: 852-2283-7000  
 Fax: 852-2877-2665

**Affiliated & Overseas Offices**

Guangdong  
 廣東新華滙富商業代理有限公司  
 2701, Dongshan Plaza,  
 69 Xianlie Middle Road, Yuexiu District  
 Guangzhou, 510095

Vietnam  
 Sunwah Kingsway Vietnam Services Limited  
 Representative Office  
 Sunwah Tower, Mezzanine Floor  
 115 Nguyen Hue  
 District 1  
 Ho Chi Minh City  
 Vietnam