Morning Snapshot

SUNWAH KINGSWAY

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Hong Kong & China Market Daily

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.

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S&P 500	Key Int'l I	Indices			CLOSE	1D	YTD
Nasdaq	Dow Jones				45,479	-1.9%	6.9%
NIKKE Index	S&P 500				6,552	-2.7%	11.4%
FTSE Index 9,427 -0.9% 15.3% CAC Index 7,918 -1.5% 7.3% DAX Index 24,241 -1.5% 21.8% PTD AX Index 24,241 -1.5% 21.8% Commodifies 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\$/obl) 58 -4.2% 1-16.9% 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% 80.2% ZINC (US\$/oz.) 3,001 -0.1% 0.8% WHEAT (US\$/bu) 498 -1.6% 9-2.9% COPN (US\$/bu) 498 -1.5% -5.5% SUGAR (US\$/bu) 1,006 -1.5% -1.6% SOYBEAN (US\$/bu) 1,006 -1.5% -1.6% PVC (US\$/t.) 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 -2.2.2% 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 0,111 194.26 10.270 0,917 EUR 1.162 9,043 175.790 10.077 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	Nasdaq				22,204	-3.6%	15.0%
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Greece NA NA	Greece					N/A	N/A
Ireland 83 -2.4%	Ireland					83	-2.4%
Italy 139 -0.6%						139	-0.6%
Portugal 207 -0.0%	-						
Spain 108 0.3%	-						
VIX 21 30.1%							
Source: Bloomberg		mhera				21	30.170
Course. Coursely	Journe, Dillo	bury					



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.

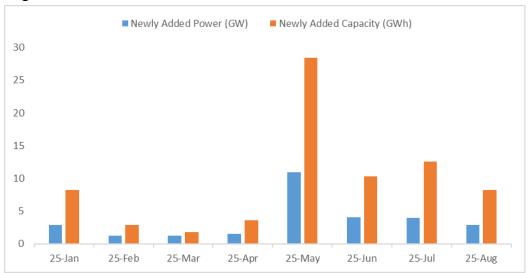
EVE Energy (300014 SZ, RMB80.38, RMB164bn) Rapid growth with high capacity utilization and leading large-cell technology: the company recorded RMB10.2 bn in energy storage battery revenue and shipments of 28.71 GWh in 1H25, representing YoY growth of 32.5% and 37%, respectively. It ranked third globally 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.

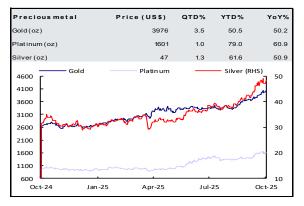
Fig2: Comparison of Financial Reports for Three Energy Storage Companies

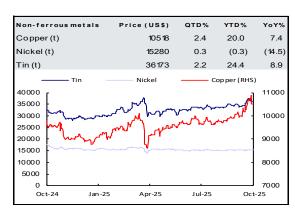
RMB'bn	CATL	Sungrow	EVE
Revenue	178.89	43.53	28.17
YoY	7.3%	40.3%	30.1%
COGS	134.12	28.58	23.29
Gross Profit	44.76	14.95	4.88
GPM	25.0%	34.4%	17.3%
Selling expense	1.62	2.29	0.37
% of total	0.9%	5.3%	1.3%
Administrative expenses	6.45	0.84	1.45
% of total	3.6%	1.9%	5.1%
R&D expenses	10.09	2.04	1.26
%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

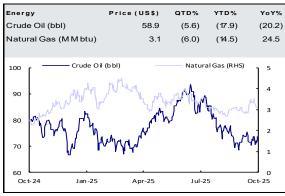
Source: Company report, Sunwah Kingsway Research.

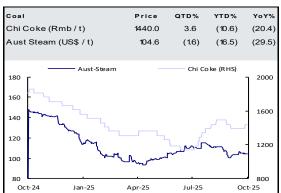


Market Watch - Major Commodities and Currencies

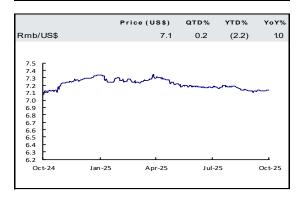


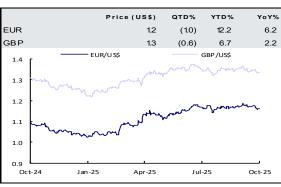














Source: Bloomberg



US Economic Calendar

			Expected
Indicators	Freq	Obs Date	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		

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Notice of interest disclosure filed by substantial shareholders Name of listed corporation	Name of substantial share holder	No. of shares bought/sold/involved	Average price per share
Fortune Real Estate Investment Trust	ESR Asset Management (Fortune) Limited	4,456,470(L)	HKD 5.0590
Sala Technology Holding Ltd.	Easy Flourish Holding Limited	2,009,089(L)	HKD 6.2400
ala Technology Holding Ltd.	刘成敏	3,080,603(L)	HKD 6.2400
ala Technology Holding Ltd.	北京中关村创业投资发展有限公司	2,009,089(L)	HKD 6.2400
iala Technology Holding Ltd.	北京追远创业投资有限公司	2,009,089(L)	HKD 6.2400
ala Technology Holding Ltd.	北京追远财富资本合伙企业(有限合伙)	2,009,089(L)	HKD 6.2400
SY Group Ltd.	Qu Jiguang	1,500,000(L)	HKD 2.9530
ai Cheung Holdings Ltd.	Chan Pun, David	2,000(L)	HKD 3.2400
usupreme International Holdings Ltd.	Beatitudes International Ltd.	40,000(L)	HKD 0.3275
usupreme International Holdings Ltd.	Choy Chi Fai	40,000(L)	HKD 0.3275
usupreme International Holdings Ltd.	Ho Ka Man	40,000(L)	HKD 0.3275
hina BlueChemical Ltd H Shares	MGD Holdings	1,016,000(L)	HKD 2.3001
CHK Oil Ltd.	谢继忠	592,220,206(L)	HKD 0.0001
SPC Pharmaceutical Group Ltd.	Cai Dong Chen	2,000,000(L)	HKD 9.4300
a Yu Financial Holdings Ltd.	Allied Group Limited	80,000(L)	HKD 0.1200
a Yu Financial Holdings Ltd.	Lee Seng Huang	80,000(L)	HKD 0.1200
a Yu Financial Holdings Ltd.	Lee Seng Hui	80,000(L)	HKD 0.1200
a Yu Financial Holdings Ltd.	Lee Su Hwei	80,000(L)	HKD 0.1200
			HKD 0.3300
uangdong Join-Share Financing Guarantee Invest Co Ltds - H Shares	Dragon Pearl Hong Kong Investment Development Limited	1,022,000(L)	
duangdong Join-Share Financing Guarantee Invest Co Ltds - H Shares		1,022,000(L)	HKD 0.3300
luakang Biomedical Holdings Co. Ltd.	Anselme Limited	138,672,000(L)	HKD 0.1260
luakang Biomedical Holdings Co. Ltd.	Li King Yeung	138,672,000(L)	HKD 0.1260
luakang Biomedical Holdings Co. Ltd.	Zhou Xunyong	138,672,000(L)	HKD 0.1260
enscare Scientific Co., Ltd B - H Shares	Shanghai Shidi Industrial Development Co., Ltd.	160,000(L)	HKD 10.8700
L Mag Rare-Earth Co., Ltd H Shares	中国国有企业混合所有制改革基金有限公司	8,027,600(L)	HKD 24.6632
L Mag Rare-Earth Co., Ltd H Shares	中国诚通控股集团有限公司	8,027,600(L)	HKD 24.6632
u Teng International Holdings Ltd.	Yip Wai Ming	148,000(L)	HKD 2.0000
ato (Hong Kong) Holdings Ltd.	Ngai Shi Shing Godfrey	176,000(L)	HKD 0.4404
ato (Hong Kong) Holdings Ltd.		176,000(L)	
	Wei Xiaoling		HKD 0.4404
SSY Group Ltd.	China Pharmaceutical Company Limited	1,230,000(L)	HKD 2.9600
SSY Group Ltd.	Qu Jiguang	1,230,000(L)	HKD 2.9600
SUNeVision Holdings Ltd.	CHAN Man Yuen Martin	20,000(L)	HKD 6.8550
SUNeVision Holdings Ltd.	CHAN Man Yuen Martin	20,000(L)	HKD 4.5140
Vealthink Al-Innovation Capital Ltd.	WANG QIN	880,000(L)	HKD 0.2440

Source: HKEx



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