CHINA SOLAR

Weaker outlook beyond 2H26 but selective opportunities emerge amid trough valuations; Upgrade Glass stocks Xinyi to Buy, Flat A/H to Neutral

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Share prices have declined by an average of 37% YTD for our covered solar material names on the back of an avg. 16% value chain pricing decline (vs. -13% in prior GSe) as a result of challenging global demand (46% yoy decline in 5M26) and insufficient supply response (avg. 13% yoy production decline in 1H26 across the value chain).

Looking forward, we expect the China solar industry will continue to grapple with headwinds from structurally lower UTR, and we lower our value chain ASP estimates by avg. 9% in 2026E-30E. Specifically, we now expect UTR to stay at lower levels for longer (29%-68% in 26E-30E vs. 60%-80% in prior GSe) as a result of weaker China solar demand and slow capacity exit:

- **Weaker China solar demand:** We cut China solar installation by avg. 17% in 2027E-30E to reflect lower-than-expected market spot tariff and delayed self-use C&I recovery.
- **Slow capacity exit:** We expect nominal capacity will largely stay at current levels in 2026E-30E (vs. prior GSe of avg. 17% capacity cut in 2026E) due to increasing M&A and collaboration among Tier 1 and Non Tier 1 players amid capacity expansion restrictions.

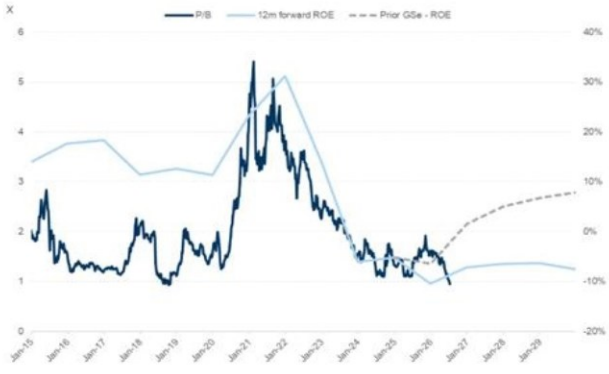
Cut earnings and target prices: We cut our coverage EBITDA by 38% on average (ex Daqo) in 26E-30E, among which avg. 13% cut comes from lower demand, 10% cut from lower pricing and 16% from higher cost as a result of OP leverage increase. Accordingly, we lower our 12m target prices by avg. 33% for our coverage, as we switch to a P/B valuation methodology (from prior EV/EBITDA) to better reflect the weaker profitability outlook. Our latest target prices suggest average 3% downside for our solar material coverage.

Market concerns largely priced in, time to invest selectively ahead: Our coverage is trading at 0.9X 2026E P/B against avg. -3% ROE in 2027E-28E, vs. avg. 1.4X in 2024-25 against -6% ROE. We believe share prices have partly reflected the weaker profitability outlook, and it is time to invest selectively in earlier inflection segments. Across our coverage, we prefer **Film** (Buy on Hangzhou First), **Glass** (Upgrade Xinyi to Buy from Neutral and Flat A/H to Neutral from Sell) and **High-efficiency Module** (Buy on Longi). We stay cautious on **Rod Poly** (Neutral/Sell on Daqo ADR/A, and Sell on Tongwei).

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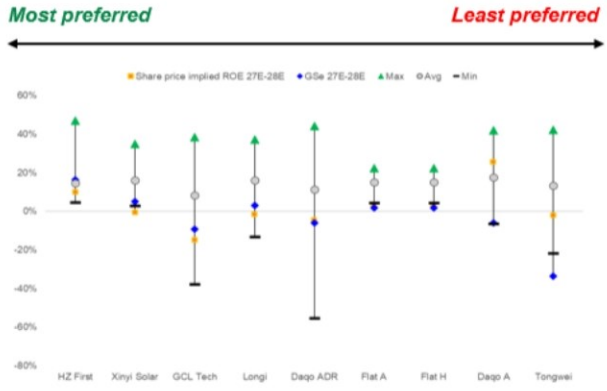
Upgrade Xinyi Solar/Flat A/Flat H to Buy/Neutral/Neutral from Neutral/Sell/Sell: We turn more positive on Glass names, as we believe valuation has declined to a trough level (0.7X 26E P/B) but fundamental trends are showing early improvement and the competitive landscape is turning favorable for Tier 1 players. We look for potential avg. 8pp ROE inflection (to 3% in 27E-28E vs. -5% in 26E) for the two Tier 1 glass players as a result of higher ASP and optimized cost. Our revised target prices for Xinyi Solar/Flat A/Flat H at HK$2.8/Rmb8.0/HK$5.5 imply +38%/-13%/-15% share price upside. **Catalysts** include glass pricing inflection (9% increase in 2H26E from 2Q26 and further increase by 16% in 2027E).

Exhibit 1: We think share prices have partly reflected the weaker profitability outlook



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 2: Most/Least preferred exposures: Time to invest selectively on earlier inflection segments (i.e. Film, Glass & high efficiency Module)



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

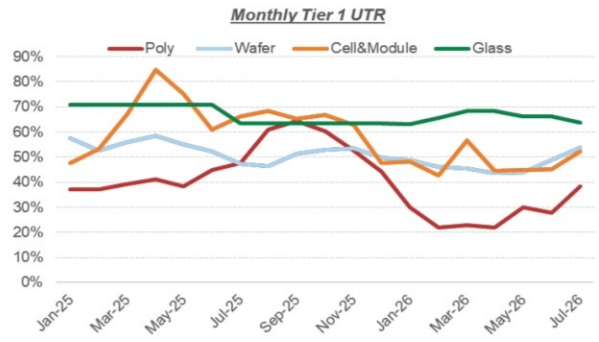
Revisiting our cycle inflection view: continue to expect a (milder) cyclical turning point in 2H26E for Tier 1 players

We believe China's solar industry is on track to reach a cyclical bottom in 2H26E but the industry will continue to grapple with structural headwinds. We now expect a milder profitability recovery than we had previously assumed due to weaker demand growth and slower capacity exit. Below, we lay out the key incremental changes to our forecasts:

- **Cut China solar installation by an average of 17% in 2027E-2030E**, to reflect i) lower-than-expected market spot tariff and ii) delayed self-use C&I recovery due to a more complex direct renewable project approval progress *(see section below for more details)*.
- **Cut value chain capacity utilization to 29%-68% in 2026E-2030E** vs. 60%-80% in prior GSe. We have seen slow capacity exit progress so far with Tier 1 UTR reaching a new low in 1H26 (Exhibit 3) as a result of increasing M&A and collaboration among Tier 1 and Non Tier 1 players amid capacity expansion restrictions (Exhibit 4). Therefore, we now expect nominal capacity will largely stay at current levels in 2026E-30E, and annual China-produced module output to decline by an average of 11% from our previous estimate over the same period.
- **Weaker profitability recovery:** Net of the change from supply and demand, our

sector inflection timeline remains unchanged in 2H26E. However, with a structurally lower UTR, we cut our value chain price forecast by an average of 9% in 2026E-2030E due to more intensified competition against weaker demand. As a result, we now expect normalized unit EBITDA for Tier 1 Module players to reach an average of Rmb0.05/W in 2028E-2030E (vs. Rmb0.08/W prior GSe).

Exhibit 3: Tier 1 UTR has reached a new low level in 1H26...



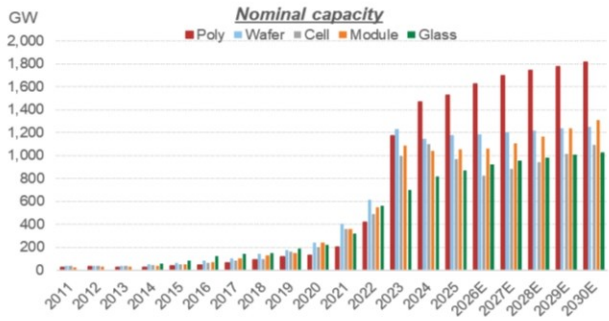
Source: NEA, CPIA, Company data, Oilchem, SMM, Infolink, Goldman Sachs Global Investment Research

Exhibit 4: ...due to slow capacity exit resulting from increasing M&A and collaboration among Tier 1 and Non Tier 1 players amid capacity expansion restrictions

Announced date	Tier 1 Company	Acquisition/ collaboration	Capacity
2026-02	Tongwei	announced plan to acquire 100% equity in Qinghai Lihao	Lihao owns 150kton polysilicon
2026-01	TZE	announced to acquire 66% stake in DAS Solar for RMB 1.258bn	DAS owns 20 GW Cell, 50 GW Module
2026-04	LONGi	announced alliance with Yingfa Tech for BC capacity outsourcing in 2025 annual report	11 GW BC capacity

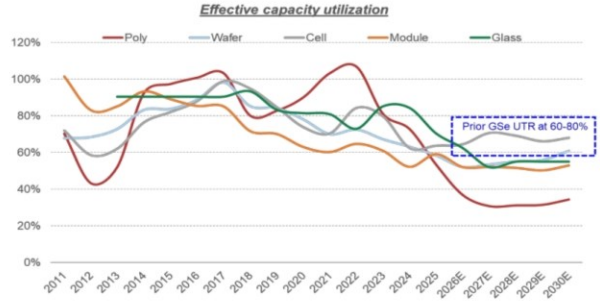
Source: Company data

Exhibit 5: We expect nominal capacity will stay largely at current levels in 26E-30E...



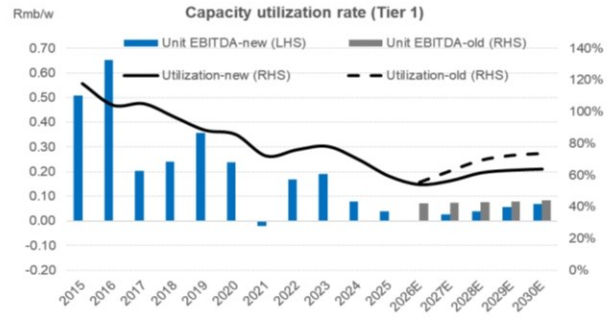
Source: NEA, CPIA, Company data, Goldman Sachs Global Investment Research

Exhibit 6: ...and UTR to stay lower for longer at 29%-68% in 2026E-2030E (vs. 60%-80% in prior GSe)



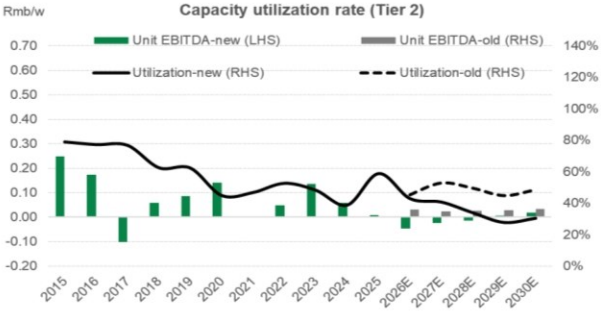
Source: NEA, CPIA, Company data, Goldman Sachs Global Investment Research

Exhibit 7: We believe the structurally lower UTR will lead to lower profitability outlook for Tier 1 players...



Source: Goldman Sachs Global Investment Research

Exhibit 8: ...and even weaker for Tier 2 players



Source: Goldman Sachs Global Investment Research

Exhibit 9:
Summary of key estimate changes from our previous estimates

Solar-Module		2025	New GSe 2026E	2027E	2028E	2029E	2030E	Avg Est. change in 26E-30E	CAGR in 25-30E	Rationale
Capacity and Supply										
Capacity-Global	GW	1,111	1,121	1,168	1,227	1,300	1,375		5%	
vs. old			4%	5%	6%	6%	7%	6%		
Capacity-China	GW	977	982	1,029	1,089	1,161	1,237		6%	We assume no existing capacity cut as we observe increasing M&A and collaboration among Tier 1 and Non-Tier 1 players amid capacity expansion restriction.
vs. old			4%	6%	6%	7%	8%	6%		
Capacity-ex-China by Chinese player	GW	77	77	77	77	77	77		0%	
vs. old			0%	0%	0%	0%	0%	0%		
Capacity-ex-China by non-Chinese player	GW	57	61	61	61	61	61		2%	
vs. old			0%	0%	0%	0%	0%	0%		
Output-China	GW	559	489	504	526	543	615		2%	
vs. old			-1%	-10%	-13%	-16%	-15%	-11%		
Output-ex-China	GW	121	107	115	120	118	114		-2%	
vs. old			0%	0%	0%	0%	0%	0%		
Demand and utilization										
Global demand	GW	679	596	618	645	662	728		2%	
vs. old			0%	-6%	-8%	-10%	-10%	-7%		
Demand-China	GW	380	282	281	299	310	373		0%	Lower China demand to reflect lower USS solar project return from depressed spot tariff and delayed self-use C&I recovery.
vs. old			0%	-12%	-16%	-20%	-17%	-13%		
Demand-China addressable overseas (export)		195	229	243	246	250	254		7%	
vs. old			0%	0%	0%	0%	0%	0%		
Demand-overseas with trade restriction	GW	105	85	94	101	101	101		-1%	
vs. old			0%	0%	0%	0%	0%	0%		
China Capacity Utilization	%	57%	50%	50%	50%	48%	51%			
vs. old			-2pp	-9pp	-11pp	-13pp	-14pp	-10pp		
Ex-China Capacity Utilization	%	99%	78%	83%	87%	86%	82%			
vs. old			0pp	0pp	0pp	0pp	0pp	0pp		
ASP and profitability										
Module price-high efficiency	Rmb/w	0.69	0.69	0.68	0.68	0.68	0.68		-4%	Lower price to reflect structural lower UTR
vs. old			0%	-1%	-3%	-3%	-3%	-2%		
Module price-lower efficiency	Rmb/w	0.67	0.67	0.61	0.61	0.61	0.61		-5%	
vs. old			0%	-6%	-8%	-8%	-8%	-6%		
Utilization-Tier 1	%	59%	54%	56%	61%	63%	64%		-1pp	Lower UTR for both Tier 1 and Tier 2 players, due to muted China capacity exit
vs. old			-1pp	-6pp	-8pp	-9pp	-10pp	-7pp		
Utilization-Tier 2	%	59%	43%	41%	34%	28%	30%		-1pp	
vs. old			-2pp	-12pp	-16pp	-17pp	-18pp	-13pp		
Unit EBITDA-Tier 1	Rmb/w	0.04	0.00	0.03	0.04	0.06	0.07			Lower profitability as weaker demand intensifies competition
vs. old			-105%	-64%	-49%	-27%	-17%	-52%		
Unit EBITDA-Tier 2	Rmb/w	0.01	-0.05	-0.02	-0.01	0.01	0.02			
vs. old			-252%	-208%	-155%	-82%	-45%	-148%		

Our S/D balance model refers to module only

Source: Goldman Sachs Global Investment Research

Key risks/factors to watch in the next 12 months

Failure to carry forward existing debt could accelerate supply adjustment and provide increased optionality for industry consolidation, which could lead to earlier and greater profitability inflection.

- Factors to watch: Company news and results briefings.

Curtailment, megabase construction and ex-China solar installation could present downside/upside risk to China addressable demand, implying a lower/higher UTR that could lead to a lower/higher normalized margin level for China Solar Materials companies.

- Factors to watch: Curtailment trend, Spot tariff trend, megabase project construction news from SOE IPPs, Monthly China solar installations and Monthly China module exports.

New cell tech development could present downside/upside risk to industry inflection profitability levels. Although we believe Topcon will remain a mainstream Solar Tech name in the near term, it will be key to monitor leading players' cost & performance progress such as high-efficiency technology and more affordable metal technology.

- Factors to watch: Company news, tender bidding, volume and price, and industry exhibitions (e.g. annual EU Intersolar and Shanghai SNEC in Jun).

Lower China solar demand by avg. 17% in 27E-30E to reflect lower spot tariff and delayed self-use C&I recovery

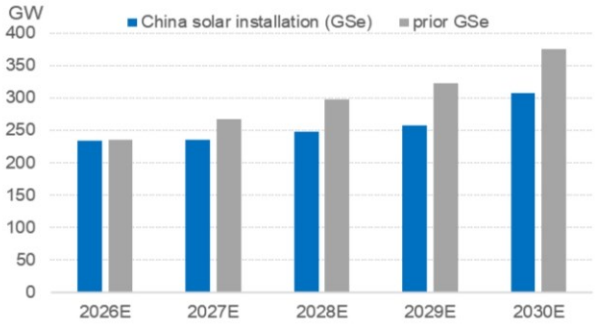
We expect China solar demand to soften with lower USS solar project return from depressed spot tariff and delayed self-use C&I recovery due to more complex direct renewable project approval progress. We lower our China Solar installation forecast by an average of 17% to 263GW over 2027E-2030E while our 2026E forecast remained unchanged at 235GW (-26% yoy). We now expect -26%/+0% yoy of China solar installation in 2026E-27E and a 10% CAGR over 2027E-30E. By project:

USS: We lower USS demand by avg. 19% in 26E-30E to 129GW (-8% CAGR in 26E-30E) to reflect lower than expected USS tariff. Our regional bottom up analysis shows the implementation of market based mechanism (No.136 document) has led to a 19% decline in USS blended tariff from benchmark tariff (vs. 13% decline in prior GSe) as a result from depressed spot tariff (36% decline from benchmark tariff). We estimate the lower USS blended tariff would lead to a 2pp cut in USS IRR across regions. In particular, we estimate Central region would hurt the most, as its average IRR will fall below the 6% minimum investment threshold. Our USS demand cut mainly reflects weaker USS demand in Central region.

DS-C&I: We lower C&I demand by 28% in 26E-30E to 109GW (+35% CAGR in 26E-30E) to reflect a 1-year delay in self-use demand recovery due to the more complex approval procedure for direct renewable projects. That said, C&I demand remains robust due to attractive payback periods in Eastern and Central China (Exhibit 17).

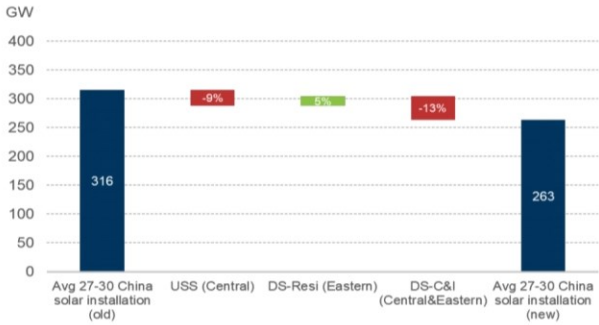
DS-Resi: We lift Resi demand by 1.1X in 26E-30E to 43GW (-7% CAGR in 26E-30E). Resi demand has been more resilient than expected YTD, mainly owing to lower IRR thresholds accepted by POE players amid declining financing costs. That said, Resi demand is only concentrated in regions with high on-grid volume guarantees and favorable spot tariff, such as Southeastern China.

Exhibit 10: We keep 2026E unchanged and cut 2027E-30E by avg 17%...
Our latest China solar installation forecast vs. CPIAe / prior GSe



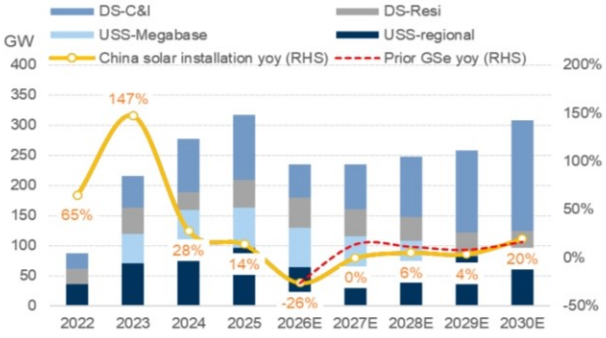
Source: Goldman Sachs Global Investment Research

Exhibit 11: ...on weaker Central USS demand and slower recovery in self-use C&I projects
Drivers of our solar installation forecast changes in 2027E-2030E



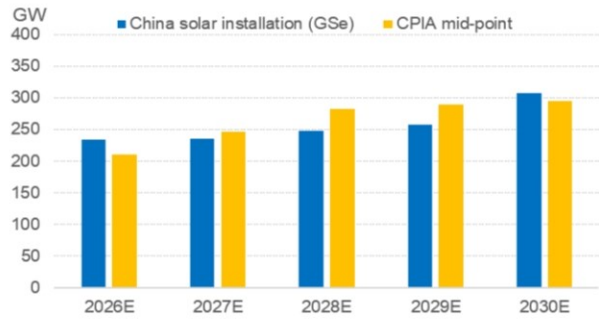
Source: Goldman Sachs Global Investment Research

Exhibit 12: We now expect -26%/+0% yoy of China solar installation in 2026E-27E and a 10% CAGR over 2027E-30E



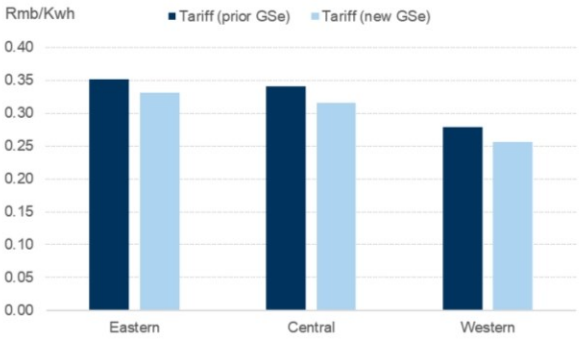
Source: NDRC, NEA, CPIA, Goldman Sachs Global Investment Research

Exhibit 13: Our installation forecast is on avg 10% below CPIAe in 2027E-29E and 5% above CPIAe in 2030E



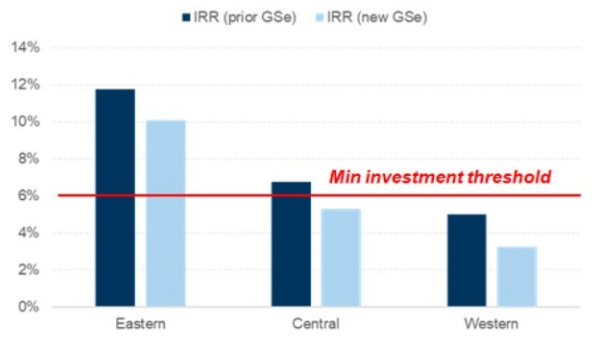
Source: CPIA, Goldman Sachs Global Investment Research

Exhibit 14: We revised down regional tariff by 5%/4%/8% from prior GSe in Eastern/Central/Western region...
USS blended tariff change



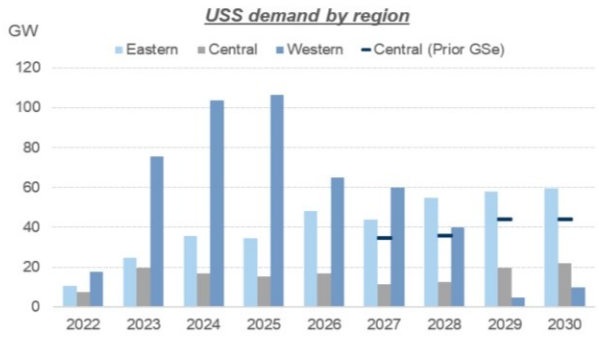
Source: Goldman Sachs Global Investment Research

Exhibit 15: ...and we estimate IRR will decline by avg. 2pp accordingly. We expect Central region to hurt the most, as revised IRR will fall below the minimum investment threshold
USS IRR change



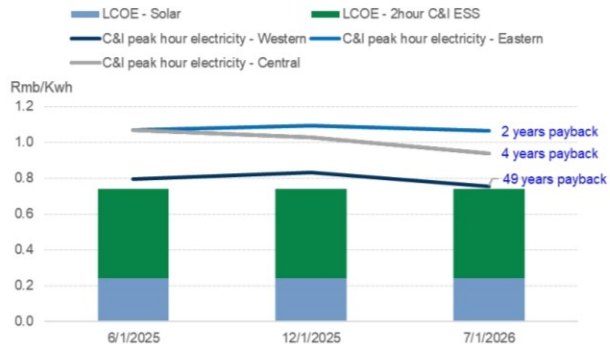
Source: Goldman Sachs Global Investment Research

Exhibit 16: We lower USS demand by 19% in 2026E-2030E, mainly to reflect the weaker demand in Central region



Source: NEA, Goldman Sachs Global Investment Research

Exhibit 17: C&I demand outlook remains promising in Eastern and Central region with 2-4 years payback in current peak-hour electricity price



Source: CPIA, BJX, Goldman Sachs Global Investment Research

Exhibit 18: Our bottom up analysis suggests that blended USS tariff decline in market based mechanism came in 6pp deeper than GSe

Regional blended USS tariff in 2026

Province (Chn)	Province (Eng)	Region	Mechanism tariff 2026	vs. benchmark	Market spot tariff	Max. Mechanism volume coverage	Blended tariff 2026	vs. benchmark	
			Rmb/kwh		Rmb/kwh				
江西	Jiangxi	Central	0.38	0%	0.34	65%	0.37	-3%	
北京	Beijing	Eastern	0.36	0%	0.36	100%	0.36	0%	
上海	Shanghai	Eastern	0.42	0%	0.42	80%	0.42	0%	
宁夏	Ningxia	Western	0.26	0%	0.20	65%	0.24	-8%	
重庆	Chongqing	Western	0.40	0%	0.30	90%	0.39	-3%	
安徽	Anhui	Central	0.38	0%	0.18	85%	0.35	-8%	
陕西	Shaanxi	Western	0.35	-1%	0.07	90%	0.32	-9%	
贵州	Guizhou	Western	0.35	-2%	0.25	90%	0.34	-5%	
云南	Yunnan	Western	0.33	-2%	0.12	75%	0.28	-18%	
山西	Shanxi	Central	0.32	-5%	0.24	80%	0.30	-9%	
冀北	Northern Hebei	Eastern	0.35	-5%	0.38	80%	0.36	-4%	
海南	Hainan	Eastern	0.40	-7%	0.28	85%	0.38	-11%	
四川	Sichuan	Western	0.37	-7%	0.26	80%	0.35	-13%	
江苏	Jiangsu	Eastern	0.36	-8%	0.28	90%	0.35	-10%	
浙江	Zhejiang	Eastern	0.38	-8%	0.28	90%	0.37	-11%	
冀南	Southern Hebei	Eastern	0.33	-8%	0.30	80%	0.33	-10%	
吉林	Jilin	Eastern	0.33	-11%	0.25	85%	0.32	-14%	
福建	Fujian	Eastern	0.35	-11%	0.33	90%	0.35	-11%	
天津	Tianjin	Eastern	0.32	-13%	0.32	80%	0.32	-13%	
湖南	Hunan	Central	0.38	-17%	0.25	80%	0.35	-22%	
湖北	Hubei	Central	0.33	-20%	0.17	50%	0.25	-40%	
辽宁	Liaoning	Eastern	0.30	-20%	0.26	80%	0.29	-22%	
广东	Guangdong	Eastern	0.36	-21%	0.28	80%	0.34	-24%	
广西	Guangxi	Western	0.31	-26%	0.18	80%	0.28	-32%	
河南	Henan	Central	0.28	-27%	0.27	80%	0.27	-27%	
青海	Qinghai	Western	0.23	-27%	0.10	40%	0.15	-52%	
山东	Shandong	Eastern	0.26	-34%	0.05	80%	0.22	-45%	
甘肃	Gansu	Western	0.20	-37%	0.12	80%	0.18	-41%	
黑龙江	Heilongjiang	Eastern	0.23	-39%	0.25	85%	0.23	-38%	
新疆	Xinjiang	Western	0.15	-40%	0.10	62%	0.13	-48%	
蒙东	Eastern Inner Mongolia	Western	n.a.	n.a.	0.24	0%	0.24	-21%	
蒙西	Western Inner Mongolia	Western	n.a.	n.a.	0.18	0%	0.18	-36%	***Prior GSe***
		Overall	**0.33**	**-13%**	**0.24**	**74%**	**0.30**	**-19%**	*-13%*
		Eastern	**0.34**	**-13%**	**0.29**	**85%**	**0.33**	**-15%**	*-10%*
		Central	**0.34**	**-11%**	**0.24**	**73%**	**0.32**	**-18%**	*-14%*
		Western	**0.29**	**-14%**	**0.18**	**63%**	**0.26**	**-24%**	*-16%*

Source: NEA, BJX, Goldman Sachs Global Investment Research

Exhibit 19: Summary of our China solar installation model

	2024	2025	2026E	2027E	2028E	2029E	2030E	2025-27E CAGR	2027E-30E CAGR
Power consumption (bn kwh)	**9,852**	**10,368**	**10,783**	**11,203**	**11,597**	**11,973**	**12,350**	**4%**	**3%**
Solar power generation (bn kwh)	**844**	**1,170**	**1,465**	**1,717**	**1,979**	**2,259**	**2,573**	**21%**	**14%**
#USS	498	690	831	963	1,100	1,240	1,377	18%	13%
#DS	346	480	633	754	880	1,019	1,196	25%	17%
% solar penetration	9%	11%	14%	15%	17%	19%	21%	2.0 ppt	1.8 ppt
% renewable penetration	*18%*	*21%*	*24%*	*27%*	*29%*	*31%*	*34%*	2.8 ppt	2.3 ppt
Accumulated capacity-solar (GW)	**887**	**1,202**	**1,437**	**1,671**	**1,919**	**2,178**	**2,489**	**18%**	**14%**
#USS	**515**	**678**	**808**	**923**	**1,031**	**1,114**	**1,205**	**17%**	**9%**
##Megabase USS	163	230	295	355	395	395	395	24%	4%
##Regional USS	352	448	513	568	636	718	810	13%	13%
#DS	**373**	**526**	**631**	**750**	**891**	**1,067**	**1,287**	**19%**	**20%**
##DS-Resi	140	186	236	281	322	363	400	23%	12%
##DS-C&I	233	340	395	469	569	705	887	17%	24%
Annual new install-Solar (GW)	**278**	**317**	**235**	**234**	**249**	**259**	**311**	**-14%**	**10%**
YoY	*28%*	*14%*	*-26%*	*0%*	*6%*	*4%*	*20%*		
#USS	**159**	**164**	**130**	**115**	**107**	**83**	**92**	**-16%**	**-7%**
YoY	*33%*	*3%*	*-21%*	*-11%*	*-7%*	*-23%*	*11%*		
##Megabase USS	64	68	65	60	40	0	0		
% for external transmission	60%	60%	60%	60%	60%	60%	60%		
##Regional USS	96	96	65	55	67	83	92	**-24%**	**18%**
YoY	*35%*	*0%*	*-32%*	*-15%*	*22%*	*23%*	*11%*		
#DS	**118**	**153**	**105**	**119**	**141**	**176**	**219**	**-12%**	**23%**
YoY	*23%*	*29%*	*-31%*	*13%*	*19%*	*25%*	*25%*		
##DS-Resi	30	46	50	45	41	41	37	**-1%**	**-6%**
##DS-C&I	89	107	55	74	100	135	183	**-17%**	**35%**
Utilization hours-solar	**1,129**	**1,120**	**1,110**	**1,105**	**1,102**	**1,102**	**1,102**	**-1%**	**0%**
#USS	1,145	1,157	1,119	1,113	1,125	1,156	1,188	-2%	2%
##USS Megabase external transmission	714	883	863	861	960	1,046	1,181	-1%	11%
##USS local transmission	1,240	1,225	1,215	1,210	1,207	1,207	1,207	-1%	0%
#DS	1,102	1,067	1,095	1,092	1,072	1,040	1,016	1%	-2%

Source: CPIA, NEA, Goldman Sachs Global Investment Research

Exhibit 20: Overview of Global solar installation

Solar new install	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Global (GW)	128	172	240	402	498	566	496	515	538	551	607
yoy%	21%	34%	40%	67%	24%	14%	-12%	4%	4%	3%	10%
Global excl. China (GW)	79	119	153	186	220	250	262	281	289	293	296
yoy%	4%	51%	28%	22%	18%	13%	5%	7%	3%	1%	1%
EU	23	29	42	56	46	49	54	60	60	62	62
yoy%	12%	27%	47%	33%	-17%	7%	9%	12%	0%	0%	0%
Americas	23	34	39	50	72	66	64	66	66	62	63
yoy%	23%	45%	14%	29%	45%	-8%	-3%	2%	0%	0%	0%
APAC (excl. China)	22	38	42	38	49	67	58	65	70	74	74
yoy%	0%	72%	11%	-10%	28%	38%	-14%	13%	7%	0%	0%
Middle-East	2	5	8	8	12	17	22	24	26	28	30
yoy%	-48%	92%	72%	0%	48%	44%	29%	12%	7%	7%	7%
RoW	8	14	22	34	41	50	64	66	66	66	67
yoy%	-15%	70%	55%	58%	20%	21%	28%	2%	1%	1%	1%
China (GW)	49	53	87	216	278	317	235	234	249	259	311
% of power generation mix	3%	4%	5%	6%	8%	11%	14%	15%	17%	19%	21%
yoy%	65%	7%	65%	147%	28%	14%	-26%	0%	6%	4%	20%
# USS	34	24	36	120	159	164	130	115	107	83	92
yoy%	92%	-30%	53%	231%	33%	3%	-21%	-11%	-7%	-23%	11%
# DS	16	29	51	96	118	153	105	119	141	176	219
yoy%	27%	89%	75%	88%	23%	29%	-31%	13%	19%	25%	25%
## DS-Resi	10	22	25	43	30	46	50	45	41	41	37
yoy%	91%	113%	17%	72%	-32%	55%	9%	-10%	-8%	-1%	-10%
## DS-C&I	5	8	26	53	89	107	55	74	100	135	183
yoy%	-22%	42%	236%	104%	68%	21%	-49%	35%	35%	35%	35%

Source: NEA, Company data, Goldman Sachs Global Investment Research

Lower ASP by avg. 9% to reflect the structural lower UTR for longer

In light of the persistently lower UTR and weak execution of anti-involution, we cut value chain pricing by avg. 9%, with variations across the value chain:

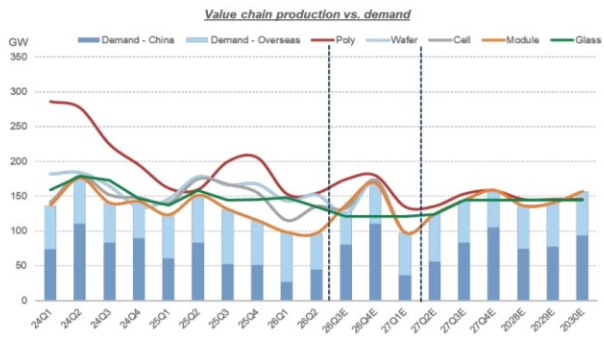
- **Poly:** We cut ASP by avg. 20% in 2026E-2030E. We expect prices to decline by 9% in 2H26 vs. 2Q26 and remain largely at such level through 2030E. Given the weak execution of anti-involution and negative compounding effect of inventory accumulation, we think Poly prices are likely declining to the factory-wide cash cost level of the most efficient Tier 1 producers.
- **Downstream Segments (Wafer, Cell, Module):** With a persistently lower UTR, we believe downstream manufacturers of Wafer, Cells, and conventional Module have low pricing power to retain the cost deflation benefit. We believe downstream segments need to cut prices alongside Tier 1 cost reduction and their pricing level will remain near Tier 1 OP cash cost levels. Overall, we expect prices to decline by 9%/21%/11% for Wafer/Cell/Module in 2H26 vs. 2Q26, and remain largely at such level through 2030E.
- **Glass:** We cut Glass prices by avg. 10% from prior GSe in 2026E-30E to reflect the Tier 1 cost reduction progress. Across segments, we expect glass to lead the price inflection in 3Q26; this is supported by inventory depletion as a result of proactive supply rationalization implemented by leading players. After enduring severe margin compression in 2Q26 (-25%/-47% for Tier1/non-Tier 1 players by GSe), leading glass producers are initiating a round of coordinated cold repairs (5.8kton/day put for cold repair in Jul, or 8% of operating capacity by end-Jun) from a relatively low base. Overall, we expect prices to increase by 9% in 2H26 from 2Q26 and further increase by 16% in 2027E if supply discipline is well executed.
- **Film:** We lower Film prices by ~3% in 2026E-30E mainly to reflect lower resin pricing (-14% from 2Q26, vs. -10% in prior GSe), which accounts for 90% of solar film production cost.

Exhibit 21: We cut ASP by avg. 9% across the value chain to reflect the structural lower UTR for longer as a result of weaker demand and slow capacity exit

	Unit	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Pricing forecast								
Rod Polysilicon-N recharge	Rmb/kg	50	45	37	32	32	32	32
vs. prior GSe				-13%	-22%	-22%	-20%	-20%
Granular Polysilicon-N	Rmb/kg	44	42	34	30	30	30	30
vs. prior GSe				-13%	-23%	-21%	-21%	-21%
Wafer-G12L	Rmb/pc	2.0	1.50	1.18	1.07	1.07	1.07	1.07
vs. prior GSe				-11%	-16%	-15%	-14%	-12%
Cell-Topcon	Rmb/W	0.35	0.28	0.31	0.26	0.26	0.26	0.26
vs. prior GSe				0%	0%	-7%	-7%	-7%
Module-Topcon-conventional	Rmb/W	0.85	0.67	0.67	0.61	0.61	0.61	0.61
vs. prior GSe				0%	-6%	-8%	-8%	-8%
Module-Topcon-high efficiency	Rmb/W	0.85	0.69	0.69	0.68	0.68	0.68	0.68
vs. prior GSe				0%	-1%	-3%	-3%	-3%
Module-NBC	Rmb/W	0.89	0.76	0.73	0.72	0.72	0.72	0.72
vs. prior GSe				0%	-1%	-3%	-3%	-3%
Glass-2.0mm	Rmb/sqm	14.7	12.3	10.0	11.0	11.5	11.4	11.3
change vs prior				0%	-12%	-12%	-12%	-12%
Film	Rmb/sqm	7	6	7.1	7.2	7.3	7.1	7.0
change vs prior				-2%	-3%	-3%	-3%	-3%

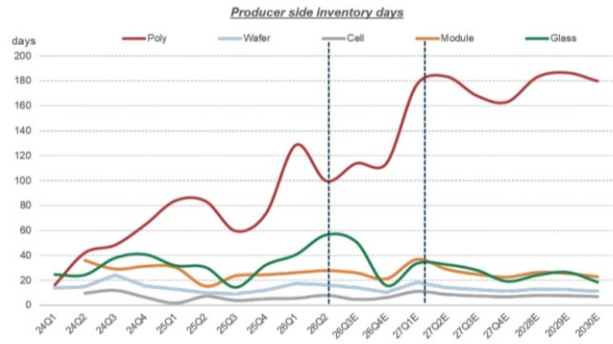
Source: Oilchem, SMM, Silicon China, Infolink, Company data, Goldman Sachs Global Investment Research

Exhibit 22: The diverging S/D outlook in 2H26 and beyond...



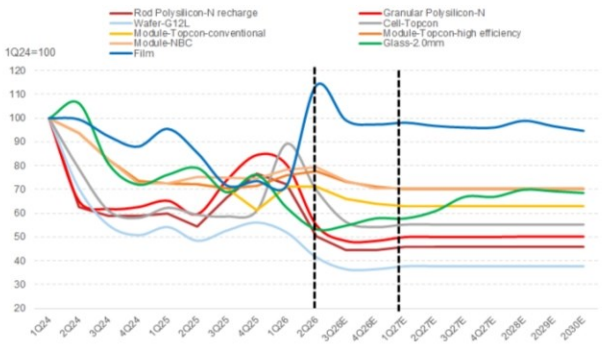
Source: Oilchem, CPIA, Infolink, SMM, Goldman Sachs Global Investment Research

Exhibit 23: ...will lead to inventory depletion for Glass but more escalating inventory pressure for Poly



Source: Oilchem, CPIA, Infolink, SMM, Goldman Sachs Global Investment Research

Exhibit 24: We expect Glass to see price inflection in 3Q26, but expect the rest of the value chain to see continued price decline



Source: Silicon China, Infolink, SMM, Oilchem, Goldman Sachs Global Investment Research

Exhibit 25: Summary of quarterly value chain pricing trend in 4Q25-4Q27E

Price change	4Q25-2Q26	2Q26-1Q27E	1Q27-4Q27E
Rod Polysilicon-N recharge	-34%	-9%	0%
Granular Polysilicon-N	-35%	-9%	0%
Wafer-G12L	-26%	-9%	0%
Cell-Topcon	14%	-21%	0%
Module-Topcon-conventional	16%	-12%	0%
Module-Topcon-high efficiency	8%	-10%	0%
Module-NBC	7%	-11%	0%
Glass-2.0mm	-30%	9%	16%
Film	55%	-14%	-2%

Source: Silicon China, Infolink, SMM, Oilchem, Goldman Sachs Global Investment Research

Cut EBITDA by 38% in 26E-30E and TPs by 33%

With refreshed demand and pricing estimates, we lower our EBITDA forecasts by 38% on average (ex Daqo) across the value chain. Specifically, we estimate i) 13% cut comes from lower demand (avg. 11% Module output cut), ii) 10% from lower pricing (avg. 2%-20% pricing cut), and iii) 16% from higher cost as a result from OP leverage increase.

- **Deteriorating earnings profile:** We expect our coverage ROE profiles to lower by average 8pp from prior GSe. In particular, we expect Tongwei to see the most significant ROE cut due to deeper pricing cuts (-20% for Poly and -5% for Cell&Module) and rigid OP expense (we estimate fixed production cost, SG&A and interest expense to account for 15% of revenue in 26E-30E vs. avg. 9% in prior GSe).
- **Cash burn pressure to ease meaningfully** due to prudent capex spend and lower UTR. Our funding gap analysis suggests low funding risk for our coverage names if they can continue carrying forward ST debt (Exhibit 28).

Exhibit 26: Cut EBITDA by 38% on average (ex Daqo) in 26E-30E, among which avg. 13% cut comes from lower demand, 10% cut from lower pricing and 16% from higher cost as result from OP leverage increase

	Ticker	EBITDA (New, in RCY)					EBITDA (Old, in RCY)					EBITDA change %						Key rationale		
		2026E	2027E	2028E	2029E	2030E	2026E	2027E	2028E	2029E	2030E	26E	27E	28E	29E	30E	Avg 26E 30E	Volume	ASP	Cost
Main value chain																				
Tongwei	600438.SS	2,048	3,301	5,068	7,057	9,350	9,174	15,119	17,823	19,736	21,465	-78%	-78%	-72%	-64%	-56%	-70%	-10%	-15%	-45%
Daqo A	688303.SS	(731)	(807)	(609)	(531)	(510)	(65)	326	421	525	596	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-28%	-20%	n.m.
Daqo US	DQ	(97)	(112)	(85)	(78)	(80)	(76)	5	4	8	10	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-28%	-20%	n.m.
GCL Tech	3800.HK	1,076	1,311	1,897	1,933	2,118	2,107	3,835	4,421	4,599	4,898	-49%	-66%	-57%	-58%	-57%	-57%	-8%	-18%	-31%
Longi	601012.SS	(741)	5,801	8,191	12,869	16,771	3,113	12,952	17,874	22,739	29,232	-124%	-55%	-54%	-43%	-43%	-64%	-20%	-8%	-35%
Material																				
Flat A	601865.SS	1,174	2,671	3,405	3,729	4,111	1,284	4,230	5,265	5,933	6,607	-9%	-37%	-35%	-37%	-38%	-31%	-17%	-12%	-2%
Flat H	6865.HK	1,174	2,671	3,405	3,729	4,111	1,284	4,230	5,265	5,933	6,607	-9%	-37%	-35%	-37%	-38%	-31%	-17%	-12%	-2%
Xinyi Solar	0968.HK	2,543	5,309	6,145	6,745	7,282	2,926	6,598	7,793	8,533	9,273	-13%	-20%	-21%	-21%	-21%	-19%	-10%	-8%	-1%
HZ First	603806.SS	2,712	3,597	5,261	5,952	7,170	3,147	4,444	5,450	6,273	7,538	-14%	-19%	-3%	-5%	-5%	-9%	-5%	-3%	-1%
Average												-41%	-42%	-38%	-36%	-35%	-38%	-13%	-10%	-16%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 27: ROE profile set to decline by 8pp from prior GSe and stay below historical average level, but FCF looks healthy on the back of prudent capex spending

		Liquidity								Earnings outlook					
		Cash balance/FCF burn						Net gearing		EBITDA CAGR		ROE			
Company	Ticker	25A	26E	27E	28E	29E	30E	25A	26E-27E	27E-30E	27E-30E	27E-28E	27E-28E	Avg	Min
										new	old	new	old	excl. 21-23	
Main value chain															
Tongwei	600438.SS	3	4	7	+FCF	+FCF	+FCF	194%	306%	41%	12%	-34%	3%	13%	-22%
Daqo A	688303.SS	+FCF	15	13	16	18	18	-34%	-36%	-14%	22%	-6%	-3%	18%	-6%
Daqo US	DQ	20	32	27	35	38	37	-79%	-87%	-11%	26%	-6%	-3%	11%	-55%
GCL Tech	3800.HK	+FCF	14	+FCF	+FCF	+FCF	+FCF	23%	21%	17%	8%	-9%	-2%	8%	-38%
Longi	601012.SS	12	8	52	+FCF	+FCF	+FCF	-49%	-30%	42%	31%	3%	13%	16%	-13%
Glass															
Flat H	6865.HK	+FCF	2.5	+FCF	+FCF	+FCF	+FCF	33%	43%	15%	16%	2%	7%	15%	4%
Flat A	601865.SS	+FCF	2.5	+FCF	+FCF	+FCF	+FCF	33%	43%	15%	16%	2%	7%	15%	4%
Xinyi Solar	0968.HK	+FCF	+FCF	+FCF	+FCF	+FCF	+FCF	24%	22%	11%	12%	6%	8%	16%	3%
Film															
HZ First	603806.SS	+FCF	+FCF	+FCF	+FCF	+FCF	+FCF	3%	-5%	26%	19%	16%	18%	15%	5%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 28: At current pricing, we see low funding gap risk for covered Solar names if they can continue carrying forward ST debt

Funding gap analysis for our coverage names

2027E LCY mn	Tongwei 600438.SS	Daqo A 688303.SS	Daqo US DQ	GCL Tech 3800.HK	Longi 601012.SS	Flat Glass 601865.SS, 6865.HK	Xinyi Solar 0968.HK
Beginning cash balance (end-26)	**14,098**	**12,879**	**2,145**	**11,130**	**40,381**	**2,158**	**5,340**
Unit cash GP (loss)							
Poly (Rmb/kg)	1.82	-3.35	-0.46	5.78	n.m.	n.m.	n.m.
Wafer (Rmb/w)	n.m.	n.m.	n.m.	-0.02	-0.01	n.m.	n.m.
Cell (Rmb/w)	-0.03	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Module (Rmb/w)	0.01	n.m.	n.m.	n.m.	0.09	n.m.	n.m.
Glass (Rmb/sqm)	n.m.	n.m.	n.m.	n.m.	n.m.	0.97	1.00
External shipment							
Poly (mn ton)	0.38	0.11	0.11	0.37	n.m.	n.m.	n.m.
Wafer (GW)	n.m.	n.m.	n.m.	14	20	n.m.	n.m.
Cell (GW)	52	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Module (GW)	46	n.m.	n.m.	n.m.	82	n.m.	n.m.
Glass (mn sqm)	n.m.	n.m.	n.m.	n.m.	n.m.	1,123	1,267
Cash profit (loss) from solar business	**-145**	**-368**	**-51**	**1,843**	**6,859**	**1,089**	**1,269**
Poly	688	-368	-51	2,137	n.m.	n.m.	n.m.
Wafer	n.m.	n.m.	n.m.	-294	-211	n.m.	n.m.
Cell	-1,504	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Module	671	n.m.	n.m.	n.m.	7,070	n.m.	n.m.
Glass	n.m.	n.m.	n.m.	n.m.	n.m.	1,089	1,269
Cash profit (loss) from other business	3,556	0	0	652	2,464	424	2,021
SG&A	-6,174	-320	-46	-2,025	-7,776	-898	-1,175
Net interest expense	-2,531	138	17	-246	-1,213	-517	-419
Capex	-5,000	-168	-18	-1,142	-6,633	-1,863	-967
Funding gap before financing cash flow	**3,806**	**12,160**	**2,047**	**10,211**	**34,083**	**393**	**6,068**
ST debt	22,550	0	0	12,364	10,625	832	5,196
Funding gap before additional re-financing	**-18,745**	**12,160**	**2,047**	**-2,153**	**23,457**	**-439**	**872**
Funding gap as % of end-26 equity	**-63%**	**n.m.**	**n.m.**	**-6%**	**n.m.**	**-2%**	**n.m.**

Source: Company data, Goldman Sachs Global Investment Research

We cut TPs by 33% on average and switch to a P/B valuation to reflect the weaker profitability outlook

- For solar upstream names (Poly/Module/Glass), we switch to a 26E P/B vs. a forward ROE previously as our primary valuation methodology to reflect the weaker profitability outlook. We apply target P/Bs based on the historical regression between P/B and ROE.
- For solar film names (i.e. HZ First), we continue to adopt a discounted mid-cycle EV/EBITDA methodology as we value them based on sustainable through-cycle growth. We raise the target EV/EBITDA multiple to 17X from 13X to reflect faster EBITDA CAGR of 26% vs. 19% in prior GSe.

Exhibit 29: We cut our 12m target prices by an avg. 33% for our GS China Solar Materials coverage
Summary of target price changes

Company	Ticker	Valuation methodology		Target multiple				Target price		
		method		P/B		EV/EBITDA		LCY		vs. prior
		new	old	26E (new)	26E (old)	27E (new)	27E (old)	new	old	change
HZ First	603806.SS	2027E EV/EBITDA	2027E EV/EBITDA	2.9	3.0	17	13	20.00	21.00	-5%
Flat H	6865.HK	2026E P/B	2027E EV/EBITDA	0.6	0.6	9	5	5.50	6.30	-13%
Flat A	601865.SS	2026E P/B	2027E EV/EBITDA	0.9	1.1	13	8	8.00	9.70	-18%
Xinyi Solar	0968.HK	2026E P/B	2027E EV/EBITDA	0.8	0.8	8	7	2.80	3.50	-20%
Daqo ADR	DQ	2026E P/B	2027E P/B	0.2	0.2	n.m.	n.m.	11.20	17.40	-36%
Longi	601012.SS	2026E P/B	2027E EV/EBITDA	2.3	3.9	20	15	14.20	26.00	-45%
GCL Tech	3800.HK	2026E P/B	2027E P/B	0.5	0.8	26	13	0.70	1.30	-46%
Daqo A	688303.SS	2026E P/B	2027E P/B	0.5	0.9	n.m.	n.m.	8.50	15.80	-46%
Tongwei	600438.SS	2026E P/B	2027E EV/EBITDA	0.6	1.2	39	8	4.20	12.00	-65%

Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

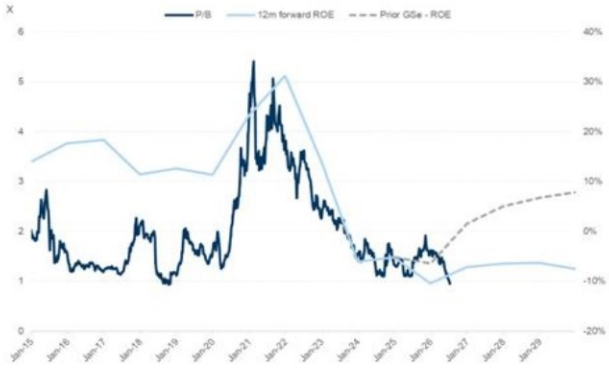
Exhibit 30: Our latest 12m target prices imply on average 3% downside for our GS China Solar Materials coverage

Company	Ticker	EV/EBITDA (excl. 21-23)		P/B (excl. 21-23)		Target multiple		Target price LCY	TP upside /(downside)	Rating	
		Avg	-1STD	Avg	Min	P/B	EV/EBITDA				
						26E	27E		7/20/2026	new	old
HZ First	603806.SS	19	13	3.1	1.7	2.9	17	20.0	46%	Buy	Buy
Xinyi Solar	0968.HK	9	7	2.0	0.7	0.8	8	2.8	38%	Buy	Neutral
GCL Tech	3800.HK	9	5	0.7	0.2	0.5	26	0.7	21%	Buy	Buy
Longi	601012.SS	17	2	2.8	1.7	2.3	20	14.2	18%	Buy	Buy
Daqo ADR	DQ	6	n.m.	0.8	0.2	0.2	n.m.	11.2	-9%	Neutral	Neutral
Flat A	601865.SS	14	8	2.6	1.3	0.9	13	8.0	-13%	Neutral	Sell
Flat H	6865.HK	7	2	1.1	0.5	0.6	9	5.5	-15%	Neutral	Sell
Daqo A	688303.SS	20	7	1.3	1.0	0.5	n.m.	8.5	-49%	Sell	Sell
Tongwei	600438.SS	14	3	2.1	1.0	0.6	39	4.2	-60%	Sell	Sell

Averages are the historical average since listing excluding 2021-23.

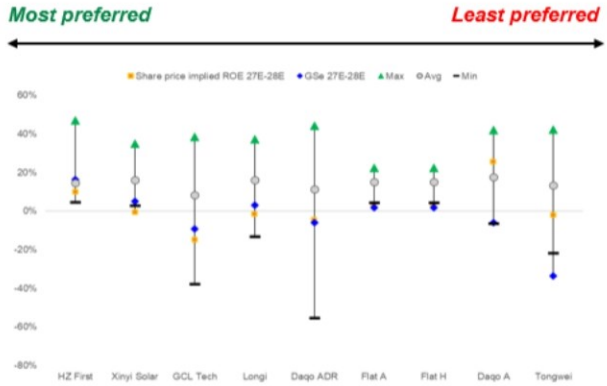
Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 31: We think share prices have partly reflected the weaker profitability outlook



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 32: Most/Least preferred exposures: Time to invest selectively on earlier inflection segments (i.e. Film, Glass & high efficiency Module)



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Turn positive on Glass names as valuation has declined to trough level and fundamental trends are

showing early improvement; Upgrade Xinyi to Buy, Flat A/H to Neutral

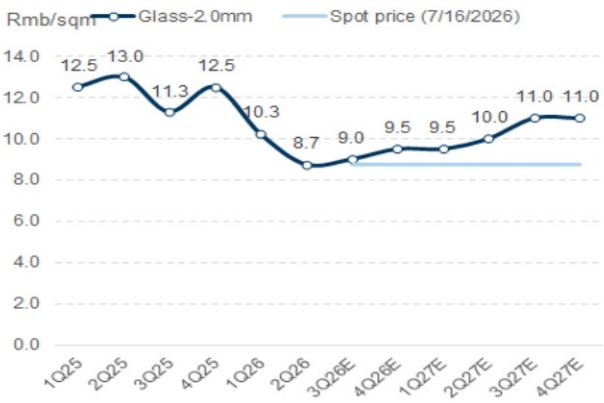
We turn more positive on Glass names, as we believe valuation has declined to a trough level (0.7X avg. 26E P/B) but fundamental trends are showing early improvement, and the competitive landscape is becoming more favorable for Tier 1 players. We look for potential 8pp ROE inflection (to 3% in 27E-28E vs. -5% in 26E) for Tier 1 players as a result of higher ASP and optimized cost. We upgrade Xinyi to Buy from Neutral with a revised TP of HK$2.8 (from HK$3.5), and upgrade Flat A/H from Sell to Neutral with revised TPs at Rmb8.0/HK$5.5 (from Rmb9.7/HK$6.3).

Improving S/D to drive ASP inflection in 3Q26: We project a 9% glass price increase in 2H26 vs. 2Q26 and expect a further increase by 16% in 2027E assuming supply discipline is being well executed. The ASP increase is supported by inventory depletion resulting from proactive supply rationalization implemented by leading players. After enduring severe margin compression in 2Q26 (-25%/-47% for Tier 1/non-Tier 1 players per GSe), leading glass producers are initiating a round of coordinated cold repairs (5.8kton/day put for cold repair in Jul, or 8% of operating capacity by end-Jun) from a relatively low base. We expect producer inventory will decline 35 days (or 49GW) by Sep from 51 days in Jul (or 70GW).

Improved landscape for Tier 1 players with higher overseas exposure (higher ASP) and less LNG usage (lower cost), which we believe will create a durable competitive advantage for Tier 1 players over the mid to longer term.

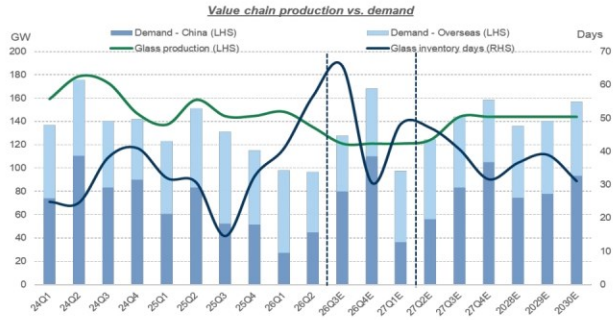
- **Higher overseas exposure:** The two Tier 1 players have recorded higher-than-market ASP since 2H25, mainly due to higher overseas exposure that carries over 50% pricing premium vs. China by GSe. In particular for Xinyi, management guided continued investment overseas with 2.4kton/day capacity scheduled to launch in Indonesia in 2026 and 2.3kton/day phase II capacity having started construction, taking overseas capacity to 25% of total effective capacity in 2030 from 13% in 2025 per our estimate.
- **Steepening cost structure via process optimization and larger furnace technology:** We estimate 5% unit production cost advantage for Tier 1 players vs. Tier 2 players (vs. similar level in 2025); this is driven by optimized production process and larger furnace size. In particular, Flat has launched two larger furnaces at 1,600 ton/day this year, which can reduce LNG usage by 15-20% vs. current mainstream furnace used by Tier 2-3 players.

Exhibit 33: ROE inflection is driven by improving ASP outlook in 2H26 and onwards...



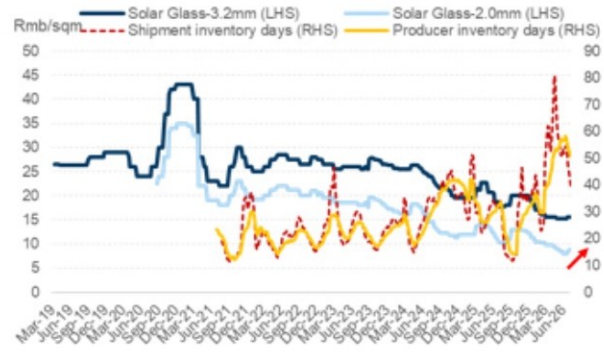
Source: Oilchem, Goldman Sachs Global Investment Research

Exhibit 34: ...supported by supply cut and demand recovery



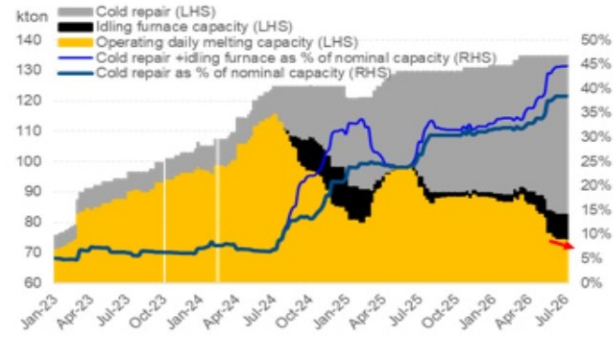
Source: NEA, CPIA, Company data, Oilchem, Goldman Sachs Global Investment Research

Exhibit 35: Inventory days and ASP showed initial positive inflection...



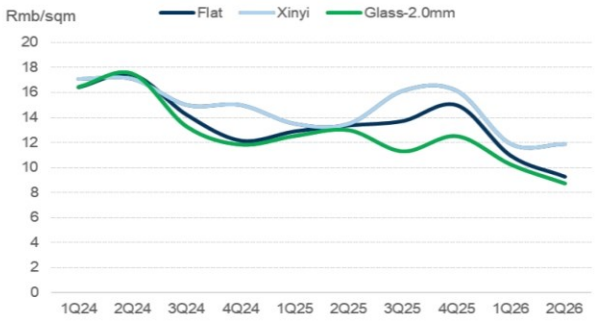
Source: Oilchem, Wind, SMM, Goldman Sachs Global Investment Research

Exhibit 36: ...with a new round of supply cuts kicking in



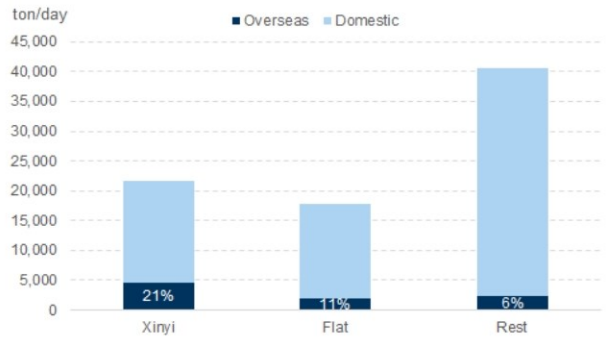
Source: Oilchem, Wind, SMM, Goldman Sachs Global Investment Research

Exhibit 37: Tier 1 players have recorded above-market ASP since 2H25...



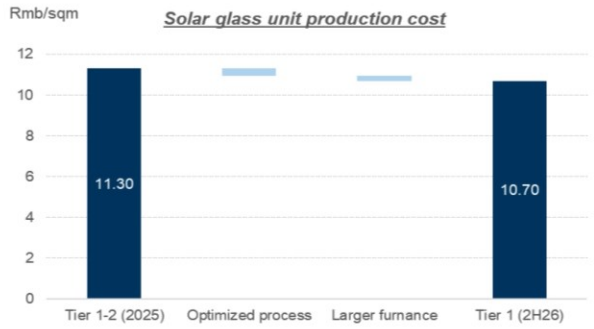
Source: Company data, Oilchem, Goldman Sachs Global Investment Research

Exhibit 38: ...due to higher overseas shipment
Effective daily operating capacity as of July 2026



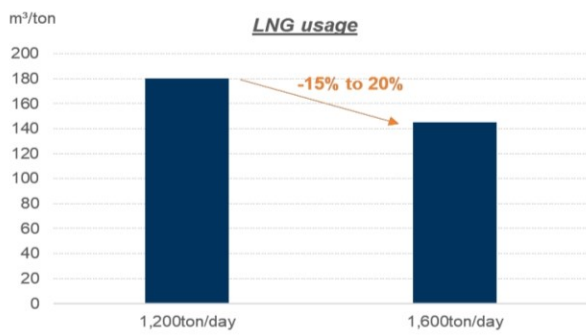
Source: Company data, Oilchem, Goldman Sachs Global Investment Research

Exhibit 39: We see a steeper industry cost curve with 5% lower unit production cost for Tier 1 players as a result of optimized production process and larger furnace size



Source: Goldman Sachs Global Investment Research

Exhibit 40: Flat has launched two larger furnaces at 1,600 ton/day this year, which can reduce LNG usage by 15-20% vs. current mainstream furnace used by Tier 2-3 players



Source: Company data, Goldman Sachs Global Investment Research

Xinyi Solar (968.HK): Market has been too bearish on L-T pricing outlook; upgrade to Buy with TP at HK$2.8

We upgrade Xinyi Solar to Buy from Neutral with a revised 12m target price of HK$2.8 (vs. prior HK$3.5). We believe Xinyi's current valuation (0.5X 26E P/B) reflects excessive bearishness on its long-term pricing outlook, but we see inflection from improving industry S/D and rising overseas exposure (25% of effective capacity by 2030E vs. 13% in 2025E). We expect Xinyi to deliver ROE inflection to 5% in 27E-28E from -3% in 2026E.

Earnings revision: We lower our EBITDA estimates by an average of 19% in 2026E-2030E, of which 10%/8%/1% of the cut comes from lower China volume, lower China ASP and OP leverage increase as a result of lower volume, respectively. However, even after this cut, our estimate is 5% higher than Visible Alpha consensus in 27E-30E, due to our more optimistic ASP assumptions due to rising overseas capacity contribution and less LNG usage.

TP and Valuation: We switch to 26E P/B vs. forward ROE as our primary valuation methodology for Xinyi (vs. prior EV/EBITDA) to better reflect the weaker profitability outlook. Our 0.8X target 26E P/B against 5% ROE in 27E-28E is based on its historical regression correlation of P/B and ROE. As a result, our 12m target price declines to HK$2.8 (vs. prior HK$3.5), implying 38% share price upside. We see favorable risk reward for Xinyi, and upgrade to Buy. **Positive Catalysts** include pricing inflection (9% glass price increase in 2H26E from 2Q26 and further increase by 16% in 2027E) and overseas expansion (2.4kton/day capacity in Indonesia in 2026E and 2.3kton/day phase II capacity beyond 2027E).

Key risks:

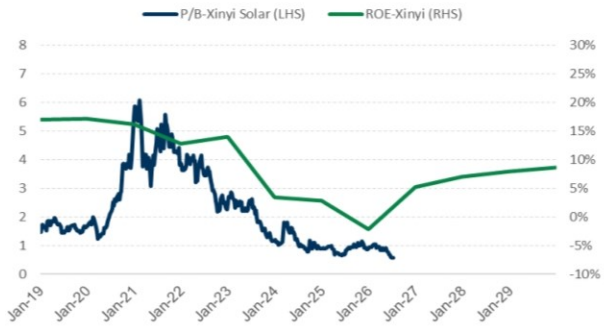
Lower-than-expected solar glass ASP. Slower-than-expected industry wide capacity cut may distort the balance of supply and demand, thus putting pressure on ASPs.

Higher-than-expected raw material and energy prices. Solar glass makers have limited control over upstream suppliers. Any unfavorable change in sand, soda ash, petroleum and gas prices may increase production cost, resulting in lower-than-expected gross margin.

Slower-than-expected overseas capacity expansion. If Xinyi Solar cannot expand

overseas capacity as expected, the company may see a decline in its current market share and record lower-than-expected ASP.

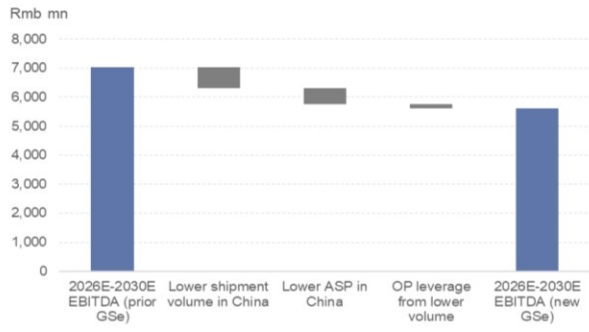
Exhibit 41: We believe current valuation is too bearish for Xinyi Solar; we expect ROE will inflect to 2022-23 level; upgrade to Buy from Neutral



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 42: We revise down EBITDA by avg.19% in 2026E-2030E; 10%/8%/1% comes from lower China volume, lower China ASP and OP leverage increase as result of lower volume

Average 2026E-2030E EBITDA forecast change waterfall



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 43: Our EBITDA forecasts are 36% lower than consensus in 2026E (on lower China ASP) and 5% higher than consensus in 27E-30E (on higher overseas mix and lower LNG usage)



Source: Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

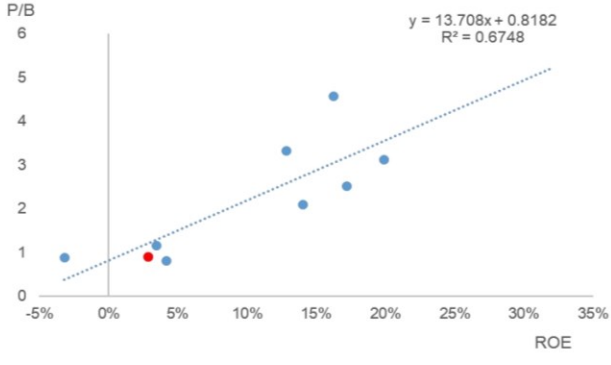
Exhibit 44: With lower ASP and flatter profitability outlook, we switch valuation method to 26E P/B from 27E EV/EBITDA

Old TP Method	2026E	2027E	2028E	2029E	2030E
EBITDA (Rmb mn)	**2,926**	**6,598**	**7,793**	**8,533**	**9,273**
Target EV/EBITDA		7X			
TP implied EV	**42,065**	**46,187**			
CoE	10%				
Net debt (cash)	8,298				
Minority	5,105				
TP implied equity value	**28,662**				
Share O/S (mn)	9,094				
Rmb/HKD	1.12				
Target price	**3.5**				

New TP Method	2026E	2027E	2028E	2029E	2030E
Book Value (Rmb mn)	28,490	29,700	31,040	32,544	34,231
ROE (%)	-3%	4%	6%	7%	8%
Target P/B	**0.8X**				
TP implied equity value	**22,792**				
Share O/S (mn)	9,094				
Rmb/HKD	1.12				
Target price	**2.8**				

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 45: Our target P/B is in line with its historical P/B ROE correlation



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 46: Financial Summary - Xinyi Solar

Xinyi Solar (0968.HK)

Income statement (Rmb mn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Total revenue	21,921	20,861	16,891	19,339	20,887	22,348	24,277
Cost of goods sold	(18,448)	(16,400)	(15,674)	(15,704)	(16,438)	(17,339)	(18,761)
SG&A	(1,146)	(1,111)	(1,047)	(1,160)	(1,211)	(1,251)	(1,311)
R&D	-	-	-	-	-	-	-
Other operating profit/(expense)	(16)	(16)	(13)	(15)	(16)	(17)	(19)
EBITDA	4,337	5,508	2,543	5,309	6,145	6,745	7,282
Depreciation & amortization	(2,025)	(2,174)	(2,386)	(2,849)	(2,923)	(3,005)	(3,095)
EBIT	2,311	3,334	157	2,460	3,221	3,740	4,187
Interest income	23	18	59	101	137	215	293
Interest expense	(432)	(340)	(446)	(520)	(574)	(671)	(770)
Income/(loss) from uncons. subs.	-	-	-	-	-	-	-
Others	33	(1,861)	(285)	16	17	17	18
Pretax profits	1,935	1,152	(515)	2,057	2,801	3,301	3,728
Income tax	(526)	(492)	82	(329)	(448)	(528)	(596)
Minorities	(401)	185	(494)	(518)	(529)	(540)	(550)
Net income pre-preferred dividends	1,008	845	(927)	1,210	1,824	2,234	2,581
Preferred dividends	-	-	-	-	-	-	-
Net income (pre-exceptionals)	1,008	845	(927)	1,210	1,824	2,234	2,581
Post-tax exceptionals	-	-	-	-	-	-	-
Net income	1,008	845	(927)	1,210	1,824	2,234	2,581
EPS (basic, pre-except) (Rmb)	0.11	0.09	(0.10)	0.13	0.20	0.25	0.28
EPS (basic, post-except) (Rmb)	0.11	0.09	(0.10)	0.13	0.20	0.25	0.28
EPS (diluted, post-except) (Rmb)	0.11	0.09	(0.10)	0.13	0.20	0.25	0.28
DPS (Rmb)	0.09	0.05	-	0.05	0.08	0.10	0.11
Dividend payout ratio (%)	83.66	49.13	-	40.00	40.00	40.00	40.00

Balance sheet (Rmb mn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Cash & equivalents	953	5,135	5,340	8,939	13,389	17,086	20,921
Accounts receivable	11,600	10,661	10,181	10,597	10,301	11,021	11,972
Inventory	2,856	1,735	1,932	1,721	1,801	1,900	2,056
Other current assets	2,154	2,703	2,703	2,703	2,703	2,703	2,703
Total current assets	17,563	20,234	20,156	23,959	28,194	32,710	37,652
Net PP&E	36,168	32,769	32,986	31,223	29,481	27,750	26,050
Net intangibles	2,205	2,218	2,114	1,995	1,859	1,701	1,520
Total investments	0	0	0	0	-	(0)	(0)
Other long-term assets	997	1,696	1,781	1,870	1,964	2,062	2,165
Total assets	56,932	56,916	57,038	59,048	61,497	64,223	67,388
Accounts payable	7,132	5,819	5,583	5,593	5,855	6,176	6,682
Short-term loans	6,143	5,196	5,196	5,196	5,196	5,196	5,196
Other current liabilities	2,068	2,237	2,349	2,467	2,590	2,719	2,855
Total current liabilities	15,344	13,252	13,128	13,256	13,641	14,091	14,733
Long-term debt	5,497	6,972	8,472	9,052	9,679	10,350	11,078
Other long-term liabilities	1,684	1,756	1,843	1,936	2,032	2,134	2,241
Total long-term liabilities	7,181	8,728	10,316	10,988	11,711	12,483	13,318
Total liabilities	22,525	21,980	23,443	24,244	25,352	26,574	28,052
Preferred shares	-	-	-	-	-	-	-
Total common equity	29,052	29,832	28,490	29,700	31,040	32,544	34,231
Minority interest	5,356	5,105	5,105	5,105	5,105	5,105	5,105
Total liabilities & equity	56,932	56,916	57,038	59,048	61,497	64,223	67,388
BVPS	3.85	3.84	3.69	3.83	3.97	4.14	4.33

Cash flow statement (Rmb mn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Net income pre-preferred dividends	1,008	845	(927)	1,210	1,824	2,234	2,581
D&A add-back	2,025	2,174	2,386	2,849	2,923	3,005	3,095
Minorities interests add-back	-	-	-	-	-	-	-
Net (inc)/dec working capital	(2,545)	747	46	(194)	477	(498)	(601)
Other operating cash flow	747	1,314	115	121	127	133	140
Cash flow from operations	1,235	5,079	1,620	3,986	5,352	4,874	5,214
Capital expenditures	(4,789)	(2,531)	(2,500)	(967)	(1,044)	(1,117)	(1,214)
Acquisitions	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-
Others	1,020	1,000	-	-	-	-	-
Cash flow from investments	(3,769)	(1,531)	(2,500)	(967)	(1,044)	(1,117)	(1,214)
Dividends paid (common & pref)	(2,003)	(828)	(415)	-	(484)	(730)	(893)
Inc/(dec) in debt	2,067	528	1,500	580	627	670	728
Common stock issuance (repurchase)	-	-	-	-	-	-	-
Other financing cash flows	851	934	-	-	-	-	-
Cash flow from financing	915	634	1,085	580	143	(59)	(165)
Total cash flow	(1,619)	4,182	205	3,599	4,450	3,697	3,835

Ratios	2024	2025	2026E	2027E	2028E	2029E	2030E
ROE (%)	3.5	2.9	(3.2)	4.2	6.0	7.0	7.7
ROA (%)	1.8	1.5	(1.6)	2.1	3.0	3.6	3.9
Cash conversion days	85.2	101.7	135.1	108.7	94.6	86.5	86.3
Inventory days	47.2	51.1	42.7	42.5	39.1	39.0	38.5
Receivables days	183.5	194.7	225.2	196.1	182.6	174.1	172.8
Payable days	145.5	144.1	132.7	129.9	127.1	126.6	125.1
Net debt/equity (%)	31.1	20.1	24.8	15.3	4.1	(4.1)	(11.8)
Interest cover - EBIT (X)	5.3	9.8	0.4	4.7	5.6	5.6	5.4

Growth & margins (%)	2024	2025	2026E	2027E	2028E	2029E	2030E
Sales growth	(9.3)	(4.8)	(19.0)	14.5	8.0	7.0	8.6
EBITDA growth	(37.4)	27.0	NM	NM	15.7	9.8	7.9
EBIT growth	(56.1)	44.3	NM	NM	30.9	16.1	11.9
Net income growth	(73.8)	(16.2)	NM	NM	50.8	22.4	15.6
EPS growth	(74.3)	(16.4)	NM	NM	50.8	22.4	15.6
Gross margin	15.8	21.4	7.2	18.8	21.3	22.4	22.7
EBITDA margin	19.8	26.4	15.1	27.5	29.4	30.2	30.0
EBIT margin	10.5	16.0	0.9	12.7	15.4	16.7	17.2
Net margin	4.6	4.0	(5.5)	6.3	8.7	10.0	10.6

Source: Company data, Goldman Sachs Global Investment Research

Flat Glass (601865.SS, 6865.HK): Trough valuation has fairly priced in the flatter profitability; upgrade to Neutral with TP at Rmb8.0/HK$5.5

We upgrade Flat A/H to **Neutral** from Sell with a 12m target price at Rmb8.0/HK$5.5 (vs. prior Rmb9.7/HK$6.3), as we see more balanced risk reward and diminishing risk of further earnings downgrades. We expect Flat to benefit from the broader glass segment recovery and improved cost structure, and deliver ROE inflection to 2% in 2027E-28E from -6% in 2026E.

We highlight the relatively higher domestic exposure of Flat should lead to a milder profitability inflection vs. Xinyi, which leads us to rate the stock at Neutral. Our revised TP for Flat A/H implies 13%/15% share price downside. Since being added to the Sell List on Apr 15, 2025, Flat A/H has declined by 41%/28% vs the SCI 300 up 22% and HSI up by 17%.

Earnings revision: We revise down EBITDA by avg.31% in 2026E-2030E, of which 11%/12%/2% is from lower China volume, lower China ASP and OP leverage increase resulting from lower volume, respectively. Our EBITDA forecasts are 51% below Visible Alpha consensus in 2026E and 15% lower in 2027E-2030E due to lower volume.

TP and Valuation: We switch to 26E P/B vs. forward ROE as our primary valuation methodology for Flat A/H (vs. prior EV/EBITDA) to better reflect the weaker profitability outlook. We apply 0.6X target 26E P/B to Flat H against 2% ROE, which is based on its historical regression correlation of P/B and ROE. For Flat A, we apply 0.9X target 26E

P/B, which is inline with its historical 50% premium to Flat H. As a result, our 12m target prices for Flat A/H decline to Rmb8.0/HK$5.5 (vs. prior Rmb9.7/HK$6.3), implying 13%/15% share price downside. We see balanced risk reward and upgrade Flat A/H to Neutral from Sell.

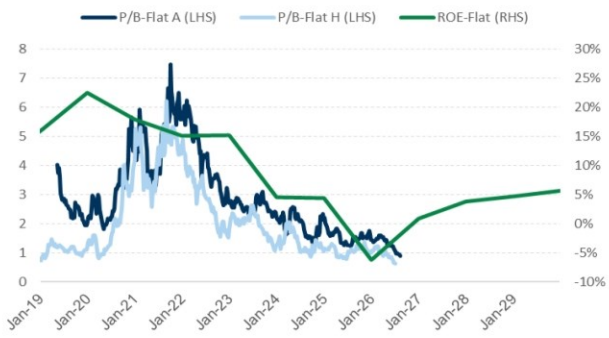
Key risks:

Solar demand stronger/weaker than expected: If solar demand is stronger/weaker than we expect in 2H26, monthly solar glass supply-demand could be better/worse than expected, resulting in a higher/lower-than-expected solar glass price.

Industry-wide capacity cuts faster/slower than expected: If Tier 2 capacity cuts are faster/slower than we expect, solar glass inventory pressure in 2026 would be lower/higher than expected, resulting in a better/worse-than-expected price outlook accordingly.

Higher/lower-than-expected raw material and energy prices. Solar glass makers have limited control over upstream suppliers. Any change in sand, soda ash, petroleum and gas prices may increase/reduce production cost, resulting in lower/higher-than-expected gross margin.

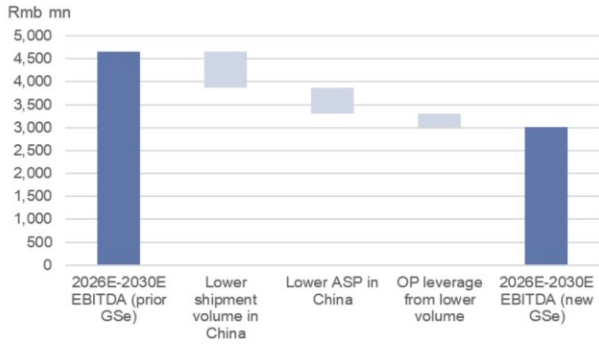
Exhibit 47: We believe current valuation has priced in the milder ROE inflection outlook for Flat A/H; upgrade to Neutral from Sell



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 48: We revise down EBITDA by avg.31% in 2026E-2030E; 11%/12%/2% is from lower China volume, lower China ASP and OP leverage increase resulting from lower volume

Average 2026E-2030E EBITDA forecast change waterfall



Source: Company data, Goldman Sachs Global Investment Research



Exhibit 49: Our EBITDA forecasts are 51% below consensus in 2026E and 15% lower in 2027E-2030E



Source: Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

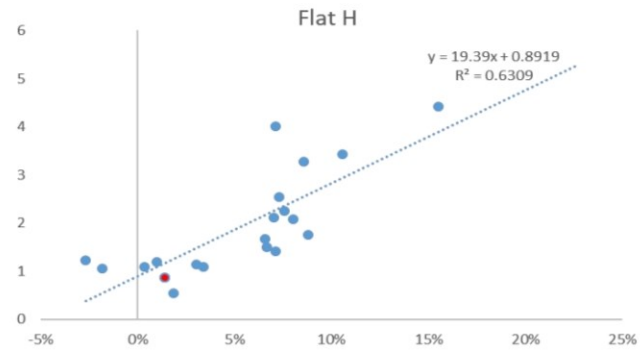
Exhibit 50: With lower ASP and flatter profitability outlook, we switch valuation method to 26E P/B from 27E EV/EBITDA

Old TP Method	Flat H	Flat A
2027E EBITDA (Rmb mn)	**4,230**	**4,230**
Target EV/EBITDA	**5X**	**8X**
TP implied EV (Rmb mn)	**22,630**	**33,628**
CoE	10%	11%
Net debt (Rmb mn)	7,327	7,327
Minority (Rmn mn)	96	96
TP implied equity value (Rmb mn)	**13,206**	**22,763**
Share O/S (mn)	2,351	2,351
CNY/HKD	1.12	n.m.
Target price	**6.3**	**9.7**

New TP Method	Flat H	Flat A
2026E Book Value (Rmb mn)	20,883	20,883
27E-28E avg. ROE (%)	2%	2%
Target P/B	**0.6X**	**0.9X**
TP implied equity value (Rmb mn)	**11,486**	**18,795**
Share O/S (mn)	2,351	2,351
CNY/HKD	1.12	n.m.
Target price	**5.5**	**8.0**

Source: Goldman Sachs Global Investment Research

Exhibit 51: Our target P/B of 0.6X for Flat H is set in line with its historical P/B ROE correlation; our target P/B for Flat A is inline with its historical 50% premium over Flat H



Source: WIND, Thomson Reuters, Company data, Goldman Sachs Global Investment Research

Exhibit 52: Financial Summary – Flat Glass

Flat Glass (6865.HK/601865.SS)

Income statement (Rmb mn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Total revenue	18,683	15,567	10,744	13,011	14,535	15,719	17,381
Cost of goods sold	(15,788)	(12,935)	(10,699)	(11,498)	(12,286)	(13,239)	(14,597)
SG&A	(984)	(836)	(784)	(781)	(799)	(786)	(782)
R&D	(605)	-	-	-	-	-	-
Other operating profit/(expense)	(196)	(155)	(97)	(117)	(131)	(141)	(156)
EBITDA	3,694	3,582	1,174	2,671	3,272	3,672	4,128
Depreciation & amortization	(1,980)	(1,942)	(2,011)	(2,056)	(1,953)	(2,119)	(2,283)
EBIT	1,714	1,641	(837)	615	1,319	1,553	1,846
Interest income	126	79	68	36	34	38	33
Interest expense	(591)	(570)	(553)	(553)	(553)	(553)	(553)
Income/(loss) from uncons. subs.	-	-	-	-	-	-	-
Others	(121)	(69)	(60)	-	-	-	(0)
Pretax profits	1,129	1,080	(1,382)	98	800	1,038	1,326
Income tax	(112)	(88)	112	(7)	(80)	(104)	(133)
Minorities	(10)	(12)	(13)	(13)	(14)	(15)	(15)
Net income pre-preferred dividends	1,007	981	(1,283)	78	706	919	1,178
Preferred dividends	-	-	-	-	-	-	-
Net income (pre-exceptionals)	1,007	981	(1,283)	78	706	919	1,178
Post-tax exceptionals	-	-	-	-	-	-	-
Net income	1,007	981	(1,283)	78	706	919	1,178
EPS (basic, pre-except) (Rmb)	0.43	0.42	(0.55)	0.03	0.30	0.39	0.50
EPS (basic, post-except) (Rmb)	0.43	0.42	(0.55)	0.03	0.30	0.39	0.50
EPS (diluted, post-except) (Rmb)	0.43	0.42	(0.55)	0.03	0.30	0.39	0.50
DPS (Rmb)	0.13	0.15	-	0.01	0.06	0.08	0.10
Dividend payout ratio (%)	30.14	35.59	-	20.00	20.00	20.00	20.00

Balance sheet (Rmb mn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Cash & equivalents	5,295	4,014	2,158	1,999	2,228	1,972	2,542
Accounts receivable	5,398	4,667	4,415	4,812	4,779	5,168	5,714
Inventory	1,733	1,735	1,173	1,103	1,010	1,088	1,200
Other current assets	1,451	1,860	1,953	2,051	2,153	2,261	2,374
Total current assets	13,877	12,277	9,699	9,964	10,170	10,489	11,830
Net PP&E	16,713	18,008	18,377	18,577	19,574	20,477	20,705
Net intangibles	6,326	6,253	5,871	5,478	5,073	4,657	4,227
Total investments	599	649	649	649	649	649	649
Other long-term assets	5,405	5,198	5,458	5,731	6,018	6,319	6,635
Total assets	42,920	42,384	40,054	40,399	41,485	42,590	44,046
Accounts payable	4,898	4,115	3,404	3,658	4,039	4,352	4,799
Short-term loans	1,017	832	832	832	832	832	832
Other current liabilities	2,785	2,897	2,897	2,897	2,897	2,897	2,897
Total current liabilities	8,700	7,845	7,134	7,388	7,769	8,082	8,529
Long-term debt	11,009	10,509	10,509	10,509	10,509	10,509	10,509
Other long-term liabilities	1,426	1,419	1,419	1,419	1,419	1,419	1,419
Total long-term liabilities	12,436	11,928	11,928	11,928	11,928	11,928	11,928
Total liabilities	21,136	19,773	19,062	19,316	19,697	20,010	20,457
Preferred shares	-	-	-	-	-	-	-
Total common equity	21,699	22,515	20,883	20,961	21,651	22,429	23,423
Minority interest	85	96	109	122	136	151	166
Total liabilities & equity	42,920	42,384	40,054	40,399	41,485	42,590	44,046
BVPS	9.26	9.62	8.93	8.97	9.27	9.60	10.03

Cash flow statement (Rmb mn)	2024	2025	2026E	2027E	2028E	2029E	2030E
Net income pre-preferred dividends	1,007	981	(1,283)	78	706	919	1,178
D&A add-back	1,980	1,942	2,011	2,056	1,953	2,119	2,283
Minorities interests add-back	10	12	13	13	14	15	15
Net (inc)/dec working capital	2,068	(781)	103	(73)	507	(154)	(211)
Other operating cash flow	850	757	(353)	(371)	(389)	(409)	(429)
Cash flow from operations	5,913	2,911	491	1,704	2,791	2,490	2,835
Capital expenditures	(4,886)	(2,880)	(1,999)	(1,863)	(2,546)	(2,605)	(2,082)
Acquisitions	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-
Others	(665)	(44)	-	-	-	-	-
Cash flow from investments	(5,551)	(2,924)	(1,999)	(1,863)	(2,546)	(2,605)	(2,082)
Dividends paid (common & pref)	(1,571)	(336)	(349)	-	(16)	(141)	(184)
Inc/(dec) in debt	(299)	(685)	-	-	-	-	-
Common stock issuance (repurchase)	(90)	16	-	-	-	-	-
Other financing cash flows	615	256	-	-	-	-	-
Cash flow from financing	(1,345)	(749)	(349)	-	(16)	(141)	(184)
Total cash flow	(1,321)	(1,280)	(1,856)	(159)	229	(256)	570

Ratios	2024	2025	2026E	2027E	2028E	2029E	2030E
ROE (%)	4.6	4.4	(5.9)	0.4	3.3	4.2	5.1
ROA (%)	2.3	2.3	(3.1)	0.2	1.7	2.2	2.7
Cash conversion days	48.7	39.8	75.6	53.4	37.5	28.7	28.5
Inventory days	43.2	48.9	49.6	36.1	31.4	28.9	28.6
Receivables days	125.0	118.0	154.3	129.4	120.4	115.5	114.3
Payable days	119.4	127.2	128.3	112.1	114.3	115.7	114.4
Net debt/equity (%)	30.9	32.4	43.7	44.3	41.8	41.5	37.3
Interest cover - EBIT (X)	2.9	2.9	(1.5)	1.1	2.4	2.8	3.3

Growth & margins (%)	2024	2025	2026E	2027E	2028E	2029E	2030E
Sales growth	(13.2)	(16.7)	(31.0)	21.1	11.7	8.1	10.6
EBITDA growth	(30.3)	(3.0)	(67.2)	127.4	22.5	12.2	12.4
EBIT growth	(50.7)	(4.3)	(151.0)	(173.5)	114.5	17.7	18.8
Net income growth	(63.5)	(2.6)	(230.8)	(106.1)	803.2	30.3	28.1
EPS growth	(65.6)	(2.6)	(230.8)	(106.1)	803.2	30.3	28.1
Gross margin	15.5	16.9	0.4	11.6	15.5	15.8	16.0
EBITDA margin	19.8	23.0	10.9	20.5	22.5	23.4	23.8
EBIT margin	9.2	10.5	(7.8)	4.7	9.1	9.9	10.6
Net margin	5.4	6.3	(11.9)	0.6	4.9	5.8	6.8

Source: Company data, Goldman Sachs Global Investment Research

Investment thesis, TP methodology and risks

Hangzhou First (603806.SS)

Investment thesis: HZ First is the largest solar film producer globally, with over 50% share of the global solar film industry. We are Buy rated on the stock as we believe HZ First is well positioned to see an earlier and greater profitability inflection across our coverage, driven by a steeper solar film cost curve and earlier marginal capacity exit, while also expecting its structurally growing electrical film businesses to cushion against headwinds in the solar industry.

TP methodology: Our 12m TP of Rmb20 for HZ First is based on a 17X 2027E EV/EBITDA discounted back to 2026E at a 10.7% CoE.

Key risks: 1) Lower-than-expected solar installation leading to lower capacity utilization and lower solar film ASP; 2) slower-than-expected capacity expansion; 3) slower-than-expected development into high-end non-solar business (e.g. AI-PCB, solid state battery packaging, etc.); 4) More intensified raw material procurement (e.g. resin) due to supply disruption.

603806.SS	12m Price Target: Rmb20	Price: Rmb14.24	Upside: 40.4%

Buy

Market cap: Rmb37.1bn / $5.5bn
Enterprise value: Rmb37.3bn / $5.5bn
3m ADTV :Rmb897.1mn/ $132.1mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**15,490.8**	**19,771.8**	**22,732.9**	**25,668.7**
Revenue (Rmb mn) Old	15,490.8	20,227.2	25,313.4	28,132.6
EBITDA (Rmb mn)	1,319.7	2,712.2	3,596.6	5,261.5
EPS (Rmb) New	**0.30**	**0.72**	**0.99**	**1.55**
EPS (Rmb) Old	0.30	0.87	1.27	1.59
P/E (X)	47.8	19.7	14.3	9.2
P/B (X)	2.2	2.1	1.9	1.6
Dividend yield (%)	8.9	1.3	1.7	2.7
CROCI (%)	7.8	14.0	17.1	23.3

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	0.12	0.21	0.21	0.18

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

Xinyi Solar (0968.HK)

Investment thesis: We are Buy rated on Xinyi Solar, which is the largest solar glass maker globally in terms of production volume. We believe Xinyi's current valuation reflects excessive bearishness on its long-term pricing outlook with current P/B well below historical average levels, but we see an inflection from improving industry S/D and rising overseas exposure (25% of effective capacity by 2030E vs. 13% in 2025E). We expect Xinyi to deliver a ROE inflection to 5% in 27E-28E from -3% in 2026E.

TP methodology: Our 12-month target price for Xinyi Solar is HK$2.8 and is derived from a 0.8X 26E P/B based on its historical regression correlation of P/B and ROE.

Key risks: 1) Lower-than-expected solar glass ASP; 2) Higher-than-expected raw material and energy prices, 3) Slower-than-expected overseas capacity expansion.

0968.HK	12m Price Target: HK$2.8	Price: HK$2.04	Upside: 37.3%

Buy

Market cap: HK$18.2bn / $2.3bn
Enterprise value: HK$27.8bn / $3.5bn
3m ADTV :HK$149.5mn/ $19.1mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**20,861.2**	**16,891.5**	**19,339.3**	**20,887.2**
Revenue (Rmb mn) Old	20,861.2	17,417.5	22,434.1	24,485.0
EBITDA (Rmb mn)	5,508.0	2,543.2	5,309.1	6,144.9
EPS (Rmb) New	**0.09**	**(0.10)**	**0.13**	**0.20**
EPS (Rmb) Old	0.09	(0.07)	0.25	0.35
P/E (X)	30.9	NM	13.2	8.8
P/B (X)	0.7	0.5	0.5	0.4
Dividend yield (%)	1.6	0.0	3.0	4.6
CROCI (%)	8.3	3.5	8.0	9.2

	6/25	12/25	6/26E	12/26E
EPS (Rmb)	0.08	0.01	(0.06)	(0.04)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

Longi (601012.SS)

Investment thesis: Longi is a global leading integrated module player (wafer to module) providing a comprehensive suite of solar PV solutions with industry leading R&D. We are Buy rated on Longi as we believe the market is overlooking Longi's ESS potential and better-than-peers mid-cycle Module ROE supported by rising revenue mix from Back Contact (BC) Module that carries a c.10pp higher GPM over mainstream Topcon.

TP methodology: Our 12-month target price of Rmb14.2 is derived from a 2.3X 26E P/B based on its historical regression correlation of P/B and ROE.

Key risks: 1) Stronger-than-expected rebound in Poly/Glass prices if demand beats expectations coupled with strong supply-side policy implementation; 2) slower-than-expected cost reduction technology adoption progress; 3) slower-than-expected BC development lowering mid-cycle margin inflection potential; 4) slower-than-expected ESS development.

601012.SS	12m Price Target: Rmb14.2	Price: Rmb12.57	Upside: 13%

Buy

Market cap: Rmb95.3bn / $14.1bn
Enterprise value: Rmb91.3bn / $13.5bn
3m ADTV :Rmb2.1bn/ $305.3mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**70,347.0**	**71,642.8**	**77,579.5**	**99,083.0**
Revenue (Rmb mn) Old	70,347.0	74,520.9	89,016.5	112,302.2
EBITDA (Rmb mn)	1,478.0	(740.6)	5,801.3	8,190.8
EPS (Rmb) New	**(0.85)**	**(1.00)**	**(0.15)**	**0.17**
EPS (Rmb) Old	(0.85)	(0.56)	0.68	1.27
P/E (X)	NM	NM	NM	75.8
P/B (X)	2.3	2.0	2.1	2.1
Dividend yield (%)	0.0	0.0	0.0	0.2
CROCI (%)	8.7	3.6	12.3	16.2

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	(0.25)	(0.22)	(0.28)	(0.24)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Jul 2026 close.

GCL Tech (3800.HK)

Investment thesis: GCL Tech is a leading Poly producer sitting at the lowest end of the industry cost curve and has managed to keep inventory at a low level at 3-7 days vs. industry average at over 6mths, thanks to its continued cost reduction and quality improvement efforts in its differentiated FBR Granular Poly tech. We are Buy rated on GCL Tech as we believe the market is overlooking its LT volume upside and cost reduction potential. We expect the accelerating downstream adoption of Granular Poly to help GCL to meaningfully improve its volume and profitability outlook despite a severely oversupplied industry backdrop.

TP methodology: Our 12m target price for GCL Tech of HK$0.7 is derived from a 0.5X 26E P/B based on its historical regression correlation of P/B and ROE.

Key downside risks: i) weaker-than-expected solar demand, and/or slower-than-expected capacity exit (e.g. lower-than-expected industry level tail capacity buyout) that could trigger weaker-than-expected pricing policy execution to further dampen the profitability outlook; ii) unfavorable changes in raw material/electricity price may lift production costs, resulting in lower-than-expected gross margin.

3800.HK	12m Price Target: HK$0.7	Price: HK$0.59	Upside: 18.6%

Buy

Market cap: HK$17.0bn / $2.2bn
Enterprise value: HK$25.4bn / $3.2bn
3m ADTV :HK$205.9mn/ $26.3mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**14,424.9**	**12,473.3**	**13,332.3**	**14,059.3**
Revenue (Rmb mn) Old	14,424.9	14,631.2	17,736.0	18,142.6
EBITDA (Rmb mn)	2,758.2	1,075.6	1,311.3	1,896.9
EPS (Rmb) New	**(0.07)**	**(0.13)**	**(0.12)**	**(0.09)**
EPS (Rmb) Old	(0.10)	(0.10)	(0.04)	(0.01)
P/E (X)	NM	NM	NM	NM
P/B (X)	0.7	0.4	0.4	0.4
Dividend yield (%)	0.0	0.0	0.0	0.0
CROCI (%)	3.8	1.4	1.7	2.2

	6/25	12/25	6/26E	12/26E
EPS (Rmb)	(0.06)	(0.01)	0.00	0.00

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

Flat A/H (601865.SS/6865.HK)

Investment thesis: We are Neutral rated on Flat Glass A/H. Flat Glass is the second-largest solar glassmaker globally in terms of production volume. We see more balanced risk-reward on diminishing risk of further earnings downgrades. We expect Flat to benefit from the broader glass segment recovery and improved cost structure, and deliver a ROE inflection to 2% in 27E-28E from -6% in 2026E.

TP methodology: Our 12m target prices for Flat H/A are HK$5.5/Rmb8.0 based on 0.6X/0.9X 2026E P/Bs based on historical regression correlation of P/B and ROE for the H-share and inline with historical 50% A-H premium for A-Share.

Key risks: 1) Solar demand that is stronger/weaker than expected; 2) Industry-wide capacity cuts that are faster/slower than expected.

601865.SS	12m Price Target: Rmb8	Price: Rmb9.33	Downside: 14.3%

Neutral

Market cap: Rmb21.9bn / $3.2bn
Enterprise value: Rmb31.1bn / $4.6bn
3m ADTV :Rmb231.9mn/ $34.2mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**15,566.8**	**10,743.6**	**13,011.0**	**14,535.4**
Revenue (Rmb mn) Old	15,566.8	12,193.9	14,818.3	16,510.8
EBITDA (Rmb mn)	3,582.3	1,174.5	2,671.1	3,271.8
EPS (Rmb) New	**0.42**	**(0.55)**	**0.03**	**0.30**
EPS (Rmb) Old	0.42	(0.60)	0.42	0.82
P/E (X)	41.4	NM	NM	31.1
P/B (X)	1.8	1.0	1.0	1.0
Dividend yield (%)	0.9	0.0	0.1	0.6
CROCI (%)	12.5	2.3	5.9	6.9

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	0.02	(0.20)	(0.15)	(0.21)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

6865.HK	12m Price Target: HK$5.5	Price: HK$6.4	Downside: 14.1%

Neutral

Market cap: HK$15.0bn / $1.9bn
Enterprise value: HK$25.7bn / $3.3bn
3m ADTV :HK$39.9mn/ $5.1mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**15,566.8**	**10,743.6**	**13,011.0**	**14,535.4**
Revenue (Rmb mn) Old	15,566.8	12,193.9	14,818.3	16,510.8
EBITDA (Rmb mn)	3,582.3	1,174.5	2,671.1	3,271.8
EPS (Rmb) New	**0.42**	**(0.55)**	**0.03**	**0.30**
EPS (Rmb) Old	0.42	(0.60)	0.42	0.82
P/E (X)	23.6	NM	166.2	18.4
P/B (X)	1.0	0.6	0.6	0.6
Dividend yield (%)	1.5	0.0	0.1	1.1
CROCI (%)	12.5	2.3	5.9	6.9

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	0.02	(0.20)	(0.15)	(0.21)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

Daqo ADR (DQ)

Investment thesis: We are Neutral rated on Daqo ADR. Daqo ADR is the parent company of Xinjiang Daqo New Energy Co (688303.SS) with a 71% stake owned as of Mar 2026. They share the same topline, but differ in cost drivers. Daqo is one of China's largest poly producers that used to sit at the low end of the industry cost curve, but we expect the aggressive Tier 1 capacity expansion in the poly segment to be negatively compounded by a weak demand outlook, pushing Daqo towards the high end of the industry cost curve and capping its UTR at a low level for longer. We believe its current

trough valuation (on P/B) reflects investor concerns about prolonged poly price weakness and low potential for a UTR lift for Daqo.

TP methodology: Our 12m target price for Daqo ADR of US$11.2 is based on a 0.2X 2026E P/B based on its historical regression correlation of P/B and ROE.

Key risks: 1) higher-/lower-than-expected industry level tail capacity buyout, and/or stronger-/weaker-than-expected solar demand to substantially lift/drag the profitability outlook; 2) Daqo's cost reduction progress is faster/slower than expected.

DQ	12m Price Target: $11.2	Price: $12	Downside: 6.7%

Neutral

Market cap: $793.9mn
Enterprise value: $-1351515.3k
3m ADTV :$14.8mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn) New	**665.4**	**337.4**	**413.7**	**362.0**
Revenue ($ mn) Old	665.4	727.7	446.3	558.4
EBITDA ($ mn)	52.7	(97.3)	(111.5)	(84.9)
EPS ($) New	**(1.73)**	**(3.59)**	**(3.72)**	**(3.44)**
EPS ($) Old	(1.73)	(3.31)	(2.48)	(2.49)
P/E (X)	NM	NM	NM	NM
P/B (X)	0.2	0.1	0.1	0.2
Dividend yield (%)	--	--	--	--
CROCI (%)	1.1	NM	NM	NM

	3/26	6/26E	9/26E	12/26E
EPS ($)	(1.31)	(0.57)	(1.06)	(0.62)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Jul 2026 close.

Daqo A (688303.SS)

Investment thesis: Daqo A is the 71% owned subsidiary of Daqo New Energy (DQ). They share the same topline, but differ in cost drivers. Daqo is one of China's largest poly producers that used to sit at low end of the industry cost curve, but we expect the aggressive Tier 1 capacity expansion in the poly segment to be negatively compounded by a weak demand outlook, pushing Daqo towards the high end of the industry cost curve and capping its UTR at a low level for longer. We are Sell rated on Daqo A, as we believe current valuation (P/B) has priced in too much L-T optimism in terms of both price and volume upside. We highlight that Daqo appears to have relatively less cost reduction headroom through capacity mix optimization vs. its peers, and its solid balance sheet might be relatively weakened given lower profitability inflection potential vs. some low-cost players that are likely to see easing liquidity pressure via greater profitability inflection in the anti-involution context.

TP methodology: Our 12m TP for Daqo A of Rmb8.5 is based on a 0.5X 2026E P/B based on its historical regression correlation of P/B and ROE.

Key risks: 1) meaningful Tier 1 poly capacity exit (e.g. via. higher-than-expected industry level tail capacity buyout), and/or stronger-than-expected solar demand to substantially shift the profitability outlook; 2) Daqo's cost reduction progress coming in faster than expected, which could lead to higher a UTR for Daqo and better margins over the longer run.

688303.SS	12m Price Target: Rmb8.5	Price: Rmb16.59	Downside: 48.8%

Sell

Market cap: Rmb35.4bn / $5.2bn
Enterprise value: Rmb22.5bn / $3.3bn
3m ADTV :Rmb421.2mn/ $62.1mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**4,838.5**	**2,459.6**	**3,016.1**	**2,639.1**
Revenue (Rmb mn) Old	4,838.5	5,305.1	3,253.5	4,070.9
EBITDA (Rmb mn)	1,261.3	(731.2)	(807.3)	(608.5)
EPS (Rmb) New	**(0.53)**	**(1.22)**	**(0.98)**	**(0.90)**
EPS (Rmb) Old	(0.53)	(0.99)	(0.51)	(0.47)
P/E (X)	NM	NM	NM	NM
P/B (X)	1.3	1.0	1.0	1.1
Dividend yield (%)	0.0	0.0	0.0	0.0
CROCI (%)	4.0	NM	NM	NM

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	(0.38)	0.00	0.00	0.00

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

Tongwei (600438.SS)

Investment thesis: Tongwei is a solar world leader with an integrated business model from upstream poly to cell, and has expanded into the downstream module business since 2022. We are Sell rated on Tongwei, as we are cautious on Tongwei's high exposure to the Poly segment, which we prefer the least vs. our sector coverage due to severe oversupply (even among Top 3 Tier 1 players), and as a result, normalized ROE for Tongwei is likely to stay below its through-cycle level. We believe current valuation (on P/B) has overly priced in the Poly price upside with the implementation of ongoing anti-involution.

TP methodology: Our 12m target price for Tongwei of Rmb4.2 is derived from a 0.6X 26E P/B based on its historical regression correlation of P/B and ROE.

Key risks: 1) meaningful Tier 1 poly capacity exit (e.g. via. higher-than-expected industry level tail capacity buyout), and/or stronger-than-expected solar demand to substantially shift the profitability outlook; 2) better-than-expected module business development.

600438.SS	12m Price Target: Rmb4.2	Price: Rmb10.72	Downside: 60.8%

Sell

Market cap: Rmb48.3bn / $7.1bn
Enterprise value: Rmb124.4bn / $18.4bn
3m ADTV :Rmb837.7mn/ $123.3mn
China
China Clean Energy & Technology
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**84,128.3**	**80,608.4**	**93,541.1**	**102,211.4**
Revenue (Rmb mn) Old	84,128.3	81,356.5	109,864.2	124,961.1
EBITDA (Rmb mn)	7,404.5	2,007.0	3,300.5	5,068.2
EPS (Rmb) New	**(2.12)**	**(2.02)**	**(1.73)**	**(1.53)**
EPS (Rmb) Old	(2.12)	(1.04)	0.16	0.53
P/E (X)	NM	NM	NM	NM
P/B (X)	1.8	1.2	1.6	2.2
Dividend yield (%)	0.0	0.0	0.0	0.0
CROCI (%)	6.8	1.9	0.6	1.1

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	(0.54)	(0.59)	(0.53)	(0.36)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Jul 2026 close.

Disclosure Appendix

Reg AC

I, Mengwen Wang, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Price target and rating history chart(s)

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Target price history table(s)

GCL Technology Holdings (3800.HK)

Date of report	Target price (HK$)	Closing price (HK$)
01-Apr-26	1.30	0.93
18-Sep-25	1.20	1.36
07-May-25	0.95	0.80
15-Apr-25	1.00	0.83
08-Jan-25	1.10	1.10
11-Jul-24	1.20	1.14

LONGi Green Energy Technology Co. (601012.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
06-May-26	26.00	16.55
21-Jan-26	18.80	17.22
31-Oct-25	19.10	21.11
18-Sep-25	19.00	16.82
15-Apr-25	19.80	14.73
04-Nov-24	16.50	19.26
10-Oct-24	16.10	16.95
04-Sep-24	16.30	13.67
11-Jul-24	16.10	14.22
13-Sep-23	48.00	26.41
26-Jul-23	50.00	29.29

Daqo New Energy (DQ)

Date of report	Target price ($)	Closing price ($)
05-May-26	17.40	20.01
03-Mar-26	19.00	22.60
21-Jan-26	18.40	24.54
29-Oct-25	18.30	30.48
18-Sep-25	16.20	25.99
07-May-25	15.70	13.00
15-Apr-25	17.00	14.43
03-Mar-25	20.70	18.62
20-Jan-25	20.90	19.07
04-Nov-24	21.70	23.41
10-Oct-24	21.60	20.00
04-Sep-24	21.50	15.03
11-Jul-24	21.80	16.42
26-Jul-23	48.00	38.16

Flat Glass Group (A) (601865.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
29-Mar-26	9.70	15.84
04-Aug-25	10.20	16.38
30-Apr-25	10.30	15.02
15-Apr-25	10.70	15.54
29-Oct-24	16.90	26.71
24-Sep-24	17.40	15.65
28-Aug-24	19.40	16.39
11-Jul-24	20.20	18.89
26-Jul-23	41.00	34.32

Flat Glass Group (H) (6865.HK)

Date of report	Target price (HK$)	Closing price (HK$)
29-Mar-26	6.30	9.52
04-Aug-25	6.60	10.43
30-Apr-25	6.70	8.78
15-Apr-25	7.00	8.97
29-Oct-24	12.90	14.80
24-Sep-24	13.40	9.75
28-Aug-24	14.90	10.42
11-Jul-24	14.70	11.28
26-Jul-23	35.00	23.30

Tongwei (600438.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
05-May-26	12.00	17.37
21-Jan-26	13.00	18.49
29-Oct-25	13.50	24.87
18-Sep-25	13.30	22.10
07-May-25	13.00	16.70
15-Apr-25	14.50	17.25
20-Jan-25	13.30	21.17
04-Nov-24	13.80	30.40
04-Sep-24	13.70	19.20
11-Jul-24	13.40	17.25
22-Aug-23	42.00	31.50
26-Jul-23	43.00	34.39

Hangzhou First Applied Material (603806.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
27-Apr-26	21.00	18.90
09-Apr-26	20.00	17.73
25-Mar-26	21.00	18.79
18-Sep-25	18.70	15.71
28-Apr-25	17.10	12.29
15-Apr-25	17.00	12.28
04-Nov-24	20.20	17.63
26-Aug-24	23.10	14.06
11-Jul-24	23.90	14.50
28-Aug-23	55.00	22.59
26-Jul-23	61.00	24.47

Xinjiang Daqo New Energy Co. (688303.SS)

Date of report	Target price (Rmb)	Closing price (Rmb)
05-May-26	15.80	22.25
21-Jan-26	16.90	24.32
29-Oct-25	16.50	30.45
18-Sep-25	15.40	29.63
07-May-25	14.80	18.58
15-Apr-25	16.40	18.65
03-Mar-25	18.50	21.85
20-Jan-25	18.70	22.27
04-Nov-24	19.40	30.85
04-Sep-24	18.90	18.00
11-Jul-24	19.00	19.34

Xinyi Solar Holdings (0968.HK)

Date of report	Target price (HK$)	Closing price (HK$)
03-Mar-26	3.50	3.11
15-Apr-25	1.90	2.72
03-Mar-25	3.80	3.57
03-Jan-25	3.90	2.99
24-Sep-24	4.00	3.12
31-Jul-24	4.50	3.71
11-Jul-24	4.90	3.63
01-Aug-23	11.00	7.55
26-Jul-23	12.00	8.27

Price targets shown in table(s) are unadjusted for corporate actions.

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