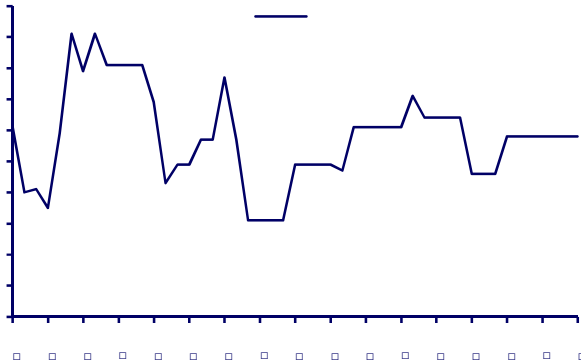


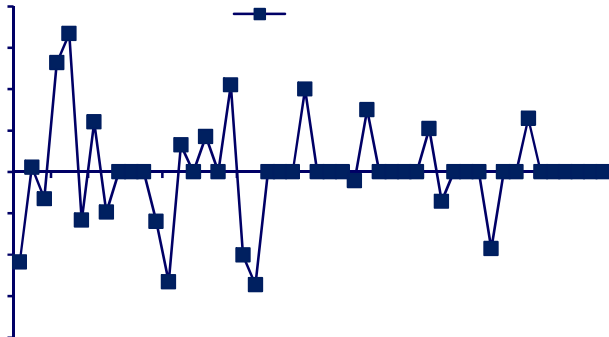
More constructive outlook



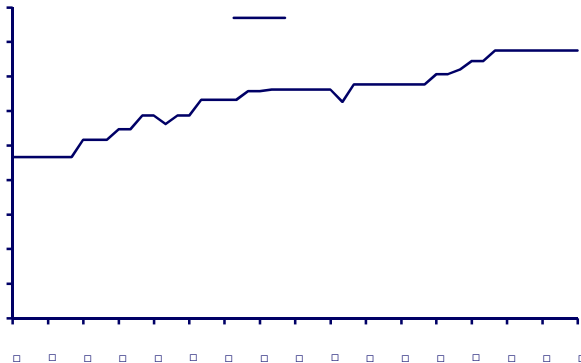
Float glass operating capacity - south China



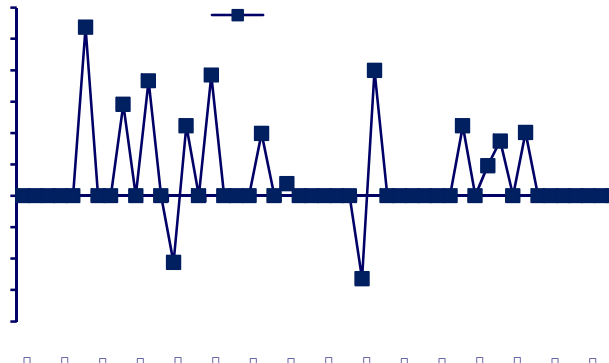
Float glass operating capacity - south China MoM



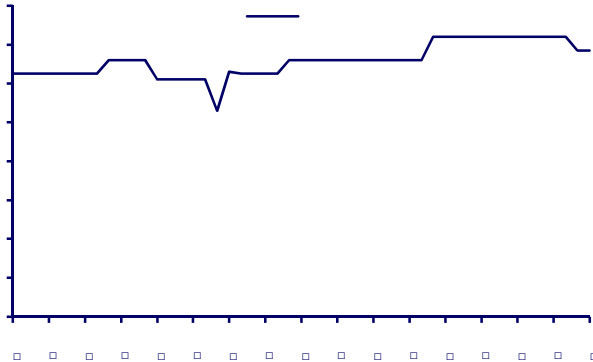
Float glass operating capacity - southwest China



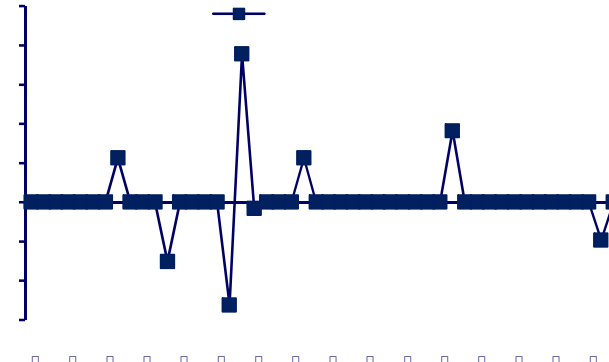
Float glass operating capacity - southwest China MoM



Float glass operating capacity - northwest China



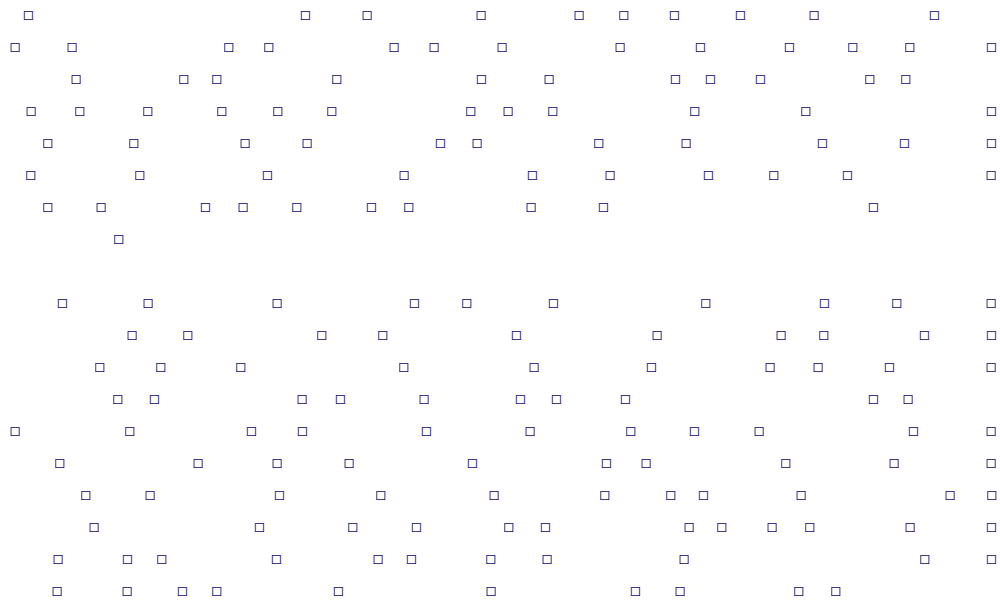
Float glass operating capacity - northwest China MoM



More production lines are about the time to do overhaul

c.36.0% of total operating capacity commenced operation back to 2009-11, thus about the time to do overhaul

Peak overhaul period likely in 2018-19

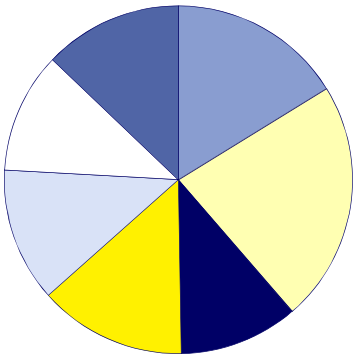


Float glass capacity commenced in 2009-11 (or earlier)

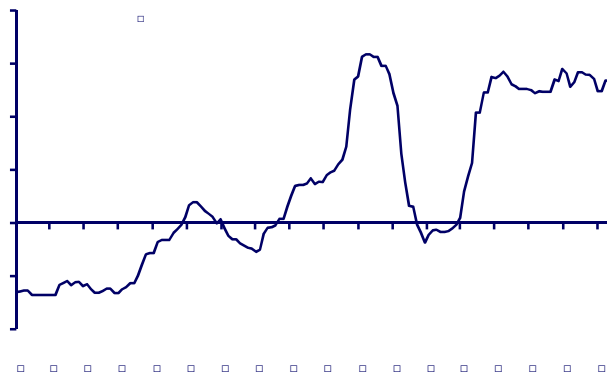
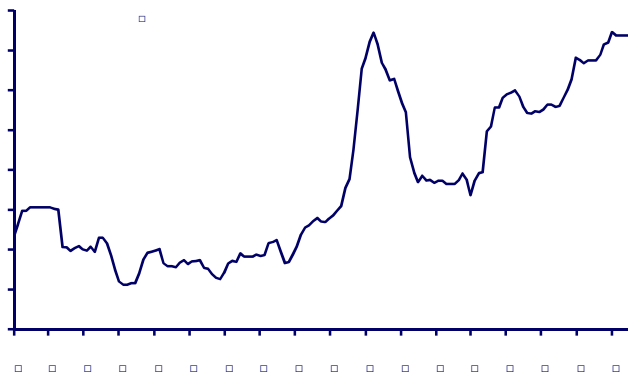
Region	Capacity commenced in 2009-11 (or earlier) (t/d)	Current operating capacity (t/d)	As % of current operating capacity
Total	54,810	152,040	36.0%

XYG's float glass capacity in eastern (Wuhu) and southern (Dongguan, Jiangmen) accounts for c.50% of total 18CL capacity

XYG's estimated 18CL float glass capacity breakdown by region



Approximate spread between float glass price and major cost (natural gas and soda ash) - Industry



... where there are cost benefits

A 10x10 grid of small squares. The grid is composed of 10 rows and 10 columns. Some squares are filled with a light blue color, while others are empty (white). The pattern of filled squares is sparse and irregular, with no obvious symmetry or repeating structure. The filled squares are located at various positions across the grid, such as (row, column) coordinates: (1,1), (1,3), (1,5), (1,7), (1,9), (2,2), (2,4), (2,6), (2,8), (2,10), (3,1), (3,3), (3,5), (3,7), (3,9), (4,2), (4,4), (4,6), (4,8), (4,10), (5,1), (5,3), (5,5), (5,7), (5,9), (6,2), (6,4), (6,6), (6,8), (6,10), (7,1), (7,3), (7,5), (7,7), (7,9), (8,2), (8,4), (8,6), (8,8), (8,10), (9,1), (9,3), (9,5), (9,7), (9,9), (10,2), (10,4), (10,6), (10,8), (10,10).

Float glass unit cost	<u>China (based on FY17CL)</u>		<u>Canada (theoretical case)</u>				<u>Malaysia (theoretical case)</u>			
	HK\$/t	As % of total	HK\$/t	Note			HK\$/t	Note		
□				□	□	□	□	□	□	□
□				□	□	□	□	□	□	□
□										
				□	□	□	□	□	□	□
□ □				□	□	□	□ □			
□ □				□	□	□	□			
				□	□					
Total vs Cost in China	996	100%	914 (8.3%)				952 (4.5%)			
□ □ □							□ □ □ □	□	□	□

Planning new OEM auto glass capacity in Tianjin

Manageable costs

Lifting forecasts and target

Manageable costs; maintain BUY with higher target

Earnings revisions

	17CL			18CL			19CL		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue (HK\$ m)	14,747	14,747	0.0 %	16,041	15,734	2.0 %	17,278	16,533	4.5 %
Gross profit margin	36.3 %	36.3 %	0.0 ppt	38.0 %	37.5 %	0.4 ppt	38.9 %	38.4 %	0.5 ppt
Core profit (HK\$ m)	3,682	3,682	0.0 %	4,263	4,137	3.0 %	4,879	4,634	5.3 %

Valuation of Xinyi Glass

PE basis

Fair value (HK\$)	12.20

PB basis

Fair value (HK\$)	9.10
Average (HK\$)	10.70
Implied 17/18CL PE	11.5x/10.1x

Valuation of Xinyi Glass's non-solar business

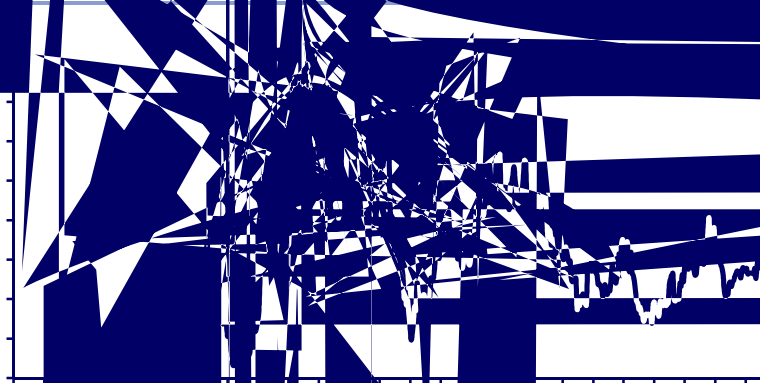
HK\$m		FY17CL	FY18CL
M'cap of Xinyi Glass's non-solar business	(d) = (b) - 29.5% * (c)	29,610	29,610
PE of Xinyi Glass's non-solar business	(e) = (d) / (a)	9.8	8.2

Xinyi Glass 12-month fwd PE chart

Xinyi Glass 12-month fwd PB chart



nt and PE chart. In Gas af
Dec-1



Value details

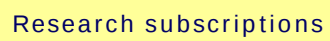
Investment risks

A 10x10 grid of 100 small squares, each containing a number from 1 to 100. The numbers are arranged in a random, non-sequential pattern across the grid.

Summary financials

Year to 31 December	2015A	2016A	2017CL	2018CL	2019CL
Summary P&L forecast (HK\$m)					
Revenue	11,460	12,848	14,747	16,041	17,278

□

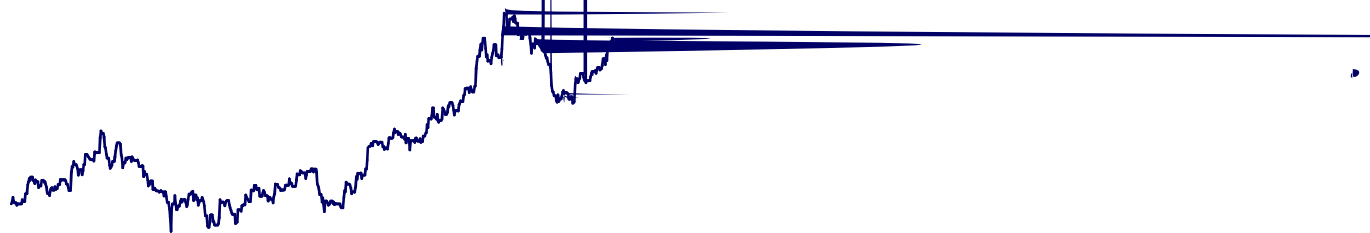


Companies mentioned

Analyst certification

Important disclosures

Recommendation history of Xinyi Glass Holdings Ltd 868 HK



Date	Rec	Target	Date	Rec	Target
			☐	☐	
☐	☐		☐	☐	
☐	☐		☐	☐	
☐	☐		☐	☐	
☐	☐		☐	☐	
☐	☐		☐	☐	
☐	☐		☐	☐	
☐	☐				
☐	☐				

☐ ☐ ☐ ☐ ☐ ☐

Recommendation history of Xinyi Solar Holdings Ltd 968 HK

[illegible]

The image consists of four square panels arranged in a 2x2 grid. Each panel displays a sparse, abstract pattern of small black squares on a white background. The patterns are non-repeating and appear to be generated algorithmically, possibly using a random number generator or a specific mathematical rule. The distribution of black squares is uneven across the panels, with some areas being more densely populated than others. The overall effect is that of a digital noise or a stylized, minimalist representation of a complex system.

The image displays a 100x100 grid of small squares, each containing a small black dot. The dots are distributed across the grid in a sparse, irregular pattern, with some squares containing a dot and others being empty. This visual representation likely corresponds to a sparse matrix or a grid of data points in a 2D space.

