

An aerial photograph of the Shanghai skyline at sunset. The sky is filled with dramatic, golden clouds. Several prominent skyscrapers are visible, including the Shanghai Tower, the Jin Mao Tower, and the Oriental Pearl Tower. The city's dense urban landscape is visible in the background.

CAPITALISM

THE CHINESE WAY

Source: J Plenio, Pexels

CHINA

A long-term allocation

- > 2024 – “best time to invest in China”
- > 2025 – “China’s role in a multipolar world”
- > 2026 – “China for the long term”



NEWS

China's wake-up call: Record surplus threatens trade tensions

OPINION

China's Overcapacity is Finally Reaching its Limits

ECONOMY • CHINA

Asia

China's export-led growth is looking more and more unsustainable while a real estate crash and reeling consumers fuel deflationary spiral



By Jason Ma
Weekend Editor

Add us on  

February 1, 2026, 2:00 PM ET



A container terminal on the Yangtze River on August 12, 2025 in Chongqing, China.
CHENG XIN/GETTY IMAGES



A worker in a factory in China. Credit: Unique Vision via Adobe Stock

CHINA'S UNIQUE MODEL

- > How do Chinese industries work, what does government policies actually do?
- > Explore the Chinese Solar sector development as an example
- > Explore where some of the other industries in China are





PHASE 1 - SCALE & SHARE

*"Build everything, sell anywhere
—even at a loss."*

THE MAKING OF A SOLAR GIANT

Industrial Policy drove China's Solar Industry

- > Early 2000s—global solar demand driven by German/Japanese subsidies.
 - Chinese firms (Suntech, Yingli) entered as low-cost module assemblers.
- > Strategy:
 - Flooded global markets with cheap panels.
 - Relied on local govt. land/energy subsidies + state bank loans.
 - Margins: Often negative or <5%.

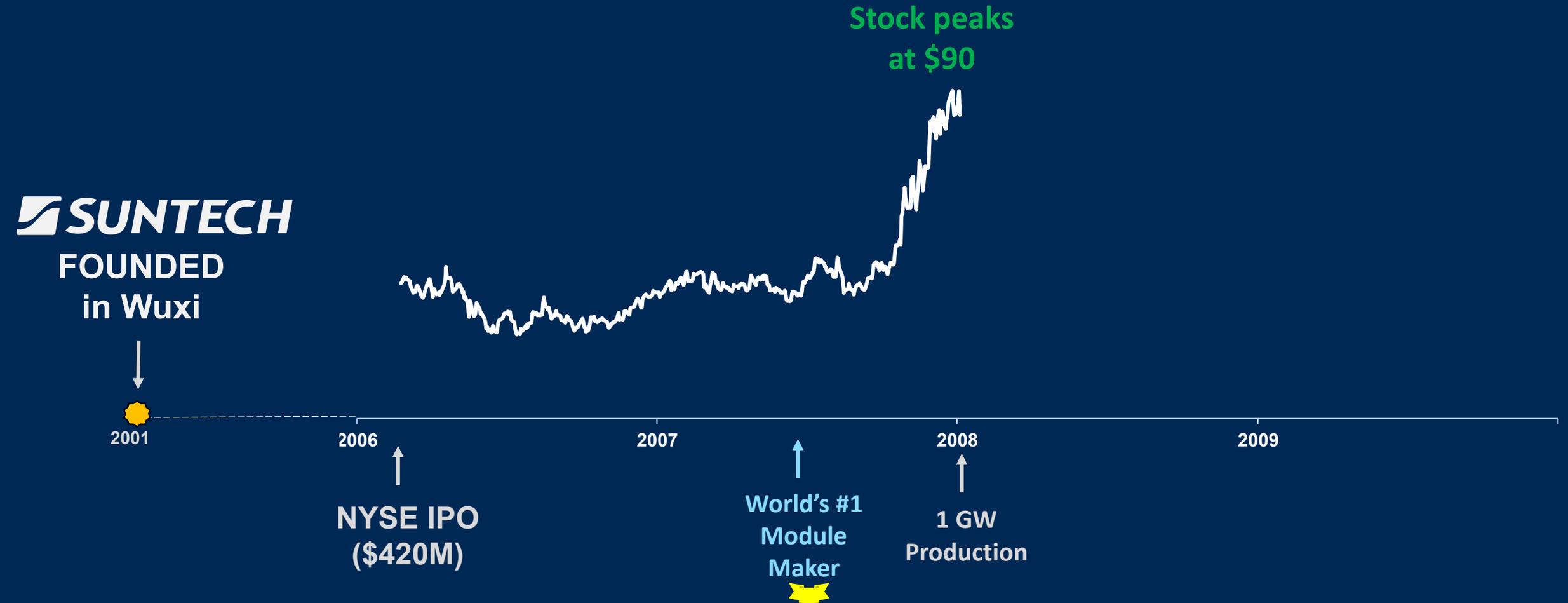


China's solar push was not initially driven by climate goals, but by industrial policy

- > A. National-Level Policies
 - 2005 Renewable Energy Law:
 - 2009 "Golden Sun" Program:
 - "Top Runner" Program (pilot phase began 2012)
- > B. Local Government Support
 - **Land**
 - **Cheap Electricity**
 - **Tax Breaks**
 - **Help find Bank loans for**

SUNTECH POWER

The Cautionary Tale That Forged China's Solar Dominance (2001–2008)



Source: Prescient, Bloomberg, data ending 3 Jan 2008

SUNTECH POWER

The Breaking Point

- > 2011–2013: U.S. and EU imposed anti-dumping tariffs
- > No proprietary tech, basic assemblers
- > Collapsed in 2013 – debt crisis
- > Industry-wide losses; >70% of firms exited.

ENVIRONMENT The New York Times SUBSCRIBE

Chinese Solar Panel Giant Is Tainted by Bankruptcy

[Share full article](#) [Share](#) [Bookmark](#)



Workers assemble solar panels at Suntech Power's main subsidiary in Wuxi, China, which declared bankruptcy on Wednesday. Peter Parks/Agence France-Presse — Getty Images

By **Keith Bradsher**
March 20, 2013

HONG KONG — It was the Icarus of the solar power industry. And, on Wednesday, it fell to earth.

Source: The New York Times, March 2013

SUNTECH POWER

The Cautionary Tale That Forged China's Solar Dominance (2001–2013)



FOUNDED
in Wuxi



2001

2005

2006

2007

2008

2009

2010

2011

2012

2013

NYSE IPO
(\$420M)

World's #1
Module
Maker

1 GW
Production

U.S./EU Anti-
Dumping
Probe

DEFAULT &
BANKCRUP
TCY

Stock peaks
at \$90

Stock crashes
>95%

\$600M
Receivables
Fraud
Revealed

Source: Prescient, Bloomberg, data ending March 2013

SOLAR INDUSTRY

Survival of the FITTEST

Company	Founded	Key Milestone	Fate
Suntech Power	2001 (Wuxi)	First Chinese solar firm listed on NYSE (2005); world's #1 module maker by 2008	Collapsed in 2013; founder Shi Zhengrong lost billionaire status
Yingli Green Energy	1998 (Baoding)	Official sponsor of 2010 World Cup; vertically integrated (polysilicon to modules)	Filed for bankruptcy in 2018; restructured
Trina Solar	1997 (Changzhou)	Focused on R&D; early PERC cell adopter	Survived; now global top 5
JA Solar	2005 (Beijing)	Specialized in high-efficiency cells (not full modules)	Survived; spun off from LDK; now independent leader
LDK Solar	2005 (Xinyu)	Built world's largest polysilicon factory (2008)	Bankrupt by 2014; over-leveraged

SOLAR INDUSTRY

Survival of the FITTEST

> Three Strategic Lessons

- **Lesson 1: Export-Only = Fragile**

- Suntech sold 95%+ overseas—no domestic buffer when trade wars hit.

- **Lesson 2: Vertical Integration Wins**

- No control over supply chains → crushed by input price increases.

- **Lesson 3: Governance Matters**

- Fraudulent receivables exposed weak oversight—a red flag for global investors.

> The Silver Lining

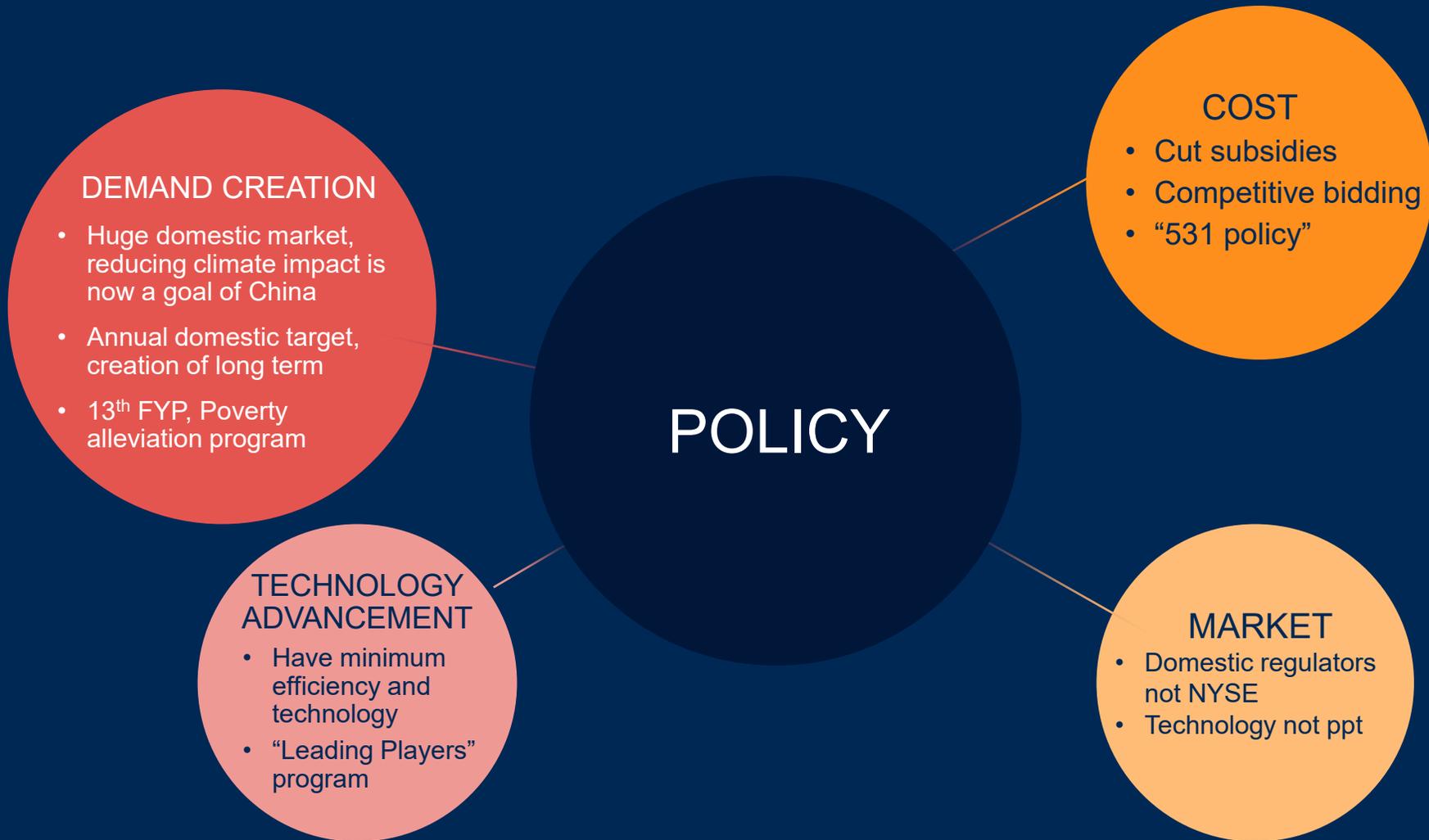
- “Suntech failed—but its talent, factories, and ambition didn’t vanish. They flowed into **LONGi, Trina, and Jinko**, who built the integrated, resilient supply chain that now powers **80% of the world’s solar panels.**”

The logo for TrinaSolar, featuring the word "Trina" in blue with a red dot above the 'i', followed by "solar" in a lighter blue font.The logo for LONGi, with "LONGI" in a bold, red, sans-serif font.The logo for Jinko Solar, with "Jinko" in a green, italicized font and "Solar" in a smaller, green, sans-serif font above the "KO".The logo for JA SOLAR, with "JA" in a large, blue, sans-serif font and "SOLAR" in a smaller, blue, sans-serif font.



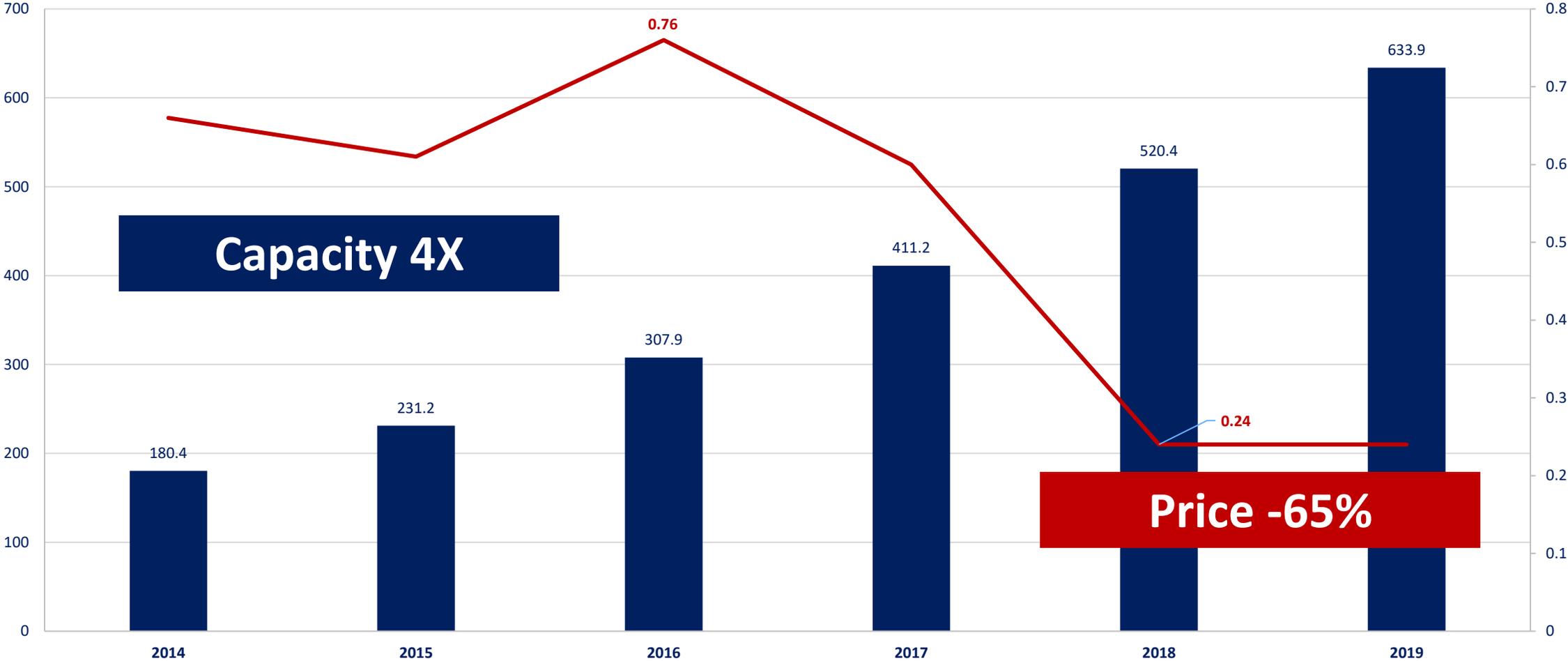
PHASE 2 – CONSOLIDATE & DIFFERENTIATE

Policy Reset and Rebuild



Global Solar/PV Markets

Cumulative Global PV installations (GW, LHS) vs Module Price (USD/W, RHS)



Source: Bloomberg, IEA-PVPS Trends Report 2025

LONGi Solar – Strategic Decisions and Development

FOCUS on R&D

- Avoided supply shocks
- Captured margin at every layer

Listed on
Shanghai Stock
Exchange (2015)
– not NYSE

- Gained access to low-cost capital, land, and grid priority

- Mono-Si offered higher efficiency
- LONGi's R&D proved it could be cost-competitive at scale

Vertical integration

- Signalled commitment to domestic oversight, transparency,
- Better Governance and long-term capital

Joined MIIT's
"Key Enterprise"
list (2014)

LONGi SOLAR Results by 2019



World's **Largest**
mono-Si wafer
producer

60%+ GLOBAL
SHARE



Gross margin:
28%

vs. Industry average
of 15%



R&D spend:
5.2% of revenue
HIGHEST in sector



First Chinese solar
firm in **Apple's**
supply chain

NEVADA SOLAR
PROJECT

> **Key Insight:** While Phase 1 was about *making panels*, Phase 2 was about **making PV work**.

Longi Solar

Longi Green Energy A-Share Price (2013-2020)



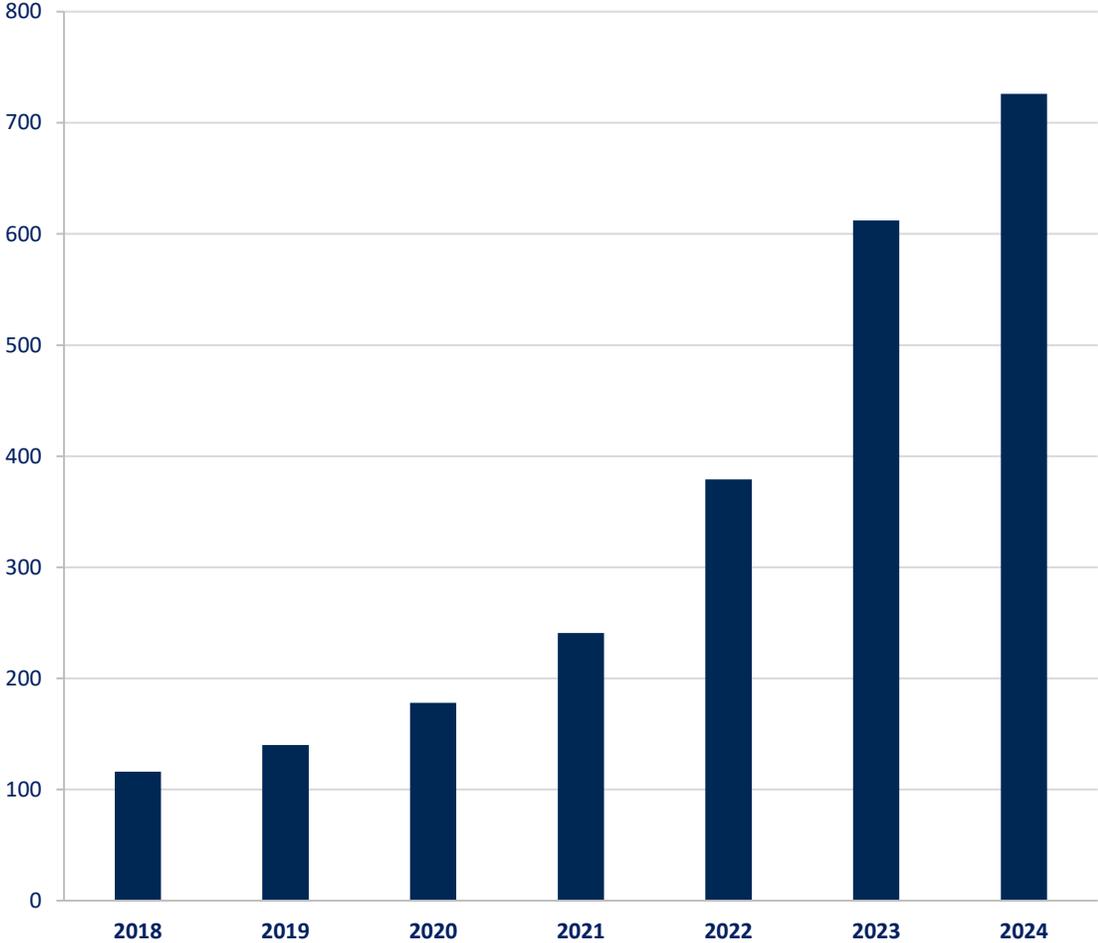
Source: Bloomberg, Prescient, data as of Dec 2020



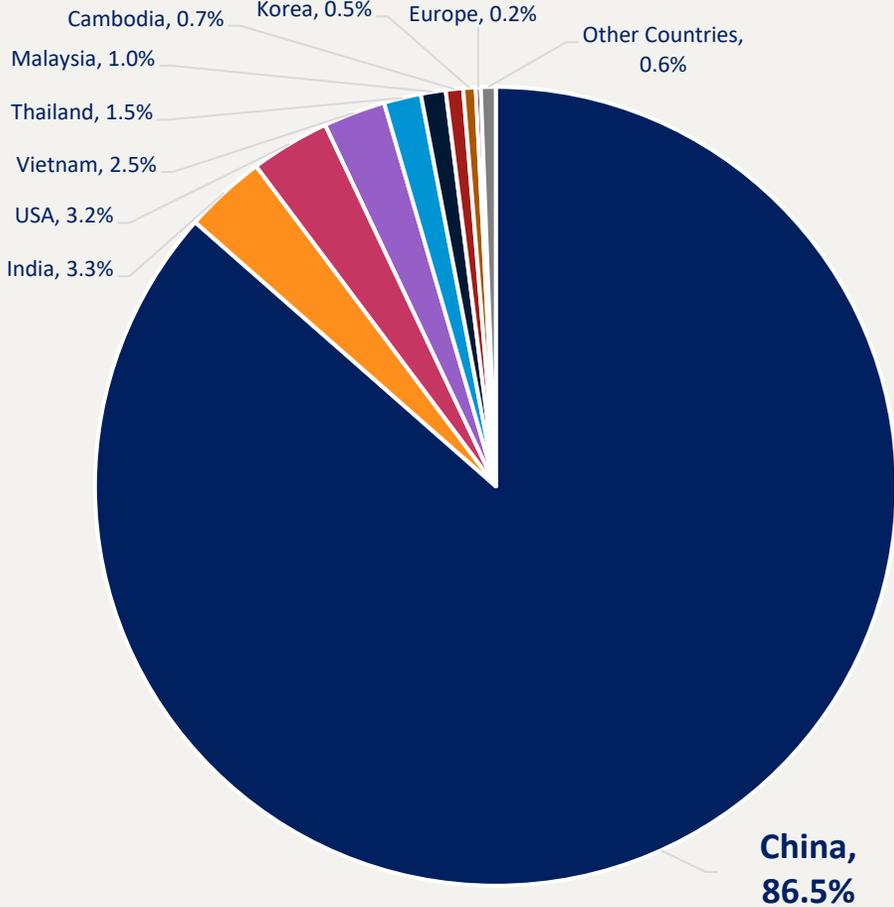
PHASE 3 - PRICING POWER,
EFFICIENT ECOSYSTEMS,
MONETIZATION

Global Solar/PV Production

Global PV Module Production (GW)



Share of PV Module Production in 2024



Source: IEA-PVPS Trends Report 2025



Technology Leadership

- More R&D more Advanced Cells
- Efficiency from 14% to 25.5% by 2024



Beyond Hardware

- Introduced LONGi Smart O&M: AI-driven monitoring that boosts yield by 3–5%
- Charges recurring fees



Supply Chain Sovereignty

Built factories in Vietnam and Malaysia to bypass U.S./EU tariffs—while keeping R&D in Xi'an



Global Brand Trust

Ranked #1 “Most Bankable Module Brand” by Bloomberg NEF for 5 straight years (2020–2025)



Green Services

Offer Green Credit structuring—especially in Europe and LatAm



LONGi SOLAR Financial Proof (2024)

Revenue



¥138 billion
(about \$19.3B)

Gross Margin



24.5%
Stable despite price wars

Services & Solutions



Now about 12% of revenue
Growing at 35% YoY

Global Footprint

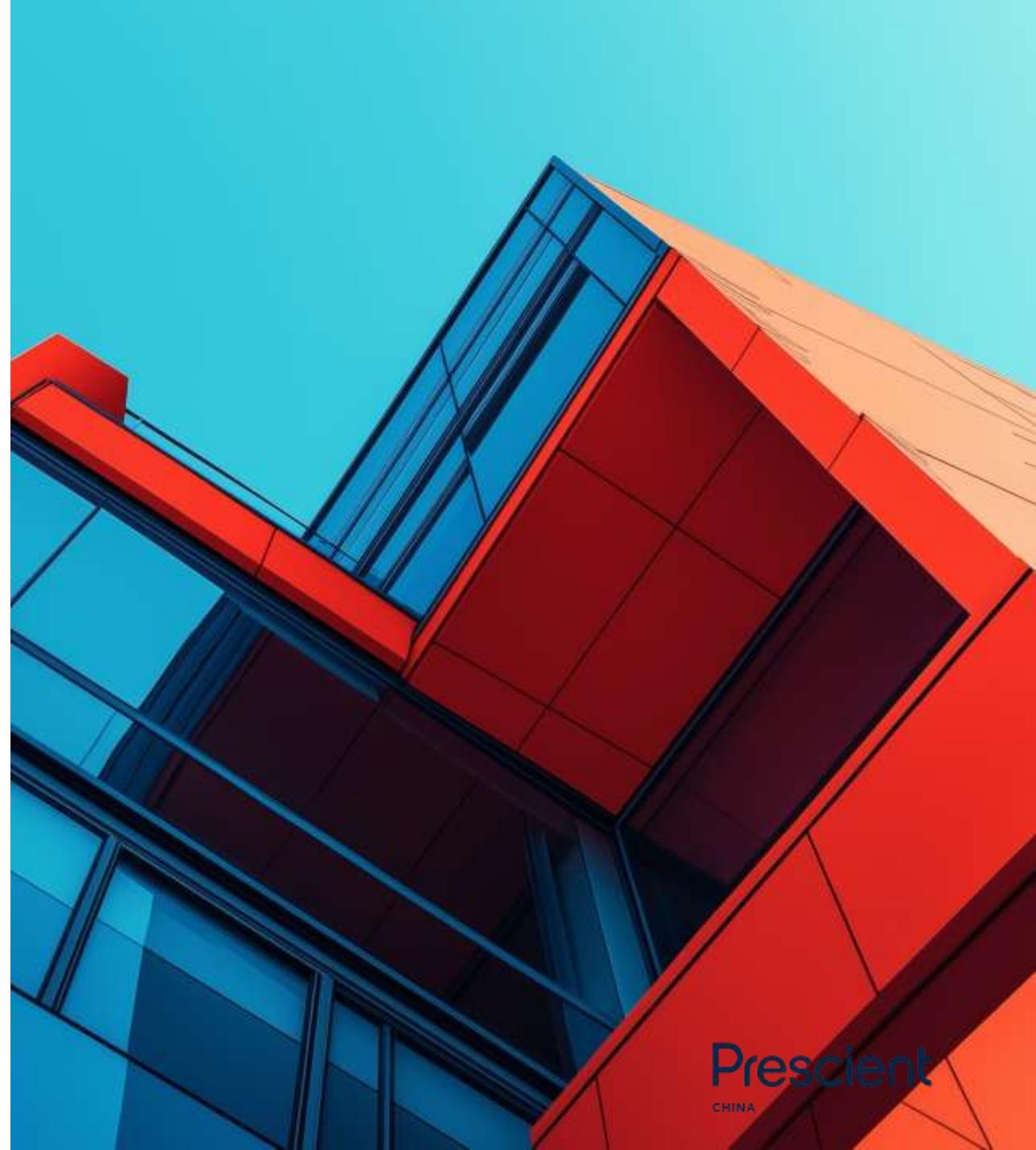


Modules in 150+ countries
Top 3 supplier in U.S., EU and India

> **Key Insight:** In Phase 3, hardware is the entry point—not the profit center.

COMBINATION OF POLICY & CAPITALISM

- > Created Market leading players through combination of better policy and private company innovation
- > Best in Class technology, at a price almost impossible to beat
- > Improved governance
- > 20 Year journey



RINSE AND REPEAT

Battery Tech

- > Early phase 3 –
- > CATL, CALB, BYD, Gotion etc etc etc
- > 65% of global market
- > Leading tech and leading costs
- > Vertical integration, lithium mines, to rare earths
- > Full Supply Chains



Source: AI generated

Battery Tech



Source: Bloomberg, Prescient, Share price after 19 May 2025 is recalculated using CATL H-share returns, prices in CNY

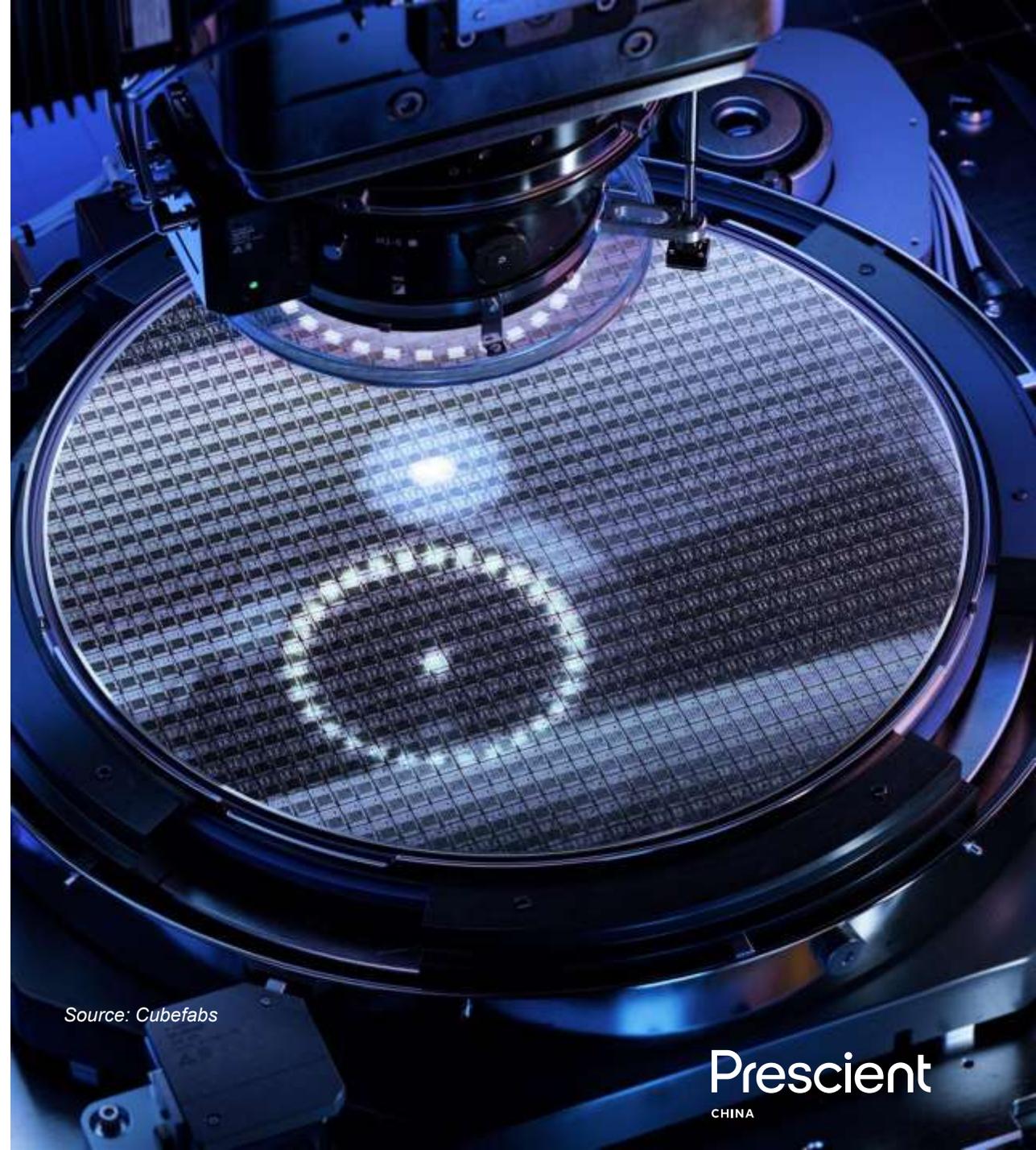
EV

- > Late in Phase 2 going onto Phase 3
- > Cheapest and best EVs in the world
- > Services to monetize from auto drive to music and entertainment subscriptions
- > Integrated supply chain
- > 2026 almost all subsidies removed, have signalled all subsidies will be removed very soon
- > Expect consolidation and profitability
- > EV production 1million in 2018 to 12million 2026



Semi conductors

- > Late phase 1 Market share at all costs
 - Fast improving tech
 - Domestic customers already stabilizing dual circulation
 - Costs are coming down, supply chain starting to localize
 - Massive Subsidies and Government Policy from tax breaks, to fund raising, to talent, to land, to loans, to Funding



Source: Cubefabs

Medical Devices

- > Mid to late Phase 2
- > Catching up in premium such as GE / Siemens / Philips
- > Stents 75% import 2000's, 90% plus domestic now.
- > Imaging equipment at import parity



Humanoid Robotics

- > Phase 1 – building market share, China is 80-90% of current global installation
- > Strong Government support
- > Robust supply chain
- > Lower productions Cost
- > Sanction can't get without A shares



Prescient
CHINA

PROGRESS IN 12 MONTHS



Source: Unitree G1

CHINA

The FUTURE of global finance

Tencent & Alibaba are old news.
5000+ more shares in China,
policy plans, multiple policy
documents & IPOs per year

Do not miss out on
allocating to industry
leaders of the FUTURE

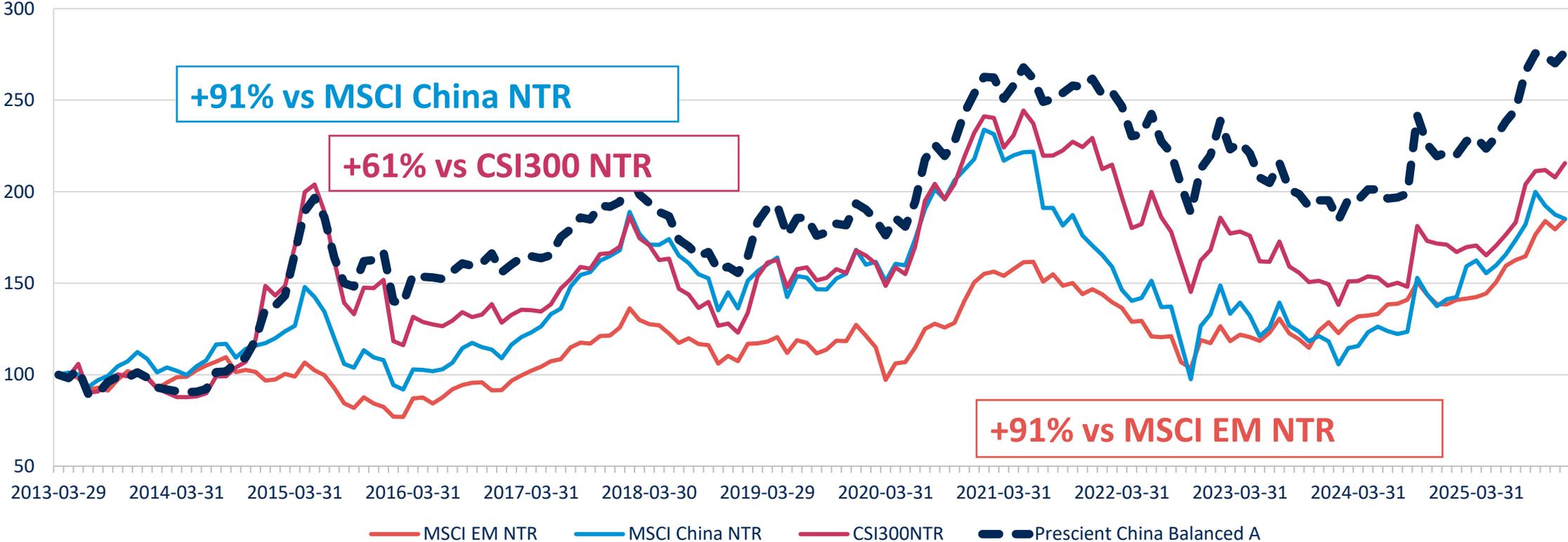
Unique blend of policy, private
ambition, scale, differentiation
and globalization:
Track record of SUCCESS

Market is unique, need
EXPERTS on the ground
to navigate

PRESCIENT CHINA

Standing the TEST OF TIME

Prescient China Balanced Fund A net vs 100% Equity Indices



Source: Prescient, Bloomberg, December 2025
Fund Inception Date: 31 March 2013

Your local China experts

- > **Longest** history in China
- > **No. 1 China Fund in the World**, over the past 5 years in our category
 - > Rooted in South Africa, leading global peers
- > **AMETF listing on the JSE** on March 11th
- > JSE ticker: **PANDA** – all-in-one World leading flexible China ETF



Prescient

CHINA

THANK YOU

MANAGER

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