

## What's Hot Today:

- ▶ **Trinity (891 HK) – Another leg down**
- ▶ **Next Media (282 HK) – Declared HK\$0.06 special dividend**
- ▶ **Freotech (6888) explores new markets with COSCO**

## Corporate News Commentary / Reports Summary

▶ **Trinity (891 HK) – Another leg down** - We cut Trinity (891 HK – HK\$2.08 – SELL – TP=HK\$1.20) to Sell after getting an update with the management. Our new TP is based on 11x 12m forward revised 2014-15 earnings. We now expect 45% earnings decline in 2014 followed by 16% recovery in 2015. We overall attribute the significant earnings decline in 2014 to the following headwinds.

- **Lack of non-core profit** – In 2013, about 23% (HKD 70m) of the reported profit (HKD308m) were non-core in nature relating to CNY appreciation and management service provided to landlords. These items are non-recurring in nature given the less favorable CNY trend in recent months. We expect the lack of the non-core profit attributes to about half of the earnings decline in 2014.

- **Ongoing deleveraging pressure** – Trinity has recently implemented a 20% pay rise for retail staff in China, which indicates ongoing wage pressure for the high-end apparel industry. Rental cost pressure, on the other hand, still remains especially in good locations. These should lead to additional burden in view of already soft SSSG, which remains in negative territory in China so far.

The counter is currently trading at about 1x PB and our TP implies about 0.6x PB. This might look appealing but Trinity's book value of HKD3.4bn mainly consists of intangible asset of HKD3.1bn while cash of HKD1.4bn is offset by similar level of debt and inventory only amount to HKD685m. (Steve Chow)

▶ **Next Media (282 HK – HK\$0.88) – Declared HK\$0.06 special dividend** - The company declared a special dividend of 6 HK cents per share, which translate to about 7% yield based on latest closing price. It also implies about 60% payout ratio based on FY3/14 results. It is noted that the company has only received court approval on capital reduction recently which cleared the hurdle for dividend payment. To recall, the company has omitted dividend since FY09 due to Taiwan's losses.

We believe the resume of dividend payout could be supportive to its share price. Pls refer to our recent [visit note](#) on more details. (Steve Chow)

▶ **Freotech (6888) explores new markets with COSCO** - Freotech (6888 HK – HK\$2.06) has set up a 51:49 JV with COSCO (H.K.) Industry and Trade (中遠香港工貿), a subsidiary of COSCO Group to promote Freotech's APM services in some agreed regions. We see the company is likely to hit a bottleneck in acquiring new business from local governments as stated in the recent profit warning. We consider the cooperation with COSCO group would largely overcome the issue and drive growth in the long run.

The company said that there will be a significant decline to its interim earnings for the 6-month ended June 2014. The management blames the drop on 1) lack of new JV being set up resulting in a significant drop in the number of modular being sold; 2) part of the APM services performed in lower selling price area dragged down the GPM; 3) increase in operating costs. On the positive note, the Ministry of Transport will perform inspections on highways in 2H15 to ensure the road quality and maintenance work. The company believes that will benefit its APM services in 2015. The company is also exploring other application of its "Hot-in-Place" technology such as on airport runway, road expansion and reconstruction. (Jerry Fan)

## China Market News

- ▶ China mkt resumed its positive tones after recent downward consolidation but upside still curbed by concerns over co earnings growth outlook with the release of major economic indicators also weighed on mkt.
- ▶ Property names extended last Friday's gains on signs of loosening sector restriction.
- ▶ Banking stocks also provided support on continued bargain hunting after recent downturn on growing credit risk concerns.

China & HK Indices	CLOSE	1D	YTD
HSI	23,346	0.5%	0.2%
HSCEI	10,457	0.8%	-3.3%
HSSCI	4,472	0.7%	-1.8%
CSI300	2,171	1.1%	-6.8%
Shanghai A	2,164	1.0%	-10.5%
Shanghai B	227	0.4%	-10.5%
Shenzhen A	1,170	1.2%	6.0%
Shenzhen B	888	0.8%	2.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	17,055	0.7%	2.9%
S&P500	1,977	0.5%	7.0%
Nasdaq	4,440	0.6%	6.3%
NIKKEI Index	15,393	0.6%	-5.5%
FTSE Index	6,746	0.8%	-0.0%
CAC Index	4,350	0.8%	1.3%
DAX Index	9,783	1.2%	2.4%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	1,307	-2.4%	8.9%
STEEL (US\$/oz.)	1,323	-0.0%	-4.1%
SILVER (US\$/oz.)	20	-2.5%	7.4%
CRUDE OIL (US\$/bbl)	100	12.3%	2.6%
COPPER (US\$/oz.)	7,122	-0.6%	-3.2%
ALUMINIUM (US\$/oz.)	1,942	0.9%	7.9%
PLATINUM (US\$/oz)	1,494	-1.2%	9.2%
ZINC (US\$/oz.)	2,307	1.6%	12.3%
WHEAT (US\$/bu)	537	4.5%	-11.2%
CORN (US\$/bu)	388	0.9%	-14.0%
SUGAR (US\$/lb)	N/A	N/A	0.2%
SOYBEAN (US\$/bu)	1,086	1.0%	-4.3%
PVC (US\$/t)	N/A	N/A	1.3%
CRB	297	-0.7%	3.0%
BDI	798	-4.5%	-65.0%

## Exchange Rates

	USD	HKD	EUR	JPY	CHF	RMB
USD		7.750	0.734	101.540	0.892	6.206
HKD	0.129		0.095	13.101	11.508	0.801
EUR	1.362	10.555		138.280	0.823	8.460
JPY	0.010	7.633	0.723		0.878	0.061
CHF	1.122	8.690	0.823	113.849		6.962
RMB	0.161	1.249	0.118	16.361	0.144	

## Market Sentiment

	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	11	4.3%

Source: Bloomberg

## Latest Research Reports

Date	Company	Analyst
7-Jul	Fuguiniao (1819 HK)	Howard Wong
26-Jun	Luk Fook (590)	Steve Chow
18-Jun	Chow Tai Fook (1929)	Steve Chow
28-May	Belle (1880)	Steve Chow
21-May	Man Wah (1999)	Helen Fung
17-Apr	Luk Fook (590)	Steve Chow
10-Apr	Chow Tai Fook (1929)	Steve Chow
2-Apr	International Housewares Retail (1373)	Steve Chow
31-Mar	Chu Kong Pipe (1938)	Howard Wong

## Kingsway Events

Date	Company	Event
8-Apr	Nuoqi (1353)	Company Visit
10-Apr	Zhongyu Gas (3633)	Company Visit
14-Apr	China Singyes (750)	Roadshow
16-Apr	China Suntien Green (956)	Company Visit
23-Apr	SAS Dragon (1184)	Company Visit
24-Apr	XMFY (8135)	Roadshow
28-Apr	TSC Group (206)	Company Visit
20-May	Beautiful China (706)	Company Visit
26-Jun	Changshouhua Food (1006)	Company Visit

## Kingsway coverage list

Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend FY2	Absolute performance			Latest report date
								Hist	FY1	FY2		5D%	1M%	3M%	
HANG SENG INDEX	HSI		23,346.67	0.5				10.9	10.9	10.0	3.9%	(0.8)	0.1	3.0	
HANG SENG CHINA ENT INDX	HSCEI		10,457.77	0.8				7.7	7.3	6.7	4.7%	(0.3)	(0.6)	4.3	
CSI 300 INDEX	ISZ300		2,171.76	1.1				10.0	8.8	7.6	3.4%	(0.2)	(0.2)	(2.6)	
BELLE INTERNATIO	1880 HK	73,884	8.76	(0.6)	HOLD	8.10	(7.5)	13.2	13.0	12.6	2.3%	(0.7)	9.6	4.2	28-May-14
BOSSINI	592 HK	1,123	0.69	(1.4)	BUY	1.40	102.9	17.8	9.9	7.3	56.5%	(1.4)	7.8	(1.4)	24-Mar-14
CHINA LILANG LTD	1234 HK	6,199	5.16	(0.2)	HOLD	6.10	18.2	9.6	9.2	8.5	7.6%	0.8	1.0	(6.9)	13-Mar-14
CHINA SINGYES SOLAR	750 HK	8,554	12.32	(0.3)	BUY	16.20	31.5	13.2	9.9	8.1	0.3%	(7.1)	0.7	11.9	31-Mar-14
CHINA STATE CONS	3311 HK	52,937	13.60	(0.4)	BUY	12.60	(7.4)	19.1	15.0	11.9	1.8%	(1.2)	(1.3)	3.3	12-Apr-13
CHOW SANG SANG	116 HK	13,572	20.05	0.7	BUY	25.40	26.7	11.1	10.6	9.1	3.5%	(1.2)	3.2	5.5	2-Jan-14
CHOW TAI FOOK	1929 HK	112,400	11.24	0.2	BUY	13.00	15.7	15.5	14.7	12.7	3.6%	(5.9)	3.7	(0.4)	18-Jun-14
CHU KONG PETROLE	1938 HK	2,680	2.65	0.8	HOLD	2.30	(13.2)	52.0	23.3	11.1	3.8%	(1.9)	(5.4)	11.3	31-Mar-14
DAPHNE INTERNATI	210 HK	5,310	3.22	1.3	HOLD	2.90	(9.9)	16.1	12.5	11.1	7.1%	3.9	15.4	(3.0)	14-Apr-14
FUTURE BRIGHT	703 HK	2,444	3.52	(0.3)	BUY	4.50	27.8	8.5	13.6	10.7	1.5%	(2.5)	(8.8)	(9.0)	31-Mar-14
COMTEC SOLAR	712 HK	1,809	1.30	0.0	SELL	1.05	(19.2)	N/A**	24.2	13.5	0.0%	(3.0)	0.8	0.8	27-Mar-14
DORSETT HOSPITALITY INTL	2266 HK	2,874	1.37	0.74	BUY	1.61	17.5	7.3	11.0	8.6	N/A**	0.0	(3.5)	(4.9)	26-Jun-14
GCL POLY ENERGY	3800 HK	40,419	2.61	(1.1)	HOLD	3.60	37.9	N/A**	N/A**	12.8	N/A**	(6.8)	0.8	7.9	14-Mar-14
LUK FOOK HLDGS	590 HK	13,962	23.70	1.1	BUY	30.50	28.7	7.5	8.6	7.7	4.9%	(0.4)	19.0	0.6	26-Jun-14
MAN WAH HOLDINGS	1999 HK	11,769	12.38	(0.2)	BUY	14.80	19.5	11.5	11.3	9.9	2.0%	(3.6)	(3.4)	(1.0)	21-May-14
NEWOCEAN ENERGY	342 HK	8,292	5.59	(1.2)	BUY	10.60	89.6	10.2	8.9	7.1	1.1%	(3.3)	(5.7)	(5.4)	14-Mar-14
SUNNY OPTICAL	2382 HK	11,782	10.74	(1.5)	BUY	12.53	16.7	19.5	15.5	12.5	N/A**	(3.6)	9.9	31.0	25-Jun-14
TIANNENG POWER	819 HK	3,380	3.04	3.4	BUY	4.00	31.6	20.0	7.6	4.8	N/A**	1.7	4.5	6.7	18-Mar-14
TONGDA GROUP HLD	698 HK	5,684	1.04	1.0	BUY	0.65	(37.5)	14.0	11.1	8.8	N/A**	0.0	(1.9)	9.5	21-Aug-13
TRINITY LTD	891 HK	3,604	2.08	2.0	SELL	1.20	(42.3)	11.7	13.2	11.8	N/A**	5.6	13.0	0.0	15-Jul-14
XINYI GLASS HOLD	868 HK	19,177	4.89	2.3	BUY	9.50	94.3	5.8	8.7	7.0	5.4%	(0.4)	5.6	(21.3)	27-Feb-14
YGM TRADING	375 HK	2,859	17.24	0.8	HOLD	16.00	(7.2)	13.1	N/A**	N/A**	N/A**	(0.1)	(4.2)	3.2	8-Jul-14
Zhongyu Gas	3633 HK	6,262	2.48	0.0	BUY	2.90	16.9	25.8	19.1	17.7	N/A**	0.8	(3.5)	19.2	14-Mar-14

\* Calculated by Sunwah Kingsway Research.

\*\* PER is not available, due to :

- (1) the company went public only recently, or  
(2) no consensus earnings estimate, or  
(3) net loss, etc.

## Radar Screen issued during past 12 months

Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Price on report issue date (HK\$)	Performance since report issued (%)	PER (X)*			Dividend FY2	Absolute performance			Latest report date
							Hist	FY1	FY2		5D%	1M%	3M%	
BOLINA	1190 HK	2,885	2.85	(2.1)	3.23	-11.76	10.7	10.6	8.8	24.6%	(1.7)	(1.0)	(1.7)	10-Jun-13
FREETECH	6888 HK	2,223	2.06	(9.6)	3.40	-39.41	N/A**	6.4	N/A**	2.5%	(13.1)	(11.2)	(6.4)	15-Jul-13
SINOMEDIA	623 HK	3,720	6.58	3.0	6.67	-1.35	8.0	7.2	6.4	0.8%	3.6	0.3	3.8	25-Jul-13
PERFECT SHAPE	1830 HK	2073.39	1.830	(1.61)	0.77	137.66	22.0	N/A**	N/A**	38.3%	(3.7)	(16.8)	1.1	13-Sep-13
KA SHUI	822 HK	1,019	1.14	(0.9)	2.87	-60.28	16.8	N/A**	N/A**	4.6%	1.8	2.7	(18.0)	23-Sep-13
YESTAR	2393 HK	2,521	5.40	3.6	1.75	208.57	N/A**	N/A**	N/A**	13.0%	17.6	36.7	N/A**	04-Nov-13
TRADELINK	536 HK	1,592	2.010	3.08	1.88	6.91	19.2	N/A**	N/A**	34.8%	2.6	0.5	5.2	12-Nov-13
UNITED PV	686 HK	4,115	0.95	(3.1)	1.90	-50.00	N/A**	N/A**	28.8	73.7%	(8.7)	6.7	43.9	15-Nov-13
VICTORY CITY	538 HK	1,836	1.05	1.9	1.11	-5.41	N/A**	N/A**	N/A**	66.7%	1.0	(0.9)	(7.1)	17-Jan-14
CT ENVIRONMENTAL	1363 HK	7,864	5.69	0.9	5.20	9.42	N/A**	22.9	17.2	0.9%	(1.9)	1.1	27.9	14-Feb-14
RM GROUP	8185 HK	876	1.70	(0.6)	1.85	-8.11	N/A**	21.3	19.4	11.8%	(4.0)	(5.6)	(6.6)	11-Mar-14
MAN YUE	894 HK	1,040	2.170	(9.58)	2.67	-18.73	17.0	N/A**	N/A**	32.3%	(18.7)	(17.5)	6.4	19-Mar-14
INTERNATIONAL HOUSEWARES RETAIL	1373 HK	2,242	3.10	1.6	3.94	-21.32	N/A**	14.6	13.9	12.6%	(1.0)	(5.8)	(20.9)	02-Apr-14

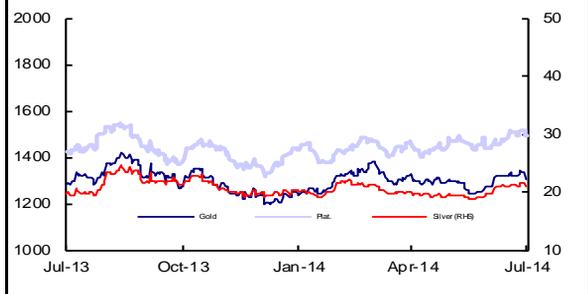
\* Calculated by Sunwah Kingsway Research.

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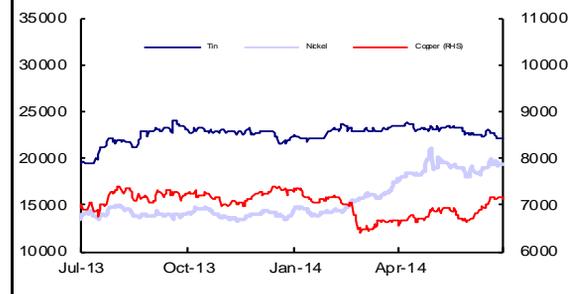
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**Market Watch – Major Commodities and Currencies**

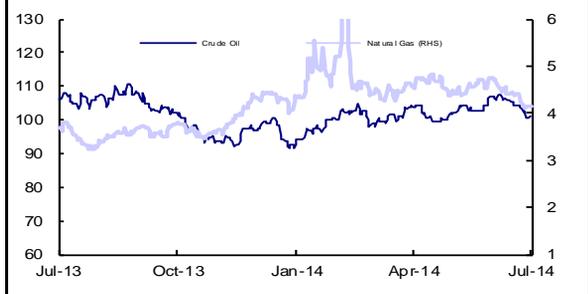
		QTD%	YTD%	YoY%
<b>Gold (US\$ / oz)</b>	1307.50	(1.1)	8.7	1.9
<b>Platinum (US\$ / oz)</b>	1492.3	0.8	8.8	4.9
<b>Silver (US\$ / oz)</b>	20.86	(0.7)	7.9	5.2



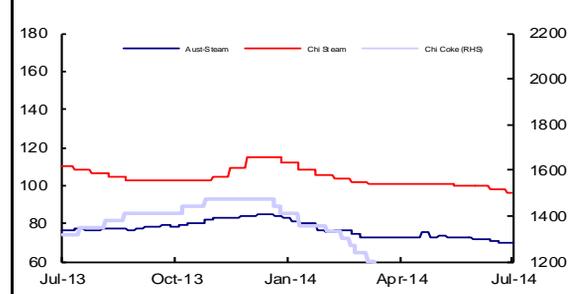
		QTD%	YTD%	YoY%
<b>Copper (US\$ / t)</b>	7,123	1.5	(3.2)	3.0
<b>Nickel (US\$ / t)</b>	19,350	1.6	39.2	43.3
<b>Tin (US\$ / t)</b>	22,160	(1.7)	(0.9)	14.3



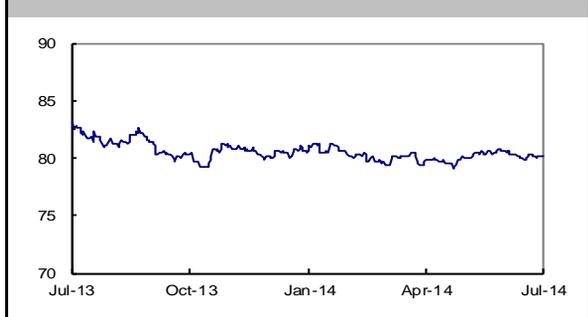
		QTD%	YTD%	YoY%
<b>Crude Oil (US\$ / bbl)</b>	100.94	(4.2)	2.6	(5.1)
<b>Natural Gas (US\$ / M Mbtu)</b>	4.15	(7.1)	(2.0)	12.8



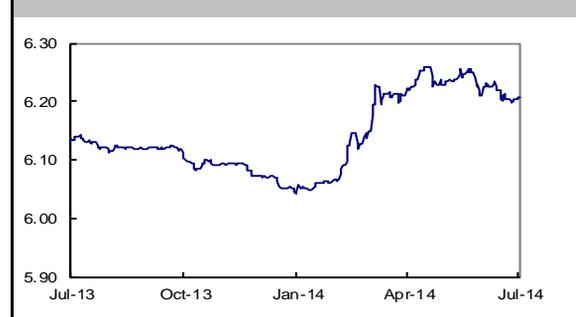
		QTD%	YTD%	YoY%
<b>Coal</b>				
<b>Chi Coke (Rmb / t)</b>	1110	0.0	(24.5)	(15.9)
<b>Chi Steam (US\$ / t)</b>	96.17	(2.1)	(16.2)	(12.7)
<b>Aust Steam (US\$ / t)</b>	69.59	(1.1)	(17.7)	(8.9)



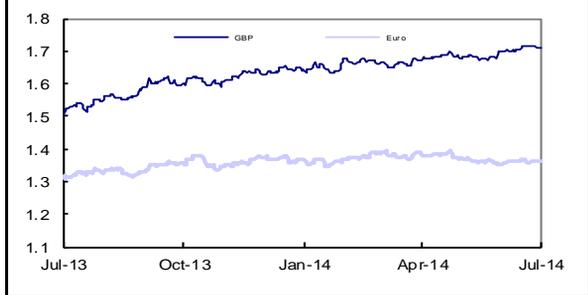
		QTD%	YTD%	YoY%
<b>US\$ Index</b>	80.178	0.5	0.2	(3.5)



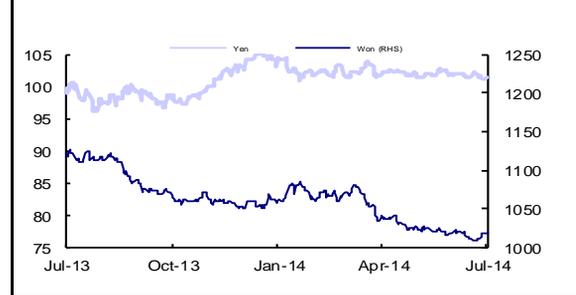
		QTD%	YTD%	YoY%
<b>RMB</b>	6.206	(0.0)	(2.4)	(1.1)



		QTD%	YTD%	YoY%
<b>Euro</b>	1.362	(0.5)	(0.9)	4.3
<b>Pound</b>	1.709	(0.1)	3.2	13.2



		QTD%	YTD%	YoY%
<b>Yen</b>	101.58	(0.2)	3.7	(1.7)
<b>Won</b>	1019.65	(0.8)	3.0	10.0



Source: Bloomberg

**US Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Business Inventories	MoM		15-Jul-14
Retail Sales	MoM		15-Jul-14
Industrial Production	MoM		16-Jul-14
Initial Jobless Claims	WoW		17-Jul-14
Housing Starts / Building Permits	MoM		17-Jul-14
Existing Home Sales	MoM		22-Jul-14
CPI	MoM		22-Jul-14
New home Sales	MoM		24-Jul-14
Durable Goods Orders	MoM		25-Jul-14
Consumer Confidence	MoM		29-Jul-14
GDP	QoQ		30-Jul-14
Employment Report	MoM		1-Aug-14
ISM Manufacturing PMI	MoM		1-Aug-14
Auto Sales	MoM		1-Aug-14
Personal Income & Spending	MoM		1-Aug-14
Factory Orders	MoM		5-Aug-14
Trade Balance	MoM		6-Aug-14
Wholesale Inventories	MoM		8-Aug-14
PPI	MoM		

**China Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		14-Jul-14
Foreign Exchange Reserves	QoQ		15-Jul-14
Industrial Production	MoM		16-Jul-14
Retail Sales	MoM		16-Jul-14
GDP	YoY		16-Jul-14
PMI Manufacturing	MoM		1-Aug-14
Trade Balance	MoM		8-Aug-14
PPI	MoM		9-Aug-14
CPI	MoM		9-Aug-14

**Hong Kong Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Composite Interest Rate	MoM		17-Jul-14
Unemployment Rate	MoM		17-Jul-14
CPI	MoM		21-Jul-14
Trade Balance	MoM		24-Jul-14
Retail Sales	MoM		31-Jul-14
Money Supply - M2	MoM		31-Jul-14
PMI	MoM		5-Aug-14
Foreign Currency Reserve	MoM		7-Aug-14
GDP	QoQ		15-Aug-14
Industrial Production	QoQ		12-Sep-14
Producer Prices Index	QoQ		12-Sep-14



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**Head Office**

Hong Kong  
 Kingsway Financial Services Group Limited  
 7/F, Tower One, Lippo Centre,  
 89 Queensway, Hong Kong  
 Tel: 852-2877-1830  
 Fax: 852-2877-2665

Canada  
 Kingsway Capital of Canada Inc.,  
 Suite 1200, 8 King Street East,  
 Toronto, Ontario,  
 Canada M5C 1B5  
 Tel: 416-861-3099  
 Fax: 416-861-9027

**Affiliated & Overseas Offices**

China  
 Kingsway Financial Services Group Limited  
 Beijing Representative Office  
 Beijing Kingsway Financial Consultancy Limited  
 Rm 801, Building A,  
 Beijing Fortune Plaza,  
 No.7, Dongsanhuan Zhong Road,  
 Chaoyang District, Beijing,  
 100020, PRC  
 Tel: 8610-6530-8791  
 Fax: 8610-6530-8795

Shanghai Kingsway Financial Consultancy Limited  
 2039, 20/F, Catic Building,  
 212 Jiangning Road, Jingan,  
 Shanghai, 200041 PRC  
 Tel: 8621-5049-0358  
 Fax: 8621-5049-0368

Shenzhen Kingsway Financial Consultancy Limited  
 701, Tower A,  
 Aerospace Skyscraper,  
 4019 Shennan Road,  
 Futian District, Shenzhen,  
 518048, PRC  
 Tel: 86-755-3333-6539  
 Fax: 86-755-3333-6536