

What's Hot Today:

- ▶ **Singyes Solar proposed to issue convertible bonds**
- ▶ **Luk Fook (590 HK) – Takeaway from 1QFY3/15 call**

Corporate News Commentary / Reports Summary

- ▶ **Singyes Solar proposed to issue convertible bonds - Singyes Solar (750 HK – BUY – \$12.16 – TP=HK\$16.2)** proposed to issue a CB worth RMB 930m due 2019. The conversion price of HK\$16.11/share represents about 32.5% premium to yesterday's close. The CB can be converted into approximately 72m shares, representing approximately 9.40% of the enlarged share capital. Net proceeds of about RMB903m will be used for repayment of existing obligations and general corporate expenses. The CB carries an interest rate of 5% per annum payable semi-annually in USD. Currently, the company has a net debt to equity ratio of about 25%. (Marco Chan)

- ▶ **Luk Fook (590 HK – BUY - \$23.5 - TP = HK\$30.50) – Takeaway from 1QFY3/15 call**

The management overall expects low double digit negative SSSG in FY3/15 (-ve in 1H followed by +ve in 2H), which is in line with our expectation of -10% in China and -18% in Hong Kong. On a positive note, gem-set GPM is likely to remain at similar level vs. last year which implies GPM improvement on better product mix. The better GPM should offset any cost pressure leading to a stable net margin. This implies some upside potential to our current earnings forecast which have incorporated lower net margin of 8.1% in FY3/15 vs. 9.7% in FY3/14.

The management also shared the progress on 3D Gold integration. Overall, the management plans to rationalize some loss making stores to improve overall profitability but expects 3D Gold to have minimal financial impact to Luk Fook in the near term.

We overall maintain our current BUY call and TP of HK\$30.50. We continue to believe the industry has hit its trough and SSSG should gradually recover in coming months thanks to 1) easier base; 2) narrowing negative YoY gold price comparison.

To recap, the company reported -54% SSSG in 1QFY3/15, which is largely expected due to high base of 90% last year. Gold were the main dragger with -62% SSSG vs. 154% last year while the impact for gem-set was smaller with -19% SSSG vs. 23% last year. Hong Kong continued to underperform China especially for gem-set SSSG (HK: -20% vs. China: 5%). (Steve Chow)

China Market News

- ▶ China market kept weighed by new share sales concerns with the slightly above-view economic growth reading for 2Q also insufficient to cheer investors.
- ▶ Property names ended mixed after data showed home sales rebounded 33% last month.
- ▶ Banking stock turned cautious with Ping An Bank (000001) dragged the sector.

China & HK Indices	CLOSE	1D	YTD
HSI	23,523	0.3%	0.9%
HSCEI	10,475	-0.1%	-3.2%
HSOCI	4,522	0.2%	-0.7%
CSI300	2,170	-0.2%	-6.8%
Shanghai A	2,164	-0.1%	-10.9%
Shanghai B	225	-0.4%	-10.9%
Shenzhen A	1,153	-1.0%	4.5%
Shenzhen B	885	-0.1%	2.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	17,138	0.5%	3.4%
S&P 500	1,981	0.4%	7.2%
Nasdaq	4,425	0.2%	6.0%
NIKKEI Index	15,457	0.5%	-5.1%
FTSE Index	6,784	1.1%	0.5%
CAC Index	4,369	1.5%	1.7%
DAX Index	9,859	1.4%	3.2%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	1,299	0.4%	8.2%
STEEL (US\$/oz.)	1,353	2.3%	-2.0%
SILVER (US\$/oz.)	20	0.4%	6.6%
CRUDE OIL (US\$/bbl)	101	12.6%	3.1%
COPPER (US\$/oz.)	7,078	-0.6%	-3.8%
ALUMINIUM (US\$/oz.)	1,970	1.4%	9.4%
PLATINUM (US\$/oz)	1,478	-0.4%	8.7%
ZINC (US\$/oz.)	2,303	-0.2%	12.1%
WHEAT (US\$/bu)	538	0.0%	-11.1%
CORN (US\$/bu)	386	1.3%	-14.5%
SUGAR (US\$/lb)	N/A	N/A	0.2%
SOYBEAN (US\$/bu)	1,102	1.4%	-3.1%
PVC (US\$/t.)	N/A	N/A	1.3%
CRB	296	-0.2%	3.0%
BDI	755	-5.4%	-66.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.751	0.739	101.670	0.898	6.205
HKD	0.129		0.095	13.118	11.590	0.800
EUR	1.353	10.483		137.510	0.823	8.408
JPY	0.010	7.622	0.727		0.884	0.061
CHF	1.113	8.628	0.823	113.174		6.906
RMB	0.161	1.249	0.119	16.388	0.145	

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	-5.6%

Source: Bloomberg

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

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

								PER (X)*			Dividend	Absolute performance			Latest report
Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	Hist	FY1	FY2	FY2	50%	1M%	3M%	date
HANG SENG INDEX	HSI		23,523.28	0.3				11.0	11.0	10.1	3.9%	1.5	1.4	3.4	
HANG SENG CHINA ENT INDX	HSCEI		10,475.38	(0.1)				7.7	7.3	6.7	4.7%	1.3	0.1	3.9	
CSI 300 INDEX	ISZ300		2,170.87	(0.2)				10.0	8.8	7.6	3.4%	1.0	0.1	(2.4)	
BELLE INTERNATIO	1880 HK	73,968	8.77	(0.5)	HOLD	8.10	(7.6)	13.2	13.1	12.6	2.3%	(0.2)	6.8	3.5	28-May-14
BOSSINI	592 HK	1,106	0.68	(2.9)	BUY	1.40	105.9	17.6	9.7	7.2	57.4%	3.0	9.7	(2.9)	24-Mar-14
CHINA LILANG LTD	1234 HK	6,271	5.22	0.4	HOLD	6.10	16.9	9.7	9.3	8.6	7.5%	1.0	3.8	(5.2)	13-Mar-14
CHINA SINGYES SOLAR	750 HK	8,443	12.16	(0.7)	BUY	16.20	33.2	13.0	9.8	8.0	0.3%	(0.7)	5.6	4.1	31-Mar-14
CHINA STATE CONS	3311 HK	52,859	13.58	0.1	BUY	12.60	(7.2)	19.0	15.0	11.9	1.8%	1.5	2.9	(0.3)	12-Apr-13
CHOW SANG SANG	116 HK	13,775	20.35	0.0	BUY	25.40	24.8	11.3	10.8	9.3	3.4%	3.3	4.7	7.9	2-Jan-14
CHOW TAI FOOK	1929 HK	113,800	11.38	1.1	BUY	13.00	14.2	15.7	14.9	12.8	3.6%	(3.9)	3.3	2.9	18-Jun-14
CHU KONG PETROLE	1938 HK	2,700	2.67	(0.7)	HOLD	2.30	(13.9)	52.4	23.5	11.2	3.7%	1.5	(2.6)	0.0	31-Mar-14
DAPHNE INTERNATI	210 HK	5,277	3.20	(1.8)	HOLD	2.90	(9.4)	16.0	12.9	11.2	7.2%	2.9	15.1	(7.5)	14-Apr-14
FUTURE BRIGHT	703 HK	2,555	3.68	0.5	BUY	4.50	22.3	8.9	14.3	11.2	1.4%	2.8	(5.2)	(2.9)	31-Mar-14
COMTEC SOLAR	712 HK	1,795	1.29	(0.8)	SELL	1.05	(18.6)	N/A**	24.0	13.4	0.0%	(2.3)	4.9	(3.0)	27-Mar-14
DORSETT HOSPITALITY INTL	2266 HK	2,916	1.39	2.21	BUY	1.61	15.8	7.4	11.1	8.7	N/A**	2.2	1.5	(2.8)	26-Jun-14
GCL POLY ENERGY	3800 HK	40,264	2.60	(0.8)	HOLD	3.60	38.5	N/A**	N/A**	12.7	N/A**	(3.3)	4.8	0.8	14-Mar-14
LUK FOOK HLDGS	590 HK	13,844	23.50	0.2	BUY	30.50	29.8	7.4	8.5	7.6	4.9%	(0.6)	20.8	3.1	26-Jun-14
MAN WAH HOLDINGS	1999 HK	11,864	12.48	(0.2)	BUY	14.80	18.6	11.6	11.4	10.0	2.0%	(0.8)	(1.6)	(5.3)	21-May-14
NEWOCEAN ENERGY	342 HK	8,633	5.82	1.9	BUY	10.60	82.1	10.6	9.2	7.4	1.0%	1.4	(2.3)	4.1	14-Mar-14
SUNNNY OPTICAL	2382 HK	12,045	10.98	0.4	BUY	12.53	14.1	19.9	15.9	12.8	N/A**	1.7	9.8	25.5	25-Jun-14
TIANNENG POWER	819 HK	3,347	3.01	(1.0)	BUY	4.00	32.9	19.8	7.5	4.8	N/A**	4.2	5.2	6.7	18-Mar-14
TONGDA GROUP HLD	698 HK	6,449	1.18	10.3	BUY	0.65	(44.9)	15.8	12.7	10.0	N/A**	12.4	14.6	21.6	21-Aug-13
TRINITY LTD	891 HK	3,448	1.99	(2.0)	SELL	1.20	(39.7)	11.2	13.3	11.7	N/A**	6.4	10.6	(2.5)	15-Jul-14
XINYI GLASS HOLD	868 HK	19,137	4.88	(0.6)	BUY	9.50	94.7	5.8	8.7	7.0	5.4%	3.0	2.7	(22.3)	27-Feb-14
YGM TRADING	375 HK	2,859	17.24	0.0	HOLD	16.00	(7.2)	13.1	N/A**	N/A**	N/A**	(0.6)	(6.7)	2.3	8-Jul-14
Zhongyu Gas	3633 HK	6,212	2.46	1.2	BUY	2.90	17.9	25.6	18.9	17.6	N/A**	1.2	(3.5)	17.7	14-Mar-14

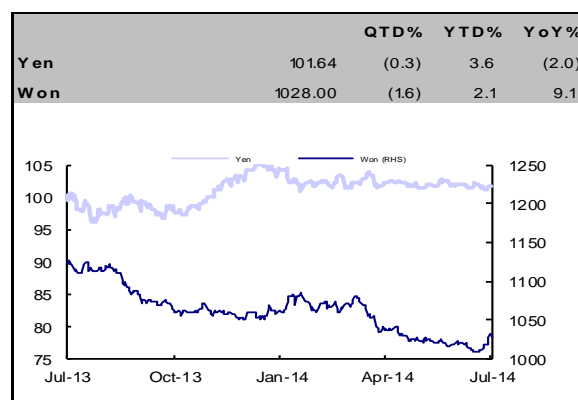
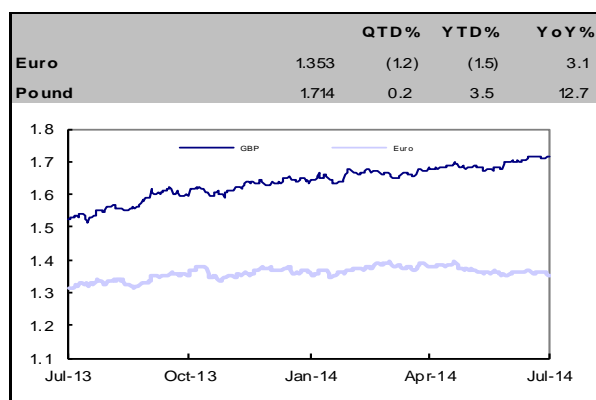
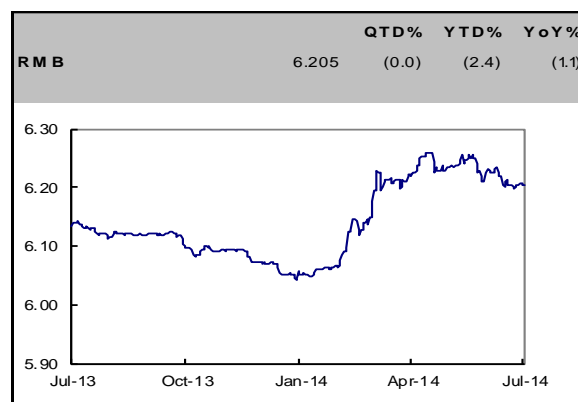
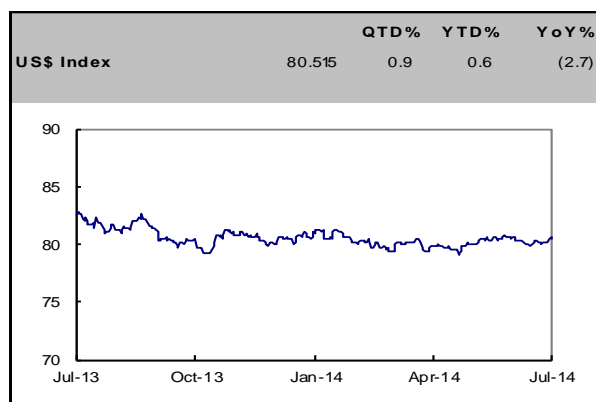
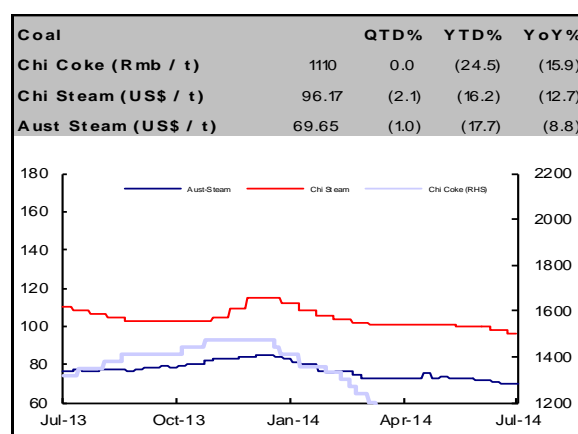
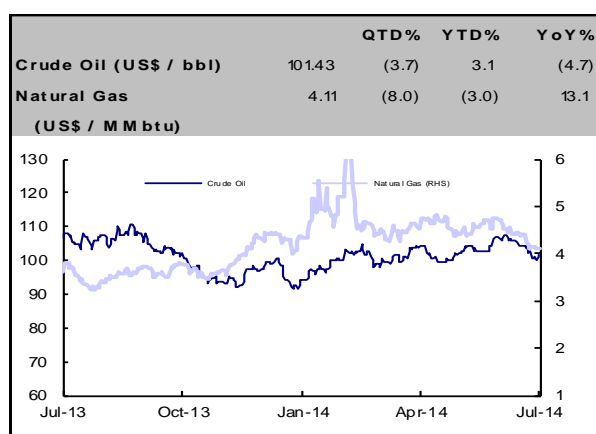
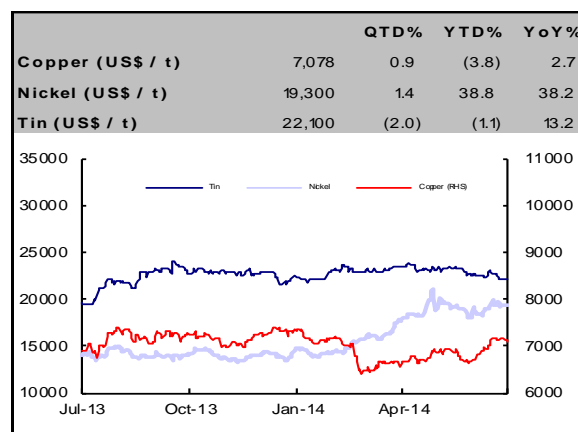
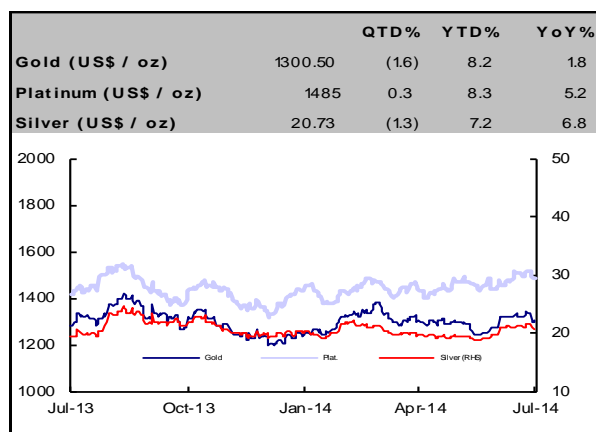
* Calculated by Sunwah Kingsway Research.
** PER is not available, due to :
(1) the company went public only recently, or
(2) no consensus earnings estimate, or
(3) net loss, etc.

Radar Screen issued during past 12 months

								PER (X)*			Dividend	Absolute performance			Latest report
Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Price on report issue date (HK\$)	Performance since report issued (%)	Hist	FY1	FY2	FY2	FY2	50%	1M%	3M%	date
BOLINA	1190 HK	2,814	2.78	(2.1)	3.23	-13.93	10.4	10.4	8.6	25.2%		(4.1)	(4.5)	(4.8)	10-Jun-13
FREETECH	6888 HK	2,126	1.97	(3.0)	3.40	-42.06	N/A**	6.2	N/A**	2.6%		(14.3)	(17.9)	(10.9)	15-Jul-13
SINOMEDIA	623 HK	3,743	6.62	0.8	6.67	-0.75	8.0	7.3	6.5	0.8%		2.3	5.1	5.4	25-Jul-13
PERFECT SHAPE	1830 HK	1982.75	1.750	(1.13)	0.77	127.27	21.1	N/A**	N/A**	40.0%		(2.8)	(20.1)	(2.2)	13-Sep-13
KA SHUI	822 HK	1,010	1.13	(1.7)	2.87	-80.63	16.6	N/A**	N/A**	4.6%		2.7	5.6	(11.7)	23-Sep-13
YESTAR	2393 HK	2,591	5.55	6.5	1.75	217.14	N/A**	N/A**	N/A**	12.6%		13.5	38.1	N/A**	04-Nov-13
TRADELINK	536 HK	1,608	2.030	0.00	1.88	7.98	19.4	N/A**	N/A**	34.5%		5.7	3.6	2.5	12-Nov-13
UNITED PV	686 HK	4,418	1.02	0.0	1.90	-46.32	N/A**	N/A**	30.9	68.6%		(1.0)	13.3	41.7	15-Nov-13
VICTORY CITY	538 HK	1,819	1.04	0.0	1.11	-6.31	N/A**	N/A**	N/A**	67.3%		1.0	(1.9)	(8.0)	17-Jan-14
CT ENVIRONMENTAL	1363 HK	8,044	5.82	(0.9)	5.20	11.92	N/A**	23.4	17.6	0.9%		4.5	2.5	15.5	14-Feb-14
RM GROUP	8185 HK	881	1.71	(1.2)	1.85	-7.57	N/A**	21.4	19.6	11.7%		1.2	4.9	(10.0)	11-Mar-14
MAN YUE	894 HK	1,054	2.200	(0.45)	2.67	-17.60	17.3	N/A**	N/A**	31.8%		(13.7)	(19.7)	(11.3)	19-Mar-14
INTERNATIONAL HOUSEWARES RETAIL	1373 HK	2,235	3.09	(0.3)	3.94	-21.57	N/A**	14.5	13.9	12.6%		2.3	(3.7)	(21.4)	02-Apr-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.

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Business Inventories	MoM		13-Aug-14
Retail Sales	MoM		13-Aug-14
PPI	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		1-Aug-14
Trade Balance	MoM		8-Aug-14
PPI	MoM		9-Aug-14
CPI	MoM		9-Aug-14
Money Supply - M2	MoM		10-Aug-14
Industrial Production	MoM		13-Aug-14
Retail Sales	MoM		13-Aug-14
Foreign Exchange Reserves	QoQ		10-Oct-14
GDP	YoY		21-Oct-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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