

What's Hot Today:

- ▶ **Xinyi Glass (868 HK) 1H14 results in line**
- ▶ **Xinyi Solar (968 HK) sees optimistic outlook**

Corporate News Commentary / Reports Summary

▶ **Xinyi Glass (868 HK) 1H14 results in line – Xinyi Glass (868 HK – HK\$5.12 – BUY – TP=HK\$6.83)** generated a net profit of HK\$762m, down 24% YoY on the back of a 10% YoY decline in revenue to HK\$5b. The increase in revenue is due to better performance in North America and drop in NP is due to drop in float glass demand and property market slowdown in China. Excluding the HK\$247m of other gain, the adjusted net profit would be ~HK\$597m, which is about 33% of our full-year forecast of HK\$1.836m. GPM during the period deteriorated to 26.6% compared to 31.2% in 1H13 due a sharp drop in the GPM of float glass GPM, to 8.6% in 1H14 from the 18.0% a year ago as well as the spin-off of solar glass segment. Cash flow from operation decreased by 20.2% YoY to HK\$914m, less than the 24.1% YoY drop in net profit, reflecting improvement in earnings quality. The company declared an interim dividend of 9 HK cents, equivalent to a payout ratio of 46.3%.

New TP = HK\$6.83, 33.4% upside – We have revised down our FY14 net profit forecast to ~HK\$1.98b representing a YoY retraction of about 39% against the HK\$3.25b in 2013. On HoH basis, we expect Xinyi to generate ~HK\$1.22b of net profit in 2H14, which is a ~70% lowered than 2H13. As 2H is usually the peak season for construction activities, we expect the sales of float glass and construction glass to increase by 22% and 20% on HoH basis. We lower our net profit forecast by 14.5/5.4/3.0% for 2014/2015/2016. A major change to our forecasts include lower GPM to 9%/11%/14% of float glass in 2014-2016. Based on our earnings forecast of HK\$1.98b/2.24b for 2014/2015, the company is trading at 10.1x 2014 PE and 9.0x 2015 PE. Our TP implies a 12x 2015 PE, which is undemanding in our view.

Float glass GPM likely under pressure in 2H14 – The management blames the drop in float glass GPM partly due to weak demand from 2Q 2014 and rising gas prices since July 2013. The company believes that GPM for float glass will continue to be suppressed due to lower demand. However, as smaller competitors are already operating at negative margins, the management expects the industry consolidation since 1Q 2014 will continue to at least the end of 2014. Looking ahead, the industry is close to its bottom but timing is still uncertain.

Expansion on production capacity – Xinyi started operation of three low-E construction glass production lines in 1H2014 and two more lines is expected to commence production in 2Q 2015. Xinyi plans to achieve 28 sqm/yr of low-E production capacity by the end of 2014. Two float glass plants will be completed in 2H 2014, where management strives for a 4.5m tons/yr capacity by the end of 2014. (Phelix Lee)

▶ **Xinyi Solar sees optimistic outlook – Xinyi Solar (968 HK - HK\$2.23)** reported its first sets of Interim results yesterday. Net profit rose sharply by 1.5x to about HK\$200m from HK\$80m in the previous corresponding period. Revenue up 15.7% to HK\$994m compared to HK\$860m in 1H13 due to robust global demand on solar modules and ASP increment. GPM edged by 7.8 ppt to 33.7% in 1H14 was largely attributable to a shift of product mix towards the higher margin PV processed glass. EPS stood at 3.51 HK cents, 53.3% YoY. An interim dividend of 1.6 Hk cents has been declared, translating to a payout ratio of 45.6%.

The management indicated that the near term focus will continue to be on optimizing product mix such as shifting towards more higher-margin-processed PV glass. It will have a 900t/day ultra-clear PV glass lines to commence operation in 3Q14 while the second 900t/day line will be ready in 4Q14. That would boost the total capacity by another 25% to 879k melting tons/year. In 1H 2014, processed glass contributed to about 85.8% of revenue and 91.5% of gross profit. Besides the existing 250MW solar farm, Xinyi Solar is also planning to build another 450MW in the Central and Eastern regions of PRC. It is the current intention that these projects will be of sole investment and the company is open to whether these solar farms will be of long-term holding or would they be for sale. (Phelix Lee)

China Market News

- ▶ China market resumed its downward consolidation mode as ChiNext of smelters cos got a big hit on concerns over slowing earnings growth and unattractive valuations with IPO sales also bring negative impact as 5-cos began accepting subscriptions for IPO today diverting some funds from existing stocks.
- ▶ Brokerages names regained interest after positive 1H profits, driven by the resumption of IPOs and expansion into more areas of business.
- ▶ Banking and property names stayed firmer amid stimulus speculation.

China & HK Indices	CLOSE	1D	YTD
HSI	23,971	0.8%	2.9%
HSCEI	10,820	2.0%	0.0%
HSOCC	4,628	0.9%	1.6%
CSI300	2,197	0.2%	-5.7%
Shanghai A	2,176	0.1%	-10.4%
Shanghai B	227	-0.2%	-10.4%
Shenzhen A	1,151	-1.1%	4.3%
Shenzhen B	892	-0.5%	2.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	17,086	-0.2%	3.1%
S&P 500	1,987	0.2%	7.5%
Nasdaq	4,473	0.4%	7.1%
Nikkei Index	15,341	0.1%	-5.8%
FTSE Index	6,798	0.0%	0.7%
CAC Index	4,376	0.2%	1.9%
DAX Index	9,753	0.2%	2.1%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	1,304	-0.1%	8.6%
STEEL (US\$/oz.)	1,358	0.7%	-1.6%
SILVER (US\$/oz.)	20	-0.2%	7.4%
CRUDE OIL (US\$/bbl)	103	14.7%	4.7%
COPPER (US\$/oz.)	7,045	0.3%	-4.3%
ALUMINIUM (US\$/oz.)	2,016	-0.2%	12.0%
PLATINUM (US\$/oz.)	1,483	-0.2%	8.3%
ZINC (US\$/oz.)	2,365	1.2%	15.1%
WHEAT (US\$/bu)	530	1.2%	-12.1%
CORN (US\$/bu)	370	0.7%	-17.6%
SUGAR (US\$/lb)	N/A	N/A	0.2%
SOYBEAN (US\$/bu)	1,076	1.8%	-4.9%
PVC (US\$/t)	N/A	N/A	2.1%
CRB	298	0.1%	3.0%
BDI	727	0.4%	-68.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.751	0.743	101.480	0.902	6.199
HKD	0.129		0.096	13.094	11.640	0.800
EUR	1.346	10.435		136.640	0.823	8.348
JPY	0.010	7.637	0.732		0.889	0.061
CHF	1.109	8.591	0.823	112.485		6.871
RMB	0.161	1.250	0.120	16.371	0.146	

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	4.7%

Latest Research Reports		
Date	Company	Analyst
22-Jul	Tongda (698)	Phelix Lee
21-Jul	Yuanda (2789)	Jerry Fan
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

Kingsway Events		
Date	Company	Event
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
17-Jul	Digital China (861)	Company Visit

Kingsway coverage list

Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend		Absolute performance			Latest report date
								Hist	FY1	FY2	FY2	50%	1M%	3M%		
HANG SENG INDEX	HSI		23,971.87	0.8				11.2	11.2	10.2	3.8%	1.9	4.8	6.2		
HANG SENG CHINA ENT INDX	HSCEI		10,820.71	2.0				7.9	7.6	6.9	4.6%	3.3	5.6	8.9		
CSI 300 INDEX	ISZ300		2,197.83	0.2				10.1	8.8	7.7	3.4%	1.2	2.5	0.3		
BELLE INTERNATIO	1880 HK	75,149	8.91	0.7	HOLD	8.10	(9.1)	13.4	13.2	12.8	2.2%	1.6	4.8	5.2	28-May-14	
BOSSINI	592 HK	1,139	0.70	0.0	BUY	1.40	100.0	18.1	10.0	7.4	55.7%	2.9	2.9	2.9	24-Mar-14	
CHINA LILANG LTD	1234 HK	6,067	5.05	(3.3)	HOLD	6.10	20.8	9.4	9.0	8.3	7.7%	(3.3)	1.0	(9.9)	13-Mar-14	
CHINA SINGYES SOLAR	750 HK	8,082	11.64	(0.9)	BUY	16.20	39.2	12.4	9.2	7.5	0.3%	(4.3)	(2.5)	(0.0)	31-Mar-14	
CHINA STATE CONS	3311 HK	53,637	13.78	0.9	BUY	12.60	(8.6)	19.3	15.2	12.0	1.7%	1.5	3.0	0.7	12-Apr-13	
CHOW SANG SANG	116 HK	13,877	20.50	0.0	BUY	25.40	23.9	11.4	10.9	9.4	3.4%	0.7	6.9	8.4	2-Jan-14	
CHOW TAI FOOK	1929 HK	112,400	11.24	1.4	BUY	13.00	15.7	15.5	14.7	12.7	3.6%	(1.2)	(2.9)	2.7	18-Jun-14	
CHU KONG PETROLE	1938 HK	2,669	2.64	(1.1)	HOLD	2.30	(12.9)	51.8	23.2	11.1	3.8%	(1.1)	0.0	(1.5)	31-Mar-14	
DAPHNE INTERNATI	210 HK	4,980	3.02	1.0	HOLD	2.90	(4.0)	15.1	12.7	10.8	7.6%	(5.6)	11.9	(5.6)	14-Apr-14	
FUTURE BRIGHT	703 HK	2,604	3.75	0.0	BUY	4.50	20.0	9.0	14.5	11.4	1.4%	1.9	2.5	(3.1)	31-Mar-14	
COMTEC SOLAR	712 HK	1,809	1.30	0.8	SELL	1.05	(19.2)	N/A**	24.2	13.5	0.0%	0.8	4.8	(2.3)	27-Mar-14	
DORSETT HOSPITALITY INTL	2266 HK	2,895	1.38	0.00	BUY	1.61	16.7	7.4	11.0	8.6	N/A**	(0.7)	1.5	(1.4)	26-Jun-14	
GCL POLY ENERGY	3800 HK	40,109	2.59	0.0	HOLD	3.60	39.0	N/A**	N/A**	12.7	N/A**	(0.4)	5.3	(1.1)	14-Mar-14	
LUK FOOK HLDGS	590 HK	13,962	23.70	(0.6)	BUY	30.50	28.7	7.5	8.5	7.6	4.9%	0.9	5.1	9.5	26-Jun-14	
MAN WAH HOLDINGS	1999 HK	11,297	11.86	(1.5)	BUY	14.80	24.8	11.1	10.8	9.5	2.1%	(5.0)	(4.5)	(8.8)	21-May-14	
NEWOCEAN ENERGY	342 HK	8,040	5.42	(4.7)	BUY	10.60	95.6	9.9	8.6	6.9	1.1%	(6.9)	(7.8)	(0.6)	14-Mar-14	
SUNNY OPTICAL	2382 HK	12,067	11.00	(3.7)	BUY	12.53	13.9	19.9	15.8	12.7	N/A**	0.2	6.8	20.2	25-Jun-14	
TIANNENG POWER	819 HK	3,291	2.96	(0.7)	BUY	4.00	35.1	19.4	7.4	4.7	N/A**	(1.7)	0.3	2.1	18-Mar-14	
TONGDA GROUP HLD	698 HK	6,121	1.12	(5.9)	BUY	1.61	43.8	15.0	12.3	9.7	N/A**	(5.1)	6.7	12.0	22-Jul-14	
TRINITY LTD	891 HK	3,431	1.98	0.0	SELL	1.20	(39.4)	11.1	13.3	11.6	N/A**	(0.5)	17.9	(2.5)	15-Jul-14	
XINYI GLASS HOLD	868 HK	20,079	5.12	4.1	BUY	6.83	33.4	6.6	10.6	7.4	5.1%	4.9	10.3	(19.0)	24-Jul-14	
YGM TRADING	375 HK	2,866	17.28	0.5	HOLD	16.00	(7.4)	13.1	N/A**	N/A**	N/A**	0.2	3.5	1.3	8-Jul-14	
Zhongyu Gas	3633 HK	6,060	2.40	(0.4)	BUY	2.90	20.8	25.0	18.5	17.1	N/A**	(2.4)	1.7	15.4	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		Absolute performance			Latest report date
							Hist	FY1	FY2	FY2	50%	1M%	3M%		
BOLINA	1190 HK	2,834	2.80	0.4	3.23	-13.31	10.5	10.4	8.6	25.0%	0.7	(2.8)	(2.8)	10-Jun-13	
FREETECH	6888 HK	2,104	1.95	2.6	3.40	-42.65	N/A**	6.1	N/A**	2.7%	(1.0)	(17.0)	(11.4)	15-Jul-13	
SINOMEDIA	623 HK	3,415	6.04	2.4	6.67	-9.45	7.3	6.7	5.9	0.9%	(8.8)	3.2	(4.2)	25-Jul-13	
PERFECT SHAPE	1830 HK	2071.56	1.830	1.67	0.77	137.66	22.0	N/A**	N/A**	38.3%	4.6	(14.9)	(4.7)	13-Sep-13	
KA SHUI	822 HK	974	1.09	0.9	2.87	-62.02	16.0	N/A**	N/A**	4.8%	(3.5)	9.0	(25.3)	23-Sep-13	
YESTAR	2393 HK	2,610	5.59	(2.3)	1.75	219.43	N/A**	N/A**	N/A**	12.5%	0.7	36.7	N/A**	04-Nov-13	
TRADELINK	536 HK	1,569	1.980	0.51	1.88	5.32	18.9	N/A**	N/A**	35.4%	(2.5)	4.2	(5.3)	12-Nov-13	
UNITED PV	686 HK	4,288	0.99	0.0	1.90	-47.89	N/A**	N/A**	30.0	70.7%	(2.9)	15.1	45.6	15-Nov-13	
VICTORY CITY	538 HK	1,766	1.01	1.0	1.11	-9.01	N/A**	N/A**	N/A**	69.3%	(2.9)	(1.9)	(10.6)	17-Jan-14	
CT ENVIRONMENTAL	1363 HK	7,809	5.65	(0.5)	5.20	8.65	N/A**	22.7	17.2	0.9%	(2.9)	(1.7)	20.2	14-Feb-14	
RM GROUP	8185 HK	876	1.70	0.0	1.85	-8.11	N/A**	21.2	19.4	11.8%	(0.6)	2.4	(10.5)	11-Mar-14	
MAN YUE	894 HK	877	1.830	1.10	2.67	-31.46	14.4	N/A**	N/A**	38.3%	(16.8)	(34.2)	(26.2)	19-Mar-14	
INTERNATIONAL HOUSEWARES RETAIL	1373 HK	2,264	3.13	3.0	3.94	-20.56	N/A**	14.7	14.0	12.5%	1.3	6.1	(18.7)	02-Apr-14	

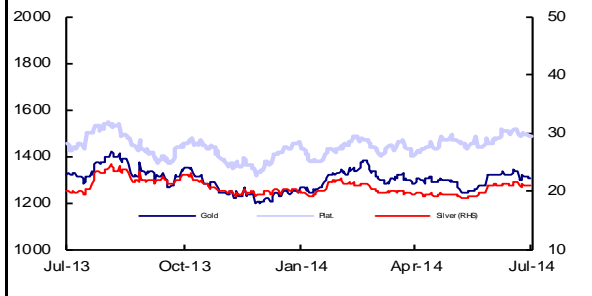
* Calculated by Sunwah Kingsway Research.

** PER is not available, due to :

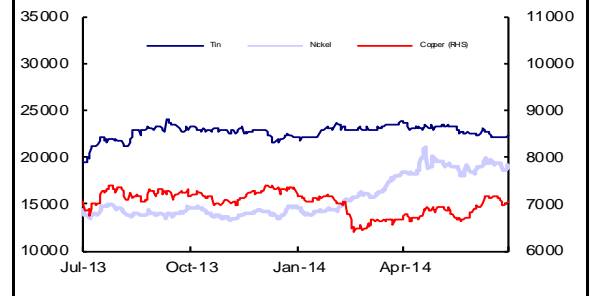
- (1) the company went public only recently, or
(2) no consensus earnings estimate, or
(3) net loss, etc.

Market Watch – Major Commodities and Currencies

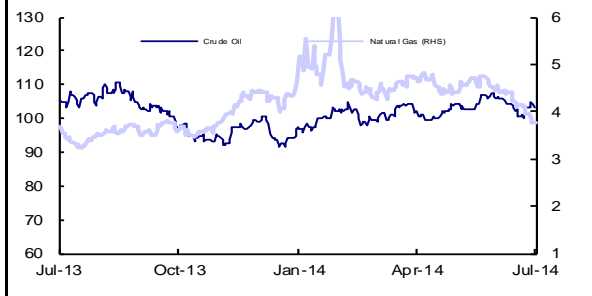
		QTD%	YTD%	YoY%
Gold (US\$ / oz)	1304.80	(1.3)	8.5	(1.1)
Platinum (US\$ / oz)	1485	0.3	8.3	2.0
Silver (US\$ / oz)	20.95	(0.3)	8.3	4.7



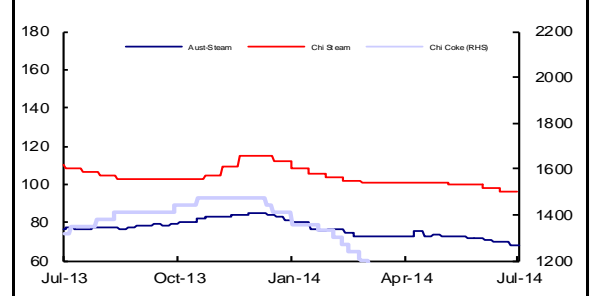
		QTD%	YTD%	YoY%
Copper (US\$ / t)	7,045	0.4	(4.3)	(0.1)
Nickel (US\$ / t)	19,050	0.1	37.1	32.6
Tin (US\$ / t)	22,225	(1.4)	(0.6)	13.9



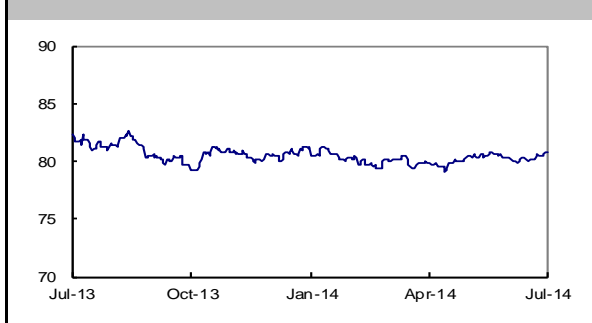
		QTD%	YTD%	YoY%
Crude Oil (US\$ / bbl)	103.08	(2.2)	4.7	(2.2)
Natural Gas (US\$ / M Mbtu)	3.75	(15.8)	(11.3)	1.5



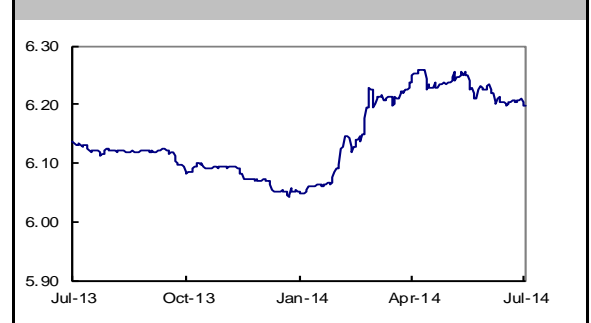
		QTD%	YTD%	YoY%
Coal				
Chi Coke (Rmb / t)	110	0.0	(24.5)	(15.9)
Chi Steam (US\$ / t)	96.17	(2.1)	(16.2)	(12.7)
Aust Steam (US\$ / t)	68.15	(3.1)	(19.4)	(11.2)



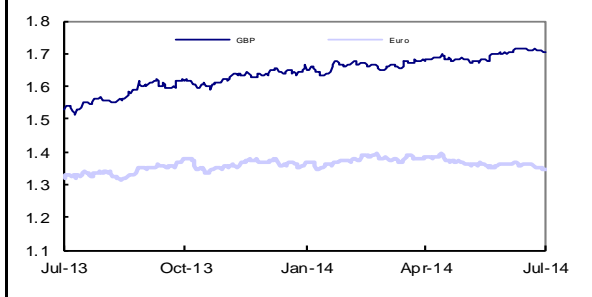
		QTD%	YTD%	YoY%
US\$ Index	80.814	1.3	1.0	(1.8)



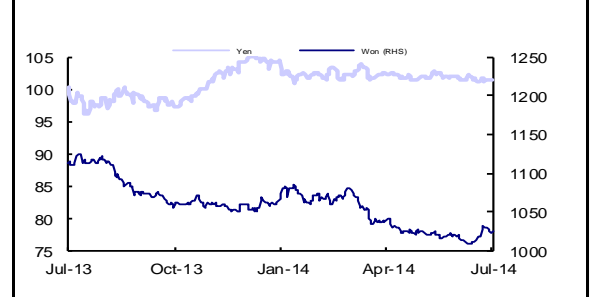
		QTD%	YTD%	YoY%
RMB	6.199	0.1	(2.3)	(1.0)



		QTD%	YTD%	YoY%
Euro	1.346	(1.7)	(2.1)	2.0
Pound	1.704	(0.4)	2.9	11.2



		QTD%	YTD%	YoY%
Yen	101.54	(0.2)	3.7	(1.3)
Won	1025.24	(1.3)	2.4	8.5



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		24-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
Industrial Production	MoM		15-Aug-14
CPI	MoM		19-Aug-14
Housing Starts / Building Permits	MoM		19-Aug-14
Existing Home Sales	MoM		21-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
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
Unemployment Rate	MoM		18-Aug-14
Composite Interest Rate	MoM		19-Aug-14
CPI	MoM		21-Aug-14
Industrial Production	QoQ		12-Sep-14
Producer Prices Index	QoQ		12-Sep-14

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