

What's Hot Today:

- ▶ **Xinyi Glass (868 HK) and Xinyi Solar (968 HK) – Post-results roadshow takeaway**
- ▶ **IH Retail (1373 HK) – FY3/14 result highlight**
- ▶ **Future bright (703 HK) – Secured Zhuhai food plaza plot**

Corporate News Commentary / Reports Summary

- ▶ **Xinyi Glass (868 HK) and Xinyi Solar (968 HK) – Post-results roadshow takeaway - More consolidation in float glass** – The management's view is that GPM for float glass will remain under pressure in 2H14 and could still go lower. However, it is estimated that over 70% of **Xinyi Glass's (868 HK - HK\$4.76 – BUY – TP=HK\$6.83)** competitors are selling at gross loss, which could speed up the industry consolidation. In fact, about 6,500 tons of capacity has been shut down in 2014 compared to only 3,500 tons of new capacity. The company expects some 10-15% of the existing capacity may go out of business at the end of this round of consolidation. In terms of demand, a slight pick-up is possible before the winter but the management expects it would only be enough to clear the inventory pile-up instead of driving up the ASP. The company remains cautiously optimistic on the outlook of float glass, viewing this wave of consolidation as an opportunity to gain market share and quickly ramp-up utilization at its new plants. Furthermore, its Deyang plant will commence production in 2H14 as scheduled given that Sichuan is a new market to Xinyi.

Construction glass may rebound in 1H15 – Although China is loosening the HPR in various cities, the demand on construction glass may not be reflected until 1H15 given the time lag between selling existing units to raise cash flow for new projects. We are optimistic on this segment as we believe there will be a wave of 'completed works' recognition contributing to Xinyi's revenue for the next 12 months.

Automobile glass performs steadily – The GPM drop in automobile glass is largely due to rising production of float glass, particularly the hike in natural gas price since July 2013. Products' ASP are generally steady due to Xinyi's strong bargaining power. The management believes that further hike in natural gas price near term seem unlikely given the sluggish Chinese economy. On another note, a strong demand for replacement glass in North America drove up its sales to the region by 18.2% in 1H14 and we believe this trend will continue in the short-run.

Solar glass expansion – Trial-run of **Xinyi Solar's (968 HK – HK\$2.29)** fourth "Ultra-clear PV" glass line in Wuhu has just begun. A fifth line is scheduled to commence production in 4Q 2014. The two plants will each add 900 daily melting tons/day, or a total of 1,800 tons/day; which we believe will enhance XYX's ability to capture increasing demand for PV glasses in Japan and North America.

Solar farms presents growth opportunity – Xinyi Solar expects an aggregate of 280MW solar farms to start power generation within 2014. The 150MW in Luan City, Anhui is expected to commence in late August 2014 whereas the 100MW in Wuhu City, Anhui and the 30MW in Nanping City, Fujian are set to commence in 4Q 2014. Using a conversion ratio of 1.15, the aforementioned 280MW is able to generate 3,220MWh of electricity per year, translating into about RMB322m of revenue in 2015. Xinyi Solar is also planning to build additional 450MW of solar farm in Central and Eastern China. Assuming constant efficiency of energy conversion, we project roughly RMB75m/RMB322m revenue for the solar farm business in 2014/2015. (Phelix Lee)

China & HK Indices	CLOSE	1D	YTD
HSI	24,141	0.7%	3.6%
HSCEI	10,939	1.1%	1.1%
HSCCI	4,662	0.7%	2.4%
CSI300	2,237	1.8%	-4.0%
Shanghai A	2,204	1.3%	-9.8%
Shanghai B	228	0.7%	-9.8%
Shenzhen A	1,149	-0.2%	4.1%
Shenzhen B	902	1.1%	4.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	17,083	-0.0%	3.1%
S&P 500	1,987	0.0%	7.6%
Nasdaq	4,472	-0.0%	7.1%
Nikkei Index	15,361	0.5%	-5.7%
FTSE Index	6,821	0.3%	1.1%
CAC Index	4,410	0.8%	2.7%
DAX Index	9,794	0.4%	2.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	1,293	-0.8%	7.6%
STEEL (US\$/oz.)	1,362	0.0%	-1.3%
SILVER (US\$/oz.)	20	-2.6%	4.5%
CRUDE OIL (US\$/bbl)	102	13.6%	3.7%
COPPER (US\$/oz.)	7,169	1.8%	-2.6%
ALUMINUM (US\$/oz.)	2,026	-0.8%	12.5%
PLATINUM (US\$/oz)	1,469	-0.9%	7.3%
ZINC (US\$/oz.)	2,388	1.1%	16.2%
WHEAT (US\$/bu)	528	-0.4%	-12.1%
CORN (US\$/bu)	369	-0.3%	-17.9%
SUGAR (US\$/lb)	N/A	N/A	0.2%
SOYBEAN (US\$/bu)	1,084	0.8%	-4.2%
PVC (US\$/t.)	N/A	N/A	2.1%
CRB	298	0.3%	3.0%
BDI	732	1.2%	-67.9%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.750	0.743	101.820	0.903	6.194
HKD	0.129		0.096	13.137	11.646	0.799
EUR	1.346	10.435		137.080	0.823	8.343
JPY	0.010	7.612	0.730		0.887	0.061
CHF	1.108	8.587	0.823	112.808		6.864
RMB	0.161	1.251	0.120	16.436	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	-18.6%
Source: Bloomberg		

Latest Research Reports		
Date	Company	Analyst
24-Jul	Xinyi Glass (868)	Phelix Lee
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

Kingsway Events		
Date	Company	Event
14-Apr	China Singyes (750)	Roadshow
16-Apr	China Suntien Green (956)	Company Visit
23-Apr	SAS Dragon (1184)	Company Visit
24-Apr	XMFI (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
24-Jul	Xinyi Glass (868) / Xinyi Solar (968)	Roadshow

Corporate News Commentary / Reports Summary

- ▶ **IH Retail (1373 HK – HK\$3.18 - Not rated) – FY3/14 result highlight** - The company reported an 8% core profit growth to HKD114m in FY3/14 on the back of a 17% revenue growth to HKD1.7bn. On a HoH basis, 2HFY3/14 experienced significant slowdown with core profit staying flat vs. 23% growth in 1H14 while revenue growth slowed to 13% vs. 21% in 1H. The slowdown was mainly attributable to Hong Kong's 10% revenue growth in 2H vs. 14% in 1H whereas Singapore registered a 27% revenue growth in 2H vs. 51% in 1H.

On a positive note, core net margin has increased to 7.2% in 2H vs. 5.7% in 1H, indicating good cost control.

We will host a small group meeting with the management at 10am. (Steve Chow)

- ▶ **Future bright (703 HK – HK\$3.82 - BUY – TP=HK\$4.50) – Secured Zhuhai food plaza plot** - The company has successfully bid a land in Zhuhai Hengqin with GFA of about 50K sqm for RMB209m. In our view, this price is within expectation and the winning bid is well expected by the market.

To recall, the company plans to build a food plaza to house up to 50 restaurants and food souvenir shops as well as an exhibition hall and car parks. The project is expected to take 3-4 years to complete. According to the management, it intends to self-operate the food plaza by leveraging its diversified brand portfolio with various food styles and pricing, instead of renting the space to third party operators.

Total investment will be about RMB900m, which would be financed by internal resources and construction loans. The company had cash holding of about HKD426m as at end-2013 and conducted a HKD276m share placement in March 2014. (Steve Chow)

China Market News

- ▶ China market resumed its positive tone and led by property and banking stocks amid hopes of an ease in tightening policies including mortgage rules to boost housing demand; and also after the strong preliminary HSBC manufacturing PMI pointed to robust economic recovery in China.
- ▶ Property stocks remained in favour amid hopes of more supportive measures.
- ▶ Banking stocks joined the ride as the economy recovers and a widely anticipated financial crisis fails to materialize.

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		24,141.50	0.7				11.3	11.2	10.3	3.8%	2.6	5.6	8.6	
HANG SENG CHINA ENT INDX	HSCEI		10,939.57	1.1				8.0	7.6	7.0	4.5%	4.5	7.5	11.6	
CSI 300 INDEX	ISZ300		2,237.02	1.8				10.2	9.0	7.8	3.4%	3.7	4.9	3.2	
BELLE INTERNATIO	1880 HK	76,161	9.03	1.3	HOLD	8.10	(10.3)	13.6	13.4	12.9	2.2%	2.5	7.0	7.9	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%	0.0	1.5	(1.4)	24-Mar-14
CHINA LILANG LTD	1234 HK	6,187	5.15	2.0	HOLD	6.10	18.4	9.6	9.2	8.5	7.6%	(0.4)	3.6	(5.4)	13-Mar-14
CHINA SINGYES SOLAR	750 HK	7,860	11.32	(2.7)	BUY	16.20	43.1	12.1	9.0	7.3	0.3%	(1.0)	(9.4)	(6.4)	31-Mar-14
CHINA STATE CONS	3311 HK	54,805	14.08	2.2	BUY	12.60	(10.5)	19.8	15.5	12.3	1.7%	3.5	3.8	4.3	12-Apr-13
CHOW SANG SANG	116 HK	13,809	20.40	(0.5)	BUY	25.40	24.5	11.3	10.8	9.3	3.4%	0.5	6.4	9.1	2-Jan-14
CHOW TAI FOOK	1929 HK	111,600	11.16	(0.7)	BUY	13.00	16.5	15.4	14.6	12.6	3.7%	(0.7)	(3.0)	3.0	18-Jun-14
CHU KONG PETROLE	1938 HK	2,680	2.65	0.4	HOLD	2.30	(13.2)	51.9	23.3	11.1	3.8%	(0.4)	0.4	2.7	31-Mar-14
DAPHNE INTERNATI	210 HK	5,046	3.06	1.3	HOLD	2.90	(5.2)	15.3	12.9	10.9	7.5%	(1.0)	10.5	(3.2)	14-Apr-14
FUTURE BRIGHT	703 HK	2,652	3.82	1.9	BUY	4.50	17.8	9.2	14.8	11.6	1.4%	3.2	3.5	(0.8)	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%	2.4	4.8	(1.5)	27-Mar-14
DORSETT HOSPITALITY INTL	2266 HK	2,958	1.41	2.17	BUY	1.61	14.2	7.5	11.3	8.8	N/A**	2.2	3.7	1.4	26-Jun-14
GCL POLY ENERGY	3800 HK	40,883	2.64	1.9	HOLD	3.60	36.4	N/A**	N/A**	12.9	N/A**	3.9	6.0	2.7	14-Mar-14
LUK FOOK HLDGS	590 HK	14,109	23.95	1.1	BUY	30.50	27.3	7.6	8.6	7.7	4.8%	1.9	7.9	8.9	26-Jun-14
MAN WAH HOLDINGS	1999 HK	11,163	11.72	(1.2)	BUY	14.80	26.3	10.9	10.7	9.4	2.1%	(7.1)	(4.7)	(7.7)	21-May-14
NEWOCEAN ENERGY	342 HK	7,862	5.30	(2.2)	BUY	10.60	100.0	9.6	8.4	6.7	1.1%	(10.3)	(7.5)	(4.0)	14-Mar-14
SUNNNY OPTICAL	2382 HK	12,001	10.94	(0.5)	BUY	12.53	14.5	19.8	15.7	12.7	N/A**	2.2	6.6	17.6	25-Jun-14
TIANNENG POWER	819 HK	3,280	2.95	(0.3)	BUY	4.00	35.6	19.3	7.4	4.7	N/A**	0.3	0.3	4.2	18-Mar-14
TONGDA GROUP HLD	698 HK	6,230	1.14	1.8	BUY	1.61	41.2	15.3	12.5	9.9	N/A**	(3.4)	9.6	14.0	22-Jul-14
TRINITY LTD	891 HK	3,414	1.97	(0.5)	SELL	1.20	(39.1)	11.1	13.2	11.5	N/A**	(1.5)	18.0	(3.0)	15-Jul-14
XINYI GLASS HOLD	868 HK	18,667	4.76	(7.0)	BUY	6.83	43.5	6.1	11.8	7.8	5.5%	(3.1)	4.6	(23.0)	24-Jul-14
YGM TRADING	375 HK	2,869	17.30	0.1	HOLD	16.00	(7.5)	13.1	N/A**	N/A**	N/A**	0.0	4.0	2.6	8-Jul-14
Zhongyu Gas	3633 HK	5,959	2.36	(1.7)	BUY	2.90	22.9	24.5	18.2	16.9	N/A**	(2.9)	(2.1)	13.5	14-Mar-14

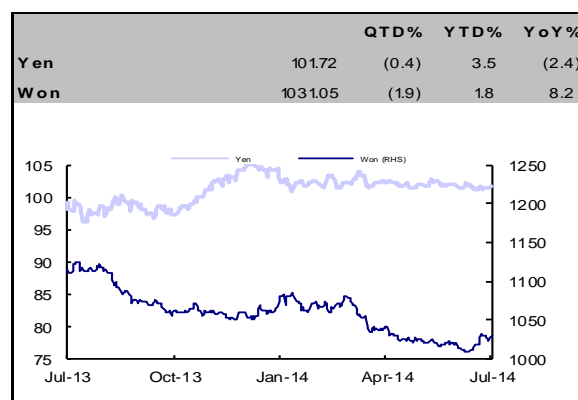
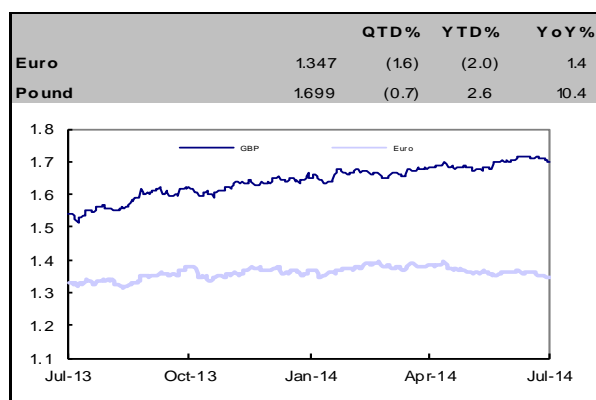
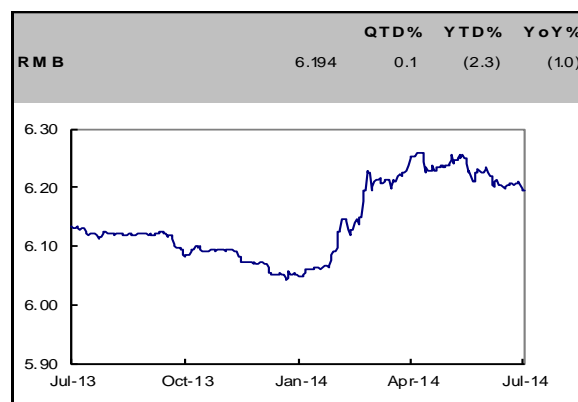
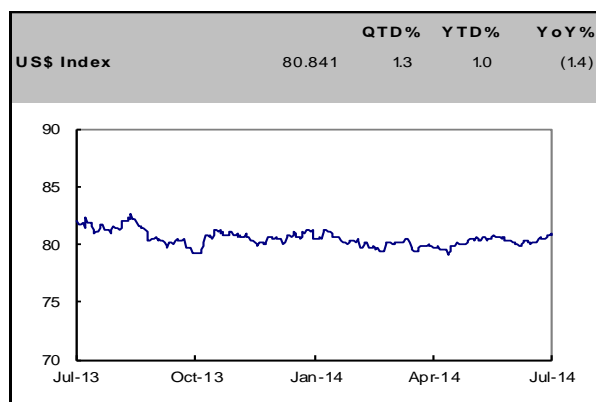
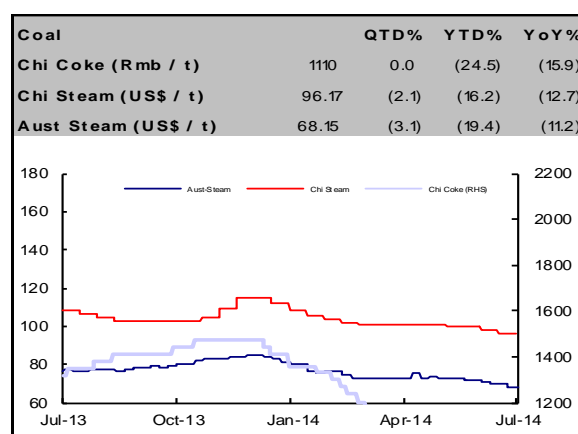
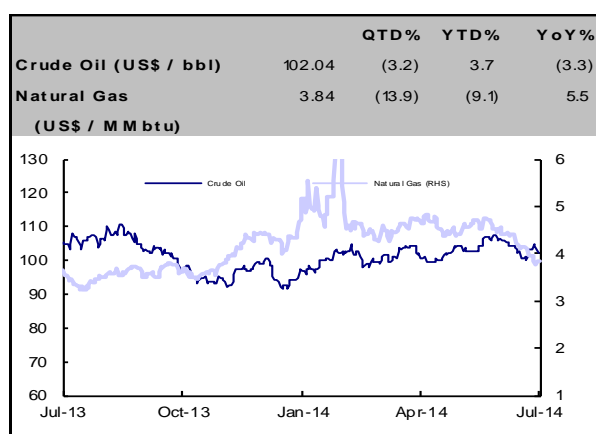
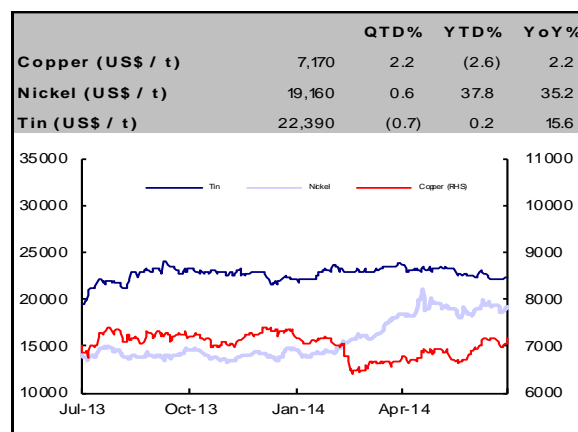
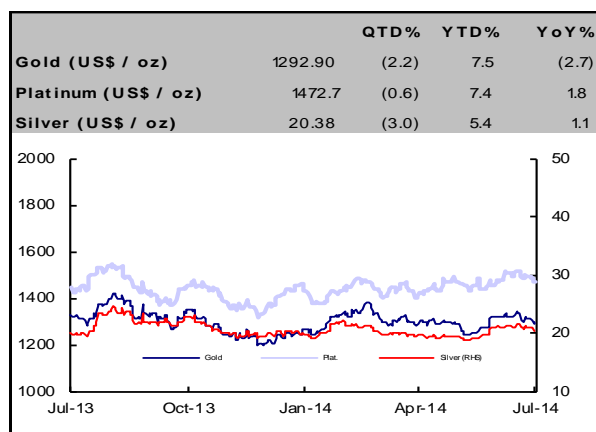
* Calculated by Sunwah Kingsway Research.
** PER is not available, due to :
(1) the company went public only recently, or
(2) no consensus earnings estimate, or
(3) net loss, etc.

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	50%	1M%	3M%	date
BOLINA	1190 HK	2,845	2.81	0.4	3.23	-13.00		10.5	10.4	8.6	24.9%	1.1	(3.4)	0.0	10-Jun-13
FREETECH	6888 HK	2,072	1.92	(1.5)	3.40	-43.53		N/A**	6.0	N/A**	2.7%	(3.5)	(19.0)	(10.7)	15-Jul-13
SINOMEDIA	623 HK	3,358	5.94	(1.7)	6.67	-10.94		7.2	6.6	5.8	0.9%	(7.8)	4.2	(5.7)	25-Jul-13
PERFECT SHAPE	1830 HK	2082.88	1.840	0.55	0.77	138.96		22.2	N/A**	N/A**	38.0%	3.4	(14.0)	(3.2)	13-Sep-13
KA SHUI	822 HK	992	1.11	1.8	2.87	-61.32		16.3	N/A**	N/A**	4.7%	0.0	2.8	(24.0)	23-Sep-13
YESTAR	2393 HK	2,722	5.83	4.3	1.75	233.14		N/A**	N/A**	N/A**	12.0%	6.6	41.8	N/A**	04-Nov-13
TRADELINK	536 HK	1,600	2.020	2.02	1.88	7.45		19.3	N/A**	N/A**	34.7%	0.0	6.9	(1.9)	12-Nov-13
UNITED PV	686 HK	4,375	1.01	2.0	1.90	-46.84		N/A**	N/A**	30.6	69.3%	0.0	26.3	48.5	15-Nov-13
VICTORY CITY	538 HK	1,801	1.03	2.0	1.11	-7.21		N/A**	N/A**	N/A**	68.0%	0.0	(1.9)	(8.8)	17-Jan-14
CT ENVIRONMENTAL	1363 HK	7,753	5.61	(0.7)	5.20	7.88		N/A**	22.5	17.1	0.9%	(0.5)	(3.4)	22.0	14-Feb-14
RM GROUP	8185 HK	865	1.68	(1.2)	1.85	-9.19		N/A**	21.0	19.2	11.9%	(1.2)	1.2	(11.6)	11-Mar-14
MAN YUE	894 HK	911	1.900	3.83	2.67	-28.84		14.9	N/A**	N/A**	36.8%	(9.1)	(31.2)	(19.8)	19-Mar-14
INTERNATIONAL HOUSEWARES RETAIL	1373 HK	2,300	3.18	1.6	3.94	-19.29		N/A**	14.3	11.0	12.3%	1.9	3.6	(17.4)	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
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
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
Trade Balance	MoM		25-Aug-14
Industrial Production	QoQ		12-Sep-14
Producer Prices Index	QoQ		12-Sep-14

Kingsway Research Team			
Analyst	Sector Coverage	Email	Phone No.
Howard Wong	Oil and Gas Equipments and Services	howard.wong@sunwahkingsway.com	(852) 2283 7350
Jerry Fan	Environmental Protection	jerry.fan@sunwahkingsway.com	(852) 2283 7307
Marco Chan	Clean Energy	marco.chan@sunwahkingsway.com	(852) 2283 7609
Phelix Lee	Industrials	Phelix.lee@sunwahkingsway.com	(852) 2283 7618
Steve Chow	Consumers	steve.chow@sunwahkingsway.com	(852) 2283 7306
Xianlong Zhu	Construction Materials	zhu.xianlong@sunwahkingsway.cn	(86) 755 3336 7129

Disclaimer

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in some jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any resident thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without prior written consent of Kingsway Financial Services Group Limited ("KFS") and its affiliated companies (collectively, "Kingsway Group").

This report is distributed in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong ("SFC") and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Additional information is available upon request.

Copyright 2014 Kingsway Group. All rights reserved.

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