

## What's Hot Today:

- ▶ **China Singyes Solar (750 HK) beneficiary of lowering product price**
- ▶ **Sunny Optical (2382 HK) to benefit from Nokia's relocation**
- ▶ **AV Concept (595 HK) disposes Accupix shares**
- ▶ **Future Bright (703 HK) positive profit alert – Continue to ride on Macau's tourism**
- ▶ **BMW group continued strong growth in China in Jan 2012**
- ▶ **KWG (1813 HK) and Greentown (3900 HK) January sales drops YoY due to early CNY**

## Corporate News Commentary / Reports Summary

- ▶ We resume coverage on **China Singyes Solar (750 HK – HK\$4.38 – BUY – TP=HK\$5.10)** as we expect the company to enjoy a rapidly growing market for its BIPV ("Building-integrated Photovoltaic") business. As a downstream system integrator, Singyes Solar is benefiting the most from the lowering system cost. The Chinese government has announced a RMB7 per watt subsidy for the Golden Sun project in 2012. It is estimated that the subsidy can cover around half of the current total system cost of about RMB15 per watt. The reduction of the subsidy rate reflects the free-fall in solar panel price, which helps stimulate the use of solar products. We foresee the company to generate sales of RMB2,459m (+12% YoY) with net profit of RMB310m in 2012 (+12.6% YoY). Our TP of HK\$5.10 implies a 2012 PE of 7.6x and 2013 PE of 7.0x. (Johnny Lau)
- ▶ We anticipate **Sunny Optical (2382 HK – HK\$2.13 – BUY – TP=HK\$2.65)** will benefit from Nokia's relocation of its assembly lines to Asia, as closer proximity of supplier and customer can strengthen logistics and production planning. Nokia plans to transfer its smartphone assembly operation to Asia, where the majority of component suppliers are based. In 2011, Nokia's net sales of smart devices and mobile phones decreased 27% YoY and 13% YoY, respectively, whereas shipment volume smart devices and mobile phones decreased 25% YoY to 77m units and 3% to 340m units, respectively. Smart devices ASP dropped 3% YoY to EUR140 and mobile phone ASP dropped 10% YoY to EUR35. (Johnny Lau)
- ▶ **AV Concept (595 HK – HK\$0.75)** said it has disposed 888,853 shares of Accupix at a consideration of HK\$23.4m in open market. AV Concept's shareholding in Accupix reduced from 24.26% to 19.57%. The proceeds are intended for general working capital. An accounting loss of around HK\$10.1 will be recorded. Accupix earned net profit of HK\$39m in 2010. (Johnny Lau)
- ▶ **Future Bright Holdings (703 HK – HK\$0.47 – Not Rated)** issued a positive profit alert seeing a significant increase in FY11 profit mainly attributable to the group's expanded F&B business and property investment in Macau. FB is a leading restaurant chain in Macau with over 30 outlets. Unlike casinos, FB's business is highly leveraged to the number of visitors instead of gaming revenue. During 2011, there were a total of 28m visitors entering Macau of which 58% were Chinese nationals. The growth rate of Chinese visitors to Macau surged 22.2% in 2011, compared to 20.4% in 2010. During the same period, Macau's gaming income grew only 19.1% YoY in 2011, compared to a much higher 25.5% growth a year ago. Moreover, as of 3Q11, Chinese visitors' non-shopping spending per capita amounted to MOP793, an increase of 9% YoY. In 1H11, the company's net profit already surged 144% to HK\$32m, we believe the strong trend can be carried forward into 2H11. A rough calculation indicates that the ticker is currently trading at low single digit PE. It is attractive given company's diversified restaurant mix, board selection of cuisines and price range. (Foo Leung)
- ▶ BMW group announced dynamic growth continued in China, with a total of 26,505 BMW vehicles sold in Jan, an increase of 30.5% YoY from 20,308. A positive news for the luxury segment, manufacturer **Brilliance (1114 HK – HK\$8.82)** and dealer groups, **Zhengtong (1728HK – HK\$8.37 – Not Rated)** and **Baoxin (1293 HK – HK\$8.4)**, will directly benefit. (Foo Leung)
- ▶ **KWG's (1813 HK – HK\$3.63)** January presales were RMB405m, down 69% YoY with 25,000 sqm sold at an ASP RMB16,200 per sqm. About 70% of the presales were from Guangzhou, Suzhou and Shanghai. **Greentown's (3900 HK – HK\$4)** contracted sales were RMB1,600m, down 69% YoY with 60,000 sqm sold at RMB26,667 per sqm. Sales have been dropping YoY for most developers in January, attributable to the early CNY this year. **SOHO China (410 HK – HK\$5.4)** announced its 2012 sales target of RMB23b, double of the contracted sales of RMB10.9b in 2011. We remain cautious regarding the company's sales generation capacity in the medium term as SOHO China had achieved only 61% of the sales target in 2011. (Albert Tam)

China & HK Indices	CLOSE	1D	YTD
HSI	21,018	1.5%	14.0%
HSCEI	11,706	1.8%	17.8%
HSCCI	4,082	2.5%	10.9%
CS300	2,528	2.9%	7.8%
Shanghai A	2,459	2.4%	5.7%
Shanghai B	227	1.6%	5.7%
Shenzhen A	935	2.8%	3.1%
Shenzhen B	594	1.6%	4.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	12,884	0.0%	5.5%
S&P 500	1,350	0.2%	7.3%
Nasdaq	2,916	0.4%	11.9%
NIKKEI Index	9,016	1.1%	6.6%
FTSE Index	5,876	-0.2%	5.4%
CAC Index	3,410	-0.0%	7.9%
DAX Index	6,749	-0.1%	14.4%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	1,733	-0.7%	10.6%
STEEL (US\$/oz.)	1,605	-0.4%	20.9%
SILVER (US\$/oz.)	34	-0.5%	21.8%
CRUDE OIL (US\$/bbl)	99	0.3%	0.1%
COPPER (US\$/oz.)	8,580	0.9%	12.9%
ALUMINIUM (US\$/oz.)	2,254	1.4%	11.6%
PLATINUM (US\$/oz.)	1,664	0.8%	18.3%
ZINC (US\$/oz.)	2,115	-0.7%	14.6%
WHEAT (US\$/bu)	661	-0.2%	1.0%
CORN (US\$/bu)	643	0.0%	-0.7%
SUGAR (US\$/lb)	16	1.1%	-1.9%
SOYBEAN (US\$/bu)	1,232	-0.0%	1.9%
PVC (US\$/t)	6,705	0.0%	2.6%
CRB	315	0.2%	3.1%
BDI	676	4.3%	-61.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.753	0.754	77.040	0.912	6.294
HKD	0.129		0.097	9.936	11.768	0.813
EUR	1.326	10.282		102.160	0.827	8.359
JPY	0.013	10.065	0.979		1.184	0.082
CHF	1.096	8.498	0.827	84.438		6.904
RMB	0.159	1.232	0.120	12.240	0.145	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR5Y		
Greece	6,645	5.3%
Ireland	558	-4.7%
Italy	370	-6.1%
Portugal	1,197	-9.4%
Spain	352	-0.7%
VIX	18	-2.1%

Source: Bloomberg

Latest Research Reports		
Date	Company	Analyst
8-Feb	China Singyes Solar Technologies (750)	Johnny Lau
6-Feb	Consumer Sector Report	Steve Chow
1-Feb	Trauson Holdings (325)	Eva Chun
31-Jan	Consumer Sector Report	Steve Chow/Helen Fung
20-Jan	Luk Fook (590)	Steve Chow
12-Jan	Xinyi Glass (868)	Johnny Lau
3-Jan	Luk Fook (590)	Steve Chow
3-Jan	Chow Sang Sang (116)	Steve Chow
21-Dec	Comtec Solar (712)	Johnny Lau

Kingsway Events		
Date	Company	Event
6-Feb	Trauson Holdings (325)	Roadshow
7-Feb	Shuanghua (1241)	Company Visit
8-Feb	Regal Hotels (78)	Company Visit

## China Market News

- ▶ China market showed a great move as bargain hunting emerged in anticipation of policy loosening after the government pledged to support first-time homebuyers, and also on speculation the inflation for January release tomorrow will show a slowdown.
- ▶ Property stocks were all up in active trade on renewed hopes of government support after PBOC called on banks to fast track borrowing demand from buyers of first homes. Building material-related stocks also got a lift.
- ▶ Oil refiners rose after the government raised domestic fuel tariffs for the 1st time in 10 months. Zhengzhou Coal Mining Machinery (601717) -1.59% to despite strong FY11 earnings as investors lock in profits from recent gain.

**Kingsway coverage list**

8-Feb-12													Latest report date	
Name	Ticker	1D(%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend yield	Absolute performance				
						Hist	FY1	FY2	FY2	5D%	1M%	3M%		
HANG SENG INDEX	HSI	1.5				9.4	10.6	9.5	4.1%	3.4	11.4	5.0		
HANG SENG CHINA ENT	HSCEI	1.8				9.8	8.7	7.7	4.0%	4.0	14.5	7.2		
CSI 300 INDEX	SHSZ300	2.9				12.7	10.1	8.4	2.7%	4.1	6.7	(8.1)		
AV CONCEPT HLDG	595	HK	10.3	HOLD	0.79	5.3	4.7	5.1	2.9	0.0%	13.6	19.0	(16.7)	23-Nov-11
BAOFENG MODERN	1121	HK	0.8	BUY	1.90	45.0	7.1	6.6	4.8	6.1%	4.8	14.9	13.9	31-Jan-12
BOSIDENG INTL	3998	HK	2.2	HOLD	UR	UR	13.4	12.6	11.3	6.8%	5.5	(6.1)	(2.6)	27-Jan-11
CHEN HSONG HLDGS	57	HK	1.9	HOLD	2.96	12.5	6.4	11.1	10.5	4.7%	8.2	9.1	(17.8)	29-Nov-11
CHINA SHINWAY	2877	HK	1.4	BUY	15.3	14.0	11.0	10.8	9.7	3.9%	19.0	18.1	29.0	09-Nov-11
CHINA SINGYES SO	750	HK	8.1	BUY	5.1	16.4	8.4	7.3	6.4	2.1%	20.0	33.1	6.6	08-Feb-12
CHINA STATE CONS	3311	HK	1.7	HOLD	UR	UR	31.1	21.3	16.2	2.0%	7.7	21.3	3.8	11-Mar-11
CHOW SANG SANG	116	HK	4.4	BUY	24.60	28.9	11.9	10.0	7.7	5.2%	5.5	9.9	(23.2)	31-Jan-12
CHU KONG PETROLE	1938	HK	1.3	BUY	4.57	89.6	27.9	6.6	5.4	4.4%	3.0	2.1	13.1	01-Aug-11
COMTEC SOLAR	712	HK	6.2	HOLD	1.29	(25.0)	8.2	17.2	18.9	0.4%	19.4	63.8	22.0	21-Dec-11
GCL POLY ENERGY	3800	HK	4.4	UR	UR	UR	19.4	32.8	23.6	0.4%	16.0	47.4	28.5	20-Nov-09
KING STONE ENERG	663	HK	5.2	BUY	0.338	(58.3)	N/A	47.6	32.4	0.0%	17.4	12.5	2.5	28-Mar-11
LIJUN INTL PHARM	2005	HK	1.9	HOLD	2.69	156.2	N/A	9.1	7.1	5.0%	9.4	12.9	5.0	26-Aug-11
LUK FOOK HLDGS I	590	HK	3.8	BUY	34.60	21.6	16.6	11.8	10.7	4.1%	2.2	1.2	(21.6)	31-Jan-12
MODERN EDUCATION	1082	HK	(0.9)	BUY	1.63	44.2	11.3	22.2	9.7	0.0%	0.0	2.7	(2.6)	19-Oct-11
MOISELLE INTERN	130	HK	(0.5)	BUY	2.88	41.2	7.8	4.1	5.8	10.3%	(1.0)	(1.9)	(0.1)	01-Dec-11
NEWOCEAN ENERGY	342	HK	0.7	BUY	2.57	71.3	13.4	9.4	6.6	1.0%	0.7	0.0	(2.0)	17-Nov-10
SUNNY OPTICAL	2382	HK	1.4	BUY	2.65	24.4	12.0	10.0	8.6	3.5%	15.8	15.1	23.1	09-Dec-11
TIANDE CHEMICAL	609	HK	3.4	BUY	2.40	96.7	3.2	2.8	2.4	11.1%	(2.4)	(6.2)	(9.6)	01-Apr-11
TIANNENG POWER	819	HK	4.2	BUY	5.98	52.2	10.7	6.6	5.7	5.6%	12.0	14.2	2.9	28-Oct-11
TONGDA GROUP HLD	698	HK	3.0	BUY	0.60	153.2	9.9	5.9	4.5	9.9%	6.8	10.2	1.7	10-Dec-10
VITASOY INTL HLD	345	HK	0.7	HOLD	5.87	(3.3)	23.9	21.6	21.8	4.6%	3.2	5.9	4.7	23-Nov-11
XINYI GLASS HOLD	868	HK	8.0	BUY	6.11	22.0	11.3	11.7	10.5	4.5%	11.3	13.3	2.9	12-Jan-12
XTEP INTERNATION	1368	HK	7.2	BUY	6.70	114.1	9.8	8.9	7.4	10.2%	23.7	29.3	16.4	09-Feb-11
YGM TRADING	375	HK	1.3	BUY	28.00	43.1	9.3	7.9	6.6	8.9%	(0.4)	(5.5)	0.9	31-Jan-12

\* Calculated by Kingsway Research.

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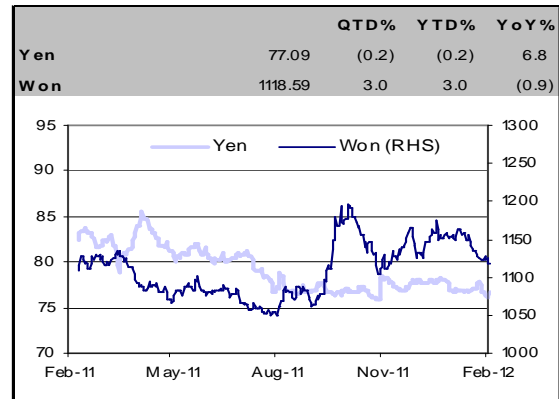
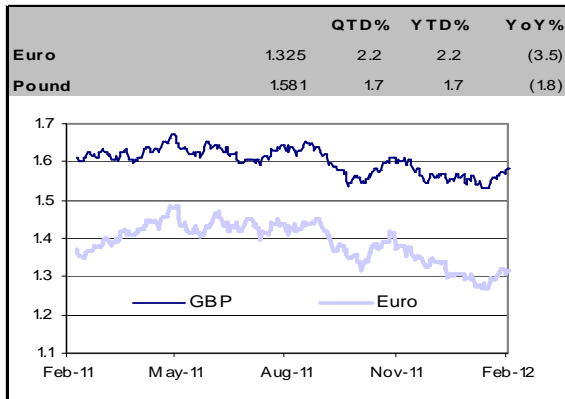
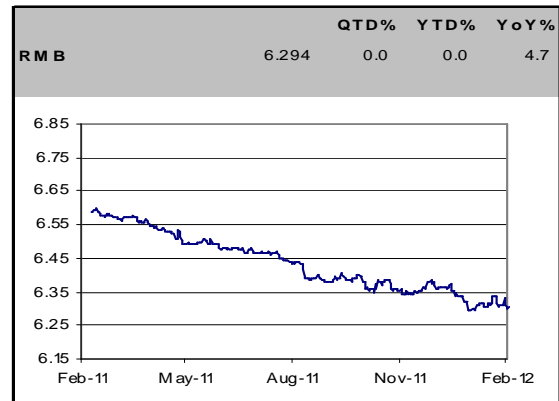
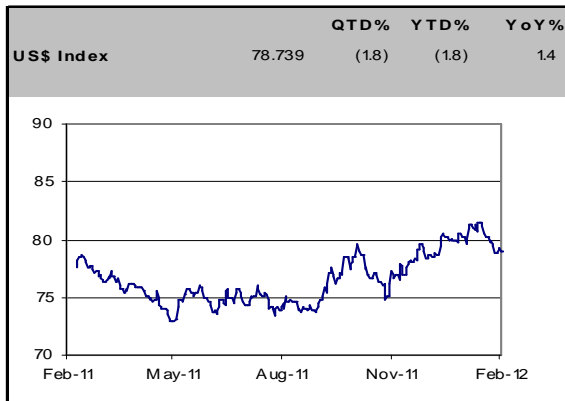
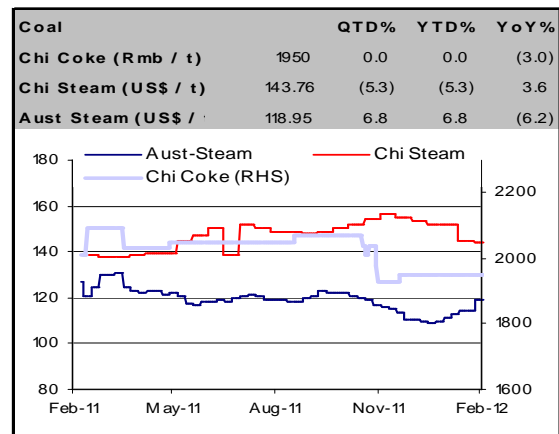
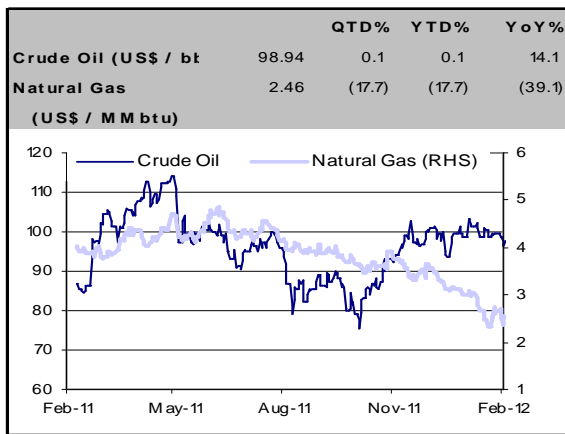
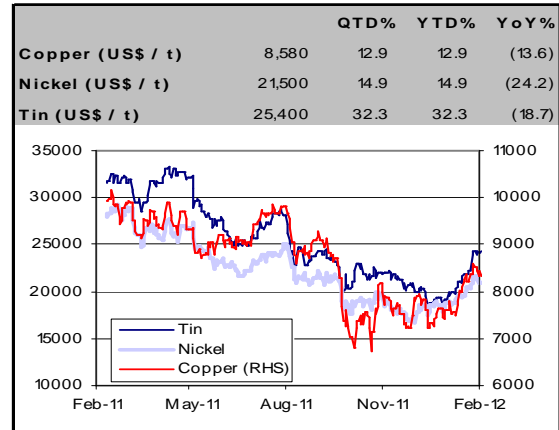
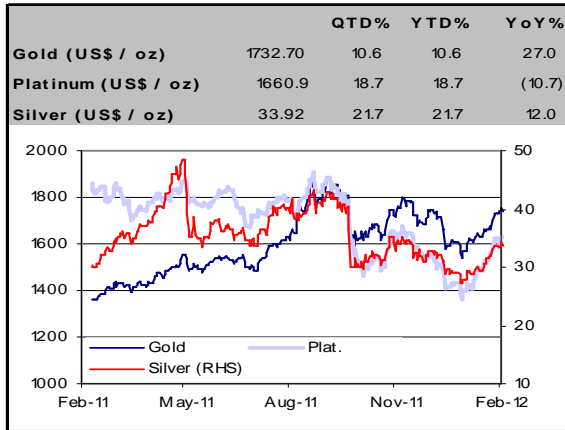
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**Sector Coverage**

*Real Estates*  
*Pharmaceutical, Real Estates*  
*Automobiles, Industrials*  
*Hong Kong Retail*  
*Oil and Gas Equipments and Services*  
*Industrials, Renewable Energy*  
*Chemicals, Consumers*  
*Household Durables, Construction Materials*

**Market Watch – Major Commodities and Currencies**



Source: Bloomberg

**US Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW	Feb-12	9-Feb-12
Wholesale Inventories	MoM	Dec-11	9-Feb-12
Trade Balance	MoM	Dec-11	10-Feb-12
Business Inventories	MoM	Dec-11	14-Feb-12
Retail Sales	MoM	Jan-12	14-Feb-12
Industrial Production	MoM	Jan-12	15-Feb-12
Housing Starts / Building Permits	MoM	Jan-12	16-Feb-12
PPI	MoM	Jan-12	16-Feb-12
CPI	MoM	Jan-12	17-Feb-12
Existing Home Sales	MoM	Jan-12	22-Feb-12
New home Sales	MoM	31-Jan	24-Feb-12
Consumer Confidence	MoM	Mar-12	28-Feb-12
Durable Goods Orders	MoM	Jan-12	28-Feb-12
GDP	QoQ	Apr-12	29-Feb-12
ISM Manufacturing PMI	MoM	Mar-12	1-Mar-12
Personal Income & Spending	MoM	Jan-12	1-Mar-12
Auto Sales	MoM	Mar-12	2-Mar-12
Factory Orders	MoM	Jan-12	5-Mar-12
Employment Report	MoM	Mar-12	9-Mar-12

**China Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
PPI	MoM	Mar-12	9-Feb-12
CPI	MoM	Mar-12	9-Feb-12
Trade Balance	MoM	Jan-12	10-Feb-12
Money Supply - M2	MoM	Mar-12	11-Feb-12
PMI Manufacturing	MoM	Mar-12	1-Mar-12
Retail Sales	MoM	Jan-12	9-Mar-12
Industrial Production	MoM	Jan-12	9-Mar-12
Foreign Exchange Reserves	QoQ	Apr-12	11-Apr-12
GDP	YoY	Apr-12	13-Apr-12

**Hong Kong Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Composite Interest Rate	MoM	Jan-12	17-Feb-12
CPI	MoM	May-12	20-Feb-12
Unemployment Rate	MoM	Apr-12	21-Feb-12
Trade Balance	MoM	Apr-14	23-Feb-12
Money Supply - M2	MoM	Jan-12	29-Feb-12
Retail Sales	MoM	Jan-12	1-Mar-12
PMI	MoM	Mar-09	5-Mar-12
Foreign Currency Reserve	MoM	Mar-12	7-Mar-12
Industrial Production	QoQ	Mar-12	13-Mar-12
Producer Prices Index	QoQ	Dec-11	13-Mar-12
GDP	QoQ	Apr-12	11-May-12



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