Morning Snapshot

SUNWAH KINGSWAY 新華滙富

Hong Kong & China Market Daily

15 June 2016

- **Xinyi Glass (868 HK) announces positive profit alert**
- **Xinyi Solar (968 HK) announces positive profit alert**
- **Pou Sheng (3813 HK) released May revenue figures**

Corporate News Commentary / Reports Summary

Xinyi Glass (868 HK HK$5.80 BUY TP=HK$6.50) announces positive profit alert XYG announced that its 1H16 net profit is expected to increase by 30-45% YoY from 1H15 HK$945m, i.e. HK$1.23b to HK$1.37b. The better-than-expected profit is due to earnings being ahead of consensus by circa HK$200m and surprisingly good float glass sales volumes. We estimate the implied increase in float glass sales volumes at 50% YoY to 2.3m metric tonnes. We maintain our revenue and earnings estimates unchanged until the conference call on Thursday. (Phelix Lee)

Xinyi Solar (968 HK HK$3.03 BUY TP=HK$4.30) announces positive profit alert XYS announced that its 1H16 net profit is expected to increase by 70-90% YoY from 1H15 HK$601m, i.e. HK$1.02b to HK$1.14b. The net profit growth is ahead of ours and consensus FY16 estimates of 39.4% and 46.5% respectively, chiefly due to 50% YoY growth in PV glass sales volume vs. ~5% in our forecasts. We have raised our full year earnings estimate temporarily to HK$2.1bn (vs old HK$1.74bn) till the conference call on Thursday. (Phelix Lee)

Pou Sheng (3813 HK HK$2.21) released May revenue figures Pou Sheng(PS), a subsidiary of **Yue Yuen (551 HK HK$29.15)**, is a leading sportswear distributor in China for international brands, including Nike, Adidas, Under Armour, Puma and Sketchers, etc,.

Monthly update PS recorded net revenue of US$214m (up 3.4% YoY, down 12.8% MoM) for May16, a slowdown from the 7.4% growth in Jan-Apr16. We believe that this is due to short term effects: 1) Unstable and rainy weather in May; 2) adverse impact of RMB (USD/CNY: 6.5459 in May16; 6.1644 in FY15), whereas revenue in May16 was actually up 9.8% YoY in RMB terms; and 3) high base as May-15 had the fastest growth monthly rate of 21.7% in FY15 excluding abnormal Chinese New Feburary.

Substantial growth for key existing international partners Being one of the key distributors for Nike and Adidas, PS is likely to benefit from their huge potential: Nike reported a 22.6% China revenue growth to US$982m in 3Q16 (Dec15 to Feb16) and Adidas also reported a 27.6% revenue growth to EUR762m in 1Q16. Meanwhile, sales order continued to grow by 34% in End Nov Q for Dec15-Apr16 delivery & 36% End Feb Q for Mar16-Jul16 delivery. Adidas is expecting a double digit growth in FY16 in China and plans to open 3,000 new stores (9,000 stores as of Dec15) over the next 5 years.

China & HK Indices	CLOSE	1D	YTD
HSI	20,387	-0.6%	-7.0%
HSCEI	8,583	-0.4%	-11.2%
HSCCI	3,519	-0.9%	-13.2%
CSI300	3,075	0.3%	-17.6%
Shanghai A	2,975	0.3%	-20.1%
Shanghai B	340	-0.0%	-20.1%
Shenzhen A	1,916	0.3%	-20.6%
Shenzhen B	1,068	-0.2%	-18.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	17,674	-0.3%	1.4%
S&P 500	2,075	-0.2%	1.5%
Nasdaq	4,843	-0.1%	-3.3%
NIKKEI Index	15,764	-0.6%	-17.2%
FTSE Index	5,923	-2.0%	-5.1%
CAC Index	4,130	-2.3%	-10.9%
DAX Index	9,519	-1.4%	-11.4%

Commodities		CLOSE	1D	YTD
GOLD	(US$/oz.)	1,285	0.1%	21.0%
STEEL	(US$/oz.)	718	-3.5%	29.8%
SILVER	(US$/oz.)	17	-0.3%	25.5%
CRUDE OIL	(US$/bbl)	48	-46.1%	29.1%
COPPER	(US$/oz.)	4,510	0.0%	-4.1%
ALUMINIUM	(US$/oz.)	1,610	2.4%	6.8%
PLATINUM	(US$/oz)	975	-1.5%	8.9%
ZINC	(US$/oz.)	2,019	-3.2%	25.5%
WHEAT	(US¢/bu)	485	-1.3%	3.0%
CORN	(US¢/bu)	441	1.4%	17.3%
SUGAR	(US¢/lb)	N/A	N/A	18.1%
SOYBEAN	(US¢/bu)	1,149	-0.8%	30.1%
PVC	(US$/t.)	N/A	N/A	15.4%
CRB		192	-0.4%	3.0%
BDI		608	-0.3%	27.2%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.760	0.892	106.110	0.963	6.597
HKD	0.129		0.115	13.674	12.413	0.850
EUR	1.121	8.697		118.920	0.926	7.390
JPY	0.009	7.314	0.841		0.908	0.062
CHF	1.038	8.056	0.926	110.153		6.847
RMB	0.152	1.176	0.135	16.070	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	20	45.9%

Source: Bloomberg

Latest Research Reports

Date	Company	Analyst
14-Jun	TCL Comm (2618 HK)	Phelix Lee
7-Jun	Xtep International (1368 HK)	Hugo Suen
30-May	Success Dragon (1182 HK)	Hanson Zheng
26-May	361 Degrees (1361 HK)	Hugo Suen
10-May	361 Degrees (1361 HK)	Hugo Suen
21-Apr	TCL Comm (2618 HK)	Phelix Lee
13-Apr	Ju Teng (3336 HK)	Phelix Lee
8-Apr	GCL - Poly Energy (3800 HK)	Hanson Zheng
5-Apr	Comtec Solar (712 HK)	Hanson Zheng

Kingsway Events

Date	Company	Event
9-May	Feiyu (1022 HK)	Company Visit
9-May	IGG (799 HK)	Company Visit
25-Apr	361 Degrees (1361 HK)	Company Visit
21-Apr	Xinyi Solar (968 HK)	Site Visit
14-Apr	Q-Tech (1478 HK)	Company Visit
22-Mar	Tongda Group (698 HK)	Roadshow
16-Mar	Xinyi Glass (868 HK) & Xinyi Solar (968HK)	Roadshow
3-Feb	Singyes Solar (750 HK)	Company Visit
18-Dec	Uni Medical (2666 HK)	Company Visit

Aggressive brand portfolio expansions PS is actively expanding its brand portfolio with some exclusive regional distribution rights. For instance, PS is the largest distributor of Sketchers in terms of number of stores, with a total of 300 stores currently, targeting to open an additional 200-300 in FY16.

Widening sales network PS had 7,836 stores at the end of 2015, and is targeting to have 600-800 new additions in FY16. The current self-owned store ratio is circa 63%. Most of the self-owned stores are located in 1st to 2nd tiers cities, while most of the stores are located in 4th tier cities or below to utilize their local network and prevent cannibalization.

We remain positive on PS in the mid to long-term with the above drivers. PS is currently trading at 15x FY16 earnings. Key risks: RMB depreciation, slower-than-expected sector growth, and slower-than-expected SSSG for Nike/Adidas in China. (Hugo Suen)

China Market News

- China market plunged the most in three months yesterday, suggesting a pessimistic sentiment over the outlook for the Chinese economy.
- Almost all industry sectors fell except for gold mining companies because the precious commodity is seen as being more resistant to investment risk.

Kingsway coverage list

Name	Ticker	Market Cap (HK$'m)	Price (HK$)	1D (%)	Rec.	TP (HK$)	Upside (%)	Hist	FY1	FY2	Dividend FY2	5D%	1M%	3M%	Latest report date
HANG SENG INDEX	HSI		20,387.53	(0.6)				10.1	11.1	10.0	4.1%	(3.1)	3.4	0.5	
HANG SENG CHINA ENT INDX	HSCEI		8,583.09	(0.4)				6.7	7.2	6.6	4.4%	(3.2)	3.4	(0.3)	
CSI 300 INDEX	ISZ300		3,075.98	0.3				13.4	12.6	11.2	2.4%	(3.6)	0.0	0.0	
BELLE INTL	1880 HK	35,592	4.22	0.5	HOLD	8.10	91.9	10.0	8.3	8.5	6.3%	(3.7)	(9.6)	(8.3)	28-Oct-15
BOSSINI	592 HK	753	0.46	(1.1)	BU34 T2J2 770.57.39 Tm[0)18(.)-29(3)]TJ5K										

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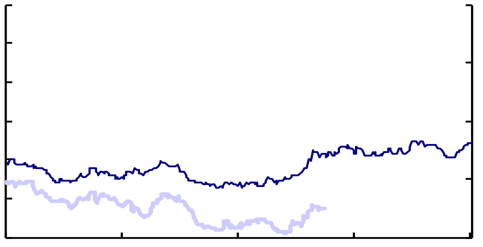
Radar Screen issued during past 12 months

Name	Ticker	Market Cap (HK$'m)	Price (HK$)	1D (%)	Price on report issue date (HK$)	Performance since report issued (%)	PER (X)* Hist	PER (X)* FY1	PER (X)* FY2	Dividend FY2	Absolute performance 5D%	Absolute performance 1M%	Absolute performance 3M%	Latest report date
UNI MEDICAL	2666 HK	9,148	5.33	(2.2)	5.65	-5.66	10.3	8.2	6.1	2.0%	(2.9)	(5.3)	(4.8)	8-Jan-16
CHINA TIANYI	756 HK	1,227	0.91	(2.2)	0.79	15.19	14.8	12.9	9.1	0.0%	(4.2)	(8.1)	(21.6)	9-Feb-15
LOUIS XIII	577 HK	2,671	2.90	(0.7)	3.62	-19.89	N/A**	N/A**	10.8	0.0%	(3.3)	(2.7)	39.4	28-Jan-15
JIASHILI GROUP	1285 HK	1,453	3.50	0.0	3.30	6.06	N/A**	9.6	7.8	3.6%	0.3	(4.4)	7.7	10-Dec-14
GOLDPAC GROUP	3315 HK	1,910	2.29	(0.9)	7.18	-68.11	6.7	6.8	6.2	4.8%	2.2	(22.9)	(8.9)	31-Oct-14
UNI-BIO	690 HK	899	0.18	15.6	0.17	4.71	N/A**	N/A**	N/A**	0.0%	15.6	15.6	(6.8)	28-Oct-14
TOWN HEALTH	3886 HK	10,400	1.34	0.0	1.36	-1.47	30.9	N/A**	N/A**	N/A**	(7.6)	(6.3)	(12.4)	10-Sep-14
BAGUIO GREEN	1397 HK	344	0.83	(1.2)	1.43	-41.96	15.5	N/A**	N/A**	N/A**	(5.7)	(2.4)	N/A**	30-Jul-14
YUANDA CHINA	2789 HK	1,391	0.22	(2.2)	0.67	-66.57	141.9	N/A**	N/A**	N/A**	(5.5)	(2.6)	(25.3)	21-Jul-14
JUMEI	JMEI US	711	4.850	0.62	2.67	81.65	40.8	11.7	7.4	0.0%	(1.0)	(8.3)	N/A**	15-Jul-14
FUGUINIAO	1819 HK	5,215	3.90	1.0	8.85	-55.93	11.4	N/A**	N/A**	N/A**	(3.2)	(1.3)	2.1	7-Jul-14
INTERNATIONAL HOUSEWARES RETAIL	1373 HK	848	1.18	1.7	3.94	-70.05	13.2	14.8	10.7	9.3%	0.9	(4.8)	16.8	2-Apr-14
MAN YUE	894 HK	385	0.810	0.00	2.67	-69.66	N/A**	N/A**	N/A**	N/A**	1.3	9.5	19.1	19-Mar-14
RM GROUP	932 HK	718	1.39	3.0	1.85	-24.86	22.8	N/A**	N/A**	N/A**	(4.8)	(12.6)	26.4	11-Mar-14
HUISHAN DAIRY	6863 HK	41,508	3.08	0.0	2.66	15.79	46.6	48.5	39.6	0.5%	0.7	6.6	5.8	11-Feb-13
VICTORY CITY	539 HK	1,109	0.40	0.0	1.11	-63.96	2.9	N/A**	N/A**	N/A**	(8.0)	(21.6)	(28.6)	17-Jan-14
UNITED PV	686 HK	2,807	0.58	(1.7)	1.90	-69.47	6.1	7.6	4.1	N/A**	(4.9)	(1.7)	(1.7)	15-Nov-13
TRADELINK	536 HK	1,247	1.570	0.64	1.88	-16.49	15.3	N/A**	N/A**	N/A**	(0.6)	(7.1)	(6.0)	12-Nov-13

* 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.

		QTD%	YTD%	YoY%
Gold (US$ / oz)	1285.60	4.2	21.3	8.5
Platinum (US$ / oz)	971.9	(0.5)	9.0	(10.7)
Silver (US$ / oz)	17.42	12.7	26.2	8.3



		QTD%	YTD%	YoY%
Copper (US$ / t)	4,511	(6.9)	(4.1)	(22.4)
Nickel (US$ / t)	8,885	4.7	0.7	(31.4)
Tin (US$ / t)	16,975	1.6	16.6	14.7

		QTD%	YTD%	YoY%
Crude Oil (US$ / bbl)	48.49	26.5	30.9	(18.5)
Natural Gas (US$ / MMbtu)	2.60	32.9	11.4	(9.9)

Coal		QTD%	YTD%	YoY%
Chi Coke (Rmb / t)	1000	29.9	35.1	8.7
Chi Steam (US$ / t)	409.8	20.2	35.9	0.0
Aust Steam (US$ / t)	52.40	2.5	3.6	(13.1)

		QTD%	YTD%	YoY%
US$ Index	94.928	0.4	(3.8)	0.1

		QTD%	YTD%	YoY%
RMB	6.597	(2.2)	(1.6)	(5.9)

		QTD%	YTD%	YoY%
Euro	1.121	(1.5)	3.2	(0.7)
Pound	1.411	(1.7)	(4.2)	(9.5)

		QTD%	YTD%	YoY%
Yen	106.11	6.1	13.3	16.3
Won	1173.20	(2.5)	0.2	(4.8)

Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Business Inventories	MoM		14-Jun-16
Retail Sales	MoM		14-Jun-16
Industrial Production	MoM		15-Jun-16
PPI	MoM		15-Jun-16
Initial Jobless Claims	WoW		16-Jun-16
CPI	MoM		16-Jun-16
Housing Starts / Building Permits	MoM		17-Jun-16
Existing Home Sales	MoM		22-Jun-16
New home Sales	MoM		23-Jun-16
Durable Goods Orders	MoM		24-Jun-16
Consumer Confidence	MoM		28-Jun-16
GDP	QoQ		28-Jun-16
Personal Income & Spending	MoM		29-Jun-16
Auto Sales	MoM		1-Jul-16
ISM Manufacturing PMI	MoM		1-Jul-16
Factory Orders	MoM		5-Jul-16
Trade Balance	MoM		6-Jul-16
Employment Report	MoM		8-Jul-16
Wholesale Inventories	MoM		12-Jul-16

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		14-Jun-16
PMI Manufacturing	MoM		1-Jul-16
Foreign Exchange Reserves	QoQ		7-Jul-16
PPI	MoM		10-Jul-16
CPI	MoM		10-Jul-16
Trade Balance	MoM		13-Jul-16
Industrial Production	MoM		15-Jul-16
Retail Sales	MoM		15-Jul-16
GDP	YoY		15-Jul-16

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Industrial Production	QoQ		13-Sep-16
Producer Prices Index	QoQ		13-Sep-16
Unemployment Rate	MoM		16-Jun-16
Composite Interest Rate	MoM		17-Jun-16
CPI	MoM		21-Jun-16
Trade Balance	MoM		27-Jun-16
Retail Sales	MoM		30-Jun-16
Money Supply - M2	MoM		30-Jun-16
PMI	MoM		6-Jul-16

Notice of interest disclosure filed by substantial shareholders for the two previous trading days			
Name of listed corporation	Name of substantial shareholder	No. of shares bought/ sold/ involved	Average price per share
IGG Inc	Ho Chi Sing	77,700,000(L)	HKD 3.690
IGG Inc	IDG-Accel China Growth Fund GP II Associates Ltd.	77,700,000(L)	HKD 3.690
IGG Inc	IDG-Accel China Growth Fund II Associates L.P.	71,825,880(L)	HKD 3.690
IGG Inc	IDG-Accel China Growth Fund II L.P.	71,825,880(L)	HKD 3.690
IGG Inc	Zhou Quan	77,700,000(L)	HKD 3.690
Ajisen (China) Holdings Ltd.	Anmi Holding Company Limited	200,000(L)	HKD 3.095
Ajisen (China) Holdings Ltd.	Favor Choice Group Limited	200,000(L)	HKD 3.095
Ajisen (China) Holdings Ltd.	Poon Wai	200,000(L)	HKD 3.095
Aurum Pacific (China) Group Ltd.	Tang Jay	15,000,000(L)	HKD 0.175
China Financial Leasing Group Ltd.	Li Denian	22,000,000(L)	HKD 0.600
China State Construction International Holdings Ltd.	China Overseas Holdings Limited	1,000,000(L)	HKD 10.322
China State Construction International Holdings Ltd.	China State Construction Engineering Corporation	1,000,000(L)	HKD 10.322
China State Construction International Holdings Ltd.	(China State Construction Engineering Corporation Limited)	1,000,000(L)	HKD 10.322
Goldpac Group Ltd.	Goldpac International (Holding) Limited	100,000(L)	HKD 2.300
Goldpac Group Ltd.	Lu Run Ting	100,000(L)	HKD 2.300
Goldpac Group Ltd.	Zhang Jian	100,000(L)	HKD 2.300
Hing Lee (HK) Holdings Ltd.	Sung Kai Hing	190,000(L)	HKD 0.445
Hop Hing Group Holdings Ltd.	Hung Ming Kei Marvin	2,428,000(L)	HKD 0.098
KWG Property Holding Ltd.	Kong Jianmin	250,000(L)	HKD 4.408
Le Saunda Holdings Ltd.	Lee Tze Bun Marces	64,000(L)	HKD 1.620
Oriental Watch Holdings Ltd.	Ntasian Discovery Master Fund	1,520,000(L)	HKD 0.923
Pacific Basin Shipping Ltd.	Aberdeen Asset Management Plc and its Associates (together "The Group") on Behalf of Accounts Managed by the Group	49,000,000(L)	HKD 0.750
S.A.S. Dragon Holdings Ltd.	Yim Yuk Lun, Stanley	1,096,000(L)	HKD 1.256
Sunshine Oilsands Ltd.	Sun Kwok Ping	4,600,000(L)	HKD 0.397
Truly International Holdings Ltd.	Chung King Yee Cecilia	950,000(L)	HKD 3.646
Truly International Holdings Ltd.	Lam Wai Wah	950,000(L)	HKD 3.646
Truly International Holdings Ltd.	Lam Wai Wah	950,000(L)	HKD 3.646
Value Partners Group Ltd.	Affiliated Managers Group, Inc.	584,000(L)	HKD 7.396

Kingsway Research Team

Analyst	Sector Coverage	Email	Phone No.
Hanson Zheng	Clean Energy	Hanson.zheng@sunwahkingsway.com	(852) 2283 7609
Hugo Suen	Consumer	Hugo.suen@sunwahkingsway.com	(852) 2283 7306
Jerry Fan	Health Care	Jerry.fan@sunwahkingsway.com	(852) 2283 7727
Phelix Lee	Industrials	Phelix.lee@sunwahkingsway.com	(852) 2283 7618

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