

## What's Hot Today:

- ▶ **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's HK\$945m, i.e. HK\$1.23b to HK\$1.37b. The better-than-expected profit is due to XYG's 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 company's conference call on Thursday. (Phelix Lee)

▶ **Xinyi Solar (968 HK – HK\$3.03 – BUY – TP=HK\$4.30) announces positive profit alert** – XYG announced that its 1H16 net profit is expected to increase by 70-90% YoY from 1H15's 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 company's 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 Year's February.

**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, Nike's 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)	NA	NA	18.1%
SOYBEAN (US\$/bu)	1,149	-0.8%	30.1%
PVC (US\$/t)	NA	NA	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	NA	NA
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 franchisee's 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 (%)	PER (X)*			Dividend		Absolute performance			Latest report date
								Hst	FY1	FY2	FY2	FY2	5D%	1M%	3M%	
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)	BUY	1.40	204.3	17.9	N/A**	46.0	6.5%	0.0	(3.2)	(8.0)	18-Sep-14	
CHINA LILANG LTD	1234 HK	5,548	4.59	0.7	BUY	6.33	37.9	7.5	7.6	7.2	8.4%	(2.3)	(2.1)	(4.0)	10-Mar-16	
CHINA SINGYES SOLAR	750 HK	1,898	2.73	(0.7)	HOLD	3.275	20.0	4.5	4.1	3.8	1.5%	(3.5)	0.4	(33.3)	1-Apr-16	
CHINA STATE CONS	3311 HK	41,293	10.18	1.0	HOLD	14.70	44.4	9.9	8.2	6.9	4.3%	(1.0)	2.2	(9.8)	15-Aug-14	
CHOW SANG SANG	116 HK	8,800	13.00	(1.2)	BUY	18.80	44.6	7.8	9.2	8.2	4.8%	(7.0)	1.4	10.3	28-Aug-15	
CHOW TAI FOOK	1929 HK	53,400	5.34	(0.9)	HOLD	4.50	(15.7)	18.1	16.1	14.8	3.8%	(4.8)	9.0	11.7	11-Jan-16	
COMTEC SOLAR	712 HK	710	0.51	(1.9)	BUY	0.777	52.4	N/A**	N/A**	18.8	N/A**	(8.9)	(8.9)	(28.2)	5-Apr-16	
DAPHNE INTERNATI	210 HK	1,995	1.21	(3.2)	HOLD	1.00	(17.4)	N/A**	N/A**	17.3	1.9%	(8.3)	5.2	18.6	26-Mar-15	
DIFFER GROUP	6878 HK	2,415	0.57	(1.7)	BUY	1.60	180.7	21.3	11.5	8.1	N/A**	(16.2)	(12.3)	(29.6)	29-Mar-16	
FUTURE BRIGHT	703 HK	521	0.75	0.0	BUY	2.34	212.0	N/A**	N/A**	N/A**	N/A**	(2.6)	(8.5)	33.2	11-May-15	
GCL POLY ENERGY	3800 HK	18,773	1.01	(1.9)	HOLD	1.37	35.6	7.6	6.4	5.9	0.2%	(7.3)	(9.0)	(18.5)	8-Apr-16	
JU TENG INTL	3336 HK	3,405	3.04	(1.9)	BUY	4.76	56.6	3.9	3.9	3.4	6.1%	(7.6)	0.3	(11.9)	13-Apr-16	
LEE'S PHARM	950 HK	3,474	5.89	(0.2)	BUY	10.00	69.8	14.3	14.0	12.6	2.1%	(9.1)	(1.0)	(1.8)	24-Mar-16	
LUK FOOK HLDGS	590 HK	10,404	17.72	(1.1)	HOLD	15.50	(12.5)	N/A**	9.8	9.0	5.2%	(6.4)	8.6	1.5	14-Jan-16	
MAN WAH HOLDINGS	1999 HK	20,880	10.86	0.2	BUY	10.56	(2.8)	15.9	14.2	12.5	4.2%	(3.7)	19.9	25.0	21-May-15	
SUCCESS DRAGON	1182 HK	1,096	0.65	(1.5)	BUY	1.07	64.6	N/A**	N/A**	N/A**	N/A**	(7.1)	(11.0)	8.3	30-May-16	
SUNNY OPTICAL	2382 HK	27,315	24.90	(1.4)	SELL	15.54	(37.6)	29.9	21.4	17.0	1.4%	(8.8)	3.5	28.9	17-Mar-16	
TCL COMM	2618 HK	9,193	7.23	0.3	HOLD	7.50	3.7	10.3	10.8	10.3	4.0%	29.8	48.2	33.1	14-Jun-16	
TIANNENG POWER	819 HK	5,426	4.80	(5.0)	BUY	7.14	48.8	7.4	5.6	4.5	6.6%	(15.5)	(19.7)	(10.9)	1-Sep-15	
TONGDA GROUP HLD	698 HK	8,833	1.54	4.8	BUY	2.14	39.0	12.2	9.1	7.5	4.2%	(7.8)	0.7	14.9	18-Mar-16	
TRINITY LTD	891 HK	1,118	0.64	0.0	SELL	1.31	104.7	N/A**	35.6	23.7	4.2%	(5.9)	0.0	(31.2)	18-Mar-15	
XINYI GLASS HOLD	868 HK	22,509	5.80	1.8	BUY	6.50	12.1	10.8	9.7	8.2	5.7%	1.8	10.9	25.8	16-Mar-16	
XINYI SOLAR	968 HK	20,449	3.03	0.3	BUY	4.30	41.9	16.4	11.2	8.8	5.0%	(6.5)	(2.3)	16.1	16-Mar-16	
XTEP INTERNATIONAL	1368 HK	9,058	4.10	(1.9)	BUY	4.54	10.7	12.0	10.8	9.6	5.2%	1.0	(2.6)	16.4	7-Jun-16	
YGM TRADING	375 HK	665	4.01	0.0	HOLD	16.00	299.0	57.3	N/A**	N/A**	N/A**	(8.9)	(5.6)	(19.8)	8-Jul-14	
ZHONGYU GAS	3633 HK	4,318	1.71	0.0	BUY	2.62	53.2	46.3	9.5	8.1	N/A**	0.0	(2.3)	(6.0)	24-Mar-15	
361*	1361 HK	4,487	2.17	0.0	BUY	3.21	47.9	7.4	6.8	6.0	5.9%	(8.8)	(15.6)	(8.8)	26-May-16	

\* 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.

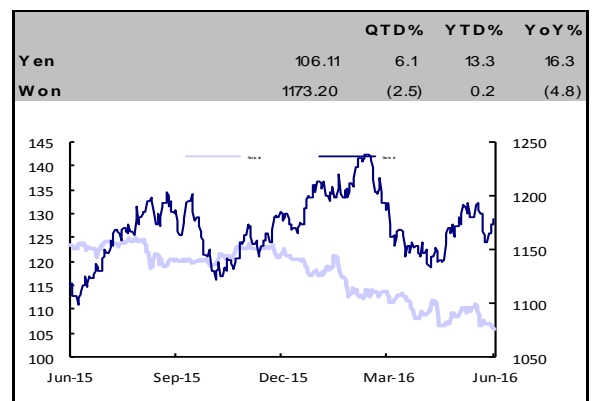
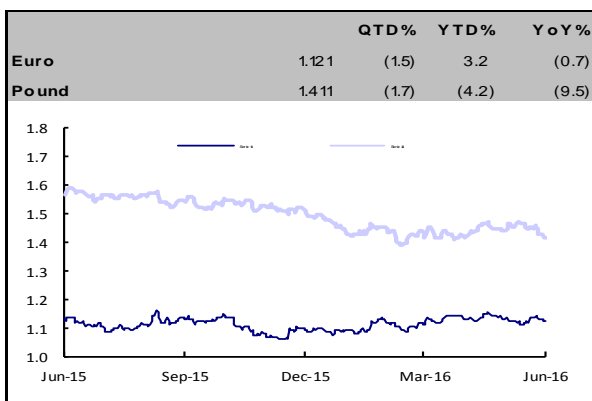
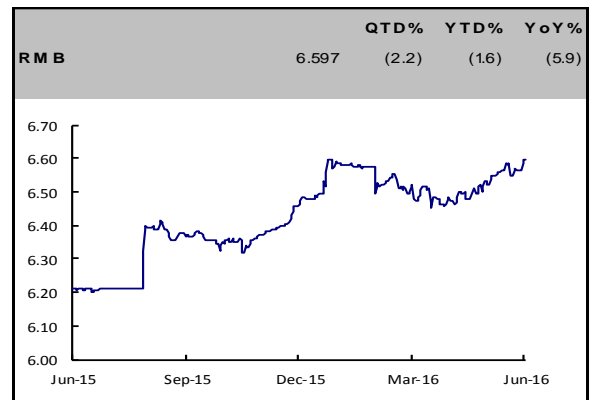
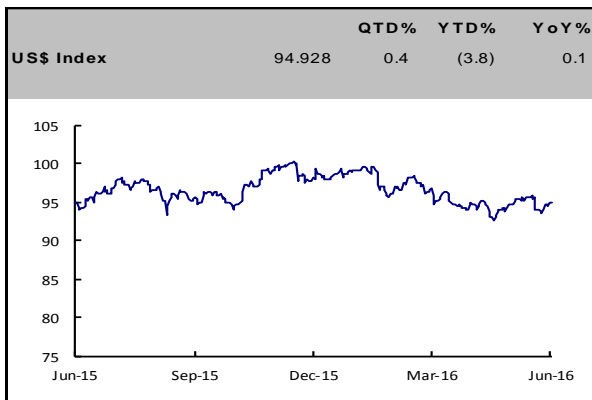
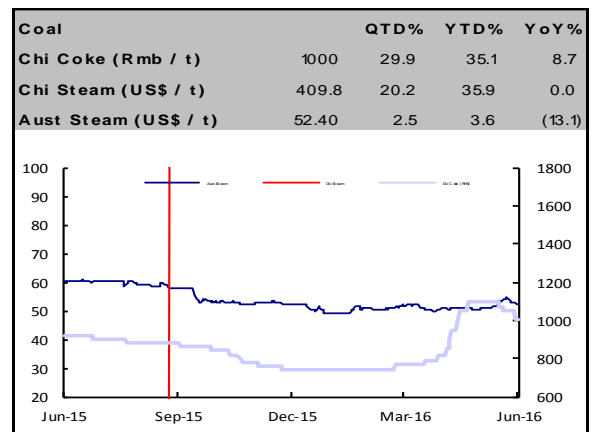
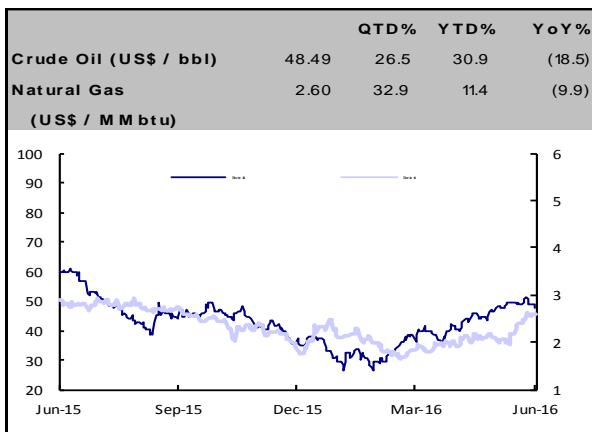
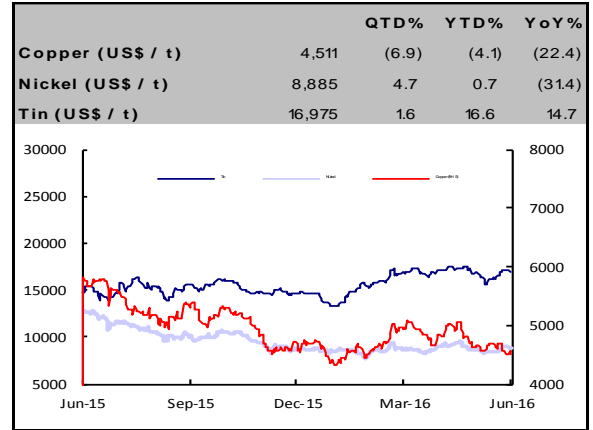
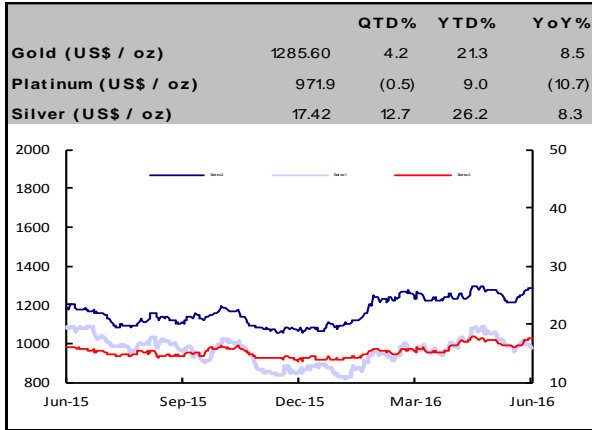
## Radar Screen issued during past 12 months

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
							Hst	FY1	FY2	FY2	FY2	5D%	1M%	3M%	
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	
JASHILI GROUP	1285 HK	1,453	3.50	0.0	3.30	6.06	N/A**	9.6	7.8	3.8%	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	
BAGUO 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	
HUIZHAN 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.

**Market Watch – Major Commodities and Currencies**



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
Foreign Currency Reserve	MoM		7-Jul-16
GDP	QoQ		12-Aug-16



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