

## Xinyi Glass [0868.HK]

### 1H 2017 results lower than expected. Maintain BUY

Xinyi Glass (XYG) reported 1H 2017 results which were lower than we expected. The positives from float glass and Xinyi Solar (XYS) [0968.HK] were offset by the lower-than-expected performance of the automobile and construction glass segments. XYG's top-line growth in 1H17 was driven mainly by a 35.3% YoY increase in sales of float glass products. Sales of both auto glass products and construction glass products were slower than expected. The blended gross margin was 36.4% in 1H 2017, up from 34.7% in 1H 2016 and down from 37.6% in 2H 2016. Management released a three-year expansion plan for the float glass segment, with the target of increasing float glass capacity by 50% by 2020 to capture increasing demand from China and overseas markets. Management reiterated the view that growth in sales of auto glass products is expected to pick in 2H 2017 and that it will be looking for high-end projects for its construction glass products. XYG management reiterated the view that expanding the Company's global footprint is one of the key focuses of XYG going forward, as management has identified growth opportunities. Details of the expansion plan, such as the location of the production facilities, will be released going forward. Despite weak solar glass prices, XYS was not a drag on XYG's bottom-line growth in 1H 2017. XYS's 1H 2017 results showed that it continued to deliver despite a challenging environment. XYS management is confident about the outlook in 2H 2017, which implies that XYS shouldn't be a drag to XYG in 2H 2017. We maintain the view that XYG will be one of the major beneficiaries of supply-side reform in China. XYG's share price may come under pressure, given the lower-than-expected results in 1H 2017, which in our view, offers a good buying opportunity for investors. Despite a low single-digit downward earnings adjustment, XYG is now trading at a 9.0x 2017 PER and an estimated yield of 5.5%. With its undemanding valuation, we maintain our BUY call with a target price of HK\$10.13 (based on a 11x 2017E PER, lower than its historical average and the average of its listed peers).

#### Investment Highlights

- 1H 2017 results highlights.** XYG's net profit increased 19.5% YoY to HK\$1,635.9m in 1H 2017, which was lower than we expected. XYG's turnover was HK\$6,676.8m in 1H 2017, up 13.5% YoY from HK\$5,885.0m in 1H 2016. The Company's top-line growth in 1H 2017 was driven by a 35.3% YoY increase in sales of float glass products. Construction glass and automobile glass reported a respective YoY sales decline of 2.7% and 6.0% in 1H 2017. The automobile glass segment, which was affected by unfavourable currency movements, saw a drop in sales in some emerging markets and the spin-off of Xinyi HK [8328.HK]. The gross profit margins for float glass, construction glass and automobile glass were 30.1%, 37.5% and 47.8%, respectively, in 1H 2017 vs. 22.3%, 39.0% and 48.7% in 1H 2016. The drop in the gross margin of automobile glass and construction glass was mainly due to higher input costs (higher float glass prices). The blended gross margin was 36.4% in 1H 2017, up from 34.7% in 1H 2016 but down from 37.6% in 2H 2016. XYS was not a drag on XYG's bottom-line growth in 1H 2017. The contribution at the associate level reported 18% YoY growth in 1H 2017, and XYS has successfully adapted to the impact of falling solar glass prices. XYG proposed an interim dividend of HK\$0.20 in 1H 2017, up from HK\$0.17 in 1H 2016; the payout in 1H 2017 is 48%, which is in line with that in the past.
- The float glass division will be the growth engine.** XYG management remains positive on the outlook for the float glass division and expects demand to be resilient in 2H 2017 and 2018. Float glass prices are expected to hold up well, as there will be no major increase in production capacity in 2017 and 2018. Management mentioned that the impact of higher raw material prices, especially soda ash and natural gas, is over and the 1H 2017 results are proof that the increase in float glass prices more than offset the increase in raw material costs. XYG plans to expand its float glass capacity by 50% by 2020 from 5.3mt in 2017. XYG has been looking for opportunities in overseas markets, including both developing and developed economies. Management believes that XYG can capture the potential from the huge demand for float glass from ASEAN, Europe and the US, given its expertise and product quality. XYG will release details on the expansion going forward. The requirement for cold repairing might further support the float glass price. A normal float glass production line must undergo cold repairing after 6-8 years of operation. Therefore, the lines that commenced production during the previous cycle peak in 2009-2012 will require cold repairing in 2017-2019 to maintain product quality and control emissions. The market is estimating that 47 production lines (about 13% of the total operating production lines) will enter the cold repairing period in 2017-2019. It is difficult to estimate when these lines will actually be closed down for cold repairing, but this is positive for the leading players, including XYG, as the supply/demand dynamic will become more favourable.
- Downward earnings adjustment.** We revised down our earnings forecasts for 2017 and 2018 by 3.7% and 3.4%, respectively, as we factored in lower gross margin assumptions for construction glass and auto glass and a post-1H 2017 results adjustment.

Key Financials (in HKDm)	2014	2015	2016	2017E	2018E
Revenue	10,861.1	11,460.3	12,848.4	14,346.4	16,008.0
Change (YoY %)	9.3	5.5	12.1	11.7	11.6
Gross Profit	2,733.4	3,132.7	4,659.3	5,191.2	5,742.9
Gross Margin %	25.2	27.3	36.3	36.2	35.9
Net Profit	1,364.3	2,113.1	3,213.4	3,606.3	4,031.0
Net Margin %	12.6	18.4	25.0	25.1	25.2
EPS (Basic)	0.35	0.54	0.83	0.90	1.01
Change (YoY %)	(61.3)	54.9	54.2	8.9	11.8
DPS	\$0.150	\$0.265	\$0.400	\$0.445	\$0.497
ROE (%)	11.1	16.9	24.8	25.7	25.4
Dividend Yield (%)	1.86	3.28	4.95	5.51	6.16
PER (x)	23.3	15.0	9.8	9.0	8.0
PBR (x)	2.6	2.5	2.4	2.2	1.9
FCF Yield (%)	-0.58%	3.31%	5.44%	3.05%	7.25%
Capex (m)	(1,729.0)	(1,967.0)	(1,853.0)	(2,500.0)	(1,501.0)
Free cash flow per share	(0.0)	0.3	0.4	0.2	0.6
Net Gearing (%)	42.0	37.2	37.3	38.3	31.7

Source: Bloomberg, CGIS Research

### China Construction Sector -

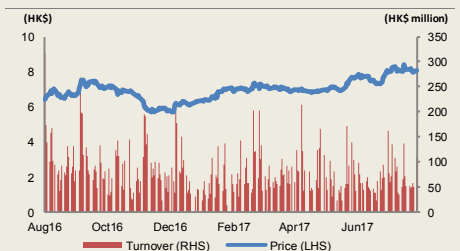
#### Building Materials

# BUY

Close: HK\$8.08 (Jul 31, 2017)

Target Price: HK\$10.13 (+25.3%)

#### Share Price Performance



Sources: Bloomberg, CGIS Research

Market Cap	US\$4,138m
Shares Outstanding	3,999m
Auditor	Pricewaterhouse-Coopers
Free Float	46.3%
52W range	HK\$5.69-8.39
3M average daily T/O	US\$8.9m
Major Shareholder	Mr Lee Yin Yee (20.3%)

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**Figure 1: Results highlights**

Results Highlights (HKD m)	1H 2014	2H 2014	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017	2H 2017E
Revenue	5,034	5,827	5,283	6,177	5,885	6,963	6,677	7,670
Cost of sales and services	-3,697	-4,430	-3,873	-4,455	-3,844	-4,346	-4,248	-4,908
<b>Gross profit</b>	<b>1,337</b>	<b>1,397</b>	<b>1,410</b>	<b>1,723</b>	<b>2,041</b>	<b>2,618</b>	<b>2,429</b>	<b>2,762</b>
Other income and other gains and losses	247	152	287	307	147	236	96	286
Distribution and selling expenses	-268	-340	-312	-367	-351	-269	-334	-359
Administrative expenses	-472	-558	-441	-494	-533	-669	-586	-756
Finance costs	-25	-14	-26	-24	-44	-48	-50	-43
JV & Associates	57	80	161	157	312	250	368	423
<b>Profit before tax</b>	<b>876</b>	<b>716</b>	<b>1,079</b>	<b>1,301</b>	<b>1,572</b>	<b>2,118</b>	<b>1,923</b>	<b>2,314</b>
Income tax expense	-114	-114	-138	-128	-202	-405	-285	-342
MI	-0	-0	-2	1	-0	-2	-2	-2
<b>Profit for the period</b>	<b>762</b>	<b>602</b>	<b>939</b>	<b>1,174</b>	<b>1,369</b>	<b>1,711</b>	<b>1,636</b>	<b>1,970</b>
<b>Gross margin (%)</b>	<b>26.6</b>	<b>24.0</b>	<b>26.7</b>	<b>27.9</b>	<b>34.7</b>	<b>37.6</b>	<b>36.4</b>	<b>36.0</b>
<b>Operating margin (%)</b>	<b>17.9</b>	<b>12.5</b>	<b>20.9</b>	<b>21.4</b>	<b>27.5</b>	<b>31.1</b>	<b>29.6</b>	<b>30.7</b>
<b>Net Margin (%)</b>	<b>15.1</b>	<b>10.3</b>	<b>17.8</b>	<b>19.0</b>	<b>23.3</b>	<b>24.6</b>	<b>24.5</b>	<b>25.7</b>
<b>Turnover by products (HKDm)</b>								
Automobile glass	1,781	1,813	1,897	1,890	1,990	1,758	1,871	2,105
Construction glass	1,079	1,477	1,206	1,445	1,220	1,370	1,186	1,323
Float glass	2,175	2,538	2,180	2,843	2,675	3,835	3,619	4,242
<b>Gross margin by products (%)</b>								
Automobile glass	42.1	41.5	44.1	44.6	48.7	49.3	47.8	48.1
Construction glass	37.0	34.1	31.7	35.6	39.0	40.6	37.5	37.5
Float glass	8.6	5.6	8.7	12.9	22.3	31.2	30.1	29.5

Source: Company, CGIS Research

**Figure 2: Key assumptions for XYG**

	2012	2013	2014	2015	2016	2017F	2018F
<b>Turnover (HKDm)</b>							
Automobile glass	3,077.8	3,287.2	3,593.2	3,786.6	3,748.4	3,975.9	4,189.7
Construction glass	1,574.6	2,154.5	2,555.5	2,651.5	2,590.2	2,509.9	2,739.3
Float glass	3,780.6	4,494.3	4,712.4	5,022.2	6,509.8	7,860.6	9,079.0
<b>Total</b>	<b>8,433.0</b>	<b>9,936.1</b>	<b>10,861.1</b>	<b>11,460.3</b>	<b>12,848.4</b>	<b>14,346.4</b>	<b>16,008.0</b>
<b>YoY Change (%)</b>							
Automobile glass		6.8	9.3	5.4	(1.0)	6.1	5.4
Construction glass		36.8	18.6	3.8	(2.3)	(3.1)	9.1
Float glass		18.9	4.9	6.6	29.6	20.8	15.5
<b>Total</b>		<b>17.8</b>	<b>9.3</b>	<b>5.5</b>	<b>12.1</b>	<b>11.7</b>	<b>11.6</b>
<b>Volume</b>							
Automobile (piece)		12,110.0	12,889.0	13,582.8	13,582.8	14,262.0	14,975.1
Construction (sqm)		16,363.0	19,380.0	20,107.5	21,716.1	20,630.3	22,074.4
Float glass (tonne)		2,927.0	3,510.0	3,856.8	4,435.3	4,657.0	5,122.7
<b>YoY Change (%)</b>							
Automobile (piece)			6.4	5.4	0	5.0	5.0
Construction (sqm)			18.4	3.8	8.0	(5.0)	7.0
Float glass (tonne)			19.9	9.9	15.0	5.0	10.0
<b>ASP</b>							
Automobile (HKD/piece)		271.4	278.8	278.8	276.0	278.8	279.8
Construction (HKD per sqm)		131.7	131.9	131.9	119.3	121.7	124.1
Float glass (HKD per tone)		1,535.5	1,342.6	1,302.2	1,467.7	1,687.9	1,772.3
<b>YoY Change (%)</b>							
Automobile (HKD/piece)			2.7	0.0	(1.0)	1.0	0.4
Construction (HKD per sqm)			0.1	0	(9.5)	2.0	2.0
Float glass (HKD per tone)			(12.6)	(3.0)	12.7	15.0	5.0
<b>Gross margin (%)</b>							
Automobile glass	42.8	43.3	41.8	44.3	49.0	48.0	48.0
Construction glass	37.2	39.9	35.3	33.9	39.9	37.5	37.5
Float glass	8.6	19.0	7.0	11.1	27.5	29.8	29.8
Blended	26.4	31.6	25.2	27.3	36.3	36.2	35.9
<b>Net margin (%)</b>	<b>14.1</b>	<b>35.4</b>	<b>12.6</b>	<b>18.4</b>	<b>25.0</b>	<b>25.1</b>	<b>25.2</b>
<b>Cost (HKDm)</b>							
S,G&A	(1,056.7)	(1,250.9)	(1,638.0)	(1,614.5)	(1,822.4)	(2,034.9)	(2,270.5)
Financial Expenses	(57.3)	(59.7)	(38.1)	(50.2)	(76.8)	(92.2)	(106.8)
<b>YoY Change (%)</b>							
S,G&A		18.4	30.9	(1.4)	12.9	11.7	11.6
Financial Expenses		4.2	(36.2)	32.0	53.0	20.0	15.9
<b>CAPEX (HKDm)</b>	<b>1,435.3</b>	<b>3,752.3</b>	<b>1,729.0</b>	<b>1,967.0</b>	<b>1,853.0</b>	<b>2,500.0</b>	<b>1,501.0</b>
<b>Net Gearing (%)</b>	<b>35.8</b>	<b>33.6</b>	<b>42.0</b>	<b>37.2</b>	<b>37.3</b>	<b>37.8</b>	<b>30.8</b>

Source: Company, CGIS Research

**Figure 3: Earnings projection**

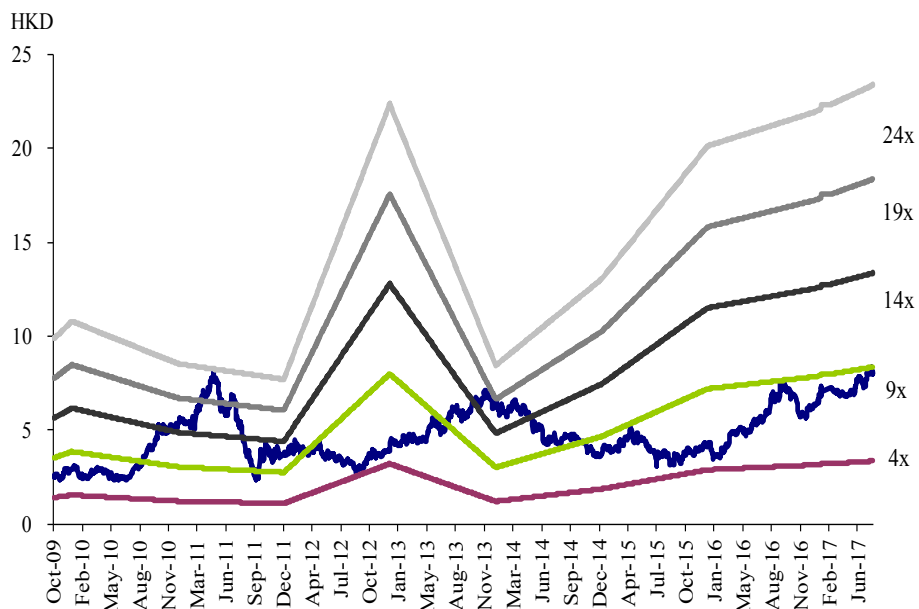
Income Statement (HKDm)						Cash Flow Statement (HKDm)					
	FY2014	FY2015	FY2016	FY2017F	FY2018F		FY2014	FY2015	FY2016	FY2017F	FY2018F
<b>Revenue</b>	<b>10,861</b>	<b>11,460</b>	<b>12,848</b>	<b>14,346</b>	<b>16,008</b>	<b>Net Income</b>	<b>1,227</b>	<b>1,796</b>	<b>2,712</b>	<b>2,819</b>	<b>3,091</b>
Growth yoy%	9.3%	5.5%	12.1%	11.7%	11.6%	Depreciation & Amort.	615	766	808	883	979
<b>Gross Profit</b>	<b>2,733</b>	<b>3,133</b>	<b>4,659</b>	<b>5,191</b>	<b>5,743</b>	Change in Working Capital	(296)	456	40	(216)	(226)
Growth yoy%	(12.9%)	14.6%	48.7%	11.4%	10.6%	<b>Cash from Ops.</b>	<b>1,546</b>	<b>3,018</b>	<b>3,560</b>	<b>3,487</b>	<b>3,844</b>
Selling General & Admin Exp.	(1,638)	(1,615)	(1,822)	(2,035)	(2,271)	Capital Expenditure	(1,729)	(1,967)	(1,853)	(2,500)	(1,501)
Others Operating Expenses/Items	178	215	342	294	328	Sale of Property, Plant, and Equipment	-	-	-	-	-
<b>Operating Income</b>	<b>1,274</b>	<b>1,733</b>	<b>3,179</b>	<b>3,450</b>	<b>3,800</b>	Change in Investing Activities	53	40	51	51	36
Growth yoy%	n.a.	n.a.	n.a.	n.a.	n.a.	<b>Cash from Investing</b>	<b>(1,676)</b>	<b>(1,927)</b>	<b>(1,802)</b>	<b>(2,449)</b>	<b>(1,465)</b>
Interest Expense	(38.1)	(50.2)	(76.8)	(92.2)	(106.8)	Net increase in bank borrowings	873	16	1,646	0	0
Interest and Invest. Income						Issuance of Common Stock	0	0	0	0	0
Income/(Loss) from Affiliates	137.6	317.3	562.6	791.3	944.0	Common Dividends Paid	(590)	(1,043)	(1,552)	(1,780)	(1,989)
Other Non-Operating Inc. (Exp.)	0	0	0	0	0	Special Dividend Paid	-	-	-	-	-
Impairment of Goodwill	0	0	0	0	0	Other Financing Activities	0	0	(400)	0	0
Gain (Loss) On Sale Of Invest.	220	379	159	89	99	<b>Cash from Financing</b>	<b>282</b>	<b>(1,027)</b>	<b>(306)</b>	<b>(1,780)</b>	<b>(1,989)</b>
Gain (Loss) On Sale Of Assets						<b>Net Change in Cash</b>	<b>152</b>	<b>64</b>	<b>1,451</b>	<b>(742)</b>	<b>390</b>
Income Tax Expense	(228)	(266)	(607)	(627)	(701)						
Minority Int. in Earnings	(1)	(0)	(3)	(4)	(4)						
<b>Net Income</b>	<b>1364</b>	<b>2113</b>	<b>3213</b>	<b>3606</b>	<b>4031</b>						
Growth yoy%	(61.3%)	54.9%	52.1%	12.2%	11.8%						

Balance Sheet (HKDm)						Ratios					
	FY2014	FY2015	FY2016	FY2017F	FY2018F		FY2014	FY2015	FY2016	FY2017F	FY2018F
<b>ASSETS</b>						<b>Profitability</b>					
Cash And Equivalents	831	1,298	2,763	1,967	2,357	Return on Assets %	6.7%	10.0%	14.1%	14.4%	14.9%
Receivables	2,487	2,381	2,377	2,657	2,979	Return on Capital %	5.9%	7.9%	13.0%	13.0%	13.2%
Inventory	1,478	1,223	1,321	1,476	1,655	Return on Equity %	11.1%	16.9%	24.8%	25.7%	25.4%
Other Current Assets	9	93	76	76	76	<b>Margin Analysis</b>					
<b>Total Current Assets</b>	<b>4,805</b>	<b>4,995</b>	<b>6,537</b>	<b>6,177</b>	<b>7,068</b>	Gross Margin %	25.2%	27.3%	36.3%	36.2%	35.9%
Net Property, Plant & Equipment	12,581	13,177	12,952	14,571	15,096	SG&A Margin %	15.1%	14.1%	14.2%	14.2%	14.2%
Long-term Investments	-	-	-	-	-	EBIT Margin %	11.7%	15.1%	24.7%	24.0%	23.7%
Other Intangibles	-	-	-	-	-	EBITDA Margin %	17.4%	21.8%	31.0%	30.2%	29.9%
Deferred Tax Assets, LT	-	-	-	-	-	Net Income Margin %	12.6%	18.4%	25.0%	25.1%	25.2%
Other Long-Term Assets	3,649	3,249	4,534	5,267	6,055	<b>Asset Turnover</b>					
Goodwill	-	-	-	-	-	Total Asset Turnover	0.5x	0.5x	0.5x	0.6x	0.6x
Accounts Receivable Long-Term	-	-	-	-	-	Fixed Asset Turnover	0.7x	0.7x	0.7x	0.7x	0.8x
Total Long Term Assets	<b>16,229</b>	<b>16,426</b>	<b>17,486</b>	<b>19,838</b>	<b>21,151</b>	Accounts Receivable Turnover	4.6x	4.7x	5.4x	5.7x	5.7x
<b>Total Assets</b>	<b>21,034</b>	<b>21,422</b>	<b>24,022</b>	<b>26,015</b>	<b>28,219</b>	Inventory Turnover	7.3x	9.4x	9.7x	9.7x	9.7x
<b>LIABILITIES &amp; EQUITY</b>						<b>Liquidity</b>					
Accounts Payable	1,978	2,112	2,297	2,568	2,879	Current Ratio	1.0x	1.0x	1.1x	1.0x	1.1x
Accrued Exp.	-	-	-	-	-	Quick Ratio	0.7x	0.7x	0.9x	0.7x	0.8x
Short-term Borrowings	2,529	2,514	3,165	3,165	3,165	Avg. Days Sales Out.	83.6	75.8	67.5	67.6	67.9
Curr. Port. of LT Debt	-	-	-	-	-	Avg. Days Inventory Out.	49.7	38.9	37.5	37.6	37.7
Curr. Income Taxes Payable	-	-	-	-	-	Avg. Days Payable Out.	83.6	89.6	98.3	97.0	96.8
Unearned Revenue, Current	-	-	-	-	-	Avg. Cash Conversion Cycle	83.5	62.2	61.1	61.1	61.1
Other Current Liabilities	294	333	538	538	538	Net Debt to Equity	42%	37%	37%	38%	32%
<b>Total Current Liabilities</b>	<b>4,801</b>	<b>4,959</b>	<b>6,000</b>	<b>6,271</b>	<b>6,583</b>	<b>Growth Over Prior Year</b>					
Long-Term Debt	3,483	3,514	4,509	4,509	4,509	Total Revenue	9.3%	5.5%	12.1%	11.7%	11.6%
Def. Tax Liability, Non-Curr.	159	159	218	218	218	Net Income	(61.3%)	54.9%	52.1%	12.2%	11.8%
Other Non-Current Liabilities	255	63	48	48	48	Payout Ratio %	43.3%	49.4%	48.3%	49.4%	49.4%
<b>Total Liabilities</b>	<b>8,699</b>	<b>8,696</b>	<b>10,775</b>	<b>11,046</b>	<b>11,358</b>						
Common Stock	5,940	4,277	1,719	3,545	5,587						
Additional Paid In Capital	-	-	-	-	-						
Retained Earnings	6,393	8,442	11,462	11,353	11,200						
Treasury Stock	-	-	-	-	-						
Comprehensive Inc. and Other	-	-	-	-	-						
Minority Interest	2.0	7.2	66.0	70.3	74.6						
<b>Total Equity</b>	<b>12,335</b>	<b>12,726</b>	<b>13,247</b>	<b>14,968</b>	<b>16,861</b>						
<b>Total Liabilities And Equity</b>	<b>21,034</b>	<b>21,422</b>	<b>24,022</b>	<b>26,015</b>	<b>28,219</b>						

Sources: Company, CGIS Research

Figure 4: XYG's PER trend



Sources: Bloomberg, CGIS Research estimates

**Figure 5: Peer comparison**

Ticker	Company	Price Lcy	Market Cap US\$m	PE			EV/EBITDA			P/B		ROE		ROA		Div yield		Share Price Performance				
				2017F	2018F	2019F	2017F	2018F	2019F	2016	2017F	2016	2017F	2016	2017F	2016	2017F	1M	3M	6M	12M	YTD
868 HK	Xinyi Glass Holdings Ltd	8.08	4137.6	9.0	8.0	n.a.	8.6	7.7	n.a.	2.4	2.2	24.8	25.7	14.1	14.8	5.0	5.5	4.5	20.8	18.9	44.3	31.5
968 HK	Xinyi Solar Holdings Ltd	2.5	2338.3	7.6	6.6	6.6	7.1	6.0	5.8	2.7	2.1	26.6	29.9	13.5	12.0	5.7	6.1	10.3	4.6	-5.5	-12.3	0.9
8328 HK	Xinyi Automobile Glass Hong	1.5	105.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.1	n.a.	-7.5	n.a.	0.1	n.a.	0.0	n.a.	0.0	3.4	13.3	15.0	2.0
3300 HK	China Glass Holdings Ltd	0.7	166.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	n.a.	-20.0	n.a.	0.4	n.a.	0.0	n.a.	2.9	-17.2	-14.3	-30.1	-12.2
1108 HK	Luoyang Glass Company Ltd-H	4.3	881.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.7	n.a.	-37.1	n.a.	0.9	n.a.	0.0	n.a.	-0.5	-15.5	-17.4	-0.5	-15.5
3606 HK	Fuyao Glass Industry Group-H	26.7	8647.3	16.4	14.6	12.9	10.2	9.0	7.9	3.2	2.9	20.6	18.3	11.5	11.6	3.3	3.7	-10.9	-3.1	15.6	36.0	10.8
6865 HK	Flat Glass Group Co Ltd-H	1.4	313.4	3.8	3.2	n.a.	2.0	1.6	n.a.	0.7	n.a.	20.5	18.7	13.2	18.7	6.1	6.6	-5.6	-20.0	-20.0	7.9	-20.9
<b>Average</b>				<b>9.2</b>	<b>8.1</b>	<b>9.8</b>	<b>6.4</b>	<b>5.5</b>	<b>6.9</b>	<b>3.2</b>	<b>2.5</b>	<b>0.5</b>	<b>22.3</b>	<b>6.6</b>	<b>14.1</b>	<b>2.5</b>	<b>5.4</b>	<b>-0.6</b>	<b>-8.0</b>	<b>-4.7</b>	<b>2.7</b>	<b>-5.8</b>
600660 CH	Fuyao Glass Industry Group-A	23.3	8647.2	16.7	14.8	12.8	10.4	9.0	7.9	3.1	2.9	20.6	18.3	11.5	11.8	n.a.	3.5	-10.7	3.3	23.7	41.5	24.8
000012 CH	Csg Holding Co Ltd-A	8.6	2487.8	23.0	19.6	n.a.	n.a.	n.a.	n.a.	2.6	n.a.	6.7	n.a.	n.a.	n.a.	n.a.	n.a.	6.4	-0.4	-12.7	-8.4	-12.5
601636 CH	Zhuzhou Kibing Group Co Lt-A	5.4	2142.7	13.4	11.5	9.9	8.4	7.5	6.9	2.2	2.0	3.3	15.6	8.1	9.1	n.a.	3.5	-0.4	-3.2	-0.3	9.6	0.3
002163 CH	Avic Sanxin Co Ltd-A	7.8	935.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.8	n.a.	-27.3	n.a.	-0.1	n.a.	n.a.	n.a.	-5.2	-7.0	-15.8	12.0	-18.8
600819 CH	Shanghai Yaohua Pilkington-A	7.2	931.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.2	n.a.	-12.0	n.a.	2.8	n.a.	n.a.	n.a.	7.3	-0.7	-12.3	1.7	-10.8
600876 CH	Luoyang Glass Company Ltd-A	18.1	881.3	29.6	22.3	16.1	n.a.	n.a.	n.a.	18.2	n.a.	-37.1	n.a.	0.9	n.a.	0.0	n.a.	-5.1	-12.0	-29.4	-29.8	-29.4
<b>Average</b>				<b>20.7</b>	<b>17.1</b>	<b>12.9</b>	<b>9.4</b>	<b>8.2</b>	<b>7.4</b>	<b>6.2</b>	<b>2.4</b>	<b>-7.6</b>	<b>16.9</b>	<b>4.6</b>	<b>10.5</b>	<b>0.0</b>	<b>3.5</b>	<b>-1.3</b>	<b>-3.3</b>	<b>-7.8</b>	<b>4.4</b>	<b>-7.7</b>
1802 TT	Taiwan Glass Ind Corp	15.45	1485.9	48.3	n.a.	n.a.	n.a.	n.a.	n.a.	1.1	1.0	-10.2	3.1	-1.5	1.1	n.a.	n.a.	4.7	0.3	17.0	14.9	16.2
SISE TI	Turk Sise Ve Cam Fabrikalari	4.53	2890.6	11.5	11.0	9.4	6.8	6.3	5.2	1.2	1.2	11.0	8.8	5.2	5.1	n.a.	2.6	8.1	11.5	23.1	48.0	29.8
TRKCM TI	Trakya Cam Sanayii As	3.70	1185.7	11.6	10.3	9.6	8.4	7.6	6.7	1.2	1.2	6.1	10.0	9.1	4.9	n.a.	3.7	16.2	30.7	45.5	83.5	58.3
APOG US	Apogee Enterprises Inc	52.28	1508.2	14.6	12.2	10.8	7.3	6.3	5.6	3.1	2.7	13.7	n.a.	11.6	n.a.	1.0	1.1	-8.0	-4.1	-8.4	11.8	-2.4
5201 JP	Asahi Glass Co Ltd	4650.00	9892.1	15.5	15.0	14.1	6.4	6.2	6.0	1.0	1.0	3.9	6.3	3.0	4.3	n.a.	2.1	-1.7	-3.7	10.7	55.8	16.8
5214 JP	Nippon Electric Glass Co Ltd	3910.00	3520.0	21.0	18.8	17.5	6.0	5.9	5.6	0.8	0.8	1.9	3.6	2.6	2.9	n.a.	2.1	-4.3	13.2	20.1	66.4	23.7
4044 JP	Central Glass Co Ltd	485.00	942.7	11.1	9.8	9.2	6.1	5.4	5.1	0.6	0.6	7.2	5.3	3.2	n.a.	n.a.	2.1	1.8	3.5	6.5	28.5	10.5
5202 JP	Nippon Sheet Glass Co Ltd	935.00	764.6	11.1	7.5	5.9	6.6	6.4	6.4	1.0	0.8	1.0	8.5	0.7	n.a.	n.a.	0.0	0.8	7.8	0.5	23.0	9.9
SGO FP	Compagnie De Saint Gobain	47.24	31052.8	15.9	13.8	12.3	7.8	7.1	6.6	1.4	1.3	7.0	8.3	3.4	3.6	n.a.	2.7	1.0	-4.7	3.8	24.6	6.7
PPG US	Ppg Industries Inc	106.03	27194.6	17.3	15.5	14.1	11.4	10.8	10.3	4.8	5.2	27.7	31.6	5.8	9.9	1.5	1.6	-3.6	-3.5	6.0	1.3	11.9
GLW US	Corning Inc	29.25	26418.1	17.1	15.7	14.3	8.8	8.7	8.5	1.7	1.7	6.9	9.9	8.1	5.1	2.0	2.1	-2.7	1.4	10.4	31.6	20.5
<b>Average</b>				<b>17.7</b>	<b>12.9</b>	<b>11.7</b>	<b>7.6</b>	<b>7.1</b>	<b>6.6</b>	<b>1.6</b>	<b>1.6</b>	<b>6.9</b>	<b>9.5</b>	<b>4.7</b>	<b>4.6</b>	<b>1.5</b>	<b>2.0</b>	<b>1.1</b>	<b>4.8</b>	<b>12.3</b>	<b>35.4</b>	<b>18.4</b>
914 HK	Anhui Conch Cement Co Ltd-H	28.90	19237.6	11.1	11.2	10.7	6.4	6.4	6.3	1.7	1.6	11.1	14.5	8.0	n.a.	2.0	2.7	6.4	6.1	14.9	42.0	37.0
3323 HK	China National Building Ma-H	4.77	3297.4	8.8	9.3	8.4	8.6	8.9	8.8	0.5	0.5	2.5	5.1	0.5	0.7	1.0	2.2	2.8	-7.9	4.6	34.0	26.5
1313 HK	China Resources Cement	4.65	3889.5	10.3	9.8	9.5	7.2	7.2	7.1	1.1	1.1	3.7	10.7	3.5	5.7	1.9	4.1	19.8	9.2	28.8	64.9	54.5
2009 HK	Bomb Corp-H	3.94	8740.7	11.2	8.4	7.8	14.2	11.5	10.3	0.8	0.8	5.8	7.3	1.6	n.a.	1.4	1.5	0.0	-5.5	31.3	38.7	47.0
743 HK	Asia Cement China Holdings	2.64	529.6	10.3	9.5	6.5	5.5	5.5	4.8	0.4	0.4	-3.1	3.8	0.8	n.a.	1.3	4.4	14.3	4.8	36.8	68.2	47.5
<b>Average</b>				<b>10.3</b>	<b>9.6</b>	<b>8.6</b>	<b>8.4</b>	<b>7.9</b>	<b>7.5</b>	<b>0.9</b>	<b>0.8</b>	<b>4.0</b>	<b>8.3</b>	<b>2.9</b>	<b>3.2</b>	<b>1.5</b>	<b>3.0</b>	<b>8.7</b>	<b>1.3</b>	<b>23.3</b>	<b>49.6</b>	<b>42.5</b>
2128 HK	China Lesso Group Holdings L	5.51	2188.7	6.8	6.1	5.6	4.6	4.2	3.6	1.3	1.2	17.7	18.1	9.9	n.a.	2.8	3.2	-8.2	-11.1	3.6	25.5	9.5
358 HK	Jiangxi Copper Co Ltd-H	14.26	8927.7	21.3	19.4	14.4	12.6	11.4	8.7	0.9	0.9	1.5	4.4	0.9	n.a.	1.2	1.9	11.2	17.5	5.9	60.4	31.8
2600 HK	Aluminum Corp Of China Ltd-H	4.90	12216.1	24.4	18.3	12.0	10.7	9.7	8.8	1.7	1.5	0.4	6.5	0.2	n.a.	0.0	0.3	22.5	27.9	21.9	96.0	53.1
1088 HK	China Shenhua Energy Co-H	19.46	49557.2	9.7	10.6	10.6	4.9	5.1	4.9	1.0	1.1	5.4	10.6	5.7	6.8	2.7	4.2	12.0	26.1	38.3	54.4	56.7
1898 HK	China Coal Energy Co-H	3.86	10640.5	10.2	12.0	11.3	9.2	9.7	9.9	0.5	0.5	-3.8	5.2	0.7	2.0	1.2	2.9	2.1	2.1	-5.2	-5.6	4.9
1171 HK	Yanzhou Coal Mining Co-H	7.69	8195.9	7.1	9.2	7.9	7.8	10.2	9.6	0.9	0.8	0.4	11.2	1.4	n.a.	1.8	4.2	9.9	14.3	25.9	61.2	45.4
347 HK	Angang Steel Co Ltd-H	6.34	6621.2	15.0	12.7	11.4	8.6	8.0	7.9	0.9	0.8	-10.1	5.7	3.6	n.a.	n.a.	1.9	8.9	21.2	6.0	67.3	37.5
323 HK	Maanshan Iron & Steel-H	3.79	4894.7	10.2	10.4	9.9	7.7	7.6	7.3	1.2	1.1	-23.0	10.8	3.8	n.a.	n.a.	1.0	21.5	44.1	32.5	119.1	67.7
2689 HK	Nine Dragons Paper Holdings	11.64	6966.3	11.4	10.2	9.5	8.0	7.3	6.9	1.7	1.6	5.7	14.6	4.2	n.a.	1.3	2.5	11.9	38.6	29.6	89.8	65.6
2314 HK	Lee & Man Paper	8.33	4817.2	8.8	8.9	8.6	7.8	8.1	7.9	2.3	2.0	13.4	23.4	8.1	n.a.	2.6	3.9	14.9	36.6	18.8	39.3	38.4
1812 HK	Shandong Chenming Paper-H	11.98	4009.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.3	n.a.	6.6	n.a.	2.6	n.a.	5.8	n.a.	21.3	33.9	34.6	84.3	49.9
<b>Average</b>				<b>12.5</b>	<b>11.8</b>	<b>10.1</b>	<b>8.2</b>	<b>8.1</b>	<b>7.6</b>	<b>1.2</b>	<b>1.1</b>	<b>1.3</b>	<b>11.1</b>	<b>3.7</b>	<b>4.4</b>	<b>2.2</b>	<b>2.6</b>	<b>11.6</b>	<b>22.8</b>	<b>19.3</b>	<b>62.9</b>	<b>41.9</b>
HSI Index	Hang Seng Index																	6.1	11.0	17.0	24.8	24.2
HSCEI Index	Hang Seng China Ent Index																	4.5	5.9	10.4	20.9	15.3
SHCOMP Index	Shanghai Se Composite																	2.5	3.8	3.6	9.9	5.5
MXCN Index	Msci China																	7.5	15.2	25.3	36.4	33.9

Sources: Bloomberg, Company, CGIS Research estimates for covered stocks;