

SouFun to Unicom Surge on Profit as Solars Rise: China Overnight 2013-08-08 18:44:16.400 GMT

By Belinda Cao

Aug. 9 (Bloomberg) -- Chinese stocks advanced the most in a week in New York as companies from SouFun Holdings Ltd. to China Unicom (Hong Kong) Ltd. reported better-than-estimated earnings.

The Bloomberg China-US Equity Index of the most-traded Chinese stocks in the U.S. climbed 2.2 percent to 94.22 at 2:43 p.m. in New York. SouFun, China's biggest real estate information website, jumped to a record and Xinyuan Real Estate Co. gained the most in a week. Yingli Green Energy Holding Co.

and Trina Solar Ltd. rallied after saying second-quarter solar- module shipments beat their estimates. China Unicom traded at the widest premium in three months over the Hong Kong stock.

Fifteen out of sixteen companies on the China-US gauge that have reported earnings since July 22 posted profit that beat analysts' projections, compared with nine out of 14 firms in the same period a year ago, according to data compiled by Bloomberg.

Real estate companies SouFun and Xinyuan both raised their 2013 sales forecasts yesterday, while China Unicom, the nation's second-largest wireless carrier, posted second-quarter profit that surpassed analysts' estimates.

"Most of the outlooks of the companies are pretty positive," Jeff Papp, a senior analyst at Oberweis Asset Management Inc., which manages \$700 million of assets, said by phone from Lisle, Illinois. "Most of these companies have such niches that they kind dominate in the industries they are in.

They look pretty healthy for the third quarter."

ETF Climbs

The iShares China Large-Cap ETF, the largest Chinese exchange-traded fund in the U.S., added 2.1 percent to \$34.50, rising from the lowest level in two weeks. The Standard & Poor's 500 Index added 0.5 percent as data on China's trade and U.S. jobless claims bolstered optimism in the global economy.

SouFun's American depository receipts jumped 11 percent to \$38.78, the highest level since the company's U.S. listing in September 2010.

The Beijing-based company said net income in the second quarter jumped 67.5 percent to \$55.4 million in a statement yesterday, while sales grew 48.6 percent to \$144.1 million. Both exceeded the mean estimates of analysts surveyed by Bloomberg.

SouFun raised its 2013 revenue forecast to as much as \$548 million, from \$538 million previously. SouFun's estimate beat the average projection of \$541 million of four analysts.

Goldman Sachs Group Inc. yesterday increased the price target for SouFun to \$31.5 from \$29.

Xinyuan, also based in Beijing, gained 1.6 percent to \$5.08 in New York. The developer lifted its 2013 sales projection by 6 percent to over \$880 million. Xinyuan's second-quarter earnings also beat its own guidance in May by 58 percent, it said.

Low-Cost Phones

China Unicom's ADRs advanced 5.4 percent to \$15.17, the highest level since February. The ADRs, each representing 10 underlying shares in the telecom company, traded 2.6 percent above Hong Kong shares, the biggest premium since April 19.

China Unicom's net income rose 41 percent and sales expanded 22 percent in the three months through June from a year earlier. Both earnings and revenue beat analysts' average estimates compiled by Bloomberg. The Hong Kong-based company has turned to low-cost smartphones from Chinese suppliers like Lenovo Group Ltd.'s A66 or ZTE Corp.'s V790, both priced at 499 yuan (\$82) to trim subsidy costs and reduce reliance on Apple Inc.'s iPhone to win users.

Yingli, the biggest solar-panel maker, surged 6.9 percent to \$3.89, set for the biggest rally in three weeks. The Baoding, China-based company estimated shipments of solar modules to rise as much as 24 percent last quarter from the January-March period, compared with a previous projection of a "low-to-mid teen percent" increase, it said in a statement yesterday.

Trina soared 10 percent to \$7.27, poised for the biggest jump since July 15. The company said second-quarter shipments may surpass its previous estimate by more than 20 percent to as much as 660 megawatts of modules in a release yesterday.

The Hang Seng China Enterprises Index in Hong Kong climbed 0.4 percent yesterday to 9,484.64, after slumping the most in a month the previous day, while the Shanghai Composite Index slipped 0.1 percent to 2,044.9 in a second day of declines.

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