

HU AN CABLE - Wild Ducks Flying Backward

6 December 2011

Exchange Singapore Stock Exchange
Sector Electrical Engineering
Reuters HACH.SI
Bloomberg HAN: SP
POEMS HAC.SG

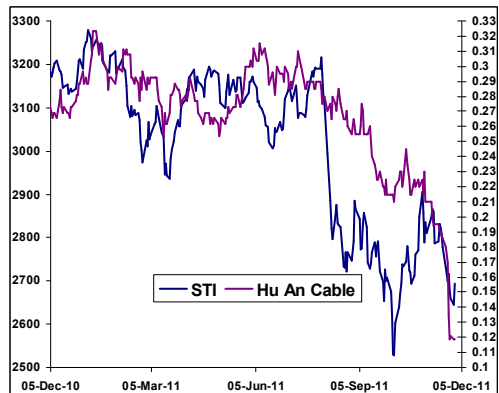
Today's Closing Price
S\$0.115
Target Price
S\$0.36 (+113%)

BUY (Maintained)

Price
Last Price 0.115
52wk High 0.331
52wk Low 0.111
Shares Outstanding (mil) 861.570
Market Cap (S\$m) 99.081
Avg. Daily Turnover (mil) 3months 1.202
Free float (%) 48.6%
PE (X) Trailing 4Q11 3.38
PB (X) 4Q11 0.45

Price performance %

| | 1M | 3M | 6M |
|----------|--------|--------|--------|
| Absolute | -51.7% | -48.4% | -63.0% |
| Relative | -49.6% | -54.2% | -51.4% |



In terms of operational performance, **Hu An Cable** is performing like its peers. Apart from gross profit margin, which it is maintaining at its ytd level, **Hu An Cable** suffers margin defeats as we look lower down the profit & loss account. The postponement of its second TDR listing, the delay of production from its new capex by a quarter and, the weak general market all make the good work done by **Hu An Cable** & peers (a profitable group with expanding revenues) look like a flock of wild ducks flying backward.

At least, they are still flying. Smaller players are bleeding.

Its peers had not changed full year guidance of strong revenue gains in their respective 3Q reports. But one had alerted that volatility of the copper price would affect its margins. As 4Q is usually the strongest quarter, all should be profitable for the year.

Although margins are worse than last year, **Hu An Cable** is maintaining its ytd gross margin for wire & cable. Its gross margin in copper rods also appears to have stabilised.

We are adjusting our forecast to take into consideration of the following:

- Higher interest expense due to postponement of second TDR listing.
- Lower PV of earnings due to delay of production from new capex by one quarter.
- Lower copper price forecast due to recent weak economic indicators out of China.
- Lower selling & distribution expense due to lower revenues, mainly from lower copper price.
- Lower admin expense due to lower provision of doubtful revenues, mainly from lower copper price.
- Slightly higher gross margins for 4Q11 and FY12 as 3Q11 result proved it had adjusted well.
- Exchange rate to translate the RMB present values back to SGD from the previous 5.3 to 5.0 helps the valuation.

We arrive at fair value of **SG36¢**, which is present values of cashflows up to 2020 discounted by it being a S-chip, and 2 more market crashes. This is 113% higher than the last traded price of **SG11.5¢**.

We have not made a lower short-term target price as the last traded price is about 0.45x NTA. We refer to *Sunpower's* lowest price of **SG7¢**, which equated to 0.44x NTA then.

Therefore, **BUY**.

| Major Shareholders | % |
|-------------------------|-------|
| 1 Dai Zhi Xiang | 23.80 |
| 2 Citibank (TDR) | 22.63 |
| 3 Pacific Alliance Asia | 10.79 |
| 4 Yeung Wai Wing | 7.79 |

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MICA (P) 004/01/2011
Ref No:SG2011_0330

| Conso Ending | PATMI RMBf | EPS RMBf | DPS SG¢ | BV RMBf | ROE (%) | P/E (X) | Yield (%) at ex-date | P/B (X) |
|--------------|------------|----------|---------|---------|---------|---------|----------------------|---------|
| 12/10A | 172 | 26 | 1.0 | 147 | 17.7% | 5.7 | 2.7% | 1.01 |
| 12/11F | 147 | 17 | 1.0 | 127 | 13.4% | 3.4 | 2.8% | 0.45 |
| 12/12F | 165 | 19 | N/A | 147 | 13.1% | 3.0 | N/A | 0.39 |
| 12/13F | 360 | 42 | N/A | 189 | 22.1% | 1.4 | N/A | 0.30 |

Performance – at least, they are ‘flying’ together

| 9M2011 Peer Comparison | | | | | Peers | (Cable) | (Rods) |
|---------------------------|----------|---------|---------|---------|----------|---------|--------|
| RMBm (except %) | FAR EAST | HANHE | WANMA | NANYANG | Total | HU AN | HU AN |
| Revenue | 8,110.7 | 2,609.8 | 1,848.4 | 1,431.7 | 14,000.6 | 1,528.1 | 824.0 |
| YoY Revenue Growth | 24.1% | 20.7% | 21.6% | 14.6% | 22.1% | 35.4% | |
| Gross Profit | 1,183.2 | 520.6 | 249.8 | 222.5 | 2,176.2 | 275.1 | 18.9 |
| GP Margin | 14.6% | 19.9% | 13.5% | 15.5% | 15.5% | 18.0% | 2.3% |
| S&D expense | (501.2) | (118.5) | (110.6) | (29.3) | (759.7) | (49.9) | 0.0 |
| GP Margin after S&D exp | 8.4% | 15.4% | 7.5% | 13.5% | 10.1% | 14.7% | 2.3% |
| G&A expense | (108.9) | (65.7) | (34.3) | (30.4) | (239.3) | (64.6) | 0.0 |
| Investment inc/impairment | (1.6) | (67.2) | (13.0) | (0.5) | (82.2) | 6.1 | 0.0 |
| Interest | (195.0) | 6.1 | (23.0) | (2.7) | (214.5) | (41.3) | 0.0 |
| Others | 37.0 | 32.8 | 13.8 | 2.3 | 85.9 | 0.0 | 0.0 |
| PBT | 413.6 | 308.2 | 82.7 | 161.9 | 966.4 | 125.3 | 18.9 |
| Income tax | (82.8) | (50.3) | (7.9) | (39.7) | (180.7) | (20.5) | (4.7) |
| MI | (0.0) | 2.1 | 0.5 | (19.9) | (17.2) | 0.0 | 0.0 |
| PATMI | 330.8 | 260.0 | 75.4 | 102.3 | 768.4 | 104.8 | 14.1 |
| PATMI Margin | 4.1% | 10.0% | 4.1% | 7.1% | 5.5% | 6.9% | 1.7% |

Table 1

Source: Listco, PSR

In revenue terms, **Hu An Cable** beat the peer average yoy growth of 22.1% by returning 35.4%. Its 3Q11 performance was good if one considers its ‘margin of victory’ in 1H11 was a narrow 23.4% to 22.7%.

In gross margin terms, **Qingdao Hanhe** rebounded from 16.6% in 1H11 to 19.9% in 9M11. This reflected its specialisation in high-end cables of accompanying higher gross margins; and, the 28.3% performance of FY10.

Qingdao Hanhe also maintained its best-in-class performance at the PATMI margin level, reaching double-digit (exactly 10%) for the first time this year. Last year, this was 13%.

A glaring ‘flying backward’ feature on the margins is that **Hu An Cable** is the only one to maintain its 9M10’s 18% gross margin (stated as its business model in corporate presentation slides) while the peers’ margins ALL fell. However this is no cause to celebrate as gross margin (adjusted for selling & distribution expense) ALL fell yoy. See *Table 2*.

| Hu An Period Comparison | | | | | | Wire & Cables | |
|-------------------------|--------|---------|---------|--------|--------|-------------------|--------------|
| RMBm (except %) | 9M09 | 9M10 | 9M11 | 3Q11F | 3Q11A | 9M10A | 9M11A |
| Revenue | 943.5 | 1,673.1 | 2,355.1 | 848.2 | 920.5 | 1,128.6 | 1,528.1 |
| YoY Revenue Growth | NA | 77.3% | 40.8% | 38.9% | 50.7% | NA | 35.4% |
| Gross Profit | 172.3 | 239.9 | 293.9 | 108.1 | 128.4 | 203.1 | 275.1 |
| GP Margin | 18.3% | 14.3% | 12.5% | 12.7% | 13.9% | 18.0% | 18.0% |
| S&D expense | (22.4) | (26.6) | (49.9) | (22.8) | (18.0) | (26.6) | (49.9) |
| GP Margin after S&D exp | 15.9% | 12.8% | 10.4% | 10.1% | 12.0% | 15.6% | Unit 14.7% |
| G&A expense | (18.7) | (41.8) | (64.6) | (21.1) | (24.1) | CU price 48,783 | RMB/t 60,238 |
| Other | 10.5 | 6.6 | 6.1 | 0.0 | 2.5 | Vol@CU 23,135 | tonne 25,368 |
| Interest | (15.6) | (17.9) | (41.3) | (2.1) | (20.5) | Vol +% | NA % 9.6% |
| Unusual items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Wire lg 32,396.2 | km 29,259.2 |
| PBT | 126.1 | 160.2 | 144.1 | 62.1 | 68.2 | Vol +% | NA % (9.7%) |
| Income tax | (23.1) | (26.1) | (25.2) | (11.8) | (11.5) | Cable lg 26,510.6 | km 38,751.3 |
| MI | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Vol +% | NA % 46.2% |
| PATMI | 103.0 | 134.1 | 119.0 | 50.3 | 56.7 | | |
| PATMI Margin | 10.9% | 8.0% | 5.1% | 5.9% | 6.2% | | |

Table 2

Source: HAC, PSR

Hu An Cable’s gross margin (adjusted for selling & distribution expense) fell from 15.6% to 14.7% yoy over the 9-month period. Its peers’ average fell from 10.4% to 10.1%.

Compared to forecast, **Hu An Cable** did better at most lines except interest expense. The forecast factored in proceeds that were to have come from the second TDR listing. It appeared that a higher-than-benchmark interest rate had contributed to the higher expense. We had assumed notes payable were non-interest bearing, as per its 2010 annual report.

Below is *Table 3*, which shows margins of Hu An Cable and its peers of 9M11 and 9M10.

Except for Hu An Cable's gross margin (which maintained at 18%) and, Far East's bottom-line (which slightly improved from 3.7% to 4.1%); all other margins fell.

| Margins Peer Comparison | | | | | Peers | (Cable) | (Rods) |
|--------------------------------------|-----------------|--------------|--------------|----------------|--------------|--------------|--------------|
| <i>RMBm (except %)</i> | FAR EAST | HANHE | WANMA | NANYANG | Total | HU AN | HU AN |
| Gross Profit (9M11) | 1,183.2 | 520.6 | 249.8 | 222.5 | 2,176.2 | 275.1 | 18.9 |
| GP Margin (9M11) | 14.6% | 19.9% | 13.5% | 15.5% | 15.5% | 18.0% | 2.3% |
| GP Margin a/S&D (9M11) | 8.4% | 15.4% | 7.5% | 13.5% | 10.1% | 14.7% | 2.3% |
| Loss (%-point) due to S&D | 6.2% | 4.5% | 6.0% | 2.0% | 5.4% | 3.3% | |
| PATMI Margin (9M11) | 4.1% | 10.0% | 4.1% | 7.1% | 5.5% | 6.9% | 1.7% |
| Gross Profit (9M10) | 1,021.9 | 508.3 | 229.3 | 209.5 | 1,969.0 | 203.1 | 36.8 |
| GP Margin (9M10) | 15.6% | 23.5% | 15.1% | 16.8% | 17.2% | 18.0% | 6.8% |
| GP Margin a/S&D (9M10) | 7.2% | 18.8% | 7.8% | 15.1% | 10.3% | 15.6% | 6.8% |
| Loss (%-point) due to S&D | 8.4% | 4.7% | 7.2% | 1.7% | 6.8% | 2.4% | |
| PATMI Margin (9M10) | 3.7% | 14.0% | 5.5% | 7.8% | 6.3% | 9.4% | 5.1% |

Table 3

Source: Listco, PSR

Rods' margins also fell from 2010 but there appears to be some stability now at 2.3% gross.

Copper price

As we are seeing negative economic indicators coming out from the EU and China, we worry if there would be a repeat of the commodities' plunge during the end08-to-start09 period.

Copper price dived between its average high in February to its October average by 25.5% (US\$) or 27.9% (RMB). The monthly average price of copper recovered slightly from October's *RMB46,800/t* to *RMB48,000/t* in November.

Although we had been comfortable with our estimate of *RMB53,000/t* price for slightly more than a year now, we are revising it down to *RMB48,900/t*. This is a 7.7% drop. This number is derived from the monthly RMB-denominated averages between January 2006 and October 2011, ignoring prices above *RMB58,700/t* and below *RMB39,000/t*.

We stated in our previous report that the inflation filtered through to other countries from the enormous US debt could lift commodity prices for the next 10 years. However the 5 years 10 months data that we are using to calculate the *RMB53,000/t* is telling us it should be *RMB48,900/t*. Things are really happening much faster than previously anticipated. Please note that our previous *RMB53,000/t* forecast had been lower than all the actual 12 monthly average prices since we initiated coverage. Not accurate, but we have been conservative.

We were contemplating an increase in our copper price forecast as our previous forecast was lagging actual. Strange, but we have instead lowered the forecast.

The revision downwards is to take into account, probably, worsening manufacturing conditions in China. Therefore, a reversal to the upside would only take place when China comes out decisively from the current downturn.

Delay

The company recently changed its expected start of operation of its MV/HV cables from 3Q11 to 4Q11; and, of its UHV/accessories/fire-resistant cables from 1Q12 to 1H12. For forecast purpose, we assume revenues start in the Q after launch i.e. MV/HV cable revenues start from 4Q11; and, UHV/accessories/fire-resistant cable revenues start from 3Q12.

Peer guidance

Guidance remains quite similar to previous quarter.

- *Zhejiang Wanma* guided *RMB2.8b* revenue for FY2011, which it believed in its 1H11 report, to be achievable. It expects to improve on its gross margin of 9M.
- *Guangdong Nanyang* guided $<+50\%$ yoy net profit; and, at the current 9M rate, it should deliver its *RMB2.2b-2.5b* revenue guidance.
- *Qingdao Hanhe* maintained its *RMB3.99b* FY2011 revenue guidance. It highlighted the

main risks as increase and/or volatility in copper price and immense competition. (Well, the copper price risk is coming to pass). It expects net profit to be better by <30% yoy.

- *Jiangsu New Far East Cable* guided *RMB12.5b* from last year's *RMB9.339b* or +34% previously. 4Q10/9M10 revenue = 42%. To achieve revenue announced previously, it has to do *RMB4.4b* in 4Q, which is +54% yoy, a very difficult task.

On an overall basis, this peer group guided 31.6% for FY2011. 9M11 grew 22%. Last year, 4Q10/9M10 = 43%. 9M11 revenue +43% = *RMB20b*. This is less than the guidance.

So, it appears that the peer group may miss guidance but there would not be a disaster.

Adjusting forecasts

Hu An Cable proved once again it could achieve its 18% wire & cable gross margin. We therefore adjust our forecast for the remaining quarter of 2011 and FY2012 from 17.3% to 18% for production out of the old capex.

Its stable performance in the copper rods also made us adjust our forecast from 1.82% to its 9M11's 2.25%.

The Chinese government has started easing; so, we adjust downwards our interest rate forecasts. Instead of edging up to a high of 7.31% before easing, we max it at 6.56% and, then easing it down to 5.31% by 2016.

The delay in production from new capex affects projected cash flows negatively but this is offset by the better margins for 4Q11 and FY2012 and lower interest rates used for calculating interest expense.

Interest expense forecast would be increased due to postponement of the second TDR financing. Although the *Hu An Cable* retained the TDR financing in its latest corporate presentation, we have excluded any more equity financing until the course is clearer.

Selling & distribution expense is lower due to lower revenue, mainly due to lower copper price.

Admin expense fell for FY2012 and FY2013 due to lower provision of doubtful revenue, mainly from lower copper price.

Short term bank loans are fully repaid 2 years later than our previous forecast, mainly because of the postponement of TDR financing; and, because trade receivables are pagged longer to reflect current behaviour, as stated in its 3Q report.

Valuation & Recommendation

The PV of the company is calculated to be:

Current assets less **total liabilities** at 31.12.20 less 5% withholding tax
 = *RMB(5019.5m – 911.7m – 188.6m)*
 = ***RMB3919.2m***
 at *RMB5.0 = SGD1* (previously *RMB5.3=SGD1*),
 this is ***SGD783.8m*** (previously, *781m*);
 per share, this is ***SG91¢*** (on *861.6 shares*; previously, *84¢ on 931.6m shares*).

Using the discounts calculated in a cross-referenced report (on *Sunpower*), we arrive at a fair value of *SG91¢* x 0.66 x 0.64 x 0.9317 = *SG36¢*. We are using *Sunpower's* history as it was IPOed in 2005. *Hu An Cable* has only a short history since IPO.

However, do we want to use a lower target price just for the short-term to reflect our dislike of the general market?

No. Because when *Sunpower* was trading at its lowest point i.e. *SG7¢*, that was 0.44x NTA. At the previous close of *SG11.5¢*, *Hu An Cable* is trading at 0.45xNTA. We do not think it would go lower regardless if the general market goes lower. The recent sell-down was probably due to a fund selling. Another fund is unlikely to sell at the current price.

Therefore we look at the fair value of ***SG36¢*** and fix our target price at fair value.

BUY. +213% upside potential.

FINANCIALS (By Year)

| Profit model (PV-RMB mil) | 2007A | 2008A | 2009A | 2010A | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Copper price RMB/ton | 54,666 | 47,708 | 36,306 | 50,961 | 56,734 | 48,900 | 48,900 | 48,900 | 48,900 | 48,900 | 48,900 | 48,900 | 48,900 | 48,900 |
| Total Revenue | 1078.3 | 1385.3 | 1372.4 | 2437.5 | 3360.5 | 4594.6 | 5662.2 | 6207.5 | 6454.5 | 6454.5 | 6454.5 | 6454.5 | 6318.9 | 6138.4 |
| Cost of goods sold | (907.2) | (1165.6) | (1130.4) | (2077.4) | (2964.2) | (4073.6) | (4918.8) | (5394.8) | (5602.1) | (5615.3) | (5628.8) | (5642.4) | (5524.9) | (5370.0) |
| Gross profit | 171.2 | 219.7 | 242.1 | 360.1 | 396.3 | 521.0 | 743.4 | 812.7 | 852.4 | 839.1 | 825.7 | 812.1 | 794.0 | 768.4 |
| Selling & distribution expenses | (35.1) | (35.7) | (32.8) | (54.3) | (69.7) | (97.6) | (119.3) | (132.3) | (141.9) | (141.9) | (141.9) | (141.9) | (141.8) | (139.9) |
| Admin expenses | (22.6) | (33.3) | (34.7) | (74.8) | (92.5) | (104.6) | (109.0) | (121.8) | (132.1) | (145.7) | (158.3) | (171.6) | (184.3) | (199.4) |
| Other operating income | 2.3 | 6.6 | 11.5 | 7.0 | 7.3 | 5.2 | 4.7 | 5.1 | 7.3 | 12.0 | 16.3 | 20.3 | 24.5 | 28.4 |
| Other operating expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit b/interest, tax and minority interest | 115.8 | 157.3 | 186.1 | 238.0 | 241.4 | 323.9 | 519.9 | 563.7 | 585.7 | 563.5 | 541.8 | 518.9 | 492.5 | 457.6 |
| Interest expenses | (19.7) | (29.5) | (20.3) | (25.3) | (61.3) | (117.0) | (70.1) | (34.1) | (44.8) | (34.4) | (32.9) | (37.3) | (36.6) | (36.2) |
| Interest income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 | 18.0 | 15.0 | 40.0 | 14.0 | 28.0 | 32.0 | 45.0 |
| Profit before income tax and minority interest | 96.1 | 127.8 | 165.8 | 212.6 | 180.1 | 206.9 | 454.8 | 547.7 | 555.9 | 569.2 | 522.9 | 509.6 | 487.9 | 466.4 |
| Income tax | (34.5) | (35.3) | (32.2) | (40.4) | (33.3) | (41.6) | (95.2) | (113.7) | (112.1) | (142.3) | (130.7) | (127.4) | (121.7) | (116.4) |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit after income tax and minority interest | 61.6 | 92.5 | 133.6 | 172.3 | 146.8 | 165.3 | 359.6 | 434.0 | 443.7 | 426.9 | 392.1 | 382.2 | 366.2 | 350.1 |
| PATMI after withholding tax 5% | 0.0 | 0.0 | 126.9 | 163.7 | 139.4 | 157.1 | 341.6 | 412.3 | 421.5 | 405.5 | 372.5 | 363.1 | 347.9 | 332.6 |
| Diluted earnings per share RMBf | NM | NM | NM | 26 | 17 | 19 | 42 | 50 | 52 | 50 | 46 | 44 | 42 | 41 |
| Diluted earnings per share SG¢ | NM | NM | NM | 5.1 | 3.4 | 3.8 | 8.3 | 10.1 | 10.3 | 9.9 | 9.1 | 8.9 | 8.5 | 8.1 |
| Growth & margins (%) | 2007A | 2008A | 2009A | 2010A | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F |
| Revenue growth | 36.8% | 28.5% | (0.9%) | 77.6% | 37.9% | 36.7% | 23.2% | 9.6% | 4.0% | 0.0% | 0.0% | 0.0% | (2.1%) | (2.9%) |
| Gross profit growth | 40.4% | 28.4% | 10.2% | 48.8% | 10.0% | 31.5% | 42.7% | 9.3% | 4.9% | (1.6%) | (1.6%) | (1.6%) | (2.2%) | (3.2%) |
| Net profit growth | 33.9% | 6.7% | 9.7% | 7.1% | (14.8%) | 12.6% | 117.5% | 20.7% | 2.2% | (3.8%) | (8.1%) | (2.5%) | (4.2%) | (4.4%) |
| Gross profit margin | 15.9% | 15.9% | 17.6% | 14.8% | 11.8% | 11.3% | 13.1% | 13.1% | 13.2% | 13.0% | 12.8% | 12.6% | 12.6% | 12.5% |
| Net profit margin | 5.7% | 6.7% | 9.7% | 7.1% | 4.4% | 3.6% | 6.4% | 7.0% | 6.9% | 6.6% | 6.1% | 5.9% | 5.8% | 5.7% |
| ROA | 9.1% | 13.1% | 14.9% | 8.9% | 6.0% | 5.6% | 11.5% | 13.3% | 12.8% | 10.9% | 9.1% | 8.2% | 7.3% | 6.6% |
| ROE | 33.1% | 41.9% | 31.5% | 17.7% | 13.4% | 13.1% | 22.1% | 21.1% | 17.7% | 14.6% | 11.8% | 10.3% | 9.0% | 7.9% |
| Cash flow statement (PV-RMB mil) | 2007A | 2008A | 2009A | 2010A | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F |
| Profit(Loss) before tax | 96.1 | 127.8 | 165.8 | 212.6 | 180.1 | 206.9 | 454.8 | 547.7 | 555.9 | 569.2 | 522.9 | 509.6 | 487.9 | 466.4 |
| Depreciation, amortisation, share-option | 8.5 | 10.9 | 12.9 | 21.7 | 24.0 | 48.7 | 49.5 | 49.8 | 50.0 | 45.9 | 45.5 | 43.8 | 42.9 | 40.4 |
| Loss on disposal of plant, equipment | 0.2 | 0.6 | (0.3) | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables provision/write-off(back) | 1.0 | 1.4 | 0.1 | 8.8 | 20.9 | 17.0 | 2.0 | 2.0 | (2.0) | 0.0 | 0.0 | 0.0 | (1.0) | (1.0) |
| Inventories provision/write-off | 0.0 | 2.3 | (2.3) | 0.0 | 8.2 | 8.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest expense | 19.4 | 24.8 | 18.6 | 24.8 | 60.6 | 117.0 | 70.1 | 34.1 | 44.8 | 34.4 | 32.9 | 37.3 | 36.6 | 36.2 |
| Interest income | (0.3) | (0.3) | (4.6) | (0.9) | (4.1) | (5.2) | (5.0) | (18.0) | (15.0) | (40.0) | (14.0) | (28.0) | (32.0) | (45.0) |
| Operating income b/working capital changes | 125.0 | 167.4 | 190.2 | 267.5 | 289.7 | 392.4 | 571.4 | 615.5 | 633.7 | 609.4 | 587.2 | 562.7 | 534.4 | 497.0 |
| Change in trade receivables | (25.4) | (117.7) | 14.3 | (308.2) | (366.3) | (279.9) | (153.8) | (156.7) | (55.4) | 0.0 | (0.0) | 0.0 | 15.5 | 32.0 |
| Change in other receivables | (16.3) | (5.2) | 3.9 | 5.0 | 221.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in inventories | (48.2) | 58.1 | (109.5) | (158.8) | (28.8) | (207.1) | (32.9) | (23.4) | 16.4 | (1.3) | (1.4) | 13.6 | 17.8 | 17.3 |
| Change in trade payables | (1.4) | 31.5 | 0.6 | 397.8 | 41.3 | 379.0 | (194.0) | 48.8 | 1.7 | 1.6 | 1.7 | (16.7) | (21.8) | (21.2) |
| Change in other payables | 0.1 | 0.0 | 12.5 | 2.8 | 31.3 | 1.8 | (14.3) | 14.8 | 0.0 | 0.0 | 0.0 | (0.1) | (1.7) | (1.6) |
| Cash generated from operations | 33.8 | 134.0 | 112.1 | 206.2 | 188.9 | 286.2 | 176.4 | 499.1 | 596.3 | 609.7 | 587.6 | 559.5 | 544.2 | 523.5 |
| Interest paid | (19.4) | (24.8) | (18.6) | (24.8) | (60.6) | (117.0) | (70.1) | (34.1) | (44.8) | (34.4) | (32.9) | (37.3) | (36.6) | (36.2) |
| Interest received | 0.3 | 0.3 | 4.6 | 0.9 | 4.1 | 5.2 | 5.0 | 18.0 | 15.0 | 40.0 | 14.0 | 28.0 | 32.0 | 45.0 |
| Income tax paid | (35.2) | (33.2) | (33.4) | (32.9) | (38.1) | (33.0) | (94.7) | (109.1) | (112.5) | (134.8) | (133.6) | (128.2) | (123.1) | (117.7) |
| Net cash from operating activities | (20.5) | 76.3 | 64.7 | 149.4 | 94.3 | 141.4 | 16.7 | 373.9 | 454.0 | 480.6 | 435.0 | 422.0 | 416.5 | 414.6 |
| Purchased land rights, intangible | (13.4) | 4.5 | (0.3) | (95.0) | (2.6) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchased plant, property & equipment | (21.4) | (21.5) | (30.0) | (171.6) | (457.7) | (54.7) | (3.9) | (2.5) | (8.7) | (4.3) | (7.5) | (5.8) | (4.5) | (13.9) |
| Sale proceeds of property, plant & equipment | 0.0 | 0.0 | 0.1 | 0.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash used in investing activities | (16.0) | (243.7) | (30.2) | (266.1) | (460.2) | (54.7) | (3.9) | (2.5) | (8.7) | (4.3) | (7.5) | (5.8) | (4.5) | (13.9) |
| Issue of common stock | 0.0 | 0.0 | 69.4 | 398.1 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Paid dividend | 0.0 | 0.0 | 0.0 | (28.6) | (34.7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Paid minority interest, director | (30.4) | 189.7 | (71.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in pledged deposits | 0.0 | 142.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Proceeds from bank loans | 504.0 | 451.0 | 414.7 | 579.0 | 663.2 | 245.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repaid bank loans | (401.0) | (521.3) | (367.4) | (507.0) | (339.3) | (275.0) | 0.0 | (350.0) | (245.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash from financing activities | 38.5 | 206.9 | 45.7 | 441.5 | 289.2 | (30.0) | 0.0 | (350.0) | (245.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange difference on translation | (0.2) | (1.1) | 0.0 | 0.0 | (1.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net change in cash | 1.8 | 38.5 | 80.2 | 324.8 | (78.1) | 56.7 | 12.7 | 21.4 | 200.3 | 476.3 | 427.5 | 416.2 | 412.0 | 400.7 |
| Balance sheet cash difference | 1.8 | 38.5 | 80.2 | 324.8 | (78.2) | 56.7 | 12.7 | 21.4 | 200.3 | 476.3 | 427.5 | 416.2 | 412.0 | 400.7 |

Source: Hu An Cable, Phillip Securities Research

FINANCIALS (By Year)

| Balance sheet (PV-RMB mil) | 2007A | 2008A | 2009A | 2010A | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash and bank balances | 51.3 | 88.4 | 168.7 | 493.5 | 415.3 | 472.1 | 484.8 | 506.2 | 706.5 | 1182.8 | 1610.3 | 2026.5 | 2438.5 | 2839.3 |
| Associated company | 4.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade receivables | 326.8 | 380.9 | 366.5 | 659.4 | 999.1 | 1262.0 | 1413.8 | 1568.5 | 1625.9 | 1625.9 | 1625.9 | 1625.9 | 1611.4 | 1580.4 |
| Other receivables | 31.2 | 36.4 | 32.5 | 156.4 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
| Inventories | 119.8 | 59.4 | 171.2 | 330.0 | 358.9 | 565.9 | 598.8 | 622.2 | 605.8 | 607.1 | 608.5 | 594.9 | 577.1 | 559.8 |
| MI receivable | 7.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Current assets | 541.1 | 565.2 | 738.8 | 1639.3 | 1813.3 | 2340.0 | 2537.4 | 2736.9 | 2978.2 | 3455.8 | 3884.8 | 4287.3 | 4667.0 | 5019.5 |
| Property, plant, equipment | 90.8 | 101.9 | 120.0 | 151.6 | 477.3 | 485.9 | 442.9 | 398.2 | 359.5 | 320.5 | 285.2 | 249.7 | 213.9 | 189.9 |
| Land rights | 37.7 | 32.1 | 31.4 | 125.2 | 122.7 | 120.1 | 117.5 | 114.9 | 112.3 | 109.7 | 107.1 | 104.5 | 101.9 | 99.3 |
| Intangibles | 2.2 | 2.3 | 2.4 | 2.4 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 |
| Deferred tax assets/LT Rec'ble | 2.5 | 3.0 | 1.6 | 6.6 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 |
| Total Non-current assets | 133.2 | 139.3 | 155.4 | 285.9 | 622.4 | 628.4 | 582.8 | 535.5 | 494.2 | 452.7 | 414.7 | 376.7 | 338.2 | 311.7 |
| Total Assets | 674.3 | 704.5 | 894.2 | 1925.2 | 2435.7 | 2968.4 | 3120.2 | 3272.5 | 3472.5 | 3908.5 | 4299.5 | 4664.0 | 5005.3 | 5331.2 |
| Trade payables | (98.2) | (128.9) | (72.9) | (465.4) | (506.7) | (885.6) | (691.6) | (740.4) | (742.1) | (743.8) | (745.4) | (728.8) | (706.9) | (685.8) |
| Other payables | (19.9) | (70.0) | (68.8) | (78.7) | (110.0) | (111.8) | (97.4) | (112.3) | (112.3) | (112.3) | (112.3) | (112.2) | (110.5) | (108.9) |
| Short-term bank loans | (350.0) | (269.7) | (317.0) | (389.0) | (625.0) | (595.0) | (595.0) | (245.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income tax payable | (11.7) | (13.5) | (11.0) | (19.4) | (14.7) | (23.2) | (23.8) | (28.4) | (28.0) | (35.6) | (32.7) | (31.8) | (30.4) | (29.1) |
| Total Current liabilities | (479.9) | (482.1) | (469.7) | (952.5) | (1256.3) | (1615.6) | (1407.8) | (1126.1) | (882.4) | (891.6) | (890.4) | (872.8) | (847.8) | (823.7) |
| Long-term bank loans | 0.0 | 0.0 | 0.0 | 0.0 | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) |
| Deferred tax liability | 0.0 | (0.9) | (0.9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Non-current liabilities | 0.0 | (0.9) | (0.9) | 0.0 | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) |
| Total Liabilities | (479.9) | (483.0) | (470.6) | (952.5) | (1344.3) | (1703.6) | (1495.8) | (1214.1) | (970.4) | (979.6) | (978.4) | (960.8) | (935.8) | (911.7) |
| Common stock | (108.0) | (0.0) | (258.3) | (656.5) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) |
| Share premium | 0.0 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 |
| Currency translation reserve/share options | 0.0 | (188.9) | 0.0 | (7.3) | (14.2) | (22.2) | (22.2) | (22.2) | (22.2) | (22.2) | (22.2) | (22.2) | (22.2) | (22.2) |
| General reserve | (13.3) | (23.8) | (37.9) | (58.3) | (75.2) | (91.7) | (127.7) | (171.1) | (215.4) | (258.1) | (283.2) | (283.2) | (283.2) | (283.2) |
| Retained earnings | (65.0) | (92.0) | (211.5) | (334.8) | (429.9) | (578.7) | (902.4) | (1292.9) | (1692.3) | (2076.5) | (2443.6) | (2825.7) | (3191.9) | (3542.0) |
| Total Common equity | (186.3) | (220.5) | (423.6) | (972.6) | (1091.4) | (1264.8) | (1624.4) | (2058.4) | (2502.1) | (2928.9) | (3321.1) | (3703.3) | (4069.4) | (4419.5) |
| Minority interest | (8.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Equity | (194.4) | (220.5) | (423.6) | (972.6) | (1091.4) | (1264.8) | (1624.4) | (2058.4) | (2502.1) | (2928.9) | (3321.1) | (3703.3) | (4069.4) | (4419.5) |
| Total Equity and Liabilities | (674.3) | (703.5) | (894.2) | (1925.2) | (2435.7) | (2968.4) | (3120.2) | (3272.5) | (3472.5) | (3908.5) | (4299.5) | (4664.0) | (5005.3) | (5331.2) |
| Diluted book value/share RMBf | NM | NM | 90 | 147 | 127 | 147 | 189 | 239 | 290 | 340 | 385 | 430 | 472 | 513 |
| Diluted tangible asset value RMBf | NM | NM | 90 | 146 | 126 | 146 | 188 | 238 | 290 | 339 | 385 | 429 | 472 | 512 |
| Diluted book value/share SG¢ | NM | NM | 18.5 | 28.7 | 25.3 | 29.4 | 37.7 | 47.8 | 58.1 | 68.0 | 77.1 | 86.0 | 94.5 | 102.6 |
| Diluted tangible asset value SG¢ | NM | NM | 18.4 | 28.6 | 25.2 | 29.2 | 37.6 | 47.7 | 58.0 | 67.9 | 77.0 | 85.9 | 94.4 | 102.5 |
| Key Ratios | 2007A | 2008A | 2009A | 2010A | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F |
| Gross gearing | N/M | N/M | 0.53 | 0.49 | 0.55 | 0.57 | 0.48 | 0.37 | 0.28 | 0.25 | 0.23 | 0.21 | 0.19 | 0.17 |
| Net gearing | N/M | N/M | 0.34 | 0.24 | 0.38 | 0.41 | 0.32 | Cash | Cash | Cash | Cash | Cash | Cash | Cash |
| Debt ratio | N/M | N/M | 0.75 | 0.40 | 0.60 | 0.50 | 0.40 | 0.16 | 0.03 | 0.03 | 0.03 | 0.02 | 0.02 | 0.02 |
| Assets to sales ratio | N/M | N/M | 0.65 | 0.79 | 0.72 | 0.65 | 0.55 | 0.53 | 0.54 | 0.61 | 0.67 | 0.72 | 0.79 | 0.87 |
| Trade receivable days | N/M | N/M | 97 | 99 | 109 | 100 | 91 | 92 | 92 | 92 | 92 | 92 | 93 | 94 |
| Trade payables days | N/M | N/M | 24 | 82 | 62 | 79 | 51 | 50 | 48 | 48 | 48 | 47 | 47 | 47 |
| Inventories days | N/M | N/M | 55 | 58 | 44 | 51 | 44 | 42 | 39 | 39 | 39 | 38 | 38 | 38 |
| Cash turnover | N/M | N/M | 8.1 | 4.9 | 8.1 | 9.7 | 11.7 | 12.3 | 9.1 | 5.5 | 4.0 | 3.2 | 2.6 | 2.2 |
| Total assets turnover | N/M | N/M | 0.7 | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 0.6 | 0.7 | 0.7 | 0.8 | 0.9 |
| Common equity turnover | N/M | N/M | 0.3 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 |
| Valuation | 2007A | 2008A | 2009A | 2010A | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F |
| Price/Earnings (X) | N/M | N/M | N/M | 5.68 | 3.38 | 3.00 | 1.38 | 1.14 | 1.12 | 1.16 | 1.26 | 1.30 | 1.35 | 1.42 |
| Price/Book (X) | N/M | N/M | N/M | 1.01 | 0.45 | 0.39 | 0.30 | 0.24 | 0.20 | 0.17 | 0.15 | 0.13 | 0.12 | 0.11 |
| Price/Tangible book (X) | N/M | N/M | N/M | 1.01 | 0.46 | 0.39 | 0.31 | 0.24 | 0.20 | 0.17 | 0.15 | 0.13 | 0.12 | 0.11 |
| Price/Cashflow from Operations | N/M | N/M | N/M | 6.6 | 5.3 | 3.5 | 29.7 | 1.3 | 1.1 | 1.0 | 1.1 | 1.2 | 1.2 | 1.2 |
| Dividend yield at ex-date | N/A | N/A | N/A | 2.7% | 2.8% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Price at 31 December SG¢ | N/A | N/A | N/A | 28.8 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 |
| Number of shares (million) | N/A | N/A | 469.746 | 662.746 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 |
| Exchange rate: RMB/SGD | N/A | N/A | 4.8662 | 5.1203 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 |

Source: Hu An Cable, Phillip Securities Research

FINANCIALS (By Quarter)

| Profit model (RMB mil) | 1Q09A | 2Q09A | 3Q09A | 4Q09A | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A | 3Q11A | 4Q11F | 1Q12F | 2Q12F | 3Q12F | 4Q12F |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Copper price RMB/ton | 24,197 | 32,597 | 41,247 | 47,182 | 49,374 | 47,956 | 49,018 | 57,495 | 63,512 | 59,490 | 56,500 | 48,900 | 48,900 | 48,900 | 48,900 | 48,900 |
| Total Revenue | 128.3 | 335.3 | 479.8 | 428.9 | 355.0 | 707.3 | 610.8 | 764.4 | 607.9 | 826.7 | 920.5 | 1005.4 | 796.9 | 1073.0 | 1288.4 | 1436.3 |
| Cost of goods sold | (106.4) | (269.8) | (395.0) | (359.2) | (293.5) | (623.6) | (516.1) | (644.2) | (525.4) | (743.7) | (792.1) | (903.0) | (717.7) | (953.8) | (1137.0) | (1265.2) |
| Gross profit | 21.9 | 65.5 | 84.9 | 69.7 | 61.5 | 83.8 | 94.7 | 120.2 | 82.5 | 83.0 | 128.4 | 102.4 | 79.2 | 119.2 | 151.4 | 171.1 |
| Selling & distribution expenses | (2.9) | (12.1) | (7.4) | (10.4) | (8.4) | (11.8) | (6.3) | (27.8) | (15.7) | (16.2) | (18.0) | (19.8) | (14.8) | (22.8) | (28.5) | (31.6) |
| Admin expenses | (7.1) | (13.7) | 2.1 | (16.0) | (23.7) | (20.7) | 2.5 | (33.0) | (20.1) | (20.4) | (24.1) | (27.9) | (24.2) | (24.4) | (28.9) | (27.1) |
| Other operating income | 5.4 | 1.3 | 3.7 | 1.1 | 2.4 | 0.5 | 3.7 | 0.4 | 1.6 | 1.9 | 2.5 | 1.2 | 1.0 | 1.3 | 1.5 | 1.4 |
| Other operating expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit b/interest, tax and minority interest | 17.4 | 41.0 | 83.3 | 44.4 | 31.8 | 51.8 | 94.5 | 59.8 | 48.4 | 48.4 | 88.7 | 56.0 | 41.3 | 73.3 | 95.5 | 113.8 |
| Interest expenses | (6.2) | (4.9) | (4.5) | (4.6) | (5.8) | (5.2) | (6.9) | (7.4) | (8.3) | (12.6) | (20.5) | (20.0) | (25.9) | (29.8) | (32.6) | (28.8) |
| Interest income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit before income tax and minority interest | 11.2 | 36.1 | 78.8 | 39.8 | 26.1 | 46.5 | 87.6 | 52.4 | 40.1 | 35.8 | 68.2 | 36.0 | 15.5 | 43.5 | 63.0 | 85.0 |
| Income tax | (2.5) | (6.8) | (13.8) | (9.1) | (6.7) | (10.1) | (9.3) | (14.2) | (7.5) | (6.2) | (11.5) | (8.1) | (3.5) | (8.8) | (12.5) | (16.7) |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit after income tax and minority interest | 8.7 | 29.3 | 65.0 | 30.6 | 19.3 | 36.5 | 78.3 | 38.2 | 32.6 | 29.6 | 56.7 | 27.8 | 12.0 | 34.7 | 50.4 | 68.3 |
| Diluted earnings (trailing) per share RMBf | N/M | N/M | N/M | N/M | 24.5 | 25.8 | 28.0 | 26.0 | 28.0 | 20.7 | 18.2 | 17.0 | 14.6 | 15.2 | 14.5 | 19.2 |
| Diluted earnings (trailing) per share SG¢ | N/M | N/M | N/M | N/M | 5.0 | 5.3 | 5.5 | 5.1 | 5.4 | 3.9 | 3.7 | 3.4 | 2.9 | 3.0 | 2.9 | 3.8 |
| Growth & margins (%) | 1Q09A | 2Q09A | 3Q09A | 4Q09A | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A | 3Q11A | 4Q11F | 1Q12F | 2Q12F | 3Q12F | 4Q12F |
| Revenue growth y-o-y | N/A | N/A | N/A | N/A | 176.6% | 110.9% | 27.3% | 78.2% | 71.2% | 16.9% | 50.7% | 31.5% | 31.1% | 29.8% | 40.0% | 42.9% |
| Gross profit growth y-o-y | N/A | N/A | N/A | N/A | 180.1% | 27.8% | 11.6% | 72.5% | 34.3% | (0.9%) | 35.6% | (14.8%) | (4.0%) | 43.6% | 18.0% | 67.1% |
| Net profit growth y-o-y | N/A | N/A | N/A | N/A | 123.1% | 24.3% | 20.5% | 24.8% | 68.9% | (18.8%) | (27.6%) | (27.1%) | (63.3%) | 17.1% | (11.1%) | 145.4% |
| Gross profit margin | 17.1% | 19.5% | 17.7% | 16.3% | 17.3% | 11.8% | 15.5% | 15.7% | 13.6% | 10.0% | 13.9% | 10.2% | 9.9% | 11.1% | 11.8% | 11.9% |
| Net profit margin | 6.8% | 8.7% | 13.5% | 7.1% | 5.4% | 5.2% | 12.8% | 5.0% | 5.4% | 3.6% | 6.2% | 2.8% | 1.5% | 3.2% | 3.9% | 4.8% |
| ROA (trailing) | N/A | N/A | N/A | 14.9% | 11.5% | 11.5% | 10.5% | 8.9% | 9.5% | 8.6% | 6.2% | 6.0% | 4.8% | 4.5% | 4.0% | 5.6% |
| ROE (trailing) | N/A | N/A | N/A | 31.5% | 21.5% | 22.2% | 21.6% | 17.7% | 18.4% | 17.8% | 14.8% | 13.4% | 11.4% | 11.5% | 10.5% | 13.1% |
| Cash flow statement (RMB mil) | 1Q09A | 2Q09A | 3Q09A | 4Q09A | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A | 3Q11A | 4Q11F | 1Q12F | 2Q12F | 3Q12F | 4Q12F |
| Profit/(Loss) before tax | 11.2 | 36.1 | 78.8 | 39.8 | 26.1 | 46.5 | 87.6 | 52.4 | 40.1 | 35.8 | 68.2 | 36.0 | 15.5 | 43.5 | 63.0 | 85.0 |
| Depreciation, amortisation | 2.8 | 3.0 | 3.4 | 3.4 | 3.4 | 3.5 | 3.7 | 3.8 | 4.8 | 4.6 | 4.7 | 9.8 | 11.5 | 11.5 | 11.5 | 14.1 |
| Loss/write-off on disposal of plant, equipment | 0.0 | (0.0) | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.2 | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables/inventories write-off | 0.0 | 0.0 | (6.0) | 1.4 | 0.0 | 6.9 | (8.5) | 10.5 | 1.7 | 3.5 | 7.0 | 8.7 | (6.0) | (5.0) | 16.0 | 12.0 |
| Share option expense | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 0.5 | 2.0 | 2.0 | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Interest expense | 6.1 | 3.4 | 4.5 | 4.6 | 4.8 | 5.2 | 7.8 | 7.2 | 8.0 | 12.1 | 20.5 | 20.0 | 25.9 | 29.8 | 32.6 | 28.8 |
| Interest income | (1.9) | (1.0) | (1.5) | (0.1) | (0.2) | (0.2) | (0.2) | (0.3) | (1.0) | (0.7) | (1.2) | (1.2) | (1.0) | (1.3) | (1.5) | (1.4) |
| Operating income b/working capital changes | 18.2 | 41.5 | 79.0 | 49.1 | 37.2 | 62.4 | 92.4 | 75.8 | 55.6 | 57.5 | 101.3 | 75.3 | 47.8 | 80.5 | 123.5 | 140.5 |
| Change in trade receivables | (231.9) | 194.8 | 32.8 | 24.4 | (80.3) | (110.2) | (72.3) | (45.6) | (114.7) | (34.8) | (76.4) | (140.4) | 149.6 | (139.4) | (89.4) | (200.7) |
| Change in other receivables | (54.2) | 76.9 | 0.6 | (19.3) | (16.6) | (38.5) | (14.7) | 19.3 | (18.4) | (21.1) | (7.0) | 268.3 | 4.3 | 11.5 | (7.9) | (7.9) |
| Change in inventories | (25.5) | (60.4) | (34.5) | 8.7 | (78.9) | (23.2) | (85.7) | 29.0 | 3.5 | (86.6) | (38.6) | 92.8 | (237.2) | (114.5) | (80.1) | 224.8 |
| Change in trade payables | 215.4 | (197.6) | 25.3 | (157.4) | 30.2 | 58.4 | (25.6) | 141.4 | (26.7) | 107.3 | 175.5 | (214.9) | (4.3) | 165.2 | 128.3 | 89.7 |
| Change in other payables | (4.3) | 0.6 | 0.4 | 58.9 | 35.4 | (27.5) | 12.4 | 12.0 | (6.5) | 2.8 | 89.9 | (55.0) | 5.8 | 17.2 | 11.8 | (33.1) |
| Cash generated from operations | (82.4) | 55.6 | 103.5 | (35.6) | (73.0) | (78.5) | (93.5) | 231.9 | (107.0) | 25.0 | 244.7 | 26.2 | (33.9) | 20.5 | 86.2 | 213.3 |
| Interest paid | (6.1) | (3.4) | (4.5) | (4.6) | (4.8) | (5.2) | (7.8) | (7.2) | (8.0) | (12.1) | (20.5) | (20.0) | (25.9) | (29.8) | (32.6) | (28.8) |
| Interest received | 1.9 | 1.0 | 1.5 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 1.0 | 0.7 | 1.2 | 1.2 | 1.0 | 1.3 | 1.5 | 1.4 |
| Income tax paid | (9.1) | (2.2) | (7.2) | (14.9) | (6.6) | (10.1) | (7.5) | (8.8) | (14.0) | (7.1) | (5.4) | (11.5) | (8.1) | (3.5) | (8.8) | (12.5) |
| Net cash from operating activities | (95.7) | 51.0 | 93.4 | (55.0) | (84.2) | (93.5) | (108.5) | 216.2 | (128.0) | 6.4 | 220.0 | (4.1) | (66.8) | (11.5) | 46.3 | 173.4 |
| Purchased land rights, other | 0.0 | 0.0 | 0.0 | (0.3) | 0.0 | (0.1) | (0.1) | (94.7) | 0.7 | (0.6) | (2.7) | 0.0 | 0.0 | 0.0 | 0.0 | (0.0) |
| Purchased plant, property & equipment | (25.0) | (3.0) | (0.7) | (1.3) | (2.3) | (7.0) | (17.9) | (94.6) | (16.5) | (30.1) | (145.1) | (266.1) | (54.7) | 0.0 | 0.0 | 0.0 |
| Sale proceeds of property, plant & equipment | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash used in investing activities | (25.0) | (2.9) | (0.7) | (1.6) | (2.3) | (6.9) | (18.0) | (189.4) | (15.8) | (30.6) | (147.8) | (266.1) | (54.7) | 0.0 | 0.0 | (0.0) |
| Issue of common stock | 0.0 | 21.9 | 47.6 | (0.0) | 226.7 | 0.0 | 0.0 | 169.3 | 0.0 | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Share issue expense, paid dividends | 0.0 | 0.0 | (0.0) | 0.0 | 0.0 | 2.2 | 0.0 | 0.0 | 0.0 | (34.7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' loan, payment of dividends | (0.7) | (66.7) | 1.1 | 66.3 | 0.0 | (28.6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in pledged deposits | 3.4 | 0.0 | (1.8) | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Proceeds from bank loans | 215.5 | 106.0 | 23.5 | 69.7 | 212.8 | 325.8 | 278.3 | 144.7 | 118.8 | 144.9 | 249.5 | 150.0 | 90.0 | 80.0 | 75.0 | 0.0 |
| Repaid bank loans | (180.2) | (76.0) | (53.5) | (57.7) | (167.8) | (310.8) | (85.5) | (155.7) | (88.8) | (112.0) | (138.5) | 0.0 | 90.0 | (20.0) | (85.0) | (260.0) |
| Net cash from financing activities | 38.0 | (14.8) | 16.9 | 80.0 | 271.7 | (11.5) | 192.8 | 158.3 | 30.0 | (1.8) | 111.0 | 150.0 | 180.0 | 60.0 | (10.0) | (260.0) |
| Exchange difference on translation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | (1.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net change in cash | (82.7) | 33.3 | 109.6 | 23.5 | 185.3 | (111.9) | 66.3 | 185.1 | (113.8) | (25.8) | 181.6 | (120.2) | 58.5 | 48.5 | 36.3 | (86.6) |
| Balance sheet cash difference | (82.7) | 33.3 | 109.6 | 23.5 | 185.3 | (111.9) | 66.3 | 185.1 | (113.8) | (25.8) | 181.6 | (120.2) | 58.5 | 48.5 | 36.3 | (86.6) |

Source: Hu An Cable, Phillip Securities Research

FINANCIALS (By Quarter)

| Balance sheet (RMB mil) | 1Q09A | 2Q09A | 3Q09A | 4Q09A | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A | 3Q11A | 4Q11F | 1Q12F | 2Q12F | 3Q12F | 4Q12F |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash and bank balances | 2.3 | 35.6 | 145.2 | 168.7 | 354.0 | 242.0 | 308.4 | 493.5 | 379.7 | 353.9 | 535.5 | 415.3 | 473.8 | 522.4 | 558.7 | 472.1 |
| Pledged deposits | 0.0 | 0.0 | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade receivables | 608.3 | 413.6 | 386.4 | 360.6 | 439.8 | 546.7 | 626.6 | 659.4 | 765.3 | 798.0 | 867.4 | 999.1 | 855.5 | 999.8 | 1073.3 | 1262.0 |
| Other receivables | 90.6 | 13.7 | 13.2 | 32.5 | 49.1 | 87.5 | 102.1 | 156.4 | 174.7 | 207.1 | 307.1 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
| Inventories | 85.0 | 145.4 | 179.9 | 171.2 | 250.1 | 273.3 | 359.0 | 330.0 | 326.5 | 413.1 | 451.7 | 358.9 | 596.1 | 710.6 | 790.7 | 565.9 |
| Total Current assets | 786.3 | 608.4 | 726.5 | 733.0 | 1093.0 | 1149.5 | 1396.1 | 1639.3 | 1646.2 | 1772.1 | 2161.7 | 1813.3 | 1965.4 | 2272.8 | 2462.7 | 2340.0 |
| L/T Trade receivable | 4.7 | 4.7 | 4.7 | 5.9 | 7.0 | 3.2 | 4.1 | 3.2 | 10.1 | 15.1 | 14.1 | 14.1 | 14.1 | 14.1 | 14.1 | 14.1 |
| Property, plant, equipment | 124.2 | 124.3 | 121.9 | 120.0 | 118.7 | 122.3 | 136.7 | 151.6 | 164.2 | 172.7 | 221.1 | 477.3 | 516.1 | 493.1 | 489.5 | 485.9 |
| Land rights | 31.8 | 31.6 | 31.8 | 31.4 | 31.2 | 31.0 | 30.8 | 125.2 | 124.6 | 123.9 | 123.9 | 122.7 | 122.7 | 122.7 | 122.7 | 120.1 |
| Intangibles | 2.3 | 2.3 | 2.3 | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 1.7 | 2.2 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 |
| Deferred tax assets | 3.0 | 3.0 | 3.0 | 1.6 | 1.6 | 2.4 | 1.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Total Non-current assets | 166.0 | 165.9 | 163.7 | 161.2 | 160.8 | 161.3 | 175.4 | 285.9 | 304.0 | 317.4 | 367.4 | 622.4 | 661.2 | 638.2 | 634.6 | 628.4 |
| Total Assets | 952.3 | 774.2 | 890.2 | 894.2 | 1253.7 | 1310.8 | 1571.5 | 1925.2 | 1950.2 | 2089.5 | 2529.1 | 2435.7 | 2626.6 | 2911.1 | 3097.3 | 2968.4 |
| Trade payables | (344.2) | (146.6) | (171.9) | (72.9) | (103.1) | (158.4) | (135.8) | (465.4) | (438.7) | (546.1) | (721.5) | (506.7) | (502.4) | (667.6) | (795.9) | (885.6) |
| Other payables | (65.7) | (66.2) | (66.6) | (68.8) | (104.2) | (76.7) | (89.2) | (78.7) | (72.3) | (75.0) | (165.0) | (110.0) | (115.8) | (133.1) | (144.9) | (111.8) |
| Short-term bank loans | (305.0) | (335.0) | (305.0) | (317.0) | (362.0) | (377.0) | (569.8) | (389.0) | (419.0) | (451.9) | (475.0) | (625.0) | (805.0) | (865.0) | (855.0) | (595.0) |
| Income tax payable | (6.9) | (11.5) | (18.1) | (11.0) | (11.1) | (14.9) | (12.7) | (19.4) | (12.9) | (12.0) | (18.0) | (14.7) | (10.0) | (15.3) | (19.0) | (23.2) |
| Total Current liabilities | (721.8) | (559.3) | (561.6) | (469.7) | (580.5) | (627.1) | (807.5) | (952.5) | (942.8) | (1085.0) | (1379.5) | (1256.3) | (1433.2) | (1681.0) | (1814.8) | (1615.6) |
| Other, Bank loan | (0.3) | (1.0) | (1.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) |
| Deferred tax liability | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Non-current liabilities | (1.2) | (1.9) | (1.9) | (0.9) | (0.9) | (0.9) | (0.9) | 0.0 | 0.0 | 0.0 | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) | (88.0) |
| Total Liabilities | (723.1) | (561.2) | (563.5) | (470.6) | (581.4) | (628.0) | (808.4) | (952.5) | (942.8) | (1085.0) | (1467.5) | (1344.3) | (1521.2) | (1769.0) | (1902.8) | (1703.6) |
| Common stock | (0.0) | (21.9) | (69.4) | (258.3) | (485.1) | (487.2) | (487.2) | (656.5) | (656.5) | (656.5) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) | (656.4) |
| Share option | 0.0 | 0.0 | 0.0 | 0.0 | (2.7) | (3.2) | (5.3) | (7.3) | (9.4) | (11.5) | (13.5) | (15.5) | (17.5) | (19.5) | (21.5) | (23.5) |
| Merger reserve | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 | 84.2 |
| General reserve | (23.8) | (23.8) | (23.8) | (37.9) | (37.9) | (46.3) | (51.1) | (58.3) | (61.9) | (65.6) | (72.4) | (75.2) | (76.4) | (79.8) | (84.9) | (91.7) |
| Retained earnings | (100.7) | (130.0) | (195.0) | (211.5) | (230.8) | (230.3) | (303.8) | (334.8) | (363.8) | (355.0) | (404.9) | (429.9) | (440.7) | (471.9) | (517.3) | (578.7) |
| Shareholders' loan | (188.9) | (121.5) | (122.6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Translation reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.2) | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Total Common equity | (229.2) | (213.0) | (326.7) | (423.6) | (672.4) | (682.8) | (763.1) | (972.6) | (1007.3) | (1004.5) | (1061.6) | (1091.4) | (1105.4) | (1142.1) | (1194.5) | (1264.8) |
| Total Equity | (229.2) | (213.0) | (326.7) | (423.6) | (672.4) | (682.8) | (763.1) | (972.6) | (1007.3) | (1004.5) | (1061.6) | (1091.4) | (1105.4) | (1142.1) | (1194.5) | (1264.8) |
| Total Equity and Liabilities | (952.3) | (774.2) | (890.2) | (894.2) | (1253.7) | (1310.8) | (1571.5) | (1925.2) | (1950.2) | (2089.5) | (2529.1) | (2435.7) | (2626.6) | (2911.1) | (3097.3) | (2968.4) |
| Diluted book value/share RMBf | N/M | N/M | N/M | 90 | 114 | 116 | 130 | 147 | 152 | 117 | 123 | 127 | 128 | 133 | 139 | 147 |
| Diluted tangible asset value/share RMBf | N/M | N/M | N/M | 90 | 114 | 116 | 129 | 146 | 152 | 116 | 123 | 126 | 128 | 132 | 138 | 146 |
| Diluted book value/share SG¢ | N/M | N/M | N/M | 18.5 | 23.5 | 24.0 | 25.6 | 28.7 | 29.3 | 22.2 | 25.1 | 25.3 | 25.7 | 26.5 | 27.7 | 29.4 |
| Diluted tangible asset value/share SG¢ | N/M | N/M | N/M | 18.4 | 23.4 | 23.9 | 25.5 | 28.6 | 29.2 | 22.1 | 24.9 | 25.2 | 25.5 | 26.4 | 27.6 | 29.2 |
| Key Ratios | 1Q09A | 2Q09A | 3Q09A | 4Q09A | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A | 3Q11A | 4Q11F | 1Q12F | 2Q12F | 3Q12F | 4Q12F |
| Gross gearing | 0.76 | 0.72 | 0.63 | 0.53 | 0.46 | 0.48 | 0.51 | 0.49 | 0.48 | 0.52 | 0.58 | 0.55 | 0.58 | 0.61 | 0.61 | 0.57 |
| Net gearing | 0.76 | 0.68 | 0.47 | 0.34 | 0.18 | 0.29 | 0.32 | 0.24 | 0.29 | 0.35 | 0.37 | 0.38 | 0.40 | 0.43 | 0.43 | 0.41 |
| Debt ratio | 1.33 | 1.57 | 0.93 | 0.75 | 0.54 | 0.55 | 0.75 | 0.40 | 0.42 | 0.45 | 0.45 | 0.57 | 0.73 | 0.76 | 0.72 | 0.47 |
| Assets to sales (trailing) ratio | N/A | N/A | N/A | 0.65 | 0.78 | 0.67 | 0.75 | 0.79 | 0.72 | 0.74 | 0.81 | 0.72 | 0.74 | 0.77 | 0.74 | 0.65 |
| Trade receivable days (trailing sales) | N/A | N/A | N/A | 96 | 100 | 101 | 109 | 99 | 104 | 104 | 101 | 109 | 88 | 96 | 94 | 100 |
| Trade payables days (trailing COS) | N/A | N/A | N/A | 24 | 29 | 35 | 28 | 82 | 69 | 82 | 97 | 62 | 58 | 72 | 78 | 79 |
| Inventories days (trailing COS) | N/A | N/A | N/A | 55 | 69 | 60 | 73 | 58 | 52 | 62 | 61 | 44 | 69 | 77 | 78 | 51 |
| Cash turnover | N/A | N/A | N/A | 8.1 | 4.5 | 8.1 | 6.8 | 4.9 | 7.1 | 7.9 | 5.8 | 8.1 | 7.5 | 7.3 | 7.5 | 9.7 |
| Total assets turnover | N/A | N/A | N/A | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | 0.7 | 0.6 |
| Common equity turnover | N/A | N/A | N/A | 0.3 | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Valuation | 1Q09A | 2Q09A | 3Q09A | 4Q09A | 1Q10A | 2Q10A | 3Q10A | 4Q10A | 1Q11A | 2Q11A | 3Q11A | 4Q11F | 1Q12F | 2Q12F | 3Q12F | 4Q12F |
| Price/Trailing Earnings (X) | N/M | N/M | N/M | N/M | 5.9 | 5.3 | 5.8 | 5.7 | 5.1 | 7.3 | 5.8 | 3.4 | 3.9 | 3.8 | 4.0 | 3.0 |
| Price/Book (X) | N/M | N/M | N/M | N/M | 1.26 | 1.17 | 1.25 | 1.01 | 0.93 | 1.31 | 0.86 | 0.45 | 0.45 | 0.43 | 0.41 | 0.39 |
| Price/Tangible book (X) | N/M | N/M | N/M | N/M | 1.26 | 1.18 | 1.25 | 1.01 | 0.93 | 1.31 | 0.86 | 0.46 | 0.45 | 0.44 | 0.42 | 0.39 |
| Price/Trailing Cashflow from Operations | N/M | N/M | N/M | N/M | 160.7 | (5.7) | (2.8) | 6.6 | (8.3) | (94.6) | 2.9 | 5.3 | 3.5 | 29.7 | 1.3 | 1.1 |
| Dividend yield at ex-date | N/A | N/A | N/A | N/A | N/A | 2.7% | <-3May | N/A | N/A | 2.8% | <-17May | N/A | N/A | N/A | N/A | N/A |
| Dividend based on 662.7m shares | | | | | | | | | | | | | | | | |
| Number of shares (million) | 0.100 | 25.001 | 52.194 | 469.746 | 587.745 | 587.746 | 587.746 | 662.746 | 662.746 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 | 861.570 |
| Price at end of period SG¢ | N/A | NA | NA | NA | 29.6 | 28.1 | 31.9 | 28.8 | 27.3 | 29.0 | 21.5 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 |
| Dividend paid at ex-date SG¢ | N/A | N/A | N/A | N/A | N/A | 1.0 | NA | NA | NA | 1.0 | NA | NA | NA | NA | NA | NA |
| Forex rate at period end RMB=SGD1 | 4.4984 | 4.7125 | 4.8286 | 4.8662 | 4.8662 | 4.8473 | 5.0787 | 5.1203 | 5.1948 | 5.2576 | 4.9188 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 |

Source: Hu An Cable, Phillip Securities Research

Ratings History

Hu An Cable

| Rating | Date | Previous Closing price (S\$) | Fair value (S\$) | Remarks |
|--------|-------------|------------------------------|------------------|-------------|
| Buy | 6 Dec 2011 | 0.115 | 0.360 | 3Q11 Result |
| Buy | 6 Sep 2011 | 0.260 | 0.305 | 2Q11 Result |
| Buy | 1 Jul 2011 | 0.290 | 0.390 | 1Q11 Result |
| Buy | 24 Feb 2011 | 0.292 | 0.473 | 4Q10 Result |
| Buy | 10 Nov 2010 | 0.300 | 0.408 | 3Q10 Result |
| Buy | 8 Oct 2010 | 0.331 | 0.408 | Initiation |

| | | |
|---|---|--|
| Phillip Research Stock Selection Systems | TRADING BUY | Share price may exceed 10% on the upside over the next 3 months, however longer-term outlook remains uncertain |
| | BUY | >15% upside from the current price |
| | HOLD | -10% to 15% from the current price |
| | SELL | >10% downside from the current price |
| | TRADING SELL | Share price may exceed 10% on the downside over the next 3 months, however longer-term outlook remains uncertain |
| | <p>We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation</p> | |

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