

# Hu An Cable

## BEST in CLASS. READY to ROCK.

Bloomberg | Reuters | POEMS  
HAN: SP | HACH.SI | HAC.SG  
Industry: Manufacturing (Electrical Engineering)

Phillip Securities Research Pte Ltd

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### Report type: Result & Review

#### Company Overview

With brand (*Shenhuan*) and R&D, 'bellwether' customers; and, manufacturing wire & cable (up to UHV) out of *Yixing*, it derives 50% of its revenue from the country's power sector. Besides being one of China's 10 largest; and, one of even fewer 1-stop cable solution-providers, it makes copper rods.

- A sell-down by market in Dec coincided (anything but causal) with an announcement about 'deemed parties'.
- *Hu An* beat its 4 peers in 4Q11 and FY11 results.
- RIM values it at \$0.283. Fundamental-related price setting and peers' results caution a conservative target.
- Maintain BUY with target price of \$0.26.

#### What is the news?

Its listed peers, bar *New Far East*, have also reported their 4Q11 results. All, except *Hu An Cable*, reported lower net margin y-y. Only *Nan Ping* (SZ002300) reported higher y-y revenue growth but its net margin is 160bps less.

Best in class therefore goes to *Hu An Cable*.

#### How do we view this?

We expected a tough time for this peer group when the copper price descended. We cut our forecast margin for *Hu An Cable* from 6.1% (Jul1) to 4.7% (Sep6), then to 4.4% (Dec6). But the surprise came in a 5.2% package.

This package is made up of:

- Huge cable 4Q output~favourable overhead absorption
- Increase in own consumption of copper rods
- Start of MV-HV production
- Increase in major clients (RMB5m/y) from 78 to 102
- Interesting recruitment pattern
- RMB4m trade receivable impairment write-back in 4Q
- Delivery of its 32-province penetration
- Chinese government relaxing credit

Its ability to ramp up production like in 4Q; the start of UHV production in 2H12; recruitment processes; a 'safety net' copper price; valued clientele; and, further relaxing of credit will boost its profitability for FY12 and beyond.

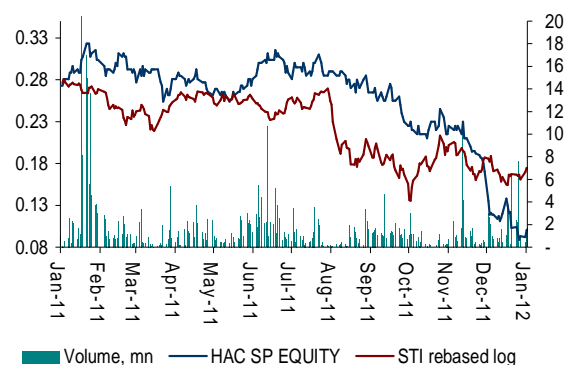
#### Investment Actions?

We stay in BUY mode – first, its expansion is timed nicely to suck in 12<sup>th</sup> Five goodies from now. Second, it outperformed its peers but its valuation is ¼ to ½ of theirs. Third, general market cycles look good from Mar12 to end of June.

Still conservative to buy and hold half and trade the other half. RIM model says fair value is \$0.283. Immediate target price is \$0.26.

#### HU AN CABLE

Rating	1	Buy
- Previous Rating	1	Buy
Target Price (SGD)	0.260	
- Previous Target Price (SGD)	0.360	
Closing Price (SGD)	0.152	
Expected Capital Gains (%)	71.1%	
Expected Dividend Yield (%)	0.7%	
Expected Total Return (%)	71.8%	
Raw Beta (POEMS Dataline)	n.a.	
Market Cap. (SGD mn)	131	
Enterprise Value (SGD mn)	247	
3M Average Daily T/O (mn)	1.409	
52 week range (SGD)	0.087-0.319	



Major Shareholders	(%)
1. Dai Zhi Xiang	23.96
2. Pacific Alliance Group	8.91
3. Yeung Wai Wing	7.21

#### Key Financial Summary

FYE	12/10	12/11F	12/12F	12/13F
Price (*Actual/Current)	0.278	0.152	0.152	0.152
P/B (X)	0.99	0.59	0.49	0.39
EV/EBV (X)	0.99	0.73	0.69	0.56
P/Net Debt (X)	Cash	1.13	0.76	Cash
P/E (X)	5.6	3.6	2.8	1.8
EPS (SGD)	0.050	0.042	0.054	0.084
DPS (SGD)	0.010	0.007	n.a.	n.a.
Dividend Yield	3.3%	4.6%	n.a.	n.a.

Source: PSR est.

\*Actual mean price between publication of FY result and next 1Q result/xDiv

#### Valuation Method

RIM (ROE: 19%; 2 years horizon)

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### Review the demand/supply situation; and, peers

The demand has been widely touted. Expenditure plans under 12<sup>th</sup> Five-Year Plan in electric power (RMB5.3t for 2011-15), renewable energy, construction, communications, rail transport, shipbuilding, urbanization, and industrialization indicate huge sums.

In 2011, the wire & cable industry is the second largest in China after the auto industry. In 2011, it produced as well as consumed the most wire & cable products in the world.

However, less reported, there is already excess capacity despite the huge demand. In a recent *Shanghai Electric Power Cable Research* article, 7000 manufacturers had been counted. It also counted quality issues. Failure rates quoted are spellbinding. But it appears the sample sizes were small. A sample size in *Shaanxi* measured 51 only. Still, hard not to ignore.

We believe *Hu An Cable* has some advantages over its competitors. It won a few Top 10 Supplier, Top Brand and National AAAA awards. It is a qualified supplier (out of 20) to China's 2 state-owned grid operators and 9 independent power producers. It is the 13<sup>th</sup> member of the China Quality Inspection Association.

Testimony to its status, it won a bid for contracts forming a framework agreement with the *Jiangsu Electric Power Company* for RMB470m, deliverable between 4Q11 and July 2012.

*Hu An Cable's* track record with the sectors that would benefit from the 12<sup>th</sup> Five plans includes supplying to *Datong-Baotou Rail, Nanjing Metro, China Railway* (rail); *Baiyun'e'bo, Guodian Hefeng* (wind - 35 contracts therein); *State Grid Corporation, China Huadian, China Southern Power Grid, China Guodian* (electricity); and, several high-profile projects like Olympic Stadium and Shanghai World Expo (construction).

*Hu An Cable* delivered the 32-province penetration promise it made at the beginning of last year. It has also increase the number of major clients (buys more than RMB5m/y) from 78 to 102.

There were recent visits to the company premises by *Lake, China Heavy Duty Truck & Haining Lianhang real estate groups, Zoucheng Urban Construction Bureau, Huainan City, Moon Rabbit, Dalian Grace* and other companies in the urbanization and construction areas.

Other interesting visitors included the *People's Liberation Army's* general armament division, *Guangdong Nuclear & Wind Energy, National Coal Group, China Shenhua, Jiangsu Provincial Power Company, KMPCL-Shangdong Power Group, Inner Mongolia Power Group*, two paper companies; and, several visits regarding product appraisal and certification. I am highlighting these as I noticed some correlation between visits and project wins. Fig 1 shows the

huge 4Q11 output of cables. There's a y-y 4Q increase in copper tonnage, calculated at standard copper prices, of 48%. Please note that this differs from the company's own presentation of length. We believe our own calculation, in tonnage at standard prices, reflect more accurately output.

Fig 1. *Hu An Cable's* strong 4Q11 output of cables

Hu An Period Comparison					Wire & Cables	
RMBm (except %)	4Q09	4Q10	4Q11	4Q11F	4Q10	4Q11
Revenue	428.9	764.4	964.6	1,005.4	507.0	660.9
YoY Revenue Growth	NA	78.2%	26.2%	31.5%	NA	30.4%
Gross Profit	69.7	120.2	122.0	108.1	115.8	110.2
GP Margin	16.3%	15.7%	12.6%	10.8%	22.8%	16.7%
S&D expense	(10.4)	(27.8)	(29.0)	(22.8)	(27.8)	(29.0)
GP Margin after S&D exp	13.8%	12.1%	9.6%	8.5%	17.4%	12.3%
G&A expense	(16.0)	(33.0)	(19.8)	(21.1)	CU price	64,363 RMB/t
Other	1.1	0.4	4.7	0.0	Vol@CU	7,877 tonne
Interest	(4.6)	(7.4)	(11.0)	(2.1)	Vol +%	NA %
Unusual items	0.0	0.0	0.0	0.0	Wire lg	14,925.0 km
PBT	39.8	52.4	66.9	62.1	Vol +%	NA %
Income tax	(9.1)	(14.2)	(11.6)	(11.8)	Cable lg	15,963.8 km
MI	0.0	0.0	0.0	0.0	Vol +%	NA %
PATMI	30.6	38.2	55.3	50.3		
PATMI Margin	7.1%	5.0%	5.7%	5.0%		

Fig 2. Diminishing margins reflective of the industry

Hu An Period Comparison					Wire & Cables	
RMBm (except %)	FY09	FY10	FY11	FY11F	FY10	FY11
Revenue	1,372.4	2,437.5	3,319.7	3,360.5	1,635.6	2,189.0
YoY Revenue Growth	NA	77.6%	36.2%	37.9%	NA	33.8%
Gross Profit	242.1	360.1	415.9	396.3	318.9	385.3
GP Margin	17.6%	14.8%	12.5%	11.8%	19.5%	17.6%
S&D expense	(32.8)	(54.3)	(78.9)	(69.7)	(54.3)	(78.9)
GP Margin after S&D exp	15.2%	12.5%	10.2%	9.7%	16.2%	14.0%
G&A expense	(34.7)	(74.8)	(84.4)	(92.5)	CU price	58,939 RMB/t
Other	11.5	7.0	10.7	7.3	Vol@CU	27,751 tonne
Interest	(20.3)	(25.3)	(52.3)	(61.3)	Vol +%	NA %
Unusual items	0.0	0.0	0.0	0.0	Wire lg	47,321.2 km
PBT	165.8	212.6	211.0	180.1	Vol +%	NA %
Income tax	(32.2)	(40.4)	(36.7)	(33.3)	Cable lg	42,474.4 km
MI	0.0	0.0	0.0	0.0	Vol +%	NA %
PATMI	133.6	172.3	174.3	146.8		
PATMI Margin	9.7%	7.1%	5.3%	4.4%		

Fig 2 shows *Hu An's* performance in these 3 years.

A summary of its peers' performance shows that:

- *Hanhe*, which boasts high net profit margins (FY09=16.5%; FY10=13%; 9M11=10%), reported FY11=8.1%. Subtract the 9M11's 10%, it means 4Q11 was a low 3.9%. It cited volatile copper and aluminum prices as reason for its low margin.
- Over at *Nanyang*, the drop was less severe from 7.1% to 6.4% on an annual basis; and, 4Q11 was 4.7%.
- *Nanping* saw net margins drop from 7.1% (FY09), 5.1% (FY10) to 3.6% (FY11). Its 4Q11 is in line with its 9M11.
- And, *Wanma* suffers too ~ 5.9% (FY09), 4.5% (FY10), 4.0% (FY11).

However, everyone in the peer group saw increases in revenue: *Nanping* (+49%), *Hu An* (+36%), *Hanhe* (+22%), *Wanma* (+21%) and *Nanyang* (+12%).

In recruitment, we noticed *Hu An's* efforts in *Anhui, Xian, Henan, Jiangxi, Zhengzhou, Huizhou, Zhejiang, Nanjing, Zhenjiang, Nantong, Wuhu* and *Wuxi*. We appreciate this kind of tenacity to fight margin squeeze.

In society, I noticed it contributed RMB5.87m as scholarship grants, with more than RMB50m contributed since 2004.

### Review the copper price

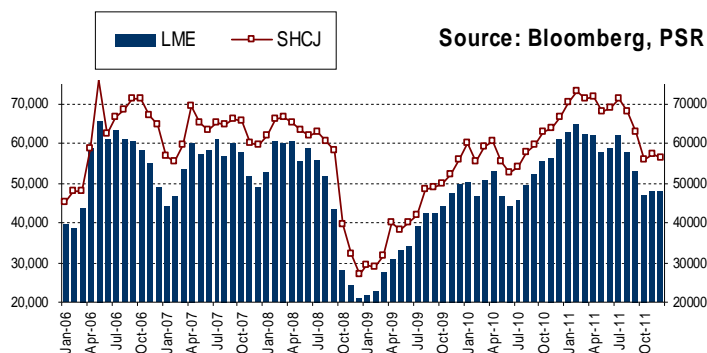
This is the numero uno reason cited by its peers to explain the lower margin of their businesses in 2011 y-y. It is the volatility of the price that is unsettling.

In our previous report, we said, "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 is telling us it be RMB48,900/t." As it turned out, the copper price averaged RMB47,994/t and RMB48,059/t for November and December respectively.

Our previous revision downwards was "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." So far, we only have relaxation of credit by PBC.

However if one looks at the following chart comparing the monthly mean LME and SHCJ copper prices, we notice that over this 6-year period, the SHCJ price did not go below the LME price. The lowest posted mean at the SHCJ was RMB27k vs. RMB21k at LME (both Dec08), showing a premium of 28.5%. The average of the means for the whole period at SHCJ was RMB58k vs. RMB50k at LME, a premium of 15.4%. The highest posted mean at the SHCJ was RMB73k vs. RMB65k at LME (both in Feb11), showing a premium of 12.7%.

**Fig 1. Monthly Mean Copper Price at LME, SHCJE (RMB)**



If one isolates the peak of the GFC (say, Sep08-Apr09), the premium of these 8 monthly prices works out to 30.3%. Of the remaining months, only ONE exceeded this. SHCJ prices fall less in a crisis. On this positive note, we revise our previous forecast copper price by +4.4%.

### Review its share price performance

The company announced on 15 December that "*Pacific Alliance Asia Opportunity Fund L.P* had acquired on 21 July 2011, a right to receive 93,000,000 shares in the listed company in return for agreeing to transfer S\$ 10,000,000 to *Goka Limited* pursuant to a share swap transaction entered into with *Goka Limited*. On 29 July 2011, 93,000,000 shares

were transferred to *Pacific Alliance Asia Opportunity Fund L.P.* and as a result, it had a direct interest in 10.79% of the shares in the listed company."

If one calculates S\$10m/93m shares, one gets \$0.1075/sh. For some strange reason (it is just a share-swap price between 'deemed interested' parties!), the share price traded between \$0.087 and \$0.11 for 10 trading days (14 Dec to 27 Dec) totaling about 16.5m shares.

Before this, the company announced on 9 Nov that its 2<sup>nd</sup> TDR listing would be postponed (now cancelled as per 15 February announcement). Strangely, its share price fell only from S\$0.20 (9 Nov) to S\$0.17 (22 Nov), 15% drop vs STI's 5% loss. SGX did not raise a query immediately. So, I assume the 3:1 loss ratio between it and STI is reasonable.

It felled a further 20%-30% in the 2 days after 22 Nov. This time, SGX queried. The query used the word 'recently' (which means it might have included the days not queried in the past).

Over the same periods in Taiwan, the TDRs did not reflect this erratic behaviour (as %age premium to SG price):

15 trading days to 8 Nov	+ 75%
9 Nov to 22 Nov (10 days)	+ 90%
24 Nov	+ 130%
14 Dec to 27 Dec (9 days)	+ 103%
15 trading days after 27 Dec	+ 63%

We could not ascertain if the price movements were due to the substantial shareholder selling in the open market. Hence we can only conclude that in a thin-volume market, strange things can happen. The strangest thing the market did, to trade itself to a share-swap price between 'deemed interested' parties, can only be considered more coincident than causal.

If the market did not have the kind of obsession it usually has about mark-to-market, perhaps *Hu An Cable* would not have traded down to those levels back in December.

### Discussing valuation, target price (please see *Financials-Quarterly-Valuation page*)

Trading ranged from a 0.5X NBV on its 3Q11 balance sheet to a high of 2.03X on its 4Q09 balance sheet just after IPO. Other P/B traded were 1.3X of its 2Q10 and 3Q10 balance sheets. There was also a 1.16X done on its 1Q10 balance sheet.

We are favouring the band of 0.98X to 1.03X of its 4Q10, 1Q11 and 2Q11 balance sheets as our target price, because this is the next highest after the current 0.58X.

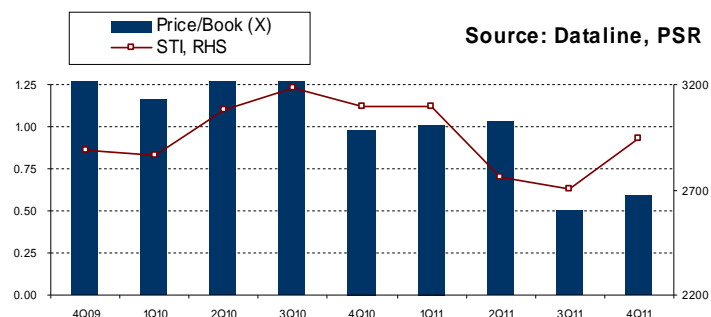
1.0X book is translated to a share price of \$0.26.

In our fair value model, we are using the RIM method with ROE calculated at 19%. This is based on post-IPO profits of

RMB172m (FY10) and RMB143m (FY11F) over initial capital of RMB424m + IPO proceeds of RMB396m.

Fair value is \$0.283.

**Fig 3. HU AN CABLE's quarterly P/B behaviour, overlaid on STI**



The 4 listed peers that had reported are all listed in Shenzhen. They trade at P/B valuations of 2X to 3.2X recently.

Just a thought – if someone takes *Hu An Cable* private at our target price today, that would mean a 73% gain to shareholders. Take them to *Shenzhen* and list them at a 73% gain for these risk-takers (usually private equities or hedge funds), that would mean \$0.45, which equals 1.73X book. From 1.73X book to 3X, Shenzhen investors would be able to gain another 73%.

Sorry, just a thought.

There should be a relatively quiet period between now and March 12, the perceived bottom for equities to launch another up-move, for interested investors to take up position. The calculated positive move up for the general market may take a while from March 12 because, over in the US market, the volume oscillators have yet to signal a bottom since the markets there came down from Nov 1, 2011. If one counts 4 months from November to early March, then mirror it over, one would get a top 4 months later at the end of June.

#### Target Price

Our target price of S\$0.26 is 73% higher (including dividends) than the previous close of S\$0.152. Hence, maintain BUY.

FYE Dec (Forecasts are based on current price; actuals on average prices FY-1Q result dates)	IPO: February 2010		FY09	FY10	FY11	FY12F	FY13F
	FY07	FY08					
<b>Valuation</b>							
P/B	n.a.	n.a.	2.04	0.99	0.59	0.49	0.39
EV/EBV (X)	[EBV=Enterprise Book Value]	n.a.	1.77	0.99	0.73	0.69	0.56
P/ND (X)	[ND=Net Det]	n.a.	5.8	5.3	1.1	0.8	1.0
P/E (X)		n.a.	6.5	5.6	3.6	2.8	1.8
DY (%) based on average prices public-ex dates		n.a.	3.6%	3.3%	4.6%	n.a.	n.a.
<b>Per share data (SGD)</b>							
NBV		n.a.	0.147	0.282	0.259	0.307	0.391
EBV		n.a.	0.199	0.334	0.393	0.508	0.539
ND		n.a.	0.051	0.052	0.134	0.201	0.148
EV		n.a.	0.351	0.330	0.286	0.353	0.300
EPS		n.a.	0.046	0.050	0.042	0.054	0.084
DPS		n.a.	0.010	0.010	0.007	n.a.	n.a.
<b>Growth (%)</b>							
NBV per share		n.a.	n.a.	91.6%	-8.2%	18.9%	27.2%
EBV per share		n.a.	n.a.	68.3%	17.6%	29.4%	6.1%
ND per share		n.a.	n.a.	1.8%	156.3%	49.5%	-26.2%
Revenue		n.a.	28.5%	-0.9%	77.6%	36.2%	43.6%
Net Income		n.a.	50.1%	44.4%	29.0%	5.1%	28.5%
<b>Return &amp; Margin (%)</b>							
EBI/EBV		17.8%	32.3%	26.6%	17.5%	14.1%	14.4%
EBI/EBV (standard deviation, 5 years)		n.a.	n.a.	n.a.	n.a.	7.6%	8.1%
ROE		n.m.	n.m.	n.m.	17.7%	16.3%	17.6%
Net Income/Revenue		5.7%	6.7%	9.7%	7.1%	5.5%	4.9%
<b>Income Statement (RMB mn)</b>							
Revenue		1,078	1,385	1,372	2,438	3,320	4,767
<b>EBIT</b>		<b>115</b>	<b>157</b>	<b>182</b>	<b>237</b>	<b>266</b>	<b>360</b>
Taxation (net of attributable to finance)		(28)	(27)	(29)	(36)	(28)	(44)
<b>EBI</b>		<b>88</b>	<b>130</b>	<b>152</b>	<b>201</b>	<b>238</b>	<b>316</b>
Net Finance (Expense)/Income		(19)	(29)	(16)	(24)	(48)	(69)
Taxation (attributable to finance)		(7)	(8)	(3)	(5)	(8)	(14)
<b>Profit After Tax</b>		<b>62</b>	<b>92</b>	<b>134</b>	<b>172</b>	<b>181</b>	<b>233</b>
Less: Non-controlling Interest		0	0	0	0	0	0
<b>Net Income</b>		<b>62</b>	<b>92</b>	<b>134</b>	<b>172</b>	<b>181</b>	<b>360</b>
Source: PSR	Effective tax rate %	35.9%	27.7%	19.4%	19.0%	17.4%	19.8%

FYE Dec							
<b>Balance Sheet (RMB mn)</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12F</b>	<b>FY13F</b>
PPE	91	102	120	154	441	486	443
Land rights & Intangibles	40	34	34	128	126	122	120
Others	2	3	2	7	6	6	6
<b>Total non-current enterprise assets (1)</b>	<b>133</b>	<b>139</b>	<b>155</b>	<b>288</b>	<b>573</b>	<b>614</b>	<b>569</b>
Inventories	120	59	171	330	415	521	568
Accounts Receivables	327	381	366	663	879	1,305	1,455
Other Receivables	43	36	32	156	121	121	121
<b>Total current enterprise assets (2)</b>	<b>490</b>	<b>477</b>	<b>570</b>	<b>1,149</b>	<b>1,414</b>	<b>1,947</b>	<b>2,144</b>
<b>Total Enterprise Assets (3)=(1)+(2)</b>	<b>623</b>	<b>616</b>	<b>726</b>	<b>1,437</b>	<b>1,988</b>	<b>2,561</b>	<b>2,713</b>
Accounts Payables	98	129	73	186	263	261	266
Other Payables	20	71	69	79	15	83	100
Others	12	14	11	19	17	28	24
<b>Total current enterprise liabilities (4)</b>	<b>130</b>	<b>213</b>	<b>153</b>	<b>284</b>	<b>295</b>	<b>372</b>	<b>390</b>
Others	0	1	1	0	0	0	0
<b>Total non-current enterprise liabilities (5)</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Enterprise Liabilities (6)=(4)+(5)</b>	<b>130</b>	<b>214</b>	<b>154</b>	<b>284</b>	<b>295</b>	<b>372</b>	<b>390</b>
<b>Enterprise Book Value (7)=(3)-(6)</b>	<b>493</b>	<b>402</b>	<b>572</b>	<b>1,154</b>	<b>1,693</b>	<b>2,190</b>	<b>2,323</b>
Short-term loans	350	270	317	389	404	244	244
Notes payable	0	0	0	280	548	980	770
<b>Total current financial liabilities (8)</b>	<b>350</b>	<b>270</b>	<b>317</b>	<b>669</b>	<b>953</b>	<b>1,224</b>	<b>1,014</b>
Non-current portion of long-term loans	0	0	0	0	88	88	88
<b>Total non-current financial liabilities (9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>88</b>	<b>88</b>
<b>Total Financial Liabilities (10)=(8)+(9)</b>	<b>350</b>	<b>270</b>	<b>317</b>	<b>669</b>	<b>1,041</b>	<b>1,312</b>	<b>1,102</b>
Cash and bank	51	88	169	354	275	212	208
Pledged deposits	0	0	0	134	186	235	256
<b>Total current financial assets (11)</b>	<b>51</b>	<b>88</b>	<b>169</b>	<b>488</b>	<b>462</b>	<b>447</b>	<b>464</b>
Others	0	0	0	0	0	0	0
<b>Total non-current financial assets (12)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Financial Assets (13)=(11)+(12)</b>	<b>51</b>	<b>88</b>	<b>169</b>	<b>488</b>	<b>462</b>	<b>447</b>	<b>464</b>
<b>Net Debt (14)=(10)-(13)</b>	<b>299</b>	<b>181</b>	<b>148</b>	<b>181</b>	<b>579</b>	<b>866</b>	<b>639</b>
Non-controlling interest	8	0	0	0	0	0	0
Shareholder Equity	186	221	424	973	1,114	1,324	1,685
<b>Total Equity (15)</b>	<b>194</b>	<b>221</b>	<b>424</b>	<b>973</b>	<b>1,114</b>	<b>1,324</b>	<b>1,685</b>
<b>Financing Activities (16)=(14)+(15)</b>	<b>493</b>	<b>402</b>	<b>572</b>	<b>1,154</b>	<b>1,693</b>	<b>2,190</b>	<b>2,323</b>
<b>Cashflow Statements (RMB mn)</b>							
CFO							
PBT	96	128	166	213	218	290	456
Adjustments	29	40	24	55	77	141	96
Cash from ops before WC ex-financials' changes	125	167	190	268	295	431	552
WC ex-financials' changes	(91)	(33)	(78)	(347)	(133)	(482)	(181)
Cash generated from operations	34	134	112	(79)	162	(51)	371
Taxes paid, net of attributable finance	(28)	(28)	(31)	(28)	(33)	(33)	(90)
<b>Cashflow from Operations (17)</b>	<b>5</b>	<b>106</b>	<b>82</b>	<b>(108)</b>	<b>129</b>	<b>(84)</b>	<b>281</b>
CFI							
PPE, land rights, intangibles net	(16)	(244)	(30)	(266)	(418)	(91)	(4)
<b>Cashflow from Investments (18)</b>	<b>(16)</b>	<b>(244)</b>	<b>(30)</b>	<b>(266)</b>	<b>(418)</b>	<b>(91)</b>	<b>(4)</b>
<b>Cashflow from Enterprise (19)=(17)+(18)</b>	<b>(11)</b>	<b>(137)</b>	<b>52</b>	<b>(374)</b>	<b>(289)</b>	<b>(175)</b>	<b>277</b>
CFF							
Share issuance, net of expenses	0	0	69	398	(0)	0	0
Restructure prior IPO	0	0	0	0	0	0	0
Loans, net of repayments	103	(70)	47	72	103	(160)	0
Pledged deposits	0	142	0	(134)	(52)	(48)	(21)
Notes payable, net	(29)	0	0	280	268	432	(210)
Dividends to shareholders & capital reduction	(35)	135	(71)	(29)	(51)	(30)	0
Finance expense, net of income	(19)	(24)	(14)	(24)	(47)	(66)	(45)
Taxes paid, attributable finance	(7)	(8)	(3)	(5)	(8)	(14)	(9)
<b>Cashflow from Financing (20)</b>	<b>12</b>	<b>174</b>	<b>29</b>	<b>559</b>	<b>213</b>	<b>114</b>	<b>(285)</b>
<b>Net change in Cash (21)=(19)+(20)</b>	<b>2</b>	<b>37</b>	<b>80</b>	<b>185</b>	<b>(76)</b>	<b>(62)</b>	<b>(8)</b>
Effects of exchange rates							
CCE, begin	50	51	88	169	354	275	212
<b>CCE, end</b>	<b>51</b>	<b>88</b>	<b>169</b>	<b>354</b>	<b>278</b>	<b>214</b>	<b>204</b>

Source: PSR

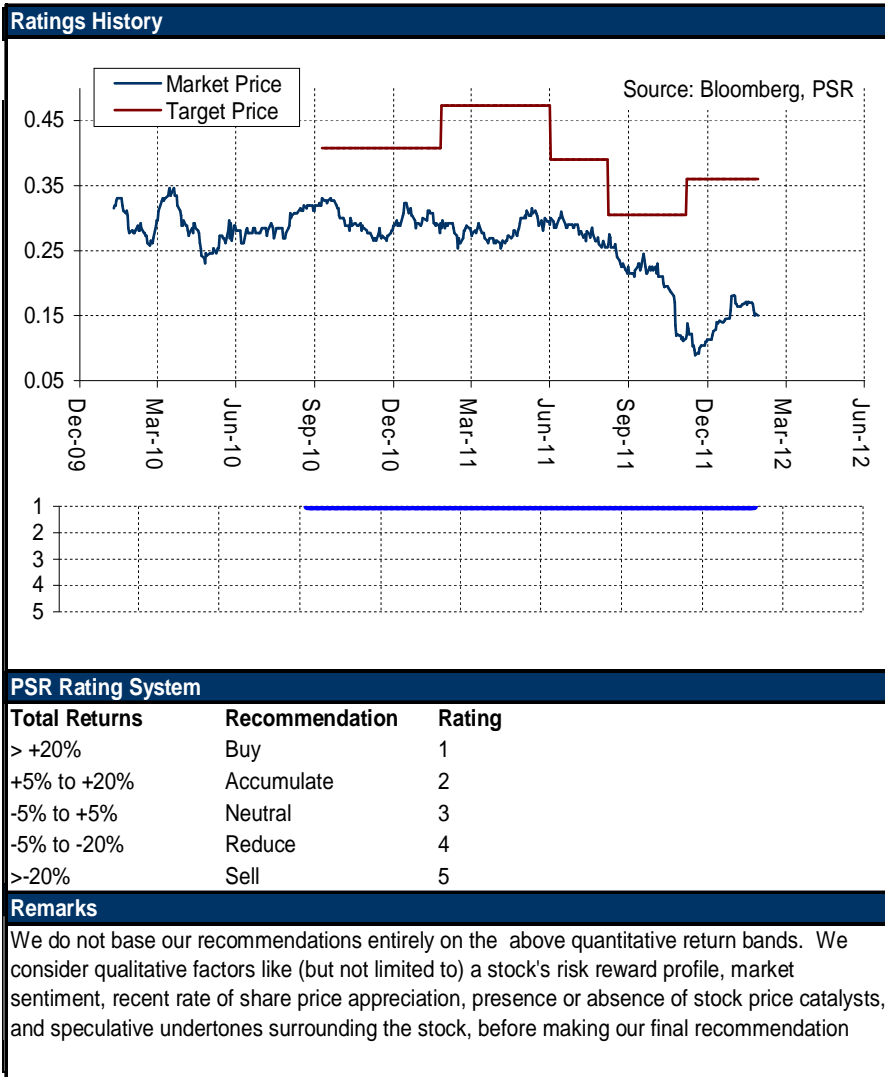
QE Mar, Jun, Sep, Dec (Forecast on current price;  
actuals on average prices q-q result dates)

	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12F	2Q12F	3Q12F	4Q12F	
<b>Valuation</b>										
P/B	0.98	1.01	1.03	0.50	0.59	0.57	0.55	0.53	0.49	
EV/EBV (X) [EBV=Enterprise Book Value]	0.98	1.01	1.02	0.69	0.73	0.75	0.76	0.75	0.69	
P/ND (X) [ND=Net Det]	5.4	3.3	2.2	0.8	1.1	0.8	0.6	0.6	0.8	
P/E (X) trailing 4qs	5.5	5.5	5.8	3.4	3.8	3.9	3.5	3.3	2.8	
DY (%) based on average prices public-ex dates	3.6%	n.a.	n.a.	n.a.	4.6%	n.a.	n.a.	n.a.	n.a.	
<b>Per share data (SGD)</b>										
NBV	0.282	0.288	0.229	0.252	0.259	0.265	0.277	0.286	0.307	
EBV	0.333	0.376	0.335	0.402	0.393	0.453	0.511	0.533	0.508	
ND	0.051	0.088	0.106	0.150	0.134	0.188	0.234	0.247	0.201	
EV	0.326	0.379	0.342	0.276	0.286	0.340	0.386	0.399	0.353	
EPS	0.011	0.009	0.007	0.013	0.013	0.006	0.012	0.016	0.021	
DPS	0.010	0.000	0.000	0.000	0.007	0.000	0.000	0.000	n.a.	
<b>Growth (%q-q)</b>										
NBV per share (same as total)	25.1%	2.4%	-20.5%	9.8%	2.7%	2.4%	4.6%	3.4%	7.4%	
EBV per share (same as total)	10.0%	13.1%	-11.0%	20.0%	-2.2%	15.2%	12.8%	4.3%	-4.6%	
ND per share (same as total)	-34.2%	72.9%	20.3%	42.1%	-10.5%	39.9%	24.5%	5.5%	-18.6%	
Revenue	25.2%	-20.5%	36.0%	11.3%	4.8%	-14.0%	34.5%	19.8%	11.3%	
Net Income (same as EPS)	-52.1%	-15.5%	-27.7%	99.0%	-4.5%	-55.3%	101.7%	37.2%	30.9%	
<b>Return &amp; Margin (%)</b>										
EBI/EBV	4.1%	3.1%	3.0%	4.7%	3.9%	2.2%	3.3%	4.0%	5.0%	
EBI/EBV (standard deviation, 5qs)	1.8%	2.1%	2.2%	2.2%	0.7%	0.9%	0.9%	0.9%	1.0%	
ROE	3.9%	3.2%	2.9%	5.3%	5.0%	2.2%	4.2%	5.6%	6.8%	
Net Income/Revenue	5.0%	5.4%	3.6%	6.2%	5.7%	3.0%	4.5%	5.1%	6.0%	
<b>Income Statement (RMB mn)</b>										
Revenue	764	608	827	920	965	829	1,115	1,336	1,486	
<b>EBIT</b>	<b>60</b>	<b>47</b>	<b>48</b>	<b>88</b>	<b>76</b>	<b>46</b>	<b>81</b>	<b>105</b>	<b>127</b>	
Taxation (net of attributable to finance)	(12)	(6)	(4)	(8)	(10)	(3)	(9)	(13)	(19)	
<b>EBI</b>	<b>47</b>	<b>41</b>	<b>44</b>	<b>79</b>	<b>66</b>	<b>43</b>	<b>72</b>	<b>92</b>	<b>109</b>	
Net Finance (Expense)/Income	(7)	(7)	(12)	(19)	(9)	(15)	(19)	(20)	(16)	
Taxation (attributable to finance)	(2)	(1)	(2)	(3)	(2)	(3)	(4)	(4)	(3)	
<b>Profit After Tax</b>	<b>38</b>	<b>33</b>	<b>30</b>	<b>57</b>	<b>55</b>	<b>25</b>	<b>50</b>	<b>68</b>	<b>90</b>	
Less: Non-controlling Interest	0	0	0	0	0	0	0	0	0	
<b>Net Income</b>	<b>38</b>	<b>33</b>	<b>30</b>	<b>57</b>	<b>55</b>	<b>25</b>	<b>50</b>	<b>68</b>	<b>90</b>	
Source: PSR	Effective tax rate %	27.1%	18.6%	17.4%	16.9%	17.3%	20.8%	19.9%	19.7%	19.5%

FYE Dec									
Balance Sheet (RMB mn)	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12F	2Q12F	3Q12F	4Q12F
PPE	152	164	173	221	441	475	508	497	486
Land rights & Intangibles	128	126	126	129	126	126	126	126	122
Others	7	13	18	18	10	10	10	10	10
<b>Total non-current enterprise assets (1)</b>	<b>286</b>	<b>304</b>	<b>317</b>	<b>367</b>	<b>577</b>	<b>610</b>	<b>644</b>	<b>633</b>	<b>618</b>
Inventories	330	326	413	452	415	550	654	726	521
Accounts Receivables	659	765	798	867	875	875	1,037	1,111	1,301
Other Receivables	156	175	207	307	121	121	121	121	121
<b>Total current enterprise assets (2)</b>	<b>1,146</b>	<b>1,267</b>	<b>1,418</b>	<b>1,626</b>	<b>1,411</b>	<b>1,546</b>	<b>1,812</b>	<b>1,958</b>	<b>1,944</b>
<b>Total Enterprise Assets (3)=(1)+(2)</b>	<b>1,432</b>	<b>1,571</b>	<b>1,736</b>	<b>1,994</b>	<b>1,988</b>	<b>2,157</b>	<b>2,456</b>	<b>2,591</b>	<b>2,561</b>
Accounts Payables	186	171	181	116	263	108	140	168	261
Other Payables	79	72	75	165	15	86	97	104	83
Others	19	13	12	18	17	12	18	23	28
<b>Total current enterprise liabilities (4)</b>	<b>284</b>	<b>256</b>	<b>268</b>	<b>299</b>	<b>295</b>	<b>206</b>	<b>255</b>	<b>295</b>	<b>372</b>
Others	0	0	0	0	0	0	0	0	0
<b>Total non-current enterprise liabilities (5)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Enterprise Liabilities (6)=(4)+(5)</b>	<b>284</b>	<b>256</b>	<b>268</b>	<b>299</b>	<b>295</b>	<b>206</b>	<b>255</b>	<b>295</b>	<b>372</b>
<b>Enterprise Book Value (7)=(3)-(6)</b>	<b>1,148</b>	<b>1,314</b>	<b>1,467</b>	<b>1,695</b>	<b>1,693</b>	<b>1,950</b>	<b>2,201</b>	<b>2,296</b>	<b>2,190</b>
Short-term loans	389	419	452	475	404	584	634	554	244
Notes payable	280	267	365	606	548	600	800	950	980
<b>Total current financial liabilities (8)</b>	<b>669</b>	<b>686</b>	<b>817</b>	<b>1,081</b>	<b>953</b>	<b>1,184</b>	<b>1,434</b>	<b>1,504</b>	<b>1,224</b>
Non-current portion of long-term loans	0	0	0	88	88	88	88	88	88
<b>Total non-current financial liabilities (9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>88</b>	<b>88</b>	<b>88</b>	<b>88</b>	<b>88</b>
<b>Total Financial Liabilities (10)=(8)+(9)</b>	<b>669</b>	<b>686</b>	<b>817</b>	<b>1,169</b>	<b>1,041</b>	<b>1,272</b>	<b>1,522</b>	<b>1,592</b>	<b>1,312</b>
Cash and bank	359	246	171	233	275	215	220	202	212
Pledged deposits	134	134	182	303	186	247	294	327	235
<b>Total current financial assets (11)</b>	<b>493</b>	<b>380</b>	<b>354</b>	<b>536</b>	<b>462</b>	<b>463</b>	<b>514</b>	<b>529</b>	<b>447</b>
Others	0	0	0	0	0	0	0	0	0
<b>Total non-current financial assets (12)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Financial Assets (13)=(11)+(12)</b>	<b>493</b>	<b>380</b>	<b>354</b>	<b>536</b>	<b>462</b>	<b>463</b>	<b>514</b>	<b>529</b>	<b>447</b>
<b>Net Debt (14)=(10)-(13)</b>	<b>175</b>	<b>307</b>	<b>463</b>	<b>633</b>	<b>579</b>	<b>810</b>	<b>1,008</b>	<b>1,064</b>	<b>866</b>
Non-controlling interest	0	0	0	0	0	0	0	0	0
Shareholder Equity	973	1,007	1,004	1,062	1,114	1,140	1,192	1,233	1,324
<b>Total Equity (15)</b>	<b>973</b>	<b>1,007</b>	<b>1,004</b>	<b>1,062</b>	<b>1,114</b>	<b>1,140</b>	<b>1,192</b>	<b>1,233</b>	<b>1,324</b>
<b>Financing Activities (16)=(14)+(15)</b>	<b>1,148</b>	<b>1,314</b>	<b>1,467</b>	<b>1,695</b>	<b>1,693</b>	<b>1,950</b>	<b>2,201</b>	<b>2,296</b>	<b>2,190</b>
<b>Cashflow Statements (RMB mn)</b>									
CFO									
PBT	52	40	36	68	67	31	62	85	111
Adjustments	23	15	22	33	7	23	26	48	44
Cash from ops before WC ex-financials' changes	76	56	58	101	74	55	88	133	155
WC ex-financials' changes	(124)	(150)	(130)	(97)	218	(209)	(213)	(123)	79
Cash generated from operations	(48)	(95)	(72)	4	291	(154)	(125)	10	234
Taxes paid, net of attributable finance	(7)	(13)	(5)	(2)	(3)	(8)	(3)	(9)	(14)
<b>Cashflow from Operations (17)</b>	<b>(55)</b>	<b>(107)</b>	<b>(77)</b>	<b>2</b>	<b>288</b>	<b>(163)</b>	<b>(128)</b>	<b>2</b>	<b>220</b>
CFI									
PPE, land rights, intangibles net	(189)	(16)	(31)	(148)	(224)	(49)	(49)	(5)	(5)
<b>Cashflow from Investments (18)</b>	<b>(189)</b>	<b>(16)</b>	<b>(31)</b>	<b>(148)</b>	<b>(224)</b>	<b>(49)</b>	<b>(49)</b>	<b>(5)</b>	<b>(5)</b>
<b>Cashflow from Enterprise (19)=(17)+(18)</b>									
CFF									
Share issuance	169	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	0	0	0	0	0
Loans, net of repayments	(11)	30	33	111	(71)	180	50	(80)	(310)
Pledged deposits	(134)	0	(49)	(120)	116	(61)	(47)	(32)	92
Notes payable	280	(12)	98	241	(58)	52	200	150	30
Dividends to shareholders & capital reduction	(0)	(0)	(35)	(0)	(0)	0	(0)	(30)	(0)
Finance expense, net of income	(7)	(7)	(11)	(19)	(9)	(16)	(17)	(18)	(14)
Taxes paid, attributable finance	(2)	(1)	(2)	(3)	(2)	(3)	(4)	(4)	(3)
<b>Cashflow from Financing (20)</b>	<b>295</b>	<b>10</b>	<b>33</b>	<b>209</b>	<b>(22)</b>	<b>152</b>	<b>182</b>	<b>(15)</b>	<b>(206)</b>
<b>Net change in Cash (21)=(19)+(20)</b>	<b>51</b>	<b>(114)</b>	<b>(75)</b>	<b>63</b>	<b>43</b>	<b>(60)</b>	<b>5</b>	<b>(18)</b>	<b>10</b>
Effects of exchange rates	0	0	0	(2)	0	0	0	0	0
CCE, begin	308	359	246	171	233	275	215	220	202
<b>CCE, end</b>	<b>359</b>	<b>246</b>	<b>171</b>	<b>233</b>	<b>275</b>	<b>215</b>	<b>220</b>	<b>202</b>	<b>212</b>

Source: PSR





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