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Our research portfolio in 4Q

Company	Ticker						
Core coverage		Target (HK$)	Latest update	Initiation	Abs. QoQ price return (%)	MSCI QoQ return (%)	Abs. up-to-date price return * (%)
Comtec Solar	0712 HK	2.66	21 Feb 2012	08 Jun 2010	15.2%	8.1%	10.4%
Ming Fai	3828 HK	1.30	20 Jan 2012	06 Dec 2011	-14.2%	8.1%	-10.8%
Tracing list		Ref TP (HK$)		Re TP initiation	Ref TP QoQ price return (%)	MSCI QoQ return (%)	Ref TP up-to-date price return * (%)
HL Tech	1087 HK	3.09	30 Dec 2011	14 Jan 2011	-8.6%	8.1%	-51.7%
Solargiga Energy	0757 HK	1.74	07 Sep 2011	15 Apr 2011	2.0%	8.1%	-55.4%
NewOcean Energy	0342 HK	2.22	21 Jul 2011	11 May 2011	3.9%	8.1%	-4.2%
Leoch International	0842 HK	3.41	06 Jan 2012	19 Jul 2011	-6.1%	8.1%	-30.7%
Watch list							
Natural Beauty	0157 HK	-	11 Aug 2011	-	-		
Truly	0732 HK	-	15 Aug 2011	-	-		
COSTIN New Material	2228 HK	-	-	-	-		
Tianyi Fruit	0756 HK	-	-	-	-		
Man Yue Tech	0894 HK	-	-	-	-		

*Note: * QoQ return calculated based on closing price on 4 Nov and 29 Feb (Reference target prices are to be removed from Q1 2012 onwards)*

*** MSCI Hong Kong Small Cap Index*

Updated portfolio in 1Q

Company	Ticker	Target (HK$)	Latest update	Initiation	Analyst
Core coverage					
Comtec Solar	0712 HK	2.66	21 Feb 2012	08 Jun 2010	Kevin Mak
Leoch International	0842 HK	3.41	06 Jan 2012	19 Jul 2011	Kevin Mak
Tongda Group	0698 HK	0.565	29 Feb 2012	29 Feb 2012	Kevin Mak
Watch list					
IRC	1029 HK	-	-	-	Isaac Lau
Sino Oil and Gas	0702 HK	-	-	-	Isaac Lau
Sinoref Holdings	1020 HK	-	-	-	Kevin Mak
Boer Power	1685 HK	-	-	-	Kevin Mak
Man Yue Tech	0894 HK	-	-	-	Kevin Mak
Tao Heung	573 HK	-	-	-	Baron Sun
OTO Holdings	6880 HK	-	-	-	Baron Sun
Tianyi Fruit	756 HK	-	-	-	Baron Sun
Sitoy Group	1023 HK	-	-	-	Baron Sun
Tenfu Holding	6868 HK	-	-		Baron Sun
China Liansu	2128 HK	-	-	-	Research Team

Comtec Solar (0712 HK) (click here…)

Stock statistics	Market cap: US$231.1m (closing price: HK$1.59); daily turnover: US$1.1m
Summary / review	• Comtec Solar is a pure-play monocrystalline solar ingot and wafer manufacturer based in China. Its wafer has higher conversion efficiency of ~18%, compared to ~17% industry average. The company has passed SunPower (SPWRA US) qualification on n-type ingot and wafers. N-type wafers has conversion efficiency as high as 22%-23% is expected to contribute 50% sales for 2012. Sanyo (6764 JP) and SunPower are major n-type cells producers. • With lower electricity cost, energy usage, specific input arrangement and improving scale, Comtec lowered non-silicon production cost to US$0.20 by the end of 2011, without considering any potential introduction of n-type wafers.
Drivers / catalysts	• In the middle of market consolidation, competitions among manufacturers of modules, cells, wafers and even polysilicon are intense in their own fields. Since Q2 2011, there was continuous pressure on pricing as well as shipment volume. ASP of wafers was as low as US$0.30+ per W during 2H last year and has flatted out stayed between US$0.30 to US$0.40 since then. • Comtec Solar confirmed to repurchase 75% of RMB654.5m 5-year CB with conversion price at HK$3.90 from TPG at HK$490.875m and at the same time cancel 75% of 95.1m original warrants with conversion price at HK$4.10. While there is a reduction in shipment growth, we are still looking forwards to shipment increase from 165MW in 2010A to 253MW in 2011F, 416MW in 2012F and 480MW in 2013F.
Our opinions	• Gross margin was as thin as single digit in 2H last year. Considering potential impairment of inventories due to sharp fall in wafer price, we expect Comtec and its peers to incur certain degree of inventory impairment on polysilicon, which leads to potential gross loss in 2H last year. • With also partial redemption of CB from TPG and thus a pause in expansion, we lowered its profit forecast for the coming years and revised target price to HK$2.66 using discount rate of 15%. Based on HK$1.59 share price, P/E valuation for FY12/11F, FY12/12F and FY12/13F were 43.9x, 14.4x and 6.8x.

Leoch Int'l (0842 HK) (click here…)

Stock statistics	Market cap: US$393.2m (closing price: HK$2.3); daily turnover: US$0.5m
Summary / review	• Leoch is principally engaged in the manufacture and development of lead-acid batteries. It has a wide range of products including UPS (Uninterruptible power supply), telecom, consumable products, SLI batteries, renewable energy and motive batteries. Leoch developed moulds for wide range of 1,600+ customized products. • Customers of Leoch include Emerson Electric (EMR US), Eaton Corp (ETN US), BMW, Juguar, US batteries, Black & Decker (SWK US), to name a few. In 2008 and 2009, Leoch sales to non-China market were 50% to 60%, while it dropped slightly to 37% due to weaker overseas market.
Drivers / catalysts	• Since 2011, Leoch initiated a new round of expansion. Through 2011 to 2013, effective capacity is expected to increase by 3m kVAh to 7m kVAh each of the 3 years. With recent industry consolidation, we expect the company achieve utilization rate 70% to 80%. As such, shipment is expected to increase by 3.6 times from 2010 to 2013 while gross profit per tonne is expected to generally stay between RMB4,000 to RMB4,750 per tonne in the next 2-3 years. Of various products available, major growth should be seen in SLI and motive batteries according to management plan.
Our opinions	• A large number of lead acid motive batteries producers are still under suspension in a compulsory manner by end of 2011. At Q4, Leoch suspended Anhui and Zhaoqing facilities after some employees show higher-than-expected level of lead in a blood test. After discussion with Ministry of Health, Leoch voluntarily upgrades the facilities to better manage lead emission with assistance from consultants of Ministry of Health. While 2H 2011 and 1Q 2012 output volume are negatively affected, we expect strong growth to resume in Q2 2012 until at least 2013. • We initiated coverage on Leoch in Jan at HK$1.87 spot price with target price at HK$3.41. Current P/E valuation for FY12/11F and FY12/12F are 8.5x and 5.3x based on revised forecast of RMB294m and RMB471m net profit.

Tongda Group (0698 HK) (click here…)

Stock statistics	Market cap: US$176.9m (closing price: HK$0.31); daily turnover: US$0.2m
Summary / review	• TDG is the world largest manufacturer for in-mould lamination (IML) plastic casings with patented technology. Its products are applied in consumer electronics such as handset, notebook and electrical appliances. Major customers include fast-growing domestic brands such as ZTE (0763 HK), Huawei, Lenovo (0992 HK), Haier (1169 HK) and Midea (000527 CH). • Different from in-mould decoration (IMD) technology, which simply prints designs onto a certain surface, IML covers the patterns with a protective layer so that the finished product is much more scratch proof. Although IMD has currently larger market share and it is within 10% cheaper than IML-made products, IML is observed to be increasingly adopted.
Drivers / catalysts	• For handset segment, Tongda major customers, ZTE (0763 HK) and Huawei, were performing especially well in 2011 with accelerated pace in 2H. For top 10 global vendors, the 2 domestic brands largest growth rate at 104% and 88% YoY respectively for 2011A, according to ABI Research on "sell-in" shipment. For 2012F, the 2 brands has similarly aggressive growth targets. • Tongda has new growth area in LED light guide plate as well as touch screen glass. Tongda partners with Matsushita Shokai back in 2009 and realized the ability to mass produce the product in Q1 2011. However, LED manufacturers remained conservative after the Earthquake in Japan. It is expected to work more closely in domestic market with TCL in 2012F. On the other hand, with up to 300k pieces of touch screen glass per month capacity, Tongda expects contribution of the 2 new divers from 2012F onwards.
Our opinions	• In the past four years, Tongda recorded increase in top-line as well as profit margin despite global economic headwind. With strong sales growth of its major domestic customers, we expect Tongda to capture net earnings of HK$240m+ for 2011F and achieve bottom-line growth of 10%-20% in short-term. • Based on the new forecast, our target price at HK$0.565 represents 10.9x FY12/11F P/E. We would seeking further discussion with management after annual results announcement and initiate major review on its business as well as target price.

IRC (1029 HK)

Stock statistics	Market cap: US$577.6m (closing price: HK$1.33); daily turnover: US$0.6m
Summary / review	• IRC (1029 HK) is an iron ore producer. Its key assets are located in Far East of Russia at regions namely Amur and EAO. These mines sites situated relatively close to the North-eastern Chinese border. • Currently developing iron mine assets are namely Kuranakh, K&S and Garinskoye. They are all open-pit mines along with access to national railway networks. Three prospective mining projects sustains long term development, they are namely Garinskoye Flanks, Kostenginskoye and Bolshoi Seym. • IRC is also engaged in 1) vanadium slog processing and production via JV with Jianlong, 2) small arm in mining consultant services. • The total Measured, Indicated and inferred ore resources are 1,345m tons, in which the total measured, indicated and inferred iron ore resources of K&S project, including the extension deposit, are 764m tons. • The designate ore concentrate production capacity for Kuranakh and K&S are 1.1m tons @ Fe 62.5% and 3.2m tons @ Fe 65% respectively. • The currently production mine, Kuranakh, is relatively small and its profitability is very sensitive to changes in iron ore price. • The major sources of revenue will still be driven by Kuranakh until commenced production of K&S project. • For YE FY12/11A, Turnover increased by 3.7x YoY to US$122.2m. The significant increase in turnover was largely due to ramp up production in Kuranakh mine and favorable ASP during 1H of 2011. The mining output of Kuranakh project excelled the year target that iron ore concentrate by 7% to 800.3k tons and ilmenite concentrate by 22% YoY to 63.5k tons.

Sino Oil and Gas(0702 HK)

Stock statistics	Market cap: US$408.4m (closing price: HK$0.27); daily turnover: US$0.8m
Summary / review	**Overview** • Sino Oil and Gas (SOG) is a resources investment company that focuses on upstream business of oil and gas as well as CBM exploration and development. • SOG's key asset is Sanjiao CBM project in Shaanxi which acquired in Nov 10 for consideration of HK$2.3b. • The Sanjiao CBM project is located in Shanxi and Shaanxi, with area of 382km2(previously 462km2) that operates via 70% PSC with PetroChina (857 HK). The net gas 2P and 3P reserves are 7.7b cubic meters and 15.9b cubic meters. • Other oil and gas assets include Liuluoyu and Yanjiawan oil and natural gas exploitation project and Jinzhuang Oil field in Ganquan County in Shaanxi Province. • SOG targets to construct 30 horizontal wells and 30 vertical wells at shallow gas deposit during 2012, in which 15 horizontal wells and 10 vertical are targeted to complete drilling by 1H2012, and remaining in 2H2012, while the same number of horizontal and vertical wells is targeted to complete in 2013 in deep gas deposit . • We estimate that taking into account of other major costs include other essential infrastructures, the aggregate capital investment will be RMB685m and RMB670m in 12 and 13, in which 30% investment cost will be undertaken by PetroChina as a result of PSC agreement. Therefore, total net capital investment for SOC in 2012 and 13 will be RMB1,154m **Highlight** • Potential to be PetroChina's first foreign PSC partner obtaining ODP approval and third in China • Solid development and distribution plan. SOG has demonstrated strong and efficient execution ability • Secured distribution channels 1) CNG, 2)LNG, 3)Pipeline. • SOG has delivered efficient development plans and schedule in 2011, and we believe SOG is the most promising CBM listed company to commence commercial gas sales and obtain the ODP approval among other listco.

Sinoref (1020 HK)

Stock statistics	Market cap: US$104.6m (closing price: HK$0.69); daily turnover: US$0.4m
Summary / review	• **Focus on high-end steel flow control products.** Products of Sinoref are consumables designed for use during steel casting with focus on steel oxidation protection and control of steel flow. In steel casting, molten steel at high temperature (1,600^{o}C) must be injected into specific mould. Sinoref provides consumable aluminium alloy devices as ledle shroud, stopper, tundish nozzle and subentry nozzle to facilitate the casting process, each of which is to be replaced every 10 hours. In China, over 95% steel casting uses continuous molding method that need constant supply of aforesaid products, of which 40% are considered high-end segment by Association of China Refractories Industry (ACRI) with improved life cycle, erosion resistance, size, shape and steel flow rate. • **High entry barrier due to technique know-how and equipment specifications.** The entry barrier is especially high for the high-end segment. Producers must develop composition formula and the products are mostly tailored-made in order to cast steel at specific rate, size and shapes. Between 1998 and 2006, high-end steel flow products market was largely dominated by a UK company Vesuvius (China). Co-founders of Sinoref, Mr Xu Yejun and Dr Zhang Lanyin, have extensive experience in advanced steel flow products for over 25 years. Dr Zhang, who is the chief technical officer of Sinoref, worked in Vesuvius from 1994 to 2002 and left as Deputy General Manger of China subsidiary. Sinoref gained market share to 19% in 2009 and possibly 30% in 2010. • **Our view.** While price pressure of raw materials has affected overall margin, we believe the company would continue to enjoy sufficiently high margin since its products represent less than 1% of steel makers COGS. While we do not expect significant volume growth in 2011, we expect considerable raise in sales and profit in 2012 and 2013. The ticker is currently trading at 7.6x and 6.2x FY12/11F and FY12/12F P/E based on Bloomberg consensus, which is basically in line with our preliminary estimation this time.

Boer Power (1685 HK)

Stock statistics	Market cap: US$317.6m (closing price: HK$3.17); daily turnover: US$1.0m
Summary / review	• **China largest electrical distribution systems provider closely tied with Schneider.** For over 20 years, Boer designs and sells integrated electrical distribution systems (EDS) in China. While power plants generates and power grids transmits high voltage power to industrial and retail users, a electrical distribution system is required to modify incoming power to a suitable volume and voltage in accordance to customer specific needs. An EDS aims to improve safety, stability and efficiency of electrical supplies. According to Roland Berger Report, Boer ranked top 6 in high-end low-to-mid voltage switchgear market, which was dominated by ABB China, Siemens China and Shanghai GE Guangdian. • **Dynamic shift towards higher-end intelligent electrical distribution system and impact on 1H.** The four major business segments of Boer are 1) EDS solutions; 2) Intelligent electrical distribution system (iEDS) solutions; 3) Energy efficiency (EE) solutions; and 4) components and spare parts business. For FY12/10A, EDS and iEDS made up 35.4% and 53.9% of RMB911.1m turnover. EDS represents classic distribution system extensively used in many large telecommunication, infrastructure, medical and industrial projects. Especially since 2011, the company largely shifts business focus towards iEDS with automation features, such as automatic data acquisition, real-time analysis, remote control and automated diagnosis. Profit margin of iEDS is generally between 35%-40%, several pcp higher than EDS, according to the management. For 1H 2011, contribution of EDS reduced RMB177.8m to merely RMB7.9m, which was the main cause of revenue fall of RMB70.6m for the 6 months compared to a year ago. • **Valuation.** The counter is currently trading at 10.7x and 10.3x P/E for FY12/11F and FY12/12F based on Bloomberg forecast. Based on our preliminary study, we believe forecast for FY12/11F and especially FY12/12F are rather conservative.

Man Yue Tech (0894 HK)

Stock statistics	Market cap: US$107.5m (closing price: HK$1.77); daily turnover: US$0.4m
Summary / review	• **Long established China top player after Japanese peers.** Since 1970s, Man Yue Technology engaged in aluminum electronic component (E-caps) business under SAMXON brand name. Man Yue is now the 5th largest E-caps manufacturer in the world following top 4 Japanese peers. In 2006, Man Yue developed conductive polymer aluminum solid capacitors (polymer caps) and became top 4 worldwide. The management targets a split of revenue from e-caps and polymer caps at 80%/20% in short-term while the former generally has higher margin than the latter. • **Customized equipment and production to capture growth especially in polymer caps market .** Man Yue customerized production equipments and purchase basic raw materials to produce capacitors for sales. COGS made up 70% total cost, 30% of which is related to aluminum sheet that are processed in-house. Man Yue also produces some of the chemicals. With optimization, Man Yue has high procution yield, quick response to product request and competitive cost structure. Currently, Man Yue capacitors are selling at 20% premium to Chinese and Taiwan peers yet 10% discount to top-tier Japanese peers. While Japanese peers continue to capture most of the market shares up to 70% in e-caps, capacitor buyers intend to diversify procurement geographically after Earthquake in Japan. Man Yue targets to spend around HK$200m CAPEX a year to expand polymer caps, which may be equivalent to 40 production lines with 1.7m pieces output each per month, according to our channel checks. At HK$0.525 per piece ASP and 12.5% net margin, extra revenue and net profit increment upon full utilization of HK$200m CAPEX would be HK$400m+ revenue and HK$50m+ net profit. • **Our view and valuation.** Although growth of e-caps market may not be especially strong, Man Yue plans to grow polymer caps business by capturing market growth as well as extending market share. In short-term, polymer caps business would continue to serve as key growth driver. The counter is currently trading at 7.3x historical P/E for 2010A.

Tao Heung Holdings (0573 HK)

Stock statistics	Market cap: US$519.1m (closing price: HK$4.04); daily turnover: US$0.2m
Summary / review	• Tao Heung engages in the business of operating Chinese cuisine restaurants and Chinese bakeries in Hong Kong and the PRC. Its roll includes operations, provision of food catering services, production, sale and distribution of food products related to restaurants. As of September 16th, 2011 the group operates total of 84 restaurants, with 69 located in Hong Kong and 15 located in China. • Last reported financials for 1H FY06/2011A showed that revenue increased 22.6% to HK$1,706.9m from HK$1,391.9m in 1H FY06/2010A. Gross profit increased 33.1% to HK$285.0m from HK$214.2m. Profit attributable to the owners of the company increased 20% to HK$125.3m from HK$104.4m. Earnings per share attributable to equity holder increased 20.1% to HK$12.33 cents from HK$10.27 cents. Gross profit margin increased 1.3pp to 16.7% from 15.4% and net profit margin decreased 0.1pp to 7.5% from 7.6%. • The group operates under multiband platform which allows multiple shops to locate nearby vicinity to operate strategically. This enable shares of common supporting facilities for operational efficiency. The multi-brand platform can access a larger market penetration covering different sector of consumer groups. For the 2H of FY2011, the group plans to open three new restaurants in Hong Kong and two restaurants in China. For FY2012, the group plans to reach 100 restaurants under operations and another 100 restaurants under operations by 2017. • The group operates centralised food processing and logistics centre in Tai Po, Hong Kong and Dongguan, China. The processing centre integrates purchasing, food-processing, preservation, quality checking, packaging, warehousing and the distribution process. This allows them to enable standardisation and control over quality of food ingredients, bulks purchase discount to reduce costs and streamline headcounts in restaurant operations to lowers staff cost. The Tai Po center can support up to 150 restaurants and the Dongguan Centre can support up to 200 shops.

OTO Holding (6880 HK)

Stock statistics	Market cap: US$41.8m (closing price: HK$1.02); daily turnover: n.a
Summary / review	• OTO engages in the sale of health and wellness products, such as massage chairs, blood pressure monitor and therapeutic apparatus in Hong Kong, Macau, China and other international location such as UK, France, Saudi Arabia, India, Russia, Thailand, Mauritius, Japan and Hungary. • The last reported earnings were for six month ended 1H FY09/11A. Revenue increased 18.2% YoY to HK$118.2m. Gross profit increased 11.6% YoY to HK$79.9m. Profit for the period decreased 32.3% YoY to HK$12.6m. Gross profit margin decreased 4 pt to 67.6% and net profit margin decreased 7.9 pt to 10.7%. Excluding the one-time IPO expenses which amounted to HK$8.9m, a growth of 15.6% YoY. • Retail stores sales contributed 41.6% of the revenue, consignment counters contributed 35.2% of revenue, international sales accounted for 10.7% of revenue, corporate sales accounted for 9.6% of revenue and road-show counters contributed 3% of revenue. GP margin for retail stores, consignment counter and road-show counters ranges from 70% to 75%. GP margin for corporate sales ranges from 45% to 55% and GP margin for International sales ranges from 25% to 30%. • Currently there are 44 point of sales in retail outlets, of which 18 are consigment counters in Hong Kong and Macau, 16 are retails stores in Hong Kong and Macau and 10 are consigment counters in China. Going forward the growth in point of sales will be coming from China. There are currently 51 corporate customers and 16 international customers. Retail stores usually ranges from 400 to 1000 square feet, consignment counters typically ranges from 100 to 600 square feet, and road show counters ranges from 100 to 1000 square feet.

Tianyi Fruit Holdings (0756 HK)

Stock statistics	Market cap: US$276.5m (closing price: HK$1.79); daily turnover: US$0.2m
Summary / review	• China Tianyi Holdings operating in six segments: Premier fresh oranges for wholesale, which carries on the business of cultivation and selling of premier oranges to third-party customers; Fresh oranges for wholesale, which cultivates and sells fresh oranges to third party customers; Oranges for production of frozen concentrated orange juice (FCOJ) and its related products, which carries on the business of cultivation of oranges for production of FCOJ, FCOJ fiber and orange pulp; FCOJ, which carries on the business of manufacturing and distribution of FCOJ, which is produced through a sequence of processes, including crushing, pressing, pasteurization and concentrating by using oranges as raw material; FCOJ fibre, which manufactures and distributes FCOJ fibre, and Orange pulp, which manufactures and distributes orange pulp. • Last reported financials for 1H FY12/2012A showed that revenue increased 52.6% to RMB320.3m from RMB210m. Gross profit increased 29.6% to RMB180.6m. Profit attributable to the owners of the company increased 33.5% to RMB175.0m. Earnings per share attributable to equity holder increased 17.3% to HK$17.97 cents. • Sales of juice product accounted for 71% of total sales. Among the juice products, FCOJ made up 39% of sales. The average selling price increased to RMB16,543 per tonne. FCOJ fibre made up 28%. The average selling price increased to RMB7,607 per tonne. Pulp and others made up 3% of sales. Fresh oranges accounted for 29% of sales. • Tianyi is Coca-Cola's sole FCOJ supplier in China. Other customers includes Suntory and Wahaha. The top five customers accounted for 71% of Sales.

Tenfu Holding (6868 HK)

Stock statistics	Market cap: US$978.6m (closing price: HK$6.23); daily turnover: US$0.3m
Summary / review	• The Company mainly engaging in the sorting, packaging and sales of tea leaves, manufacture and sales of tea snacks, and sales of tea ware in the People Republic of China. The tea ware products sourced from manufacture. Tea leaves contributed 70% of the revenue, tea snacks contributed 16% of revenue and tea ware contributed 11% of revenue. • The last reported earnings were for six month ended 1H FY06/11A. Revenue increased 63.7% YoY to RMB835.3m. Gross profit increased 96.2% YoY to RMB510.4m. Operating profit increased 73.6% YoY to RMB217.2m. Profit for the period increased 80% YoY to RMB153.1m. Gross profit margin increased 10.13ppt to 61.1% and net profit margin increased 1.65ppt to 18.3%. Tea leaves has gross profit margin of 58%, tea snacks has gross profit margin of 59% and tea ware has gross profit margin of 42%. • As of June 30, 2011, they have 1,107 retail outlets and retail points across 29 provinces in the PRC. Stores include stand alone shops at street level, shopping malls stores and concession counters in department stores and hypermarkets. These retail outlets and retail points were consisted of 469 self-owned and 648 dedicated third-party owned retail outlets and retail points, all of which bear the Tenfu brand name and logo. Going forward, they’re targeting to open 150 self-owned and 150 third-party shops each year.

China Liansu Group (2128 HK)

Stock statistics	Market cap: US$2,019.4m (closing price: HK$5.18); daily turnover: US$5.0m
Summary / review	• China Liansu Group Holdings Limited (China Liansu) is the largest manufacturer of plastic pipes and fittings in China. • A Lowering of the oil price will enable Liansu to reduce production costs and improve profitability. The main raw materials of plastic pipes are PVC, PE and PP-R, representing the majority of Liansu's total selling costs. Prices of the three raw materials have been on a steady climb due to rising oil prices, thus pressuring Liansu's profit margin. Using its position as the leader in China's plastic pipe industry, Liansu has managed to deal with the increase in oil prices through significant economies of scale and strong bargaining power over raw material supplies. Furthermore the companies ability to pass on costs to downstream customers have contributed to cost optimization. A decrease in the oil prices will help drive down raw material prices for Liansu which will see improvement in profitability • An expected acceleration in affordable housing construction will increase the demand for Plastic pipe • An acceleration in water conservancy construction will increase the demand in the plastic pipe • Bright earnings outlook on substantial growth potential for plastic pipe industry

Thank You!

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