

Xinyi Glass [0868.HK]

In-line 2016 results. Share price weakness offers a buying opportunity.

Xinyi Glass (XYG) reported decent 2016 results, in line with market expectations and a previous positive profit alert. The impact of slower turnover growth was fully offset by better-than-expected profitability. However, the contribution from Xinyi Solar (XYS) was lower than expected, which dragged XYG's overall performance. XYG's top-line growth in 2016 was driven mainly by a 29.6% YoY increase in sales of float glass products. Sales of both auto glass products and construction glass products were slower than expected. The blended gross margin was 36.3% in 2016, up from 27.3% in 2015 and the highest since 2011. Management released positive guidance on the outlook for all three of the Company's product segments and believes that concerns about rising production costs are somewhat overdone. Growth in sales of auto glass products and construction glass products is expected to pick in 2017 after a slowdown in 2016 as the impact of some negative factors faded away. Expanding the Company's global footprint is one of the key focuses of XYG going forward, as management has identified growth opportunities. The operating performance of its production plant in Malaysia reported good results, and the Company kicked off the construction of the 2nd phase of its Malaysian production plant, which should commence operation in 2H 2018. XYG management also shared the view that the Chinese government will control the float glass industry tightly and that outdated capacity will be phased out going forward, which is positive for the leading players, including XYG. With resilient global aftermarket auto glass demand, the wide adoption of low-E glass, and capacity rationalization in the float glass industry in China, we expect XYG to post solid top- and bottom-line growth in 2017-18E. News on supply side reform, softening raw material costs and a new expansion plan by both XYG and Xinyi Solar (XYS) are share price catalysts. XYG's share price came under pressure yesterday after its 2016 results announcement, which in our view, offers a good buying opportunity for investors. XYG is now trading at 7.3x 2016 PER. With its undemanding valuation, we maintain our BUY call on XYG with a target price of HK\$8.69 (based on 9x 2016E PER, lower than its historical average and the average of its listed peers).

Investment Highlights

- 2016 results highlights.** XYG's net profit increased 52.1% YoY to HK\$3,213.4m in 2016, which was at the high end of the range announced in the profit alert in mid-Dec 2016. The contribution from XYS was lower than our expectations, which implies that XYG's core operating performance was even better than the headline figures suggest. XYG's turnover reached HK\$12,848.4m in 2016, up 12.1% YoY from HK\$11,460.3m in 2015. The Company's top-line growth in 2016 was driven mainly by a 29.6% YoY increase in sales of float glass products. Construction glass and automobile glass reported sales declines of 1.0% and 2.3% respectively in 2016. The drop in sales of the auto glass segment was partly due to distortion in procurement by a key customer, which reported a change in ownership. The decline in the construction glass segment was partly due to RMB depreciation, which may have a negative 5% impact on the top line. Profitability in the three divisions showed good YoY improvement in 2016, beating our expectations. The gross profit margins for float glass, construction glass and automobile glass were 27.5%, 39.9% and 49.0%, respectively, in 2016, up from 11.1%, 33.9% and 44.3% in 2015 and higher than our original expectations of 26%, 39% and 48%. The blended gross margin was 36.3% in 2016, up from 27.3% in 2015 and the highest since 2011. XYG proposed a final dividend of HK\$0.23 in 2016, up from HK\$0.17 in 2015.
- Positive guidance on all three segments.** There is concern about potential margin pressure, given the increase in the price of natural gas and soda ash. We share XYG management's view that XYG will enjoy favourable pricing from gas suppliers. Management highlighted that the natural gas price will be reduced by PetroChina with effect from 15 Mar 2017 after the end of the peak season. The soda ash price has been softening since the beginning of Feb 2017. The increase in the soda ash price is an industry-wide issue, so we expect XYG to pass on the increase to its customers. Also, XYG management highlighted that the Company can import soda ash from overseas at a lower price, which gives the Company a cost advantage over its peers. Management also noted increasing environmental protection, especially in air emissions, by the Chinese government. At least 40-50m DWC of outdated capacity will be shut down by the Chinese government. XYG management believes that the supply/demand situation in the float glass industry will remain favourable going forward.
- Expanding its global footprint has been fruitful.** XYG's production line in Malaysia is very profitable. Based on available figures, the Malaysian plant achieves gross margins much higher than those of the Chinese factories. XYG kicked off of the 2nd phase of its Malaysian plant, which will increase capacity by 2X to 3,000 tonnes per day of melting capacity. After completion, the Malaysian plant will account for over 15% of the Company's total float glass capacity.

Key Financials (in HKDm)	2014	2015	2016	2017E	2018E
Revenue	10,861.1	11,460.3	12,848.4	14,093.5	15,430.6
Change (YoY %)	9.3	5.6	12.1	9.7	20.1
Gross Profit	2,733.4	3,132.7	4,659.3	5,150.9	5,629.4
Gross Margin %	25.2	27.3	36.3	36.5	36.5
Net Profit	1,364.3	2,113.1	3,213.4	3,746.0	4,172.9
Net Margin %	12.6	18.4	25.0	26.6	27.0
EPS (Basic)	0.35	0.54	0.83	0.97	1.08
Change (YoY %)	(61.3)	54.9	54.2	16.6	29.9
DPS	\$0.150	\$0.265	\$0.400	\$0.476	\$0.531
ROE (%)	11.1	16.9	24.8	26.4	27.2
Dividend Yield (%)	2.13	3.76	5.68	6.77	7.54
PER (x)	20.3	13.1	8.5	7.3	6.5
PBR (x)	2.2	2.2	2.1	1.8	1.6
FCF Yield (%)	-0.66%	3.79%	6.25%	4.84%	9.83%
Capex (m)	(1,729.0)	(1,967.0)	(1,853.0)	(2,500.0)	(1,501.0)
Free cash flow per share	(0.0)	0.3	0.4	0.3	0.7
Net Gearing (%)	42.0	37.2	37.3	35.7	27.3

Source: Bloomberg, CGIS Research

China Construction Sector -

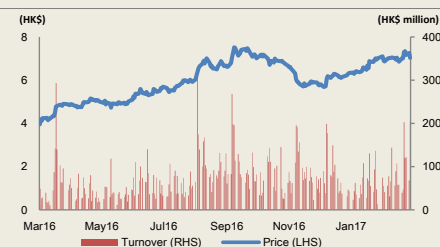
Building Materials

BUY

Close: HK\$7.04 (Feb 28, 2017)

Target Price: HK\$8.69 (+23.4%)

Share Price Performance



Sources: Bloomberg, CGIS Research

Market Cap	US\$3,531m
Shares Outstanding	3,880.9m
Auditor	Pricewaterhouse-Coopers
Free Float	45.2%
52W range	HK\$3.97-7.53
3M average daily T/O	US\$9.2m
Major Shareholder	Mr Lee Yin Yee (20.3%)

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Figure 1: Results highlights

Results Highlights (HKD m)	1H 2014	2H 2014	1H 2015	2H 2015	1H 2016	2H 2016
Revenue	5,034	5,827	5,283	6,177	5,885	6,963
Cost of sales and services	(3,697)	(4,430)	(3,873)	(4,455)	(3,844)	(4,346)
Gross profit	1,337	1,397	1,410	1,723	2,041	2,618
Other income and other gains and losses	247	152	287	307	147	402
Distribution and selling expenses	(268)	(340)	(312)	(367)	(351)	(269)
Administrative expenses	(472)	(558)	(441)	(494)	(533)	(669)
Finance costs	(25)	(14)	(26)	(24)	(44)	(33)
JV & Associates	57	80	161	157	312	250
Profit before tax	876	716	1,079	1,301	1,572	2,300
Income tax expense	(114)	(114)	(138)	(128)	(202)	(405)
MI	(0)	(0)	(2)	1	(0)	(2)
Profit for the period	762	602	939	1,174	1,369	1,893
Gross margin (%)	26.6	24.0	26.7	27.9	34.7	37.6
Operating margin (%)	17.9	12.5	20.9	21.4	27.5	33.5
Net Margin (%)	15.1	10.3	17.8	19.0	23.3	27.2
Turnover by products (HKDm)						
Automobile glass	1,781	1,813	1,897	1,890	1,990	1,758
Construction glass	1,079	1,477	1,206	1,445	1,220	1,370
Float glass	2,175	2,538	2,180	2,843	2,675	3,835
Gross margin by products (%)						
Automobile glass	42.1	41.5	44.1	44.6	48.7	49.3
Construction glass	37.0	34.1	31.7	35.6	39.0	40.6
Float glass	8.6	5.6	8.7	12.9	22.3	31.2

Source: Company, CGIS Research

Figure 2: Key assumptions for XYG

	2012	2013	2014	2015	2016	2017F	2018F
Turnover (HKDm)							
Automobile glass	3,077.8	3,287.2	3,593.2	3,786.6	3,748.4	4,089.5	4,432.5
Construction glass	1,574.6	2,154.5	2,555.5	2,651.5	2,590.2	2,826.9	3,085.3
Float glass	3,780.6	4,494.3	4,712.4	5,022.2	6,509.8	7,177.1	7,912.7
Total	8,433.0	9,936.1	10,861.1	11,460.3	12,848.4	14,093.5	15,430.6
YoY Change (%)							
Automobile glass		6.8	9.3	5.4	(1.0)	9.1	8.4
Construction glass		36.8	18.6	3.8	(2.3)	9.1	9.1
Float glass		18.9	4.9	6.6	29.6	10.3	10.3
Total		17.8	9.3	5.5	12.1	9.7	9.5
Volume							
Automobile (piece)		12,110.0	12,889.0	13,582.8	13,582.8	14,669.5	15,843.0
Construction (sqm)		16,363.0	19,380.0	20,107.5	21,716.1	23,236.2	24,862.8
Float glass (tonne)		2,927.0	3,510.0	3,856.8	4,435.3	4,657.0	4,889.9
YoY Change (%)							
Automobile (piece)			6.4	5.4	0	8.0	8.0
Construction (sqm)			18.4	3.8	8.0	7.0	7.0
Float glass (tonne)			19.9	9.9	15.0	5.0	5.0
ASP							
Automobile (HKD/piece)		271.4	278.8	278.8	276.0	278.8	279.8
Construction (HKD per sqm)		131.7	131.9	131.9	119.3	121.7	124.1
Float glass (HKD per tonne)		1,535.5	1,342.6	1,302.2	1,467.7	1,541.1	1,618.2
YoY Change (%)							
Automobile (HKD/piece)			2.7	0.0	(1.0)	1.0	0.4
Construction (HKD per sqm)			0.1	0	(9.5)	2.0	2.0
Float glass (HKD per tonne)			(12.6)	(3.0)	12.7	5.0	5.0
Gross margin (%)							
Automobile glass	42.8	43.3	41.8	44.3	49.0	49.0	49.0
Construction glass	37.2	39.9	35.3	33.9	39.9	39.0	39.0
Float glass	8.6	19.0	7.0	11.1	27.5	28.5	28.5
Blended	26.4	31.6	25.2	27.3	36.3	36.5	36.5
Net margin (%)	14.1	35.4	12.6	18.4	25.0	26.6	27.0
Cost (HKDm)							
S,G&A	(1,056.7)	(1,250.9)	(1,638.0)	(1,614.5)	(1,822.4)	(1,999.0)	(2,188.6)
Financial Expenses	(57.3)	(59.7)	(38.1)	(50.2)	(76.8)	(76.8)	(86.6)
YoY Change (%)							
S,G&A		18.4	30.9	(1.4)	12.9	9.7	9.5
Financial Expenses		4.2	(36.2)	32.0	53.0	0	12.7
CAPEX (HKDm)	1,435.3	3,752.3	1,729.0	1,967.0	1,853.0	2,500.0	1,501.0
Net Gearing (%)	35.8	33.6	42.0	37.2	37.3	35.7	27.3

Source: Company, CGIS Research

Figure 3: Earnings projection

Income Statement (HKDm)	FY2014	FY2015	FY2016	FY2017F	FY2018F
Revenue	10,861	11,460	12,848	14,094	15,431
Growth yoy%	9.3%	5.5%	12.1%	9.7%	9.5%
Gross Profit	2,733	3,133	4,659	5,151	5,629
Growth yoy%	(12.9%)	14.6%	48.7%	10.6%	9.3%
Selling General & Admin Exp.	(1,638)	(1,615)	(1,822)	(1,999)	(2,189)
Others Operating Expenses/Items	178	215	342	375	411
Operating Income	1,274	1,733	3,179	3,527	3,851
Growth yoy%	n.a.	n.a.	n.a.	n.a.	n.a.
Interest Expense	(38.1)	(50.2)	(76.8)	(76.8)	(86.6)
Interest and Invest. Income					
Income/(Loss) from Affiliates	137.6	317.3	562.6	894.7	1,043.1
Other Non-Operating Inc. (Exp.)	0	0	0	0	0
Impairment of Goodwill	0	0	0	0	0
Gain (Loss) On Sale Of Invest.	220	379	159	174	191
Gain (Loss) On Sale Of Assets					
Income Tax Expense	(228)	(266)	(607)	(505)	(559)
Minority Int. in Earnings	(1)	(0)	(3)	(268)	(267)
Net Income	1364	2113	3213	3746	4173
Growth yoy%	(61.3%)	54.9%	52.1%	16.6%	11.4%

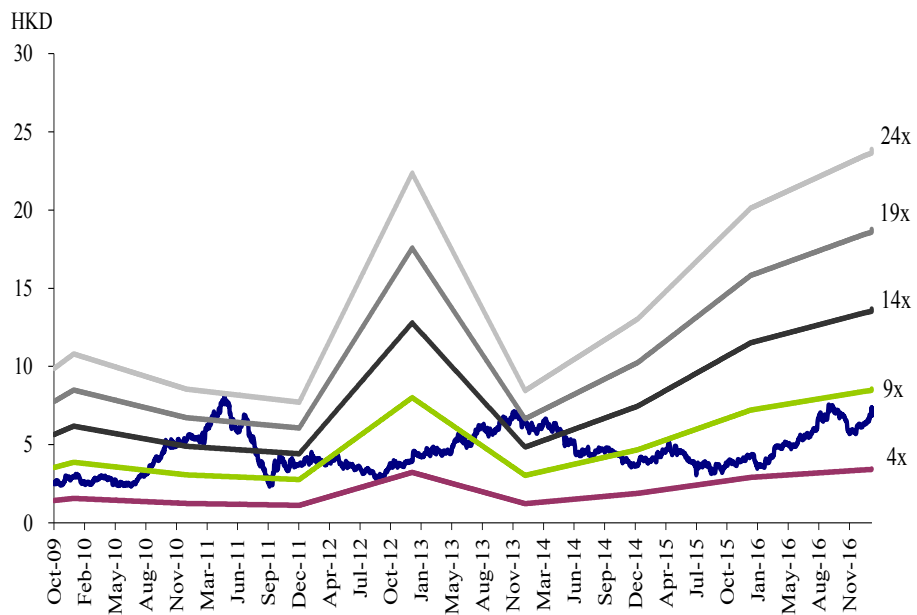
Cash Flow Statement (HKDm)	FY2014	FY2015	FY2016	FY2017F	FY2018F
Net Income	1,227	1,796	2,712	3,119	3,397
Depreciation & Amort.	615	766	808	883	979
Change in Working Capital	(296)	456	40	(180)	(188)
Cash from Ops.	1,546	3,018	3,560	3,823	4,188
Capital Expenditure	(1,729)	(1,967)	(1,853)	(2,500)	(1,501)
Sale of Property, Plant, and Equipment	-	-	-	-	-
Change in Investing Activities	53	40	51	51	41
Cash from Investing	(1,676)	(1,927)	(1,802)	(2,449)	(1,460)
Net increase in bank borrowings	873	16	1,646	0	0
Issuance of Common Stock	0	0	0	0	0
Common Dividends Paid	(590)	(1,043)	(1,552)	(1,849)	(2,060)
Special Dividend Paid	-	-	-	-	-
Other Financing Activities	0	0	(400)	0	0
Cash from Financing	282	(1,027)	(306)	(1,849)	(2,060)
Net Change in Cash	152	64	1,451	(475)	669

Balance Sheet (HKDm)	FY2014	FY2015	FY2016	FY2017F	FY2018F
ASSETS					
Cash And Equivalents	831	1,298	2,763	2,234	2,903
Receivables	2,487	2,381	2,377	2,596	2,845
Inventory	1,478	1,223	1,321	1,442	1,580
Other Current Assets	9	93	76	76	76
Total Current Assets	4,805	4,995	6,537	6,348	7,404
Net Property, Plant & Equipment	12,581	13,177	12,952	14,571	15,096
Long-term Investments	-	-	-	-	-
Other Intangibles	-	-	-	-	-
Deferred Tax Assets, LT	-	-	-	-	-
Other Long-Term Assets	3,649	3,249	4,534	5,634	6,784
Goodwill	-	-	-	-	-
Accounts Receivable Long-Term	-	-	-	-	-
Total Long Term Assets	16,229	16,426	17,486	20,205	21,880
Total Assets	21,034	21,422	24,022	26,553	29,284
LIABILITIES & EQUITY					
Accounts Payable	1,978	2,112	2,297	2,508	2,749
Accrued Exp.	-	-	-	-	-
Short-term Borrowings	2,529	2,514	3,165	3,165	3,165
Curr. Port. of LT Debt	-	-	-	-	-
Curr. Income Taxes Payable	-	-	-	-	-
Unearned Revenue, Current	-	-	-	-	-
Other Current Liabilities	294	333	538	538	538
Total Current Liabilities	4,801	4,959	6,000	6,212	6,452
Long-Term Debt	3,483	3,514	4,509	4,509	4,509
Def. Tax Liability, Non-Curr.	159	159	218	218	218
Other Non-Current Liabilities	255	63	48	48	48
Total Liabilities	8,699	8,696	10,775	10,987	11,228
Common Stock	5,940	4,277	1,719	3,616	5,729
Additional Paid In Capital	-	-	-	-	-
Retained Earnings	6,393	8,442	11,462	11,617	11,726
Treasury Stock	-	-	-	-	-
Comprehensive Inc. and Other	-	-	-	-	-
Minority Interest	2.0	7.2	66.0	334.0	601.0
Total Equity	12,335	12,726	13,247	15,566	18,057
Total Liabilities And Equity	21,034	21,422	24,022	26,553	29,284

Ratios	FY2014	FY2015	FY2016	FY2017F	FY2018F
Profitability					
Return on Assets %	6.7%	10.0%	14.1%	14.8%	14.9%
Return on Capital %	5.9%	7.9%	13.0%	12.6%	12.6%
Return on Equity %	11.1%	16.9%	24.8%	26.4%	25.5%
Margin Analysis					
Gross Margin %	25.2%	27.3%	36.3%	36.5%	36.5%
SG&A Margin %	15.1%	14.1%	14.2%	14.2%	14.2%
EBIT Margin %	11.7%	15.1%	24.7%	25.0%	25.0%
EBITDA Margin %	17.4%	21.8%	31.0%	31.3%	31.3%
Net Income Margin %	12.6%	18.4%	25.0%	26.6%	27.0%
Asset Turnover					
Total Asset Turnover	0.5x	0.5x	0.5x	0.5x	0.5x
Fixed Asset Turnover	0.7x	0.7x	0.7x	0.7x	0.7x
Accounts Receivable Turnover	4.6x	4.7x	5.4x	5.7x	5.7x
Inventory Turnover	7.3x	9.4x	9.7x	9.8x	9.8x
Liquidity					
Current Ratio	1.0x	1.0x	1.1x	1.0x	1.1x
Quick Ratio	0.7x	0.7x	0.9x	0.8x	0.9x
Avg. Days Sales Out.	83.6	75.8	67.5	67.2	67.3
Avg. Days Inventory Out.	49.7	38.9	37.5	37.3	37.4
Avg. Days Payable Out.	83.6	89.6	98.3	98.1	97.9
Avg. Cash Conversion Cycle	83.5	62.2	61.1	61.1	61.1
Net Debt to Equity	42%	37%	37%	36%	27%
Growth Over Prior Year					
Total Revenue	9.3%	5.5%	12.1%	9.7%	9.5%
Net Income	(61.3%)	54.9%	52.1%	16.6%	11.4%
Payout Ratio %	43.3%	49.4%	48.3%	49.4%	49.4%

Sources: Company, CGIS Research

Figure 4: XYG's PER trend



Sources: Bloomberg, CGIS Research estimates

Figure 5: Peer comparison

Ticker	Company	Price Lcy	Market Cap US\$m	PE			EV/EBITDA			P/B		ROE		ROA		Div yield		Share Price Performance			
				2016F x	2017F x	2018F x	2016F x	2017F x	2018F x	2015 x	2016F x	2015 %	2016F %	2015 %	2016F %	2015 %	2016F %	1M %	3M %	6M %	12M %
968 HK*	Xinyi Glass Holdings Ltd	7.04	3531.0	7.3	6.5	n.a.	7.5	6.8	n.a.	2.1	1.8	16.9	22.9	14.8	15.7	5.7	6.8	0.4	21.8	5.4	92.2
968 HK*	Xinyi Solar Holdings Ltd	2.7	2373.8	7.6	6.7	n.a.	6.9	5.8	n.a.	3.0	2.2	26.6	31.1	13.5	12.6	5.1	6.0	1.5	3.0	-14.4	30.3
8328 HK	Xinyi Automobile Glass Hong	1.5	103.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.8	n.a.	-7.5	n.a.	0.1	n.a.	0.0	n.a.	9.6	5.7	-7.5	n.a.
3300 HK	China Glass Holdings Ltd	0.9	209.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	n.a.	-20.0	n.a.	-6.6	n.a.	0.0	n.a.	7.1	0.0	-18.2	11.1
1108 HK	Luoyang Glass Company Ltd-H	5.7	387.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.4	n.a.	29.0	n.a.	18.7	n.a.	0.0	n.a.	9.4	2.0	23.3	36.3
3606 HK*	Fuyao Glass Industry Group-H	24.2	7275.2	15.6	14.2	12.8	9.0	8.1	7.3	3.0	2.8	20.6	18.2	11.5	12.5	3.5	4.1	5.0	2.5	18.6	56.5
6865 HK	Flat Glass Group Co Ltd-H	1.7	391.9	4.6	4.5	3.6	2.2	1.9	1.6	1.0	0.7	20.5	18.7	9.9	6.1	4.8	5.4	-0.6	-7.1	-19.9	37.4
Average				9.3	8.4	8.2	6.0	5.3	4.4	3.7	1.9	11.5	22.6	7.8	10.4	2.2	5.2	5.3	1.0	-3.0	34.3
600660 CH*	Fuyao Glass Industry Group-A	19.5	7275.2	14.4	13.1	12.1	9.0	8.1	7.7	2.7	2.5	20.6	18.1	11.5	13.3	n.a.	4.4	3.9	3.4	18.6	49.0
000012 CH	Csg Holding Co Ltd- A	11.6	2806.7	25.8	23.3	n.a.	n.a.	n.a.	n.a.	3.0	n.a.	7.7	n.a.	n.a.	n.a.	n.a.	n.a.	2.3	-16.1	-4.3	21.1
601636 CH	Zhuzhou Kibing Group Co Ltd-A	4.4	1686.2	17.9	15.5	13.3	7.7	7.0	6.3	2.1	1.9	3.3	12.0	3.8	4.5	n.a.	n.a.	4.4	1.6	-0.1	40.9
002163 CH	Avic Sanxin Co Ltd-A	10.2	1198.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11.4	n.a.	-27.3	n.a.	-1.7	n.a.	n.a.	n.a.	10.1	20.3	28.6	49.3
600819 CH	Shanghai Yaohua Pilkington-A	9.1	1129.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.0	n.a.	-12.0	n.a.	-2.9	n.a.	n.a.	n.a.	10.3	21.4	14.5	52.3
600876 CH	Luoyang Glass Company Ltd-A	n.a.	387.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	4.5	18.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average				19.4	17.3	12.7	8.3	7.6	7.0	4.4	2.2	3.6	11.5	5.9	8.9	n.a.	4.4	6.2	6.1	11.5	42.5
1802 TT	Taiwan Glass Ind Corp	17.55	1666.8	n.a.	43.9	n.a.	n.a.	n.a.	n.a.	1.1	1.1	-10.2	1.5	-2.8	-1.3	n.a.	n.a.	33.0	30.0	35.0	37.1
SISE TI	Turk Sise Ve Cam Fabrikalari	3.89	2205.6	12.1	10.3	9.3	7.3	6.1	5.7	1.0	1.0	11.0	8.8	3.9	4.6	n.a.	2.7	-3.7	17.2	13.7	24.2
TRKCM TI	Trakya Cam Sanayii As	3.02	776.8	5.4	9.2	8.0	8.0	6.8	5.9	0.9	0.8	6.1	16.6	9.1	8.7	n.a.	4.3	-2.3	7.5	20.3	75.3
APOG US	Apogee Enterprises Inc	58.54	1677.0	20.3	16.7	14.5	10.1	8.3	7.4	3.7	3.5	13.7	n.a.	12.2	n.a.	0.9	0.9	2.6	22.7	21.0	46.6
5201 JP	Asahi Glass Co Ltd	918.00	9710.3	18.0	16.6	14.1	6.3	6.0	5.9	1.0	1.0	3.9	5.6	2.4	3.9	n.a.	2.1	9.3	23.6	39.5	67.8
5214 JP	Nippon Electric Glass Co Ltd	698.00	3096.0	23.5	21.9	17.4	5.8	5.7	5.2	0.7	0.7	1.9	3.0	0.7	2.3	n.a.	2.3	7.2	14.4	34.5	30.0
4044 JP	Central Glass Co Ltd	513.00	982.6	11.3	10.8	10.2	6.5	5.9	5.5	0.7	0.6	7.2	5.7	3.1	n.a.	n.a.	2.1	7.8	17.9	23.7	47.0
5202 JP	Nippon Sheet Glass Co Ltd	844.00	679.8	14.0	10.0	8.2	6.8	6.6	6.7	0.8	1.0	1.0	5.3	-3.7	0.7	n.a.	0.0	-9.2	4.8	5.5	17.2
SGO FP	Compagnie De Saint Gobain	44.98	26470.0	15.9	14.0	12.3	7.1	6.6	6.0	1.3	1.3	7.0	7.9	3.0	3.6	n.a.	2.8	-1.2	9.9	14.4	25.7
PPG US	Ppg Industries Inc	102.45	26339.3	16.4	14.9	13.6	10.7	10.1	9.8	5.5	5.2	27.7	33.8	5.3	10.0	1.5	1.6	2.4	6.8	-3.2	6.1
GLW US	Corning Inc	27.65	25661.8	16.5	15.3	14.2	8.1	8.0	8.1	1.6	1.7	6.9	10.1	13.1	5.9	2.0	2.2	4.4	15.1	21.9	51.1
Average				15.3	16.7	12.2	7.7	7.0	6.6	1.7	1.6	6.9	9.8	4.2	4.3	1.4	2.1	4.6	15.4	20.6	38.9
914 HK	Anhui Conch Cement Co Ltd-H	27.05	16456.2	14.7	12.7	12.0	7.2	6.6	6.2	1.8	1.6	11.1	11.5	5.9	n.a.	1.8	2.1	7.6	20.5	24.1	75.2
3323 HK	China National Building Ma-H	5.66	3937.2	19.1	14.3	13.1	10.7	10.0	9.6	0.7	0.6	2.5	2.9	0.2	0.4	0.7	0.9	24.1	44.4	61.7	64.5
1313 HK	China Resources Cement	4.04	3400.5	16.2	11.8	10.6	8.8	7.7	7.5	1.0	1.0	3.7	5.8	1.0	3.1	n.a.	2.1	11.9	21.3	32.9	109.3
2009 HK	Bomg Corp-H	3.63	6885.5	12.3	9.9	9.3	11.8	10.1	9.6	0.4	0.8	5.8	7.0	2.2	n.a.	0.5	0.8	21.0	21.4	20.2	66.5
743 HK	Asia Cement China Holdings	2.34	472.4	23.0	12.9	10.9	8.4	7.5	5.9	0.4	0.3	-3.1	0.9	-0.4	n.a.	2.4	1.5	21.2	24.5	28.6	49.0
Average				17.0	12.3	11.2	9.4	8.4	7.7	0.8	0.9	4.0	5.6	1.8	1.8	1.4	1.5	17.2	26.4	33.5	72.9
2128 HK	China Lesso Group Holdings L	5.83	2330.4	8.5	7.5	6.8	5.2	4.6	4.3	1.6	1.4	17.7	17.8	10.2	n.a.	2.1	2.5	9.6	3.9	7.0	31.6
358 HK	Jiangxi Copper Co Ltd-H	13.08	8055.1	31.3	23.8	20.5	15.5	13.3	12.8	0.9	0.9	1.5	2.9	0.3	n.a.	0.9	1.1	-2.8	10.3	46.0	61.3
2600 HK	Aluminum Corp Of China Ltd-H	3.87	9849.7	103.8	21.3	17.3	14.8	10.1	9.8	1.3	1.3	0.6	1.3	0.1	n.a.	0.0	0.0	-3.7	11.8	33.0	45.5
1088 HK	China Shenhua Energy Co-H	16.24	47786.5	11.2	10.0	10.0	5.6	5.2	5.3	0.9	0.9	5.9	8.2	3.2	4.8	2.2	3.3	-1.8	1.1	16.5	48.7
1898 HK	China Coal Energy Co-H	4.11	10276.6	27.6	14.8	14.1	13.2	10.8	11.0	0.6	0.6	-3.8	2.2	-0.8	1.1	0.0	0.6	1.0	5.1	10.8	58.1
1171 HK	Yanzhou Coal Mining Co-H	6.24	6232.6	16.7	8.5	10.1	12.3	8.3	9.8	0.8	0.7	0.4	4.0	0.8	n.a.	n.a.	1.4	2.1	15.1	40.5	88.0
347 HK	Angang Steel Co Ltd-H	6.03	6242.3	26.0	20.0	14.5	10.1	9.2	8.2	0.9	0.9	-10.1	3.2	-5.0	n.a.	n.a.	0.7	0.8	37.7	58.3	90.2
323 HK	Maanshan Iron & Steel-H	2.97	3669.6	19.3	14.5	12.5	9.2	8.3	7.8	1.1	1.0	-23.0	5.5	-4.9	n.a.	0.0	0.5	3.8	45.6	63.2	118.4
2689 HK	Nine Dragons Paper Holdings	9.85	5928.6	10.2	9.7	9.0	7.4	7.2	7.0	1.5	1.4	5.7	14.0	4.2	n.a.	1.5	2.9	9.7	45.3	58.8	90.6
2314 HK*	Lee & Man Paper	7.04	4116.5	9.5	8.3	n.a.	10.0	8.7	n.a.	1.9	1.7	16.8	19.2	9.3	9.7	3.1	3.8	0.4	18.1	12.5	55.4
1812 HK	Shandong Chenming Paper-H	10.10	3096.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1	n.a.	6.6	n.a.	2.6	n.a.	n.a.	n.a.	13.5	31.2	48.1	85.3
Average				26.4	13.9	12.8	10.2	8.5	8.4	1.1	1.1	1.4	7.6	1.7	3.0	1.1	1.7	3.0	20.5	35.9	70.3

Sources: Bloomberg, Company, CGIS Research estimates for covered stocks; *: 2016, 2017E & 2018E for PE, EV/EBITDA; 2016 & 2017E for P/B, ROE, ROE and Dividend yield.

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