



October 31, 2013
Equity Focus

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Key Data

Avg.13E P/E (x)	7.65
Avg.13E P/B (x)	0.91
Avg.13E Dividend Yield (%)	2.55

Source(s): Company, Bloomberg, ABCI Securities

9M13 Growth (% YoY)

Investment in:

Highway infrastructure	10.13
Railway infrastructure	12.55
Waterway infrastructure	2.28
Urban rail infrastructure	29.41

Net income of:

CRCC (1186 HK)	37.55
CRG (390 HK)	46.47
CCCC (1800 HK)	19.13
CSR (1766 HK)	(12.02)
CSR Times Electric (3898 HK)	34.98

Source(s): Companies, CRC, MOT, ABCI Securities

Sector Performance (%)

	Absolute	Relative*
1-mth	4.59	6.14
3-mth	11.13	6.73
6-mth	5.64	4.95

* Relative to Hang Seng Index

Source(s): Bloomberg, ABCI Securities

1-Year Sector Performance



Source(s): Bloomberg

Construction and Engineering
3Q results beat expectation

- Revenue growth of the three major transport infrastructure construction contractors are better than expected in 9M13, of which CRCC's growth (+29.24% YoY) exceeded that of the FAI in transport industry (+23.30% YoY) in 9M13
- Thanks to lower SG&A as a percentage of revenue, CRG's net income growth (+46.47% YoY) is the highest among the three major contractors
- We expect the growth to slow in 4Q13 under the high base in 2H12. Investment in railway and highway construction has been decelerating since 3Q13. Looking forward, the fast growth in urban rail development will be the growth driver in 2014-15. CRCC and CRG will be the largest beneficiaries

CRCC – Highest growth in contract delivery with a stable profit margin. For 9M13, revenue was up 29.24% YoY to RMB 380,522mn (ex. surcharges and business tax), beating our expectation by 11.06%. GPM edged down by 0.07ppt YoY to 7.50% (9M12: 7.57%). SG&A-to-revenue ratio improved by 0.20ppt YoY to 4.50% (9M12: 4.70%). Net profit margin (NPM) was up slightly by 0.11ppt YoY to 1.84% (9M12: 1.73%), and net income grew 37.55% YoY to RMB 7,004mn. CRCC's revenue growth in 9M13 was the highest among the three major transport infrastructure contractors. We expect its growth in contract delivery to remain the highest among the three in 2014. Moreover, its receivable level at 24.93% of revenue is the lowest among the peers (CRG: 33.47%; CCCC: 47.75%). Maintain **BUY**.

CRG – Greatest improvement in profitability. For 9M13, revenue was up 20.31% YoY to RMB 371,052mn (ex. surcharges and business tax), exceeding our estimates by 4.48%. GPM dropped 0.24ppt YoY to 7.09% (9M12: 7.33%), but SG&A-to-revenue ratio improved significantly by 0.56ppt YoY to 3.68% (9M12: 4.24%). NPM was up 0.30ppt YoY to 1.69% (9M12: 1.39%), further narrowing the difference with that of CRCC to 0.15ppt (9M12: 0.34ppt). Net income surged 46.47% YoY to RMB 6,257mn. Thanks to the lower SG&A as a percentage of revenue, CRG's net income improved the most in 9M13. Its high net gearing of 107.67% as at end-Sep 2013 (CRCC: 21.91%; CCCC: 84.38%), however, remains a major concern. Maintain **BUY**.

CCCC – Stable growth with the highest profit margin. For 9M13, revenue was up 13.66% YoY to RMB 225,354mn (ex. surcharges and business tax), surpassing our expectation by 3.26%. Although GPM dropped 0.33ppt YoY to 9.76% in 9M13 (9M12: 10.09%), the impact was offset by the improved SG&A-to-revenue ratio that fell 0.36ppt YoY to 4.30% (9M12: 4.66%). Net profit margin up 0.17ppt YoY to 3.74% (9M12: 3.57%), and net income grew 19.13% YoY to RMB 8,432mn. CCCC's GPM and NPM were the highest among its closest peers. We expect CCCC's increased exposure in BOT/BOO projects will drive growth in 2014-15 as roadway and port construction segments are expected to stay flat. Maintain **BUY**

Risk factors: 1) Prudent monetary policy may affect capital inflow and delay construction; 2) Heavy debt burden of CRC may limit growth in infrastructure investment; 3) Change in willingness to grant loans by creditors.

Sector Valuation Summary (data as of October 30, 2013)

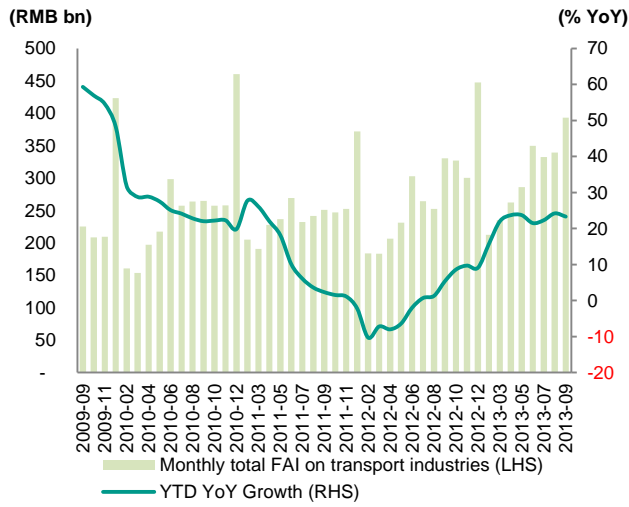
Company	Ticker	Rating	Price (HK\$)	TP (HK\$)	FY13E P/E (x)	FY14E P/E (x)	FY13E P/B (x)	FY14E P/B (x)	FY13E Yield (%)	FY14E Yield (%)
CRCC	1186 HK	BUY	8.42	10.22	8.35	7.11	1.04	0.92	1.80	2.11
CRG	390 HK	BUY	4.33	5.14	8.45	7.37	0.87	0.79	1.77	2.04
CCCC	1800 HK	BUY	6.17	7.67	6.13	5.71	0.83	0.75	4.08	4.38

Source(s): Companies, ABCI Securities estimates

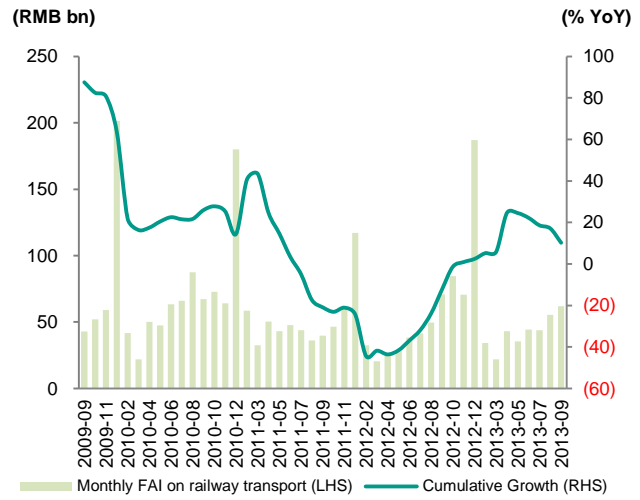
Exhibit 1: 3Q13 results summary of CRCC, CRG and CCCC

China Railway Construction (CRCC)	9M12	9M13	(% YoY)	3Q12	3Q13	(% YoY)
Revenue (RMB mn)	294,425	380,522	29.24	115,135	151,153	31.28
Gross Profit (RMB mn)	22,307	28,552	28.00	8,310	11,517	38.59
<i>GPM (%)</i>	<i>7.57</i>	<i>7.50</i>	<i>(0.07ppt)</i>	<i>7.22</i>	<i>7.62</i>	<i>0.40ppt</i>
Selling cost (RMB mn)	1,137	1,548	36.15	470	552	17.45
Admin cost (RMB mn)	12,692	15,567	22.65	4,803	6,691	39.31
SG&A (RMB mn)	13,829	17,115	23.76	5,273	7,243	37.36
<i>SG&A-to-revenue</i>	<i>4.70</i>	<i>4.50</i>	<i>(0.20ppt)</i>	<i>4.58</i>	<i>4.79</i>	<i>0.21ppt</i>
Net profit (RMB mn)	5,092	7,004	37.55	1,904	2,330	22.37
<i>Net profit margin (%)</i>	<i>1.73</i>	<i>1.84</i>	<i>0.11ppt</i>	<i>1.65</i>	<i>1.54</i>	<i>(0.11ppt)</i>
Trade and bill receivables (RMB mn)	59,160	73,753	24.67			
Long term receivables (RMB mn)	8,285	21,121	154.93			
Total accounts receivables (RMB mn)	67,445	94,874	40.67			
<i>Total accounts receivables / revenue (%)</i>	<i>22.91</i>	<i>24.93</i>	<i>2.03ppt</i>			
China Railway Group (CRG)	9M12	9M13	(% YoY)	3Q12	3Q13	(% YoY)
Revenue (RMB mn)	308,415	371,052	20.31	117,500	132,096	12.42
Gross Profit (RMB mn)	22,615	26,305	16.32	8,512	9,629	13.12
<i>GPM (%)</i>	<i>7.33</i>	<i>7.09</i>	<i>(0.24ppt)</i>	<i>7.24</i>	<i>7.29</i>	<i>0.05ppt</i>
Selling cost (RMB mn)	1,230	1,653	34.39	549	643	17.12
Admin cost (RMB mn)	11,845	12,018	1.46	4,657	4,414	(5.22)
SG&A (RMB mn)	13,075	13,671	4.56	5,206	5,057	(2.86)
<i>SG&A-to-revenue</i>	<i>4.24</i>	<i>3.68</i>	<i>(0.56ppt)</i>	<i>4.43</i>	<i>3.83</i>	<i>(0.60ppt)</i>
Net profit (RMB mn)	4,272	6,257	46.47	1,882	2,769	47.13
<i>Net profit margin (%)</i>	<i>1.39</i>	<i>1.69</i>	<i>0.30ppt</i>	<i>1.60</i>	<i>2.10</i>	<i>0.49ppt</i>
Trade and bill receivables (RMB mn)	94,881	116,490	22.77			
Long term receivables (RMB mn)	4,767	7,705	61.63			
Total accounts receivables (RMB mn)	99,648	124,195	24.63			
<i>Total accounts receivables / revenue (%)</i>	<i>32.31</i>	<i>33.47</i>	<i>1.16ppt</i>			
China Comm Construction (CCCC)	9M12	9M13	(% YoY)	3Q12	3Q13	(% YoY)
Revenue (RMB mn)	198,263	225,354	13.66	73,434	84,317	14.82
Gross Profit (RMB mn)	20,002	21,999	9.98	6,453	7,743	19.99
<i>GPM (%)</i>	<i>10.09</i>	<i>9.76</i>	<i>(0.33ppt)</i>	<i>8.79</i>	<i>9.18</i>	<i>0.40ppt</i>
Selling cost (RMB mn)	426	332	(22.07)	153	128	(16.34)
Admin cost (RMB mn)	8,822	9,365	6.16	3,141	3,313	5.48
SG&A (RMB mn)	9,248	9,697	4.86	3,294	3,441	4.46
<i>SG&A-to-revenue</i>	<i>4.66</i>	<i>4.30</i>	<i>(0.36ppt)</i>	<i>4.49</i>	<i>4.08</i>	<i>(0.40ppt)</i>
Net profit (RMB mn)	7,078	8,432	19.13	2,060	2,704	31.26
<i>Net profit margin (%)</i>	<i>3.57</i>	<i>3.74</i>	<i>0.17ppt</i>	<i>2.81</i>	<i>3.21</i>	<i>0.40ppt</i>
Trade and bill receivables (RMB mn)	52,899	62,739	18.60			
Long term receivables (RMB mn)	28,348	44,869	58.28			
Total accounts receivables (RMB mn)	81,247	107,608	32.45			
<i>Total accounts receivables / revenue (%)</i>	<i>40.98</i>	<i>47.75</i>	<i>6.77ppt</i>			

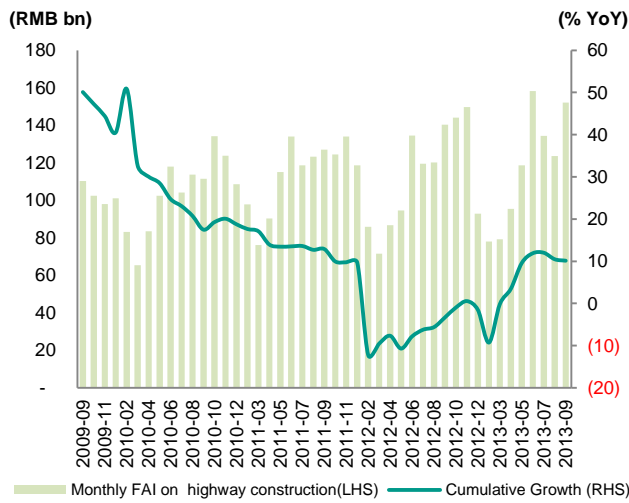
Source(s): Companies, ABCI Securities

Exhibit 2: Total transport FAI in China, 9M09-9M13


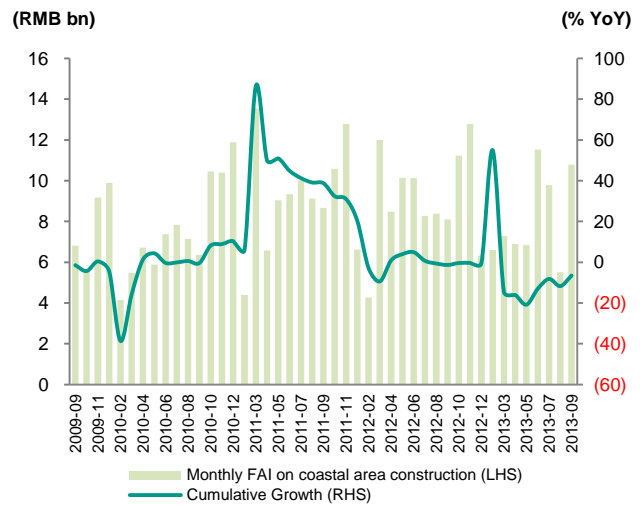
Source(s): NBS

Exhibit 3: Investment in railway construction in China, 9M09-9M13


Source(s): NBS

Exhibit 4: Investment in highway construction in China, 9M09-9M13


Source(s): MOT

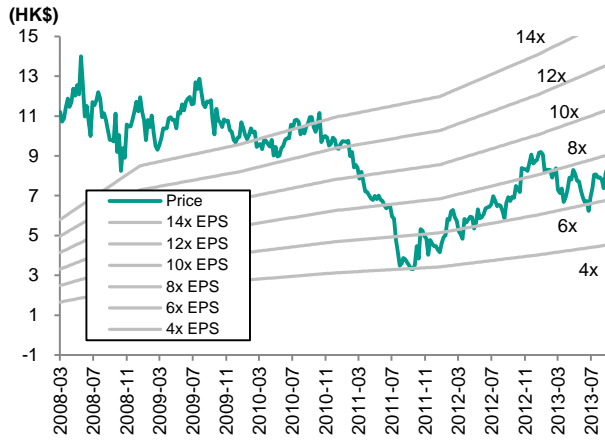
Exhibit 5: Investment in coastal area construction in China, 9M09-9M13


Source(s): MOT

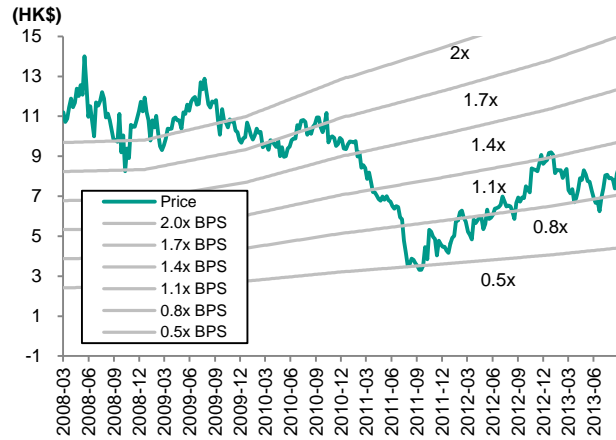
Exhibit 6: Peer valuation of construction contractors

Company	Ticker	Mkt cap (HK\$ mn)	As of 30/10/2013		P/E (x)		EPS (%YoY)		P/B (x)		ROAE (%)	
			CRY	Share Price	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
Domestic Transportation Project Contractor												
CRCC-H	1186 HK	17,480	HKD	8.42	8.35	7.11	17.78	17.56	1.04	0.92	13.11	13.74
CRCC-A	601186 CH	67,640	RMB	5.18	6.40	5.44	17.78	17.56	0.80	0.71	13.11	13.74
CRG-H	390 HK	18,216	HKD	4.33	8.45	7.37	19.17	14.72	0.87	0.79	10.74	11.19
CRG-A	601390 CH	62,425	RMB	2.87	6.98	6.08	19.17	14.72	0.72	0.65	10.74	11.19
CCCC-H	1800 HK	27,321	HKD	6.17	6.13	5.71	6.74	7.31	0.83	0.75	14.26	13.74
CCCC-A	601800 CH	62,331	RMB	4.17	5.16	4.81	6.74	7.31	0.70	0.63	14.26	13.74
CREGC	600528 CH	10,528	RMB	5.67	12.89	10.90	10.50	18.18	1.33	1.22	11.25	11.68
Shanghai Tunnel Eng Co	600820 CH	14,625	RMB	8.85	9.03	7.70	10.57	17.35	0.89	0.82	11.48	11.10
Xiangyu Dredging	871 HK	1,600	HKD	2.00	5.95	4.94	8.00	20.37	0.76	0.66	14.80	14.27
Sector Weighted Average					6.86	6.02	13.97	13.52	0.80	0.72	12.66	12.80
Domestic Infrastructure Construction Contractor												
CSCEC	601668 CH	124,450	RMB	3.26	5.28	4.60	18.65	14.75	0.83	0.72	18.18	16.69
Sinohydro Group	601669 CH	39,824	RMB	3.26	6.61	5.69	15.59	16.23	0.59	0.56	16.50	10.07
China Gezhouba Group	600068 CH	18,594	RMB	4.19	8.73	7.91	7.14	10.42	1.01	0.93	13.52	12.23
CSCI	3311 HK	50,865	HKD	13.08	18.69	14.36	22.12	30.14	3.20	2.75	18.81	20.81
CAMC	002051 CH	15,795	RMB	19.48	14.89	11.36	17.84	31.12	2.38	2.03	19.63	19.30
CMEC	1829 HK	21,866	HKD	5.30	9.51	7.04	(4.18)	35.01	1.54	1.32	17.29	20.17
Sector Weighted Average					9.13	7.41	16.18	20.14	1.40	1.21	17.74	16.62
International Transportation Construction Contractors												
Vinci S.A.	DG FP	300,507	EUR	47.04	13.77	13.02	(4.34)	5.80	1.87	1.75	13.52	13.34
Bouygues Construction	EN FP	97,738	EUR	28.80	12.44	11.40	15.44	9.11	1.03	1.01	8.64	9.11
Hochtief A.G.	HOT GR	54,831	EUR	66.97	20.04	18.70	55.40	7.18	1.70	1.64	9.02	9.78
Skanska A.B.	SKAB SS	63,508	SEK	125.00	14.56	13.59	24.09	7.12	2.49	2.34	18.44	19.38
Strabag S.E.	STR AV	23,680	EUR	19.54	18.38	15.07	83.28	21.92	0.68	0.68	3.74	4.46
FCC S.A.	FCC SM	22,578	EUR	16.68	(24.53)	43.44	(92.34)	(156.47)	2.49	2.28	(20.05)	5.77
Ferrovial S.A.	FER SM	108,490	EUR	13.91	28.10	30.77	(48.86)	(8.69)	1.83	1.85	5.88	5.87
BAM Groep	BAMNB NA	10,252	EUR	3.93	18.20	11.77	(127.34)	54.63	1.17	1.09	6.86	17.87
SNC-Lavalin	SNC CN	48,700	CAD	43.45	(37.14)	31.33	(157.07)	(218.55)	3.34	3.19	1.05	10.41
Obrascon Huarte	OHL SM	32,495	EUR	30.64	10.52	9.19	(71.10)	14.49	1.25	1.13	12.99	13.48
Sacyr S.A.	SYV SM	19,341	EUR	3.90	14.84	15.43	(112.44)	(3.80)	1.19	1.10	8.85	7.40
Sector Weighted Average					11.91	17.69	(18.01)	(12.99)	1.82	1.73	9.67	11.27
International Infrastructure Construction Contractors												
ACS	ACS SM	80,216	EUR	23.98	10.48	9.74	(134.61)	7.60	2.40	2.17	25.17	23.53
Jacobs Engineering Group	JEC US	61,614	USD	60.45	18.55	16.14	9.73	14.91	1.88	1.68	10.82	11.09
Hyundai Eng & Const	000720 KP	50,531	KRW	62,100	11.39	9.41	74.93	21.03	1.38	1.23	12.74	13.83
WorleyParsons Ltd	WOR AU	39,546	AUD	21.86	15.32	13.88	9.10	10.37	2.37	2.26	16.43	16.12
Abengoa S.A.	ABG SM	15,274	EUR	2.26	12.50	8.98	(21.30)	39.23	0.89	0.95	8.59	5.63
Daewoo Eng & Const	047040 KP	26,179	KRW	8,620	14.77	10.82	50.46	36.53	0.99	0.92	6.98	8.84
Impregilo SpA	IPG IM	18,492	EUR	4.27	19.68	12.82	(85.44)	53.46	1.28	1.39	6.19	10.42
Sector Weighted Average					14.07	11.85	(22.74)	19.00	1.84	1.69	15.10	15.13
Overall Weighted Average					10.96	12.90	(7.61)	2.86	1.58	1.46	12.51	13.12

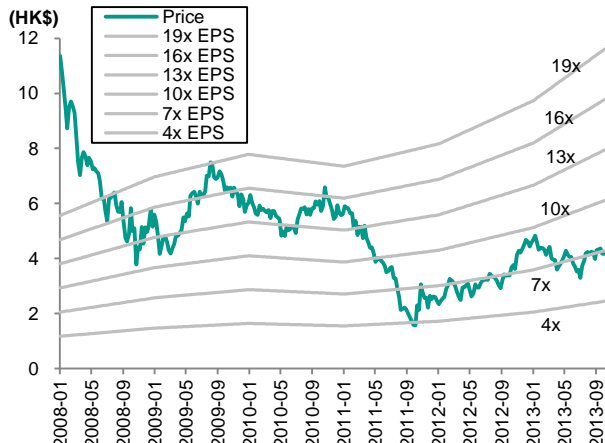
Source(s): Bloomberg, ABCI Securities estimates

Exhibit 7: P/E band of CRCC (H-shares) in 1M08-10M13 (HK\$)


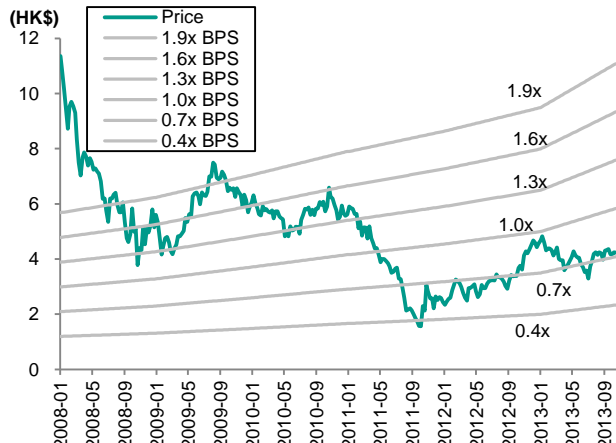
Note: Net income of CRCC excludes the one-off provision of Mecca Project in 2010
 Source(s): Company, Bloomberg, ABCI Securities estimates

Exhibit 8: P/B band of CRCC (H-shares) in 1M08-10M13 (HK\$)


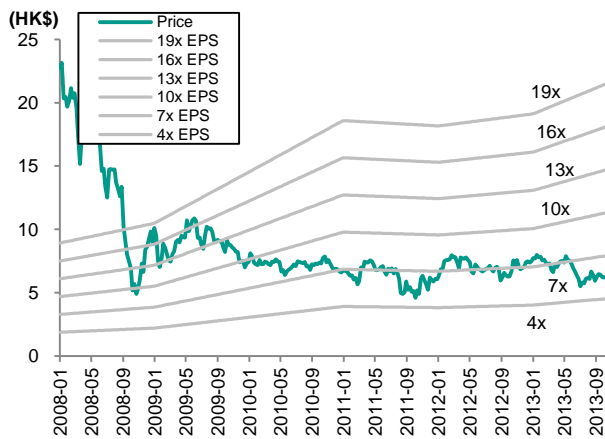
Note: Net income of CRCC excludes the one-off provision of Mecca Project in 2010
 Source(s): Company, Bloomberg, ABCI Securities estimates

Exhibit 9: P/E band of CRG (H-shares) in 1M08-10M13 (HK\$)


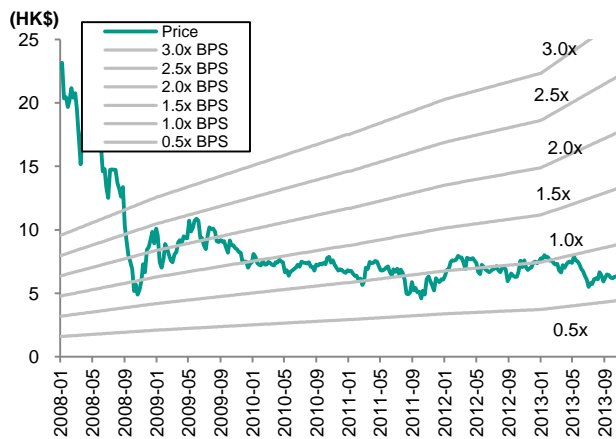
*FY08 EPS excludes FX loss of RMB 4,139mn related to the H-share IPO proceeds
 Source(s): Company, Bloomberg, ABCI Securities estimates

Exhibit 10: P/B band of CRG (H-shares) in 1M08-10M13 (HK\$)


*FY08 BPS excludes the FX loss of RMB 4,139mn related to the H-share IPO proceeds
 Source(s): Company, Bloomberg, ABCI Securities estimates

Exhibit 11: P/E band of CCCC (H-shares) in 1M08-10M13 (HK\$)


Source(s): Company, Bloomberg, ABCI Securities estimates

Exhibit 12: P/B band of CCCC (H-shares) in 1M08-10M13 (HK\$)


Source(s): Company, Bloomberg, ABCI Securities estimates

CRCC: Consolidated income statement (2011A-2015E)

FY Ended Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Revenue	443,319	469,872	546,817	626,312	694,977
Construction operation	407,541	407,601	477,873	550,216	614,096
Survey, Design & Consultancy	7,464	7,287	7,411	7,525	7,233
Equipment Manufacturing	8,915	9,984	10,036	10,175	9,506
Property Development	13,538	18,137	23,266	28,331	31,178
Others	32,922	52,718	57,872	63,536	69,760
Inter-segment sales	(27,060)	(25,855)	(29,641)	(33,471)	(36,795)
COGS	(409,327)	(432,889)	(504,760)	(577,812)	(641,052)
Gross profit	33,992	36,983	42,057	48,500	53,926
SG&A	(21,597)	(22,652)	(26,361)	(29,748)	(32,211)
Other income and gains	(2,339)	(3,435)	(2,649)	(3,414)	(3,847)
Pre-tax profit	10,056	10,896	13,047	15,337	17,867
Income tax	(2,174)	(2,375)	(2,870)	(3,374)	(3,931)
Net profit	7,882	8,521	10,176	11,963	13,937
Profit attributable to:					
Minority interests	28	42	189	223	259
Equity shareholders of the Company	7,854	8,479	9,987	11,740	13,678
EPS (RMB)	0.637	0.687	0.809	0.952	1.109
DPS (RMB)	0.100	0.110	0.121	0.143	0.166
EBIT	13,739	16,736	19,050	21,718	24,779
EBITDA	23,752	26,756	29,491	32,289	35,709

Source(s): Company, ABCI Securities estimates

CRCC: Consolidated balance sheet (2011A-2015E)

As of Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Current assets	360,324	416,287	451,810	498,195	546,237
Cash and equivalent	83,058	92,274	88,627	91,514	88,643
Trade and bill receivables	64,933	74,013	88,834	97,687	109,283
Construction contracts	74,176	86,555	93,220	112,691	115,795
Inventories	76,006	84,782	94,600	101,121	127,816
Other current assets	62,151	78,663	86,529	95,182	104,700
Non-current assets	62,659	64,374	68,509	71,250	75,305
Property, plant and equipment	40,572	40,271	41,017	41,498	42,896
Intangible assets	6,791	8,304	9,118	9,622	10,115
Long term investments	4,445	5,626	6,189	6,807	7,488
Long term receivables	8,504	7,694	9,235	10,155	11,360
Other non-current assets	2,346	2,479	2,951	3,168	3,445
Total assets	422,983	480,661	520,318	569,445	621,542
Current liabilities	318,742	368,812	399,124	437,888	477,789
Trade and bill payables	160,371	180,875	186,693	202,436	218,752
Receipts in advance	53,414	62,098	72,734	81,700	89,665
Short term borrowings	41,665	60,649	66,714	73,385	80,724
Other current liabilities	63,291	65,190	72,983	80,367	88,649
Non-current liabilities	38,522	38,520	39,314	39,245	39,303
Long-term payables	1,472	140	145	157	169
Long-term borrowings	30,611	31,390	31,480	30,630	29,830
Other non-current liabilities	6,439	6,990	7,689	8,458	9,304
Total liabilities	357,264	407,332	438,437	477,132	517,092
Minority interests	970	1,365	1,526	1,716	1,936
Shareholders' equities	64,749	71,964	80,355	90,597	102,514
BVPS (RMB)	5.248	5.833	6.513	7.343	8.309

Source(s): Company, ABCI Securities estimates

CRCC: Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Profit before tax	10,056	10,896	13,047	15,337	17,867
Changes in depreciation and amortization	10,013	10,020	10,440	10,571	10,930
Changes in working capital	(34,588)	(9,460)	(15,769)	(17,313)	(16,938)
Financial cost	3,422	5,518	4,983	5,296	5,737
Income tax paid	(1,008)	(1,405)	(2,263)	(2,706)	(3,196)
Others	(471)	(10,024)	-	-	-
CF Operating	(12,576)	5,545	10,438	11,185	14,400
Increase in PP&E	(13,051)	(9,540)	(11,000)	(10,856)	(12,121)
Increase in intangible assets	(588)	(1,692)	(1,000)	(700)	(700)
Others	3,036	2,923	-	-	-
CF Investing	(10,603)	(8,309)	(12,000)	(11,556)	(12,821)
Capital injection	116	437	-	-	-
Net debt financing	33,618	19,763	6,155	5,821	6,539
Dividend payout	(617)	(1,234)	(1,385)	(1,531)	(1,800)
Interest paid	(3,422)	(5,518)	(4,983)	(5,296)	(5,737)
Others	11,954	(2,525)	(1,872)	4,264	(3,452)
CF Financing	41,649	10,923	(2,086)	3,259	(4,450)
Net change in cash	18,470	8,159	(3,647)	2,887	(2,871)
Cash at the beginning	65,207	83,058	92,274	88,627	91,514
Adjustment (Time deposit & FX effect)	(619)	1,057	-	-	-
Cash at the end	83,058	92,274	88,627	91,514	88,643

Source(s): Company, ABCI Securities estimates

CRCC: Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31	2011A	2012A	2013E	2014E	2015E
Sales mixed (%)					
Construction operation	91.93	86.75	87.39	87.85	88.36
Survey, Design & Consultancy	1.68	1.55	1.36	1.20	1.04
Equipment Manufacturing	2.01	2.12	1.84	1.62	1.37
Property Development	3.05	3.86	4.25	4.52	4.49
Others	7.43	11.22	10.58	10.14	10.04
Inter-segment sales	(6.10)	(5.50)	(5.42)	(5.34)	(5.29)
Profit & loss ratios (%)					
Gross margin	7.67	7.87	7.69	7.74	7.76
Net profit margin	1.77	1.80	1.83	1.87	1.97
Effective tax rate	21.62	21.80	22.00	22.00	22.00
Growth (%)					
Revenue	(2.82)	5.99	16.38	14.54	10.96
Gross profit	23.43	8.80	13.72	15.32	11.19
EBIT	78.26	21.82	13.83	14.00	14.10
EBITDA	51.81	12.65	10.22	9.49	10.59
Net profit	84.97	7.96	17.78	17.56	16.50
Balance sheet ratios					
Current ratio (x)	1.13	1.13	1.13	1.14	1.14
Quick ratio (x)	0.89	0.90	0.89	0.91	0.88
Cash ratio (x)	0.26	0.25	0.22	0.21	0.19
Trade and bill receivables days	54.08	60.26	60.00	60.00	60.00
Trade and bill payables turnover days	135.75	144.54	133.00	123.00	120.00
Inventory turnover days	60.46	67.79	64.86	61.82	65.18
Total debt / equity ratio (%)	109.98	125.52	119.92	112.68	105.84
Net debt / equity ratio (%)	Net Cash	Net Cash	11.68	13.54	20.98
Returns (%)					
ROAE	12.86	12.40	13.11	13.74	14.17
ROAA	2.03	1.88	2.00	2.15	2.30
Payout ratio	15.71	16.00	15.00	15.00	15.00

Source(s): Company, ABCI Securities estimates

CRG: Consolidated income statement (2011A-2015E)

FY Ended Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Revenue	442,216	465,625	536,177	601,767	647,830
Construction operation	392,540	396,906	458,732	523,719	566,968
Survey, Design & Consultancy	8,926	9,069	9,644	9,357	9,315
Equipment Manufacturing	11,147	11,464	13,275	12,734	12,749
Property Development	17,135	20,175	26,228	30,162	34,686
Others	42,211	56,432	62,213	62,713	63,213
Inter-segment sales	(29,743)	(28,421)	(33,913)	(36,917)	(39,101)
COGS	(409,963)	(430,064)	(496,428)	(555,867)	(597,897)
Gross profit	32,253	35,561	39,749	45,900	49,933
SG&A	(16,138)	(17,302)	(18,750)	(22,326)	(23,977)
Other income (loss)	(6,117)	(7,174)	(7,327)	(7,893)	(8,808)
Pre-tax profit	9,998	11,085	13,672	15,681	17,148
Income tax	(2,758)	(3,052)	(3,760)	(4,312)	(4,716)
Net profit	7,240	8,033	9,912	11,369	12,433
Profit attributable to:					
Minority interests	550	679	1,149	1,315	1,435
Equity shareholders of the Company	6,690	7,354	8,763	10,054	10,997
EPS (RMB)	0.314	0.345	0.411	0.472	0.516
DPS (RMB)	0.048	0.052	0.062	0.071	0.077
EBIT	16,210	20,827	25,403	27,788	29,671
EBITDA	22,430	26,890	32,657	35,514	37,924

Source(s): Company, ABCI Securities estimates

CRG: Consolidated balance sheet (2011A-2015E)

As of Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Current assets	360,099	434,855	516,518	549,226	540,101
Cash and equivalent	63,583	72,491	87,599	73,912	67,001
Trade and bill receivables	95,758	100,556	114,334	117,567	115,441
Construction contracts	56,747	78,522	91,880	96,070	84,968
Inventories	94,952	119,506	152,548	184,503	187,799
Other current assets	49,059	63,780	70,158	77,174	84,891
Non-current assets	108,461	115,806	124,178	130,979	137,613
Property, plant and equipment	37,668	41,513	44,949	48,249	51,942
Intangible assets	42,756	42,108	42,418	42,428	42,438
Long term investments	15,834	16,156	17,772	19,549	21,504
Long term receivables	3,336	6,678	7,593	7,808	7,667
Other non-current assets	8,867	9,351	11,446	12,946	14,062
Total assets	468,560	550,661	640,696	680,205	677,714
Current liabilities	305,572	366,119	429,558	456,840	441,068
Trade and bill payables	158,458	179,608	200,262	209,900	185,523
Receipts in advance	35,282	49,685	67,833	70,656	64,235
Short term borrowings	56,490	73,762	89,865	97,351	105,587
Other current liabilities	55,342	63,064	71,598	78,933	85,723
Non-current liabilities	81,809	96,552	114,516	116,886	119,458
Long-term payables	632	450	502	526	465
Long-term borrowings	73,606	87,899	106,073	108,653	111,491
Other non-current liabilities	7,571	8,203	7,941	7,707	7,501
Total liabilities	387,381	462,671	544,074	573,726	560,526
Minority interests	9,330	10,197	11,176	12,293	13,513
Shareholders' equities	71,849	77,793	85,446	94,186	103,675
BVPS (RMB)	3.373	3.652	4.012	4.422	4.867

Source(s): Company, ABCI Securities estimates

CRG: Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Profit before tax	9,998	11,085	13,672	15,681	17,148
Changes in depreciation and amortization	6,220	6,063	7,254	7,725	8,253
Changes in working capital	(30,314)	(20,939)	(29,359)	(25,394)	(17,269)
Financial cost	4,148	6,360	7,625	7,870	8,139
Income tax paid	(2,712)	(3,705)	(3,883)	(4,447)	(4,864)
Others	(59)	(1,608)	-	-	-
CF Operating	(12,719)	(2,744)	(4,691)	1,435	11,408
Increase in PP&E	(10,877)	(10,288)	(11,000)	(11,335)	(12,257)
Increase in intangible assets	(10,637)	(494)	(1,000)	(700)	(700)
Others	9,040	(2,636)	-	-	-
CF Investing	(12,474)	(13,418)	(12,000)	(12,035)	(12,957)
Capital injection	195	610	-	-	-
Net debt financing	44,961	31,565	34,277	10,067	11,073
Dividend payout	(1,407)	(1,253)	(1,280)	(1,512)	(1,723)
Interest paid	(5,799)	(9,686)	(11,731)	(12,108)	(12,522)
Others	(7,350)	2,437	10,534	466	(2,190)
CF Financing	30,600	23,673	31,799	(3,086)	(5,362)
Net change in cash	5,407	7,511	15,108	(13,687)	(6,911)
Cash at the beginning	57,218	63,583	72,491	87,599	73,912
Adjustment (Time deposit & FX effect)	958	1,397	-	-	-
Cash at the end	63,583	72,491	87,599	73,912	67,001

Source(s): Company, ABCI Securities estimates

CRG: Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31	2011A	2012A	2013E	2014E	2015E
Sales mixed (%)					
Construction operation	88.77	85.24	85.56	87.03	87.52
Survey, Design & Consultancy	2.02	1.95	1.80	1.55	1.44
Equipment Manufacturing	2.52	2.46	2.48	2.12	1.97
Property Development	3.87	4.33	4.89	5.01	5.35
Others	9.55	12.12	11.60	10.42	9.76
Inter-segment sales	(6.73)	(6.10)	(6.32)	(6.13)	(6.04)
Profit & loss ratios (%)					
Gross margin	7.29	7.64	7.41	7.63	7.71
Net profit margin	1.51	1.58	1.63	1.67	1.70
Effective tax rate	27.59	27.53	27.50	27.50	27.50
Growth (%)					
Revenue	(3.06)	5.29	15.15	12.23	7.65
Gross profit	18.83	10.26	11.78	15.47	8.79
EBIT	18.77	28.48	21.97	9.39	6.77
EBITDA	20.27	19.88	21.45	8.75	6.79
Net profit	(9.57)	9.93	19.17	14.72	9.39
Balance sheet ratios					
Current ratio (x)	1.18	1.19	1.20	1.20	1.22
Quick ratio (x)	0.87	0.86	0.85	0.80	0.80
Cash ratio (x)	0.21	0.20	0.20	0.16	0.15
Trade and bill receivables days	75.78	80.87	78.00	75.00	70.00
Trade and bill payables turnover days	131.69	143.92	140.00	135.00	121.00
Inventory turnover days	72.73	91.01	100.01	110.66	113.64
Total debt / equity ratio (%)	160.26	183.73	202.79	193.47	185.24
Net debt / equity ratio (%)	81.93	101.34	112.13	124.05	128.06
Returns (%)					
ROAE	9.64	9.83	10.74	11.19	11.12
ROAA	1.56	1.44	1.47	1.52	1.62
Payout ratio	15.28	15.07	15.00	15.00	15.00

Source(s): Company, ABCI Securities estimates

CCCC: Consolidated income statement (2011A-2015E)

FY Ended Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Revenue	294,281	295,321	325,071	355,870	373,261
Construction operation	227,068	229,401	254,449	285,393	306,043
Survey, Design & Consultancy	15,008	16,468	17,314	17,622	17,716
Port Machinery Manufacturing	20,166	19,317	21,483	21,477	20,160
Dredging services	32,321	32,027	33,759	33,275	30,801
Others	6,685	6,462	6,785	7,124	7,481
Inter-segment sales	(6,967)	(8,354)	(8,719)	(9,021)	(8,940)
COGS	(266,373)	(262,723)	(289,475)	(315,613)	(329,736)
Gross profit	27,908	32,598	35,595	40,257	43,524
SG&A	(13,568)	(14,680)	(16,231)	(19,377)	(21,050)
Other income (loss)	684	(2,403)	(2,909)	(3,022)	(3,185)
Pre-tax profit	15,024	15,515	16,455	17,857	19,289
Income tax	(3,047)	(3,783)	(3,291)	(3,571)	(3,858)
Net profit	11,977	11,732	13,164	14,286	15,431
Profit attributable to:					
Minority interests	216	(516)	90	256	256
Equity shareholders of the Company	11,761	12,248	13,074	14,030	15,175
EPS (RMB)	0.793	0.767	0.808	0.867	0.938
DPS (RMB)	0.196	0.185	0.202	0.217	0.235
EBIT	19,518	22,399	24,110	26,027	28,004
EBITDA	26,010	29,386	31,615	34,088	36,793

Source(s): Company, ABCI Securities estimates

CCCC: Consolidated balance sheet (2011A-2015E)

As of Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Current assets	223,414	271,186	294,917	316,686	325,094
Cash and equivalent	46,043	73,073	77,493	75,248	69,176
Trade and bill receivables	44,972	44,247	48,119	52,998	53,061
Construction contracts	54,261	57,983	59,577	69,122	74,047
Inventories	22,603	26,675	33,599	35,576	36,695
Other current assets	55,535	69,208	76,129	83,742	92,116
Non-current assets	135,571	162,668	178,204	197,466	218,366
Property, plant and equipment	55,163	56,811	58,928	61,630	64,938
Intangible assets	32,040	44,480	53,153	64,790	77,885
Long term investments	17,390	20,315	22,347	24,581	27,039
Trade and other receivables	5,937	6,949	7,557	8,323	8,333
Other non-current assets	25,041	34,113	36,220	38,141	40,171
Total assets	358,985	433,854	473,121	514,152	543,460
Current liabilities	219,088	253,805	269,606	294,985	306,955
Trade and bill payables	95,668	106,226	115,837	126,277	126,671
Receipts in advance	32,715	38,019	42,135	45,613	46,423
Short term borrowings	54,289	69,187	72,536	79,790	87,769
Other current liabilities	36,416	40,373	39,097	43,305	46,091
Non-current liabilities	58,877	83,978	97,290	101,989	107,468
Long-term borrowings	51,756	75,058	87,478	91,196	95,595
Other non-current liabilities	7,121	8,920	9,812	10,793	11,873
Total liabilities	277,965	337,783	366,896	396,974	414,422
Minority interests	10,789	9,454	9,522	9,714	9,906
Shareholders' equities	70,231	86,617	96,703	107,464	119,132
BVPS (RMB)	4.736	5.355	5.979	6.644	7.365

Source(s): Company, ABCI Securities estimates

CCCC: Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31 (RMB mn)	2011A	2012A	2013E	2014E	2015E
Profit before tax	15,024	15,515	16,455	17,857	19,289
Changes in depreciation and amortization	6,492	6,987	7,505	8,062	8,788
Changes in working capital	(16,713)	(9,637)	(16,808)	(10,920)	(17,598)
Financial cost	3,355	5,411	6,281	6,667	7,077
Income tax paid	(2,606)	(3,219)	(2,905)	(3,147)	(3,391)
Others	(3,281)	(992)	(1,200)	(1,320)	(1,452)
CF Operating	2,271	14,065	9,328	17,199	12,714
Increase in PP&E	(8,277)	(8,209)	(9,030)	(9,933)	(10,926)
Increase in intangible assets	(9,147)	(12,866)	(9,265)	(12,468)	(14,265)
Others	2,883	845	-	-	-
CF Investing	(14,541)	(20,230)	(18,295)	(22,401)	(25,191)
Capital injection	142	5,026	-	-	-
Net debt financing	24,716	38,200	15,769	10,971	12,379
Dividend payout	(2,511)	(3,037)	(3,011)	(3,333)	(3,571)
Interest paid	(4,016)	(6,432)	(6,281)	(6,667)	(7,077)
Others	511	(4,835)	6,908	1,986	4,674
CF Financing	18,842	28,922	13,386	2,958	6,405
Net change in cash	6,572	22,757	4,420	(2,244)	(6,072)
Cash at the beginning	39,545	46,043	73,073	77,493	75,248
Adjustment (Time deposit & FX effect)	(74)	4,273	-	-	-
Cash at the end	46,043	73,073	77,493	75,248	69,176

Source(s): Company, ABCI Securities estimates

CCCC: Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31	2011A	2012A	2013E	2014E	2015E
Sales mixed (%)					
Construction operation	77.16	77.68	78.27	80.20	81.99
Survey, Design & Consultancy	5.10	5.58	5.33	4.95	4.75
Port Machinery Manufacturing	6.85	6.54	6.61	6.04	5.40
Dredging services	10.98	10.84	10.39	9.35	8.25
Others	2.27	2.19	2.09	2.00	2.00
Inter-segment sales	(2.37)	(2.83)	(2.68)	(2.53)	(2.40)
Profit & loss ratios (%)					
Gross margin	9.48	11.04	10.95	11.31	11.66
Net profit margin	4.00	4.15	4.02	3.94	4.07
Effective tax rate	20.28	24.38	20.00	20.00	20.00
Growth (%)					
Revenue	7.90	0.35	10.07	9.47	4.89
Gross profit	20.05	16.81	9.19	13.10	8.12
EBIT	29.10	14.76	7.64	7.95	7.60
EBITDA	24.65	12.98	7.59	7.82	7.93
Net profit	22.52	4.14	6.74	7.31	8.17
Balance sheet ratios					
Current ratio (x)	1.02	1.07	1.09	1.07	1.06
Quick ratio (x)	0.92	0.96	0.97	0.95	0.94
Cash ratio (x)	0.21	0.29	0.29	0.26	0.23
Trade and bill receivables days	60.84	63.10	60.00	60.00	60.00
Trade and bill payables turnover days	119.38	140.25	140.00	140.00	140.00
Inventory turnover days	30.24	34.23	38.00	40.00	40.00
Total debt / equity ratio (%)	131.01	150.14	150.64	145.92	142.10
Net debt / equity ratio (%)	74.13	74.08	77.69	81.70	88.49
Returns (%)					
ROAE	17.66	15.62	14.26	13.74	13.39
ROAA	3.51	3.09	2.88	2.84	2.87
Payout ratio	24.67	24.40	25.00	25.00	25.00

Source(s): Company, ABCI Securities estimates

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Definition of equity rating

Rating	Definition
Buy	Stock return \geq Market return rate
Hold	Market return – 6% \leq Stock return < Market return rate
Sell	Stock return < Market return – 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2007-2011

Time horizon of share price target: 12-month

Definition of share price risk

Rating	Definition
Very high	$2.6 \leq 180$ day volatility/180 day benchmark index volatility
High	$1.5 \leq 180$ day volatility/180 day benchmark index volatility < 2.6
Medium	$1.0 \leq 180$ day volatility/180 day benchmark index volatility < 1.5
Low	180 day volatility/180 day benchmark index volatility < 1.0

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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