JCP Investment Partners - China Tour 2013

China - The changing landscape

June 2013

Executive Summary

This report covers impressions, facts, reflection and analysis from travels through China in May and June 2013. Wes Campbell [Head of Institutional Business & Senior Portfolio Manager] and Peter Harris [Head of Resources Research] travelled to Beijing and Shanghai to meet with local Chinese companies [both listed and unlisted] across a range of industries, local advisers and various Chinese Government bodies.

The tour also included 2 days at the annual J.P. Morgan China Conference held in Beijing.

Beyond investing directly in China, an understanding of China is increasingly important in understanding the economic outlook for Australia and many Australian companies.

We are happy to share our insights with you and would welcome your thoughts, views and questions. A list of the individual meetings we attended is provided and more detailed meeting notes are available upon request.

The key issues we aimed to explore during the trip were:

- **Assessment of demand for steel, iron ore and coal**
- **Hukou "residency permit" reform developments impacting urbanisation**
- **Signs of export demand re-emerging**
- **New government reform initiatives and implementation progress**

Seven major themes emerged from the wide range of meetings we attended:

1. **Confirmation that structurally slower growth will continue**
2. **Rising debt levels are creating risks for the economy**
3. **Pollution is now at a critical level, creating a structural shift in energy use**
4. **The construction market is recovering off a low base, but is unlikely to be a panacea for the steel, iron ore and coking coal markets**
5. **Overcapacity continues to plague the heavy bulk industries; steel, thermal coal, aluminium**
6. **New government reforms and the anti-corruption stance**
7. **The consumer and services sectors represent the future for the Chinese economy**

These themes are expanded on below using anecdotes from our trip. From a portfolio perspective, we remain relatively bearish on the growth outlook for China. We have adjusted our copper price forecasts to reflect a downside skew in the medium term and lowered our long run thermal coal price forecast post this trip. We continue to favour the low cost bulk commodity producers as well as the education and tourism sectors that can provide exposure to the increasingly affluent Chinese consumer.

1. Confirmation that structurally slower growth will continue

As we discovered last year, China is experiencing structurally slower growth, which is likely to persist well into the future. This structural slowdown is being driven by many factors which include: **i). Cheap labour has gone** - given wage growth is running at 10% p.a., some manufacturing is shifting to regions with lower labour costs such as Cambodia. **ii) Land sales are drying up** – local governments have typically relied on land sales for approximately 30% - 70% of their income, with land sales declining, (local government revenue has increased at half the rate seen a year earlier) this is placing a strain on government finances to fund investment led growth. **iii). Demographics** - the population is getting older due to the one child policy, with an increasing proportion of the population exiting the working age. **iv). Export sector shrinking** – exports to Europe (which was China's largest trading partner), have not recovered and are unlikely to do so for the foreseeable future due to China's low cost advantage being eroded and demand from Europe evaporating given their austerity drive. Electricity usage in China also points to weaker growth. In 2003 electricity usage grew by 10-20%, whereas last year electricity grew by 5.5%, and 5% (annualised) in the first 5 months of this year.

The Chinese economy can be described as a two speed economy, with the heavy industries such as steel and coal suffering from overcapacity and inefficiency, whilst the newer services sector, such as logistics, healthcare and education all performing well, primarily due to an increase in personal wealth and an aging population. The old economies of banking and energy are yet to consolidate. The new economy industries in the services sector are typically not government owned, so are not getting government support.

Export Demand:

Trading volume growth at Chinese ports has been negative since last year, with Shanghai port volumes currently US$135bn ytd, down 1.1% yoy. The negative growth has been impacted by the heavy weighting to the developed countries which have been slowing. The Shanghai Municipal Commission of Commerce (SMCC) advised that exports to Europe represented about 25% of Chinese exports prior to the GFC. That share has dropped to about 18%, with volumes having fallen dramatically since the 2H11. The first four months of 2013 have seen export volumes

from Shanghai port to Europe fall 3% yoy, and trending lower. With these sorts of numbers being reported, the SMCC are expecting this year to be tough.

Whilst European demand has fallen, some other regions are showing solid growth, reflected in sea freight volumes from South Africa, Argentina, Brazil, Mexico. The US, now represents 17% of total volumes and has experienced 8.7% growth in the first four month of 2013. The SMCC appeared hopeful that these emerging economies, along with the US, will step in to replace weaker European demand.

Commodity Demand:

Longer term growth in commodity demand will be driven by land reform. Even in massively overcrowded Tier 1 cities there is land available, however gaining access to it is problematic. Cities can no longer simply grow out, they need to grow up. But balancing the rights of people in older inner city apartments requiring redevelopment, with the needs of private developers is proving very difficult. The land cost of an inner Tier 1 city development represents two thirds of the cost of development. There needs to be some sort of public private partnership that will allow developers to negotiate with land renters (property in China is not owned, but on 70 year leases), to move out for a year, with the developer ultimately transferring the bottom ten floors of a development to the renters and building 30 stories on top. This is one possible solution to the limitations of urban sprawl which could gain local government support as they benefit from a new source of revenue.

China Communications Construction Company, a major State Owned Enterprise (SOE) expects the new Government to announce more details of the current 5 year plan in terms of infrastructure spend in Q413 including: 100% increase in urban rail spending, 30% increase in high speed rail, 25% increase in ports, 31% increase in airports and 43% increase in expressways. These numbers are obviously massive. Jones Lang LaSalle stated that China had added 6 billion cubic metres (bcm) in floor space over the last 15 years, and they expect another 6bcm to be added in the next 5 years. If urban growth is going to be up, and not out, increased urbanisation will be more steel intensive. Clinton Dines, the ex-head of BHP China also expressed the view that major Chinese cities will expand up, not out in future years.

Overall, most people we spoke to expressed a view that the growth rate would be higher in the 2H this year, but were not seeing any evidence as yet, whilst most felt the new government appears to be more tolerant of slower growth. **From an investment perspective, it is important not to get obsessed by the headline GDP number - China could grow at 8% but be less commodity intensive, or 7% and consume more commodities. It is the make-up of growth that will be the key.** There is more liquidity in the system than last year so a combination of some stronger export numbers, plus liquidity driving more fixed asset investment (FAI) could culminate to a moderate increase in growth in the 2H of this year.

2. Rising debt levels are creating risks for the economy

Credit growth in China has been the one major growth area for the 2013 calendar year, with a 63% rise in financing between January and April. The increasing reliance on debt is creating financial instability and is arguably the most worrying risk for the Chinese economy at present. The total level of debt in China has increased from 130% of GDP in recent years to 200% of GDP. This increase in debt has been primarily directed to heavy industries and shifted to non-bank sources of credit.

These non-bank sources of credit are typically known as “shadow banking” or lending via trust vehicles, which has surged in the last two years principally due to demand from borrowers that are typically higher risk and are cut off from traditional bank financing. Many SMEs and non-SOEs have been hungry for capital given the banks are all SOEs and are directed to lend mainly to other SOEs. Property developers are a prime example; both Vanke and Soho expressed the view that they had been tapping offshore high yield bond markets in Hong Kong to raise capital given traditional bank funding was difficult to gain access to, due to government attempts to cool the property market by imposing quotas on that sector.

The major problem with shadow banking is its lack of transparency, which is typically done off balance sheet with little information about borrowers and lenders. Interest rates are also typically much higher than traditional bank funding (think loan sharks). Bank interest rates are typically 7-8%, whereas trusts were charging 15% in 2011 versus 10-11% at present. Many developers can’t guarantee access to capital from the banks, so they need trust companies to supplement their financing requirements.

Professor Michael Pettis from Peking University believes that China has been suffering from financial repression for years. Interest rates are set by the State Council and kept artificially low which acts as a tax on net savers, effectively providing a subsidy for the SOEs, lowering their cost of capital. This has provided for rapid growth whilst the household share has contracted. He strongly believes that debt is rising faster than debt servicing capacity and that China needs to bring their debt levels down. He argues that FAI must fall to achieve a better balance of growth, with the aim of getting consumption up to 50% of GDP within 10 years. Pettis believes the fall in FAI could see commodity prices trace back to pre-China boom 2002/03 prices.

To address the burgeoning debt problem in China, Pettis argued that addressing the SOEs needs to be a key reform, based on the view that interest rates are too low given the extent of their subsidies, “If rates normalised, they’d be bankrupt”. He went on to suggest that privatising SOEs would solve the debt problem, after which rates could be liberalised. While this makes sense in theory, we believe credit and financial reform is needed before privatisation. SOEs are growing and increasing capacity, despite poor market conditions, because they are the only ones with access to credit. The evolution of shadow banking and trusts is

due to smaller, nimbler and more efficient SMEs needing to get into line behind SOEs for credit. An inefficient allocation of credit fuels growth and hampers productivity. Premier LI has called for increased focus on making existing liquidity more efficient in helping the economy. You could have lower liquidity but higher growth. As Pettis says, large amounts of liquidity is having a smaller and smaller impact on growth. A better allocation of credit will help solve this problem.

3. Pollution is now at a critical level, creating a structural shift in energy use

The government has been forced to act with increasing public outcry over the unsustainable pollution issues. The US embassy in Beijing recently reported a level of PM2.5, one of the worst pollutants, of 526 micrograms per cubic metre, or "beyond index", and more than 20 times higher than World Health Organisation safety levels over a 24-hour period, with visibility often less than 100 metres in some areas of eastern China.

The city of Shanghai – heavily polluted

The government is responding to these serious concerns by providing incentives for alternative fuel sources such as gas, both conventional and non-conventional. The shale gas industry in China is described as very 'embryonic' and '10 years behind the US', with guarded protection over their geothermal data. Nuclear is another area of increasing focus, but the development of the reactors has been delayed by the Japanese tsunami concerns. The reactors will be built, with a unique type of steel only manufactured by two companies in the world – one French and the other Japanese. The Chinese are also short uranium (excluding their military stockpile) which explains their desire to secure natural resources of this nature from offshore.

China's 12th 5 year plan outlines an increased commitment to improved environmental outcomes. The plan outlines a target of 20% reduction in energy by 2020, capping coal production at 4 billion tonnes and a recent policy has set coal quality limits on imports. The government hopes that renewable energy by 2015 will include: solar 35 gigawatts, wind 18 gigawatts, hydro 22 gigawatts and 6 nuclear reactors to be finished by this year, with another 29 under construction. There is currently 13 gigawatts provided by nuclear power, growing to 40 gigawatts by 2015.

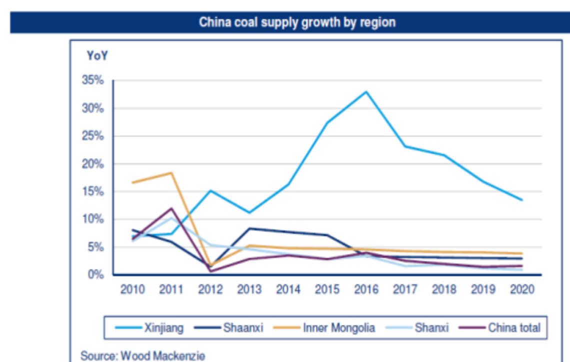
The structural shift away from using thermal coal for energy requirements is clearly evident, with coal usage down 6% this year to date, the first time in a long time it is down. Coal will continue to provide the bulk of China's energy requirements (currently 75% of the energy mix is provided by coal), but will be a shrinking component of the mix going forward, with the government hoping this will reduce to 70% by 2020, and 50% by 2050.

The major energy source to displace thermal coal will be gas, but natural gas is in short supply at present within China. Gas will be derived via pipelines and LNG, with imports accounting for 35-40% of supply post 2015. It is expected that by 2030 gas consumption will reach 640bcm in China.

For Australian LNG providers to compete in China, deregulation of gas pricing needs to occur. Ms Xiaolin LI, Managing Director of Songlin Group believes an indicative reformed deregulated gas price will be $18/mmbtu versus the current regulated price of $4/mmbtu.

In regards to shale gas; China has the ability to construct the infrastructure, but lacks the skill set to implement it and US operators are scared to share their IP. Before 2015, the plan is to trial technology, with only 6bcm to be developed. It is hoped that shale gas will start to have material growth in China from 2023. Ms LI of Songlin Group believes that 170bcm out of the 640bcm will come from shale gas by 2030.

Despite the structural shift away from thermal coal for energy use, coal will remain the dominant energy source for some time. The government plans to utilise the vast coal reserves in Xinjiang province (in the far west), providing incentives to heavy industries to move west. Chalco, the largest aluminium producer in the world stated that the local government promised cheaper land and lower electricity tariffs if they moved their smelters west. These incentives are working with electricity usage up 33% in the last 4 months, whilst the east coast recorded zero growth. Additionally, ultra-high voltage cables are being built from Xinjiang to Guangzhou that will be put to use by the end of this year. The chart below from a presentation by Wood Mackenzie illustrates how dominant Xinjiang province is set to become in terms of coal supply for power generation.



Other innovation plans to limit pollution in China include a resources tax to be levied on coal producers. The government is also set to promote an emissions trading scheme starting in June. They will be trialling a number of approaches in various provinces before picking the best method. The 13th 5 year plan, which starts in 2016 is likely to include the preferred carbon emissions trading scheme.

Electric cars:

The government is also looking to control pollution by limiting car use, with lotteries being held for licences in Beijing and Shanghai. Licences cost 90,000rmb if successful via the lottery system (or can be purchased for 150,000rmb on the black market we were told), however those people wishing to drive an electric car receive their licence for free with no lottery required. The government targeted 500,000 new energy cars in its 12th 5 year plan; however the technology is not ready at an affordable price as yet. The cheapest electric car on market is 200,000rmb, which is 50,000rmb more expensive than a normal fuel powered car. The other major obstacle is the lack of infrastructure to "plug in" and charge vehicles. The government has plans to construct infrastructure in downtown areas to enable charging, however this will not be available in rural areas, so owners won't be able to make long trips.

Other forms of energy innovation include Dow Chemicals roofing product that includes panels to capture solar energy, known as the "solar shingle." This technology is now commercial in the US with net neutral power generation homes, with the technology able to send power back to the grid. These types of technologies will increasingly become the focus for the Chinese.

4. The construction market is recovering off a low base, but is unlikely to be a panacea for the steel, iron ore and coking coal markets

By far the most important sector of the Chinese economy from an Australian economic and investment perspective is the construction market. This is because close to 50% of steel production finds its way in to the construction industry and the key ingredients for steel (being iron ore and hard coking coal) typically come from Australian imports.

Last year we learnt that Chinese developers were focused on deleveraging rather than development. This year it is very clear that the construction market is recovering off a low base after government policy impacted demand last year. Land is once again being acquired and construction is occurring. This is a small positive for steel, iron ore, met coal and zircon demand which feeds into tiles, (specifically relevant for Iluka). There is a sense that the housing construction market will grow 5-10% until a peak around 2015-17. Peak steel is likely to follow. Banks are still unwilling to lend to property developers however. Developers instead are raising capital via US$ bonds, with low coupons in Hong Kong providing them with cheap financing. This money has poured into buying land in recent months, spiking land prices again to new "land king" levels. Two years ago land was 21000rmb per square metre, now it's 31000rmb per square metre in Shanghai.

Fresh rounds of restrictions were implemented in March aimed at curbing property speculation. The government has looked to set price caps on properties, with a new opening price not permitted to be higher than the last price. For new properties the price can't be higher than the regional average price. In April, volumes in Beijing dropped 52% post these new policies being implemented.

Despite constant efforts by authorities to dampen the property market, underlying demand continues given the urbanisation dynamic, strong income growth and lack of alternative investments. The Chinese property market is essentially a "one trick pony", given people don't have other options in which to invest. If/when the capital account opens up and Chinese people have other options in which to invest, then money will flow out of the real estate market, perhaps then bursting the property bubble. However to open the capital account will require full disclosure of debts etc. for the RMB to be floated. Soho China Ltd. CEO Zhang Xin when questioned on this issue believed that any opening up of the capital account would occur in small steps to prevent a mass exodus from the property market. Ms Xin recently personally acquired 40% of the GM building in New York valued at $1bn, so perhaps Ms Xin is getting ahead of this impending exodus!

Not withstanding the property market's recovery off a low base, we are unlikely to see the market recovering fully to its heyday pre-GFC. Soho China Ltd explained that they were recently forced to switch from a development and sales model to a landlord model given that wealthy miners from the coal regions were no longer in the market to purchase such properties.

Soho's "Sky Soho" development.

Given it's unlikely that the Chinese property market will return to its halcyon days pre GFC, plus the overcapacity in the steel sector, the downward trend in the iron ore market is likely to continue over the medium to long term. Iron ore inventory levels are currently low as traders don't want to take risks given the downward price expectations for iron ore. Baosteel, the largest steel producer in China believes that the downward trend in iron ore prices will continue to benefit steel producers. Whilst they

believe a sharp decrease is unlikely to occur, they are certain the downward trend will persist. **This is consistent with our iron ore price forecasts, where we forecast iron ore to settle at $70/tonne by 2016 onwards.**

5. Overcapacity continues to plague the heavy bulk industries; steel, thermal coal, aluminium

Given the overcapacity issues faced in the heavy industry sectors, the steel, thermal coal and aluminium industries are likely to remain weak. The overcapacity is due to local governments being paid value-added tax (VAT) based on levels of production rather than on sales or profitability measures. This process incentivises the local governments to encourage continued production by SOE steel, aluminium and coal companies, exacerbating the overcapacity issues. These industries really need to see consolidation occur, but this is unlikely prior to serious reform in the tax structure described above. Changes to the VAT system are not going to happen anytime soon, perhaps not until changes to the evaluation of local government performance, shifting away from the GDP growth focus.

Steel:

According to Wood Mackenzie, the global resources consultant based in Beijing, the steel sector in China is ugly and is going to get even uglier. Despite demand being up 8% yoy, capacity is already at 1bn tonnes with utilisation running at 74%. They expect peak steel production to be 945m tonnes in 2025. New government reforms are required to stop the overcapacity issues. To date we haven't seen any detailed policies or reforms. These heavy industries are at very low levels of profitability, which should help speed up consolidation in future.

Thermal Coal:

David Fang, the Head of the China Coal Association expects the thermal coal market to remain weaker due to slower growth and the longer term shift away from coal for energy use in China. David has recently represented local coal companies to lobby government in an attempt to ban low quality coal imports. Imported coal is 20-40rmb cheaper than domestic Chinese coal, at a price of 350-470rmb. Australian thermal coal can't compete at these levels. The thermal coal price will stay at low levels for many years given there is so much supply and the environmental challenges faced. 500 rmb is the cost support level longer term for coal in China, equivalent to $83/tonne which is roughly where the price is today.

Demand for Australian coal depends on price. Overall, demand is likely to remain flat given the shift to other energy sources and imports into China this year are expected to be flat yoy. Chinese exports of coal in the future will be dependent upon price, which at present is not economic and is not expected to change in the next five years. **In light of the increased challenges thermal coal faces, we have downgraded our long run thermal coal price forecast from $80/tonne to $75/tonne for 2016 onwards.**

Metallurgical coal (hard coking coal) is rare in China, which implies that China will continue to import quality hard coking coal. This is predominantly from Mongolia and Australia. Australia is benefiting from this demand at present given the Mongolians have increased prices.

Metals:

Of the metals, the outlook varies by commodity. Despite China being short quality copper, it is clear that copper faces a downside skew in future given the complex collateral financing of the metal is likely to be unwound at some stage, which will result in the warehouse supply hitting the spot market, pushing prices lower when this occurs.

This practice started in 2008 when asset values were going up. Speculators buy copper and store it in an abandoned warehouse. Often the copper is not imported into China, it just sits in warehouses as collateral with a letter of credit, used to borrow dollars at a low interest rate. That copper can be used more than twice as collateral, the money borrowed is then often used to buy copper again, creating leverage upon leverage. The extent of this practice is large; last year there was 1.7m tonnes of copper shipped to abandoned warehouses. Last year China imported 3.4m tonnes and exported 2.4m tonnes. China should not export this much copper, it relates to the abandoned warehouse copper. The purpose of the speculator is not to sell the copper, it is in fact to get access to money that can be lent against the copper.

The banks are providing the funding in US dollars, but more and more RMB loans are becoming the norm, with letters of credit typically valid for 3 or 6 months. The first round of loans is usually from the banks, with the second round typically from shadow banking. The government launched a campaign to address this problem, but it has not been that effective to date. Given risks are increasing, the government is looking to build a firewall to stop banks lending to copper speculators. If this practice is successfully cracked down upon, we would see a dramatic decrease in copper warehouse inventory and general inventories. The copper price could suffer for two years according to Mr. Yusheng Li, Director General, of the China Nonferrous Metals Industry Association (CNMIA). **Post learning these insights, we have reflected this risk by having a downside skew in our copper price forecast in the medium term.**

Zinc appears to be short on supply, and increased demand for its use in agriculture via fertilisers is a growing trend. Palladium was another commodity in reasonably short supply which has potentially strong levels of demand for usage in catalytic converters used in energy friendly cars.

6. New government reforms and the anti-corruption stance

Despite a feeling amongst the Chinese that the new leadership group is the best standing committee they could hope for, they have been slow to implement any major reforms to date.

There is an expectation that a host of reforms will be announced in October/November this year.

One area that the new leadership group has been very vocal on is corruption. The efforts to control corruption are real within China. The new government led by President Xi Jinping is cracking down on gifts and any public displays of exuberance. Sales of Swiss gold Rolex watches are down 70% year to date in China, whilst the share price of MoTai (the liquor typically associated with high profile business banquets) is the worst performing on the stock exchange under the current government administration, after being the best performing stock under the old administration. Macau, however is yet to see any impact of the anti-corruption measures.

The new leadership is unlikely to offer stimulus, instead it is expected to focus on restructuring the economy. Major reforms that are likely to be unveiled include those focused on the financial sector, RMB liberalisation, privatisation and market pricing of interest rates. Despite these high hopes, Professor Pettis believes that the privatisations won't happen, rather the government might sell the SOEs to rich families at low prices similar to what happened in Russia (in which case he recommends buying European football clubs!)

Hukou (or residency permit) reform is also ongoing. Chinese urbanisation rates are based on where people are permitted to live, not where they actually live. Take Beijing for example, 12m people are permitted to live in Beijing but 20m people actually live in the city. According to the Ministry of Housing and Urban Rural Development, they only classify someone as "urban" when they have a job, a place to live and access to public services, which is effectively "urban hukou", or a residency permit. 220m people live in cities without urban hukou. If they obtain an urban hukou, they get access to healthcare etc. which will free up their disposable income, boosting consumption - a key goal of the government.

The central government is also re-examining local government funding. Local government funding has been constrained by a lack of land sales, meaning they have not been able to fund the construction of roads and bridges etc. China Communications Construction Company (CCC), an SOE, has been funding these projects for the local governments. There are big concerns about the ability of local government to pay these loans back. CCC have asked for high quality collateral, in the form of land or stock. CCC recently took on a 20bn rmb project to build a new city; the local government could then attract developers once the basic infrastructure was put in place. CCC has also recently provided dredging services to create land that can be sold by the local governments, with the monies used to re-pay CCC. The CCC dredging business started out clearing rivers, then cleared port channels, now it creates new lands, which has become more than 50% of the dredging business. The circularity of this process is scary!

7. The consumer and services sectors represent the future for the Chinese economy

It is clear that the future of China from an investment perspective is all about exposure to the booming tourism, education and healthcare industries.

Given the aging demographics, driven by the one child policy, four grandparents are proving to become a handful for young couples. The aged care industry is in its infancy in China which will provide enormous opportunities for growth going forward. Austrade are currently helping Australian companies such as Lend Lease, to establish aged care facilities in China.

Wine is another sector showing strong growth potential in China. Wine consumption is increasingly popular among middle class families, especially those that have studied abroad. This is being reflected through increased consumption. Wine distributors ASC Wines based in Shanghai, believes that Australian wine producers stand to benefit from this structural change. The Penfolds brand owned by Treasury Wines Estates (TWE, listed on the ASX) is becoming well known in China. The photo below was taken at the ASC Wines distributor showroom. ASC believe TWE could improve penetration by rationalising the number of brands in their offering. TWE is the only listed wine producer in Australia. The stock already fully reflects this upside, which we think is very expensive at current levels.

Generally speaking the services sector is doing very well in China, representing 45% of GDP. The government hopes to increase this to 49% by the end of 2015. E-commerce is growing at 35% per annum, whilst logistics is also growing strongly along with healthcare services. The government needs to ensure these sectors get access to funding to allow them to prosper.

Aside from having exposure to the lowest cost producers of commodities in our portfolio provided they are attractive from a valuation perspective, the future of China from an investment perspective is all about exposure to the booming tourism, education and healthcare industries. Chinese consumers are heading in to a prolific age of travel, given their increases in wealth, access to transport and desire to travel abroad. The impact of one fifth of humanity mobilising will be immense and importantly will create opportunities for Australian companies positioned to service this demand.

JCP Investment Partners – China Tour 2013

China - China - The changing landscape June 2013

List of Meetings:

Vanke:

Mr. Niu Wei – Sales Centre Assistant Manager

SOHO:

Mr. Wang Yonghui - Deputy Director

Noble Chartering Limited

Aluminium Corporation of China Limited

Mr RuijunYang - General Manager of Board Office

Mr. Dai Jianru - Business Manager

Ms Meng Lin - Board office

Teck Resources Limited:

Ms Zhang - Senior Economist

Clinton Dines - Former President & CEO of BHP Billiton China

China National Petroleum Corp:

Xiaolin Li - Managing Director Songlin Group - Beijing,

China Coal Association:

David Fang - President of Coalworld.net and concurrently Deputy Director of - China Coal Transportation & Distribution Association.

Energy Research Institute National Development & Reform Commission:

Kejun Jiang - Director and Research Professor

China Electricity Council:

Mr. Zhang Weidong - Deputy Head Development & Planning Department

Ministry of Housing and Urban-Rural Development:

Linfeng Wen - Vice Director Professor

Wood Mackenzie:

Bill Durbin - President Global Markets & wider research team

Merchant Property site tour:

Ms. Lijuan Wang – Sales Manager

China Communications Construction Co. Ltd:

Ms. Lu Tan - Investor Relations

Yu Jingjing - IR Manager

My Steel:

Mr. Xu Xiangchun - Chief Information Officer

China Nonferrous Metals Industry Association

Mr. Yusheng Li - Senior Copper Analyst

Ms. Ming Wu - Metal Researcher of CRR

Huaneng Power International Co:

Du Daming - VP & Secretary of the Board

China Coal Energy Company Ltd:

Zhou Dongzhou - Board Secretary

Mr. Haixu - Deputy Head of CRR

Prof. Michael Pettis:

Professor of Finance – Guanghua School of Management, Peking University

Jones Lang LaSalle - China:

Michael Klibaner - Regional Director Head of Research

Shanghai Municipal Commission of Commerce:

Jennifer Jie Fan, Deputy Director

Austrade:

Brent Stewart - Trade Commissioner

Shanghai International Port [SIPG]:

Renee Yang - IR Director

Zhenghua Heavy Machinery:

Ms Li - IR Director

Baosteel: Meeting + Plant visit

Piero Pei – Director of IR Dep.

Population Research Institute of East China Normal University:

Mr Zhou - Hukou Reform Expert

ASC Wine:

David Lucas - VP brand management

Yongda Auto - Management meeting + 4S Dealership Store Visit:

Mr Dong Ying - Vice President

Ms Lu Wenwen - Executive Deputy of IR

For further information please contact:

Wes Campbell
Head of Institutional Business & Senior Portfolio Manager
wes.campbell@jcpip.com.au
+61 3 9607 4117

Peter Harris
Head of Resources Research
peter.Harris@jcpip.com.au
+61 3 9607 4102

THIS MATERIAL IS INTENDED FOR USE SOLELY BY INSTITUTIONAL INVESTORS. STRICTLY NOT FOR PUBLIC DISTRIBUTION.

The information contained in this brochure is general information only. It has been prepared without taking into account specific investor objectives. You should assess whether this investment us suitable for your specific investment objectives and seek professional advice before deciding to invest in the product. JCP Investment Partners cannot guarantee the success of our return of capital of any investment in this product. Information contained herein is accurate at the date of issue. JCP Investment Partners LTD, Level 23, 600 Bourke Street, Melbourne, Victoria, 3000. ABN 23 085 400 540. AFSL No. 247132

jcp INVESTMENT PARTNERS
combining the art and science of investing