

LAUNCH TECH - Group 2: Luca Cetrano, J.P. Michaud, Mike Yeggy

RECOMMENDATION: BUY October 26, 2008	Annual FY 2005	Annual FY 2006	3/31/2007 Q1 2007	6/30/2007 Q2 2007	9/30/2007 Q3 2007	12/31/2007 Q4 2007	Annual FY 2007	3/31/2008 Q1 2008	6/30/2008 Q2 2008	9/30/2008 Q3 2008	12/31/2008 Q4 2008	Annual FY2008	Annual FY2009
Revenue	342,586	304,211	93,021	109,789	113,288	96,365	412,463	100,760	139,516	124,617	106,002	494,956	593,947
Total Revenue Growth		-11%					36%	8%	27%	10%	10%	20%	20%
Cost of Goods Sold	190,219	141,283	46,935	58,834	61,660	16,337	183,766	46,321	75,316	58,570	49,821	242,528	291,034
Gross Profit	152,367	162,928	46,086	50,955	51,628	80,028	228,697	54,439	64,200	66,047	56,181	252,427	302,913
Gross Profit Growth		7%					40%	18%	26%	28%	-30%	10%	20%
Other Income	38,157	19,831	711	1,039	1,102	20,798	23,650	1,038	3,783	5,000	15,179	25,000	27,000
Selling & Administrative Expenses	114,367	102,617	22,272	24,234	24,569	47,791	118,866	25,062	27,339	36,139	30,740	158,386	190,063
R&D Expenses	8,500	12,853	3,800	5,791	5,430	1,006	16,027	3,937	5,977	4,985	4,240	19,798	23,758
Other Operating Expenses	15,305	19,085				30,087	30,087					21,492	21,492
Depreciation & Amortization	20,052	26,076					24,898					28,000	30,000
Operating Income	52,352	48,204	20,725	21,969	22,731	21,942	87,367	26,478	34,667	29,923	36,379	77,751	94,600
EBITDA	72,404	74,280					112,265					105,751	124,600
Operating Income Growth		-9%					81%	28%	58%	32%	66%	-11%	22%
Finance Costs	11,126	8,147	4,700	4,310	4,980	9,176	23,166	6,210	8,046	7,182	8,731	18,660	22,704
Share of results of an associate	-	961		389		2,364	2,753	2,015	2,269	2,216	2,216	2,216	2,216
Profit before Income Tax	41,226	39,096	16,025	17,270	17,751	10,402	61,448	18,253	24,352	20,526	25,432	56,875	69,680
Income Tax	4,097	2,033				101	101	1,643	2,419	2,095	2,547	5,443	6,622
Net Income	37,129	41,129	16,025	17,270	17,751	10,301	61,347	16,610	21,933	18,431	22,886	51,432	63,058
Net Income Growth		11%					49%	4%	27%	4%	122%	-16%	23%
Dividends	19,530	19,530					30,180					30,180	46,628
# of weighted avg. ordinary shares	520,000	557,063	46,473	53,537	56,803	17,512	560,624	603,600	603,600	603,600	603,600	603,600	620,000
Dividends per Share	0.04	0.04					0.05					0.05	0.08
EPS (cents)	7.1	7.4	2.9	3.1	3.2	1.7	10.9	2.8	3.6	3.1	3.8	8.5	10.2

Comparable							2009		
	Ticker	Price	EPS	TEV	Sales	EBITDA	P/E	TEV/Sales	TEV/EBITDA
SPX Corp.	SPW	40.95	6.61	3,530.00	5,500.00	638.30	6.20	0.64	5.53
Snap-On	SNA	35.05	3.81	2,570.00	2,990.00	470.20	9.20	0.86	5.47
Norstar	2339.HK	0.30	0.06	208.00	556.00	98.50	5.45	0.37	2.11
Average							6.95	0.63	4.37
Target Prices									
Launch Tech	8196.HK	0.35	0.10	95.67	593.95	124.60	0.71	1.36	1.99
Over/(Under) Valued (%)							-101.97%	-287.84%	-468.60%

Launch Tech (8196.HK) as of 10.24.08	
Current Share Price	0.35
Shares Outstanding	273.60
Market Capitalization	95.76
Debt	0.11
Cash	0.19
Enterprise Value	95.67
***All in millions except share price	

Launch Tech's relative valuation shows the company is currently undervalued (by 101% - 468%) versus their competitors: SPX Corp, Snap-On & Norstar. With an expected revenue growth of 20% annually in to 2009, we value Launch Tech between \$0.71 & \$1.99. The expected revenue growth will be from its most convulsive new products: X-431 Diagun, X-631 wheel aligner, cost-effective tire changers and VALUE-100 A/C service station. The most exciting new product is the X-431 diagun; which is able to synchronously diagnose two vehicles via wireless connection and synchronously diagnose three vehicles via wire connection. It is predicably a standard equipment for technicians in future.

INTERNACIONAL DE CERAMICA SA DE - Group 2: Luca Cetrano, J.P. Michaud, Mike Yeggy

RECOMMENDATION: HOLD October 26, 2008	ACTUAL							FORECASTED			
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Q1-2008	Q2-2008	FY 2008	FY 2009	FY 2010	FY 2011
Net Sales or Revenues	253.44	291.20	330.19	381.85	407.25	101.18	103.19	435.76	461.90	489.62	519.00
Cost of Goods Sold	150.92	171.11	193.11	223.13	243.00	60.38	62.66	258.81	275.48	293.06	311.59
Gross profit	102.52	120.09	137.08	158.72	164.25	40.80	40.53	176.95	186.43	196.56	207.40
Gross margin (%)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Selling, General & Admin Exp.	72.56	84.35	-	109.07	121.92	32.03	31.27	124.35	126.84	129.38	131.96
Dep., Depletion & Amor.	12.99	15.68	17.86	20.68	22.50	6.07	6.08	23.62	24.80	26.04	27.34
Depreciation	12.99	15.53	17.86	20.68	22.50	-	-	-	-	-	-
Amortization of Intangibles	-	0.14	-	-	-	-	-	-	-	-	-
Amort. of Deferred Charges	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	-	0.64	94.66	-	-	-	-	-	-	-	-
Operating Expenses - Total	236.49	271.77	305.63	352.88	387.41	-	-	406.78	427.12	448.48	470.90
Operating Income	16.96	19.43	24.55	28.98	19.84	2.69	3.17	5.36	9.98	15.10	20.75
Interest Expense On Debt	5.91	5.88	8.42	8.57	9.61	2.89	2.02	10.09	10.59	11.12	11.68
Other Income/Expense - Net	3.60	5.82	5.62	0.80	3.10	1.53	4.20	7.40	4.44	3.70	2.96
Pretax Income	8.07	20.38	22.81	22.30	9.18	1.32	5.36	2.67	3.83	7.68	12.04
Income Taxes	3.46	4.13	0.41	2.60	3.77	2.01	2.00	1.07	2.00	3.02	4.15
Minority Interest	2.22	2.88	2.34	3.69	3.29	0.58	0.44	1.48	1.48	1.48	1.48
Net Income	2.38	13.36	20.88	16.01	2.12	1.28	2.92	0.12	0.36	3.18	6.40
Dividend Per Share	-	-	0.02	0.02	0.03	-	-	0.00	0.00	0.02	0.05
EBITDA	29.96	35.11	42.41	49.65	42.34	8.75	9.26	28.98	34.78	41.14	48.09

Margins	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Gross Margin	40.3%	40.6%	40.4%	40.1%	40.0%
Operating Margin	4.9%	1.2%	2.2%	3.1%	4.0%
Profit Margin	0.5%	0.0%	0.1%	0.6%	1.2%

Comparables	Ticker	Price	P/E	TEV/Sales	TEV/EBITDA
Ferrum Sa De Ceramica (ARG)	FERR	2.90	11.60	0.70	3.60
Gruppo Ceramiche Ricchetti (ITA)	RIC	1.20	33.00	0.80	11.30
Ceramicas Cordillera Sa (CHILE)	CORDI	2340.00	5.10	0.70	82.50
Average			16.57	0.73	32.47

Intrinsic Value-Relative Valuation as of 10/24/2008	MX Pesos	US Dollars
Comp. EV/EBITDA	7.45	7.45
× 2011 EBITDA Forecast	649,922	48,491
TEV	4,841,920	361,256
+ Cash	224,083	16,719
- Debt	(1,657,618)	(123,675)
Implied Equity Value	3,408,385	254,300
÷ Shares Outstanding	129,785	129,785
P:	26.26	1.96
% over/undervalued share price	-23.8%	

Internacional de Ceramica's relative valuation shows the company is currently undervalued (by 24%) versus their competitors: Ferrum Sa De Ceramica, Gruppo Ceramiche Ricchetti and Ceramicas Cordillera Sa. With an expected revenue growth of 6% through 2011, we value Internacional de Ceramica at \$26. Internacional de Ceramica will be affected by the general downturn of the economy in the United States, which accounts for 38.4% in the company revenues, and the possible slowdown in the Mexican economy as well. Possible signs of recovering can be foreseen moving into 2010 and 2011, as both the United States and Mexican economies should recover along with a possible new interest from the general public into this kind of decorative products. Due to the current economic situation, we recommend this stock as a HOLD.

GOLDEN MEDITECH - Group 2: Luca Cetrano, J.P. Michaud, Mike Yeggy

RECOMMENDATION: BUY October 26, 2008	ACTUAL				PROJECTED					
	FY 2006	FY 2007	FY 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009	FY 2010	FY 2011
Revenue										
ABRS	31,774	34,468	36,552	8,743	10,662	10,846	10,688	40,938	43,395	44,696
Plasma							566	566	2,883	9,088
Blue Touch							593	593	4,451	8,011
Infusion Pump							366	366	3,276	6,385
Hospitals							3,290	3,290	13,158	22,204
Blood Bank	4,385	8,249	17,622	4,756	8,039	10,169	11,927	34,891	67,689	102,888
TangHerb	36	1,282	-	-	-	-	-	-	-	-
Total Revenue	36,195	43,998	54,174	13,499	18,701	21,015	27,430	80,645	134,851	193,272
Growth		21.6%	23.1%					48.9%	67.2%	43.3%
Operating Expenses	11,102	13,991	18,646	5,422	6,738	7,566	10,053	29,779	54,322	79,593
Gross Profit	25,093	30,007	35,528	8,076	11,963	13,450	17,378	50,866	80,530	113,679
Growth		19.6%	18.4%					43.2%	58.3%	41.2%
EBITDA	25,093	30,007	35,528	8,076	11,963	13,450	17,378	50,866	80,530	113,679
Depreciation	2,855	2,355	1,624	455	455	455	1,124	2,489	34,838	34,838
Amortization	1,392	4,054	694	97	750	750	750	3,000	2,953	2,953
Operating Income	12,565	15,857	20,980	4,969	7,871	8,920	10,965	32,724	47,555	69,646
Growth		1.7%	5.4%					12.3%	6.3%	3.1%

Comparable							2009		
	Ticker	Price	EPS	TEV	Sales	EBITDA	P/E	TEV/Sales	TEV/EBITDA
Mindray	MR	20.72	1.57	2,209.45	812.54	229.73	13.20	2.72	9.62
China Medical	CMED	21.05	2.20	716.32	179.47	86.54	9.57	3.99	8.28
Shengdong Weigai	8199 HK	6.80	0.66	9,095.40	2,499.60	894.88	10.30	3.64	10.16
Haemonetics	HAE	49.59	2.38	943.00	577.46	122.77	20.84	1.63	7.68
Mingyuan	233 HK	0.54	0.09	1,209.85	435.79	318.96	6.00	2.78	3.79
Average							11.98	2.95	7.91
Target Prices									
Golden Meditech	8180 HK	1.35					1.78	1.87	2.68
Over/(Under) Valued (%)							-24.16%	-27.81%	-49.63%

Golden Meditech (8180.HK) as of 10.24.08 (in HK Dollars)	
Current Share Price	1.35
Shares Outstanding	1,575,891
Market Capitalization	2,127,453
Debt	700,083
Cash	386,400
Enterprise Value	1,040,970
***All in millions except share price	

Golden Meditech's relative valuation shows the company is currently undervalued (by 24% - 50%) versus their competitors: Mindray, China Medical, Shengdong Weigai, Haemonetics, Mingyuan. With an expected revenue growth of 49% annually in 2009, we value Launch Tech between \$1.78 & \$2.68. Golden Meditech is comprised of two business segments, Medical Device and Healthcare Service. The Medical Device segment makes up 65% of revenues and the Healthcare Service makes up the remaining 35% of revenues. In December, 2007, Golden Meditech sold the Natural Herbal Medicine segment to China Healthcare Incorporated (CHI) for a 40% equity stake in CHI and a five year note worth \$24 million British Pounds. This was an unprofitable unit of Golden Meditech and a valuable sale. We anticipate the Medical Device segment to provide a stable source of cash flow with an anticipated compound annual growth of 5% and gross margins of 75%. The Healthcare Segment consists of the Cord Blood Bank, which we anticipate 55% compound annual growth in revenues and gross margins of 50% for this segment as it expands into new provinces of China.

We recommend this stock as a BUY due to the expected constant revenues of the Medical Device segment and the expected growth in the Healthcare Service segment. Additionally, we believe that future acquisitions planned by Golden Meditech management should yield favorable operating results.