

China: Consumer
Shiner International, Inc. | BEST - \$1.36 - NASDAQ | Buy

Stock Data	
52 Week Low - High	\$0.85 - \$1.66
Shares Out. (mil)	24.69
Mkt. Cap.(mil)	\$33.6
3-Mo. Avg. Vol.	79,208
12-Mo.Price Target	\$3.00
Cash (mil)	\$3.0
Tot. Debt (mil)	\$4.8
Est. 3Yr. EPS Growth	50%

EPS (\$)			
Yr Dec	2010	—2011E—	—2012E—
		Curr	Curr
1Q	0.04A	0.05E	—
2Q	0.04A	0.05E	—
3Q	0.05A	0.08E	—
4Q	0.04E	0.08E	—
YEAR	0.17E	0.27E	0.43E
P/E	8.0x	5.0x	3.2x

Revenue (\$ millions)			
Yr Dec	2010	—2011E—	—2012E—
		Curr	Curr
1Q	11.6A	17.4E	—
2Q	13.2A	18.4E	—
3Q	15.5A	22.4E	—
4Q	15.7E	23.9E	—
YEAR	56.1E	82.1E	115.5E


BEST: Equity Financing Provided Capital for Growth

Summary. We maintain a positive stance on Shiner International given increasing demand of the company's packaging film products over the past several quarters, driven by a recovering global economy and rising awareness of food safety in China. We believe the new capital gives the ability to pursue acquisitive growth opportunities to enhance competitiveness. Shares trade at an attractive valuation, in our view. Reiterating BUY rating and \$3.00 price target.

Transaction details. This morning, Shiner announced that it has completed a \$3.1MM private placement financing by issuing 2.6 million common shares at \$1.20 and certain number of warrants at 25% premium to yesterday's close of \$1.36. Further details will be provided in the company's pending 8-K.

Use of proceeds. We expect the company will use the proceeds for acquisition purposes to control technology and raw materials, which will enhance its competitive position and long-term growth prospect.

Impact on our estimates. Estimated dilution from the raise is approximately 12%-13% to our current 2011 EPS estimate of \$0.27. We will revisit our numbers upon further updates from management.

Valuation attractive. Shares trade for ~5.0x forward P/E or near its tangible book of \$1.38 per share (as of 09/30/2010). We view continued growth of revenue and profitability as well as potential acquisitions as catalysts for the stock.

Intraday price: \$1.39 - 10:16am ET

VALUATION

Our \$3.00 price target is based on a multiple of approximately 11.0x our 2011 EPS estimate of \$0.27, compared with comp's average of ~14.0x.

Shares currently trade for 5.0x forward P/E or near tangible book value of \$1.38 per diluted share. Our estimated 3-year earnings CAGR is 50%.

Factors that may impede share price from achieving our price target include: prolonged economic slowdown, loss of key customer or margin erosion resulting from intensified competition, significant increase in oil price, and failure to keep up with evolving market needs.

RISKS

- Customer concentration.
- Raw material cost is sensitive to oil prices.
- The company operates in a very competitive market.
- General risks related to doing business in China including governmental interference with the economy, foreign currency control, international trade restrictions, co-existence of state-owned and private companies, among others.

COMPANY DESCRIPTION

Shiner International is a U.S. corporation that has its primary operations in China. Headquartered in the city of Haikou -- China's "Hawaii" -- Shiner's products include coated packaging film, shrink-wrap film, common packaging film, anti-counterfeit laser holographic film and color-printed packaging materials. Approximately 60 percent of Shiner's current customers are located in China, with the remainder spanning Southeast Asia, Europe, the Middle East and North America. Shiner holds 14 patents on products and production equipment, and has additional patent applications pending. The Company's coated films meet the approval of U.S. FDA requirements, as well as those required for food packaging sold in the EU. Shiner's product manufacturing process is certified under ISO 9001:2000.

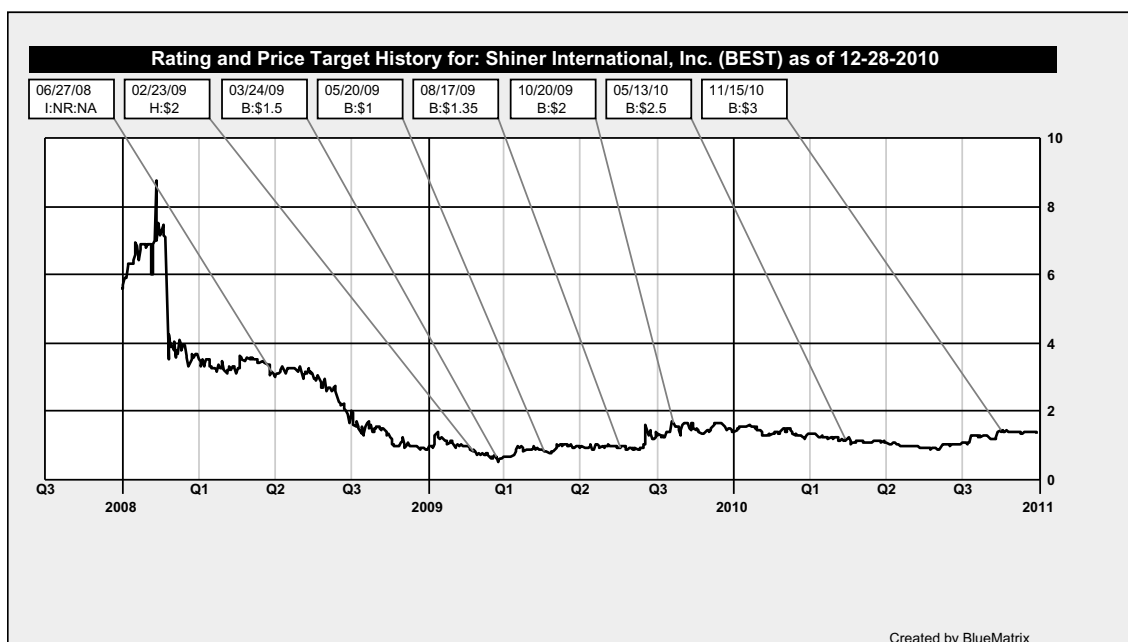
MENTIONED COMPANIES

Disclosures:

ROTH makes a market in shares of Shiner International, Inc. and as such, buys and sells from customers on a principal basis.

Shares of Shiner International, Inc. may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.

On September 28, 2010, ROTH changed its rating system in order to replace the Hold rating with Neutral.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 12/29/10	
			Count	Percent
Buy [B]	193	69.4	44	22.8
Neutral [N]	81	29.1	3	3.7
Sell [S]	3	1.1	0	0
Not Rated [NR]	0	0.0	0	0

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A security, which at the time the rating is instituted and or reiterated, indicates an expectation that the price will decline by more than 10% over the next 12 months.

Not Rated: A security which at the time the rating is instituted and or reiterated, indicates that we have no opinion or expectations as to the price of the security over the next 12 months.

Not Covered (NC): ROTH does not publish research or have an opinion about the security.

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