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March 24, 2009
 Company Update

China

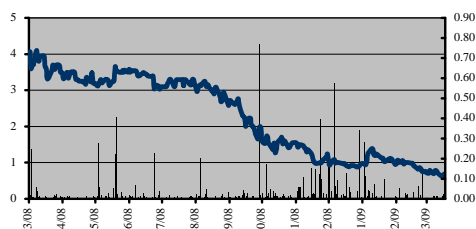
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Rating: Neutral
 Price Target: N/A

Price Target Metrics: N/A

Current Price:	\$0.62
Diluted Shares:	24.7MM
Float:	13.0MM
Short Interest:	0.0MM
Average Daily Volume:	30k
52-week Range:	\$0.58 - \$4.06
Market Cap:	\$15MM
Cash & Investments:	\$5MM
Debt:	\$4MM
Enterprise Value:	\$15MM
Net Cash/Sh:	\$0.03
Tangible Book Value/Sh:	\$1.22

PRICE CHART



ESTIMATES - US \$ (MMs except multiples & EPS)

		2007	2008	2009	2009	2010
				Prior	New	New
Revenues						
Q1	Mar	\$6.0 A	\$11.3 A	\$12.3	\$10.8 E	\$13.6 E
Q2	Jun	\$9.8 A	\$14.2 A	\$15.1	\$12.8 E	\$14.7 E
Q3	Sep	\$12.3 A	\$15.2 A	\$18.3	\$14.9 E	\$16.1 E
Q4	Dec	\$14.7 A	\$11.0 A	\$19.8	\$15.9 E	\$18.0 E
FY		\$42.8 A	\$51.6 A	\$65.5	\$54.4 E	\$62.4 E
EV/Sales		0.3x	0.3x		0.3x	0.2x
EPS						
Q1	Mar	\$0.03 A	\$0.06 A	\$0.05	\$0.02 E	\$0.05 E
Q2	Jun	\$0.06 A	\$0.07 A	\$0.06	\$0.04 E	\$0.06 E
Q3	Sep	\$0.06 A	\$0.08 A	\$0.09	\$0.06 E	\$0.06 E
Q4	Dec	\$0.08 A	(\$0.02) A	\$0.09	\$0.06 E	\$0.07 E
FY		\$0.24 A	\$0.20 A	\$0.30	\$0.17 E	\$0.23 E
P/E		2.6x	3.1x		3.6x	2.6x
EBITDA						
Q1	Mar	\$0.6 A	\$2.0 A	\$1.8	\$0.9 E	\$1.5 E
Q2	Jun	\$1.2 A	\$2.1 A	\$2.1	\$1.5 E	\$1.7 E
Q3	Sep	\$1.3 A	\$2.0 A	\$2.7	\$1.9 E	\$1.9 E
Q4	Dec	\$2.7 A	\$0.3 A	\$3.0	\$1.8 E	\$2.0 E
FY		\$5.8 A	\$6.4 A	\$9.7	\$6.1 E	\$7.7 E
EV/EBITDA		2.5x	2.3x		\$2.4	1.9x

Shiner International, Inc.

(Nasdaq: BEST)

Event: Q4 missed. Business slowed down considerably; '09 remains challenging. Downgrading to Neutral. Discontinuing coverage.

Summary: Shiner International ("Shiner") reported Q4 results below our and First Call consensus estimates. Q4 revenue slowed down considerably due to weakened global and domestic demand and lower pricing. Smaller volume led to reduced cost leverage/ lower gross margin, which then drove net earnings into loss in the quarter. We expect continued weakness in Q1 and Q2, and we have limited visibility for full year '09, though management expects an improvement in 2H09. We expect the company to focus on optimizing internal operations and upgrading equipment and technology in '09. We believe the company has good manufacturing resources and long-term growth potential, and its share buyback program may provide some support for the stock. However, we believe the business has exposed its vulnerability to an economic slowdown and the outlook remains weak in the near-term. We lowered our estimates for '09 and are downgrading our rating from Buy to Neutral. We are also discontinuing coverage of Shiner as we focus our resources on other areas within the China space.

Highlights

Q4 results below expectations. Revenue for Q4 was \$11.0M, net income was (\$0.37MM), and EPS was (0.02), below First Call consensus of \$14.54MM in revenue, \$1.32 in net income and \$0.05 in EPS. We believe the miss was due to slowing global and domestic demand and lower pricing. As raw material prices dropped, customers were asking for pricing to come down further. Gross margin was only 12.4%, compared to 18.8% in Q3, as lower volume reduced cost leverage. Capacity expansion in the Zhuhai facility also added pressure to gross margin. Operating expenses were higher due to higher sales commission paid at the end of the year. As of the end of Q4, the company had \$4.5MM in cash and restricted cash and \$3.9MM in short-term debt.

2009 to remain challenging. We are not seeing significant improvement in demand and pricing for Shiner's products in Q1; we expect flat YoY growth compared to 1Q08. As for '09, we currently have limited visibility for the full year, especially due to uncertainty in global demand. We estimate exports accounted for 25% of total revenue in '08. While market demand remains uncertain, we expect the company to focus on optimizing internal resources, increasing the utilization of current facilities and upgrading equipment and technology, as well as strengthening relationships with existing customers. Management believes as the government more strictly implements food safety laws, demand for better quality food packaging should increase. We expect the company to be more cautious on acquisitions and international expansion under the current market environment. In '09, we expect BOPP tobacco film and anti-counterfeit film to have moderate growth, coated film sales to remain flat and color printing to decline. Overall, we expect very minimal YoY growth of 5%-6%.

Lowering estimates. Shiner did not provide 2009 guidance. Considering continued weakness in the near-term and limited visibility for the full year, we lowered our '09 revenue estimates from \$66MM to \$54MM (5% YoY). We also lowered EPS from \$0.30 to \$0.17, as we expect gross margin to come down due to lower pricing and lower volume. We introduced '10 estimates, projecting revenue of \$62MM (15% YoY) and EPS of \$0.23.

Downgrading to Neutral. While we like the company's prudent management style, its strong manufacturing resources and long-term growth potential, it appears that the current economic slowdown is more challenging for Shiner than we previously anticipated. The company announced a share buyback program to repurchase up to 4MM shares within the next 12 months, which we expect to provide some support for shares. However, Q4 results showed that the business is vulnerable to the economic downturn and we expect continued weakness in the near-term. That said, we are downgrading our rating from Buy to Neutral and are refraining from assigning a price target as we do not have enough visibility on the '09 business outlook. We are also discontinuing coverage of Shiner as we focus our resources on other areas within the China space.

Company Description: Shiner manufactures flexible packaging products, including coated packaging film, shrink-wrap film, anti-counterfeit film and color-printed packaging materials.

Shiner International, Inc. (BEST) Disclosures**Analyst Certification**

I, Ping Luo, certify that the views expressed in this report accurately reflect my personal beliefs about this company and that I have not and will not receive compensation directly or indirectly in connection with my specific recommendations or views contained in this report.

Important Disclosures

- GHS does and seeks to do business with the company covered in this research report.
- As with all employees of GHS, a portion of this analyst's compensation is based on investment banking revenues.

Risks & Considerations

Technology may become obsolete: The company's success largely depends on its ability to maintain its advanced technology position. The anti-counterfeit industry is a relatively new industry and is still evolving in terms of customer needs, applications and technology. If the company can not keep pace with technological developments and market demands, it may lose market share to new players with new and better technology. The company will have to constantly seek out and develop "next generation" technology through research and development, strategic partnership and/or acquisitions.

Increase in raw material costs: Petroleum is the prime ingredient in many plastics that the company uses to make its products. These include AC, PET, and BOPP. Rising oil prices in the international market could continue to reduce the company's profit margin if the company is unable to offset the increased costs with price increase for its products.

Competition: The company competes with a number of international coated film and BOPP film manufacturers, which have a longer operating history and greater name recognition.

Customer concentration: The company has relatively high customer concentration. In each of its product lines, it has a large number of sales concentrated in a small number of customers. The loss of significant business from any of these customers could have an adverse effect on the company's revenues and operating income. Besides the efforts to solidify relationships with existing customers, the company needs to continue to expand its customer base. The company's recent efforts are expanding into the domestic liquor market, other consumer products segments and international markets.

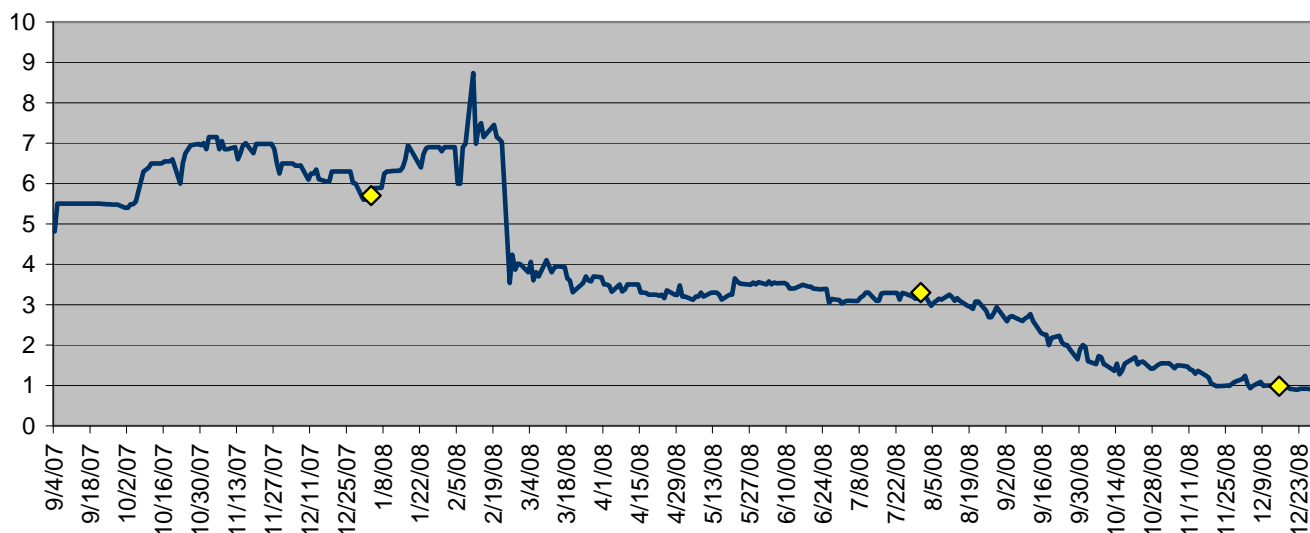
See the Company's most recent SEC filings, including 10-Ks, 10-Qs, 8-Ks and proxy filings, for additional risks and considerations.

Other Companies Mentioned In This Report

- None

Shiner International, Inc. (BEST) Disclosures (Continued)

Historical Recommendations



Initiated Coverage on 01/04/08 with a Buy rating and price target of \$7.00

	Date	Rating	Price Target	Closing Price on Report
1.	1/4/2008	Buy	\$7.00	\$5.70
2.	8/1/2008	Buy	\$6.00	\$3.30
3.	12/16/2008	Buy	\$3.00	\$0.98
4.	3/24/2009	Neutral	N/A	\$0.62

Explanation of Ratings

Buy: We expect the stock to outperform the average total return of the stocks in the analyst's industry (or industry team's) coverage universe over the next six to twelve months.

Neutral: We expect the stock to perform in line with the average total return of the stocks in the analyst's industry (or industry team's) coverage universe over the next six to twelve months.

Sell: We expect the stock to underperform the average total return of the stocks in the analyst's industry (or industry team's) coverage universe over the next six to twelve months.

Ratings Distribution

Rating	Research Coverage		Investment Banking Clients*		
	Count	% of Total	Count	% of Total	% of Rating Category
Buy	41	74.5%	6	100.0%	14.6%
Neutral	13	23.6%	0	0.0%	0.0%
Sell	1	1.8%	0	0.0%	0.0%
Total	55	100.0%	6	100.0%	10.9%

*Investment banking clients are companies from whom GHS or an affiliate received compensation from investment banking services provided in the last 12 months.

Note: Ratings Distribution as of December 31, 2008

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