

Research Highlights

1. Baidu Inc. (BIDU.O) - Share price has reflected the positive catalyst after recent acquisition

[Mike Chen] On Oct. 29, 2013, Baidu released the results for the second quarter 2013. Sales and net profit exceeded our and market expectations. Plus V and Zhixin search improve the advertising customers' user experience. We believe that light app will boost mobile app's promotion and monetization. We maintain the previous earnings forecasts. We believe share price has reflected the positive catalyst after recent acquisition, and downgrade the rating to 'Neutral' with TP of \$151.1.

Sales and net profit exceeded expectations. In Q3 2013, Baidu's total revenue grew 42.3% YoY to RMB 8.9 billion; operating and net profit only grew 1.25% YoY and 1.3% YoY to RMB 3.3 billion and RMB3.0 billion respectively. The lower operating and net margins can be primarily attributed to increasing sales, marketing and R&D expenses.

Plus V and Zhixin search improve advertising customers' user experience. The decrease of active advertiser number was primarily due to the company's broader Plus V initiative this quarter, which improved the quality of customers and helped to drive up ARPU. We believe that the company's Zhixin search is supplement to Baidu's Aladdin Systems and leverages Baidu's powerful search computing capabilities to build knowledge map of internet content. We believe that the Zhixin search will help Baidu to broaden the technology gap between Baidu and its competitors.

Light app will boost mobile app's promotion and monetization. We believe that light app initiative launched by Baidu in Q2 is a form of hybrid app that has emerged in recent years. As user experience and distribution are not perfect, light app will receive considerable support from developers. Because the internal format of light app exists as Web form, it would be easily indexed by search engine, boosting light app's promotion and monetization.

Earnings forecasts maintained. Share price not attractive. We maintain our previous earnings forecast that P PS & 91 wireless increase Baidu's sales of 2014, 2015 by RMB3-4 billion and will account for 7-10% of Baidu's sales. We believe share price has reflected the positive catalyst after the recent acquisition and is no longer attractive. Thus, we downgrade the stock to "Neutral".

2. China Dongxiang (3818 HK) - Better-than-expected retail sales. Reiterate BUY.

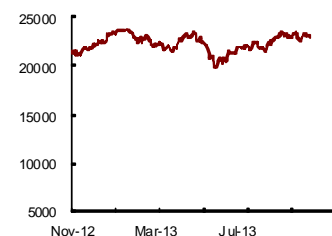
[Ivy Zhao] We have some retail operational updates from China Dongxiang. The company believes the market is about to recover, but the trend will be more certain if we can see positive SSSG growth for two consecutive quarters. As 4Q sales are generally better than 3Q, the company's retail sales growth momentum in 3Q is likely to continue. Three targets to meet before the end of 2013 have all been fulfilled. 1) The company had over 200 self-owned stores at the end of Sep. 2) Inventory has improved significantly in absolute terms. 3) The company achieved a 20% retail order replenishment rate. We think the stock has not yet priced in the information above. We maintain our 2013-2015E profit forecast. From P/E and DCF valuation, we derived 1-yr TP of HK\$1.64 (HK\$1.47 previously), and reiterate BUY rating. E-commerce sales on Nov. 11, the

HK Indices	Last price	chg	% chg
HSI	22,881.03	-155.9	-0.68
Finance	31,968.21	-295.3	-0.92
Properties	29,575.12	-122.2	-0.41
Utilities	49,244.37	-217.1	-0.44
Commerce&Industrv	13,362.90	-65.12	-0.48
HSCEI	10,474.33	-87.24	-0.83
HSCCI	4,491.23	-19.32	-0.43
HKSPGEM	463.24	-0.28	-0.06

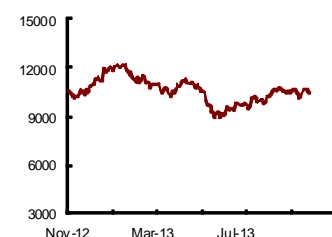
World Indices	Last price	chg	% chg
FTSE 100	6,697.22	-44.47	-0.66
DAX 30	9,081.03	40.16	0.44
CAC 40	4,280.99	-5.94	-0.14
DJIA	15,593.98	-152.90	-0.97
S&P500	1,747.15	-23.34	-1.32
Nasdaq Composite	3,857.33	-74.61	-1.90
Nikkei 225	14,228.44	-108.87	-0.76

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,004.04	-9.63	-0.48
TWSE	8,283.71	1.74	0.02
STI	3,202.10	-3.19	-0.10
India BSE 30	20,822.77	-72.17	-0.35
S&P/ASX 200	5,379.90	-40.34	-0.74

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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so-called Bachelors' Day, is a short-term catalyst.

Retail sales better-than-expected. QoQ and YoY growth improved. Self-owned stores reported better sales than distributors', because of 1) better product mix, 2) smoother communication between the sales team and the department store, 3) faster retail response and 4) higher proportion of new products and improvement in the "sale – through" ratio.

Though inventory to sales ratio was still 9x, inventory improved significantly in absolute terms. The inventory to sales ratio was still 9x, mainly because of a sharp decline in sales in 2012. Inventory is mainly comprised of 2012 spring and summer products, so there will not be too much sales pressure for 4Q. But 2014 summer sales will be under pressure. Luckily, after the adjustment of R&D and design teams, the company received many positive feedbacks for new products, implying strong brand recognition from the market. Therefore, we believe sales of new products should not be a problem for 2014 summer and inventory clearance will be the main issue.

Growing importance of e-commerce to the company. E-commerce sales of the company was RMB270 million in 2012, of which about RMB100 million sales came from VipShop. E-commerce sales of the company reached RMB51 million in 1H13, representing 13% of the company's sales in China. VipShop, Tmall and self-owned online stores, with about RMB35 million sales, are the company's major online sales channels. Looking forward, the company plans to increase the contribution of self-owned online stores by launching different product designs and series. For this year's Bachelors' Day, the company is going to design a series of products only to be sold in self-owned online stores and Tmall flagship stores.

Macro Monitor

1. ECB unexpectedly cuts interest rates

In a surprising move, the ECB cut its benchmark interest rate from 0.5% to 0.25% on November 7th, to be effective November 13th. The interest rate on the marginal lending facility was cut 25 bp to 0.75%, while the deposit facility rate will remain unchanged at 0.00%. In the short term, the rate cut will provide some positive impact to the European economies and financial markets. However in the long term, essentially the rate cut seems to be an unnecessary use of one of the few monetary policy measures left to the ECB to support the economy. To use the gun and ammunition analogy, the ECB has fired off one of the last bullets left in its chamber a little too early; with the recovery process still likely to remain fragile and moderate, there may come a time down the line in a few months policymakers will regret not saving the rate cut to achieve a bigger effect.

As we view it, there were five major reasons for and positive impacts of the rate cut.

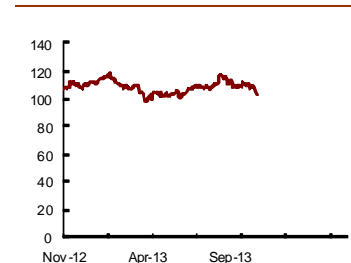
1) In explaining the rate cut, Mario Draghi cited the risk of a prolonged period of low inflation as the main reason for the action; with the recent October Flash inflation data registering just 0.7% YoY inflation, this brought about fears that the Eurozone was in danger of reaching a similar state of deflation that has plagued Japan for years. Draghi has repeatedly emphasized that monetary policy would remain accommodative for as long as necessary to support the economy.

2) The recent weakness of key Eurozone data from the past several

Global Commodity	Last price	chg	% chg
Brent Oil	103.08	-1.60	-1.53
Gold	1,309.2	1.78	0.14
LME Aluminum	1,822.0	4.00	0.22
LME Copper	7,115.0	-46.00	-0.64
BDI	1,593.0	-9.00	-0.56
API Coal	82.75	-0.05	-0.06

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.15	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.16	0.01	0.16
EUR/USD		1.34	0.15	0.11
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.69	0.00	0.00
10 YR US T-Note Yield		2.60	-0.04	-1.52

Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

weeks (though it should be noted that data out this week has thus far exceeded market expectations), including a quickly decelerating M3 growth and persistently high unemployment rate, may have raised concerns about the recovery process. A rate cut sends a positive signal to markets that the ECB is indeed willing to back up its words with actions, and should be a short term boost to confidence.

3) Rate cut will benefit periphery countries, which still have higher borrowing costs than the Eurozone core despite recently narrowing yields. The periphery countries remain the major risk in the Eurozone, and the cut will help stabilize the fragile recovery in these countries.

4) Though Draghi claimed this was not a factor swaying the decision, with the euro appreciating on the year to date, the ECB may have felt some pressure from export-dependent countries to depreciate the euro.

5) Draghi has emphasized repeatedly that there is still space for monetary policy support, with negative interest rates and unconventional monetary policy measures possible.

With that being said, there are some notable downsides to the rate cut.

1) Poor transmission of rate cut: the real impact of the rate cut on the economy will not be overly significant. The primary issue in the Eurozone has been a lack of demand for borrowing, rather than prohibitively high interest rates. A further cut is unlikely to buoy the economy dramatically at this juncture.

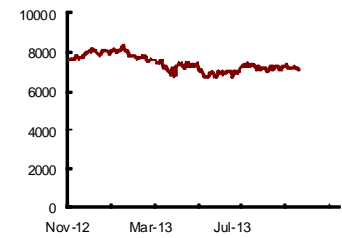
2) Timing is not ideal for this rate cut, as sentiment remains strong and newest data shows improving picture in 4Q13. We view that given the nature of the Eurozone's recovery, which is fragile and fraught with risks, there would have been a more opportune moment of time to utilize the rate cut to achieve greater effect. We are not currently at a crisis point, and there was no real need to stabilize markets; the rate shows that the ECB continues to view its price stability mandate as its top priority as opposed to financial system stability as a whole.

3) Positive impact on sentiment may be short-lived. Though the markets are likely to respond positively to the rate cut in the short term, this optimism is likely to quickly wane if real economic data remains lackluster. Furthermore, once the market accounts for the long term ramifications of the ECB running out of conventional monetary policy measures, any further turbulence is likely to be seen as riskier.

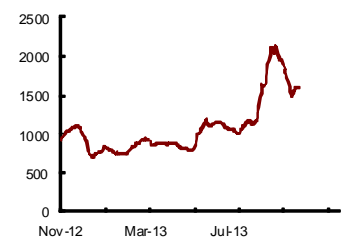
4) ECB is now increasingly limited in its remaining supportive measures. As detailed above, the rate cut was one of the few remaining tools for the ECB to support the economy. As it is, the ECB can set negative interest rates or further provisions of long term liquidity, but the remaining measures will be riskier. It should be noted that the Eurozone member countries have repeatedly shot down the idea of a Fed-style QE program, and this is unlikely to change in the near term.

The short term market impact of the rate cut will likely be a depreciation of the Euro, a slight decline in the government bond yields, and a short-lived rally of the stock markets. Long term investors should be aware that though the ECB would like to assure the market it will continue to act to support the economy, it has just utilized one of the few tools left to it. **(Lynn Song)**

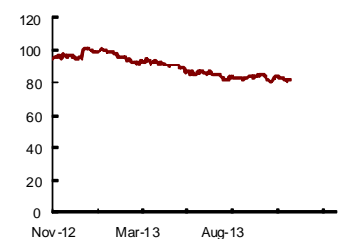
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

Company Comments

1. Lenovo (992 HK) Q2 net profit rises 36% YoY, beating forecasts

Lenovo Group (992 HK) announced results for its second fiscal quarter ended September 30, 2013. Quarterly revenue was US\$9.8 billion, a 13 percent increase year-over-year. Second quarter profit grew even faster with pre-tax income increasing 30 percent year-over-year to US\$265 million, while earnings grew 36 percent year-over-year to US\$220 million. **[Company announcement]**

Comments: Both revenue and net profit are ahead of expectations. We believe top line beat was due to stronger corporate PC refresh, better EM smartphone sales and continued PC momentum in Americas, especially improving synergy with CCE in Brazil. Both higher-margin corporate PC and scaling benefits from smartphone/tablets led to sustained margin improvement. Lenovo expects PC recovery to continue in China and corporate markets in 2H13. In addition, it plans to expand its smartphone businesses to 20+ markets in the next couple of quarters. Looking ahead, Lenovo's expanding and stronger product portfolio, e.g. tablets and smart TV, should help build a more competitive ecosystem across various platforms, which is crucial to enhance user experience and stickiness. We reiterate our BUY with TP HK\$9.2. Our FY2014-16E EPS are US\$0.075/0.086/0.103. (Alex Ng)

A-share Research Highlights (CMS Research Center)

1. Electric power equipment industry monthly report (Nov.) – Rapid earnings growth in Q3, consistent outperformance

[Peng Quangang, Huang Wei, Wang Haidong, Nov. 6] The electric power equipment industry continued to outperform the broader market in October. Sub-industries including low-voltage apparatus, instruments and battery reported large gains. Major listed companies in this industry enjoyed rapid earnings growth in Q3, which is in-line with expectation. We continue to suggest paying attention to wind power, power distribution and low-voltage apparatus sub-industries.

Q3 results of major companies in this industry are in-line with expectation. Sub-industries including secondary equipments, intelligent instruments, and wind power reported rapid earnings growth. Growth of power grid investment returned to the normal level. Power supply investment grew mildly. Prices of photovoltaic products remained stable.

The wind power sub-industry continued to recover. The condition of power supply ration has improved. This sub-industry enjoys favorable policies in terms of approval rights and subsidy this year. The renewable energy quota system to be introduced is another good news for this sub-industry. We expect this sub-industry to enjoy sustained growth between 2013 and 2015, and gross margin of wind power equipment enterprises to rebound further.

The electric power equipment industry (-0.81%) outperformed the CSI 300 index (-1.47%) in October. The low-voltage apparatus sub-industry gained 9.7%, while the power transmission and transformation primary equipment sub-industry slumped 6.2%. P/E (TTM) of the electric power equipment industry fell to 30.6x, still high compared with other industries.

2. Agriculture industry Q3 results review: Revenue growth accelerates, profit decline decelerates

[Huang Jun, Hu Qiao, Zhang Weiwei, Nov. 5] Companies in the agriculture industry enjoyed more rapid year-over-year revenue growth in the first three quarters of this year compared with mid-year results. Profit decline also decelerated. The feed sub-industry outstood with sharp improvement in revenue and net profit growth. Earnings of hog breeding improved, but chicken breeding remained weak. Q3 is the low season for sub-industries such as vaccine, seed and aquaculture. But the impact on annual results is small. Q4 is the peak season for all sub-industries. Policies are likely to be introduced at this time. We expect improvement in both results and valuation. We believe there is opportunity to gain excess return in the agriculture industry and maintain our OUTPERFORM rating.

Investment strategy: We believe the agriculture industry is likely to outperform the broader market in Q4. Pay attention to inflation, policies and seasonal themes. We recommend New Hope Liuhe (000876), Guangdong Haid Group (002311), Beijing Dabeinong (002385), Gansu Yasheng (600108), Shandong Denghai Seeds (002041), and Xinjiang Tecon Animal Husbandry Bio-Technology (002100).

What to Watch

Economic Data	HK: Nil US: Consumer Credit		
Date	Ticker	Stock Name	Earnings
2013/11/08	00043	C.P. POKPHAND	3rd Quarter
2013/11/08	00313	RICHLY FIELD	Final
2013/11/08	00834	KANGDA FOOD	3rd Quarter
2013/11/08	00918	TAKSON HOLDINGS	Interim
2013/11/08	08011	POLYARD PETRO	3rd Quarter
2013/11/08	08019	HAO WEN HLDGS	3rd Quarter
2013/11/08	08035	BINHAI INV	3rd Quarter
2013/11/08	08077	KVB KUNLUN FG	3rd Quarter
2013/11/08	08080	NAS HOLDINGS	Interim
2013/11/08	08082	SAGE INT'L GP	3rd Quarter
2013/11/08	08095	BEIDA JADE BIRD	3rd Quarter
2013/11/08	08100	M DREAM INWORLD	3rd Quarter
2013/11/08	08102	SHANGHAI FUDAN	3rd Quarter
2013/11/08	08111	CT SOLARPOWER	Interim
2013/11/08	08123	FIRST CHINA NET	3rd Quarter
2013/11/08	08166	CH ECO-FARM-NEW	3rd Quarter
2013/11/08	08171	CHINA TRENDS	3rd Quarter
2013/11/08	08181	KONGSHUMUNION	Interim
2013/11/08	08203	KAISUN ENERGY	3rd Quarter
2013/11/08	08205	JIAODA WITHUB	3rd Quarter

2013/11/08	08227	HAITIAN ANTENNA	3rd Quarter
2013/11/08	08239	MING KEI HOLD	Interim
2013/11/08	08279	AGTECH HOLDINGS	3rd Quarter
2013/11/08	08291	SOUTHWEST ECO	3rd Quarter
2013/11/08	08298	AKM INDUSTRIAL	3rd Quarter
2013/11/08	08306	CH NONFERROUS	3rd Quarter
2013/11/08	08317	FINET GROUP	Interim
2013/11/08	08337	DIRECTEL	3rd Quarter
Date	Ticker	Stock Name	Issue Price
2013/11/08	01358	PW MEDTECH	3.180

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-11-8

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
Textiles, Apparel & Luxury Goods															
589	Ports	Neutral	HKD	5.74	5.30	-8%	RMB	0.55	0.56	0.64	8.3	8.1	7.1	-0.4%	Ivy Zhao
1880	Belle	Buy	HKD	10.18	14.03	38%	RMB	0.55	0.62	0.69	14.6	13.0	11.8	-8.8%	Ivy Zhao
1368	Xtep	Neutral	HKD	4.05	4.00	-1%	RMB	0.27	0.27	0.29	11.9	11.9	11.1	7.1%	Ivy Zhao
2020	Anta Sports	Buy	HKD	11.70	13.47	15%	RMB	0.49	0.54	0.60	19.1	17.3	15.4	8.1%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.33	1.71	-27%	RMB	0.17	0.16	0.16	10.9	11.7	11.6	13.1%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.76	1.48	-16%	RMB	0.16	0.17	0.19	8.8	8.1	7.2	-7.9%	Ivy Zhao
2331	Li Ning	Buy	HKD	6.89	5.20	-25%	RMB	-0.10	0.18	0.20	N.A.	31.1	27.5	4.1%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.21	1.64	36%	RMB	0.04	0.04	0.05	26.0	22.9	20.4	-4.7%	Ivy Zhao
953	Meike	Neutral	HKD	0.49	0.30	-39%	RMB	0.04	0.05	0.06	10.8	8.5	7.1	16.7%	Ivy Zhao
1234	China Lilang	Buy	HKD	4.93	5.25	6%	RMB	0.41	0.41	0.47	9.5	9.5	8.3	3.4%	Ivy Zhao
891	Trinity	Buy	HKD	2.88	4.63	61%	RMB	0.21	0.25	0.30	10.9	9.1	7.6	11.6%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.81	2.86	58%	RMB	0.52	0.65	0.80	2.8	2.2	1.8	-4.2%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	5.88	6.00	2%	RMB	0.43	0.38	0.34	10.9	12.3	13.7	-12.8%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.78	1.69	-5%	RMB	0.14	0.15	0.12	10.1	9.4	11.8	0.0%	Li Xiang
358	Jiangxi Copper	Buy	HKD	14.50	15.20	5%	RMB	1.02	1.05	0.85	11.3	11.0	13.5	-1.5%	Li Xiang
3993	Cmcc	Neutral	HKD	3.27	3.10	-5%	RMB	0.19	0.20	0.21	13.4	13.2	12.5	9.7%	Li Xiang
2600	Chalco	Sell	HKD	2.85	1.60	-44%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	2.5%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.79	5.80	21%	RMB	0.97	1.11	1.23	3.9	3.4	3.1	1.9%	Li Xiang
486	Rusal	Sell	HKD	2.33	2.03	-13%	USD	0.01	0.04	0.05	30.1	7.5	6.0	-2.5%	Li Xiang
3948	Yitai Coal	Buy	HKD	15.48	25.10	62%	RMB	1.88	2.11	2.22	6.6	5.8	5.6	9.2%	Li Xiang

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	24.00	36.40	52%	RMB	2.44	2.90	3.07	7.8	6.6	6.2	3.5%	Li Xiang
1898	China Coal	Neutral	HKD	4.75	5.00	5%	RMB	0.47	0.43	0.42	8.0	8.8	9.0	3.0%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	37.50	13.00	-65%	RMB	0.33	0.68	1.10	90.2	43.8	27.1	-3.2%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.34	14.17	25%	RMB	1.13	1.26	1.29	8.0	7.1	7.0	-0.4%	Colleen Li
175	Geely Auto	Buy	HKD	3.88	5.04	30%	RMB	0.32	0.36	0.38	9.6	8.6	8.1	-13.2%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	45.05	38.62	-14%	RMB	2.78	3.41	3.74	12.9	10.5	9.6	2.4%	Colleen Li
1114	Brilliance Chi	Buy	HKD	13.80	12.00	-13%	RMB	0.71	0.80	0.89	15.4	13.7	12.3	15.4%	Colleen Li
425	Mint Group	Buy	HKD	16.16	13.20	-18%	RMB	0.78	0.87	0.97	16.4	14.7	13.2	12.1%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.46	5.85	7%	RMB	0.55	0.81	1.11	7.9	5.4	3.9	6.2%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	12.24	10.30	-16%	RMB	0.58	0.71	0.99	16.8	13.7	9.8	-4.2%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.63	10.55	22%	RMB	0.71	0.74	0.78	9.6	9.3	8.8	0.9%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.36	7.20	13%	RMB	0.68	0.70	0.73	7.4	7.2	6.9	3.1%	Michael Yuk
883	Cnooc	Buy	HKD	15.44	17.00	10%	RMB	1.44	1.56	1.69	8.5	7.9	7.3	-2.5%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.33	1.45	9%	HKD	0.09	0.12	0.15	14.8	11.1	8.9	9.0%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.65	5.30	14%	HKD	0.55	0.63	0.79	8.5	7.4	5.9	-7.2%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.21	1.59	31%	HKD	0.10	0.09	0.09	12.1	13.4	13.4	-3.2%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	10.70	10.00	-7%	RMB	0.49	0.60	0.72	17.3	14.2	11.8	-6.6%	Michael Yuk
569	Ch Automation	Buy	HKD	1.76	2.50	42%	RMB	0.26	0.29	0.33	5.4	4.8	4.2	10.7%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	4.58	4.75	4%	RMB	0.19	0.23	0.28	19.1	15.8	13.0	-10.6%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	3.01	2.26	-25%	RMB	0.11	0.40	0.55	21.7	6.0	4.3	21.9%	Michael Yuk
2883	China Oilfield	Buy	HKD	22.20	18.00	-19%	RMB	1.29	1.45	1.66	13.7	12.2	10.6	10.7%	Michael Yuk

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
3303	Jutal Oil Ser	Buy	HKD	1.49	2.40	61%	RMB	0.13	0.17	0.15	9.1	7.0	7.9	-3.9%	Michael Yuk
1623	Hilong	Buy	HKD	5.80	5.10	-12%	RMB	0.16	0.28	0.29	28.1	16.6	16.0	23.4%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	23.20	22.56	-3%	HKD	2.29	2.30	2.68	10.1	10.1	8.7	1.8%	DuanFeiqin
410	Soho China	Neutral	HKD	6.64	6.42	-3%	HKD	2.37	2.13	1.96	2.8	3.1	3.4	0.2%	DuanFeiqin
813	Shimao Property	Neutral	HKD	18.62	16.70	-10%	HKD	2.07	2.19	2.46	9.0	8.5	7.6	2.7%	DuanFeiqin
1109	China Res Land	Buy	HKD	21.45	23.80	11%	HKD	1.81	1.91	2.20	11.9	11.2	9.8	-2.1%	DuanFeiqin
2777	R&F Properties	Buy	HKD	12.96	13.90	7%	HKD	2.15	2.23	2.45	6.0	5.8	5.3	4.0%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.41	4.68	-13%	HKD	0.48	0.53	0.60	11.4	10.2	9.0	5.3%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.19	10.10	10%	HKD	1.81	1.98	2.02	5.1	4.6	4.6	6.0%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.21	4.38	36%	HKD	0.84	0.97	0.98	3.8	3.3	3.3	-6.7%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	12.38	13.23	7%	HKD	1.50	1.65	1.81	8.3	7.5	6.9	-0.5%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.82	5.05	5%	HKD	1.02	1.10	1.18	4.7	4.4	4.1	-1.8%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.45	3.50	1%	HKD	0.43	0.54	0.64	8.0	6.4	5.4	-2.0%	DuanFeiqin
3900	Greentown China	Buy	HKD	14.50	18.80	30%	HKD	3.17	3.33	3.49	4.6	4.4	4.2	-1.8%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	9.49	12.20	29%	HKD	1.72	1.98	2.22	5.5	4.8	4.3	-0.5%	DuanFeiqin
1918	Sunac	Buy	HKD	5.21	6.66	28%	HKD	1.07	1.26	1.41	4.9	4.1	3.7	3.2%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	9.09	10.50	16%	RMB	0.54	0.64	0.75	13.4	11.3	9.6	5.8%	Gloria Wang
1700	Springland	Neutral	HKD	4.25	4.50	6%	RMB	0.29	0.33	0.37	11.6	10.2	9.1	-4.7%	Gloria Wang
Telecommunication															
941	China Mobile	Neutral	HKD	81.30	78.00	-4%	RMB	6.37	6.26	6.27	10.1	10.3	10.3	-2.3%	Jeff Hao
762	China Unicom	Buy	HKD	11.94	14.08	18%	RMB	0.45	0.58	0.69	21.1	16.3	13.7	-10.0%	Jeff Hao
728	China Telecom	Buy	HKD	3.97	4.67	18%	RMB	0.24	0.27	0.31	13.1	11.7	10.2	-1.7%	Jeff Hao

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
Information Technology															
700	Tencent	Buy	HKD	407.40	455.00	12%	RMB	8.58	11.47	15.37	37.7	28.2	21.0	-2.4%	Jeff Hao
3888	Kingsoft	Buy	HKD	18.20	24.37	34%	RMB	0.50	0.66	0.83	28.9	21.9	17.4	-14.0%	Jeff Hao
1661	Wisdom	Buy	HKD	3.15	2.90	-8%	RMB	0.13	0.20	0.25	19.2	12.5	10.0	34.0%	Jeff Hao
777	Netdragon	Buy	HKD	17.14	26.27	53%	RMB	0.78	0.89	1.12	17.4	15.3	12.1	-28.7%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.22	2.00	-10%	RMB	0.10	0.12	0.15	17.6	14.7	11.7	-5.5%	Jeff Hao
268	Kingdee	Neutral	HKD	2.40	1.40	-42%	RMB	0.02	0.04	0.05	95.2	47.6	38.1	-6.3%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	27.40	26.43	-4%	HKD	1.55	1.75	2.05	17.7	15.7	13.4	-6.3%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.28	12.58	12%	USD	0.26	0.13	0.14	5.6	11.2	10.4	-6.2%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.69	2.40	-11%	USD	0.01	0.02	0.03	34.7	17.4	11.6	9.8%	Kate Li
316	Ooil	Buy	HKD	40.65	51.00	25%	USD	0.17	0.23	0.41	30.9	22.8	12.8	-9.8%	Kate Li
2866	Cscl	Neural	HKD	1.98	1.82	-8%	RMB	-0.06	0.03	0.07	N.A.	52.4	22.4	-2.0%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.44	1.97	-19%	HKD	0.01	0.05	0.07	244.0	48.8	34.9	-3.2%	Yin Lei
712	Comtec Solar	Buy	HKD	1.75	1.76	1%	RMB	0.05	0.11	0.16	27.8	12.6	8.7	-9.8%	Yin Lei
750	Singyes Solar	Buy	HKD	9.15	9.40	3%	RMB	0.81	0.91	1.04	9.0	8.0	7.0	8.8%	Yin Lei
2208	Goldwind	Buy	HKD	7.96	5.52	-31%	RMB	0.17	0.21	0.27	37.2	30.1	23.4	36.3%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.11	8.16	-10%	RMB	0.36	0.43	0.52	20.1	16.8	13.9	12.6%	Yin Lei
1798	Datang Power	Neutral	HKD	1.56	1.99	28%	RMB	0.08	0.14	0.21	15.5	8.8	5.9	4.7%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.57	2.99	16%	RMB	0.19	0.24	0.28	10.7	8.5	7.3	13.7%	Yin Lei
579	Jingneng	Buy	HKD	3.30	3.62	10%	RMB	0.18	0.24	0.29	14.6	10.9	9.0	14.6%	Yin Lei
Food & Beverage															

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
322	Tingyi	Buy	HKD	21.95	23.10	5%	USD	0.09	0.11	0.13	32.2	27.0	21.8	10.2%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	32.15	33.26	3%	RMB	0.85	1.10	1.48	30.0	23.2	17.2	-10.2%	Ling Hua
506	China Foods	Neutral	HKD	3.45	4.25	23%	HKD	0.17	0.22	0.27	20.3	15.7	12.8	17.4%	Ling Hua
151	Want Want China	Neutral	HKD	11.28	12.10	7%	USD	0.05	0.06	0.07	29.1	24.3	20.8	-4.1%	Ling Hua
345	Vitasoy	Buy	HKD	10.70	9.00	-16%	HKD	0.31	0.35	0.48	34.5	30.6	22.3	9.5%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Neutral	HKD	7.11	7.20	1%	RMB	0.60	0.67	0.80	9.4	8.4	7.1	2.0%	Jiao Yiding
631	Sany	Buy	HKD	2.26	3.40	50%	RMB	0.22	0.24	0.26	8.2	7.5	6.9	-2.2%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	8.06	11.00	36%	RMB	0.89	0.87	0.93	7.2	7.4	6.9	1.5%	Vera Liang
991	Datang Power	Buy	HKD	3.58	4.10	15%	RMB	0.40	0.42	0.52	7.1	6.8	5.5	2.0%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.47	3.80	10%	RMB	0.41	0.39	0.48	6.7	7.1	5.7	11.9%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.75	3.20	-15%	RMB	0.18	0.14	0.17	16.5	21.3	17.5	4.2%	Jonathan Hsu
Semi and Hardware Technology															
992	Lenove	Buy	HKD	8.60	9.20	7%	USD	0.06	0.08	0.09	18.5	13.9	12.3	5.1%	Alex Ng
2382	Sunny Optical	Neutral	HKD	7.04	8.37	19%	RMB	0.41	0.54	0.73	13.6	10.3	7.7	-13.0%	Alex Ng
732	Truly	Buy	HKD	4.83	7.15	48%	HKD	0.56	0.67	0.79	8.6	7.2	6.1	5.0%	Alex Ng
2018	Aac Tech	Neutral	HKD	31.70	40.00	26%	RMB	1.83	2.16	2.48	13.8	11.7	10.1	-13.2%	Alex Ng
2618	Tcl Comm	Buy	HKD	7.20	8.52	18%	HKD	0.28	0.76	0.96	25.7	9.5	7.5	21.8%	Alex Ng
2369	China Wireless	Neutral	HKD	2.94	3.10	5%	HKD	0.20	0.24	0.30	14.7	12.3	9.8	-6.4%	Alex Ng
US Stock															
BIDU	Baidu Inc	Buy	USD	147.35	149.50	1%	USD	4.89	7.36	9.67	30.1	20.0	15.2	-6.5%	Mike Chen
SINA	Sina Corp	Buy	USD	78.10	90.70	16%	USD	-0.36	2.51	4.49	N.A.	31.1	17.4	-11.4%	Mike Chen

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
SOHU	Sohu.Com Inc	Neutral	USD	61.05	61.40	1%	USD	1.48	2.44	3.28	41.3	25.0	18.6	-27.1%	Mike Chen
NTES	Netease Inc	Buy	USD	64.08	85.50	33%	USD	5.56	5.80	6.60	11.5	11.1	9.7	-9.8%	Mike Chen
QIHU	Qihoo 360	Buy	USD	77.95	94.47	21%	USD	1.16	2.00	3.68	67.2	39.0	21.2	-6.2%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	25.35	23.82	-6%	USD	-0.47	-0.18	0.19	N.A.	N.A.	133.4	-17.1%	Mike Chen
EDU	New Oriental Education	Buy	USD	25.78	24.50	-5%	USD	0.89	1.25	1.43	29.0	20.6	18.0	2.5%	Mike Chen
DANG	Dangdang	Neutral	USD	7.70	6.40	-17%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-33.1%	Mike Chen
CTRP	Ctrip	Buy	USD	50.19	25.70	-49%	USD	1.15	1.48	1.76	43.6	33.9	28.5	-10.2%	Mike Chen
HMIN	Home Inns	Neutral	USD	34.30	27.40	-20%	USD	1.09	1.62	2.04	31.5	21.2	16.8	-6.6%	Mike Chen

HSI Index Components Performance

HSCEI Index Components Performance

Last price

Code	Name	Price	Chg 1D (%)	Code	Name	Price	Chg 1D (%)
1	CHEUNG KONG	120.3	-1.0	168	TSINGTAO BREW-H	62.30	1.7
2	CLP HLDGS LTD	61.70	-0.2	177	JIANGSU EXPRES-H	9.85	-0.3
3	HONG KG CHINA GS	18.04	-0.2	323	MAANSHAN IRON-H	2.03	-4.3
4	WHARF HLDG	63.75	0.1	338	SINOPEC SHANG-H	2.01	-2.4
5	HSBC HLDGS PLC	85.85	-0.9	347	ANGANG STEEL-H	4.67	-1.3
6	POWER ASSETS HOL	63.20	-0.1	358	JIANGXI COPPER-H	14.50	-1.2
11	HANG SENG BK	125.6	-1.2	386	CHINA PETROLEU-H	6.36	-1.2
12	HENDERSON LAND D	45.10	-1.0	390	CHINA RAIL GR-H	4.39	-0.2
13	HUTCHISON WHAMPO	95.25	-0.2	489	DONGFENG MOTOR-H	11.34	1.4
16	SUN HUNG KAI PRO	101.5	-0.5	552	CHINA COMM SER-H	4.74	-0.4
17	NEW WORLD DEV	10.68	-0.4	576	ZHEJIANG EXPRESS	7.24	-0.1
19	SWIRE PACIFIC-A	91.05	0.8	694	BEIJING CAP AI-H	5.92	-1.7
23	BANK EAST ASIA	33.30	-0.5	728	CHINA TELECOM-H	3.97	-0.5
66	MTR CORP	29.55	-1.5	753	AIR CHINA LTD-H	5.20	-2.8
83	SINO LAND CO	10.70	-0.2	857	PETROCHINA CO-H	8.63	-0.5
101	HANG LUNG PROPER	25.80	-0.2	902	HUANENG POWER-H	8.06	-2.9
144	CHINA MERCHANT	27.40	-0.4	914	ANHUI CONCH-H	26.25	-0.4
267	CITIC PACIFIC	10.72	-0.7	939	CHINA CONST BA-H	5.93	-1.0
291	CHINA RES ENTERP	26.35	-2.6	991	DATANG INTL PO-H	3.58	-1.7
293	CATHAY PAC AIR	15.04	-0.7	998	CHINA CITIC BK-H	4.25	-1.4
330	ESPRIT HLDGS	14.32	0.3	1088	CHINA SHENHUA-H	24.00	0.4
386	CHINA PETROLEU-H	6.36	-1.2	1133	HARBIN ELECTRIC	5.03	-0.4
388	HONG KONG EXCHNG	124.6	-1.0	1138	CHINA SHIPPING-H	4.69	0.6
494	LI & FUNG LTD	10.68	-0.4	1171	YANZHOU COAL-H	7.70	-1.8
551	YUE YUEN INDUS	21.90	1.4	1186	CHINA RAIL CN-H	8.45	-0.9
688	CHINA OVERSEAS	23.20	0.4	1398	IND & COMM BK-H	5.27	-0.9
700	TENCENT HOLDINGS	407.4	-1.1	1800	CHINA COM CONS-H	6.18	0.5
762	CHINA UNICOM HON	11.94	-0.2	1898	CHINA COAL ENE-H	4.75	-1.0
857	PETROCHINA CO-H	8.63	-0.5	1919	CHINA COSCO HO-H	3.77	-1.3
883	CNOOC LTD	15.44	-0.4	2318	PING AN INSURA-H	60.95	-0.4
939	CHINA CONST BA-H	5.93	-1.0	2328	PICC PROPERTY &	11.58	-0.3
941	CHINA MOBILE	81.30	0.1	2600	ALUMINUM CORP-H	2.85	0.4
1088	CHINA SHENHUA-H	24.00	0.4	2628	CHINA LIFE INS-H	20.70	-1.2
1199	COSCO PAC LTD	11.28	-0.9	2727	SHANGHAI ELECT-H	2.76	-0.7
1398	IND & COMM BK-H	5.27	-0.9	2777	GUANGZHOU R&F -H	12.96	0.3
2038	FIH MOBILE LTD	4.13	-1.4	2866	CHINA SHIPPING-H	1.98	-0.5
2318	PING AN INSURA-H	60.95	-0.4	2883	CHINA OILFIELD-H	22.20	0.7
2388	BOC HONG KONG HO	24.65	-1.2	2899	ZIJIN MINING-H	1.78	-0.6
2600	ALUMINUM CORP-H	2.85	0.4	3323	CHINA NATL BDG-H	7.49	-2.0
2628	CHINA LIFE INS-H	20.70	-1.2	3328	BANK OF COMMUN-H	5.47	-1.8
3328	BANK OF COMMUN-H	5.47	-1.8	3968	CHINA MERCH BK-H	14.78	-1.3
3988	BANK OF CHINA-H	3.55	-1.1	3988	BANK OF CHINA-H	3.55	-1.1
				3993	CHINA MOLYBDENUM	3.27	2.5

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
SINOPEC YIZHEN-H	1033	1.52	600871	4.32	261.7
TIANJIN CAP-H	1065	3.26	600874	8.98	250.5
NORTHEAST ELEC-H	42	0.92	000585	2.49	244.4
BEIREN PRINT-H	187	3.08	600860	8.21	239.2
SHENJI GROUP-H	300	1.99	600806	4.60	194.2
CHONGQING IRON-H	1053	1.11	601005	2.49	185.5
SHANDONG XINHU-H	719	2.04	000756	4.44	177.0
SINOPEC SHANG-H	338	2.01	600688	4.18	164.6
NANJING PANDA-H	553	3.60	600775	7.29	157.7
JINGWEI TEXTIL-H	350	5.02	000666	8.23	108.6
BEIJING NORTH-H	588	1.76	601588	2.81	103.2
ALUMINUM CORP-H	2600	2.85	601600	4.02	79.5
YANZHOU COAL-H	1171	7.70	600188	10.12	67.3
DATANG INTL PO-H	991	3.58	601991	4.58	62.8
HISENSE KELON -H	921	7.85	000921	9.90	60.5
JIANGXI COPPER-H	358	14.50	600362	15.00	31.6
GUANGZHOU BAIYUN	874	25.90	600332	26.79	31.6
SHENZHEN EXPRE-H	548	3.49	600548	3.50	27.6
CHINA SOUTHERN-H	1055	2.85	600029	2.75	22.8
HUADIAN POWER-H	1071	3.47	600027	3.30	21.0
ZTE CORP-H	763	16.58	000063	15.42	18.4
CHINA CITIC BK-H	998	4.25	601998	3.93	17.7
GUANGZHOU SHIP-H	317	13.16	600685	11.80	14.1
ANHUI EXPRESS-H	995	4.43	600012	3.96	13.8
CHINA SHIPPING-H	1138	4.69	600026	4.16	12.9
DONGFANG ELECT-H	1072	12.86	600875	11.11	9.9
MAANSHAN IRON-H	323	2.03	600808	1.73	8.5
BANK OF CHINA-H	3988	3.55	601988	2.80	0.4
LUOYANG GLASS-H	1108	1.42	600876	4.93	0.0
BANK OF COMMUN-H	3328	5.47	601328	4.16	-3.2
CHINA PETROLEU-H	386	6.36	600028	4.79	-4.2
AIR CHINA LTD-H	753	5.20	601111	3.91	-4.3
IND & COMM BK-H	1398	5.27	601398	3.83	-7.5
CHINA MERCH BK-H	3968	14.78	600036	10.70	-7.9
HUANENG POWER-H	902	8.06	600011	5.76	-9.1
GUANGSHEN RAIL-H	525	4.10	601333	2.88	-10.6
TSINGTAO BREW-H	168	62.30	600600	43.01	-12.2
CHINA LIFE INS-H	2628	20.70	601628	13.76	-15.4
ANGANG STEEL-H	347	4.67	000898	3.00	-18.3
WEICHAJ POWER-H	2338	30.80	000338	19.18	-20.8
PING AN INSURA-H	2318	60.95	601318	36.55	-23.7
JIANGSU EXPRES-H	177	9.85	600377	5.78	-25.3
ANHUI CONCH-H	914	26.25	600585	15.05	-27.0

Recently Published Research

Date published	Name of report	Analyst
7-Nov-13	Baidu Inc. (BIDU.O)	Mike Chen
5-Nov-13	ANTA Sports Products (2020.HK)	Ivy Zhao
5-Nov-13	361 DEGREES	Ivy Zhao
5-Nov-13	Monthly Review Nov 2013	Cliff Zhao, George Chen
4-Nov-13	Datang International (991.HK)	Vera Liang
4-Nov-13	TCL Communication (2618 HK)	Alex Ng
1-Nov-13	Huadian Power (1071HK)	Vera Liang
1-Nov-13	Zoomlion Heavy (1157 HK)	Yiding Jiao
1-Nov-13	CSR CORP LTD (1766.HK)	Colleen Li
1-Nov-13	China Property Sector Comment	Duan Feiqin
31-Oct-13	Sohu.com Inc. (SOHU.O)	Mike Chen
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15-Oct-13	Goldpoly New Energy (686 HK)	Yin Lei
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15-Oct-13	China Internet - opportunities after share prices tumbled	Mike Chen
15-Oct-13	Comment on U.S. government fiscal problem	Qing Li, Cliff Zhao, David Xie
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11-Oct-13	China Hardware Technology	Alex Ng

RATING DEFINITION & DISCLAIMER

INDUSTRY	DEFINITION
OVERWEIGHT	Expected to outperform the market index by > 10% over the next 12 months
NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next twelve months
UNDERWEIGHT	Expected to underperform the market index by >10% over the next 12 months

COMPANY	DEFINITION
BUY	Expected to outperform the market index by >10% over the next twelve months
NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next twelve months
SELL	Expected to underperform the market index by >10% over the next twelve months

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