

## Company Comments

### 1. Country Garden (2007 HK, HK\$3.98, NEUTRAL, TP HK\$4.68)

[Corporate announcement] Country Garden announced its annual results for 2013: Total revenue for 2013 amounted to approximately RMB62.68 bn, representing an increase of approximately 49.6% YoY; recognized GFA reached approximately 9.24 million sq. m., representing an increase of approximately 50% YoY.

Summary:

- Total revenue for the year ended December 31, 2013 amounted to approximately RMB62.68 billion, representing an increase of approximately 49.6%; recognized GFA reached approximately 9.24 mn sq. m., representing an increase of approximately 50.0% YoY.

- Profit attributable to owners of the company amounted to approximately RMB8.51 bn, representing an increase of approximately 24.2% YoY.

- Country Garden Danga Bay in Malaysia, the group's first overseas venture, achieved enormous success.

- Successfully issued senior notes twice with aggregate amount of US\$1,500 mn during the year.

- Earnings per share amounted to approximately RMB46.65 cents, increased by approximately 22.6% YoY.

- Proposed final dividend per share is RMB16.83 cents (in the form of cash and/or shares at the choice of shareholders), increased by approximately 21.4% YoY.

#### Comments:

The annual results of the company for 2013 are generally in line with expectation, corresponding to a P/E of 6.8x on the basis of its results for 2013.

Several key points shall be noted:

1) The gross profit margin of the company for 2013 was 30.26%, 6.36 percentage points lower than the 36.62% for the corresponding period last year. This also resulted in the net profit margin of sales of 14.12% for 2013, which is nearly the lowest level over the last four years. This indicates that the company has been meeting challenges in the price scissors between its costs and selling prices.

2) The sales target of the company for 2014 is RMB128.0 bn, 20% higher than the sales indicator of RMB106.0 bn accomplished in 2013. Although the company indicated in its results conference that its resources for sales for 2014 were RMB380.0 bn, which is not high from the perspective of absorption rate, we believe it is not like to accomplish as its completed sales for January and February were RMB25.3 bn. The valuation of the company has already priced in certain expectation, particularly from the perspective of value estimation. We maintain our rating of "NEUTRAL" for the company, with target price unchanged at HK\$4.68. [Duan Fei Qin]

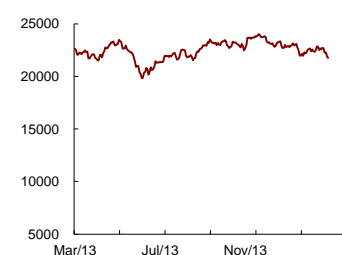
2. China Lilang (1234 HK, BUY) – Profit Decreased by 18% with Aggregate HK21 Cents Final and Special Dividends

HK Indices	Last price	chg	% chg
HSI	21,756.08	-145.8	-0.67
Finance	28,901.40	-159.8	-0.55
Properties	26,255.30	-336.0	-1.26
Utilities	46,683.50	-247.8	-0.53
Commerce&Industrv	13,684.32	-93.03	-0.68
HSCEI	9,322.93	-41.59	-0.44
HSCCI	4,027.46	-39.47	-0.97
HKSPGEM	571.80	-3.09	-0.54

World Indices	Last price	chg	% chg
FTSE 100	6,608.37	-12.53	-0.19
DAX 30	9,183.25	-5.44	-0.06
CAC 40	4,300.88	-5.38	-0.12
DJIA	16,340.08	-11.17	-0.07
S&P500	1,868.20	0.57	0.03
Nasdaq Composite	4,323.33	16.14	0.37
Nikkei 225	14,815.98	-14.41	-0.10

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,934.38	1.84	0.10
TWSE	8,747.79	63.06	0.73
STI	3,082.60	-14.83	-0.48
India BSE 30	21,932.54	76.32	0.35
S&P/ASX 200	5,412.61	28.42	0.53

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

For the year ended December 31, 2013, the profit of China Lilang

amounted to approximately RMB516 mn, decreased by 17.7%; total dividend HK21 cents, which included final dividend of HK16 cents, down 15.8%, and special final dividend of HK5 cents. Turnover amounted to approximately RMB2,298 mn, down 17.7%, which was mainly due to sluggish performance in retail sales and the company's efforts in clearing out-of-season inventories in sales channels. However, most of the inventories dated 2012 or before have been cleared and inventories of the collections last year also went down to a relatively healthy level. Gross profit amounted to approximately RMB980 million, down 12.8%. Gross profit margin amounted to 42.6%, up 2.4 percentage points. The average inventory turnover days increased 21 days to 76 days, and the average trade receivables turnover days increased 6 days to 80 days. Improvement in orders was made during the 2014 fall trade fairs, which were just concluded in early March. The value of the orders for "LILANZ" has returned to mid-single digit growth and growth of the value of the orders for "L2" also widened to 10% to 15%. The average selling prices of the two brands were generally in line with that of the corresponding period last year.

**Comments: The absolute amounts of sales and profit of the company for 2013 were below our expectation, but its profit margin was better than expected. This was mainly due to the YoY improvement on gross profit margin by 2.4 percentage points to 42.6% (vs. our estimation of 40.0%). Product quality was improved without increasing average selling prices under the benefit from the improvement of the company on the efficiency of its supply chain and its capacity of product R&D and design. It is anticipated that the company will still follow its strategy of keeping average prices of its products while enhancing product quality as well as brand awareness. The amount of orders of the company at the 2014 fall trade fairs returned to positive YoY growth. It should be noted that the average selling prices of the company's products were in line with last year and not dropping anymore, indicating that the inventory for its retail channels has become healthy again and the confidence of the distributors in placing orders has restored. We will review our 2014-2016E earnings forecast, but maintain our "BUY" rating. (The target price for the previous year is HK\$5.25; 2014E turnover RMB2,530 mn, net profit RMB500 mn and EPS RMB0.41) [Zhao Xiao]**

### 3. Belle International (1880 HK, NEUTRAL) – Same Store Sales of Footwear in the Mainland Declined 2.7% Last Quarter

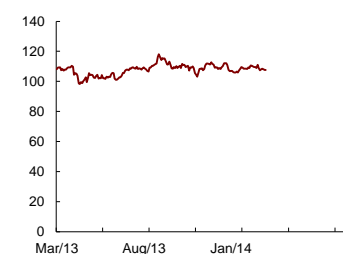
Belle International announced its operational data of retail business in Mainland China for the three months from December 2013 to end of February 2014. During the period, the footwear business had a same store sales decline of 2.7%, while the sportswear business had a same store sales growth of 7%. As at the end of February 2014, the total number of retail outlets of the company was 19,177, which consisted of 13,252 footwear outlets and 5,925 sportswear outlets.

**Comments: The retail data announced by Belle yesterday, particularly its sales of footwear, was far behind Le Saunda's operation data of the fourth quarter for the three months ended February 28, 2014 (the same store sales growth of Le Saunda's self-owned stores was 10.1%), indicating that the pressure on the sales of the footwear business of the company was still not eased**

Global Commodity	Last price	chg	% chg
Brent Oil	107.72	-0.13	-0.12
Gold	1,373.7	6.93	0.51
LME Aluminum	1,763.5	13.00	0.74
LME Copper	6,505.0	30.00	0.46
BDI	1,453.0	-127.00	-8.04
API Coal	80.90	0.15	0.19

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.13	0.00	0.00
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.19	0.00	0.00
EUR/USD		1.40	0.49	0.35
3-M Libor		0.52	0.00	0.00
3-M Shibor		5.50	0.00	0.00
10 YR US T-Note Yield		2.72	-0.01	-0.37

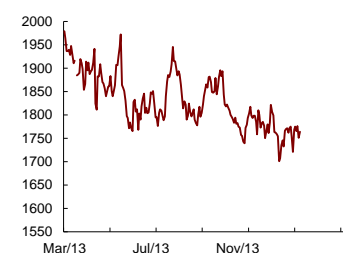
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

and solved effectively. We reiterate our “NEUTRAL” rating on the company. [Zhao Xiao]

### 5. NewOcean 2013 Results Exceed Expectation

NewOcean Energy Ltd. (342 HK, BUY, TP:HK\$9.83/share) reported a 83.37%YoY surge in net income (from continuing operations) for FY13 with profit for the year at HK\$782.8mn (basic EPS of HK\$0.55/share), which exceeds our/street estimates. The variance mainly came from a reduction in finance cost as the company reallocates its RMB borrowing to USD hence lowering its effective interest rate to approximately 3.4%.

We still believe that NewOcean’s marine fuels business is set to become the company’s main earnings growth driver during FY14 with the startup of its 70,000tonne oil terminal in Zhuhai. FY15 should see even greater growth as operational efficiencies come into full force. Maintain BUY.

## A-share Research Highlights (CMS Research Center)

### 1. Banking: Comment on CITIC Bank’s Online Virtual Credit Card

[Xiao Liqiang, Luo Yi, Zou Tianjie and Lin Bocheng, March 12, 2014] The first online virtual credit card in China will be jointly introduced soon by Tencent, the CITIC Bank, and Zhong An Property Insurance. Meanwhile, the online credit card service jointly provided by AliPay and the CITIC Bank will be launched on the platform of AliPay Wallet next week.

Comment:

Financial institutions’ cooperation with internet companies is a win-win strategy, and will become the main form of internet finance. By cooperation with internet companies in the field of payment and credit card, banks can achieve rapid growth in handling charge and customer base expansion. At the same time, internet finance brings more customers for internet companies. Along with the innovation and intensifying competition in the internet finance industry, there is room for cooperation in the field of e-commerce, supply-chain finance, etc. Pay attention to banks with first-mover advantage in internet finance such as Bank of Beijing (601169 CH), China Minsheng Banking (600016 CH) and Ping An Bank (000001 CH).

Cooperation with internet giants brings many benefits to banks. Internet giants’ data accumulated by means of e-commerce and social apps will support credit and risk management. These e-commerce and social platforms can also help to solve problems such as lack of customer resources and service facilities.

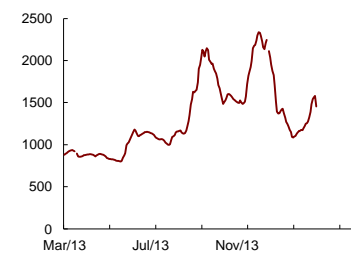
The key innovations of online credit card lie in breakthrough of the O2O model and cooperation with insurers. Unlike Wecash, JD IOU and Bill Me Latter, CITIC Bank’s online credit card is applicable for all usage scenarios of WeChat. By binding the credit card with WeChat payment, payment can be made by scanning QR code. In this way, CITIC Bank’s online credit card has broken out of the traditional O2O model such as groupon, and improves user experience and the efficiency of payment. In addition, cooperation with an insurer provides a new channel to dispose non-performing assets. We believe the openness of social and e-commerce platforms helps to limit credit risks.

Expect to see more combination of the credit card business with internet technology. Mobile internet enables banks to increase the rate of active credit card accounts and boost transaction per card. The development of

LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

mobile internet technology has become an important power to bring changes to the credit card industry. The replacement of concrete cards by mobile terminals will become the future trend. Other banks may follow CITIC Bank's suit and introduce online credit cards. As of the end of 2013, loans granted via credit cards amounted to RMB4.6 trillion, with RMB1.84 trillion to be repaid. The online credit card market is huge.

## What to Watch

Economic Data	HK: Nil US: PPI		
Date	Ticker	Stock Name	Earnings
2014/03/14	01378	CHINAHONGQIAO	
2014/03/14	08138	TONGRENTANGCM	
2014/03/14	08158	CHINA BIO-MED	
2014/03/14	02386	SINOPEC SEG	
2014/03/14	00926	BESUNYEN	
Date	Ticker	Stock Name	Issue Price

China Merchants Securities (Hong Kong) Stock Pool Update Weekly  
 2014/3/14

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		
<b>Textiles, Apparel &amp; Luxury Goods</b>															
589	Ports	Neutral	HKD	4.60	5.30	15%	RMB	0.55	0.56	0.64	6.6	6.5	5.7	-12.4%	Ivy Zhao
1880	Belle	Buy	HKD	8.39	14.03	67%	RMB	0.55	0.62	0.69	12.0	10.6	9.7	-0.8%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.77	4.00	6%	RMB	0.27	0.27	0.29	11.0	11.0	10.3	-2.6%	Ivy Zhao
2020	Anta Sports	Buy	HKD	12.74	13.47	6%	RMB	0.49	0.54	0.60	20.7	18.7	16.7	21.3%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.01	1.71	-15%	RMB	0.17	0.16	0.16	9.4	10.1	10.0	0.0%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	2.05	1.48	-28%	RMB	0.16	0.17	0.19	10.3	9.4	8.4	-3.3%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.96	5.20	-13%	RMB	-0.10	0.18	0.20	N.A.	26.8	23.7	-3.1%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.47	1.64	12%	RMB	0.04	0.04	0.05	31.4	27.7	24.7	-5.8%	Ivy Zhao
953	Meike	Neutral	HKD	0.41	0.30	-27%	RMB	0.04	0.05	0.06	9.0	7.0	5.9	13.9%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.97	5.25	-12%	RMB	0.41	0.41	0.47	11.5	11.5	10.0	18.5%	Ivy Zhao
891	Trinity	Buy	HKD	1.93	4.63	140%	RMB	0.21	0.25	0.30	7.3	6.1	5.1	-16.1%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.24	2.86	131%	RMB	0.52	0.65	0.80	1.9	1.5	1.2	-23.5%	Ivy Zhao
<b>Metals &amp; Mining</b>															
1818	Zhaojin Mining	Neutral	HKD	5.51	6.00	9%	RMB	0.43	0.38	0.34	10.1	11.5	12.8	8.0%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.68	1.69	1%	RMB	0.14	0.15	0.12	9.5	8.9	11.1	-7.2%	Li Xiang
358	Jiangxi Copper	Buy	HKD	12.02	10.30	-14%	RMB	0.96	0.87	0.67	9.9	11.0	14.2	-14.4%	Li Xiang
3993	Cmcc	Neutral	HKD	2.98	3.10	4%	RMB	0.19	0.20	0.21	12.2	12.0	11.4	-4.8%	Li Xiang
2600	Chalco	Neutral	HKD	2.62	2.54	-3%	RMB	0.07	-0.01	0.02	29.6	N.A.	103.5	-6.8%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.90	5.80	18%	RMB	0.94	1.11	1.23	4.1	3.5	3.2	2.9%	Li Xiang
486	Rusal	Sell	HKD	2.36	1.90	-19%	USD	0.00	0.03	0.04	N.A.	10.1	7.6	-15.4%	Li Xiang
3948	Yitai Coal	Buy	HKD	9.79	25.10	156%	RMB	1.88	2.11	2.22	4.1	3.7	3.5	-4.0%	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	19.36	36.40	88%	RMB	2.44	2.90	3.07	6.3	5.3	5.0	-6.7%	Li Xiang
1898	China Coal	Neutral	HKD	3.77	5.00	33%	RMB	0.47	0.43	0.42	6.3	6.9	7.1	-3.8%	Li Xiang
<b>Auto &amp; Others</b>															
1211	Byd Company	Neutral	HKD	53.30	32.90	-38%	RMB	0.27	0.69	1.03	155.9	61.0	40.9	26.5%	Colleen Li
489	Dongfeng Group	Buy	HKD	9.66	14.17	47%	RMB	1.13	1.26	1.29	6.8	6.1	5.9	-14.7%	Colleen Li
175	Geely Auto	Buy	HKD	2.69	5.04	87%	RMB	0.32	0.36	0.38	6.6	5.9	5.6	-10.6%	Colleen Li
2333	Greatwall Motor	Buy	HKD	32.55	43.40	33%	RMB	2.74	3.40	3.82	9.4	7.6	6.7	-12.6%	Colleen Li
1114	Brilliance Chi	Buy	HKD	10.64	12.00	13%	RMB	0.71	0.80	0.89	11.8	10.5	9.4	-12.5%	Colleen Li
425	Mint Group	Buy	HKD	14.62	13.20	-10%	RMB	0.78	0.87	0.97	14.8	13.3	11.9	-7.1%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	4.15	5.85	41%	RMB	0.55	0.81	1.11	6.0	4.1	3.0	-12.3%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	10.50	10.30	-2%	RMB	0.58	0.71	0.99	14.3	11.7	8.4	-11.2%	Colleen Li
1766	CSR	Buy	HKD	5.48	8.08	47%	RMB	0.31	0.40	0.45	14.0	10.8	9.6	-3.7%	Colleen Li
3898	CSR Times Electric	Buy	HKD	22.35	32.03	43%	RMB	1.10	1.35	1.62	16.1	13.1	10.9	-6.3%	Colleen Li
<b>Oil &amp; Gas</b>															
857	Petro China	Buy	HKD	7.70	10.55	37%	RMB	0.71	0.74	0.78	8.6	8.2	7.8	-1.4%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.53	7.20	10%	RMB	0.68	0.70	0.73	7.6	7.4	7.1	9.8%	Michael Yuk
883	Cnooc	Buy	HKD	11.58	17.00	47%	RMB	1.44	1.56	1.69	6.4	5.9	5.4	-8.5%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.29	1.45	12%	HKD	0.09	0.12	0.15	14.3	10.8	8.6	-6.5%	Michael Yuk
342	Newocean Energy	Buy	HKD	7.20	5.30	-26%	HKD	0.55	0.63	0.79	13.1	11.4	9.1	-1.2%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.22	1.59	30%	HKD	0.10	0.09	0.09	12.2	13.6	13.6	-3.9%	Michael Yuk
<b>Oil &amp; Gas Services/Equipment</b>															
3899	Cimc Enric	Buy	HKD	12.60	13.88	10%	RMB	0.51	0.58	0.67	19.5	17.2	14.9	-0.8%	Michael Yuk
569	Ch Automation	Buy	HKD	1.51	2.50	66%	RMB	0.26	0.29	0.33	4.6	4.1	3.6	-7.4%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	5.63	4.75	-16%	RMB	0.19	0.23	0.28	23.4	19.3	15.9	8.1%	Michael Yuk

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								2013E	2014E	2015E	2013E	2014E	2015E		
1938	Chu Kong Pipe	Buy	HKD	2.41	2.26	-6%	RMB	0.11	0.40	0.55	17.3	4.8	3.5	-3.2%	Michael Yuk
2883	China Oilfield	Buy	HKD	18.36	21.00	14%	RMB	1.42	1.52	1.61	10.2	9.5	9.0	-13.2%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.65	2.40	45%	RMB	0.13	0.17	0.15	10.0	7.7	8.7	1.2%	Michael Yuk
1623	Hilong	Buy	HKD	5.72	5.10	-11%	RMB	0.16	0.28	0.29	27.6	16.3	15.7	-0.5%	Michael Yuk
<b>Property</b>															
688	China Overseas	Buy	HKD	18.80	22.56	20%	HKD	2.29	2.30	2.68	8.2	8.2	7.0	-13.4%	DuanFeiqin
410	Soho China	Neutral	HKD	5.69	6.42	13%	HKD	2.37	2.13	1.96	2.4	2.7	2.9	-7.0%	DuanFeiqin
813	Shimao Property	Neutral	HKD	13.60	16.70	23%	HKD	2.07	2.19	2.46	6.6	6.2	5.5	-24.3%	DuanFeiqin
1109	China Res Land	Buy	HKD	15.70	23.80	52%	HKD	1.81	1.91	2.20	8.7	8.2	7.1	-16.8%	DuanFeiqin
2777	R&F Properties	Buy	HKD	9.76	13.90	42%	HKD	2.15	2.23	2.45	4.5	4.4	4.0	-8.8%	DuanFeiqin
2007	Country Garden	Neutral	HKD	3.56	4.68	31%	HKD	0.48	0.53	0.60	7.5	6.7	5.9	-22.3%	DuanFeiqin
3383	Agile Property	Neutral	HKD	6.05	10.10	67%	HKD	1.81	1.98	2.02	3.3	3.1	3.0	-15.5%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.29	4.38	33%	HKD	0.84	0.97	0.98	3.9	3.4	3.4	-2.7%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	9.40	13.23	41%	HKD	1.50	1.65	1.81	6.3	5.7	5.2	-15.6%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	3.72	5.05	36%	HKD	1.02	1.10	1.18	3.6	3.4	3.1	-11.9%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.07	3.50	14%	HKD	0.43	0.54	0.64	7.1	5.7	4.8	-0.7%	DuanFeiqin
3900	Greentown China	Buy	HKD	8.63	18.80	118%	HKD	3.17	3.33	3.49	2.7	2.6	2.5	-24.3%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	7.08	12.20	72%	HKD	1.72	1.98	2.22	4.1	3.6	3.2	-5.1%	DuanFeiqin
978	CMLL	Buy	HKD	1.57	2.30	47%	HKD	0.15	0.21	0.28	10.5	7.4	5.7	-2.5%	DuanFeiqin
1668	Csc	-	HKD		0.00	N.A.	HKD	0.46	0.42	0.60	N.A.	N.A.	N.A.	N.A.	DuanFeiqin
1918	Sunac	Buy	HKD	3.90	6.66	71%	HKD	1.07	1.26	1.41	3.6	3.1	2.8	-19.4%	DuanFeiqin
<b>Consumer Discretionary</b>															
1833	Intime	Buy	HKD	8.30	10.30	24%	RMB	0.52	0.60	0.69	12.6	10.9	9.5	10.7%	Gloria Wang
1700	Springland	Neutral	HKD	3.39	4.10	21%	RMB	0.28	0.32	0.36	9.6	8.4	7.4	-1.5%	Gloria Wang

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		
493	Gome	Buy	HKD	1.20	1.64	37%	RMB	0.05	0.06	0.07	19.0	15.8	13.5	-9.1%	Gloria Wang
1169	Haier Electronics	Buy	HKD	20.75	24.40	18%	RMB	0.80	0.95	1.17	20.5	17.3	14.0	-10.0%	Gloria Wang
178	Sasa International	Buy	HKD	6.70	8.20	22%	HKD	0.35	0.41	0.47	19.1	16.3	14.3	-6.6%	Gloria Wang
653	Bonjour Holdings	Neutral	HKD	1.46	1.58	8%	HKD	0.09	0.11	0.12	16.2	13.3	12.2	-2.0%	Gloria Wang
<b>Telecommunication</b>															
941	China Mobile	Neutral	HKD	70.15	78.00	11%	RMB	6.37	6.26	6.27	8.7	8.9	8.8	-4.0%	Jeff Hao
762	China Unicom	Buy	HKD	9.17	14.08	54%	RMB	0.45	0.58	0.69	16.1	12.5	10.5	-12.0%	Jeff Hao
728	China Telecom	Buy	HKD	3.19	4.67	46%	RMB	0.24	0.27	0.31	10.5	9.3	8.1	-11.9%	Jeff Hao
<b>Information Technology</b>															
700	Tencent	Buy	HKD	588.00	455.00	-23%	RMB	8.58	11.47	15.37	54.1	40.5	30.2	8.9%	Jeff Hao
3888	Kingsoft	Buy	HKD	28.65	27.00	-6%	RMB	0.52	0.70	0.94	43.5	32.3	24.1	18.9%	Jeff Hao
1661	Wisdom	Buy	HKD	5.83	6.40	10%	RMB	0.13	0.21	0.29	35.4	21.9	15.9	9.2%	Jeff Hao
777	Netdragon	Buy	HKD	16.22	26.27	62%	RMB	0.78	0.89	1.12	16.4	14.4	11.4	4.5%	Jeff Hao
354	Chinasoft	Neutral	HKD	3.03	2.00	-34%	RMB	0.10	0.12	0.15	23.9	19.9	16.0	28.9%	Jeff Hao
268	Kingdee	Neutral	HKD	2.90	1.40	-52%	RMB	0.02	0.04	0.05	114.5	57.3	45.8	1.8%	Jeff Hao
<b>Port</b>															
144	China Mer Hold	Neutral	HKD	26.20	26.43	1%	HKD	1.55	1.75	2.05	16.9	15.0	12.8	-1.7%	Kate Li
1199	Cosco Pacific	Buy	HKD	10.56	12.58	19%	USD	0.26	0.13	0.14	5.2	10.5	9.7	2.3%	Kate Li
<b>Shipping</b>															
368	Sinotrans Ship	Buy	HKD	2.29	2.40	5%	USD	0.01	0.02	0.03	29.5	14.8	9.8	-11.6%	Kate Li
316	Oil	Buy	HKD	36.15	51.00	41%	USD	0.17	0.23	0.41	27.4	20.3	11.4	-4.7%	Kate Li
2866	Cscl	Neutral	HKD	1.79	1.82	2%	RMB	-0.06	0.03	0.07	N.A.	47.1	20.2	-8.2%	Kate Li
<b>Alternative Energy</b>															
3800	Gcl-Poly Energy	Buy	HKD	2.84	1.97	-31%	HKD	0.01	0.05	0.07	284.0	56.8	40.6	8.4%	Yin Lei



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		
712	Comtec Solar	Buy	HKD	1.48	1.76	19%	RMB	0.05	0.11	0.16	23.4	10.6	7.3	7.3%	Yin Lei
750	Singyes Solar	Buy	HKD	11.70	9.40	-20%	RMB	0.81	0.91	1.04	11.4	10.2	8.9	34.5%	Yin Lei
2208	Goldwind	Buy	HKD	9.07	10.04	11%	RMB	0.15	0.32	0.45	47.8	22.4	15.9	13.1%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.44	8.16	-14%	RMB	0.36	0.43	0.52	20.7	17.3	14.3	-2.2%	Yin Lei
1798	Datang Power	Neutral	HKD	1.48	1.59	7%	RMB	0.05	0.08	0.13	23.4	14.6	9.0	-3.3%	Yin Lei
816	Huadian Fuxin	Buy	HKD	4.26	2.99	-30%	RMB	0.19	0.24	0.28	17.7	14.0	12.0	10.7%	Yin Lei
579	Jingneng	Buy	HKD	4.66	3.62	-22%	RMB	0.18	0.24	0.29	20.5	15.3	12.7	0.2%	Yin Lei
819	Tianneng Power	Buy	HKD	2.81	6.65	137%	RMB	0.16	0.57	1.10	13.9	3.9	2.0	-14.3%	Yin Lei
<b>Food &amp; Beverage</b>															
322	Tingyi	Buy	HKD	21.50	25.40	18%	USD	0.08	0.11	0.12	34.6	26.4	23.1	6.7%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	38.50	33.26	-14%	RMB	0.85	1.10	1.48	35.8	27.7	20.6	-2.3%	Ling Hua
506	China Foods	Neutral	HKD	2.70	4.25	57%	HKD	0.17	0.22	0.27	15.9	12.3	10.0	-6.9%	Ling Hua
151	Want Want China	Neutral	HKD	11.78	12.10	3%	USD	0.05	0.06	0.07	30.4	25.3	21.7	5.6%	Ling Hua
345	Vitasoy	Neutral	HKD	10.88	11.60	7%	HKD	0.33	0.36	0.39	33.0	30.2	27.9	1.7%	Ling Hua
<b>Machinery &amp; Equipment</b>															
1157	Zoomlion	Neutral	HKD	5.04	7.20	43%	RMB	0.60	0.67	0.80	6.6	5.9	5.0	-12.8%	Jiao Yiding
631	Sany	Buy	HKD	2.02	3.40	68%	RMB	0.22	0.24	0.26	7.3	6.7	6.1	-6.5%	Jiao Yiding
3339	Lonking	Buy	HKD	1.47	1.92	31%	RMB	0.12	0.13	0.16	9.7	8.9	7.3	-6.4%	Jiao Yiding
<b>Engineering</b>															
1829	CMEC	Buy	HKD		7.01	N.A.	RMB	0.54	0.63	0.68	N.A.	N.A.	N.A.	N.A.	Jiao Yiding
<b>Electricity</b>															
902	Huaneng Power	Buy	HKD	6.21	10.70	72%	RMB	0.82	0.93	1.07	6.0	5.3	4.6	-11.3%	Vera Liang
991	Datang Power	Buy	HKD	2.85	4.40	54%	RMB	0.37	0.43	0.56	6.1	5.2	4.0	-6.6%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.11	3.80	22%	RMB	0.46	0.45	0.55	5.3	5.5	4.5	-3.7%	Vera Liang

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		
<b>Semi and Hardware Technology</b>															
992	Lenove	Buy	HKD	8.35	9.20	10%	USD	0.06	0.08	0.09	17.9	13.5	12.0	-3.2%	Alex Ng
2382	Sunny Optical	Neutral	HKD	8.01	8.37	4%	RMB	0.41	0.54	0.73	15.4	11.7	8.7	27.3%	Alex Ng
732	Truly	Buy	HKD	4.87	7.15	47%	HKD	0.56	0.67	0.79	8.7	7.3	6.2	10.7%	Alex Ng
2018	Aac Tech	Neutral	HKD	33.60	40.00	19%	RMB	1.83	2.16	2.48	14.5	12.3	10.7	-3.5%	Alex Ng
2618	Tcl Comm	Buy	HKD	9.28	8.52	-8%	HKD	0.28	0.76	0.96	33.1	12.2	9.7	5.5%	Alex Ng
2369	China Wireless	Neutral	HKD	4.86	3.10	-36%	HKD	0.20	0.24	0.30	24.3	20.3	16.2	3.0%	Alex Ng
<b>Pharmaceuticals &amp; Medical Devices</b>															
2348	Dawnrays Pharma	Buy	HKD	5.56	3.20	-42%	RMB	0.18	0.14	0.17	24.4	31.4	25.8	-2.6%	Jonathan Hsu
460	Sihuan Pharm	Buy	HKD	9.83	8.00	-19%	RMB	0.16	0.17	0.19	48.5	45.7	40.9	17.4%	Jonathan Hsu
1177	Sino Biopharm	Buy	HKD	7.52	6.70	-11%	HKD	0.09	0.18	0.22	83.6	41.8	34.2	10.6%	Jonathan Hsu
1093	CSPC Pharm	Buy	HKD	7.92	5.70	-28%	HKD	1.48	0.20	0.24	5.4	39.6	33.0	21.3%	Jonathan Hsu
1099	Sinopharm	Buy	HKD	20.35	24.40	20%	RMB	0.66	0.82	1.01	24.4	19.6	15.9	-7.9%	Jonathan Hsu
2877	Shineway Pharm	Neutral	HKD	12.90	12.30	-5%	RMB	0.91	0.78	0.89	11.2	13.1	11.5	11.6%	Jonathan Hsu
<b>US Stock</b>															
BIDU	Baidu Inc	Buy	USD	174.18	151.10	-13%	USD	4.89	7.36	9.67	35.6	23.7	18.0	4.3%	Mike Chen
SINA	Sina Corp	Buy	USD	69.00	97.50	41%	USD	0.53	2.43	4.20	130.2	28.4	16.4	1.0%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	76.48	61.40	-20%	USD	1.48	2.44	3.28	51.7	31.3	23.3	11.5%	Mike Chen
NTES	Netease Inc	Buy	USD	67.60	85.50	26%	USD	5.56	5.80	6.60	12.2	11.7	10.2	-5.5%	Mike Chen
QIHU	Qihoo 360	Buy	USD	116.73	94.47	-19%	USD	1.16	2.00	3.68	100.6	58.4	31.7	19.4%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	30.63	23.82	-22%	USD	-0.47	-0.18	0.19	N.A.	N.A.	161.2	4.0%	Mike Chen
EDU	New Oriental Education	Buy	USD	27.57	24.50	-11%	USD	0.89	1.25	1.43	31.0	22.1	19.3	-9.3%	Mike Chen
DANG	Dangdang	Neutral	USD	16.76	6.40	-62%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	63.5%	Mike Chen
CTRP	Ctrip	Buy	USD	51.34	25.70	-50%	USD	1.15	1.48	1.76	44.6	34.7	29.2	23.1%	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		
HMIN	Home Inns	Neutral	USD	35.41	27.40	-23%	USD	1.09	1.62	2.04	32.5	21.9	17.4	-6.4%	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	122.4	-0.6	168	TSINGTAO BREW-H	58.20	-1.0
2	CLP HLDGS LTD	58.20	-0.9	177	JIANGSU EXPRES-H	9.21	0.7
3	HONG KG CHINA GS	16.36	-0.7	323	MAANSHAN IRON-H	1.62	-1.2
4	WHARF HLDG	50.20	-0.3	338	SINOPEC SHANG-H	2.34	-0.4
5	HSBC HLDGS PLC	78.00	-0.8	347	ANGANG STEEL-H	4.56	-1.1
6	POWER ASSETS HOL	63.90	0.5	358	JIANGXI COPPER-H	12.02	1.5
11	HANG SENG BK	120.9	0.3	386	CHINA PETROLEU-H	6.53	-1.2
12	HENDERSON LAND D	41.65	0.1	390	CHINA RAIL GR-H	3.02	-1.3
13	HUTCHISON WHAMPO	109.0	2.8	489	DONGFENG MOTOR-H	9.66	-6.2
16	SUN HUNG KAI PRO	92.05	-0.2	552	CHINA COMM SER-H	3.52	-1.1
17	NEW WORLD DEV	9.74	0.0	576	ZHEJIANG EXPRESS	6.46	-0.9
19	SWIRE PACIFIC-A	86.95	0.6	694	BEIJING CAP AI-H	5.76	-2.2
23	BANK EAST ASIA	30.15	-1.0	728	CHINA TELECOM-H	3.19	-1.9
66	MTR CORP	27.95	0.2	753	AIR CHINA LTD-H	4.74	-0.8
83	SINO LAND CO	10.62	-0.4	857	PETROCHINA CO-H	7.70	-1.0
101	HANG LUNG PROPER	20.10	-2.0	902	HUANENG POWER-H	6.21	-0.3
144	CHINA MERCHANT	26.20	0.4	914	ANHUI CONCH-H	26.75	-0.9
267	CITIC PACIFIC	11.14	2.0	939	CHINA CONST BA-H	5.04	-0.2
291	CHINA RES ENTERP	20.15	-0.5	991	DATANG INTL PO-H	2.85	-1.0
293	CATHAY PAC AIR	15.50	0.7	998	CHINA CITIC BK-H	4.23	0.2
330	ESPRIT HLDGS	13.96	-2.0	1088	CHINA SHENHUA-H	19.36	0.3
386	CHINA PETROLEU-H	6.53	-1.2	1133	HARBIN ELECTRIC	4.67	-3.1
388	HONG KONG EXCHNG	117.0	-1.4	1138	CHINA SHIPPING-H	4.26	-2.3
494	LI & FUNG LTD	10.00	0.0	1171	YANZHOU COAL-H	5.01	0.2
551	YUE YUEN INDUS	23.75	0.2	1186	CHINA RAIL CN-H	5.65	0.4
688	CHINA OVERSEAS	18.80	-4.1	1398	IND & COMM BK-H	4.46	0.5
700	TENCENT HOLDINGS	588.0	-2.3	1800	CHINA COM CONS-H	4.97	-1.8
762	CHINA UNICOM HON	9.17	-1.6	1898	CHINA COAL ENE-H	3.77	-0.3
857	PETROCHINA CO-H	7.70	-1.0	1919	CHINA COSCO HO-H	3.21	-1.8
883	CNOOC LTD	11.58	-0.9	2318	PING AN INSURA-H	61.10	1.0
939	CHINA CONST BA-H	5.04	-0.2	2328	PICC PROPERTY &	10.06	-0.4
941	CHINA MOBILE	70.15	0.1	2600	ALUMINUM CORP-H	2.62	-0.4
1088	CHINA SHENHUA-H	19.36	0.3	2628	CHINA LIFE INS-H	20.45	-1.2
1199	COSCO PAC LTD	10.56	1.2	2727	SHANGHAI ELECT-H	2.83	2.2
1398	IND & COMM BK-H	4.46	0.5	2777	GUANGZHOU R&F -H	9.76	-2.4
2038	FIH MOBILE LTD	4.50	4.7	2866	CHINA SHIPPING-H	1.79	0.6
2318	PING AN INSURA-H	61.10	1.0	2883	CHINA OILFIELD-H	18.36	-3.5
2388	BOC HONG KONG HO	23.00	-0.2	2899	ZIJIN MINING-H	1.68	0.0
2600	ALUMINUM CORP-H	2.62	-0.4	3323	CHINA NATL BDG-H	6.85	0.4
2628	CHINA LIFE INS-H	20.45	-1.2	3328	BANK OF COMMUN-H	4.66	-0.4
3328	BANK OF COMMUN-H	4.66	-0.4	3968	CHINA MERCH BK-H	12.62	-0.3
3988	BANK OF CHINA-H	3.11	-0.3	3988	BANK OF CHINA-H	3.11	-0.3
				3993	CMOC-H	2.98	-1.0

## A+H Company Performance

Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
NORTHEAST ELEC-H	42	0.83	000585	2.31	252.1
NANJING PANDA-H	553	3.61	600775	8.44	195.8
TIANJIN CAP-H	1065	3.99	600874	8.84	180.3
JINGCHENG MAC	187	2.72	600860	6.00	179.1
CHONGQING IRON-H	1053	1.06	601005	2.32	176.9
SHENJI GROUP-H	300	2.05	600806	4.31	166.0
SINOPEC YIZHEN-H	1033	1.61	600871	3.25	155.4
SHANDONG XINHU-H	719	2.92	000756	5.88	154.8
SINOPEC SHANG-H	338	2.34	600688	3.60	94.6
BEIJING NORTH-H	588	1.71	601588	2.57	90.1
DATANG INTL PO-H	991	2.85	601991	3.73	65.6
CHINA CITIC BK-H	998	4.23	601998	5.33	59.4
ALUMINUM CORP-H	2600	2.62	601600	3.23	56.0
YANZHOU COAL-H	1171	5.01	600188	6.16	55.6
GUANGZHOU SHIP-H	317	15.00	600685	16.03	35.2
DONGFANG ELECT-H	1072	12.20	600875	12.78	32.5
GUANGZHOU BAIYUN	874	26.45	600332	26.82	28.3
JIANGXI COPPER-H	358	12.02	600362	12.17	28.1
ANHUI EXPRESS-H	995	3.85	600012	3.87	27.2
CHINA SOUTHERN-H	1055	2.49	600029	2.50	27.0
SHENZHEN EXPRE-H	548	3.54	600548	3.51	25.4
MAANSHAN IRON-H	323	1.62	600808	1.58	23.4
HUADIAN POWER-H	1071	3.11	600027	2.95	20.0
CHINA SHIPPING-H	1138	4.26	600026	3.89	15.5
HISENSE KELON -H	921	10.68	000921	9.43	11.7
BANK OF CHINA-H	3988	3.11	601988	2.49	1.3
BANK OF COMMUN-H	3328	4.66	601328	3.70	0.5
LUOYANG GLASS-H	1108	1.29	600876	4.94	0.0
JINGWEI TEXTIL-H	350	6.07	000666	0.00	0.0
ZTE CORP-H	763	15.62	000063	12.26	-0.7
GUANGSHEN RAIL-H	525	3.26	601333	2.51	-2.6
CHINA MERCH BK-H	3968	12.62	600036	9.67	-3.1
CHINA PETROLEU-H	386	6.53	600028	4.98	-3.5
HUANENG POWER-H	902	6.21	600011	4.70	-4.3
AIR CHINA LTD-H	753	4.74	601111	3.52	-6.1
IND & COMM BK-H	1398	4.46	601398	3.27	-7.3
TSINGTAO BREW-H	168	58.20	600600	41.83	-9.1
CHINA LIFE INS-H	2628	20.45	601628	13.18	-18.5
ANGANG STEEL-H	347	4.56	000898	2.85	-20.9
WEICHAJ POWER-H	2338	27.00	000338	16.33	-23.5
PING AN INSURA-H	2318	61.10	601318	36.74	-23.9
JIANGSU EXPRES-H	177	9.21	600377	5.38	-26.1
ANHUI CONCH-H	914	26.75	600585	14.48	-31.5

**Recently Published Research**

<b>Date published</b>	<b>Name of report</b>	<b>Analyst</b>
13-Mar-14	Report on the deflation question in the Eurozone	Lynn Song, Cliff Zhao, David Xie
10-Mar-14	China Power Int (2380 HK)	Vera Liang
10-Mar-14	TK Group (2283 HK)	Hua Ling
7-Mar-14	Oil Industry Highlight	Michael Yuk
6-Mar-14	China Wind Power (182 HK)	Yin Lei
5-Mar-14	CMEC(1829.HK)	Yiding Jiao
4-Mar-14	Tingyi Holding (322 HK)	Hua Ling
27-Feb-14	NewOcean Energy Ltd. (00342.HK)	Michael Yuk
26-Feb-14	HK Market Strategy Bi-weekly (Vol.04, 2014)	Cliff Zhao, George Chen, Zi chen Xu
25-Feb-14	Coolpad Group (2369 HK)	Alex Ng
24-Feb-14	Monthly Report on HK Stock Market Fund Flows (Feb)	Qing Li, Cliff Zhao, David Xie
21-Feb-14	February Eurozone Flash PMI data	Lynn Song, Cliff Zhao, David Xie
21-Feb-14	Wisdom Holdings Group (1661.HK)	Jeff Hao
21-Feb-14	Sinopec(386.HK)	Michael Yuk
20-Feb-14	Kingsoft (3888.HK)	Jeff Hao
20-Feb-14	NewOcean Energy Ltd. (00342.HK)	Michael Yuk
19-Feb-14	Vitasoy Internaional (345 HK)	Hua Ling
19-Feb-14	Essex Bio -Technology Ltd. (1061 HK )	Jonathan Hsu
17-Feb-14	Eurozone 4Q13 GDP	Lynn Song, Cliff Zhao, David Xie
17-Feb-14	Lenovo Group (992 HK)	Alex Ng
14-Feb-14	HK cosmetics retailers	Wang Xiaodi
14-Feb-14	Oil/Oil Service Industry Highlight	Michael Yuk
13-Feb-14	Phoenix Healthcare Group (1515 HK)	Jonathan Hsu
13-Feb-14	Lenovo Group (992 HK)	Alex Ng
13-Feb-14	1H2014 Auto Industry HK Stock Market Investment	Colleen Li
12-Feb-14	HK Market Strategy Bi-weekly (Vol.03, 2014)	Cliff Zhao, George Chen
30-Jan-14	COSL (02883.HK)	Michael Yuk
28-Jan-14	HK Market Strategy Bi-weekly(Vol.02, 2014)	Cliff Zhao, Zi chen Xu, George Chen
28-Jan-14	XTEP INTERNATIONAL(1368.HK)	Ivy Zhao
27-Jan-14	Nonferrous Metals Industry	Li Xiang
27-Jan-14	2014 Internet and Technology	Cliff Zhao, Zi chen Xu, George Chen
27-Jan-14	Lenovo Group (992 HK)	Alex Ng
27-Jan-14	FOMC statement_Jan Preview	Qing Li, Cliff Zhao, David Xie
24-Jan-14	Eurozone January PMI	Lynn Song, Cliff Zhao, David Xie
24-Jan-14	CIMC Enric Holdings Ltd. (03899.HK)	Michael Yuk
24-Jan-14	Vitasoy Internaional (345 HK)	Hua Ling
23-Jan-14	Gome Electrical (493 HK)	Wang Xiaodi
23-Jan-14	10 big questions for the Japanese economy	Lynn Song, Cliff Zhao, David Xie

**RATING DEFINITION & DISCLAIMER**

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

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

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