

Asia China

Resources Metals & Mining

Deutsche Bank



14 June 2010

China VTM Mining

Reuters: **0893.HK** Bloomberg: **893 HK** Exchange: **HSI** Ticker: **0893**

High earnings visibility; strong acquisition pipeline; Buy

Julian ZhuResearch Analyst
(+852) 2203 6207
julian.zhu@db.com**Steven Tao, CFA**Research Associate
(+852) 2203 6160
steven.tao@db.com

Buy on high FY10 earnings visibility and attractive valuations

Despite being the only pure iron ore play in the HK market, China VTM corrected 45% ytd, significantly underperforming HSCEI (-14%) and even the property sector (-24%). We remain positive on the iron ore pricing outlook. Now trading at 9.3x/7.7x FY10/11 PE (in line with the steel names) and with a high earnings certainty in FY10 due to its floor prices arrangement, we see a good opportunity to accumulate the stock. By factoring in higher production costs, we have cut our long-term earnings estimates and reduced our target price to HK\$4.10. Buy.

De-rating unjustified by strong fundamentals

Although we expect a near-term correction on spot iron ore prices, we remain positive on the medium-term outlook for iron ore pricing. Our ASP assumptions based on China VTM's floor-prices arrangement means no downside to our earnings estimate, even if spot iron ore prices fall below the floor prices.

Strong acquisition pipeline suggests further earnings upside

China VTM delivered two iron ore mine acquisitions in 1Q, neither of which is from the acquisition target list in its prospectus, suggesting the company has a strong acquisition pipeline. We expect the company to sell any extra iron ore production from mine acquisitions to the spot market to fully capture the stronger spot prices, meaning further earnings upside potential.

Buy; lowering target price to HK\$4.10

Having factored in higher long-term production costs, we have cut our long-term earnings estimates and lowered our DCF-based target price to HK\$4.10. Major downside risks include production interruptions in mining and production if the company fails to renew its mining rights, the potential volatility of iron ore prices and any setbacks on its efforts of exploration and acquisition of resources.

Forecasts and ratios

Year End Dec 31	2008A	2009A	2010E	2011E	2012E
Sales (CNYm)	791.2	1,083.9	1,463.6	1,808.3	2,041.4
EBITDA (CNYm)	361.2	433.2	786.0	986.2	1,137.4
EBIT(CNYm)	335	405	671	823	923
Reported EPS FD(CNY)	0.17	0.16	0.26	0.32	0.36
Reported NPAT (CNYm)	248.7	327.8	548.1	668.8	745.8
DB EPS growth (%)	363.1	-4.7	67.2	22.0	11.5
DB EPS FD(CNY)	0.17	0.16	0.26	0.32	0.36
OLD DB EPS FD(CNY)	0.17	0.16	0.26	0.33	0.37
% Change	0.0%	-2.5%	0.1%	-2.0%	-2.4%
PER (x)	-	25.2	9.6	7.9	7.1
EV/EBITDA (x)	-	10.8	4.4	3.3	2.5
DPS (net) (CNY)	0.00	0.02	0.05	0.06	0.07
Yield (net) (%)	-	0.4	2.1	2.5	2.8

Source: Deutsche Bank estimates, company data

¹ DB EPS is fully diluted and excludes non-recurring items² Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Forecast Change

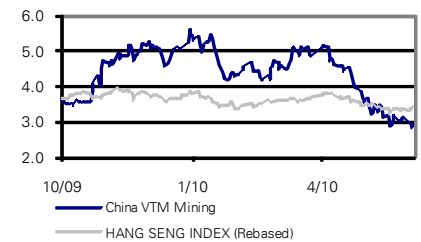
Buy

Price at 11 Jun 2010 (HKD)	2.90
Price target - 12mth (HKD)	4.10
52-week range (HKD)	5.61 - 2.82
HANG SENG INDEX	19,872

Key changes

Price target	6.10 to 4.10	↓	-32.8%
Sales (FYE)	1,495 to 1,464	↓	-2.1%
Op prof margin (FYE)	46.3 to 45.8	↓	-1.1%
Net profit (FYE)	547.7 to 548.1	↑	0.1%

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-14.5	-36.5	-
HANG SENG INDEX	-7.4	-6.4	5.8

Stock data

Market cap (HKDm)	6,018
Market cap (USDm)	772
Shares outstanding (m)	2,075.0
Major shareholders	Trisonic International (57.5%)
Free float (%)	42
Avg daily value traded (USDm)	2.9

Key indicators (FY1)

ROE (%)	20.0
Net debt/equity (%)	-63.6
Book value/share (CNY)	1.43
Price/book (x)	1.8
Net interest cover (x)	-
Operating profit margin (%)	45.8

Comparatives

	Angang Steel (0347.HK),HKD9.41		Buy
	2009A	2010E	2011E
P/E (x)	83.0	8.4	4.8
EV/EBITDA (x)	13.0	5.8	3.7
Price/book (x)	1.9	1.0	1.0
	Maanshan Iron and Steel (0323.HK),HKD3.44		Buy
	2009A	2010E	2011E
P/E (x)	37.3	8.6	4.4
EV/EBITDA (x)	7.2	3.8	2.4
Price/book (x)	1.4	0.8	0.7

Deutsche Bank AG/Hong Kong

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MICA(P) 007/05/2010

Model updated: 09 June 2010

Running the numbers**Asia****China****Metals & Mining****China VTM Mining**

Reuters: 0893.HK

Bloomberg: 893 HK

Buy

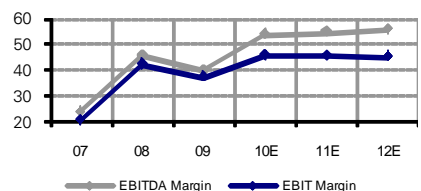
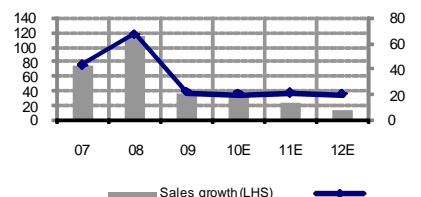
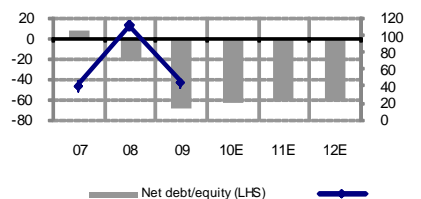
Price (11 Jun 10) HKD 2.90

Target price HKD 4.10

52-week Range HKD 2.82 - 5.61

Market Cap (m) HKDm 6,018
USDm 772**Company Profile**

China VTM Mining (the Company) is primarily engaged in mining, ore processing and iron palletizing and sells its iron concentrates, iron pellets and titanium concentrates to steel producers and downstream users of titanium-related products.

Price Performance**Margin Trends****Growth & Profitability****Solvency**

Julian Zhu

+852 2203 6207

julian.zhu@db.com

Fiscal year end 31-Dec

	2007	2008	2009	2010E	2011E	2012E
Financial Summary						
DB EPS (CNY)	0.04	0.17	0.16	0.26	0.32	0.36
Reported EPS (CNY)	0.04	0.17	0.16	0.26	0.32	0.36
DPS (CNY)	0.00	0.00	0.02	0.05	0.06	0.07
BVPS (CNY)	0.1	0.4	1.2	1.4	1.7	2.0
Weighted average shares (m)	1,500	1,500	1,596	2,075	2,075	2,075
Average market cap (CNYm)	na	na	6,351	5,275	5,275	5,275
Enterprise value (CNYm)	na	na	4,660	3,444	3,205	2,848
Valuation Metrics						
P/E (DB) (x)	na	na	25.2	9.6	7.9	7.1
P/E (Reported) (x)	na	na	25.2	9.6	7.9	7.1
P/BV (x)	0.00	0.00	3.69	1.78	1.51	1.29
FCF Yield (%)	na	na	nm	5.6	8.6	11.4
Dividend Yield (%)	na	na	0.4	2.1	2.5	2.8
EV/Sales (x)	nm	nm	4.3	2.4	1.8	1.4
EV/EBITDA (x)	nm	nm	10.8	4.4	3.3	2.5
EV/EBIT (x)	nm	nm	11.5	5.1	3.9	3.1

Income Statement (CNYm)

	2007	2008	2009	2010E	2011E	2012E
Sales revenue	367	791	1,084	1,464	1,808	2,041
Gross profit	191	454	530	915	1,148	1,313
EBITDA	88	361	433	786	986	1,137
Depreciation	12	27	28	115	163	214
Amortisation	0	0	0	0	0	0
EBIT	76	335	405	671	823	923
Net interest income/(expense)	-2	-3	-9	1	2	2
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	1	17	41	55	68	77
Profit before tax	76	349	437	727	893	1,002
Income tax expense	1	30	70	114	146	164
Minorities	21	70	39	64	79	93
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	54	249	328	548	669	746
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	54	249	328	548	669	746

Cash Flow (CNYm)

	2007	2008	2009	2010E	2011E	2012E
Cash flow from operations	-97	423	326	699	910	1,089
Net Capex	-46	-271	-328	-402	-459	-490
Free cash flow	-143	151	-1	297	451	599
Equity raised/(bought back)	0	0	2,280	17	0	0
Dividends paid	0	0	-24	-110	-134	-149
Net inc/(dec) in borrowings	-1	-30	100	55	23	25
Other investing/financing cash flows	148	4	0	0	0	0
Net cash flow	4	125	2,354	259	340	475
Change in working capital	-180	72	-106	-91	-82	-56

Balance Sheet (CNYm)

	2007	2008	2009	2010E	2011E	2012E
Cash and other liquid assets	8	133	1,884	2,143	2,483	2,958
Tangible fixed assets	123	357	496	782	1,078	1,357
Goodwill/intangible assets	159	179	206	217	230	243
Associates/investments	0	0	0	0	0	0
Other assets	303	282	487	652	763	796
Total assets	593	951	3,073	3,794	4,554	5,354
Interest bearing debt	30	0	100	155	177	202
Other liabilities	277	347	367	512	636	721
Total liabilities	307	347	467	667	813	924
Shareholders' equity	203	539	2,514	2,970	3,505	4,101
Minorities	83	65	93	157	236	329
Total shareholders' equity	286	604	2,607	3,127	3,741	4,430
Net debt	22	-133	-1,784	-1,988	-2,305	-2,755

Key Company Metrics

	2007	2008	2009	2010E	2011E	2012E
Sales growth (%)	73.7	115.8	37.0	35.0	23.6	12.9
DB EPS growth (%)	133.3	363.1	-4.7	67.2	22.0	11.5
EBITDA Margin (%)	23.9	45.7	40.0	53.7	54.5	55.7
EBIT Margin (%)	20.8	42.3	37.4	45.8	45.5	45.2
Payout ratio (%)	0.0	0.0	7.4	20.0	20.0	20.0
ROE (%)	42.5	67.0	21.5	20.0	20.7	19.6
Capex/sales (%)	12.6	34.3	30.2	27.5	25.4	24.0
Capex/depreciation (x)	4.0	10.2	11.6	3.5	2.8	2.3
Net debt/equity (%)	7.8	-22.0	-68.4	-63.6	-61.6	-62.2
Net interest cover (x)	39.6	109.8	43.8	nm	nm	nm

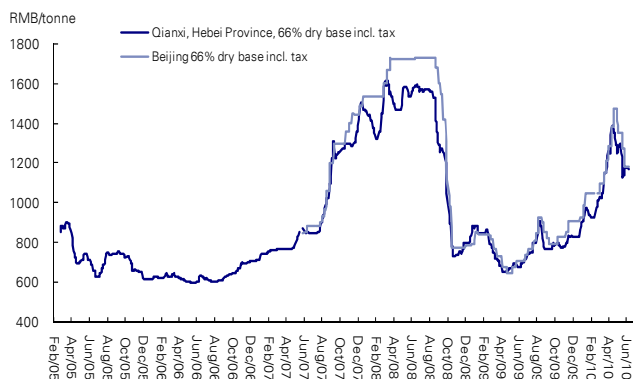
Source: Company data, Deutsche Bank estimates

De-rating unjustified

Buy on high FY10 earnings visibility and attractive valuations

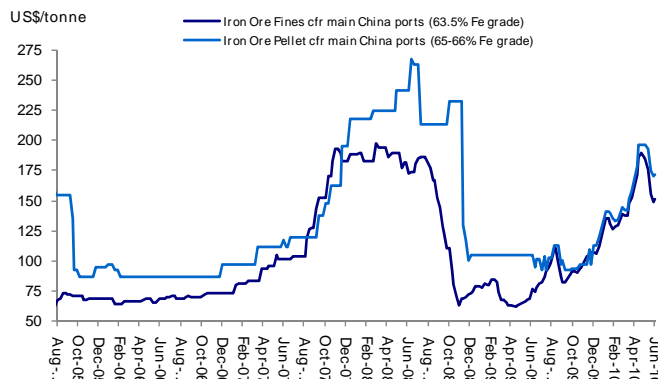
Even after the recent correction, the prices of Chinese domestic iron ore and imported iron ore were still up 45% and 57% ytd, respectively. However, during the same period, China VTM's share price corrected 45%, mainly due to market concerns over the Chinese government's tightening measures.

Figure 1: China domestic iron ore prices



Source: Deutsche Bank

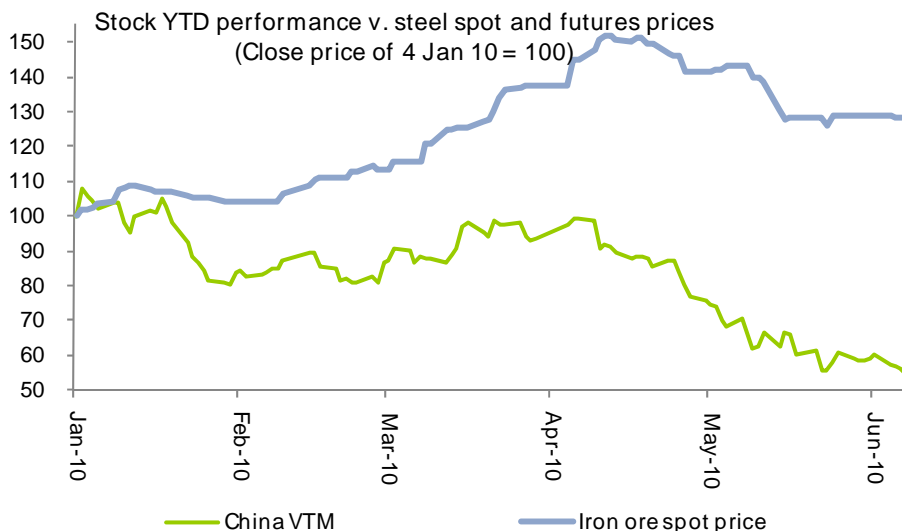
Figure 2: Imported iron ore prices (China ports)



Source: Deutsche Bank

China VTM ytd has significantly underperformed the underlying iron ore prices (+45%), HSCEI (-14%) and even the property sector (-24%). We see no good reason to justify such poor performance.

Figure 3: Relative performances – China VTM vs. spot iron ore prices



Source: Deutsche Bank

Following its recent correction, China VTM is now trading at 9.3x/7.7x FY10-11E PER, just in line with its downstream customers, steel players. We see a good value in this only pure iron ore play in the Hong Kong market.

Having factored in higher long-term production costs, we have cut our long-term earnings estimates. That said, we have reduced our DCF-based target price to HK\$4.10 from the previous HK\$6.10.

We reiterate our Buy rating on China VTM. Our target price offers 45% upside potential.

Our target price is based on a two-stage DCF-model utilizing the following assumptions:

1. The two existing iron ore mines to be depleted by 2019, based on the FY11E production scale under management guidance and based on the company's existing iron ore reserves. No mine acquisition or mine expansion is taken into account in our valuations;
2. Pelletizing would generate 40% earnings for the company in 2019E, as indicated by management. After 2019, its pelletizing should have a terminal growth rate of 0%;
3. We assume iron ore mines to be fully depleted in 2019, with a one-off cash gain from liquidation of iron ore mines related assets in that year.

Our discount rate is based on a WACC of 11.2%, with a cost of equity of 13.6% and an after-tax cost of debt of 4.0%. We are using the company's target capital structure (75% equity, 25% debt) in a long-term development period to derive our WACC.

Our cost of equity is based on the CAPM by using Deutsche Bank estimates for the H-share market risk premium of 5.9%, a risk-free rate of 5.3% and a beta of 1.4.

Figure 4: Two-stage DCF-based target price of HK\$4.1

RMB mn	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
EBIT	823	923	866	973	1,002	1,030	1,018	1,006	993
Tax rate	17%	25%	25%	25%	25%	25%	25%	25%	25%
EBIT after tax	683	692	649	730	751	772	763	754	745
Add: Depreciation & Amortization	163	214	266	318	372	425	479	535	598
Less: Projected Capex	(459)	(490)	(490)	(505)	(511)	(514)	(515)	(535)	(598)
Change in working capital	(82)	(56)	1	(43)	(23)	(25)	(4)	(4)	(5)
Gross Cash flow	305	361	426	500	589	659	724	750	740
DCF start date	1/1/2011								
FCF from pelletizing plants after the depletion of mines in 2019F	296								
Terminal growth rate	0.0%								
PV of terminal value from pelletizing after 2019F (1)	1,023								
Discount Factor	1.11	1.24	1.37	1.53	1.70	1.89	2.10	2.33	2.59
One-off cash gain from assets liquidation after 2019F (2)	1,710								
Total PV of Cash flow (FY11-19F) (3)	2,852	275	292	310	327	347	349	345	286
Total PV (1+2+3)	5,585								
Less Net Debt(cash) at 31/12/2010	(1,988)								
Less Minority Interest at 31/12/2010	157								
Total Equity Value	7,416								
No. of shares	2,075								
DCF Fair Value (RMB)	3.6								
Target price (HK\$)	4.1								

Source: Deutsche Bank

Key risks

China VTM Mining is vulnerable to possible interruptions in mining and production if it fails to renew its mining rights. As the company relies on independent third-party contractors on mining and palletizing, any failure to maintain cooperation with contractors could adversely affect its operations/earnings outlook. The company is also vulnerable to the volatility of iron ore prices, which are largely driven by global iron ore supply and the demand outlook, which are beyond its control. The company also faces uncertainty over its efforts related to exploration and acquisitions for resources.

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
China VTM Mining	0893.HK	2.92 (HKD) 11 Jun 10	1,7,8
Angang Steel	0347.HK	9.42 (HKD) 11 Jun 10	6
Maanshan Iron and Steel	0323.HK	3.44 (HKD) 11 Jun 10	NA

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

Important Disclosures Required by U.S. Regulators

Disclosures marked with an asterisk may also be required by at least one jurisdiction in addition to the United States. See "Important Disclosures Required by Non-US Regulators" and Explanatory Notes.

1. Within the past year, Deutsche Bank and/or its affiliate(s) has managed or co-managed a public or private offering for this company, for which it received fees.
6. Deutsche Bank and/or its affiliate(s) owns one percent or more of any class of common equity securities of this company calculated under computational methods required by US law.
7. Deutsche Bank and/or its affiliate(s) has received compensation from this company for the provision of investment banking or financial advisory services within the past year.
8. Deutsche Bank and/or its affiliate(s) expects to receive, or intends to seek, compensation for investment banking services from this company in the next three months.

Important Disclosures Required by Non-U.S. Regulators

Please also refer to disclosures in the "Important Disclosures Required by US Regulators" and the Explanatory Notes.

1. Within the past year, Deutsche Bank and/or its affiliate(s) has managed or co-managed a public or private offering for this company, for which it received fees.
6. Deutsche Bank and/or its affiliate(s) owns one percent or more of any class of common equity securities of this company calculated under computational methods required by US law.
7. Deutsche Bank and/or its affiliate(s) has received compensation from this company for the provision of investment banking or financial advisory services within the past year.

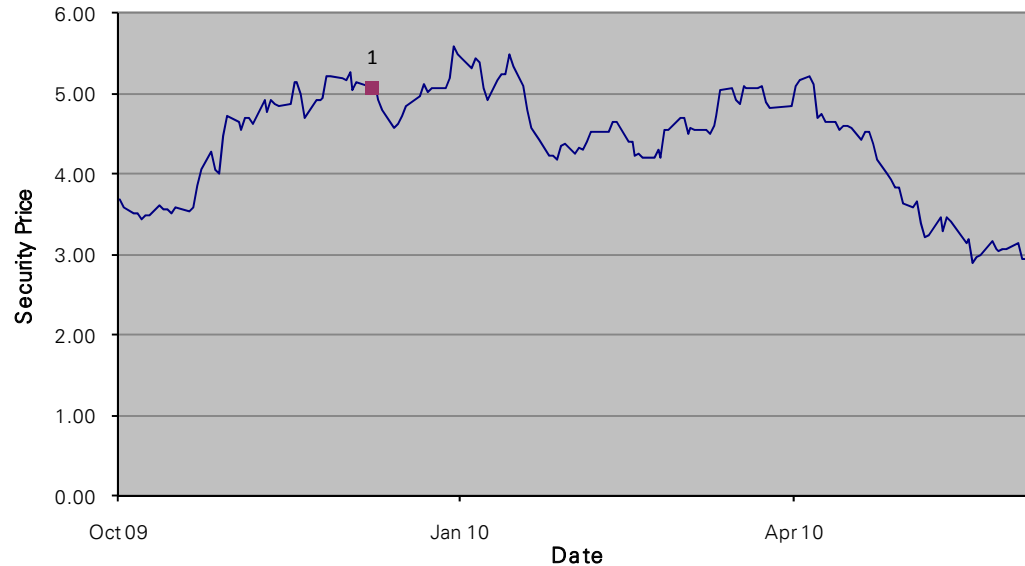
For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/Disclosure.egsr?ricCode=0893.HK>.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Julian Zhu

Historical recommendations and target price: China VTM Mining (0893.HK)

(as of 6/11/2010)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

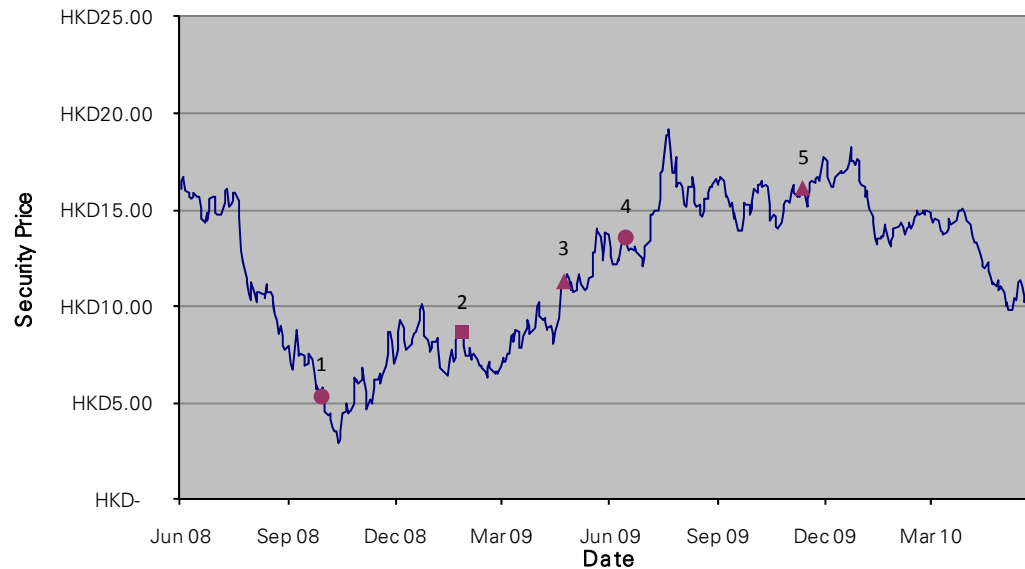
- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9, 2002

- | | | |
|----|-------------|----------------------------------|
| 1. | 15/12/2009: | Buy, Target Price Change HKD6.10 |
|----|-------------|----------------------------------|

Historical recommendations and target price: Angang Steel (0347.HK)

(as of 6/11/2010)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

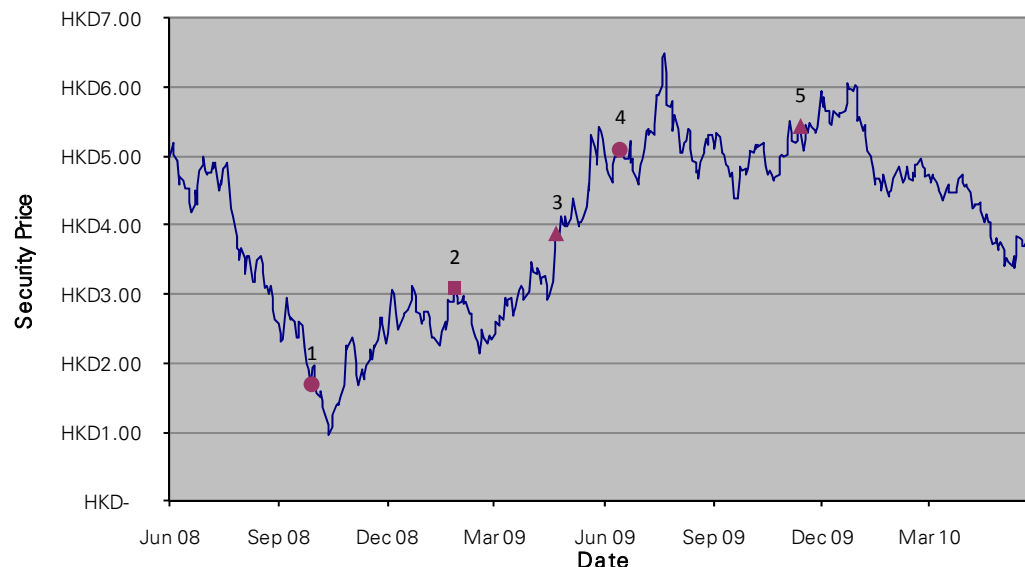
- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9, 2002

- | | | | | | |
|----|-------------|--|----|-------------|--|
| 1. | 13/10/2008: | Downgrade to Sell, Target Price Change HKD4.50 | 4. | 29/6/2009: | Downgrade to Hold, HKD13.20 |
| 2. | 10/2/2009: | Sell, Target Price Change HKD4.05 | 5. | 27/11/2009: | Upgrade to Buy, Target Price Change HKD19.00 |
| 3. | 7/5/2009: | Upgrade to Buy, Target Price Change HKD13.20 | | | |

Historical recommendations and target price: Maanshan Iron and Steel (0323.HK)

(as of 6/11/2010)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9, 2002

1.	13/10/2008:	Downgrade to Sell, Target Price Change HKD1.04	4.	29/6/2009:	Downgrade to Sell, HKD4.20
2.	10/2/2009:	Sell, Target Price Change HKD1.48	5.	27/11/2009:	Upgrade to Buy, Target Price Change HKD6.30
3.	7/5/2009:	Upgrade to Buy, Target Price Change HKD4.20			

Equity rating key **Equity rating dispersion and banking relationships**

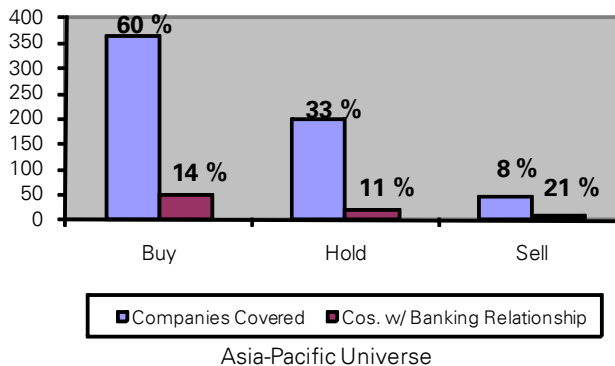
Buy: Based on a current 12- month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.
2. Ratings definitions prior to 27 January, 2007 were:
 - Buy: Expected total return (including dividends) of 10% or more over a 12-month period
 - Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
 - Sell: Expected total return (including dividends) of -10% or worse over a 12-month period



Regulatory Disclosures

1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at <http://gm.db.com>.

3. Country-Specific Disclosures

Australia: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

EU countries: Disclosures relating to our obligations under MiFiD can be found at <http://globalmarkets.db.com/riskdisclosures>.

Japan: Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations.

New Zealand: This research is not intended for, and should not be given to, "members of the public" within the meaning of the New Zealand Securities Market Act 1988.

Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Deutsche Bank AG/Hong Kong

Asia-Pacific locations

Deutsche Bank AG

Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG

Level 55
Cheung Kong Center
2 Queen's Road Central
Hong Kong
tel: (852) 2203 8888

Deutsche Equities India Pte Ltd

DB House, Ground Floor
Hazarimal Somani Marg
Fort, Mumbai 400 001
India
Tel: (91) 22 5658 4600

Deutsche Securities Inc.

2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6701

Deutsche Bank (Malaysia) Berhad

Level 18-20
Menara IMC
8 Jalan Sultan Ismail
Kuala Lumpur 50250
Malaysia
Tel: (60) 3 2053 6760

In association with Deutsche Regis Partners, Inc.

Level 23, Tower One
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Tel: (63) 2 894 6600

Deutsche Securities Korea Co.

17th Floor, YoungPoong Bldg.,
33 SeoRin-Dong,
Chongro-Ku, Seoul (110-752)
Republic of Korea
Tel: (82) 2 316 8888

Deutsche Bank AG Singapore

One Raffles Quay
South Tower
Singapore 048583
Tel: (65) 6423 8001

Deutsche Securities Asia Ltd

Taiwan Branch
Level 6
296 Jen-Ai Road, Sec 4
Taipei 106
Taiwan
Tel: (886) 2 2192 2888

In association with TISCO Securities Co., Ltd

TISCO Tower
48/8 North Sathorn Road
Bangkok 10500
Thailand
Tel: (66) 2 633 6470

In association with PT Deutsche Verdhana Indonesia

Deutsche Bank Building,
6th Floor, Jl. Imam Bonjol No.80,
Central Jakarta,
Indonesia
Tel: (62 21) 318 9541

International locations

Deutsche Bank Securities Inc.

60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Deutsche Bank AG London

1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank AG

Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG

Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG

Level 55
Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.

2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6701

Global Disclaimer

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively 'Deutsche Bank'). The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Deutsche Bank makes no representation as to the accuracy or completeness of such information.

Deutsche Bank may engage in securities transactions, on a proprietary basis or otherwise, in a manner **inconsistent** with the view taken in this research report. In addition, others within Deutsche Bank, including strategists and sales staff, may take a view that is **inconsistent** with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgement.

As a result of Deutsche Bank's recent acquisition of BHF-Bank AG, a security may be covered by more than one analyst within the Deutsche Bank group. Each of these analysts may use differing methodologies to value the security; as a result, the recommendations may differ and the price targets and estimates of each may vary widely.

Deutsche Bank has instituted a new policy whereby analysts may choose not to set or maintain a target price of certain issuers under coverage with a Hold rating. In particular, this will typically occur for 'Hold' rated stocks having a market cap smaller than most other companies in its sector or region. We believe that such policy will allow us to make best use of our resources. Please visit our website at <http://gm.db.com> to determine the target price of any stock.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Stock transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Deutsche Bank may with respect to securities covered by this report, sell to or buy from customers on a principal basis, and consider this report in deciding to trade on a proprietary basis.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. In the U.S. this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of the NYSE, the NASD, NFA and SIPC. In Germany this report is approved and/or communicated by Deutsche Bank AG Frankfurt authorized by the BaFin. In the United Kingdom this report is approved and/or communicated by Deutsche Bank AG London, a member of the London Stock Exchange and regulated by the Financial Services Authority for the conduct of investment business in the UK and authorized by the BaFin. This report is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. This report is distributed in Singapore by Deutsche Bank AG, Singapore Branch, and recipients in Singapore of this report are to contact Deutsche Bank AG, Singapore Branch in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), Deutsche Bank AG, Singapore Branch accepts legal responsibility to such person for the contents of this report. In Japan this report is approved and/or distributed by Deutsche Securities Inc. The information contained in this report does not constitute the provision of investment advice. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10). Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.