

Knock Out ELN with 12.73% Return Per Annum Linked to BBMG Corporation**Summary**

This 2 Month USD denominated investment product is linked to a Chinese cements supplier. The product will redeem early if on a daily observation date (including maturity date) the stock trades above 105% of its initial value. The early redemption amount will be equal to 100%. If the stock trades above 92% of its initial value on final observation date, final redemption will be 100%, otherwise final redemption will be final stock price divided by 92% of its initial price, hence, this is not a principal protected product.

Investment Objective

<input type="checkbox"/>	Growth
<input checked="" type="checkbox"/>	Income
<input type="checkbox"/>	Both

Investment Risk*

<input type="checkbox"/>	Capital Guaranteed
<input type="checkbox"/>	Partial Guaranteed
<input type="checkbox"/>	Conditional Guaranteed
<input checked="" type="checkbox"/>	No Guarantee

Investment Rationale

The Chinese Central Government has recently announced plans to decelerate the dramatic growth of the property market, but meanwhile they are trying to boost the social housing facilities to minimize the risk if the economy turns unfavorable as well as to fulfill the housing need for middle to low class communities. The building and construction segment is therefore likely to be remained strong including the suppliers of building materials.

Following the execution of development project in Western China, the demand of building materials is stable. The Ministry of Industry and Information Technology of China also stated that production of building materials in the first half of 2010 maintained growth at a high pace (i.e. 17.59% yoy). Among them, cement is one of the materials that recorded top increase. Total production of cements in China reached 848 million tons (+17.5% yoy) and 77.52% represented newly developed cement with high tech hardening process (5.27% ytd). Production of cement in June 2010 amounted to 172 million tons which reached its climax in history.

The top three cement suppliers in China in 2009 are BBMG (Turnover +37% to 1.73 billion USD); China National Building Material (Turnover +26% to 4.92 billion USD) and Anhui Conch Cement (Turnover +3.18% to 3.70 billion USD). BBMG had a Net Income (after Tax & XO items) in 2009 of 300 million USD, i.e. an increase of 54% comparing to 2008; CNBM and Anhui Conch had an increase at 55.6% and 34.5% respectively.

Considering that the Central Government's plan is in place for rapid expansion of the housing facilities in the rural area and the 100 billion USD major development projects ahead in the Western China, the demand for building materials has a great potential rise in the foreseeable future. The government is also planning to enhance the national production capacity to an additional 30% by allowing merge and acquisition within the top 10 manufacturers. As a result, the above mentioned suppliers may obtain benefit from the growing demand and the potential merging opportunities.

Sources: Ministry of Industry and Information Technology of China, Capital Money, Commerzbank Equity Markets & Commodities

**Product details**

Tenor	2 Month, subject to daily early redemption
Currency	USD
Stock	S(1) = BBM Corporation (2009 HK)
Obs. Date(k)	Daily
S(i,0)	Closing price of S(i) on Trade Date
S(i,k)	Closing price of S(i) on Observation Date(k)
Stock(k)	S(i,k) / S(i,0)
Initial Settlement	Strike Date + 2 week
Final Obs. Date	Strike Date + 2 month
Maturity Date	Final Obs Date + 2 business day
Tenor	51 days
Strike	92%
KO	105%
Offer Price	98.25%
Yield	12.73% (Act/365)

Product cashflows

Obs. Date(k)	If Stock(k) >= 105%, early redemption = 100%
Payment Date	(a) If KO on or before Initial Settlement Date = 2 businessday after Initial Settlement Date (b) If KO after Initial Settlement Date = KO Day + 2 business day
Final Obs. Date	(a) If Stock(k) >= 92%, redemption = 100% (b) If Stock(k) < 92%, redemption = S(i,k) / [92% x S(i,0)]
Payment Date	Maturity Date

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*The conditional capital guarantee associated with this product is a general unsecured obligation of the product's issuer, Commerzbank AG (current long-term credit rating 'A' (S&P); 'Aa3' (Moody's) and 'A+' (Fitch)), and as such is subject to counterparty risk.

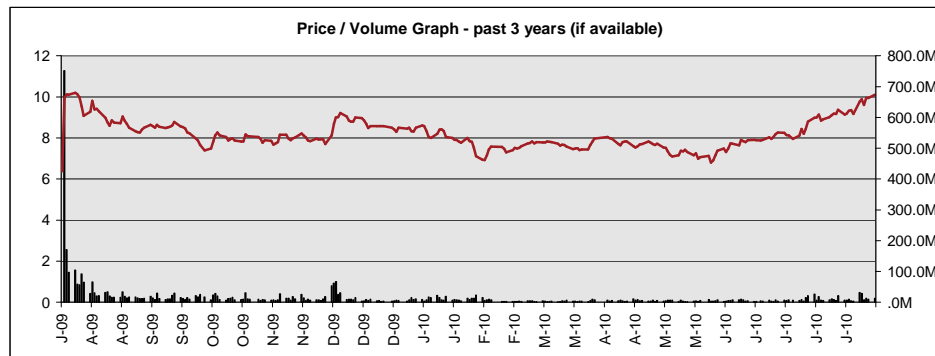
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Company description

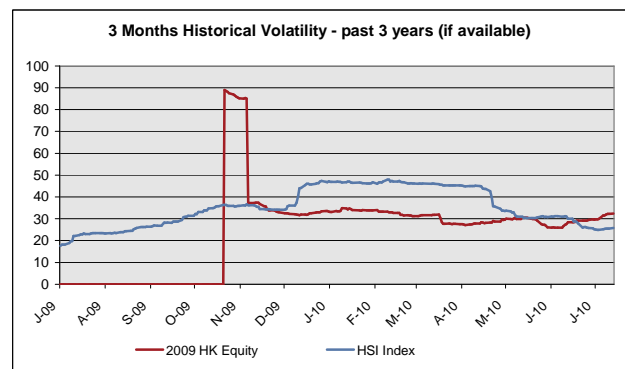
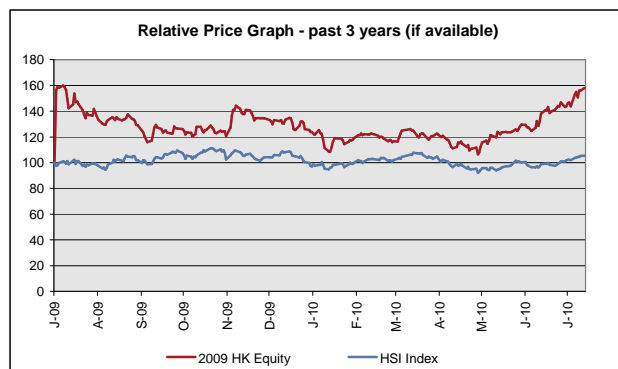
BBMG Corporation has operation in manufacturing and sales of cement and modern building materials. The Company also operates in property development, property investment and provision of property management services in China.

Sector Materials
Industry Construction Materials
Employees 18,759
Market Cap (bn) 39.12
Website www.bbm.com.cn

Primary Exchange Hong Kong
Bloomberg Ticker 2009 HK Equity
S&P Rating
Moody Rating
Fitch Rating



Stock Data	
Country	CH
Currency	HKD
Last Price	10.08
52W High (8/9/2010)	10.14
52W Low (2/9/2010)	6.78
% Change 1 Month	14.77
% Change 3 Months	42.25
% Change 1 Year	11.36
1 Month Volatility	37.4
3 Months Volatility	32.3
1 Year Volatility	
Gross Dividend Yield	0.79
Beta (adjusted)	
3 Months Avg Daily Value	63,563,260
Analyst Recommendations	
Number of Analysts	5
% Buy	80.0
% Hold	20.0
% Sell	0.0



Income Statement Summary	FY1 2009	FY1 2008	FY1 2007	FY1 2006	FY1 2005	FY1 2004	FY1 2003	FY1 2002	FY1 2001
Revenue	11,701	8,551	8,080	6,612					
Operating Income	2,263	1,154	637	468					
Pretax Income	2,882	1,907	859	892					
Income bef XO items	2,115	1,386	694	537					
Net Income	2,035	1,321	644	494					
Basic EPS Before XO Items	0.61	0.60	0.35	0.31					
Basic EPS	0.63	0.59	0.36	0.30					
Diluted EPS Before XO Items	0.62	0.59	0.36	0.30					
Diluted EPS	0.63	0.59	0.36	0.30					
Dividends per Share	0.07	0.04	0.06	0.03					
EBITDA	2,672	1,453	901	685					
Return on Common Equity	18.26	24.22	17.57						

Balance Sheet Summary	FY1 2009	FY1 2008	FY1 2007	FY1 2006	FY1 2005	FY1 2004	FY1 2003	FY1 2002	FY1 2001
Total Current Assets	17,540	11,026	10,871	8,124					
Total Long-Term Assets	17,916	14,367	10,726	9,087					
Total Assets	35,457	25,393	21,597	17,210					
Total Current Liabilities	11,075	13,286	14,966	10,561					
Total Long-Term Liabilities	7,897	3,932	2,449	2,604					
Total Liabilities	18,972	17,218	17,415	13,165					
Total Shareholders' Equity	16,484	8,174	4,182	4,045					
Shares Outstanding	3,873								
Book Value per Share	3.86								
Tangible Book Value / Sh	3.75								
Shrhldr Eqy / Tot Liab & Eqy	46.49	32.19	19.37	23.51					

Profitability	
EBIT	2,263
Operating Margin	19.34
Return on Assets	6.69
Return on Common Equity	18.26

Price Ratios	
P/E Ratio	13.97
Price/Book	2.28
Price/CF	2.48

Share Ratios	
EPS (trailing 12M)	0.63
Book/Share	3.86
CF/Share	-0.01
Sales/Share (trailing 12M)	3.55

Debt Ratios	
Current Ratio	1.58
Quick Ratio	0.64
Total Debt to Total Assets	23.19
Total Debt to Com Equity	54.96

Sources: Bloomberg, Commerzbank

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