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### Exhibit 1: New reform initiatives from the latest Third Plenary Session

| # | Reform initiative  |
|---|--|
| 1 | Allow market forces play a “decisive” role in the economy  |
| 2 | Establish open and transparent market rules that allow the market to determine pricing   |
| 3 | Establish a unified market for construction land in cities and the countryside   |
| 4 | Enhance farmers’ benefits in urbanization process; improve farmers’ property rights, and balance resource allocation between urban and rural residents |
| 5 | Reform fiscal system to better manage government budget  |
| 6 | Establish more free trade zones; allow domestic and foreign investors to have more access to invest in China   |
| 7 | Reform distribution system and social spending programs on medical care and social security  |
| 8 | Accelerate environmental protection efforts  |

Source(s): xinhuanet.com,

## CPC’s Third Plenary Session – A Roadmap for market reform

Comprehensive reform agenda was announced during the Third Plenary Session on November 12. For the first time in history, the government leaders called for a more decisive role for the market forces and began to tackle some long-standing issues. It unveiled a new reform blueprint to push forward sustainable development in the coming decade, and established a deadline for progress in 2020. We believe that the communique has illustrated the country’s general reform roadmap. More details about the reform will be announced in coming months.

**A “decisive” role of the market.** It was clearly stated during the Plenum that the market forces should play a decisive role in resource allocation. Previously, the government only regarded the market’s role as a “basic” one. Greater efforts will be made to remove market barrier and enhance efficiency and fairness of resource allocation. The change in perception reveals the government’s new approach and determination to achieve sustainable economic development.

**Stepping up fiscal system reform.** The communique specifies the Party’s goal to build a modern and transparent fiscal system, in which the central and local governments will be able to manage the budget with an improved taxation system and more balanced spending responsibilities. We believe the government is aiming to establish a proper fiscal system to resolve the current financing issues of the local government, optimize allocation of resources, strengthen the overall fiscal position of the government, and enhance social equality and stability.

**Facilitating urbanization process.** The highly anticipated “Hukou” reform was not addressed in the Plenum. However, the government will establish an integrated system of urban-rural relations, allowing citizens living outside cities to have equal participation in modernization. It was pointed out that the government would endeavor to enhance farmers’ benefits in the urbanization process and strengthen their property rights, as well as balancing the allocation of resources between urban and rural regions. It is also worth noting that a unified market for construction land in cities and the countryside with transparent, fair and open market rules will be established. We believe that the government is smoothing the urbanization process to ensure an eventual success.

**Expanding market access for investment.** Relaxation of investment restrictions and acceleration of free trade zone (FTZ) construction are the major key investment reforms mentioned during the Third Plenum. More free trade zones will be established in the inland and border regions. This will provide China with more opportunities to implement business and financial reforms. Moreover, investment will be more opened to both domestic and foreign ventures. Even though no details were given in terms of the specific industries to be opened up, we believe this move towards a more liberalized market will help China better utilize global and local capital resources, and integrate into the global economy.



China Economic Indicators

|                              | 2012  |       |       | 2013   |        |        |       |       |       |       |       |       |       |
|------------------------------|-------|-------|-------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
|                              | Oct   | Nov   | Dec   | Jan    | Feb    | Mar    | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   |
| Real GDP (YoY%)              | ---   | ---   | 7.9   | ---    | ---    | 7.7    | ---   | ---   | 7.5   | ---   | ---   | 7.8   | ---   |
| Export Growth (YoY%)         | 11.6  | 2.9   | 14.1  | 25.0   | 21.8   | 10.0   | 14.7  | 1.0   | (3.1) | 5.1   | 7.2   | (0.3) | 5.6   |
| Import Growth (YoY%)         | 2.4   | 0     | 6     | 28.8   | (15.2) | 14.1   | 16.8  | (0.3) | (0.7) | 10.9  | 7.0   | 7.4   | 7.6   |
| Trade Balance (USD/bn)       | 32.11 | 19.63 | 31.6  | 29.2   | 15.3   | (0.9)  | 18.2  | 20.4  | 27.1  | 17.8  | 28.5  | 15.2  | 31.1  |
| Retail Sales Growth (YoY%)   | 14.5  | 14.9  | 15.2  |        | 12.3   | 12.6   | 12.8  | 12.9  | 13.3  | 13.2  | 13.4  | 13.3  | 13.3  |
| Industrial Production (YoY%) | 9.6   | 10.1  | 10.3  |        | 9.9    | 8.9    | 9.3   | 9.2   | 8.9   | 9.7   | 10.4  | 10.2  | 10.3  |
| PMI - Manufacturing (%)      | 50.2  | 50.6  | 50.6  | 50.4   | 50.1   | 50.9   | 50.6  | 50.8  | 50.1  | 50.3  | 51.0  | 51.1  | 51.4  |
| PMI - Non-manufacturing (%)  | 55.5  | 55.6  | 56.1  | 56.2   | 54.5   | 55.6   | 54.5  | 54.3  | 53.9  | 54.1  | 53.9  | 55.4  | 56.3  |
| FAI(YTD) (YoY%)              | 20.7  | 20.7  | 20.6  |        | 21.2   | 20.9   | 20.6  | 20.4  | 20.1  | 20.1  | 20.3  | 20.2  | 20.1  |
| CPI (YoY%)                   | 1.7   | 2     | 2.4   | 2.0    | 3.2    | 2.1    | 2.4   | 2.1   | 2.7   | 2.7   | 2.6   | 3.1   | 3.2   |
| PPI (YoY%)                   | (2.8) | (2.2) | (1.9) | (1.6)  | (1.6)  | (1.9)  | (2.6) | (2.9) | (2.7) | (2.3) | (1.6) | (1.3) | (1.5) |
| M2 (YoY%)                    | 14.1  | 13.9  | 13.8  | 15.9   | 15.2   | 15.7   | 16.1  | 15.8  | 14.0  | 14.5  | 14.7  | 14.2  | 14.3  |
| New Lending (RMB/bn)         | 505.2 | 522.9 | 454.3 | 1070.0 | 620.0  | 1060.0 | 792.9 | 667.4 | 860.5 | 699.9 | 711.3 | 787.0 | 506.1 |

World Economic/Financial Indicators

| Equity Indices |               |              |       | Global Commodities                                   |                  |              |                     | Bond Yields & Key Interest Rates |                           |                |         |
|----------------|---------------|--------------|-------|--|------------------|--------------|---------------------|----------------------------------|---------------------------|----------------|---------|
|                | Closing price | Chg. WTD (%) | P/E   | Unit   | Price            | Chg. WTD (%) | Volume (5-day avg.) |                                  | Yield (%)                 | Chg. WTD (BPs) |         |
| <b>U.S.</b>    |               |              |       | <b>Energy</b>  |                  |              |                     |                                  |                           |                |         |
| DJIA           | 15,750.67     | (0.07)       | 15.29 | NYMEX WTI  | USD/bbl          | 93.34        | (1.33)              | 269,084                          | US Fed Fund Rate          | 0.25           | 0.00    |
| S&P 500        | 1,767.69      | (0.16)       | 16.74 | ICE Brent Oil  | USD/bbl          | 106.38       | 1.20                | 221,402                          | US Prime Rate             | 3.25           | 0.00    |
| NASDAQ         | 3,919.92      | 0.02         | 23.05 | NYMEX Natural Gas                                    | USD/MMBtu        | 3.64         | 2.22                | 115,037                          | US Discount Window        | 0.75           | 0.00    |
| MSCI US        | 1,689.70      | (0.15)       | 16.92 | Australia Newcastle Steam Coal Spot fob <sup>2</sup> | USD/Metric Tonne | 81.90        | N/A                 | N/A                              | US Treasury (1 Mth)       | 0.0406         | 0.51    |
| <b>Europe</b>  |               |              |       | <b>Basic Metals</b>                                  |                  |              |                     |                                  |                           |                |         |
| FTSE 100       | 6,672.69      | (0.53)       | 16.66 | LME Aluminum Cash                                    | USD/MT           | 1,753.25     | (1.02)              | 20,391                           | US Treasury (5 Yr)        | 1.4251         | 1.33    |
| DAX            | 9,050.82      | (0.30)       | 14.87 | LME Aluminum 3-mth. Rolling Fwd.                     | USD/MT           | 1,800.00     | (0.83)              | 29,588                           | US Treasury (10 Yr)       | 2.7506         | 0.29    |
| CAC40          | 4,248.33      | (0.28)       | 18.29 | CMX Copper Active                                    | USD/lb.          | 319.15       | (1.92)              | 53,373                           | Japan 10-Yr Gov. Bond     | 0.6010         | 0.70    |
| IBEX 35        | 9,687.80      | (0.61)       | 56.43 | LME Copper 3- mth Rolling Fwd.                       | USD/MT           | 7,120.00     | (0.66)              | 43,234                           | China 10-Yr Gov. Bond     | 4.4300         | 18.00   |
| FTSE MIB       | 18,935.24     | (0.14)       | 401.3 | TSI CFR China Iron Ore Fines Index <sup>3</sup>      | USD              | 135.90       | 0.00                | N/A                              | ECB Rate (Refinancing)    | 0.25           | (25.00) |
| Stoxx 600      | 319.86        | (0.89)       | 20.88 | <b>Precious Metals</b>                               |                  |              |                     |                                  |                           |                |         |
| MSCI UK        | 1,986.16      | 0.21         | 16.75 | CMX Gold   | USD/T. oz        | 1,275.00     | (0.75)              | 142,680                          | 1 Month LIBOR             | 0.1685         | 0.00    |
| MSCI France    | 118.84        | 0.07         | 21.07 | CMX Silver   | USD/T. oz        | 20.76        | (2.61)              | 44,591                           | 3 Month LIBOR             | 0.2393         | (0.02)  |
| MSCI Germany   | 124.65        | 0.00         | 14.41 | NYMEX Platinum                                       | USD/T. oz        | 1,439.70     | (0.22)              | 8,841                            | O/N SHIBOR                | 3.3360         | (42.50) |
| MSCI Italy     | 54.66         | 0.20         | 102.9 | <b>Agricultural Products</b>                         |                  |              |                     |                                  |                           |                |         |
| <b>Asia</b>    |               |              |       | CBOT Corn  | USD/bu           | 432.75       | 1.41                | 248,865                          | 3-Month HIBOR             | 0.3793         | 0.00    |
| NIKKEI 225     | 14,567.16     | 3.41         | 21.15 | CBOT Wheat   | USD/bu           | 645.75       | (0.62)              | 77,239                           | Corporate Bonds (Moody's) |                |         |
| S&P/ASX 200    | 5,319.18      | (1.51)       | 22.28 | NYB-ICE Sugar  | USD/lb.          | 17.89        | (1.05)              | 49,789                           | Aaa                       | 4.69           | 15.00   |
| HSI            | 22,463.83     | (1.23)       | 10.17 | CBOT Soybeans  | USD/bu.          | 1,315.00     | 1.47                | 107,805                          | Baa                       | 5.46           | 17.00   |
| HSCEI          | 10,276.61     | (1.10)       | 7.67  |  |                  |              |                     |                                  |                           |                |         |
| CSI300         | 2,288.12      | (0.86)       | 10.70 |  |                  |              |                     |                                  |                           |                |         |
| SSE Composite  | 2,087.94      | (0.86)       | 10.44 |  |                  |              |                     |                                  |                           |                |         |
| SZSE Composite | 996.37        | (0.15)       | 36.88 |  |                  |              |                     |                                  |                           |                |         |
| MSCI China     | 61.36         | 1.00         | 9.62  |  |                  |              |                     |                                  |                           |                |         |
| MSCI Hong Kong | 11,926.92     | 0.02         | 10.79 |  |                  |              |                     |                                  |                           |                |         |
| MSCI Japan     | 744.27        | 2.57         | 16.37 |  |                  |              |                     |                                  |                           |                |         |

Note:

- Data sources: Bloomberg Finance LP, National Bureau of Statistics of China, ABCIS (updated on date of report)
- Australia Newcastle Steam Coal Spot fob is the Australia Newcastle 6700 kc GAD fob Steam Coal Spot price published by McCloskey
- TSI CFR China Iron Ore Fines Index is calculated with the 62% Fe specification, spot price

Currency

|              | Euro/USD | GBP/USD | AUD/USD | USD/JPY | USD/CHF | USD/CNY | USD/HKD | USD/CNY NDF 12-Mth |
|--------------|----------|---------|---------|---------|---------|---------|---------|--------------------|
| Spot Rate    | 1.3431   | 1.5891  | 0.9286  | 99.49   | 0.9172  | 6.0915  | 7.7532  | 6.1610             |
| Chg. WTD (%) | 0.48     | (0.79)  | (1.05)  | (0.44)  | 0.47    | (0.01)  | (0.02)  | (0.05)             |



## Disclosures

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### Definition of equity rating

| Rating | Definition  |
|--------|---|
| Buy    | Stock return $\geq$ Market return rate                      |
| Hold   | Market return - 6% $\leq$ Stock return < Market return rate |
| Sell   | Stock return < Market return - 6%                           |

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2007-2011

Time horizon of share price target: 12-month

### Definition of share price risk

| Rating    | Definition   |
|-----------|--|
| Very high | $2.6 \leq$ 180 day volatility/180 day benchmark index volatility       |
| High      | $1.5 \leq$ 180 day volatility/180 day benchmark index volatility < 2.6 |
| Medium    | $1.0 \leq$ 180 day volatility/180 day benchmark index volatility < 1.5 |
| Low       | 180 day volatility/180 day benchmark index volatility < 1.0            |

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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