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Exhibit 1: Economic indicators in 3Q14 & 1H14

YoY% or otherwise specified	3Q'14	2Q'14	1H'14
GDP	7.3	7.5	7.4
CPI	2.0	2.2	2.3
PPI	(1.3)	(1.5)	(1.7)
Exports	12.9	4.9	0.9
Imports	1.3	1.5	1.5
Trade Balance (US\$/bn)	128.1	85.9	102.5
FAI (YTD%)	16.5	17.2	17.3
Industrial production	8.0	8.9	8.8
Retail Sales	11.9	12.4	12.1
M2	12.9	14.7	14.7
New loans (RMB/bn)	1944.9	2,725.5	5,740.0
Aggregate financing (RMB/bn)	2280.8	4,941.9	10,570.0

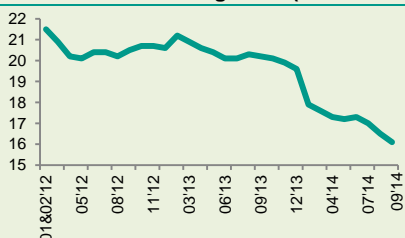
Source(s): Bloomberg, ABCI Securities

Exhibit 2: September economic indicators

YoY% or otherwise specified	Sept'14	Aug'14
CPI	1.6	2.0
PPI	(1.8)	(1.2)
Exports	15.3	9.4
Imports	7.0	(2.4)
Trade Balance (US\$/bn)	30.9	49.8
FAI (YTD%)	16.1	16.5
Industrial production	8.0	6.9
Retail Sales	11.6	11.9
M2	12.9	12.8
New loans (RMB/bn)	857.2	702.5
Aggregate financing (RMB/bn)	1052.2	957.7

Source(s): Bloomberg, ABCI Securities

Exhibit 3: China's FAI growth (YTD YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

A dismal 3Q14 calls for more stimulus

China's GDP growth dipped to 7.3% in 3Q14, the slowest since 1Q09. The sluggish growth missed the government's target of 7.5% YoY but was slightly above the market expectation of 7.2% YoY. Growth in investment and consumption – the key drivers of the economy, were the main culprits behind the weakened quarterly growth. Stagnation observed in 3Q14 has already prompted policymakers to implement policies that accelerate reforms and stimulate growth. We are of the view that economic growth would advance steadily to reach 7.5% YoY for 4Q14 and 7.4% YoY for 2014, slightly lower than the government's full-year target of 7.5% YoY.

Further decline in FAI growth. In September, YTD FAI growth reached 16.1% YoY, signaling further dampening of investment as the economic restructuring continues. In general, the economic slowdown is holding back corporate investment. The decreasing YTD FAI growth in real estate is weighing on the overall FAI growth (12.5% YoY in September vs. 13.2% YoY in August). The relatively high growth in infrastructure FAI, however, indicates that the government's supportive policies are at work. We expect the government's new policies will help reverse the downtrend in 4Q14.

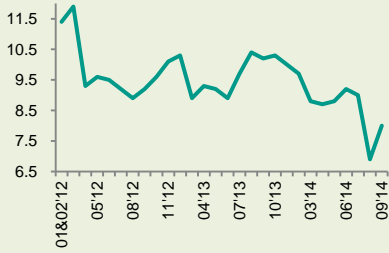
Significant improvement in industrial production. Industrial production in September was up by 8% YoY, a substantial rebound from the 6.9% YoY growth in August. Industry-wise, momentum in the manufacturing sector has improved. In particular, the "Manufacture of Computer, Communication Equipment and Other Electronic Equipment" registered a strong growth of 16.6% YoY, possibly aided by the launch of new electronic gadgets by major brands. In addition, daily production of the 8 major products (including steel, cement, ethylene, non-ferrous metals, cars, crude oil processing, and electricity) improved MoM except for electricity. We believe growth in the industrial sector could provide support to the economy for the rest of the year.

Retail sales fell short of expectations. Growth in September's retail sales slowed to 11.6% YoY, lower than our forecast of 12.1% YoY. Specifically, we believe YoY negative growth in the "Catering Services of the Enterprises (units) above Designated Size" has been the major contributor of the dismal growth. This suggests that the government's crackdown on excessive spending will continue to weigh on the economy. We expect retail sales growth is highly unlikely to recover in the short term, as certain indicators show weak consumption and consumers are postponing their purchases until the "Singles Day" discount on November 11. It is obvious that more policies will be required to cultivate consumption as a growth driver.

External trade continues to rebound. In September, export and import growth improved to 15.3% YoY and 7.0% YoY, indicating further advancement in the external trade sector. Exports made significant strides in 3Q14 and grew by 12.9% YoY (2Q14 growth: 4.9% YoY). We believe surging demand for China's exports from major trading partners, together with the supportive stance of the Chinese government, will continue to drive growth in China's external

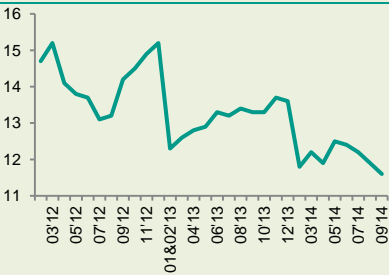


Exhibit 4: China's industrial production growth (YoY %)



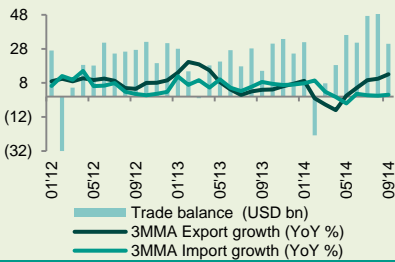
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 5: China's Retail sales (YoY %)



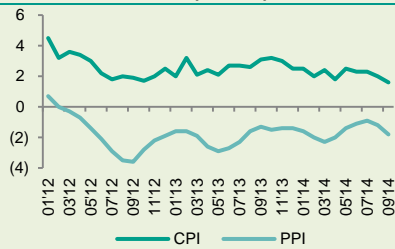
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 6: China's external trade



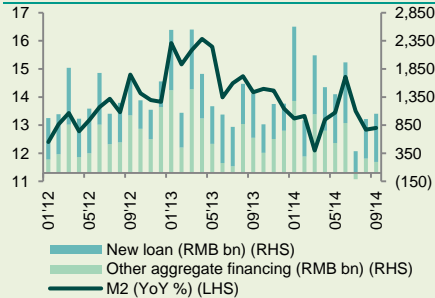
Source(s): China Customs, Bloomberg, ABCI Securities

Exhibit 7: CPI & PPI (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 8: New loans and M2 growth



Source(s): PBOC, Bloomberg, ABCI Securities

trade. We forecast exports and imports to grow by 13.5% YoY and 5.7% YoY for 2H14.

September CPI and PPI ease amid waning economic momentum. CPI moderated to 1.6% YoY in September, reaching the lowest since January 2010. A broad range of product categories experienced slower price increase, suggesting a mild inflationary pressure and plentiful room for stimulus measures. In addition, the decline of PPI widened to 1.8% YoY. The index has fallen for 31 months in a row, signaling overcapacity in China's factories and declining commodity prices. We expect PPI will remain subdued on extended weakness in global commodity prices. The deflationary spiral will likely continue with China's producer prices deflating in coming months.

Monetary data reflected impact of targeted easing. New loans and M2 growth were RMB 857.2bn and 12.9% YoY in September, exceeding the RMB 702.5 and 12.8% YoY in August. The rebound in new loans signals that credit has been growing faster than expected amid targeted easing. Also noteworthy is that trust loan in total social financing continued to decline as its share in aggregate financing dropped from 3.3% in August to 2.8% in September, reflecting the government's efforts to manage shadow banking risks. For 4Q14, we expect monetary policy will remain accommodative to spur economic recovery.



China Economic Indicators

	2013					2014								
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Real GDP (YoY%)	---	7.8	---	---	7.7	---	---	7.4	---	--	7.5	--	---	7.3
Export Growth (YoY%)	7.2	(0.3)	5.6	12.7	5.8	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5	9.4	15.3
Import Growth (YoY%)	7.0	7.4	7.6	5.3	6.5	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)	(2.4)	7.0
Trade Balance (USD/bn)	28.5	15.2	31.1	33.8	32.3	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3	49.8	30.9
Retail Sales Growth (YoY%)	13.4	13.3	13.3	13.7	13.6	11.8		12.2	11.9	12.5	12.4	12.2	11.9	11.6
Industrial Production (YoY%)	10.4	10.2	10.3	10.0	9.7	8.6		8.8	8.7	8.8	9.2	9.0	6.9	8.0
PMI - Manufacturing (%)	51.0	51.1	51.4	51.4	51.0	50.5	50.2	50.3	50.4	50.8	51.0	51.7	51.1	51.1
PMI - Non-manufacturing (%)	53.9	55.4	56.3	56.0	54.6	53.4	55.0	54.5	54.8	55.5	55.0	54.2	54.4	54.0
FAI(YTD) (YoY%)	20.3	20.2	20.1	19.9	19.6	17.9		17.6	17.3	17.2	17.3	17.0	16.5	16.1
CPI (YoY%)	2.6	3.1	3.2	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0	1.6
PPI (YoY%)	(1.6)	(1.3)	(1.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)	(1.2)	(1.8)
M2(YoY%)	14.7	14.2	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	14.7	13.5	12.8	12.9
New Lending (RMB/bn)	711.3	787.0	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1080	385.2	702.5	857.2
Aggregate Financing (RMB bn)	1,584	1,411.3	864	1,226.9	1,232.2	2,580	938.7	2,081.3	1,550	1,400	1,970	273.7	957.7	1052.2

World Economic/Financial Indicators

Equity Indices				Global Commodities				Bond Yields & Key Rates			
	Closing price	Chg. WTD (%)	P/E	Unit	Price	Chg. WTD (%)	Volume (5-day avg.)		Yield (%)	Chg. WTD (Bps)	
U.S.				Energy				US Fed Fund Rate	0.25	0.00	
DJIA	16,399.67	0.12	14.88	NYMEX WTI	USD/bbl	83.19	0.53	329,184	US Prime Rate	3.25	0.00
S&P 500	1,904.01	0.91	17.08	ICE Brent Oil	USD/bbl	85.95	(0.24)	154,228	US Discount Window	0.75	0.00
NASDAQ	4,316.07	1.35	71.82	NYMEX Natural Gas	USD/MMBtu	3.69	(2.10)	101,505	US Treasury (1 Mth)	0.0253	0.50
MSCI US	1,819.14	0.92	17.49	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	63.30	N/A	N/A	US Treasury (5Yr)	1.4164	0.13
Europe				Basic Metals				US Treasury (10 Yr)	2.2023	0.87	
FTSE 100	6,321.70	0.18	15.79	LME Aluminum Cash	USD/MT	1,959.75	0.22	25,505	Japan 10-Yr Gov. Bond	0.4850	0.90
DAX	8,848.19	(0.02)	16.46	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,972.00	0.00	45,967	China 10-Yr Gov. Bond	3.7600	(9.00)
CAC40	4,065.28	0.80	24.93	CMX Copper Active	USD/lb.	6,595.00	(1.20)	10,603	ECB Rate (Refinancing)	0.05	0.00
IBEX 35	10,106.90	1.51	19.97	LME Copper 3- mth Rolling Fwd.	USD/MT	6,560.00	(1.19)	67,852	1-Month LIBOR	0.1572	0.44
FTSE MIB	18,977.97	1.48	168.5	Precious Metals				3 Month LIBOR	0.2314	0.14	
Stoxx 600	321.53	0.89	19.46	CMX Gold	USD/T. oz	1,248.80	0.79	153,211	O/N SHIBOR	2.4150	(4.60)
MSCI UK	1,848.91	(0.67)	15.65	CMX Silver	USD/T. oz	17.40	0.40	35,836	1-mth SHIBOR	3.8580	2.50
MSCI France	111.72	(0.97)	25.49	NYMEX Platinum	USD/T. oz	1,271.70	0.81	9,979	3-mth HIBOR	0.3779	0.01
MSCI Germany	116.48	(1.46)	16.27	Agricultural Products				Corporate Bonds (Moody's)			
MSCI Italy	53.84	(0.88)	159.5	CBOT Corn	USD/bu	348.25	0.07	156,886	Aaa	3.87	(2.00)
Asia				CBOT Wheat	USD/bu	516.25	0.05	44,707	Baa	4.66	(1.00)
NIKKEI 225	14,804.28	1.87	19.30	NYB-ICE Sugar	USD/lb.	16.40	(1.32)	44,795			
S&P/ASX 200	5,325.03	1.01	18.45	CBOT Soybeans	USD/bu.	948.75	(0.32)	155,592			
HSI	23,088.58	0.28	10.06								
HSCEI	10,275.98	0.41	7.16								
CSI300	2,433.39	(0.34)	10.82								
SSE Composite	2,339.66	(0.07)	11.29								
SZSE Composite	1,330.77	0.55	32.07								
MSCI China	61.85	0.65	9.27								
MSCI Hong Kong	12,518.17	(0.16)	10.74								
MSCI Japan	753.03	4.02	14.70								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-mth Spot pr.
Spot Rate	1.2768	1.6146	0.8805	106.83	0.9453	6.1230	7.7564	6.2415
Chg. WTD (%)	0.05	0.33	0.70	0.05	0.11	0.04	0.02	0.15

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



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 2009-2013

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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