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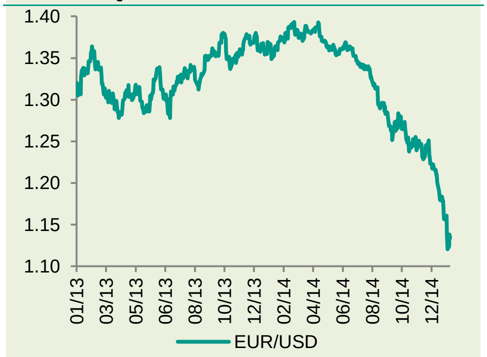
Exhibit 1: Euro extends weakness after the launch of QE



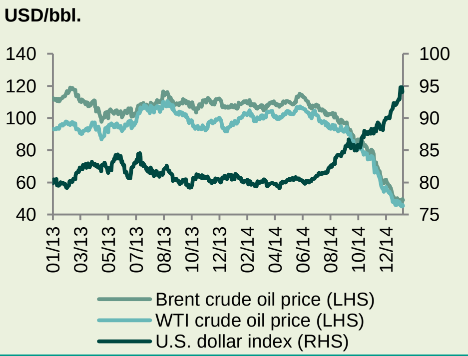
Source(s): Bloomberg, ABCI Securities

Exhibit 2: IMF lowered forecasts for global economic growth

	Previous forecast (YoY %)	Current forecast (YoY %)
Global	3.8	3.5
U.S.	3.1	3.6
Eurozone	1.4	1.2
China	7.1	6.8
Japan	0.8	0.6
Emerging and Developing Asia	6.6	6.4
ASEAN	5.4	5.2

Source: IMF, ABCI Securities

Exhibit 3: Strong USD and dipping oil prices reduce inflation pressure



Source(s): Bloomberg, ABCI Securities

A credit-loosening world to combat growth headwinds

The market has had great expectation for a turnaround since ECB finally kick-started on its QE program. However, economic uncertainty continues to mount as the newly elected Greek government presents challenges to Eurozone with its intention to end fiscal austerity. Amid an uneven recovery, the global economy is struggling with faltering growth momentum and investment confidence. The global business environment is facing an increasingly complicated monetary policy with marked variations in economic conditions and political instability. China, as the world's second largest economy, is bracing for the new norm of lower economic growth. With rising disinflation risks, reduced economic expansion and structural reforms, China will launch more credit loosening and expansionary fiscal measures to regenerate impetus and direct the economy toward a more sustainable path of development.

Ongoing turbulence in Europe. Under the threat of deflation risks, the European Central Bank (ECB) has announced an extensive QE program of €1.1tr, using its own newly created money to purchase €60bn of government bonds each month from across the Eurozone. The program will last until at least September 2016, and extension will be offered if inflation in the Eurozone fails to reach the 2% target. European countries, while struggling with anemic growth, see QE as a necessary step to recovery. Going forward, the Eurozone will benefit from lower oil prices and stronger U.S. growth. With QE supporting low interest rates for an extended period and a weaker currency, upside surprises to Eurozone growth may increase.

IMF is negative on global growth in 2015. Despite falling oil prices and faster-than-expected economic recovery in the U.S., the IMF slashed global growth forecast for 2015 from 3.8% and 3.5% amid weak recovery momentum in Europe, Japan and emerging economies. The economic weakness, along with mounting deflation risks, is challenging policymakers across Europe and Asia to formulate measures to foster domestic demand. In fear of slow recovery and deflation, central banks in Denmark, Turkey, Canada, Switzerland, and India have moved ahead of ECB to conduct credit loosening through interest rate cut to stimulate economic development. In sum, countries with moderating growth will strengthen their monetary easing programs and deploy more stimulus to revive growth.

Disinflation concerns may delay rate hike. QE in Europe will flood the world with excessive amount of new money, affecting the stance of U.S. monetary policy. USD has turned stronger since the end of its QE program. With Europe's QE and falling oil prices, we believe USD will continue to show strength and alleviate inflationary pressure. Sluggish growth in the global economy may undermine expansion in the U.S., prompting the Fed to delay interest rate hike. Based on the latest data and Fed announcements, we believe the rate hike cycle will start in 2H15 given uncertainties in the global environment.

China adjusts its macro loosening policies in a world of credit loosening. ECB's QE and rate cuts by several countries in January have injected liquidity into the regional economies, placing more pressure on China to further policy easing to sustain momentum and avoid a severe downturn. Against the backdrop of a precarious global recovery, a weakening real estate market and moderating domestic demand, the country will deploy more aggressive monetary easing and pro-growth reforms to support the economy in the coming months.

China Economic Indicators

	2013			2014											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Real GDP (YoY%)	---	---	7.7	---	---	7.4	---	--	7.5	--	---	7.3	---	---	7.3
Export Growth (YoY%)	5.6	12.7	5.8	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5	9.4	15.3	11.6	4.7	9.7
Import Growth (YoY%)	7.6	5.3	6.5	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)	(2.4)	7.0	4.6	(6.7)	(2.4)
Trade Balance (USD/bn)	31.1	33.8	32.3	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3	49.8	30.9	45.4	54.5	49.6
Retail Sales Growth (YoY%)	13.3	13.7	13.6	11.8		12.2	11.9	12.5	12.4	12.2	11.9	11.6	11.5	11.7	11.9
Industrial Production (YoY%)	10.3	10.0	9.7	8.6		8.8	8.7	8.8	9.2	9.0	6.9	8.0	7.7	7.2	7.9
PMI - Manufacturing (%)	51.4	51.4	51.0	50.5	50.2	50.3	50.4	50.8	51.0	51.7	51.1	51.1	50.8	50.3	50.1
PMI - Non-manufacturing (%)	56.3	56.0	54.6	53.4	55.0	54.5	54.8	55.5	55.0	54.2	54.4	54.0	53.8	53.9	54.1
FAI(YTD) (YoY%)	20.1	19.9	19.6	17.9		17.6	17.3	17.2	17.3	17.0	16.5	16.1	15.9	15.8	15.7
CPI (YoY%)	3.2	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0	1.6	1.6	1.4	1.5
PPI (YoY%)	(1.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)	(1.2)	(1.8)	(2.2)	(2.7)	(3.3)
M2(YoY%)	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	14.7	13.5	12.8	12.9	12.6	12.3	12.2
New Lending (RMB/bn)	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1080	385.2	702.5	857.2	548.3	852.7	697.3
Aggregate Financing (RMB bn)	864	1,226.9	1,232.2	2,580	938.7	2,081.3	1,550	1,400	1,970	273.7	957.7	1135.5	662.7	1,146.3	1690.0

World Economic/Financial Indicators

Equity Indices

	Closing price	Chg. WTD (%)	P/E
U.S.			
DJIA	17,387.21	(1.61)	15.64
S&P 500	2,029.55	(1.09)	17.88
NASDAQ	4,681.50	(1.61)	34.52
MSCI US	1,940.39	(0.97)	18.31
Europe			
FTSE 100	6,844.96	0.18	19.60
DAX	10,703.60	0.51	18.50
CAC40	4,650.95	0.22	27.81
IBEX 35	10,646.90	0.62	22.17
FTSE MIB	20,766.48	1.20	N/A
Stoxx 600	370.89	0.14	22.99
MSCI UK	2,002.07	(0.33)	19.37
MSCI France	130.47	(0.24)	28.96
MSCI Germany	142.42	(0.21)	18.61
MSCI Italy	59.33	0.59	N/A
Asia			
NIKKEI 225	17,795.73	1.62	21.50
S&P/ASX 200	5,552.78	0.93	19.18
HSI	24,861.81	0.05	10.51
HSCEI	11,963.64	(2.42)	8.44
CSI300	3,525.32	(1.30)	15.53
SSE Composite	3,305.74	(1.37)	15.82
SZSE Composite	1,538.86	1.62	37.28
MSCI China	68.91	(1.05)	10.38
MSCI Hong Kong	13,194.89	1.21	10.84
MSCI Japan	879.93	1.61	16.14

Global Commodities

	Unit	Price	Chg. WTD (%)	Volume (5-day avg.)
Energy				
NYMEX WTI	USD/bbl	45.51	(0.18)	353,030
ICE Brent Oil	USD/bbl	49.03	0.49	265,282
NYMEX Natural Gas	USD/MMBtu	2.91	(2.58)	110,117
Australia Newcastle Steam Coal Spot fob[2]	USD/Metric Tonne	61.80	N/A	N/A
BasicMetals				
LME Aluminum Cash	USD/MT	1,848.00	1.37	21,746
LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,855.00	1.31	41,639
CMX Copper Active	USD/lb.	5,446.00	(1.71)	15,027
LME Copper 3- mth Rolling Fwd.	USD/MT	5,421.00	(1.78)	59,587
Precious Metals				
CMX Gold	USD/T. oz	1,289.20	(0.34)	49,946
CMX Silver	USD/T. oz	18.01	(1.58)	40,881
NYMEX Platinum	USD/T. oz	1,263.50	(0.41)	11,310
Agricultural Products				
CBOT Corn	USD/bu	380.50	(1.62)	127,105
CBOT Wheat	USD/bu	517.25	(2.41)	49,257
NYB-ICE Sugar	USD/lb.	15.16	(0.07)	84,179
CBOT Soybeans	USD/bu.	975.25	0.26	99,065

Bond Yields & Key Rates

	Yield (%)	Chg. WTD (Bps)
US Fed Fund Rate	0.25	0.00
US Prime Rate	3.25	0.00
US Discount Window	0.75	0.00
US Treasury (1 Yr)	0.1472	0.00
US Treasury (5Yr)	1.3352	2.72
US Treasury (10 Yr)	1.8196	2.28
Japan 10-Yr Gov. Bond	0.2950	6.10
China 10-Yr Gov. Bond	3.4500	(3.00)
ECB Rate (Refinancing)	0.05	0.00
1-Month LIBOR	0.1690	0.13
3 Month LIBOR	0.2561	0.00
O/N SHIBOR	2.6900	(3.80)
1-mth SHIBOR	4.9732	(5.48)
3-mth HIBOR	0.3843	(0.07)
Corporate Bonds (Moody's)		
Aaa	3.41	2.00
Baa	4.41	0.00

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-mth Spot pr.
Spot Rate	1.1338	1.5167	0.7993	117.95	0.9055	6.2467	7.7524	6.3577
Chg. WTD (%)	1.20	1.19	1.02	(0.15)	(2.81)	(0.29)	(0.01)	(0.07)

Note:

1. Data sources: Bloomberg, National Bureau of Statistics of China, ABCIS (updated on date of report)
2. Australia Newcastle Steam Coal Spot fob is the Australia Newcastle 6700 kc GAD fob Steam Coal Spot price published by McCloskey

Disclosures

Analyst Certification

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Definition of equity rating

Rating	Definition
Buy	Stock return ≥ Market return rate
Hold	Market return – 6% ≤ 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 ≤180 day volatility/180 day benchmark index volatility
High	1.5 ≤ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	1.0 ≤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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