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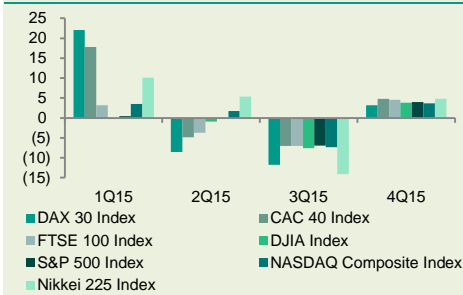
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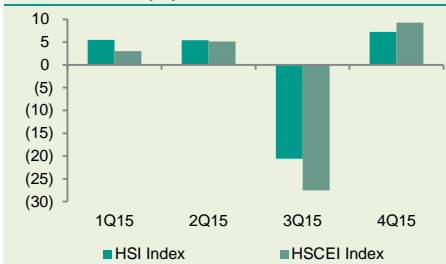
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Exhibit 1: Global market indices rebound at the start of 4Q15 (%)



* 4Q15 data as of latest closing price
Source(s): Bloomberg, ABCI Securities

Exhibit 2: Quarterly performance of HK's stock market (%)



* 4Q15 data as of latest closing price
Source(s): Bloomberg, ABCI Securities

Market to rebound in 4Q15

A financial market downturn, as characterized by spiking volatility in commodities prices, FX moves, and concerns about a slowdown of China's growth, triggered an outsized correction of over 20% in Hong Kong's stock market in 3Q15. Entering 4Q15, the impending announcement of China's 13th Five-Year plan, possible inclusion of RMB into SDR, continued implementation of counter-cyclical measures on the monetary and fiscal fronts, along with the oversold conditions in the equity market, present a potential entry point for investors. Despite rebalancing in the economy, we believe China will launch more targeted stimulus measures to bolster momentum. Fresh liquidity, driven by accommodative economic policies, is expected to provide firm support to the stock market in 4Q15.

Expected weak corporate earnings, RMB depreciation, and unfavorable global economic outlook have been priced in. Deep correction of the stock market in 3Q15 was mainly driven by the ripple effects of currency depreciation, weakening commodities prices, economic downturn in the emerging markets, and potential U.S. rate hike before end-2015, which would potentially put a damper on the global economic recovery. Intense market volatility would fuel apprehension, accentuating the danger of a vicious cycle of financial instability on the global level. We believe, however, the market has been oversold. With signs of economic stabilization and market rebound emerging at the start of 4Q15, the stock market begins to show greater impetus.

Hong Kong's stock market will benefit from accommodative policies in China. Adjustments in economic structure and the new norm of slower economic growth have caused short-term economic turmoil, but China is committed to pursuing reforms on the financial, fiscal and SOE fronts for a more sustainable future. While Hong Kong's economy is intricately linked to China's, its monetary policy is also tied to the U.S. through the dollar-peg system. Hong Kong's stock market has turned more volatile in 3Q15 on China's economic slowdown as well as concerns over an interest rate hike in the U.S. With China's policymakers intending to loosen monetary policy further, we believe the accommodative liquidity environment will provide support to Hong Kong's stock market in 4Q15.

Expecting a liquidity-driven rebound. Hong Kong's aggregate balance has been accelerating, reaching HK\$ 361.475bn as of Oct 7, 2015, up HK\$ 122.36 bn from the beginning of the year. Thanks to China's credit easing that targets to increase credit volume and lower cost of capital, liquidity has been channeling into the stock markets in Hong Kong and China, increasing the likelihood of a rebound in 4Q15. We believe downward correction in Hong Kong's market (down 20.6% in 3Q15) provides a good entry point for stocks with strong fundamentals, relevant policy support and low valuations. As such, our sectors to watch include the China's banking sector, China's insurance sector, China's property sector, China's clean energy and environmental sectors, as well as China's infrastructure and railway sectors.



China Economic Indicators

| | 2014 | | | | | | | 2015 | | | | | | | | |
|------------------------------|-------|-------|-------|---------|-------|---------|-------|--------|--------|--------|--------|--------|---------|-------|--------|--------|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep* |
| Real GDP (YoY%) | 7.5 | -- | --- | 7.3 | --- | --- | 7.3 | --- | --- | 7.0 | --- | --- | 7.0 | --- | --- | 6.9 |
| Export Growth (YoY%) | 7.2 | 14.5 | 9.4 | 15.3 | 11.6 | 4.7 | 9.7 | (3.2) | 48.3 | (15.0) | (6.4) | (2.5) | 2.8 | (8.3) | (5.5) | (3.5) |
| Import Growth (YoY%) | 5.5 | (1.6) | (2.4) | 7.0 | 4.6 | (6.7) | (2.4) | (19.7) | (20.5) | (12.7) | (16.2) | (17.6) | (6.1) | (8.1) | (13.8) | (8.5) |
| Trade Balance (USD/bn) | 31.6 | 47.3 | 49.8 | 30.9 | 45.4 | 54.5 | 49.6 | 60.0 | 60.6 | 3.1 | 34.1 | 59.49 | 46.6 | 43.0 | 60.2 | 39.0 |
| Retail Sales Growth (YoY%) | 12.4 | 12.2 | 11.9 | 11.6 | 11.5 | 11.7 | 11.9 | 10.7 | | 10.2 | 10.0 | 10.1 | 10.6 | 10.5 | 10.8 | 11.0 |
| Industrial Production (YoY%) | 9.2 | 9.0 | 6.9 | 8.0 | 7.7 | 7.2 | 7.9 | 6.8 | | 5.6 | 5.9 | 6.1 | 6.8 | 6.0 | 6.1 | 6.2 |
| PMI - Manufacturing (%) | 51.0 | 51.7 | 51.1 | 51.1 | 50.8 | 50.3 | 50.1 | 49.8 | 49.9 | 50.1 | 50.1 | 50.2 | 50.2 | 50.0 | 49.7 | 49.8 |
| PMI - Non-manufacturing (%) | 55.0 | 54.2 | 54.4 | 54.0 | 53.8 | 53.9 | 54.1 | 53.7 | 53.9 | 53.7 | 53.4 | 53.2 | 53.8 | 53.9 | 53.4 | 53.4 |
| FAI(YTD) (YoY%) | 17.3 | 17.0 | 16.5 | 16.1 | 15.9 | 15.8 | 15.7 | 13.9 | | 13.5 | 12.0 | 11.4 | 11.4 | 11.2 | 10.9 | 10.8 |
| CPI (YoY%) | 2.3 | 2.3 | 2.0 | 1.6 | 1.6 | 1.4 | 1.5 | 0.8 | 1.4 | 1.4 | 1.5 | 1.2 | 1.4 | 1.6 | 2.0 | 2.2 |
| PPI (YoY%) | (1.1) | (0.9) | (1.2) | (1.8) | (2.2) | (2.7) | (3.3) | (4.3) | (4.8) | (4.6) | (4.6) | (4.6) | (4.8) | (5.4) | (5.9) | (5.9) |
| M2(YoY%) | 14.7 | 13.5 | 12.8 | 12.9 | 12.6 | 12.3 | 12.2 | 10.8 | 12.5 | 11.6 | 10.1 | 10.8 | 11.8 | 13.3 | 13.3 | 13.3 |
| New Lending (RMB/bn) | 1,080 | 385.2 | 702.5 | 857.2 | 548.3 | 852.7 | 697.3 | 1,470 | 1,020 | 1,180 | 707.9 | 900.8 | 1,280.6 | 1,480 | 809.6 | 850.0 |
| Aggregate Financing (RMB bn) | 1,970 | 273.7 | 957.7 | 1,135.5 | 662.7 | 1,146.3 | 1,690 | 2,050 | 1,350 | 1,181 | 1,050 | 1,220 | 1,860 | 718.8 | 1,080 | 1226.3 |

* Forecasts (excl. manufacturing and non-manufacturing PMI)

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 | | | | | |
| DJIA | 16,912.29 | 2.67 | 14.75 | NYMEX WTI | USD/bbl | 47.96 | 5.31 | 433,190 | 0.25 | 0.00 | | |
| S&P 500 | 1,995.83 | 2.28 | 17.66 | ICE Brent Oil | USD/bbl | 51.46 | 6.92 | 251,968 | 3.25 | 0.00 | | |
| NASDAQ | 4,791.15 | 1.77 | 27.54 | NYMEX Natural Gas | USD/MMBtu | 2.48 | 1.10 | 132,791 | 0.75 | 0.00 | | |
| MSCI US | 1,907.87 | 2.23 | 18.31 | Australia Newcastle Steam Coal Spot fob ² | USD/Metric Tonne | 61.80 | N/A | N/A | 0.2444 | 1.53 | | |
| Europe | | | Basic Metals | | | | US Treasury (1 Yr) | | | | | |
| FTSE 100 | 6,336.35 | 3.37 | 22.92 | LME Aluminum Cash | USD/MT | 1,561.00 | 0.97 | 12,710 | 1.3457 | 5.02 | | |
| DAX | 9,970.40 | 4.37 | 15.76 | LME Aluminum 3 -mth. Rolling Fwd. | USD/MT | 1,577.00 | 1.22 | 33,508 | 2.0439 | 5.10 | | |
| CAC40 | 4,667.34 | 4.68 | 20.42 | CMX Copper Active | USD/lb. | 5,200.50 | 1.69 | 7,027 | 0.3330 | 1.60 | | |
| IBEX 35 | 10,170.00 | 5.90 | 18.63 | LME Copper 3- mth Rolling Fwd. | USD/MT | 5,187.00 | 1.71 | 36,741 | 3.2700 | (8.00) | | |
| FTSE MIB | 22,007.34 | 2.86 | N/A | Precious Metals | | | | China 10-Yr Gov. Bond | | | | |
| Stoxx 600 | 360.93 | 3.76 | 21.13 | CMX Gold | USD/T. oz | 1,143.50 | 0.61 | 125,968 | 0.05 | 0.00 | | |
| MSCI UK | 1,854.12 | 3.54 | 23.55 | CMX Silver | USD/T. oz | 15.67 | 2.67 | 52,443 | ECB Rate (Refinancing) | | | |
| MSCI France | 131.38 | 4.46 | 20.79 | NYMEX Platinum | USD/T. oz | 939.00 | 3.24 | 14,184 | 0.1941 | (0.06) | | |
| Asia | | | Agricultural Products | | | | 1-Month LIBOR | | | | | |
| NIKKEI 225 | 18,235.44 | 2.88 | 18.93 | CBOT Corn | USD/bu | 395.25 | 1.54 | 148,118 | 0.3180 | (0.91) | | |
| S&P/ASX 200 | 5,211.40 | 3.15 | 19.21 | CBOT Wheat | USD/bu | 519.00 | 1.12 | 69,199 | 1.9090 | (8.00) | | |
| HSI | 22,360.63 | 3.97 | 9.53 | NYB-ICE Sugar | USD/lb. | 13.98 | 3.33 | 75,714 | 3.0920 | 0.10 | | |
| HSCEI | 10,275.58 | 6.08 | 7.29 | CBOT Soybeans | USD/bu. | 890.25 | 1.83 | 138,318 | 0.3981 | (0.04) | | |
| CSI300 | 3,334.00 | 4.09 | 13.59 | Corporate Bonds (Moody's) | | | | | | 4.00 | 5.00 | |
| SSE Composite | 3,168.89 | 3.80 | 15.84 | | | | | | | Baa | 5.37 | 4.00 |
| SZSE Composite | 1,794.56 | 4.53 | 40.91 | | | | | | | Note: | | |
| MSCI China | 62.40 | 5.51 | 9.50 | | | | | | | 1. Data sources: Bloomberg, National Bureau of Statistics of China, ABCIS (updated on date of report) | | |
| MSCI Hong Kong | 12,127.56 | 3.28 | 9.63 | | | | | | | 2. Australia Newcastle Steam Coal Spot fob is the Australia Newcastle 6700 kc GAD fob Steam Coal Spot price published by McCloskey | | |
| MSCI Japan | 907.78 | 3.45 | 15.36 | | | | | | | | | |

* As of 12:00 AM closing

Currency

| | Euro/USD | GBP/USD | AUD/USD | USD/JPY | USD/CHF | USD/CNY | USD/HKD | USD/CNY NDF 12-mth Spot pr. |
|--------------|----------|---------|---------|---------|---------|---------|---------|-----------------------------|
| Spot Rate | 1.1258 | 1.5300 | 0.7175 | 119.87 | 0.9725 | 6.3513 | 7.7501 | 6.5405 |
| Chg. WTD (%) | 0.37 | 0.76 | 1.85 | 0.03 | (0.10) | 0.09 | 0.00 | 0.32 |



Disclosures

Analyst Certification

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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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