Standard Chartered

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Asia Top30 **equity strategy**

This reflects the views of the Wealth Management Group

equities | 13 October 2014

Asian markets under pressure

- Asian equity markets outside Japan have been under pressure over the past month as investors fret about a slowdown in China, the impact and timing of the first rate hike by the US Federal Reserve and the effect of a stronger dollar on fund flows. The materials sector has been one of the worst-performing in Asia, weighed down by weakness in iron ore and coal prices.
- **ADD: Dongfeng Motor (489 HK) –** Dongfeng Motor Group is a state-owned Chinese automaker specialising in both passenger and commercial vehicles. It is one of the cheapest auto stocks globally and within China at 12m forward P/E of 6.1x.
- We believe sentiment around Chinese autos should pick up into the seasonally stronger October-January period. Dongfeng's strong pipeline over 30 new models/refreshes over the next two years offers good earnings growth visibility and should drive P/E valuations close to c.7-8x (median P/E over the past 3-10 years).
- **We see short-term support at HKD 11.50 and initial resistance at HKD 15, then HKD 17.5. We suggest keeping a stop loss at HKD 11.40.**
- We also highlight **Ping An Insurance (2318 HK),** where the recent decline makes risk-reward more attractive. Ping An is a major beneficiary of China's insurance sector reforms, and its valuation is attractive. **We see short-term support at HKD 55.**

Contents

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Asia Top30 (Refer to appendix for a summary of the rationale behind each stock's selection)

Ticker	Name	Country	Sector	Stock Price	Consensus Rating	12m Fwd P/E	12m Fwd P/B	Div Yield%	Div Payout%	1M% TR Local	YTD% TR Local	ITD% TR Local
1833 HK	Intime Retail Gr	China	Discretionary	6.7	4.0	11.8	1.2	3.9	39.5	-3.2%	-14.1%	-30.1%
489 HK	Dongfeng Motor-H	China	Discretionary	12.4	4.5	6.1	1.0	1.8	14.7	-10.2%	4.1%	-3.0%
1044 HK	Hengan Intl	China	Staples	77.0	3.9	21.4	4.9	2.4	61.2	-4.3%	-14.0%	3.3%
WIL SP	Wilmar Internati	Singapore	Staples	3.0	3.5	11.4	0.9	2.5	30.6	-4.1%	-9.1%	-17.2%
386 HK	Sinopec Corp-H	China	Energy	6.7	3.8	8.4	0.9	4.5	42.3	-14.5%	9.8%	1.3%
1088 HK	China Shenhua-H	China	Energy	21.6	4.3	8.3	1.1	5.3	40.2	-6.1%	-7.1%	-27.8%
PTTGC TB	Ptt Global Chem	Thailand	Energy	59.3	4.5	8.0	1.0	5.3	21.9	-6.0%	-21.6%	-10.7%
1299 HK	Aia Group Ltd	Hong Kong	Financials	41.2	4.0	17.9	2.1	1.1	23.3	-3.3%	7.1%	36.5%
2388 HK	Boc Hong Kong Ho	Hong Kong	Financials	24.6	4.1	9.8	1.4	4.1	48.0	-5.2%	2.9%	0.3%
CCT SP	Capitacommercial	Singapore	Financials	1.6	3.7	19.7	0.9	5.3	62.5	-5.1%	15.3%	13.0%
1109 HK	China Res Land	Hong Kong	Financials	17.4	4.5	7.8	1.0	2.6	17.3	-2.2%	-6.6%	-22.8%
DBS SP	Dbs Group Hldgs	Singapore	Financials	18.2	4.7	10.7	1.2	3.2	38.7	-0.1%	10.2%	30.1%
CDREIT SP	Cdl Reit	Singapore	Financials	1.7	3.7	14.1	1.0	6.5	76.0	-1.5%	8.7%	1.3%
1398 HK	Icbc-H	China	Financials	4.9	4.4	4.7	0.8	6.7	35.0	-5.8%	-0.4%	-5.1%
KBANK TB	Kasikornbank Pcl	Thailand	Financials	228.0	4.5	10.8	1.9	1.5	20.3	-2.6%	48.9%	18.9%
2318 HK	Ping An Insura-H	China	Financials	58.9	4.6	9.4	1.5	1.5	18.3	-8.3%	-14.0%	-13.3%
4 HK	Wharf Hldg	Hong Kong	Financials	55.4	3.8	12.7	0.6	3.2	17.5	-9.3%	-3.7%	-14.6%
CIMB MK	Cimb Group Holdi	Malaysia	Financials	6.7	3.0	11.4	1.4	3.1	39.4	-6.8%	-10.1%	-13.6%
ICICIBC IN	Icici Bank Ltd	India	Financials	1459.0	4.6	13.7	2.0	1.6	24.1	-7.1%	34.9%	-5.6%
HPHT SP	Hutchison Port-U	Singapore	Industrials	0.7	3.5	26.5	0.7	7.8	213.3	-4.2%	8.8%	-3.5%
347 HK	Angang Steel-H	China	Industrials	5.0	3.7	17.0	0.6	0.7	25.3	-5.1%	-12.2%	-0.9%
694 HK	Beijing Cap Ai-H	China	Industrials	5.7	3.8	12.6	1.1	2.7	40.0	-3.9%	-2.8%	2.4%
13 HK	Hutchison Whampo	Hong Kong	Industrials	97.1	4.6	11.5	0.9	9.6	31.5	-4.9%	0.9%	-1.9%
STE SP	Singap Tech Eng	Singapore	Industrials	3.6	3.4	18.0	4.7	4.4	80.2	-1.4%	-5.0%	-0.7%
SINA US	Sina Corp	China	Technology	37.5	4.4	33.1	1.3	0.0	0.0	-18.5%	-55.5%	-50.0%
BIDU US	Baidu Inc-Sp Adr	China	Technology	203.4	4.6	24.9	6.5	0.0	0.0	-7.9%	14.3%	19.5%
NTES US	Netease Inc-Adr	China	Technology	83.4	4.0	12.2	2.4	2.5	25.0	-5.1%	9.3%	41.0%
992 HK	Lenovo Group Ltd	China	Technology	11.3	3.9	15.6	3.7	2.1	39.4	-9.0%	21.7%	46.0%
914 HK	Anhui Conch-H	China	Materials	24.9	4.2	8.2	1.4	1.7	19.8	-10.5%	-12.2%	-16.1%
358 HK	Jiangxi Copper-H	China	Materials	12.7	3.4	12.9	0.7	4.9	48.7	-8.2%	-4.4%	-17.8%

Source: Bloomberg, Standard Chartered, data as of 10 October 2014

Asia Top30

Our key themes and sector calls in Asia over the next 12 months	
Energy (OW)	• Prefer companies that benefit from reforms in China • These include clean energy, downstream refiners and gas producers • Focus on companies with strong cost controls and those that accrete value to shareholders within upstream, exploration and production companies
Technology (OW)	• Select China internet, software and services stocks with reasonable valuations • Focus on smartphone/component makers that can expand market share • Focus on quality companies that are likely to benefit from a recovery in the PC market
Industrials (OW)	• Select airlines with exposure to Developed Market (DM) recovery and limited competition from low-cost carriers (LCC) • Focus on companies benefitting from infrastructure development in China

Source: Standard Chartered

Top30 stocks review

ADD:

- **Dongfeng Motor (489 HK) –** Dongfeng Motor Group is a state-owned Chinese automaker specialising in both passenger and commercial vehicles. Its valuation is one of the cheapest globally and within the Chinese auto sector at c.6.1x P/E and at the lower end of its historical trading range.
- We believe sentiment around Chinese autos should pick up into the seasonally stronger October-January period. Its strong pipeline over 30 new models/refreshes over the next two years offers good earnings growth visibility and should drive P/E valuations close to c.7-8x (median P/E over the past 3-10 years).
- We expect HKD 11.5 to offer a strong support and would suggest a stop loss at 11.4.

On Watch:

- **SINA Corp (SINA US), Anhui Conch (914 HK) and Hengan International (1044 HK)** remain on our watchlist.

Stock	**Ticker**	**Note**
Dongfeng Motor	489 HK	Add
Ping An Insurance	2318 HK	Highlight
SINA Corp	SINA US	Watchlist

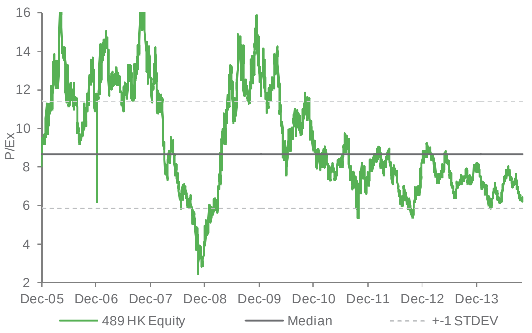
ADD: Dongfeng Motor (489 HK)

Profile: Dongfeng Motor Group is a state-owned Chinese automaker specialising in both passenger and commercial vehicles. Its product mix includes its own brand as well as several JV partners including DF-Nissan, DF-Honda, DF-Peugeot (DF-PSA) and DF-Volvo (pending completion). According to the China Association of Automobile Manufacturers, Dongfeng is the market leader in commercial vehicles and is the second-largest in the passenger vehicle segment in China.

Revenue breakdown in H1 14: Passenger vehicles accounted for c.70% of its consolidated revenue (inclusive of JV partners), while commercial vehicles accounted for the rest. Among its JV partners, DF-Nissan and DF-Peugeot accounted for c.35% and c.22% of total sales volume, respectively.

Dongfeng is trading at the lower range of its valuation history

Dongfeng 12m forward P/E



Source: Bloomberg, Standard Chartered

Rationale

- **Valuation is attractive at 6.1x 12-month forward P/E**, the lower end of its historical range of 3x (2008 crisis) to 15x (2007). This makes Dongfeng one of the cheapest automakers both within China (trading at an average of c.9x P/E) and in the global auto sector (c.11x P/E).
- **Pipeline of new launches expected to drive earnings and share price gains.** Dongfeng plans to launch over 30 new or refreshed models over the next two years, of which more than half are expected to be SUVs/MPVs, the fastest growing car segment in China. The segment has been a clear beneficiary of the demand for upgrades and replacements. We expect this trend to persist, given consumers' preference for upgrading to larger cars and the still-low SUV penetration in China.
- **Replacement demand for commercial vehicles expected to continue.** As China progresses to N4 emission standards nationwide, DF is increasingly shifting its product mix from N3- (50% mix in H1 14) to N4-standard engines, which entail significantly higher margins.
- **Cost savings from the recent acquisition of a 14% stake in Peugeot (PSA)**. Management expects DF-PSA's sales volumes to grow c.30% in 2014, potentially hitting 1m units by 2017 (from 700k units expected in 2014). Dongfeng is also likely to enjoy significant cost savings from reduced royalty fees on new and existing models, which should translate into a more robust profit outlook.
- **Potential for positive earnings surprise** from better-than-expected sales of new models. The new JV with Volvo trucks could be a positive surprise. The transaction is expected to be completed in H2 14.

Technicals: The broader chart structure appears constructive, hence we believe current levels close to 30WMA can offer a strong support. Daily charts show overbought indicators have reverted to mean levels and should slowly stabilise after coming off the highs**. We see short-term support at HKD 11.50 and initial resistance at HKD 15, followed by HKD 17.5. We suggest keeping a stop loss at HKD 11.40.**

Risks: Significant monetary tightening by the Chinese government, additional car purchase restrictions and a delay in new model launches, deterioration in Sino-Japan tensions that could lead to a decline in unit sales of Japanese car brands.

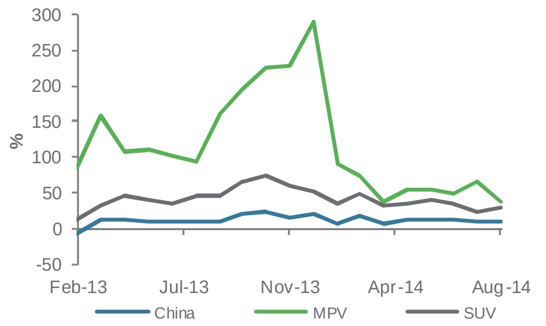
China auto sector review

We review the China auto sector this month coming into the peak sales season for automotive sales (October to January). The sector has de-rated since Q4 13 on the back of slowing sales momentum and the National Development and Reform Commission's (NDRC) probe into pricing and monopolistic behaviour in H1 14. While investigations continue, we note that the impact on domestic OEMs should be relatively modest compared to importers, given that local-made JV cars sell at lower prices than imported ones.

- We do not rule out any potential negative regulatory action, but any such impact should be short-lived, in our opinion, and limited to 1 -10% of the violator's annual turnover.
- Valuations for the sector have corrected, with most Chinese automakers trading at the lower end of their historical range. We note the following recent positive developments:

Growth in larger vehicles (MPVs, SUVs) has outpaced total passenger vehicle sales

Growth of China passenger vehicle sales vs. China MPV and SUV sales (monthly, y/y %)



Source: Bloomberg, Standard Chartered

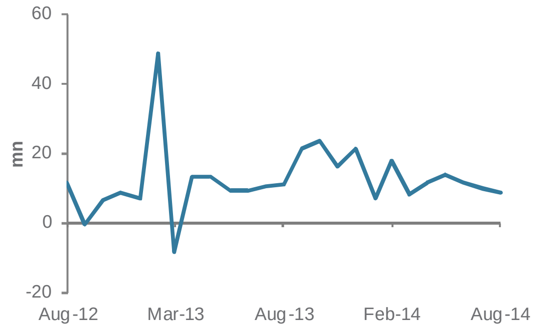
Consensus have upgraded their earnings estimates for Dongfeng

Dongfeng's FY14 consensus earnings estimates and share price

Source: Bloomberg, Standard Chartered

Car sales growth have slowed recently

China quarterly passenger vehicle sales

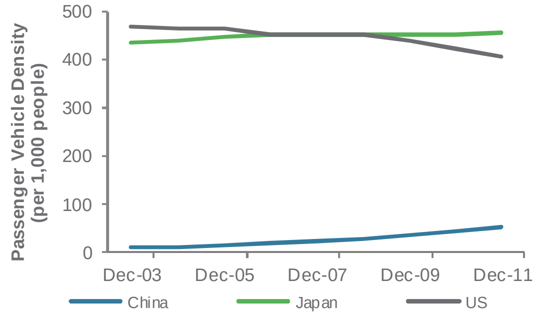


Source: Bloomberg, Standard Chartered

- – Renewed destocking at both dealers and OEMs. Inventory levels have declined to c.2 months from a peak of 2.3 months at the end of July.
- – Store traffic appears to be picking up on the back of the peak sales season (October to January). This is likely to support sales momentum in H2 14.
- – Ongoing initiatives to replace polluting "yellow label" vehicles (automobiles that do not meet China's emission standards) are constructive for replacement demand and as China shifts towards a full implementation of China 4 (similar to Euro 4) emission standards nationwide.
- – According to the Ministry of Environmental Protection, "yellow label" vehicles accounted for just c.13% of China's total vehicles, but were responsible for over 80% of China's air pollutants.

China passenger vehicle sales has room to grow in the longer term

Passenger vehicle density in China (per 1,000)



Source: World Bank, Bloomberg, Standard Chartered

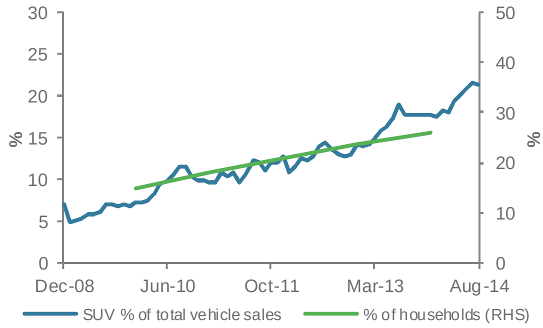
Key trends in the China auto sector

- **Consumer preference for bigger cars.** SUVs and MPVs have been clear beneficiaries of this trend, with penetration likely to pick up from the current c.22%, driven by replacement demand and growth in disposable income.
- **Pickup in demand for automatic transmission**, not dissimilar to the historical experience in Developed Market, where the share of vehicles with automatic transmission has risen significantly over the past few decades. This is also evident from the increase in China's import of automatic transmission components, which has outpaced the overall growth in passenger vehicles.
- **Increased focus on fuel efficiency as China favours smaller, more fuel-efficient engines.** The Chinese authorities have provided subsidies to encourage replacement/scraping of older (yellow label) vehicles that do not meet these standards.

Within the Chinese auto space, we prefer **Dongfeng (489 HK) and Geely (175 HK),** which are beneficiaries of these emerging trends. Dongfeng is expected to re-rate with its strong SUV/MPV launch pipeline over the next two years. In Geely's case, the completion of its dealership restructuring and a change in the product mix should continue to drive efficiency and margin upside. **We are cognisant of the fact that Geely's share price has recently run up and would prefer to revisit it c.HKD 3.20-3.25 for consideration into the Top30 list.**

We expect higher disposable income in China to drive SUV sales

SUV as % of total China vehicle sales, % of household with disposable income of > USD 15,000



Source: Bloomberg, Standard Chartered

Highlight: Ping An Insurance (2318 HK)

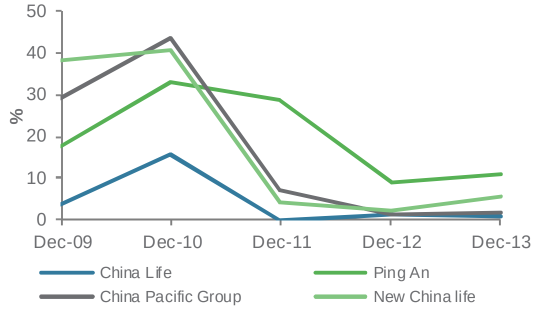
- After the c.10% sell-down last month, we see even better risk reward for Ping An Insurance, one of the best-in-class insurance companies in China.
- We believe the ongoing reforms on investment asset allocation and pricing liberalisation should enable insurers to start offering more competitive returns to policyholders. In the past, protection products/policies were not popular among consumers due to the very tepid returns, which were further eroded by rising inflation.
- The relaxation of investment regulations for insurers should enable them to seek higher returns, provide more product differentiation and help lower earnings volatility going forward. We see that as a multi-year re-rating story for the sector.
- Near term, we expect most insurers, including Ping An, to report a good set of Q3 14 results, given supportive market movements and the improving margins seen so far in the general insurance segment. The recent liberalisation in auto-insurance pricing as well as potential subsidies for agricultural insurance should benefit a composite insurer such as Ping An.

Technicals: We see short-term support at HKD 55 and initial resistance at HKD 67 followed by HKD 72. We suggest a stop loss close to HKD 55.

Risk: Earnings drag from Ping An Bank due to a deterioration in asset quality, a spike in impairments due to a weak equity market and growth slowdown in China.

Ping An has consistently outgrown its competitors in life premiums since 2011

Yearly growth of net life premiums earned (% y/y)



Source: Bloomberg, Standard Chartered

Watchlist: SINA Corp (SINA US)

- SINA remains on our negative watchlist. The stock continued to underperform this month on the back of a sell-off in the internet sector post Alibaba's IPO and broad market weakness.
- Investors seem to have lost interest in the sector and in this name despite the recent set of decent H1 14 results, given its relative smaller size, concerns over further regulatory actions and the recently listed Weibo being a more direct play on the micro blogging platform.
- The stock is cheap with cash balance of USD 2.3bn against its long-term debt of USD 800m and market cap of USD 2.6bn. This has yet to take into account SINA's 57% stake in Weibo, which is worth around USD 2bn at current market price.
- Should the share price continue to decline further, we believe SINA would become increasingly attractive as a takeover target as the current valuation ascribes very little value to its core online media portal business.
- Despite being oversold, we struggle to identify near-term catalysts for the stock as the earnings outlook may remain lacklustre. The stock has been trading in a tight range of USD 40-50 since April 2014 and may continue to consolidate within this range until new catalyst emerges. We suggest investors to keep any position small, within a diversified allocation. We would advocate a stop loss for the stock to hedge against a sharp turn in sentiment surrounding internet stocks.

Risk: Increased regulatory oversight on web content, overoptimistic expectations, a sharp turn in sentiment in the internet social media sector.

Technical indicators appear to be oversold

SINA's stock price

Source: Bloomberg, Standard Chartered

Market views

- Asian equity markets outside Japan have been under pressure over the past 30 days as investors fret about a slowdown in China, the impact and timing of the first rate hike by the US Federal Reserve and the effect of a stronger dollar on fund flows.
- The 'Occupy Central' movement in Hong Kong, if prolonged, has potentially negative implications for the hotel, food and beverage (F&B) and property investor industry groups. Some multinational companies have temporarily stopped staff travelling to Hong Kong. If this becomes a trend, there could be implications for the broader economy.
- The materials sector has been one of the worst-performing in Asia ex-Japan over the past 30 days, having declined 6.6%. Weakness in iron ore and coal has weighed on the sector, which in turn is linked to concerns over a slowdown in China.

Macro concerns come to the fore

Asian equity markets have corrected over 6% over the past 30 days, driven by a series of negative macro factors including:

- A deterioration in Chinese economic data, as reflected in the decline in the economic surprise index.
- The FOMC committee raising concerns over the impact of slower foreign economic growth on US economic growth prospects.
- A surge in the value of the dollar, driven by a commensurate weakening in the euro and the yen.

All three factors can be considered headwinds for markets: slower Chinese growth is impacting demand for commodities and in turn the global materials sector. Risks to US economic growth are increasing uncertainty over the timing of US rate hikes. Finally, the consensus is for the dollar to experience a period of multi-year strength, while potentially positive for euro zone equities, this has historically been a headwind for emerging markets.

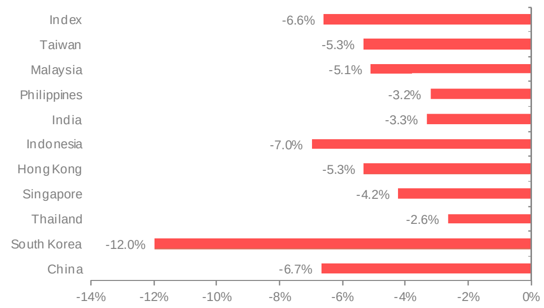
Equity investors must note that all three developments have negative implications for markets. We are most concerned about the potential for dollar strength to stop and potentially reverse the c.USD 35bn in portfolio flows into Emerging Markets since April. Asian markets have been buoyed by these inflows, with investors viewing the glass of corporate earnings and economic growth as half full.

If these flows were to reverse and investors take a glass-half-empty view, there would be a commensurate decline in equity markets. The key issue is whether this change in view is already underway – we believe it is not; rather, we are experiencing a short-term rise in volatility as the market digests the implications of rising rates.

Central occupied, shops and hotels suffer

The 'Occupy Central' protests have already started to have an impact on business in Hong Kong. L'Oreal, the French consumer products company, has temporarily halted employee travel to Hong Kong. If other multinationals follow suit, the impact would spread from specific industry groups to the broader economy. At present, only some companies in the hotel, F&B and property investor industry groups could be at risk of being negatively impacted by the protests.

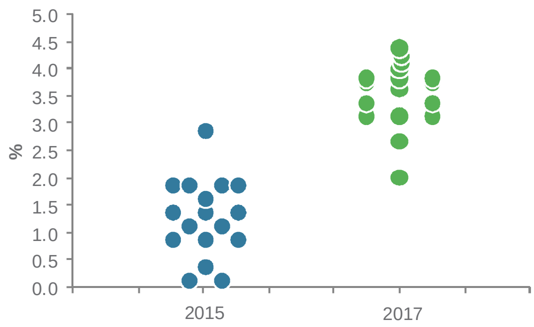
Performance of key Asian markets over the month (USD)



Source: Bloomberg, Standard Chartered
As of 10 October 2014

FOMC members expect interest rates to increase gradually through to 2017

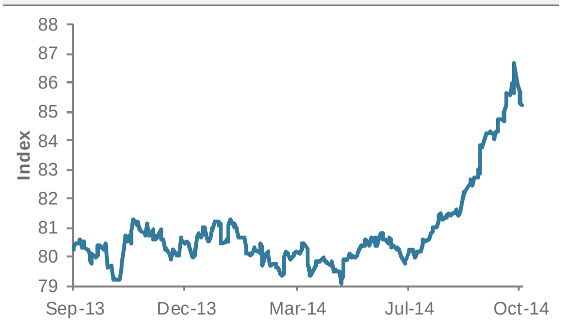
Fed Dot plot



Source: Federal Reserve, Standard Chartered

The dollar has surged on increased expectations of a rate hike

DXY Index



Source: Bloomberg, Standard Chartered

An analysis of Hong Kong-based companies with exposure to these sectors highlights that the impact varies depending on the geographic source of their revenue: Hong Kong versus the rest of the world, and for property companies, those dependent on property development versus those dependent on property investment or income.

Three property companies stand out in terms of their revenue being concentrated in Hong Kong and being dependent on property investment/income: Sun Hung Kai Properties: 21% of revenue from Hong Kong property investment/income, Wharf: 22% and Sino Land 15%. In the hotel sector, we note that Mandarin Oriental Hotel group generates 37% of its revenues from Hong Kong and Macau.

In the F&B industry group, Café De Coral and Tsui Wah generate 82% and 75% of their respective revenues from Hong Kong. Wharf and Mandarin Oriental Hotel group stand out as having the biggest dependence on areas where the protests are concentrated, and on tourism, which is likely to be impacted if 'Occupy Central' lasts for an extended period of time.

Materials sector weakens on China slowdown

The materials sector has been amongst the weakest globally over the past 30 days. In Asia ex-Japan, the sector is down 10.4%, primarily driven by concerns over growth in China and the strength of the dollar, which is crimping demand for energy commodities as prices rise in local currency terms.

The decline in commodity prices is clearly a reaction to slower Chinese growth; however, not all signals point in the same direction. Specifically, the cost of shipping bulk commodities, as reflected in the Baltic Dry Index and the cost of shipping a 40-foot container from Hong Kong to Los Angeles, a benchmark route, rose in September. These mixed signals indicate that there is pressure on the sector, but there are pockets of resilience too.

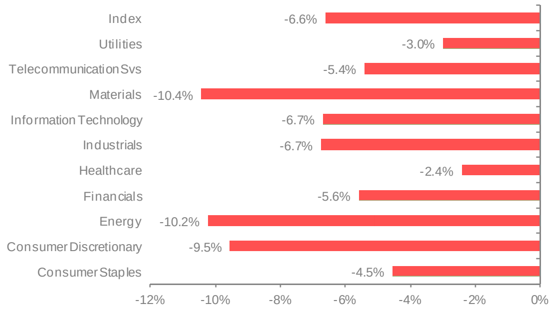
Iron ore and coal prices have fallen also fallen sharply since the beginning of the year, reflecting an oversupply in Australia and Brazil and rising inventory levels in China. Historically iron ore prices, while volatile, have been a good leading indicator for the trend in Chinese economic growth; as such, market anxiety over slowing Chinese growth is valid.

Oil prices have also softened over the past 30 days, with WTI declining to USD 89/bbl. The weakness in oil prices may reflect a stronger dollar as well as the downward revisions by the IEA for global demand in 2015, which it cut by 200,000 barrels a day, primarily driven by weaker forecast demand in China and Europe. Adding to the bearish sentiment on oil was the continued increase in US oil inventories.

Putting the pieces of the jigsaw together, we believe the outlook for the materials sector has deteriorated over the past month. While we remain convinced that the trend is for the global economy to continue its recovery, growth in China appears to be weakening more than expected.

Materials amongst the worst-performing sector over the month

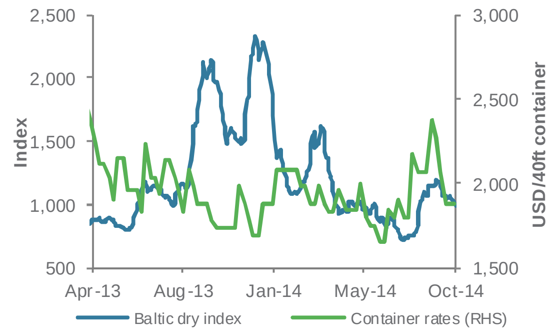
MSCI Asia ex-Japan sector performance trends



Source: MSCI, Bloomberg, Standard Chartered
As of 10 October 2014

Recent weakness masks prior recovery

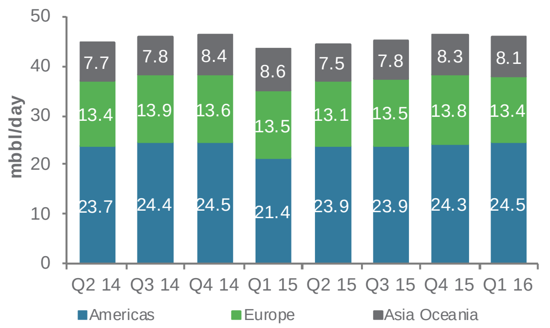
Baltic Dry Index and HK-LA 40 ft container rates



Source: Bloomberg, Standard Chartered

OPEC revises global oil demand lower for 2014

OPEC oil demand forecast for 2014-2016



Source: IEA, Standard Chartered

Asia Div list

The Asia dividend list delivered a total return of -4.9% this month on an USD equally weighted basis. The dividend list was up 5.1% YTD in USD terms.

Asia Dividend list

Ticker	Name	Sector	Stock Price	12m Fwd Dvd Yield	12m Fwd P/E	P/B Trailing	Div Payout%	Net Debt /Equity	TR 1M%	TR YTD%
1088 HK	China Shenhua-H	Energy	21.60	4.9	8.3	1.2	40.2	22.0	-6.1%	-7.1%
MINT SP	Mapletree Indust	Financials	1.42	7.0	14.4	1.2	53.4	50.9	-1.7%	12.3%
CDREIT SP	Cdl Reit	Financials	1.67	6.9	14.2	1.0	76.0	38.8	-1.5%	8.7%
CCT SP	Capitacommercial	Financials	1.59	5.5	19.6	0.9	62.5	41.2	-5.1%	15.3%
SGREIT SP	Starhill Global	Financials	0.79	6.5	15.4	0.8	44.3	39.2	-4.3%	4.7%
2388 HK	Boc Hong Kong Ho	Financials	24.55	4.8	9.8	1.5	48.0	-92.9	-5.2%	2.9%
DBS SP	Dbs Group Hldgs	Financials	18.23	3.4	10.7	1.2	38.7	-42.6	-0.1%	10.2%
PBK MK	Public Bank Bhd	Financials	18.28	3.1	14.6	3.0	44.8	-46.8	-4.7%	0.0%
BBL TB	Bangkok Bank Pub	Financials	197.50	4.0	9.2	1.2	34.6	-62.7	-6.4%	14.6%
1398 HK	Icbc-H	Financials	4.89	7.5	4.7	1.0	35.0	-153.9	-5.8%	-0.4%
HPHT SP	Hutchison Port-U	Industrials	0.68	7.8	26.5	0.7	NA	33.2	-4.2%	8.8%
KEP SP	Keppel Corp Ltd	Industrials	10.06	4.5	11.0	1.8	39.2	8.0	-6.9%	-6.5%
STE SP	Singap Tech Eng	Industrials	3.61	4.5	18.0	5.7	80.2	-30.6	-1.4%	-5.0%
ST SP	Singapore Teleco	Telecommunication Services	3.74	4.8	15.3	2.4	73.2	33.7	-4.1%	4.8%
941 HK	China Mobile	Telco	92.35	3.3	NA	NA	43.3	-52.3	-6.4%	19.1%

Source: Standard Chartered
Data as of 10 October 2014

Technical Commentary

Below, we present the technical views for our Asia Top30 stocks. The stocks are given a rating of 1-5, with 1 being the most favourable technicals and 5 being the least favourable technicals on a 1-3 month basis. This is from a pure technical standpoint and may run contrary to the fundamental views we hold on the stocks within the portfolio, which are on a 12-month basis.

Asia Top30 Technical rating

Name	Ticker	Sector	Rating
AIA Group Ltd	1299 HK	Financials	2
Beijing Capital	694 HK	Industrials	2
China Res Land	1109 HK	Financials	2
Dongfeng Motor	489 HK	Discretionary	2
Hengan Intl	1044 hk	Staples	2
ICICI Bank	ICICIBC IN	Financials	2
Ping An Insura-H	2318 HK	Financials	2
Sinopec Corp-H	386 HK	Energy	2
Angang	347 HK	Industrials	3
Anhui Conch-H	914 HK	Materials	3
Baidu	BIDU US	Technology	3
Boc Hong Kong Ho	2388 HK	Financials	3
CDL Hospitality Trust	CDREIT SP	Financials	3
China Shenhua-H	1088 HK	Energy	3
CIMB Group	CIMB MK	Financials	3

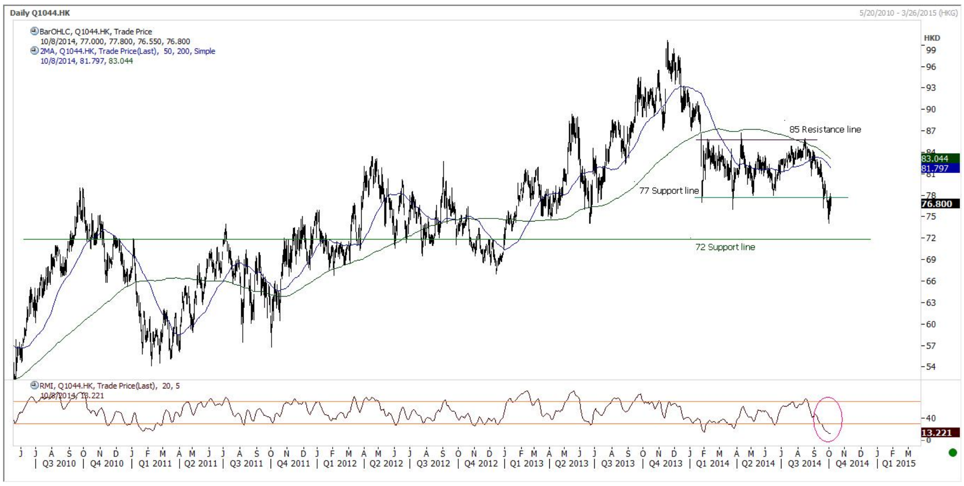
Name	Ticker	Sector	Rating
Dbs Group Hldgs	DBS SP	Financials	3
Hutchison Port-U	HPHT SP	Industrials	3
Hutchison Whampoa	13 HK	Industrials	3
Ind & Comm Bk-H	1398 HK	Financials	3
Intime Departmen	1833 HK	Discretionary	3
Jiangxi Copper	358 HK	Materials	3
Kasikornbank Pcl	KBANK TB	Financials	3
Lenovo Group Ltd	992 HK	Technology	3
NetEase	NTES US	Technology	3
PTT GC	PTTGC TB	Energy	3
SINA Corp	SINA US	Technology	3
Singapore Technologies Engineering	STE SP	Industrials	3
Capitacommercial	CCT SP	Financials	4
Wharf Hldg	4 HK	Financials	4
Wilmar Internati	WIL SP	Staples	4

Source: Standard Chartered
Views as of 10 October 2014

In the following pages, we present the Technical charts for stocks that are the most favourable.

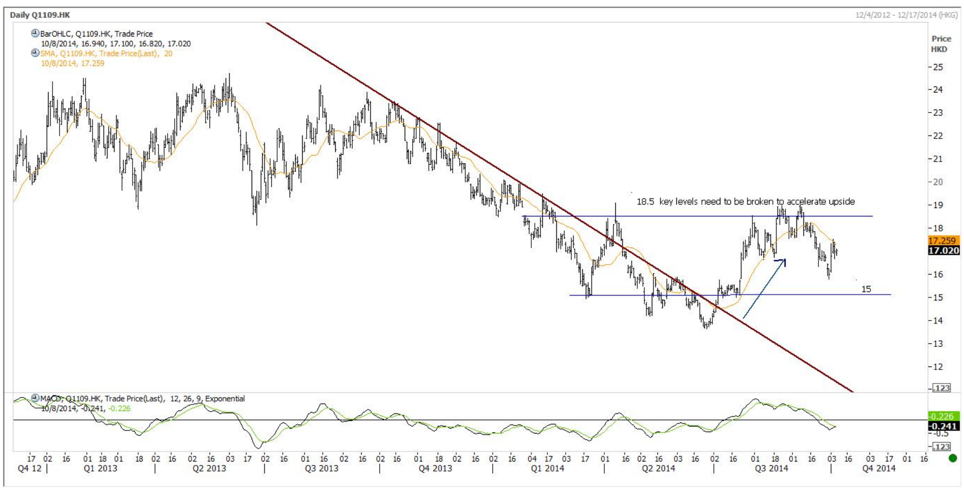
Technical Commentary (cont'd)

- **Hengan International (1044 HK)** – The stock has corrected ~20% from its all-time high of HKD 100 and recently slipped below HKD 77, another interim sideways range. Any further decline is likely to be limited to HKD 72, which is a key multi-month support, in our view. The daily relative momentum indicator line has fallen to extreme oversold levels and points to a rebound on the horizon, with resistances placed at HKD 82 and HKD 86 on the way up.



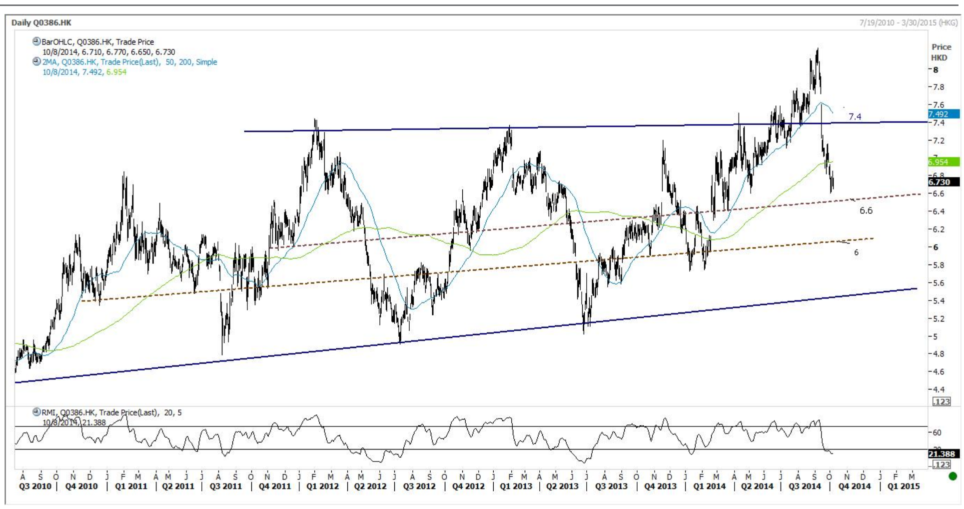
Daily Chart

- **China Resource Land (1109 HK)** – The stock had formed a bullish reversal pattern in June before it went on to pierce through the falling 2013 resistance trendline, signalling a potential reversal in the medium-term trend. However, though it faced significant headwinds around HKD 18.5 and retraced lower, it continues to trade above the crucial HKD 15 level, thereby retaining upside potential. We expect near-term support and resistance at HKD 15 and HKD 18.5, respectively.



Daily Chart

- **Sinopec Corp - H (386 HK)** – The stock made a brief false breakout above HKD 7.4 and reversed sharply lower. Any further short-term weakness around HKD 6.6, or to HKD 6 in the worst-case scenario, could present an attractive entry opportunity, given its broader constructive chart structure. We expect near-term support and resistance at HKD 6.6 and HKD 7.4, respectively.

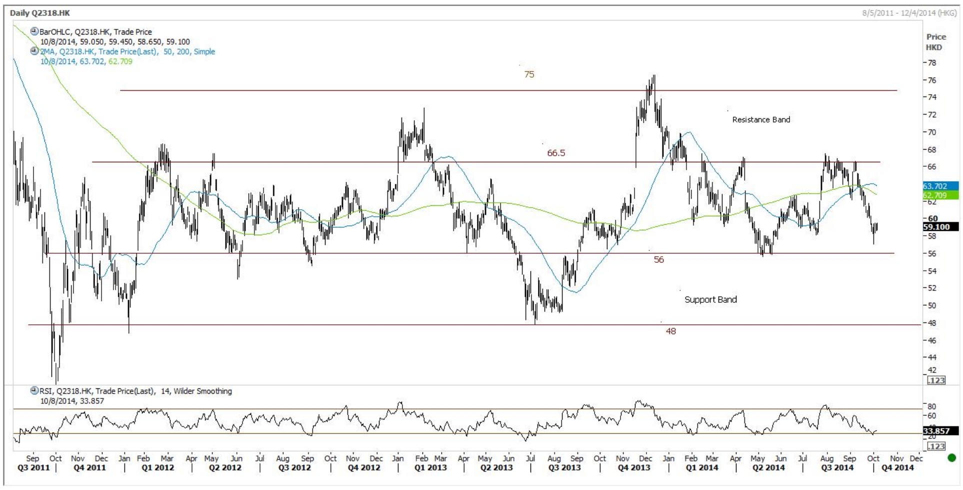


Daily Chart

Source: Reuters, Standard Chartered

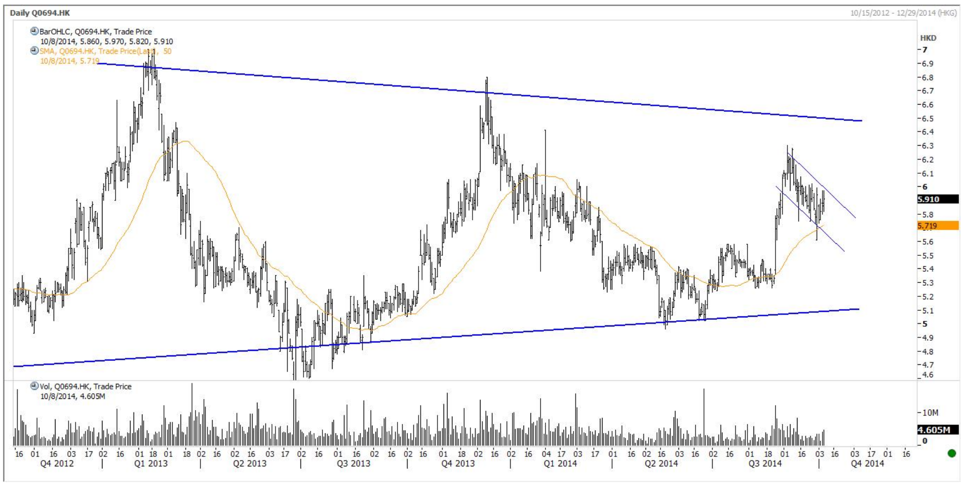
Technical Commentary (cont'd)

- **Ping An Insurance - H (2318 HK)** – The failure to break out above HKD 66.5 has resulted in a sharp reaction lower to the HKD 56-48 support range. However, observing the historical sideways range it has traded in, the current levels have started looking attractive, and oversold momentum indicators is expected to cushion any fall from hereon. We expect near-term support and resistance at HKD 55 and HKD 66.5, respectively.



Daily Chart

- **Beijing Capital (694 HK)** – The stock has formed a flag pole-like pattern, which is usually considered a bullish continuation trend. The 100DMA line is seen as a historically good support level around HKD 5.7 and continues to trend higher. A breakout of this flag channel should result in a sharp up-move and eventually target the upper end of the triangular range. We expect near-term support and resistance at HKD 5.7 and HKD 6.6, respectively.



Daily Chart

- **AIA Group Ltd (1299 HK)** – The stock has consistently maintained its upward trajectory but recently pulled back to its earlier breakout point of 39.50, which could now act as a support. It has rebounded strongly off the 200DMA, which overlapped this trendline, and this level now assumes significance. We expect near-term support and resistance at HKD 39.5 and HKD 44, respectively.

Daily Chart

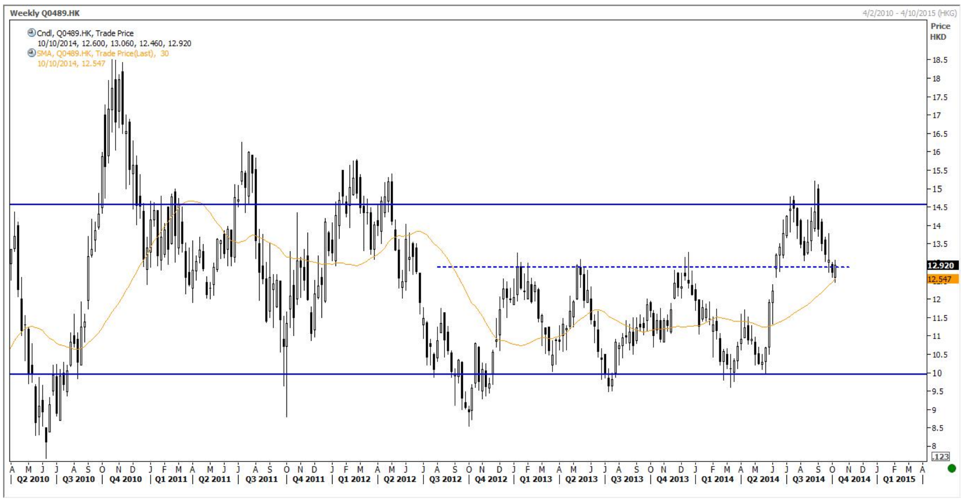
Source: Reuters, Standard Chartered

Technical Commentary (cont'd)

- **ICICI Bank Ltd (ICICI BC)** – The stock has recently pulled back from its all-time highs but continues to maintain an overall positive bias. It has fallen to potentially the lower end of an intermediate upward sloping trend channel that has been developing for a few months. Oversold stochastic indicators also hint at a rebound in prices, while the medium-to-longer-term trend looks constructive. We expect near-term support and resistance at INR 1400 and INR 1700, respectively.

Daily Chart

- **Dongfeng Motor (489 HK)** – The stock has retraced lower after running into resistance around HKD 14.5. The broader chart structure appears constructive, and hence we believe the stock can rebound from current levels that are closer to the 30WMA. Daily charts show overbought indicators have reverted to mean levels and should slowly stabilise after coming off from the highs. We expect near-term support and resistance at HKD 11.5 and HKD 14.5, respectively.



Weekly Chart

Source: Reuters, Standard Chartered

Asia Top30 – Performance & Valuations

Asia Top30 performance and valuations (local currency)

Ticker	Name	Country	Sector	Stock Price	Consensus Rating	12m Fwd P/E	12m Fwd P/B	Div Yield%	Div Payout%	1M% TR Local	YTD% TR Local	ITD% TR Local
1833 HK	Intime Retail Gr	China	Discretionary	6.7	4.0	11.8	1.2	3.9	39.5	-3.2%	-14.1%	-30.1%
489 HK	Dongfeng Motor-H	China	Discretionary	12.4	4.5	6.1	1.0	1.8	14.7	-10.2%	4.1%	-3.0%
1044 HK	Hengan Intl	China	Staples	77.0	3.9	21.4	4.9	2.4	61.2	-4.3%	-14.0%	3.3%
WIL SP	Wilmar Internati	Singapore	Staples	3.0	3.5	11.4	0.9	2.5	30.6	-4.1%	-9.1%	-17.2%
386 HK	Sinopec Corp-H	China	Energy	6.7	3.8	8.4	0.9	4.5	42.3	-14.5%	9.8%	1.3%
1088 HK	China Shenhua-H	China	Energy	21.6	4.3	8.3	1.1	5.3	40.2	-6.1%	-7.1%	-27.8%
PTTGC TB	Ptt Global Chem	Thailand	Energy	59.3	4.5	8.0	1.0	5.3	21.9	-6.0%	-21.6%	-10.7%
1299 HK	Aia Group Ltd	Hong Kong	Financials	41.2	4.0	17.9	2.1	1.1	23.3	-3.3%	7.1%	36.5%
2388 HK	Boc Hong Kong Ho	Hong Kong	Financials	24.6	4.1	9.8	1.4	4.1	48.0	-5.2%	2.9%	0.3%
CCT SP	Capitacommercial	Singapore	Financials	1.6	3.7	19.7	0.9	5.3	62.5	-5.1%	15.3%	13.0%
1109 HK	China Res Land	Hong Kong	Financials	17.4	4.5	7.8	1.0	2.6	17.3	-2.2%	-6.6%	-22.8%
DBS SP	Dbs Group Hldgs	Singapore	Financials	18.2	4.7	10.7	1.2	3.2	38.7	-0.1%	10.2%	30.1%
CDREIT SP	Cdl Reit	Singapore	Financials	1.7	3.7	14.1	1.0	6.5	76.0	-1.5%	8.7%	1.3%
1398 HK	Icbc-H	China	Financials	4.9	4.4	4.7	0.8	6.7	35.0	-5.8%	-0.4%	-5.1%
KBANK TB	Kasikornbank Pcl	Thailand	Financials	228.0	4.5	10.8	1.9	1.5	20.3	-2.6%	48.9%	18.9%
2318 HK	Ping An Insura-H	China	Financials	58.9	4.6	9.4	1.5	1.5	18.3	-8.3%	-14.0%	-13.3%
4 HK	Wharf Hldg	Hong Kong	Financials	55.4	3.8	12.7	0.6	3.2	17.5	-9.3%	-3.7%	-14.6%
CIMB MK	Cimb Group Holdi	Malaysia	Financials	6.7	3.0	11.4	1.4	3.1	39.4	-6.8%	-10.1%	-13.6%
ICICIBC IN	Icici Bank Ltd	India	Financials	1459.0	4.6	13.7	2.0	1.6	24.1	-7.1%	34.9%	-5.6%
HPHT SP	Hutchison Port-U	Singapore	Industrials	0.7	3.5	26.5	0.7	7.8	213.3	-4.2%	8.8%	-3.5%
347 HK	Angang Steel-H	China	Industrials	5.0	3.7	17.0	0.6	0.7	25.3	-5.1%	-12.2%	-0.9%
694 HK	Beijing Cap Ai-H	China	Industrials	5.7	3.8	12.6	1.1	2.7	40.0	-3.9%	-2.8%	2.4%
13 HK	Hutchison Whampo	Hong Kong	Industrials	97.1	4.6	11.5	0.9	9.6	31.5	-4.9%	0.9%	-1.9%
STE SP	Singap Tech Eng	Singapore	Industrials	3.6	3.4	18.0	4.7	4.4	80.2	-1.4%	-5.0%	-0.7%
SINA US	Sina Corp	China	Technology	37.5	4.4	33.1	1.3	0.0	0.0	-18.5%	-55.5%	-50.0%
BIDU US	Baidu Inc-Sp Adr	China	Technology	203.4	4.6	24.9	6.5	0.0	0.0	-7.9%	14.3%	19.5%
NTES US	Netease Inc-Adr	China	Technology	83.4	4.0	12.2	2.4	2.5	25.0	-5.1%	9.3%	41.0%
992 HK	Lenovo Group Ltd	China	Technology	11.3	3.9	15.6	3.7	2.1	39.4	-9.0%	21.7%	46.0%
914 HK	Anhui Conch-H	China	Materials	24.9	4.2	8.2	1.4	1.7	19.8	-10.5%	-12.2%	-16.1%
358 HK	Jiangxi Copper-H	China	Materials	12.7	3.4	12.9	0.7	4.9	48.7	-8.2%	-4.4%	-17.8%

Source: Bloomberg, Standard Chartered

Closed trades (local currency)

Ticker	Name	Country	Sector	Closed Price	Initiation Date	Closed Date	P&L% TR Local
1818 HK	Zhaojin Mining-H	China	Materials	8.26	20130131	20130513	-29.3%
753 HK	Air China Ltd-H	China	Industrials	5.8	20130131	20130612	-11.6%
823 HK	Link Reit	Hong Kong	Financials	37.95	20130131	20130813	-4.0%
700 HK	Tencent	China	Technology	409.2	20130131	20130923	51.3%
SUN SP	Suntec Reit	Singapore	Financials	1.675	20130131	20130923	1.4%
BBRI IJ	Bank Rakyat Indo	Indonesia	Financials	7850	20130514	20130923	-15.6%
1114 HK	Brilliance China	Hong Kong	Discretionary	13.4	20130131	20131112	29.6%
2 HK	Clp Hldgs Ltd	Hong Kong	Utilities	64.5	20130131	20140120	-3.9%
KEP SP	Keppel Corp Ltd	Singapore	Industrials	10.94	20130131	20140120	1.9%
175 HK	Geely Automobile	Hong Kong	Discretionary	2.6	20130131	20140311	-34.4%
ICICIBC IN	ICICI Bank Ltd	India	Financials	1198.15	20130131	20140311	2.3%
1928 HK	Sands China Ltd	Macau	Discretionary	53.7	20130131	20140612	48.5%
CMA SP	Capitamalls Asia	Singapore	Financials	2.35	20130131	20140612	11.6%
005930 KS	Samsung Electron	South Korea	Technology	1201000	20130131	20140909	-16.2%
941 HK	China Mobile	Hong Kong	Telco	101.3	20130131	20140909	28.5%

Source: Bloomberg, Standard Chartered
As of 11 October 2014

Asia Top30 – Stock Rationales

Asia Top30 stock rationales (pg1)

Company	Ticker	Sector	Rationale
AIA Group	1299 HK	Financials	Only insurer with pan-Asia exposure and wholly owned insurance operations in China. Structural tailwinds from low insurance penetration in Asia. Steeper yield curve to lead to higher reinvestment rates, resulting in stronger EV and value of New Business Growth.
Angang Steel	347 HK	Materials	One of the largest steel companies in China. Expected to be a long-term beneficiary of China's drive to consolidate the industry's overcapacity and close down polluting, small mills.
Anhui Conch	914 HK	Materials	Product upgrades and fixed asset investment are key drivers for the company. Recovery of property and infrastructure investments is likely to drive demand outlook going forward. Sector dynamics are favourable, given the government has restricted capacity addition and is looking to consolidate the industry. Anhui, as one of the largest cement producers, should benefit.
Baidu ADR	BIDU US	Technology	The leading search engine in China with c.80% share by revenue. It is well positioned to benefit from a transition to mobile internet, given the large traffic base to monetise. Its recent acquisition of 91 Wireless, the largest app distributor in China, further augments its mobile-related offerings.
Beijing Capital Int Airport	694 HK	Industrials	Beijing Capital Airport is the sole international airport in Beijing. It has two key segments: Aeronautical-related revenue (58% of total revenue in 2012) from fees levied on both passengers and airlines (landing fees) using its facilities, and Non-aeronautical-related revenue (42%). We expect the company to benefit from continued growth in passenger volume as well as Chinese airlines' plan to add capacity. Valuation is inexpensive against its own history.
BOC HK	2388 HK	Financials	Increased use of CNY in the cross-border trade settlement business is supportive of BOC HK's CNY-related business. Loan growth outlook in Hong Kong is lacklustre.
CapitaCommercial Trust	CCT SP	Financials	CapitaCommercial Trust is one of largest office REITs in Singapore. It derives 91% of its net property income (as of September 2013) from Grade A and prime offices. A gradual pickup in prime office demand and limited new prime office supply in 2015 are supportive factors. Prime office rents bottomed in 2013 and started picking up on the back of better leasing activities.
CDL Hospitality REIT	CDREIT SP	Financials	CDL Hospitality REIT has significant exposure to Singapore hotels (over 70% of its total portfolio), with the remaining exposure to Australia, New Zealand and Maldives. It has an attractive dividend yield of 6.6% and is trading at book valuation. The outlook for Singapore hotels appears to be bottoming. We note that new supply growth for upscale hotels is moderating, which should help ease pressure on room rates in the near term. The REIT is managed by Millennium & Copthorne Hotels, which owns c.30% of CDREIT's units. CDREIT's gearing is among the lowest: less than 30%.
China Resources Land	1109 HK	Financials	China Resources Land (CRL) is one of China's largest property developers. Its landbank is well diversified with a presence in more than 70 cities and focus on tier one and tier two cities. It is evenly split between development and investment properties in terms of NAV, which should offer some share price resilient in an environment where properly prices are moderating. We are starting to see some policy easing measures to support the sector.
China Shenhua	1088 HK	Energy	A more defensive proxy within the China coal space. Further downside in coal prices is fairly limited, but upside is curbed by increased import supply as well as a continued ramp-up in domestic capacity.
CIMB Group Holdings	CIMB MK	Financials	Expected to benefit from higher loan growth in Malaysia due to the Economic Transformation Programme. A steeper yield curve should lead to better investment opportunities. CIMB is one of the better managed banks in Malaysia and its recent raising of capital raising will boost capital adequacy. Potential risks from renewed IDR depreciation, impacting profits from its Indonesian operations through Bank Niaga.
DBS Group	DBS SP	Financials	The largest bank in Singapore with the best deposit franchise among peers; most leveraged to benefit from higher interest rates. Limited exposure to Southeast Asian countries relative to peers.
Dongfeng Motor	489 HK	Discretionary	Dongfeng is a state-owned Chinese automaker specialising in both passenger and commercial vehicles. We believe sentiment around the Chinese auto space should pick up in the seasonally strong October-January period, which will likely benefit the company.
Hengan Intl	1044 HK	Staples	Continues to solidify its position as the market leader in hygiene products through new product launches. Better product mix and cost control should drive margin expansion over time. Also a small beneficiary of the abolishment of China's one-child policy.
Hutchison Port Holdings	HPHT SP	Industrials	World's largest port operator, with key assets in Shenzhen and Hong Kong. Recent concerns over dividend cuts from lower throughput growth may be misplaced. Valuation is attractive, with dividend yield of c.8%, supported by strong cash flow generation from its mature portfolio of port holdings.

Source: Standard Chartered

Asia Top30 – Stock Rationales (cont'd)

Asia Top30 stock rationales (pg2)

Company	Ticker	Sector	Rationale
Hutchison Whampoa	13 HK	Industrials	Hutchison Whampoa is a diversified conglomerate listed in Hong Kong. We like the stock for its diversified exposure to ports, retail, property/hospitality, energy and infrastructure divisions. It should benefit from a continued recovery seen in European economies, with c.35% exposure to the EU. Asset divestments of segment business divisions would be an additional share price driver.
ICBC 'H'	1398 HK	Financials	Favour larger banks within the banking sector, as they would be better positioned to withstand further tightening on the interbank markets and deposit liberalisation. Valuation is cheap, with c.7% dividend, though significant upside is probably limited.
ICICI Bank	ICICIBC IN	Financials	ICICI Bank is in a good position to capitalise on growth opportunities when corporate capex picks up, driven by government reforms. Asset quality remains sound, and we forecast credit risks to decline further from expected reforms in power and other infrastructure.
Intime Department Store Group	1833 HK	Discretionary	Intime is a play on the shift to consumption in China. Performance has been lacklustre due to the ongoing anti-corruption campaign by policymakers. It has the best stores profile, with more than half of its portfolio being 2-5 years old, the best period to enjoy operating leverage. Its malls are well located in cities with low vacancy rates. We believe retail sales in China have likely bottomed, though any recovery is not visible yet.
Jiangxi Copper	358 HK	Materials	Jiangxi Copper is the largest copper producer and integrated copper mining and smelting company in China. Its costs are amongst the lowest in China, and it has a strong balance sheet (less than 20% gearing), allowing it to better weather severe industry conditions.
Kasikornbank	KBANK TB	Financials	Dominant player in SME banking in Thailand. Well leveraged to the growth in housing loans and corporate spending in Thailand. The macro unrest in the country has impacted the stock and the valuation now looks more attractive.
Lenovo Group	992 HK	Technology	Lenovo is the largest notebook and consumer PC brand in the world. Near-term growth drivers to come from its smartphone segment, particularly in non-China EM sales, where margins are higher. A bottoming in the PC market and any recovery would provide upside to Lenovo. Lenovo continues to be on the lookout for M&A targets.
NetEase	NTES US	Technology	NetEase is one of the largest online game developers in China. Online games-related fees contributed to 87.8% of total revenue in 2012. The company's legacy games such as World of Warcraft, Westward Journey and Westward Journey II have been remarkably successful and helped the company acquire a large user base, generating stable recurring free cash flows. Key drivers to come from the growth of new PC and mobile games, given the relative maturity of its legacy games.
Ping An Insurance 'H'	2318 HK	Financials	To benefit from reforms in the China insurance sector. The expansion of healthcare insurance coverage, potential pricing liberalisation and further momentum in premium growth are key catalysts for the stock to get re-rated. Ping An has the largest life insurance agency sales force in China and is well positioned in the policy drive towards more protection-related products; a steeper yield curve to lead to higher reinvestment rates, resulting in stronger EV and value of new business growth.
PTT Global Chemicals	PTTGC TB	Materials	Refining margins appear to be stabilising. Any improvement in demand should drive upside. Valuation is attractive relative to peers.
SINA Corp ADR	SINA US	Technology	SINA Corp is one of the best known online companies in China. Its Sina.com (online advertising) portal focuses on news and media content; Weibo is a microblogging platform, sometimes known as the Twitter of China, and has over 400m users. Rising monetisation of Weibo (as China's no. 1 micro blog) to drive profit growth. Alliance with e-commerce platform Alibaba should support upside. Stock tends to be more volatile than peers. Any exposure should be within a well-diversified allocation.
Singapore Technologies	STE SP	Industrials	STE is expected to benefit from a recovery in maintenance and repair overhaul (MRO) orders, which is driven by higher global aircraft utilisation. A recovery in airlines' profitability, particularly in the US and Europe, will be supportive, given that c.40% of its revenue has exposure to these regions. The stock offers an attractive yield of c.5% with a strong net cash balance sheet.
Sinopec	386 HK	Energy	A key beneficiary of fuel price reform to a more market-based regime. Refining margins expected to improve on the back of improving demand. Shale gas development would be a longer-term positive.
Wharf Holdings	4 HK	Financials	Wharf Holdings is a diversified property developer in Hong Kong. Its exposure is mostly within Hong Kong and China, with both retail, residential and commercial assets. We like it for its significant (over one-thirds) exposure to HK prime retail, which we expect to do well from increasing tourist arrivals from China.
Wilmar International	WIL SP	Staples	Asia's largest integrated agriculture business. Valuation is inexpensive. Near-term drivers from margin recovery in the grains and seeds segment. Mandates to increase biodiesel-diesel blending in parts of Asia is a positive for Wilmar, though any delay in the implementation of these mandates may post downside risks.

Source: Standard Chartered

Sector and Country – Performance and Valuations

MSCI Asia ex-Japan Sectors (USD)

Name	Last Price	12m Fwd P/E	12m Fwd P/B	Div Yield%	Div Payout%	1M TR USD	YTD TR USD
Consumer Staples	431.2	20.9	2.7	1.9	49.6	-4.5%	3.8%
Consumer Discretionary	535.1	10.4	1.6	2.3	25.6	-9.5%	-9.2%
Energy	630.8	9.5	1.1	3.6	37.7	-10.2%	-0.4%
Financials	304.5	9.1	1.0	3.4	31.3	-5.6%	6.4%
Healthcare	734.0	23.9	3.5	0.8	21.0	-2.4%	25.6%
Industrials	169.6	13.5	1.2	3.0	40.2	-6.7%	-0.8%
Information Technology	343.9	12.1	1.9	1.8	21.0	-6.7%	6.0%
Materials	299.4	12.5	1.1	2.5	39.9	-10.4%	-7.5%
Telecommunication Svs	151.0	15.6	2.0	3.6	64.2	-5.4%	12.7%
Utilities	235.2	13.3	1.4	2.5	25.4	-3.0%	11.7%
Index	558.0	11.3	1.3	2.7	31.4	-6.6%	3.6%

Source: Bloomberg, Standard Chartered

MSCI Asia ex-Japan Countries (local currency)

Name	Last Price	12m Fwd P/E	12m Fwd P/B	Div Yield%	Div Payout%	1M TR USD	YTD TR USD
China	62.2	8.6	1.2	3.4	31.3	-6.7%	1.6%
South Korea	535.2	#N/A N/A	0.9	1.2	17.0	-12.0%	-10.6%
Thailand	539.2	13.1	2.0	2.9	40.6	-2.6%	22.4%
Singapore	1699.9	13.1	1.3	3.6	48.0	-4.2%	1.9%
Hong Kong	12431.7	14.4	1.2	3.8	35.4	-5.3%	5.0%
Indonesia	5836.3	13.9	2.8	2.4	37.1	-7.0%	21.7%
India	986.9	15.2	2.3	1.5	25.8	-3.3%	23.9%
Philippines	1212.0	18.6	2.8	2.3	48.6	-3.2%	22.8%
Malaysia	635.2	15.2	1.9	3.2	52.3	-5.1%	-1.8%
Taiwan	327.3	13.0	1.7	3.0	47.4	-5.3%	9.1%
Index	558.0	11.3	1.3	2.7	31.4	-6.6%	3.6%

Source: Standard Chartered

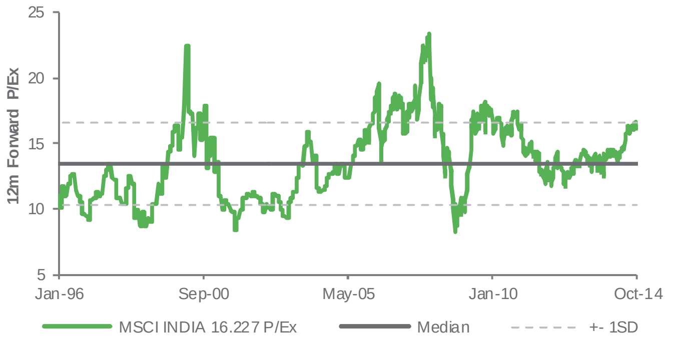
Asia ex-Japan Country Preferences

Country	View	Rationale
South Korea	OW	Cheap valuations. A Developed Market (DM) and China recovery proxy
India	OW	Monetary policy likely to stay tight in the near term, with potential impact on domestic growth
Taiwan	N	Domestic growth seems to have bottomed, with potential upside from a recovery in DM tech demand
Hong Kong	N	Valuation is fair. We expect property/banks to be negatively impacted from higher rates and credit control in China
China	N	Mixed outlook as policymakers more focused on controlling credit than growth
Thailand	N	Valuations look increasingly attractive, but continued political unrest remains a key risk
Singapore	N	Lack of domestic drivers, but market still offers attractive dividend yield
Indonesia	N	Valuations have corrected. Rupiah volatility a key risk factor.
Malaysia	UW	Domestic growth is supportive but sustained ringgit weakness a potential risk

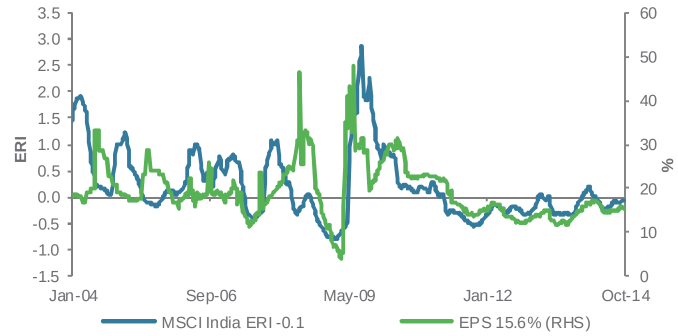
Source: Standard Chartered
As of 10 October 2014

Valuations and Earnings revisions

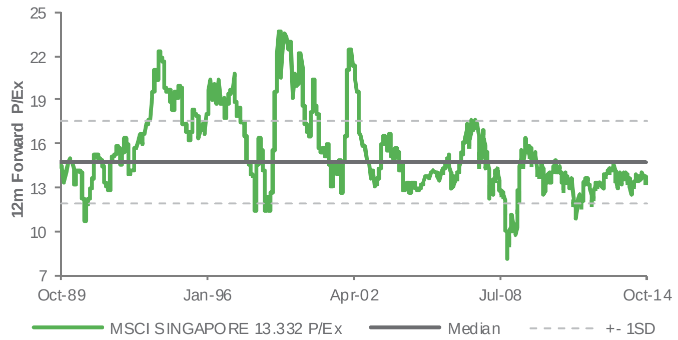
12m Forward P/E – MSCI India



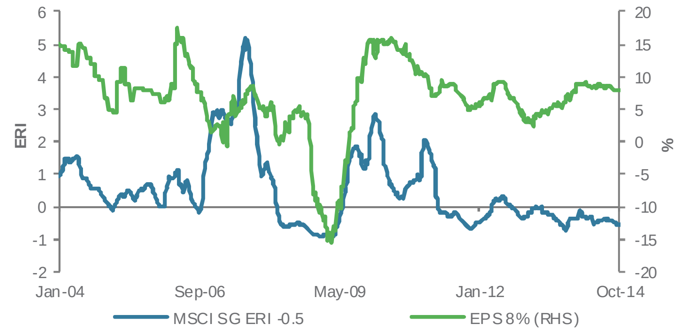
Earnings Revisions Ratio – MSCI India



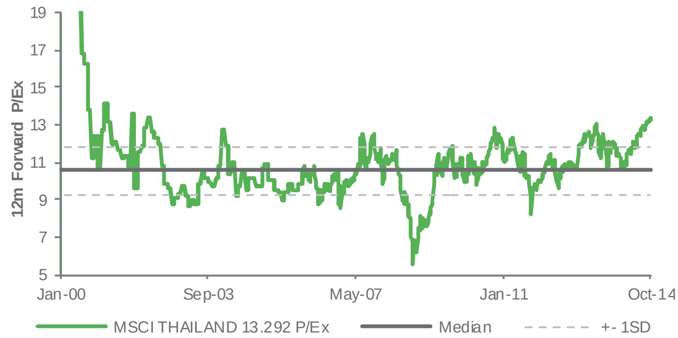
12m Forward P/E – MSCI Singapore



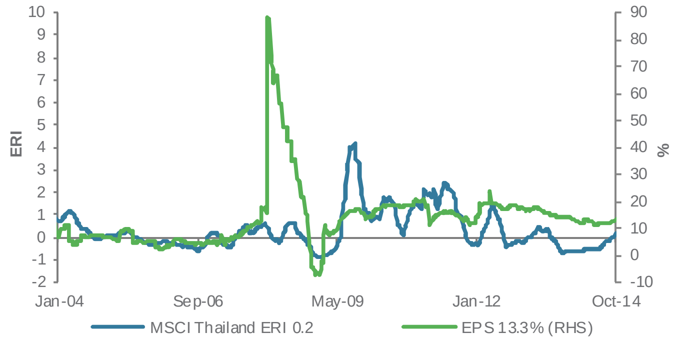
Earnings Revisions Ratio – MSCI Singapore



12m Forward P/E – MSCI Thailand

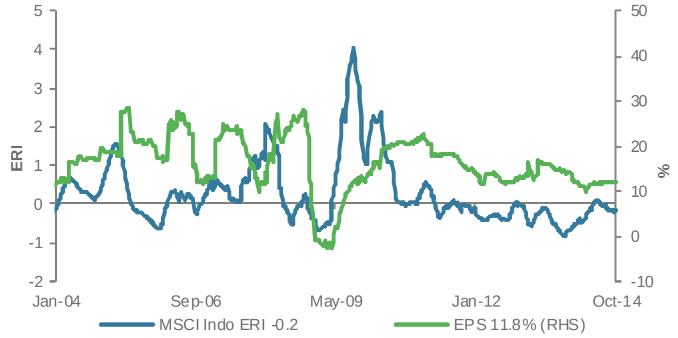


Earnings Revisions Ratio – MSCI Thailand



12m Forward P/E – Indonesia

Earnings Revisions Ratio – Indonesia

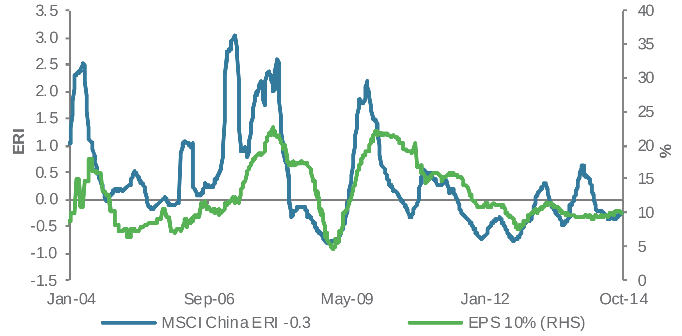


Source: Datatream, Standard Chartered

Valuations and Earnings revisions (cont'd)

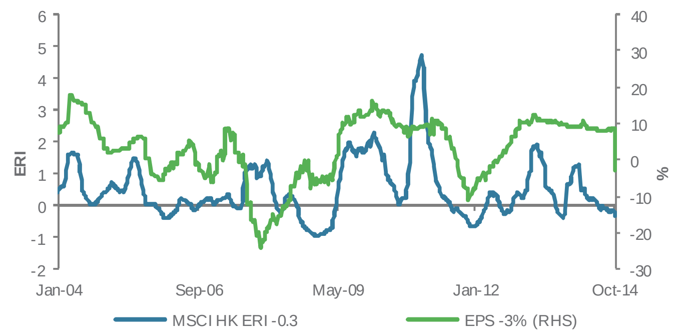
12m Forward P/E – MSCI China

Earnings Revisions Ratio – MSCI China

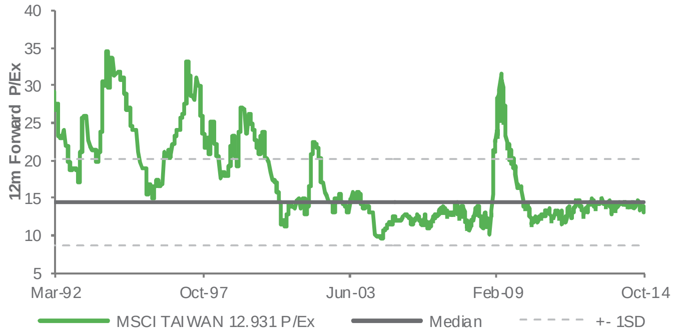


12m Forward P/E – MSCI Hong Kong

Earnings Revisions Ratio – MSCI Hong Kong

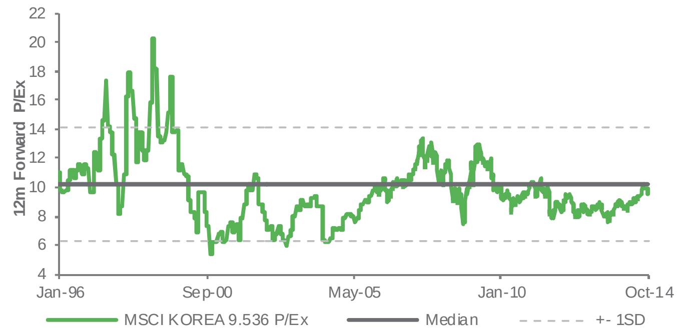


12m Forward P/E – MSCI Taiwan

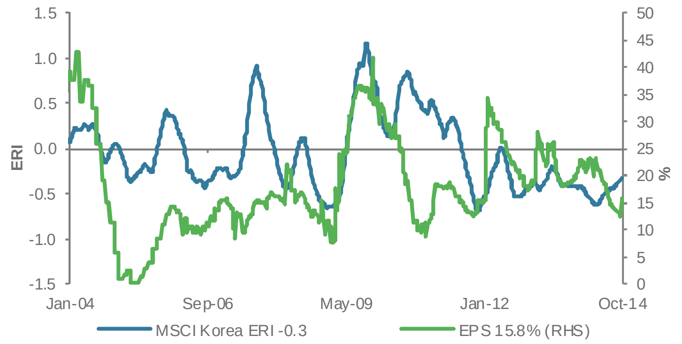


Earnings Revisions Ratio – MSCI Taiwan

12m Forward P/E – South Korea



Earnings Revisions Ratio – South Korea



Source: Datastream, Standard Chartered

Definitions

YTD: Year to date.

ITD: Inception to date.

PT: Price Targets (SCB uses an investment horizon of 12 months for its price targets).

RSI: Relative Strength Index.

Relative Volatility index: A measure of the standard deviation of the daily price change.

MA: Moving Average.

Basket average performance: Basket average is the un-weighted performance of the shortlisted stocks

Consensus rating: A rating provided by Bloomberg which reflects the aggregation of all brokers rating for a particular stock. 1 is a Sell, while 5 is a Strong Buy.

P/E: Price/Earnings ratio. The Trailing P/E refers to 12m of trailing earnings, while the forward refers to 12m forecast earnings, against current price.

P/B: Price/Book ratio. The book value refers to total shareholder's equity, while the forward refers to 12m forecast book value, against current price.

EV/EBITDA: Enterprise value/Earnings Before Interest, Tax and Depreciation Amortisation.

Earnings revision ratio: Net earnings revision (upgrades - downgrades) / Total earnings revision (upgrades + downgrades)

ROE and ROA: Return on Equity (book value) and Return on Assets.

Dividend Yield: Dividend paid/ current price.

Net Interest Margin (NIM): Is a measure of difference between the net interest income generated from lending by financial institutions and the amount of interest paid out to their lenders (for example deposits)

Beta: Correlation between a stock and the market. Is based on two years of weekly data, but modified by the assumption that a security's beta moves toward the market average over time.

Total return: Capital appreciation + dividend income received.

Short term: Time horizon of 1-4 weeks.

Medium term: Time horizon of 3-6 months.

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2. Provides notification of trade closure or switch

(Release: Ad hoc)

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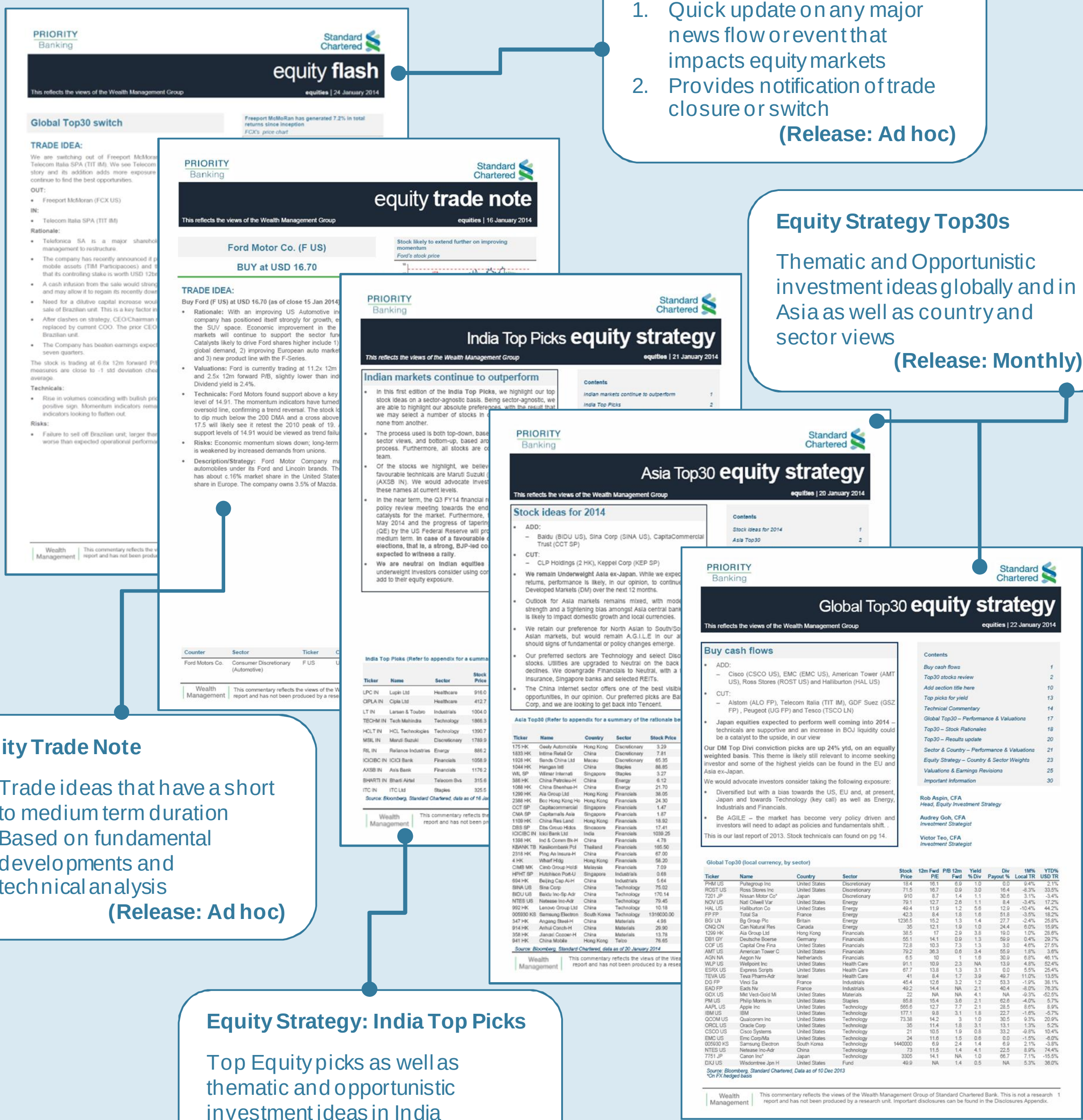
Thematic and Opportunistic investment ideas globally and in Asia as well as country and sector views

(Release: Monthly)



Equity Trade Note

1. Trade ideas that have a short to medium term duration
2. Based on fundamental developments and technical analysis

(Release: Ad hoc)

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Top Equity picks as well as thematic and opportunistic investment ideas in India

(Release: Monthly)

Important Information