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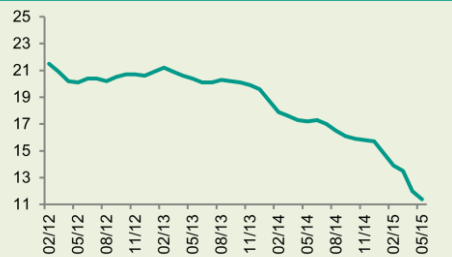
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Exhibit 1: May economic indicators

YoY% or otherwise specified	May '15	Apr '15	5M15
PMI - Manufacturing	50.2	50.1	50.2
PMI - Non Manufacturing	53.2	53.4	53.2
CPI	1.2	1.5	1.3
PPI	(4.6)	(4.6)	(4.6)
Exports	(2.5)	(6.4)	0.7
Imports	(17.6)	(16.2)	(17.3)
Trade Balance (US\$/bn)	59.49	34.13	2,172.58
FAI (YTD%)	11.4	12.0	11.4
Industrial production	6.1	5.9	6.2
Retail Sales	10.1	10.0	10.4
M2	10.8	10.1	10.8
New loans (RMB/bn)	900.8	707.9	5,279.4
Aggregate financing (RMB/bn)	1,220	1,050.4	6,870

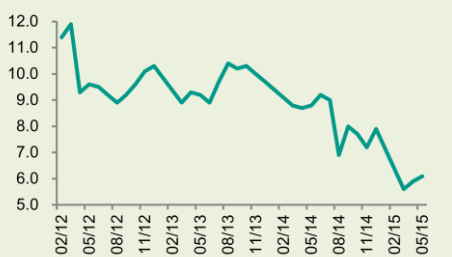
Source(s): NBS, PBOC, Bloomberg, ABCI Securities

Exhibit 2: FAI (YTD YoY %)



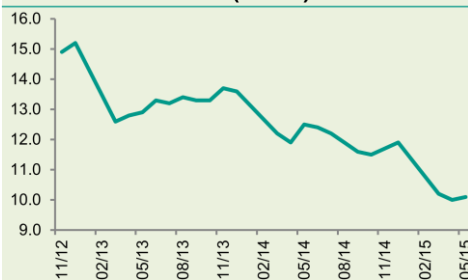
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 3: Industrial production (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 4: Retail sales (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

May data show marginal improvement

China's major economic indicators in May still pointed to a stagnant trajectory. FAI continued to show a moderating trend while retail sales and industrial production rebounded mildly. Continued sluggishness observed in May has prompted policymakers to launch more stimulus measures to reverse the weakening trend. In the coming months, we shall witness the rollout of more expansionary policies to boost aggregate demand and alleviate downward pressure in the economy.

FAI growth continued to shrink. FAI grew 11.4% YoY in 5M15 (vs. 12.0% YoY in 4M15), mainly due to extended weakness in real estate investment. Sluggishness in the real estate sector, whose YTD growth in FAI only reached 5.1% YoY for 5M15 (vs. 6.0 % YoY in 4M15), suggests a rebalancing process is still in progress. Declining FAI growth in 5M15 indicates investors have remained cautious over capital spending. The government's recent effort to launch more infrastructure projects should help reduce the possibility of a severe downturn in FAI. We reassert that infrastructure investment, which grew rapidly by 18.1% YoY in 5M15, will become the major growth driver of the economy this year.

Industrial production continued to rebound. In May, industrial production expanded by 6.1% YoY, up from 5.9% YoY in April. Overall manufacturing activities were recovering slowly, but certain product categories managed to record a double-digit growth on a YoY basis. In particular, value-added growth of "Computer, Communication Equipment and Other Electronic Equipment" rose 9.9% YoY while "Medicines" increased 10.5% YoY. We believe industrial production would recover further as the economic conditions improve.

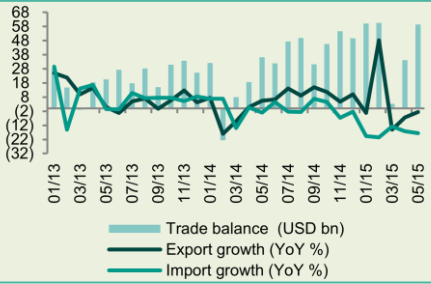
Retail sales showed improvement. May retail sales rose 10.1% YoY, slightly higher than 10.0% YoY increase in April. The rise was mainly driven by sizeable growth in "Communication Appliances" (39.4% YoY), "Furniture" (17.3% YoY), "Commodities" (10.8% YoY), and "Traditional Chinese and Western Medicines" (11.5% YoY). However, "Petroleum and Related Products" still fell 5.5% YoY due to weakening global oil prices. Going forward, retail sales is likely to trend up on the government's persistent efforts to encourage private consumption and positive wealth effects induced by the stock market rally.

Decline in export growth narrowed. Exports and imports fell 2.5% YoY (2.8% YoY in RMB) and 17.6% YoY (18.1% in RMB) in May while trade balance reached US\$ 59.49bn (366.80bn in RMB). For 5M15, exports rose 0.7% (0.8% in RMB) while imports fell by 17.3% YoY (17.2% in RMB). The decline in May's external trade was caused by the high base in 2014, softening external demand from the Eurozone and Japan, and weakening domestic demand. Yet, we believe growth in exports and imports would edge up in coming months on improved economic outlook and rising demand for China's exports from the U.S, Eurozone, and emerging economies.

Disinflation returned in May. CPI inflation edged down to 1.2% YoY in May against April's 1.5%, signaling the return of a disinflationary trend. Moderating pricing pressure was primarily driven by food prices that rose only 1.6% YoY, compared to April's 2.7%. The YTD CPI inflation low at 1.3% would leave room for PBOC to maneuver further monetary easing when necessary. Decline in PPI remained at 4.6% YoY in May, the same as that of April. Stagnant growth of

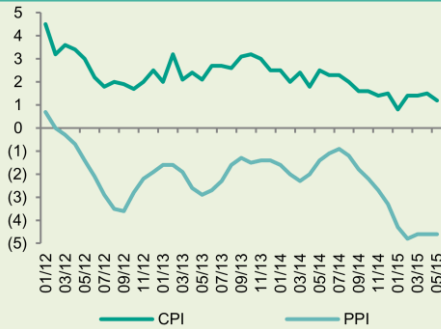


Exhibit 5: External trade



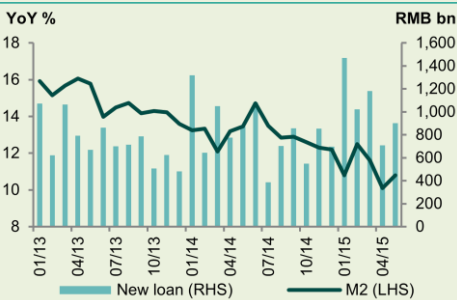
Source(s): Bloomberg, ABCI Securities

Exhibit 6: CPI and PPI (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 7: New loans and M2 growth



Source(s): PBOC, Bloomberg, ABCI Securities

manufacturing activities and low input prices have resulted in the 39-month decline in producers' prices. With global commodity prices still hovering at low levels, we believe a major turnaround in PPI is unlikely in the short term and expect the decline to narrow only slightly over time.

Monetary growth and new loans rebounded in May. M2 growth and new loans edged up to 10.8% (vs. 10.1% in April) and RMB 900.8bn (vs. 707.9bn in April) in May, indicating that PBOC's credit loosening measures have stimulated monetary growth. Aggregate financing for May is RMB 1.22tr, down 12.9% YoY. In our view, previous credit loosening measures have not been fully utilized and their lagged impacts on liquidity should be seen in the coming months. Overall, increased liquidity will help accommodate capital demand in 2015.



China Economic Indicators

	2014												2015				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Real GDP (YoY%)	---	---	7.4	---	--	7.5	--	---	7.3	---	---	7.3	---	---	7.0	---	---
Export Growth (YoY%)	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5	9.4	15.3	11.6	4.7	9.7	(3.2)	48.3	(15.0)	(6.4)	(2.5)
Import Growth (YoY%)	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)	(2.4)	7.0	4.6	(6.7)	(2.4)	(19.7)	(20.5)	(12.7)	(16.2)	(17.6)
Trade Balance (USD/bn)	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3	49.8	30.9	45.4	54.5	49.6	60.0	60.6	3.1	34.1	159.49
Retail Sales Growth (YoY%)	11.8		12.2	11.9	12.5	12.4	12.2	11.9	11.6	11.5	11.7	11.9	10.7	10.2	10.0	10.1	
Industrial Production (YoY%)	8.6		8.8	8.7	8.8	9.2	9.0	6.9	8.0	7.7	7.2	7.9	6.8	5.6	5.9	6.1	
PMI - Manufacturing (%)	50.5	50.2	50.3	50.4	50.8	51.0	51.7	51.1	51.1	50.8	50.3	50.1	49.8	49.9	50.1	50.1	50.2
PMI - Non-manufacturing (%)	53.4	55.0	54.5	54.8	55.5	55.0	54.2	54.4	54.0	53.8	53.9	54.1	53.7	53.9	53.7	53.4	53.2
FAI(YTD) (YoY%)	17.9		17.6	17.3	17.2	17.3	17.0	16.5	16.1	15.9	15.8	15.7	13.9	13.5	12.0	11.4	
CPI (YoY%)	2.5	2.0	2.4	1.8	2.5	2.3	2.3	2.0	1.6	1.6	1.4	1.5	0.8	1.4	1.4	1.5	1.2
PPI (YoY%)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)	(1.2)	(1.8)	(2.2)	(2.7)	(3.3)	(4.3)	(4.8)	(4.6)	(4.6)	(4.6)
M2(YoY%)	13.2	13.3	12.1	13.2	13.4	14.7	13.5	12.8	12.9	12.6	12.3	12.2	10.8	12.5	11.6	10.1	10.8
New Lending (RMB/bn)	1,320	644.5	1,050	774.7	870.8	1,080	385.2	270.25	857.2	548.3	852.7	697.3	1,470	1,020	1,180	707.9	990.8
Aggregate Financing (RMB bn)	2,580	938.7	2,081.3	1,550	1,400	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

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	18,000.40	0.85	15.55	NYMEX WTI	USD/bbl	61.08	3.30	405,891	US Prime Rate	3.25	0.00
S&P 500	2,105.20	0.59	18.61	ICE Brent Oil	USD/bbl	65.50	3.46	224,647	US Discount Window	0.75	0.00
NASDAQ	5,076.69	0.16	30.01	NYMEX Natural Gas	USD/MMBtu	2.89	11.58	188,098	US Treasury (1 Yr)	0.2546	(0.51)
MSCI US	2,017.95	0.56	19.24	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	61.80	N/A	N/A	US Treasury (5Yr)	1.7955	5.53
Europe				Basic Metals				US Treasury (10 Yr)	2.4930	8.54	
FTSE 100	6,855.92	0.75	21.54	LME Aluminum Cash	USD/MT	1,722.50	0.58	14,185	Japan 10-Yr Gov. Bond	0.5360	4.50
DAX	11,354.56	1.41	18.26	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,759.00	0.51	32,710	China 10-Yr Gov. Bond	3.6200	0.00
CAC40	4,973.08	1.06	25.65	CMX Copper Active	USD/lb.	6,026.50	1.61	13,351	ECB Rate (Refinancing)	0.05	0.00
IBEX 35	11,170.40	0.98	19.55	LME Copper 3- mth Rolling Fwd.	USD/MT	6,030.00	1.57	45,636	1-Month LIBOR	0.1875	0.45
FTSE MIB	23,196.73	1.53	79.98	Precious Metals				3 Month LIBOR	0.2855	0.43	
Stoxx 600	392.79	0.97	22.77	CMX Gold	USD/T. oz	1,180.60	1.07	125,908	O/N SHIBOR	1.0900	3.90
MSCI UK	2,005.34	0.40	21.84	CMX Silver	USD/T. oz	15.83	(0.96)	50,245	1-mth SHIBOR	2.8400	47.50
MSCI France	139.17	0.30	26.48	NYMEX Platinum	USD/T. oz	1,108.20	1.48	10,332	3-mth HIBOR	0.3896	0.21
MSCI Germany	147.03	0.57	18.33	Agricultural Products				Corporate Bonds (Moody's)			
MSCI Italy	66.08	1.12	N/A	CBOT Corn	USD/bu	357.25	(0.90)	222,032	Aaa	4.23	4.00
Asia				CBOT Wheat	USD/bu	511.75	(1.02)	123,343	Baa	5.15	5.00
NIKKEI 225	20,382.97	(0.38)	23.06	NYB-ICE Sugar	USD/lb.	12.28	(1.13)	68,812			
S&P/ASX 200	5,556.65	1.06	20.34	CBOT Soybeans	USD/bu.	922.75	0.93	77,039			
HSI	26,907.85	(1.29)	11.18								
HSCEI	13,743.25	(1.23)	10.00								
CSI300	5,306.59	1.44	22.53								
SSE Composite	5,121.59	1.96	25.67								
SZSE Composite	3,100.94	1.60	75.93								
MSCI China	76.96	(2.93)	11.88								
MSCI Hong Kong	13,814.53	(2.98)	9.87								
MSCI Japan	999.75	(2.41)	18.35								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-mth Spot pr.
Spot Rate	1.1259	1.5451	0.7727	123.75	0.9370	6.2067	7.7530	6.2476
Chg. WTD (%)	1.30	1.19	1.36	1.52	0.29	(0.06)	(0.00)	(0.04)

Note:

- Data sources: Bloomberg, 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



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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