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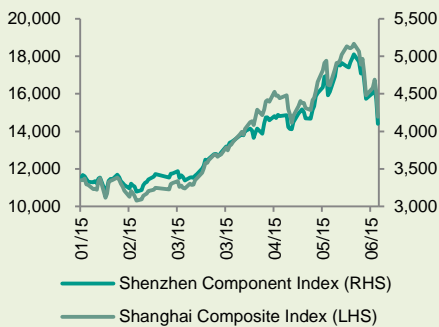
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Exhibit 1: PBOC's rate cut since Nov 2014

	Jun 28, 2015	May 11, 2015	Mar 1, 2015	Nov 22, 2014
Savings rate (%)				
Demand	0.35	0.35	0.35	0.35
3-month	1.60	1.85	2.10	2.35
6-month	1.80	2.05	2.30	2.55
1-year	2.00	2.25	2.50	2.75
2-year	2.60	2.85	3.10	3.35
3-year	3.25	3.50	3.75	4.00
Lending rate (%)				
Within 1 year	4.85	5.10	5.35	5.60
1-5 years	5.25	5.50	5.75	6.00
Over 5 years	5.40	5.65	5.90	6.15

Source(s): PBOC, ABCI Securities

Exhibit 2: China's stock market YTD performance



Note: As of June 26, 2015

Source(s): Bloomberg, ABCI Securities

China's rate and RRR cut to combat stagnation

The People's Bank of China (PBOC) announced the fourth interest rate cut since November 2014 (first rate cut of 40 bps in November 2014; second rate cut of 25 bps in March 2015; third rate cut of 25 bps in May 2015) by further slashing the 1-year lending rate and deposit rate by 25bps to 4.85% and 2.0%, effective June 28, 2015. At the same time, PBOC will further lower RRR by 50bps for eligible banks that lend a certain amount of loans to agricultural borrowers or small and micro businesses; for the financial companies, the RRR is slashed by 300 bps. In general, the latest rate cuts, which was announced after the China's stock market had slid by almost 20% in the last two weeks, reflects that economic momentum in China remains stagnant and additional monetary easing is crucial for stabilizing and reviving the economic momentum in 2H15. PBOC is strengthening efforts to combat faltering growth by lowering the cost of capital and injecting liquidity into the economy.

Interest rate and RRR cuts launched to stabilize economy. The interest rate cut and RRR cut, which came after the significant decline in stock market over the past two weeks and prior to the release of 2Q15's key economic indicators, aims to provide support to the slowing economy. In our view, the Chinese government will roll out more monetary and fiscal stimulus measures to ensure the growth target of 7% for 2015 would be reached.

Keeping real interest rates low enough to boost investment and consumption. The focus of the interest rate cut is to keep real interest rate levels low to revive growth. As 5M15 CPI inflation stood mildly at 1.3%, real interest rate has remained high. Economic indicators show slackening growth in manufacturing and investment. Hence, further rate cut is called for. The reduction of real interest rate would lower the cost of capital and financial costs of enterprises, thus stimulating economic growth.

RRR cut targeted at agricultural borrowers and small and micro businesses. The new RRR cut allows qualified financial institutions to provide more lending to rural, agricultural and small businesses, thus enhancing the latter's economic contribution to China's economy. Also, the larger RRR cut for the financial companies aims to enhance their financial support to enterprises. In general, the RRR cut works in conjunction with earlier liquidity injection through the "reverse-repo" operations. The objective is to avoid a sharp downturn in the economy by fine-tuning with policy tools.

Continuous fine-tuning of macro loosening policies in 2H15. Moderating domestic demand and subdued manufacturing activities are aggravating the downside risks in the economy. The slowing economic momentum calls for a lower interest rate and a larger-sized RRR cut to lessen financial burden and stimulate economic activities. Given the moderating trend in inflation and the mounting pressure to expand liquidity, we expect PBOC to assume an accommodative approach to pursue more stimulus measures and inject more liquidity through different monetary tools in 2H15.



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	10.0	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	270.2	857.2	548.3	852.7	697.3	1,470	1,020	1,180	707.9	900.8
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			
DJIA	17,946.68	0.00	15.48	NYMEX WTI	USD/bbl	58.75	(1.48)	222,573	Rate	0.25	0.00
S&P 500	2,101.49	0.00	18.55	ICE Brent Oil	USD/bbl	62.48	(1.23)	232,932	US Prime Rate	3.25	0.00
NASDAQ	5,080.51	0.00	30.58	NYMEX Natural Gas	USD/MMBtu	2.74	(1.23)	66,777	US Discount Window	0.75	0.00
MSCI US	2,014.35	0.00	19.21	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	61.80	N/A	N/A	US Treasury (1 Yr)	0.2853	0.51
Europe				Basic Metals				US Treasury (5Yr)			
FTSE 100	6,753.70	0.00	21.23	LME Aluminum Cash	USD/MT	1,665.50	0.00	11,251	US Treasury (10 Yr)	2.3134	(15.9 2)
DAX	11,492.43	0.00	18.55	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,704.00	0.00	26,252	Japan 10-Yr Gov. Bond	0.4460	(2.40)
CAC40	5,059.17	0.00	26.11	CMX Copper Active	USD/lb.	5,747.50	0.00	6,314	China 10-Yr Gov. Bond	3.6300	3.00
IBEX 35	11,372.30	0.00	19.67	LME Copper 3- mth Rolling Fwd.	USD/MT	5,755.00	0.00	36,766	ECB Rate (Refinancing)	0.05	0.00
FTSE MIB	23,800.47	0.00	N/A	Precious Metals				1-Month LIBOR			
Stoxx 600	396.85	0.00	23.63	CMX Gold	USD/T. oz	1,181.60	0.72	111,319	3 Month LIBOR	0.2818	0.05
MSCI UK	1,981.04	0.00	21.57	CMX Silver	USD/T. oz	15.87	0.65	33,077	O/N SHIBOR	1.3400	(1.70)
MSCI France	142.34	0.00	27.08	NYMEX Platinum	USD/T. oz	1,078.10	(0.24)	13,555	1-mth SHIBOR	3.5800	(5.40)
MSCI Germany	149.89	0.00	18.68	Agricultural Products				3-mth HIBOR			
MSCI Italy	68.06	0.00	N/A	CBOT Corn	USD/bu	396.25	0.96	163,581	Corporate Bonds (Moody's)		
Asia				CBOT Wheat	USD/bu	573.00	0.88	94,463	Aaa	4.23	9.00
NIKKEI 225	20,287.71	(2.02)	22.93	NYB-ICE Sugar	USD/lb.	11.95	0.00	82,870	Baa	5.20	12.00
S&P/ASX 200	5,428.30	(2.12)	19.85	CBOT Soybeans	USD/bu.	981.75	(0.43)	149,285			
HSI	25,949.30	(2.68)	10.79								
HSCEI	12,617.70	(3.59)	9.18								
CSI300	4,190.30	(3.36)	18.31								
SSE Composite	4,035.48	(3.75)	20.33								
SZSE Composite	2,354.50	(5.93)	58.03								
MSCI China	75.50	0.00	11.71								
MSCI Hong Kong	13,961.52	0.00	9.99								
MSCI Japan	1,021.78	0.00	18.72								

* 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	1.1014	1.5715	0.7654	122.93	0.9386	6.2099	7.7520	6.2505
Chg. WTD (%)	(1.37)	(0.20)	(0.01)	0.75	(0.56)	(0.01)	0.01	(0.10)

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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