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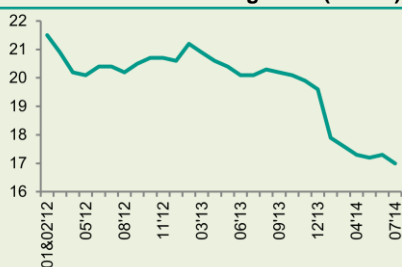
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Exhibit 1: July economic indicators

YoY% or otherwise specified	July'14	June'14
PMI - Manufacturing	51.7	51.0
PMI - Non Manufacturing	54.2	55.0
CPI	2.3	2.3
PPI	(0.9)	(1.1)
Exports	14.5	7.2
Imports	(1.6)	5.5
Trade Balance (US\$/bn)	47.3	31.6
FAI (YTD%)	17.0	17.3
Industrial production	9.0	9.2
Retail Sales	12.2	12.4
M2	13.5	14.7
New loans (RMB/bn)	385.2	1079.3
Aggregate financing (RMB/bn)	273.1	1974.5

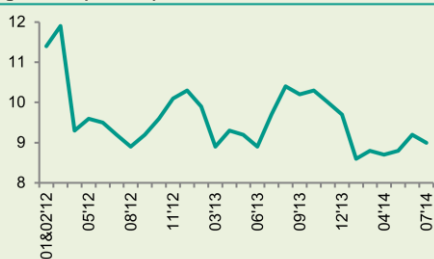
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 2: China FAI YTD growth (YoY %)



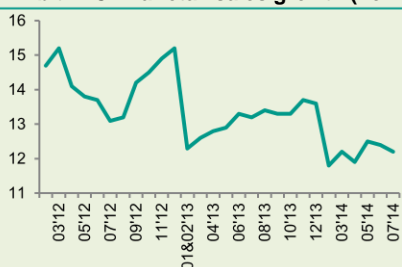
Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 3: China industrial production growth (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 4: China retail sales growth (YoY %)



Source(s): NBS, Bloomberg, ABCI Securities

July's data took a breather

July's macroeconomic data showed diverging trends across China's economic sectors. Rebound in the manufacturing PMI continues on the government's recent measures to stimulate manufacturing activities and new investment projects; the surge in exports also indicates the reviving global economy lends further support to China's recovery. Growths in FAI, retail sales, industrial production, as well as monetary indicators, however, all surprised on the downside. The discordant data in July is a reminder that the Chinese economy is still susceptible to both external and internal shocks, which further reinforces our belief that the government will step up its efforts on mini-stimulus and targeted easing measures to achieve its GDP growth of 7.5% YoY for 2014.

7M14 FAI growth declined, but supportive measures remain strong. FAI's 7M14 growth in July only reached 17.0% YoY. Weakness in the real estate sector extended, with its 7M14 FAI growth declining to 13.7% YoY v.s. 14.1% YoY in 6M14. Overall FAI growth was weighed down as a result. The government's mini-stimulus measures continued to support growth in infrastructure FAI; 7M14 FAI growth of railway remained strong at 19.6% YoY. As the government continues to deploy stimulus measures and we expect real estate sector to improve in 2H14 on gradual relaxation of the purchase restriction, FAI growth will likely strengthen in 2H14.

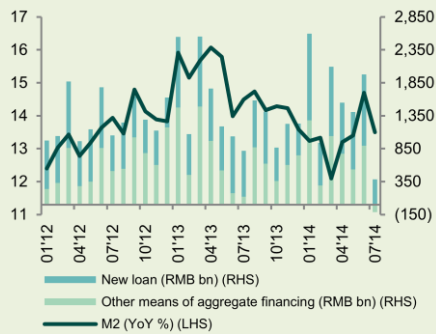
Industrial production growth edged down slightly. In July, industrial production grew 9.0% YoY, slightly lower than June's 9.2% and the market expectation of 9.2% YoY. "Production and Distribution of Electricity, Gas, and Water", which expanded by a meager 1.9% YoY in July v.s. 4.7% YoY in June, was one of the major dragging factors. "State-owned & State-holding Enterprises" that rose by a tepid 5.8% YoY also presented another stalling factor due to the group's significant contribution to China's economy. In our view, the trend of industrial production suggests that recovery in the industrial and manufacturing sectors are still highly sensitive to fluctuations in the economy.

Retail sales dragged down by "Gold, Silver, and Jewelry". In July, overall retail sales grew by 12.2% YoY as compared to June's 12.4% YoY. Retail sales of most product categories continued to expand YoY, but the drop in "Gold, Silver, and Jewelry" further widened to 11.7% YoY and offset some of the gains achieved in most. We believe that the slowdown in retail sales growth was mainly caused by the softened private consumption, which was partly driven down by the government's cutback on lavish spending. We expect that consumption will regain composure with the government's supportive policies.

Exports turned strong and drove trade surplus to record high. On a positive note, July's export growth surged to 14.5% YoY on the back of rising demand from the U.S., Europe, and Southeast Asia while import growth contracted to 1.6% YoY. China posted its biggest-ever monthly trade surplus of US\$ 47.3 billion in July, up from the US\$ 31.6 billion in June. We believe that pro-growth policies implemented by the government to boost China's external trade have been effective, and expect growth in exports and imports to reach 9.6% YoY and 6.7% YoY in 2H14.

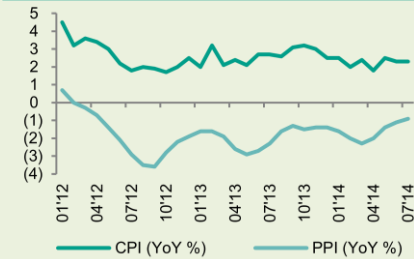


Exhibit 5: China monetary data



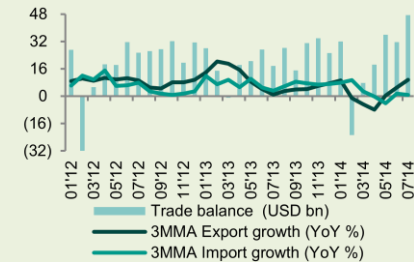
Source(s): PBOC, Bloomberg, ABCI Securities

Exhibit 6: China CPI & PPI



Source(s): NBS, Bloomberg, ABCI Securities

Exhibit 7: China exports and imports



Source(s): China Customs, Bloomberg, ABCI Securities

CPI inflation stays tame while decline in PPI narrowed. CPI rose by 2.3% YoY in July, which is still well within the government's comfort zone. Food prices were largely stable, indicating inflationary pressure was mild at best and room for further credit easing is ample. In addition, the decline of PPI narrowed to 0.9% YoY - the best reading in 2 years. We believe PPI will gradually move back into the positive territory as manufacturing activities improve.

Monetary data contracted sharply in July after substantial rise in June. July's new loans and M2 growth were RMB 385.2bn and 13.5% YoY, substantially below the market expectation and June's figures. Aggregate financing was RMB 27.31bn, below the RMB 197.45bn in June. The slowdown in monetary indicators implies that monetary growth has normalized from the sharp credit expansion in June when the PBOC started launching targeted easing for the agriculture sector and MSEs. Nonetheless, we expect monetary indicators to maintain a healthy growth in coming months.



China Economic Indicators

	2013							2014						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Real GDP (YoY%)	7.5	---	---	7.8	---	---	7.7	---	---	7.4	---	--	7.5	--
Export Growth (YoY%)	(3.1)	5.1	7.2	(0.3)	5.6	12.7	5.8	10.6	(18.1)	(6.6)	0.9	7.0	7.2	14.5
Import Growth (YoY%)	(0.7)	10.9	7.0	7.4	7.6	5.3	6.5	10.0	10.1	(11.3)	0.8	(1.6)	5.5	(1.6)
Trade Balance (USD/bn)	27.1	17.8	28.5	15.2	31.1	33.8	32.3	31.9	(23.0)	7.7	18.5	35.9	31.6	47.3
Retail Sales Growth (YoY%)	13.3	13.2	13.4	13.3	13.3	13.7	13.6	11.8		12.2	11.9	12.5	12.4	12.2
Industrial Production (YoY%)	8.9	9.7	10.4	10.2	10.3	10.0	9.7	8.6		8.8	8.7	8.8	9.2	9.0
PMI - Manufacturing (%)	50.1	50.3	51.0	51.1	51.4	51.4	51.0	50.5	50.2	50.3	50.4	50.8	51.0	51.7
PMI - Non-manufacturing (%)	53.9	54.1	53.9	55.4	56.3	56.0	54.6	53.4	55.0	54.5	54.8	55.5	55.0	54.2
FAI(YTD) (YoY%)	20.1	20.1	20.3	20.2	20.1	19.9	19.6	17.9		17.6	17.3	17.2	17.3	17.0
CPI (YoY%)	2.7	2.7	2.6	3.1	3.2	3.0	2.5	2.5	2.0	2.4	1.8	2.5	2.3	2.3
PPI (YoY%)	(2.7)	(2.3)	(1.6)	(1.3)	(1.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.3)	(2.0)	(1.4)	(1.1)	(0.9)
M2(YoY%)	14.0	14.5	14.7	14.2	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	14.7	13.5
New Lending (RMB/bn)	860.5	699.9	711.3	787.0	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1080	385.2
Aggregate Financing (RMB bn)	1,037.5	819.1	1,584	1,411.3	864	1,226.9	1,232.2	2,580	938.7	2,081.3	1,550	1,400.0	1,970	273.1

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	16,560.54	0.04	15.18	NYMEX WTI	USD/bbl	97.37	(0.29)	260,044	US Prime Rate	3.25	0.00
S&P 500	1,933.75	0.11	17.54	ICE Brent Oil	USD/bbl	102.92	(2.00)	176,402	US Discount Window	0.75	0.00
NASDAQ	4,389.25	0.42	40.65	NYMEX Natural Gas	USD/MMBtu	3.95	(0.43)	113,485	US Treasury (1 Mth)	0.0304	1.01
MSCI US	1,849.71	0.11	17.95	Australia Newcastle Steam Coal Spot fob ²	USD/Metric Tonne	68.85	N/A	N/A	US Treasury (5 Yr)	1.6266	0.33
Europe				Basic Metals				US Treasury (10 Yr)	2.4581	3.78	
FTSE 100	6,648.22	1.23	17.85	LME Aluminum Cash	USD/MT	2,032.75	0.64	26,832	Japan 10-Yr Gov. Bond	0.5150	1.00
DAX	9,154.95	1.62	16.80	LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	2,052.00	1.38	33,482	China 10-Yr Gov. Bond	4.2900	1.00
CAC40	4,184.86	0.89	25.47	CMX Copper Active	USD/lb.	6,975.75	(0.41)	12,701	ECB Rate (Refinancing)	0.15	0.00
IBEX 35	10,277.70	1.71	20.76	LME Copper 3- mth Rolling Fwd.	USD/MT	6,965.00	(0.43)	46,879	1-Month LIBOR	0.1555	(0.05)
FTSE MIB	19,501.14	1.60	236.0	TSI CFR China Iron Ore Fines Index ³	USD	94.00	(1.78)	N/A	3 Month LIBOR	0.2338	(0.13)
Stoxx 600	329.72	1.48	20.41	Precious Metals				O/N SHIBOR	2.8920	(10.9)	
MSCI UK	1,959.47	0.99	17.91	CMX Gold	USD/T. oz	1,310.40	(0.05)	118,475	1-mth SHIBOR	4.2200	11.90
MSCI France	116.62	0.53	26.31	CMX Silver	USD/T. oz	19.98	0.17	44,202	3-mth HIBOR	0.3679	(0.36)
MSCI Germany	121.14	0.69	17.06	NYMEX Platinum	USD/T. oz	1,473.60	(0.32)	7,211	Corporate Bonds (Moody's)		
MSCI Italy	56.40	1.00	217.0	Agricultural Products				Aaa	4.10	1.00	
Asia				CBOT Corn	USD/bu	369.25	1.58	193,846	Baa	4.72	1.00
NIKKEI 225	15,213.63	2.95	19.90	CBOT Wheat	USD/bu	556.00	(1.77)	70,323			
S&P/ASX 200	5,514.72	1.46	19.35	NYB-ICE Sugar	USD/lb.	16.06	(0.50)	46,805			
HSI	24,890.34	2.30	11.00	CBOT Soybeans	USD/bu.	1,062.75	(2.03)	103,429			
HSCEI	11,193.89	3.33	8.22								
CSI300	2,358.90	1.19	10.77								
SSE Composite	2,222.88	1.30	10.84								
SZSE Composite	1,194.81	1.74	29.42								
MSCI China	66.47	1.93	10.19								
MSCI Hong Kong	13,163.38	1.23	11.35								
MSCI Japan	770.93	2.38	15.04								

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-Mth
Spot Rate	1.3355	1.6720	0.9295	102.46	0.9087	6.1542	7.7511	6.2375
Chg. WTD (%)	(0.41)	(0.32)	0.22	(0.41)	(0.36)	0.04	0.01	(0.13)

Note:

- Data sources: Bloomberg Finance LP, 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
- TSI CFR China Iron Ore Fines Index is calculated with the 62% Fe specification, spot price



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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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