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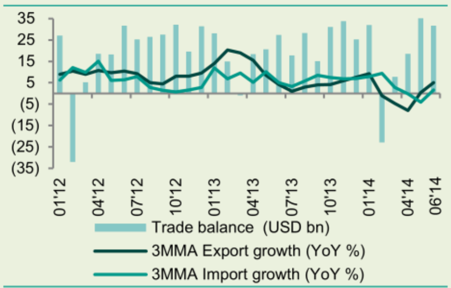
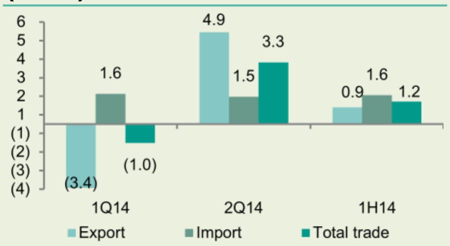
Exhibit 1: China's exports, imports and trade balance



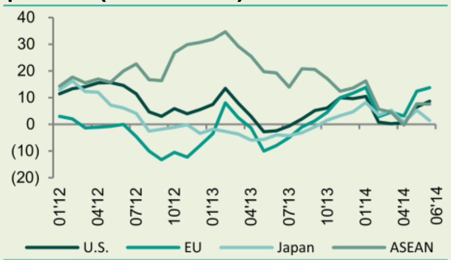
Source(s): Bloomberg, ABCI Securities

Exhibit 2: China's exports, imports, and total trade growth in 1Q14, 2Q14, and 1H14 (YoY %)



Source(s): Bloomberg, ABCI Securities

Exhibit 3: China's exports to major trading partners (3MMA YoY %)



Source(s): Bloomberg, ABCI Securities

China's external trade: recovery sustains strength

In June, China's exports and imports grew 7.2% YoY and 5.5% YoY, while trade balance reached US$ 31.6bn. Even though the figures are below market expectations (Exports: 10.4% YoY; imports: 6% YoY; trade balance: US$ 36.95bn), they unmistakably point to the continuous rebound in China's external trade sector and a revival of economic momentum in the country. We expect external trade will be further supported by the improving global economic environment as well as the government's targeted easing and mini-stimulus measures in 2H14.

2Q14 exports improved significantly over the quarter. A sound rebound was seen in the external trade sector after its disappointing performance in 1Q14. In 2Q14, exports grew 4.9% YoY, as opposed to the 3.4% YoY decline in 1Q14. Among its major product categories, coke & semi-coke (123.9% YoY), mineral & chemical fertilizers (91.6% YoY), television (28.3% YoY), lighting fixtures & parts (27.5% YoY), and steel products (21.5% YoY) grew by more than 20% YoY for 1H14. Overall speaking, more than half of the major products recorded a positive YTD YoY growth in 1H14.

Import regained footing in June. Import data in June improved over the month though decline persisted on a YoY basis. Import growth was relatively stable in 2Q14 (1Q14**:**1.6%; 2Q14; 1.5%) and its performance in 1H14 has been better than of exports. The data suggest that domestic demand, aided by the government's mini-stimulus packages and continuous effort to boost domestic consumption, has remained resilient.

Global economic environment remains favorable. After the lackluster growth in 1Q14, exports to China's major trading partners, namely, the U.S., E.U., Japan and ASEAN, have turned around.to expand by 5.1% YoY, 9.9% YoY, 4.0% YoY and 7.1% YoY, respectively, suggesting the ebb tide of recession has been receding. For 2H14, we expect that the U.S. and E.U. will be the two major markets contributing the most to China's export growth; exports to ASEAN will rise briskly to account for an increasing share of China's total exports. China's exports to Japan, however, could be negatively impacted by the ongoing fiscal consolidation and structural reforms under Abe's administration.

A better outlook for China's external trade sector. External trade sector has experienced certain setbacks in 1H14 on slower-than-expected recovery in the developed markets and moderating growth in China's economy. Yet, the New Export Orders Index, a sub-index of manufacturing PMI, climbed above 50, signaling exports will expand in the near term. Provided that developed markets could maintain their current growth pace and China would continue to deploy policy tools effectively, China's external trade would be bolstered by the reinvigorating economies domestically and worldwide. Hence, we expect that export and import will grow by 9.6 % YoY and 6.7% YoY in 2H14.

China Economic Indicators

	2013								2014					
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun*
Real GDP (YoY%)	---	7.5	---	---	7.8	---	---	7.7	---	---	7.4	---	--	7.6
Export Growth (YoY%)	1.0	(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
Import Growth (YoY%)	(0.3)	(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
Trade Balance (USD/bn)	20.4	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
Retail Sales Growth (YoY%)	12.9	13.3	13.2	13.4	13.3	13.3	13.7	13.6	11.8		12.2	11.9	12.5	12.8
Industrial Production (YoY%)	9.2	8.9	9.7	10.4	10.2	10.3	10.0	9.7	8.6		8.8	8.7	8.8	9.0
PMI - Manufacturing (%)	50.8	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
PMI - Non-manufacturing (%)	54.3	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
FAI(YTD) (YoY%)	20.4	20.1	20.1	20.3	20.2	20.1	19.9	19.6	17.9		17.6	17.3	17.2	17.5
CPI (YoY%)	2.1	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
PPI (YoY%)	(2.9)	(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)
M2(YoY%)	15.8	14.0	14.5	14.7	14.2	14.3	14.2	13.6	13.2	13.3	12.1	13.2	13.4	13.4
New Lending (RMB/bn)	667.4	860.5	699.9	711.3	787.0	506.1	624.6	482.5	1,320	644.5	1,050	774.7	870.8	1000.0
Aggregate Financing (RMB bn)	1,187.1	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	1,452.5

** Forecast, excluding PMI – Manufacturing，PMI – Non-manufacturing, export growth, import growth, trade balance, CPI and PPI*

World Economic/Financial Indicators

Equity Indices

	Closing price	Chg. WTD (%)	P/E
U.S.			
DJIA	16,985.61	(0.48)	15.89
S&P 500	1,972.83	(0.64)	18.07
NASDAQ	4,419.03	(1.49)	35.28
MSCI US	1,886.40	(0.68)	18.48
Europe			
FTSE 100	6,679.80	(2.71)	19.23
DAX	9,692.88	(3.16)	17.98
CAC40	4,312.28	(3.51)	25.23
IBEX 35	10,556.60	(4.11)	22.76
FTSE MIB	20,522.57	(4.81)	N/A
Stoxx 600	336.69	(3.24)	21.46
MSCI UK	1,982.37	(2.14)	19.47
MSCI France	122.19	(2.50)	25.94
MSCI Germany	130.56	(2.06)	18.34
MSCI Italy	60.52	(3.07)	N/A
Asia			
NIKKEI 225	15,216.47	(1.43)	20.02
S&P/ASX 200	5,464.45	(1.10)	19.42
HSI	23,238.99	(1.31)	10.85
HSCEI	10,368.13	(1.16)	7.60
CSI300	2,142.85	(1.65)	9.85
SSE Composite	2,038.34	(1.02)	9.95
SZSE Composite	1,100.86	(1.14)	27.66
MSCI China	61.96	(1.20)	9.52
MSCI Hong Kong	12,607.86	(1.63)	12.56
MSCI Japan	780.21	(1.16)	14.89

Global Commodities

	Unit	Price	Chg. WTD (%)	Volume (5-day avg.)
Energy				
NYMEX WTI	USD/bbl	101.85	(2.12)	219,924
ICE Brent Oil	USD/bbl	108.01	(2.38)	169,849
NYMEX Natural Gas	USD/MMBtu	4.18	(5.22)	102,891
Australia Newcastle Steam Coal Spot fob[2]	USD/Metric Tonne	70.15	N/A	N/A
Basic Metals				
LME Aluminum Cash	USD/MT	1,913.25	1.06	20,000
LME Aluminum 3 -mth. Rolling Fwd.	USD/MT	1,939.00	0.83	34,964
CMX Copper Active	USD/lb.	7,141.00	(0.32)	11,260
LME Copper 3- mth Rolling Fwd.	USD/MT	7,125.00	(0.35)	38,315
TSI CFR China Iron Ore Fines Index[3]	USD	96.60	0.10	N/A
Precious Metals				
CMX Gold	USD/T. oz	1,337.90	1.31	133,959
CMX Silver	USD/T. oz	21.43	1.39	40,198
NYMEX Platinum	USD/T. oz	1,518.30	0.70	10,383
Agricultural Products				
CBOT Corn	USD/bu	397.75	(4.21)	100,192
CBOT Wheat	USD/bu	552.50	(4.66)	39,404
NYB-ICE Sugar	USD/lb.	17.33	(2.70)	56,389
CBOT Soybeans	USD/bu.	1,106.50	(2.38)	86,215

Bond Yields & Key Rates

	Yield (%)	Chg. WTD (Bps)
US Fed Fund Rate	0.25	0.00
US Prime Rate	3.25	0.00
US Discount Window	0.75	0.00
US Treasury (1 Mth)	0.0203	1.02
US Treasury (5 Yr)	1.6463	(8.88)
US Treasury (10 Yr)	2.5259	(11.2)
Japan 10-Yr Gov. Bond	0.5460	(2.40)
China 10-Yr Gov. Bond	4.1700	(1.00)
ECB Rate (Refinancing)	0.15	0.00
1-Month LIBOR	0.1528	(0.07)
3 Month LIBOR	0.2341	0.10
O/N SHIBOR	3.3000	36.00
1-mth SHIBOR	4.1545	9.15
3-mth HIBOR	0.3786	0.50
Corporate Bonds	(Moody's)	
Aaa	4.18	(10.0)
Baa	4.76	(10.0)

Currency

	Euro/USD	GBP/USD	AUD/USD	USD/JPY	USD/CHF	USD/CNY	USD/HKD	USD/CNY NDF 12-Mth
Spot Rate	1.3633	1.7116	0.9366	101.42	0.8910	6.2021	7.7501	6.2545
Chg. WTD (%)	0.28	(0.26)	0.01	0.63	0.35	0.05	0.00	0.14

Note:

1. Data sources: Bloomberg Finance LP, National Bureau of Statistics of China, ABCIS (updated on date of report)
2. Australia Newcastle Steam Coal Spot fob is the Australia Newcastle 6700 kc GAD fob Steam Coal Spot price published by McCloskey
3. TSI CFR China Iron Ore Fines Index is calculated with the 62% Fe specification, spot price

Disclosures

Analyst Certification

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Definition of equity rating

Rating	**Definition**
Buy	Stock return ≥ Market return rate
Hold	Market return – 6% ≤ 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 ≤180 day volatility/180 day benchmark index volatility
High	1.5 ≤ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	1.0 ≤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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