

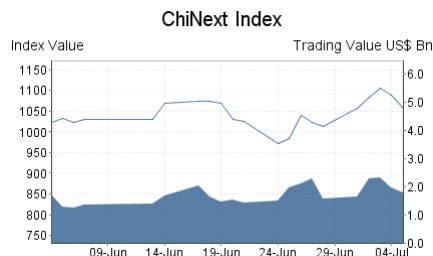
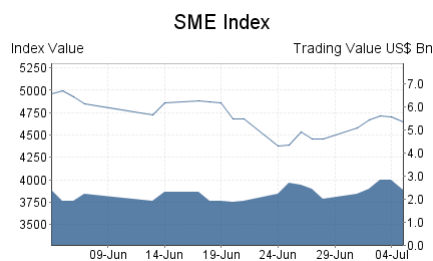
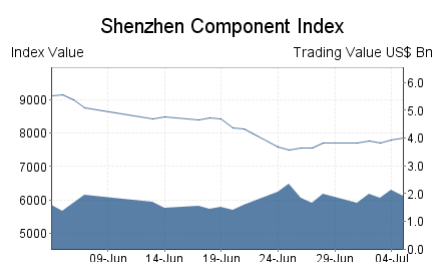
# Market Bulletin

Monday 08 July, 2013 (Issue 7)

## Highlights

- PBC and Ministry of Finance continue to cease liquidity crunch
- CSRC promulgated new measures for client assets management
- CSRC to regulate PE/VC
- Stock pledged repo business expanded
- Shanghai free trade zone got approved
- Chinese treasury-bond futures to return
- Qianhai Equity Exchange issued first private placement bond
- ChiNext companies recorded growth
- Microcredit loan asset management plan approved
- Shuanghui-Smithfield acquisition meets challenge
- Italian Intesa Sanpaolo Bank obtained QFII licence
- China Universal to launch RQFII ETF

## Key Indices



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## Market Review

The first trading week of the second half of 2013 recorded an all-over rise on Shenzhen market. Shenzhen Component Index closed at 7856.6 points after gaining 2.1%. SME Index moved higher to 4650.1 points after gaining 4.3%. ChiNext Index rose by 4.5% and stood at 1057.3 points. Total turnover for stocks and funds on SZSE was US\$ 78.5 billion, or a 1.6% decrease from the week before.

All but one sector indices were higher than previous week. Sector indices with the biggest gains were conglomerates, IT and business support. Finance was the only sector indices that fell over the last week. Top 3 gainers were Sichuan Chengfei (002190), Dalian Zhiyun (300097) and Jiangsu Jiujiujiu (002411). Tianshan Bio-engineering (300313), Shandong Helon (000677) and Changfang Lighting (300301) were the Top 3 decliners. The most active stocks for the last week were VANKE (000002), Le TV (300104) and Hongyuan Securities (000562).

## Market News

### PBC and Ministry of Finance continue to cease liquidity crunch

People's Bank of China (PBC) has ceased open market operations and halted central bank bills issuance in the past two weeks. According to Wind Info, PBC has injected RMB 46 billion (US\$ 7.4 billion) last week and RMB 351 billion (US\$ 56.8 billion) over the past five weeks. The Ministry of Finance also announces to launch two rounds of treasury cash deposit account bidding in July, injecting a total of RMB 100 billion (US\$ 16.2 billion).

### CSRC Promulgated New Measures for Client Assets Management

CSRC recently issued the revised *Measures for the Client Assets Management Business of Securities Firms* and the detailed implementing rules. The revisions focused on loosening restrictions and control, and bolstering supervision and risk prevention.

### CSRC to Regulate PE/VC

The State Commission Office for Public Sector Reform (SCOPSR) has recently handed over the PE/VC regulatory function to the CSRC, which used to be largely governed by National Development and Reform Commission (NDRC). The move is expected to clear the regulatory hurdle for PEs to operate public funds.

### Stock Pledged Repo Business Expanded

The second batch of securities firms were approved for pilot stocks pledged repo business, including Guoyuan Securities, Industrial Securities and Founder Securities. By 5 July, 32 securities firms have been licensed by SZSE to conduct stock pledged repo business, while 24 licensed by SSE.

## Market at a Glance

SZSE Market Statistics (05 July, 2013)	
No. of Listed Companies	1537
Market Cap.(US\$ Bn)	1228.4
Free-float Market Cap.(US\$ Bn)	845.4
Average P/E Ratio	24.14
For the Year of 2013	
Turnover Value(US\$ Bn)	2188.4
-Stock	1773.6
-Main Board	717.8
-SME Board	732.9
-ChiNext	322.9
-Fund	48.8
-Bond	366.0
Daily Turnover Ratio(%)	1.61
Total Fund Raised by Equity (US\$ Bn)	17.6
No. of IPO	0

\*Currency ratio used : 1 USD=6.18 CNY

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## Shanghai Free Trade Zone Project Got Approved

The State Council approved Shanghai's free trade zone project on 3 July. When completed, the free trade zone will be a testing hub for major policy reforms to free up cross-border commodity and capital flows. Meanwhile, preparatory work to develop a Beijing-Tianjin-Hebei economic zone has started on a national level, focusing on transportation and environmental protection.

## Chinese Treasury-bond Futures to Return

To further liberalize interest rate and deepen the nation's financial reform, the State Council has authorized China Financial Futures Exchange to conduct treasury-bond futures transactions. China introduced treasury-bond futures in 1992 but trading was halted in 1995.

## Qianhai Equity Exchange Issued First Private Placement Bond

"Buttonwood Private Placement Bond Credit Enhancement No.1", the first private placement bond issued by Qianhai Equity Exchange (QHEE), has raised more than RMB 100 million (US\$ 16.2 million) by the end of June. By 2 July, a total of 1,266 companies have been quoted on QHEE.

## ChiNext Companies Recorded Profit Growth in 1H13

As of 4 July, 61 companies listed on ChiNext have released interim results notices, of which more than half recorded profit growth in the first half of 2013. ChiNext Index is one of the best-performing indices in the world for the first half of 2013.

## Industry News

### Microcredit Loan Asset Management Plan Approved

The "Alibaba Special Asset Management Plan No.1", a microcredit loan issued by Orient Securities Asset Management was recently approved by CSRC and will be listed on the negotiated trading platform of SZSE, adding a new asset type to the exiting asset securitization product line.

### Shuanghui-Smithfield Acquisition Meets Challenge

Missouri Governor Jay Nixon vetoed two bills on foreign ownership of farmland, posing challenge to Shuanghui International Holdings' proposed \$4.7 billion purchase of Smithfield Foods. However, Liu Jintao, vice general manager of Shuanghui, expressed optimism about the buyout outlook via social media.

## QFII News

### Italian Intesa Sanpaolo Bank Obtained QFII Licence

Oury Mason Asset Management, a subsidiary of Italian Intesa Sanpaolo Bank, obtained its QFII licence as the first Italian bank that got approved with QFII eligibility.

### China Universal to List RQFII ETF

China Universal Asset Management Co., Ltd. (HK) launched the C-Shares CSI 300 Index ETF, an RQFII A-share ETF and a dual counter security, which has been authorized under collective investment scheme and is getting listed on Hong Kong Exchange. The ETF tracks CSI 300 Index.