

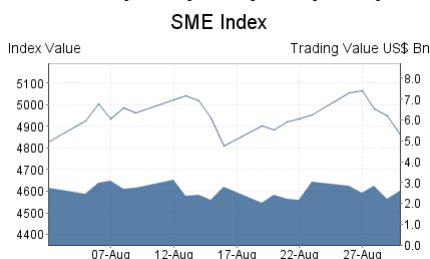
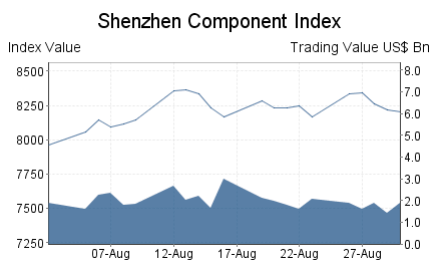
Market Bulletin

Monday 2 September, 2013 (Issue 15)

Highlights

- Everbright Securities Fined RMB 523 Million for Erroneous Trading
- China T-Bond Futures Trading to be Launched on 6 September
- China to Expand Credit Asset Securitization
- CEPA's New Addition to Boost Trade and Financial Cooperation
- PBC Continues Liquidity Injections for 5 Consecutive Months
- Listed Banks See 13.56% Y-o-Y Net Profit Growth
- RMB Cross-border Trade Settlement Doubles
- Refinancing for Listed Companies Reaches RMB 340 Billion
- M&A Transaction Value Hits RMB 300 Billion
- Fund Management Companies Profit Totals RMB 20.5 Billion
- Enterprise Bond Issuance Sees Rebound in July
- Commerce Ministry to Improve Cross-border E-commerce
- Securities Company to Conduct Public Placement Fund Business
- SAFE Simplifies QDII Forex Management

Key Indices



Market Review

From 26 August to 30 August, Shenzhen Component Index closed at 8202.5 points after gaining 0.4%. SME Index decreased 1.8% and stood at 4861.3 points. ChiNext Index reached its historical height on Tuesday but ended the week with a 2.8% fall. Total turnover for stocks and funds on SZSE was US\$96.6 billion, or an 11.4% increase from the week before. 8 sector indices were higher than previous week, while other 8 sector indices ended lower.

Sector indices with the biggest gains were transportation and logistics, finance and wholesale & retail. Sector indices with the biggest drops were environmental services, IT and R&D support. Top 3 gainers were Tangel Publishing (300148), Zhuhai Port (000507) and Uroica Engineering (300099). NavInfo (002405), Zhiyun Automation (300097) and Sunwin Intelligent (300044) were the Top 3 decliners. The most active stocks for the last week were Suning (002024), Hunan Tv&Broadcast Intermediary (000917) and Huayi Brothers (300027).

Market News

Everbright Securities Fined RMB 523 Million for Erroneous Trading
 The CSRC fined Everbright Securities RMB 523 mil (US\$ 84.8 bn) and banned the company from proprietary trading in stocks and derivatives after a trading error on 16 August that disrupted markets. 4 executives were barred from the industry for life.

China T-Bond Futures Trading to be Launched on 6 September
 According to CSRC, the long-awaited treasury-bond futures trade will begin on 6 September, while related regulations will be released in the next few days. The move aims at allowing investors to hedge their risk and accelerate international investment in China's sovereign debt.

China to Expand Credit Asset Securitization
 The State Council said China would further expand a pilot programme for securitizing credit assets. High quality asset-backed securities products could be traded on the stock exchanges to provide more investment options for investors.

CEPA's New Addition to Boost Trade and Financial Cooperation
 The tenth supplement to the *Mainland and Hong Kong Closer Economic Partnership Arrangement* (CEPA) was signed last Thursday, providing for a total number of 73 measures in terms of services liberalization, trade and investment facilitation. The mainland agreed to actively study mutual recognition of fund products and support qualified Hong Kong insurers to take part in compulsory traffic accident liability insurance business in the mainland.

PBC Continues Liquidity Injections for 5 Consecutive Months
 Last week, People's Bank of China (PBC) injected a net volume of RMB 41.5 bn (US\$ 6.7 bn) into the market. The central bank has injected liquidity into the market through open market operations for 5



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Market at a Glance

SZSE Market Statistics (30 August, 2013)

No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1325.2
Free-float Market Cap.(US\$ Bn)	927.1
Average P/E Ratio	25.99
For the Year of 2013	
Turnover Value(US\$ Bn)	3061.7
-Stock	2472.4
-Main Board	950.2
-SME Board	1032.8
-ChiNext	489.3
-Fund	67.4
-Bond	522.0
Daily Turnover Ratio(%)	1.64
Total Fund Raised by Equity (US\$ Bn)	18.9
No. of IPO	0

*Currency ratio used : 1 USD=6.17 CNY

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consecutive months.

Listed Banks See 13.56% Y-o-Y Net Profit Growth

China's 16 listed banks saw their net profit rise by 13.56% Y-o-Y totaling RMB 619.15 bn (US\$ 100.3 bn) in the first half of 2013. The five largest banks realized a net profit of RMB 465.9 bn (US\$ 75.5 bn), taking about 75% share of the 16 banks' total net profit. Most banks reported an increase in both total non-performing loans (NPL) and NPL ratios.

RMB Cross-border Trade Settlement Doubles

According to Hong Kong Monetary Authority (HKMA), daily average RMB cross-border trade settlement amounted to RMB 4.5 bn (US\$ 729.3 mil) after the Shenzhen-Hong Kong RMB cross-border trade settlement hours were extended, which nearly doubled from the second half of last year's daily average transaction.

Refinancing for Listed Companies Reaches RMB 340 Billion

According to CSRC, refinancing activities through bonds and equities have seen a steady rise since 2013. Total refinancing volume registered a 23% growth to RMB 344.5 bn (US\$ 55.8 bn). Equity refinancing surged 55% reaching RMB 181.6 bn (US\$ 29.4 bn), while corporate bond increased 3% reaching RMB 162.9 bn (US\$ 26.4 bn).

M&A Transaction Value Hits RMB 300 Billion

According to *iFinD* statistics, M&A-related activities transaction value of listed companies stood at RMB 376.8 bn (US\$ 61.1 bn) by 27 August this year. Most M&As concentrated on sectors such as bio-medicine, energy & mines, machine manufacturing, consumption and information.

Fund Management Companies Profit Totals RMB 20.5 Billion

According to *TX Investment Consulting*, 1,533 fund products of 72 fund management companies recorded profit of RMB 20.5 bn (US\$ 3.3 bn) in the first half of 2013. Among all these fund products, mixed funds recorded profit of RMB 13.4 bn (US\$ 2.2 bn), bond funds RMB 11.0 bn (US\$ 1.8 bn), and money market RMB 9.9 bn (US\$ 1.6 bn).

Enterprise Bond Issuance Sees Rebound in July

According to PBC, fund raising via enterprise bond offering reached RMB 46.1 bn (US\$ 7.5 bn) in July. A total of RMB 952.2 bn (US\$ 154.3 bn) was raised through bond market in July, marking a 15.5% m-o-m increase.

Commerce Ministry to Improve Cross-border E-commerce

The Ministry of Commerce released policies on Thursday aiming to improve cross-border e-commerce retail and export. Policies mainly focus on new methods of supervising customs, payment services and tax policies. E-commerce trading valued at RMB 4.4 trillion (US\$ 713.1 mil) in the first half of 2013.

Securities Company to Conduct Public Placement Fund Business

Orient Securities Asset Management was granted the licence to raise funds publicly for securities investment, being the first one in the industry. The company is preparing for its first public placement fund product with a newly established department.

SAFE Simplifies QDII Forex Management

The State Administration of Foreign Exchange (SAFE) has cancelled or simplified the related forex management process of qualified domestic institutional investors (QDII). Measures include cancelling the limit on currencies and simplifying QDII quota application procedure.