

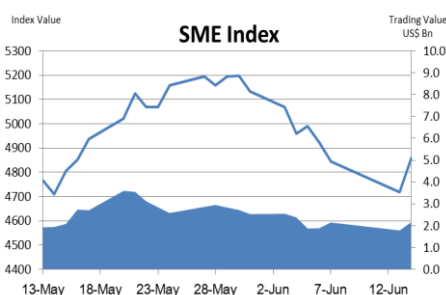
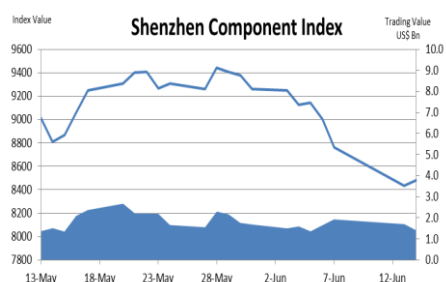
# Market Bulletin

Monday 24 June, 2013 (Issue 5)

## Highlights

- China's Overnight Interbank Rate Hits Record High
- China's Manufacturing Production Drops to Nine-month Low
- PBC and BOE Establishes RMB 200 Billion Currency Swap Line
- Central Huijin Increases Stakes in China Banks
- China's Overseas M&A Volume Grew 200 Times in Past Decade
- CSRC and CIRC Jointly Issued Pilot Measures for Insurance Institutions to Set up Fund Management Companies
- Securities Houses Probed by CSRC
- Four Types of Innovative ETF Approved in June
- Chinese Government Supports First-Time Home Buyers
- Shuanghui-Smithfield Merger Meets Challenge
- Adjustment Made to the Component Stocks of SZSE Indices
- Investors Visit Aerospace Hi-tech Company with SZSE
- GREE Releases English Financial Report to Better Serve QFIIs
- Institutions in Taiwan Gain Greater Access to Mainland Market

## Key Indices



## Market Review

Major Shenzhen indices continued to decline in the week ended on 21 June. Shenzhen Component Index lost 4.05% to close at 8136.05. SME Index declined 3.76% closing at 4674.72. ChiNext Index dropped 3.99% to 1025.50. Total turnover for stocks and funds on SZSE last weeks valued at US\$67.22 billion.

The only sector index with gains is culture and communication, increasing 3.26%. Top 3 gainers are Meisheng Cultural (002699), 35.COM (300051) and Extra ST Globe Union (002047). Longyuan Technology(300105), Kanhoo Industry (300340) and Hanhe Cable (002498) are the Top 3 decliners. The most active stocks last week were Vanke A (000002), Letv (300104) and Ping An Bank (000001).

## Market News

### China's Overnight Interbank Rate Hits Record High

The Shanghai Interbank Offered Rate (SHIBOR) overnight rate has been rising since the beginning of June, gaining 578.40 base points and hitting a record high of 13.44% last Thursday. China's central bank issued 3-month bank bills worth RMB 2 billion (US\$ 324 million) on Tuesday and Thursday respectively. On Friday the overnight rate plunged 495.2 base points to 8.49%.

### China's Manufacturing Production Drops to Nine-month Low

China's manufacturing production may have dropped to a nine-month low in June. Flash estimate of the HSBC China PMI fell to 48.3, worse than the final reading of 49.2 in May, being the third consecutive monthly decline and hitting its weakest level since last September.

### PBC and BOE Establishes RMB 200 Billion Currency Swap Line

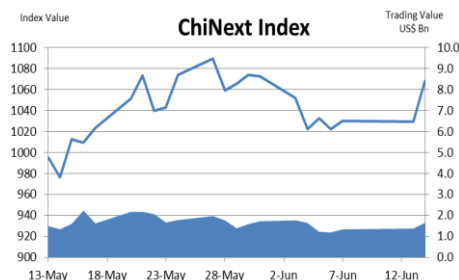
People's Bank of China (PBC) and Bank of England (BOE) signed an agreement on 22 June to establish a reciprocal three-year sterling pound/Renminbi currency swap line, with the maximum value of RMB 200 billion (USD 32.4 billion).

### Central Huijin Increases Stakes in Banks

Central Huijin Investment, a state-owned investment company, has increased holdings of major banks including China Industrial & Commercial Bank, China Agricultural Bank, Bank of China, China Construction Bank, China Everbright Bank, according to its public announcement on 20 June. It will continue increasing shareholding in the coming 6 months.

### China's Overseas M&A Volume Grew 200 Times in Past Decade

According to Ministry of Commerce, Chinese companies's overseas M&A volume grew over 200 times in the past decade, with a success



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## Market at a Glance

### SZSE Market Statistics (21 June, 2013)

No. of Listed Companies	1537
Market Cap.(US\$ Bn)	1250.8
Free-float Market Cap.(US\$ Bn)	861.3
Average P/E Ratio	24.60
<b>For the Year of 2013</b>	
Turnover Value(US\$ Bn)	1618.7
-Stock	1987.8
-Main Board	1035.1
-SME Board	668.7
-ChiNext	284.1
-Fund	44.3
-Bond	324.6
Daily Turnover Ratio(%)	1.58
Total Fund Raised by Equity (US\$ Bn)	17.3
No. of IPO	0

\*Currency ratio used : 1 USD=6.18 CNY

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rate of 40%. 2012 saw 455 successful overseas M&As, whose actual transaction amounted to US\$ 42.62 billion.

## CSRC and CIRC Jointly Issued Pilot Measures for Insurance Institutions to Set up Fund Management Companies

The China Securities Regulatory Commission (CSRC) and China Insurance Regulatory Commission (CIRC) jointly issued *Pilot Measures for Founding of Fund Management Companies funded by Insurance Companies* on 21 June, which expanded the shareholder scope of fund companies and paved the way for insurance institutions to set up fund companies.

## Securities Houses Probed by CSRC

According to CSRC, Everbright Securities and Guosen Securities are under investigation in relation to IPOs of Tianfon and LONGi respectively. The CSRC last month censured Ping An Securities, Minsheng Securities and Nanjing Securities amid a crackdown on brokerages for inadequate due diligence on listings.

## Four Types of Innovative ETF Approved in June

The first two weeks of June saw approvals of 35 new fund products by CSRC, including 4 types of innovative ETFs, 2 Gold Bullion ETFs, 4 Bond ETFs, 1 Cross-border ETF and 4 Sector ETFs. According to TX Investment Consulting, 309 new fund products have been approved by CSRC so far this year. Among them, 162 have been established, 24 issued, and 123 in the pipeline.

## Chinese Government Supports First-time Home Buyers

Premier Li Keqiang said in a State Council meeting on 19 June that, the government will support lending to first-time home buyers.

## Shuanghui-Smithfield Merger Meets Challenge

Starboard, one of Smithfield's major shareholders, urged Smithfield to split up its business into three sub-sectors in order to boost up its share price from \$34 to somewhere between \$44 to \$55.

## Adjustment Made to the Component Stocks of SZSE Indices

SZSE announced that the component stocks of major SZSE indices would be adjusted in accordance with relative rules. The adjustment will cover major SZSE indices such as SZSE Component Index, SME Index, ChiNext Index and SZSE 100 Index, and will come into effect on the first trading day of July.

## Investors Visit Aerospace Hi-tech Company with SZSE

Song Liping, President & CEO of SZSE, led a group of investors to visit Harbin Fenghua-aerospace Hi-tech (000901) on 17 June, as part of SZSE's Open House Program for Investors.

## QFII News

### GREE Releases English Financial Report to Better Serve QFIIs

GREE (000651), a listed company on SZSE mainboard, released its English financial report in addition to the Chinese version, being the first Chinese A-share company doing so. It is reported that 5 of the Top 10 investors of GREE are QFIIs.

### Institutions in Taiwan Gain Greater Access to Mainland Market

The Chinese mainland and Taiwan signed a service trade agreement in Shanghai on 21 June that is expected to further strengthen economic and financial ties across the Taiwan Strait. The mainland promised to provide more convenience for Taiwan institutions in QFII application.