

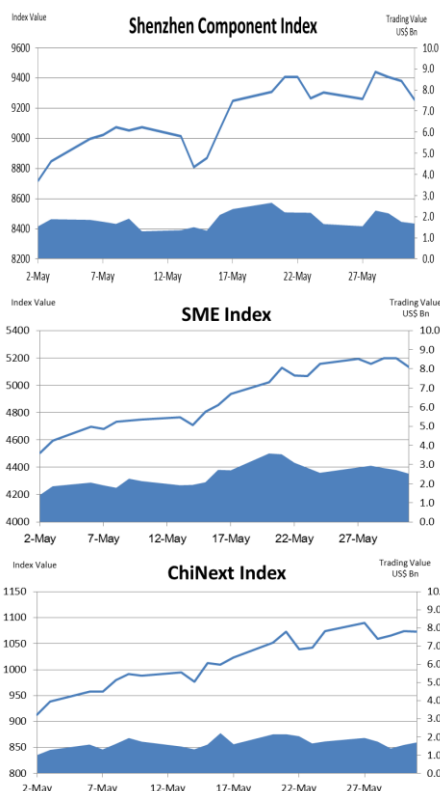
Market Bulletin

Monday 3 June, 2013 (Issue 3)

Highlights

- Amended *Securities Investment Fund Law* takes effect
- Qianhai Equity Exchange officially opens
- Bond issuance grows 56.8%
- Cash dividend payout in 2012 reaches record high
- Measures for stock pledged repo business issued
- 238 Companies withdraw IPO application amidst overhaul
- Shuanghui International in takeover race for Smithfield
- E-commerce tycoon announces next big plan

Key Indices



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Market Review

Last week saw slight correction in major Shenzhen indices, ending the four-week rising streak. Though Shenzhen Component Index declined 0.5% to 9257.95, it registered a 6.52% rise for the month of May. SME Index declined 0.49% to close at 5131.98 points. But it rose 14.52% in May. ChiNext Index celebrated its 3rd anniversary last week by ushering in a 26-month high at 1073.02. The ChiNext Index gained 20.65% in May, though it fell 0.07% for the week. Total turnover for stocks and funds on SZSE was US\$99.2 billion, falling 8.9% from the week before.

Sector indices with the biggest gains are accommodation and catering, environmental services and farming, forestry and husbandry. Top 3 gainers are United Electronics (002642), ANDON HEALTH (002432) and Donghai Tourism (000613). Jufei Optoelectronics (300303), AVCON Information Technology (300074) and Refond Optoelectronics (300241) are the Top 3 decliners. The most active stocks last week were Ping An Bank (000001), BOE (000725) and HAN's Laser (002008).

Market News

Amended Securities Investment Fund Law Takes Effect

The amended *Securities Investment Fund Law* came into effect on 1 June, 2013. For the first time private equity and venture capital funds are subject to official regulation in China. The amended law also liberalizes the public funds market by admission of insurance, securities and private equity firms.

Qianhai Equity Exchange Officially Opens

Qianhai Equity Exchange, the new regional OTC market, officially opened on 30 May. More than 1,200 companies have been quoted on the exchange. The exchange provides securities custody, registration, trading, capital raising, clearance, settlement and other financial services to quoted companies in Guangdong.

Bond Issuance Grows 56.8%

PBC statistics showed that the nation's total bond issuance in April reached RMB 903 billion (US\$ 145.9 billion), representing a monthly increase of 4.9% or a year-on-year increase of 56.8%. Bonds valued at RMB 847 billion (US\$ 136.8 billion) were issued through the interbank bond market, up 8.5% from March or 62.6% from April of 2012. The proceeds raised from corporate bonds issued on SZSE were RMB 8.57 billion (US\$ 1.4 billion) and those through SME Private Placement Bonds were worth RMB 757 million (US\$ 122.3 million). The trading value through interbank market totaled RMB 4.3 trillion (US\$ 0.7 trillion), 17.2% higher than that of March or 3.6% higher than that of April 2012.

Market at a Glance

SZSE Market Statistics (31 May, 2013)	
No. of Listed Companies	1537
Market Cap.(US\$ Bn)	1380.2
Free-float Market Cap.(US\$ Bn)	942.2
Average P/E Ratio	27.23
For the Year of 2013	
Turnover Value(US\$ Bn)	1765.7
-Stock	1448.2
-Main Board	604.6
-SME Board	596.3
-ChiNext	247.3
-Fund	40.3
-Bond	277.3
Daily Turnover Ratio(%)	1.58
Total Fund Raised by Equity (US\$ Bn)	16.7
No. of IPO	0

*Currency ratio used : 1 USD=6.19 CNY

Notice

Due to public holiday in China, the *Market Bulletin* will not be published on 10 June, 2013. Market news and other information will be summarized into the issue on 17 June, 2013.

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Cash Dividend Payout in 2012 Reaches Record High

Cash dividend of both A- and B- Shares in both Shenzhen and Shanghai markets reached RMB 477.23 billion (US\$ 77.1 billion) in 2012, setting a new record high. According to CSRC statistics, the percentage of listed companies offering cash dividend is 50.0%, 57.6% and 67.7% in 2010, 2011 and 2012 respectively. Industries vary in dividend payout. In 2012, finance and insurance industry topped the ranking with 90.5% of its companies paying out cash dividend, while the real estate industry remained at the bottom with 49.2%.

Measures for Stock Pledged Repo Business Issued

With the approval of CSRC, China Securities Depository and Clearing Corporation (SD&C) issued provisional *Trading and Clearing Measures for Stocks Pledged Repos* with Shenzhen and Shanghai stock exchanges respectively on 24 May. For Shenzhen market, the underlying securities for Stock Pledged Repo will be SZSE listed A-shares and other securities approved by SZSE and SD&C. The trading hours will be 9:15-11:30 and 13:00-15:30 on trading days.

238 Companies Withdraw IPO Application amidst Overhaul

According to media reports, 238 companies had withdrawn IPO application by 31 May 2013. A total of 666 companies remain in the review process. CSRC launched a special overhaul project on potential issuers in January.

Industry News

Shuanghui International in Takeover Race for Smithfield

Shuanghui International Holdings Ltd., China's largest meat processor, offered US\$4.7 billion to acquire Smithfield Foods in a deal which would mark the biggest Chinese takeover of an American company in history. Shuanghui offers US\$34 a share for Smithfield. Meanwhile, Thailand's Charoen Pokphand Foods and Brazil's JBS SA have also joined the takeover race. SZSE-listed Shuanghui Development (000895), a subsidiary of Shuanghui International Holdings, rose by 8.73% on 30 May, a day after takeover bid was announced.

E-commerce Tycoon Announces Next Big Plan

Jack Ma, founder of Alibaba, recently unveils a plan to build China's fastest nationwide logistics system. The new company is named Shenzhen Cainiao Network Technology Company, whose major shareholders include Alibaba Group, retailer Yintai Group, Chinese conglomerate Fosun Group and five major Chinese courier companies. The consortium will reportedly invest up to RMB 100 billion (\$16.3 billion) over the next 5-8 years in the new company.

QFII News

New Quotas for QFII and RQFII Approved in May

According to State Administration of Foreign Exchange (SAFE), approved QFII investment quota reached US\$ 42.6 billion by 30 May, while approved RQFII quota reached RMB 91.9 billion (US\$14.9 billion).

Abu Dhabi Investment Authority Increases QFII Quota

According to the Abu Dhabi Investment Authority (ADIA) 2012 Annual Review released on 27 May, its QFII quota had increased from US\$ 200 million to US\$ 500 million in 2012.