

Wednesday, August 19, 2009

## Market Watch

### Main Market Index

Index	Volume (bln Yuan)	Close	Change (%)
CSI 300	104.7	3014.54	-4.96
SH Composite Index	127.2	2785.58	-4.30
SZ Component Index	64.12	11209.9	-4.79

### Most Advanced Stock

Ticker	Name	Change (%)
600373	Xinxin Industrial	10.05
600136	Wuhan Double	10.04
600623	Double Coin Holdings	10.00
600807	Tyan Home	9.99
000795	Twin Tower Aluminum Oxide	9.98

### Most Declined Stock

Ticker	Name	Change (%)
600483	Nanfeng Textile	-10.07
600657	Tianqiao Real Estate	-10.04
000626	Lianyungang Ideal	-10.04
000546	Guanghua Holding	-10.04
600366	Ningbo Yunsheng	-10.04

### Most Active Stock by volume per share

Ticker	Name	Change	Turnover
601668	China State Construction Engineering	-7.36	335
600050	China Unicom	-6.14	227
600016	Mingsheng Bank	-3.61	225
601398	ICBC	-3.36	214
600019	Baoshan Iron & Steel	-7.18	192

### Currency Rate

CRY	Today	Yesterday	Daily Change (yuan)
USD	6.8329	6.8339	-0.0010

Chinese equities plunged again after yesterday's small rally as sentiment remained fragile after recent market losses. The benchmark Shanghai Composite Index lost 4.3 percent, or 125.3 points, to close at 2,785.58 points, below the 2800 mark. The two other major indexes also dropped severely by around 5 percent. The turnover was 191.3 billion yuan (USD 28 billion). The benchmark is now 19.9 percent off this year's highest intraday level of 3,478.01, which it hit on August 4. Still, the gauge is up 53 percent this year.

The large caps were the biggest contributors to the losses. The top 50 heavyweights all ended in negative territory. A surge of the two major oil producers by midday could not curb the downward trend of the indexes. Most stocks dove and only 142 gained. The non-ferrous, coal producers and real estate developers led the decline.

Steel producers were among the losers as the price for steel products dropped. Baoshan Iron & Steel Co retreated 7.18 percent to 7.11 yuan.

The financial sector declined 6.15 percent as a group. Twelve domestic banks reported a net profit of 45.2 billion yuan in the first half of the year, down 19.3 percent from a year earlier.

The property developers were also weak after the Mayor of Shanghai announced that the city will provide another 1,200 hectares of land for new residential projects. The total land supply in the city will reach 1,600 hectares in this year, more than doubling last year's 700 hectares. China Vanke Co, the largest listed property developer, lost 5.58 percent to 11 yuan.

China's Ministry of Health yesterday issued a list of 307 essential drugs as part of the medical system reform to create an essential medicine system to cut medical spending. Pharmaceutical companies were among the gainers by midday but dropped more or less in the afternoon session.

Crude oil for September delivery rose 3.7 percent to US\$69.19 per barrel at New York yesterday. PetroChina, the country's largest oil producer and biggest heavyweight in the market, rose 1.95 percent at most in the morning but finished 2.33 percent lower. China Petroleum & Chemical Corp, Asia's largest refiner and also known as Sinopec, advanced 4.9 percent during the day but closed flat.

**Economy****China Minsheng bank H1 net profit up 22%**

China Minsheng Banking Corp, the nation's first listed non-State lender, posted a net profit for the first six months of 7.37 billion yuan (1.05 billion U.S. dollars), up 22.07 percent from a year earlier, reported Wednesday's China Daily.

The newspaper attributed the significant rise to the bank's higher lending growth and a one-time gain from the sale of its equity investment in a brokerage firm.

The bank's half-year results, coming ahead of its imminent initial public offering in Hong Kong, was better than the average profit level of the nation's 12 joint-stock lenders, which posted an average 19.3 percent year-on-year decline in net profit during the first half, the newspaper said.

The bank advanced a total of 903.9 billion yuan in loans during the first half, up 245.6 billion yuan from the end of 2008, while total deposits touched some 1.08 trillion yuan for the same period.

Its profits ballooned through the 3.8 billion yuan in income it earned from selling its holdings in Haitong Securities. Minsheng Bank ended its five-year investment in the nation's third biggest brokerage by selling the entire 381 million shares it held in late June.

The bank, the ninth biggest lender listed on the mainland, is gearing up to prepare for a dual listing in Hong Kong, from which it expects to raise more than 20 billion yuan to replenish capital drained by rapid loan expansion in the first half.

The nation's banking and securities regulators have approved the share sale and the bank is reportedly filing an application with the Hong Kong bourse as soon as this week.

The Hong Kong sale is expected to boost its core capital ratio to about 9 percent, the bank said in May.

**Regulator to review CNR IPO application**

The stock regulator will review Friday an application by China CNR Corp., one of the country's top two train makers, for a initial public offering (IPO) to raise around US\$1 billion to fund technical upgrades.

The announcement by the China Securities Regulatory Commission late Monday indicated that the stock watchdog did not expect domestic shares to head for a bear market despite their recent slide, analysts said. CNR, which competes with China South Locomotive & Rolling Stock Corp. to be the country's biggest train maker, plans to issue up to 3 billion A shares, or a maximum 34 percent of its expanded capital after the IPO.

**PetroChina, ExxonMobil ink LNG deal**

Australia and China struck their biggest trade deal ever yesterday as the world's two most valuable listed oil companies, ExxonMobil and PetroChina, agreed a US\$41-billion liquefied natural gas deal.

The massive Gorgon LNG project operated by Chevron Corp, which owns a 50-percent stake, is located off

Western Australia and has a proposed annual output of 15 million tons per annum (mtpa). Exxon and Royal Dutch Shell each own a 25-percent stake.

The agreement with PetroChina means buyers have now been found for the all of Exxon's share in the Gorgon, the US oil giant said in a statement.

It comes just weeks after Exxon inked an A\$10-billion Gorgon sales deal with India's Petronet, marking Australia's first ever LNG contract with India.

The latest deals, along with the regulatory approvals process from the federal government now nearing completion, mean the Gorgon partners could approve the massive project as early as next month.

The deal came hard on the heels of an iron ore deal between China and Australia's No 3 miner on Monday.

With the latest sale, PetroChina will be the largest buyer of gas from Gorgon. Under the deal with Exxon, it will buy 2.25 million tons per annum (mtpa) of gas from the project for 20 years, adding to a previous 20-year agreement signed with Shell for 1 mtpa.

A source with Chevron said the company was in talks to supply a similar volume of Gorgon LNG to PetroChina's smaller rival, CNOOC.

Despite the volumes it is buying, PetroChina has not secured a minority stake in the project, pointing to buoyant demand for long-term LNG supplies despite the economic downturn.

Chevron and its partners may give final investment approval for the much-delayed project as early as next month, with the project expected to cost about US\$50 billion, according to Western Australia Premier Colin Barnett.

With a long list of around a dozen proposed LNG projects in the Asia-Pacific region, buyers are also eager to lock in supplies as quickly as possible from projects that are most likely to be developed.

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