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Content Overview :

- *Overall, the macroeconomy was stable in August, but the Consumer Price Index (CPI) hit a record high.*
- *The stock market continued to soar, with the SSE Composite Index exceeding 1000 points and making a historic breakthrough at the 5000-point level. With the flourishing stock market, the fund market also performed well.*
- *On the other hand, the modest rebound trend of bond market is unlikely to continue due to the expected decrease in US interest rates.*
- *The warrant market remained quiet except CMP1 and JTB1 that were delisted.*
- *The forthcoming launch of Growth Enterprise Market created a lot of new opportunities for the venture capital market.*

I. Overview of the Macroeconomy for August 2007

1. Summary

In July, most macroeconomic indicators showed the signs of economic overheating. The residential consumption price level, in particular, continued to rise rapidly. It was up 5.6% from the same period last year, 1.2% higher than last month, which exceeded the highest level in 2004 and represented the largest rise since February 1997. Major economic forecast institutions released the CPI data forecasts in August. The August CPI exceeded both the predictions from Mr. Li Huiyong (5.8%), a senior analyst at Shenyin & Wanguo Securities, and DBS Bank (6%), by hitting a 10-year high of 6.5 percent. This indicates that China is very likely to enter into a new inflation period. Mr. Li commented that the current inflation is driven by the increase of costs especially for raw materials, agricultural products, and labor. Raw materials such as petroleum and metal in particular are likely to further promote price increases in the next three to six months, which means that inflation is here to stay for quite a while. JP Morgan Chase & Co. highlighted that the non-food CPI in July was only 0.9%, which shows that the non-food commodity prices are still stable. In other words, the current inflation is quite modest and prices are controllable on the whole. Thus, the estimated annual price rise may lie between 3.5% and 4.0%. China is currently making huge efforts in promoting pork production in addition to the import of 27,000 metric tons of pork from the United States to relieve the imbalance of pork supply and pork demand.

From January to July, Fixed asset investment grew by 26.6% over the same period last year, and the soaring investment growth was about the same as of August. Mr. Li Huiyong predicted that the growth rate of fixed asset investment will reach 27.1% from January to August, 0.5% higher than the January to July period. Given the August overview of capital market, the economic growth is likely to remain above 11%.

The credit supply amounted to CNY 200 billion, which was less than the previous period but greater than the same period last year. In August, the favorable trade balance reached USD 24.97 billion. Nonetheless, the growth rate for imports and exports decreased. The PPI rose 2.8% in August, 0.4% higher than in July. The total retail sales of consumer goods rose 15.7% from January to August, 0.2% higher than the January to July period. The value-added of industry rose 18.4% from January to August over the same period last year, but 0.1% lower than the January to July period. Consumption growth therefore lagged behind investment and income growth.

the current promotion of interest rises, the adjustment is likely to have a limited effect in the next few quarters. The current market liquidity is still sufficient, and the stock and property markets are still attractive fields for residual funds. To relieve the CNY liquidity pressure, a pilot scheme has been initiated in Tianjin to allow mainland residents to directly invest in the Hong Kong stock market, but the Central Bank of China needs to impose measures in other areas, such as raising the interest rate on foreign currency deposits and loans.

The Central Bank of China announced a rise in interest rates and reserve ratio on August 22. It is predicted that the reserve ratio will be raised once or twice more to reach 12.5 % to 13% by the end of this year. However, based on the current promotion of interest rises, the adjustment is likely to have a limited effect in the next few quarters. The current market liquidity is still sufficient, and the stock and property markets are still attractive for residual funds. To relieve the CNY liquidity pressure, a pilot scheme has been initiated in Tianjin to allow mainland residents to directly invest in

the Hong Kong stock market, but the Central Bank of China still needs to impose measures in other areas, such as raising the interest rate on foreign currency deposits and loans.

2. Relevant Statistical Data —Table 1:

Data Name	Data for July	Forecasted Data for August
Foreign Trade Surplus	USD 24.36 billion	USD 26.1 billion
Export Growth	34.2%%	Unreleased
Import Growth	26.9%	Unreleased
Ex-Factory Price of Industrial Products	2.4%	Unreleased
Consumer Price Index	5.1%	5.8% 6.5%(Already released in November 12)
Total Retail Sales of Consumer Goods	15.5% (a rise from January to July compared with the same period last year)	15.7% (a rise from January to August compared with the same period last year)
Value Added of Industry	18%	18.3%
PPI	2.4%	2.8% 2.6%(Already released in November 10)
Investment in Fixed Assets in Urban Area	26.6% (a rise from January to July compared with the same period last year)	27.1% (a rise from January to August compared with the same period last year)

The data are taken from Li Huiyong and the Shenying Wanguo Securities Research Institute.

3. Significant Events

Mr. Zhou Xiaochuan, president of the People's Bank of China, announced on August 2 that China was actively considering the establishment of a deposit insurance company.

Faced with marked price rises and a 5.6% increase in consumer prices in July, the Director General of the Department of Pricing of the National Development and Reform Commission, Mr. Cao Changqing, responding publicly to questions on August 20, stated that the National Development and Reform Commission believes the current price rise to be structural, rather than a portent of full-blown inflation.

The Export-Import Bank of China announced on August 21 that the total subscription to the CNY 2 billion worth of CNY bonds issued in Hong Kong between August 10 and August 20 amounted to CNY 5.3 billion, 2.6 times the issuance amount.

Xinhua Net reported on August 22 that the rapid growth in government receipts has been sustained this year following increases to CNY 2,000 billion in 2003, CNY 3,000 billion in 2005, and approximately CNY 4000 billion in 2006. Government receipts reached CNY 261,178.4 billion in the first half of the year, rose 30.6% over the same period last year, and completed 59.3% of the full-year budget. The increase in government receipts topped a record high these

years.

The Central Bank of China announced an interest rate increase on August 22, with the benchmark interest rate on one-year deposits and loans for financial institutions being raised 0.27% from 3.33 % to 3.60%. The benchmark interest rate on one-year loans was raised 0.18% from 6.84% to 7.02%, and the benchmark interest rate on other deposits and loans was adjusted accordingly. The interest rate on housing common reserve fund loans was raised 0.09%.

The draft Anti-monopoly Law was listed on the agenda of the 29th Meeting of the Standing Committee of the Tenth National People's Congress, which took place between August 24 and August 30, representing the third deliberation of the bill following that in June. Those involved in drafting the legislation believe that the Law is likely to be passed.

II. Stock Market Overview for August 2007

1. Summary

In August, the market inherited July's growth, with the SSE Composite Index making a historic breakthrough and remaining above the 5000-point level. On August 31, stock indices with a slightly higher opening price continued to fluctuate, but in general maintained the rising trend. The SSE Index broke records again by hitting 5235.16 points. However, although stock indices rose significantly, the trends for various individual stocks ran to two extremes. Numerous investors failed to benefit from the huge rise in the stock index, and many gross stock assets remained lower than the May 29 level due to the great rise in first-tier blue chip stocks, which boosted the large-cap stock index and concealed the fact that the rises in many individual stocks had been suspended. In response to the economic overheating and to prevent a bubble, the Central Bank of China raised the deposit reserve ratio and benchmark interest rate on deposits and loans successively in July, but failed to stop the rising trend of the stock index. On August 27, the China Securities Depository and Clearing Corporation Limited announced that the total number of daily new accounts opened in the Shanghai and Shenzhen stock exchanges reached 475.6 thousand on August 24, which included 184 thousand A-share accounts (the first time since June 19, 2007 that they have exceeded 180 thousand), 1,148 thousand B-share accounts, and 290 thousand fund accounts.

Currently, two major influencing factors are affecting the stock index for August. One is excess liquidity, which further promotes the stock market, and the other is the brilliant growth shown in the interim reports of listed companies, which went beyond expectations and resulted in a bull market atmosphere. Although the Central Bank of China continued to release tight policies, excess domestic liquidity issues were not fundamentally solved. The US subprime loan crisis caused a short-term deficit in global liquidity, thus initiating a massive injection of liquidity into the markets by the central banks of various countries. Probably due to the strict control of capital, domestic liquidity was not affected in China. However, the US subprime loan crisis will inevitably have a negative impact on the Chinese stock market and bond market due to the influence of economic globalization. The recent market adjustments are mainly attributed to both internal and external factors. The internal factors are the excessive growth of first-tier blue chip stocks (dominated by banking and property stocks) in the earlier period, which almost exceeded expectations and thus caused excessive rises throughout the stock market. The external factors include the huge adjustment in foreign stock markets caused by the subprime loan crisis. These two sets of factors mutually influenced short-term market trends.

According to their interim performance reports, 458 listed companies had announced a financial forecast for the third quarter of 2007 as of August 31. The statistics indicate that 173 companies, or 37.77%, predicted that their net profits would increase more than 50% over the same period last year; 71 companies, or 15.5%, forecasted a slight rise in company performance; 56 companies, or 12.22%, estimated they would turn losses into profits; and 300 companies, or 65.5%, believed that they would achieve performance growth. In terms of industrial distribution, the metal and non-metal mining, chemical, electric equipment manufacturing, property, and machinery industries hold the top five positions, which basically confirms the findings of our studies (detailed in the last strategy report) of industries with leading profit growth in macroeconomic performance in the first half of 2007. These industries correspond to the non-ferrous metal, steel, coal, chemical, property, and machinery sectors, respectively, in the securities market, which were the prevailing sectors in the market over the last half year. The sustainable growth of the listed companies in these sectors has established a solid basis for the extension of the upward market trend.

2. Relevant Statistical Data and Charts

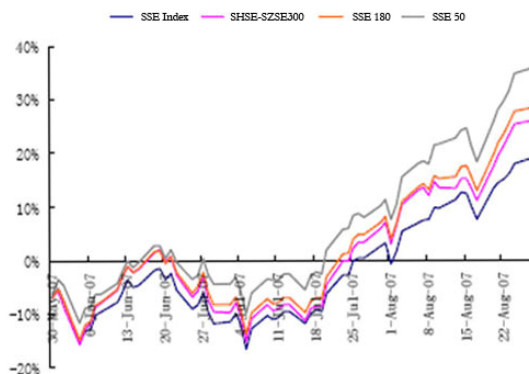
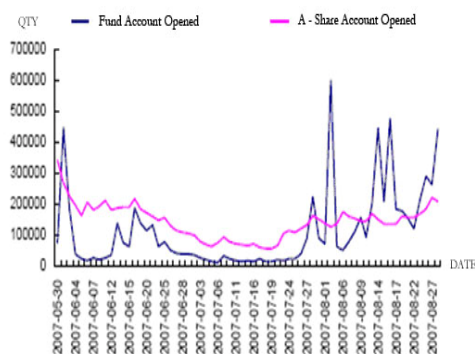


Table 2- New Investment Account Opened

Table3-Percentage Change in the Major Market Indexes

Data source: TX Investment Consulting Co., Ltd.

Bohai Securities Co., Ltd.

Table4—Major Market Indexes Data as of August 31, 2007

Name	SSE A Share	SSE B Share	SZSE A Share	SZSE B Share
Listed Company	722	47	562	45
IPO Company	0	0	0	0
Special Treatment	103	3	100	4
Total Capital (million shares)	1,438,328	38,262	288,707	45,459
Total Negotiable Capital (million shares)	274,598	11,452	136,425	12,502
Total Negotiable Market Capitalization (CNY million)	5,194,401	15,791	2,547,311	127,284
Market Capitalization (CNY million)	20,973,379	49,843	5,063,518	456,257
Daily Total Turnover (CNY thousand)	155,699,803	142,061.1	85,050,555.7	757,253.5
Change in Turnover Compared with Previous Day (%)	1.16	-4.9	1.53	7.02
Daily Total Trade Volume (thousand lots)	102,625.2	931.1	56,152.4	858.2
Change in Trade Volume Compared with Previous Day (%)	2.6	-21.45	3.18	-1.51

3. Significant Events in the Stock Market

Under the joint coordination of the CSRC, SSE, SZSE, China Financial Futures Exchange, the China Securities Depository and Clearing Corporation Limited and China Futures Margin Monitoring Center Co. Ltd. signed a series of agreements on August 13 on the cross-market supervision and coordination of the stock market and the stock index futures market. The vice chairman of the CSRC, Mr. Shu Guangshao, and the assistant chairman Mr. Jiang Yang were present at the signing ceremony, and both made speeches.

The CSRC promulgated and implemented the Pilot Measures for the Issuance of Corporate Bonds on August 15, marking the formal start of the issuance of corporate bonds.

On August 20, the State Administration and Foreign Exchange announced a pilot scheme to allow domestic individual

investment in overseas markets. Domestic individual investors can now directly invest in overseas securities with foreign currency that is self-owned or purchased with CNY through the relevant channels in the pilot area of Tianjin Binhai.

The Hang Seng index opened 100 points and rose to peak at 23,898, finishing the morning session at 23,892 and then rising further by 408 points, or 1.74%. The SSE index made history again, reaching a record high of 5235.16 points.

III. Fund Market Overview for August 2007

1. Summary

With the continued rise in the A-share market, the general performance of the fund market was also quite satisfactory this month. The fund market is increasingly attracting retail investors. According to the statistical data of the China Securities Depository and Clearing Corporation Limited, new fund accounts reached 5.118 million in August, a record-high figure that is six times that of July. The daily new fund account number exceeded 100,000 over 18 days (23 trading days in August). The maximum daily new account number reached 600,000, and the daily new account number was not less than 200,000 for the last five trading days in August. Stock investors experienced the risks brought by the previous major adjustments in the stock market, the securities market regulatory departments provided training on investment risk, therefore the fund has gradually won recognition from investors as a relatively safe investment and financing mode. In addition, The announcement of interim reports showing a good income also drove stock investors to change their investments into funds, and indeed the switch from stock to funds became the outstanding characteristic of investors in the last two months, a trend that continues to increase. Market analysts cite the huge earnings effect as the main reason for the soaring number of new fund accounts.

Open-end funds continued to rise in August, all achieving positive incomes. The Morningstar open-end fund index rose 13.42%, and the Morningstar stock fund index increased 15.29%, despite lower than the rise in the benchmark, the Morningstar large-cap stock index. In terms of growth range, the EverBright Prumerica Quantization Key Fund, SSE 50ETF, and Rongtong Power Pioneer Fund were the top three funds, increasing 22.01%, 21.23%, and 20.96%, respectively, over the past month. The Morningstar allocation fund index increased 12.54%, which was higher than the rise in the benchmark, the combined Morningstar large-cap stock index and Total Bond Market Index. In terms of regressive allocation funds, the leading three funds were the Baoying Strategic Growth Fund, Rongtong Blue Chip Growth Fund, and Rongtong Leading Growth Fund, which rose 21.53%, 20.16%, and 19.52%, respectively. Funds established for less than a year performed better overall, and capital mainly flew to the metal, nonmetal, and finance and insurance industries in the position-building period. In terms of conservative allocation funds, the HSBC Jintrust 2016 Fund and ABN AMRO TEDA Risk Budget Fund gained good incomes, posting monthly returns of 10.79% and 10.41%, respectively. The Morningstar bond fund index increased 1.45%, higher than the rise in the benchmark, the Total Bond Market Index, which increased just 0.68%. The Southern Baoyuan Fund experienced the largest increase, reaching 7.51%. The NAV of the principal guaranteed fund underwent an average rise of 5.39% over the past month. The Southern Principal Protected Fund rose 10.00% to retain its champion position, and its stock allocation rose to 49.52%. The average monthly return of money market funds was 0.2%, with the annualized seven-day yields of such funds as the Huabao Money Market Fund B, Penghua Money Market Fund B, Huabao Money Market Fund A, Galaxy Yinfu Money Market Fund B, and Penghua Money Market Fund A exceeding 3%.

Closed-end funds continued to rise in August. The Morningstar closed-end fund increased 10.19% within the month, albeit slightly lower than the 15.51% increase in July. The performance varied significantly with fund size, with the large-sized Morningstar index rising 9.36% and the small-sized index rising 15.10%. In terms of individual funds, Xing'an ranked first in capital gains in the secondary market in August, reaching 20.38%. The other leading closed-end funds in terms of capital gains included Jingyang, Kexun, and Rongxin. Except for Tongde, the average return on

closed-end funds in the secondary market was 11.35%. Kexun ranked first in terms of NAV growth rate in August, reaching 22.48%. The other leading closed-end funds in terms of NAV return included Jinsheng, Xing'an, and Jinghong, all of which are large closed-end funds. All closed-end funds achieved NAV growth in August, and the average discount rate rose from 16.9% in July to 21.63% in August. The discount rate of the Hanxing fund ranked first, reaching 30.00%, followed by that of Tongsheng and Jingfu, which reached 29.64% and 29.36%, respectively. The discount rate also varied with fund size, with the rate for large-sized funds reaching 26.06% but that of small-sized funds reaching only 11.15%.

Trading in the closed-end market was brisker in August than in July. Excluding the suspended Tongde fund, the total turnover amounted to CNY57.902 billion in August (CNY 52.174 billion in July), and the average turnover rate was also higher than in July, reaching 33%.

2. Relevant Statistical Data and Charts

Fund Type		Average NAV Yield (%)		Annualized Seven-day Yield (%)		Premium/Discount Rate (%)	
Open-end	Stock	Current Period	Pervious Period	Open-end	Stock	Current Period	Pervious Period
		Hybrid	14.61	9.7106		Hybrid	14.61
	Principal Guaranteed	12.6	9.8231		Principal Guaranteed	12.6	9.8231
	Index	4.94	3.4145		Index	4.94	3.4145
	Bond	16.19	12.1472		Bond	16.19	12.1472
	Money Market Fund	---	---		Money Market Fund	---	---
Closed-end		16.01	3.6051	---	Closed-end	16.01	3.6051

Table 5

3. Significant Events in the Fund Market

The IPO Zhongyou Core Growth Fund attracted about CNY 60 billion of subscription capital on August 16, which represents the highest subscription amount on the first trading day of IPO funds since May 30.

The Huaan Strategic Selected Fund, which was converted from the Anjiu Fund, began its centralized subscription at the upper limit of CNY 10 billion on August 17. By 17:00 on August 16, the centralized subscription amount of the Fund was estimated to have reached CNY 70 billion, although the exact data are still outstanding.

On August 28, the China Merchants Bank acquired the equity of the China Merchants Fund Management Co. Ltd. from China Huanneng Finance Co., Ltd., COSCO Finance Co., Ltd., China Power Finance Co., Ltd., and China Merchants,

Securities Co., Ltd. at 10 %, 10 %, 10 %, and 3.4%, respectively. The total turnover was CNY 174 million. Following the equity transfer, the China Merchants Bank now holds 33.4% of the equity of the China Merchants Fund Management Co., Ltd.

Also on August 28, Citibank (China) Co., Ltd. announced the joint launch of a new QDII product – the Schroder International Selection Fund – with Schroder Fund Management Co. Ltd. in Shanghai.

The first company in the second batch of pilot banking funds, Puyin Ansheng Fund Management Co., Ltd., announced itself open for business in Shanghai on August 28. As the controlling banking fund company of the Shanghai Pudong Development Bank, Puyin Ansheng’s opening confirmed that the second batch of banking funds is now operational.

IV. Overview of Bond Market for August 2007

1. Summary

The US subprime mortgage loan issue has had an impact on the financial markets twice since 2007, and the second impact is currently influencing markets across the world. This issue has been widely recognized as the most serious issue that will be faced by the global stock markets and bond markets in the next two years. However, due to only superficial participation in the US subprime mortgage loan market by most of China's domestic banks plus the strict control of capital accounts, most Chinese economists believe that the US subordinated bonds crisis will only slightly influence the Chinese market. In the United States, the selling price for new houses continued to drop in July, and thus the number of new house construction projects fell to its lowest level since 1997. The resuscitation of the US property market seems unlikely. Although the Federal Reserve reduced the discount rate on August 17, fighting inflation was still placed as the top priority in the subsequent FOMC Meeting Announcement, and market expectations of an interest rate reduction by the Federal Reserve have increased substantially.

The deepening expectations of a US interest rate reduction has restrained interest rates on US domestic central bank bills and the restoration of liquidity by the Central Bank (see chart). In addition, as prices are expected to fall further, the bond market is likely to remain stable. Although the US Central Bank increased interest rates twice in July and August and prices rose to a new height in July, the Treasury bond (T-bond) yield curve for the end of August did not greatly increase compared with the previous two months, thus indicating the stability of the bond market. Continuous high prices, however, are anticipated to influence confidence in the bond market. In addition, the issue of special T-bonds has had a negative impact on the bond market, which will take time to adjust (see chart). The issue of special T-bonds actually increased the potential supply to the bond market, which may have had a psychological impact on investors. In addition, the formal launch of corporate bonds, the strengthening of the Central Bank's will and its moves to recover liquidity, and the increased expectation of interest rate rises due to the rising trend of the CPI have caused pressure on the supply and yield of the capital market. The required deposit

2. Statistical Data and Charts

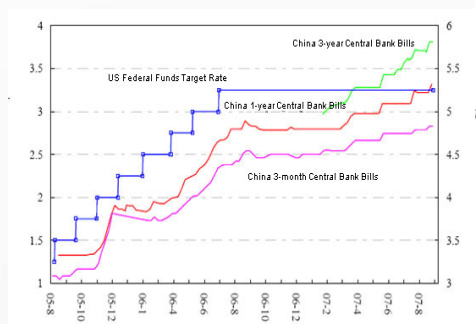


Table 6- Interest Rate on China Central Bank Bills

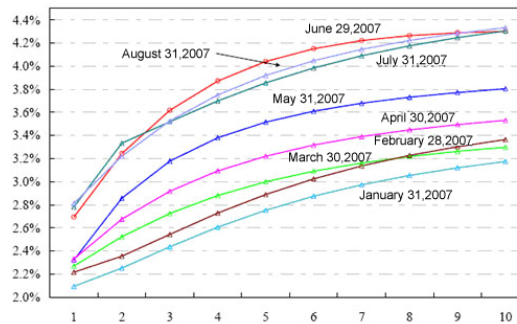


Table 7- T-bond Yield

The Central Bank of China released the market operation data for August as follows.

Date	Money Injected / Withdrawn (Million RMB)	Outright Spot Purchase (Million RMB)	Issued Notes (Million RMB)	Matured Notes (Million RMB)	Accumulated Money Injected / Withdrawn (Million RMB)
8.6 - 8.12	-55782.7	-	88728.9	32130.0	-903563.6
8.13 - 8.19	-99610.7	-	173857.0	70000.0	-1003174.3
8.20 - 8.26	-20719.5	-	55910.0	35000.0	-1023893.8
8.27 - 9.2	611644.5	600000.0	63736.5	75000.0	-412249.3

Table 8

3、Significant Events in the Fund Market

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V. Overview of Warrants Market for August 2007

1. Summary

The A share market was unprecedentedly hot this month. The bull market where the SSE index rising to above 1000 points and the extraordinarily active transaction taking place spurred investors to the utmost. However, the warrants market remained dull. The optimistically strong trend of A-shares was mainly driven by the weighted blue chips such as the Industrial and Commercial Bank of China, Bank of China, and China Life Insurance Co. Ltd. In contrast, call warrants performed ordinarily, with average increase being lower than that of the underlying stock and greatly shrinking transaction volume. Compared to last month, the turnover rate took a downward trend, which appeared to be sustainable. The price of the underlying stock of put warrants jumped significantly which did not have a significant impact on the profiteering of the put warrants market.

The other characteristics of the warrants market in August were the ongoing decrease in call warrants and the substantial weakening of investor enthusiasm for speculation. JTB1 follow the step of CMP1 to be delisted from the market. The number of warrants decreased dramatically, as a result, JTP1 was the only warrant left for the equity division reform, which may be created by brokers. There were only 6 listed warrants in the SSE and 8 in the SZSE, including 10 call warrants and 4 put warrants. From the perspective of shrinking number of warrants, the warrants market is likely be further marginalized. Due to the fact of limited number and high prices (far from the theoretical value), put warrants are unable to regain their past brilliance after many painful experience especially under the high-pressure supervision of the regulatory departments.

When the Hong Kong Warrant Market is opened up to the mainland China, the domestic warrant market will face fierce challenges and will become unprofitable. Moreover, the pilot scheme in Tianjin to allow mainland residents to directly invest in the Hong Kong stock market means that domestic investors will also be able to formally participate in the Hong Kong Warrant Market. As the Hong Kong Warrant Market is the largest and most mature warrant market in the world, Chinese investors tend to be more attracted to the Hong Kong market

2、Relevant Statistical Chart

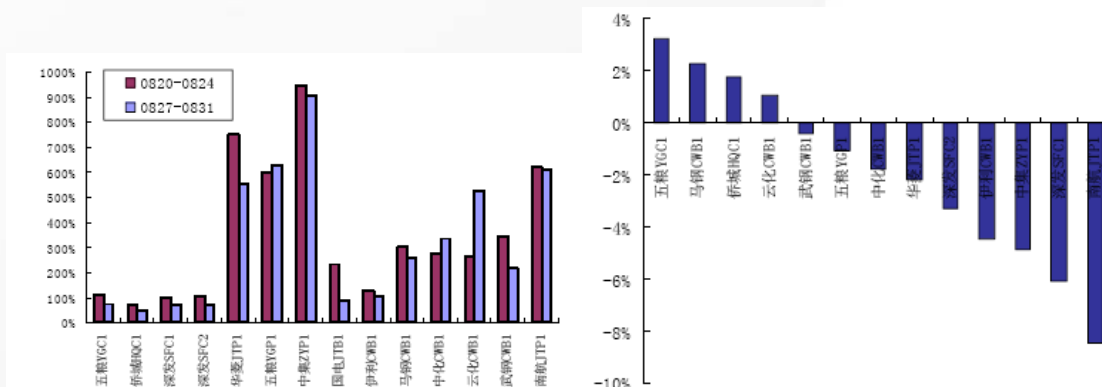


Table 9—Comparison of Turnover Rates for the Last Two Weeks in August

Table 10—Fluctuation in Warrants for the Last Week in August

3. Significant Events

The existence of the Warrant Creation Mechanism was a partial deterrent to market speculation, and was beneficial to the fundamental protection of common investor interests. As a consequence, the SSE will not set a quota for warrant creation, the Deputy General Manager of the SSE Liu Xiaodong announced on August 6.

The China Merchants Steam Navigation Company Limited announced on August 24 that, according to related stipulations, the last trading day of the put warrant of CMP1 (warrant code: 580997) was August 24, 2007, and its trading will be terminated on August 27, 2007.

JTB1 withdrew on August 28, which highlighted the limited number of warrants again. Due to the ongoing weakening of electric power, JTB1 (warrant code: 580008) ended its last trading day down 4.09%. There were 896,000 lots traded at a turnover rate of 41.86%, which were valued at CNY 909 million.

VI. Overview of Venture Capital Market for August 2007

1. Summary

The most significant event for the venture capital market in August was the forthcoming launch of the Growth Enterprise Market (GEM). The biggest problem facing the market is the incomplete exit mechanism for venture capital, which causes much capital to be lost. However, as venture capital can take advantage of the stock market as an efficient exit channel, the launch of the GEM will solve this problem. At present, there is a great deal of capital in the capital market, but the number of listed companies is relatively small. It is predicted that numerous SME (small- and medium-sized) stocks will directly enter the GEM in the near future when it is fully launched, which will greatly change the situation in stock market where demand exceeds supply, stock prices continuously rise, and the bubble expands dramatically in the past year. The GEM brings hope to those small- and medium-sized high-tech enterprises who wish to revitalize their capital. The National Development and Reform Commission and the Ministry of Finance jointly released a circular on the Declaration and Management of Trial Participation in Venture Capital Projects of the Industrial Technology Research and Development Fund on August 16, which reported that the government has decided to shift its own role from investor to market supervisor. The National Development and Reform Commission and Ministry of Finance jointly released a Guideline for the Declaration of Trial Participation in Venture Capital Projects of Industrial Technology Research and Development Fund on August 17, in which it defined the mode by which the government's Industrial Technology Research and Development Fund would be introduced to the venture capital market, thus marking the start of the declaration of national venture capital projects. Measures for the Administration of the Listing in Growth Enterprise Market (Draft) was approved by the State Council on August 22. The successive launch of these policies shows that the country vigorously supports this independent undertaking who is involving itself in creating favorable environment for its implementation.

2. Significant Events in Venture Capital Market

On August 7, the Ascendas Group, with backing from the Singaporean government, announced in Shanghai the establishment of two private placement funds worth SGD 1.4 billion (about CNY 7 billion) for investment in industrial and commercial property projects in Mainland China.

CITIGroup-owned Citigroup Venture Capital International (CVCI), signed an agreement with the leading sugar enterprise in Guangxi, Guangxi Yongkai Sugar Co., Ltd., on August 15 which stipulates that CVCI will invest USD 50 million in Guangxi Yongkai Sugar Co., Ltd. to ensure that this company will be listed on the Hong Kong Stock Exchange.

Maoye Department Store will be listed in the fourth quarter in Hong Kong which expects to raise more than HKD 2 billion. The ITAT Group, clothing chain stores, also proposes to be listed in Hong Kong at the end of year, which will raise an estimated figure of HKD 7.8 billion. Jiangsu Times Supermarket Co., Ltd. and New World Department Store raised USD 150 million and HKD 2.36 billion, respectively, in Hong Kong in July, bringing the total number of department stores listed in Hong Kong to four in the second half of the year.

Xinyu Software Co. in the Suzhou Industrial Park obtained venture capital of USD 48 million from one of the world's

largest technology investment companies, Francisco Partners, on August 28.

Trend Media Corporation Limited (ZCOM), a digital magazine and download service provider, announced that it had obtained an additional investment of several million dollars from the Carlyle Group on August 29.

Alibaba Group submitted a listing application, but the listing hearing has not yet started which is estimated to begin in October at the soonest. This is suspected as a horizontal competition with Yahoo China.

The Zhongxin High-tech Industrial Investment Fund of CNY 10 billion was approved by the State Council on August 30 to become the second industrial investment fund in China after the Bohai Industrial Investment Fund.