

SinoCast Investing/Securities Business Beat

Morgan Stanley China A-Share Fund Quadruples since Rollout

SHANGHAI, October 12, SinoCast -- Morgan Stanley China A-Share Fund has been valued at over USD 1 billion by the end of September, 2007, quadrupling for a year since establishment.

The China A-Share Fund, set up by the Wall Street giant, is a close-end and non-diversified investment management firm that mainly invests in A-shares of Chinese companies traded on the Shanghai and Shenzhen stock Exchanges.

The fund, the first and the only US-registered investment company that principally invests

in A shares, hit the market and raised USD 240 million on September 25 last year. The fund's assets had grown up to USD 1.04 billion by September 28 this year, snowballing 318.3 percent for a year.

The fund describes its philosophy that it seeks to achieve its investment objective by investing, under normal circumstances, at least 80 percent of its assets in the A shares listed on the Shanghai and Shenzhen bourses. The fund may invest up to 15 percent of its net assets, in warrants, structured investments or other derivative instruments such as options, financial futures contracts and

various swap transactions.

The fund manager is Morgan Stanley Investment Management, the solely-owned subsidiary of the bulge bracket. It won QFII (qualified foreign institutional investor) license and an investment quota of USD 200 million by the China Securities Regulatory Commission in July last year.

CITIC Securities Commissions Hit CNY 10bn in Jan-to-Sep

SHANGHAI, October 26, SinoCast -- CITIC Securities Co., Ltd. (600030.SH), the securities arm of the financial conglomerate CITIC Group, gained commissions of CNY 10.4 billion from January to September 2007, rocketing 494% year on year.

The Beijing-based broker made net profits of CNY 8.36 billion during the period, showed its third-quarter report released on October 26. Its third quarter net profits were CNY 4.16 billion, surging 558% year on year.

Besides the brokerage business, securities investment is also an important driving factor for the profit growth. Net investment incomes from January to September hit CNY 4.55 billion, which was eight times higher over that in the same period of 2006.

At the same time, incomes from underwriting business and assets management business amounted to CNY 1.06 billion and CNY 110 million

respectively, growing 213% and 381% year on year.

Net interest incomes reached CNY 583 million in the period. As of September 30, 2007, the company's assets totaled CNY 212 billion.

Just last month, CITIC Securities won the regulatory approval to carry out direct equity investment, a new profit stream for the Shanghai-listed company. It was the first among local securities firms granted with such a license.

As the first listed securities broker in the country, CITIC Securities is to set up a wholly-owned subsidiary for the new business. With registered capital of CNY 831 million, the upcoming venture will be named as Jinshi Investment Company.

Direct equity investment allows securities brokers to buy non-listed shares of a company so that they can get investment incomes once the target company gets listed

or cash in the shares at an appropriate time.

At the end of this August, CITIC Securities just launched an additional A-share offering, which received warm responses from investors.

Up to 333.73 million Yuan-denominated shares were sold to public investors as well as institutions. The fundraising reached CNY 24.9 billion.

The issue price was fixed at CNY 74.91 a share. The company attracted combined CNY 228 billion contributions, with CNY 59.7 billion from public investors and CNY 168.3 billion from institutions.

Most of the subscriptions were from the existing shareholders, for they had the preemptive right to order 1.1 new shares for every ten shares they were holding currently.

The plan has made CITIC Securities expand its net assets up to over CNY 40 billion.

(USD 1 = CNY 7.4)