

What You Should Know This Week: CSOP's Weekly China Wrap Up

Jack Ma makes big screen debut as a martial master, in his own star-studded production

Alibaba Chairman Jack Ma will be making his big-screen debut next month, in a star-studded martial arts short film. "Gong Shuo Dao" or "The Art of Attack and Defense" will feature the executive along with major movie stars such as Hollywood star Jet Li, as well as Jing Wu, who directed and starred in record-breaking Chinese box office hit, Wolf Warrior 2. The movie will be released on November 11 – coincidentally falling on the same day as Alibaba's annual shopping extravaganza "Single's Day".

What are the implications?

The charismatic and flamboyant ex-English teacher-turned-global entrepreneur is famous for being a devoted practitioner of Tai Chi – once even quoted to desire to be remembered as a Tai Chi Master over a founder of China's greatest tech companies. Ma intends to use the film to promote Tai Chi, which he believes to have relevance not just in daily life, but also in business strategy and management. He also hopes to promote Chinese culture through the venture – and as one of the world's most influential leaders in a decidedly unorthodox venture like starring in his own film, he's certain to garner some attention. This is not the businessman's first Tai Chi related endeavors; Ma founded a lifestyle company that offers online Tai Chi courses with Jet Li, as well as a martial arts school in Hangzhou, as part of his sprawling business enterprise.

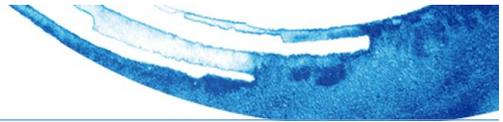
While unreported, the project is likely to be managed by Alibaba's in-house film company, Alibaba Pictures. The tumultuous firm recently appointed its third CEO in 15 months, and posted 485 million yuan in net losses in the first half of the year.

President Xi speaks with Mark Zuckerberg and Tim Cook, ahead of US-China meeting

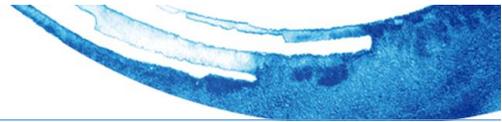
President Xi met Facebook billionaire Mark Zuckerberg and Apple Inc. CEO Tim Cook along with several domestic and foreign industry leaders, ahead of the Xi-Trump meeting next week. The president reportedly promised reforms of "unprecedented determination and vigor" at the meeting, held at Tsinghua University business school's annual advisory board meeting in Beijing, for which both American executives sit. Furthermore, President Xi hinted at further cooperation with foreign companies, noting that "China is willing to work with the US", and that he has "an optimistic attitude toward the prospects for China-US relations".

What are the implications?

At the national congress which wrapped up last week, the president had mentioned his intent to loosen regulations to allow greater business participation in the domestic market. The meeting is viewed as an early indication of realizing this vision, and was hailed as a positive step towards further opening up the Chinese market, as well as building a constructive backdrop for next week's meeting with President Trump. The reception wasn't all positive however, with the foreign executives receiving criticism from observers who viewed the meeting as an attempt to flatter Beijing to further their own business interests. Tim Cook's visit is ahead of the release of iPhone X in China, a major market for the smartphone maker, particularly with global reception for the new phone lukewarm thus far. Zuckerberg has been persistently trying to get Facebook unblocked in China; Facebook is among a group of foreign websites prohibited in China, behind the "Great Firewall". The latter in particular, received condemnation from activists in China,



as the CEO of the largest platform for internet speech in the world, trying to curry favor with authorities in a country employing strict censorship on internet speech.



Index definition:

1. The FTSE China A50 Index is the benchmark for investors to access the China domestic market through A Shares – securities of companies incorporated in mainland China and traded by Chinese and institutional investors under the Qualified Foreign Institutional Investor and Renminbi Qualified Foreign Institutional Investor (QFII & RQFII) regulation. Note that one cannot invest directly in an index
2. The CHINEXT index is China's Nasdaq-like barometer of high-tech stocks. Note that one cannot invest directly in an index
3. The MSCI China Index captures large and mid-cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 150 constituents, the index covers about 85% of this China equity universe. Note that one cannot invest directly in an index
4. Bloomberg's Global Aggregate + China Index combines the Global Aggregate Index with the treasury and policy bank component of the China Aggregate Index. The EM (Emerging Market) Local Currency Government + China Index combines the EM Local Currency Government Index and treasury component of the China Aggregate Index. Note that one cannot invest directly in an index
5. Citibank's World Government Bond Index (WGBI) measures the performance of fixed-rate, local currency, investment grade sovereign bonds. The JPMorgan Emerging Market Bond Index (EMBI) are a set of three bond indices that track bonds in emerging markets. Note that one cannot invest directly in an index
6. The Hang Seng China Enterprises Index is a free-float capitalization-weighted index comprised of H-Shares listed on the Hong Kong Stock Exchange and included in the Hang Seng Mainland Composite Index. Note that one cannot invest directly in an index

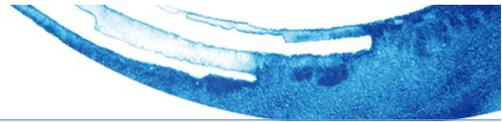
Institutions:

1. PBOC: People's Bank of China
2. SOE: State-owned enterprise
3. IMF: International Monetary Fund
4. CBRC: China Banking Regulatory Commission
5. CIRC: China Insurance Regulatory Commission
6. CSRC: China Securities Regulatory Commission
7. SAFE: State Administration for Foreign Exchange
8. ICBC: Industrial and Commercial Bank of China
9. EU: European Union
10. G20: An international forum for the governments and central bank governors from 20 major economies
11. G7: An international forum for the governments and central bank governors from 7 major economies
12. UAE: United Arab Emirates
13. SSE: Shanghai Stock Exchange
14. LSE: London Stock Exchange
15. AIIB: Asian Infrastructure Investment Bank
16. WTO: World Trade Organization

Currencies:

1. RMB: Renminbi, the national currency of China

The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles.



2. USD: US Dollar, the national currency of the United States
3. GBP: Pound Sterling/Great British Pound, the national currency of the United Kingdom
4. JPY: Japanese Yen, the national currency of Japan
5. EUR: Euro, the official currency of the Eurozone
6. HKD: Hong Kong Dollar, the national currency of Hong Kong
7. USDCNH: Abbreviation for the US offshore Dollar/RMB currency pair

Others:

1. IPO: Initial public offering
2. SPO: Secondary Public Offering
3. MoM: month over month
4. YoY: Year over year
5. GDP: Gross Domestic Product
6. EM: Emerging Market
7. Bps: Basis points
8. FX: Foreign Exchange
8. OTC: Over-the-counter
9. GDP: Gross domestic product
10. ETF: Exchange-traded fund
11. FATCA: Foreign Account Tax Compliance Act
12. TPP: Trans-Pacific Partnership
13. SDR: Special Drawing Right, an international reserve asset
14. OBOR: One Belt, One Road
15. RCEP: Regional Comprehensive Economic Partnership