

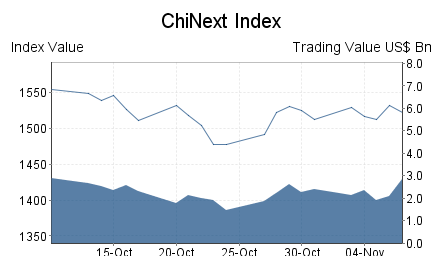
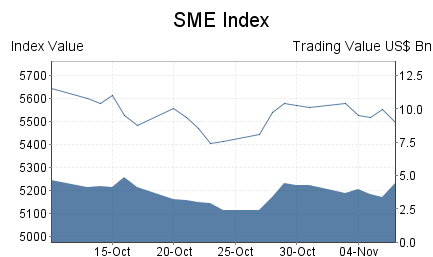
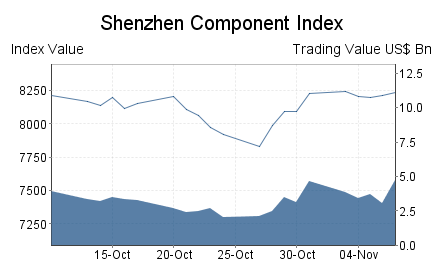
Market Bulletin

Monday 10 November, 2014 (Issue 35)

Highlights

- Shanghai-HK Stock Connect to Make Debut
- Authorities Issue Joint Bond Statistical System
- China Grants RQFII Quota to Canada
- China's Outbound M&As Hit Record High
- China Pledges US\$ 40 Bln for Silk Road Fund
- NDRC Launches 21 Infrastructure Projects
- Cross-border RMB Settlement Rising
- China and Qatar Ink Currency Swap Deal
- China & Singapore Start Currency Direct Trading
- Mutual Funds' Profits up 177% in Q3

Key Indices



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Market Review

Last week, Shenzhen Component Index stood at 8234.9 points after adding 0.1%. SME Index closed at 5495.9 points after losing 1.1%. ChiNext Index advanced 0.6% to 1522.6 points. Total turnover for stocks and funds on SZSE was US\$162.5 billion, or a 4.0% increase from the week before.

9 sector indices were higher than the previous week, and 7 were lower. Sector indices with the biggest gains were finance, utilities and construction. Sector indices with the biggest drops were farming, forestry and aquaculture, mining and wholesale & retail.

Top 3 gainers were Ocean's King Lighting Science & Technology Co., Ltd. (002724), Shenyang Cuihua Gold And Silver Jewelry Co.,Ltd. (002731) and Beijing Strong Biotechnologies, Inc (300406). Top 3 decliners were Guangdong Biolight Meditech Co.,Ltd. (300246), United Mechanical & Electrical Co.,Ltd. (000925) and Shandong Jining Ruyi Woolen Textile Co.,Ltd (002193). The most active stocks last week were Changjiang Securities Co., Ltd (000783), Ping An Bank Co., Ltd. (000001) and Sealand Securities Co., Ltd. (000750).

Market News

Shanghai-HK Stock Connect to Make Debut

The CSRC and the Hong Kong SFC jointly announced on 10th November that the Shanghai-Hong Kong Stock Connect will start on 17 November. According to a statement released by the HKEx, relevant rules and regulations of the Parties with regard to the Trading Links and the Clearing Links have been published. One day earlier, President Xi Jinping said during the APEC Leaders' Meeting that authorities on the mainland would soon reveal the launch date for the Shanghai-Hong Kong Stock Connect despite concerns that the protests would hinder the measure.

Authorities Issue Joint Bond Statistical System

The CSRC and the PBC have launched a joint bond statistical system, marking a great leap forward of the bond market cooperation. Statistical information regarding products, transactions, debenture holders, bond yields of bonds, notes, depository receipts will be integrated and sent to interbank market and exchange regulators. The CSRC says it will deepen cooperation with the central bank and strengthen regulation.

China Grants RQFII Quota to Canada

China gave an RMB 50 billion (US\$ 8.1 billion) quota to Canada under the RQFII program as Prime Minister Stephen Harper visited Beijing and signed deals to boost economic ties. China's State Council also approved a three-year RMB 200 billion (US\$ 32.5 billion) currency swap agreement with Canada. According to a memorandum of understanding between the two central banks, the ICBC is appointed

Market at a Glance

| SZSE Market Statistics (07 November, 2014) | |
|--------------------------------------------|--------|
| No. of Listed Companies | 1606 |
| Market Cap.(US\$ Bn) | 1955.2 |
| Free-float Market Cap.(US\$ Bn) | 1429.5 |
| Average P/E Ratio | 32.15 |
| For the Year of 2014 | |
| Turnover Value(US\$ Bn) | 5388.3 |
| -Stock | 4403.7 |
| -Main Board | 1463.4 |
| -SME Board | 1932.8 |
| -ChiNext | 1007.5 |
| -Fund | 81.4 |
| -Bond | 903.2 |
| Daily Turnover Ratio(%) | 1.77 |
| Total Fund Raised by Equity (US\$ Bn) | 53.5 |
| No. of IPOs | 70 |

*Currency ratio used : 1 USD=6.15 CNY

Monetary & Bond Market

3-7 Nov, 2014

| | | |
|--------------------------------|----------|----------|
| Shibor Overnight Interest Rate | 2.5690% | ↑1.00bp |
| Shibor 7-day Interest Rate | 3.1010% | ↓9.90bp |
| 7-Year Treasury Note Yield | 3.5000% | ↓23.09bp |
| CSI Corporate Bond Index | 156.4330 | ↑0.4914% |
| SZSE Corporate Bond Index | 137.9440 | ↑0.5042% |

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to clear RMB transactions in Toronto.

China's Outbound M&As Hit Record High

According to PwC, Chinese enterprises continued their active performance in the outbound M&A market in the first three quarters of 2014, wrapping up a record 176 M&A transactions, up 31% from the same period last year. The total value of overseas M&A transactions for the first three quarters completed by Chinese enterprises reached US\$ 40.8 billion. There were 14 transactions valued at more than US\$1 billion each, but no mega-sized M&A deals occurred.

China Pledges US\$ 40 Billion for Silk Road Fund

China's President Xi Jinping on 9 November said China will contribute 40 billion U.S. dollars to set up a Silk Road Fund at a dialogue meeting on strengthening connectivity and improving cooperation in the country's neighborhood. Xi said the new Silk Road Fund will be used to provide investment and financing support to carry out infrastructure, resources, industrial cooperation, financial cooperation and other projects related to connectivity for countries along the "Belt and Road".

NDRC Launches Intensive Infrastructure Projects

NDRC, China's top government agency in charge of economic planning, has approved a total of 21 investment projects between 16 Oct. and 5 Nov. with a total investment value of RMB 693.3 billion (US\$ 112.7 billion). Reports said the projects included 16 railways and 5 airports, adding these programs aimed to hedge against falling investment in the real estate market.

Cross-border RMB Settlement Rising

According to a report from Bank of China, Cross-border RMB settlement has been rising as enterprises are positive about RMB internationalization. The report surveyed 3,162 companies across 22 countries and regions. It showed that about 26% of enterprises used RMB in more than 15% of their transactions. The first figure is 10 percentage points up from that in the previous survey made last year. So far this year, about 41% of overseas enterprises have settled using RMB with business partners from outside the Chinese mainland, and the figure was only 10% in 2013.

China and Qatar Ink Currency Swap Deal

China's central bank announced on 10 November that it has signed a currency swap deal worth RMB 35 billion (US\$ 5.7 billion) with the central bank of Qatar. Also, the two sides signed a memorandum of understanding on RMB clearing settlement in Doha. China agreed to extend the RQFII scheme to Qatar, with an initial quota of RMB 30 billion (US\$ 4.9 billion). The ICBC is to clear transactions involving RMB in Qatar's capital Doha.

China and Singapore Start Currency Direct Trading

China Foreign Exchange Trade System said on 27 October that China kicked off direct trading between its currency and the Singaporean dollar from that day. The national foreign exchange market's operator also said direct trading means the US dollar will not be used as an intermediary currency to calculate rates. China has allowed such transaction for Japanese yen, Australian dollar, New Zealand dollar, British pound and euro since 2012.

Mutual Funds' Profits up 177% in Q3

Data from TX Investment Consulting Co showed that the combined profit of 2,131 mutual funds reached RMB 211 billion (US\$ 34.3 billion) from July through September, a 177% surge from a quarter earlier and marking the most in four years. Equity funds scored a profit of RMB 129.1 billion (US\$ 21.0 billion), or 61% of the total. Profits made by money market funds slid 5.8% from the second quarter to RMB 19.9 billion (US\$ 3.2 billion) as money market rates declined after China's central bank introduced targeted monetary easing measures to boost economic growth.