

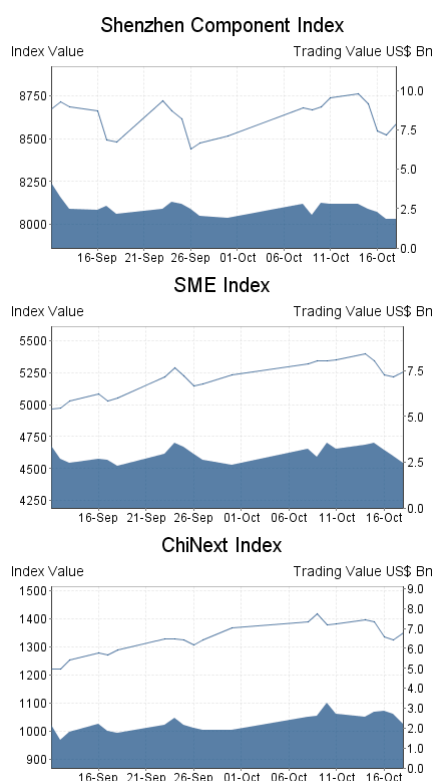
Market Bulletin

Monday 21 October, 2013 (Issue 20)

Highlights

- China to Boost Health Service Sector
- CSRC Urges for Better Investor Protection
- Q3 GDP Growth Accelerates to 7.8%
- Overseas Acquisitions Reach a New High
- Quanjude Gets More Foreign Investments
- Trading on Margin Sees Increase
- CSI 500 Sector Indices to be Launched
- Cross-strait Equity Exchange to be Set Up
- London Gets RMB 80 Billion RQFII Quota
- E Fund Lists First Cross-market RQFII ETF
- New QFIIs and RQFIIs Approved

Key Indices



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Market Review

Major Shenzhen indices retreated after several weeks' rise in a row. Shenzhen Component Index went down 1.8% to 8584.9 points. SME Index lost 1.8% to 5255.6 point. ChiNext Index closed at 1349.9 points after losing 2.2%. Total turnover for stocks and funds on SZSE was US\$109.1 billion, or a 6.1% increase from the week before.

7 sector indices were higher than the previous week, and 9 were lower. Sector indices with the biggest gains were hotels & catering, utilities and farming, forestry and aquaculture. Sector indices with the biggest drops were culture & media, business support and wholesale & retail. Top 3 gainers were Shunrong Auto Parts (002555), Sino Geophysical (300191) and Kelin Environmental (002499). Bewinner Communications (002148), Shunwang Technology (300113) and Shenzhen Zqgame (300052) were the Top 3 decliners. The most active stocks last week were Suning Commerce Group (002024), Huayi Brothers (300027) and Zhonghong Holding (000979).

Market News

Health Service Sector to Reach RMB 8 Trillion by 2020

The State Council said that China has set the target of boosting the gross value of its health service sector to over RMB 8 trillion (US\$ 1.3 trillion) by 2020. Measures will be taken to increase private capital into the sector, including relaxing market admittance and giving equal treatment to public and non-profit private medical institutions.

CSRC Urges for Better Retail Investor Protection

The Chairman of CSRC recently urged for better protection for retail investors. At present, retail investors with less than RMB 500 thousand (US\$ 81.4 thousand) of investment account for about 60% of the total market transaction value. CSRC also launched its official micro blog accounts on multiple platforms last Tuesday in a move to boost transparency and strengthen interaction with investors.

Q3 GDP Growth Accelerates to 7.8%

The National Bureau of Statistics (NBS) announced last Friday that China's GDP growth accelerated to 7.8% in the third quarter, up from 7.5% in the second quarter. Growth in the first nine months stood at 7.7%, above the government's full-year target of 7.5%. According to an NBS official, major economic indicators are in favour of promoting economic restructuring and pushing forward reforms.

Chinese Overseas Acquisitions Reach a New High

Both Ernst & Young and Deloitte argue in their recent reports that Chinese overseas acquisitions have been active again. According to Deloitte, there were 52 transactions valued at US\$ 29.1 billion about Chinese firms purchasing overseas energy and resources in 1H 2013,

Market at a Glance

SZSE Market Statistics (18 October, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1441.5
Free-float Market Cap.(US\$ Bn)	1016.7
Average P/E Ratio	27.95
For the Year of 2013	
Turnover Value(US\$ Bn)	3733.6
-Stock	3024.3
-Main Board	1148.3
-SME Board	1266.0
-ChiNext	610.0
-Fund	78.4
-Bond	631.0
Daily Turnover Ratio(%)	1.67
Total Fund Raised by Equity (US\$ Bn)	21.2
No. of IPO	0

*Currency ratio used : 1 USD=6.14 CNY

up from 49 transactions and US\$ 17 billion in value in the first half of 2012. The value of all Chinese overseas acquisitions was US\$ 35.3 billion in 1H 2013, an increase of US\$12.4 billion from the same period last year.

Quanjude Gets More Foreign Investments

Quanjude Group (002186.SZ) recently announced to have raised capital from IDG Capital Management to fund further expansion in its dining business and related services. IDG will purchase more than 17.8 million shares for RMB 250 million (US\$ 40.7 million) and Quanjude has also raised RMB 100 million (US\$ 16.3 million) via share purchases by Shanghai-based Huazhu Hotels Group.

Margin Trading and Securities Lending See Volume Increase

Within one month following the expansion of the margin trading programme on 16 September, the total transaction amount of margin trading and securities lending totaled RMB 306.7 billion (US\$ 50.0 billion), with the purchase of newly added stocks taking a proportion of 21.68%. Statistics show that the interest income of margin trading and securities lending account for 8.5% of total revenue (US\$ 12.8 billion) of securities firms for the first half of 2013.

CSI 500 Sector Indices to be Launched

China Securities Index Company (CSI) announced the upcoming launch of CSI 500 Sector Indices on 6 November. The series include 10 sectors: energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, telecommunication services, and utilities. The base date is 31 Dec., 2004 and the base value is 1000.

Cross-strait Equity Exchange Centre to be Set Up in Xiamen

China's mainland and Taiwan plan to set up a cross-strait equity exchange centre (a regional OTC market) in Xiamen, Fujian province. The centre will be funded by 10 institutions from both China's Mainland and Taiwan, including Shenzhen Securities Information Co., Ltd, an SZSE subsidiary. Qianhai Equity Exchange will be responsible for the operation and management of the new trading center.

QFII News

London Gets RMB 80 Billion RQFII Quota

China has granted London-based investors an RQFII quota of RMB 80 billion (US\$ 130.3 billion). In addition, China and UK have agreed on direct Renminbi-pound trading and expand cooperation in civil nuclear energy, new generation IT technology, advanced materials, photovoltaic industry, high-tech services and other fields.

E Fund Lists First Cross-market RQFII ETF

E Fund Management listed a cross-market ETF in Hong Kong on 21 October that can be traded in both HK dollars and Renminbi which is the first of its kind. The ETF will track the CES China 120 Index, comprising of 120 A- and H-share stocks listed in Hong Kong, Shanghai and Shenzhen.

New QFIIs and RQFIIs Approved in September

Three new QFIIs were approved last month, including Guangfa International Asset Management (HK), Mayo Clinic (US) and Guosen Securities Asset Management (HK), making the total number of QFIIs reach 240. In addition, two more institutions from Hong Kong obtained their RQFII qualification, i.e., PineBridge Investments and Chong Hing Bank and the total number of RQFIIs reached 35.

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