

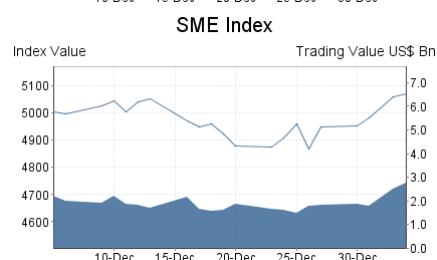
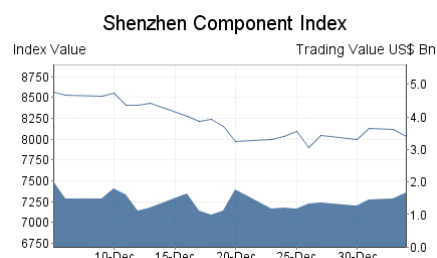
Market Bulletin

Monday 6 January, 2014 (Issue 1)

Highlights

- Prudent monetary policy to continue
- PBC launches central clearing for IRS
- Chairman delivers New Year's speech
- SZSE facilitates IPO information query
- CSRC grants 11 IPO approvals
- PwC predicts record high IPOs in 2014
- NEEQ booms in the wake of new rules
- China's box office surges to 21.8 billion
- Guangdong's GDP to surpass US\$ 1 trillion
- Tianhong Fund becomes 2nd largest
- RMB stands firm against USD
- QFII & RQFII quotas continue to grow

Key Indices



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Market Review

From 30 December, 2013 to 3 January, 2014, Shenzhen Component Index closed at 8028.3 points after losing 0.3%. SME Index rose 2.5% to 5068.6 points. ChiNext Index jumped 4.5% and stood at 1352.8 points. Total turnover for stocks and funds on the SZSE was US\$ 65.9 billion, or an 8.4% decrease from the week before.

12 sector indices were higher than previous week, and 4 were lower. Sector indices with the biggest gains were culture & media, business support and IT. Sector indices with the biggest drops were real estate, construction and environmental services.

Top 3 gainers were Jiangsu Hongbao (002071), Motic Electric (300341) and Tangel Publishing (300148). Top 3 decliners were Hunan Tianyi (000908), Henan Tong-Da (002560) and Hainan Haiyao (000566). The most active stocks for the last week were Huayi Brothers (300027), Suning Commerce Group (002024) and Leshi Internet (300104).

Market News

China to Maintain Prudent Monetary Policy in 2014

The Monetary Policy Committee of the People's Bank of China (PBC) said on 31 December, 2013 that China should continue its current prudent monetary policy and maintain appropriate liquidity in 2014. According to *Securities Times*, the central bank injected a net total of RMB 113.8 billion (US\$18.6 billion) into the country's banking system through open market operations in 2013, a sharp decrease of 92% compared with 2012.

PBC Launches Central Clearing for Interest Rate Swaps

With the approval of the PBC, Shanghai Clearing House officially launched the central clearing for interest rate swaps on 2 January. First 21 financial institutions, including the 5 largest state-owned banks, become members for the new business. Interest rate swaps started trading in China since 2005 but were previously settled bilaterally, with no central clearing. The move aims to reduce counter party risk in the OTC derivatives market.

SZSE Chairman Delivers New Year's Speech

Mr. Chen Dongzheng, Chairman of the SZSE, disclosed in his New Year's speech that, the Shenzhen securities market recorded total trade value of RMB 29.7 trillion (US\$ 4.9 trillion) in stocks, funds and bonds in 2013. By the year end, the SZSE had 1,536 listed companies with an aggregate market capitalization of RMB 8.8 trillion (US\$ 1.4 trillion). The exchange is also home to 291 funds, 460 bonds and 6 asset-backed securities products.

SZSE Opens Special Zone for IPO Information Query

The SZSE announced on 3 January that it has developed a special zone for IPO data query jointly with Shenzhen Securities Information Co., Ltd, a subsidiary of the former. The special zone provides investors with an

Market at a Glance

SZSE Market Statistics (3 January, 2014)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1450.1
Free-float Market Cap.(US\$ Bn)	1042.3
Average P/E Ratio	27.94
For the Year of 2014	
Turnover Value(US\$ Bn)	43.7
-Stock	34.1
-Main Board	8.1
-SME Board	15.7
-ChiNext	10.3
-Fund	0.5
-Bond	9.1
Daily Turnover Ratio(%)	1.39
Total Fund Raised by Equity (US\$ Bn)	0.5
No. of IPOs	0

*Currency ratio used : 1 USD=6.11 CNY

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overview of issuers to be listed on the SME Board and the ChiNext Market, stipulated disclosure items including the prospectus, and price enquiry information. The special zone has been recently put into use and investors can gain access through SZSE's official website.

CSRC Grants IPO Approvals to 11 Companies

6 more companies got their IPO approvals from the CSRC on 31 December, following an initial batch of 5 approvals earlier last week. By that time, the total funds to be raised by the 11 companies were expected to hit RMB 20 billion (US\$ 3.3 billion). Among the 11 companies, 3 will list on SZSE's SME Board, while 6 will go to the ChiNext Market.

PwC Predicts Record High IPOs in 2014

An industry report released by PricewaterhouseCoopers (PwC) predicts that the number of A-share IPOs in 2014 would possibly reach a historical high. As estimated by PwC, the number of A-share IPOs may exceed 300, collecting up to RMB 250 billion (US\$ 40.9 billion). The firm also predicts that 260 IPO companies will list on SZSE's SME Board and ChiNext Market and are expected to raise RMB 150 billion (US\$ 24.5 billion).

NEEQ Booms in the Wake of New Rules

The National Equity Exchange and Quotations (NEEQ) unveiled its new rules on 30 December, 2013, which expand admission from certain hi-tech zones to companies located all over the country. 271 companies have submitted their applications within two days after implementation of the new rules. The number equals to two third of the total number of companies currently quoted on the NEEQ.

China's Movie Box Office Surges to RMB 21.8 Billion

According to data from the State General Administration of Press, Publication, Radio, Film and Television, China's movie box office hit RMB 21.8 billion (US\$ 3.6 billion) in 2013, compared with RMB 17.1 billion (US\$ 2.8 billion) in 2012. Local Chinese films accounted for RMB 12.8 billion (US\$ 2.1 billion) of the total, representing a 58.7% market share.

Guangdong's GDP Expected to Surpass US\$ 1 Trillion

According to the Guangdong Development and Reform Commission, the GDP of Guangdong province is estimated to grow 8.5%, exceeding 6 trillion in RMB or 1 trillion in USD in 2013, becoming the first and only province in the country to have its GDP surpassing RMB 6 trillion.

Tianhong Becomes Second Largest Fund Company

By the end of 2013, Tianhong Asset Management has a total of RMB 194.4 billion (US\$ 31.8 billion) under management, becoming the second largest fund company. Yu'E Bao, Tianhong's flagship product launched in June 2013, has attracted RMB 185.3 billion (US\$ 30.3 billion) as of 31 December, 2013, creating a total of RMB 1.8 billion (US\$ 29.5 million) in returns.

RMB Stands Firm against USD in 2013

On 31 December, RMB's central party rate for USD stood at 6.1, marking its 41st historical high simply in the year 2013. For the whole year, RMB appreciated over 3% against USD, three times as that in 2012.

QFII News

QFII & RQFII Quotas Continue to Grow in December 2013

According to the State Administration of Foreign Exchange (SAFE), the authority approved a total of US\$ 450 million QFII quota on 24 December, 2013, making the total quota of 228 QFIIs amount to US\$ 49.7 billion. In the same month, two more institutions from Hong Kong obtained their RQFII qualification. The number of RQFIIs reached 52, and the RQFII quota totaled RMB 157.5 billion (US\$ 25.8 billion).