

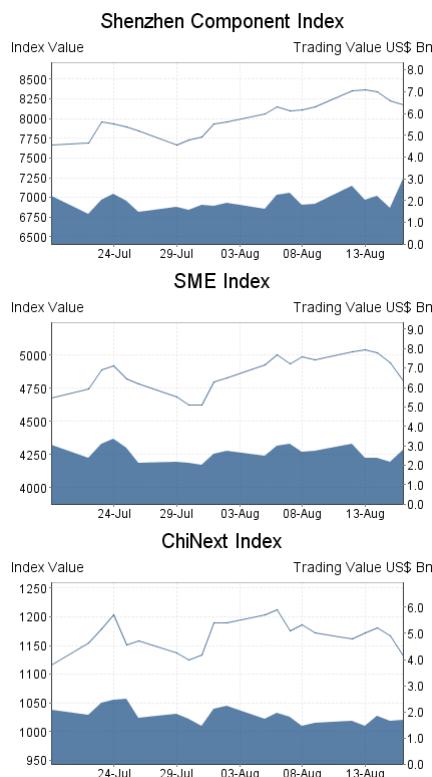
Market Bulletin

Monday 19 August, 2013 (Issue 13)

Highlights

- Abnormal spike occurs on Friday
- China to boost information consumption
- MIIT encourages M&A in Chinese milk powder industry
- PBC releases financial statistics for July
- PBC carried out 14-day repo operation
- Yuan continues to rise against USD
- Banking account and securities account transfer reaches 258 billion Yuan
- CMB H-share rights issue approved
- Securities firm to join PBC payment system
- First RQFLP landed in Shanghai
- SZSE further promotes "Interaction Easy"
- QFIIs appear in Top 10 shareholders of 39 listed companies

Key Indices



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Market Review

Shenzhen Component Index closed at 8168.1 points after gaining 0.3%. Small-cap indices ended the week lower. SME Index lost 3.1% and stood at 4808.7 points. ChiNext Index fell 3.4% and closed at 1132.1 points. Total turnover for stocks and funds on SZSE was US\$94.5 billion, or a 3.8% increase from the week before. 3 sector indices were higher than the previous week, and 13 were lower than the week before.

Finance, real estate and transportation and logistics were the only three sector indices that rose over the last week. Sector indices with the biggest drops were business support, culture & media and wholesale & retail. Top 3 gainers were Jiangsu Hongbao (002071), Shanghai Ganglian (300226) and Zhejiang Materials (000906). Xiamen Anne (002235), New Sea Union (002089) and Suzhou Anjie (002635) were the Top 3 decliners. The most active stocks for the last week were Ping An Bank (000001), Hong Yuan Securities (000562) and VANKE (000002).

Market News

Abnormal Spike Occurs on Friday and Investigation Starts

Shanghai Composite Index surged by as much as 5.96% instantly within several minutes on the morning of 16 August. The CSRC declared on Sunday that the large buying of Everbright Securities had caused the incident, and the whole trading and clearing system has been functioning well. Everbright Securities is now under investigation.

China to Boost Information Consumption

According to the State Council, China aims to boost the nation's information consumption by more than 20% annually to exceed RMB 3.2 trillion (US\$ 517.8 billion) through 2015, by which time the output of the related new industries is expected to reach RMB 1.2 trillion (US\$ 194.2 billion), and the Internet-based information consumption would grow by at least 30% annually to RMB 2.4 trillion (US\$ 388.4 billion).

MIIT Encourages M&A in Chinese Milk Powder Industry

Ministry of Industry and Information Technology (MIIT) of China came up with a new plan, encouraging mergers and acquisitions (M&A) among Chinese milk powder producers to improve quality and safety control. It is forecasted that the total number of Chinese milk powder makers would be cut by half by 2018.

PBC Releases Financial Statistics for July

People's Bank of China (PBC) recently released Financial Statistics for July 2013 which revealed that foreign currency loans decreased US\$ 18.7 billion, which is the largest decrease in the past 10 years. China's total social financing aggregate was RMB 808.8 billion (US\$ 130.9

Market at a Glance

SZSE Market Statistics (16 August, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1302.2
Free-float Market Cap.(US\$ Bn)	906.5
Average P/E Ratio	25.59
For the Year of 2013	
Turnover Value(US\$ Bn)	2836.9
-Stock	2290.9
-Main Board	889.5
-SME Board	954.4
-ChiNext	447.0
-Fund	63.0
-Bond	483.1
Daily Turnover Ratio(%)	1.63
Total Fund Raised by Equity (US\$ Bn)	18.6
No. of IPO	0

*Currency ratio used : 1 USD=6.18 CNY

billion) in July, the lowest in the past 21 months.

PBC Carried out 14-day Repo Operation

The PBC injected RMB 28 billion (US\$ 4.5 billion) into money markets on Tuesday through fourteen-day reverse bond repurchase agreements. Along with other open market operations, PBC injected RMB 47.5 billion (US\$ 7.7 billion) into the market during the week.

Yuan Continues to Rise against USD

Yuan spot price per USD reached 6.1090 on Friday. Despite the spot rate rose slightly at closing, the inter-day price set a record since China launched the foreign exchange reform.

Banking Account and Securities Account Transfer Reaches 258 Billion Yuan

According to China Securities Investors Protection Fund, RMB 258 billion (US\$ 41.75 billion) was transferred from banking accounts to securities accounts from January to July. Six out of seven months saw net inflows, with March being the only month that recorded net outflow.

CMB H-share Rights Issue Approved

China's Merchants Bank (CMB) announced on 15 August that it had obtained the approval from CSRC for H-share rights issue to existing shareholders. With the A-share rights issue approved earlier, CMB will raise no more than RMB 35 billion (US\$ 5.7 billion) through A+H rights issue.

Securities Firm to Join PBC Payment System

Guotai Junan Securities (Guotai) became the first securities firm allowed to join the central bank's payment system on a trial basis. Guotai can now conduct business previously limited to banks only, including money transfers, savings, and selling wealth management products.

First RQFLP Landed in Shanghai

According to Bank of Shanghai, the bank provided Renminbi Qualified Foreign Limited Partner (RQFLP) service to its client, which is the first RQFLP case in China. The current RQFLP program develops as an extension of QFLP mechanism which was introduced before, exploring a new path for offshore RMB to invest in China.

SZSE Further Promotes "Interaction Easy"

SZSE and Shenzhen Securities Information Company signed cooperation agreements with SZSE member securities firms and information providers on 15 August, further promoting "Interaction Easy" (an interaction E-platform for listed companies and investors) and investor education products. SZSE aims to comprehensively improve the quality and timeliness of information disclosure.

QFII News

QFIIs Appear in Top 10 Shareholders of 39 Listed Companies

As more annual reports released, preferences of Qualified Foreign Institutional Investors (QFIIs) drew attention of the market. According to Wind Information, 39 listed companies have QFIIs in their lists of Top 10 shareholders. Besides traditional blue chips on the main board, 8 companies are listed on SME board.

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