

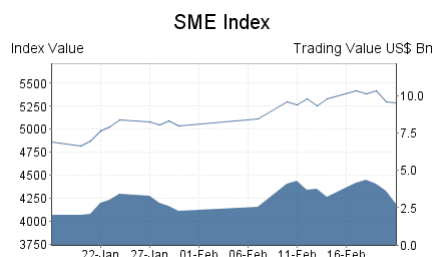
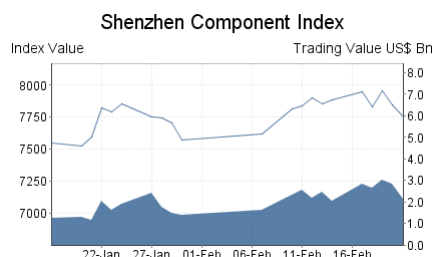
Market Bulletin

Monday 24 February, 2014 (Issue 6)

Highlights

- CIRC Raises Equity Investment Ceiling for Insurance Funds
- Sinopec to Introduce Mixed-ownership Structure to Distribution Business
- Cross-border RMB Index Records New High
- China's Mobile Payments Soar
- PBC Launches Cross-Border RMB Payment Pilot Program
- PBC Drains Net RMB 108 Billion of Liquidity
- China's FDI Inflow Rises 16.1% in January
- Dongfeng Motor Buys Stake in PSA Peugeot Citroen
- S&DC Unveils Standard for "One-code Securities Account"
- CSOP Lists First RQFII Treasury Bond ETF
- Yu'E Bao Hits RMB 400 billion
- UBS to Acquire Pumin Futures
- New QFIIs and RQFIIs Approved in January
- Easy IR App Launched

Key Indices



For data products and services based on Shenzhen

Market Review

Last week, Shenzhen Component Index tumbled 1.7% to 7750.6 points. SME Index closed at 5280.1 points after losing 0.9%. ChiNext Index advanced 0.3% to 1519.7 points. Total turnover for stocks and funds on SZSE was US\$139.7 billion, or a 12.6% decrease from the week before.

4 sector indices were higher than previous week, and 12 were lower. Sector indices with the biggest gains were IT, wholesale & retail and construction. Sector indices with the biggest drops were finance, environmental services and business support.

Top 3 gainers were Lingnan Landscape (002717), Dong Yi Ri Sheng (002713) and Huaiji Dengyun (002715). Top 3 decliners were Ningbo Gqy (300076), Zhanjiang Guolian (300094) and Hubei Landing (000971). The most active stocks for the last week were Suning Commerce Group (002024), Gree Electric (000651) and Huayi Brothers (300027).

Market News

CIRC Raises Equity Investment Ceiling for Insurance Funds

The China Insurance Regulatory Commission recently reclassified insurance investment assets into five categories: liquid assets, fixed income assets, equity assets, real estate assets and other financial assets. The upper limit for the proportion of insurance fund investment in equity assets is raised to 30% from 25%. By the end of 2013, the balance of insurance funds stood at RMB 7.7 trillion (US\$ 1.3 trillion).

Sinopec to Introduce Mixed-ownership Structure to Distribution Business

Sinopec announced last Wednesday that the top oil-refining company will restructure its distribution business and allow social and private capital to jointly market and distribute its oil products. Third party participation can take no more than 30% of the shares.

Cross-border RMB Index Records New High

The Cross-border RMB Index developed by Bank of China to measure renminbi activity in the global market rose by a record 82 points in the fourth quarter of 2013. The index stood at 228 in December, breaking the threshold of 200 for the first time.

China's Mobile Payments Soar

According to the central bank, 607 million mobile payments took place in the fourth quarter of 2013, witnessing a total transaction amount of RMB 3.57 trillion (US\$584.3 billion), increasing 164.91% and 252.66%, respectively.

Yu'E Bao Hits RMB 400 billion

The balance of Alibaba's Yu'e Bao Fund topped RMB 400 billion (US\$ 65.5 billion) as of January 31, attracting RMB 150 billion (US\$ 24.6 billion) within a single month. The balance of bank deposits fell RMB 940.2 billion (US\$154 billion) in January, according to statistics compiled by the PBC.

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Market at a Glance

SZSE Market Statistics (21 February, 2014)	
No. of Listed Companies	1578
Market Cap.(US\$ Bn)	1581.2
Free-float Market Cap.(US\$ Bn)	1122.0
Average P/E Ratio	30.00
For the Year of 2014	
Turnover Value(US\$ Bn)	801.3
-Stock	658.0
-Main Board	162.8
-SME Board	303.5
-ChiNext	191.7
-Fund	9.3
-Bond	134.0
Daily Turnover Ratio(%)	1.63
Total Fund Raised by Equity (US\$ Bn)	8.9
No. of IPO	42

*Currency ratio used : 1 USD=6.11 CNY

QR Code for Easy IR



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PBC Launches Cross-Border RMB Payment Pilot Program

The PBC Shanghai head office recently launched the cross-border Renminbi payment pilot program within the Shanghai FTZ. Payment institutions registered in Shanghai (including those inside and outside the FTZ) and the FTZ branches of those registered in other districts can participate in the program on the condition that they have an Internet payment service license. Five companies - *AllinPay, 99Bill, ChinaPay, Orient Electronic Payment and Shengpay* - were given the green light to process RMB payments for cross-border trade in the FTZ.

PBC Drains Net RMB 108 Billion of Liquidity

The PBC drained RMB 60 billion (US\$ 10 billion) of liquidity via 14-day repos last Thursday, following RMB 48 billion (US\$ 8 billion) on Thursday. For the whole week, the PBC removed a net RMB 108 billion (US\$ 18 billion) out of the banking system.

China's FDI Inflow Rises 16.1% in January

According to the Ministry of Commerce, foreign direct investment (FDI) into the Chinese mainland rose 16.1% y-o-y in January, totaling US\$ 10.8 billion. The majority of the new investment, equivalent to US\$ 6.3 billion, went into China's services industry, while investment in manufacturing fell 21.7%. Meanwhile, outbound FDI in January recorded US\$ 7.2 billion, up 47.2% from a year earlier.

S&DC Unveils Standard for "One-code Securities Account"

China Securities Depository and Clearing unveiled standard for "one-code securities account", which is planning to run on a trial basis in May. The "one-code securities account" is used to summarize all the portfolios and changes in holdings, while the separate sub-accounts will record the transactions in specific securities including A-share, B-shares, funds and other products on both Shanghai and Shenzhen stock exchanges.

CSOP Lists First RQFII Treasury Bond ETF

CSOP Asset Management, a subsidiary of China Southern Asset Management, is set to launch Chinese mainland's first treasury bond ETF under the RQFII scheme. As the first RQFII ETF product investing directly in the mainland treasury bonds, the ETF opens up another investment channel for Hong Kong and overseas investors to invest in Chinese mainland.

Dongfeng Motor Buys Stake in PSA Peugeot Citroen

China's Dongfeng Motor Group announced to have signed an agreement to buy a 14% stake in PSA Peugeot Citroen. According to the MOU, the Dongfeng and the French government will each invest EUR 800 million (US\$1.1 billion) in the French carmaker.

UBS to Acquire Pumin Futures

UBS Securities recently announced that it will hold a 95.42% stake in Shanghai Pumin Futures Brokerage Company after injecting capital of RMB 90 million (US\$15 million) into the company. UBS's purchase plan has already been approved by the Chinese authority.

New QFIIs and RQFIIs Approved in January

According to the CSRC, 7 QFIIs got approved last month, increasing the total number to 258. Meanwhile, the number of RQFIIs has totaled 48 as of end of January after admitting 5 new institutions.

Easy IR App Launched

The App for Easy IR, a microblogging-styled interactive platform to facilitate communications and Q&As between investors and SZSE-listed companies, is now available for Android and IOS devices. You are invited to download it by scanning the QR code on the left bar. However, it is currently in Chinese version only.