

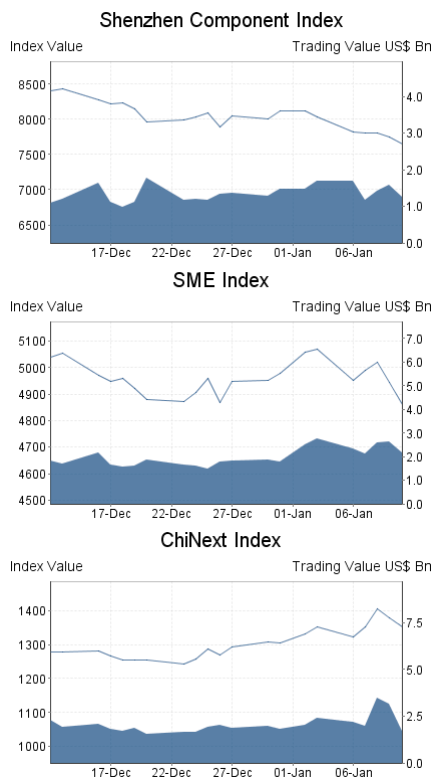
# Market Bulletin

Monday 13 January, 2014 (Issue 2)

## Highlights

- 2012 GDP Revised to RMB 51.9 Tn
- China's Annual CPI Rises 2.6% in 2013
- China to Launch 3 to 5 Private Banks in 2014
- Insurers Allowed to Invest in the ChiNext
- State Council Adjusts Measures in SH FTZ
- 260 Companies Expected to Quote on NEEQ
- SD&C Solicits Public Opinions for Preferred Shares
- SAC Specifies Requirements on Direct Investment for Securities Companies
- China 2013 Exports & Imports Statistics Released
- Shenzhen's Gov Doc No.1 of 2014 Focuses on Financial Reform
- Number of QFII Accounts Hit 600
- Europe's First Chinese A-shares ETF Launched

## Key Indices



## Market Review

From 6 to 10 January, Shenzhen Component Index closed at 7648.0 points after losing 4.7%. SME Index jumped 4.1% and closed at 4860.3 points. ChiNext Index stayed at 1353.3 points. Total turnover for stocks and funds on SZSE was US\$83.8 billion, or a 27.2% increase from the week before.

One sector indices were higher than previous week, and 15 were lower than the week before. Culture & media was the only sector indices that rose over the last week. Sector indices with the biggest drops were farming, forestry and aquaculture, construction and transportation and logistics.

Top 3 gainers were Chengdu Huaze (000693), Jiangsu Skyray Instrument (300165) and Wuhu Shunrong (002555). Shenzhen Topband (002139), Guilin Layn (002166) and GuangDong HuaSheng (002670) were the Top 3 decliners. The most active stocks for the last week were Huayi Brothers (300027), Suning Commerce (002024) and Ourpalm (300315).

## Market News

### 2012 GDP Revised to RMB 51.9 Tn

The National Bureau of Statistics (NBS) said that China's GDP growth for 2012 has been revised to RMB 51.9 trillion (US\$ 8.5 tn). It was the final official reading for 2012 GDP according to a three-step publication procedure with more detailed data acquired. Primary industries took up a 10.1% share in the GDP structure, while secondary and tertiary sectors accounted for 45.3% and 44.6% respectively.

### China's Annual CPI Rises 2.6% in 2013

Data from the NBS shows that China's consumer price index (CPI) grew 2.5% y-o-y in December 2013, and 2.6% for the whole year of 2013, below the government's full-year target of 3.5%. At the same time, the producer price index (PPI) fell 1.4% y-o-y in December and the annual PPI for 2013 fell 1.9% compared with 2012.

### China to Launch 3 to 5 Private Banks in 2014

According to the China Banking Regulatory Commission (CBRC), China will set up three to five private banks on a trial basis to deepen reform in the domestic banking sector in 2014. The CBRC said it will broaden the channels and means for private capital to enter the banking industry by directing private capital to participate in the restructuring reform of existing financial institutions and supporting private capital in setting up new financial institutions at their own risks.

### Insurers Allowed to Invest in the ChiNext Market

The China Insurance Regulatory Commission (CIRC) announced that it will allow insurers to invest in ChiNext-listed companies. Insurers should report to the CIRC and undertake relevant information disclosure responsibilities if their holdings reach or exceed 5%. Later on Wednesday, the CIRC

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announced in a statement that it will allow insurance companies to invest their historical inventory insurance policies in blue-chip stocks.

### State Council Adjusts Measures in Shanghai FTZ

The State Council recently announced temporary adjustments to measures on foreign investment approval and admission control within the Shanghai pilot free trade zone (FTZ). The move aimed to ease the foreign investment management and further open the service sector to overseas investors. The government will relax controls over foreign investment in areas covering international shipping, credit investigation, performance brokerage, entertainment, training and telecommunications within the FTZ.

### 260 Companies Expected to Quote on NEEQ

According to *Beijing Business Today*, 260 companies are expected to quote on the National Equities Exchange and Quotations (NEEQ) on 24 January, making the number of quoted companies hit 616 in total. As of 10 January, 356 companies have been quoted on NEEQ.

### SD&C Solicits Public Opinions for Preferred Shares

China Securities Depository and Clearing Corporation (SD&C) released an exposure draft to solicit public opinions on detailed rules for the registration and settlement of preferred stocks. The draft rules reveal that no additional conditions will be attached to the purchase of preferred stocks that are publicly offered online, as long as the investor meets the Chinese securities regulator's requirements for buying preferred stocks and has sufficient fund to afford the target shares.

### SAC Specifies Requirements on Direct Investment for Securities Companies

Securities Association of China (SAC) recently released a circular to further specify requirements on securities companies to make direct investments through its subsidiaries. According to the circular, subsidiaries of securities companies are permitted to carry out financial consulting services for bond and equity investments and conduct bond repurchases with idle funds. Individual investors with no less than RMB 100 million (US\$ 16.4) are specified as qualified investors.

### China 2013 Exports & Imports Statistics Released

According to the data released by the General Administration of Customs, China's exports and imports of 2013 reached US\$ 2.2 trillion and US\$ 1.9 trillion, up 7.9% and 7.3% y-o-y respectively. Trade surplus for the whole year reached US\$ 259.8 billion.

### Shenzhen's Gov Doc No.1 of 2014 Focuses on Financial Reform

Shenzhen government issued the No.1 Document of 2014, "*Opinions on Comprehensively Deepening Financial Reform & Innovation*". The document draws a blueprint for Shenzhen financial market, targeting at upgrading the city to a modern international financial center with a highly market-oriented financial system by 2020.

## QFII News

### Number of QFII Accounts Hit 600

According to China Securities Depository and Clearing Corporation Limited (CSDC), QFIIs opened 45 A-share accounts in December 2013, and the total number reached 612. The number of A-share QFII accounts has increased by 72% during the past year.

### Europe's First Chinese A-shares ETF Launched

The CSOP Source FTSE China A50 UCITS ETF got listed on the London Stock Exchange on 9 Jan. The ETF invests directly in A-shares under the RQFII scheme, and this is the very first RQFII ETF product in Europe.

## Market at a Glance

SZSE Market Statistics (10 January, 2014)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1398.3
Free-float Market Cap.(US\$ Bn)	1001.3
Average P/E Ratio	26.87
For the Year of 2014	
Turnover Value(US\$ Bn)	148.6
-Stock	116.7
-Main Board	27.1
-SME Board	52.5
-ChiNext	37.1
-Fund	1.8
-Bond	30.1
Daily Turnover Ratio(%)	1.37
Total Fund Raised by Equity (US\$ Bn)	4.1
No. of IPO	0

\*Currency ratio used : 1 USD=6.10 CNY

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