

Market Bulletin

Monday 16 September, 2013 (Issue 17)

Highlights

- China to advance financial reforms
- China Plans to Launch Preferred Shares
- Economic Data Suggest Recovery
- Currency Swap Totals RMB 2.2 Trillion
- SZSE Holds Open House Program in BJ
- Hedge Fund Granted QDLP Quotas
- Trust Assets Approach RMB 10 Trillion
- 10 QFII and RQFII Approved in August

Key Indices

Shenzhen Component Index



SME Index



ChiNext Index



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Market Review

Large-cap indices outperformed small-cap indices last week. Shenzhen Component Index closed at 8687.5 points after gaining 4.9%. SME Index climbed 0.3% to 5030.9 points. ChiNext Index declined 2.3% and closed at 1253.4 points. Total turnover for stocks and funds on SZSE was US\$105.7 billion, or a 23.1% increase from the week before.

13 out of 16 sector indices were higher than the week before. Sector indices with the biggest gains were finance, transportation and logistics and wholesale & retail. Culture & media, IT and R&D support were the only three sector indices that fell over the last week. Top 3 gainers were Rainbow Department Store (002419), Hedy Holding (002027) and Shanghai Huahongjt (300330). Anhui Deli (002571), Desay Battery (000049) and Zhejiang Sunflower (300111) were the Top 3 decliners. The most active stocks last week were Ping An Bank (000001), Hong Yuan Securities (000562) and Suning Commerce (002024).

Market News

China Vows to Advance Financial System Reforms

At the 7th Annual Meeting of the New Champions, also known as the 2013 Summer Davos held in Dalian, Premier Li Keqiang vowed to advance financial system reforms through further liberalizing the interest rates and exchange rates, gradually promoting the convertibility of RMB, lowering threshold for market entry, boosting direct financing, and building a multi-tiered capital market.

China Plans to Launch Preferred Shares Scheme

According to CSRC's spokesperson, China is actively pushing forward the pilot programme which allows companies to issue preferred shares, but will set no restrictions on which industries will be able to participate. CSRC will also streamline the merger and restructuring approval process. Companies will be subject to "exemption/fast, or normal, or prudential" approval processes based on certain standards.

Economic Data in August Suggest Recovery

According to the National Bureau of Statistics, fixed asset investment in China witnessed a 20.3% increase y-o-y to RMB 26.26 trillion in the first 8 months this year. In August, Retail sales rose 13.4% while export growth quickened to 7.2% y-o-y, with trade surplus widened to US\$ 28.6 billion. Also, China's power consumption saw a third straight month of recovery since June and the fastest rise since March 2012.

Currency Swap Value Totals RMB 2.2 Trillion

People's Bank of China (PBC) signed a currency swap deal with the central bank of Hungary last Monday. The three-year swap deal has a maximum value of RMB 10 billion (US\$ 1.6 billion)/375 billion Hungarian Forint. China signed another currency swap deal with

Market at a Glance

SZSE Market Statistics (13 September, 2013)

No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1386.3
Free-float Market Cap.(US\$ Bn)	974.4
Average P/E Ratio	27.19
For the Year of 2013	
Turnover Value(US\$ Bn)	3289.0
-Stock	2658.5
-Main Board	1023.0
-SME Board	1108.5
-ChiNext	527.0
-Fund	71.8
-Bond	558.8
Daily Turnover Ratio(%)	1.65
Total Fund Raised by Equity (US\$ Bn)	20.3
No. of IPO	0

*Currency ratio used : 1 USD=6.17 CNY

Notice

Due to public holiday in China, the Market Bulletin will not be issued on 23 September, 2013. Market news and other info. will be summarized into the issue on 30 September, 2013.

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Albania worth RMB 2 billion (US\$ 324.1 million)/35.8 billion lek last Thursday, lasting also for three year. Up to now, China has signed currency swap agreements with 21 countries and regions that totaled RMB 2.2 trillion (US\$ 356.6 billion).

SZSE Holds Open House Program in Beijing

SZSE held roadshows and open house programme for international investors in Beijing on 11 September. The programme had arranged 6 companies from the Main Board, SME Board and ChiNext Market, aiming to enable international investors to have face-to-face communication with the management of Chinese listed companies and gain a deeper understanding of the multi-tiered capital market.

Foreign Hedge Fund Companies Granted QDLP Quotas

According to *21st Century Business Herald*, China has granted quotas to 6 foreign hedge fund management companies to raise Renminbi in China and invest it abroad, known as the Qualified Domestic Limited Partner (QDLP) programme. The firms include the Man Group, Winton Capital Management, Oak Tree, Citadel, Och-Ziff Capital and Canyon Partners, with each granted a US\$ 50 million individual quota.

Private & Mutual Funds Issuances Outnumber Last Year

According to Simuwang.com, as of 5 September, 918 securities trust fund products have been issued, exceeding the number of 874 last year. In addition, according to WindInfo, 246 mutual funds have been established by 12 September, and 274 are expected to be launched by the end of this month, also surpassing the number of 260 last year.

Trust Industry's Assets Approach RMB 10 Trillion

According to the *China Trust Industry Annual Report (2013)* released on 14 September, as of the end of the 2nd quarter, the trust assets managed by 67 trust companies totaled RMB 9.45 trillion (US\$ 1.5 trillion), almost doubled compared with the previous year.

China 2012 ODI Hits Record High

According to the Ministry of Commerce, China's outbound direct investment (ODI) increased by 17.6% to US\$ 87.8 billion in 2012, making the country the third largest outward investor in the world during that period. In breakdown, financial ODI hit US\$ 10.07 billion while investments in non-financial sectors surged 13.3% to US\$ 77.73 billion. China's Premier said at the *2013 Summer Davos* that, China's ODI is expected to surpass US\$ 500 billion in the coming 5 years.

Shanghai Free Trade Zone to Open on 29 September

According to an official from Shanghai Counselor's Office, Shanghai free trade zone will open on 29 September. The zone may allow free Renminbi convertibility, liberalize interest rates and relax restrictions on foreign investment.

QFII News

August Witnessed More QFII and RQFII Approvals

In August, 5 new QFIIs and 5 new RQFIIs were approved, making the total number of QFIIs and RQFIIs reaching 237 and 49, and the quotas granted totaling US\$ 46.4 Billion and RMB 127.8 Billion (US\$ 20.7 Billion) respectively. In 2012 and this year, more than 120 new QFIIs have been approved, exceeding the sum of the previous 8 years. During that same period, 6 RQFII ETFs have been launched.