

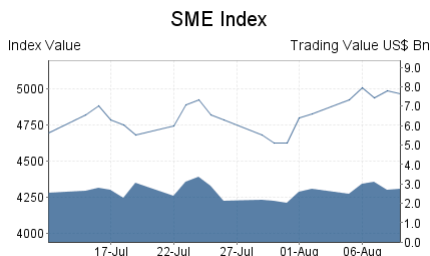
Market Bulletin

Monday 12 August, 2013 (Issue 12)

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- China to Float E-Savings Bonds
- Trade Data in July Prove Stronger
- M&A Deals Surge 59.4% in July
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- Netsun Obtains Financing Guarantee License
- QFII Open 24 A-share Accounts in July

Key Indices



For data products and services based on Shenzhen market, please contact Shenzhen Securities Information Company.

Tel: +86-755-83241251

Email: index@cinfo.com.cn

Market Review

From 5 to 9 August, Shenzhen Component Index closed at 8146.0 points after gaining 2.3%. SME Index closed at 4964.3 points after gaining 2.9%. ChiNext Index ended its upward trend and closed at 1172.5 points after losing 1.4%. Total turnover for stocks and funds on SZSE was US\$91.0 billion, or an 11.8% increase from the week before.

13 out of 16 sector indices were higher than previous week. Sector indices with the biggest gains were wholesale & retail, hotels & catering and farming, forestry and aquaculture. IT, environmental services and culture & media were the only three sector indices that fell over the last week. Top 3 gainers were Shanghai ANOKY (300067), Sinyang Semiconductor (300236) and Western Animal Husbandry (300106). Huahongjt Smart System (300330), Shunwang Technology (300113) and Hirisun Technology (300277) were the top 3 decliners. The most active stocks for the last week were Suning Commerce (002024), VANKE (000002) and FAW Car (000800).

Market News

China to Further Boost Green Industries

According to a document recently issued by the State Council, China will ensure the energy conservation and environmental protection industry to grow by 15% annually, generating a total output value of RMB 4.5 trillion (US\$ 729.3 billion) by 2015. Eligible foreign-funded firms will enjoy the same industrial preferential policy with their Chinese counterparts.

China to Float RMB 40 Billion in E-Savings Bonds

The Ministry of Finance announced to issue the 7th and 8th batches of electronic savings bonds from 10 to 19 August. The 7th batch is worth RMB 24 billion (US\$ 3.9 billion) and carries a term of 3 years with a fixed annual interest rate of 5%. The 8th issuance of five-year bonds is worth RMB 16 billion (US\$ 2.6 billion) at a fixed annual interest rate of 5.41%.

Trade Data in July Prove Stronger than Expected

Data from the General Administration of Customs showed that in July, exports rose 5.1% y-o-y to RMB 1.15 trillion (US\$ 186.4 billion) while imports soared by 10.9% y-o-y to RMB 1.04 trillion (US\$ 168.6 billion). Imports and exports were both down in June.

M&A Deals Surge 59.4% in July

An industry report from Zero2IPO revealed that China completed 102 M&A transactions in July, a surge of 59.4% compared with June. The value of the 86 M&A deals that revealed their transaction figures totaled US\$ 3.05 billion. CITIC Securities' purchase of Credit Agricole's CLSA unit was the largest deal in terms of transaction value.

Market at a Glance

SZSE Market Statistics (09 August, 2013)	
No. of Listed Companies	1537
Market Cap.(US\$ Bn)	1325.7
Free-float Market Cap.(US\$ Bn)	915.2
Average P/E Ratio	26.01
For the Year of 2013	
Turnover Value(US\$ Bn)	2724.7
-Stock	2200.2
-Main Board	856.0
-SME Board	916.0
-ChiNext	428.1
-Fund	60.1
-Bond	464.4
Daily Turnover Ratio(%)	1.62
Total Fund Raised by Equity (US\$ Bn)	18.5
No. of IPO	0

*Currency ratio used : 1 USD=6.17 CNY
1 USD=7.76 HKD

The First ChiNext Index Structured Fund Launched

Fullgoal ChiNext Index Structured Fund, the first of its kind tracking the ChiNext Index which covered 100 stocks of growth companies, was issued on 12th August. According to TX Investment Consulting, by the end of the 2nd quarter, the total capitalization of fund-holding ChiNext stocks against that of all fund-holding shares rose to 8.25%, setting a historical high since the launch of the ChiNext Market.

SME Private Placement Bond Market Expands

By the end of 1H13, 311 SME Private Placement bonds went through the registration formalities and 210 had completed issuance, raising a total of RMB 27 billion (US\$ 4.4 billion) in both Shanghai and Shenzhen markets. The scope of the pilot programme had expanded from 6 to 22 provincial areas by the end of June.

CICC Seeks IPO Overseas

According to *Financial Times*, China International Capital Co. (CICC), the first joint venture investment bank in China is preparing for its IPO, possibly in Hong Kong. The major shareholders of CICC include private equity firms KKR and Texas Pacific Group, which acquired the 34% stake from Morgan Stanley in 2010.

Refinancing of Real Estate Companies Restarts

A handful of real estate listed companies recently announced re-financing plans, a sign that the ban on refinancing by listed developers since August 2009 as part of the attempts to control surging housing prices has been quietly lifted.

Netsun Obtains Financing Guarantee Certificate

Netsun, an SZSE listed e-commerce company, was licensed by Zhejiang Province Economic & Information Commission on 8 August to provide financing guarantee business, which was expected to expedite the launch of its Internet financing business.

Assets under Bank's Custody Reach RMB 22 trillion

China Banking Association published *Report on the Development of Asset Custody Industry* on 6th August. By the end of 2012, asset under 18 custodian banks' custody registered RMB 22.4 trillion (US\$ 3.6 trillion), or a 58.3% increase from last year.

H-shares Embrace the 20th Anniversary

The market capitalization of H-share companies increased from HKD 18 billion (US\$ 2.3 billion) in 1993 to HKD 4.2 trillion (US\$ 541.2 billion), with their market share jumping from 0.6% to 20.4%, and turnover value taking a proportion of 38.3% by the end of June.

QFII News

QFIIs Open 24 A-share Accounts in July

Statistics show that 24 A-share securities accounts were newly opened by QFIIs in July, contributing to 490 QFII securities accounts in total, marking a new record high.

QDII2 Pilot Expected to Be Launched in Guangzhou and Shenzhen

According to *Southern Metropolis Daily*, the qualified domestic individual investors (QDII2) scheme was approved by PBC in June to first pilot in Guangzhou and Shenzhen and the Pilot Plan has been submitted to the State Council for final approval.

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