

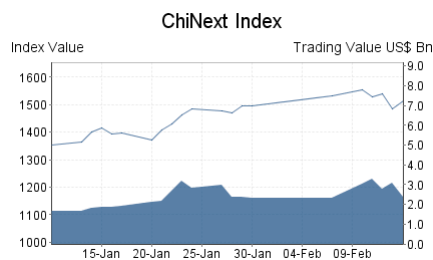
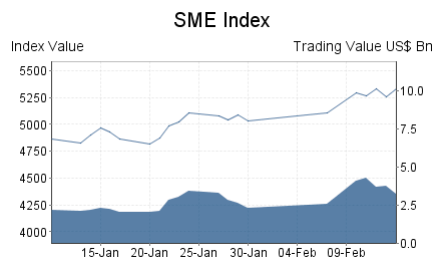
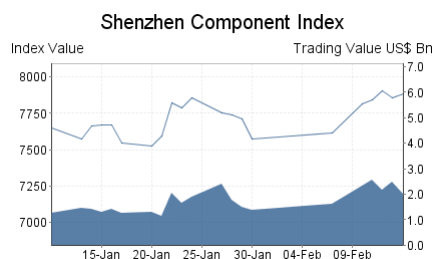
Market Bulletin

Monday 17 February, 2014 (Issue 5)

Highlights

- 60%+ of ChiNext Companies Predict Profit Growth
- HSBC PMI Records Slight Decrease in January
- SAC Strengthens Regulation on Securities Companies' Asset Management Business
- Innovative Finance Products Humming around Holidays
- China Establishes First National Mobile Payment Platform
- PBC Maintains Gold Reserves
- Everbright Securities to Resume Suspended Business
- WH Group to Raise US\$ 5 Billion in Hong Kong
- SZSE Promulgates Compulsory Resumption for Long-term Suspended Stocks
- More Quotas Approved for QFII and RQFII
- China AMC (HK) Announced Changes with Respect to WIT Provision Policies

Key Indices



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

Market Review

Last week, Shenzhen Component Index stood at 7883.8 points after adding 4.1%. SME Index edged up 6.0% to 5330.3 points. ChiNext Index advanced 1.3% to 1515.8 points. Total turnover for stocks and funds on SZSE was US\$159.9 billion, or a 110.9% increase from the week before.

14 sector indices were higher than previous week, and 2 were lower. Sector indices with the biggest gains were conglomerates, farming, forestry and aquaculture and environmental services. The only two sector indices that fell over the last week were culture & media and business support.

Top 3 gainers were Tonghua Shuanglong (300108), Geron (002722) and Guangdong Shenglu (002446). Top 3 decliners were Jiangsu Hongbao (002071), Shanghai Ganglian (300226) and Ourpalm (300315). The most active stocks for the last week were Suning Commerce Group (002024), Huayi Brothers (300027) and Gohigh Data (000851).

Market News

60%+ of ChiNext Companies Predict Profit Growth

According to *Securities Daily*, among the 379 Chinext-listed companies, 366 have announced annual performance predictions of 2013. More than 60% of them predict profit growth, and 37 companies predict substantial growth over 100%.

HSBC PMI Records Slight Decrease in January

HSBC China Composite PMI signaled an expansion of total output for the six successive months in January. However, the rate of growth eased to a marginal pace that was the weakest in the current sequence. This was signaled by the HSBC Composite Output Index posting at 50.8 in January, down from 51.2 in December. HSBC China Services Business Activity Index posted at 50.7 in January, weakest over the last 29 months.

SAC Strengthens Regulation on Securities Companies' Asset Management Business

SAC released *Supplementary Notification on Further Regulating Securities Companies' Asset Management Business*, drawing up a list for securities companies' asset management. As for cooperation between securities companies and banks, the new regulation increases the asset threshold for eligible banks from RMB 3 million to 5 million (US\$ 818 thousand).

Innovative Finance Products Humming around Holidays

Tencent launched "New Year Red Envelope" (hongbao) app on 28 Jan and attracted 8 million users within several days. Users have to link their bank accounts to WeChat to send and receive money. Around holidays, JD.com launched China's first online virtual credit card service to stimulate online shopping and financing. Various Valentine's Day-related mobile fund and insurance products jumped out on the stage.

China Establishes First National Mobile Payment Platform

According to the Deputy Governor of People's Bank of China, the central bank has established the first national mobile payment platform using near

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Market at a Glance

SZSE Market Statistics (14 February, 2014)	
No. of Listed Companies	1575
Market Cap.(US\$ Bn)	1581.3
Free-float Market Cap.(US\$ Bn)	1124.4
Average P/E Ratio	30.02
For the Year of 2014	
Turnover Value(US\$ Bn)	640.2
-Stock	520.1
-Main Board	124.5
-SME Board	238.2
-ChiNext	157.4
-Fund	7.4
-Bond	112.6
Daily Turnover Ratio(%)	1.53
Total Fund Raised by Equity (US\$ Bn)	7.7
No. of IPO	39

*Currency ratio used : 1 US\$=6.11 CNY

field communication technology. The platform has already been connected to the mobile payment branches of seven organizations, including China Construction Bank, China CITIC Bank, China Everbright Bank, China UnionPay and China Mobile. The move aims to provide a solid infrastructure foundation to help China boost domestic information consumption and make the sector a new driver for economic growth.

PBC Maintains Gold Reserves

The central bank recently updated its gold and foreign exchange reserves sheet, showing that gold reserves maintained at 33.9 million ounces as of December 2013, about 1% of total foreign exchange reserves.

Everbright Securities to Resume Suspended Business

Everbright Securities announced on 12 February that the National Association of Financial Market Institutional Investors (NAFMII) has allowed it to resume lead-underwrite debt financing instruments for non-financial firms. The securities company was suspended from the business due to its trading irregularities on 16 August, 2013.

WH Group to Raise US\$ 5 Billion in Hong Kong

WH Group, Chinese biggest pork producer formerly called Shuanghui International, plans to raise about US\$ 5 billion and get listed in Hong Kong by the end of April. The company hired 14 banks to handle its IPO deal. Shuanghui International acquired Smithfield at US\$7.1 billion last September.

SZSE Promulgates Compulsory Resumption for Long-term Suspended Stocks

Under the following four circumstances, compulsory resumption of trading for long-term SZSE suspended stocks will apply. 1. No substantial progress made or no periodical objective achieved for a restructuring deal; 2. No submission of people familiar with insider information and their direct relatives or memorandum of a major asset restructuring within five days after the application for a suspension of trading; 3. No submission of required materials and self-check reports as required 5 days before the suspension comes to the end; 4. No disclosure of restructuring made before the suspension ends and no application for the extension submitted, or no approval granted for extension application.

QFII News

More Quotas Approved for QFII and RQFII

According to data released by State Administration of Foreign Exchange (SAFE), by 27 Jan, the total approved quota for QFII investment reached US\$ 51.4 billion while that of RQFII increased to RMB 167.8 billion (US\$ 27.5 bn).

China AMC (HK) Announced Changes with Respect to WIT Provision Policies

China Asset Management (Hong Kong) announced on behalf of its sub-fund, the ChinaAMC CSI300 Index ETF that no PRC withholding tax provision will be made on the unrealized and realized capital gains derived from trading of A-share, except for those derived from PRC resident companies. The fund obtained a Hong Kong Tax Resident Certificate and enjoys the WIT exemption under the China-HK Arrangement.

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Notice

SZSE plans to host events for international institutional investors to meet SZSE-listed companies in March 2014. International investors are welcome to communicate with mainland corporate executives face to face. In you are interested in participating in such events, please drop us a line to international@szse.cn with your telephone number and E-mail address. We will contact you about the events beforehand. Thank you for your cooperation!