

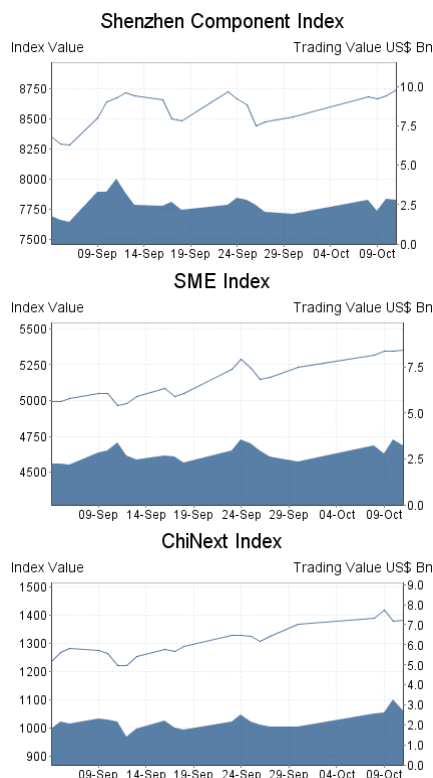
Market Bulletin

Monday 14 October, 2013 (Issue 19)

Highlights

- More than 60% of Listed Companies See Profit Increase in Q3
- PBC and ECB Sign RMB 350 Bn Currency Swap Deal
- Foreign Investors Allowed to Invest in Chinese Financial Institutions with RMB
- Eleven Banks Allowed to Conduct Asset Management Business
- Third-party Payment Companies to Start Cross-border Settlement
- Suning Approved for Fund Payment Services
- Alibaba to Buy Tianhong for RMB 1.18 Billion
- Natural Persons Likely to Initiate Agricultural Commercial Banks
- Chinese Investment Bank Competitiveness Report 2013 Released
- Equity Investment of Insurance Funds to Relax
- China Ranked No. 3 in Household Wealth
- China's Sat-Nav Industry to Hit RMB 400 bn in 2020
- Shuanghui Intl Released Strategic Plan after Combination
- QFIs Continue to Open New Accounts

Key Indices



Market Review

Major Shenzhen Indices made headway last week. Shenzhen Component Index closed at 8738.0 points after gaining 3.1%. SME Index rose 3.6% and closed at 5349.9 points. ChiNext Index closed at 1379.9 points after gaining 4.2%. Total turnover for stocks and funds on SZSE was US\$102.8 billion, or a 5.5% increase from the week before.

15 sector indices were higher than previous week. Sector indices with the biggest gains were wholesale & retail, environmental services and IT. Culture & media was the only sector indices that fell over the last week. Top 3 gainers were Huaqiang Industry (000062), Guangzhou KingTeller (002177) and Suzhou Boamax (002514). HualuBaina Film&Tv (300291), Sunway Communication (300136) and Shanghai New Culture Media Group (300336) were the Top 3 decliners. The most active stocks for the last week were Suning Commerce Group (002024), Huayi Brothers (300027) and Huilong Agricultural Means Of Production (002556).

Market News

More than 60% of Listed Companies See Profit Increase in Q3

As of 9 October, 977 out of 1536 SZSE listed companies have released their Q3 reports. Among 856 companies that have reported their YoY performance comparisons, 535 witness profit increase, taking a proportion of 63% while the ratio was 53% for Q3 last year.

PBC and ECB Sign RMB 350 Bn Currency Swap Deal

People's Bank of China (PBC) and the European Central Bank (ECB) agreed to establish a three-year bilateral currency swap of RMB 350 billion (45 bn Euro). RMB became the 8th most traded currency in the world in August 2013. The exchange rate for RMB against USD was 6.1415 last Tuesday, hitting a new historical high.

Foreign Investors Allowed to Invest in Chinese Financial Institutions with RMB

According to People's Bank of China, foreign investors may use RMB to invest in Chinese financial institutions, including establishment of financial institutions, capital increases and reductions, mergers and acquisitions, share purchases, equity transfers, profit distribution, liquidations, shareholding reductions and early recouping of investment.

Eleven Banks Allowed to Conduct Asset Management Business

Eleven Chinese banks will be allowed to run credit financing and asset management businesses on a trial basis. Banks in the trial will be given limits ranging from RMB 500 million (US\$ 81.3 million) to RMB 1 billion (US\$ 162.6 million) for their asset management businesses.

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

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Market at a Glance

SZSE Market Statistics (11 October, 2013)

No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1457.9
Free-float Market Cap.(US\$ Bn)	1023.2
Average P/E Ratio	28.29
For the Year of 2013	
Turnover Value(US\$ Bn)	3602.2
-Stock	2914.6
-Main Board	1109.6
-SME Board	1219.7
-ChiNext	585.3
-Fund	76.7
-Bond	610.9
Daily Turnover Ratio(%)	1.66
Total Fund Raised by Equity (US\$ Bn)	21.1
No. of IPO	0

*Currency ratio used : 1 USD=6.15 CNY

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Third-party Payment Companies to Start Cross-border Settlement

17 Chinese third-party payment companies, including Alipay and ChinaPNR, have been approved for the first cross-border settlement pilot program by the State Administration of Foreign Exchange (SAFE).

Suning Approved for Fund Payment Services

Suning, China's home appliance retailer has obtained license from the CSRC to provide fund payment and settlement services for online mutual funds. It is still awaiting approval to operate a mutual fund e-commerce platform.

Alibaba to Buy Tianhong for RMB 1.18 Billion

Alibaba Group, China's leading e-commerce company, is planning to buy Tianhong Asset Management for RMB 1.18 bn (US\$ 192 mil) in an effort to accelerate its speed in tapping into online financial services. Upon completion, Alibaba will hold 51% of Tianhong.

Natural Persons Likely to Initiate Agricultural Commercial Banks

According to an exposure draft released by the China Banking Regulatory Commission (CBRC), China is likely to relax restriction on small-sized agricultural financial institutions. Qualified natural persons may be allowed to start agricultural commercial banks.

Chinese Investment Bank Competitiveness Report 2013 Released

University of Jinan and China Investment Banks Evaluation and Research Center have jointly released *Chinese Investment Banks Competitiveness Report 2013*. By the end of 2012, the total assets of Chinese securities companies totaled RMB 1.72 tn (US\$ 280 bn), increasing by 9.55% YoY while ROA and ROE declined slightly.

Equity Investment of Insurance Funds to Relax

China Insurance Regulatory Commission released an exposure draft with an idea to relax the limitation of equity investment of insurance funds. Currently, equity investment of an insurance company cannot exceed 25% of its total asset, and the ceiling may be increased to 30% as the exposure draft suggests.

China Ranked No. 3 in Household Wealth

China's total household wealth ranked No.3 globally, only after the U.S.A and Japan, according to the 2013 Credit Suisse *Global Wealth Report* released last week. China's per capita individual wealth reached US\$ 22,230, which doubled over the last decade. It is estimated that China would be the second wealthiest country in 2016.

China's Sat-Nav Industry to Hit RMB 400 Bn in 2020

The Ministry of Industry and Information Technology has recently mapped out a plan to develop China's satellite navigation system industry. According to the plan, the revenue of the industry is expected to reach RMB 400 bn (US\$ 65 bn) in 2020.

Shuanghui Intl Released Strategic Plan after Combination

Soon after Shuanghui Intl' completed the takeover of Smithfield, the management of Shuanghui released its strategic plan last week, including its integration and IPO plan of the new corporation.

QFII News

QFIIs Continue to Open New Accounts

According to China Securities Depository and Clearing Corporation, QFIIs have been opening new accounts for 20 successive months by the end of August. The number of QFII accounts has increased by 44% since the beginning of the year.