

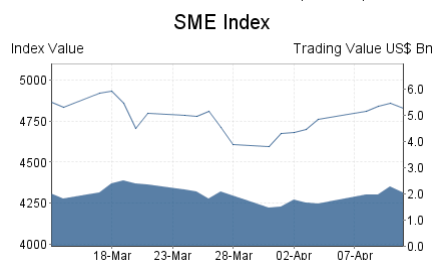
Market Bulletin

Monday 14 April, 2014 (Issue 12)

Highlights

- Proposed Establishment of Mutual Stock Market Access Between Shanghai and Hong Kong Announced
- Profits for ChiNext Companies Expected to Grow 10% to 30%
- China Won't Resort to Short-term Stimulus
- Five Year Plan Mid-term Review Released
- CSRC Continues to Promote Market Reform
- Regulations Drafted for Private Investment Fund
- CSI Mobile Internet Index To Launch
- SZSE Dividend Weighted Indices Launched
- Shandong Financial Assets Exchange Center Launched
- NetEase to Join Hands with Huatai Securities to Tap Internet Finance Business
- New Quotas Approved for QFII & RQFII in March
- SZSE Hosted the 4th Company Visit for International Investors

Key Indices



Market Review

Last week, Shenzhen Component Index stood at 7586.8 points after adding 3.0%. SME Index edged up 1.5% to 4830.5 points. ChiNext Index advanced 1.3% to 1363.9 points. Total turnover for stocks and funds on SZSE was US\$69.2 billion, or a 4.0% increase from the week before.

14 sector indices were higher than previous week, and 2 were lower. Sector indices with the biggest gains were finance, business support and R&D support. The only two sector indices that fell over the last week were real estate and environmental services.

Top 3 gainers were Gaojin Food (002143), Hangzhou New Century (002280) and Huachangda Intelligent Equipment (300278). Top 3 decliners were Shanghai Chaori (002506), Shanghai Taisheng (300129) and Netposa Technologies (300367). The most active stocks for the last week were Gree Electric Appliance (000651), Ping An Bank (000001) and China Vanke (000002).

Market News

Proposed Establishment of Mutual Stock Market Access Between Shanghai and Hong Kong Announced

On 10 April, China Securities Regulatory Commission (CSRC) and Hong Kong Securities and Futures Commission (SFC) jointly announced that the authorities approved a pilot program for the Trading Link between Shanghai and Hong Kong. Shanghai Stock Exchange and Hong Kong Stock Exchange would provide mutual order-routing connectivity and related technical infrastructure to investors in their respective markets to trade eligible shares listed on the other's market. The Northbound Trading Link will be limited to an aggregate quota of RMB 300 billion (US\$ 48.8 bn) and a daily quota of RMB 13 billion (US\$ 2.1 bn), and the Southbound Trading Link will be limited to an aggregate quota of RMB 250 billion (US\$ 40.7 bn) and a daily quota of RMB 10.5 billion (US\$ 1.7 bn). The daily quota will be monitored on a real-time basis and may be adjusted in the future. The preparation to launch the Trading Link will take approximately six months.

Profits for ChiNext Companies Expected to Grow 10% to 30%

According to *Securities Times*, 338 ChiNext-listed companies have released their Q1 earnings preannouncements. 315 companies have registered net profits between RMB 4.9 billion (US\$ 797 mil) and RMB 6 billion (US\$ 976 mil), recording a y-o-y growth rate of 9.7% to 33.2%. About 204 ChiNext-listed companies will see a profit growth, 27 will report flat, while 32 may suffer from a profit loss.

China Won't Resort to Short-term Stimulus

Premier Li Keqiang said during the 2014 Annual Conference of Boao Forum for Asia that Chinese government will not opt for a massive short-term stimulus because of "temporary" volatility. China will focus more on medium- to long-term healthy development.

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 April, 2014)

No. of Listed Companies	1578
Market Cap.(US\$ Bn)	1526.2
Free-float Cap.(US\$ Bn)	Market 1085.1
Average P/E Ratio	26.33
For the Year of 2014	
Turnover Value(US\$ Bn)	1579.0
-Stock	1284.1
-Main Board	366.4
-SME Board	581.4
-ChiNext	336.2
-Fund	19.7
-Bond	275.3
Daily Turnover Ratio(%)	1.62
Total Fund Raised by Equity (US\$ Bn)	23.1
No. of IPO	42

*Currency ratio used : 1 USD=6.15 CNY

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Five Year Plan Mid-term Review Released

According to the midterm evaluation of the implementation of the 12th Five-Year Plan, China will expedite the reform of the stock market, further enhance its financing and investment function, promote development of private equity investment fund and entrepreneurship, improve the bond market as well as increase the proportion of direct financing.

CSRC Continues to Promote Market Reform

During the Boao Forum, Xiao Gang, Chairman of CSRC, said that the draft of IPO reform plan will be released at the end of this year. CSRC will continue to promote mutual recognition of funds between Mainland and Hong Kong as well as expanding the QFII scheme in terms of its scope and quota.

Regulations Drafted for Private Investment Fund

According to the press conference of CSRC, the draft Interim Regulations for the Administration of Private Investment Fund is in the process of soliciting public opinions. The Legislative Office of the State Council has already forwarded the draft to various departments of the State Council, local governments and relevant market institutions for further opinions and feedbacks.

CSI Mobile Internet Index To Launch

China Securities Index Co. Ltd (CSI) announced that the CSI Mobile Internet Index will be launched on 5 May 2014. The constituents are 100 selected stocks in or highly related to mobile internet industry that listed on either Shenzhen Stock Exchange or Shanghai Stock Exchange.

SZSE Dividend Weighted Indices Launched

Shenzhen Stock Exchange and Shenzhen Securities Information Co. Ltd recently announced to launch SZSE Dividend Weighted 50 Index and CNI Dividend Weighted 100 Index. Sample stocks of SZSE Dividend Weighted 50 Index are SZSE-listed companies that implement cash dividend in 5 consecutive years, and the Top 50 in comprehensive ranking are selected for the index calculation. CNI Dividend Weighted 100 Index samples are Top 100 companies listed in either Shenzhen or Shanghai that implement cash dividend in 5 consecutive years.

Shandong Financial Assets Exchange Center Launched

Approved by the Shandong Provincial Government, the Shandong Financial Assets Exchange Center was officially established. As a provincial-level financial assets exchange platform, it will provide across-the-board service for all kinds of financial assets from registration, trading to settlement for local financial organizations, micro and small enterprises and individual investors.

NetEase to Join Hands with Huatai Securities to Tap Internet Finance Business

Huatai Securities has recently signed a strategic cooperation agreement with NetEase Incorporation. They will cooperate in the fields of online account opening, financial products sales, securities research services, big data mining of client information as well as offline high-end investment projects.

QFII News

New Quotas Approved for QFIIs & RQFIIs in March

According to SAFE, as of 28 March, the total quotas for QFII and RQFII mechanisms improved to US\$ 53.58 bn and RMB 200.50 bn respectively.

Special Report

The 1st Company Visit Program in Shenzhen:

OCT (000069)

Hans' Laser (002008)

Nationz Technologies (300077)

The 2nd Company Visit Program in Beijing:

Bluefocus (300058)

BOE (000725)

Quanjude (002186)

Originwater (300070)

Yangjing Brewery (000729)

Venustech (002439)

The 3rd Company Visit Program in Shanghai:

Shanghai Kai Bao(300039)

AVCON (300047)

Shanghai Challenge Textile (002486)

China Haisum Engineering (002116)

The 4th Company Visit Program in Hangzhou:

Shunwang Technology (300113)

Hangzhou Century (300078)

Songcheng Tourism (300144)

Beingmate (002570)

Dali Technology (002214)

Dian Diagnostics (300244)

SZSE Hosted the 4th Company Visit for International Investors

Shenzhen Stock Exchange (SZSE) hosted the Company Visit Program for International Investors on 8-9 April, 2014 in Hangzhou. Over 30 international investors paid a visit to 2 companies listed on the SME Board and 4 on the ChiNext Market. The investors visited listed companies onsite and talked with senior executives face to face about companies' strategies and prospects for the industry.

SZSE's Company visit activities showcase some of the very best managed Chinese companies that are listed on the Shenzhen market and foster an open and informative dialogue with investors. Investors are provided with opportunities to meet the senior management teams of listed companies and gain an in-depth understanding of companies as well as Chinese economy. In 2013 and 2014, SZSE organized three company visit programs for International Investors in Shenzhen, Beijing and Shanghai which were favorably received.

Since late 2011, SZSE has been working closely with international investors to facilitate investment and information sharing. The English website of SZSE is improved with a wider coverage of market and companies information. A mailbox tailored to international investors was launched to listen to international investors' problems and advices. SZSE will take a continuous effort to enhance international investors' experience on the Shenzhen market.

