

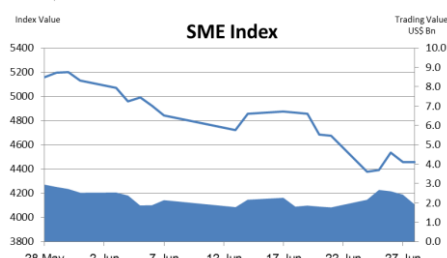
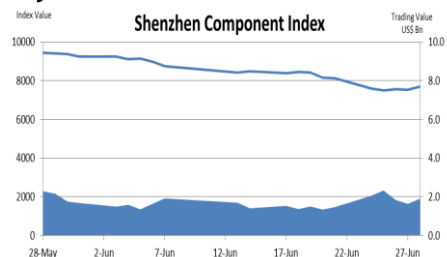
Market Bulletin

Monday 1 July, 2013 (Issue 6)

Highlights

- PBC Provides Liquidity Support
- Ministry of Finance Issues RMB 13 Billion in Treasury Bonds in Hong Kong
- Private Capital Given Greater Access
- Comprehensive Plan for Qianhai Financial Cooperation Zone Approved
- QDII2 Pilot Programme Under Review
- ChiNext Market Rises 41.72%
- National OTC Market Expanded
- New QFII and RQFII Quota Granted
- Foreign Banks Approved to Sell Funds in China

Key Indices



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Market Review

Major Shenzhen indices continued to decline in the trading week ended on 28 June. Shenzhen Component Index lost 5.43% to close at 7694.47 points. SME Index declined 4.67% to close at 4456.56 points. ChiNext Index dropped 1.35% to 1011.66 points. Total turnover for stocks and funds was US\$79.74 billion.

Business service is the only sector index with gains. Top 3 gainers are Eastmoney (300059), RIFA PM (002520) and Orbita (300053). Shuangma Cement (000935), Zhonghe (002070) and Sunner Development (002299) are the Top 3 decliners. The most active stocks last week are Vanke A (000002), Ping An Bank (000001) and Letv (300104).

Market News

PBC Provides Liquidity Support

People's Bank of China (PBC) has reportedly offered liquidity support to a number of financial institutions. Due to tight liquidity, SHIBOR overnight rate reached a record high of 13.44% on 20 June. After PBC's confirmation of liquidity release, the overnight rate fell to 4.46% on 1 July. 7-day repo rate also dropped from 11% to 5.42% in the same period.

Ministry of Finance Issues Treasury Bonds in Hong Kong

China's Ministry of Finance issued RMB 13 billion (US\$2.1 billion) in treasury bonds on 26 June in Hong Kong. Institutional investors subscribed to RMB 10 billion (US\$1.6 billion) of the bonds. The rest went to foreign central banks and monetary authorities.

Private Capital Granted Greater Market Access

According to the State Council, private capital will be encouraged to participate in restructuring financial institutions. Private investment will be allowed to fund private banks, financial leasing companies and consumer finance companies, where investors bear risks of operation.

Local Government Debt Rises 13%

China's National Audit Office said that local debts borne by 18 provincial-level governments and municipalities rose 12.94% over the past two years, hitting RMB 3.85 trillion (US\$623.0 billion) by year-end 2012.

Comprehensive Plan for Qianhai Financial Cooperation Zone Unveiled

Shenzhen government issued *Comprehensive Plan for Qianhai Financial Cooperation Zone* on 27 June. With an estimated investment of RMB 389.8 billion (US\$630.1 billion), all infrastructure will be completed by 2015. Finance, modern logistics, information service, high-tech service and professional services will be the dominant industries.

QDII2 Pilot Programme in Guangdong Under Review

The proposed QDII2 (Qualified Domestic Individual Investors) pilot pro-

Market at a Glance

SZSE Market Statistics (28 June, 2013)	
No. of Listed Companies	1537
Market Cap.(US\$ Bn)	1227.8
Free-float Market Cap.(US\$ Bn)	944.5
Average P/E Ratio	23.25
For the Year of 2013	
Turnover Value(US\$ Bn)	2089.3
-Stock	1696.0
-Main Board	692.8
-SME Board	700.1
-ChiNext	303.0
-Fund	47.1
-Bond	346.6
Daily Turnover Ratio(%)	1.58
Total Fund Raised by Equity (US\$ Bn)	17.4
No. of IPO	0

*Currency ratio used: 1 USD=6.18 CNY

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gramme in Guangdong Province has been approved by PBC. It is still subject to endorsement by the State Council. According to the proposal, the pilot programme will start from listed products on HKEx. The proposal also outlines thresholds for suitable investors. For example, the scheme requires an individual to have over 3 years' investment experience and financial asset worth over RMB 1.5 million (US\$242,700).

SZSE Agriculture Comprehensive Enterprises Index Released

SZSE Agriculture Comprehensive Enterprises Index was launched on 24 June. The index takes 31 December, 2004 as the base date and 1000 points as the base value. According to PBC, China will strengthen support to modern agriculture development by promoting financial innovation over rural credit services in 2013.

ChiNext Market Rises 41.72%

ChiNext Index rose by 41.72% in the first six months of the year. It is one of the best-performing indices in the world for the first half of 2013. Top-performing constituent companies are from Internet and media sectors.

Stock Pledged Repo Business Debut

On 24 June, the first trading day for stocks pledged repo business, the total amount of financing reached RMB 17 billion (US\$ 2.8 billion). Shenzhen market accounted for RMB 10 billion (US\$ 1.6 billion).

National OTC Market Expanded

The second group of 25 new companies approved by CSRC will be quoted on the National Equities Exchange and Quotations (NEEQ) on 2 July. NEEQ was officially launched on 16 January and has expanded to include all national high-tech industrial development zones since 19 June.

Industry News

China's Online Payments Total RMB 830 Trillion

According to an industry report published by the Payment & Clearing Association of China, online payment transactions handled by Chinese payment service providers totaled RMB 830 trillion (US\$134.3 trillion) in 2012, with RMB 823 trillion (US\$133.2 trillion) through online banking and RMB 10.46 billion (US\$1.7 billion) through other payment agencies.

Number of Yu'e Bao Users Reaches 2.5 Million

In the past 18 days, the number of Yu'e Bao users reached 2.5 million, and the amount of fund under management totaled US\$5.7 billion. Earlier, CSRC claimed that its operator Alipay failed to file all the required settlement accounts for fund sales and urged the company to complete the procedures as soon as possible.

QFII News

New QFII and RQFII Quota Granted

SAFE granted US\$ 900 million in QFII quota and RMB 9.2 billion (US\$ 1.5 billion) in RQFII quota on 24 June. The total QFII and RQFII quota reached US\$ 43.5 billion and RMB 104.9 billion (US\$ 17.0 billion) respectively by the end of June.

Eight Foreign Banks Approved to Sell Funds in China

The CSRC approved eight foreign banks for funds sales in China's mainland for the first time. By 28 June, HSBC, Citibank, Hang Seng, DBS, Standard Chartered, Bank of East Asia, United Overseas Bank and Nanyang Commercial Bank were licensed for the business.