

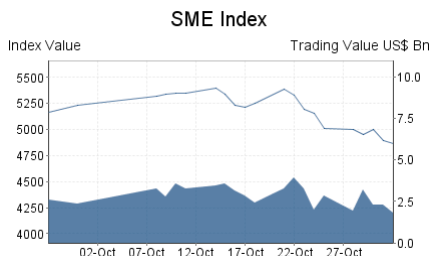
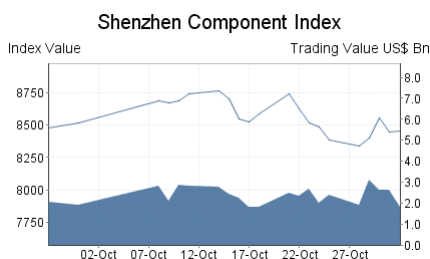
Market Bulletin

Monday 04 November, 2013 (Issue 22)

Highlights

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- CSI 300 Real Estate Equal Weight Index to Launch
- More QFII & RQFII Quotas Approved in October

Key Indices



Market Review

Shenzhen Component Index had a firm footing at 8451.7 points after gaining 0.9% last week. SME Index retreated to 4864.5 points or 2.9% decrease. ChiNext Index down 3.7% and closed at 1222.0 points. Total turnover for stocks and funds on SZSE was US\$81.7 billion, or a 23.0% decrease from the week before.

3 sector indices were higher than previous week, and 13 were lower. Finance, real estate and transportation and logistics were the only three sector indices that rose over the last week. Sector indices with the biggest drops were culture & media, R&D support and environmental services. Top 3 gainers were Susino Umbrella (002174), Tongda New Materials (300321) and Kinglai Hygienic Materials (300260). Sino Geophysical (300191), Tianqiao Crane (002523) and Xiamen Savings Environmental (300056) were the Top 3 decliners. The most active stocks for the last week were Suning Commerce Group (002024), Huayi Brothers (300027) and Ping An Bank (000001).

Market News

CPC to Hold Key Session between 9 and 12 November

The Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee will be held between 9 and 12 November in Beijing. According to an official statement, the CPC will speed up development of the socialist market economy, democracy, cultural development, social harmony and environmental protection. Financial reform is expected to be one of the main focuses of discussion.

China Lowers Registration Capital Requirements

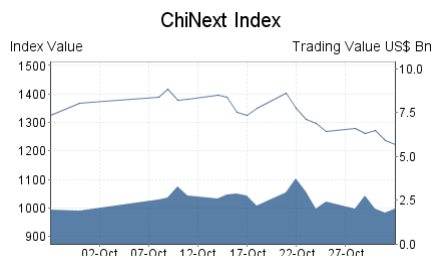
According to the State Council, it removed previous registration capital requirements of RMB 30,000 (US\$ 4,886) for limited liability companies (LLC), RMB 100,000 (US\$ 16,287) for one-person LLC and RMB 5 million (US\$ 814,332) for joint-stock ones.

Revision of Securities Law and Drafting of Options Law Scheduled

The Standing Committee of the National People's Congress (NPC) announced a five-year legislation plan last Wednesday. The Securities Law, along with 32 other draft amendments is set to be discussed. The Options Law will be submitted for discussion when ready.

Shale Gas: New Strategic Emerging Industry

The National Energy Administration promised to increase support for shale gas exploration and extraction. Concrete policy items include designating shale gas as one of the nation's strategic emerging industries, providing subsidies for shale gas producers, encouraging provincial governments to subsidize local producers and applying preferential tax and tariff policies.



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Market at a Glance

SZSE Market Statistics (01 November, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1367.2
Free-float Market Cap.(US\$ Bn)	968.6
Average P/E Ratio	26.50
For the Year of 2013	
Turnover Value(US\$ Bn)	3968.3
-Stock	3213.3
-Main Board	1213.9
-SME Board	1344.3
-ChiNext	655.2
-Fund	81.8
-Bond	673.1
Daily Turnover Ratio(%)	1.68
Total Fund Raised by Equity (US\$ Bn)	22.0
No. of IPO	0

*Currency ratio used : 1 USD=6.14 CNY

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OTC Market Open to Foreign-Owned Companies

The CSRC recently clarified that companies applying for listing on the OTC markets are not restricted to their ownership structures. Companies with foreign shareholders are welcome to apply with the confirmation papers issued by the Ministry of Commerce, along with other necessary documents.

Loan-Backed Security Pilot Program Open to Foreign Banks

Reuters reported that the China Banking Regulatory Commission (CBRC) has allowed foreign banks to bundle loans into tradable securities. The expanded pilot program is open to all of the 42 foreign banks with locally incorporated branches in China.

First 3Q See Profit Growth of Listed Banks and Securities Firms

The first 3Q reports of 16 listed banks showed a combined net profit of RMB 918.3 bn(US\$ 149.6 bn), a y-o-y increase of 13%. Meanwhile, the 19 listed securities companies reported net profit of RMB 19.8 bn (US\$ 3.2 bn), registering a 36% y-o-y growth.

Hongyuan Securities and SWS "Set to Merge"

According to *Securities Times*, Central Huijin, a unit of China's sovereign wealth fund, China Investment Corporation, hopes to merge Hongkong-listed Shenyin Wanguo Securities (SWS) with Shenzhen-listed HongYuan Securities. No specific merger plan has been confirmed yet.

Funds Open for Purchase Online

Taobao, a Chinese e-commerce platform, got the nod from the CSRC to build a third-party platform for mutual funds where fund management companies can sell their products to clients online. On 1 Nov, 12 fixed-income funds got online for purchasing.

Suning to Invest 250 Million in PPTV

Suning Commerce Group will invest about US\$ 250 million to purchase 44% of PPTV, a Chinese online TV services provider and become its largest shareholder. It is reported that this investment is an important step for Suning in speeding up its transformation process. The transaction is subject to approval of authorities.

Cyclical Sector and Defensive Sector Series Indices Issued

Shenzhen Stock Exchange (SZSE) and Shenzhen Securities Information Co., Ltd. launched SZSE Cyclical Sector 50 Index, SZSE Defensive Sector 50 Index, CNI Cyclical Sector 100 Index and CNI Defensive Sector 100 Index on 28 October, 2013. All 4 indices take December 31, 2004 as the base date and 1000 points as the base value.

CSI 300 Real Estate Equal Weight Index to Launch

China Securities Index Co., Ltd will officially launch CSI 300 Real Estate Equal Weight Index on 22 November. Constituents of the index cover all real estate stocks listed in CSI 300.

QFII News

More QFII & RQFII Quotas Approved in October

According to State Administration of Foreign Exchange (SAFE), US\$ 1.02 billion of QFII quota was approved in October, and the total became US\$ 48.5 bn. RQFII quota increased by RMB 5.3 billion (US\$ 863 mil) last month, totalling RMB 139.6 billion (US\$ 22.7 bn).