

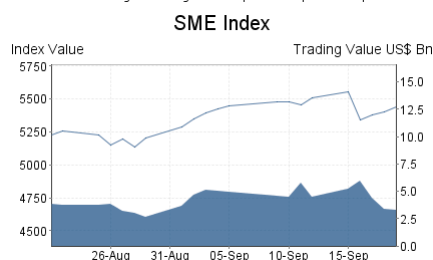
Market Bulletin

Monday 22 September, 2014 (Issue 31)

Highlights

- SZSE Issues Big Data Series Indices
- Insurers to Offer Preferred Shares
- SGE Launches International Board
- China & Sri Lanka Sign Currency Swap Deal
- Central Bank Injects SLF into Major Banks
- Premier Calls for Trimming of Negative List
- ICBC to Clear RMB Business in LU
- AgBank Launches RMB Bond in Dubai
- Wanda Seeks Hong Kong Listing

Key Indices



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Market Review

Last week, Shenzhen Component Index tumbled 1.2% to 8047.3 points. SME Index closed at 5440.3 points after losing 1.3%. ChiNext Index was down 1.6% to 1499.1 points. Total turnover for stocks and funds on SZSE was US\$161.7 billion, or a 19.3% increase from the week before.

9 sector indices were higher than previous week, and 7 were lower. Sector indices with the biggest gains were hotels & catering, utilities and R&D support. Sector indices with the biggest drops were conglomerates, culture & media and construction.

Top 3 gainers were Jiangsu Dongyuan (002074), Shanghai Bairun (002568) and Xi'an Tian He (300397). Top 3 decliners were Shanghai Dragonnet (300245), Ningbo Xinhai (002120) and Hunan Friendship & Apollo (002277). The most active stocks last week were Suning Commerce (002024), Eternal Asia (002183) and Zhejiang Dahua (002236).

Market News

SZSE Issues Big Data Series Indices

The SZSE recently launched its Big Data Series Indices, which include CNI Big Data 100 Index (i100) and CNI Big Data 300 Index (i300). Big data indices qualitatively and quantitatively analyzed big data acquired from SINA Finance, including click rate of certain stock page, the positive and negative influence of news reports and the micro-blog articles, and so on. On such a basis, along with other basic factors, stocks with high gain expectations are selected to form the sample stocks of the indices. The sample stocks will be adjusted regularly on a monthly basis. From the base day to 29 August, 2014, the accumulative gain of the i100 and i300 are 258% and 161% respectively.

Insurance Companies to Offer Preferred Shares

According to *21st Century Business Herald*, the CIRC will solicit public opinions regarding insurance companies issuing preferred shares. The requirements for insurance companies to offer preferred shares include: 1) at least three years' operation; 2) the unaudited net asset must be at least RMB 1 billion (162.6 million); 3) ranked Class A or B in classified supervision in the latest four quarters; 4) a sound governance structure, etc. Ping An is said to pilot the program.

Shanghai Gold Exchange Launches International Board

The Shanghai Gold Exchange (SGE) launched an international gold trade board on 18 Sep. in Shanghai FTZ, marking the beginning of gold trading in the Chinese market with both onshore and offshore RMB funds. Domestic and foreign member investors of the SGE including Industrial and Commercial Bank of China, HSBC and Standard Chartered Bank could now trade all of the 11 yuan-denominated gold contracts on the bourse. In 2013, China became the world's largest gold market, accounting for around one-third of global gold demand.

Market at a Glance

SZSE Market Statistics (19 September, 2014)	
No. of Listed Companies	1595
Market Cap.(US\$ Bn)	1840.3
Free-float Market Cap.(US\$ Bn)	1350.9
Average P/E Ratio	30.39
For the Year of 2014	
Turnover Value(US\$ Bn)	4301.7
-Stock	3481.4
-Main Board	1112.7
-SME Board	1542.2
-ChiNext	826.5
-Fund	63.5
-Bond	756.8
Daily Turnover Ratio(%)	1.66
Total Fund Raised by Equity (US\$ Bn)	42.6
No. of IPOs	59

*Currency ratio used : 1 USD=6.15 CNY
1 USD=7.75 HKD

Monetary & Bond Market

15-19 Sep, 2014

Shibor Overnight Interest Rate	2.8400%	↓ 1.30bp
Shibor 7-day Interest Rate	3.3000%	↑ 6.50bp
7-Year Treasury Note Yield	4.0100%	↓ 20.0bp
CSI Corporate Bond Index	153.350	↑ 0.1319%
SZSE Corporate Bond Index	135.018	↑ 0.0860%

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China and Sri Lanka Sign Currency Swap Agreement

With the approval of the State Council, the PBC signed, on 16 September, an agreement on bilateral local currency swap with the Central Bank of Sri Lanka. The size of the swap facility is RMB 10 billion/LKR 225 billion (US\$ 1.63 billion). The term of the agreement is three years and can be extended with mutual consent. The signing of the swap agreement will help promote bilateral trade and investment and strengthen financial cooperation between the two central banks.

Central Bank Injects SLF into Major Banks

The PBC was said to have injected RMB 500 billion (US\$ 81.3 billion) Standing Lending Facility (SLF) to China's top five banks for a term of three months. Researchers said RMB 500 billion SLF is equivalent to reducing the deposit reserve ratio (DRR) by 0.5%. The five lenders are Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, and Bank of Communications. The SLF was launched by the PBC at the beginning of 2013 as a supplementary liquidity management tool.

Premier Calls for Trimming of FTZ Negative List

Chinese Premier Li Keqiang said on 18 Sep. that the Shanghai FTZ should further shorten its negative list and leave more room for market to play its role. The Shanghai FTZ published its first negative list on 30 September, 2013 and the Shanghai municipal government released a revised, trimmed version on 1 July this year. During his visit to the FTZ, Li also said that foreign firms should be treated equally with domestic firms. A total of 5,921 companies have been registered in the Shanghai FTZ since its establishment.

ICBC to Clear RMB Business in Luxembourg

The Luxembourg branch of ICBC has been appointed as a clearing bank for RMB business in the European country. Luxembourg is joining European cities including London, Frankfurt and Paris to capitalize on the rapid growth of offshore RMB-denominated trade and financial products. Earlier, the PBC appointed Bank of China as a clearing bank for RMB business in both Frankfurt and Paris, while China Construction Bank was authorized to be the RMB clearing bank in London.

AgBank Launches RMB Bond in Dubai

The Agricultural Bank of China launched on the 21 Sep. the listing of RMB 1 billion (US\$ 162.6 million) Emirates bond on the Nasdaq Dubai, the first Chinese fixed-income bond at an Arab stock market. The RMB 1 billion three-year Emirates bond has a coupon rate of 3.5%. The bond is part of AgBank's global mid-term bond plan, becoming the first Chinese institution issuing bonds in Middle East and North Africa.

AUM of Asset Management Companies Exceeds RMB 1 Billion

2014 has seen rapid growth of securities companies and fund management companies' wealth management business. By the end of July 2014, asset under the management of securities companies, fund management companies and their subsidiaries is worth RMB 1.02 billion (US\$ 165.9 million). In an industrial meeting last week, the Assistant Chairman of CSRC advocated that the whole industry should take risk management a high priority.

Wanda Commercial Seeks Hong Kong Listing

Dalian Wanda Commercial Properties, one of China's largest property companies, has filed to list on the Hong Kong stock exchange. People familiar with the plans have suggested that Wanda might raise HKD 2-3 billion, which could be one of the city's largest deals in recent years.