

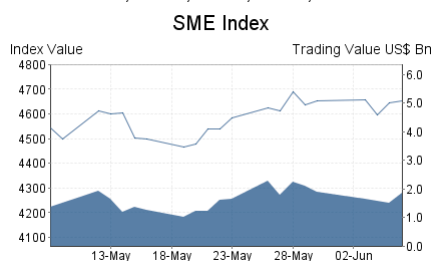
Market Bulletin

Monday 9 June, 2014 (Issue 18)

Highlights

- Alibaba Acquires Stake in Soccer Club
- NEEQ to Launch Market Making in August
- FTSE Indices to include China A-shares
- Total Number of Preliminary Disclosure Companies Reaches 455
- Unified Securities Passbook Go On-line in October
- Mandatorily Internal Control Required for SME Board- and ChiNext-Listed Companies
- HSBC China PMI Slipped to a Four-month-low
- CSRC to Double Staff of Enforcement Team
- China Unicom and CMB Establish Joint Venture Company
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Key Indices



Market Review

Last week, Shenzhen Component Index tumbled 1.8% to 7235.4 points. SME Index stayed at 4652.1 points, the same as last week. ChiNext Index advanced 2.5% to 1350.4 points. Total turnover for stocks and funds on SZSE was US\$54.5 billion, or a 29.0% decrease from the week before.

8 sector indices were higher than previous week, and 8 were lower. Sector indices with the biggest gains were culture & media, R&D support and business support. Sector indices with the biggest drops were hotels & catering, real estate and finance.

Top 3 gainers were Huatai Chemical (300121), Sino Geophysical (300191) and Shanghai New Culture Media (300336). Top 3 decliners were Huatian Hotel (000428), Do-fluoride Chemicals (002407) and Jiaying Pharmaceutical (002198). The most active stocks for the last week were Huayi Brothers (300027), Langchao Electronic (000977) and Sichuan Chengfei (002190).

Market News

Alibaba Acquires Stake in Soccer Club

E-commerce Tycoon Alibaba announced last week acquisition of a 50% stake in Guangzhou Evergrande soccer club for RMB 1.2 billion (US\$ 192 million). Alibaba's purchase came in the run up to its highly-anticipated US share sale. Prior to the deal, Alibaba had already made acquisitions in digital entertainment and movie production.

NEEQ to Launch Market Making in August

The National Equity Exchange and Quotations (NEEQ) announced its new rules on 5 June regarding the regulation on its market making mechanism. Securities firms may now apply with NEEQ for market making qualification. According to NEEQ's research, more than 150 of its quoted companies will adopt the market making scheme which is expected to be implemented in August.

FTSE Indices to include China A-shares

FTSE Group recently announced to introduce a new series of indices, known as the FTSE Global R/QFII Index Series, and will allow investors to include A-shares into global benchmarks at their discretion. According to the company, the new FTSE index series will be available starting 17 June.

Total Number of Preliminary Disclosure Companies Reaches 455

On 6 June, the CSRC announced the 34th batch of 10 companies that have disclosed their preliminary prospectus, making the total number reach 455. As of 5 June, 619 companies have been queuing for IPO approval, with 249 of them planning to list on the Main Board in Shanghai, 153 heading for SZSE's SME Board and 217 targeting at the ChiNext Market.

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 (06 June, 2014)	
No. of Listed Companies	1578
Market Cap.(US\$ Bn)	1479.2
Free-float Market Cap.(US\$ Bn)	1060.8
Average P/E Ratio	24.72
For the Year of 2014	
Turnover Value(US\$ Bn)	2211.8
-Stock	1757.2
-Main Board	514.1
-SME Board	791.0
-ChiNext	452.1
-Fund	30.0
-Bond	424.6
Daily Turnover Ratio(%)	1.45
Total Fund Raised by Equity (US\$ Bn)	29.7
No. of IPO	42

*Currency ratio used : 1 USD=6.16 CNY

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Unified Securities Passbook Go On-line in October

According to Zhou Ming, Chairman of China Securities Depository and Clearing Corporation Limited, Unified Securities Passbook will be put into use in October, providing investors with general securities account with sub-accounts including Shenzhen A/B-share account, Shanghai A/B-share account, and other securities accounts.

Mandatorily Internal Control Required for SME Board- and ChiNext-Listed Companies

Listed companies' Internal control system has gathered more attention as regulatory authority strengthens the governance quality of listed companies. A CSRC official said in a conference that despite Main Board- listed companies which have already been required to submit annual internal control reports, listed companies on SME Board and ChiNext are likely to do the same in the near future.

HSBC China PMI Slipped to a Four-month Low

HSBC China Services Business Activity Index posts at 50.7 in May, down from 51.4 in April. The rate of services activity growth was the weakest in four months and one of the slowest in the survey history. Qu Hongbin, Chief Economist of Asian Economic Research at HSBC commented that policy makers should continue to ease monetary and fiscal policies in the coming months to help boost growth.

CSRC to Double Staff of Enforcement Team

According to the CSRC, it has handled 38 Insider Trading cases since 2013, with large amounts of money and a wide range of institutions involved. The CSRC vows to strengthen its enforcement taskforce, and will expand the staff number of its enforcement team to 600.

China Unicom and CMB Establish Joint Venture Company

China Unicom and China Merchants Bank has recently established a joint venture information technology company focusing on internet finance, the first of its kind set up by a bank and a telecommunication company. The company was kicked off in April this year, with the two sides both holding 50% stake.

SZSE Select Index Issued

The SZSE and Shenzhen Securities Information Co., Ltd. recently announced to issue the SZSE Select Index (Code: 399013, Abbreviation: SZSE Select) on 30 May, 2014. SZSE Select Index aims at reflecting the operation feature of the leading companies listed on Shenzhen Market, while further enriching SZSE index system. More information on SZSE Select Index can be found on the website of Shenzhen Stock Exchange (<http://www.szse.cn>) and the website of CNI Index (<http://www.cnindex.com.cn>).

ChiNext to Explore Serving Promising Yet Unprofitable Companies

During a speech at the *Forum on Promoting the Integration of Technology and Finance and Leading Innovation-driven Development*, Madame Song Liping, President & CEO of the SZSE, said that the SZSE will explore how ChiNext reverts to its original purpose of serving technological and growth enterprises that are promising but not yet profitable. The CSRC has recently released the IPO measures and the refinancing measures of the ChiNext Market, which substantially lowered the IPO financial threshold for listing candidates and streamlined the refinancing procedures for listed companies.