

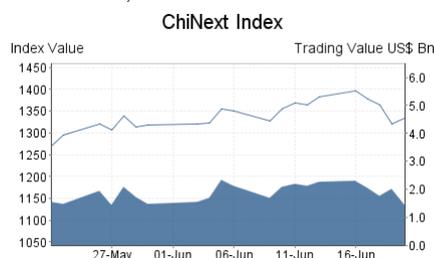
Market Bulletin

Monday 23 June, 2014 (Issue 20)

Highlights

- RQFII program expanded to France
- China starts direct yuan-sterling trade
- CITIC analyst suspected of insider trading
- SZSE releases ChiNext 50 Index
- China and Britain seek deeper cooperation
- CSRC investigates crowdfunding companies
- CESC to launch new cross-border index
- Chongqing launches pilot carbon market
- Measures released to boost film industry
- Forex growth continues in first quarter
- Vanke H Shares to be listed

Key Indices



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Market Review

Last week, Shenzhen Component Index tumbled 2.8% to 7195.7 points. SME Index closed at 4631.6 points after losing 2.4%. ChiNext Index was down 3.5% to 1334.0 points. Total turnover for stocks and funds on SZSE was US\$ 81.5 billion, or a 3.4% increase from the week before.

All sector indices were lower than previous week. Sector indices with the biggest drops were wholesale & retail, business support and hotels & catering.

Top 3 gainers were Shanghai Hyron (002195), Zhejiang Jingxing (002067) and Hunan Tianrun (002113). Top 3 decliners were New Hua Du (002264), Sichuan Gaojin (002143) and Shandong Longji (002363). The most active stocks for the last week were Sichuan Chengfei (002190), Langchao Electronic (000977) and Ingenious Ene-carbon (000511).

Market News

RQFII Program Expanded to France

A CSRC spokesperson said on 20 June that China has officially granted RMB 80 billion (US\$ 13.0 billion) quota of investment to France under the RQFII program. The expansion is based upon the joint declaration between China and France signed in March. France is the second European country to gain RQFII quota after the United Kingdom. Till date, the RQFII quota covers RMB 480 billion (US\$ 78.0 billion). As of the end of May, 78 overseas financial institutions have obtained the approval of a total amount of RMB 240 billion (US\$ 39.0 billion).

China Starts Direct Yuan-Sterling Trade

According to China Foreign Exchange Trade System, direct yuan-sterling trade starts from 19 June. The direct trade was announced at the first UK-China Financial Forum in London last Wednesday, attended by British Chancellor George Osborne and Chinese Premier Li Keqiang. China Construction Bank was authorized to be the clearing bank for RMB business in London.

CITIC Analyst Suspected of Insider Trading

The CSRC said on 20 June that it had launched an investigation into an analyst at CITIC securities, a leading brokerage firm for allegedly leaking insider information. The analyst had reportedly posted the equity incentive plans of the management of Livzon Pharmaceutical Group on a private messaging group for institutional investors, resulting in sharp increase of the company's share prices.

SZSE Releases ChiNext 50 Index

The SZSE and Shenzhen Securities Information Co., Ltd. launched ChiNext 50 Index (Code: 399673, Abbreviation: ChiNext 50) on 18 June. ChiNext 50 Index is designed to depict the operational feature of highly liquid stocks of the ChiNext

Market at a Glance

SZSE Market Statistics (20 June, 2014)	
No. of Listed Companies	1578
Market Cap.(US\$ Bn)	1472.6
Free-float Market Cap.(US\$ Bn)	1057.6
Average P/E Ratio	24.68
For the Year of 2014	
Turnover Value(US\$ Bn)	2419.2
-Stock	1918.1
-Main Board	556.5
-SME Board	862.2
-ChiNext	499.4
-Fund	33.3
-Bond	467.8
Daily Turnover Ratio(%)	1.44
Total Fund Raised by Equity (US\$ Bn)	31.2
No. of IPOs	42

*Currency ratio used : 1 USD=6.15 CNY

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Market, and to further enrich index instruments of the board.

China and Britain Seek Deeper Cooperation

China and Britain said in a joint statement on 17 June that they stand ready to expand economic and trade cooperation and promote development in each other's markets. The two countries renewed their commitment to the joint target of US\$100 billion by 2015. Both welcome a greater role of RMB in international trade and investment and the establishment of an RMB clearing bank in London.

CSRC Investigates Crowdfunding Companies

Recently, CSRC Chairman Xiao Gang has reportedly launched field surveys on Internet financing companies such as NCF Group and Angel Crunch. According to a CSRC spokesperson, equity-based crowdfunding as a fledgling business is believed to be another innovative financing tool designed to help start-ups and small businesses to gain a foothold in the capital market. The CSRC is speeding up research on regulations regarding related services.

CESC to Launch Second Cross-border Index in July

China Exchanges Services Company Limited (CESC), a joint venture of Hong Kong Exchange, Shenzhen and Shanghai stock exchanges, announced to launch the CES China 280 Index (CES 280) on 7 July. The CES 280 will expand the CES China Cross Border Index Series' coverage of Mainland stocks listed in Shanghai, Shenzhen and Hong Kong, and enlarge the aggregate market value of the Mainland stocks in the series from 50% to 70% of the total value of the universe.

Chongqing Launches Pilot Carbon Market

The southwest city Chongqing launched its pilot carbon emission exchange on 17 June, the seventh and final one as planned in a pilot program. Chongqing follows Shenzhen, Shanghai, Beijing, Tianjin, Guangdong and Hubei in launching a trading scheme that allows big local firms to buy and sell permits that cover their carbon emissions. It is still unclear whether a nationwide platform will be built on the foundations of the existing exchanges.

Measures Released to Boost Film Industry

China announced a series of measures on 19 June to boost the film industry with more capital and financing channels for movie makers. Several ministries said they would spend RMB 100 million (US\$ 16.3 million) each year to support 5 to 10 films, provide capital to develop animation technology and encourage financial institutions to lend cash to filmmakers.

Foreign Exchange Growth Continues in First Quarter

According to the State Administration of Foreign Exchange, China recorded a RMB 43.1 billion (US\$7.0 billion) surplus in its current account and a RMB 574.9 billion (US\$ 93.5 billion) surplus in its capital and financial account in the first quarter of 2014. The People's Bank of China said the nation's foreign exchange reserves rose to US\$ 3.95 trillion by the end of the first quarter. China's foreign reserve reached USD 2 trillion on April 2009 and doubled over the following five years.

Vanke H Shares to be Listed

The trading of SZSE-listed B shares of Vanke, China's largest property developer by revenue, ended since 19 June. All its B shares will be converted to Hong Kong-listed H shares, which will start trading on Hong Kong Exchange on 25 June. Vanke is the 3rd listed company converting its B shares to H shares.