

Market Bulletin

Monday 30 June, 2014 (Issue 21)

Highlights

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- China's Manufacturing Sector Shows Signs of Expansion
- CSRC: Registration-Based IPO System to Release Before Year-end
- Forex Deposit Rate Caps Lifted in Shanghai
- NEEQ Approves Market Makers
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- Creditors' Leasing Contract Packed into ABS and Listed on SZSE
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Market Review

Last week, Shenzhen Component Index stood at 7312.6 points after adding 1.6%. SME Index edged up 2.3% to 4740.3 points. ChiNext Index advanced 4.1% to 1388.8 points. Total turnover for stocks and funds on SZSE was US\$80.9 billion, or a 0.8% decrease from the week before.

All sector indices were higher than previous week. Sector indices with the biggest gains were IT, R&D support and farming, forestry and aquaculture.

Top 3 gainers were Sichuan Danfu (002366), Shenke Slide (002633) and Shaanxi Jinye (000812). Top 3 decliners were Chengdu Santai (002312), Zhejiang Hailiang (002203) and Bengang Steel Plates (000761). The most active stocks for the last week were Sichuan Chengfei (002190), Zhejiang Jingxing Paper (002067) and Ingenious Ene-carbon (000511).

Market News

China's Manufacturing Sector Shows Signs of Expansion

The HSBC China Manufacturing Purchasing Managers' Index rose to 50.8 in June from May's final reading of 49.4, beating a Reuters poll forecast of 49.7 and creeping above the 50-point level that separates growth in activity from contraction. It was the first time since December that the PMI was in growth territory, and the highest reading since November, when it was also 50.8.

PBC Releases US\$ 10 Billion in Liquidity

The PBC suspended open market operations on Thursday, offering a net injection of RMB 12 billion (US\$ 1.9 billion). The PBC also opened tender for RMB 50 billion (US\$ 8 billion) in treasury cash deposit, totaling RMB 62 billion (US\$ 9.9 billion) in liquidity release last week. There have been seven weeks of net injections.

CSRC: Registration-Based IPO System to Release Before Year-end

According to the CSRC spokesman, the Chinese securities regulatory authority is studying registration-based IPO system. Details of a concrete plan are expected to come out by the end of this year. The CSRC also adds that the implementation of registration-based IPO system should be based on the amendment to the *Securities Law*.

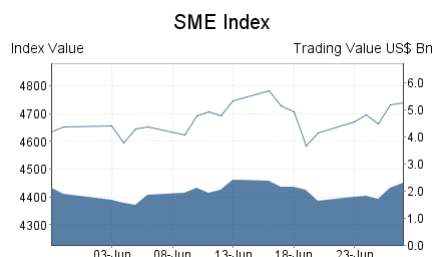
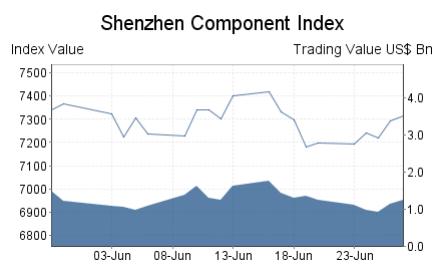
Forex Deposit Rate Caps Lifted in Shanghai

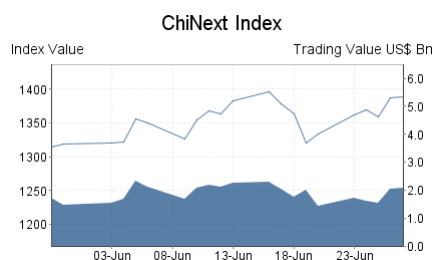
Interest-rate ceilings on corporate foreign-currency accounts with balances below US\$ 3 million were lifted on 27 June throughout Shanghai, according to the PBC Shanghai Head Office. The policy, which has already been tried out since last March in the Shanghai Pilot Free Trade Zone, is a major step aimed at further liberalizing interest rates in the country.

NEEQ Approves Market Makers

The National Equity Exchange and Quotations (NEEQ) announced on 25 June

Key Indices





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 (27 June, 2014)

No. of Listed Companies	1581
Market Cap.(US\$ Bn)	1525.3
Free-float Market Cap.(US\$ Bn)	1093.2
Average P/E Ratio	25.54
For the Year of 2014	
Turnover Value(US\$ Bn)	2521.6
-Stock	1997.2
-Main Board	576.9
-SME Board	897.2
-ChiNext	523.1
-Fund	34.6
-Bond	489.7
Daily Turnover Ratio(%)	1.44
Total Fund Raised by Equity (US\$ Bn)	31.7
No. of IPO	45

*Currency ratio used : 1 USD=6.15 CNY

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that 14 Securities firms had received market making qualification. NEEQ will carry out simulation test on its market making business since 30 June. The full running of the system is expected to be implemented in August.

Vanke H-Shares List on HKEx

China Vanke, the country's largest residential property developer by revenue, closed at HK\$13.3 (US\$1.7) on Wednesday on its first trading day on HKEx. Vanke became the third company converting B shares into H shares after China International Marine Containers (CIMC) and Livzon Pharmaceutical Group.

AMAC Releases Risk Management Guidelines

The Asset Management Association of China (AMAC) recently released *Guidelines on the Risk Management of Fund Companies*. The document clarifies the organizational structure and responsibilities for risk management, emphasizes the concept of overall concept management, specifies the major components of a successful risk management process and identifies market risk, credit risk, liquidity risk, operation risk, reputation risk and subsidiary management risk as the major risk sources. It serves as a guiding document while leaving enough space for the discretion of fund companies.

Retirement Pension Reform Plan Expected to Come Out

As reported by *Securities Daily*, the total amount of China's retirement pension had reached RMB 2,993 billion (US\$ 487 billion) by the end of 2013. The top-level design for its reform is expected to be launched by the end of 2014. Statistics also show that by the end of 2013, 66,000 enterprises had established a supplementary pension system, witnessing a growth of 11,000 enterprises. The amount of enterprises' supplementary pension totaled RMB 603.5 billion (US\$ 98 billion).

France, Luxembourg Sign Agreements with China on RMB Exchange

The People's Bank of China, signed a memorandum of cooperation with the central bank of France and the central bank of Luxembourg over the weekend on RMB clearing arrangements in the countries. The PBC said in online statements that clearing banks for RMB will be later designated in Paris and Luxembourg.

Creditors' Leasing Contract Packed into ABS and Listed on SZSE

Guotai First Tranche Special Asset Management Plan launched by *Qilu Securities* became listed on the SZSE Comprehensive Trading Platform on June 25, 2014. With the creditor's right of leasing contracts signed by Guotai Leasing Limited Company as basic assets, the product falls into four prior classes and one subordinated class of asset-backed securities, raising RMB1.196 billion in total. As of now, 17 asset securitization products have been issued on Shenzhen Market, raising RMB 22.07 billion.

SZSE Embraces Three New Listings

On June 26, 2014, three new listings landed on the SZSE. Among them, Longda Meat (002726) went listed on the SME Board, while Feitian (300386) and Xuelang Environmental (300385) on the ChiNext Board. The CSRC revealed earlier that it has planned 100 IPOs from June to year-end, with a roughly balanced number each month.

SZSE Streamlines Reviewing Procedures

In line with CSRC's principle, SZSE cut reviewing and registering items by 31%, covering areas from trading to listed companies compliance. It is the fourth time SZSE streamlined reviewing and registering procedures. In the future, SZSE will continue to cut reviewing items to make a convenient environment for issuers and investors while strengthening supervision.