

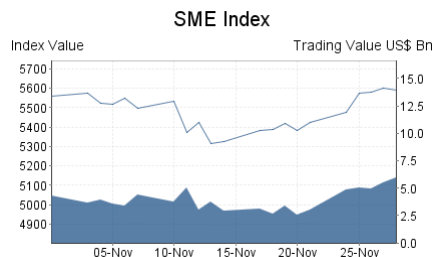
# Market Bulletin

Monday 1 December, 2014 (Issue 37)

## Highlights

- New IPO Rules Drafted
- Mainland Markets Witness Strong Rise
- PBC Releases Rules for Deposit Insurance
- Social Security Fund to Invest Overseas
- RMB Payment Share on the Rise
- PBC Supports Growth of Internet Finance
- FTZ to Unveil New Negative List
- CGN Power Launches its HK IPO
- Wanda Gets HK IPO Approval

## Key Indices



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## Market Review

Last week, Shenzhen Component Index stood at 9002.2 points after adding 8.0%. SME Index edged up 3.0% to 5587.2 points. ChiNext Index advanced 4.4% to 1570.9 points. Total turnover for stocks and funds on SZSE was US\$221.0 billion, or a 74.0% increase from the week before.

15 sector indices were higher than previous week, and 1 was lower. Sector indices with the biggest gains were finance, real estate and IT. The only sector index that fell over the last week was culture & media.

Top 3 gainers were Hithink Royalfush Information Network (300033), Zhejiang Hailiang (002203) and Shenzhen Ysstech Info-tech (300377). Top 3 decliners were Zhejiang Busen Garments (002569), Zhejiang Century Huatong Automotive Part (002602) and Beijing Tensyn Digital Marketing Technology Joint Stock Company (300392). The most active stocks last week were GF Securities (000776), Changjiang Securities (000783) and Ping An Bank (000001).

## Market News

### New IPO Rules Drafted

According to Zhang Xiaojun, a spokesman for the CSRC, the regulator had finished draft rules for a new management system for IPOs and would submit them to the State Council by the end of the month. The CSRC said in December 2013 that it would switch to a registration-based system similar to those currently used in the U.S. and other developed markets. Details of the new system is planned to be unveiled by the end of the year.

### Mainland Stock Exchanges Witness Strong Rise

The Shenzhen and Shanghai stock markets ended November with a 10% rise on a monthly basis, with the trading volume hitting a record-high. The Shanghai Composite Index rose for a seventh straight day, jumping by 1.99% to close at 2,682.84 points, the highest level since August 2011. The Shenzhen Component Index rose by 1.60% to 9,002.23 points. Total turnover on the two exchanges expanded to a record RMB 710 billion (US\$ 115.6 billion).

### PBC Releases Rules for Deposit Insurance

The PBC unveiled draft rules for an insurance scheme for bank deposits on 30 November which are still in the stage of seeking public feedback until the end of December. The authority announced that the rules will apply to commercial banks, rural banks and credit cooperatives, but will exclude domestic banks' overseas branches and subsidiaries of foreign banks in China. The maximum compensation for savers' deposits in a bank will be capped at RMB 500,000 (US\$ 81,433) per depositor in cases of banks becoming insolvent or going bankrupt.

## Market at a Glance

SZSE Market Statistics (28 November, 2014)	
No. of Listed Companies	1606
Market Cap.(US\$ Bn)	2061.9
Free-float Market Cap.(US\$ Bn)	1514.0
Average P/E Ratio	33.81
For the Year of 2014	
Turnover Value(US\$ Bn)	5977.1
-Stock	4899.8
-Main Board	1673.1
-SME Board	2124.8
-ChiNext	1102.0
-Fund	95.7
-Bond	981.5
Daily Turnover Ratio(%)	1.81
Total Fund Raised by Equity (US\$ Bn)	57.3
No. of IPO	70

\*Currency ratio used : 1 USD=6.14 CNY

## Social Security Fund to Hedge Against Inflation

According to the Legislative Affairs Office of the State Council, China will allow the National Social Security Fund to invest in both domestic and overseas markets in an effort to fight inflation. The agency has recently solicited public opinions regarding draft regulation of the fund's operation. The regulation also states that the fund's investment should balance the proportions of various assets approved by the State Council, such as assets with fixed income, stocks, and unlisted equity.

## RMB Payment Share on the Rise

SWIFT said in a statement on 26 November that the RMB was used for 11.2% of total payments value between China and the rest of the world last month, up from 6.2% 18 months ago. SWIFT's latest RMB tracker showed that 15 more countries are now using the RMB for more than 10% of their payment value with China's mainland and Hong Kong compared to April 2013. In total, 50 countries out of the 161 that exchanged payments with China's mainland and Hong Kong last month have crossed the 10% threshold.

## PBC Supports Growth of Internet Finance

Pan Gongsheng, vice president of the PBC said on the 26 November that China will continue to support the development of Internet finance amid a moderate government regulation. He said that online financing holds a promising future and adding national encouragement for online financing has been explicitly presented in the 2014 central government work report at the legislative session in March. But he also warned of the potential risks for online finance, calling self-regulation a duty among practitioners.

## FTZ to Unveil New Negative List

Shanghai free trade zone is set to unveil a new version of a negative list for foreign investment in the first half of next year to improve clarity for investor. The new list, the third version since the FTZ was launched on 30 September last year, aims to reduce the number of curbs and be more transparent so that foreign investment will rise. Apart from the new list, the FTZ's plans for next year include a crude oil futures exchange, more financial leasing activities, and drafting rules for an innovative exchange for insurance products.

## Industry News

### CGN Power Launches its HK IPO

CGN Power, a subsidiary of China General Nuclear Power Group and the largest nuclear plant operator by installed capacity in China, began taking orders from investors on 27 November. According to its official statement, it plans to issue up to 8.825 billion shares on the HKEx at a range of HK\$ 2.43 to HK\$2.78. The deal will be priced on 3 Dec and the shares will list on 10 Dec. If all goes as scheduled, it will become the first Chinese nuclear power company to go public.

### Wanda Gets HK IPO Approval

Reporters say that Dalian Wanda Commercial Properties has won approval from Hong Kong's stock exchange for an IPO, which could be worth up to HK\$ 6 billion. The world's second-largest developer of shopping malls and office buildings plans to use most of the proceeds from the IPO to fund 10 projects in China as it seeks to exploit increasing urbanization.

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