

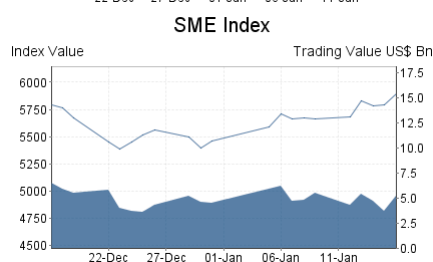
# Market Bulletin

Monday 19 January, 2015 (Issue 1)

## Highlights

- Chairman's New Year Greetings
- Regulator to Further Reform IPO Rules
- Premier Supports SZ-HK Stock Connect
- China's IPO Proceeds Hit RMB 78.7 Billion
- Taiwan May Open Its Equity Market
- SH Approves Oil and Gas Trading Center
- ICBC to Clear RMB in Bangkok
- E-Commerce Law Being Drafted
- PBC to Allow Opening of Accounts Online
- Two Railway Giants Announce Merger

## Key Indices



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## Market Review

Last week, Shenzhen Component Index stood at 11532.8 points after adding 1.8%. SME Index edged up 3.9% to 5890.8 points. ChiNext Index advanced 5.6% to 1639.6 points. Total turnover for stocks and funds on SZSE was US\$167.5 billion, or a 23.4% decrease from the week before.

13 sector indices were higher than previous week, and 3 were lower. Sector indices with the biggest gains were IT, business support and construction. The only three sector indices that fell over the last week were mining, utilities and hotels & catering.

Top 3 gainers were Sinomine Resource Exploration (002738), Guosen Securities (002736) and Guangdong Zhengye Technology (300410). Top 3 decliners were Shenyang Hejin (000633), Hiconics Drive Technology (300048) and Xinjiang Zhudong Petroleum (002207). The most active stocks last week were Guosen Securities (002736), Gf Securities (000776) and Guoyuan Securities (000728).

## Market News

### Chairman's New Year Greetings

Chairman of the Shenzhen Stock Exchange, Mr. Wu Lijun delivered his New Year's speech on 31 December, 2014. He said that, over the past year, SZSE has adhered to the principle centered on information disclosure, strengthened basic functions including market regulation, organization and services. By the end of 2014, there are 1618 listed companies on SZSE with market capitalization of RMB 12.86 trillion (US\$ 2.1 trillion). The year 2014 saw RMB 36.68 trillion (US\$ 5.99 trillion) of trading value on SZSE and a 35.62% increase on Shenzhen Component Index. The Chairman wished to have constant care and support from relevant parties in 2015.

### Regulator to Further Reform IPO Rules

Xiao Gang, chairman of the CSRC, said in a speech at the regulator's annual work conference that the IPO reform will be "the most important task" for the regulator this year and it will help clarify the role of government and market. In addition, it will also solve some of the key problems in the nation's capital market. Xiao said that the purpose of the reform is to build a market-driven IPO system with an emphasis on information disclosure and effective regulation.

### Premier Supports SZ-HK Stock Connect

According to *China Daily*, during an inspection tour in Shenzhen on 5 January, Premier Li Keqiang promoted the establishment of a stock trading connect program between Hong Kong and Shenzhen. The proposed program is a step followed after the State Council has given green light to the Shanghai-Hong Kong Stock Connect program last April. The premier also put forward his expectations concerning the future development of Shenzhen Special Economic Zone.

## Market at a Glance

SZSE Market Statistics (16 January, 2015)	
No. of Listed Companies	1618
Market Cap.(US\$ Bn)	2207.9
Free-float Market Cap.(US\$ Bn)	1631.5
Average P/E Ratio	35.86
For the Year of 2015	
Turnover Value(US\$ Bn)	437.3
-Stock	361.6
-Main Board	172.5
-SME Board	126.2
-ChiNext	63.0
-Fund	24.1
-Bond	51.5
Daily Turnover Ratio(%)	2.38
Total Fund Raised by Equity (US\$ Bn)	2.0
No. of IPO	0

\*Currency ratio used : 1 USD=6.13 CNY

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## China's IPO Proceeds Hit RMB 78.7 Billion

According to *Xinhua News Agency*, a report released by Deloitte revealed that 125 Chinese companies raised RMB 78.7 billion (US\$ 12.8 billion) through IPOs on the country's two stock exchanges last year. The report said the number and value of domestic IPOs were 19% and 24% lower than those of 2012 respectively. 57% of the IPO proceeds were raised from the Shenzhen Stock Exchange and the rest from the Shanghai Stock Exchange. Chinese securities regulators resumed IPOs in late April last year after an 18-month-long halt.

## Taiwan May Open Equity Market to Mainland Individuals

According to *AFP*, China's Taiwan may open up its stock market to mainland individual investors later this year. The new linkup would allow individuals to buy or sell stocks listed on the Taiwan Stock Exchange through offshore securities units of local brokerages. Taiwan's Financial Supervisory Commission said that it was hoping to decide in June whether to go ahead with the plan.

## Shanghai Approves Oil and Gas Trading Center

The municipality of Shanghai approved on 5 January the establishment of an oil and natural gas trading center aimed at bolstering the city's influence in the global commodities market. The trading center will be jointly funded by 10 Chinese companies and will be subject to the guidance and regulation of the NDRC and the National Energy Agency. Commodities including oil, natural gas, liquid petroleum gas and unconventional resources will be traded at the center.

## ICBC to Clear RMB in Bangkok

The PBC said on 6 January that ICBC will conduct RMB clearing business in Bangkok. The authorization came after an agreement between the two countries' central banks. On 22 December last year, the two countries extended a currency swap agreement worth RMB 70 billion (US\$ 11.4 billion). Clearing is now authorized in Hong Kong and Macao, as well as in Doha, Frankfurt, Kuala Lumpur, London, Luxembourg, Paris, Seoul, Singapore, Sydney and Toronto.

## E-Commerce Law Being Drafted

The *Economic Information Daily* reported on 7 January that a draft of China's first e-commerce law expected to be completed during the second half of this year. It said that "relevant organizations" aim to have an outline of the law by March. After consulting with government departments, e-commerce companies, industry associations and experts, the draft law is expected to be submitted to the Financial and Economic Committee of the National People's Congress.

## PBC to Allow Opening of Accounts Online

The PBC is soliciting opinions about the guidelines for opening RMB-denominated bank accounts remotely. It asked banks to use relevant technologies such as face recognition and long-distance banking to achieve the same results as real-name authentication. The banks are also required to provide an external assessment report issued by the authorities to prove that they can effectively recognize the real identity of clients via the technologies.

## Two Railway Giants Announce Merger

China's two railway vehicle manufacturers, CNR and CSR, announced on 30 December, 2014 that they would merge into one conglomerate. The merger comes after two months of government review and preparation, officially ending an era in which the companies often cut into each other's profit in the global market.