

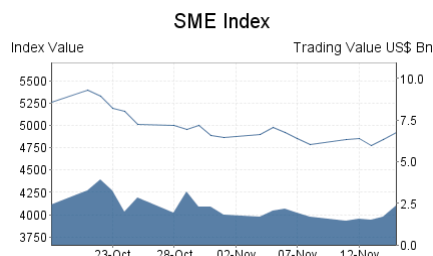
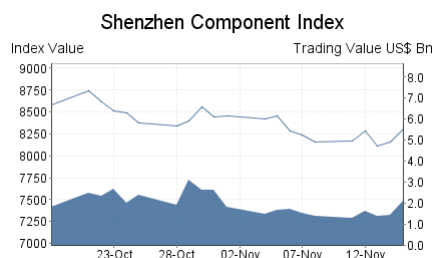
# Market Bulletin

Monday 18 November, 2013 (Issue 24)

## Highlights

- China vows to improve financial markets
- Strategic emerging industries see growth
- CSRC to take cash dividend measures
- Everbright Securities fined 523 million
- Guangfa Hengjin No.1 Listed on SZSE
- AUM of onshore funds totals 3.9 trillion
- Fiscal revenue exceeds 1.1 trillion
- Yu'E Bao fund hits RMB 100 billion
- 7 QFIs and 4 RQFIs approved in October
- Market cap held by QFIs hits new high

## Key Indices



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## Market Review

From 11 to 15 November, Shenzhen Component Index closed at 8305.9 points after gaining 1.8%. SME Index climbed 2.7% to 4918.3 points. ChiNext Index stood at 1269.1 points after rising 4.8%. Total turnover for stocks and funds on SZSE was US\$ 70.1 billion, or a 1.7% increase from the week before. 13 out of 16 sector indices were higher than the previous week.

Sector indices with the biggest gains were culture & media, IT and R&D support. Hotels & catering, utilities and conglomerates were the only three sector indices that fell last week. Top 3 gainers were Kaiyuan Instruments (300338), Surfilter Network (300311) and Xianfeng New Material (300163). Guangyu Development (000537), Bewinner Communications (002148) and Hongda New Material (002211) were the Top 3 decliners. The most active stocks last week were Huayi Brothers (300027), Suning Commerce (002024) and Ping An Bank (000001).

## Market News

### China Vows to Improve Financial Markets

Among major issues concerning comprehensively deepening reforms, China vows to further open up the financial industry, allowing qualified private capital to set up financial institutions such as small- and medium-sized banks, pushing ahead with reform of policy-based financial institutions, promoting reform toward a registration-based stock-issuing system and increasing the proportion of direct financing, improving market-based exchange rate formation mechanisms for the Renminbi, accelerating interest rate liberalization and capital account convertibility, building a deposit insurance system and completing the market-based exit system for financial institutions.

### Strategic Emerging Industries Witness Rapid Growth

According to the *China's Strategic Emerging Industries Development Report 2014* released during the 15th Shenzhen Hi-tech Fair, strategic emerging industries have maintained an annual growth of more than 15% in the past 3 years. In 2012, the sales value growth of industries including energy conservation, new generation of information technology, biotechnology, high-end equipment manufacturing and other areas was almost twice that of overall industrial output. As planned, value-added of strategic emerging industries will take the proportions of 8% and 15% in total GDP in 2015 and 2020 respectively.

### CSRC to Take 3 Measures to Ensure Cash Dividends

CSRC recently announced through its official microblog that, it will take the following three measures to ensure cash dividends. The first is to amend, supplement and perfect related requirements, and urge listed companies to ensure the continuity, stability of transparency of

## Market at a Glance

SZSE Market Statistics (15 November, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1383.4
Free-float Market Cap.(US\$ Bn)	981.9
Average P/E Ratio	26.87
For the Year of 2013	
Turnover Value(US\$ Bn)	4142.2
-Stock	3343.8
-Main Board	1255.4
-SME Board	1398.4
-ChiNext	690.0
-Fund	84.7
-Bond	713.8
Daily Turnover Ratio(%)	1.66
Total Fund Raised by Equity (US\$ Bn)	22.5
No. of IPO	1

\*Currency ratio used : 1 USD=6.15 CNY

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dividend arrangements. The second is to encourage differentiated cash dividend arrangements and diversified reward mechanisms and strengthen regulation constraints on those companies that do not pay dividends as required. And the third is to establish an assessment system for SOEs and encourage the entrance of long-term investors.

### Everbright Securities Fined RMB 523 Million

The CSRC announced final penalties for an insider trading case involving China Everbright Securities Co Ltd, levying a fine of RMB 523 million (US\$85.7 million). 4 managers are fined RMB 600,000 each and got life-time trading bans from China's securities and futures markets. On Aug 16, a flaw in Everbright Securities' trading software caused Shanghai Composite Index to surge nearly 6% in only 3 minutes.

### Guangfa Hengjin No.1 Listed on Shenzhen Stock Exchange

Launched by GF Securities in July, Guangfa Hengjin No.1 was the first listed product that applies a dual-SPV structure, introducing the concept of MABS, namely, market-based asset-backed securitization. The design of the product significantly improves the liquidity, and it got listed on SZSE recently.

### AUM of Onshore Funds Totals RMB 3.9 Trillion

According to Asset Management Association of China (AMAC), by the end of October, 88 fund companies have been set up in China with asset under management (AUM) worth RMB 3.9 trillion (US\$ 634 billion) in total. Among them, public funds account for 72%, reaching RMB 2.8 trillion (US\$ 455 billion).

### Fiscal Revenue Exceeds 1.1 Trillion in First Ten Months

According to the Ministry of Finance, China's fiscal revenue growth accelerated for three months in a row. The fiscal revenue, comprising income of the central and local governments, climbed 16.2% year on year to RMB 1.2 trillion yuan (US\$ 195 billion) in October, and the accumulative number of the first 10 months exceeded RMB 11 trillion (US\$ 1.8 trillion).

### Yu'E Bao Fund Hits RMB 100 Billion

By 14 November, the total asset managed by Yu'E Bao, an online fund investment product provided by Alibaba and Tianhong Asset Management has exceeded RMB 100 billion (US\$ 16.3 billion), making it the nation's largest mutual fund to top 100 billion. Launched in June, Yu'E Bao allows clients to buy money market funds using idle money, and the online account can be easily used for online shopping, paying off credit card and transferring to and from banking accounts.

## QFII News

### 7 QFIIs and 4 RQFIIs Approved in October

According to CSRC, 7 QFIIs from Singapore, Thailand, Hong Kong, the US and Korea were approved in October, and the total number of QFIIs reaches 247. Meanwhile, 4 institutions joined RQFII family, totaling 39 by the end of last month.

### Market Cap Held by QFIIs Hits New High

Statistics from China Securities Depository & Clearing (SD&C) showed that for 22 consecutive months, QFIIs have been opening new A-share accounts, making the total number reach 547 by the end of October. According to WindInfo, market capitalization held by QFIIs reached RMB 79.3 billion (US\$12.9 billion) in Q3, setting a record high.