

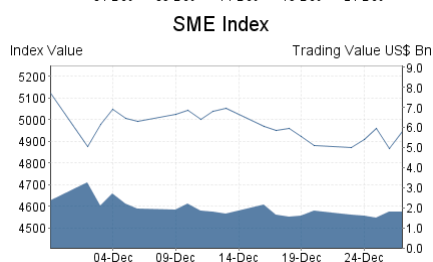
# Market Bulletin

Monday 30 December, 2013 (Issue 30)

## Highlights of the Week

- China Eases Money Market by Cash Injection
- WMPs Allowed to Invest in Exchange Market
- Licenses for Mobile Virtual Network Operators Issued
- Chinese Firms Raise US\$ 14.8 Billion through IPOs
- Data for the Banking Industry Performance Released

## Key Indices



For data products and services based on Shenzhen market, please contact Shenzhen Securities Information Company.

Tel: +86-755-83241251

Email: [index@cninfo.com.cn](mailto:index@cninfo.com.cn)

## Market Review

Last week, Shenzhen Component Index rose 1% and stood at 8048.9 points. SME Index closed at 4946.5 points after gaining 1.4%. ChiNext Index jumped 3.2% to 1294.3 points. Total turnover for stocks and funds on SZSE was US\$71.9 bn, or a 3.3% increase from the week before. As of 27 December, Shenzhen Component Index fell 11.7% for the year 2013, while SME Index and ChiNext Index registered a 16.8% and an 81.3% increase respectively.

Sector indices with the biggest gains were R&D support, IT and manufacturing. Sector indices with the biggest drops were culture & media, farming, forestry and aquaculture and wholesale & retail. Top 3 gainers were Guangdong Weihua (002240), Acrel (300286) and Shenzhen Rapoo (002577). Sichuan Huiyuan (000586), Beijing Watertek (300324) and Zhongli Science And Technology (002309) were the Top 3 decliners. The most active stocks for the last week were Huayi Brothers (300027), Suning Commerce Group (002024) and Guizhou Bailing (002424).

## Market News

### China Eases Money Market by Cash Injection

The People's Bank of China (PBC) injected RMB 29 bn (US\$4.7 bn) into the money market via 7-day reverse repurchase operations on 24 December. It is the first time that PBC uses reverse repo since 3 December.

### WMPs Allowed to Invest in Exchange Market

China Securities Depository and Clearing Company announced on 23 December that, wealth management products operated by banks will be allowed to open accounts with Shenzhen and Shanghai stock exchanges. Investment on early stage is limited to fixed income products including exchange bonds, credit-backed securities and preferred shares.

### Licenses for Mobile Virtual Network Operators Issued

The Ministry of Industry and Information Technology officially granted first batch of virtual telecom licenses to 11 companies on 26 December, allowing domestic private companies to offer repackaged mobile services.

### Chinese Firms Raise US\$ 14.8 Billion through IPOs

According to *Reuters*, the annual amount of equity financing of Chinese enterprises hits US\$ 70 bn, registering a 19.2% y-o-y growth. Total IPO proceeds stand at US\$ 14.8 bn, down 43.6%, the lowest since 2004.

### Data for the Banking Industry Performance Released

According to CBRC, as of the end of November, assets of China's banking industry totaled RMB 145.3 tril (US\$ 23.8 tril), marking an increase of 14.4% from the year before. The combined debts stood at RMB 135.38 tril (US\$ 22.2 tril), up 14.2% y-o-y.

## Market at a Glance

SZSE Market Statistics (27 December, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1425.9
Free-float Market Cap.(US\$ Bn)	1018.6
Average P/E Ratio	27.56
For the Year of 2013	
Turnover Value(US\$ Bn)	4811.9
-Stock	3869.9
-Main Board	1415.9
-SME Board	1626.0
-ChiNext	828.0
-Fund	94.3
-Bond	847.8
Daily Turnover Ratio(%)	1.64
Total Fund Raised by Equity (US\$ Bn)	27.3
No. of IPO	0

\*Currency ratio used : 1 USD=6.11 CNY

### Editor's Note

It has been an exciting year. As 2013 is drawing to an end, we would like to summarize the year in hot words of the market in the 30<sup>th</sup> issue of *Market Bulletin*. We would also like to express our sincere appreciation for your kind attention and support!

**“We Wish You  
A Happy  
& Prosperous  
2014!”**

## 2013 in Review

### Investor Protection

*Ping An Securities*, sponsor agency for *Wanfu Biotechnology*, a ChiNext-listed company sanctioned for financial frauds, was fined RMB 76.65 mil (US\$ 12.5 mil) by the CSRC on 10 May. It set up a RMB 300 mil (US\$ 49 mil) special fund to compensate investors who suffered losses.

### IPO Reform

The CSRC released the comprehensive, market-oriented IPO reform plan on 30 November. IPO reviews by the CSRC will focus on quality information disclosure while judgment on the profitability and investment value of listing candidates is left to the market.

### Shanghai Pilot Free Trade Zone (SHFTZ)

The SHFTZ, unveiled on 30 September, provides a new test ground for further opening up investment sectors and deepening the innovations and opening-up of financial service sectors.

### Liberalization of Interest Rates

PBC removed the lending rate ceiling for financial institutions on 19 July, a move to further liberalize the interest rate. On 25 October, the Loan Prime Rate centralized quoting and publishing mechanism was in full operation.

### Cash Crunch

China's banks experienced multiple cash crunches in 2013. On 20 June, the Shanghai Interbank Offered Rate (Shibor) overnight rate spiked up to 13.4%, while the 7-day repo interest rate shot up to 11%, the highest on record.

### Preferred Stock

The State Council issued opinions on preferred stocks on 30 November, while the CSRC subsequently released draft regulations on preferred shares on 13 December. Introduction of preferred stocks will provide more financing opportunities for issuers and investors.

### Product Innovation

SZSE has launched various product innovations in 2013, including the *Alibaba SAMP*, China's first micro-loan securitization product which debuted on 18 September. SZSE also launched its first Gold ETF and Bond ETF along with other innovative products.

### Internet Finance

China has seen a burgeoning Internet Finance sector in 2013. Established on 15 June, Yu E'bao, Alibaba's monetary fund product, became the first Chinese fund with asset under management exceeding RMB 100 bn.

### Insider Trading

Everbright Securities was fined RMB 523 mil (US\$ 85 mil) for insider trading, and banned from proprietary trading in stocks and derivatives. Everbright managers took huge short positions in index futures and ETFs after a trading glitch on 16 August.

### Meet the SZSE International Service Team



Fu Dewei

Liu Fuzhong

Karon Li

Pei Huiqi

Li Huiqing

Liu Chang

Zhang Dongqiang