

Market Bulletin

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Highlights

- CSRC Unveils IPO Reform Plan
- CSRC: Securities Law Must Prioritize Investor Protection
- China Holds Open Attitude to Paris Offshore RMB Market
- Chinese Mainland Banks to Issue Bonds in Taiwan
- China's RMB Cross-Border Settlements Expected to Double This Year
- SAC to Establish Diversified Dispute Resolution Mechanism
- China's National Social Issuance Fund Totals RMB 3.75 Trillion by Year-end 2012
- Total Assets of Banking Institutions Record RMB 143.7 Trillion
- Number of Mobile Netizens Hits 464 Million in China
- Shenzhen Airport Launches New Terminal
- China Approves More QFII and RQFII Quotas in November

Key Indices



Market Review

Last week, Shenzhen Component Index stood at 8542.6 points after gaining 1.5%. SME Index edged up 2.4% and stayed firm at 5121.6 points. ChiNext Index marched 5.5% to 1366.8 points. Total turnover for stocks and funds on SZSE was US\$97.5 billion, or a 2.0% increase from the week before.

15 sector indices were higher than previous week. Sector indices with the biggest gains were R&D support, culture & media and IT. Transportation and logistics was the only sector indices that fell over the last week.

Top 3 gainers were Tongda Island (300321), Sino Wealth Electronic (300327) and Luoyang Bearing (002046). Jiangsu Hongbao (002071), OB Telecom (300270) and ZoJe Sewing Machine (002021) were the Top 3 decliners. The most active stocks for the last week were Huayi Brothers (300027), Suning Commerce Group (002024) and Ourpalm (300315).

Market News

CSRC Unveils IPO Reform Plan

The CSRC released the comprehensive, market-oriented IPO reform plan on 30 November, signaling the re-opening of IPO after 13 months' moratorium. According to the plan, IPO review will focus on information disclosure by issuers while the CSRC does not make judgments on the profitability and investment value of listing candidates; validity of listing approval is extended from 6 months to 12 months; issuers, underwriters and other intermediaries are responsible for compensating investors who suffer losses because of falsehoods, misleading statements or major omissions in IPO documents; lead underwriter has the right to decide the offline new share placement; preferred stocks are allowed for public issuance; listing by reverse takeover will also have to meet IPO requirements, but it is unacceptable to the ChiNext market. Around 50 firms are expected to complete IPO preparation in time to go public by January 2014.

CSRC: Securities Law Must Prioritize Investor Protection

Xiao Gang, Chairman of the CSRC recently said that protecting public investors underlies as the core value of *Securities Law* by nature. According to the legal affairs department of the State Council, the CSRC has already completed assessment of the current *Securities Law* and conducted sufficient fundamental investigations and discussions.

China Holds Open Attitude to Paris Offshore RMB Market

Vice Finance Minister Zhu Guangyao said during the first *China-France High-level Economic and Financial Dialogue* that China holds "an open attitude" toward the development of the Paris offshore RMB market.



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Market at a Glance

SZSE Market Statistics (29 November, 2013)	
No. of Listed Companies	1536
Market Cap.(US\$ Bn)	1466.9
Free-float Market Cap.(US\$ Bn)	1042.3
Average P/E Ratio	28.44
For the Year of 2013	
Turnover Value(US\$ Bn)	4386.9
-Stock	3540.3
-Main Board	1316.5
-SME Board	1482.3
-ChiNext	741.5
-Fund	87.9
-Bond	758.7
Daily Turnover Ratio(%)	1.66
Total Fund Raised by Equity (US\$ Bn)	22.9
No. of IPO	0

*Currency ratio used : 1 USD=6.13 CNY

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China will also actively consider supporting Paris for its off-shore RMB business development through RQFII arrangement with reasonable time frame ahead.

Chinese Mainland Banks to Issue Bonds in Taiwan

Bank of Communications (BOCom) and Agricultural Bank of China (ABC) announced to have applied for approval of RMB bond issuance worth RMB 1.2 bn (US\$ 196 mil) and RMB 1.0 bn (US\$ 163 mil) respectively in Taiwan. Taiwan's financial authorities officially approved RMB bond issuance in Taiwan by banks based in Chinese mainland on 27 November.

China's RMB Cross-Border Settlements Expected to Double This Year

Guo Jianwei, a senior official with the PBC, said China's RMB cross-border trade settlements in 2013 is likely to hit RMB 5.88 tril (US\$ 959 bn), doubling the level of last year. As of October, China has signed RMB cross-border settlement agreements with 221 countries and regions. Hong Kong's RMB cross-border settlements accounted for 57.1% of the total, while Singapore's took up 9.6%. The top 5 rank also includes Taiwan, Germany, and Japan.

SAC to Establish Diversified Dispute Resolution Mechanism

According to the Securities Association of China (SAC), it has recently set up an expert panel committee and the securities dispute resolution center, in a move to improve the diversified dispute settlement mechanism and protect the legitimate rights and interests of small investors.

China's National Social Insurance Fund Totals RMB 3.75 Trillion by Year-end 2012

According to Minister of Finance, the year of 2012 witnessed revenue of RMB 3.14 tril (US\$ 512 bn) in China's national social insurance fund, and expenditure of RMB 2.39 tril (US\$ 390 bn). The balance for 2012 stands at RMB 748 bn (US\$ 122 bn), and aggregate balance by the end of 2012 totals RMB 3.75 tril (US\$ 612 bn).

Total Assets of Banking Institutions Record RMB 143.7 Trillion

According to CBRC, as of October, the total asset of banking institutions in China reached RMB 143.7 tril (US\$ 24 tril) and grew by 14.3% y-o-y. Gross liabilities hit RMB 133.9 tril (US\$ 22 tril), registering a 14.1% y-o-y increase.

Number of Mobile Netizens Hits 464 Million in China

Statistics released by China Internet Network Information Center showed that number of China's netizens totaled 604 million, of which mobile netizens accounted for 78.5%, indicating that mobile phones have replaced personal computers to be the most widely-used Internet terminals in China.

Shenzhen Airport Launches New Terminal

A new terminal of Shenzhen Bao'an International Airport came into use on 28 November, covering 450,000 square meters and capable of handling 45 million passengers a year. The old terminals have already been shut down.

China Approves More QFII and RQFII Quotas in November

According to SAFE, a total of USD 738 mil in QFII quota and RMB 5 bn (US\$ 816 mil) in RQFII quota have been granted in November, bringing the total amounts to USD 49.25 bn and RMB 144.6 bn (US\$ 24 bn) respectively as of 29 November.