

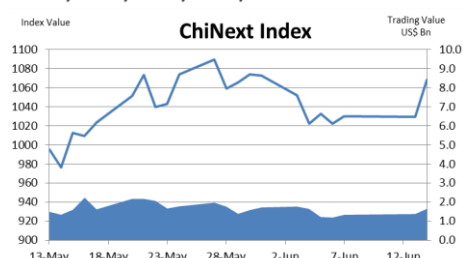
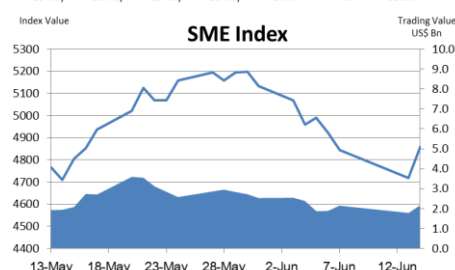
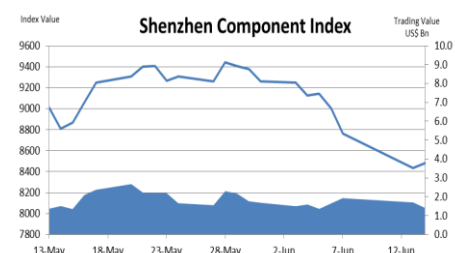
# Market Bulletin

Monday 17 June, 2013 (Issue 4)

## Highlights

- CSRC solicits public opinions on further promoting IPO reform
- CSRC to standardize accounting practices
- CCTV Financial 50 Dimensional Leading Indices Released
- MSCI reviews China A-shares for potential inclusion
- First passive REIT fund approved
- SZSE holds the 4th "Trading Rules Day"
- SZSE trades convertible high-yield bonds
- RMB 550 million invested in investor education and protection
- Hang Seng obtains RQFII status
- QFIIs speed up account opening

## Key Indices



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

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## Market Review

Major Shenzhen indices declined in the past two trading weeks ended on 14 June. Shenzhen Component Index lost 8.41% to close at 8479.46 points. SME Index declined 5.35% closing at 5125.30 points. ChiNext Index dropped 0.45% to 1070.73 points. Total turnover for stocks and funds on SZSE in the past two weeks was US\$105.46 billion.

Chinese markets closed for Dragon Boat Festival from 10 through 12 June. For the remaining two trading days, sector indices with the biggest gains were Information Technology, Culture and Media and Conglomerate. Top 3 gainers were Token Science (300088), Zhonghang Electronic Measuring (300114) and Zhongqingbao Interaction Network (300052). Jiaying Pharmaceutical (002198), Changyuan Electric (000966) and Seagull Kitchen and Bath (002084) were the top 3 decliners. The most active stocks last week were Kangdexin Composite Material (002450), LETV (300104) and Vanke A (000002).

## Market News

### CSRC Solicits Public Opinions on Further Promoting IPO Reform

CSRC recently issued *Draft Opinions on Further Promoting IPO Reform* to solicit public opinions. According to the document, candidate issuers are required to pre-disclose prospectus at an earlier time than prescribed in current provisions to enhance social supervision. Issuers are allowed to decide on the timing of issuance after obtaining IPO approval. Candidate issuers are allowed to issue corporate debts while their IPO prospectuses are being reviewed. The validity of IPO Approval Document will be extended to 12 months according to the *Draft Opinions*. It also calls for stronger accountability and greater transparency in controlling shareholders and further strengthening supervision and law enforcement.

### CSRC to Standardize Accounting Practices

Jia Wenqin, chief accountant director of accounting with CSRC, said in a recent speech at Tsinghua University that the CSRC is coordinating with the Ministry of Finance to standardize accounting rules and practices. CSRC is trying to unify and standardize the current accounting regulations, especially with regard to merger of companies under the same controlling shareholders and determination of the point in time for government subsidy.

### MSCI reviews China A-shares for Potential Inclusion

According to Xinhua News Agency, MSCI has started the review process for China A-shares for possible inclusion in its emerging markets index. The review focuses on "positive market opening measures and strong regulatory momentum". Approximately US\$ 1.4 trillion in assets worldwide follow the index as a benchmark. MSCI developed Chi-

## Market at a Glance

SZSE Market Statistics (14 June, 2013)	
No. of Listed Companies	1537
Market Cap. (US\$ Bn)	1304.6
Free-float Market Cap. (US\$ Bn)	895.4
Average P/E Ratio	25.60
For the Year of 2013	
Turnover Value (US\$ Bn)	1905.8
-Stock	1558.2
-Main Board	645.7
-SME Board	643.5
-ChiNext	270.1
-Fund	42.9
-Bond	304.6
Daily Turnover Ratio (%)	1.58
Total Fund Raised by Equity (US\$ Bn)	17.1
No. of IPO	0

\*Currency ratio used : 1 USD=6.16 CNY

na A 50 index in November 2012, tracking flagship mainland listed companies. Harvest MSCI China A50 Index ETF, the latest RQFII A-share ETF based the index, became listed on HKEx on 6 June.

### The First Passive REIT Fund in China Approved

Guangfa U.S. Real Estate Index Fund has been approved by CSRC, becoming China's first passive REIT fund. The fund tracks MSCI U.S. REITs Index, adopting a passive index investment approach. The fund invests in MSCI U.S. REIT Index constituent stocks and options.

### SZSE Holds the 4th "Trading Rules Day" Symposium

SZSE held the 4th annual "Trading Rules Day" symposium on 5 June. The theme was "New Types of Trading Behaviors and Optimization of Trading Rules". Delegates from CSRC, HKEx Group, Taiwan Stock Exchange and leading global investment institutions attended the event. They discussed characteristics of trading behaviors, demand for innovative trading services and challenges facing regulators. The annual symposium and SZSE's newly founded Trading Mechanism Research Center helped to optimize the trading rules and mechanism.

### CCTV Financial 50 Dimensional Leading Indices Released

Shenzhen Securities Information Co., Ltd. (SSIC) and China Central Television (CCTV) announced release of CCTV Financial 50 Dimensional Leading Indices on 6 June. The five indices take 30 June 2010 as the base date and 2563.07 points as the base value, each selecting top 50 companies in five investment dimensions, i.e., growth, innovation, returns, corporate governance and social responsibility.

### SZSE Launches New Businesses

SZSE recently published *Notice on Issues Concerning the Pilot Programme of Convertible SME Private Placement Bond*, starting the pilot programme. The issuer (SZSE listed company) can choose to pay back the principal and interest within the predetermined period or convert it into its shares. In another development, the stock pledged repo business in Shenzhen and Shanghai stock exchanges is scheduled to start on 24 June.

### SAC Issued Investor Education and Service Report

Securities Association of China (SAC) issued *Annual Investor Education and Service Report 2012*. According to the report, investment in investor education and services reached RMB 550 million Yuan (US\$ 89.3 million) in 2012 and would increase to RMB 606 million Yuan (US\$ 98.4 million) this year indicated by budgets of 98 securities companies in China.

## QFII News

### Hang Seng Investment Management Obtained RQFII Status

Hang Seng Limited, a wholly owned subsidiary of Hang Seng Bank, obtained its RQFII status recently. The bank plans to utilize the quota for the development of an ETF. By 13 June, total RQFII quota has reached RMB 95.7 billion (US\$ 15.5).

### QFIIs Opened 22 New Accounts in May

China Clear reported that QFIIs opened 22 new accounts in Shenzhen and Shanghai markets in May, marking second highest monthly accounts opening in history, only lower than that of March this year. China Clear records a total of 204 QFII accounts.

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