

# Market Bulletin

Monday 21 April, 2014 (Issue 13)

## Highlights

- China announces preliminary IPO list
- Banks allowed to sell preferred shares
- 1,346 companies pay cash dividend
- BOC signs clearing services deal
- Third-party payment reg. to be tightened
- Jan-March FDI reaches US\$ 31.55 billion
- China decreases U.S. treasury holdings
- Fund companies release Q1 reports
- China's Q1 GDP growth rate: 7.4%
- Private investment up by 13.3% in 2013
- JD to be listed on Nasdaq
- China to crack down on illegal fund-raising

## Key Indices



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## Market Review

Last week, Shenzhen Component Index tumbled 1.7% to 7455.7 points. SME Index closed at 4824.0 points after losing 0.1%. ChiNext Index advanced 1.0% to 1377.4 points. Total turnover for stocks and funds on SZSE was US\$ 71.6 billion, or a 3.5% increase from the week before.

9 sector indices were higher than previous week, and 7 were lower. Sector indices with the biggest gains were farming, forestry and aquaculture, business support and wholesale & retail. Sector indices with the biggest drops were finance, real estate and mining.

Top 3 gainers were Sichuan Gaojin (002143), Hangzhou New Century (002280) and Beibuwan Port (000582). Top 3 decliners were Rastar Group (300043), Andon Health (002432) and Shanxi C&y (300254). The most active stocks last week were Wanxiang Qianchao (000559), Chongqing Changan (000625) and Gree Electric (000651).

## Market News

### China Announces Preliminary IPO List

The CSRC unveiled altogether 46 companies applying for IPO (28 on 19 April and another 18 on 21 April), with 23 of them for the main board of Shanghai Stock Exchange, 10 for the SME Board in Shenzhen and 13 for the ChiNext Market. The move was the first preliminary information disclosure from pre-listed companies since October, 2012.

### Banks Allowed to Sell Preferred Shares

The CBRC and CSRC announced on 18 April to allow commercial banks to issue preferred shares to raise funds. The authorities unveiled specific procedures and requirements in an online guideline, saying the program will optimize banks' capital structure and help build a multiple-tiered capital market. According to the guideline, banks should file applications to both agencies, submitting their issuing plan, financial reports, and approval from shareholders, to prove their qualification.

### 1,346 Companies Pay Cash Dividend

By 16 April, 1,346 listed companies on the A-share market announced their cash dividend policies, which witnessed total cash dividend amount of US\$ 1.03 billion. With more than 800 listed companies having not released their annual report yet, total cash dividend amount of 2013 is very likely to surpass the year of 2012 which registered total cash dividend amount of US\$ 1.10 billion.

### Bank of China Signs Clearing Services Deal

The Bank of China (BOC) signed an agreement with Deutsche Bank on 16 April to expand its international US dollar clearing service in the United States. BOC will utilize the latter's US dollar cross-border clearing solution to process international payments for US customers. The service will provide BOC customers with the benefit of payment

## Market at a Glance

SZSE Market Statistics (18 April, 2014)	
No. of Listed Companies	1578
Market Cap.(US\$ Bn)	1527.5
Free-float Market Cap.(US\$ Bn)	1089.8
Average P/E Ratio	26.48
For the Year of 2014	
Turnover Value(US\$ Bn)	1670.0
-Stock	1354.2
-Main Board	392.2
-SME Board	611.5
-ChiNext	350.5
-Fund	20.8
-Bond	295.0
Daily Turnover Ratio(%)	1.60
Total Fund Raised by Equity (US\$ Bn)	23.3
No. of IPOs	42

\*Currency ratio used : 1 USD=6.15 CNY

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principal preservation and end-to-end pricing transparency.

### Authorities to Further Regulate Third-party Payment

The central bank and the CBRC have jointly issued a notice on strengthening regulation on cooperative business between commercial banks and third-party payment institutions. About 20 requirements were put forward in terms of information security, account relevance and transaction quota, etc.

### Jan-March FDI Reaches US\$ 31.55 Billion

Data released by the Ministry of Commerce shows that China's actual FDI inflow for the first quarter of 2014 increased 5.5% Y-o-Y to US\$ 31.6 billion. In the January-March period, 4,787 foreign enterprises were established in China, down 0.73% Y-o-Y. China's outward non-financial FDI for the first three months of 2014 amounted to US\$ 19.9 billion, down 16.5% Y-o-Y. From January to March, Chinese firms invested in 1,875 overseas enterprises in 137 countries and regions.

### China Decreases U.S. Treasury Holdings

According to the latest data released by the U.S. Department of the Treasury, China decreased its holdings of U.S. Treasury securities by US\$ 2.7 billion in February 2014. By the end of February, China remains the biggest foreign creditor of the U.S by holding a total of US\$ 1.27 trillion in US Treasury securities.

### Fund Companies Release Q1 Reports

According to *Securities Times*, fund companies have started releasing their Q1 reports. Yu'eobao deposits exceeded RMB 930 billion (US\$ 151 bn) with withdraws of RMB 574 billion (US\$ 93 bn) in the first quarter. By the end of Q1 2014, Yu'eobao fund totaled RMB 541 billion (US\$ 88 bn), and it makes Tianhong the No.1 in the fund market.

### China's Q1 GDP Growth Rate: 7.4%

China's GDP of the first quarter 2014 was reported to be RMB 12.8 trillion (US\$ 2.1 tn) and the growth rate of Q1 reads 7.4%. The first-quarter growth exceeded market estimates of 7.3%. Compared with the last quarter of 2013, the GDP growth rate slightly slows down by 3.9%.

### Private Investment up by 13.3% in 2013

According to a wealth management survey, the total value of private Chinese invested capital reached RMB 9.41 trillion (US\$1.53 trillion) last year, recording an annual growth rate of 13.3%. The increase was primarily driven by deposits and cash as well as the rise of property values, according to the *Chinese Mass Affluent Report 2014*, published by Forbes China and a local wealth-management firm.

### JD to be Listed on Nasdaq

JD, which operates China's second-largest online marketplace jd.com, named Tencent Holdings as its third-biggest shareholder in a renewed prospectus filed to the US securities regulator on 15 April. The company last Tuesday also launched an online fund product, which boasts an annualized return of 8.8% to compete with local Internet rivals. JD also confirmed that it will be listed on NASDAQ using the ticker "JD".

### China To Tighten Crackdown on Illegal Fund-Raising

According to a senior official from the public security departments, China will intensify crackdown on illegal fund-raising activities after an increase in such practices last year. Chinese public security departments cracked 3,700 illegal fund-raising cases in 2013, he also said authorities had helped investors recover more than RMB 6.4 billion (US\$ 1.04 billion) of lenders' losses in the same year.