

Market Bulletin

Monday 26 May, 2014 (Issue 17)

Highlights

- First domestic REIT fund starts trading
- SME Board celebrates its tenth anniversary
- CSRC to approve 100 IPOs till year-end
- China & NZ renew currency swap line
- Vanke gets B to H approval from HKEx
- Shanghai FTZ launches free trade accounts
- E-commerce JD.com debuts on NASDAQ
- NDRC pushes for private investment
- HSBC flash PMI reading hits five-month high
- 10 local govts to issue RMB 109.2 bln bonds
- Chaori Solar's bonds face delisting
- MOF floats RMB 16 bln in T-bonds in HK

Key Indices



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Market Review

By the end of last week, Shenzhen Component Index stayed at 7240.9 points. SME Index edged up 1.9% to 4584.8 points. ChiNext Index advanced 5.7% to 1296.0 points. Total turnover for stocks and funds on SZSE was US\$ 58.1 billion, or a 6.7% decrease from the week before.

13 sector indices were higher than previous week, and 3 were lower. Sector indices with the biggest gains were IT, business support and real estate. The only three sector indices that fell over the last week were mining, conglomerates and transportation and logistics.

Top 3 gainers were Huazhi Holding (000607), Sichuan Chengfei (002190) and Shanghai Dragonnet (300245). Top 3 decliners were Qingdao Evercontaining (300208), Talkweb Information (002261) and Goldenmax International (002636). The most active stocks for the last week were Xiamen Anne (002235), China Vanke (000002) and Leshi (300104).

Market News

First Domestic REIT Fund Starts Trading

The first real estate investment trust (REIT) fund in China's domestic market started trading on 21 May on SZSE. The product, launched on 25 April by Citic Securities with underlying assets of two office buildings in Beijing and Shenzhen, will mature in 5 years. SZSE said in a statement that in the future, it will explore the possibility of funding the construction of social housing programs through REITs.

SME Board Celebrates its Tenth Anniversary

SZSE's SME Board has witnessed fast growth since its launch in 2004. It has attracted a total of 719 companies with market value of RMB 3.81 trillion (US\$ 618.5 billion), 19 and 90 times of those numbers respectively a decade ago. The SME Board market capitalization now accounts for over 40% of the total market value on SZSE. Since 2004, SMEs have raised more than RMB 700 billion (US\$ 113.6 billion) on that board.

CSRC Plans to Approve 100 IPOs till Year-end

In response to the latest guidelines released by the State Council, according to Mr. Xiao Gang, Chairman of CSRC, 11 measures will be taken to expedite the establishment of a multi-tiered capital market. The commission said it is studying ways to help Internet and hi-tech companies that aren't yet profitable to go public on the ChiNext Market. Furthermore, CSRC is planning for about 100 IPOs within the rest of 2014 to stabilize market expectations.

China & New Zealand Renew Bilateral Currency Swap Line

The central banks of China and New Zealand on 22 May announced the renewal of a reciprocal currency arrangement to support the settlement of bilateral business deals. The size of the swap facility was RMB 25

Market at a Glance

SZSE Market Statistics (23 May, 2014)

No. of Listed Companies	1578
Market Cap.(US\$ Bn)	1458.9
Free-float Market Cap.(US\$ Bn)	1047.3
Average P/E Ratio	24.29
For the Year of 2014	
Turnover Value(US\$ Bn)	2044.2
-Stock	1628.8
-Main Board	479.8
-SME Board	734.2
-ChiNext	414.8
-Fund	27.3
-Bond	388.1
Daily Turnover Ratio(%)	1.48
Total Fund Raised by Equity (US\$ Bn)	28.2
No. of IPO	42

*Currency ratio used : 1 USD=6.16 CNY

Notice:

Due to the public holiday from 31 May to 2 June, the Market Bulletin will not be issued on 2 June, 2014. Market news and other information will be summarized into the issue on 9 June, 2014. Thanks!

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billion (US\$ 4.1 billion), or 5 billion NZ dollars, and had a 3-year maturity that could be extended if both parties agreed.

Vanke Gets B to H Approval from HKEx

The SZSE-listed Vanke, China's largest property developer by revenue, said on 23 May that it has got approval from the Hong Kong Exchange (HKEx) to convert its Shenzhen-listed B-shares to Hong Kong-listed H-shares, and added that trading in its B-shares will end on 4 June.

Shanghai FTZ Launches Free Trade Accounts

The PBC released detailed rules on 22 May for the free trade account (FTA) system in Shanghai Free Trade Zone. The FTA system will offer Chinese companies secure and low-cost Renminbi-denominated funding from offshore sources where financing costs are usually lower. Under the system, the Renminbi and foreign currencies are managed under unified rules and can be converted automatically for an FTZ-registered enterprise with a single transaction.

E-commerce JD.com Debuts on NASDAQ

JD.com, China's second largest B2C e-commerce company, entered the capital US market by debuting on the NASDAQ. The company raised about US\$1.8 billion in its IPO, with shares priced at US\$19 per share. JD.com raised 12% more proceeds than expected.

NDRC Pushes for Private Investment

The NDRC announced a list of 80 major infrastructure projects in which private investment will be invited to participate on 21 May. The list includes projects in transportation, information technology and clean energy. The NDRC said that private investment will be encouraged in the form of sole proprietorship, joint ventures or franchise operation.

HSBC Preliminary PMI Reading Hits Five-month High

The HSBC Flash China Manufacturing PMI recovered to 49.7 in May from April's final reading of 48.1, recording a five-month high. A breakdown showed that a handful of closely-followed indices that measure output, domestic and foreign demand all improved substantially. But the data is still below the 50-point level that separates a monthly growth in manufacturing activity from a contraction.

10 Local Govts to Issue RMB 109.2 Billion Bonds

The Ministry of Finance said on 23 May that 10 local governments will issue RMB 109.2 billion (US\$ 17.7 billion) worth of bonds in 2014 under a pilot scheme. The bonds, which will have terms of 5, 7 and 10 years, will help alleviate debt repayment pressure on local governments. Since 2011, China has undertaken a trial program that permits better managed provinces and municipalities to issue bonds on their own.

Chaoi Solar's Bonds Face Delisting

SZSE announced on 22 May that it would delist bonds issued by Shanghai Chaoi Solar on 8 July. The solar-equipment maker posted consecutive losses over the past 3 years. Its bonds were suspended from trading last July. SZSE will also suspend trading in the company's shares on 28 May for the same reason.

MOF Floats RMB 16 Billion in T-bonds in HK

The Ministry of Finance issued RMB 16 billion (US\$ 2.6 billion) in Renminbi-denominated treasury bonds in Hong Kong on 21 May. The issuance includes RMB 14 billion in T-bonds placed to institutional investors and RMB 2 billion in T-bonds sold to 7 foreign central banks and regional monetary authorities.