



# Introduction to SZSE



# Outline

1. Historical Milestones of SZSE

2. Market Statistics

3. Multi-tiered Capital Market

- SME Board
- ChiNext Market
- OTC Market

# 1. Historical Milestones of SZSE

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- Dec. 1990** SZSE started trial operation
  - Feb. 1992** B shares started trading
  - Apr. 1993** Satellite technology adopted for data transmission
  - Jun. 1997** Dematerialized
  - May 2004** SME Board created
  - Jan. 2006** OTC Market established
  - Oct. 2009** ChiNext Market inaugurated.

## 2. Market Statistics

(30/4/2012)

Items	Indicators	SZSE	SSE	Total/Average
No. of Listed Companies	A Share	1,453	928	2,381
	B Share	54	54	108
	Total Number of Equities	1,507	982	2,489
	No. of Listed Companies	1,465	938	2,403
Market Cap.	A Share (US\$ billion)	1,157	2,599	3,756
	B Share (US\$ billion)	14	12	26
	Total (US\$ billion)	1,171	2,611	3,782
Trading in 2011	Trading Value (US\$ billion)	2,922	3,771	6,693
	Average Daily Turnover Ratio(%)	1.40	0.52	0.68
	Average P/E Ratio	23.11	13.40	15.37
	Average Price (US\$)	1.68	1.00	1.15
Investor	No. of Trading Accounts (million)	102.88	107.05	209.93

SSE: Shanghai Stock Exchange

## Market Statistics: IPO Performance Since 2008

	2008		2009		2010		2011	
	Number of IPOs	IPO Proceeds (US\$b)	Number of IPOs	IPO Proceeds (US\$b)	Number of IPOs	IPO Proceeds (US\$b)	Number of IPOs	IPO Proceeds (US\$b)
<b>ChiNext</b>	-	-	36	2.3	117	14.5	128	12.4
<b>SME Board</b>	71	4.4	54	19.1	204	30.6	115	15.9
<b>SZSE Main Board</b>	5	10.8	-	-				
<b>Total</b>	76	15.2	90	21.4	321	45.1	243	28.3

### 3. Multi-tiered Capital Market of SZSE

Main Board

**Blue-Chip Market of SZSE**

Established on 1/12/1990

SME Board

**Cradle of “Invisible Champions” for SMEs**

Established on 17/5/2004

ChiNext

**Booster of Entrepreneurship and Innovation**

The first group 28 companies were listed on 30/10/2009

OTC

**“Incubator” and “Reservoir” of Issuer Resources**

Trial operation started in January 2006



## □ SME Board

The SME board is a special market segment within the main board. It is designed as a marketplace for small and medium-sized companies with competitive core businesses, growth potential and value-creating capacity.

(30/4/2012)

Indicators	Value
Number of Listed Companies	670
Total Market Capitalization (US\$ billion)	473
Average Trading P/E Ratio	26.73
Average Daily Turnover Ratio	3.67%
Total Capital Raised by IPO (US\$ billion)	73
Average Capital Raised by IPO ( US\$ million)	109
Average P/E Ratio on Issuing Day	39.11
Maximum Shares Issued (Million)	Financial Sector:450 Non-financial Sector:100
Minimum Shares Issued (Million)	12.50
Capital Raised by Share Offering (US\$ billion )	92

## □ The ChiNext Market





## □ Fundamental Purposes: Innovation and Growth

- ChiNext is designed to facilitate development of innovative and growth businesses.
- Major support is given to enterprises with capacity of independent innovation, which is conducive to transformation of the nation's economic growth model.
- CSRC offers guidelines for supporting industries of strategic importance. New energy, new materials, information technology, biomedicine, green technology, advanced manufacturing, high-tech, ocean-related technology and innovative businesses in other sectors are among the priorities in the guidelines.
- Core competence, growth potential and self-developed innovation are main areas of information disclosure in prospectus.
- Independent IPO Evaluation Committee is dedicated specially to ChiNext issuer candidates.
- Expert Advisory Committee was established to offer specialized advice to the panel of ChiNext IPO evaluators.

## ChiNext's IPO Criteria

Items	ChiNext		SME Board
	Criteria I	Criteria II	
Net Profit	Positive net profit in past 2 consecutive years ; continuous profit growth with accumulated profit no less than RMB 10 million (US\$1.59 million),	Positive net profit in last one year and its value no less than RMB 5 million (US\$794,000).	Positive net profit in last 3 consecutive years and its aggregate value is no less than RMB 30 million (US\$4.76 million).
Revenue/ Cash Flow		Positive revenue in last one year and its value no less than RMB 50 million (US\$7.94 million); revenue growth rate in past 2 years is no less than 30%.	Accumulated revenue in past 3 years no less than RMB 300 million (US\$47.62 million), or the accumulative net operating cash flow no less than RMB 50 million (US\$7.94 million).
Number of Shares Outstanding	Number of shares outstanding after issuance no less than 30 million.		Number of shares outstanding after issuance no less than 50 million.

## ChiNext Statistics

(30/4/2012)

Indicators	Value
Number of Listed Companies	311
Total Market Capitalization (US\$ billion)	121.76
Average Daily Turnover Ratio	5.70%
Total Trading Value (US\$ billion in 2011)	299.67
Average P/E	31.28

## □ OTC Market

- The Securities Association of China (SAC) supervises the OTC market. The SAC oversees filing procedures for issuers that apply to quote shares on the OTC market. SAC applies self regulation over its member securities firms.
- Qualified member securities firms of SAC sponsor companies to be quoted and arrange quoting services.
- SZSE offers real-time market surveillance, trading and post-trade services.
- Local government is responsible for eligibility and risk management for companies to be quoted.
- Only institutional investors are allowed to invest in the OTC market.
- The OTC Market allows private share transfer but prohibits public issuance.
- Pilot Operation started in January 2006 in Zongguancun Science Park in Beijing.

# □ Pilot Operation of OTC Market in Zhongguancun

(30/4/2012)

## Trading of Listed Companies

	Number of Quoted Companies	Average Price (RMB)	Number of Deals in 2012	Trading Volume	Accumulated Trading Value
				Million shares	USD million
Total	115	7.11	204	413	364

## Private Placement of Listed Companies

Company Name	Equity b/f issuance (mil shares)	Size of Issuance (mil shares)	Issue Price	Capital Raised (Mil Rmb)	Issue P/E	Date of Completion
BJ Times Tech	31.9	12.5	4.00	50	12.68	Dec. 06
ChinaSoft	75.0	30.0	2.00	60	27.8	Jan. 07
Beijing Gateguard	34.8	2.9	3.00	8.8	18.73	Dec. 07
Beijing Compass	58.5	14.6	5.00	73	5	Jan. 08
Hezong Tech	72.2	10.0	3.00	30	20.54	Apr. 08
Modern Agro	40.0	10.0	5.50	55	11-15	Dec. 08
Beijing Beilu	38.4	12.5	5.33	67	11	Jul. 08
Beijing Hengye	29.5	10.0	2.30	23	11	Aug. 08
BJ Times Tech	44.4	7.5	4.05	30	15	Mar. 09





**Thank You !**