Firms told to stop large new issues

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·Companies should take the timing, scale and market sentiment into account.
·So far this year, 43 firms have released re-financing plans, aiming to raise 260 bln yuan.

Investors read stocks information at a stock exchange in southwest China's Chongqing Municipality Feb. 13, 2008. (Xinhua File Photo)
Photo Gallery>>>

BEIJING, Feb. 26 -- The securities regulator Monday warned listed companies to desist from excessively large issues of new shares that could undermine the stock market, a move that analysts believe could boost investor confidence.

"Refinancing by listed companies is one of the capital market's functions, but companies should take the timing, scale and market sentiment into account when planning new share issues. Companies should on no account maliciously seize money from the market," the China Securities Regulatory Commission (CSRC) said in a statement on its website.

"Besides, the commission will also look at the feasibility of fund-raising plans and whether they conform to regulations when it examines applications by listed companies to offer shares," the statement said.

The benchmark Shanghai stock index has plunged 24 percent since mid-January because of concern about the market's ability to absorb large supplies of new shares.

Ping An Insurance announced last month that it plans to raise up to 150 billion yuan (21 billion U.S. dollars), prompting other firms to follow suit, including Shanghai Pudong Development Bank which is targeting 40 billion yuan (5.6 billion U.S. dollars).

So far this year, some 43 firms have released re-financing plans, aiming to raise 260 billion yuan (36 billion), compared with 394 billion (55 billion U.S. dollars) raised by 190 firms for the whole of last year.

The CSRC statement urged shareholders to use their influence over listed companies to block excessive fund-raising plans.

"The regulator's latest notice could boost investor confidence and ease market concerns of a liquidity crunch," said Dong Chen, a senior analyst with CITIC China Securities.

Given the current bearish sentiment, convertible bonds and small-scale additional shares are better choices for issues, he added.

According to the CSRC, Ping An has not submitted its mega share sale plan yet, and the regulator will urge the company to disclose timely and clear information.

Despite the recent big swings in the stock market, triggered both by fluctuations in the international financial market and a correction at home, the CSRC said it will strive to make sure the capital market develops in a steady and healthy manner.

(Source: China Daily)

Stocks fall to 7-month low

BEIJING, Feb. 25 -- The mainland stock market fell 4 percent to a seven-month low yesterday, despite the regulator's recent approval of new mutual funds seen as government support to the market.

The benchmark Shanghai Composite Index plunged 177.76 points to close at 4192.53, with 749 out of 910 stocks closing lower. The Shenzhen Component Index slid 4.28 percent, or 692.85 points, to close at 15486.67. The turnover on two bourses amounted to 135.59 billion yuan (19 billion U.S. dollars), down 16.4 percent from last Friday. Full story

China approves stock funds to boost equity market

BEIJING, Feb. 15 (Xinhua) -- Another two closed-end stock funds have won regulatory approval, the China Securities Regulatory Commission (CSRC) said on Friday.

This followed an earlier approval of two such funds, which ended a five-month freeze on new funds, again in apparent efforts to boost the falling domestic equity market. Full story

China's Ping An plans to issue new A shares, bonds

BEIJING, Jan. 20 (Xinhua) -- China's Ping An Insurance Group plans to issue new shares and bonds worth billions of yuan to reinforce its capital base and finance acquisitions, company sources said Sunday. Full story