

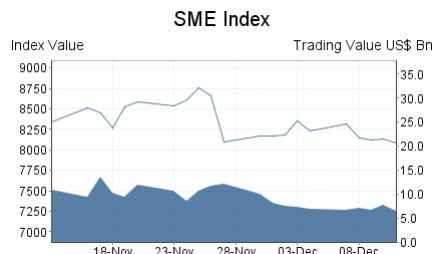
Market Bulletin

Monday 14 December, 2015 (Issue 29)

Highlights

- The First Preferred Stock of SZSE Gets Listed Successfully
- 5 Companies Made Their IPO Debut on SZSE
- SZSE Releases Compilation of Rules and Handbook for Board Secretaries for ChiNext Market
- China Pushes for Registration-Based Stock Listing Reforms
- China's Inflation Growth Rebounds in November
- China's PPI Falls to Four-Year Low
- China Forex Reserves Plunge to Lowest Level since February 2013
- China Releases Yuan Exchange Rate Composite Index
- China Pilots RMB Convertibility on Capital Account in FTZs
- China to Launch 10 Pilot Reforms for SOEs in 2016
- ROK to Sell 3 Billion Yuan Panda Bonds in China

Key Indices



Market Review

Last week, Shenzhen Component Index tumbled 1.6% to 12134.0 points. SME Index closed at 8082.7 points after losing 1.9%. ChiNext Index was down 0.8% to 2671.3 points. Total turnover for stocks and funds on SZSE was US\$358.7 billion, or an 11.5% decrease from the week before.

2 sector indices were higher than previous week, and 14 were lower. The only two sector indices that rose over the last week were hotels & catering and IT. Sector indices with the biggest drops were farming, forestry and aquaculture, construction and conglomerates.

Top 3 gainers were Zhejiang Zhongjian Technology (002779), Hubei Kailong Chemical Group (002783) and Beijing Sanfo Outdoor Products (002780). Top 3 decliners were Jianxin Mining (000688), Beijing Orient Landscape & Ecology (002310) and Grand Agriseeds Technology (300189). The most active stocks for the last week were China Vanke (000002), East Money Information (300059) and Ganfeng Lithium (002460).

Market News

The First Preferred Stock of SZSE Gets Listed Successfully

The 2015 Private Placement Preferred Stock of Bank of Ningbo Co., Ltd. (Bank of Ningbo Preferred 01) was formally listed on SZSE on December 9, which is the first preferred stock successfully listed on SZSE since the promulgation of the *Guiding Opinions on Implementation of Preferred Stock Pilot* by the State Council. The total volume of Bank of Ningbo Preferred 01 is RMB 4.85 billion (USD 753.1 million) with AAA and AA ratings for the issuer and the preferred stock respectively, with a nominal dividend rate of 4.6% for the first period.

5 Companies Made Their IPO Debut on SZSE

Five companies made their IPO debut on Shenzhen Stock Exchange. Zhongjian Technology (002779), Sanfo Outdoor (002780) and Kailong (002783) landed on the SME board on December 9, while Fortune Techgroup (300493) and Thunder Software Technology (300496) were listed on the ChiNext market on December 10.

SZSE Releases Compilation of Rules and Handbook for Board Secretaries for ChiNext Market

The SZSE promulgated the *Compilation of Rules Governing ChiNext Listed Companies* and *Information Disclosure Practical Handbook for Board Secretaries of ChiNext Listed Companies* to enhance information disclosure. The *Compilation of Rules Governing ChiNext Listed Companies* collects 54 rules that are not included in the *Rules Governing Listing of Stocks on ChiNext Market* and *Guidelines on Standard Operation of ChiNext Listed Companies*, covering information disclosure, corporate governance, sponsor business, changes in equity, M&A and refinancing. The *Information Disclosure Practical Handbook for Board Secretaries of ChiNext Market* focuses on the key points and procedures of information disclosure, highlights the differentiated regulatory requirements for ChiNext listed companies, and standardizes market



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Market at a Glance

SZSE Market Statistics (11 December, 2015)

No. of Listed Companies	1734
Market Cap.(US\$ Bn)	3421.9
Free-float Market Cap.(US\$ Bn)	2413.1
Average P/E Ratio	49.30
For the Year of 2015	
Turnover Value(US\$ Bn)	20123.2
-Stock	18116.6
-Main Board	6597.5
-SME Board	7313.9
-ChiNext	4205.2
-Fund	748.1
-Bond	1258.5
Daily Turnover Ratio(%)	3.93
Total Fund Raised by Equity (US\$ Bn)	77.2
No. of IPO	120

*Currency ratio used : 1 USD=6.39 CNY

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value management and trading suspension and resumption rules.

China Pushes for Registration-Based Stock Listing Reforms

According to a statement released after a regular State Council Executive Meeting on December 9, the state council has passed a draft document which will allow authorities to transform the approval-based system in Shanghai and Shenzhen stock exchanges to a registration-based one within two years after the approval of the National People's Congress, which is the top legislature in China.

China's Inflation Growth Rebounds in November

According to the National Bureau of Statistics, China's November Consumer Price Index expanded 1.5% from a year earlier last month, up from the increase of 1.3% in October. The pickup was largely a result of faster growth in food costs, which added 2.3% in November, accelerating from the rise of 1.9% a month earlier. Prices in the non-food sector rose 1.1%, a bit higher than the pace of 0.9% registered in October.

China's PPI Falls to Four-Year Low

China's November producer prices continued to remain in negative territory for the 45th month in a row, fueling expectations of more supportive policies in the face of growing deflationary pressure. The PPI, which measures wholesale prices, dropped 5.9% in November on a year-on-year basis, and was flat the previous three months.

China Forex Reserves Plunge to Lowest Level since February 2013

Central bank data showed that China's foreign exchange reserves, the world's largest, fell by USD 87.2 billion in November to USD 3.44 trillion, the lowest level since February 2013 and the third largest monthly drop on record. The onshore yuan is down over 3% so far this year, and remains under pressure as investors expect US interest rates to be increased for the first time in around a decade later this month.

China Releases Yuan Exchange Rate Composite Index

China Foreign Exchange Trade System (CFETS) released a yuan exchange rate composite index on December 11 which measures the currency's strength relative to a basket of other currencies. The index is calculated by comparing yuan to the average value of the 13 foreign currencies, including the U.S. dollar, Euro and Japanese yen, weighted according to the trade volume with China. On November 30, the index stood at 102.93, which means that yuan has appreciated 2.93 percent compared to the level at the end of 2014.

China Pilots RMB Convertibility on Capital Account in FTZs

According to PBOC on December 11, China has approved RMB convertibility on the capital account within a prescribed limit of USD 10 million for the Tianjin, Guangdong and Fujian free trade zones. For each domestic institution outside of the negative list, the cap was set separately for both the cross-border revenue and the expenditure on yearly basis.

China to Launch 10 Pilot Reforms for SOEs in 2016

The reforms will cover functions and powers of directors, professional managers, investment, mergers and acquisitions, information disclosure, among others. The reforms are part of an SOE guideline issued in September to turn them into fully independent market entities. China has about 150,000 SOEs, which hold over RMB 100 trillion (USD 15.5 trillion) in assets and employ more than 30 million people.

ROK to Sell 3 Billion Yuan Panda Bonds in China

According to a statement by the People's Bank of China on December 8, the government of the Republic of Korea will issue 3 billion yuan (USD 470 million) worth of panda bonds on China's domestic interbank market. The Republic of Korea will be the first sovereign government to issue such bonds.