

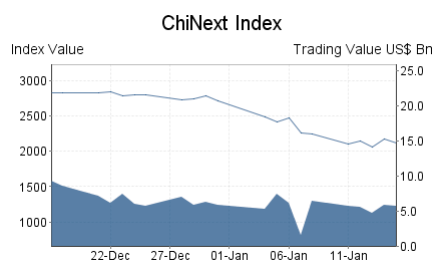
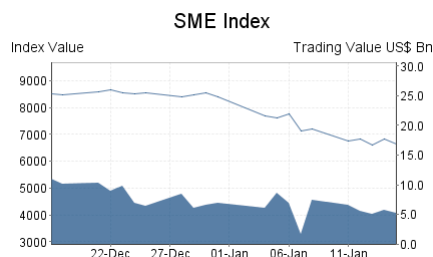
# Market Bulletin

Monday 18 January, 2016 (Issue 3)

## Highlights

- SZSE Launched Mainland China-Hong Kong Fund Mutual Recognition Service Platform
- CSRC: Gradual and Steady Share Reform
- CSRC Chairman: More Rules for Volatile Stock Markets
- Interbank Forex Market More Open
- Central Bank Eyes Stable Yuan Against Currencies
- Central Bank to Expand Relending Pilot Scheme
- China Banks' 2015 New Yuan Lending Hits New High
- Better Risk Control Eyed on Local Government Debts
- High-Tech Enterprise Startups Supported
- China to Launch New Fuel Price Adjustment System
- China Likely to Hit 2015 Growth Target
- China's Startup Boom Continues Despite Slowing Growth
- China's Trade Surplus up 56.7% in 2015

## Key Indices



## Market Review

Last week, Shenzhen Component Index tumbled 8.2% to 9997.9 points. SME Index closed at 6632.1 points after losing 7.9%. ChiNext Index was down 6.1% to 2112.9 points. Total turnover for stocks and funds on SZSE was US\$263.3 billion, or a 7.1% decrease from the week before.

All sector indices were lower than previous week. Sector indices with the biggest drops were mining, R&D support and transportation and logistics.

Top 3 gainers were Xiamen Wanli Stone Stock (002785), Hnac Technology (300490) and Hubei Century Network Technology (300494). Top 3 decliners were Zhongyuan Special Steel (002423), Wuxi Double Elephant Micro Fibre Material (002395) and Anhui Truchum Advanced Materials And Technology (002171). The most active stocks for the last week were East Money Information (300059), Western Securities (002673) and China Merchants Shekou Industrial Zone Holdings (001979).

## Market News

### SZSE Launched Mainland China-Hong Kong Fund Mutual Recognition Service Platform

The Mainland China and Hong Kong Fund Mutual Recognition Service Platform was launched in SZSE on Jan 8. The service platform is connected with HKMA's Central Money Market Units (CMU). Related institutions in Mainland China and Hong Kong can realize data exchange, secondary registration and trusteeship and fund settlement for cross-border fund sales just by accessing to the platform from a single point.

### CSRC: Gradual and Steady Share Reform

China Securities Regulatory Commission (CSRC) announced on Jan 15 that it will not carry out stock listing reform shortly after Mar 1, and the reform will instead be gradual and steady. The date of the reform will be announced after the completion of all the regulations.

### CSRC Chairman: More Rules for Volatile Stock Markets

The latest round of extraordinary volatility reflects the characteristics of Chinese stock markets - an immature market, inexperienced investors, an imperfect trading system and inappropriate supervisory mechanisms, CSRC Chairman Xiao Gang said at a national conference on securities market regulation on Jan 16. Xiao acknowledged regulatory defects and management loopholes, and he vowed to improve regulatory mechanisms, intensify supervision and guard against risks.

### Interbank Forex Market More Open

Seven overseas central banks and similar bodies completed registration with the China Foreign Exchange Trading System, which brought the total number of central banks and similar institutions in the market to 14. According to People's Bank of China, this will help steadily promote the openness of the market.

### Central Bank Eyes Stable Yuan Against Currencies

China's central bank plans to keep the yuan basically stable against a basket of

For data products and services based on Shenzhen market, please contact Shenzhen Securities Information Company.

Tel: +86-755-83241251

Email: [index@cninfo.com.cn](mailto:index@cninfo.com.cn)

### Market at a Glance

SZSE Market Statistics (15 January, 2016)	
No. of Listed Companies	1747
Market Cap.(US\$ Bn)	2816.0
Free-float Market Cap.(US\$ Bn)	1953.8
Average P/E Ratio	41.38
For the Year of 2016	
Turnover Value(US\$ Bn)	619.8
-Stock	530.8
-Main Board	163.7
-SME Board	230.2
-ChiNext	136.9
-Fund	13.1
-Bond	75.9
Daily Turnover Ratio(%)	2.54
Total Fund Raised by Equity (US\$ Bn)	11.8
No. of IPO	1

\*Currency ratio used : 1 USD=6.56 CNY

This Market Bulletin is provided by Shenzhen Stock Exchange (SZSE). The contents and comments contained herein are for information purposes only. SZSE does not guarantee their accuracy, completeness or reliability. SZSE holds the copyright of this bulletin. Any unauthorized quotation, reprinting and/or distribution to a third party is prohibited without prior written consent of SZSE.

currencies, and fluctuations of the yuan against the US dollar will increase, its chief economist Ma Jun said on Jan 11. He also added that the yuan will not show one-way moves against the dollar under the basket regime.

### Central Bank to Expand Relending Pilot Scheme

China's central bank said on Jan 11 that it will promote a pilot scheme on relending to support the country's farming sector and small firms — the most vulnerable part of the economy. It would expand the relending scheme, which has been expanded to 11 provinces and cities to help lower borrowing costs for the real economy.

### China Banks' 2015 New Yuan Lending Hits New High

China's financial sector issued 11.7 trillion yuan (\$1.77 trillion) in new loans in 2015, a historical high, providing a major buffer against a sharp economic slowdown, the central bank reported on its website on Jan 15. Among the new loans, 11.3 trillion yuan was injected into the real economy, accounting for 73% of the total social financing, an increase of 11.7% points over 2014.

### Better Risk Control Eyed on Local Government Debts

In response to the rising risks from expanding local government debt as the economy slows, the Ministry of Finance announced on Jan 11 that China will cap outstanding debts of local governments, strengthen management of new bond quotas, conduct comprehensive risk assessment, establish a mechanism to defuse risks, and improve the supervision and accountability system.

### High-Tech Enterprise Startups Supported

On Jan 13, a State Council executive meeting presided over by Premier Li Keqiang announced that more favorable policies will be granted to small and medium-sized high-tech enterprises in a wider range of industries by the government to encourage startups and innovation. Measures to identify high-tech and new technology enterprises will be improved to provide better policy support for small and medium-sized startups and to stimulate economic upgrading.

### China to Launch New Fuel Price Adjustment System

The National Development and Reform Commission (NDRC) announced on Jan 13 that it will introduce a more flexible method for pricing domestic fuel, with adjustments allowed if the international oil price fluctuates between \$40 and \$140 per barrel. The pricing of liquefied petroleum gas will be solely market-based.

### China Likely to Hit 2015 Growth Target

China's economy is likely to have grown 7% in 2015, in line with the government's target, the NDRC said on Jan 12. China's GDP grew 6.9% from a year earlier in the third quarter of last year, following the pace of 7% in both the first three months and the second quarter.

### China's Startup Boom Continues Despite Slowing Growth

China saw a record number of firms established in 2015 despite the slowing economy. Chinese set up a total of 4.44 million companies last year, up 21.6% from a year ago, which means 12,000 new companies every day, the State Administration for Industry and Commerce said on Jan 13. The boom came after the government's efforts to lower market entry barriers and cut red tape.

### China's Trade Surplus up 56.7% in 2015

China's foreign trade surplus widened to RMB 3.69 trillion (USD 562 billion) in 2015, an increase of 56.7% from a year earlier, exports fell 1.8% year on year to RMB 14.14 trillion in 2015, while imports declined 13.2% to RMB 10.45 trillion in 2015, customs data showed on Jan 13.