

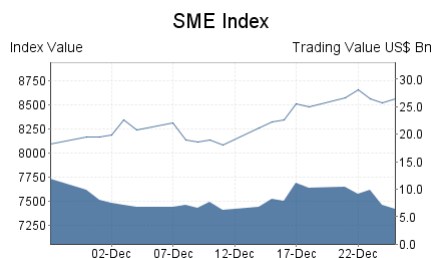
# Market Bulletin

Monday 28 December, 2015 (Issue 31)

## Highlights

- 6 Companies Made Their IPO Debut on SZSE
- China to Launch Registration-Based IPO System in 2016
- China Likely to Launch SZ-HK Stock Connect in 2016
- Interbank Forex Market Time Extended
- China's Industrial Profit Decline Narrows in November
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- Chinese Companies' Direct Financing Channels to Expand
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- Local Government Debt Risk under Control this Year
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## Key Indices



## Market Review

Last week, Shenzhen Component Index stood at 12980.6 points after adding 1.2%. SME Index edged up 1.0% to 8565.7 points. ChiNext Index was down 1.3% to 2794.7 points. Total turnover for stocks and funds on SZSE was US\$389.5 billion, or a 1.7% decrease from the week before.

13 sector indices were higher than previous week, and 3 were lower. Sector indices with the biggest gains were conglomerates, farming, forestry and aquaculture and hotels & catering. The only three sector indices that fell over the last week were transportation and logistics, culture & media and IT.

Top 3 gainers were Shenzhen Qixin Construction (002781), Jiangxi Fushine Pharmaceutical (300497) and Shenzhen Click Technology (002782). Top 3 decliners were Changhang Phoenix (000520), Huaren Pharmaceutical (300110) and Jincheng Paper (000820). The most active stocks for the last week were Gree Electric Appliances (000651), Xinjiang Goldwind Science&technology (002202) and Western Securities (002673).

## Market News

### 6 Companies Made Their IPO Debut on SZSE

Six companies made their IPO debut on Shenzhen Stock Exchange. Misho Ecology (300495) and Fushine (300497) landed on ChiNext Market on December 22 while Cendes Architectural Design (300492) landed on ChiNext Market on December 23. Qixin Group (002781) and Click Technology (002782) landed on SME board on December 22 while Wanli Stone (002785) and Silver Basis Technology (002786) landed on SME board on December 23.

### China to Launch Registration-Based IPO System in 2016

China will launch a registration-based initial public offering system in March next year, boosting the role of the country's stock market to provide necessary financing for companies amid a slowing economy. The registration-based IPO system will emphasize information disclosure rather than corporate prospects and profitability.

### China Likely to Launch SZ-HK Stock Connect in 2016

According to Fang Xinghai, vice president of the CSRC, China is expected to launch a stock connect scheme between the Shenzhen and Hong Kong bourses next year. Fang revealed the information on a regular briefing of the State Council.

### Interbank Forex Market Time Extended

China is to extend the trading hours of the interbank forex market by seven hours and allow more foreign entities into the market, according to a statement by the PBOC on December 23. From January 4, the closing time for interbank foreign exchange market will be extended from 4:30 pm to 11:30 pm Beijing time, with the opening time unchanged at 9:30 am. Despite the extension of trading hours, the closing rate of the yuan against the US dollar will still be the spot quotation at 4:30 pm.

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## Market at a Glance

SZSE Market Statistics (25 December, 2015)	
No. of Listed Companies	1741
Market Cap.(US\$ Bn)	3653.4
Free-float Market Cap.(US\$ Bn)	2565.0
Average P/E Ratio	53.18
For the Year of 2015	
Turnover Value(US\$ Bn)	20681.8
-Stock	18617.2
-Main Board	6737.7
-SME Board	7547.4
-ChiNext	4332.1
-Fund	750.0
-Bond	1314.6
Daily Turnover Ratio(%)	3.90
Total Fund Raised by Equity (US\$ Bn)	86.8
No. of IPO	127

\*Currency ratio used : 1 USD=6.48 CNY

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## China's Industrial Profit Decline Narrows in November

Profits of China's major industrial firms fell 1.4% year on year in November, narrowing from a 4.6% decline posted in October, the National Bureau of Statistics (NBS) said on December 27. Profits at industrial companies with annual revenues of more than RMB 20 million (USD 3.1 million) totaled RMB 672.1 billion in November.

## China Powers M&As Past USD 1 Trillion

According to Thomson Reuters, Chinese firms spent a record USD 102 billion on outbound deals so far in 2015, pushing Asia-Pacific's annual deal value past USD 1 trillion for the first time. Asia-Pacific M&As totaled US\$1.2 trillion, up 46% year on year. China's mainland, Hong Kong and Australia were the three most active M&A markets in Asia-Pacific region.

## Chinese Companies' Direct Financing Channels to Expand

China's State Council, vowed on December 23 to facilitate greater direct financing for companies from the capital markets and to further improve the efficiency of the financial industry to support the economy. The measures will include expanding the financing channels for companies, reducing their financing cost and leverage and offering greater financial support to innovative and high-tech startups.

## PBOC, CCB Cooperate on Account Receivable Financing

Credit Reference Center, an authority under the PBOC, signed a memorandum with China Construction Bank (CCB) on December 24 to enhance cooperation on account receivable financing to SME companies. According to an official with the CCB, The account receivable financing platform set up by the Credit Reference Center will facilitate commercial banks' verification and screening of clients.

## Entrepreneur Confidence Index Down in Q4

According to PBOC quarterly survey, Chinese entrepreneurs are not as confident about the macro economy as they were in the previous quarter. Based on a survey of over 5,000 industrial businessmen nationwide, the PBOC set the entrepreneur confidence index at 46% for the fourth quarter, down from 50.5% in the July-Sept period and much lower than the 61% registered a year ago.

## RMB 769 Billion Invested in Developing Western China in 2015

China's top economic planner announced that China invested about RMB 768.7 billion (USD 118.7 billion) in its less-developed western regions in 2015. According to the National Development and Reform Commission's statement, a total of 30 major projects began this year in west China, and the projects were mainly infrastructure, such as railways, highways, water projects and energy projects.

## Local Government Debt Risk under Control this Year

Risk of local government debt is controllable, with the ratio of local government debt estimated at 86% this year, according to a report delivered by the Budgetary Affairs Commission of the National People's Congress (NPC) Standing Committee on Dec 22. Local government debt is expected to be held at RMB 16 trillion (USD 2.47 trillion) by the end of the year.

## PBOC Launches Green Bond Market

PBOC has launched a green bond market on December 23 to support eco-friendly projects. The first edition of the green bond catalog listed nearly 40 kinds of projects. The bonds shall comply with strict investment plan and information disclosure requirements with lower rates for higher safety requirements and supporting measures.