

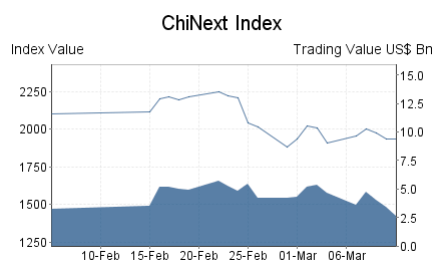
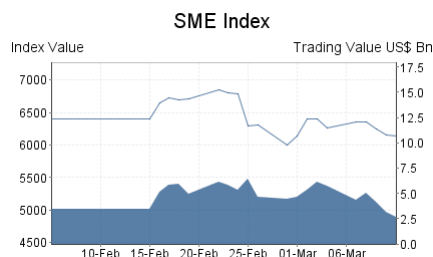
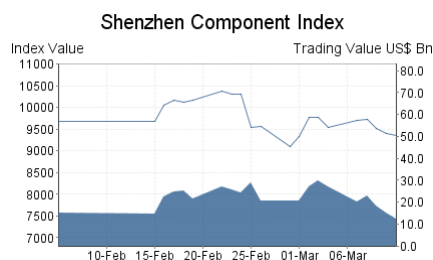
# Market Bulletin

Monday 14 March, 2016 (Issue 7)

## Highlights

- 3 Companies Made Their IPO Debut on SZSE
- CSRC Chairman: China Aims to Gradually Reform IPO Registration
- CSRC Chairman: Too Early to Talk About Exit of CSF
- PBOC Governor: China Able to Meet Growth Target without Forceful Monetary Moves
- SAFE Administrator: New Rules Coming for QDII Program
- Finance Minister: Moderate Fiscal Deficit Growth 'Affordable'
- Minister of Land and Resources: New Set of Policies to Deal with Real Estate
- Central Bank to Prohibit Illegal Lending to Homebuyers
- China Completes Drafting E-commerce Law
- China's Forex Reserves Fall to \$3.2 Trillion
- CPI Rises to Near Two-Year High of 2.3%
- Chinese Investment in Europe, US Hit Record High in 2015

## Key Indices



## Market Review

Last week, Shenzhen Component Index tumbled 1.8% to 9363.4 points. SME Index closed at 6140.8 points after losing 1.9%. ChiNext Index advanced 1.5% to 1934.9 points. Total turnover for stocks and funds on SZSE was US\$194.6 billion, or a 24.8% decrease from the week before.

5 sector indices were higher than previous week, and 11 were lower. Sector indices with the biggest gains were R&D support, culture & media and business support. Sector indices with the biggest drops were real estate, mining and utilities.

Top 3 gainers were Xiamen R&T Plumbing Technology (002790), Guangzhou Haozhi Industrial (300503) and Eoptolink Technology (300502). Top 3 decliners were Hangzhou Steam Turbine (200771), Xin Zhi Motor (002664) and Daqing Huake (000985). The most active stocks for the last week were East Money Information (300059), Casin Guoxing Property Development (000838) and Huagong Tech (000988).

## Market News

### 3 Companies Made Their IPO Debut on SZSE

Three companies made their IPO debut on Shenzhen Stock Exchange. R and T (002790), landed on SME board on Mar 8, principally engages in the R&D, production and sales of toilets and sanitary wares. Haozhi Industrial (300503), landed on ChiNext board on Mar 9, principally engages in the design, manufacturing, sales and relevant maintenance services of high speed precision electric spindle and spare parts. Jianyi Group (002789), landed on SME board on Mar 11, principally engages in the construction and design of interior architecture decoration of public buildings and residential houses.

### CSRC Chairman: China Aims to Gradually Reform IPO Registration

China will press ahead gradually with reform of the IPO registration system, the CSRC Chairman Liu Shiyu said on Mar 12. According to Liu, the pace of IPO registration reform would depend on the development of capital market and legal conditions. Building a multi-tier capital market is a precondition for the IPO registration reform and law makers need time to work out related laws and regulations.

### CSRC Chairman: Too Early to Talk About Exit of CSF

CSRC Chairman Liu Shiyu said on Mar 12 that it is too early to talk about when China Securities Finance Corporation Limited (CSF) will exit from the market. Also, according to Liu, China will not re-launch the circuit breaker mechanism in its stock market in the next several years.

### PBOC Governor: China Able to Meet Growth Target without Forceful Monetary Moves

China can achieve its growth target without aggressive monetary stimulus, PBOC governor Zhou Xiaochuan said on Mar 12. Zhou stressed that China will maintain a prudent monetary policy and rule out the possibility of loosening substantial credit to stabilize growth. Monetary policy will be flexible to counter the potential impact from unexpected and sharp volatilities in both domestic

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## Market at a Glance

SZSE Market Statistics (11 March, 2016)	
No. of Listed Companies	1755
Market Cap.(US\$ Bn)	2687.9
Free-float Market Cap.(US\$ Bn)	1880.0
Average P/E Ratio	38.33
For the Year of 2016	
Turnover Value(US\$ Bn)	2510.6
-Stock	2114.5
-Main Board	628.0
-SME Board	919.9
-ChiNext	566.6
-Fund	58.1
-Bond	338.0
Daily Turnover Ratio(%)	2.35
Total Fund Raised by Equity (US\$ Bn)	31.9
No. of IPO	9

\*Currency ratio used : 1 USD=6.53 CNY

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and international markets.

### SAFE Administrator: New Rules Coming for QDII Program

According to Pan Gongsheng, head of the State Administration of Foreign Exchange (SAFE) and deputy governor of the central bank, rules for the QDII program will be adjusted to facilitate cross-border investment and fundraising. For individuals, Pan stressed that the current quota of US\$50,000 was enough and it was not necessary to increase or cut the quota.

### Finance Minister: Moderate Fiscal Deficit Growth 'Affordable'

According to Lou Jiwei, Finance Minister, China can afford to expand its fiscal deficit this year while reining in risks associated with the overall debt level. He also emphasized that the contingent liability may increase amid an economic slowdown, and that the government needs to strengthen supervision to prevent local governments from issuing debt off the balance sheet.

### Minister of Land and Resources: New Set of Policies to Deal with Real Estate

China will adopt differentiated policies to address problems in the country's divergent property market, Jiang Daming, Minister of Land and Resources, said on Mar 9. Land supply in first-tier cities will be raised to stabilize home prices and local governments will receive full support from the central government in their effort to curb soaring prices.

### Central Bank to Prohibit Illegal Lending to Homebuyers

The PBOC will prohibit real estate brokerages and property developers from running financing services if they do not have relevant licenses, PBOC deputy governor Pan Gongsheng said on Mar 9. The PBOC is communicating with the Ministry of Housing and Urban-Rural Development to regulate such behaviors. The illegal lending artificially increases the leverage in home purchases, will fuel a price hike and cause a big worry when a price correction occurs, industry experts said.

### China Completes Drafting E-commerce Law

China has completed a draft version of the country's first e-commerce law to guide the sector's sound development. The draft will be submitted as early as possible to the Financial and Economic Affairs Committee of the National People's Congress for review, said Uzhitu, vice chairman of the committee, at a press conference on Mar 10.

### China's Forex Reserves Fall to \$3.2 Trillion

Central bank data showed that China's foreign exchange reserves decreased by USD 28.57 billion to USD 3.2 trillion in Feb, the lowest since Dec, 2011. China's foreign exchange reserves have fallen four months in a row as the central bank dumps dollars to ease depreciation pressure on the RMB and prevent an increase in capital outflows.

### CPI Rises to Near Two-Year High of 2.3%

China's consumer inflation jumped to 2.3% in Feb, its highest in nearly two years, a positive sign of demand that helped ease fears that China could fall into a deflationary trap. The National Bureau of Statistics said that the Consumer Price Index beat expectations to grow at its fastest pace since Jul 2014, up from Jan's 1.8 % gain.

### Chinese Investment in Europe, US Hit Record High in 2015

According to a report released by law firm Baker & McKenzie, Chinese investment in Europe and the United States hit a record high in 2015. Last year, Chinese investors poured USD 23 billion and USD 15 billion into Europe and America, respectively. Italy, France and the United Kingdom were the top three destinations in Europe, and the states of New York, California and Texas were the top US destinations for Chinese investment.