

## 《New round of IPOs may activate HK market》

Earlier this week, China's biggest re-insurer, China Re, listed in Hong Kong, starting a new round of big IPOs by mainland financial companies. Analysts say this may help restore investor confidence and cheer up the market.

China Reinsurance, the country's biggest provider of insurance made its trading debut in Hong Kong on Monday. This is the first from a number of big IPOs by mainland financial companies in recent weeks. And China International Capital Corp, the country's top domestic investment bank, is also expected to hit the market in November.

"The market has not been good since the stock plunged in June. But we still choose to list at this time. This is our long-term development strategy, which will not be affected by the current market performance," said Li Peiyu, executive director of China Reinsurance.

IPO activity tumbled 36 per cent in Hong Kong in the first nine months of 2015 from a year ago, as concerns grew over a slowdown in the mainland's economy and higher interest rates in the United States. But a stock rally in the past month has revived appetite for IPOs. The Hang Seng index has risen 12% since hitting its lowest point of the year on September 29.

"I think the market sentiment now in the fourth quarter is actually much better. A lot of investors are still interested in the Chinese stocks, particular the financial stocks. A lot of This is the last year of the 12th five year plan. Companies are trying to finish the listing target before the end of this year, so they can be in a better position for the 13th five-year plan," said Ronald Wan, chief China advisor of Asian capital Holdings.

Analysts say the three new IPOs are expected to activate the local market. In the past, big IPOs can always attract investment from around the world. Now capital is flowing into Hong Kong, and the market is seeing signs of recovery.

"It's a supply and demand situation. When you have more supply, including IPOs, it will affect the secondary market performance. The secondary market has been bullish when you look at the latest policies announced by the central government, including the cutting of interest rates. A lot of equities are going back to the market. A lot of investors are having positive expectations on policies, including the 13th five-year plan on the way," Wan said.

After taking a beating in the latest quarter, the Hong Kong IPO market will be tested in the next few weeks. If new shares can attract sufficient investment, Hong Kong's IPO market will become active again.

Several surveys show that Hong Kong is expected to be the world's largest IPO market in 2015, with a full-year forecast of an estimated 110 IPOs raising over 200 billion Hong Kong dollars.