

China Stock Market recovered after record plunge

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Stocks recovered from record plunge By Dong Zhixin (Chinadaily.com.cn) Updated: 2007-02-28 17:24

A Chinese investor looks at a stock prices board at a private security company, February 28, 2007 in Shanghai, China. [AP]

Chinese stocks recovered five per cent Wednesday from the sharpest fall in a decade in the previous session as other Asian markets continue to fall.

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The benchmark Shanghai Composite Index rose 109.28 points, or 3.94 per cent, to 2,881.07. The Shenzhen Composite Index gained 27 points, or 3.80 per cent to 736.81. The Shanghai and Shenzhen 300 index of major companies was up 87.08 points, or 3.54 per cent, to 2,544.57.

The market may embrace a piece of good news as a top leader is expected to speak on how to develop the market in a stable way Wednesday evening, web portal sina.com reported.

In contrast to Tuesday's plunge for most stocks, the advancing shares far outnumbered the decliners in both bourses. In Shanghai, 711 shares rose while only 63 ones fell. The gainers outnumbered the losers by a ratio of 13 to 1 in the Shenzhen market.

Big caps led the recovery. The Industrial and Commercial Bank of China, the nation's biggest lender, rose 4.48 per cent to 4.90 yuan after tumbling 7.86 per cent Tuesday. China Life, the country's biggest insurer, gained 5.81 per cent to 35.86 yuan against the previous session's 9.02 per cent loss.

China United Telecommunications, the nation's No. 2 mobile operator, was up 7.58 per cent to 5.25 yuan. Baoshan Iron & Steel Co., China's biggest steelmaker, finished up 4.99 per cent to 9.47 yuan after losing 9.98 per cent Tuesday.

The gains reversed the biggest fall in a decade in the previous session. Tuesday, the Shanghai Composite Index fell 268.81 points, or 8.84 per cent, to 2,771.79, the biggest fall in points since the index was launched and the sharpest percentage fall in a decade. The Shenzhen Composite Index plummeted 66.3 points, or 8.54 per cent to 709.81. The

Shanghai and Shenzhen 300 index of major companies in the two bourses, lost 250.18 points, or 9.24 per cent to 2,457.49.

The decline was partly blamed on speculations about capital gains tax. However, the Ministry of Finance and the State Administration of Taxation rejected the rumor, saying they have no plans to levy capital gains tax on retail stock investors, according to the Shanghai Securities News.

Tuesday's fall spilled over to other Asian markets, and Wall Street. Shares in Tokyo, Hong Kong, Singapore, Malaysia, Australia, New Zealand, the Philippines and Indonesia all tumbled more than three percent during Wednesday morning trading, following dismal overnight losses on Wall Street, the worst since the Sept. 11, 2001, terrorist attacks.

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