

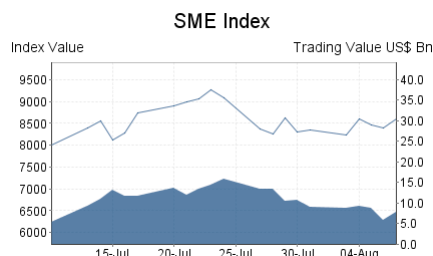
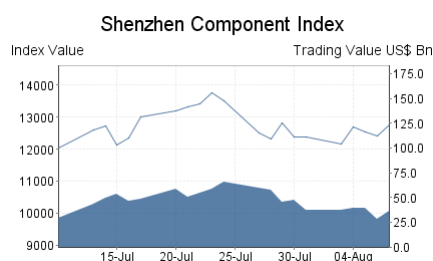
Market Bulletin

Monday 10 August, 2015 (Issue 14)

Highlights

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Key Indices



Market Review

Last week, Shenzhen Component Index stood at 12753.0 points after adding 3.1%. SME Index edged up 3.2% to 8605.3 points. ChiNext Index advanced 1.5% to 2577.0 points. Total turnover for stocks and funds on SZSE was US\$362.4 billion, or a 24.1% decrease from the week before.

15 sector indices were higher than previous week, and 1 was lower. Sector indices with the biggest gains were transportation and logistics, utilities and mining. The only sector index that fell over the last week was culture & media.

Top 3 gainers were Kee Ever Bright (002464), Zhonghe (002070) and Shandong Fin Cnc Machine (002270). Top 3 decliners were Shenzhen Tianyuan (300047), Nanfang Black Sesame (000716) and Qingdao Hengshun Zhongsheng (300208). The most active stocks for the last week were East Money Information (300059), Leshi (300104) and Wanxiang Qianchao (000559).

Market News

SZSE Amends Rules for Margin Trading and Securities Lending

In order to further strengthen risk management over margin trading and securities lending business and safeguard market stability, Shenzhen Stock Exchange has announced to amend the Clause 2.13 in the SZSE Implementing Rules for Margin Trading and Securities Lending on August 3. The amended rules clear that investors are allowed to repay the borrowed securities on the next trading day upon selling out, preventing intraday swing trading and abnormal price fluctuation thus caused.

CSRC Vows Steps to Restore Market Stability

The China Securities Regulatory Commission (CSRC) states that maintaining stock market stability and restoring investor confidence are still its top priorities, despite the recent turbulence which dampened market sentiment and trading volume. The CSRC has met with all major securities brokerages and funds and urged them to better control their margin trading and short sales business, both of which have been blamed for the recent roller-coaster ride in the A-share market.

CSRC: China Intensifies Crackdown on Insider Trading

The CSRC states that punishment on leaking and prying of non-public information involved in securities trading will become harsher in order to "purify" the capital market environment. The commission has busted 20 cases of insider trading this year and penalized one institution and 31 individuals.

CSRC: China to Regulate Online Equity Financing Platforms

The CSRC will inspect online equity financing platforms to address risks brought by illegal activities and help the platforms better serve the real economy. The inspection will focus on aspects including whether the online fund raisers have promoted themselves publicly, whether the accumulated number of equity holders has exceeded 200, and whether the raisers have collected private equity funds in the name of equity-based crowd-funding.



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Market at a Glance

SZSE Market Statistics (07 August, 2015)

| | |
|---------------------------------------|---------|
| No. of Listed Companies | 1729 |
| Market Cap.(US\$ Bn) | 3457.2 |
| Free-float Market Cap.(US\$ Bn) | 2480.3 |
| Average P/E Ratio | 48.28 |
| For the Year of 2015 | |
| Turnover Value(US\$ Bn) | 13869.5 |
| -Stock | 12450.4 |
| -Main Board | 4843.0 |
| -SME Board | 4900.0 |
| -ChiNext | 2707.4 |
| -Fund | 621.0 |
| -Bond | 798.2 |
| Daily Turnover Ratio(%) | 4.09 |
| Total Fund Raised by Equity (US\$ Bn) | 47.0 |
| No. of IPO | 114 |

*Currency ratio used : 1 USD=6.12 CNY

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NDRC Plans Steps to Bolster Bond Market

The National Development and Reform Commission said on Wednesday that it will come out with more initiatives to develop the debt market, particularly to boost funding for infrastructure projects and stabilize the overall economy. About 22 sectors will be involved in the bond issuance, including the urban rail transit system, railway projects in central and western China and competitive manufacturing industries.

NDRC: Internet Finance Braces for Regulatory Controls

The People's Bank of China published a draft rule regulating third-party online payment systems, and was seeking public feedback by Aug 28. The rules would set daily limits on third-party payment account spending, and set annual limits, and restrict use of fictitious names in setting up accounts, in order to curtail money-laundering activities, provide greater security for personal accounts, and ensure that third-party payment platforms are addressing risk factors.

China's Trust Assets Grow Quickly in Q2

China's assets managed by trust funds grew sharply in the second quarter of 2015 on the back of a meteoric rise in the stock market. The China Trustee Association said trust assets increased 10.1% from April to June over the first quarter to 15.9 trillion yuan (US\$2.5 trillion) at the end of June.

PBOC: China to Continue Prudent Monetary Policy

China's central bank (PBOC) said on Tuesday that China will continue prudent monetary policy, including using a variety of policy tools to fine tune the market, keep moderate liquidity and achieve reasonable credit and private financing growth. This statement came after rising concerns that policymakers may tighten the monetary policy as inflation has shown signs of warming due to an unexpectedly sharp increase in pork prices.

IMF Move to Include Yuan in SDR Still on Track

The IMF's Executive Board plans to formally review the possibility of adding the yuan to the Special Drawing Rights basket by the end of this year, senior IMF officials said after some media had reported the global lender might delay including it until September 2016. Yuan's inclusion in SDR was seen as a big step in the currency's internationalization.

Ministry of Commerce: Silk Road Progress Beyond Expectations

Levels of economic and trade cooperation between China and partner countries along the Silk Road Initiative trade routes have been stronger than expected over the past six months, the Ministry of Commerce said on 4 August. China attracted US\$3.7 billion in foreign investment in the first 6 months from companies along the Belt and Road, increased by 4.2% on a year-on-year basis. Total outbound direct investment by Chinese enterprises reached US\$7.0 billion in the first 6 months, up to 22%.

China's Property Taxes Coming Soon

Property Tax Law has been included in its legislation plan released this week, according to the 12th Standing Committee of the National People's Congress, which is the top legislative authority in China. Experts believe that relevant law will probably be passed by the end of 2017.

China's Online Trade Soars 59%

National Bureau of Statistics reveals that the transaction value of China e-commerce reached 16.4 trillion yuan (US\$2.6 trillion) in 2014, 59% higher than that of 2013. Booming Internet, especially the pervasive mobile network is the main driving force behind the stellar growth.