

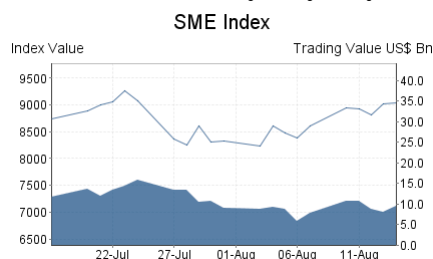
# Market Bulletin

Monday 17 August, 2015 (Issue 15)

## Highlights

- The PBC Announces to Improve Quotation of The Central Parity of RMB against US Dollar
- CSRC Clamps Down on Illegal Share Purchase by Sponsor Representatives
- CSRC to Conduct IT Inspection on Securities and Futures Institutions
- CSRC Vows to Keep Stability in Stock Market
- Equity Offering Resumes in Chinese Stock Market
- Yuan Stabilizes after Central Bank Reassures Markets
- China's FDI Expands 5.2% in July
- Government Considers New Licenses for Lending Firms
- July Fiscal Revenue up 12.5% on Spike in Property Taxes

## Key Indices



## Market Review

Last week, Shenzhen Component Index stood at 13445.9 points after adding 5.4%. SME Index edged up 5.1% to 9043.4 points. ChiNext Index advanced 3.8% to 2674.0 points. Total turnover for stocks and funds on SZSE was US\$472.5 billion, or a 30.4% increase from the week before.

All sector indices were higher than previous week. Sector indices with the biggest gains were wholesale & retail, hotels & catering and utilities.

Top 3 gainers were Gcl System Integration Technology Co., Ltd. (002506), Xi'an Minsheng Group Co., Ltd (000564) and Wuxi Double Elephant Micro Fibre Material Co., Ltd (002395). Top 3 decliners were Shenzhen Ruihe Construction Decoration Co., Ltd. (002620), Focused Photonics (Hangzhou), Inc. (300203) and Royal Group Co., Ltd. (002329). The most active stocks for the last week were East Money Information Co., Ltd (300059), Boe Technology Group Co., Ltd (000725) and Cofco Biochemical (Anhui) Co., Ltd (000930).

## Market News

### The PBC Announces to Improve Quotation of Central Parity of RMB Against US Dollar

In order to enhance the market-orientation and benchmark status of central parity, the PBC has decided to improve quotation of the central parity of RMB against US dollar. The quotes of central parity should refer to the closing rate of the inter-bank foreign exchange market on the previous day, in conjunction with demand and supply condition in the foreign exchange market and exchange rate movement of the major currencies.

### CSRC Clamps Down on Illegal Share Purchase by Sponsor Representatives

CSRC has finalized an administrative punishment on three sponsor representatives involving in illegal share purchase on August 14. Penalties include banning securities market access for lifetime, limited market access and fine of RMB 150 million. CSRC repeated that it will not tolerate such unlawful act and will continue to punish offenders with severity in order to maintain market integrity.

### CSRC to Conduct IT Inspection on Securities and Futures Institutions

CSRC plans to conduct special inspection on IT management and



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### Market at a Glance

#### SZSE Market Statistics (14 August, 2015)

No. of Listed Companies	1729
Market Cap.(US\$ Bn)	3675.0
Free-float Market Cap.(US\$ Bn)	2646.6
Average P/E Ratio	51.27
For the Year of 2015	
Turnover Value(US\$ Bn)	14369.3
-Stock	12904.4
-Main Board	5009.3
-SME Board	5084.9
-ChiNext	2810.2
-Fund	638.9
-Bond	826.0
Daily Turnover Ratio(%)	4.11
Total Fund Raised by Equity (US\$ Bn)	48.0
No. of IPO	114

\*Currency ratio used : 1 USD=6.12 CNY

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operation of securities and futures institutions in mid-August. The purpose is to examine if IT system meets the requirements of compliance and security, as well as to identify potential technical risk. Businesses such as asset management of financial institutions are also of concern to CSRC in this inspection.

### CSRC Vows to Keep Stability in Stock Market

The CSRC on Friday made a long-term commitment to stabilize the volatile stock market for a "number of years". According to CSRC, state-backed China Securities Finance Corp (CSF), which is tasked with buying shares on behalf of the government, will have an enduring role in stabilizing the stock market.

### Equity Offering Resumes in Chinese Stock Market

Since August, 14 public companies have received approval from CSRC for follow-on offering. The 14 companies plan to raise RMB 25.24 billion (US\$3.9 billion) in this round of refinancing. A total of 51 public companies have filed for refinancing proposal to raise over RMB 164.4 billion (US\$25.7 billion) in August.

### Yuan Stabilizes after Central Bank Reassures Markets

On Friday, the central parity rate of the yuan strengthened by 35 basis points to 6.3975 against the U.S. dollar, the first increase since the central bank adopted a more market-based forex rate formation mechanism on Tuesday. The PBC maintained that there are no grounds for persistent and substantial depreciation of the yuan in the long run while vowing to step in to prevent excessive swings.

### China's FDI Expands 5.2% in July

The Ministry of Commerce said on Thursday that China's foreign direct investment rose 5.2% year on year, indicating a mild recovery after the sharp fluctuations in the first half of the year. With the yuan's devaluation, foreign investors might find China a better destination for investment.

### Government Considers New Licenses for Lending Firms

China is considering introducing licenses for non-depository lending institutions amid the booming credit market, according to a draft regulation issued on August 12 by the State Council. Licensed non-depository lending institutions are not allowed to take deposits in any form, but can issue loans backed by their equity funds or money raised through bonds. Limited liability companies must have registered capital of at least RMB 5 million, while shareholding companies must have at least RMB 10 million as minimum requirement.

### July Fiscal Revenue up 12.5% on Spike in Property Taxes

China's fiscal revenue continued to grow at a double-digit rate in July on higher income from property companies and a surge in stamp duty from stock market trades, the Ministry of Finance said on August 12. Revenue climbed 12.5% year on year to RMB 1.4 trillion (US\$219 billion) in the month, slowing from 13.9% in June, but faster than the 5% gain in May. In a sign that the real estate market is warming up, business tax and corporate income tax paid by property firms in July rose 12.7% and 13.7%, respectively.