

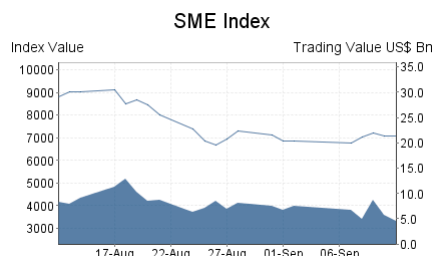
Market Bulletin

Monday 14 September, 2015 (Issue 18)

Highlights

- SZSE Releases an Information Disclosure Practical Manual
- SZSE Signs a Cooperation Agreement with China Development Bank
- China to Introduce Circuit-breaker for Stock Market
- CSRC punishes 5 brokerages
- China Scraps Dividend Tax for Long-term Investors
- New Fund Set to Boost Small Firms
- Wealth Management Business to Reach \$19b in 10 Years
- China's August PPI Down 5.9%
- Banking Regulator to Allow Cheaper Financial Leasing to Companies
- China 2014 GDP Growth Revised Down to 7.3%

Key Indices



Market Review

Last week, Shenzhen Component Index stood at 10463.7 points after adding 4.1%. SME Index edged up 3.6% to 7094.4 points. ChiNext Index advanced 11.1% to 2060.5 points. Total turnover for stocks and funds on SZSE was US\$255.0 billion, or a 57.3% increase from the week before.

15 sector indices were higher than previous week, and 1 was lower. Sector indices with the biggest gains were R&D support, IT and conglomerates. The only sector index that fell over the last week was finance.

Top 3 gainers were Hedy Holding (002027), Zhengzhou GI Tech (300480) and Henan Tongli Cement (000885). Top 3 decliners were Vtron Technologies (002308), Hiconics Drive Technology (300048) and Yunnan Copper Industry (000878). The most active stocks for the last week were Suning Commerce Group (002024), East Money Information (300059) and Cofco Property (000031).

Market News

SZSE Releases an Information Disclosure Practical Manual

SZSE has published an *Information Disclosure Practical Manual for Board Secretaries*. The manual is designed to improve the professional skills and working quality of board secretaries and to enhance the transparency of regulation. It is also design to further increase the regulation efficiency and service level. The manual covers over 400 problems in 12 chapters.

SZSE Signs a Cooperation Agreement with China Development Bank

SZSE and China Development Bank (CDB) signed a development-oriented finance cooperation agreement on September 1. Both parties will give play to market resources advantage and financing advantage, continue to promote financial innovation and enrich the tiers and products of financial markets. Both parties agree to cooperate on preventing and dissolving financial risks, and promoting the reform and development of financial markets together.

China to Introduce Circuit-breaker for Stock Market

China's securities watchdog said that it is drafting a plan to implement the circuit-breaker mechanism in the country's stock market in a move to guard against extreme market volatility. SZSE, SSE and CFFEx requested for public comments on the draft plan on September 7. Circuit-breakers will be triggered off if the market fluctuates 5 % and 7 %, according to the plan.

CSRC punishes 5 brokerages

CHINA'S securities regulator said yesterday that five brokerages were punished for illegal operations. The five brokerages include Huatai



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Market at a Glance

SZSE Market Statistics (11 September, 2015)

No. of Listed Companies	1729
Market Cap.(US\$ Bn)	2738.9
Free-float Market Cap.(US\$ Bn)	1972.3
Average P/E Ratio	39.71
For the Year of 2015	
Turnover Value(US\$ Bn)	15062.1
-Stock	13512.2
-Main Board	5222.3
-SME Board	5342.6
-ChiNext	2947.3
-Fund	657.9
-Bond	892.0
Daily Turnover Ratio(%)	4.06
Total Fund Raised by Equity (US\$ Bn)	53.2
No. of IPO	114

*Currency ratio used : 1 USD=6.36 CNY

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Securities, Haitong Securities, Guangfa Securities, Founder Securities and Zheshang Futures, according to the China Securities Regulatory Commission. The first four brokerages were accused of failing to check and verify clients' real identities, while Zheshang Futures was accused of flawed risk control. The CSRC will confiscate their illegal profits and fine them.

China Scraps Dividend Tax for Long-term Investors

The Ministry of Finance said that Chinese investors holding a stock for more than one year will be exempted from a 5% dividend tax from September 8, 2015 and those who have held a stock for one month or less will have to pay 20% of the dividend they receive as income tax when they sell the stock. This move is part of the government's efforts to promote long-term investment following a stock market rout since mid-June.

New Fund Set to Boost Small Firms

According to a State Council executive meeting on September 8, China plans to set up a national fund of up to 60 billion yuan (US\$9.4 billion) to encourage the growth of small and micro-businesses in the initial stage, which is in addition to measures lowering the initial capital requirements for fixed-asset investment projects. The central government will invest 15 billion yuan (US \$2.35 billion) in the fund as initial capital, and the remaining capital will be raised from private and State-owned companies, financial institutions and local governments.

Wealth Management Business to Reach \$19b in 10 Years

Wealth management is becoming a core business for Chinese commercial banks during their operational transformation, as interest rate liberalization restrained bank profit growth and corporate credit demand slowed down amid the economic downturn. By the end of June 2015, assets under management of domestic banks' wealth management services exceeded 18 trillion yuan (US \$2.82 trillion), increasing at a compound annual growth rate of 30% to 40% since 2005.

China's August PPI Down 5.9%

China's PPI fell 5.9% year on year in August, widening from the 5.4% drop seen a month earlier, pointing to looming deflation risk, data from the National Bureau of Statistics showed. The August reading dipped to its lowest level since the end of 2009 and marked the 42th-straight month of decline.

Banking Regulator to Allow Cheaper Financial Leasing to Companies

China's banking regulator pledged on September 9 to broaden the fund-raising channels for the country's financial leasing companies in order to provide cheaper financing services for cash-strapped firms. Besides traditional bank lending, financial leasing companies are now encouraged to raise funds by issuing bonds, asset-backed securities as well as setting up overseas subsidiaries to gain access to international funds.

China 2014 GDP Growth Revised Down to 7.3%

The National Bureau of Statistics announced on September 7 that China's gross domestic product growth for 2014 has been revised downward by 0.1 percentage point to 7.3%. The revised gross domestic product (GDP) for 2014 came in at 63.61 trillion yuan (US \$9.97 trillion), down 32.4 billion yuan (US \$5.08 billion) from the preliminary calculation figure that put the annual rate at 7.4 %