

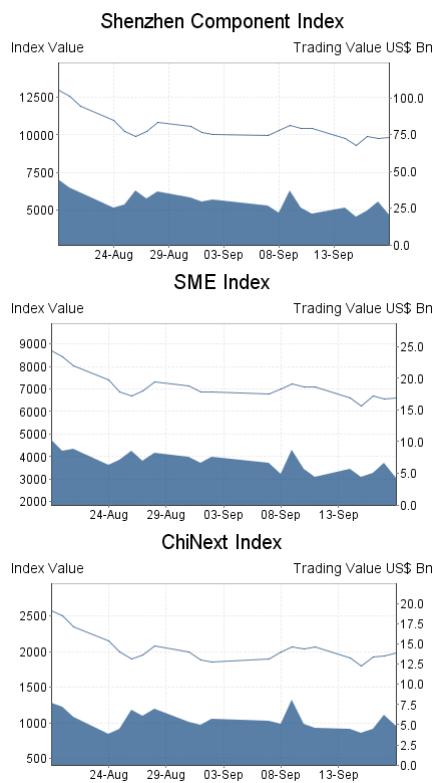
Market Bulletin

Monday 21 September, 2015 (Issue 19)

Highlights

- Government to Promote PPP in Public Services, Infrastructure
- China's Foreign Exchange Regulator said that Yuan Unlikely to Depreciate Further
- Regulator fines companies for illegal trading
- Xi's US visit to promote bilateral investment treaty negotiation: expert
- China to relax market access with negative list
- US now mainland's third-largest ODI nation
- Senior securities official under investigation
- Mainland brokers shut out of own futures market turn to Singapore's China A50
- Fed Move Eases Strain on Yuan

Key Indices



Market Review

Last week, Shenzhen Component Index tumbled 5.9% to 9850.8 points. SME Index closed at 6615.4 points after losing 6.8%. ChiNext Index was down 3.7% to 1983.3 points. Total turnover for stocks and funds on SZSE was US\$232.8 billion, or a 8.7% decrease from the week before.

All sector indices were lower than previous week. Sector indices with the biggest drops were utilities, construction and mining.

Top 3 gainers were Shenzhen Tellus (000025), Xiamen Meiya Pico Information (300188) and Shenzhen Tellus Holding (200025). Top 3 decliners were Wuhan Guide Infrared (002414), Konka Group (200016) and Renhe Pharmacy (000650). The most active stocks for the last week were Suning Commerce Group (002024), East Money Information (300059) and Wanxiang Qianchao (000559).

Market News

SZSE Holds "Shenzhen Corporate Day" Activity for Foreign Investors

On September 10, 2015, The SZSE and Goldman Sachs jointly organized a "Shenzhen Corporate Day" activity in Shenzhen. Over 60 domestic and foreign investment institutions from the U.S., the U.K., Australia, Norway, Singapore, India and Hong Kong, and senior executives from 18 Shenzhen listed companies engaged in medicine, real estate, transportation, public environmental protection, food and beverage, TMT, financial services, automotive manufacturing and other industries communicated and carried out research in the activity.

China Dismisses Worries about Capital Outflow

To reassure a panicked market before the Federal Reserve decides whether to hike US interest rates, the State Administration of Foreign Exchange (SAFE) in China said on September 17 that there is not and will not be a massive foreign capital outflow from China. Since the RMB has substantially depreciated against the US dollar since August, while China still maintains a large trade surplus and sound economic fundamentals, there is no basis for massive outflows of foreign capital.

NDRC: Govt to Promote PPP in Public Services, Infrastructure

China will vigorously promote public-private partnerships (PPP) in infrastructure and public services investments, according to National Development and Reform Commission (NDRC). The government will renovate investment financing mechanism by promoting equity cooperation and simplifying bond issuance process, and encourage private capital to take part in the construction and operation of public facilities.

China's Foreign Exchange Regulator: Yuan Unlikely to Depreciate Further

Pressure exerted by the yuan's recent depreciation has almost subsided and the Chinese currency's value will stay stable even though the possibility of a United

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| Market at a Glance | |
|---|---------|
| SZSE Market Statistics (18 September, 2015) | |
| No. of Listed Companies | 1729 |
| Market Cap.(US\$ Bn) | 2579.1 |
| Free-float Market Cap.(US\$ Bn) | 1857.5 |
| Average P/E Ratio | 37.45 |
| For the Year of 2015 | |
| Turnover Value(US\$ Bn) | 15299.1 |
| -Stock | 13717.3 |
| -Main Board | 5290.5 |
| -SME Board | 5426.1 |
| -ChiNext | 3000.6 |
| -Fund | 663.3 |
| -Bond | 918.5 |
| Daily Turnover Ratio(%) | 4.03 |
| Total Fund Raised by Equity (US\$ Bn) | 53.8 |
| No. of IPO | 114 |

*Currency ratio used : 1 USD=6.37 CNY

States Federal Reserve rate hike remains, according to an official at the State Administration of Foreign Exchange. According to China's foreign exchange regulator, there is no foundation for further depreciation of the currency, as the balance of payments remained in great surplus and the around 7% economic growth rate is remarkable in the world.

Regulator Fines Companies for Illegal Trading

The CSRC fined a slew of companies and individuals for illegal stock trading and market manipulation on 18th September. The CSRC imposed the first penalty on a company for market manipulation by involving illegal trading of an ETF fund. The regulator also fined four individual investors for manipulating the stock market through short sales of shares and frequent order placing and canceling to influence stock prices and to reap profits.

Xi's US Visit to Promote Bilateral Investment Treaty Negotiation

Chinese President Xi Jinping's upcoming state visit to the United States will push forward the negotiation for a bilateral investment treaty between China and the United States, according to a researcher with the Chinese Academy of International Trade and Economic Cooperation. He believes that expanding investment cooperation will propel China-US relations.

China to Relax Market Access with Negative List

China will make a negative list to identify sectors and businesses that are off-limits for investment and gradually improve the list through pilot programs. The move is significant in giving the market a bigger role in allocating resources, building a law-based business environment and making the market more open, according to an official statement.

US Now Mainland's Third-Largest ODI Nation

The United State has become Chinese mainland's third-largest outbound direct investment (ODI) destination. Chinese enterprises have set up over 3,000 companies in the United States by the end of last year, with a total investment of \$65.22 billion, providing nearly 80,000 jobs through direct investment. In the first eight months of this year, China's ODI in the US grew 35.9% from a year earlier to \$4.43 billion.

Senior Securities Official under Investigation

Zhang Yujun, the assistant chairman of the China Securities Regulatory Commission is being investigated by the nation's top anti-graft body as the crackdown intensifies against illegal activities in the securities market. Zhang joined the commission in 1995 and is known to be an advocate of financial innovation.

Mainland Brokers Shut Out of Own Futures Market Turn to Singapore's China A50

Chinese brokerages ruining the collapse of futures trading in Shanghai are pitching clients from similar contracts in Singapore. China's domestic equity futures market has seen volumes plunge 99% since June as policymakers curbed leverage and position sizes and announced investigations into "malicious" short sellers. That has left brokerages turning to promoting contracts on the SGX FTSE China A50 Index as an alternative.

Fed Move Eases Strain on Yuan

According to experts, depreciation pressures on the yuan have eased after the United States Federal Reserve decided that "the current 0 to 1/4 percent target range for the federal funds rate remains appropriate". The move will also slow the pace of capital outflows from China and give the much-needed impetus for equities to recoup their losses in August.

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