

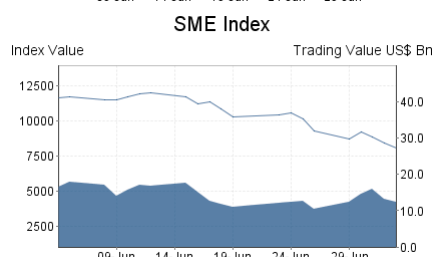
# Market Bulletin

Monday 06 July, 2015 (Issue 10)

## Highlights

- Shenzhen Stock Exchange to reduce transaction fees
- CSRC Published Revised Measures on Securities Firms Margin Trading and Securities Lending Business
- CSF Gets More Resources for Margin Loans
- CSRC reduces the No. of IPOs and amount of funds to be raised
- Efforts Made to Facilitate long-term capital investment
- Channels Widen for Securities Firms' Finance
- AIIB Signing Ceremony Held in Beijing
- China's top legislature ratifies BRICS bank agreement
- China-EU pragmatic cooperation to boost steady economic development
- Internet Plus strategy sets development direction
- New foreign trade support measures under development
- Chinese bank announces opening of four branches in Europe
- China Manufacturing PMI Unchanged at 50.2 in June

## Key Indices



## Market Review

Last week, Shenzhen Component Index tumbled 15.0% to 12246.1 points. SME Index closed at 8068.1 points after losing 13.3%. ChiNext Index was down 10.8% to 2605.3 points. Total turnover for stocks and funds on SZSE was US\$542.2 billion, or a 23.7% increase from the week before.

All sector indices were lower than previous week. Sector indices with the biggest drops were conglomerates, hotels & catering and transportation and logistics.

Top 3 gainers were Shenzhen Wenke (002775), Shenzhen Prolto (002769) and Beijing Transtrue (002771). Top 3 decliners were Jiangsu Skyray (300165), Shenzhen Esun Display (002751) and Beijing Tianli (300399). The most active stocks for the last week were Boe Technology (000725), Gree Electric (000651) and East Money (300059).

## Market News

### Shenzhen Stock Exchange to reduce transaction fees

The Shanghai and Shenzhen Stock Exchanges are set to decrease transaction fees, effective from August 1, by approximately 30 per cent. Fees are adjusted downward to 0.0487 per millage from 0.0696 per millage of the transaction volume for A-share trading, with 20% of the charges transferred to an investor protection fund.

### CSRC Published Revised Measures on Securities Firms Margin Trading and Securities Lending Business

The CSRC officially published the revised *Measures on Securities Firms Margin Trading and Securities Lending Business* on 1<sup>st</sup> July, which removes the strict rules on the draft version for public soliciting. Under the new rules which features counter cyclical adjustment principle, securities companies' margin trading and securities lending business shall not larger than 4 time as their net asset, and securities firms are given more flexibility in contract expansion and collateral treatment in case of margin call.

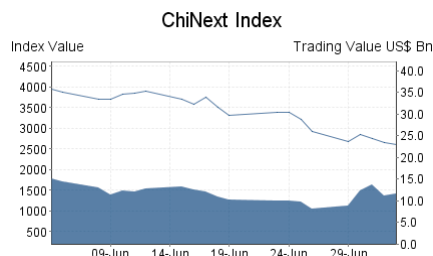
### CSF Gets More Resources for Margin Loans

CSRC announced that, the China Securities Finance Corporation (CSF), which facilitates margin loan services among brokerages, will see a boost of registered capital from 24 to 100 billion Yuan to stabilize the market. Also, the CSF will raise funds through multiple channels to expand the scale of business and maintain the stability of the capital market.

### CSRC reduces the No. of IPOs and amount of funds to be raised

The China Securities Regulatory Commission (CSRC) announced on July 3 that it will reduce the number of IPOs and the amount of funds to be raised. 10 companies have launched the IPO in early July, while the amount of fund raised will reduce compared to that in June.

### Efforts Made to Facilitate long-term capital investment



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### Market at a Glance

#### SZSE Market Statistics (03 July, 2015)

|                                       |         |
|---------------------------------------|---------|
| No. of Listed Companies               | 1731    |
| Market Cap.(US\$ Bn)                  | 3317.6  |
| Free-float Market Cap.(US\$ Bn)       | 2382.2  |
| Average P/E Ratio                     | 46.32   |
| For the Year of 2015                  |         |
| Turnover Value(US\$ Bn)               | 11586.5 |
| -Stock                                | 10430.7 |
| -Main Board                           | 4105.8  |
| -SME Board                            | 4117.0  |
| -ChiNext                              | 2207.9  |
| -Fund                                 | 494.9   |
| -Bond                                 | 660.9   |
| Daily Turnover Ratio(%)               | 3.99    |
| Total Fund Raised by Equity (US\$ Bn) | 38.7    |
| No. of IPO                            | 114     |

\*Currency ratio used : 1 USD=6.11 CNY

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Related authorities have been soliciting public feedbacks on *Measures on Basic Old-age Insurance Investment*, which set a 30% ceiling for equity-related portfolio. Besides, CSRC and related authorities also streamline procedures for annuity and foreign capital to invest in A share market.

### Channels Widen for Securities Firms' Finance

China Securities Regulatory Commission recently allowed all securities companies to issue short-term corporate bond, as an expansion of the previous pilot program that only involved 20 securities firms. CSRC also turned a green light to securitization of securities firms' rights behind margin trading and securities lending business.

### AIIB Signing Ceremony Held in Beijing

The China-initiated multilateral bank that has dominated media headlines for months took a key step forward, with the signing of an agreement that outlines the legal framework and management structure for the institution. Representatives of the 57 prospective founding countries gathered in Beijing for the signing ceremony of the Asian Infrastructure Investment Bank (AIIB).

### China's top legislature ratifies BRICS bank agreement

The top legislature ratified an agreement on the founding of BRICS New Development Bank (NDB), which will fund infrastructure projects in the bloc and other developing economies, on Wednesday. The agreement was signed by the bloc's five members.

### China-EU pragmatic cooperation to boost steady economic development

Chinese Premier Li Keqiang visited EU headquarters in Belgium and then France, pushing forward the steady, healthy development of Chinese and European economies. During Li's visit in Paris, China and the OECD agreed to strengthen cooperation in areas ranging from macroeconomic management to green growth and strengthen their two-decade-long partnership.

### Internet Plus strategy sets development direction

The State Council issued guidelines on the Internet Plus campaign recently, pinpointing the key fields of the integrated development of Internet and traditional industries. The decision makers of the central government pledged to clear up all the unreasonable regulations and policies obstructing the Internet Plus development, and lower the threshold of market access for the Internet Plus products and services.

### New foreign trade support measures under development

The Ministry of Commerce stated on June 18 that the Department is developing new foreign trade support measures. The goal of the new measures is to help companies reduce burdens, which includes three aspects such as reducing charges of import and export, helping enterprises solve financing difficulties, and promoting trade facilitation, introducing policies to enhance cross-border e-commerce.

### Chinese bank announces opening of four branches in Europe

China Construction Bank (CCB) announces its opening of four branches in Europe, which reflects the deepening of EU-Sino relationship. These branches will focus on providing services for Chinese and European companies and cover the commercial financing, bank deposit and cash transactions.

### China Manufacturing PMI Unchanged at 50.2 in June

The manufacturing purchasing managers' index (PMI), a key measure of factory activity in China, posted 50.2 in June, unchanged from last month, according to data compiled by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing.