

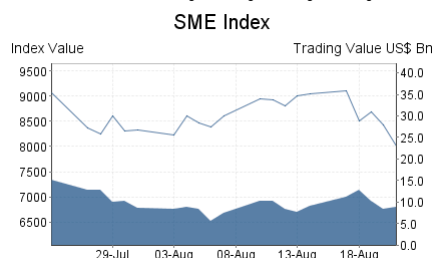
Market Bulletin

Monday 24 August, 2015 (Issue 16)

Highlights

- SZSE Releases Provisional Measures on Trading of Collateralized Agreed Repo of Bonds
- CSRC Postpone the Registration of Structured Fund
- China Stocks Continue Swings
- China Continues Cash Injections into Money Market
- Chinese Yuan Strengthens to 6.3864 against USD Friday
- Foreign Investment in China Financial Institutions doubles
- China's ODI Rise 21% in the First Seven Months
- Chinese Provincial Regions See Faster HI GDP Growth
- IMF to Extend Current SDR Basket until September 2016
- Tax Breaks to Benefit Crucial Growth Driver

Key Indices



Market Review

Last week, Shenzhen Component Index tumbled 11.5% to 11902.0 points. SME Index closed at 8009.0 points after losing 11.4%. ChiNext Index was down 12.4% to 2342.0 points. Total turnover for stocks and funds on SZSE was US\$433.0 billion, or an 8.4% decrease from the week before.

I sector index was higher than previous week, and 15 were lower. The only sector index that rose over the last week was conglomerates. Sector indices with the biggest drops were R&D support, finance and wholesale & retail.

Top 3 gainers were Xiamen Insight Investment (000526), Baiyang Aquatic Group (002696) and China Baoan Group (000009). Top 3 decliners were Sichuan Yimikang Environmental Tech. (300249), Guangdong Chaohua Technology (002288) and Beijing Interact Technology (300419). The most active stocks for the last week were Suning Commerce Group (002024), Boe Technology Group (000725) and East Money Information (300059).

Market News

SZSE Releases Provisional Measures on Trading of Collateralized Agreed Repo of Bonds

To promote the development of the bond market and strengthen the investor protection mechanism, SZSE officially releases the *SZSE Provisional Measures on Trading of Collateralized Agreed Repo of Bonds*, which will come into effect since Sep 21, 2015. According to the provisional measures, convertible bonds and exchangeable bonds shall not go through repo financing and individual investors shall not participate in the repo financing of ABSs.

CSRC Postpone Registration of Structured Fund

On August 21, CSRC claimed that the registration of structured fund is postponed temporarily due to the fact that a number of average investors have difficulties understanding the complexity of structured fund products. During the last stock market fluctuation, many investors bought structured funds suffered enormous loss.

China Stocks Continue Swings

Volatility returned to the Chinese stock market on Wednesday as the key Shanghai index fluctuated more than 6%, underlining worries about economic pressures despite continued government measures. Stocks



For data products and services based on Shenzhen market, please contact Shenzhen Securities Information Company.

Tel: +86-755-83241251

Email: index@cninfo.com.cn

Market at a Glance

SZSE Market Statistics (21 August, 2015)

No. of Listed Companies	1729
Market Cap.(US\$ Bn)	3105.0
Free-float Market Cap.(US\$ Bn)	2242.3
Average P/E Ratio	45.22
For the Year of 2015	
Turnover Value(US\$ Bn)	14199.6
-Stock	12757.9
-Main Board	4947.6
-SME Board	5036.3
-ChiNext	2774.1
-Fund	625.5
-Bond	816.2
Daily Turnover Ratio(%)	4.12
Total Fund Raised by Equity (US\$ Bn)	47.1
No. of IPO	114

*Currency ratio used : 1 USD=6.40 CNY

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came under pressure that the yuan weakened against the dollar last week, which investors feared could lead to fresh outflows of capital from the country, and newly released economic indicators that fell short of market expectations.

China Continues Cash Injections into Money Market

The PBC injected RMB 120 billion, worth of seven-day reverse repurchase agreements, into the interbank market on Tuesday. The interest rate remained the same at 2.5%. The comments said that the tightening liquidity in the market has forced the bank to increase money supply and stabilize the financial market.

Chinese Yuan Strengthens to 6.3864 against USD Friday

According to SAFE, the central parity rate of yuan strengthened for a fifth consecutive day to 6.3864 against the U.S. dollar on Friday, up by 51 basis points compared to that of Thursday.

Foreign Investment in China Financial Institutions Doubles

According to the State Administration of Foreign Exchange, Financial institutions in China received RMB 27.1 billion (US\$4.4 billion) in investment in the second quarter while investment outflow stayed at RMB 1.8 billion (US\$294 million), a net inflow of RMB 25.3 billion, compared to that of RMB 8.56 billion in the first quarter and RMB 12.2 billion last year.

China's ODI Rise 21% in the First Seven Months

China's outbound direct investment rose 20.8% from a year earlier to US\$63.5 in the first seven months, with funds flowing into 4,482 overseas companies in 150 countries and regions. There are sharp drops in both June and July, which were due to a high comparative base last year when China secured two huge projects in foreign countries.

Chinese Provincial Regions See Faster H1 GDP Growth

According to the National Bureau of Statistics, out of 31 provincial level regions, 27 posted faster growth in the first half of this year, compared to the first quarter. Total GDP reached about RMB 29.69 trillion (US\$4.65 trillion) in the first half of this year, a year-on-year increase of 7%.

IMF Extend Current SDR Basket until September 2016

The IMF recently approved the extension of the current special drawing rights (SDR) valuation basket by nine months from Dec 31, 2015 to Sept 30, 2016. The extension responds to feedback from SDR users on the desirability of avoiding changes in the basket at the end of the year, and will allow users sufficient lead time to adjust in the event that a decision were to be taken to add a new currency to the SDR basket, said IMF.

Tax Breaks to Benefit Crucial Growth Driver

The State Council on August 19 decided to extend tax breaks to more small businesses, as their contribution to job generation and growth is crucial. From Oct. 1, 2015 to the end of 2017, companies with annual taxable income under RMB 300,000 will have their corporate tax halved.