

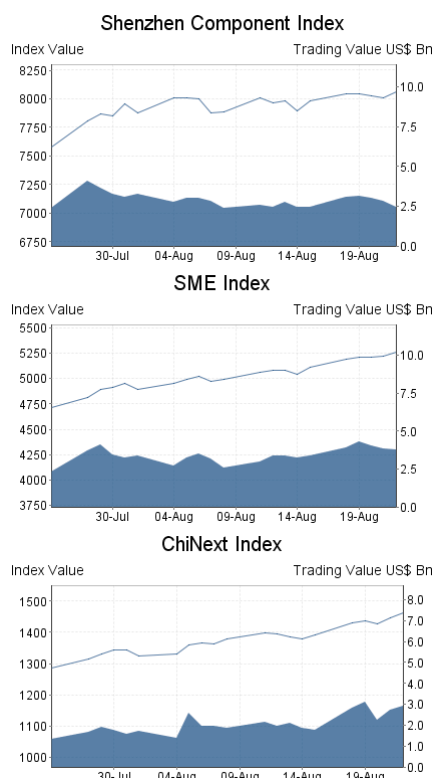
Market Bulletin

Monday 25 August, 2014 (Issue 29)

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Key Indices



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Market Review

Last week, Shenzhen Component Index stood at 8059.4 points after adding 1.0%. SME Index edged up 3.0% to 5257.9 points. ChiNext Index advanced 5.0% to 1461.7 points. Total turnover for stocks and funds on SZSE was US\$150.1 billion, or a 14.2% increase from the week before.

14 sector indices were higher than previous week, and 2 were lower. Sector indices with the biggest gains were conglomerates, culture & media and business support. The only two sector indices that fell over the last week were finance and mining.

Top 3 gainers were Jiaozuo Wanfang (000612), Beijing Bdstar (002151) and Harbin Electric (000922). Top 3 decliners were Guangdong Golden Glass (300093), Cangzhou Mingzhu (002108) and China National Complete Plant (000151). The most active stocks last week were Sichuan Chengfei (002190), Suning Commerce (002024) and Tianma Microelectronics (000050).

SZSE News

SZSE Lowers Communication Fees

The SZSE and its subsidiary Shenzhen Securities Communication Company have recently lowered the communication fee charging standard. As estimated according to data in 2013, the overall communication fee of Shenzhen market will drop by more than 60%, reducing RMB 180 million (US\$ 29.3 million) per year. Nearly 100 members will be benefited and more than half of these members will enjoy more than 50% drop in communication fee.

Guangfa Securities Subordinate Bonds Listed

On 22 August, two varieties of Guangfa Securities's subordinate bonds, as the first batch in 2014, got listed on the SZSE, also being the first of its kind on the SZSE. The CSRC canceled the administrative approval requirement for securities companies' subordinate bonds, which has lent flexibility and convenience to the issuance of the product. Guangfa Securities completed the issuance on 24 July and raised a total of RMB 6 billion (US\$ 975.6 million).

11 New IPOs Expected to Raise RMB 8.6 Billion

The CSRC has recently approved IPO documents of 11 companies. Among them, five will list on Shanghai, while one will go to the SME Board and five to ChiNext Market. The total fundraising by the 11 companies is expected to reach RMB 8.6 billion (US\$ 1.4 billion).

Market News

Largest Private Investment Firm Debuts

China Minsheng Investment, China's first national-level private investment company, was established in Shanghai. Endorsed by the State Council and funded by 59 private Chinese companies, China

Market at a Glance

SZSE Market Statistics (22 August, 2014)	
No. of Listed Companies	1589
Market Cap.(US\$ Bn)	1740.6
Free-float Market Cap.(US\$ Bn)	1273.1
Average P/E Ratio	28.95
For the Year of 2014	
Turnover Value(US\$ Bn)	3634.3
-Stock	2914.7
-Main Board	911.1
-SME Board	1290.6
-ChiNext	713.1
-Fund	52.8
-Bond	666.7
Daily Turnover Ratio(%)	1.58
Total Fund Raised by Equity (US\$ Bn)	36.6
No. of IPOs	53

*Currency ratio used : 1 USD=6.15 CNY

Monetary & Bond Market

18-22 Aug. 2014

Shibor Overnight Interest Rate	2.8430%	↓4.60bp
Shibor 7-day Interest Rate	3.3690%	↑2.30bp
7-Year Treasury Note Yield	4.1824%	↑4.13bp
CSI Corporate Bond Index	152.386	↑0.1716%
SZSE Corporate Bond Index	134.016	↑0.2071%

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Minsheng Investment has a registered capital of RMB 50 billion (US\$ 8.1 billion). The 59 shareholders are all large-sized private companies, with combined assets of nearly RMB 1 trillion (US\$ 162.6 billion). They are involved in a range of businesses including manufacturing, information technology, assets management, e-commerce, and so on.

ABS Issuance Procedure to be Streamlined

A revised draft of filing-based asset securitization will be completed soon, according to the CSRC on 22 August. The spokesperson said that information disclosure will be a focus, and the integrity of underlying assets will be emphasized. The Commission canceled administrative examination and approval of asset securitization in February this year to streamline regulation. After the change, asset-backed securities that meet certain requirements on a "negative list", which will specify assets that cannot be securitized, can be issued by notifying the CSRC.

Market Makers to Add Liquidity to NEEQ

The Beijing-based National Equities Exchange and Quotations (NEEQ) announced on 19 August that China's share transfer system for small and medium-sized enterprises would launch a market-making system for trading shares on 25 August with 43 enterprises on the pilot run. The move is aimed at easing a long-standing liquidity bottleneck that has stifled the development of the over-the-counter (OTC) exchange.

Investment Laws to be Revised

According to Wang Shouwen, Assistant Minister of Commerce, revision of foreign investment laws is likely to be concluded in 2015, when the focus will shift from the regulation of enterprises to the supervision of investors and their conduct. There are currently three laws governing foreign investment in China, and they will be revised and unified into one.

Amazon Deal with Shanghai FTZ

Amazon said it has signed agreements with the China (Shanghai) Pilot Free Trade Zone and Shanghai Information Investment Ltd (SII) to develop the first cross-border e-commerce market on China's mainland. The arrangement will give consumers access to all products available through Amazon's overseas sites and allow Chinese sellers to access the company's global customer base.

China's FDI Inflows Falter Again in July

According to the Ministry of Commerce, foreign direct investment (FDI) into the Chinese mainland fell sharply again in July, slumping 16.95% from a year earlier to US\$ 7.81 billion. The sharp decline was in contrast with a mere 0.2% increase seen in June.

Do You Know?

The SZSE is now a member of the WFE Sustainability Working Group, and constantly advocates the philosophy of public welfare and earnestly perform its social responsibility. In 2003, SZSE established an educational and ecological base in Alashan, a desert area in Inner Mongolia. So far, nearly 500 employees have taken part in tree-planting and other environmental enhancement activities in the deserts of Alashan. A special fund has also been established to finance local environmental improvement programs. Since the year 2006, SZSE-listed companies can voluntarily publish their Company Social Responsibility (CSR) reports. In the year of 2012, more than 290 companies have participated in the reporting initiative. And that number is constantly rising.