

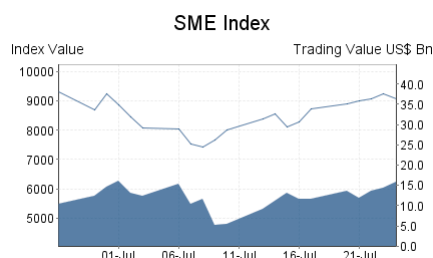
Market Bulletin

Monday 27 July, 2015 (Issue 12)

Highlights

- The First “Small Public Offering” Corporate Bonds Listed on SZSE
- CSRC Denies Plans to Withdraw Funds
- 47 Fund Companies' AUM Scale Tops RMB100B
- Small-cap Listed Firms Expect Bigger Profits
- China to Surpass US as World's Largest Financial Leasing Market
- New Development Bank Launches in Shanghai
- SW China Cross-border Cooperation Pilot Zone Approved
- Construction and Implementation Plan of the Qianhai and Shekou Area
- Yuan Settlement for Crude Oil Futures
- China FDI Inflows up 0.7% in June
- China Manufacturing Continues Deterioration

Key Indices



Market Review

Last week, Shenzhen Component Index stood at 13518.5 points after adding 3.9%. SME Index edged up 3.8% to 9075.2 points. ChiNext Index advanced 4.1% to 2897.8 points. Total turnover for stocks and funds on SZSE was US\$545.0 billion, or a 27.0% increase from the week before.

15 sector indices were higher than previous week, and 1 was lower. Sector indices with the biggest gains were transportation and logistics, hotels & catering and environmental services. The only sector index that fell over the last week was finance.

Top 3 gainers were Zhejiang Garden (300401), Lianyungang Huanghai (002680) and Shanghai Dragonnet (300245). Top 3 decliners were Shantou Wanshun (300057), Nafine Chemical (000737) and Guangdong Anjubao (300155). The most active stocks for the last week were East Money (300059), Suning Commerce (002024) and Boe Technology (000725).

Market News

The First “Small Public Offering” Corporate Bonds Listed on SZSE

On July 23, the corporate bonds (“15 Hunan Gold 01” and “15 RiseSun 01”) issued via public offering to qualified investors successfully got listed on Shenzhen Stock Exchange. These are the first batch of “small public offering” bonds issued after the promulgation of the Management Measures for Issuance and Trading of Corporate Bonds by CSRC. Under the new rules, the approving procedure is simplified as SZSE pre-reviewed the issuance application before passing to CSRC.

CSRC Denies Plans to Withdraw Funds

CSRC said on July 20 that it will continue to support measures to curb volatility in the A-share market, dismissing a media report which claimed that it planned to withdraw its stabilization funds from the stock market.

47 Fund Companies' AUM Scale Tops RMB100B

According to the Asset Management Association, as at the end of 30 June, the business scale of 47 fund management companies exceeded RMB 100 billion. Data showed that Tianhong Asset Management Co., Ltd., with a business scale of RMB 947.9 billion, ranks top among the 47 fund companies.

Small-cap Listed Firms Expect Bigger Profits

Despite the economic slowdown, China's small-cap listed companies have shown resilience with about half of them expecting net profit increases in 1H. Of the 1,248 small-cap firms listed on the Shenzhen and Shanghai exchanges, 515 forecast year-on-year net profit upticks. Of those companies, 183 predicted an increase of more than 50%, and 112 companies expected their profits to double.

China to Surpass US as World's Largest Financial Leasing Market

China's financial leasing market is expected to hit 5 trillion yuan during the



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Market at a Glance

SZSE Market Statistics (24 July, 2015)

No. of Listed Companies	1729
Market Cap.(US\$ Bn)	3679.7
Free-float Market Cap.(US\$ Bn)	2635.1
Average P/E Ratio	51.43
For the Year of 2015	
Turnover Value(US\$ Bn)	12972.3
-Stock	11647.1
-Main Board	4573.8
-SME Board	4573.1
-ChiNext	2500.1
-Fund	580.5
-Bond	744.8
Daily Turnover Ratio(%)	4.10
Total Fund Raised by Equity (US\$ Bn)	42.4
No. of IPO	114

*Currency ratio used : 1 USD=6.12 CNY

first half of 2016 to become the world's largest, surpassing that of the United States. The surge in financial leasing activities is partly fueled by listed Chinese firms tapping the service for cheap credit, such as increasingly using sale leaseback.

New Development Bank Launches in Shanghai

New Development Bank (NDB), a multinational financial institution backed by BRICS, was launched in Shanghai on July 21. NDB will have an initial authorized capital of \$100 billion, and its initial subscribed capital of \$50 billion will be equally shared among the five founding members. The bank will start operating at the end of the year or early 2016.

Construction and Implementation Plan of the Qianhai and Shekou Area

Shenzhen's Qianhai and Shekou Area, part of the Guangdong Pilot Free Trade Zone, formally launched its construction and implementation plans on July 23. A range of innovative financial measures have been introduced. According to the plan, the Area is to step up efforts to deepen financial integration between the mainland and Hong Kong, as well as countries along the "One Belt, One Road" initiative. The Area will also study the possibility of setting up an offshore securities trading center to facilitate enterprises in countries and regions along the "One Belt, One Road" in issuing stocks.

SW China Cross-border Cooperation Pilot Zone Approved

The State Council has approved the establishment of a cross-border cooperation pilot zone in Southwest China's Yunnan province. The pilot zone, based in the Mengla county in the Xishuangbanna Dai autonomous prefecture, is of great significance for the cooperation between China and countries in Indo-China Peninsula.

Yuan Settlement for Crude Oil Futures

China's crude oil futures, the first domestic futures product tradable by overseas investors, will be priced and settled in yuan. Overseas traders and brokers can open yuan-denominated accounts at designated banks for settlement, and the funds cannot be used for other purposes, according to a statement from the People's Bank of China.

China FDI Inflows up 0.7% in June

FDI in the Chinese mainland rose 0.7% year on year in June to US\$14.6 billion. FDI in the manufacturing sector dropped 8.4% to US\$20.9 billion, accounting for 30.5% of the total. The growth slowed sharply from a 7.8% rise in May. In the first half of the year, FDI, which excludes investment in the financial sector, stood at US\$68.4 billion, up 8.3% from the same period last year.

China Manufacturing Continues Deterioration

The flash Caixin China Manufacturing Purchasing Managers' Index (PMI) retreated from 49.4 in June to 48.2 in July, the lowest since April in 2014, with lower output and fewer new orders.

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