Policy support paving way for rebound

Regulator reiterates its commitment to shoring up market confidence

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While short-term volatility may continue, the recent sell-off in China's A-share market has created potential for a medium-term rebound supported by ramped-up policy support, more reasonable valuations and improved corporate earnings, analysts said.

They made the remarks as China's securities regulator reiterated its commitment to shoring up market confidence at a symposium on Monday while implying a focus on the oversight of quantitative trading, underscoring a growing emphasis on protecting retail investors and improving their return prospects.

More policy efforts — including further share purchases by State-owned investment companies, additional central bank liquidity support, potential measures to optimize quantitative trading regulation, and stepped-up macroeconomic stimulus moves — may be considered to consolidate the foundation of market rebound, they added.

On Monday, China's A-share market recovered from a slump on Friday, when the Shanghai Composite Index fell 3.05 percent to close below the 3,800-point mark as growth-oriented stocks plummeted amid a global tech stock correction led by the South Korean bourse.

The SCI ended at 3,796.28 points on Monday, up 0.85 percent, while the growth-oriented ChiNext Index and STAR 50 Index edged up. Meanwhile, Citi upgraded China to overweight in its emerging markets allocation.

"Positive factors are continuing to accumulate, laying a solid foundation for the market to stabilize and recover," said Xu Ruchun, an analyst at Founder Securities, with stronger corporate earnings and more attractive valuations strengthening the market's fundamentals.

Xu believes that first-half net profits of A-share listed nonfinancial companies have likely recovered to a 17.8 percent year-on-year increase, while the ChiNext Index's price-to-earnings ratio had fallen to 43.7 times as of Friday, a historically moderate level.

"At the regulatory level, policy signals for stabilizing the market are clear," Xu added.

During a visit to a brokerage in Beijing on Monday, China Securities Regulatory Commission Chairman Wu Qing chaired a symposium with investors to solicit suggestions on promoting the stable and healthy development of the capital market.

In a rare move, the meeting brought together representatives from a broad range of investors — ranging from large institutional investors to individual retail investors — marking the clearest signal yet that regulators are ramping up efforts to bolster market confidence.

"The broad base of investors is the foundation of the capital market and its most important group of participants," Wu said, vowing to safeguard stable market operations and uphold an open, fair and equitable market order so investors can better share the benefits of high-quality economic and capital market development.

Participants called for stronger countercyclical measures in both the primary and secondary markets, more efforts to attract long-term capital, and a "well-regulated development of quantitative trading and artificial intelligence applications" in the capital market, the CSRC said in a meeting statement.

State-owned investment companies have also been ramping up stock and exchange-traded fund purchases. China Chengtong Holdings and China Reform Holdings announced on Sunday that they had increased their holdings of A shares and would continue doing so by using their own funds and a central bank lending facility, providing strong liquidity support to the market.

Chen Gang, an analyst at Soochow Securities, said that sustained inflows into ETFs will improve investor sentiment.

From July 1 to Friday, equity ETFs attracted more than 300 billion yuan ($44 billion) in net inflows, including over 100 billion yuan from Thursday to Friday alone, Chen said.

Analysts, however, cautioned that further policy support would be indispensable for a durable market recovery.

Liu Jipeng, a professor at China University of Political Science and Law and a senior capital market expert, said that regulatory efforts should prioritize market fairness, arguing that some quantitative trading strategies that rely on technological advantages to profit at the expense of ordinary investors should be better regulated.

A C919 aircraft arrives at Tianjin Binhai International Airport. JIA TIANYONG / CHINA NEWS SERVICE

C919 prepares for 1st regular intl flight

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The C919, China's domestically developed narrowbody passenger jet, will begin its first scheduled international commercial service next month, a step industry experts said will test the aircraft's ability to operate beyond domestic markets and help build confidence for wider overseas expansion.

The daily round-trip service, operated by Air China, will connect Beijing Capital International Airport and Ulaanbaatar's Chinggis Khaan International Airport in Mongolia from Aug 12, the airline said.

According to the schedule, outbound flight CA723 will depart Beijing at 3 pm Beijing time and arrive in Ulaanbaatar at 5:15 pm local time. The return flight, CA724, will leave Ulaanbaatar at 6:30 pm local time and arrive in Beijing at 8:35 pm Beijing time.

The route marks the first time the C919, manufactured by Commercial Aircraft Corp of China, will enter a regular international commercial passenger aviation market.

Previously, the aircraft has operated mainly on Chinese mainland routes, as well as services connecting the mainland with the Hong Kong Special Administrative Region. China Eastern Airlines launched the aircraft on scheduled flights between Shanghai and Hong Kong in January 2025, while Air China began regular C919 services between Beijing and Hong Kong in November.

"Choosing Ulaanbaatar as the first regular international destination is not a move to lower the entry barrier or test the waters," said Zhu Keli, founding director of the China Institute of New Economy.

Zhu said the decision reflected a combination of factors including aviation cooperation between China and Mongolia, airworthiness cooperation arrangements, operational safety and route economics.

"China and Mongolia have maintained stable civil aviation cooperation, with a relatively mature framework for airworthiness cooperation," Zhu said. "The airport environment is relatively straightforward, the flight distance is moderate and the aircraft can complete a round trip within a day, allowing domestic technical support to respond quickly if operational issues arise."

The route also has established business and tourism demand, making it suitable for regular commercial operations rather than serving only as a demonstration flight, Zhu said.

He said the first international route is aimed at validating the full process of cross-border operations, including overseas maintenance support, international air traffic coordination and customs procedures.

"Ulaanbaatar is more like a low-risk practical training ground where the C919 can accumulate real overseas operating data and build a replicable model for future international expansion," Zhu said.

Guo Jia, a civil aviation expert and professor at Guangdong University of Foreign Studies' South China Business College, said safety considerations were the primary factor behind the selection of the first international destination.

He said Air China's previous experience operating the C909 regional jet to Ulaanbaatar, along with the airline's assessment of airport handling and maintenance capabilities, also supported the route choice.

For the Chinese aviation industry, the significance of the route extends beyond the flight itself, experts said.

"Previously, C919 operations were mainly based on China's domestic airspace and supporting infrastructure," Zhu said. "This scheduled international route means the aircraft is entering a regular commercial passenger aviation system between countries."

The operation will help establish overseas support capabilities, including maintenance cooperation, spare parts arrangements and international operating procedures, Zhu said.

Guo said international expansion would require more than aircraft performance. "Aircraft sales, international operations and market expansion all need to comply with the airworthiness standards of different countries and regions," Guo said, adding that broader international communication and certification efforts would be necessary.

Guo added that overseas maintenance, aircraft support and route support capabilities would be among the key challenges for international operations.

Looking ahead, experts expect the C919's international expansion to be gradual. "C919's internationalization will not follow an aggressive model of rapidly launching a large number of routes," Zhu said.

After validating operations in Ulaanbaatar, the aircraft will likely expand first into short-haul international markets in Central Asia and Southeast Asia, allowing it to accumulate experience under different operating conditions, Zhu said.

"The priority is to complete the transition from zero to one — making the first international route operate safely and accumulating experience," Guo said. "Only after establishing overseas safety operation and maintenance standards should the C919 move from one route to multiple routes.

"Airworthiness certification is indeed one of the biggest barriers for the C919 entering mainstream European and US markets," Zhu said.

He said certification by authorities such as the European Union Aviation Safety Agency and the US Federal Aviation Administration would be essential, while airlines' familiarity with the aircraft, maintenance networks, leasing systems and market recognition would also influence adoption.

Briefly

Yuan weakens against greenback

The central parity rate of the yuan weakened 14 pips to 6.7948 against the US dollar on Monday, according to the China Foreign Exchange Trade System.

Loan prime rates remain unchanged

China's one-year loan prime rate, a market-based benchmark lending rate, came in at 3 percent on Monday, unchanged from the previous month. The over-five-year LPR, on which many lenders base their mortgage rates, also remained unchanged from the previous reading of 3.5 percent, according to the National Interbank Funding Center.

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Leapfrog progress reported in innovative drug sector

The total value of China's innovative drug out-licensing deals exceeded $100 billion in the first half of the year, reaching a record high, the Ministry of Industry and Information Technology said on Monday.

China approved 38 innovative drugs for marketing during the period, including 31 developed by domestic companies, Tao Qing, head of the bureau for operation, monitoring and coordination with the MIIT, told a news conference.

Despite a complex and challenging external environment and mounting pressure from industry transformation, China's pharmaceutical industry remained resilient, Tao said.

From January to June, value-added industrial output of major pharmaceutical enterprises rose 6.4 percent year-on-year, with biopharmaceuticals posting double-digit growth.

The industry's export delivery value exceeded 210 billion yuan ($30.91 billion) in the first six months, up 9 percent from a year earlier.

Higher value-added products, including chemical finished dosage forms and biopharmaceuticals, accounted for nearly one-fifth of total exports, indicating an accelerating shift in the export mix from active pharmaceutical ingredients to finished pharmaceutical products.

China is actively exploring innovative approaches to organizing biomedical research, betting that institutional reforms can help close one of the industry's most persistent gaps — turning laboratory discoveries into marketable medicines.

At the center of such efforts is the Interdisciplinary Research Center on Biology and Chemistry. The center has spent more than a decade building an interdisciplinary research model that links basic science, chemistry, structural biology, clinical medicine and drug development. The model is designed to overcome what scientists call the "valley of death" — the long and uncertain path between fundamental scientific discoveries and clinical applications, where many promising findings fail to become viable therapies.

Founded in 2012, the center deliberately began focusing on neurodegenerative diseases years before they became a strategic research priority globally. While cancer research historically attracted far greater funding and produced far more drug candidates, diseases such as Alzheimer's disease and Parkinson's disease have become increasingly urgent challenges amid aging global populations.

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Jingye eyes 'legal remedies' as UK nationalizes steel

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The United Kingdom's nationalization of British Steel, previously owned by China's Jingye Group, has drawn strong responses from the Chinese government and industry experts, who said the move undermines market principles and investor confidence while reflecting a broader global shift toward prioritizing industrial security.

Jingye Group, which acquired the loss-making steelmaker in 2020, said it had invested heavily over the past five years to upgrade facilities, improve technology and maintain operations despite prolonged financial pressure.

Following the nationalization, the company said on Sunday that it would pursue all available legal remedies, including international arbitration, to safeguard its lawful rights.

According to Jingye, the UK government proceeded with the takeover without providing timely, adequate and effective compensation for its investment. The company said it has initiated consultations under the China-UK bilateral investment treaty and reserves the right to seek full compensation for its losses.

China's Ministry of Commerce said on Friday that it firmly opposed the UK's decision, saying the move seriously harmed Jingye's legitimate rights and interests and undermined the confidence of Chinese companies investing in Britain.

It urged the UK to abide by international rules, fulfill its obligations under the China-UK bilateral investment treaty, treat Chinese-invested enterprises fairly and impartially, and properly resolve compensation issues, adding that China will continue to support companies in safeguarding their lawful rights through legal means.

Echoing the ministry's remarks, the Foreign Ministry urged Britain to respect market principles and the spirit of contract and seek a mutually acceptable solution on compensation. It warned that Britain's handling of the case would directly affect Chinese investors' assessment of the UK's investment environment and the credibility of its government.

Industry experts said the dispute also reflects profound changes in global industrial policy, as governments increasingly place strategic industries ahead of purely commercial considerations.

"Steel, once regarded by many developed economies as a sunset industry, has regained strategic importance," said Xu Xiangchun, information director and analyst at iron and steel consultancy Mysteel. "As geopolitical uncertainties grow, countries are placing greater emphasis on maintaining domestic manufacturing capacity and securing critical industrial supply chains."

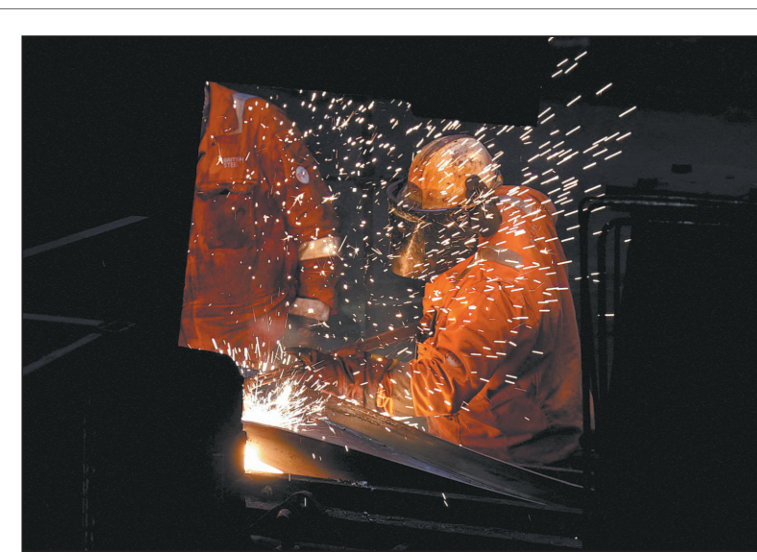
Xu said the UK's decision reflects the growing importance attached to industrial security and supply chain resilience. However, he said that strategic considerations should not come at the expense of market principles or the legitimate rights of investors.

Wang Guoqing, director of the Beijing Lange Steel Information Research Center, said the nationalization ran counter to market principles, internationally accepted investment rules and the China-UK bilateral investment treaty.

She said Jingye had invested heavily to keep British Steel operating and preserve local jobs, yet the compensation mechanism announced by the UK failed to adequately reflect the company's long-term investment and contribution.

"Strategic industries deserve policy support, but government intervention should respect international investment rules and fully protect the lawful rights of investors," Wang said.

Zhou Mi, a senior researcher at the Chinese Academy of International Trade and Economic Cooperation, said companies should strengthen policy risk assessments even when investing in developed economies, as policy and regulatory changes may arise from strategic considerations.



Employees work at a British Steel site in Britain. REUTERS