

Market Summary

Listed Companies (No.)	2,252
- Main Board	470
- SME Board	960
- ChiNext Market	822
Funds	547
Bonds	7,716
Market Cap. (US\$ bn)	4,054.7
- Main Board	1,194.8
- SME Board	1,688.7
- ChiNext Market	1,171.2
Average Turnover Ratio	2.29
Average P/E Ratio	29.51
No. of IPO (YTD)	48

Most Active Companies

1	East Money Information Co., Ltd. (300059)
2	Guangdong Advertising Group Co., Ltd. (002400)
3	Zte Corporation (000063)

Top Gainers

1	Ningbo Bohui Chemical Technology Co., Ltd (300839)
2	Capitalonline Data Service Co., Ltd. (300846)
3	Fujian Ideal Jewellery Industrial Co., Ltd. (002740)

Top Decliners

1	Dalian Tianbao Green Foods Co., Ltd. (002220)
2	Leshi Internet Information & Technology Corp., Beijing (300104)
3	Henan Kedi Dairy Co., Ltd. (002770)

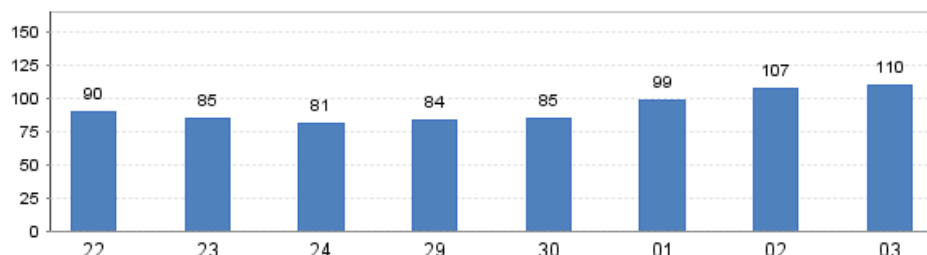
New Listing

Bohui (300839)

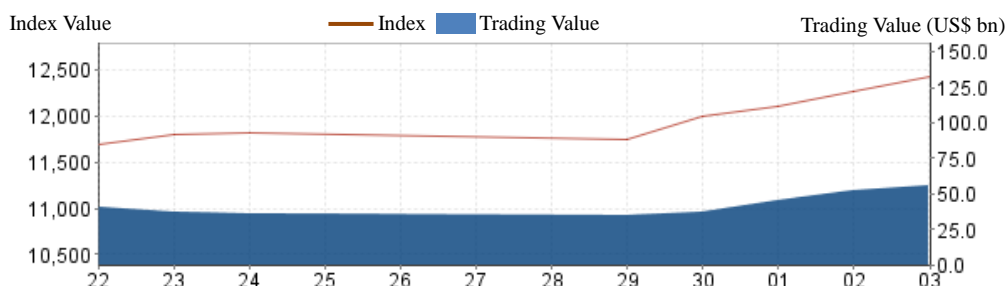
Ningbo Bohui Chemical Technology Co., Ltd. principally engages in the deep-processing business of fuel oil. In 2019, its operating income reached 827 million yuan with the net profit of 75.73 million yuan.

Daily Trading Value (June 22 – July 03)

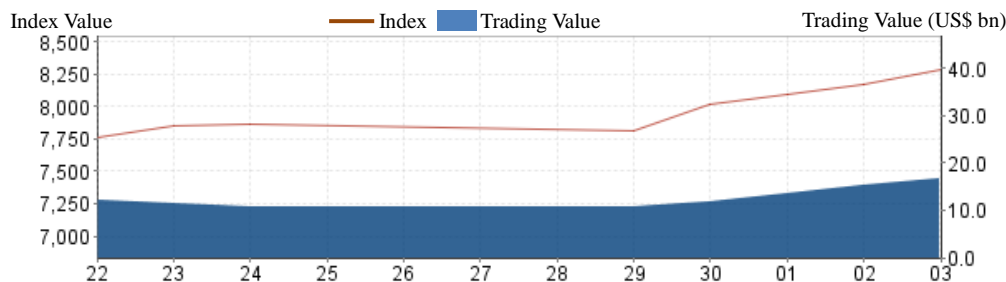
(US\$ bn)



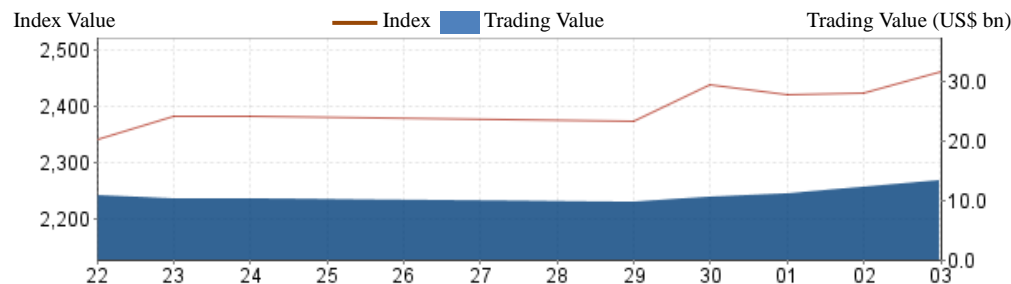
SZSE Component Index (June 22 – July 03)



SME Index (June 22 – July 03)



ChiNext Index (June 22 – July 03)



Market News

1. SZSE strengthens self-disciplinary rules for listed companies

SZSE recently released the integrated and revised business guidelines for listed companies, and, along with the recently revised *Listing Rule* and *Compliance Guide for Listed Companies*, streamlined its self-regulatory system for listed companies by establishing a three-tier system with *Listing Rule* at its core, *Compliance Guides for Listed Companies* and sector-based and business-oriented information disclosure guidelines as main content, and business instructions as supporting documents. 25 sector-based and business-oriented information disclosure guidelines have been revised or formulated and 23 business instructions have been developed and released. 92 redundant business memos and guidelines for information disclosure were abolished at the same time.

2. Mainland and HK IPOs see continued growth in H1

Capitalonline (300846)

Capitalonline Data Service Co., Ltd. principally engages in provision of IDC and cloud and other information technology services for enterprises. In 2019, its operating income reached 739 million yuan with the net profit of 66.52 million yuan.

Shenglan (300843)

Shenglan Technology Co., Ltd. principally engages in the research and development, production and sale of electronic connectors and precision components. In 2019, its operating income reached 724 million yuan with the net profit of 79.22 million yuan.

J and T Hi-Tech (300845)

Zhengzhou J and T Hi-Tech Co., Ltd. principally engages in the overall solution plan for research, development and technical service of computer simulation training system in the fields of rail transit, safety operations, and ships. In 2019, its operating income reached 315 million yuan with the net profit of 80.42 million yuan.

Initial public offerings in the mainland and Hong Kong continued to grow in the first six months this year while global IPOs slowed due to the COVID-19 impact, according to a report released by EY on June 23. IPOs in the mainland and Hong Kong continued to grow, accounting for 43% of the world's total deals and 46% of the fund volume. During the same period, a total of 412 companies were listed globally, down by 20 percent compared with the same period last year.

3. No foreign shareholding limit will apply to financial industry in China

China once again shortened its negative list of sectors off-limits for foreign investors. The number of such sectors will be cut to 33 in the 2020 version of the Negative List from 40 in the 2019 version, according to a statement jointly released on June 24th by the National Development and Reform Commission and the Ministry of Commerce. No foreign shareholding limits will apply to financial sector as the restrictions on foreign shares of securities companies, securities investment fund management companies, futures companies, and life insurance companies were lifted in the 2020 version Negative List.

4. Cross-boundary wealth management in GBA formally announced

To facilitate cross-boundary investment by individual residents in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the People's Bank of China and the monetary authorities of Hong Kong and Macao have decided to implement a two-way cross-boundary wealth management connect pilot scheme in the GBA. Under Southbound Connect, residents of Mainland cities in the GBA can invest in eligible investment products distributed by banks in Hong Kong and Macao with designated investment accounts of these banks; and vice versa under Northbound Connect.

Analysis

Highlights on the *Special Provisions for Trading on the ChiNext Market*

As part of the ChiNext Market reform, SZSE have been working on improvement of trading rules of the ChiNext Market, which has been reflected in the *Special Provisions for Trading on the ChiNext Market* released on June 12th. The changes will be effective upon the first listing day of the newly-issued shares under the *Administrative Measures on IPO Registration on the ChiNext Market (Trial)* and apply to all stocks and depository receipts in the ChiNext Market and relevant funds, be it listed before or after the implementation of the rule. Major changes and comparison with existing trading rules are summarized as below.

1. Trading mechanism for newly-issued shares: no price limit during the first five trading days.

	ChiNext Market under the new rule	Existing rule (Main Board and SME Board)
Days with no price limit	During the first five trading days after listing	On the listing day only
Intraday price range	No upper/lower price limit	64%-144% of the issue price
Circuit Breaker Mechanism (Applicable for all shares with no price limit)	Halt trading for 10 minutes when stock price rises or drops 30% and 60% (if the time of the halt is about to last over 14:57, the trading will be resumed at 14:57. For orders during the halt, resumption of call auction will be conducted before closing auction.)	Halt trading for 30 minutes when stock price rises or drops 10%

Our Take: more relaxed price band will help price formation of the newly-listed shares. The Circuit Breaker Mechanism will give investors a short "cooling-off period", when abnormal transactions and large fluctuations occur on ChiNext Market, to reduce their over-reaction to the prices.

2. Price limits: A $\pm 20\%$ daily price range will apply to ChiNext stocks after its first five trading days. Any quotes exceeding the limits are deemed as invalid.

Our Take: The daily price limit, previously $\pm 10\%$, is relaxed to $\pm 20\%$, which will allow for larger intraday pricing range and promote the efficiency of price discovery on the ChiNext secondary market.

3. After-hour fixed-price trading session is created from 15:05-15:30 of each trading day. The price declaration is matched according to the time priority order and the transactions are made at the closing price of the day. Stocks under trading suspension at 15:00 will not be included in after-hours trading.

Our Take: Investors can take their time and have more opportunities during after-hours trading to make rational investment decisions based closing price and relevant situation. Block trading of institutional investors will be conducted in a separate channel with less impact on secondary market transaction prices. It is kindly reminded that after-hours fixed-price session on ChiNext Market will not be open to SZ-HK Stock Connect Northbound investors until further notice.

4. The "price cage" (or quoting limits) during continuous auction: the declaration price of a buy order shall not be higher than 102% of the buying benchmark price; the declaration price of a sell order shall not be lower than 98% of the selling benchmark price.

	ChiNext Market (all shares with no price limit)	Main Board and SME Board (all shares with no price limit)
Valid Declaration Price during Opening Auction	$\leq 900\%$ of the previous closing price	$\pm 20\%$ of the issue price
Valid Declaration Price during Continuous Auction	$\pm 2\%$ ("price cage") of buy/sell benchmark price	$\pm 10\%$ of the latest strike price
Valid Declaration Price during Resumption Call Auction and Closing Auction	$\pm 10\%$ of the latest strike price	

Our Take: The "price cage" can reduce pump and dump behaviors by about 70%, and significantly weaken the instantaneous impact of the declared orders on pricing. Price fluctuations and continued excessive speculation could thus be prevented, and trading order maintained.

Note: The benchmark bid price refers to the lowest offer (highest bid) price disclosed in real time; the highest bid (lowest offer) price disclosed in real time in the absence of the lowest offer (highest bid) price disclosed in real time; the last execution price in the absence of the highest bid (lowest offer) price disclosed in real time; or the previous closing price in the absence of any trade on the current day.

5. Other Specific Arrangements

- 1) Special share logos are created to remind investors to prevent risks
- 2) Adjust the public information disclosure rules for trading of shares with price limits on Chi-Next market

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