

Market Summary

Listed Companies (No.)	2,221
- Main Board	470
- SME Board	948
- ChiNext Market	803
Funds	542
Bonds	7,106
Market Cap. (US\$ bn)	3,313.1
- Main Board	1,008.5
- SME Board	1,380.0
- ChiNext Market	924.6
Average Turnover Ratio	2.65
Average P/E Ratio	25.24
No. of IPO (YTD)	17

Most Active Companies

1	Zte Corporation (000063)
2	Luxshare Precision Industry Co.,Ltd. (002475)
3	East Money Information Co., Ltd. (300059)

Top Gainers

1	Chengdu Tianjian Technology Co., Ltd. (002977)
2	Iat Automobile Technology Co., Ltd. (300825)
3	China Dive Company Limited (300526)

Top Decliners

1	Gcl System Integration Technology Co., Ltd. (002506)
2	Kunshan Kinglai Hygienic Materials Co.,Ltd. (300260)
3	Jiangsu Tongguang Electronic Wire And Cable Co.,Ltd (300265)

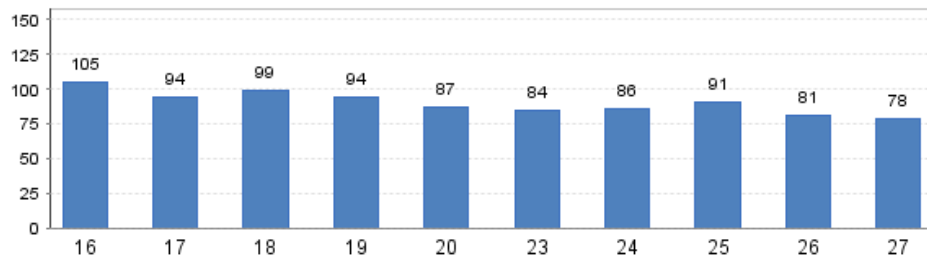
New Listing

IAT (300825)

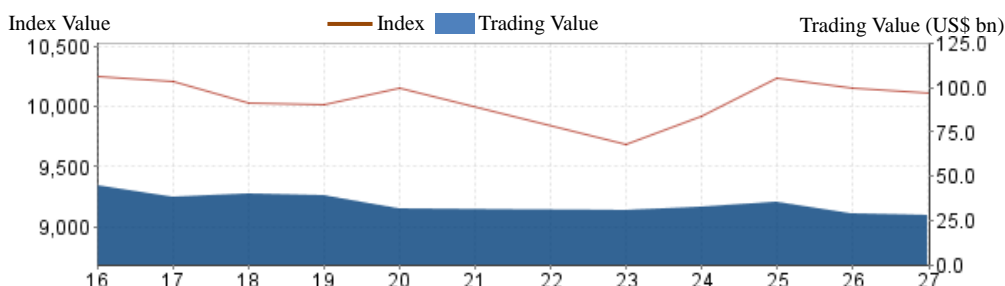
IAT Automobile Technology Co., Ltd principally engages in complete vehicle design of fuel vehicles and new energy vehicles and other technical services related to the automotive industry. In 2019, the company realized operating income of 885 million yuan with the net profit of 130.31 million yuan.

Daily Trading Value (March 16 – March 27)

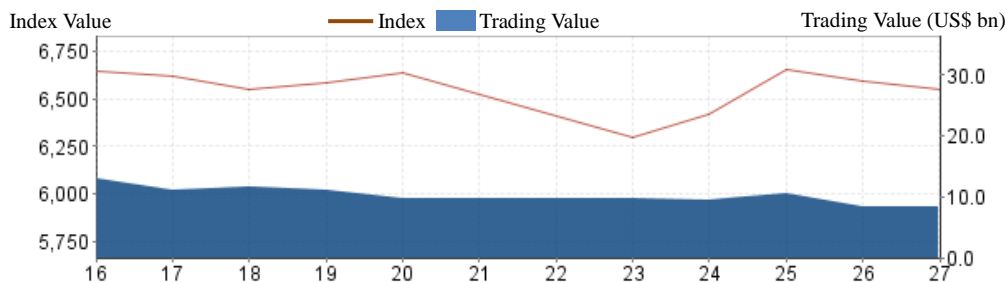
(US\$ bn)



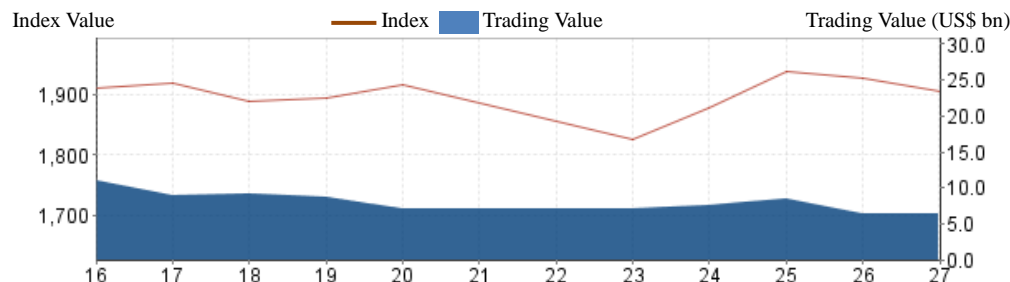
SZSE Component Index (March 16 – March 27)



SME Index (March 16 – March 27)



ChiNext Index (March 16 – March 27)



Market News

I. CSRC: Reform and opening-up of Chinese capital market will continue

Mr. Li Chao, Vice Chairman of the China Securities Regulatory Commission (CSRC) introduced China's measures to fight against COVID-19 and the role of financial markets in a press conference held by the Chinese State Council Information Office on March 22, 2020.

I) The external environment does not change the long-term trend of market growth and development

Compared with overseas markets, China's A share market remains stable with relatively small fluctuations and investors are more rational in their behavior, showing remarkable resilience and anti-risk capability. The following preemptive measures have been taken to ensure smooth operation of the market:

- Efforts have been made to keep the leverage rate at a lower level. The amount of leveraged capital in the stock market has dropped by 80% compared to its peak in 2015.
- We are mitigating the stock pledge risks by reducing the outstanding pledged stocks while keeping the incremental ones under control. Major risk indicators have reversed

and shown a positive trend, with the number of listed companies whose shares are over-pledged decreasing by a third in comparison with the peak period.

- We are optimizing trading supervision and increasing transparency, facilitating development of expectations by participants in respect of regulation.

In the first two months of 2020, the total fundraising of the stock and bond market reached 1.3 trillion Yuan. Fundraising through 38 IPOs reached 72.4 billion Yuan, and 90.1 billion Yuan was raised through refinancing. 1.1 trillion Yuan worth of bonds were issued in exchange bond market with a year-on-year increase of 30%.

2) Foreign capital flow will not have a fundamental impact on A share market

The fluctuations in global financial markets will inevitably have some impacts on China's financial market, with direct impacts on capital flow and market sentiments. Investors on A share market experienced short-term fluctuation in their sentiment, but remain relatively stable and rational for now.

With regards to the macro environment, China is at a different stage from the overseas in epidemic prevention and control currently. The impact of the epidemic on the A share market has been gradually reflected. Great efforts were made in speeding up the production resumption. More than 98% of the 2700 listed companies have resumed work in early March, and more than 80% of employees have returned to work.

3) Reform and opening up of Chinese capital market will not wither

The reform and opening up policy has its inherent motivation. In terms of market opening, we are implementing relevant rules and regulations, and will continue to expand the scope of products eligible for foreign investment. In terms of market access, in 2019, several foreign-controlled securities companies have been licensed. A few days ago, we also announced elimination of foreign equity cap in securities companies, which will take effect on April 1, 2020. Generally speaking, China's determination for opening-up will not change.

4) The reform of Chi-Next Market is proceeding in an orderly manner

The reform of Chi-Next market centers on registration-based system and also covers related areas of fundamental systems including issuance, listing, information disclosure, trading and delisting. At present, related work is progressing in an orderly manner. At the same time, we will follow the twelve key tasks of capital market reforms including promoting the reform in the registration based IPO system, enhancing the quality of listed companies, strengthening the service of intermediary agencies, protecting investors and creating a more favorable environment for medium and long-term capital. CSRC will step up efforts to build a rule-based, transparent, open, dynamic, and resilient capital market.

http://www.csrc.gov.cn/pub/newsite/zjhxwfb/xwdd/202003/t20200323_372534.html

2. Growth seen in online sectors during outbreak

According to NDRC officials, China's national online retail sales of physical goods maintained growth during the first two months despite the coronavirus epidemic's impact, and its proportion of total retail sales of consumer goods was 5 percentage points higher than the same period last year. The information services sector also surged by 3.8 percent. The country has also seen many digital sectors emerge as beneficiaries of the recent outbreak, such as online education. More efforts will be needed to promote the development of Internet Plus models, support innovation and business startups and further vitalize the market.



Wei Fan
Market Surveillance Department

In accordance with *Securities Law of PRC*, Measures for Administration of Securities Exchange, other relevant laws and regulations, SZSE is responsible for supervision on securities trading activities on its market. The responsibilities include, but not limited to, real-time monitoring on securities trading and timely detection of abnormal trading behaviors and misconducts. SZSE can take self-regulatory supervision measures or file reports to CSRC for further investigation regarding abnormal trading behaviors and misconducts.

- **Two factors are playing an important role in facilitating SZSE's market supervision function, see-through surveillance and coordination with members in management of their clients' trading activities.**

See-through surveillance is a critically-acclaimed practice in Chinese securities market, praised as a beneficial innovation by IOSCO. It means regulatory bodies can supervise the securities market with the knowledge of the trading information of each securities account including, but not limited to, its trading records and holdings. By using the unified coding system for securities account in SZSE securities market, an investor's single account can be used across all members' systems, therefore trading activities are collectively seen through at individual account level without members' report. See-through surveillance enables SZSE to precisely and instantly locate the investor's trading account who exhibits abnormal trading behaviors. With investors' trading records, the trading behaviors can be carefully examined for possible market manipulation and insider trading. Additionally, inspection of the relationship between trading accounts and listed companies or relationship among different accounts becomes possible. Such inspection helps uncover clues of insider trading and market manipulation. Regarding privacy issues, *Securities Law of PRC* states that securities exchanges, securities companies, securities depository and clearing companies, securities service organizations and their staffs bear the obligation of keeping the investors' information confidential.

In addition to see-through surveillance, SZSE makes use of members' close relationship with investors to coordinate with members in management of their clients' trading activities. SZSE establishes a supervision model in which SZSE regulates members and members regulate clients so as to better control risk.

- **With a cutting-edge surveillance system, SZSE is capable of promptly hunting down abnormal trading accounts and abnormal fluctuation of price & volume of securities and indices.**

Abnormal trading behavior such as ramping, dumping and spoofing violates the Trading Rules, thus places negative effects on market order. SZSE continuously updates focused stock, focused accounts, focused behaviors and focused period and keeping close track of these help mitigate risk.

- **SZSE's mechanism of uncovering misconducts, such as insider trading, market manipulation and trading on non-public information, can be boiled down to five aspects.**
 - a) Real-time monitoring on securities trading plays an essential role in tracking down short-term market manipulation.
 - b) SZSE periodically examines potential risk of all stocks on weekly and monthly basis.
 - c) Inspection on significant corporate activities, such as M&A, is the main source to detect insider trading.
 - d) Special task inspection regarding particular groups, cases and categories, and special requirements of CSRC is the primary method to reveal front running and scalping.
 - e) Whistleblowing received from CSRC and investors can form an integral part of the misconduct detection mechanism.

SZSE is endeavored to fulfil its responsibility to supervise securities trading, so as to safeguard market order, control market risk and protect the investors' interests.

Disclaimer: The content is for reference only. Shenzhen Stock Exchange does NOT guarantee its accuracy. Listed companies or data mentioned in this presentation shall NOT be viewed as investment recommendations.

We welcome any feedbacks with respect to Market Bulletin or other information services offered by the SZSE. Should you have any inquiries, comments or proposal for cooperation, please let us know at international@szse.cn

Rotating Editor: Jing Guo
Co-Editors: Xue Dong