

# Shenzhen Stock Exchange Market Bulletin

June 08, 2020 (Issue 16)



## Market Summary

Listed Companies (No.)	2,243
- Main Board	470
- SME Board	959
- ChiNext Market	814
Funds	552
Bonds	7,682
Market Cap. (US\$ bn)	3,650.4
- Main Board	1,085.5
- SME Board	1,525.4
- ChiNext Market	1,039.5
Average Turnover Ratio	2.33
Average P/E Ratio	26.60
No. of IPO (YTD)	39

## Most Active Companies

1	Boe Technology Group Co., Ltd. (000725)
2	Guangdong Advertising Group Co., Ltd. (002400)
3	Ofilm Group Co., Ltd. (002456)

## Top Gainers

1	Sinomag Technology Co., Ltd. (300835)
2	Guangzhou Grandbuy Co., Ltd. (002187)
3	Kunshan Topa Intelligent Equipment Co., Ltd. (300836)

## Top Decliners

1	Tianguang Zhongmao Co., Ltd. (002509)
2	Shandong Longlive Bio-technology Co., Ltd. (002604)
3	Foran Energy Group Co., Ltd. (002911)

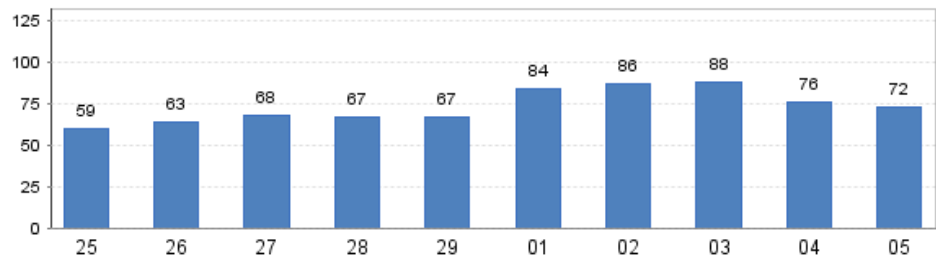
## New Listing

### Yussen (002986)

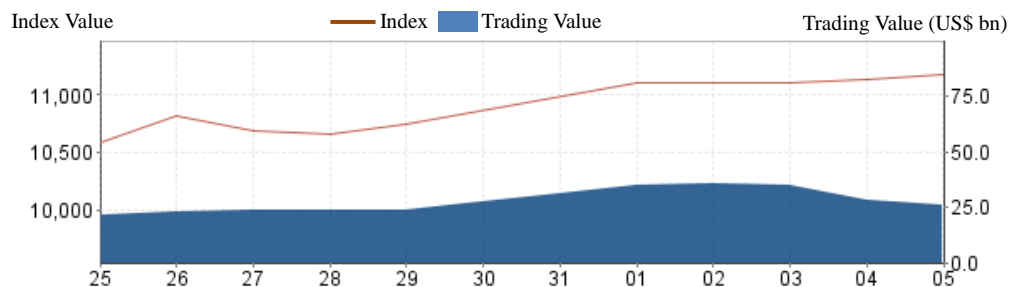
Hunan Yussen Energy Technology Co., Ltd. principally engages in research and development, production and sale of organic chemical products using LPG as raw materials. In 2019, its operating income reached 3,161 million yuan with the net profit of 242.63 million yuan.

## Daily Trading Value (May 25 – June 05)

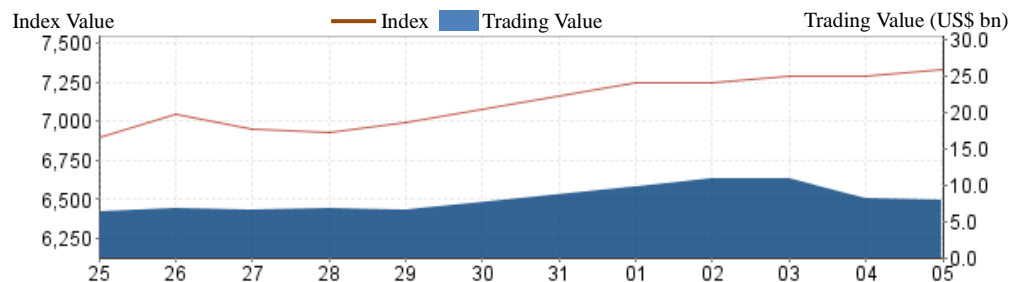
(US\$ bn)



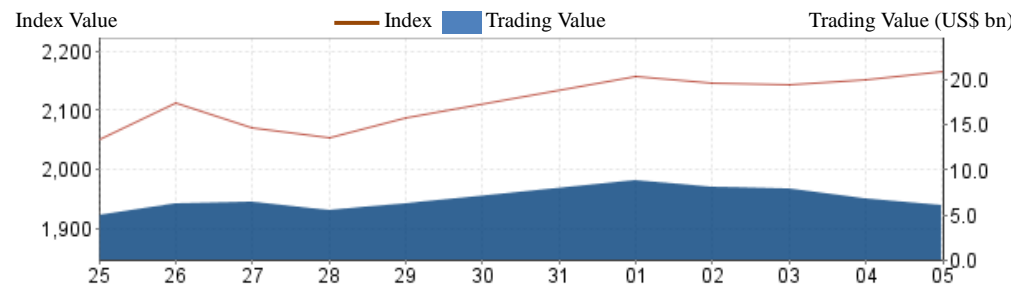
## SZSE Component Index (May 25 – June 05)



## SME Index (May 25 – June 05)



## ChiNext Index (May 25 – June 05)



## Market News

### 1. SZSE Outlines Key Reform Tasks

SZSE outlines key reform tasks in a recent statement: first, the Exchange will complete ChiNext Market reform and pilot the registration-based IPO system with high quality. Second, SZSE will redouble its support to the real economy. Third, SZSE will actively engage in the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the demonstration pilot zone for socialism with Chinese characteristics. Fourth, the Exchange will continue to improve governance and regulation capabilities based on the rule of law.

### 2. SZSE Issues Information Disclosure Guidelines on Transactions

SZSE issued the Guidelines No. 5 on Information Disclosure of Listed Companies - Transactions and Related Party Transactions (the "Guidelines"). The Guidelines are tailored to the needs of investors. First, the requirement that transaction target must be audited or evaluated is waived for capital injection transaction where the related counterparty makes proportional investment at the same price, and such requirement is

### **Zhe Kuang (300837)**

Zhejiang Zhe Kuang Heavy Industry Co., Ltd. principally engages in research and development, design, production and sale of crushing and screening equipment. In 2019, its operating income reached 369 million yuan with the net profit of 96.19 million yuan.

### **Zhejiang Linuo(300838)**

Zhejiang Linuo Flow Control Technology Co., Ltd. principally engages in research and development, production and sale of industrial control valves. In 2019, its operating income reached 452 million yuan with the net profit of 67.78 million yuan.

also waived for acquisition or disposal where the listed company cannot exert significant influence on the transaction target. Second, the profit forecast report is no longer mandatory for related-party acquisition at a high premium; "Comply or Explain" principle is adopted for profit guarantee and compensation, and the disclosure requirements are improved. Third, the deadline for solving fund misappropriation due to disposal of assets is relaxed, extending to last day of the next financial report disclosure, rather than before the completion of the transaction.

### **3. The CSRC issues a new rule on subordinated debts of securities companies**

On May 29, the CSRC issued the Decision on Revising Regulations of Securities Companies' Subordinated Debts, which shall enter into force as of the date of promulgation. The major adjustments are as follows: first, allow securities companies to publicly issue subordinated bonds. Second, allow securities companies to reserve space for issuing other kinds of bonds, such as write-down bonds. Third, apply unified laws and regulations. The definition of "institutional investors" shall follow the Measures for the Administration of Securities and Futures investor Suitability; and relevant requirements for "sale of subordinated bonds" shall be adjusted according to the Measures for the Administration of Corporate Bond Issuance and Trading. Fourth, set the Notice of the General Office of the State Council on the Implementation of the Revised Securities Law and the Measures for the Administration of Corporate Bond Issuance and Trading as the upper laws.

### **4. Innovate Monetary Policy Instruments to Enable Direct Support for Real Economy**

The People's Bank of China (PBoC) has launched RMB 300 billion of special central bank lending for combating the pandemic and RMB 1.5 trillion of central bank lending and central bank discounts for inclusive finance, both of which are monetary policy instruments that enable direct support for the real economy. In line with the arrangements of the Report on the Work of the Government, the PBoC is launching another two instruments to directly support the real economy, namely a support instrument for deferring the repayment of inclusive loans to micro and small businesses (MSBs), and a support plan for inclusive MSB credit loans. The instruments will further enrich structural monetary policy instruments and contribute to more effective and targeted policies for serving micro, small and medium-sized enterprises.

### **5. China releases master plan for Hainan Free Trade Port**

On June 1, Chinese authorities released a master plan for the Hainan free trade port (FTP), aiming to build it into a globally influential high-level free trade port focusing on trade and investment liberalization by the year 2025. In terms of trade of goods, the island province will introduce measures that center on zero tariffs; in terms of investment, market entry will be markedly widened. The plan proposes to promote the cross-border flow of funds in an orderly manner which support the development of international trading venues for energy, maritime products, property rights, equity, etc., also support the development of REITs, broaden financing channels and ease capital controls on foreign-funded enterprises.

### Institutional Investors Usher in a New Era of Development

Introduction of the registration-based IPO system through the newly-amended *Securities Law* is likely to bring about a new ecosystem for the A-share market. In particular, institutional investors are expected to play important roles in a disclosure-based market environment. Chinese regulators are creating a more favorable environment for investors, especially institutional investors. We observe that efforts have been made in the following three aspects.

First, mutual fund management companies, the currently most important institutional investor by market cap holding, keep growing. The mutual funds that invest in equity raised 430 billion yuan in the first four months of this year, 3.8 times that of the same period last year. At the same time, efforts are also made in encouraging commercial banks to establish fund management companies, supporting innovation in equity fund product, and expanding fund investment advisory services. Data from the Fund Industry Association shows that the net value of mutual funds that invest in equity in April registered 1.49 trillion yuan, representing a 15% increase compared with 2019 end.

Second, some favorable policies are being made for other major institutional investors to increase exposure to A share market. Experiences of developed markets show that insurance companies are major institutional investors for stock markets. The China Securities Regulatory Commission (CSRC) has long been working with other relevant departments to clear barriers that pension fund face in investing in mutual funds. Policy changes in terms of A share investment have also been seen in banks' wealth management industry. An important part of China's asset management industry, the total balance of wealth management products with non-guaranteed principal in the banking sector reached 23.4 trillion yuan by the end of first quarter. In September 2018, the China Banking and Insurance Regulatory Commission (CBIRC) further clarified that banks can indirectly invest in stocks through mutual funds.

Third, progress has been made to facilitate participation by international investors in the A-share market. In late 2019, the quota system for QFII/RQFII was abolished, paving the way for unification of rules of the two schemes. After a QFII/RQFII obtains Securities and Futures business permit, it can entrust its main custodian to register with SAFE, greatly simplifying the procedures. QFIIs are allowed to invest in China in multiple currencies. Repatriation is greatly simplified by removing requirements for audit reports by a domestic chartered accounting firm. The inclusion of A-shares in international indices facilitates participation by global passive institutions. Shenzhen-Hong Kong connect has traded close to 2 trillion US\$ worth of stocks in both directions. CSRC and SZSE resolved the issue of wide-spread self-suspension since the market turmoil in 2015, ensuring trading continuity. SZSE offers a selection of new-economy stock representing future of China's economic growth for international institutional investors. SZSE offers regular road shows and open-house programs for international investors to meet SZSE-listed companies. SZSE has expanded its English-language services for international investors through its official websites and newsletters.

Institutional investors are part and parcel of China's capital market. They play an increasingly important role in the A-share market by fostering a transparent, open and fair marketplace. The newly-amended *Securities Law* enshrines provision fostering institutional participation, including expanding the scope of investment to include possible REITs and easing of concerns for unintended short-swing trades. The message is clear: A-share market welcomes institutions and will continue to improve regulations and services.

*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. SZSE does NOT assume any liability resulting from use of data and references information contained in this bulletin.*

*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](mailto:international@szse.cn)*

**Rotating Editor: Yanxi Chen**

**Co-Editors: Jing Guo, Yuan Yao, Lingyu Hou, Xue Dong, Ling Zhang**