

Shenzhen Stock Exchange Market Bulletin

December 07, 2020 (Issue 34)



Market Summary

Listed Companies (No.)	2,336
- Main Board	469
- SME Board	986
- ChiNext Market	881
Funds	482
Bonds	8,511
Market Cap. (US\$ bn)	5,106.5
- Main Board	1,465.7
- SME Board	2,054.7
- ChiNext Market	1,586.2
Average Turnover Ratio	2.31
Average P/E Ratio	33.89
No. of IPO (YTD)	142

Most Active Companies

1	East Money Information Co., Ltd. (300059)
2	Boe Technology Group Co., Ltd (000725)
3	Byd Company Limited (002594)

Top Gainers

1	Shenzhen Longtech Smart Control Co., Ltd. (300916)
2	Zhejiang Entive Smart Kitchen Appliance Co., Ltd. (300911)
3	Shanghai Hi-road Food Technology Co., Ltd. (300915)

Top Decliners

1	Rendong Holdings Co., Ltd. (002647)
2	Zhejiang Jinfei Kaida Wheel Co., Ltd (002863)
3	Longzhou Group Co., Ltd. (002682)

New Listing

Zhongjing Food (300908)

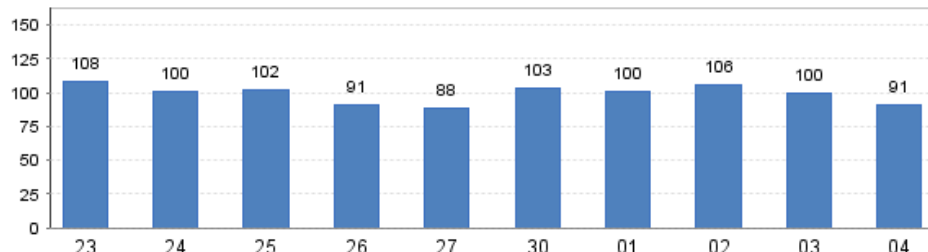
Zhongjing Food Co., Ltd. principally engages in research and development, production and sale of seasoning ingredients and seasoning food. In 2019, its operating income reached 628 million yuan with the net profit of 91.64 million yuan.

Telesound (003004)

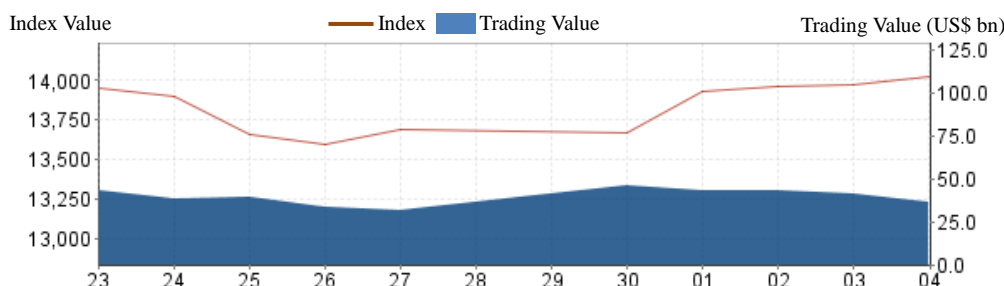
Beijing Telesound Electronics Co., Ltd. principally engages in provision of security solutions and security operation services for clients. In 2019, its operating income reached 365 million yuan with the net profit of 73.33 million yuan.

Daily Trading Value (November 23 – December 04)

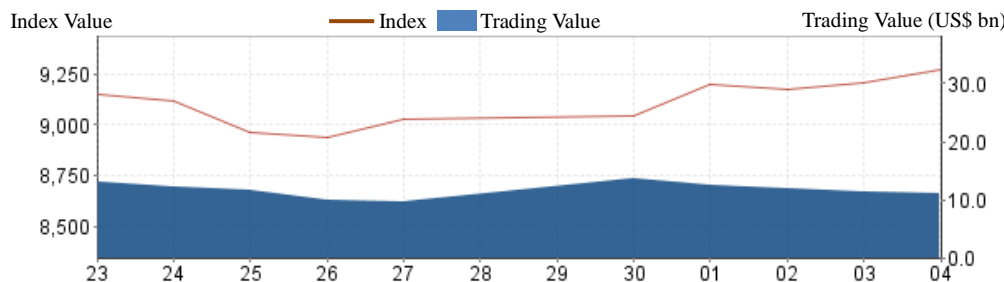
(US\$ bn)



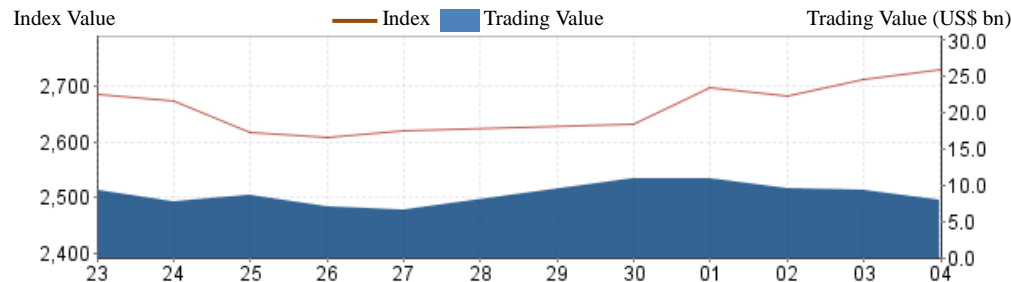
SZSE Component Index (November 23 – December 04)



SME Index (November 23 – December 04)



ChiNext Index (November 23 – December 04)



Market News

1. Brighter Prospects for China-ASEAN cooperation

China's President Xi Jinping called for cultivating a closer community with a shared future for China and the ASEAN on Nov 27 via video when addressing the opening ceremony of the 17th China-ASEAN Expo and China-ASEAN Business and Investment Summit held in Nanning, Guangxi Zhuang Autonomous Region. He mentioned construction of new land-sea channels to strengthen infrastructure connectivity and enhancement of economic and trade cooperation including technological innovation and digital economy.

2. Huiman Yi: Increase the proportion of direct financing

Huiman Yi, Chairman of the CSRC proposed the proportion of direct financing should be increased in a recently published Article named *Increase the Proportion of Direct Financing*. Yi indicated six key tasks in the article:

• Fully implement the registration-based system for stock issuance

To implement on other market segments with registration-based system, focusing on information disclosure based on the experience of pilot registration-based trial applied in

Richful Lube (300910)

Xinxiang Richful Lube Additive Co., Ltd. principally engages in research and development, production and sale of fine chemical products such as oil additives and carbonless paper developer. In 2019, its operating income reached 657 million yuan with the net profit of 98.36 million yuan.

Hi-Road Food Technology (300915)

Shanghai Hi-Road Food Technology Co., Ltd. principally engages in research and development, production and sale of non-dairy cream, chocolate, jam and other bakery ingredients. In 2019, its operating income reached 584 million yuan with the net profit of 76.72 million yuan.

Longtech Smart (300916)

Shenzhen Longtech Smart Control Co., Ltd. principally engages in research and development, design, production and sale of smart controllers and smart products. In 2019, its operating income reached 569 million yuan with the net profit of 51.89 million yuan.

Entive Smart (300911)

Zhejiang Entive Smart Kitchen Appliance Co., Ltd. principally engages in research and development, production and sale of modern new kitchen appliances such as integrated stoves. In 2019, its operating income reached 655 million yuan with the net profit of 98.34 million yuan.

Zhaowei Machinery and Electronic (003021)

Shenzhen Zhaowei Machinery and Electronic Co., Ltd. principally engages in research and development, production and sale of micro-drive systems, precision injection parts and precision molds. In 2019, its operating income reached 1,783 million yuan with the net profit of 357.06 million yuan.

STAR and ChiNext.

• Improve the multi-tiered capital market with Chinese characteristics

To improve differentiated institutional arrangements in line with the positioning of different markets, establish graduation mechanism and develop financial derivatives market.

• Promote the quality of listed companies

Continue efforts will be on optimization of refinancing mechanism, M&A and equity incentives. Efforts will also be on establishing normalized delisting mechanism and strengthening the principle of survival of the fittest.

• Deepen the innovation and development of exchange's bond markets

Efforts will be on deepening the connection of the exchanges and inter-bank bond market, further supporting participation of banks in the exchanges' bond market and expanding the scope of REITs in the field of infrastructure.

• Speed up the development of private equity funds

Private equity funds will be encouraged to invest in enterprises in early stages.

• Promotes long-term capital invest in the market

Focuses will be on increasing long-term performance-oriented institutional investors, encouraging outstanding foreign securities enterprises and fund institutions to strengthen business in China which facilitates market competition.

3. Graduation Rules unveiled for NEEQ-quoted companies

On Nov 27, Shenzhen Stock Exchange (SZSE) issued *Measures for Graduation of NEEQ quoted companies to the ChiNext Market (Trial)* to solicit consultation. A NEEQ company may apply for graduation if it has been listed on the Select Tier for more than one year and meet the requirements of '5 Basic + 2 Special' criteria. 5 Basic criteria are consistent with SZSE listing standards. 2 special criteria is that the number of shareholders is not less than 1,000 and the cumulative trading volume of stocks for 60 consecutive trading days (excluding stock suspension days) prior to the announcement of graduation resolution was not less than 10 million shares. SZSE will make a decision on whether to approve the listing by way of graduation within 2 months from the date of accepting application documents, which is shorter than the 3 months review for a common IPO.

4. SZSE Holds 2020 Technology Conference

On Nov 27, Shenzhen Stock Exchange (SZSE) held 2020 Technology Conference on the theme of *Technology Ushering in a New Chapter for Digitalization*, which was the fourth consecutive technology conference in the industry. Li Chao, Vice Chairman of CSRC, delivered a speech via video. According to Li, the CSRC has taken solid steps in building digital application platforms, carrying out FinTech innovation pilots, promoting deep integration of digital technology and capital market businesses. SZSE will increase technological input to build a high-standard technological platform to provide safe and efficient support for development and reforms in capital market. SZSE also will fully promote the digital strategy to shape a global leading industry digital system.

5. SZSE Issues Reference for Corporate Bondholders' Meetings Rules

The SZSE issued guidance for bondholders' meeting rules in terms of convention, resolutions-making and other work by publishing the *Guidelines for Rules Governing Corporate Bondholders' Meetings (Reference Text)* on Nov 27. The Reference Text emphasizes both the standardization and flexibility of meeting regulations and defines the rights and liabilities of all parties including trustees, issuers, and investors which guides the establishment of a clear, efficient and pragmatic bondholders' meeting discussion mechanism and facilitates better functioning of bondholders' meetings in protecting investors' rights and interests.

Kailong (300912)

Kailong High Technology Co., Ltd. principally engages in research and development, production and sale of internal combustion engine exhaust pollution control equipment. In 2019, its operating income reached 1,067 million yuan with the net profit of 60.6613 million yuan.

Zhaolong Interconnect (300913)

Zhejiang Zhaolong Interconnect Technology Co., Limited principally engages in design, manufacture and sale of data cables, special cables and connection products. In 2019, its operating income reached 1,097 million yuan with the net profit of 75.26 million yuan.

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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: Yanxi Chen

6. SZSE Issues First Batch of Pilot Credit Protection Certificates

SZSE issued the first batch of credit protection certificates (CPC) on Dec 2, marking the official launch of SZSE's credit protection certificate business.

7. CBIRC Removes Industry Restrictions on Insurance Fund Financial Investment in Equity

The China Banking and Insurance Regulatory Commission (CBIRC) issued *the Notice on Matters Concerning Financial Equity Investment of Insurance Funds* (hereinafter, Notice) on Nov 13. The core content is to remove industry restrictions on financial equity investment of insurance funds and to allow insurance companies to decide the scope of investment industries independently. The Notice clarifies that if an insurance company and its related parties do not constitute control or joint control over an invested enterprise then it is a financial equity investment. The removal of the financial equity investment is limited to insurance companies, non-insurance financial companies, and insurance-related pension. Insurance funds have invested RMB 2 trillion in equities, which accounts for 10% of the balance of insurance funds used and becomes major institutional investors of equity capital for financial industry.

8. SAFE: Expands the pilot scale and scope of QDLP/QDIE

The pilot scale and scope of QDLP/QDIE in Shanghai, Beijing and Shenzhen will be expanded in the near future to further meet the needs of domestic investors for global asset allocation, according to the spokesman of State Administration of Foreign Exchange (SAFE) on Nov 29. At the same time, it is planned to add Hainan Free Trade Port and Chongqing Municipality to carry out QDLP pilot projects to better support the construction of Hainan Free Trade Port and development of the Chengdu-Chongqing Economic Circle.

9. China's P2P platform number falls to zero

The number of Chinese peer-to-peer (P2P) lenders had fallen to zero by mid-November from a peak of about 5,000, due to the country's ongoing efforts to crack down on risky forms of financing, according to an official with the country's top banking regulator. The risks of shadow banking have continued to fall in recent years, with the scale of shadow banking shrinking by RMB 20 trillion (USD 3.04 trillion) from its historical peak, said Liu Fushou, a lawyer with the CBIRC. Liu called for efforts to resolutely prevent and fend off systemic financial risks and make the financial sector better serve the real economy.¹

10. Biotech companies in HKEX are included in Stock Connect

On Nov 27, Shenzhen Stock Exchange (SZSE), Shanghai Stock Exchange (SSE) and Hong Kong Exchanges and Clearing Limited (HKEX) have reached a consensus on the following arrangements for expanding the scope of stocks eligible for trading under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect. First, stocks on the STAR Market are included in the scope of Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect. Stocks on the STAR Market that are constituent stocks of SSE 180 Index or SSE 380 Index or A shares of A+H listed companies will be included in the scope of stocks for northbound trading and the corresponding H shares will be included in the scope of stocks for southbound trading. Second, qualified biotech companies listed in Hong Kong are included in the scope of stocks for southbound trading. Stocks of biotech companies listed according to Chapter 18A of the *Main Board Listing Rules* of HKEX that are constituent stocks of the Hang Seng Composite Index or H shares of A+H listed companies on SZSE, SSE and HKEX will be included in the scope of stocks for southbound trading.