

Market Summary

Listed Companies (No.)	2,218
- Main Board	470
- SME Board	947
- ChiNext Market	801
Funds	543
Bonds	7,036
Market Cap. (US\$ bn)	3,602.1
- Main Board	1,089.1
- SME Board	1,508.0
- ChiNext Market	1,005.0
Average Turnover Ratio	2.71
Average P/E Ratio	26.99
No. of IPO (YTD)	14

Most Active Companies

1	Zte Corporation (000063)
2	East Money Information Co., Ltd. (300059)
3	Boe Technology Group Co., Ltd (000725)

Top Gainers

1	Guangdong Sunwill Precising Plastic Co., Ltd. (002676)
2	Suzhou Cheersson Precision Metal Forming Co., Ltd. (002976)
3	Shandong Dongyue Organosilicon Materials Co., Ltd. (300821)

Top Decliners

1	Souyute Group Co., Ltd. (002503)
2	Suzhou Hailu Heavy Industry Co., Ltd (002255)
3	Suzhou Ta&a Ultra Clean Technology Co., Ltd. (300390)

New Listing

Jujie Microfiber (300819)

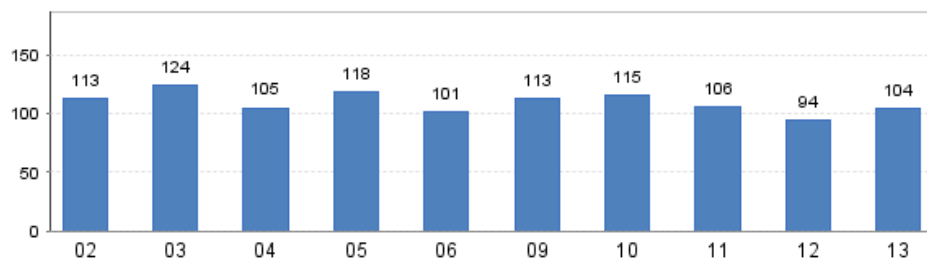
Jiangsu Jujie Microfiber Technology Group Co., Ltd. is mainly engaged in the R&D, production and sales of ultra-fine composite fiber fabrics and related products. In 2018, the company realized operating income of 462 million yuan with the net profit of 66.386 million yuan.

Dongyue Organosilicon Materials (300821)

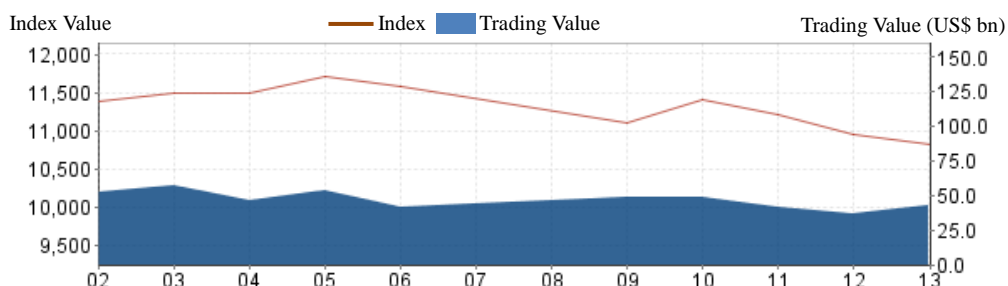
Dongyue Organosilicon Materials is mainly engaged in the R&D, production and sales of silicone materials. In 2019, the company achieved operating income of 2.733 billion

Daily Trading Value (March 02 – March 13)

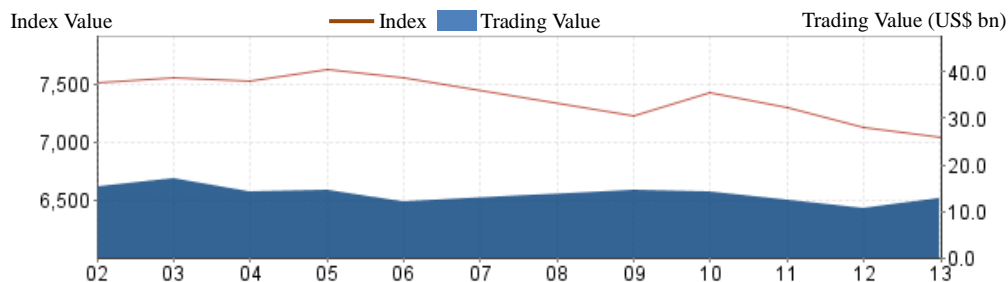
(US\$ bn)



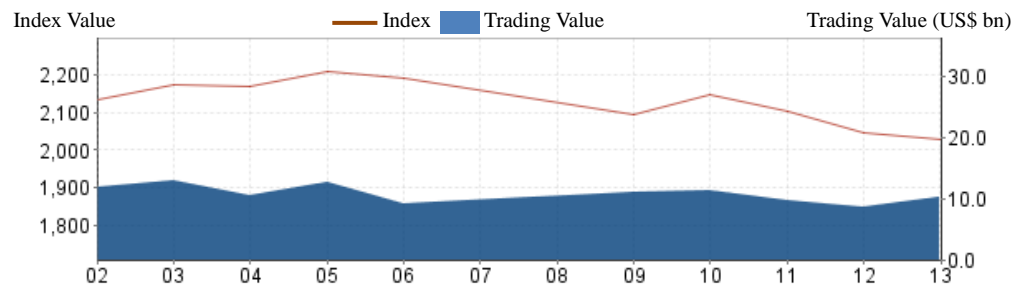
SZSE Component Index (March 02 – March 13)



SME Index (March 02 – March 13)



ChiNext Index (March 02 – March 13)



Market News

1. CSRC Further Relaxes Policies to Facilitate Exit by VC Shareholders

The CSRC recently revised the *Special Provisions on Reduction of Shares Held by Venture Capital Fund Shareholders of Listed Companies*, providing that the IPO lock-up period for VC investors will be inversely linked to the duration of investment holding prior to listing if the company is a certified SME, high-tech enterprise or an early-stage project. The Shanghai Stock Exchange and Shenzhen Stock Exchange revised the implementation rules, which will be officially implemented on March 31, 2020.

http://www.csrc.gov.cn/pub/newsite/zjhxwfb/xwdd/202003/t20200306_371674.html

2. The CSRC Releases New Policy on the Upgrade of NEEQ Companies

On March 6, the CSRC released the *Guideline on the Upgrade of NEEQ-quoted Companies (draft)* and solicited opinions from the public. According to the Guideline, eligible NEEQ-quoted companies can apply for upgrade to the ChiNext Market or STAR Board. Eligible companies must have been quoted on the NEEQ Select Tier (highest level) for more than one year and meet the listing requirements of the target board. The Guideline also specifies the principles for regulation on the upgrading process among other requirements.

yuan with the net profit of 552.253 million yuan.

Bestek (300822)

Shenzhen Bestek Technology Co., Ltd. principally engages in the R&D, production and sales of smart products. In 2019, its operating income reached 737 million yuan with the net profit of 144.421 million yuan.

3. SZSE Steps up Investigation and Punishment of Misleading Information Disclosure

On March 8, SZSE circulated notices of criticism on eight companies for incomplete and inaccurate information disclosure which intentionally related them to hot investment topics such as COVID-19 epidemic, Tesla, Huawei, and Xiaomi. SZSE will continue to strengthen the investigation and sanction on information disclosure irregularities and other non-compliant behaviors that may disrupt market orders and guide companies to disclose information in a proper way in accordance with the new *Securities Law*.

4. "5G infrastructure" to Bring Digital Opportunities for Chinese Economy

China will accelerate the construction of new infrastructure such as 5G networks and data centers, according to a meeting of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee on March 4. It is forecasted that by 2025, China's investment in 5G construction will reach 1.2 trillion yuan, which will bring about 3.5 trillion yuan of related investment in the upstream and downstream of the industrial chain.

5. China's Foreign Trade along the Belt and Road Sees Growth

According to GAC (the General Administration of Customs), China's foreign trade of goods fell 11% year on year in the first two months of this year to 592 billion U.S. dollars amid the novel coronavirus outbreak. Bucking the downward trend, China's trade with countries along the Belt and Road stood at 1.31 trillion yuan, up 1.8% year on year. Amongst others, ASEAN countries have propelled a 2% increase in the combined trade volume in the first two months, accounting for 14.4% of the total.

Analysis

Amendment of the *Securities Law of PRC* (3)



The newly amended *Securities Law of the PRC* has put in place a registration system for public offering of corporate bonds which brought about profound changes to the exchange bond market in China. We summarized below the framework of registration-based system for the public offering of corporate bonds according to the new *Securities Law*.

- **Exchanges to review application documents for public offering of bonds**

The stock exchanges are authorized as the entity to review the application documents for public offering of bonds while regulatory body like CSRC is in charge of securities registration.

- **Requirement of net asset and accumulated bond balance has been abolished**

Before the amendment, reviewing of public offering of corporate bond is merit-based, which means issuers shall meet the following requirements for public issuance:

- a) The net asset of the issuer shall be no less than RMB 30 million for a joint stock company and no less than RMB 60 million for a limited-liability company;
- b) The cumulative outstanding balance of bond is less than 40 % of the net asset

The registration-based system for public offering of bonds emphasizes full information disclosure for the judgement by investors and the above quantitative performance thresholds are removed. Focus has been given to the clear, precise and comprehensive information disclosure by the issuers and sanctions on irregularities have been strengthened.

- **Listing requirements are no longer unified in the *Securities Law*.**

Listing requirement for publicly-offered corporate bonds used to be prescribed in the *Securities Law* in a one-size-fits-all manner, including the following requirements:

- a) The maturity of corporate bonds shall be more than 1 year;
- b) The size of issuance shall be no less than RMB 50 million;
- c) The company shall meet the statutory requirements for corporate bonds issuance.

The newly amended *Securities Law* takes a more liberalized approach and no longer stipulates a unified listing requirement. Exchanges are authorized to make their own rules for listing and delisting of corporate bonds, which shall cover duration of operation, financial condition, minimum public issuance ratio, corporate governance and credit record.

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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

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