

Shenzhen Stock Exchange Market Bulletin

April 20-April 24, 2020 (Issue 10)

Market Summary

Listed Companies (No.)	2,230
- Main Board	470
- SME Board	953
- ChiNext Market	807
Funds	551
Bonds	7,207
Market Cap. (US\$ bn)	3,434.6
- Main Board	1,038.5
- SME Board	1,438.0
- ChiNext Market	958.1
Average Turnover Ratio	2.49
Average P/E Ratio	25.10
No. of IPO (YTD)	26

Most Active Companies

1	Da An Gene Co., Ltd. Of Sun Yat-sen University (002030)
2	Shijiazhuang Yiling Pharmaceutical Co.,Ltd (002603)
3	Tianjin Chase Sun Pharmaceutical Co., Ltd. (300026)

Top Gainers

1	Tianjin Ruixin Technology Co., Ltd. (300828)
2	Henan Jindan Lactic Acid Technology Co., Ltd (300829)
3	Shenzhen Cereals Holdings Co.,Ltd. (000019)

Top Decliners

1	Chengdu Shenleng Liquefaction Plant Co.,Ltd. (300540)
2	Zhejiang Kaier New Materials Co.,Ltd. (300234)
3	Guangdong Qunxing Toys Joint-stock Co.,Ltd (002575)

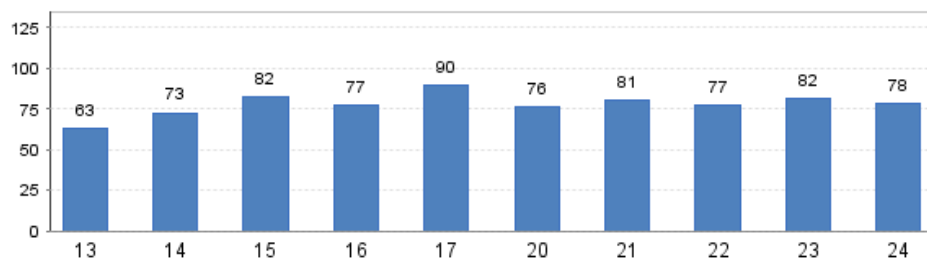
New Listing

Ruixin Technology(300828)

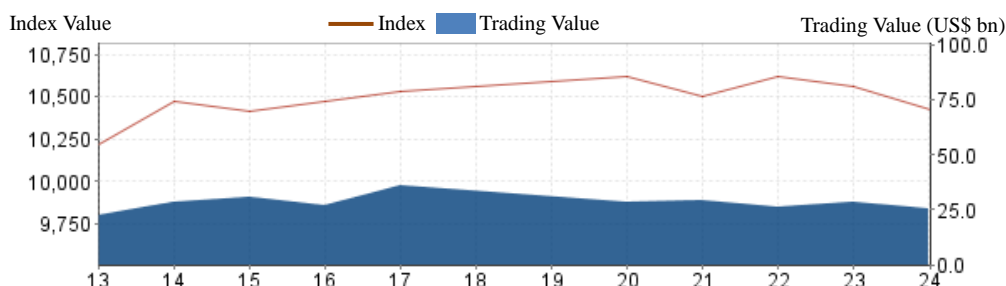
Tianjin Ruixin Technology Co., Ltd. principally engages in the research, development, production and sale of industrial precision aluminum alloy components. In 2019, its operating income reached 334 million yuan with the net profit of 62.5666 million yuan.

Daily Trading Value (April 13 – April 24)

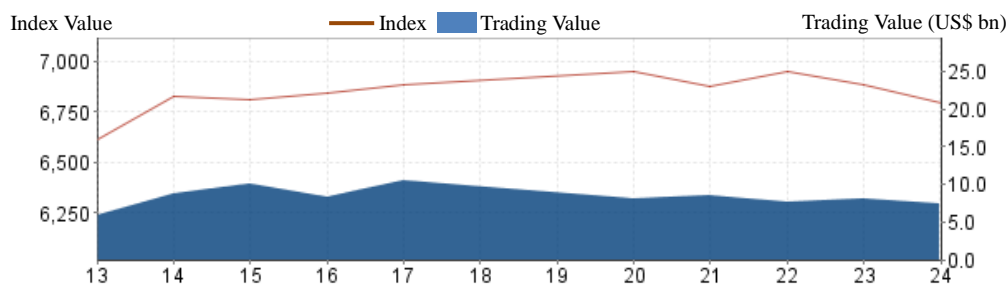
(US\$ bn)



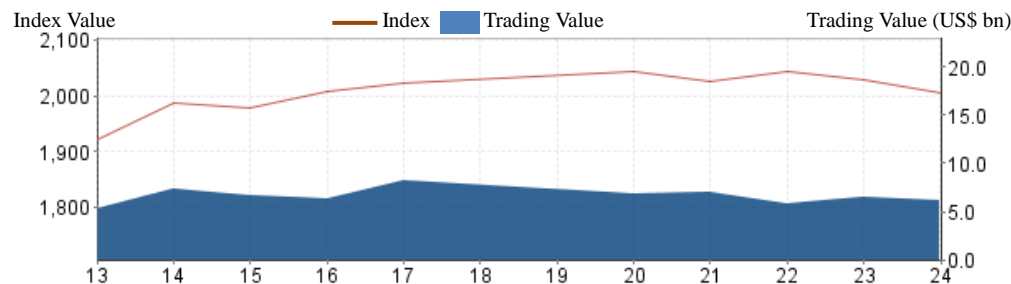
SZSE Component Index (April 13 – April 24)



SME Index (April 13 – April 24)



ChiNext Index (April 13 – April 24)



Market News

I. CSRC to launch supporting rules for the registration based IPO system reform of the ChiNext Market within the year

The China Securities Regulatory Commission (CSRC), recently issued the *2020 work Plan* outlining four tasks: First, to implement the newly-amended *Securities Law*. Second, to formulate three supporting rules for the registration based IPO system reform of the ChiNext Market, which is expected to be rolled out within the year. Third, to strengthen the rule of law and law-based administration. Fourth, to further develop the capital market and regulate the behaviors of market entities. The CSRC said that it would promulgate regulations this year ordering firms that committed fraudulent listing to buy back the shares floated in the market. Regulatory scrutiny is set to gather pace. Market statistics indicate that the CSRC has initiated at least seven investigations against information disclosure violations since last month.

Jindan Technology (300829)

Henan Jindan Lactic Acid Technology Co., Ltd. principally engages in the research, development, production and sale of lactic acid and its series of products. In 2019, its operating income reached 878 million yuan with the net profit of 115.2109 million yuan.

Xiangjia (002982)

Hunan Xiangjia Animal Husbandry Co., Ltd. principally engages in the breeding and marketing of poultry, processing and marketing of poultry slaughter, production and marketing of feed and biological fertilizer. In 2019, its operating income reached 1,878 million yuan with the net profit of 227.1043 million yuan.

2. Mainland PMI sees strong rebound

The official PMI for the manufacturing sector stood at 52 in March, up from 35.7 in February, indicating a substantial improvement in business operations from the previous month. China's total financing reached a record level of 5.2 trillion yuan (\$735 billion) in March, which was the fastest single-month growth in history.

3. China to further enhance protection for investors

On April 15, Vice-Premier Liu He hosted the 26th meeting of the financial stability and development committee under the State Council, specifically focusing on enhancing investor protection in the capital market and offering guidelines for the regulatory departments. The meeting emphasized that regulatory departments should improve the quality of listed companies, ensure that listed companies disclose accurate, complete and timely information, and ensure that intermediary agencies take due responsibilities. The meeting also emphasizes that fraudulent and dishonest behaviors would receive heavier punishment.

4. Digital currency trials are underway

China has started testing its government-backed digital currency in some regions before it is introduced to the public, aiming to replace paper notes and coins in circulation. At present, the trials are being conducted in a closed environment and not connected to the existing sovereign currency issuance and circulation system. Pilot programs have been launched in Shenzhen, Suzhou, and Chengdu, as well as in the Xiong'an New Area, Hebei province. Some of the payment scenarios related to the Beijing 2022 Winter Olympics are also undergoing tests.

5. More policies announced to boost economy

The Ministry of Finance announced on Monday it would raise the front-loaded quota of local government special bonds by another 1 trillion yuan (\$141.3 billion). Issuance of the increased quota should be completed by the end of May. Most of the debt is for infrastructure construction projects. On the same day, the People's Bank of China, the central bank, cut the benchmark lending rate—the loan prime rate—by 0.2 percentage point. "Economic recovery is expected to continue and to show up in the GDP data from the second quarter onward as more progress is made with the return to economic normalcy," said Louis Kuijs, head of Asia Economics at Oxford Economics, a British think tank.

Analysis

An Introduction to SZSE Surveillance System

Technologic development keeps pushing back the horizon in the exchange industry in a way unimaginable in the past. A technology-driven exchange, SZSE has always focused on the R&D and application of new technology in its IT infrastructure. In this issue, we will take a closer look at SZSE's surveillance system to see a case in which technology plays a critical role in raising regulatory efficiency.

Big data empowers strong functions

An intelligent surveillance system is enabled by the collection of market information and data, which in turn generate potential clues of abnormal trading behaviors and misconducts. So the first thing about an intelligent surveillance system concerns data and its processing. It is believed that the more data we obtain, the better we are equipped. SZSE is in a good position for data collection in which the see-through system enables exchanges to access to comprehensive information of every single transaction, which helps capture the comprehensive picture of the market. In addition, the system is also keeping a track of public information (e.g., news, company reporting and disclosure) to build



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a consolidated data network that supplement and verify facts from different perspectives. SZSE has such a large -scale of the market (close to 2300 companies, 150 millions of investors, accounting 700 billions worth of daily trading value) that a powerful processing engine is critical to make these data work for us. SZSE has since developed in-house its surveillance system which is now capable of handling up to 300,000 orders per second and 400 million orders per day, for up to 300 million accounts and 50 thousand securities.

Intelligent analysis tools become increasingly manifest

The surveillance system has a robust real-time monitoring platform and is equipped with a number of powerful intelligent analysis tools including but not limited to flow computation, big data analysis, knowledge mapping and data mining. The real-time monitoring platform helps regulatory staff have a visualized watch of trading of each stock with delay of 3-10 seconds thanks to the flow computation technology. Automatic alert is made possible with 70 indicators covering abnormal trading behavior, abnormal fluctuation of price & volume and market risk, and the parameters of the indicators are developed with years of regulatory experience. Furthermore, the regulatory staff can assess the impact of a certain trade on market price & volume with the help of the trade replay function which allows them to see the market condition before and after any single trade.

Misconduct-focused investigation is greatly enhanced with intelligent analysis tools such as investors profile and related account detection module. Investors' profile makes use of 40 plus features to help promptly and comprehensively understand investors. The related account detection module integrates a wide range of information so that regulatory staff can effectively identify potential relationship among different accounts.

Experience sharing and cooperation based on the technology

Involvement and progress of SZSE's surveillance system always go hand in hand with the advancement of regulatory experience and improvement of regulatory efficiency. It is SZSE's belief that IT infrastructure is the foundation of market development and exchanges should step up cooperation and experience sharing in IT infrastructure to lay a solid basis for cross-border market cooperation. Developing markets are facing similar challenges in terms of market surveillance, and it is mutually beneficial for exchanges from developing markets to draw on each other's best experiences and improve the effectiveness of surveillance and regulation based on a flexible and economic IT infrastructure that accommodate its market development situation. SZSE's surveillance system not only contains SZSE's experiences in market surveillance, but also offers customization in separate modules according to different market conditions. SZSE has shared experience with and offered consultation to a few exchanges in terms of surveillance system.

Looking ahead

SZSE is developing an intelligent surveillance system based on big data and machine learning. In a increasingly more complex market environment, only by harnessing the power of technology can exchanges exercise timely and accurate evidence based surveillance against irregular behaviors and maintain market integrity.



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