

## Market Summary

|                        |         |
|------------------------|---------|
| Listed Companies (No.) | 2,317   |
| - Main Board           | 469     |
| - SME Board            | 980     |
| - ChiNext Market       | 868     |
| Funds                  | 529     |
| Bonds                  | 8,395   |
| Market Cap. (US\$ bn)  | 4,733.9 |
| - Main Board           | 1,311.4 |
| - SME Board            | 1,916.4 |
| - ChiNext Market       | 1,506.1 |
| Average Turnover Ratio | 2.38    |
| Average P/E Ratio      | 32.24   |
| No. of IPO (YTD)       | 122     |

## Most Active Companies

|   |                                                |
|---|------------------------------------------------|
| 1 | East Money Information Co., Ltd. (300059)      |
| 2 | Byd Company Limited (002594)                   |
| 3 | Yihai Kerry Arawana Holdings Co., Ltd (300999) |

## Top Gainers

|   |                                                            |
|---|------------------------------------------------------------|
| 1 | Beijing Interact Technology Co., Ltd. (300419)             |
| 2 | Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd (003015) |
| 3 | Guangdong Insight Brand Marketing Group Co., Ltd. (300781) |

## Top Decliners

|   |                                                   |
|---|---------------------------------------------------|
| 1 | China Dive Company Limited (300526)               |
| 2 | Chengdu Tianjian Technology Co., Ltd. (002977)    |
| 3 | Jiangsu Olive Sensors High-tech Co., Ltd (300507) |

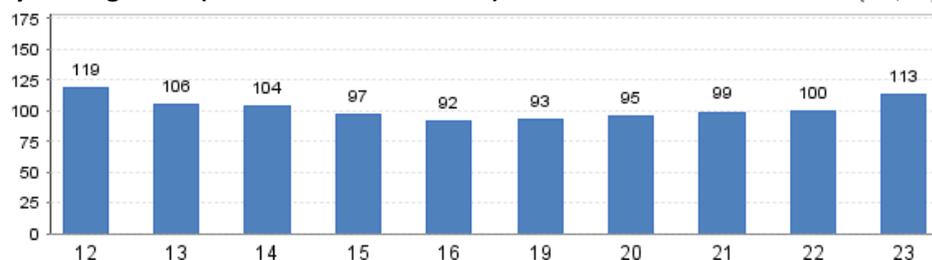
## New Listing

### Imeik (300896)

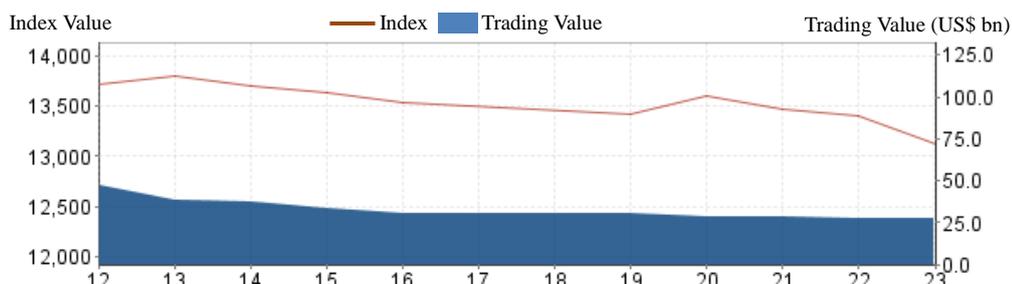
Imeik Technology Development Co., Ltd. principally engages in research and development, production and sale of biomedical soft tissue repair materials. In 2019, its operating income reached 558 million yuan with the net profit of 305.52 million yuan.

## Daily Trading Value (October 12 – October 23)

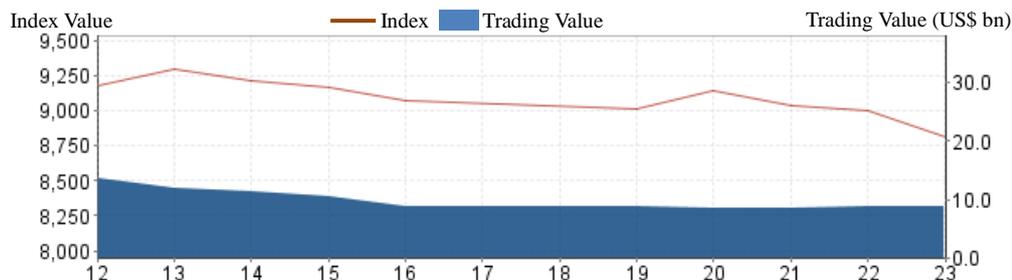
(US\$ bn)



## SZSE Component Index (October 12 – October 23)



## SME Index (October 12 – October 23)



## ChiNext Index (October 12 – October 23)



## Market News

### I. Xi Lauds 'Shenzhen Miracle' as Shenzhen Marks 40<sup>th</sup> Birthday

China's President Xi Jinping attended a grand gathering and delivered an important speech in Shenzhen celebrating the 40<sup>th</sup> anniversary of Shenzhen Special Economic Zone (SEZ) on Oct 14. Shenzhen should deepen reform on all fronts, Xi said, noting that the CPC Central Committee supports the city in implementing pilot programs to deepen comprehensive reform. He also encouraged Shenzhen to expand all-round opening up, calling for efforts to accelerate opening-up while improving institutional arrangements, and explore a more flexible policy system and a more scientific management system in terms of domestic and foreign trade, investment and financing, finance and taxation, financial innovation, as well as personnel exit and entry.

Before the celebration, the State Council issued *Implementation Plan for Comprehensive Reform Pilot Projects in Shenzhen with Chinese characteristics (2020-2025)* on Oct 11 and later National Development and Reform Commission (NDRC) issued a reform to-do list on Oct 18, which includes the following major efforts in capital market construction.

- Promote the ChiNext Market reform

### **Seck Intelligent (300897)**

Hangzhou Seck Intelligent Technology Co., Ltd. principally engages in research and development, production, sale and service of various intelligent remote water meter measurement sensors, water pipe network field controllers and back-end collection systems. In 2019, its operating income reached 321 million yuan with the net profit of 65.05 million yuan.

### **Walrus New Material (003011)**

Zhejiang Walrus New Material Co., Ltd. principally engages in research and development, production and sale of PVC flooring. In 2019, its operating income reached 859 million yuan with the net profit of 138.32 million yuan.

### **Zhongyan Technology (003001)**

Zhongyan Technology Co., Ltd. principally engages in provision of geotechnical engineering solutions including design, consulting and construction. In 2019, its operating income reached 1,024 million yuan with the net profit of 128.52 million yuan.

### **Arawana (300999)**

Yihai Kerry Arawana Holdings Co., Ltd. principally engages in research and development, production and sale of kitchen food, feed ingredients and oil technology products. In 2019, its operating income reached 170,743 million yuan with the net profit of 5,408.03 million yuan.

### **Panda Dairy (300898)**

Panda Dairy Corporation. principally engages in the research and development, production and sale of concentrated dairy products and dairy trade. In 2019, its operating income reached 604 million yuan with the net profit of 66.61 million yuan.

### **Keysino (300899)**

Keysino Separation Technology Inc. principally engages in the research and development of membrane separation technology, optimizing the production process for industrial customers and providing overall solutions for comprehensive utilization of waste resources. In 2019, its operating income reached 261 million yuan with the net profit of 58.70 million yuan.

- Launch Index futures based on SZSE market
- Encourage listing of stocks or depository receipts (CDR) by innovative enterprises on SZSE
- Establish a graduation mechanism for companies listed on the NEEQ
- Optimize market access for private equity funds and venture capital companies
- Launch pilot projects for REITs
- Promote R&D application and international cooperation of digital RMB

## **2. The State Council: Further Improves Quality of Listed Companies**

The State Council issued *Opinions of the State Council on Further Improving Quality of Listed Companies* on Oct 9, which is a major statement by the State Council in enhancing the quality of listed companies after the State Council last time circulated its opinions on listed companies' development in 2005. There are 17 provisions in 6 categories i.e. enhancing corporate governance of listed companies, promoting the competitiveness of listed companies, enhancing the exit mechanism for listed companies, solving the prominent problems of listed companies, raising the cost of rule-breaking and irregularities and having all-around efforts. The following are some of the major points.

- Establish a good communication mechanism between the board of directors and investors and improve the channels for institutional investors to participate in corporate governance.
- Implement securities registration-based issuance system step in a gradual way and work towards a more inclusive listing standard.
- Support domestic listed companies to issue shares to purchase overseas high-quality assets and allow more qualified foreign investors to make strategic investments in domestic listed companies.
- Severely crack down on malicious evasion of delisting through financial fraud, profit transfer and market manipulation.

## **3. Shenzhen-Hong Kong ETF Product Link Successfully Launched**

The first ETFs under the Hong Kong-Mainland ETF Product Link Scheme were officially launched on October 23, which facilitated two-way investment between markets in Hong Kong and China's Mainland. The two new ETFs listed in Hong Kong – CSOP Yinhuo CSI 5G Communications Theme ETF (Stock code: 3193) and Hang Seng Harvest CSI 300 Index ETF (Stock code: 3130 / 83130), have been approved by the Securities and Futures Commission. And two ETFs tracking HK-listed ETFs in the same manner were listed on the SZSE on the same day. Using RQFII and QDII quota, each ETF invests 90% or more of its total net asset value in an ETF listed on the other market. HKEX and SZSE also signed a MOU to promote the ETF Product Link.

## **4. CSRC: Builds a Fast Track for Refinancing of Qualified Listed Companies**

The CSRC issued *Implementation Plan for Classification Review of Listed Companies Refinancing (Trial)* on Sep 25. This rule highlights classified review, opens up a fast track for refinancing of companies with high-quality information disclosure record and helps to improve overall quality of listed companies under the registration-based issuance system. Companies who obtain results 'A' in two consecutive information disclosure evaluation periods will be eligible to go the fast lane for reviewing when issuing stocks through private placement.

## **5. SZSE Launches 'World Investor Week 2020' Activities**

In response to IOSCO and WFE global investor education and protection activities, SZSE officially launched "World Investor Week 2020" series of activities from Sep 29. Themed on "Focusing on the Registration-based IPO System of ChiNext Market and Enabling Rational Value-based Investment", the activities aimed to interpret rules and regulations concerning ChiNext Market Reform and guide investors towards rational investments, ensuring the development of registration-based system in ChiNext Market. The year of 2020 marks the third year SZSE participated in this activity.

## **6. NAFMII: Optimizes and Upgrades the Panda Bond Rules**

National Association of Financial Market Institution Investors (NAFMII) issued *Detailed Management Rules for Debt Financing Instruments classification of Overseas Non-financial Enterprises* (hereinafter, Rules) and *Registration Document Forms for Debt Financing*

### **Dongpeng Holdings (003012)**

Guangdong Dongpeng Holdings Co., Ltd. principally engages in research and development, production and sale of architectural and sanitary ceramic products represented by tiles and sanitary ware. In 2019, its operating income reached 6,752 million yuan with the net profit of 794.38 million yuan.

### **Rijiu Optoelectronics (003015)**

Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd. principally engages in research and development, production and sale of flexible optical conductive materials. In 2019, its operating income reached 551 million yuan with the net profit of 84.90 million yuan.

### **Metro Design (003013)**

Guangzhou Metro Design and Research Institute Co., Ltd. principally engages in survey and design, planning consultation, general engineering contracting, etc. in the fields of urban rail transit, municipal administration and construction. In 2019, its operating income reached 1,644 million yuan with the net profit of 236.61 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](mailto:international@szse.cn)*

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*Instruments of Overseas Non-financial Enterprises (hereinafter, Forms) on Sep 30. The Rules and Forms optimize the registration and issuance of panda bonds for overseas non-financial enterprises in four aspects: building a hierarchical management framework, standardizing information disclosure requirements, enforcing risk prevention mechanisms and strengthening domestic and overseas linkage. The Rules introduce a unified registration mechanism for foreign mature enterprises to apply, reduce pre-assessment time at different classifications and relax the limit on number of lead securities underwriters. The Forms establish panda bond information disclosure standards, clarify the disclosure requirements of language, frequency and time limit, etc. to achieve consistency in disclosure standard with global peers and describe some special disclosure requirements such as risks, applicable laws, and cross-border taxes.*

### **7. China's Continuous Economic Recovery Positive in Q3**

China's economy is projected to recover further during the third quarter as activities normalized amid effective control of coronavirus and government's sweeping efforts to stimulate demand and consumption. GDP expanded 4.9% year on year in Q3, faster than the 3.2% growth seen in Q2, data from the National Bureau of Statistics (NBS) showed on Oct 19. The country's PMI for the manufacturing sector rose to 51.5 in September from 51 in August according to NBS. The CPI, a main gauge of inflation, rose 1.7 percent year on year in September, the NBS said. From the perspective of key indicators trends, China's epidemic prevention and economic recovery are at the world's forefront, which shows the strong resilience and vitality of the economy, said Liu Aihua, spokesperson of the NBS.

## **Analysis**

### **Observation on the ChiNext Market Two Months after Reform**

After the first 18 companies' listing on the ChiNext Market on Aug 24, the ChiNext Market has maintained a smooth operation for two month after its piloting of registration-based issuance system and overall reform. ChiNext Market is a market segment where the registration-based issuance system is applied to newly-listed companies as well as existing listing companies. Given its over 800 existing listed companies and 46 million existing investors, it was taken into consideration in the ChiNext Market Reform of the risk tolerance, trading habits and regulatory practices of already-listed enterprises and tailor-made arrangement was made in institution design. Since Aug 24, ChiNext has seen implementation of the idea of registration-based system, transfer of listing candidates from CSRC to SZSE, steady progress in issuance and listing, stable trading mechanism, well-transitioned investors eligibility arrangement and good feedback from all walks.

By Oct 23, there are 38 IPO enterprises successfully listed in the ChiNext, with a total market value of more than RMB 700 billion, From the launch of the ChiNext market reform on Aug 24 to Oct 23 RMB 49.11 billion has been raised through IPO in ChiNext Market with a median issue price-earnings ratio of 30.82 times. Enterprises in manufacturing industry account for 88% among the 33 IPO enterprises.

There are 6 enterprises completed refinancing within 2 months, raising a total of RMB 3.89 billion and 3 enterprises completed mergers & acquisitions, with a total transaction amount of RMB 2.27 billion. As of October 22, there are 196 listing candidates for the ChiNext Market who have submitted listing application.