

Market Summary

Listed Companies (No.)	2,343
- Main Board	468
- SME Board	992
- ChiNext Market	883
Funds	485
Bonds	8,518
Market Cap. (US\$ bn)	5,055.8
- Main Board	1,446.3
- SME Board	2,014.2
- ChiNext Market	1,595.3
Average Turnover Ratio	2.29
Average P/E Ratio	33.36
No. of IPO (YTD)	150

Most Active Companies

1	Byd Company Limited (002594)
2	East Money Information Co., Ltd. (300059)
3	Wuliangye Yibin Co., Ltd. (000858)

Top Gainers

1	Gansu Huangtai Wine—marketing Industry Co., Ltd (000995)
2	Hefei Lifeon Pharmaceutical Co., Ltd. (003020)
3	Sijin Intelligent Forming Machinery Co., Ltd. (003025)

Top Decliners

1	Xingye Leather Technology Co., Ltd. (002674)
2	Huafu Fashion Co., Ltd. (002042)
3	Merit Interactive Co., Ltd. (300766)

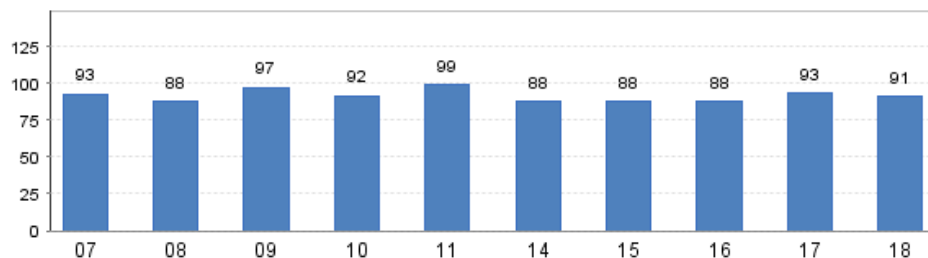
New Listing

Levima Advanced Materials (003022)

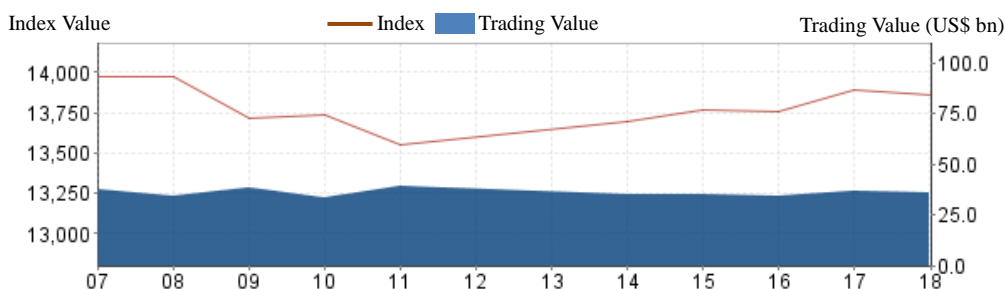
Levima Advanced Materials Corporation principally engages in research and development, production and sale of polymer materials and specialty chemicals. In 2019, its operating income reached 5,674 million yuan with the net profit of 531.82 million yuan.

Daily Trading Value (December 07 – December 18)

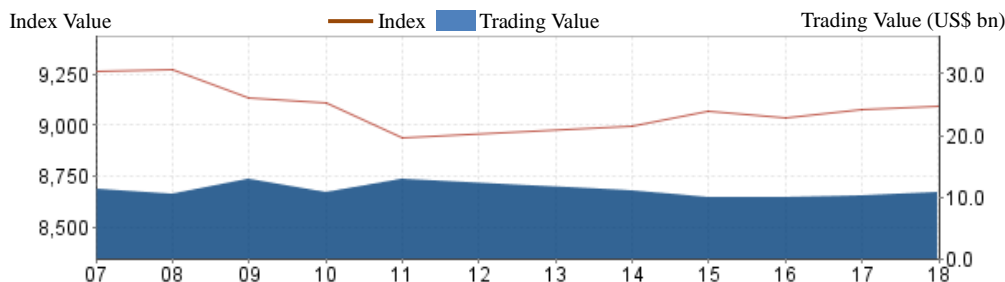
(US\$ bn)



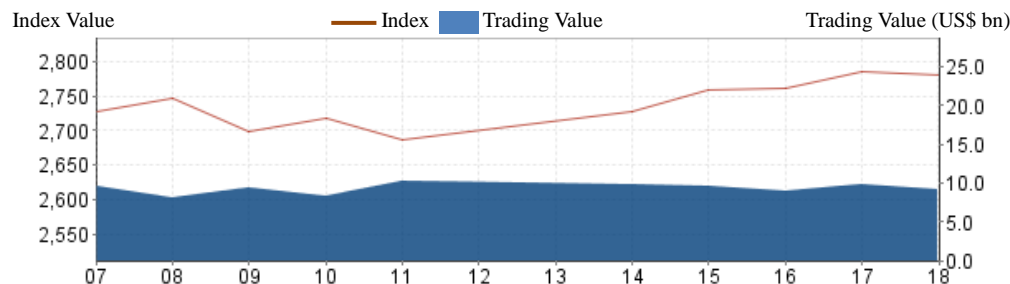
SZSE Component Index (December 07 – December 18)



SME Index (December 07 – December 18)



ChiNext Index (December 07 – December 18)



Market News

1. Nation sets its 2021 goals for economy

China has laid out economic priorities for the next year, pledging to maintain the consistency, stability and sustainability of its macro policies, expand domestic demand, strengthen antimonopoly efforts and step up all-around opening up. The annual Central Economic Work Conference, held between 16 to 18 December in Beijing, outlined key tasks in eight aspects, including efforts to strengthen China's competitiveness in strategic areas of science and technology and improve industrial and supply chains toward greater independence and controllability.

2. CSRC Vice Chairman Yan Qingmin delivered a speech at the 2020 CCTV Finance Forum

On December 15, the China Securities Regulatory Commission Vice Chairman Yan Qingmin delivered a speech at the 2020 CCTV Finance Forum and Listed Company Summit. Yan pointed out that legal operation, honesty and trustworthiness are the bottom line of

Rainbow Group (003023)

Chengdu Rainbow Appliance (Group) Shares Co., Ltd. principally engages in research and development, production and sale of household flexible heating appliances and household hygiene and insecticide products. In 2019, its operating income reached 1,006 million yuan with the net profit of 84.22 million yuan.

Sijin Intelligent (003025)

Sijin Intelligent Forming Machinery Co., Ltd. principally engages in research and development, production and sale of multi-station high-speed automatic cold forming equipment and die casting equipment. In 2019, its operating income reached 326 million yuan with the net profit of 80.63 million yuan.

Lifeon Pharmaceutical (003020)

Hefei Lifeon Pharmaceutical Co., Ltd. principally engages in research and development, production and sale of pharmaceutical preparations and raw materials, as well as the wholesale and retail of pharmaceuticals and medical devices. In 2019, its operating income reached 1,650 million yuan with the net profit of 105.14 million yuan.

MTCN Technology (003026)

Zhejiang MTCN Technology Co., Ltd. principally engages in research and development, production and sale of semiconductor silicon materials. In 2019, its operating income reached 224 million yuan with the net profit of 66.90 million yuan.

Tongxing Environmental Protection (003027)

Tongxing Environmental Protection Technology Co., Ltd. principally engages in provision of ultra-low emission integrated solution for enterprises in non-electric industries. In 2019, its operating income reached 759 million yuan with the net profit of 170.29 million yuan.

development for all companies. Efforts should be made to solve the risks and problems of embezzlement?, illegal guarantees, and stock pledges. Yan said that it is necessary to utilize the unique advantages of the capital market in promoting the formation of innovative capital, stimulating entrepreneurship, and improving incentive and restraint mechanisms.

3. SZSE Solicits Public Opinions for Revised Rules Related to Delisting

The Shenzhen Stock Exchange revised delisting-related rules such as the "Shenzhen Stock Exchange Stock Listing Rules", "Shenzhen Stock Exchange ChiNext Market Listing Rules", "Shenzhen Stock Exchange Trading Rules" and "Shenzhen Stock Exchange Implementation Measures for the Relisting of Delisted Companies" and solicited public opinions from the market. The rules systems related to delisting is simplified by combining the stand-alone rules into the Listing Rules and Trading Rules. The ChiNext Market which has reformed its delisting rules with the launch of registration-based system refined indicators and procedures for delisting. The Main Board (including the SME board) draws on the practices of the ChiNext market, and systematically optimizes the delisting rules, unifying delisting rules across all market segments after reform.

4. SZSE carries out cross-border promotion activities

On December 11, Shenzhen Stock Exchange held cross-border promotion activities for "SZSE multiple assets investment opportunities" in which representatives of listed companies and more than 50 domestic and overseas institutions were invited to discuss international cooperation opportunities. The activity focused on recent opening-up policies, opportunities for investment in SZSE market and how to have better cross-border cooperation to strengthen cross-border investment and financing.

5. Finance Minister says policies to boost R&D investment and tech innovation

China will step up fiscal policy support to the new economic development pattern by being largely through expanding domestic demand and facilitating technological innovation, Finance Minister Liu Kun said on Friday. Fiscal policies can be made more effective to moderately lift public consumption and stimulate household consumption by increasing the personal incomes of the medium-and low-income groups. That will help form a broad domestic market in the world's second largest economy and sustain its economic growth, Liu said in an article for the *Study Times*.

6. China Reduces Metric for Overseas Borrowing to Rein In Capital Inflow

China's central bank tightened its risk assessment on cross-border borrowing on December 11, a move intended to rein in a surge of capital inflow amid the yuan's rise. The People's Bank of China and the State Administration of Foreign Exchange will lower a parameter on cross-border financing in macro-prudential assessments for financial institutions from 1.25 to 1, they said in a statement. The change will reduce financial institutions' capacity to borrow abroad. "Financial institutions should establish a 'risk-neutral' concept to better serve the development of the economic society," the regulators said.

7. China's GDP Growth Could Top 8.2% Next Year

The International Monetary Fund expects the Chinese economy to expand by 8.2% next year, second only to the 8.8% projected growth for India, according to its October world economic outlook report. Tighter monetary policy may be the factor that most restrains China's GDP growth in 2021 as it will slow growth in infrastructure and property investment in the second half. Another drag could be the decline in exports of pandemic prevention products if the Covid-19 pandemic eases up.

SDG Service (300917)

Shenzhen SDG Service Co., Ltd. principally engages in comprehensive facility management services. In 2019, its operating income reached 891 million yuan with the net profit of 65.33 million yuan.

8. Financial indicators stable in November

China's key financial indicators showed stable growth in November, except for the slight slowdown in total social financing. Total social financing, a broad measure of financing for the real economy, reached 2.13 trillion yuan (\$325 billion) in November, up 13.6 percent on a yearly basis, but down 0.1 percentage point on a monthly basis, the first monthly drop so far this year, the People's Bank of China, said in an announcement.

According to PBOC data, the broad money supply, or M2, stood at 217.2 trillion yuan by the end of last month, up by 10.7 percent on a yearly basis. By the end of November, China's outstanding yuan loans rose by 12.8 percent on a yearly basis to 171.49 trillion yuan, the central bank said.

9. China's SMEs report steady improvement in November

China's small and medium-sized enterprises (SMEs) have seen moderate recovery and improved vitality as the country continues its robust overall recovery, the latest industry data shows. The Small and Medium Enterprises Development Index, based on a survey of 3,000 SMEs, rose 0.1 points to 87.1 in November and hit a 10-month high, according to the China Association of Small and Medium Enterprises. The index contains multiple sub-indexes to gauge the performances and expectations of SMEs. The survey also revealed increased confidence and improved market expectations among the firms, the association said, attributing the upbeat sentiment to the government's supportive policies and the country's consolidating of its economic foundation.

Analysis

Fourth anniversary of Shenzhen-Hong Kong Stock Connect

On December 5, 2020, Shenzhen-Hong Kong Stock Connect marked its fourth anniversary. The accumulative trading value of both Northbound and Southbound trading are 23.11 trillion RMB. Northbound Stock Connect ran for 929 trading days, with a total turnover of 18.93 trillion yuan. The average daily turnover increased from 1.54 billion yuan in the first month of opening to 55.61 billion yuan in November, 2020, an increase of 3508.63%. Southbound Stock Connect ran for 909 trading days, with a cumulative turnover of 4.16 trillion yuan. The average daily trading value increased from 454 million yuan to 12.57 billion yuan in November, 2020, an increase of 2668.06%.

Cross-border net inflows were recorded

In the past four years, with the steady growth of transaction amount, the market influence of Shenzhen-Hong Kong Stock Connect has been continuously improved, and the role of helping the two-way opening of the capital market has become increasingly prominent. In the four years since the Shenzhen-Hong Kong Stock Connect was launched, the overall net inflow of cross-border funds has been maintained, with a cumulative net inflow of 52.46 billion yuan. Even being affected by COVID-19 pandemic and large fluctuations in global financial markets, investors in Northbound Stock Connect made a substantial net purchase of 108.59 billion yuan, reflecting international investors' confidence in the long-term investment value of A shares and the high-quality development of China's economy.

Since 2020, the trading value of Shenzhen Stock Connect has accounted for 5.12% of Shenzhen's A shares trading, an increase of 4.84 percentage from the first month of opening, and an increase of 1.58 percentage from 2019, which has played a positive role in improving the structure of A-share investors. The total transaction amount of Southbound Connect accounted for 5.17% of the Hong Kong market, an increase of 4.76 and 2.06 percentage points from the first month of operation and 2019 respectively, making important contributions to consolidation and enhancement of Hong Kong's status as an international financial center.

An ever-increasing effect of clustering for innovative capital

International investors have long preferred to Shenzhen market's emerging industries and high-tech enterprises. The total transaction value of SME board and the ChiNext accounted for 66.66%, and its market capitalization accounted for 56.57%. The clustering effect for innovative capital has become more and more manifest. As of December 5, there were 16 stocks whose holdings by northbound investors exceeds 10%, doubling that of 2019. All these companies are innovative and venture enterprises with core technologies and stable performance. From a geographic perspective, 56.31% of the net purchases through Northbound Stock Connect investors have flowed to enterprises in the Guangdong-Hong Kong-Macao Greater Bay Area since the beginning of this year.

ChiNext net purchases exceeded that of Main Board and SME board

Data shows that since 2020, the trading and holdings of Northbound Stock Connect investors have continued to concentrate on the ChiNext, and the ChiNext reform and pilot registration system have been widely recognized by international investors. As of December 5, the transaction value, market capitalization and net purchase value of Northbound Stock Connect investors on the ChiNext were 28.78%, 23.74%, and 46.5%, respectively, an increase of 8.76, 7.46, and 19.88 percentage points from 2019. The increase is significantly faster than that of the Main Board and the SME board, and the proportion of net purchases on the ChiNext has exceeded the Main Board and the SME board for the first time. Especially since the ChiNext reform and the pilot registration system, the average daily transaction value of Northbound Stock Connect investors on the ChiNext market has reached 16.66 billion yuan, an increase of 15.48% compared with the previous average daily transaction value of 14.43 billion yuan, and the proportion of ChiNext trading has also changed from 28.20% to 30.46% after the reform, reflecting the confidence of international investors in the ChiNext reform and pilot registration system.

The Shenzhen-Hong Kong Stock Connect has gradually become a major channel for international investors to invest in Chinese innovative companies and share the achievements of China's innovation-driven development. It has effectively helped the Shenzhen stock market to accelerate the formation of a high-quality innovative capital center and provided impetus for the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen as a pilot demonstration zones.

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