

Market Summary

Listed Companies (No.)	2,235
- Main Board	470
- SME Board	956
- ChiNext Market	809
Funds	549
Bonds	7,240
Market Cap. (US\$ bn)	3,586.8
- Main Board	1,076.2
- SME Board	1,502.6
- ChiNext Market	1,008.0
Average Turnover Ratio	2.44
Average P/E Ratio	25.94
No. of IPO (YTD)	31

Most Active Companies

1	Zte Corporation (000063)
2	East Money Information Co., Ltd. (300059)
3	Wuliangye Yibin Co., Ltd. (000858)

Top Gainers

1	Anhui Coreach Technology Co., Ltd (002983)
2	Beijing Bei Mo Gao Ke Friction Material Co., Ltd. (002985)
3	Hunan Xiangjia Animal Husbandry Company Limited (002982)

Top Decliners

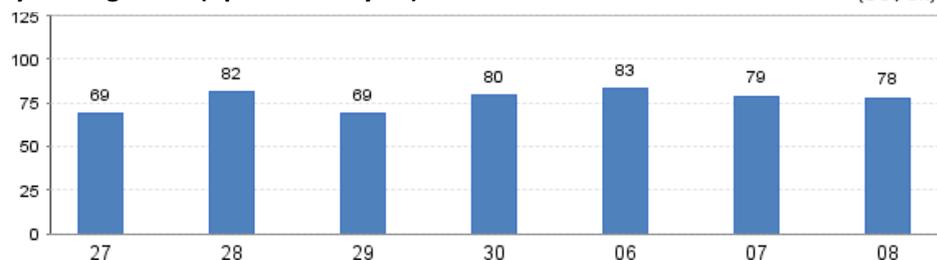
1	Sunvim Group Co., Ltd (002083)
2	Dongfengsci-tech Group Co., Ltd (200160)
3	Zangge Holding Company Limited (000408)

New Listing

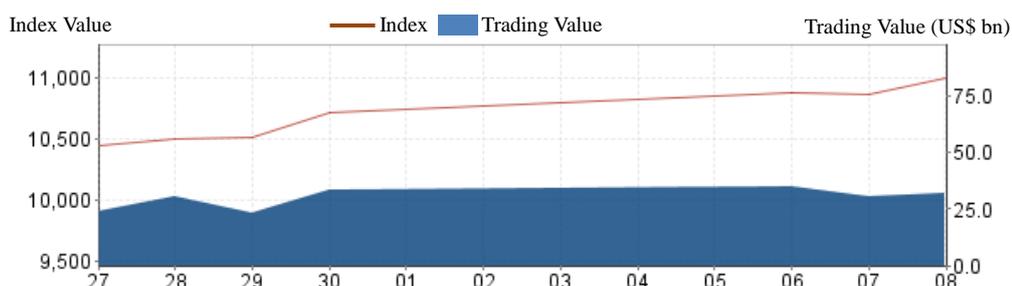
Coreach (002983)

Anhui Coreach Technology Co., Ltd. principally engages in the research, development, design, production, sale and technical services of new display photoelectric systems and healthy intelligent light source systems. In 2019, its operating income reached 523 million yuan with the net profit of 93.51 million yuan.

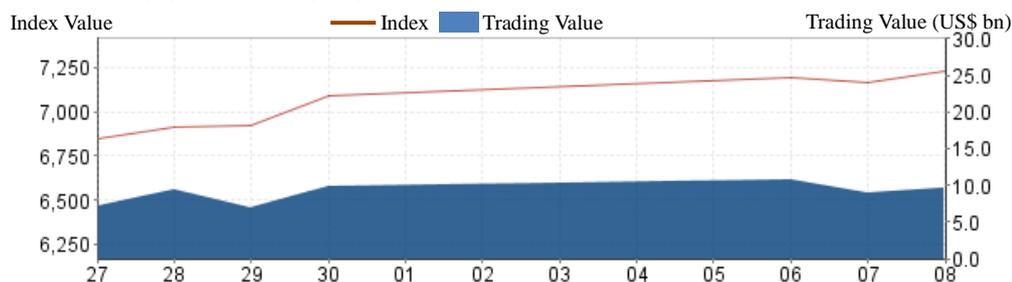
Daily Trading Value (April 27 – May 08)



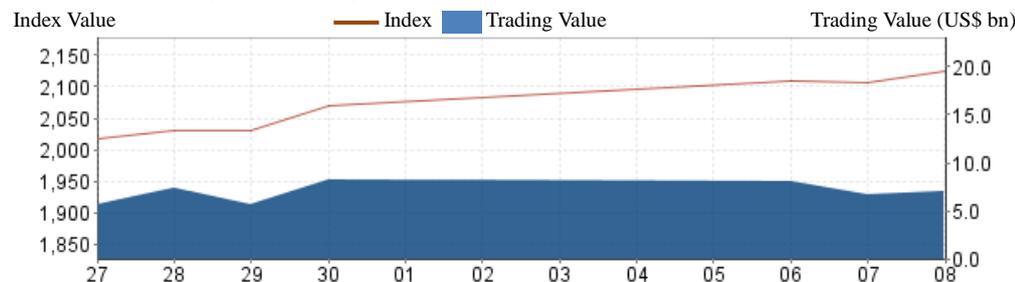
SZSE Component Index (April 27 – May 08)



SME Index (April 27 – May 08)



ChiNext Index (April 27 – May 08)



Market News

1. China to scrap foreign investment quotas to further open up financial sector

China will remove quotas on the dollar-denominated qualified foreign institutional investor (QFII) scheme and its yuan-denominated sibling, RQFII, according to the provisions issued by the People's Bank of China and the State Administration of Foreign Exchanges, which will take effect on June 6. China will also simplify outward remittance procedures for QFII's securities investment gains and lift other restrictions.

2. Financial Stability and Development Committee Meeting held on May 4th

The meeting of the Financial Stability and Development Committee under the State Council, presided over by Vice-Premier Liu He, was held on May 4th with the following priorities.

Urging support for economic recovery

According to a statement issued after the meeting, the state council committee urged improving macroeconomic plans, creating effective demand, optimizing the supply structure and keeping liquidity at a reasonably ample level. "Amid the global financial market turmoil,

Bei Mo Gao Ke (002985)

Beijing Bei Mo Gao Ke Friction Material Co., Ltd. principally engages in the research, development, production and sale of high-end equipment and brake products for military and civilian aerospace vehicle landing gear landing systems, tank armored vehicles, high-speed trains and other high-end equipment. In 2019, its operating income reached 414 million yuan with the net profit of 212.30 million yuan.

JinXianDai (300830)

JinXianDai Information Industry Co., Ltd. principally engages in the provision of software development, implementation and operation and maintenance services to power generation companies and power supply companies. In 2019, its operating income reached 461 million yuan with the net profit of 89.74 million yuan.

Northking (002987)

Northking Information Technology Co., Ltd. principally engages in provision of information technology services and business process outsourcing services to banking-based financial institutions. In 2019, its operating income reached 1,687 million yuan with the net profit of 174.70 million yuan.

Peri (300831)

Xi'an Peri Power Semiconductor Converting Technology Co., Ltd. principally engages in research, development, production, experimental debugging and sale services of power semiconductor devices and devices. In 2019, its operating income reached 234 million yuan with the net profit of 62.37 million yuan.

China's stock, bond and foreign exchange markets have remained stable, with strong resilience." the statement said.

"Zero tolerance" for illegal activities

The government has set a "zero tolerance" tone for illegal activities in the capital market to crack down on financial fraud, illegal trades and market manipulation. Protection of investors' interests and market discipline has been stressed at the meeting. Listed companies, intermediaries and individuals who conduct illegal activities will be punished severely.

Financial institutions to keep tabs on risks of products

The committee said that financial institutions should control risk spillover, keep risks at a moderate level, improve professionalism, respect contracts and obligations, sort out responsibilities and protect the legitimate interests of investors.

Financial institutions should pay high attention to risks associated with certain financial products due to the current international commodities price fluctuations, increase risk awareness and strengthen risk management, the Financial Stability and Development Committee under the State Council said after the meeting.

3. China lowers threshold for innovative red-chip companies to list on board

China's securities regulator has lowered the listing threshold for innovative red-chips. The eligibility requirements for listing candidates, which used to only allow for overseas-listed innovative red chips with no less than RMB 200 billion, has been added a second standard for overseas-listed innovative red chips with a capitalization of no less than RMB 20 billion (around USD 2.83 billion) and in possession of self-developed, world-leading technologies, innovative strengths and a strong position in their industries.

4. SZSE fully promotes the pilot work of public infrastructure REITs

On April 30, the China Securities Regulatory Commission and the National Development and Reform Commission jointly issued the Notice on Promoting Pilot Projects on Infrastructure Real Estate Investment Trust Funds (REITs), which clearly requires the promotion of Pilot Projects on Infrastructure REITs. SZSE will earnestly implement the notification requirements, set up a special working group, improve supporting systems, and establish and optimize mechanisms for acceptance and review of application, information disclosure and continuous supervision. SZSE will enhance investor education and market cultivation to support the pilot work.

5. Tourism revives over holiday

The Labor Day holiday ended on 5 May showed strong signs of recovery for the tourism sector, one of the hardest buffeted industries in the Covid-19 outbreak. The five-day holiday saw 115 million domestic trips, generating RMB 47.56 billion (USD6.74 billion) of revenue for the industry. Though the results were still significantly below those of the same period last year (195 million trips during the four-day holiday), encouraging signs of recovery after travel restrictions were relaxed thanks to effective work in containing the coronavirus.

Analysis

Capital markets boosting the high-quality growth of China's economy ----SZSE listed companies release 2019 annual reports

As of April 30, 2150 of the 2232 companies listed in SZSE have released their 2019 annual reports on time. As the pioneering force of the high-quality development of China's economy, SZSE-listed companies achieved generally stable growth while making further progress in 2019. Old drivers of economic growth are increasingly replaced by new ones.



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1. More than 85% companies achieve profitability for 2019

In 2019, SZSE listing companies achieved a total operating income of 13.3 trillion yuan. The Main board, SME board and ChiNext market achieved revenue of 6.5 trillion yuan, 5.2 trillion yuan and 1.6 trillion yuan respectively, an increase of 9.7%, 10.3% and 11.7% correspondingly, significantly higher than the 3.8% revenue growth rate of industrial enterprises above designated size. In 2019, more than 85% of SZSE-listed companies achieved profitability, with 60% achieved year-on-year profit growth and 42% registered a net profit growth rate of more than 20%.

65.4% of SZ-listed companies have released their preliminary plan of cash dividend pay-out with a total of RMB 287.9 billion of dividend, up 10.5% YOY and equal to 33.6% in pay-out ratio. 20% of profitable listed-companies registered pay-out ratio of 50%. 1272 listed companies pay dividends for the past three years in a line.

2. SZ-listed companies gradually recover from the pandemic shock

In the first quarter this year, the COVID-19 brought about an unprecedented impact on China's economy and society. 79 listed companies postponed their release of annual report and released their unaudited performance statistics. More than 30% of SZSE-listed companies experienced losses, but 36.3% of the companies still achieved a year-on-year increase in net profit, and 25.3% of the companies' net profit growth rate exceeded 20%. In the face of risks caused by the pandemic, large companies show outstanding resilience. The top 10% of SZSE-listed companies witnessed a 0.2% YOY decrease in total operating revenue and a 1% YOY increase in net profit, far better than the market average. SZ-listed companies in general have come back to normal operation. As of early March, 84% of SZ listed companies have resumed business operation at over 60% capacity.

3. Outstanding Performance of Emerging Industries

In 2019, the total operating income of manufacturing companies on SZSE market increased by 7.1% YOY. Emerging industries such as electrical machinery, IT communications, and special equipment, have achieved rapid growth, with a YOY net profit increases of 65.4%, 26%, and 24.1% respectively. Despite the COVID-19 pandemic, some emerging service industries have seen strong growth. Net profit growth in sub-sectors such as Internet information services and multi-business-form retail has increased by over 20% in Q1.

4. Strong Growth Momentum in ChiNext Market

In the ChiNext Market, enterprises featuring new technology, new industry, new business form, and new model have seen promising growth. Among the ChiNext-listed companies 90% are certified tech companies, over 80% have independent R&D capacity, and 70% come from strategically emerging industries. In the past five years, ChiNext Market's average annual compound growth rate of total operating income has reached 22.9%, and three out of ten companies registered over 20% YOY net profit growth. The R&D intensity (proportion of R&D expenditure to revenue) of ChiNext-listed companies exceeded 5% on average. The ChiNext Market reform not only improves the issuance and listing conditions, but also changes basic requirements concerning M&A, refinancing, and equity compensation, which will strengthen high-quality development of the capital market.

As China boosts the development in new infrastructure industries as a way to enhance investment and growth while accelerating economic transition, 314 listed companies in IT industry are expected to benefit from the expansion of 5G and internet of things. The same can be said about the cluster of internet-related companies on SZSE which will likely see their application increase in manufacturing, logistics and retail in the post-epidemic era.

The Chinese capital market is expected to play a central role in allocating productive resources to facilitate economic restructuring. Implementation of registration-based IPO system and reforms in Chi-Next Market, among others, are designed to foster a market-based eco-system for an innovation-driven economy.