

Capture the Opportunities of Shenzhen market via Shenzhen Indices

Shenzhen Securities Information Co., Ltd.



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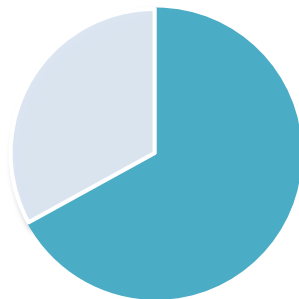
- I. **Distinctive Shenzhen Market Features**
- II. Shenzhen Indices with Characteristics
- III. Index Provider of SZSE

SZSE market is suitable for index investment

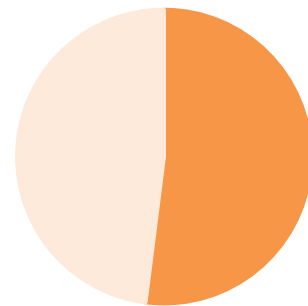
A two-board market structure

	Main Board	ChiNext Market
No. of listed companies	1480+	1090+
Mkt cap. (Trillion CNY)	25	14
IPO mechanism	Merit-based	Registration-based
% of Non-SOEs	70%+	90%+
Target companies	Relatively mature enterprises	High-tech enterprises and growing innovative enterprises
Major sectors	IT (22%) Materials (19%) Consumer Staples (11%) Consumer discretionary (13%)	IT (26%) Healthcare (17%) Industrials (31%) Materials (9%)

A gathering place of innovative enterprises



80%+ High-tech Enterprises



50%+ Strategic Emerging Industries

Source: SZSE, SSIC, as of December 2021

SZSE market is suitable for index investment

A fast-changing and fast-growing market

The largest 10 A-share companies

	2011	2021
1	CNPC	Kweichow Moutai
2	ICBC	ICBC
3	CCB	CCB
4	ABC	CATL
5	BOC	CMB
6	Sinopec	ABC
7	CSEC	PING AN
8	China Life	CNPC
9	BCM	BOC
10	PING AN	Wuliangye

- Techonology
- Health Care
- Financials
- Energy

The largest 10 SZSE companies

	2011	2021
1	Wuliangye	CATL
2	Yanghe	Wuliangye
3	Vanke	BYD
4	PING AN	Midea
5	GF Securities	Hikvision
6	ZOOMLION	Mindray
7	Suning	EastMoney
8	ZTE	Luzhou Laojiao
9	Changyu	Luxshare-ICT
10	BYD	Arawana

- Consumer Industry
- Telecommunication
- NEVs
- Comprehensive enterprises

SZSE market is suitable for index investment

- ✓ Allocation enrichment
- ✓ Risk diversification
- ✓ Cost efficiency

SSE

Financials & real estates

Large SOEs

Traditional blue chips

SZSE

Advanced manufacturing

Non-SOEs & SMEs

Competitive blue chips &
Innovative companies

HKEX

Financials & real estates

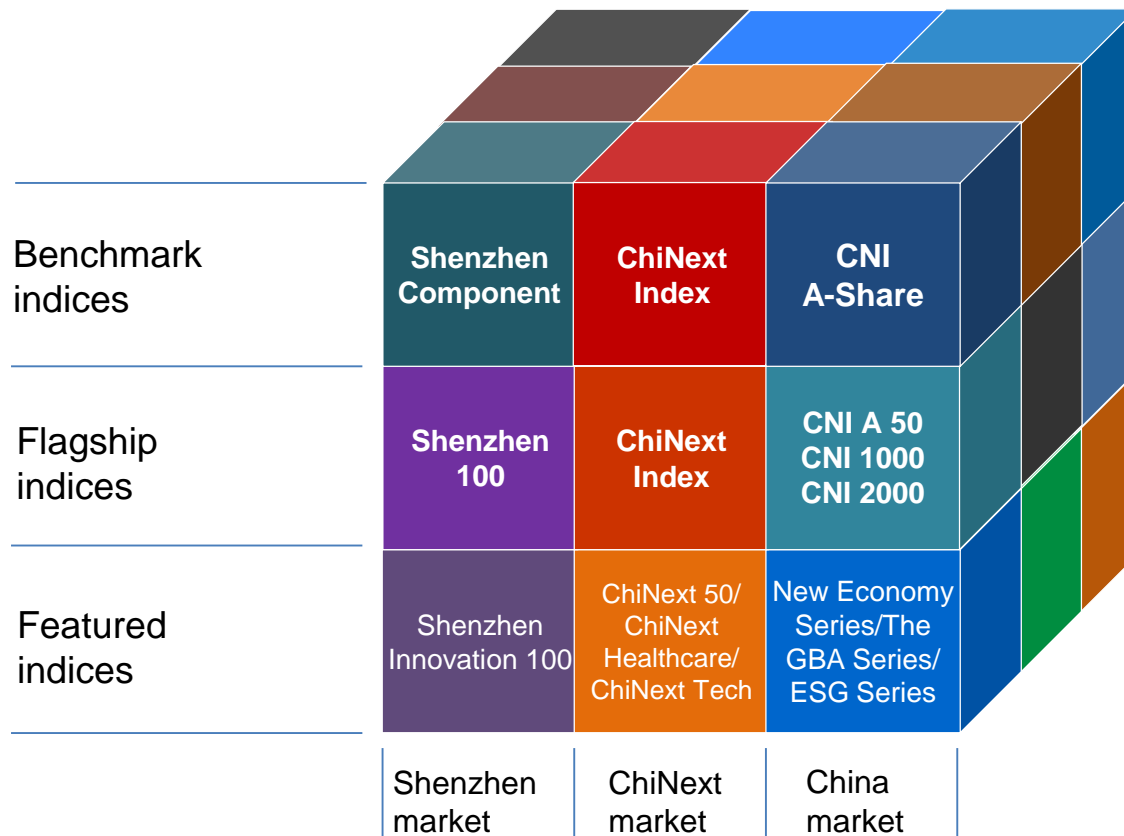
Red chips

Internet companies

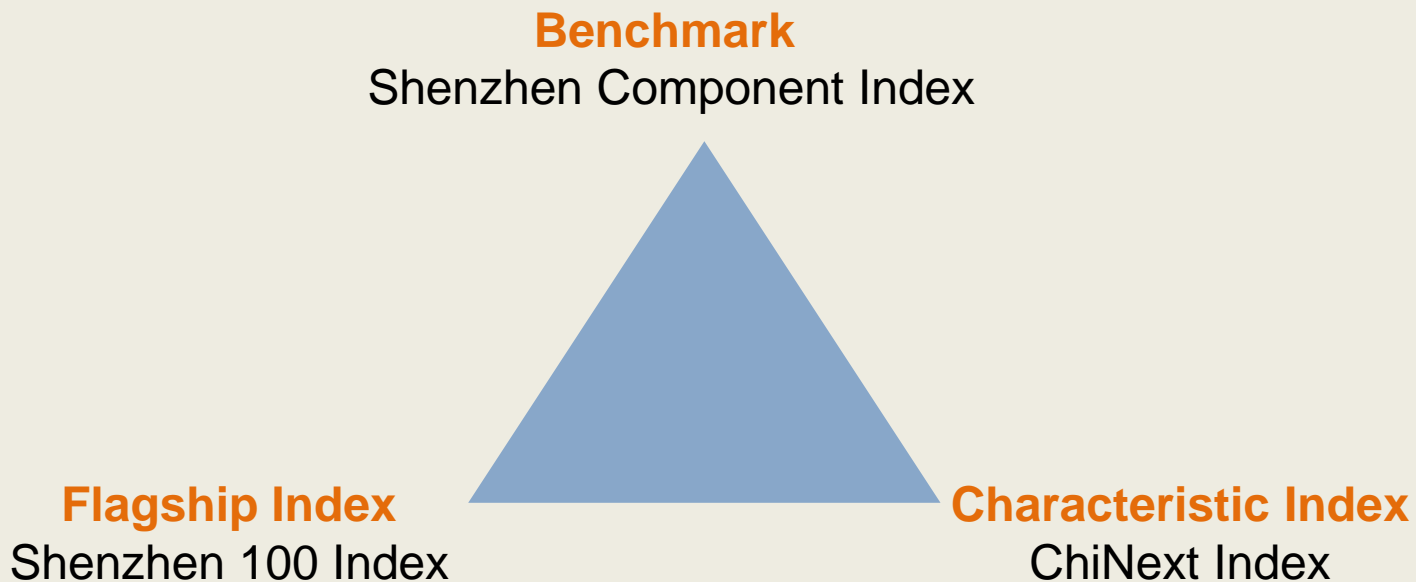
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Multi-tiered index family



Shenzhen '1+2' core indices



Shenzhen Component Index



Positioning

- Benchmark of SZSE



Target

- Representing China's up-and-coming growth enterprises



Constituents

- The 500 largest and most liquid A shares listed and trading on SZSE
- All constituents are included in the universe of Shenzhen-Hong Kong Stock Connect

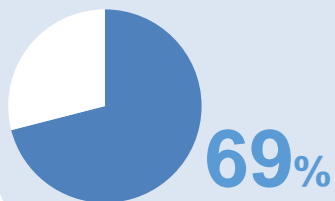
Quick facts

SZSE ticker	399001
Bloomberg	SICOM
RIC	.SZI
ISIN	CNM0000000C8
Number of Constituents	500
Universe	SZSE mainboard & ChiNext market
Weighting Method	Free-float market cap.
Review Frequency	Semi-annually
Calculation Frequency	Every 3 seconds
Launch Date	01/23/1995
Base Value	1000

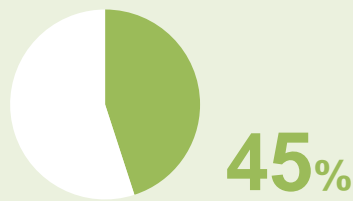
Shenzhen Component Index

Good spokesman of SZSE

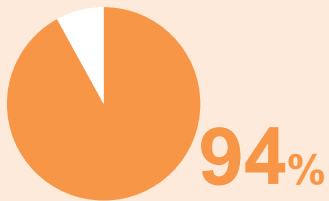
Market cap



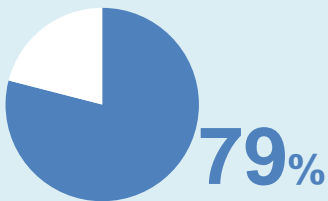
Trading value



Net profit



Cash dividends



Industries	Shenzhen Component	Shanghai Composite	Hang Seng Index
Manufacturing	74.0%	49.8%	11.6%
Financials	7.5%	21.5%	32.0%
IT, software	6.0%	4.2%	21.5%
Real estate	2.0%	1.7%	6.3%
Farming, forestry, animal husbandry and fishery	2.1%	0.2%	--

Source: SZSE, SSIC, Wind, as of December 2021

Shenzhen Component Index

A barometer of the development of China's new economy

History Performance	Since Jan 1995	Since China joined WTO	Since the launch of SZ-HK Stock Connect	2019-2021
Shenzhen Component	1068.9%	318.0%	36.1%	105.2%
Shanghai Composite	461.8%	108.1%	12.2%	45.9%
Hang Seng Index	185.7%	98.5%	3.7%	-8.3%
S&P 500	937.8%	318.1%	117.4%	91.7%
STOXX 600	290.1%	66.2%	43.7%	45.1%
Nikkei 225	46.0%	172.4%	56.3%	43.9%

Source: Wind, as of December 2021



China's **Shenzhen component** is a standout among the region's major markets, having risen 38.73% in 2020.

Those figures echo China's tremendous economic recovery after the country earlier this year instituted lockdowns to stem the virus' spread.

Source: cnbc.com, 'how Asia-Pacific's stock markets performed in 2020'

ChiNext Index

Positioning

- Characteristics index of SZSE
- Benchmark & flagship index of ChiNext market

Target

- Representing China's high-tech and innovative companies

Constituents

- The 100 largest and most liquid A shares listed and trading on ChiNext market
- All constituents are included in the universe of Shenzhen-Hong Kong Stock Connect

Quick facts

SZSE Ticker	399006
Bloomberg	SZ399006
RIC	.CNT
ISIN	CNM100002K13
Number of Constituents	100
Universe	ChiNext market
Weighting Method	Free-float market cap.
Review Frequency	Semi-annually
Calculation Frequency	Every 3 seconds
Launch Date	06/01/2010
Base Value	1000

ChiNext Index

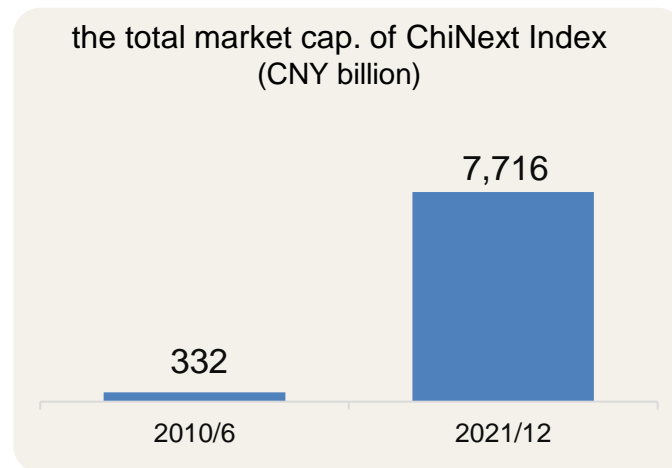
Outstanding performance and tremendous growth

History Performance	Recent 10 years	Since the launch of SZ-HK Stock Connect	2019	2020	2021
ChiNext Index	355.5%	55.0%	43.8%	65.0%	12.0%
STAR 50	/	/	/	39.3%	0.4%
Hang Seng Tech Index	/	54.4%	38.0%	78.7%	-32.7%
Nasdaq 100	616.5%	244.4%	38.6%	47.6%	26.6%

2019-2021	ChiNext Index	FTSE China A50	MSCI China A50 Connect	CSI300	CSI500
Annualized return	38.5%	14.8%	25.1%	18.0%	20.9%
Annualized volatility	28.3%	21.0%	22.7%	20.4%	21.8%
Sharpe ratio	1.31	0.63	1.04	0.81	0.89

11 years, × 23 times

the total market cap. of ChiNext Index
(CNY billion)



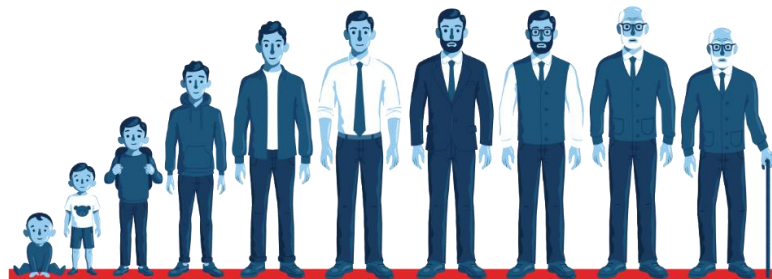
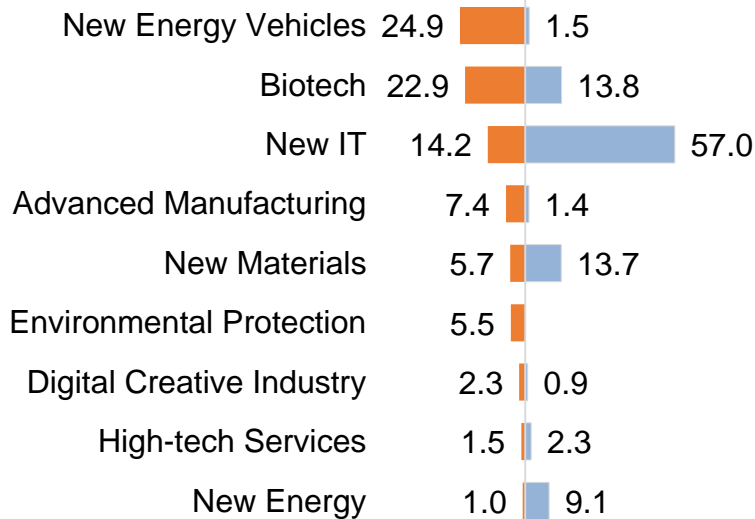
Source: Wind, SSIC, as of December 2021

ChiNext Index

Inclusive innovation and sustained growth

Sector breakdown

ChiNext Index STAR 50 Index



77

CNY billion
Avg. market cap.

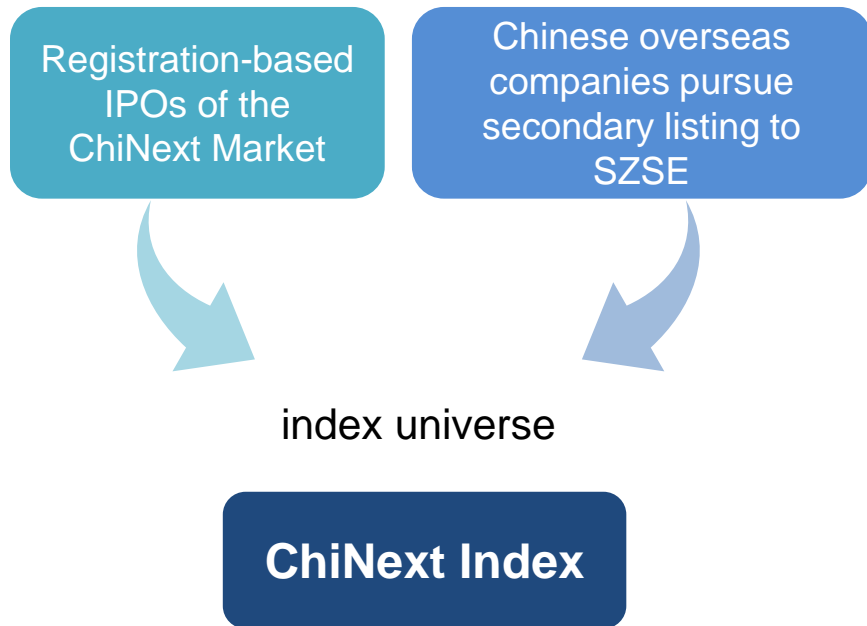
6.8

years
Avg. listing history

Industry leaders with core competence

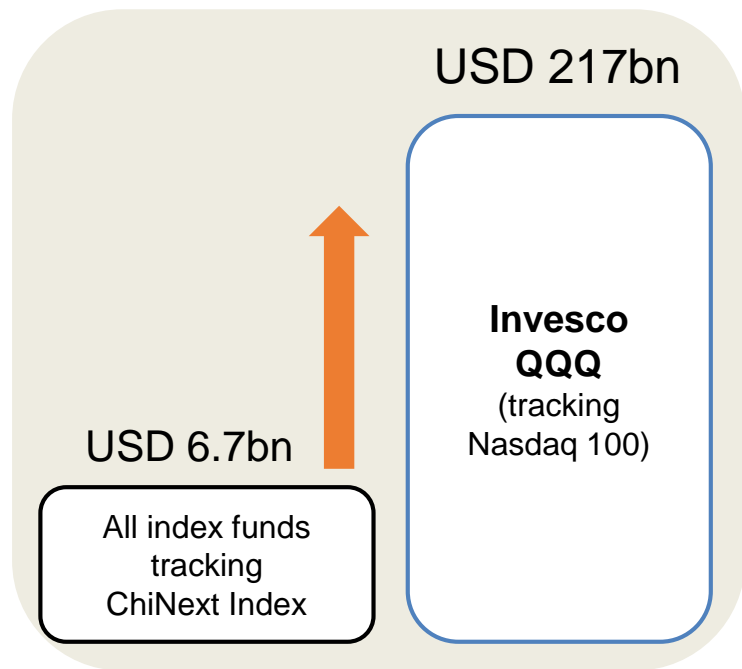
ChiNext Index

Vital index universe and index family



ChiNext Index

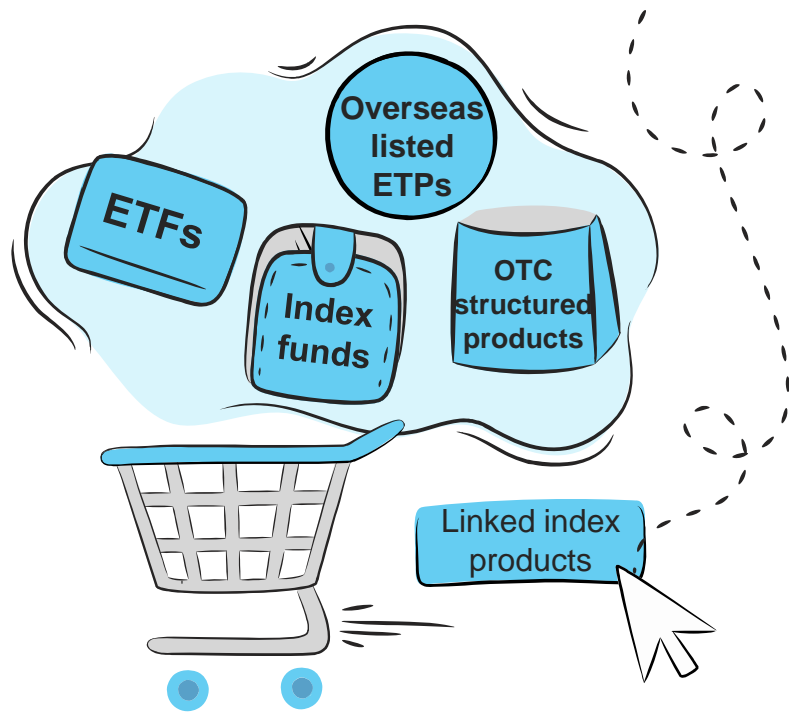
Bright future for index products



Index Futures

ETF Options

Coming Soon ...



Source: Wind, etfdb.com, as of December 2021

Shenzhen 100

Positioning

- The flagship index of SZSE

Target

- Representing China's high growth and blue chips

Constituents

- The 100 largest and most liquid A shares listed and trading on SZSE.
- All constituents are included in the universe of Shenzhen-Hong Kong Stock Connect

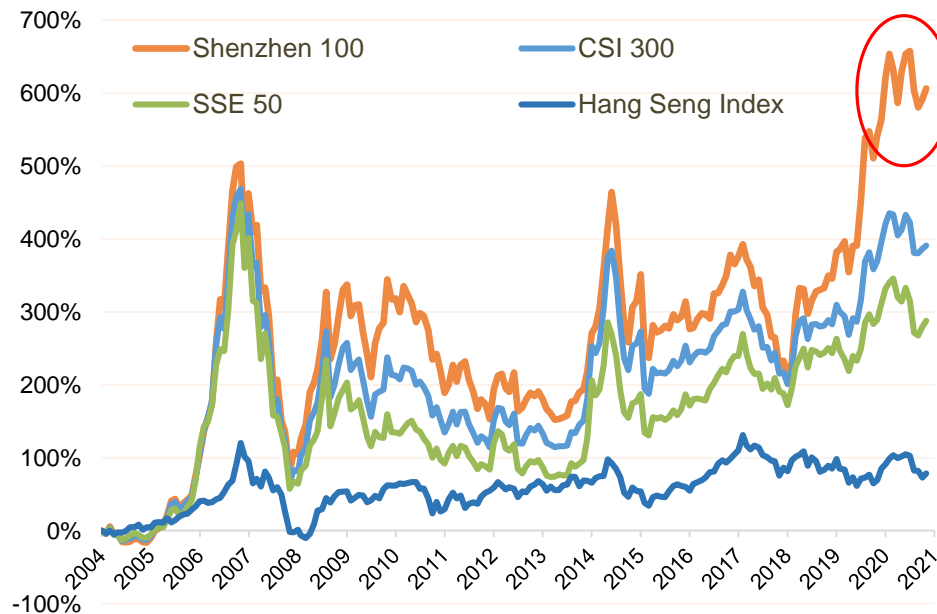
Quick facts

SZSE Ticker	399330
Bloomberg	SZ399330
RIC	.SZ100
ISIN	CNM0000002G5
Number of Constituents	100
Universe	SZSE mainboard & ChiNext market
Weighting Method	Free-float market cap.
Review Frequency	Semi-annually
Calculation Frequency	Every 3 seconds
Launch Date	01/24/2006
Base Value	1000

Shenzhen 100

Solid and steady growth in index performance

	Year	Shenzhen 100	CSI 300
Return	2016	-16.5%	-11.3%
	2017	26.4%	21.8%
	2018	-34.7%	-25.3%
	2019	55.2%	36.1%
	2020	49.6%	27.2%
	2021	-1.3%	-5.2%
	2016-2021	58.0%	32.4%
Annualized return	3Y	31.8%	18.0%
	5Y	13.6%	8.3%
Annualized volatility	3Y	24.4%	20.4%
	5Y	22.9%	19.0%
Sharpe ratio	3Y	1.24	0.81
	5Y	0.53	0.36

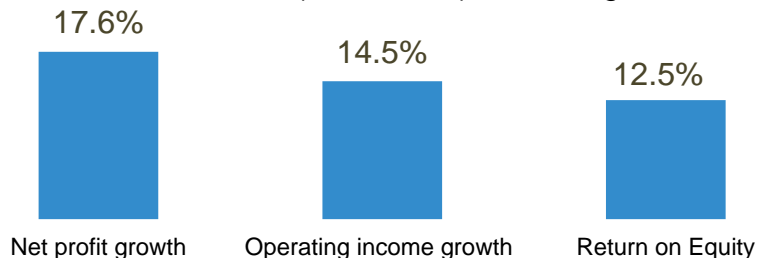


Source: Wind, SSIC, as of December 2021

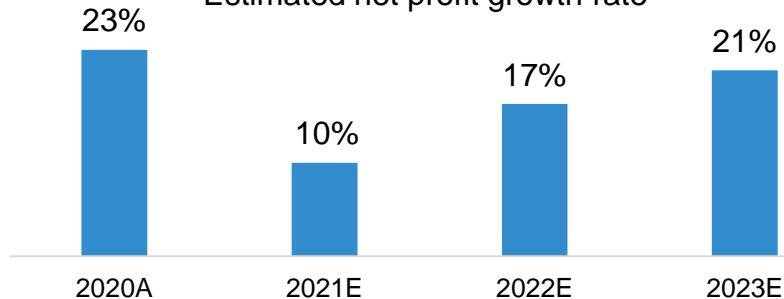
Shenzhen 100

A hub of high growth blue-chips

3 Year (2017-2020) on average



Estimated net profit growth rate



CATL
宁德时代

五粮液
WULIANGYE

Midea

东方财富
eastmoney.com

海康威视
HIKVISION

BYD

阳光电源
SUNGROW

泸州老窖
LUZHOU LAOJIAO

mindray

LUXSHARE ICT
立讯精密

平安银行
PINGAN BANK

京东方
BOE

Shenzhen 100

Good representative for China's new economy

Sector	Shenzhen 100	CSI 300	SSE 50	S&P 500
Information Technology	23.8%	15.8%	10.0%	38.6%
Consumer Staples	13.5%	14.7%	23.8%	6.6%
Health Care	11.8%	9.7%	8.3%	11.5%
Consumer Discretionary	11.9%	8.3%	6.0%	15.2%
Financials	8.9%	20.9%	31.7%	9.9%
Industrials	18.2%	14.5%	5.5%	7.5%
Materials	8.2%	8.9%	5.4%	2.4%
Telecommunications Services	1.5%	1.7%	2.4%	1.2%
Utilities	0.3%	2.4%	3.2%	2.3%
Energy	--	1.3%	2.2%	2.5%

Source: SZSE, SSIC, as of December 2021

Great Bay Area Index Series



- A vibrant world-class city cluster
- A globally influential international innovation and technology hub
- An important support pillar for the Belt and Road Initiative
- A showcase for in-depth cooperation between the Mainland and Hong Kong and Macao
- A quality living circle for living, working and traveling

GBA Index Family

Benchmark

GBA Composite Index

Flagship index

GBA Innovation 100 Index

- ✓ Index Universe: SZSE, SSE & HKEX securities
- ✓ providing underlyings index for the SZSE-JPX ETF Connectivity products

Featured thematic indices

- GBA Advanced Manufacturing Index
- GBA Healthcare Index
- GBA Strategic Emerging Industry Index
- GBA Modern Service Index
- GBA Ocean Economy Index

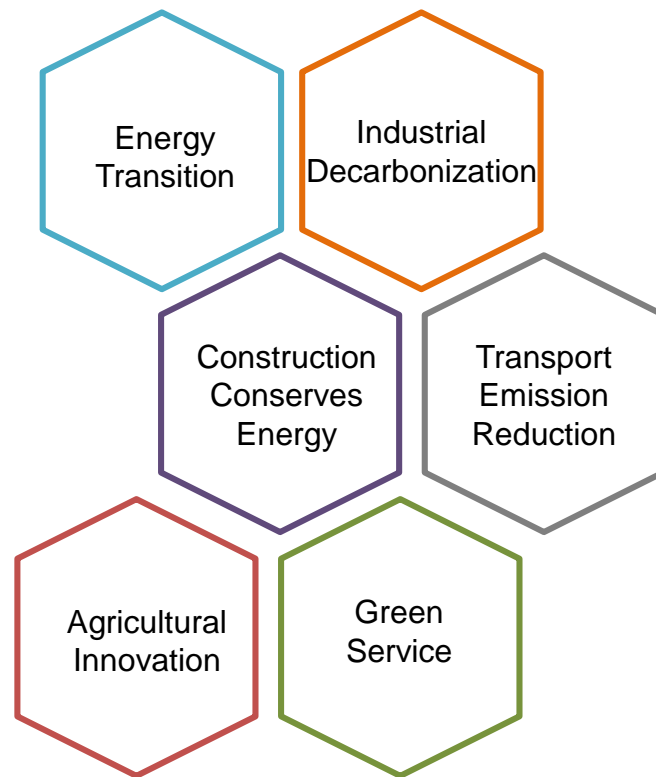
ESG Index Series

Carbon Neutral Technology Power Index Series

- Focused on low-carbon technology suppliers, direct beneficiaries in the process to achieve the “Carbon Dioxide Peaking and Carbon Neutrality Goals”
- Constructed “Carbon Neutral Tech. Service Industry Classification” and “Carbon Opportunity Factors”

Index Abbr.	Carbon Tech 30	Carbon Tech 60
Index Code	399030	399060
Universe	ChiNext market	SZSE A Shares
Sample Size	30	60
7Y Annualized Return	27%	22%

Source: SSIC, as of December 2021



CNI ESG Ratings Methodology

- Balance international practice and local reality
- 200+ objective and quantitative indicators
- CNI featured indicators: green income, carbon neutral tech. service industry classification

Pillars	Themes	Issues	Indicators
E nvironment	<ul style="list-style-type: none"> • Environmental opportunities • Ecological protection • Pollution and waste • Energy usage • Climate change 	11	70+
S ocial	<ul style="list-style-type: none"> • Staff • Supplier • Client • Society 	9	80+
G overnance	<ul style="list-style-type: none"> • Shareholder • Board of directors and executives • ESG governance • Risk management • Information disclosure • Governance abnormal 	12	50+

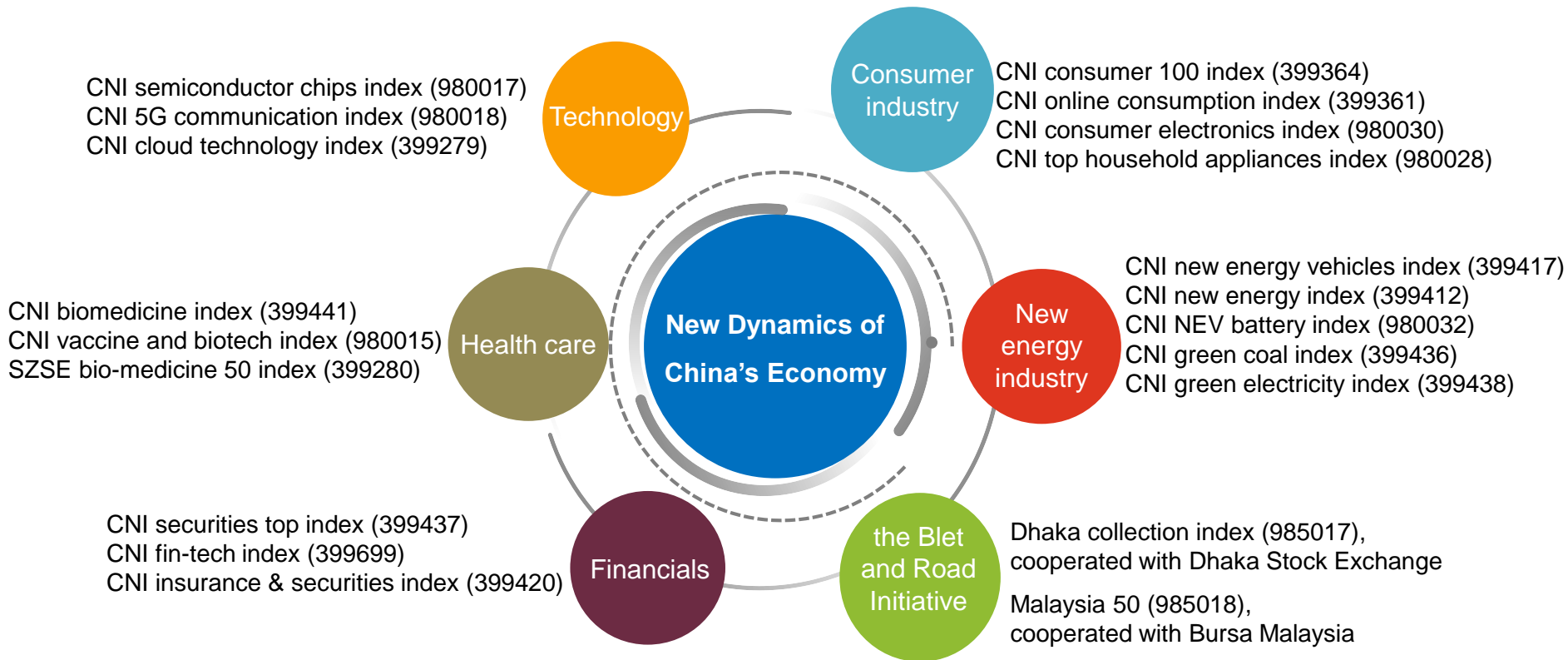
ESG ratings solutions

- ESG benchmark indices
- ESG leaders indices
- ESG data products

	ChiNext ESG benchmark	ChiNext Index	Shenzhen ESG Leader100	Shenzhen 100
Return (2018-2021)	130.9%	117.6%	85.2%	74.5%
Annualized return	27.7%	25.5%	19.8%	17.7%
Annualized volatility	28.8%	28.4%	25.9%	25.0%
Sharpe ratio	0.912	0.845	0.706	0.647
Drawdown	-25.5%	-26.2%	-23.9%	-25.6%

Source: SSIC, as of December 2021

New Economy Index Series



Contents

- I. Distinctive Shenzhen Market
- II. Shenzhen indices with Characteristics
- III. Index Provider of SZSE**

Index Provider



Qualification

- The first index institution in mainland China since 2002
- Member of Index Industry Association (IIA)
- Authorized by SZSE to manage SZSE Indices, operating self-owned CNI Indices



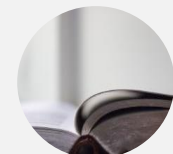
Governance

- Completing IOSCO assurance review
- Rule-based index methodology & operating guidelines meeting the international standards
- Index oversight committee
- Index advisory committee



Capability

- Launched more than 1000 indices cover a range of asset classes and markets
- CNI Industry Classification Standard
- CNI Bond Valuation
- CNI ESG Ratings Methodology
- CNI Country (Region) Classification Criteria



Reputation

- SZSE Indices & CNI Indices are used extensively with the total AUM of linked products around USD 30 billion
- The best index provider for ETFs-China(2015), the ESG pioneer(2018), the best index provider of technology in China(2020), the rising star of sustainable index (2021)

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For more information please visit
www.cnindex.com.cn

Or contact us:

Tel: +86-755-83241251

Fax: +86-755-83243723

E-mail: index.service@cninfo.com.cn

