CHINA'S NEXT 100 GLOBAL GIANTS (2020 EDITION)

Contents

Abstract

Through the effective implementation of strategic plans, many companies included in the ranking have obtained great potential to become the future leader in the sector after seizing market opportunities successfully and achieving effective growth over the past few years.

Since the publication of China's Next 100 Global Giants (2018 Edition), a series of major uncertainties have emerged that have led to upheavals in world politics and the economic environment. The global outbreak of COVID-19 has directly impacted the production and operations of various enterprises, while Sino-U.S. relations are experiencing an unprecedented period of difficulty, which has created growth constraints for certain Chinese companies in key technological areas. Faced with the impact of these uncertainties, some companies have been struggling to survive, while others have proactively taken solid steps to grow into world-class enterprises by continuously improving their market competitiveness. Some of the companies included in our 2018 ranking, such as CVTE and LY iTECH, have become industry leaders and entered a stage of steady development; therefore, they should no longer remain among the "Next 100 Global Giants" which is forward-looking in nature. In addition, through the effective implementation of strategic plans, many companies that were not previously included in the ranking have proven themselves by successfully seizing market opportunities and achieving effective growth over the past few years, thus demonstrating their significant potential to become future industry leaders and satisfying the criteria for inclusion on the 2020 list of China's Next 100 Global Giants. In order to discover China's next generation of top companies with the largest growth potential in an ever-changing market, while ensuring the timeliness and validity of the list, ACCA has entered into a collaboration with the Shenzhen Finance Institute to conduct research and analyses on nearly 4,000 private enterprises listed in mainland China or abroad. On the basis of these findings, we have compiled the ranking of China's Next 100 Global Giants (2020 Edition). This report also includes a review of the market performance of the companies included on our 2018 list, which reveals that the return on equity of these companies has generally outperformed the market standards – evidence of the scientific validity of our ranking system.

We have followed the structure of our 2018 report and created our ranking by employing the criteria described below:

First of all, the current ranking is based on a number of diverse indicators. The factors considered include the company's size, growth, profitability, innovativeness, level of internationalisation and others. Besides including a diverse set of indicators in the evaluation system, our research team has also adopted a machine learning-based natural language analytical method and designed a specialised indicator to measure the media opinion of each company. By utilising cutting-edge technology, we can now make better use of the publicly available sources in the market and conduct a more in-depth analysis.

These enterprises have a relatively rapid growth scale. They uphold the concept of innovative development with a long-term vision, while being strategic-oriented at the international level, enjoying a good media opinion and having a strong focus on R&D.

Second, unlike our 2018 ranking, the current ranking includes corporate social responsibility as a new indicator. The key concept of corporate social responsibility is that while generating profits, a company's business activities should comply with the principles of sustainable development, and the company should be responsible for its consumers, employees, community welfare and the ecological environment. As the Chinese economy has already evolved beyond the stage of extensive growth, an evaluation of Chinese enterprises should not be limited to a measurement of the financial indicators. Instead, the emphasis should be placed on the social responsibilities undertaken during a company's business operations. While striving to operate its business effectively, an enterprise should also be responsible to a wider range of social stakeholders, by actively assuming social responsibility and establishing a good public image. Essentially, this aspect reflects a company's healthy and sustainable growth potential, which is an important factor in determining whether that company is capable of developing into a longstanding "star enterprise" in its industry. Our current ranking has included this new indicator in order to measure the long-term development capabilities of these companies and identify their comprehensive soft power.

Third, the focus of our current ranking has fallen on listed private enterprises. Due to the fact that state-owned enterprises are unique in terms of their policy regulations, business type and corporate scale, their development prospects and business models are not comparable with those of private enterprises. Due to this fact, state-owned enterprises have been excluded from our ranking. The report on the 19th National Congress of the Communist Party of China pointed out the following: "We must uphold and improve China's basic socialist economic and distribution system, unswervingly consolidate and develop the public sector, and unswervingly encourage, support and guide the development of the non-public sector of the economy." By the end of 2020, the number of private enterprises in China reached more than 40 million, while their overall scale and quality have seen significant improvements. Generally speaking, China's private economy is characterised by the "50%-60%-70%-80%-90%" rule, which means that the private economy contributes to more than 50% of taxes, more than 60% of the GDP, more than 70% of technological innovations and more than 80% of urban employment, while representing more than 90% of the total number of enterprises in China.[1] Chinese private enterprises have become an indispensable force in propelling China's

[1] Jingji cankaobao (Economic Reference News), http://www.jjckb.cn/2018-11/02/c_137576553.htm

economic development. They represent not only a key sector for entrepreneurship and employment, but also a primary platform for technological innovations and an important source of the national tax revenue, which in turn plays an important role in areas such as the growth of the Chinese market economy, the transformation of government functions and the transfer of the rural surplus workforce, as well as the nation's expansion into the international market. In consideration of this fact, our current ranking focuses only on China's private enterprises, with the aim of promoting their excellence to the rest of the world. By showcasing their achievements, we hope to facilitate the sharing of successful experiences, which could in turn lead to further innovations and growth. Additionally, only listed companies are included in our ranking. Being listed on a stock exchange indicates that the company has prepared effective financing channels for further growth. The listing regulations and the public demand for information ultimately created a natural advantage for these companies in terms of data availability, credibility and comparability.

Based on a comprehensive multi-aspect analysis of 3,749 listed Chinese private enterprises, our research team first selected the 130 leading companies; then by further eliminating the largest 30 companies, we established a list of the Top 100 companies. Our research team believes that these Chinese companies have great potential for future growth, and expects them to continue leading or creating a further impact in their respective industries. Most of the 100 companies have already achieved success and have come out on top amid fierce competition, but they are not widely known internationally. On the whole, these enterprises have a relatively rapid growth scale. They uphold the concept of innovative development with a long-term vision, while being strategic-oriented at the international level, enjoying a good media opinion and having a strong focus on R&D. Now, they are accelerating the pace of their internationalisation. If the enterprises on our list are able to continue their current growth trend over the next few years, many of them will become the stars of the next generation, taking up places among the global giants. Through a comparative analysis of the 2018 and 2020 rankings, we also discovered the latest development trend in terms of China's regional economic integration. To facilitate a coordinated development of the Chinese economy, the obvious approach is to shift the focus from enhancing the overall carrying capacity of a single city to that of an urban agglomeration. If we look at the internal distribution of the top 100 companies among China's three major economic regions – the Greater Bay Area, the Yangtze River Delta and the Beijing-Tianjin-Hebei region – it can be seen that the level of concentration has decreased compared to that in 2018, as fewer enterprises are centred in core cities (such as Shanghai, Shenzhen, Guangzhou and Beijing), and instead have their roots in the peripheral cities of core cities. In the future, it is foreseeable that private enterprises from second- and third-tier cities will be given a broader scope for development, which could effectively place them among the next generation of China's top 100 giants.

Evaluation System

The evaluation system we used for our ranking of the companies is based on analyses of the historical performance and future growth, where both are considered as indispensable.

The evaluation system we used for our ranking of the companies is based on analyses of the historical performance and future growth, where both are considered as indispensable. The company's historical performance represents its past business achievement. It also shows the market's recognition of the company's operations, corporate strategy and business model, and serves as a basis for the company's future growth. By reviewing a company's historical indicators, its future growth can be predicted to some extent, but an analysis that solely considers the historical indicators undoubtedly has some limitations. In particular, the company's ability to grasp future market opportunities is what will determine its future growth potential.

With regard to the historical performance, our research team designed the following 5 indicators: corporate scale (sales revenue), growth, rate of return, earnings quality and cash flow. For the company's future growth, our research team designed a further 7 indicators: R&D investment, investable index, CapEx (capital expenditure), overseas strategy, industry prospects, media opinion and social responsibility. Compared with the evaluation system employed in 2018, the 2020 ranking has added "social responsibility" as a new indicator for the domestic listed companies, with an emphasis on measuring the comprehensive soft power of their business operations in driving sustainable development. Furthermore, in order to avoid discrepancies in the ranking due to volatility of the raw data within any particular year, the current ranking only includes listed private enterprises that have raw data available for two or more consecutive years between 2018 and 2020.

Based on each individual indicator, our research team arranged all 3,749 selected companies into 100 equal groups, and assigned them with scores in order from 1 to 100. A score of 1 meant the company belonged to the group with the lowest rank for that individual indicator; while a score of 100 meant the company belonged to the group with the highest rank. Then, our company evaluation system took the simple average of each company's scores in all 12 indicators as the final score, and our ranking was entirely based on this score.

Specific details of the indicators are as follows.

1. Corporate scale. Our research team measured the size of each company by considering its sales revenue, which allowed for a better measurement of the company's development dynamics. The corporate scale of a company reflects its market position, and also represents the market recognition of its business operations, to a certain extent. A sustainable and stable sales revenue is the basis for a company to maintain its existing market presence and to seize future market opportunities.

Our research team have designed 12 indicators, 5 for historical performance and 7 for future growth of the company.

2. Growth. The growth rate of the sales revenue is an indicator of the company's ability to grow. When the company's products are increasingly competitive and its business model creates more economic added value, it will enjoy better market prospects. In general, the higher the company's growth rate, the stronger its competitiveness in its respective industry.

3. Rate of return. The rate of return on the net assets represents the ratio of a company's net profit to its ownership interest, and it is one of the key indicators for the ongoing survival of the company. The basis for the development of an enterprise is its profitability and comparative advantages. Good profitability means the business model, long-term and short-term strategy and core competitiveness can bring added value to the company, as well as providing a competitive edge over its competitors in the future.

4. Earnings quality. The profit level of a company reflects its profitability; however, due to the presence of the practice of earnings manipulation, it is especially important to consider the quality of the earnings. A better earnings quality means that the metrics for measuring a company's growth are more credible and predictive, while the earnings are also more sustainable. At the same time, companies with a higher earnings quality carry less risk, representing a stronger commitment to their investors and other stakeholders as well as better sustainability of their existing development models. A company could manipulate its earnings data in the books mainly through transactions that involve

Through machine learning and natural language processing, our research team constructed a text-based method to measure the evaluation variables for the level of corporate social responsibility.

non-cash settlements, such as accounts receivable, accounts payable and other corresponding transactions. Our research team considers such accounting profits as the accounting accruals, which is a company's net profit minus the net cash flow from its operating activities; while the earnings quality is determined by calculating the ratio of the accounting accruals to the total assets. According to contemporary academic findings, corporate earnings with higher accruals tend to have lower sustainability, and thus a lower earnings quality. As a result, a higher value in this indicator resulted in a lower score in our ranking.

5. Cash flow. This indicator shows the ratio of the cash flow generated by a company's operating activities to total assets, and represents the ability of a company to generate cash through its main business. The higher the ratio, the greater is the cash flow from the company's operating activities. An abundant cash flow indicates the ability of the company to solve any financial constraints related to its future development with internal funds. At the same time, since the surplus reported by a company could possibly be manipulated, the cash flow, to a certain extent, should be considered together with the sales revenue to obtain a better picture of the company's actual surplus funds.

6. R&D investment. This indicator shows the proportion of a company's corporate R&D investment compared to its sales revenue. An improvement in a company's technological research capability represents an enhancement of its core competitiveness, which also means it has a better ability to learn and make use of new technological advancements. Therefore, the importance and implications of the internal R&D investment to develop technological innovations are self-evident. Companies with a larger R&D investment will tend to adopt a differentiated strategy for the future, in order to gain economic added value and a better growth potential.

7. Investable index. Our investable index takes the form of an F-score, based on a set of investment strategy metrics that were designed and developed by Joseph Piotroski from Stanford University in 2000[2]. A company's satisfactory performance in these metrics will help to boost its ROI. There are 9 financial fundamentals of a company that are embedded in the investable index, which include profitability, solvency, sources of capital and operating efficiency, among others.

Specifically, with 9 points as the full score, a company scores 1 point if it satisfies each of the following conditions: positive return on assets, positive operating cash flow,

[2] Piotroski, J.. 2000. Value Investing: The Use of Historical Financial Statement Information to Separate Winners from Losers. Journal of Accounting Research Vol 38: 1-41.

positive asset income growth, negative difference between the net profit and operating cash flow, decreasing long-term debt ratio, increasing liquidity ratio, no new issuing of ordinary shares, increasing gross profit margin, and an increasing asset turnover. This indicator comprehensively reflects a company's financial fundamentals, and having good fundamentals at present is the basis for its future development prospects. Nonetheless, this indicator also has certain overlaps with the other indicators in the current evaluation system. By including this indicator in the evaluation system, our research team has effectively increased the weight of the relevant indicators that investors should focus on.

8. CapEx. This indicator shows the ratio of a company's current investment in fixed assets to its total assets at the beginning of the period, which represents the maintenance or expansion of the company's business scale. A rational expansion indicates that the company is capable of seizing investment opportunities and also reflects the development and enlargement of its business activities and operations – which are necessary ingredients for a company's organic growth. As such, this indicator can be used to define the future growth of the company.

9. Overseas strategy. We used this indicator to evaluate a company's overseas strategy in a holistic manner. Accordingly, our research team calculated the percentage of a company's overseas sales revenue in terms of its total sales revenue, and established a score based on the result. The highest score was 95 points.

A score of 1 was given if the company's financial report did not disclose its overseas sales revenue. Additionally, we understood that overseas financing is an important part of a company's overseas strategy, and many companies listed overseas rely on this very status in order to expand their overseas operations and to position themselves for future overseas development. Therefore, taking this into account, if a company was listed overseas

but did not disclose the specific amount of its overseas sales, 5 points were added.

10. Industry prospects. This indicator shows the development prospects of the industry to which the company belongs. Our research team established the average sales growth rate and average return on assets per industry for all the listed companies, which also represents the growth of the individual industries. The companies were given a score based on these rates and were ranked accordingly. It must be noted that the growth of an individual industry is not only driven by the industry's inherent development potential, but is also influenced by the relevant policy support, and therefore our research team also included government support as one of the factors to consider. For the companies that belong to certain key industries highlighted for support in the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035", a score of 100 was given to the policy support. To determine the final score of the industry prospects, a simple average was calculated from the scores of the industry growth and the policy support.

11. Media opinion. This indicator represents how the media, as an information agency, reports on the company. While public information such as financial reports and announcements from a company are readily available, news reports often contain additional information beyond these documents, as well as private information from other sources; therefore, we considered the analysis of the media opinion of a company as an important supplement to the aforementioned financial indicators. By making full use of other public information sources available in the market, an enterprise's development prospects and potential issues can be explored. In this regard, our research team considered the relevant news opinions and media coverage of the companies, and these two aspects were matched, analysed and evaluated together to examine the forward-looking role that media opinion plays in the development of a company. To examine the opinions of the news media, specifically with regards to their taking positions, our research team cooperated with DataGo – an independent database developer. Through machine learning and natural language processing, we sorted, analysed and verified the collected original news items meticulously and quantified each news opinion. Specifically, the quantification process utilised machine learning to label every sentence in a news report as positive, negative or neutral. The value of the news opinion for the entire piece of news was determined based on the proportion of positive sentences to negative sentences therein, calculated using the formula (number of positive sentences – number of negative sentences) / (number of positive sentences + number of negative sentences + 1), which is a continuous and comparable value, ranging from -1 to 1 (with 1 being the most positive and -1 being the most negative). For the purpose of our report, we established the average value of the company's news opinions over the past three years. A higher score indicates the market's affirmation of the company's current business model and its optimism about the company's future. On the other hand, to examine the media coverage, our research team counted the number of news reports related to the company during the past three years, which served as a supplement to the analysis of the news opinion. It should be noted that our research team adjusted the value of the media coverage based on the general sentiment shown by the news (with the aforementioned average value being positive or negative). If the general sentiment was negative, the value of the media coverage was then calculated by the number of relevant news reports x -1. Our consideration here was that if negative news attracts the attention of many investors and is widely reported, it could mean the company is facing more serious issues. Conversely, if positive news attracts more recognition and coverage, the growth potential of the company could become more convincing. Finally, our research team calculated the final score of the media opinion by taking the simple average of the values of the news opinion and the media coverage.

In our research, we analysed news articles published in print media from 2018 to 2020, covering 111 media companies including the China Business Journal, Economic Daily, Shanghai Securities Journal and others. Among these articles, positive news reports accounted for 79.6% of all reports, while negative news reports accounted for 20.2% and neutral reports accounted for only 0.3%. During the three-year period, each media company published an average of 239.1 news reports, with the median being 65. Nonetheless, there were certain limitations in this indicator, which were mainly reflected by the different levels of media attention towards different industries. Specifically, some industries possess certain "eye-catching" features, or their products or services are directly oriented towards the end customers, which encourages the company executives to pay more attention to marketing and the management of public opinion, thereby generating more media coverage. For example, a typical company in the air transportation industry was featured in an average of 2,292.7 news reports; while a company associated with the radio, television, film and video recording sector was only featured in an average of 681.5 news reports. The media coverage of certain industries was even lower, especially the traditional manufacturing industries that are not oriented towards the end customers. As a result, a typical company in the non-metallic mining and dressing industry was only reported 24 times on average, while there were only 47 articles featuring instrument manufacturers.

12.Social responsibility. Corporate social responsibility (CSR) refers to the fact that, in addition to generating profits, a company's business activities should conform to the principles of sustainable development, as well as being responsible to the consumers, company employees, community welfare and the ecological environment. Essentially, a company's healthy growth potential is evidenced by its initiative in actively assuming social responsibilities and establishing a good public image. A good rating in this indicator not only reveals the better potential of a company to develop in a stable manner over a longer period of time, but also represents the fact a particular company has fewer potential risks. Generally speaking, corporate social responsibility is an important foundation for promoting the healthy, orderly, large-scale and diversified development of China's economy, particularly as it plays an essential role in enhancing the understanding, promotion and implementation of the concept of sustainable development. As a result, corporate social responsibility has become a mainstream indicator for many companies in their long-term capital investment strategies. Evidence-based research also shows that a good balance between the pursuit of a strong short-term performance and sustainable development can bring long-term benefits to the company, as well as to investors and the wider circle of stakeholders. Active disclosures of the activities relevant to corporate social responsibility can help companies attract long-term capital and establish a good public image, so the company's management should focus on improving the efficiency and effectiveness in communicating these activities, in order to maximise the benefits.

Through machine learning and natural language processing, our research team constructed a text-based method to measure the evaluation variables for the level of corporate social responsibility. Specifically, the method involved two separate steps. The first step was to construct a specific dictionary related to corporate social responsibility. In accordance with the description in Chapter 8 "Stakeholders, Environmental Protection and Social Responsibility" of the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission in 2018, we divided corporate social responsibility into three aspects – namely stakeholders, environmental protection and social responsibility – and proceeded to select relevant seed words from the text and group them under these three aspects.[3] We then used the "Management Discussion and Analysis" sections of the corporate financial reports from 1999 to 2019 as the text corpus to train our Word2vec model, in order to expand the aforementioned three categories of seed terms. 100 seed terms with the highest level of average similarity were selected from each category to construct the final corporate social responsibility dictionary. The second step involved measuring the frequency of occurrence of all the terms in the dictionary against the "Management Discussion and Analysis" sections of each company's 2018 and 2019 financial reports, which was then further divided by the total length of the text. The resulting ratio was then used to evaluate the aspect of corporate social responsibility.[4]

[3] The seed terms related to stakeholders were: stakeholders, respect, health, employees' rights and interests, congress of workers, trade union organisations and communication (7 in total); the seed terms related to environmental protection were: sustainable, green, ecological, environmental, pollution, prevention, resource, conservation, emissions, sewage and waste (11 in total); and the seed terms related to social responsibility were: community welfare, disaster relief, poverty alleviation, public welfare, social responsibilities, pair assistance, poverty-stricken areas and employment (8 in total).

[4] Due to limitations on the availability and comparability of the text-based data, only the corporate social responsibility indicators of the listed companies in the SSE and SZSE were measured in this report.

How China's Next 100 Global Giants (2020 Edition) were Ranked

For the 3,749 non-financial private listed companies, our research team measured their final scores by summing up their indicator scores, and the companies were ranked based on these final scores.

For the 3,749 non-financial private listed companies, our research team measured their final scores by summing up their indicator scores, and the companies were ranked based on these final scores. First, our research team identified the Top 130 Chinese companies, which were ranked as the Top 130 in our evaluation system. On this basis, our research team finalised the ranking of China's Next 100 Global Giants by eliminating the 30 largest companies. This was done because the intention of our ranking is to discover the future business giants from China, and if a company makes it to our list just because of its business scale, it indicates that the company has already undergone effective development and has become an industry leader, or a "unicorn". Eliminating these companies from our ranking does not mean we have doubts about their future growth; instead, our research team would like to promote the companies that have equal or greater growth potential, but have yet to grow to the scale of the other giants. These companies could very possibly become the flagship enterprises in their respective industries.

Overall, among the companies included in our list, the highest score was 82.25 and the lowest score was 69.25, indicating that there is a certain gap between the companies, as well as highlighting the importance of ranking all the selected companies in this manner. Based on the results from our evaluation system, the companies on our list are of a high quality in general, but their corporate scale is not large enough, which in turn represents a lot of room for future growth. Most of the companies on our list showed various shortcomings in 1-3 indicators (with a score of 50 or lower), with very few companies having shortcomings in 4 or more indicators, and rarely there were companies showing an all-around performance with no shortcomings at all.

This represents the fact that different companies have various focal points during their development, which in turn indicates the diverse nature of the development models among the companies on our list. It should also be noted that, even if a certain company is included, a lot of effort must be put into improving the company's quality holistically and to overcome its current shortcomings, if it is to evolve into a star enterprise of the future.

The companies on our list have certain features in common. First, they scored relatively high in terms of their cash flow, with an average of 91.8 points, which was

In terms of the earnings quality, social responsibility, R&D investment and industry prospects, there were significant differences in performance among the companies on our list.

the highest average score among the 12 indicators. Among the top 100 companies, only 9 scored less than 90 points for their cash flow. In addition, the standard deviation of the companies' cash flow scores was only 8.86, which was also the smallest standard deviation among the 12 indicators. From a company's perspective, its cash flow is the capital that keeps its operations going, which represents the "blood" of the company's "circulatory system" and plays an even more important role than revenue or profit. Companies with abundant cash flow often occupy important positions in the entire value chain, where they are better positioned to enter into cooperation with upstream and downstream companies. Having a sustainable and stable cash flow is also an important criterion for companies to achieve success in global competition and respond to sudden crises. Second, the companies also scored high in the categories of capital expenditure and growth, with more than 80 points for both indicators. These two indicators measure the extent of a company's expansion of its business operations, as a rational expansion is inseparable from the timely ability to grasp investment opportunities. As such, a higher capital expenditure implies that the company is in a stage of rapid development. From the perspective of revenue, a steady increase in sales revenue means that the company's products or services are highly competitive, where the capital expenditure is bringing tangible financial returns to the company. Since the intention of our list is to discover private enterprises that are in a stage of robust expansion, a high score in the growth category is an important indicator of a company's significant development potential. Third, the companies generally had higher scores for their rate of return, which indicates that they are able to provide good financial returns to their investors. These high scores were also evidenced by their return on equity in the stock market. From January 2018 to June 2021, the average cumulative abnormal return rate of shares from the top 100 companies on our list was as high as 142.16%, beating the market average of -0.34% by a significant margin. Robust profitability is a sign of a company's success, while also indicating that its business model, long- and short-term strategies and core competitiveness have successfully created economic added value.

In terms of the earnings quality, social responsibility, R&D investment and industry prospects, there were significant differences in performance among the companies on our list. First of all, though the earnings quality is an effective indicator in measuring the credibility, predictability and sustainability of the corporate profitability, earnings management could be implemented differently across the companies in various industries as well as those in different development stages. Most of the expanding enterprises involved in traditional manufacturing are weakly positioned in the upstream and downstream capital chain of the industry; thus, their cash settlement process is often longer, resulting in a poor earnings quality. For example, Flat Glass Group, a company included in our list of China's Next 100 Global Giants, has established a relatively comprehensive industrial chain in the fields of solar photovoltaic glass and high-quality float glass, and has undergone a rapid expansion in recent years. Its revenue and capital investment have been significant, but most of its profits fall under accounts receivable which are yet to be recovered. Also, as was discussed before, social responsibility is an indicator that measures the willingness of a company to be responsible to its stakeholders, including its employees, the community and the ecological environment. Since the corporate investment in social responsibility cannot be quickly converted into financial returns, most companies tended to neglect their investment in this aspect of operations before now. However, as the public has become increasingly aware of environmental protection, community welfare, employee welfare and other relevant issues, corporate social responsibility will inevitably become an important means for enterprises to secure a positive public opinion at the earliest opportunity. Some of the companies on our list, such as H&T, Victory Giant Technology, Goodix and Sunlord Electronics, scored high in all other indicators, only to be dragged down by a low score in social responsibility. Therefore, the management of these companies should take this into account and consider assuming more social responsibility and adopting a policy of active disclosure. Corporate social responsibility is one of the cornerstones in maintaining a company's reputation, as well as being essential in improving the company's competitiveness and attractiveness to stakeholders. Promoting a higher level of corporate social responsibility and governance is by no means routine; however, it is only by integrating this issue into the business strategy and daily operations that a company can truly embark on the journey towards becoming a socially responsible enterprise. In addition, the gap in the level of R&D investment between the companies on our list was notably obvious, mainly due to different circumstances among the industries in which the companies operate. For example, Aier Eye Hospital, which placed 5th in our overall ranking, operates ophthalmic hospitals as its main business; while KUKA Home, ranked 13th on our list, mainly deals with the production and sale of furniture; and Country Garden Services, ranked 84th, focuses on property management. The competitiveness of these industries can hardly be reflected in R&D innovations. On the other hand, R&D innovation is an important battleground for industries such as computer software manufacturing, internet services and pharmaceutical development, where the companies must embrace innovation to avoid being overtaken. Finally, the industry prospects of the companies also varied significantly, which was a result of the uneven distribution of the industries on our list. The fact that companies from unfavourable industries with negative prospects can also make it onto our list implies that, regardless of the development potential of any particular industry, a company with a superb overall performance can eventually take up the chance to evolve into a juggernaut. Notable examples include: Huafon Chemical, from the traditional chemical fibre manufacturing industry and Chifeng Jilong Gold Mining, from the non-ferrous metal mining and dressing industry.

Table 1: China's Next 100 Global Giants (2020 Edition)

Rank	Common Name	Score	Corporate Scale	Growth	Rate of Return	Earnings Quality	Cash Flow	Investable Index	CapEx	Industry Prospects	Overseas Strategy	R&D Invest-ment	Media Opinion	CSR
01	Pharmaron	82.25	68	86	81	87	96	73	92	95	99	42	86	82
02	Bluesail Medical	81.5	71	97	73	91	98	74	98	87	93	42	72	82
03	WuXi Biologics	80.45	63	95	68	53	91	48	100	95	96	93	83	—
04	Tianshan Aluminum	79.5	84	100	68	98	100	82	100	39	78	68	53	84
05	AIER	79.08	84	82	95	85	98	89	76	83	67	25	89	76
06	Allmed Medical	78.83	59	91	99	62	99	98	76	87	94	71	58	52
07	Huafon Chemical	78	85	97	94	92	99	82	99	35	66	87	54	46
08	Yadea	77.82	87	89	95	94	97	89	64	48	71	37	85	—
09	ChemPartner	77.75	37	98	55	73	88	74	97	95	89	70	61	96
10	NHU	77.33	82	76	91	35	89	82	96	85	90	80	74	48
11	Tech-Bank Food	77.17	79	94	80	94	99	61	99	88	53	57	55	67
11	Haier Biomedical	77.17	36	90	79	90	98	89	65	89	77	59	86	68
13	Kuka Home	77	85	80	93	81	95	74	84	65	84	21	83	79
13	Kibing Group	77	82	51	92	84	96	98	53	52	64	93	69	90
15	Xinbao	76.92	84	73	91	88	96	89	71	54	94	57	69	57
16	Intco Medical	76.75	75	99	100	98	100	61	99	40	95	50	70	34
17	Zhende Medical	76.5	70	99	100	60	100	82	93	87	92	41	78	16
18	Billion Industrial	76.18	82	68	82	95	97	48	98	50	74	92	52	—
19	BGI Genomics	75.83	71	97	93	76	98	61	76	61	82	45	86	64
20	China Tianying	75.75	88	99	57	85	85	36	99	53	90	74	44	99
21	Tianma Tech	75.5	57	93	54	97	97	61	89	88	59	73	59	79
21	Joinn Laboratories	75.5	22	94	97	67	97	89	89	95	66	93	73	24
23	Flat Glass	75.42	71	92	93	25	87	89	91	52	79	59	79	88
24	Jiuzhou Pharma	75.25	53	68	63	69	83	98	87	85	92	88	48	69
25	WuXi AppTec	75.08	87	87	83	65	88	24	81	95	93	70	81	47
26	Asymchem	74.83	56	86	91	28	94	36	91	85	95	87	74	75
26	Topchoice Medical	74.83	48	77	98	80	99	98	74	83	1	84	63	93
28	JOYY	74.73	76	100	96	54	96	89	52	46	92	46	75	—
29	Kingmed Diagnostics	74.5	76	86	98	69	98	95	65	83	1	40	94	89
30	CCTC	74.33	65	62	89	59	95	82	79	69	75	95	80	42
30	GCL ET	74.33	80	100	60	100	100	89	100	44	54	25	73	67
32	H&T	74.17	66	88	88	60	88	50	88	69	91	85	69	48
32	CFMOTO	74.17	65	89	93	92	97	89	70	57	90	44	68	36
34	TA&A	73.92	30	81	79	80	96	98	98	69	77	59	49	71
35	Yuwell	73.83	73	81	91	66	96	100	88	87	74	39	59	32
35	Maxscend	73.83	52	97	100	14	100	61	64	72	92	95	68	71
37	China Feihe	73.82	88	93	100	86	100	48	97	46	63	17	74	—
38	Chifeng Gold	73.33	69	93	57	80	77	50	90	34	83	98	52	97
39	Tian Chang Group	73.18	27	77	94	79	94	89	97	41	97	47	63	—
40	Victory Giant Technology	72.67	69	87	84	71	88	50	98	69	88	79	69	20
41	Will Semiconductor	72.58	86	98	86	38	86	61	95	69	91	91	64	6
42	Goodix	72.5	74	82	99	75	100	61	60	69	72	88	64	26
42	Fangda Carbon	72.5	89	48	99	81	99	74	74	58	50	44	68	86
42	Shandong Head	72.5	34	83	91	71	94	95	94	41	87	80	14	86
45	JA Solar	72.42	89	100	71	100	100	17	100	72	87	38	66	29
45	Bohui Paper	72.42	84	72	54	87	81	74	97	33	60	88	45	94
47	Guangwei Composites	72.33	46	86	89	59	95	99	71	35	83	98	59	48
48	Sungrow Power	72.08	88	86	84	58	75	61	74	54	77	54	73	81
48	Hengli Hydraulic	72.08	75	92	98	35	97	89	66	87	72	85	64	5
50	Limin Group	71.83	60	94	87	48	85	74	97	41	86	60	44	86

Rank	Common Name	Score	Corporate Scale	Growth	Rate of Return	Earnings Quality	Cash Flow	Investable Index	CapEx	Industry Prospects	Overseas Strategy	R&D Invest-ment	Media Opinion	CSR
51	Ecovacs	71.75	76	66	92	86	94	98	80	54	87	30	86	12
52	Henglin Home Furnishings	71.67	64	90	70	43	76	95	94	65	94	45	44	80
53	Olympic Circuit	71.5	55	53	74	72	90	89	92	69	95	63	40	66
53	Starry Pharmaceutical	71.5	36	82	88	46	65	74	92	85	84	98	37	71
55	37Games	71.42	86	89	99	78	99	98	67	46	67	25	78	25
55	DBG Technology	71.42	51	78	87	65	96	50	95	69	65	93	72	36
57	Zhifei Biological Products	71.33	84	98	100	3	98	74	78	85	46	29	78	83
57	Easepal	71.33	75	74	73	47	72	82	79	72	93	30	65	94
57	Biolight	71.33	31	84	96	66	98	61	94	87	79	41	51	68
60	Aoshikang	71.08	56	75	78	59	85	74	90	69	90	66	65	46
60	Nanxing Machinery	71.08	44	91	80	66	93	36	88	87	67	82	56	63
62	CTI	71	62	74	85	88	97	98	74	61	57	42	73	41
62	Kingsoft Office	71	50	92	78	88	98	89	32	45	61	77	85	57
64	Xingyu Automotive	70.92	76	75	91	69	93	95	80	48	53	77	43	51
64	CHTi	70.92	65	42	78	61	82	61	87	41	84	76	77	97
64	Kingdomway	70.92	63	75	97	76	98	95	51	46	94	35	62	59
67	Huatian Technology	70.83	81	46	46	88	88	61	98	69	89	95	76	13
67	TongFu Microelectronics	70.83	82	73	30	89	82	61	91	69	94	99	70	10
67	Dingli Machinery	70.83	55	90	95	39	95	61	78	87	84	58	57	51
67	Lepu Medical	70.83	80	78	95	47	87	89	68	87	67	34	69	49
67	KingClean Electric	70.83	75	38	82	91	96	89	54	54	92	53	54	72
72	GigaDevice	70.67	64	87	90	86	99	11	88	69	94	89	68	3
73	Hotgen Biotech	70.58	10	98	76	84	98	99	89	73	80	40	74	26
74	Mingyang Smart Energy	70.5	87	97	71	95	95	89	69	39	45	40	87	32
74	Xusheng Auto Technology	70.5	37	87	90	86	98	36	91	16	93	93	65	54
74	Cheng Yi Pharmaceutical	70.5	21	87	91	68	97	95	98	85	61	25	63	55
77	Dowstone Technology	70.42	64	88	52	92	93	82	81	52	70	70	63	38
78	Kindly Group	70.25	50	85	76	62	90	89	81	87	84	44	81	14
79	Apeloa Pharmaceutical	70.17	79	61	88	87	95	95	10	85	85	42	53	62
80	YUTO Tech	70.08	84	74	89	32	76	36	92	33	85	66	89	85
80	Yongxing Materials	70.08	72	50	65	59	82	61	93	58	57	93	67	84
82	PharmaBlock	69.92	23	95	94	59	98	61	73	41	93	89	51	62
83	Sunlord Electronics	69.83	60	76	73	62	87	89	85	69	76	87	71	3
84	CG Services	69.82	84	97	99	97	100	15	86	34	60	1	95	—
85	Yongan Pharmaceutical	69.75	35	55	60	82	91	82	94	85	86	44	32	91
86	Sailun Tire	69.67	89	39	88	87	92	98	73	40	92	37	50	51
86	Wynca Group	69.67	86	77	80	49	77	50	86	41	83	69	54	84
86	By-Health	69.67	73	82	72	88	96	82	54	46	64	21	86	72
86	Bethel Automotive	69.67	61	52	93	74	95	89	73	48	71	92	87	1
90	Visionox	69.58	58	100	23	70	48	89	99	69	89	99	87	4
90	Huangshan Novel	69.58	57	58	84	81	95	100	71	40	64	67	39	79
92	Kinwong Electronic	69.5	76	74	90	55	92	36	95	69	84	81	72	10
92	Orient Cables	69.5	68	89	96	67	95	89	64	54	1	65	75	71
92	Hongsheng Technology	69.5	36	100	64	98	100	89	100	34	48	39	30	96
95	C&S Paper	69.42	78	74	89	70	93	89	75	33	54	24	80	74
95	Glodon	69.42	65	74	66	90	94	74	76	46	58	60	85	45
95	China Eagle Electronic	69.42	51	87	67	57	70	61	92	69	77	79	58	65
98	Junzheng Group	69.33	85	81	90	36	86	36	88	41	69	85	55	80
98	Truking Technology	69.33	55	92	33	87	81	95	75	87	78	56	78	15
100	LB Group	69.25	86	59	91	30	79	36	79	41	86	69	77	98

A Review of the 2018 Ranking

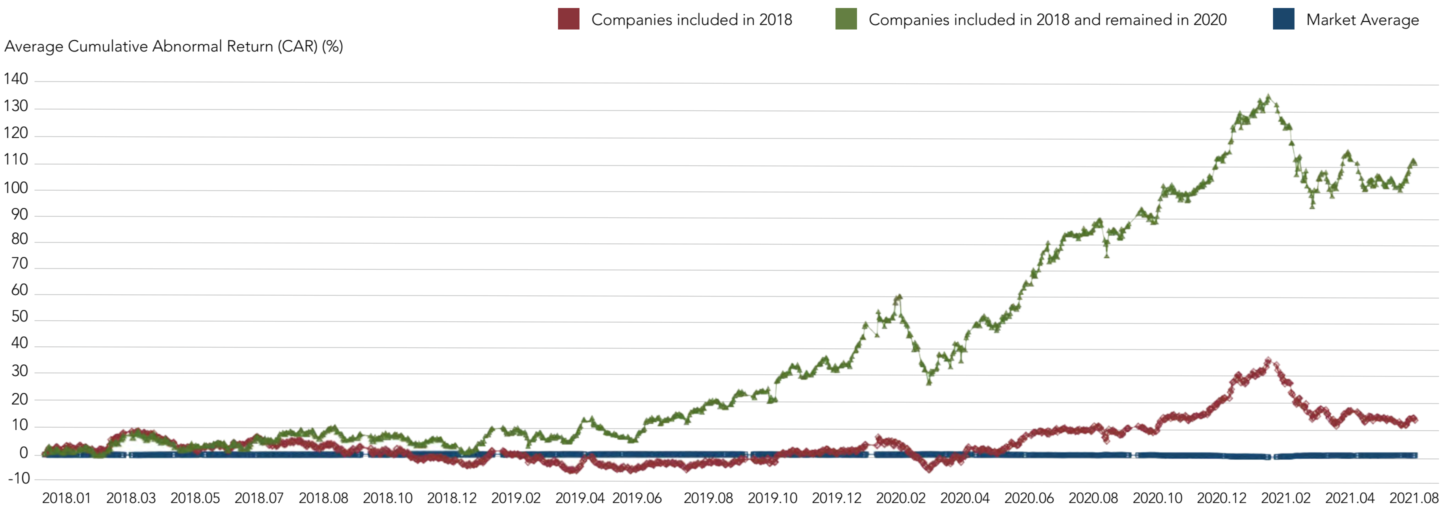
Among those 20 remaining companies, Eleven of these companies are engaged in computer or internet-related businesses, which is a clear illustration that China's internet industry is still in a state of steady development.

By reviewing our 2018 list of *China's Next 100 Global Giants* and comparing it with the 2020 edition, it can be seen that 18 companies successfully remained among the top 100, while two companies (CVTE and LY iTECH) were listed among the top 130 in the latest analysis due to a substantial growth in their sales scale, which rendered them ineligible for the top 100 list. All in all, 20 companies were included in both the 2018 and 2020 rankings, demonstrating the fact that a certain extent of sustainability and stability exists in the growth of a number of private enterprises. On the other hand, 80 new companies made their first appearance on our 2020 list – an indication that Chinese private enterprises in general are still undergoing a stage of rapid change, with a relatively low level of robustness and predictability in terms of their performance.

Among those 20 remaining companies, 18 are listed on the SSE/SZSE, one is listed on the NASDAQ and another one is listed on the SSE/SZSE and SEHK simultaneously. The below list shows the names of the companies and the related industries. Eleven of these companies are engaged in computer or internet-related businesses, which is a clear illustration that China's internet industry is still in a state of steady development, with some companies having risen to become leaders in the sector. These tech companies are currently undergoing further developments in terms of internet applications in aspects such as industrial manufacturing and industrial collaboration, while the more traditional companies, including those from the manufacturing and service industries, will soon move forward to explore the possibility of organic integration with the internet industry and information technology.

From the perspective of the shares price performance, as shown in the figure below, the cumulative abnormal return on equity of the top 100 companies selected in our 2018 ranking was 12.9% from January 2018 to June 2021, whereas the market average was -0.34% during the same period. On average, the overall performance of the companies on our list surpassed the market average, reflecting the scientific validity of our ranking system. In an effort to discover the main driving forces in outperforming the market average, our research team learned that the average cumulative abnormal return rate of the SSE/SZSE-listed companies that successfully remained on our 2020 list was 109.44%, which suggests a significantly higher level of overall robustness. Nonetheless, the volatile and complicated nature of investments in the secondary market should be taken into account. Although this research covered more than 10 indicators, it is still difficult to accurately predict changes in the national policies and patterns of industrial growth, as well as the progress of industrial technology, while it is equally challenging to capture the whole picture of certain aspects of companies' operations such as their corporate culture and management values.

Figure 1: Average Cumulative Return of China's Next 100 Global Giants (2018 Edition)



The overall profitability of the current 100 future giants has increased significantly compared to those in 2018, but the gap between these giants has also widened.

By measuring the indicator scores and comparing the overall performance between the companies on the 2018 list and those on the 2020 list, we found that with the exception of the average level of sales scale, the scores of all other indicators increased from 2018 to 2020, implying more robust fundamentals of the companies selected in 2020. In terms of the sales scale, the sales of the companies on the current 2020 list reached an average of CNY 5.69 billion, with a median of CNY 4.41 billion, while the figures for the companies included on the 2018 list were CNY 6.78 billion and CNY 5.96 billion, respectively. The overall decline in the sales scale was mainly due to the impact of the COVID-19 outbreak. However, as the world comes out of the pandemic, the sales revenue is expected to rebound. In terms of the annual rate of sales growth, the medians of the companies included on the 2020 list and the 2018 list were 30.5% and 30.4% respectively, showing a slight but steady growth over the years. The annualised rate of return of the companies on the 2020 list was 17.2% on average, with a median of 15.8% and a standard deviation of 0.09. In contrast, the average annualised rate of return in 2018 was 10.0%, while the median and the standard deviation were 9.4% and 0.05, respectively. Judging from these figures, it can be seen that the overall profitability of the current 100 future giants has increased significantly compared to those in 2018, but the gap between these giants has also widened. For the growing enterprises, profitability has become increasingly important as the key to success. The relative cash flow ratio of the companies included on the 2020 list was 0.21 on average, with a median of 0.18, while these figures were

0.13 and 0.12 (respectively) among the companies named on the 2018 list. In the face of constant external shocks, the importance of having a sufficient cash flow has become more and more prominent, as it determines the survival and growth of a company. The overall performance in terms of the capital expenditure has also seen improvement, with a median of 0.06 in 2020 compared to 0.02 in 2018.

With regards to the companies that failed to remain on our list, we found that the performances of some of these companies were severely affected due to the COVID-19 pandemic, resulting in a significant decrease in their scores. These companies included YOFC, HC SemiTek, PaiSheng Intelligent Technology, Wanda Cinema and Ellassay. Other companies, such as Yihua Lifestyle and Anysoft Information Technology, have been involved in disclosure violations and were subject to investigations by the regulatory authorities. All in all, the shortcomings of these companies mainly lay in an inadequate performance in terms of their investable index, growth and social responsibility, reflected by relatively low scores in the respective indicators.

Corporate social responsibility is a new indicator featured in our 2020 ranking of China's Next 100 Global Giants, which measures a company's comprehensive capability in actively assuming social responsibilities and provides a non-financial evaluation of its sustainability. As a result, some companies failed to remain on our list in 2020 due to a low score in sustainability, including Tuopu Group, Everwin Precision, Fuyao Glass, Risen Energy, Autobio Diagnostics and Sunward Intelligent Equipment.

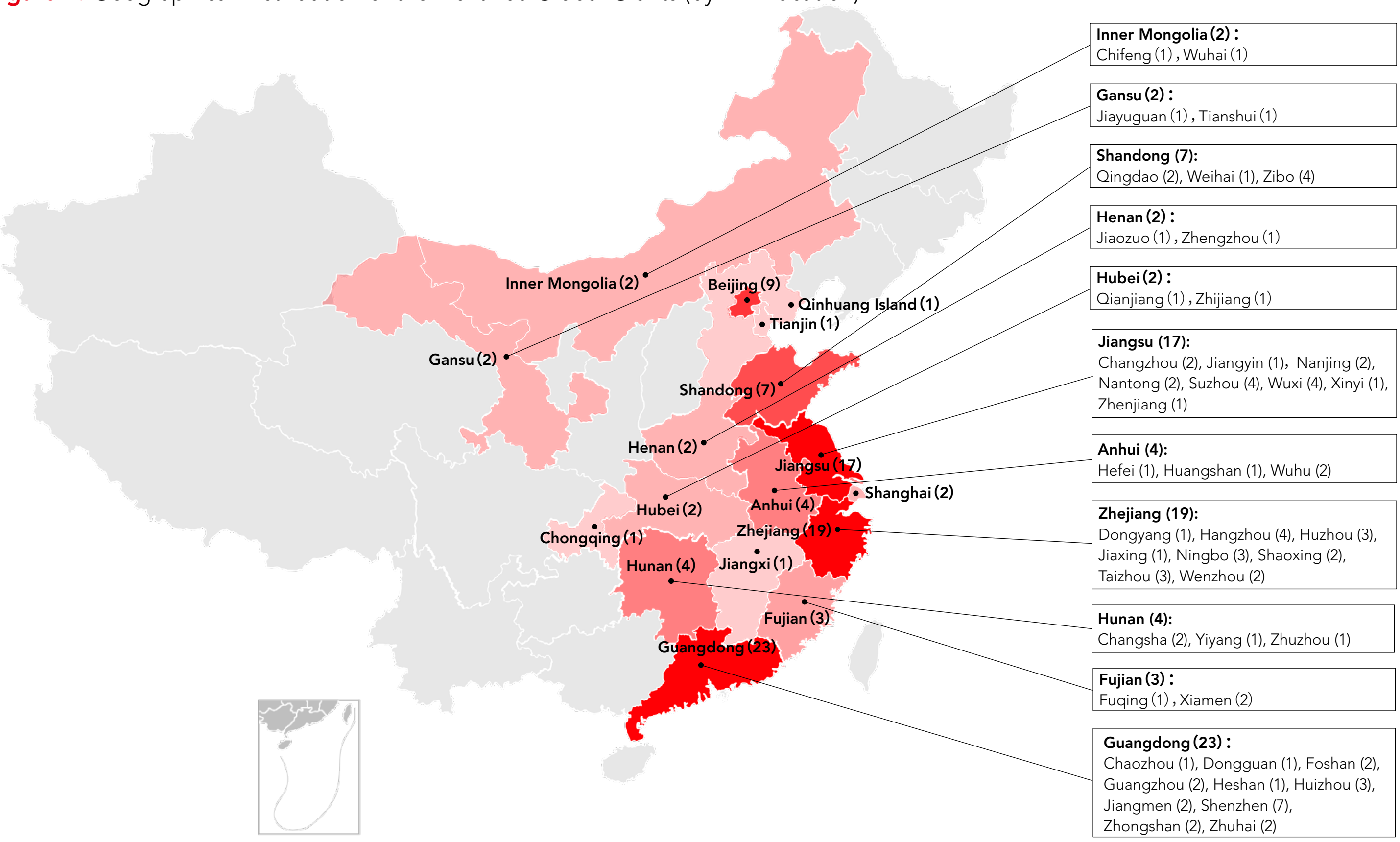
By comparing the 2018 and 2020 rankings, we discovered that there are certain limitations to our ranking system. First, it is not possible to predict major events such as sales and purchases of a company's business or violations of the disclosure regulations by the company's management. For example, although JOYY managed to remain on our list in 2020, our analysis of the financial data for the fiscal years from 2018 to 2020 could not reflect the negative impact caused by the sale of its pillar business – YY – to Baidu Group in November 2020. Some other companies that were included on our 2018 list also experienced major negative events, which resulted in a drastic drop in their rank so they failed to remain on our 2020 list. Let's take Tuandai.com, a company that went public with a reverse takeover (it is currently named Paisheng Intelligent Technology), as an example: due to a scandal in March 2019 involving the company controllers illegally taking public deposits, which resulted in their arrest, the company scored only 44.67 points in our 2020 ranking and dropped out of the top 100. Taking these facts into account, the research team admits that a ranking on the basis of the market scale will unavoidably lead to misjudgments about the company. As a result, some good companies may not be included in our ranking, while certain companies that are included may not be as outstanding as they seem. Nonetheless, to maintain the objectivity and fairness of the ranking, as well as the consistency and reproducibility of our evaluation system, our research team has opted not to make manual adjustments to the ranks of companies that have faced unexpected circumstances after the systemic compilation of our ranking.

Geographical Distribution of the Next 100 Global Giants

The geographical distribution of the companies included in our list is uneven, with the majority of them concentrated in coastal provinces and cities. As is shown in the figure below, the top five provinces/municipalities where the companies were headquartered are Guangdong (23), Zhejiang (19), Jiangsu (17), Beijing (9) and Shandong (7). On the other hand, fewer companies are located in the Central and Western Regions, with no more than five in each province. This reflects the underlying disparity of China's economic development across different geographical areas, where the economic growth is centralised along the coastal cities and radiates towards the Central and Western Regions. Compared with our 2018 ranking, the number of companies from Jiangsu and Shandong increased significantly, while Zhejiang saw a decrease, and there were only slight changes in the other provinces. In addition, contrary to the 2018 ranking, the companies are no longer tending to agglomerate in certain cities within the developed provinces.

The number of companies located within the three major economic regions has undergone little change. In terms of its economic vitality and overall capacity, the Yangtze River Delta still ranks first, followed by the Guangdong-Hong Kong-Macao Greater Bay Area, while the Beijing-Tianjin-Hebei region lags a distance behind, with the vast majority of operations concentrated in Beijing. Specifically, among the top 100 companies in 2018, there were 25 companies located in the Greater Bay Area, 37 in the Yangtze River Delta and 13 in the Beijing-Tianjin-Hebei region; whereas our 2020 ranking includes 23 companies located in the Greater Bay Area, 38 companies in the Yangtze River Delta and 11 companies in the Beijing-Tianjin-Hebei region.

Figure 2: Geographical Distribution of the Next 100 Global Giants (by HQ Location)

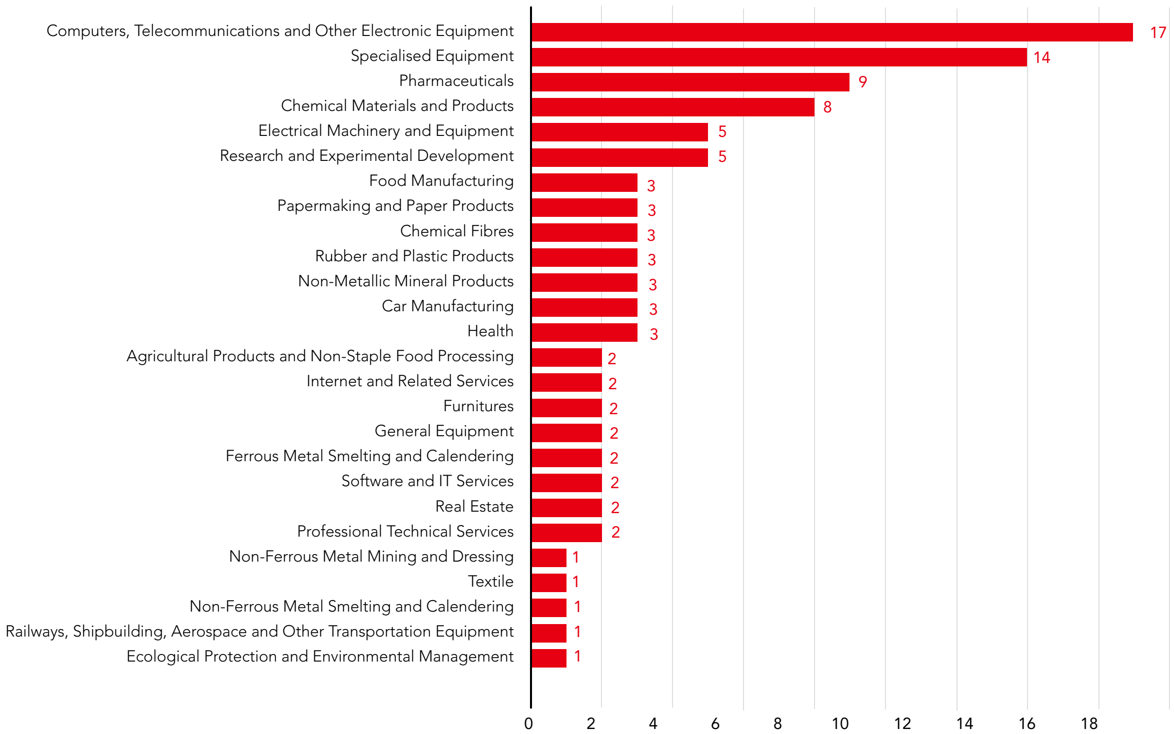


Distribution of Industries in the Next 100 Global Giants

Our choice of China's Next 100 Global Giants covers more than 20 industries, among which manufacturing still dominates. The number of companies engaged in traditional manufacturing such as car manufacturing, chemical manufacturing and electrical machinery manufacturing remains largely unchanged in our current ranking. Continuing the same trend that was shown in the 2016 and 2018 ranking, a significant number of IT and internet-related companies have been included, with 17 companies engaged in the manufacturing of computers, telecommunications and other electronic equipment, 2 companies offering internet services and 2 companies providing software and IT services. Nonetheless, the total number of IT and internet-related companies included in our ranking has decreased from 42 in 2018 to 21 in 2020, which implies that the internet sector has entered a stage of perfect competition where the pace of growth is slowing down.

Companies involved in pharmaceutical research and the manufacturing of medical consumables also exhibited a remarkable performance, with 19 of them included in our ranking in 2020, almost double the amount of 10 in 2018. They included 9 pharmaceutical manufacturers, 5 R&D companies, 3 health-related companies and 2 manufacturers of rubber and plastic products. The outbreak of COVID-19 had a profound impact on the policies and business environment surrounding the pharmaceutical industry, where the industry as a whole benefited from government measures related to the prevention and control of the epidemic, so that individual sectors such as internet healthcare and vaccine development experienced accelerated growth. From a longer-term perspective, the pandemic has highlighted the significance of the medical and healthcare industry, which has become the centre of attention in the whole society, re-

Figure 3: Distribution of Industries in the Next 100 Global Giants



sulting in a reform process in the areas of medical insurance, medicines and medical care that is continuing steadily. Besides the impact of COVID-19, population aging is also an important factor boosting the emergence of the pharmaceutical industry. According to the data collected from the Seventh National Population Census, published on 11th May 2021, the population aged 60 or above accounts for about 260 million individuals, or nearly 20% of the total population in China. Among them, around 190 million people are aged 65 or above, which is equal to 13.5% of the total population in China. Compared with 2010, the proportion of the population aged 60 or above has increased by nearly 6%, and the extent of population aging is becoming increasingly staggering. Along with the improvement of living standards, rising health awareness and an increasingly aging population, it can be presumed that medical expenditures will gradually take up a larger portion of the budget, resulting in even more room for the pharmaceutical industry to grow.

Table 2: Distribution of Industries in the Next 100 Global Giants

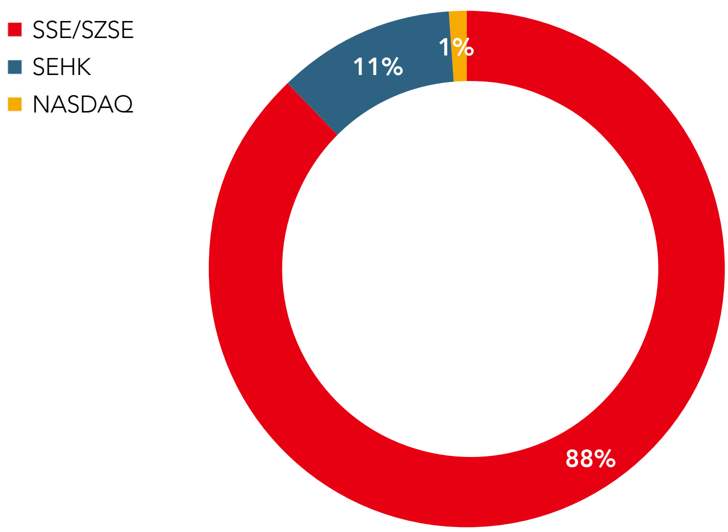
Industry	Number of Companies Included in 2020	Number of Companies Included in 2018	Difference
Computers, Telecommunications and Other Electronic Equipment	14	6	8
Specialised Equipment	5	0	5
Pharmaceuticals	5	0	5
Chemical Materials and Products	9	6	3
Electrical Machinery and Equipment	3	0	3
Research and Experimental Development	3	0	3
Food Manufacturing	3	0	3
Papermaking and Paper Products	8	6	2
Chemical Fibres	3	1	2
Rubber and Plastic Products	2	0	2
Non-Metallic Mineral Products	2	0	2
Car Manufacturing	2	0	2
Health	3	2	1
Agricultural Products and Non-Staple Food Processing	3	2	1
Internet and Related Services	2	1	1
Furnitures	1	0	1
General Equipment	1	0	1
Ferrous Metal Smelting and Calendering	1	0	1
Software and IT Services	1	0	1
Real Estate	2	2	0
Professional Technical Services	1	2	-1
Non-Ferrous Metal Mining and Dressing	0	1	-1
Textile	0	1	-1
Non-Ferrous Metal Smelting and Calendering	0	1	-1
Railways, Shipbuilding, Aerospace and Other Transportation Equipment	2	4	-2
Ecological Protection and Environmental Management	0	2	-2
Electricity/Heat Supply and Electrical Equipment	0	2	-2
Metal Manufacturing	3	6	-3
Postal Services	0	3	-3
Air Transportation	0	4	-4
Education	2	8	-6
Radio, Television, Film and Video Recording	0	6	-6
Wood Products	17	24	-7
Transportation Equipment	2	10	-8

Listing Locations of the Next 100 Global Giants

Overall, most of these Next 100 Global Giants in China are listed in SSE and SZSE, and they have a more diversified distribution of industries.

Among the companies in our ranking, the vast majority are listed domestically in the Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE), while the remaining few chose to go public on the Hong Kong Stock Exchange (SEHK) or NASDAQ in the US. Six of the companies on our list are listed simultaneously in the SSE/SZSE and SEHK, including Pharmaron, Intco Medical and Joinn Laboratories. In comparison with our 2018 ranking, there is now only one US-listed company among our future giants, while the number of Hong Kong-listed companies included in our ranking has increased. The Hong Kong-listed future giants are mainly engaged in pharmaceutical research and manufacturing. On the other hand, the companies in our ranking that are listed domestically in Mainland China have a more diversified distribution of industries.

Figure 4: Listing Locations of the Next 100 Global Giants



Future Outlook

Compared with our 2018 ranking, the top 100 giants from our current 2020 ranking show more robust financial fundamentals. Growth has been achieved in both qualitative and quantitative terms, reflecting the transformation and upgrading of the Chinese economy and its capital market.

Compared with our 2018 ranking, the top 100 giants from our current 2020 ranking show more robust financial fundamentals, with improvements in almost every indicator. This points to the fact that the Chinese companies are observing higher standards of excellence, with continuous enhancements not only in terms of their business performance, but also in relation to governance and innovation. Growth has been achieved in both qualitative and quantitative terms, reflecting the transformation and upgrading of the Chinese economy and its capital market.

According to the "Report on the Integration of China's Urban Agglomeration" published by the China Development Research Foundation, the three major urban agglomerations in the Yangtze River Delta, Beijing-Tianjin-Hebei region and the Greater Bay Area make up more than 40% of China's economy, and this phenomenon is also well-represented in our study: 72% of the companies in our 2020 ranking come from these three major economic areas, which is more or less the same ratio as was observed in our 2018 ranking. As for the internal distribution of

the future giants among China's three major economic regions, the companies have now become more scattered within their respective regions than in 2018, and this is especially true for companies from the Beijing-Tianjin-Hebei region. In 2018, all 13 companies from the region that were included in our ranking were from Beijing, with none from other cities. However, our 2020 ranking shows that one company from Hebei Province and another from Tianjin are included among our top 100. A similar development can be observed in the Yangtze River Delta and the Greater Bay Area, where there are fewer companies from the core cities (such as Shanghai, Shenzhen and Guangzhou) included in our ranking, while there is a significant increase in the number of companies from peri-urban areas. As China's social economy enters a new stage of high-quality development, the previous model where each city "fights on its own and competes with one another" has become unsustainable, and it has become a matter of utmost urgency to seek a new model of coordinated regional development. Against this backdrop, the obvious approach is for China to facilitate the coordinated development of its economy by shifting the focus from enhancing the overall carrying capacity of a single city to supporting that of an urban agglomeration. In the future, private enterprises from second- and third-tier cities will be given a broader scope for development, where it will be necessary for them to seize the opportunity for "new urbanisation" on the basis of an urban agglomeration, while making effective use of the industrial chains, supply chains, innovation chains and value chains distributed across their respective regions by allocating their own resources accordingly, in order to grow into leading enterprises. Looking to the future, private enterprises must tap into their technical expertise, uphold the spirit of craftsmanship and work diligently with their products, while setting up higher barriers to entry and engaging in the development of industrial ecosystem. These conditions are essential to facilitate better and faster growth that will allow a company to evolve into a juggernaut for the new generation. At the same time, It is also important to actively open up new business opportunities and increase the value of the company, all while maintaining a good level of fundamentals and a suitable cash flow to withstand the risks and unexpected impacts from the market.

Cases of Next 100 Global Giants

Case Study 1: Pharmaron Inc. – A one-of-a-kind leader in global pharmaceutical R&D service integration

Pharmaron Beijing Co., Ltd. (hereinafter referred to as "Pharmaron", 300759. SZ/3759.HK) ranks first among China's next 100 global giants, with a score of 82.25. Founded in 2004, Pharmaron is a global leading life sciences R&D service company that was listed on the Shenzhen Stock Exchange ChiNext and the Hong Kong Stock Exchange Main Board in 2019. After more than a decade of rapid growth, Pharmaron has established a comprehensive, integrated platform for drug R&D, covering synthetic/medicinal chemistry, biology, drug metabolism and pharmacokinetics, pharmacology, drug safety evaluations, radiolabelled chemistry, radiolabelled metabolism, clinical pharmacology, clinical analysis, process optimization and production of active pharmaceutical ingredients and finished pharmaceuticals, clinical contract research organisation (CRO) as well as other areas. The company has entities operating in China, the US and the UK, with a workforce of more than 12,000 employees, as well as top research personnel offering high-quality R&D services. Highly-acclaimed in the global pharmaceutical industry, the company maintains long-term and stable cooperative relationships with various pharmaceutical companies and institutions across North America, Europe, Japan and China.

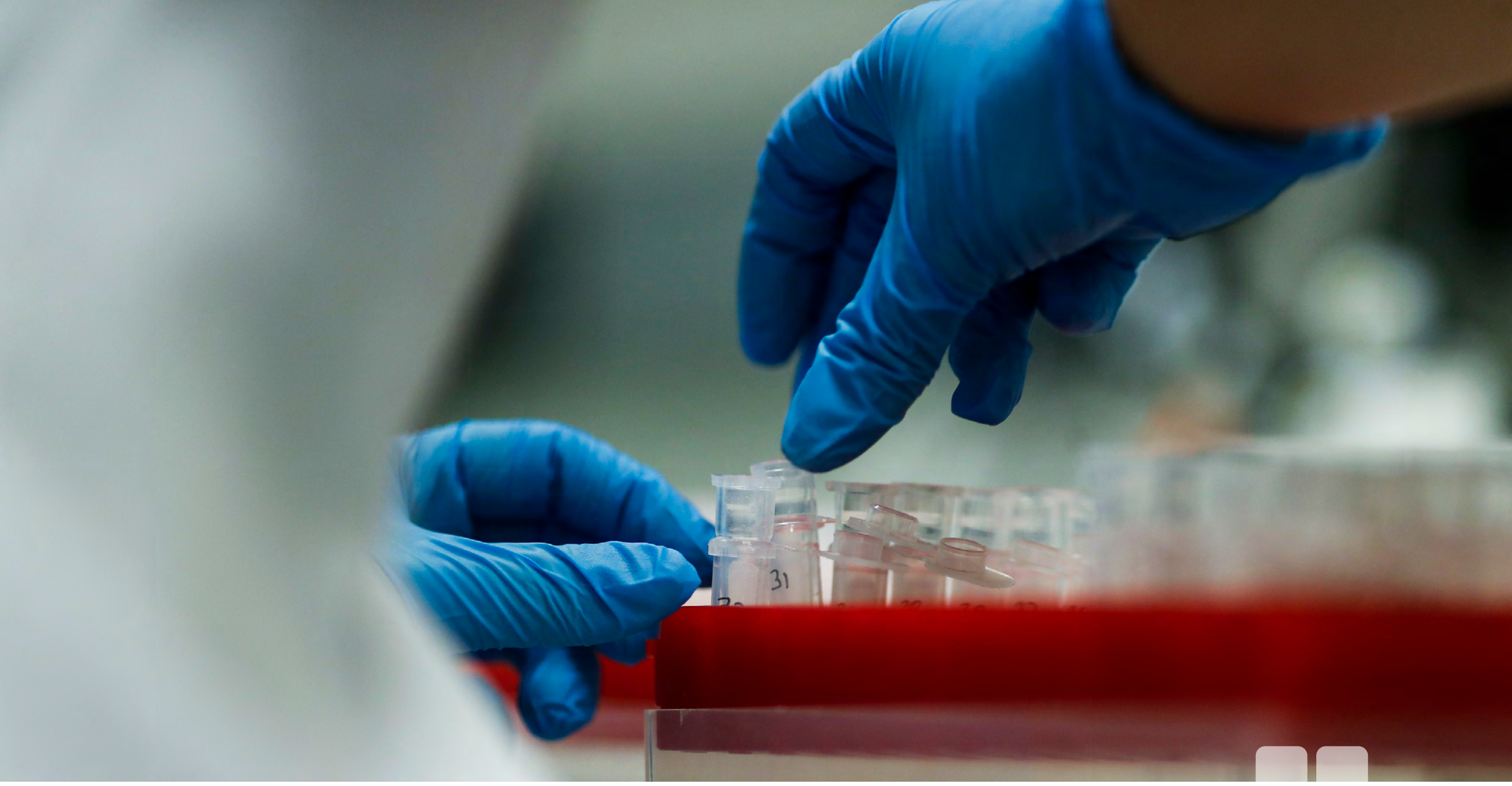
Pharmaron showed almost no shortcomings in any of the indicators used in our current ranking. The company performed superbly in the financial indicators such as historical growth, rate of return, earnings quality, cash flow and capital expenditures, while belonging to an industry – the pharmaceutical industry – that is in a stage of rapid development. In addition, it has close ties with industry-leading companies oversea and has shown its brilliance in global competition, as well as actively pursuing corporate social responsibility and also performed well in terms of the media opinion. The relatively low score for R&D investment (42 points) was mainly due to the fact that the company is mainly engaged in R&D services, so the related expenditures for R&D are considered as operating costs for its main business instead of an R&D investment during the accounting. According to its 2021 interim report, Pharmaron has met or even exceeded the market expectations by achieving an operating income of CNY 3.286 billion, or a year-on-year increase of 49.81%, while its net profit after deducting the non-recurring profit and loss attributable to the owners of the parent company was CNY 583 million, or a year-on-year increase of 61.16%. This is a spectacular result that further proves the effectiveness of our ranking system. In the words of the company's management, the key to Pharmaron's success lies in attaching importance to technological innovation, while seizing every available opportunity to make advancement in terms of future technologies. To verify this, our research team conducted interviews with the management and analysed the company's development trajectory, and it found that Pharmaron has indeed made sufficient preparations in terms of capitalising on the market opportunities and positioning itself strategically for future growth.

The company has adopted a steady approach to its business expansion. At the beginning of its operations, Pharmaron made use of its capabilities in laboratorial chemistry to establish its place in the pharmaceutical industry, where an emphasis was put on drug discoveries and other relevant areas. Its business scope was later expanded to cover additional aspects such as biological sciences, CMC (Chemical Manufacturing and Control), clinical CRO, macromolecules, and cell and gene therapy services. To elaborate, the company's laboratory services mainly include laboratorial chemistry and biological science services, as laboratorial chemistry is the cornerstone of drug R&D - which was also the starting point of Pharmaron's business growth. As such, the company has already spent a considerable amount of time on developing its comprehensive laboratory services to a sophisticated level, and these services represent the core driving force of the company's current performance, from which its steady future growth can be derived and maintained. In 2008, Pharmaron began to engage in the CMC business, in which it achieved rapid growth thanks to business leads from its existing front-end operations in laboratorial chemistry and biological sciences. As the company's early-stage CMC projects gradually shifted from front-end to back-end innovations, the continuous expansion and release of its production capacity allowed substantial results to be delivered, leading to an overall acceleration of its business growth in the CMC business. On the other hand, Pharmaron's clinical research services include clinical laboratory services, on-site management, regulatory bioanalysis and radiolabelling sciences services. These services were launched relatively late comparing to other areas, with an early-stage focus on acquisitions in the UK and the US. By 2019, the company had begun to be engaged in the domestic clinical CRO market in China and successfully acquired CR Medicon and Beijing Linkstart. At present, Pharmaron's clinical CRO business network covers China, the US and the UK, and it is expected that further rapid growth will be realised from the company's increasing cultivation of the Chinese domestic market. Furthermore, Pharmaron also expanded into the areas of macromolecules and cell and gene therapy services in 2019, which have since undergone significant growth as a business platform, both internally and via acquisitions. The company acquired Absorption System and Allergan Biologics Limited in 2020 and 2021 respectively (the latter is mainly engaged in CDMO (Contract Development and Manufacturing Organisation) services for cell and gene therapy products), and its macromolecules and cell and gene therapy services have been treated as an independent module in the company's accounting since 2021. It is foreseeable that the company will continue to strive for advancement in this sector.

As a provider of R&D services, Pharmaron's research capabilities and technical expertise have always been the basis of its competitiveness. In recent years, the company has focused on strengthening the applications for high-throughput chemical reaction screening platforms, fluid chemistry and biological enzyme catalysis in chemical synthesis and production technologies. In terms of new drug discoveries and biological sciences, the company has established and improved a series of technology platforms that cover the DNA-encoded compound library (DEL), chemical proteomics, in-vivo imaging, 3D cell microspheres and organoid screening. In addition, the company has built a leading full-process integrated pharmaceutical R&D service platform. With this platform, the company can provide the full range of R&D services required for any particular stage of innovative drug development, while allowing for better exchanges of business leads between the different business platforms of the company and facilitating their deeper understanding of the R&D process. In return, this benefits the customer by shortening the R&D timeline and reducing risks. In 2020, more than 90% of the company's revenue came from repeat customers. In addition, more than 80% of the revenue concerning in-vivo and in-vitro bioscience services in the drug discovery phase came from existing laboratorial chemistry customers, while 77% of the CMC services revenue came from existing customers of drug discovery services. There was also an increase in the number of R&D personnel: from 6,401 in 2019 (representing 87% of the entire company) to 9,827 in 2020 (representing 89% of the entire company). After the company went public, it launched three equity incentive plans in 2019, 2020 and 2021, in which restricted shares were granted to key executives, mid-level and low-level managers, as well as to key technical personnel and other technicians. These plans have helped to incentivise the company's core employees and bind their personal interests with the company's overall prospect, which is an additional factor in driving its long-term development.

Pharmaron has placed great importance to the establishment of an ESG management system, which resulted in a high score of 82 points for social responsibility. The company also performed exceptionally in the areas of environmental protection, employee rights, charity assistance and others, while professional funding was organised for universities and research institutes at home and abroad. Pharmaron adheres to the concept of sustainable development by integrating sustainability and green practices into its daily operations, as well as promoting employee development and actively participating in charity activities. This has allowed the company to establish a good public image and will ultimately create benefits for its long-term growth.

As one of the leaders in the integration of global pharmaceutical R&D services (CXO), Pharmaron is relying on its competitive R&D services to grow into a key participant of the industry. By actively positioning itself in new growth segments, the company has laid a solid foundation for its future development. Having ranked first among China's next 100 global giants, our research team believes that Pharmaron has a bright future ahead.



Case Study 2: Kingmed – a pioneer of third-party medical testing

Guangzhou Kingmed Diagnostics Group Co., Ltd. (hereinafter referred to as "Kingmed", 603882.SH) placed 29th in our current ranking. The history of the company can be traced back to 1994, when an entrepreneurial team explored the possibility of undertaking outsourced medical testing. This idea came to fruition with the official establishment of the company in 2003. Throughout the years, Kingmed has pioneered the development of the domestic third-party medical testing market in China, and was subsequently listed on the Shanghai Stock Exchange in 2017. With the provision of medical testing services as the primary focus of its business operations, Kingmed has emerged as one of the leaders in the industry in terms of its business scale, available medical items for testing, number of testing laboratories and market coverage.

With the spread of COVID-19 across China in 2020, Kingmed actively accepted its social responsibility in fighting the pandemic, while its business revenue and profit have seen significant growth. Among the various indicators in our ranking, Kingmed scored high in terms of corporate scale, growth, rate of return, cash flow, investable index and media opinion. The score for overseas strategy was relatively low, which may be related to the unique nature of the company's business. It should be noted that the medical systems in different countries and regions vary, and this is especially the case for China and the rest of the world. Because of this, Kingmed has little involvement in the overseas third-party medical testing market, but has instead strategically elected to cultivate its role in the Chinese domestic market and steadily position itself for an eventual expansion overseas. On the other hand, its R&D investment should remain a focus, as the establishment of high barriers in terms of key technologies is an essential criterion for the company to retain its competitive edge. According to Kingmed's interim report for the first half of 2021, the company's total revenue reached CNY 5.455 billion, with a year-on-year increase of 57.01%, while the net profit attributable to the owners of the parent company was CNY 1.059 billion, which rose by 90.55% compared to the previous year. Judging from these figures, it is evident that Kingmed's robust development strategy has delivered remarkable results, and its position as an industry leader has been consolidated, while the inclusion of Kingmed in our ranking also reflects the scientificity and validity of our research.

In terms of its human capital, Kingmed strives to establish top professional teams that are comprised of international talent. The company boasts of more than 200 well-known experts at home and abroad, as well as an academic committee composed of 45 top specialists in the domestic and overseas medical industry, which is chaired by Prof. Zhong Nanshan and has seven other prominent academicians as consultants including Prof. Zeng Yitao and Prof. Chen Runsheng. In 2020, Guangzhou Jinyu Translational Medical Research Institute Co., Ltd. , a subsidiary of Kingmed, had 15 projects completed or under research, among which the company played a leading role in two key scientific research projects for the prevention and control of COVID-19 that were initiated on a city-level. Kingmed also collaborated with Prof. Xiaoliang Sunney Xie from Peking University, as well as Professor Jian Lu from the City University of Hong Kong and other specialists on topics including translational research focused on COVID-19 detection reagents and a rapid detection mechanism. Throughout the year, the Group's R&D

centre concluded the development of 184 new projects and upgraded key solutions concerning its whole exome sequencing tests and solid tumour panel tests (that cover 529 genes), which have effectively improved the detection capabilities and testing standards of key disease lines.

As for its key technologies, Kingmed has established 38 central laboratories across Mainland China, Hong Kong and Macau, which can undertake more than 2,800 types of outsourced test items while also providing scientific research and technical services. In terms of innovations, Kingmed takes an independent, collaborative and open approach by continuously enhancing its key technologies and innovation platform. At present, the company possesses comprehensive diagnostic technologies and a corresponding service platform that covers nucleic acid testing, protein and metabolite testing, as well as tissue, pathogenic microbial cells and subcellular morphology testing. At the same time, Kingmed is striving to meet the demands of clinicians and patients by establishing a number of clinical and disease-oriented, lab-based comprehensive diagnostic centres, which has also allowed for the creation of a network that makes use of the company's key technologies. By making practical use of these new innovations, Kingmed is constantly exploring opportunities to optimise its scientific research and innovation mechanism, which is centred on the Group's R&D Centre and Translational Medical Research Institute. In addition, the company is making continuous efforts to keep track of the latest technologies in medical diagnoses and seeks to stay ahead of the market, while putting more resources into translational research, thus establishing the basis for its key technologies to drive future growth.

Since the outbreak of COVID-19, Kingmed has been making effective use of its professional advantages in relation to its detection capabilities and logistics network to assist the provinces and cities across China in carrying out nucleic acid testing for prevention and control of the epidemic, which resulted in a significant boost to its corporate image. The company has successively carried out nucleic acid tests across 31 provinces and municipalities including Hubei, Guangdong, Jilin and Beijing, as well as the Hong Kong and Macau Special Administrative Regions. As of the end of September 2021, the total number of tests conducted exceeded 172 million, while the testing capacity per day reached 1.1 million. Under the guidance of the Guangzhou laboratory, the company has launched a joint operations task force comprised of the central laboratories, "Falcon" air film laboratories and the "Falcon" mobile testing vehicles. The task force is responsible for actively assisting the government in tackling issues related to sampling site management, information management, cold chain logistics and the test report upload system. In the long run, as the government and all sectors of the society are becoming much more aware of Kingmed and the third-party medical testing industry it represents, there will be more room for growth for the company and the industry as a whole.

Following management interviews and a company analysis, our research team believes that Kingmed already possesses the technologies and products that will allow the company to be a leader in the industry. With a wide-ranging and sophisticated service network, as well as a diversified and professional workforce, Kingmed should undoubtedly be considered as a "unicorn" in the third-party medical testing industry. Our research team further believes that such an achievement is inextricably linked to the company's long-term cultivation within the industry, which is necessary for mastering the key technologies and achieving a strong domestic market position. It is foreseeable that the substantial growth that we have witnessed in the past year will be sustained in the future.

Case Study 3: Ecovacs – a successful transformation from ODM to launching its own brands

Ecovacs Robotics Co., Ltd. (hereinafter referred to as "Ecovacs", 603486.SH) ranked 51st on our list, with an overall score of 71.75. Founded in 1998, the company was primarily a vacuum cleaner ODM at the start of its operations. With a continuous R&D investment as well as by strengthening of its market position, Ecovacs gradually gained the capability to launching its self-developed products. As the company grew, its product lines were constantly expanded and optimised, and new household cleaning robotic products were regularly launched to replace older models. After having achieved great renown as a manufacturer of service robots, Ecovacs was listed on the Shanghai Stock Exchange in 2018. At present, the company has successfully developed and launched a complete product line of household robots, which includes the sweeping robots "Deebot", window cleaning robots "Winbot" and the air purification robots "Atmobot", as well as a series of robots for commercial purposes.

Among all the indicators in our analysis, Ecovacs showed an outstanding performance in terms of its rate or return, earnings quality, cash flow, investable index, capital expenditure, overseas strategy and media opinion. However, its scores for R&D investment and social responsibility fell slightly behind. In this regard, it should be noted that the score for R&D investment in our analysis is measured by dividing the R&D expenses by the sales expenses. Ecovacs scored 30 points in terms of its R&D investment, which is not unrelated to the nature of the company, as Ecovacs is a technology manufacturer that is oriented directly towards the end consumers. Compared with a traditional manufacturing company, its marketing expenses are relatively higher, which results in a bigger denominator in the abovementioned calculation, leading in turn to a lower score for its R&D investment. Nonetheless, it can be seen that Ecovacs is highly efficient in its R&D activities, which is evident from the fact that its new sweeping robots and "Tineco" floor scrubbers, designed and developed by the company itself, achieved a good sales performance and consumer reputation right after being launched in the market – an accomplishment that could not be realised without a high level of sophistication and flexibility in R&D. In the first half of 2021, Ecovacs consistently increased its input into R&D, which exceeded CNY 200 million, representing a year-on-year increase of 45.8%. These resourceful efforts in R&D have allowed Ecovacs to consolidate its technological advantages against its competitors. According to the interim report published by the company, its operating income was CNY 5.359 billion in the first half of 2021, representing a year-on-year increase of 123.11%, while its net profit attributable to the owners of the parent company reached CNY 850 million, or a year-on-year increase of 543.25%. These positive figures justify the inclusion of Ecovacs in our current ranking.

Ecovac's spectacular results can be attributed to the strategic, forward-looking mindset of its management. In 2019, the company's management chose the right moment to take the initiative and make some strategic adjustments. Specifically, the company withdrew from ODM and phased out the production of its older models (where robots follow a random route when cleaning), while increasing its R&D investment and putting significant efforts into developing its own brands, which resulted in the launch of the two smart life appliance brands "Tineco" and "Ecovacs". Despite a decline in 2019, the company regained its footing and achieved substantial growth in the following years. High-end newer models (where robots follow a pre-designated path that can cover the entire floor) now account for a much higher portion of the company's total revenue, and the "Tineco" brand is far ahead of its competitors in terms of the market share, occupying 76.5% of the domestic scrubber market in China. These accomplishments showcase the effectiveness of the company's strategic transformation.

In terms of technological innovations and product development, Ecovacs possesses complete and comprehensive research capabilities in high-precision sensors, modules, high-performance motors and other smart hardware core components, as well as an extraordinary degree of foresight that is essential for the creation of new products. Supported by a broad range of sophisticated technologies, Ecovacs' cleaning robots underwent rapid changes with the newer models launched in quick succession. At the same time, the company began to expand into the cooking and personal care markets with the launch of a series of new products, including the well-acclaimed Tineco "Chiere" intelligent cooking machine. A noteworthy achievement is that on the first day of the Tmall 618 shopping festival, "Chiere 2.0" ranked first in the sales of cooking machines.

Ecovacs has adopted a holistic marketing strategy, covering both online and offline channels. On the internet, the company established a presence on emerging traffic platforms (e.g. Douyin, Kuaishou and Xiaohongshu) for the purpose of customer acquisition and marketing, while in terms of its brick-and-mortar locations, the company is actively establishing brand experience stores with a digitalised and contextualised approach to improve the efficiency of the store operations, in addition to maintaining cooperation with platforms including Suning, Gome, Sam's Club and Costco. Furthermore, the company is optimising its position globally, having established a business network centred on the US, Germany and Japan to cover the major international markets. In the first half of 2021, the overseas business revenue of the Ecovacs brand achieved a year-on-year increase of 134.8%, while an increase of 452.8% year-on-year has been recorded for the Tineco brand.

In terms of social responsibility, Ecovacs has organised and undertaken a series of community projects, and it has the capacity to do more in the future. In the management interview conducted by our research team, it was mentioned that the founder of the company, Mr Qian Dongqi, has set up a scholarship and research fund for his alma mater, Nanjing University, in his own name. At the company level, a robot education fund has been set up to help children from poverty-stricken areas, and training centres has been founded to cultivate innovative and technological talents. A robot museum was also built in Suzhou and is open to the public. As a manufacturing enterprise that is directly oriented towards the end consumers, such an investment in social responsibility is conducive to the sustainable development of the company and the establishment of a good company image.

Our research team believes that the company's management has made a bold but correct decision in retiring from the traditional ODM operations, while re-adjusting its strategic focus toward technological development and launching its own brands, thus providing a solid foundation for the company's long-term growth in the future. Our team also expects that Ecovacs will go much further on this path to become one of the leaders in the thriving household cleaning industry.

Appendix: Participating companies and data sources

The ranking of China's Next 100 Global Giants focused on listed Chinese private enterprises. Specifically, they include private companies that are listed on the stock exchanges of China (SSE, SZSE and GEM) or those in other countries/regions such as the HKEX, NASDAQ, NYSE and SGX. Our decision on the companies to be included was based on the following four considerations:

First, the availability and authenticity of the data. Subject to mandatory disclosures and requirements from the regulators, listed companies regularly disclose financial statements that are signed and audited by certified public accountants each year. This requirement ensures the availability of the data which is necessary to produce our ranking. More importantly, the authenticity and credibility of the data can be reasonably guaranteed. In contrast, the financial data from non-listed companies might not be complete or available in a continuous manner. A lack of competent regulators and audit requirements also means the data quality cannot be guaranteed. Therefore, if our ranking includes non-listed companies based on their own data, the objectivity and authenticity of the ranking can no longer be fully assured.

Second, the comparability of the data among different enterprises. To provide an effective basis for our ranking, our research team analysed the companies based on their public information (financial data and statements, etc.) and assigned them a score accordingly. The premise of such a data analysis is the comparability of the corporate information. Due to a lack of standardised disclosure requirements and consistency in the preparatory basis of such information, the data obtained from non-listed companies is often not comparable. It is indeed true that the information disclosed in the annual reports from companies listed on different stock exchanges might differ due to the fact that the regulatory requirements among different capital markets are not entirely consistent, but the basic principles of the information disclosures tend to be aligned to the international accounting standards and this can offset the impact from such differences to some extent. This means that for companies listed on different stock exchanges, their disclosed data is still largely comparable. Using the same or similar types of information as the basis of the measurement allows our scores and rankings to reflect the differences in the performance of the companies in a fair and objective manner.

Third, the source of the media opinion. Our research team believes that mandatory disclosures of financial data serve only as part of the rationale for an investment decision. In addition to such disclosures, the media's reports and analyses of company events should not be neglected, as the news reports will often contain information not included in the official financial reports and reveal risks which a company is not willing to disclose. A comprehensive examination of various information sources is conducive to an accurate evaluation of the development of a company. In comparison with the regular disclosures, the analytical information conveyed by the news media can reflect the strengths and hidden risks of a company's daily operations in a more timely and dynamic manner.

Fourth, the importance of listed companies to China's economic growth. Being the mainstay of China's economy, the listed companies play a decisive role in its growth. According to a survey, the total operating income of China's listed companies in 2020 was valued at CNY 53.07 trillion, accounting for 52% of the GDP in the same period. The net profit was CNY 3.99 trillion, equivalent to 62% of the total profit of industrial enterprises above the designated size (with an annual main business revenue of CNY 20 million or more) in China. As such, the listed companies have become the backbone of the Chinese economy. Companies with good development prospects and technological advantages often go public in order to broaden their financing channels, and it is therefore viable to produce a ranking based on an analysis of the listed companies.

Based on the above considerations, the survey data for this ranking was mainly collected from the GTA CSMAR, WIND and COMPUSTAT Global databases, which include data related to the finances and corporate governance of companies listed in China and overseas, such as their assets and liabilities, operating income, fixed assets, cash flow, accruals, overseas income and R&D investment, as well as the companies' ownership, time of listing, location of listing, industry, domicile and other corporate governance and basic information. Other data and information provided in the "Management Discussion and Analysis" sections of the companies' annual reports were also taken into account. During our research, we also collected and organised news reports concerning the companies by utilising the quantitative media opinion data platform of DataGo Technology Ltd. On the basis of relevant academic research, this data platform is jointly developed by researchers from the Chinese University of Hong Kong, Stanford University, University of Southern California and other institutes. Machine learning and natural language processing is adopted to conduct the meticulous sorting, analysis and verification of thousands of collected original new items (relevant news of all listed companies published by the newspapers since 1998), and a quantitative sentiment orientation of any listed company can be calculated with stringent academic standards.
The sentiment value generated by the platform is a continuous and comparable score, which lies between -1 and 1 (with 1 being the most positive and -1 being the most negative). Our research team also performed cross-checking with the aforementioned databases to ensure the authenticity and credibility of the data.

The first criteria in the selection of the listed companies for our ranking was that they must have raw financial data available for two consecutive years from 2018 to 2020. We believe that three years is a sufficient amount of time to reflect whether a company's performance is sustainable, and the values shown in the indicators are also more consistent than those representing a shorter period of time.
To match the corresponding data, our report excluded the relevant incomplete values, which included the company data of specific years where the financial and corporate governance information was missing or incomplete. We also excluded ST-Type companies (companies under Special Treatment) and companies from the finance industry; the former was due to the fact that the financials of ST-Type companies tend to be unusual, which could affect the credibility of the conclusion of our research, and the latter was because the development model and ways of disclosing financial data in the finance industry is significantly different from that in other sectors, which results in a lack of comparability. In addition, the size of the entire finance industry is comparatively huge, and any inclusion of financial companies in our ranking would result in a bias due to the size difference. For the companies that are listed in both China and Hong Kong, we only considered the data from China's stock exchange in our analysis. As was mentioned before, state-owned enterprises were excluded as our report as we aimed to focus on the future giants among private enterprises. Based on these considerations and data selection methods, our research team determined 3,749 listed companies for the analysis.

Ranking of China's Next 130 Global Giants (Enterprises Above the Designated Size)

The following table shows the 30 companies that were removed from the list of China's next global giants due to their larger size. The rationale for excluding these companies was that they are of a significant corporate scale and have already evolved into market or industry leaders. However, our ranking preferred to focus on discovering the companies that are of a smaller scale, but with a significant potential for growth, as our research team defined these companies as China's Next 100 Global Giants. The excluded companies, which were originally in the Top 130 list, are shown below for reference purposes.

Table 3: China's Next 130 Global Giants (Enterprises Above the Designed Size)

Common Name	Company Full Name	Score
Goertek	Goertek Inc.	81.58
Hengli Petrochemical	Hengli Petrochemical Co., Ltd.	81.00
Lens Technology	Lens Technology Co., Ltd.	80.33
Luxshare Precision	Luxshare Precision Industry Co., Ltd.	80.08
Alibaba	Alibaba Group Holding Ltd.	78.64
Kingfa Sci. & Tech.	Kingfa Sci. & Tech. Co., Ltd.	77.83
CVTE	Guangzhou Shiyuan Electronic Technology Co., Ltd.	77.83
Enn Natural Gas	Enn Natural Gas Co., Ltd.	76.83
Avary Holding	Avary Holding (Shenzhen) Co., Ltd.	76.08
Wingtech Technology	Wingtech Technology Co., Ltd.	75.75
Huayou Cobalt	Zhejiang Huayou Cobalt Co., Ltd.	75.00
YTO Express	YTO Express Group Co., Ltd.	74.75
Huaxin Cement	Huaxin Cement Co., Ltd.	74.25
Sany Heavy Industry	Sany Heavy Industry Co., Ltd.	74.00
Mindray Medical	Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	73.58
Dongshan Precision	Suzhou Dongshan Precision Manufacturing Co., Ltd.	73.08
Linglong Tyre	Shandong Linglong Tyre Co.,Ltd.	72.75
Tencent	Tencent Holdings Ltd.	72.36
Longi	Longi Green Energy Technology Co., Ltd.	72.00
Xiaomi-W	Xiaomi Corporation	71.91
Tongkun	Tongkun Group Co.,Ltd.	71.83
China Molybdenum	China Molybdenum Co., Ltd.	71.67
Lenovo	Lenovo Group Ltd.	71.36
Haid Group	Guangdong Haid Group Co., Ltd.	71.25
LY iTECH	Lingyi Itech (Guangdong) Co.	71.00
Haier Smart Home	Haier Smart Home Co., Ltd.	71.00
Zhengbang Technology	Jiangxi Zhengbang Technology Co., Ltd.	70.92
CATL	Contemporary Amperex Technology Co. Ltd.	70.25
Taiji Industry	Wuxi Taiji Industry Co., Ltd.	70.00
Transsion Holdings	Shenzhen Transsion Holdings Co., Ltd.	69.67

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