

Market Summary

Listed Companies (No.)	2,289
- Main Board	469
- SME Board	965
- ChiNext Market	855
Funds	536
Bonds	8,134
Market Cap. (US\$ bn)	4,508.6
- Main Board	1,301.1
- SME Board	1,857.3
- ChiNext Market	1,350.2
Average Turnover Ratio	2.45
Average P/E Ratio	31.45
No. of IPO (YTD)	93

Most Active Companies

1	East Money Information Co., Ltd. (300059)
2	Wuliangye Yibin Co., Ltd. (000858)
3	Tongyu Heavy Industry Co., Ltd. (300185)

Top Gainers

1	Ld Intelligent Technology Co., Ltd (300883)
2	Zhejiang Wellsun Intelligent Technology Co., Ltd. (300882)
3	Yangzhou Seashine New Materials Co., Ltd. (300885)

Top Decliners

1	Hunan China Sun Pharmaceutical Machinery Co., Ltd. (300216)
2	Baoding Lucky Innovative Materials Co., Ltd (300446)
3	Jiang Su Hua Sheng Tian Long Photoelectric Equipment Co., Ltd. (300029)

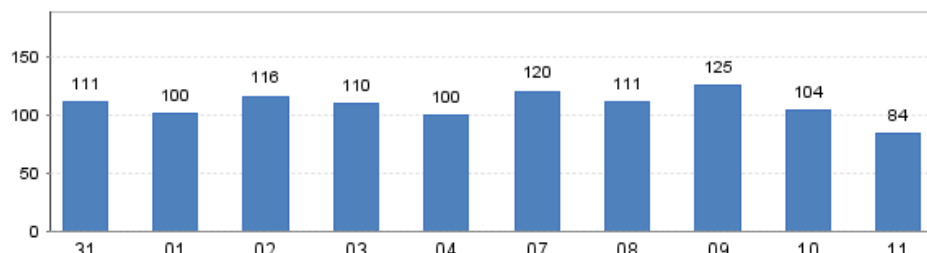
New Listing

Wellsun Intelligent (300882)

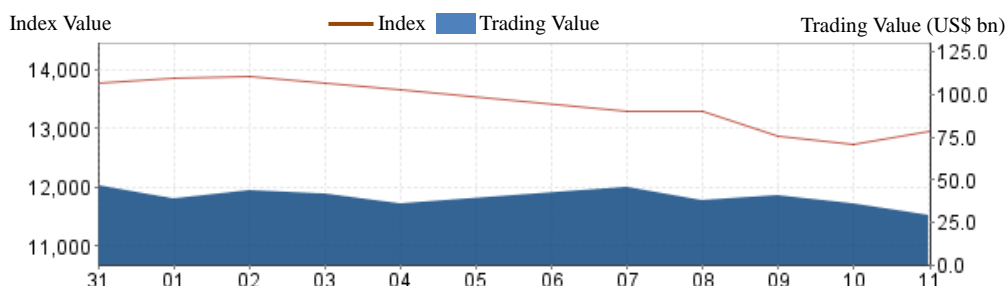
Zhejiang Wellsun Intelligent Technology Co., Ltd. principally engages in research and development, production and sale of smart meters and information collection systems and other products on electricity use. In 2019, its operating income reached 568 million yuan with the net profit of 75.28 million yuan.

Daily Trading Value (August 31 – September 11)

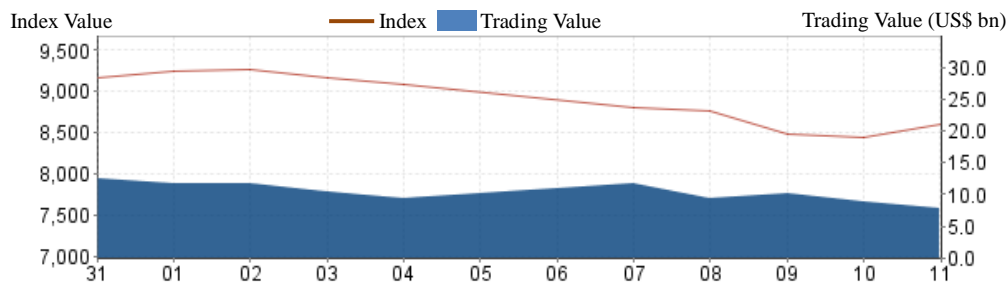
(US\$ bn)



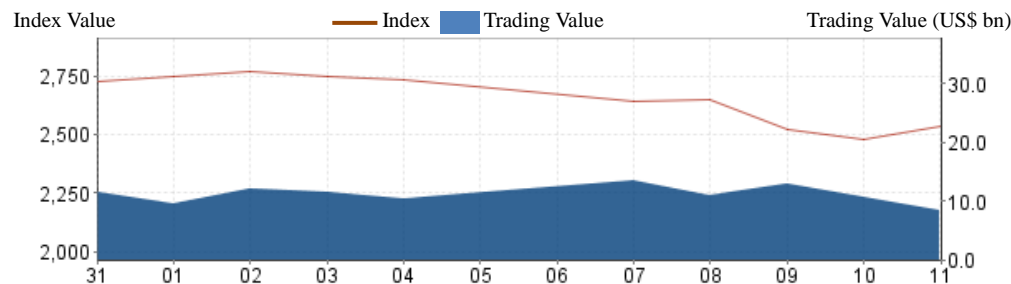
SZSE Component Index (August 31 – September 11)



SME Index (August 31 – September 11)



ChiNext Index (August 31 – September 11)



Market News

1. China announces new rules regulating financial holding companies

The State Council unveiled a new rule to regulate market access of financial holding companies on September 13. The new regulation requires non-financial companies or other eligible entities which control at least two financial institutions doing business across financial sectors to apply to and get approval from the People's Bank of China to establish financial holding companies. The move is aimed at plugging regulatory loopholes and deepening financial reforms amid efforts to maintain market order, reduce risks and enhance support for the real economy, according to a notice released by the State Council.

2. China's foreign trade improving amid complex situation

China's foreign trade has gradually been stabilized and improved during the first eight months of this year, but it still faces a grim and complicated situation, Gao Feng, spokesman for the Ministry of Commerce, said at a regular news briefing on September 10. In addition, international market demand has rebounded partially, and the purchasing managers' index of

LD (300883)

LD Intelligent Technology Co., Ltd. principally engages in research and development, design, production and sale of corrugated boxes and cardboard. In 2019, its operating income reached 871 million yuan with the net profit of 86.00 million yuan.

Seashine New Materials (300885)

Yangzhou Seashine New Materials Co., Ltd. principally engages in research and development, production and sale of powder metallurgy products. In 2019, its operating income reached 183 million yuan with the net profit of 59.56 million yuan.

Sentury (002984)

Qingdao Century Tire Co., Ltd. principally engages in research and development, production and sale of green, safe, high-quality, and high-performance semi-steel radial tires and aircraft tires. In 2019, its operating income reached 4,579 million yuan with the net profit of 740.73 million yuan.

Huawen Food (003000)

Huawen Food Co., Ltd. principally engages in research and development, production and sale of traditional flavor snack foods such as flavored fish and flavored dried tofu. In 2019, its operating income reached 895 million yuan with the net profit of 118.41 million yuan.

some major international economies improved in August. The ministry will steadfastly implement foreign trade policies to benefit market entities as soon as possible, adding that more measures will be taken to promote the export of daily necessities, increase imports and encourage export companies to tap the domestic market.

3. SZSE releases the revised Measures on Information Disclosure of Listed Companies

SZSE completed the 2019 annual appraisal of information disclosure of listed companies. Among the 2,196 listed companies on SZSE, 387 companies were graded A (17.62%), 1,400 companies B (63.75%), 314 companies C (14.30%), and 95 companies D (4.33%). The 2019 results show that the proportion of grade-A companies is higher than that in previous years and 178 companies (8.58%) were graded as A for three years in a row. On the same day, SZSE also released the newly revised Measures on Information Disclosure of Listed Companies, adjusting the appraisal method to conform to the new *Securities Law* and emphasize the core role of information disclosure under registration-based IPO system on the ChiNext Market.

4. First "rapid financing for small amount" registration under the ChiNext Market reform submitted to CSRC

On September 11, SZSE ChiNext Market disclosed the latest progress on refinancing review. "Rapid financing for small amount" application by Shanxi C&Y Pharmaceutical Group Co., Ltd (300254) has been submitted to the China Securities Regulatory Commission for registration. It takes only three days for review since it was accepted by the Shenzhen Stock Exchange on September 8. According to the *the Administration measures of securities issuance and registration of companies listed on the ChiNext market*, companies that meet certain requirement may apply for simple procedures for "rapid financing for small amount", in which SZSE would accept application within 2 work days, and complete the review and submits the registration to the CSRC within 3 work days from the date of acceptance. The CSRC shall make a decision on whether to register or not within 3 working days after receiving the registration application documents and relevant materials of the listed company.

5. Shenzhen sees over 90,000 foreign-invested enterprises

More than 90,000 foreign-invested enterprises have been set up in Shenzhen, one of the symbols of China's reform and opening up, since the city issued the first business license for a foreign-funded company in 1981. According to the municipal government, Shenzhen has, by the end of July, licensed over 94,000 foreign direct investment (FDI) projects, with nearly 120 billion U.S. dollars of foreign capital used since the establishment of the Shenzhen Special Economic Zone (SEZ) 40 years ago. Foreign-funded enterprises, which account for only 2 percent of business entities in Shenzhen, generate about one-fifth of the city's GDP, 40 percent of its import and export volume, and nearly 30 percent of its tax revenue every year, data from the municipal bureau of commerce showed.

Analysis

Highlights on IPO Shares Subscription under ChiNext Market Reform

On June 12, 2020, the China Securities Regulatory Commission announced the "*Special Provisions on the Issuance and Underwriting of Initial Public Offerings on SZSE ChiNext Market*", and SZSE issued the "*Implementation Rules for the Issuance and Underwriting of Initial Public Offerings on the Shenzhen Stock Exchange*". This article will introduce the main changes and impacts of the new share purchase rules.

Online subscription:

1. Eligibility criteria for investors to subscribe to ChiNext IPO shares online

- 1) Investors should meet the eligibility requirements for ChiNext and have obtained ChiNext trading permissions;

- 2) The total holding value of non-restricted A shares and non-restricted depository receipts in the Shenzhen market should be no less than 10,000 yuan.

2. The available subscription quota for online investors

According to the *Detailed Rules for Online Issuance* the online subscription cap is determined by the market value held by the investors. One purchase unit can be subscribed to for every 5,000 yuan worth of market value in possession, and the value less than 5,000 yuan will not be counted in calculating the subscription quota. Each new share subscription unit is 500 shares and the subscription quantity should be 500 shares or an integral multiple thereof, but the maximum subscription quantity shall not exceed 1/1000 of the current online initial issuance quantity and shall not exceed 999,999,500 shares, or the subscription will be invalid.

3. Subscription process

T day: Submit the subscription order

T+1 day: Check the subscription result

T+2: investors should ensure that his/her bank account has sufficient funds to subscribe to new shares at the end of the day, and for insufficiency of funds, the investor is deemed to have given up the subscription

4. Notifications

- 1) If the same investor uses multiple accounts from different securities companies to participate in the subscription of a same ChiNext stock, or the investor uses the same securities account to participate in the same ChiNext stock subscription for multiple times, only the first subscription is a valid subscription, and the remaining subscriptions are all invalid by default.
- 2) When an investor fails to pay in full for the new share subscription that has been allocated to him/her for three times in 12 consecutive months, he/she shall be denied access to participate in the online subscription of new shares, depository receipts, convertible corporate bonds, and exchangeable corporate bonds in coming 6 months.

Offline subscription

1. Subscription conditions

Offline investors include professional institutional investors such as securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign institutional investors, and private equity fund managers. They should hold non-restricted A shares and non-restricted depository receipts in Shenzhen market with total market value not less than 10 million yuan. At initial stage during ChiNext Market reform, except for the ChiNext themed public offering funds and strategic placement funds that operate in a closed manner, other offline institutional investors' holding value in Shenzhen market should be no less than 60 million yuan. Investors who participate in the offline issuance or subscription of new shares may no longer participate in the online subscription of the new shares.

2. Increase initial offline placement ratio

The ChiNext market reform draws on relevant experience of the STAR Board to increase the initial offline placement ratio and reduce the redistribution ratio to enhance the effectiveness of professional institutional investors in participating in the pricing of new shares. At the same time, reasonable pricing of the issuance will further safeguard the interests of all investors participating in the issuance of new shares.

3. Allotment for premium allocation investors

The issuer shall arrange for no less than 70% of this offline issuance to give priority to public offering funds, social security funds, pension funds, enterprise annuity funds and insurance

funds. According to the *ChiNext Market IPO Underwriting Rules*, issuers and main underwriters can apply lottery restricted or proportional restricted allocation methods.

4. Enhance the position of qualified foreign investors in the placement

Article 9 of the previous *Measures for the Administration of Securities Issuance and Underwriting* only stipulated that "the allotment ratio of public funds, social security funds, pension funds, enterprise annuity funds and insurance funds should not be lower than other investors." In addition to retaining this provision, Article 20 of the newly drafted *Implementation Rules for the Initial Public Offering of Securities Issuance and Underwriting Business on the Shenzhen Stock Exchange's ChiNext Market* also adds the provision that "it shall ensure that the allotment ratio or winning rate of qualified foreign institutional investors' funds is not lower than that of other investors."

Disclaimer: The content is for reference only. Shenzhen Stock Exchange does NOT guarantee its accuracy. Listed companies or data mentioned in this presentation shall NOT be viewed as investment recommendations. SZSE does NOT assume any liability resulting from use of data and references information contained in this bulletin.

We welcome any feedbacks with respect to Market Bulletin or other information services offered by the SZSE. Should you have any inquiries, comments or proposal for cooperation, please let us know at international@szse.cn

Rotating Editor: Jing Guo