

Market Summary

Listed Companies (No.)	2,257
- Main Board	470
- SME Board	959
- ChiNext Market	828
Funds	546
Bonds	7,767
Market Cap. (US\$ bn)	4,332.0
- Main Board	1,256.1
- SME Board	1,805.6
- ChiNext Market	1,270.3
Average Turnover Ratio	2.41
Average P/E Ratio	31.23
No. of IPO (YTD)	54

Most Active Companies

1	East Money Information Co., Ltd. (300059)
2	Wuliangye Yibin Co., Ltd. (000858)
3	Tianshui Huatian Technology Co., Ltd. (002185)

Top Gainers

1	Sihui Fuji Electronics Technology Co., Ltd. (300852)
2	Luoyang Xinqianglian Slewing Bearing Co., Ltd. (300850)
3	Capitalonline Data Service Co., Ltd. (300846)

Top Decliners

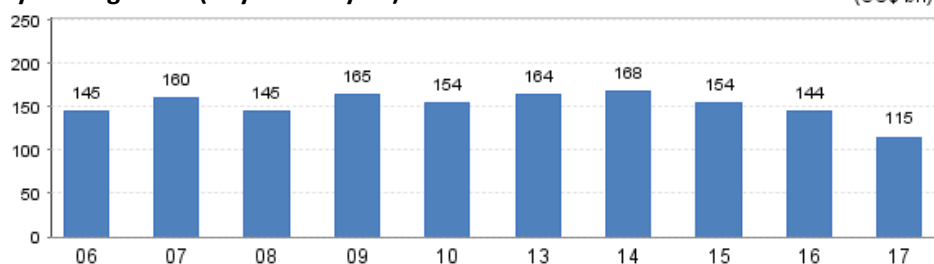
1	Shenwu Environmental Technology Co., Ltd. (300156)
2	Anhui Shengyun Environment-protection Group Co., Ltd. (300090)
3	Fujian Ideal Jewellery Industrial Co., Ltd. (002740)

New Listing

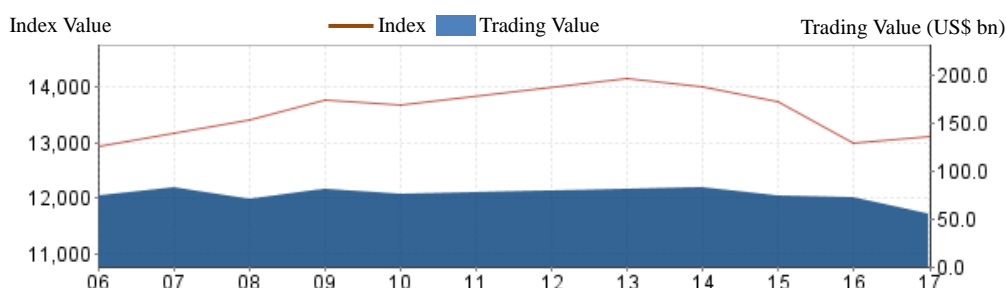
Xinqianglian (300850)

Luoyang Xinqianglian Slewing Bearing Co., Ltd. principally engages in research and development, production and sale of large slewing bearings and industrial forgings. In 2019, its operating income reached 643 million yuan with net profit of 99.83 million yuan.

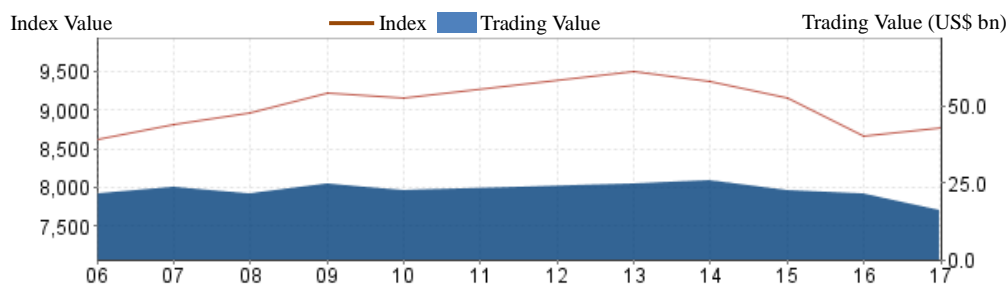
Daily Trading Value (July 06 – July 17)



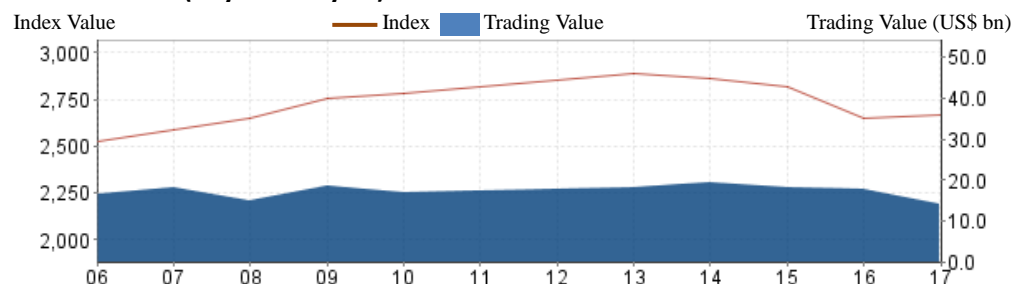
SZSE Component Index (July 06 – July 17)



SME Index (July 06 – July 17)



ChiNext Index (July 06 – July 17)



Market News

1. China's GDP up 3.2% in Q2

China's GDP grew by 3.2 percent year-on-year in the second quarter, the National Bureau of Statistics said on July 16. In the first half of the year, the gross domestic product totaled 45.66 trillion yuan, down 1.6 percent year-on-year. China's value-added industrial output, an important economic indicator, went up 4.4 percent year-on-year in the second quarter as factories stepped up production amid COVID-19 control.

2. China lifted equity investment limits for insurance funds

China Banking and Insurance Regulatory Commission on July 15 formalized a long-awaited rule to expand insurers' equity investment activities to provide additional long-term funding to the capital market. A differentiated investment limitation on equities is in place based on the insurance company's rating on indicators such as capital adequacy ratio, making room for sufficiently capitalized insurance companies to invest up to 45% of their total capital in equities, which was originally set at 30% on a one-size-fit-all manner. In addition, it has been

Jiaoda Signal (300851)

Beijing Jiaoda Signal Technology Co., Ltd. principally engages in R&D, production, sale and technical support of key equipment for rail transit train operation control system. In 2019, its operating income reached 344 million yuan with net profit of 118.71 million yuan.

Sihui Fuji (300852)

Sihui Fuji Electronics Technology Co., Ltd. principally engages in research and development, production and sale of printed circuit boards. In 2019, its operating income reached 479 million yuan with net profit of 87.80 million yuan.

Miracll Chemicals (300848)

Miracll Chemicals Co., Ltd. principally engages in research and development, production, sale and technical service of TPU. In 2019, its operating income reached 649 million yuan with net profit of 83.36 million yuan.

clarified in the new rule that the ceiling for an insurance company in investing a signal stock shall not exceed 10% of its capital. By the end of Q1 2020, investment of insurance companies in equities stood at 4.38 trillion yuan, accounting for 22.57% of insurance companies' operational amount.

3. Local branches of foreign banks are allowed to apply for fund custody licenses

China has allowed local branches of foreign banks to apply for fund custody licenses, according to recently revised regulations. The change is widely seen as part of China's efforts to further open up its financial sector. The license allows a company to provide custody services for fund products issued by fund firms or other asset managers in China, namely holding the fund's assets for safekeeping. Previously, foreign banks could only apply for fund custody licenses through their local subsidiaries in China.

4. First companies obtain regulatory approval for registration-based IPOs on SZSE ChiNext Market

The Shenzhen Stock Exchange gave the green light on July 13 to the first three companies seeking to list on ChiNext Market under the registration-based IPO mechanism. The three companies — cultural event planning company Beijing FengShangShiji Culture Media Co. Ltd., medical-device maker Contec Medical Systems Co. Ltd., and package printing company LD Intelligent Technology Co. Ltd. — have met the requirements for issuance, listing and information disclosure and were sent to the CSRC for registration. In addition, three Listing Committee Meetings were held in the week to review the IPO applications of 11 other companies. According to the ChiNext Market IPO issuance and listing guidelines, IPO applicants can complete online and offline issuance within 12 working days and the listing can be arranged on the seventh trading day after the issuance date.

5. Foreign trade stabilizes in June

China's foreign trade rose 5.1 percent on a yearly basis in June, with exports up by 4.3 percent and imports growing 6.2 percent, according to data released on July 14 by the General Administration of Customs. Despite the country's foreign trade being confronted by many uncertainties due to the COVID-19 pandemic and many countries' weak purchasing power, there was a notable surge in the country's manufacturing activities and trade in June. June's trade data showed that global market demand is recovering and the China's export-oriented companies received more orders from foreign clients in June, especially from member economies of the Association of Southeast Asian Nations and countries and regions related to the Belt and Road Initiative.

Analysis

Highlights on Refinancing Rules for Listed Companies on ChiNext Market

In February 2020, the China Securities Regulatory Commission (CSRC) revised provisions regarding refinancing rules of listed companies. In June, CSRC issued *Administration Measures of Securities Issuance and Registration of Companies Listed on the Chinext Market (Trial)*; SZSE issued *Rules on Listing and Securities Issuance of Companies on Chinext Market* and *Notice on Supporting Simplified Review Procedures Applicable to Refinancing Application by Chinext Listed Companies* (together hereinafter referred to as "New Rules"). SZSE has carried out reviews of refinancing applications and sent the first batch of inquiry letters to 19 enterprises applied for refinancing under ChiNext's registration-based IPO system on July 10.

In this issue we summarize the major takeaways of the rules governing financing of ChiNext companies.

1. Lower threshold and relaxed standards

1) The following requirements are abolished under the New Rules to lower the threshold for ChiNext-listed companies' refinancing applications:

- a) For public offering: the liability-to-asset ratio at the end of the most recently completed financial reporting period shall be more than 45%;
- b) For Non-public offering: the company shall have made profits for the last two consecutive years.
- c) The proceeds of last round of fundraising have been used up in a way that conforms to issuer's disclosed plan on timeline and expected effects.

2). Before implementation of the New Rules, the number of targeted investors for non-public offering shall not exceed 10 for companies listed on the Main Board and SME Board, and 5 for ChiNext Market companies. Now the maximum number increases to 35 for all three boards. Listed companies will thus be able to introduce more investors.

2. Accelerated reviewing procedures

1) SZSE Listing Review Center will initiate the first round of inquiry within 15 working days from the date of acceptance of issuer's refinancing application.

2) For a listed company that applies for issuance and listing to unspecified investors, the Listing Review Center shall issue a review report and submit it to the Listing Committee of SZSE after receiving the reply of the listed companies, its sponsors and the securities service organization to the inquiry if further inquiry is considered unnecessary. The review report and relevant application documents shall be deliberated by the Listing Committee in the form of panel discussion, and opinions shall be given about whether the applicant meets the issuance conditions, listing conditions, and information disclosure requirements. The application approved by the Listing Committee of SZSE will be sent to CSRC for registration.

3) SZSE shall decide, within two months upon acceptance of the application, on the satisfaction of requirements of issuance, listing, and information disclosure, or the termination of issuance and listing, unless otherwise defined in the Rules.

3. Simplified inquiry questions with information disclosure at the core

1) The Letter of Inquiry on refinancing reviews no longer touches on issues that were already articulated or solved by the Letter of Inquiry on annual report.

2) Issuing conditions, listing conditions and requirements on information disclosure are major concerns in the inquiry. More accurate inquiries lead to less information redundancy, thus making it easier for investors to read the prospectus and make investment decisions.

3) Based on "Enterprise Portrait", an in-house-developed big-data intelligent regulatory system, risk warning indicators are applied in refinancing review. Through Letters of Inquiry, listed companies are urged to fully warn investors about potential risks and truthfully show their fundamentals in their prospectuses.

4. Preferential policy of micro rapid financing

The Administration Measures of Securities Issuance and Registration of Companies Listed on the Chinext Market (Trial) further enhanced the preferential policy of "micro rapid financing", which stipulates that the annual general meeting of shareholders of listed companies can authorize the board of directors to issue shares with total financing amount that exceed neither RMB 300 million nor 20% of the company's net assets at the end of the previous year. "Micro rapid financing" follows simple procedures, compared to the maximum two-month review period from SZSE side for regular refinancing. SZSE shall accept the application for "micro rapid financing" within 2 working days, and complete the review and submits the registration to the CSRC within 3 working days from the date of acceptance. The CSRC shall decide on whether to confirm the registration or not within 3 working days after receiving the registration application documents and relevant materials of the listed company.

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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

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