

Market Summary

Listed Companies (No.)	2,307
- Main Board	469
- SME Board	975
- ChiNext Market	863
Funds	535
Bonds	8,257
Market Cap. (US\$ bn)	4,535.7
- Main Board	1,281.9
- SME Board	1,865.1
- ChiNext Market	1,388.7
Average Turnover Ratio	2.43
Average P/E Ratio	31.24
No. of IPO (YTD)	112

Most Active Companies

1	East Money Information Co., Ltd. (300059)
2	Byd Company Limited (002594)
3	Wuliangye Yibin Co.,Ltd. (000858)

Top Gainers

1	Beijing Topnew Info&tech Co., Ltd. (300895)
2	Zhejiang Songyuan Automotive Safety Systems Co.,Ltd. (300893)
3	Pinlive Foods Co., Ltd (300892)

Top Decliners

1	Baofeng Group Co., Ltd. (300431)
2	Xinjiang Tianshan Animal Husbandry Bio-engineering Co.,Ltd (300313)
3	Shenzhen Changfang Group Co., Ltd. (300301)

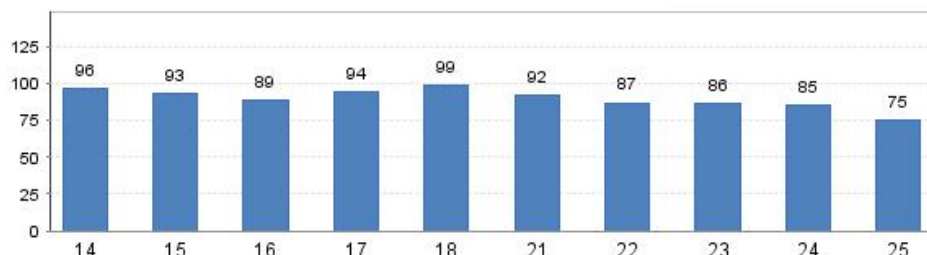
New Listing

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.

Daily Trading Value (September 14 – September 25)

(US\$ bn)



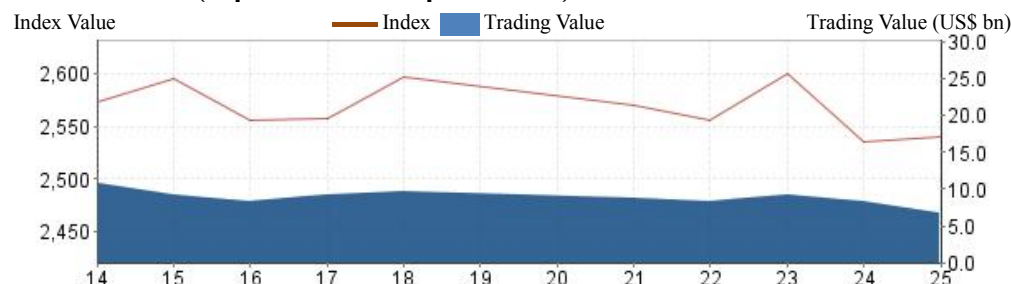
SZSE Component Index (September 14 – September 25)



SME Index (September 14 – September 25)



ChiNext Index (September 14 – September 25)



Market News

1. Chinese government bonds to be added to WGBI

On September 25, FTSE Russell announced that Chinese government bonds will be included in FTSE World Government Bond Index (WGBI), and it is expected to begin in October 2021. The specific inclusion date will be finalized after a semi-annual assessment in March 2021. At this point, the Chinese bond market will be fully included in the world's three major bond indexes.

2. The executive meeting of the State Council deployed to further improve the quality of listed companies

On September 23, The State Council convened an executive meeting that the quality of listed companies shall be further improved, which will be beneficial to the sustained, stable and healthy development of the capital market and supportive for the real economy. First, improving the governance system and rules of listed companies, implementing the statutory duties and responsibilities of controlling shareholders, actual controllers, directors, supervisors, and senior managers, and improving the participation of

Hyea Aromas (300886)

Anhui Hyea Aromas Co., Ltd. principally engages in research and development, production and sale of lactone series synthetic fragrances. In 2019, its operating income reached 215 million yuan with the net profit of 45.76 million yuan.

Pony Testing (300887)

Pony Testing International Group Co., Ltd. principally engages in inspection, measurement, certification and related technical services. In 2019, its operating income reached 1,287 million yuan with the net profit of 125.07 million yuan.

EXC-LED (300889)

Shenzhen EXC-LED technology Co., Ltd. principally engages in research and development, production and sale of landscape lighting intelligent control systems and LED landscape lighting lamps. In 2019, its operating income reached 1,129 million yuan with the net profit of 136.56 million yuan.

Winner Medical (300888)

Winner Medical Co., Ltd. principally engages in research and development, production and sale of cotton products. In 2019, its operating income reached 4,575 million yuan with the net profit of 546.29 million yuan.

XFH (300890)

Shenzhen XFH Technology Co., Ltd. principally engages in research and development, production and sale of anode materials for lithium batteries. In 2019, its operating income reached 646 million yuan with the net profit of 61.69 million yuan.

Huiyun Titanium (300891)

Guangdong Huiyun Titanium Industry Co., Ltd. principally engages in research and development, production and sale of titanium dioxide products. In 2019, its operating income reached 1,002 million yuan with the net profit of 98.12 million yuan.

institutional investors in the mechanism of corporate governance. Second, promoting listed companies to be better and stronger. Supporting the listing of high-quality companies. Allowing more qualified foreign investors to make strategic investments in listed companies. Third, the joint efforts of departments to strengthen supervision shall be implemented. Issues such as stock pledge risks, illegal occupation of funds, and illegal guarantees must be properly resolved.

3. The CSRC issued the 2019 Annual Accounting Supervision Report of Listed Companies

A total of 3,847 listed companies in SZSE and SSE have disclosed their annual financial reports. Among the companies that have disclosed their annual reports, 274 companies have been issued non-standard audit opinions on their annual financial reports, including 1 negative opinion, 45 disclaimer of opinions, 126 qualified opinions, and 102 unqualified opinions with explanatory notes. The COVID-19 has caused a certain degree of impact on the editing and auditing of financial reports of listed companies that 118 listed companies have applied for postponement to disclose their 2019 financial reports, of which 117 companies have already disclosed their annual reports.

4. The CSRC improved regulation and disclosure requirement of listed securities firms

On September 18, 2020, the CSRC revised the *Regulations on Strengthening the Supervision of Listed Securities Companies*. This revision reduces the over-requirement of information disclosure for listed securities firms and improving industry-based disclosure requirement. On the one hand, it reduces the burden of listed securities companies including cancellation of the disclosure requirements for monthly operating data and interim report on the classification results. On the other hand, it exerts stricter requirements on management of insider information and internal control.

5. The CSRC and the Ministry of Public Security jointly convened a deployment meeting on securities crime cases

According to a joint meeting by the CSRC and the Ministry of Public Security on works on capital market-related crimes,. Deployment of the investigation into 13 major and typical cases was made in the meeting. The 13 cases involve suspected crimes in terms of information disclosures, fraudulent financial reports, embezzlement of listed companies' property by de facto controller and management, infringement of listed companies' interests and fabrication of financial notes. Since the beginning of this year (as of the end of August), the CSRC has filed investigations into 43 cases of illegal information disclosure by listed companies, accounting for 30% of the newly filed cases in the same period. The CSRC has transferred 20 criminal cases involving related subjects of listed companies to the public security department.

6. The cash bonus list of A-share listed companies released

On September 18, the China Association for Public Companies, the SZSE and the SSE released a list of cash bonus from A-share listed companies, including 100 companies of "List of Listed Companies with Great Return" and 100 companies of "List of Listed Companies with Sincere Return". According to the reports, the total cash bonus of listed companies in 2019 is about 1.36 trillion yuan, an increase of about 10.7% year-on-year. The listed companies that pay bonus accounted for about 66% of the total number.

The "List of Listed Companies with Great Return" selects 100 companies with largest amount of bonus in the last year and in the past three years among which 77 are from Shanghai Stock Exchange Main Board, 16 from Shenzhen Stock Exchange Main Board, 6 from SME Board, and 1 from ChiNext Market. Based on the main indicators of the bonus payout rate in the past year and the past three years, "List of Listed Companies with Sincere Return" selected 100 companies including 37 from Main Board of Shanghai Stock

Tengen (003003)

Guangdong Tengen Industrial Group Co., Ltd. principally engages in research and development, design, production, sale and service of express e-commerce packaging and printing products. In 2019, its operating income reached 1,004 million yuan with the net profit of 82.69 million yuan.

Baiya (003006)

Baiya Sanitary Products Co., Ltd. principally engages in research and development, production and sale of disposable hygiene products. In 2019, its operating income reached 1,149 million yuan with the net profit of 128.15 million yuan.

Huhua (003002)

Shanxi Huhua Group Co., Ltd. principally engages in research and development, production and sale of civil explosives, and providing blasting services. In 2019, its operating income reached 500 million yuan with the net profit of 76.32 million yuan.

Jingyeda (003005)

Beijing Jingyeda Technology Co., Ltd. principally engages in provision of research and development, production and sale, and service of industry information products and solutions. In 2019, its operating income reached 677 million yuan with the net profit of 149.16 million yuan.

ZZNode Technologies (003007)

Beijing ZZNode Technologies Co., Ltd. principally engages in provision of software development, technical service, and system integration in the field of information and communication technology (ICT) operations management and sale of third-party software and hardware. In 2019, its operating income reached 409 million yuan with the net profit of 85.04 million yuan.

Exchange, 12 from Main Board of the Shenzhen Stock Exchange, 33 from SME Boards, and 17 from ChiNext Market companies. 84% of the companies in the "List of Listed Companies with Sincere Return" have paid dividends every year since its listing, and 30 companies have paid dividends annually for the past 10 years.

7. China issues master plan for 3 new pilot FTZs

On September 21, the State Council has issued a master plan for three new pilot free trade zones (FTZs) in Beijing, Hunan and Anhui. The Beijing pilot FTZ will focus on supporting the construction of an innovation center with global influence. It will accelerate the construction of a leading area for the expansion of trade in services and a pilot area for the digital economy. It will also strive to build a high-level opening-up platform for the coordinated development of the Beijing-Tianjin-Hebei region. The new pilot FTZ in central China's Hunan Province will focus on building a world-class advanced manufacturing cluster, an international investment and trade corridor linking the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, and a leading area for in-depth economic and trade cooperation between China and Africa. The pilot FTZ in east China's Anhui Province will focus on promoting the in-depth integration of scientific and technological innovation and the development of the real economy. It will accelerate the pace of its pioneering role in scientific and technological innovation and the cluster development of advanced manufacturing and strategic emerging industries, and promote the integrated development of the Yangtze River Delta.

Analysis

An Overview of The New Rules on QFII/RQFII

China Securities Regulatory Commission (CSRC), People's Bank of China (PBC), and State Administration of Foreign Exchange (SAFE) on 25th September released *the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors* (hereinafter referred to as *the Measures*). The CSRC simultaneously released an implementary rule, *Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors* (hereinafter referred to as *the Provisions*). The Measures and the Provisions shall take effect on November 1st, 2020. *The Measures for the Administration of Domestic Securities Investment by Qualified Foreign Institutional Investors* promulgated by the CSRC, the PBC, and the SAFE on August 24th, 2006 and *the Measures for the Pilot Program of Domestic Securities Investment by RMB Qualified Foreign Institutional Investors* promulgated by the CSRC on March 1st, 2013 shall be simultaneously invalidated.

According to the news release from the CSRC, major revisions to previous QFII and RQFII rules are in the following three areas: relaxing qualification requirements and facilitating investment and operations of QFIIs and RQFIIs; gradually expanding investment scope; enhancing ongoing supervision. From these three perspectives we are interpreting in this issue the clauses of the rules.

I. Relaxing qualification requirements and facilitating investment and operations of QFIIs and RQFIIs.

(I) **The previously separate regimes for QFII and RQFII qualifications and rules are integrated.** term of qualified foreign institutional investors (QFII) and RMB qualified foreign institutional investors (RQFII) are jointly referred to as "qualified foreign investors".

[According to article 2 of *the Measures*, Qualified foreign investors are defined as foreign institutional investors who have been approved by China Securities Regulatory Commission (the CSRC) to invest in China's securities and futures markets with funds raised overseas, including foreign fund management institutions, commercial banks,

KETOP Testing (003008)

Xuchang KETOP Testing Research Institute Co., Ltd. principally engages in provision of power system secondary equipment testing service and other technical service and sale of testing equipment. In 2019, its operating income reached 203 million yuan with the net profit of 108.21 million yuan.

Pinlive Foods (300892)

Pinlive Foods Co., Ltd. principally engages in development, import and sale of own-brand foods and cooperative agent sale of foreign foods. In 2019, its operating income reached 1,380 million yuan with the net profit of 98.93 million yuan.

Topnew Info (300895)

Beijing Topnew Info and Tech Co., Ltd. principally engages in internet data center services, cloud services, Internet access services, Internet data center and cloud platform information system integration services, and application software development services. In 2019, its operating income reached 262 million yuan with the net profit of 52.86 million yuan.

Songyuan (300893)

Zhejiang Songyuan Automotive Safety Systems Co., Ltd. principally engages in research and development, design, production, sale and service of automotive passive safety system products and special seat safety devices such as automotive seat belt assemblies and parts. In 2019, its operating income reached 465 million yuan with the net profit of 80.59 million yuan.

Elite Color Resources (002998)

Elite Color Environmental Resources Science and Technology Co., Ltd. principally engages in research and development, production and sale of polyester fiber and its products. In 2019, its operating income reached 1,738 million yuan with the net profit of 87.46 million yuan.

insurance companies, securities companies, futures companies, trust companies, government investment management companies, sovereign funds, pension funds, charity funds, endowment funds, international organizations and other institutions recognized by the CSRC.]

(2)**Qualification requirements are relaxed.** The quantitative requirements for financial conditions of applicants are removed from the qualification requirements. An applicant for the qualification as a qualified foreign investor shall meet the following requirements according to article 2 of the Measures: (i) in sound financial conditions and good credit standing with experiences in securities and futures investment; (ii) the applicant's managerial personnel in charge of domestic investment shall meet relevant professional requirements of the foreign country or region where the applicant domiciles (if such requirements exist); (iii) have sound and effective governance structure, internal control system, and compliance management regime, and, in accordance with relevant regulations, appoint a supervisor to oversee the legality and compliance of the applicant's domestic investment; (iv) operation is in compliance with relevant rules and regulations and has not been subject to any major punishments by regulatory authorities in the latest 3 years or since its establishment; (v) no significant impact may thus be incurred to the operation of the domestic capital market.

(3)**Application documents are streamlined; review cycle is cut short; and a simplified reviewing procedure is applied.** The CSRC shall, within 10 business days (20 business days in previous rules) of accepting the application, examine the application documents and make a decision to approve or deny the application.

(4)**The restriction on the number of intermediaries servicing a qualified foreign investor is removed.** A qualified foreign investor that has more than 2 custodians (only one is allowed in the previous rules) shall designate one of them as the principal reporter. There has no restrictions on the number of brokers a qualified foreign investor may use in the new rules, while a qualified foreign investor can use no more than 3 brokers according to the old rules. In addition, supervision over the reporting and filing of qualified foreign investors is improved and requirements for data submission are reduced.

2. Gradually expanding investment scope

(1) Beyond stocks, DR, bonds listed on the exchange market, interbank bond market products, mutual fund and stock index futures that were previous allowed for investment in the old rules, qualified foreign investor may invest in additional asset types in the Chinese domestic markets, including securities admitted on the National Equities Exchange and Quotations (NEEQ) market, private investment funds, financial futures, commodity futures, options, etc., and may participate in bond repurchase transactions, margin trading and securities financing on stock exchanges, and securities lending to securities finance company.

(2) Financial products including financial derivatives contracts as well as related trading models will be gradually relaxed for qualified foreign investors' access in an orderly manner, which is to be announced by the CSRC upon agreement with the PBC and the SAFE.

3. Enhancing ongoing supervision.

(1)**Cross-market surveillance, cross-border supervision and see-through regulation are enhanced.** We understand that this mainly refers to the following articles.

(i) According to Article 16 of the Measures, with regard to information disclosure, a qualified foreign investor is obliged to lawfully aggregate the interests of its shareholding in a company, including the company's shares listed or admitted in the domestic markets and foreign shares listed overseas, and comply with relevant information disclosure rules. A qualified foreign investor shall disclose relevant securities investments of persons acting in concert according to information disclosure rules.

[Domestic securities investment by a qualified foreign investor or any other foreign

Zhongtian Rocket (003009)

Shaanxi Zhongtian Rocket Technology Co., Ltd. principally engages in research and development, production and sale of small solid rockets and their extended products. In 2019, its operating income reached 797 million yuan with the net profit of 98.95 million yuan.

Ruoyuchen (003010)

Guangzhou Ruoyuchen Technology Co., Ltd. principally engages in provision of comprehensive e-commerce service covering brand positioning, store operation, channel distribution, integrated marketing, data mining, supply chain management, etc. In 2019, its operating income reached 959 million yuan with the net profit of 86.32 million yuan.

investors is subject to the following ownership limits which is the same as before:

The shareholding of a single qualified foreign investor or any other foreign investor must not exceed 10% of the total shares of an exchange-listed or a NEEQ-admitted company; The aggregate shareholding of all qualified foreign investors and other foreign investors must not exceed 30% of the total shares of an exchange-listed or a NEEQ-admitted company.

Strategic investment in listed companies by qualified foreign investors and other foreign investors in accordance with law is not bound by the ownership limits in the preceding paragraph.]

(ii) According to Article 5 of the Provisions, a qualified foreign investor's account invested with client funds under management shall be named in the format of "Qualified Foreign Investor + Client Name" or "Qualified Investor + Fund Name"; for any account deemed necessary to be named "Qualified Foreign Investor + Client Funds", a qualified foreign investor shall, in accordance with the rules of securities depository and clearing institutions and the futures market monitoring institutions, report via the custodian relevant account information such as names of investors or funds and assets under custody.

(iii) according to Article 16 of the Provisions, Securities and futures trading venues, securities depository and clearing institutions, and securities and futures market surveillance and monitoring institutions shall carry out surveillance, analysis, and self-regulation of the domestic securities and futures investment and trading by qualified foreign investors, establish information sharing and coordination mechanisms, and detect and address abnormal cross-market trading activities in a timely manner and make periodic reports to the CSRC. the CSRC, the PBC and the SAFE are to enhance regulatory coordination and establish information sharing mechanisms.

(2)Regulatory enforcement against violations of laws and regulations are strengthened.

(i)In any of the 9 circumstances specified in the Article 25 of the Measures, the CSRC, the PBC, and the SAFE can take regulatory measures on a qualified foreign investor, such as order for rectification, regulatory talks, and issuing warning letters; and can take regulatory measures on the person directly in charge and others directly responsible, such as regulatory talks, issuing warning letters, and order for periodic reporting:

(ii) If a qualified foreign investor commits major violations of laws and regulations in the process of carrying out domestic securities and futures investment, the CSRC may suspend trading activities of relevant securities and futures accounts or take other regulatory measures according to law.

(iii) If the qualified foreign investor violates Securities Law of the People's Republic of China, Regulation on the Administration of Futures Trading, Regulations on Foreign Exchange Administration of the People's Republic of China, and other laws and administrative regulations, it will be subject to administrative punishments in accordance with applicable rules. Where a violation is suspected of constituting a criminal offense, the case will be transferred to judicial authorities for prosecution of criminal liability in accordance with law.

(iv) intermediaries including custodian, securities companies, and futures companies shall continuously monitor the trading activities and fund flows of qualified foreign investors, and make timely reports on abnormal events and violations of laws and regulations to the CSRC, the PBC, and the SAFE and will be subject to administrative punishments in accordance with applicable rules if they violate relevant rules and laws.

4.Conclusion

After the implementation of the new regulations, the rules for qualified foreign institutional investors to participate in the A-share market will be further simplified and clarified. In addition, the exchanges and the China Clearing will further issue rules on the transactions and settlements to clarify details requirement for qualified foreign institutional investors' practices in A share trading.

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: Yuan Yao

Date	Issuing Organizations	Documents	Main Contents
Regulations			
September 2, 2020	CSRC	<i>Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors(Consultation Paper)</i>	
		<i>Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors(Consultation Paper)</i>	
May 5, 2020	The people's bank(PBC), State Administration of Foreign Exchange(SAFE)	<i>Provisions on the Administration of Domestic Securities and Futures Investment Funds of Foreign Institutional Investors (PBC、SAFE [2020]2)</i>	The investment limit is canceled ;Independent selection of the currency to be for investment is permitted; Simplify the procedures of remittance of funds; Entrust multiple custodians is allowed; The types of tradable derivatives is expanded
		<i>Q&A on the Provisions on the Administration of Domestic Securities and Futures Investment Funds of Foreign Institutional Investors</i>	
April 3,2019	Ministry of Finance, State Taxation Administration, CSRC [2019]52	<i>Announcement on Tax Policies for the Pilot Phase of Innovative Enterprises Issuing Depository Receipts in China</i>	Individual tax exemption; Corporate income tax exemption; Tax credits for tax payment overseas; Exemption of value-added tax; Pay stamp duty
October 31, 2014	Ministry of Finance, State Taxation Administration, CSRC [2014] 79	<i>Notice on the temporary exemption of corporate income tax on income from the transfer of equity investment assets such as stocks and other equity investment assets obtained by QFII and RQFII in China</i>	
Stipulations			
April 25, 2014	SZSE	<i>Implementing Rules of the Shenzhen Stock Exchange for the Trading of Securities by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors</i>	To be amended
March 19, 2014	SSE	<i>Implementing Rules of the Shanghai Stock Exchange for the Trading of Securities by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors</i>	
February 20, 2013	CHINA CLEARING	<i>Implementing Rules of the CSDC for the Trading, Depository and Clearing of Securities by Qualified Foreign Institutional Investors</i>	

* Listing documents above are regulations and stipulations related with QFII and RQFII