



**2021**

SHANGHAI  
STOCK EXCHANGE

[WWW.SSE.COM.CN](http://WWW.SSE.COM.CN)



## *Supporting China's High-Quality Development with Blue Chips and STAR Market*

- The Shanghai Stock Exchange (SSE) was established on November 26, 1990, making it the very first stock exchange in the People's Republic of China
- After merely three decades, as of the end of 2020, it is now home to 1,799 listed companies with the total market cap of RMB 45.5 trillion
- By market capitalization, SSE is **the largest** exchange in the emerging markets and **the third largest** exchange in the world
- SSE is also the world's most active stock exchange for financing, ranking **first worldwide** by the number of IPOs and **second** by the amount of IPO proceeds in 2020
- Not long after its establishment, SSE created a blue-chip market that is representative of China's economy, helping foster a large number of nationally important enterprises and industry leaders that constitute the mainstay of China's real economy
- The recent launch of the STAR Market and of the pilot registration-based IPO system on SSE is a milestone event in China's capital market reforms in the new era, strengthening the mutually reinforcing relationship between technology, capital, and the real economy
- From building the blue-chip market to setting up the STAR Market, SSE is as committed as ever to supporting the high-quality development of the Chinese economy





## Main Features

### Cornerstone: China's largest blue-chip market

Of the 133 Chinese companies on the Fortune Global 500 list in 2020, 85 are listed on the SSE Main Board

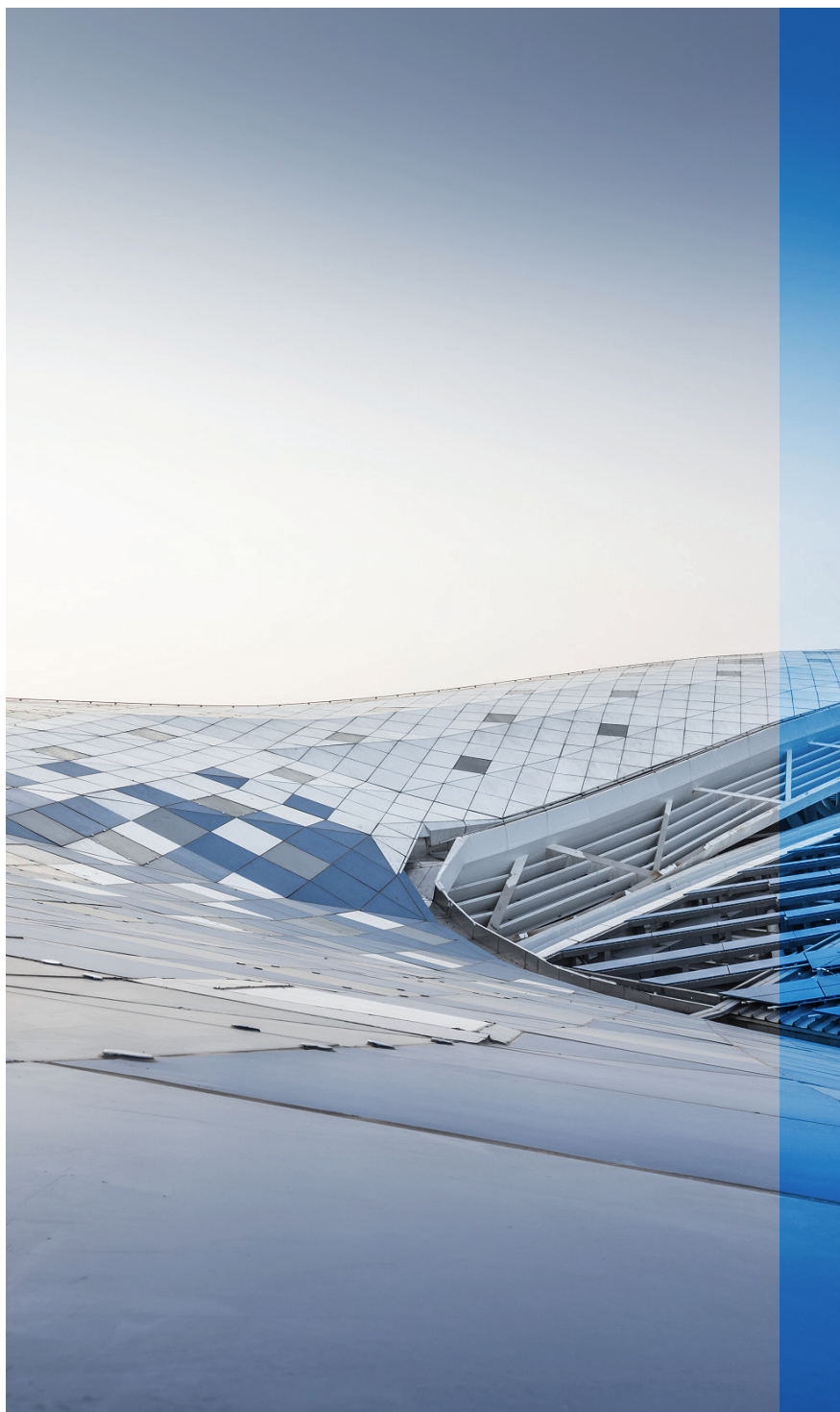
Main Board companies recorded RMB 38.19 trillion in revenue in 2020, or nearly two-fifths of China's GDP

### Propeller: Addressing the technology blockade by promoting core and hard technologies

**Pioneering:** The first registration-based board in the A-share market, powered by an electronic, fully open, inquiry-based, and sector-specific listing review regime

**Inclusive:** Open to pre-revenue companies, red-chips, and companies with weighted voting rights

# *Supporting the Real Economy and Direct Financing*



- The SSE bond market was launched at the same time as the stock market and has been committed to providing stable and sustainable financing channels for the medium- and long-term development of businesses.
- It disperses the systematic risk of capital market financing, and reduces the financing cost of the real economy, playing an essential role in strengthening direct financing and the real economy.
- In 2020, SSE formally launched the registration-based system for corporate bonds. As a result, bond issuance has become more market-oriented and faster, generally bringing down the interest rate at issuance.
- The SSE continues to explore corporate bond product innovation and launches the green bonds, poverty alleviation bonds, Belt and Road Bonds, Extendable Bonds, Exchangeable Bonds, Short-term Corporate Bonds, Innovation and Entrepreneurship Bonds, Covid-19 Bonds etc.



## Main Features

### Market profile:

Cumulative debt financing on SSE has hit RMB 18.5 trillion, nearly double the amount of equity financing.

With more than 20,000 listed bonds valued at a total of RMB 13 trillion, the SSE bond market is currently the world's **largest** exchange bond market with an **over 75%** market share among domestic exchanges.



### Four main products:

Total bond issuance in 2020 was **RMB 6.6 trillion**, including:

Corporate bonds: **RMB 3.6 trillion**

Local government bonds: **RMB 1.7 trillion**

Asset-backed securities: **RMB 1.0 trillion**

Publicly offered infrastructure REITs: **Successfully Launched**

## *Connecting Industries and the World*

“ Being the first to launch domestic ETFs, the SSE fund and derivative market is now the most important local market for wealth and risk management, providing investors with convenient, efficient, and low-cost investment channels and efficient risk management tools.

The SSE continues to lead the domestic ETF market, with 373 fund products and a combined market value of RMB 933 billion, or **79%** of the domestic total.

The groundbreaking launch of ETF options has made the SSE the first comprehensive exchange in China with a product line spanning both cash products and derivatives.

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## Main Features



### Leading ETF market in Asia:

SSE ETF market ranks **first** in Asia by turnover and **second** by total market value.

Underlying assets cover domestic stocks, bonds, currencies, gold, and stocks in major overseas markets.



### World-class option products:

The SSE 50 ETF Options and CSI 300 ETF Options are two of the most important option products in the world today.



### Product internationalization:

The SSE has launched cross-border ETF products covering such markets as United States, Japan, Germany, and France.

SSE currently lists 17 cross-border ETFs, with a total AUM of RMB 23.9 billion.





### *A Leader in High-Standard Opening up*

- By continuously strengthening the interconnection between domestic and foreign capital markets, the SSE has steadily increased its international exposure as well as the breadth and depth of market opening-up. Today, the SSE has become a pioneer among domestic stock markets on the front of internationalization, with ever greater influence in the global market.
- The SSE continues to promote connectivity between capital markets and to propel RMB internationalization, becoming a role model in China's high-standard opening up.
- Mainstream index providers including the MSCI, FTSE Russell, and S&P Dow Jones have included A-shares into their global index series.



## Internationalization Programs

### Shanghai-Hong Kong Stock Connect:

- The Shanghai-Hong Kong Stock Connect was a major innovation at launch in 2014. It is now viewed as a trailblazing model of high-level opening-up of the domestic market.
- Cumulative net capital inflow through northbound trading (i.e., from Hong Kong to Shanghai) has exceeded RMB 618.822 billion.

### Shanghai-London Stock Connect:

- The Shanghai-London Stock Connect was officially launched in 2019. To date, four SSE-listed companies are concurrently listed on the London Stock Exchange through Global Depositary Receipts (GDRs), raising a total of USD 5.8 billion.

### International Practice in Green Finance:

- The SSE is the 65th partner exchange and the first Chinese partner exchange of the United Nations Sustainable Stock Exchanges (UN SSE) initiative.
- The SSE also joined the WFE Sustainability Working Group, offering active support for the drafting of a global standard of green finance.

### Cooperation between Exchanges:

- The SSE established CEINEX as a joint venture with the China Financial Futures Exchange and the Deutsche Börse.
- The SSE has also sought cooperation with overseas exchanges under the Belt and Road Initiative and invested in the Pakistan Stock Exchange, Astana International Exchange, and Dhaka Stock Exchange.



## *The Top Choice for Innovative Companies*

On November 5, 2018, President Xi Jinping announced China's decision to establish the Sci-Tech Innovation Board (STAR Market) and experiment with the registration-based IPO system on SSE. The STAR Market debuted on June 13, 2019, unveiling a new chapter for China's capital market. In line with its positioning, the STAR Market is committed to encouraging and supporting companies that develop "hard" technologies to go public. Today, the STAR Market has attracted a large number of model businesses, greatly boosting the science and innovation industry.





## Vigorous financing

145 companies went public on STAR Market in 2020 with funds raised at RMB 222.6 billion, accounting for nearly half of the financing amount of all A-share listings over the same period.



## Premier choice for innovative companies

At the end of 2020, 70% of STAR Market companies, representing 74% of the board's total market cap, are from next-generation IT, biomedicine and high-end manufacturing.



## Main Features



## Intensive R&D investment

As of the end of 2020, STAR Market companies (other than those listed under the fifth set of listing criteria) had invested 12.03% of their revenue in R&D.



## Clustering of star companies

SMIC, CR Micro, Montage Technology, Amlogic Shanghai, AMEC, Anji Microelectronics, Kingsoft, QI-ANXIN, Cambricon Technologies, Junshi Biosciences, Shenzhen Chipscreen, CanSino Biologics and many others.

### *Trillion-yuan New Product to Revitalize Existing Assets*

On April 30, 2020, the China Securities Regulatory Commission and the National Development and Reform Commission jointly issued the Notice on Programs for Advancing the Pilot Project of Infrastructure Real Estate Investment Trusts (the “Notice”), officially greenlighting publicly offered infrastructure REITs on a pilot basis. The Notice is a milestone event for China’s REITs market and for reforming how infrastructure projects in China are financed, and it is estimated as a market with future potential scale over a trillion yuan. The first batch of five SSE infrastructure REITs were successfully offered and listed, raising over RMB 17 billion in total.







## Reinventing investment and financing mechanisms:

Helping revitalize existing assets, raise capital for infrastructure projects, and promote the high-quality development of infrastructures.



## Creating value for businesses:

Improving businesses' financial performance, profits, and cash flow and reducing debt ratio.



## Creating value for investors:

A major class of financial products like stocks and bonds, worth of allocation with moderate level of profit and risk.



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