

MARKETS

Stocks Surge on First Day for China's Latest Answer to Nasdaq

The 25 companies on the Shanghai exchange's Science and Technology Innovation Board, or STAR market, ended the day with gains ranging from 84% to 400%



The opening ceremony of the Shanghai exchange's new board Monday. PHOTO: STR/AGENCE FRANCE-PRESSE/GETTY IMAGES

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SHANGHAI—China's new market for homegrown technology companies opened with a bang, with stocks doubling, tripling or more than quadrupling in value on its first day.

The Shanghai Stock Exchange's Science and Technology Innovation Board—dubbed the STAR market by Chinese authorities—is a pet project of President Xi Jinping, part of Beijing's effort to revitalize a slowing economy and sharpen its edge in the fight for global tech dominance.

On Monday, 25 companies that recently completed initial public offerings started trading on the new venue, and climbed between 84% and 400% at closing. Historically, stocks of newly listed companies on the main exchanges in Shanghai and Shenzhen have been limited to first-day gains of 44%, but that cap isn't imposed on the new board.

Anji Microelectronics Technology (Shanghai) Co., a manufacturer of semiconductor products, was the best performer. Advanced-materials maker Western Superconducting Technologies Co. was next best, surging 267%. The weakest performer was software product manufacturer Harbin Xinguang Optic-Electronics Technology Co., up 84%.

Anji Microelectronics rose so fast that it triggered two 10-minute trading halts in the morning session, the first at 30% above the opening price and the second at 60%. The new board has circuit breakers in place when stocks increase or fall rapidly.

“It’s a bit crazy, but I think the situation will calm down a bit in the next few days,” said Jack Zhang, an analyst at BOC International. The country’s speculation-prone individual investors appeared to be the driving force on the first day, he said.

Since March, more than 149 companies have applied to list on the STAR market, including software and robotics makers and biotech companies. China’s securities regulators have so far approved 28 listing applications following exchange reviews, with 25 having completed their IPOs.

The 25 raised a combined 37 billion yuan (\$5.4 billion) and had an average trailing price-to-earnings ratio of 53.4 times.

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Beijing has high hopes that the new marketplace eventually could compete with Nasdaq in nurturing innovative startups and tech companies. Over the years, dozens of Chinese companies—including e-commerce giant Alibaba Group Holding Ltd. and smartphone maker

Xiaomi Corp. —went public in the U.S. or Hong Kong, in part because they couldn't meet tough listing standards at home.

The tech board will test rules changes meant to make it easier for technology companies to raise capital for growth and investment. It is open to unprofitable companies in certain industries that are barred from going public on the Shanghai exchange's main board. Companies already listed in Hong Kong can also list there.

The STAR market is Beijing's third attempt to come up with an answer to Nasdaq, following disappointing experiments with Shenzhen's ChiNext board and Beijing's "new third board," an over-the-counter market. Market value and trading volume on both venues have dwindled in recent years.

—*Zhou Wei contributed to this article.*

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