

**Implementing Measures of the Shanghai Stock Exchange for  
the Listing and Trading of Pilot Innovative Enterprises’  
Stocks or Depositary Receipts**

Disclaimer Statement

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# Implementing Measures of the Shanghai Stock Exchange for the Listing and Trading of Pilot Innovative Enterprises' Stocks or Depositary Receipts

## Chapter I General Provisions

**Article 1** These *Implementing Measures* are formulated pursuant to the *Securities Law of the People's Republic of China* (“*Securities Law*”), the *Opinions on Launching the Pilot Program of Domestic Offering of Stocks or Depositary Receipts by Innovative Enterprises* (“*Opinions*”), the *Measures for the Administration of Issuance and Trading of Depositary Receipts (Trial)* (“*Measures for Administration of Depositary Receipts*”), the *Implementing Measures for the Supervision of Domestic Offering and Listing of Stocks or Depositary Receipts by Pilot Innovative Enterprises*, the *Implementing Measures for Ongoing Supervision of Innovative Enterprises Following Listing of Domestically Offered Stocks or Depositary Receipts (Trial)* (“*Implementing Measures for Ongoing Supervision*”) and other applicable laws, administrative regulations, ministry-level rules, and normative documents (collectively “*domestic laws*”) as well as the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* (“*Listing Rules*”), the *Trading Rules of the Shanghai Stock Exchange* (“*Trading Rules*”), and other business rules of the Shanghai Stock Exchange (the “*SSE*”) to regulate the listing and trading of stocks or depositary receipts of pilot innovative enterprises (“*innovative enterprises*”) on the SSE, maintain an orderly market, and protect the legitimate rights and interests of investors.

**Article 2** The listing of innovative enterprises' publicly issued stocks and non-overseas listed red chip companies' publicly issued depositary receipts on the SSE shall be governed by these *Implementing Measures*; any matters related thereto not covered herein shall be governed by the *Listing Rules* and other applicable business rules of the SSE.

The listing of overseas-listed red chip companies' publicly issued depositary receipts on the SSE shall be governed by these *Implementing Measures*.

The trading of innovative enterprises' publicly issued stocks or depositary receipts listed on the SSE shall be governed by these *Implementing Measures*; any matters related thereto not covered herein shall be governed by the provisions of the *Trading Rules* and other business rules of the SSE regarding stock trading.

For the purposes of these *Implementing Measures*, innovative enterprises refer to companies which are included into the pilot program of innovative enterprises and approved to publicly offer stocks or depositary receipts by the China Securities Regulatory Commission (CSRC). Innovative enterprises include those registered in mainland China (“*domestic innovative companies*”) and those that are incorporated overseas and conduct their principal business activities in mainland China (“*red chip companies*”).

**Article 3** Innovative enterprises and their directors, supervisors, senior officers, shareholders or depositary receipts holders, domestic representatives for information disclosure representatives, *de facto* controllers, acquirers, depositaries, sponsors, sponsor representatives, and securities service providers and their relevant personnel, and others parties shall abide by the domestic laws, the *Listing Rules*, the *Trading Rules*, these

*Implementing Measures*, and other applicable business rules of the SSE and accept the self-regulation of the SSE.

For the purposes of these *Implementing Measures*, directors, supervisors, and senior officers refer to an innovative enterprise's directors, supervisors, and senior officers or personnel exercising similar powers. The provisions of these *Implementing Measures* and other applicable business rules of the SSE regarding supervisors and boards of supervisors are not applicable to any innovative enterprises that have no supervisor, board of supervisors, or personnel or organization exercising similar powers.

**Article 4** If an innovative enterprise is exposed to specific operational risks or a red chip company has in place a differentiated voting rights (DVR) arrangement, a variable interest entity (VIE) structure or any similar special arrangement, it shall make full and detailed disclosure of information related thereto, in particular its risks, corporate governance, and other information, and of its measures taken to legally implement requirements on the protection of investors' legitimate rights and interests.

A depositary shall, in accordance with the domestic laws, the business rules and other applicable requirements of the SSE, and its depositary agreement, faithfully and diligently perform its duties and obligations and refrain from injuring the legitimate rights and interests of depositary receipts holders.

**Article 5** An innovative enterprise intending to list its stocks or depositary receipts for trading on the SSE for trading, shall enter into a listing agreement with the SSE to set forth both parties' rights and obligations and other related matters.

**Article 6** An innovative enterprise intending to list its stocks or depositary receipts for trading on the SSE, shall have them registered, kept, and cleared by the China Securities Depository and Clearing Corporation Limited (CSDC).

## **Chapter II Listing**

### **Section 1 Listing of IPO Stocks by Domestic Innovative Companies**

**Article 7** A domestic innovative company applying for listing of its IPO stocks on the SSE shall meet the listing requirements for IPO stocks as prescribed in the *Listing Rules*.

**Article 8** A domestic innovative company applying for listing of its IPO stocks on the SSE shall submit application documents to the SSE in accordance with the *Listing Rules*.

**Article 9** A domestic innovative company shall, within 5 trading days prior to the listing of its stocks on the SSE, disclose its listing announcement and other documents in accordance with the *Listing Rules*. The listing announcement shall meet the content and format requirements of the SSE and prominently disclose material matters and major risks particularly noted in its prospectus.

Its controlling shareholders, *de facto* controllers, directors, supervisors, and senior officers

shall, in accordance with the domestic laws and the *Listing Rules*, make corresponding undertakings and disclose such undertakings in the listing announcement.

**Article 10** Except as otherwise specified by the SSE, the delisting of a domestic innovative company's stocks shall be governed by the domestic laws and the *Listing Rules*.

When the SSE determines, in accordance with the *Listing Rules* and these *Implementing Measures*, whether the stocks of the domestic innovative company trigger the threshold for issuance of delisting risk warning or suspension or termination of listing, the number of the financial years involved shall be calculated from the first full financial year after the listing of such stocks.

**Article 11** The reduction of shareholdings in a domestic innovative company after it is listed on the SSE shall comply with the domestic laws, the *Listing Rules*, the *Implementing Rules of the Shanghai Stock Exchange for Reduction of Shareholdings by Shareholders, Directors, Supervisors, and Senior Officers of Listed Companies* ("Shareholding Reduction Rules"), and other applicable business rules of the SSE.

If the domestic innovative company is unprofitable when being listed, its controlling shareholders, *de facto* controllers, directors, and senior officers shall not reduce their holdings of its pre-listing stocks before it becomes profitable.

## **Section 2 Listing of Domestic IPO Stocks or Depositary Receipts by Red Chip Companies**

**Article 12** A red chip company applying for listing of its domestic IPO stocks on the SSE shall meet the listing requirements for IPO stocks prescribed in the *Listing Rules*.

**Article 13** A red chip company applying for listing of its domestic IPO depositary receipts on the SSE shall meet the following requirements:

- (1) it has issued no less than 100 million depositary receipts in the IPO or the market capitalization of such depositary receipts when they are listed is not less than RMB 5 billion;
- (2) it has not committed material violations of laws or made misrepresentations in its financial reports within the most recent 3 years; and
- (3) any other requirements of the SSE.

If the red chip company has in place a DVR arrangement, it shall also abide by the provisions of the Section 3 of this Chapter.

**Article 14** A red chip company applying for listing of its domestic IPO stocks on the SSE shall, in accordance with the *Listing Rules* and other applicable rules, submit to the SSE application documents (excluding documents evidencing the custody of its stocks, the appointment of its board of directors' secretary and the lock-up of pre-IPO-issued stocks by their holders for 1 year from the listing date of the issuer's stocks), documents evidencing that

its domestically issued stocks have been kept by the CSDC, and information regarding its domestic office for securities affairs and its appointed domestic representative for information disclosure.

If the red chip company is not required to submit the domestic issuance and listing of its stocks or depositary receipts to its shareholders' general meeting for deliberation in accordance with the company law and other laws and regulation of its place of incorporation and its articles of association or constitutional document ("articles of association"), it may be exempt from submitting the resolution of the shareholders' general meeting thereon to the SSE when it applies for listing of its stocks, provided that it shall submit the resolution of its board of directors thereon to the SSE.

**Article 15** A red chip company applying for listing of its domestic IPO depositary receipts on the SSE shall submit to the SSE the following documents:

- (1) a listing application;
- (2) the CSRC's documents approving the IPO;
- (3) the resolution of its board of directors on such listing and (if applicable) that of its shareholders' general meeting thereon;
- (4) a photocopy of its business license or registration document;
- (5) its articles of association;
- (6) its financial reports and relevant financial information for the most recent 3 years, audited in accordance with the Chinese auditing standards by a CPA firm qualified to engage in securities and futures-related business;
- (7) documents evidencing that its depositary receipts so issued have been kept by the CSDC;
- (8) the text of the executed depositary agreement and custodian agreement;
- (9) a custody certificate issued by the custodian for the underlying securities of the depositary receipts;
- (10) a capital verification report issued following the IPO by a CPA firm qualified to engage in securities and futures-related business;
- (11) the declarations and undertakings of its directors (supervisors and senior officers);
- (12) information regarding its domestic office for securities affairs and domestic representative for information disclosure;
- (13) financial data and (if applicable) statements on relevant material matters to be additionally provided as required after the IPO and before the listing of its depositary receipts;

(14) its latest prospectus and the complete set of IPO application documents reviewed by the CSRC;

(15) its listing announcement;

(16) the sponsor agreement and a listing sponsorship letter issued by the sponsor;

(17) a legal opinion issued by a law firm; and

(18) any other documents which the SSE deems necessary.

**Article 16** A red chip company shall, within 5 trading days before the listing of its stocks or depositary receipts, disclose its listing announcement and other related documents in accordance with the rules of the SSE. The listing announcement shall include:

(1) an overview of the IPO and its listing arrangement;

(2) major differences between governance practices set forth in its articles of association and governance rules observed by domestically listed companies and the impact thereof;

(3) risks arising from its DVR arrangement, VIE structure or other similar special arrangement, its corporate governance, and other information, and its measures taken to legally implement requirements on the protection of investors' legitimate rights and interests;

(4) material changes in the matters disclosed in its prospectus before the listing of its stocks or depositary receipts;

(5) undertakings made by it and its controlling shareholders, *de facto* controllers, directors, supervisors, and senior officers (if applicable); and

(6) any other matters which are required by the SSE to be disclosed.

If the red chip company has disclosed in the prospectus the matters prescribed in the preceding Paragraph, it may disclose them in the listing announcement by incorporating them thereto through reference.

**Article 17** A red chip company may have its authorized senior officer sign the listing announcement submitted to the SSE.

The red chip company shall ensure that its listing application documents submitted to the SSE are truthful, accurate, and complete and contain no misrepresentation, misleading statement, or material omission.

**Article 18** A red chip company's listing application documents and ongoing disclosure documents submitted to the SSE shall be prepared in Chinese.

The red chip company and its relevant persons with disclosure obligation shall, in accordance with the rules of the CSRC and the SSE, disclose its listing and ongoing disclosure documents on the media designated by the CSRC for information disclosure and the official website of the SSE.

**Article 19** A red chip company shall establish a domestic office for securities affairs and appoint a domestic representative for information disclosure who will be responsible for information disclosure and regulatory communications during the listing of its stocks or depositary receipts. The domestic representative for information disclosure shall have the competence equivalent to that of the secretary to the board of directors of a domestically listed company, be familiar with the disclosure rules and requirements of mainland China, and can proficiently use Chinese.

The red chip company shall establish effective communication channels with domestic investors and regulators and the SSE, protect the legitimate rights and interests of domestic investors as required, and maintain smooth communication with domestic regulators and the SSE.

**Article 20** A red chip company applying for listing of its IPO stocks or depositary receipts on the SSE shall engage a domestic sponsor, a law firm, a CPA firm, and other securities service providers to provide services related thereto. The CPA firm shall be qualified to engage in domestic securities and futures-related business.

The domestic sponsor and securities service providers may engage foreign institutions to assist them, but this cannot exempt them from any liability to be legally assumed by them.

**Article 21** Except as otherwise specified by the SSE, the delisting of a red chip company's stocks listed on the SSE shall be governed by the domestic laws, the *Listing Rules*, and Article 10 of these *Implementing Measures*.

The delisting of the red chip company's depositary receipts listed on the SSE shall be governed by the *Listing Rules* and Article 10 of these *Implementing Measures*, unless the delisting indicators involve the shareholding ratio of public shareholders and the aggregate trading volume within a specific period. Specific matters related thereto will be prescribed separately by the SSE.

If the red chip company intends to terminate the listing of its depositary receipts, the red chip company and its depositary shall, in accordance with the *Measures for Administration of Depositary Receipts* and the depositary agreement, fulfill their related obligations to protect the legitimate rights and interests of its depositary receipts holders.

**Article 22** If a red chip company issues depositary receipts and lists them on the SSE, its *de facto* controllers shall undertake not to voluntarily abandon their status as *de facto* controllers within 3 years after the domestic listing of its depositary receipts.

If an unprofitable red chip company issues stocks and lists them on the SSE, or an unprofitable non-overseas listed red chip company issues depositary receipts and lists them on

the SSE, its controlling shareholders, *de facto* controllers, directors, and senior officers shall undertake not to reduce their holdings of its pre-listing stocks before it becomes profitable.

**Article 23** If the shareholders and depositary receipts holders of a red chip company intend to reduce their holdings of its issued stocks or depositary receipts in the domestic market, they shall do so in accordance with the domestic laws, the *Listing Rules*, the *Shareholding Reduction Rules*, and these *Implementing Measures*.

If the directors, supervisors, and senior officers, and domestic representative for information disclosure of the red chip company intend to reduce their holdings of its issued stocks or depositary receipts in the domestic market, they shall do so in accordance with the provisions of the *Implementing Measures for Ongoing Supervision* and the *Shareholding Reduction Rules* regarding the reduction of shareholdings by directors, supervisors, and senior officers.

**Article 24** A red chip company's directors, supervisors, senior officers, and domestic representative for information disclosure shall not buy or sell its domestic stocks or depositary receipts:

(1) within 30 days prior to the announcement of its periodic report (if the announcement date of its annual report or interim report is postponed due to any special reasons, from the 30th day prior to the originally scheduled announcement date to the day immediately preceding the announcement thereof);

(2) within 10 days prior to the announcement of its earnings preannouncement or preliminary earnings estimate (if applicable);

(3) from the day of occurrence of a material event which may have a significant impact on the trading price of its stocks, depositary receipts or their derivatives to the 2nd trading day after such event is legally disclosed; or

(4) during any other period as stipulated by the CSRC or the SSE.

A red chip company's controlling shareholders and *de facto* controllers shall not increase their holdings of its domestically issued stocks or depositary receipts within 10 days prior to the announcement of its periodic report (if the announcement date of its annual report or interim report is postponed due to any special reasons, from the 10th day prior to the originally scheduled announcement date to the day immediately preceding the announcement thereof) and during any period as stipulated under Item (2), (3), and (4) of the preceding Paragraph.

**Article 25** If a red chip company domestically allocates or places its stocks or depositary receipts to strategic investors or any other investors who are bound by a lock-up arrangement, it shall, upon the expiry of the lock-up period for such stocks or depositary receipts, submit an application for listing of such stocks or depositary receipts to the SSE in accordance with the *Listing Rules* and other business rules of the SSE.

After its application for listing of such stocks or depositary receipts is approved by the SSE, it shall, within 3 trading days prior to the listing of such stocks or depositary receipts, disclose



an indicative announcement containing:

- (1) the listing time and quantity of such stocks or depositary receipts;
- (2) lock-up undertakings made by relevant shareholders or depositary receipts holders and the performance thereof; and
- (3) any other information which is required by the SSE to be disclosed.

### **Section 3 Special Requirements for Listing of Stocks or Depositary Receipts by Red Chip Companies with DVR Arrangement**

**Article 26** A shareholder holding the special voting stocks of a red chip company shall be an individual who has made material contribution to the development or business growth, etc. of the company and continued to serve as a member of its board of directors or take any other position recognized by the board of directors before and after its listing, or be a shareholding party under the *de facto* control of such individual.

The shareholders holding the special voting stocks of the red chip company shall, in aggregate, have an interest in more than 10% of its total issued voting stocks.

**Article 27** The articles of association of a red chip company shall specify the number of voting rights for each special voting stock.

The number of voting rights for each ordinary voting stock shall not be zero; the number of voting rights for each special voting stock shall not exceed 20 times that of voting rights for each ordinary voting stock.

**Article 28** After the listing of its stocks or depositary receipts on the SSE, a red chip company shall not issue any special voting stocks in and outside mainland China, nor increase the percentage of special voting rights, unless in connection with its proportional rights issue or the capitalization of its capital reserve, or other circumstances stipulated in its articles of association prior to the domestic public issuance of its stocks or depositary receipts.

For the purposes of these *Implementing Measures*, the percentage of special voting rights refers to the ratio of the number of voting rights for all special voting stocks of a red chip company to that of voting rights for its total issued stocks.

**Article 29** A red chip company shall ensure that the percentage of ordinary voting rights shall be not less than 10% and that its shareholders with ordinary voting rights shall have the right to propose the holding of its extraordinary shareholders' general meeting; a shareholder is required to have an interest in no more than 10% of its total issued voting stocks to put forward any proposal at its shareholders' general meeting.

For the purposes of these *Implementing Measures*, the percentage of ordinary voting rights refers to the ratio of the number of voting rights for all ordinary voting stocks of a red chip company to that of voting rights for its total issued stocks.

**Article 30** The special voting stocks of a red chip company shall be converted into ordinary voting stocks at a ratio of 1:1 if:

(1) a shareholder holding its special voting stocks no longer meets the eligibility requirements prescribed in the first Paragraph of Article 26 hereof, is unable to perform the corresponding duties, or dies;

(2) a shareholder holding its special voting stocks transfers such stocks or delegates the exercise of the voting rights for such stocks to anyone other than a party who meets the eligibility requirements prescribed in the first Paragraph of Article 26 hereof or is under the *de facto* control of such shareholder; or

(3) there is a change of the red chip company's control.

Upon the occurrence of the circumstance described in Item (3) of the preceding Paragraph, its total issued special voting stocks shall all be converted into ordinary voting stocks.

**Article 31** The number of voting rights for each special voting stock shall be identical to that of voting rights for each ordinary voting stock when the shareholders of a red chip company exercise their voting rights over:

(1) the material revision of its articles of association;

(2) changes in shareholders' rights included in special voting stocks or ordinary voting stocks;

(3) its combination, division, dissolution or change of legal form.

The red chip company may provide in its articles of association that a change in the number of voting rights for each special voting stock or ordinary voting stock is required to be approved by an affirmative vote from shareholders holding a certain percentage of the voting rights for such stock.

**Article 32** If there are any differences between the DVR arrangement of an overseas-listed red chip company and the provisions of this Section, the company may implement the DVR arrangement in accordance with the company law and other laws and regulation of its place of incorporation, the applicable rules of its place of overseas listing, and its articles of association. The company shall provide a detailed explanation of such differences and the reasons therefor, and its responsive measures taken to legally implement requirements on the protection of investors' legitimate rights and interests.

**Article 33** Shareholders holding the special voting stocks of a red chip company shall exercise their rights in accordance with applicable laws and its articles of association, and shall not abuse their special voting rights, nor injure the legitimate rights and interests of domestic investors by taking advantage of their special voting rights.

If the legitimate rights and interests of investors are damaged due to the occurrence of any circumstance described in the preceding Paragraph, the SSE may require the company or the

shareholders holding the special voting stocks to make corrections.

### **Chapter III Trading**

**Article 34** A member of the SSE shall have in place investor suitability rules with respect to the stocks or receipts of innovative enterprises, fully know investors who intend to participate in the trading of such stocks or depositary receipts, and issue an explicit opinion on the suitability thereof to them.

The member shall, before an investor participates, for the first time, in the subscription of the stocks or depositary receipts of an innovative enterprise issued under the subscription tranche or the trading of such stocks or depositary receipts, require the investor to sign a risk disclosure statement in writing or electronically. The member shall not accept any subscription or purchase instruction from a client who has not signed the risk disclosure statement.

The member shall properly and fully disclose to investors risks associated with stocks or depositary receipts of innovative enterprises, remind them to be vigilant about risks from investing in such stocks or depositary receipts, and guide them for rational and compliant participate in the trading of such stocks or depositary receipts.

**Article 35** An investor shall fully know and understand the nature of stocks or depositary receipts of innovative enterprises, differences between the rights of domestic and overseas shareholders and depositary receipts holders, specific operational risks of innovative enterprises, risks associated with their DVR arrangement, VIE structure, or similar arrangement, etc., the domestic laws, and the business rules of the SSE; and, considering its or his capability to identify and tolerate risks, exercise caution in judging whether to participate in the trading of such stocks or depositary receipts.

By holding depositary receipts, the investor shall become a party to the depositary agreement and be deemed to have agreed to be bound by the terms thereof.

**Article 36** A red chip company's depositary receipts listed and traded on the SSE shall be quoted in RMB, the quotation unit shall be RMB/depositary receipt, and the tick size shall be RMB 0.01.

Each order to buy depositary receipts through auction trading shall be in 100 depositary receipts or a multiple thereof and shall not exceed the maximum of 1 million depositary receipts. In the case of sale, any remaining quantity less than 100 depositary receipts shall be sold in a single order.

The SSE may, as appropriate for the market, adjust the quotation unit, tick size, maximum size of each order, and other parameters, and will announce the adjustment to the market.

**Article 37** The SSE will enforce a 10% daily price limit for the trading of red chip companies' depositary receipts. On the first day of listing, depositary receipts shall be exempt from the daily price limit, and specific arrangements for their trading shall be made by

reference to the SSE's rules governing the trading of IPO stock on the first day of listing.

The daily price limit for depositary receipts of red chip companies shall be calculated, set or adjusted in accordance with the provisions of the *Trading Rules* and other business rules of the SSE regarding the daily price limit for stocks.

Except as otherwise specified by the SSE, in the event of a red chip company's dividend distribution, capitalization of capital reserves, rights issue, etc., the SSE will, according to the application of the red chip company, make ex-rights and ex-dividend adjustments to its depositary receipts listed on the SSE by reference to the provisions of the *Trading Rules* on ex-rights and ex-dividend adjustments to stocks.

**Article 38** A single order for a red chip company's depositary receipts which has a size of not less than 300,000 depositary receipts or a transaction value of not less than RMB 2 million may be executed as a block trade order.

The transfer of depositary receipts by agreement shall be handled by reference to the applicable business rules of the SSE concerning the transfer of stocks by agreement.

**Article 39** If the trading of an innovative enterprise's stocks or depositary receipts experiences any unusual fluctuation as stipulated under the *Trading Rules* or recognized by the SSE, the SSE may, as necessary, decide whether to suspend their trading and when to resume their trading.

Except as otherwise specified by the SSE, any unusual fluctuation in the trading of a red chip company's depositary receipts shall be identified and resolved in accordance with the provisions of the *Trading Rules*, the *Rules Governing the Real-Time Monitoring of Abnormal Trading of Securities of Shanghai Stock Exchange*, and other applicable business rules of the SSE regarding abnormal fluctuation in the trading of stocks.

**Article 40** The SSE will, in accordance with the *Trading Rules* and its supervisory needs, publish to the market real-time market data, public information, and other information on the trading of innovative enterprises' stocks and depositary receipts.

Public information on the trading of red chip companies' depositary receipts shall be published in accordance with the provisions of the *Trading Rules* regarding the publication of public information on the trading of stocks. The SSE Composite Index is the corresponding sectorial index used for measuring the deviation value of any fluctuation in the trading of red chip companies' depositary receipts. The SSE may, based on market conditions, adjust the corresponding sectorial index for red chip companies' depositary receipts and will announce the adjustment to the market.

The SSE may appropriately assign an identifier to an innovative enterprise's depositary receipts listed on the SSE or an unprofitable innovative enterprise's stocks or depositary receipts listed on the SSE. Specific matters related thereto will be prescribed separately by the SSE.

**Article 41** Investors who participate in the trading of innovative enterprises' stocks or depositary receipts shall abide by the provisions of the domestic laws and the business rules of the SSE regarding stock trading, and shall not disrupt the orderly market by engaging in any unusual trading activities.

A member of the SSE shall, in accordance with the requirements of the *Trading Rules*, the *Member Management Rules of the Shanghai Stock Exchange*, and other business rules of the SSE, fulfill its duties of managing its clients' trading activities and timely detect, stop and report their unusual trading activities during the trading of innovative enterprises' stocks and depositary receipts.

The SSE will monitor, on a real-time basis, the trading of innovative enterprises' stocks and depositary receipts and timely detect and handle any unusual trading activities which violate the *Trading Rules* and other applicable business rules of the SSE.

**Article 42** Except as otherwise specified by the CSRC or the SSE, during the listing of a red chip company's depositary receipts on the SSE, such depositary receipts shall not be converted into their overseas underlying securities or vice versa.

## **Chapter IV Ongoing Disclosure**

### **Section 1 General Rules**

**Article 43** An innovative enterprise and its relevant persons with disclosure obligation shall timely disclose all material matters that are likely to have a significant impact on the trading price of its stocks, depositary receipts or their derivatives.

The innovative enterprise and relevant persons with disclosure obligation shall ensure that their ongoing disclosure documents submitted to the SSE are truthful, accurate and complete, and contain no misrepresentations, misleading statements or material omissions.

If the innovative enterprise and relevant persons with disclosure obligation submit or disclose to its shareholders or *de facto* controllers, market institutions or any other third parties any document that involves non-public material information, they shall require the foregoing parties to strictly perform confidentiality obligations. If the material information has been divulged, they shall timely disclose such information.

**Article 44** An innovative enterprise and its relevant persons with disclosure obligation shall fairly disclose material information to all investors and, before doing so, shall not reveal or divulge such information to any or some of the investors.

When communicating to any institutions and individuals such information as its production and operation status and financial position through a performance briefing, analyst meeting, roadshow, investigation by investors or any other means or events, the innovative enterprise shall not provide any material information that has not been disclosed.

**Article 45** An innovative enterprise shall exercise caution in disclosing such matters as

new technologies, forms of business, business models and products that have not yet been put into commercial application and, when doing so, shall not make exaggerated, incomplete or misleading statements.

The enterprise shall exercise caution and objectivity in voluntarily disclosing predictive information or other highly uncertain information and shall not use such information to unduly influence the trading price of its stocks, depositary receipts or their derivatives.

**Article 46** An innovative enterprise shall pay close attention to public media's major reports or market rumors about it. If any such reports or rumors have a significant impact on the trading price of its stocks, depositary receipts or their derivatives, it shall timely verify them and, as appropriate, disclose the results of the verification or clarify the reports or rumors.

If the SSE considers that such reports or rumors may have a significant impact on the trading price of the enterprise's stocks, depositary receipts or their derivatives, the SSE may require the enterprise to verify and clarify the reports or rumors.

**Article 47** If the trading of an innovative enterprise's stocks, depositary receipts or their derivatives experiences any fluctuation which reaches the unusual fluctuation threshold stipulated in the business rules of the SSE, the enterprise shall verify whether there is disclosable information which remain undisclosed and disclose an announcement on such unusual fluctuation.

If the trading of the enterprise's stocks, depositary receipts or their derivatives experiences any fluctuation not reaching the unusual fluctuation threshold, but fluctuates significantly or continues to be unusual, the enterprise shall verify whether there is disclosable information which remain undisclosed. The enterprise shall timely disclose relevant information which may have a significant impact on the trading price of its stocks, depositary receipts or their derivatives.

When making verification as required in the preceding two Paragraphs, the enterprise may apply to the SSE for trading suspension of its stocks, depositary receipts or their derivatives. If the enterprise fails to do so, the SSE may, if appropriate, require the enterprise to suspend the trading thereof for verification and disclose information related thereto.

**Article 48** If information which an innovative enterprise intends to disclose is business secrets or commercially sensitive information, etc., and the disclosure thereof or the fulfillment of obligations related thereto under these *Implementing Measures* might lead to unfair competition, harm the interests of the enterprise and investors, or mislead investors, the disclosure of such information may be temporarily suspended or exempted pursuant to the applicable rules of the SSE.

If information which the innovative enterprise intends to disclose is legally recognized as state secrets, and the disclosure thereof would constitute a violation of the domestic laws or endanger the national security, the disclosure of such information may be exempted pursuant to the applicable rules of the SSE.

The innovative enterprise shall exercise caution in determining information the disclosure of which will be suspended or exempted and shall not arbitrarily expand the scope of such information. If information the disclosure of which will be suspended has been divulged, resulting in any unusual fluctuation in the price of its stocks, the enterprise shall timely disclose such information.

**Article 49** If the application of the applicable disclosure requirements and ongoing supervision rules of the SSE to a red chip company and its relevant persons with disclosure obligation might make it impossible for them to comply with the applicable regulations of its place of incorporation or overseas listing, they may apply to the SSE for any adjustment to the application thereof, provided that they shall provide the reasons therefor and an alternative option and submit a legal opinion from a law firm engaged by them. If the SSE deems that the application thereof shall not be adjusted in accordance with the law, they shall implement the applicable rules of the SSE.

**Article 50** The shareholders, *de facto* controllers, directors, supervisors and senior officers of a red chip company and investors holding its domestically and overseas issued depositary receipts shall, in accordance with the applicable provisions of the *Implementing Measures for the Ongoing Supervision* and the business rules of the SSE, timely perform their obligation to disclose such information as changes in their equity or in the company's domestic stocks or depositary receipts acquired or held by them.

If an investor and its/his person acting in concert directly or indirectly hold the red chip company's domestically and overseas issued stocks or depositary receipts, the equity in the company owned by them shall be aggregated.

Any change in the overseas underlying stocks of the red chip company held by its depositary due to the depositary arrangement, even if reaching the threshold for changes in the equity of listed companies, shall not be subject to the rules of the SSE for the disclosure of changes in equity of listed companies.

**Article 51** An innovative enterprise shall put in place and strictly implement information disclosure management rules.

The innovative enterprise and its relevant persons with disclosure obligation shall disclose relevant information through the one-stop disclosure service of the SSE in accordance with applicable business rules of the SSE.

## **Section 2 Ongoing Disclosure by Domestic Innovative Companies**

**Article 52** A domestic innovative company shall, considering the policy environment of the Internet, big data, cloud computing, artificial intelligence, software and integrated circuit, high-end equipment manufacturing or biomedicine industry in which it operates and the development of its new technologies, industry sectors, forms of business, and business models, disclose in its annual report:

(1) the basic characteristics and principal technological thresholds and barriers of the industry;

the development of its new technologies, industry sectors, forms of business, and business models during the reporting period and their future development trends;

(2) its major business, operation, and profit models, an analysis of their uniqueness, and its innovative status and leadership role in the industry; the competitiveness analysis of its core management and technical teams; and its research and development (“R&D”) investment during the reporting period as well as its pipeline of core technologies for which the relevant certificates of rights or approval documents have been obtained;

(3) an analysis of the reasons for its unprofitability and total uncovered loss in light of characteristics of the industry and the impact of such unprofitability and total uncovered loss on its cash flows, business development, talent attraction, team stability, R&D investment, strategic investment, sustainable production and operation, and other aspects; and

(4) other operation information that may have a significant impact on the trading price of its stocks or their derivatives.

In case of a material change in the matters disclosed under the preceding Paragraph of this Article that may have a significant impact on the trading price of its stocks or their derivatives, the company and its relevant persons with disclosure obligation shall timely disclose such change.

**Article 53** A domestic innovative company shall, considering the characteristics of its innovative business such as heavy investment, fast iteration, high risk, and susceptibility to disruption, disclose operational risks that may arise from changes in major technologies, products, policies, and business models and fully reveal its risk of performance decline or loss.

If the company is unprofitable or has a total uncovered loss, it shall, in a prominent position in its annual report, make full and detailed disclosure of information thereon, especially the risk of its inability to become profitable or distribute profits in the future, and also disclose its measures taken to legally implement requirements on the protection of investors’ legitimate rights and interests.

**Article 54** If a domestic innovative company enters into any transaction or other arrangement, such as a material acquisition or the disposal of assets, which may result in a material change in its business structure, the company shall timely disclose the following information and perform the corresponding decision-making procedures:

(1) the basic information of its original business structure;

(2) the specific cause and reasonableness of the change in its business structure and the possible impact of such change on it;

(3) the basic information, feasibility analysis, and risk disclosure of its new business;

(4) technologies relied on by the new business and their R&D progress and



commercialization;

(5) a description of approvals for the new business obtained or to be obtained from the relevant competent authorities (if applicable);

(6) the opinions of independent directors, the board of supervisors and the sponsor on the material change in its business structure; and

(7) other important information which the SSE or it deems disclosable.

### **Section 3 Ongoing Disclosure by Non-Overseas-Listed Red Chip Companies**

**Article 55** A non-overseas-listed red chip company shall, in accordance with Section 2 of this Chapter, disclose its innovative businesses and technologies, specific operational risks, and other information in its annual report and, in the event of material changes in such information, timely perform its interim disclosure obligation.

**Article 56** If a non-overseas-listed red chip company has in place a DVR arrangement, a VIE structure or any similar special arrangement, it shall, in its annual report, disclose the implementation of and changes to such arrangement during the reporting period, as well as the implementation of its measures for the protection of domestic investors' legitimate rights and interests under such arrangement.

In case of a material change in or adjustment to the matter prescribed in the preceding Paragraph that may have a significant impact on the trading price of its stocks, depositary receipts or their derivatives, the company and its relevant persons with disclosure obligation shall timely disclose such change or adjustment.

**Article 57** If a non-overseas-listed red chip company lists its depositary receipts on the SSE, it shall, in its annual report and interim report, disclose the implementation of and changes in the depositary or custodian arrangement during the reporting period and a list of the top 10 domestic depositary receipt holders and their holdings at the end of reporting period. Upon the occurrence of any of the following circumstances, the company shall make timely disclosure thereof:

(1) there is a change in the depositary or custodian;

(2) the underlying assets of the depositary receipts are pledged, misappropriated, judicially frozen or subject to other changes in ownership;

(3) material modifications are made to the depositary or custodian agreement;

(4) there is a change in the conversion ratio between the depositary receipts and the underlying securities; or

(5) other circumstances as required by the CSRC or the SSE to be disclosed.

If the red chip company intends to change the conversion ratio between the depositary receipts and the underlying securities, it shall obtain the approval of the SSE.

In the event of the circumstance specified in Item (1) or (2) of the first Paragraph or a material modification to the custodian agreement, the depositary shall timely inform the red chip company thereof, and the red chip company shall then make timely disclosure thereof.

**Article 58** An non-overseas-listed red chip company and its depositary shall make reasonable arrangements for the time and method of exercise of rights by depositary receipt holders to ensure that they have sufficient time and conveniences to exercise their rights; and shall, in accordance with the depositary agreement, timely disclose the time and method of, specific requirements for, and results of exercise of the rights by the depositary receipt holders.

If the red chip company or depositary intends to solicit the voting intents of the depositary receipt holders through the network system provided by the SSE or its subsidiary, the red chip company or depositary shall do so in accordance with the specific procedures under the rules of the SSE or the applicable agreement and release an announcement thereon to the market in accordance with the depositary agreement.

**Article 59** A non-overseas-listed red chip company shall timely disclose the following matters:

- (1) any material changes in matters disclosed in its listing application documents;
- (2) the basic information of stocks or depositary receipts which it intends to issue overseas (if any);
- (3) the material impact of changes in the laws of its place of incorporation or the domestic laws on the matters disclosed in its listing application documents and periodic reports;
- (4) if it intends to list its securities on an overseas market, the differences between the supervisory framework of the SSE and that of its place of overseas listing, and the possible adverse impact of such differences on domestic investors;
- (5) disclosable information as specified by the laws of its place of incorporation or overseas listing and the applicable rules of the SSE; and
- (6) other information that is likely to have a significant impact on the trading price of its domestic stocks, depositary receipts or their derivatives.

**Article 60** Except as otherwise specified under laws or administrative regulations or by the CSRC, when an non-overseas-listed red chip company intends to engage in matters that are required under Chapter 9 and 10 of the *Listing Rules* to be submitted to its shareholders' general meeting for deliberation, such as material transactions and related party transactions, it may do so in accordance with the powers and procedures prescribed under the company law and other laws and regulations of its place of incorporation disclosed by it and its articles of

association.

If it submits relevant matters to the shareholders' general meeting for deliberation in accordance with the provisions of the preceding Paragraph, it shall make timely disclosure thereof.

**Article 61** If the laws and regulations of a non-overseas-listed red chip company's place of incorporation such as the company law, or the standards generally accepted in practice at such place contain different provisions or arrangements on the duties of its board of directors and independent directors, making the board of directors or independent directors unable to perform their duties or express their opinions in accordance with the rules of the SSE, the red chip company shall provide a detailed explanation thereon and the reasons therefor and engage a law firm to issue a legal opinion thereon.

#### **Section 4 Ongoing Disclosure by Overseas Listed Red Chip Companies**

**Article 62** The ongoing disclosure and supervision of overseas listed red chip companies' domestically issued stocks or depositary receipts listed on the SSE shall be governed by Section 1, Section 2, Articles 56 to 58 of Section 3, and this Section of this Chapter.

**Article 63** An overseas listed red chip company and its relevant persons with disclosure obligation shall make sure the concurrent disclosure to the domestic market of information disclosed to the overseas market to ensure that domestic investors have equal access to such information, and shall not reveal or divulge undisclosed material information to any or some of the domestic or overseas investors.

If the disclosure of information to the overseas market by the company does not fall within the information disclosure session of the SSE's market, the company shall disclose such information within the information disclosure session of the SSE's market closest to the time of such disclosure.

**Article 64** Any disclosure documents submitted by an overseas listed red chip company and its relevant persons with disclosure obligation in the domestic market shall be consistent with those submitted in its place of overseas listing, unless the company prepares its financial reports and discloses specific financial information pursuant to different accounting standards, as prescribed in the domestic laws and the applicable rules of the CSRC.

If there are substantive differences between the content of the disclosure documents disclosed to the domestic and overseas markets, the company and relevant persons with disclosure obligation shall provide a specific explanation thereon to the SSE and, as required by the SSE, disclose an announcement on corrections or supplementations made thereto.

**Article 65** An overseas listed red chip company shall prepare and disclose its annual, interim and quarterly reports in accordance with the requirements of the *Implementing Measures for the Ongoing Supervision*.

**Article 66** If an overseas listed red chip company enters into any of the following

transactions which meets the disclosure criteria prescribed in Article 67 hereof, the company shall timely disclose the transaction:

- (1) effecting a significant acquisition or disclosing of assets (other than the purchase or sale of assets which is related to its day-to-day operation and not intended to replace assets);
- (2) making external investment;
- (3) entering into a technology purchase or license agreement;
- (4) transferring or acquiring a material R & D project;
- (5) leasing in or out assets;
- (6) entering into a management agreement (including management authorized by or to it);
- (7) donating assets or accepting donated assets; and
- (8) any other material transactions as recognized by the CSRC or the SSE.

**Article 67** An overseas listed red chip company shall timely disclose its transaction specified in Article 66 hereof if:

- (1) the total amount of assets involved in the transaction (if such assets have both book value and appraised value, whichever is higher) accounts for more than 10% of its latest audited total assets;
- (2) the value of the transaction (including debts and expenses paid) accounts for more than 10% of its audited net assets for the most recent financial year;
- (3) the operating revenue from the subject matter of the transaction (e.g. equity interest) for the most recent financial year accounts for more than 10% of its audited operating revenue during that year and exceeds RMB 50 million;

If the transaction does not meet the criteria specified in the preceding Paragraph, but may have a significant impact on the trading price of its stocks, depositary receipts or their derivatives, the company shall also timely disclose the transaction.

**Article 68** An overseas listed red chip company shall timely disclose any transaction with its related party if:

- (1) the related party is a natural person and the value of the transaction exceeds RMB 10 million;
- (2) the related party is a legal person and the value of the transaction exceeds RMB 50 million and accounts for more than 0.1% of the company's latest audited total assets; or

(3) the SSE or the company deems that the transaction may cause the imbalance of interest between the company and its related party.

The related party of the company and the related party relationship between them shall be identified by reference to the disclosure standards applicable when the company initially applied for the domestic IPO of its stocks or depositary receipts.

**Article 69** An overseas listed red chip company may, only in its annual report and interim report, disclose a summary of its related party transaction specified in Article 68 hereof if:

- (1) the transaction is priced according to the price fixed by the government or within the reasonable range of the government guidance price;
- (2) the transaction is priced according to the open market price; or
- (3) the transaction is priced by such means as public bidding or auction.

If the related party transaction fails to fall under the circumstances described in the preceding Paragraph, the company shall make timely disclosure thereof.

**Article 70** Upon the occurrence of any of the following events which, based on the materiality judgment of such event, is likely to have a significant impact on the trading price of its stocks, depositary receipts or their derivatives, an overseas listed red chip company shall timely disclose such event and state the cause, current state, and possible legal consequences of such event:

- (1) it provides guarantee or financial assistance to others;
- (2) it is involved in a material lawsuit or arbitration the value of subject matter of which accounts for more than 10% of the absolute value of its latest audited total assets;
- (3) it receives extra gains such as a large amount of government subsidies; or
- (4) any other material events as specified by CSRC or the SSE.

If the SSE considers that such event may have a significant impact on the trading price of the company's stocks, depositary receipts or their derivatives, the SSE may require the company to timely disclose such impact.

In addition to the disclosure obligation as specified in the first Paragraph of this Article, the company shall, in its annual report, classify, summarize, and disclose information on material guarantees to others or financial assistances to its related parties, provided during the reporting period, which are required under the *Listing Rules* to be submitted to its shareholders' general meeting for deliberation.

**Article 71** An overseas listed red chip company may, in accordance with applicable rules of its place of overseas listing, decide whether to disclose its earnings preannouncement,

preliminary earnings estimate or profit forecast. If the company discloses such information in its place of overseas listing, it shall concurrently disclose such information to the domestic market.

When disclosing its earnings preannouncement, preliminary earnings estimate or profit forecast, the company shall exercise objectivity and refrain from making exaggerated, ambiguous or misleading statements or using such information to unduly influence the trading price of its stocks, depositary receipts or their derivatives.

**Article 72** When an overseas listed red chip company intends to engage in material transactions, related party transactions or any other material events specified in this Section, it may do so in accordance with the powers and procedures prescribed under the company law and other laws and regulations of its overseas place of incorporation disclosed by it and its articles of association, unless otherwise provided for under applicable laws or administrative regulations, or by the CSRC.

If it submits relevant matters to the shareholders' general meeting for deliberation in accordance with the provisions of the preceding Paragraph, it shall make timely disclosure thereof.

**Article 73** If the laws and regulations of an overseas listed red chip company's place of incorporation such as the company law, the applicable rules of its place of overseas listing, or the standards generally accepted in practice at such place contain different provisions or arrangements on the duties of its board of directors and independent directors, making the board of directors or independent directors unable to perform their duties or express their opinions in accordance with the rules of the SSE, the company shall provide a detailed explanation thereon and the reasons therefor and engage a law firm to issue a legal opinion thereon.

If the company and its directors, supervisors, senior officers have signed a written conformation opinion or made a representation and undertaking in accordance with applicable domestic rules, they may, pursuant to the laws and regulations of its place of incorporation such as the company law, the applicable rules of its place of overseas listing, or the standards generally accepted in practice at such place, make appropriate adjustments to the statements of such conformation opinion, representation or undertaking without changing their substance.

**Article 74** An overseas listed red chip company shall, at the earliest of the following time points, timely perform its obligation to disclose a material transaction, a related party transaction, or any other material event:

- (1) when its board of directors or board of supervisors adopts a resolution upon such material event;
- (2) when the parties thereto sign a letter of intent or agreement with respect to such material event; or

(3) when its directors, supervisors or senior officers become aware of such material event and report the same to it.

If the material event specified in the preceding Paragraph is highly uncertain, the immediate disclosure thereof might be detrimental to the company's interests or mislead investors, and relevant insiders have undertaken in writing to maintain confidentiality of such event, the company may defer the disclosure thereof to the domestic market until when the parties thereto adopts a final resolution and signs a final agreement signed or can confirm the conclusion of the transaction without signing an agreement.

If information on the event has been divulged or there are market rumors about the event, resulting in any significant fluctuation in the trading price of its stocks, depositary receipts or their derivatives, the company shall immediately disclose such event.

**Article 75** If an overseas listed red chip company is required to suspend the trading of its stocks or depositary receipts or suspend or terminate the listing thereof in its place of overseas listing, the company shall timely send a notice thereof to the SSE and make disclosure thereof, and the SSE will take actions as appropriate.

To ensure the timeliness and fairness of information disclosure, the SSE may, based on the application of the company or the actual conditions, decide to suspend or resume the trading of the company's domestic stocks or depositary receipts.

## **Chapter V Self-regulation**

**Article 76** During the day-to-day supervision of the parties specified in Article 3 hereof, the SSE may take the following measures:

- (1) requiring the innovative enterprises and other supervised parties to make explanations and clarifications on relevant issues and disclose them;
- (2) requiring the innovative enterprises to engage relevant securities service providers to verify and issue opinions on their existing issues;
- (3) issuing notices, letters, etc.;
- (4) summoning relevant personnel for a meeting;
- (5) temporarily refusing to accept documents issued by the sponsors, securities service providers or their relevant personnel;
- (6) requiring rectifications;
- (7) conducting on-site inspection of the innovative enterprises;
- (8) reporting to the CSRC relevant violations of laws and regulations; and

(9) other supervisory measures.

The parties specified in the preceding Paragraph shall accept the day-to-day supervision of the SSE and cooperate with the SSE in such supervision by truthfully responding to the inquiry of the SSE within the prescribed time limit, submitting explanations according to the principle of materiality and, as required, disclosing an announcement on corresponding corrections or supplementations.

Except as otherwise specified herein, the innovative enterprises and its relevant persons with disclosure obligation shall not refuse to perform their disclosure obligation on the ground that relevant matters are uncertain or required to be kept confidential.

**Article 77** If a domestic innovative company, an non-overseas-listed red chip company, its relevant person with disclosure obligation, or any other party commits a violation of these *Implementing Measures*, the *Listing Rules*, other applicable business rules of the SSE or its or his representations and undertakings, the SSE may, depending on the severity of such violation, impose appropriate supervisory measures or disciplinary sanctions as specified in the *Listing Rules* and other applicable business rules of the SSE.

If a depositary commits any violation as described in the preceding Paragraph, the SSE may, depending on the severity of such violation, impose disciplinary sanctions, such as circulating a notice of criticism or giving a public censure, against it.

**Article 78** If an overseas listed red chip company or its relevant person with disclosure obligation commits a violation of these *Implementing Measures* or its or his representations and undertakings, the SSE may, depending on the severity of such violation, take one or more of the following disciplinary sanctions:

- (1) circulating a notice of criticism against, or giving a public censure to the company, the relevant person with disclosure obligation, and the depositary;
- (2) circulating a notice of criticism against or giving a public censure to the company's director, supervisor or senior officer concerned, or publicly identifying him or her as unsuitable to serve as a director, supervisor or senior officer of a listed company for more than 3 years, with the latter two disciplinary sanctions allowed to be imposed simultaneously;
- (3) circulating a notice of criticism against or giving a public censure to the company's domestic representative for information disclosure, or publicly identifying him or her as unsuitable to serve as a domestic representative for information disclosure of a red chip company; or
- (4) imposing relevant disciplinary sanctions, as stipulated in the *Listing Rules*, against the company's sponsor and sponsor representative, securities service provider and its relevant personnel, bankruptcy administrator and its relevant personnel.

If the party specified in the preceding Paragraph commits a serious violation of these *Implementing Measures* or its or his representations and undertakings, the SSE may legally



report such party to CSRC for investigation and punishment.

**Article 79** If the SSE intends to impose supervisory measures or disciplinary sanctions against an overseas listed red chip company or its relevant person with disclosure obligation, the SSE will do so in accordance with the *Implementing Measures of the Shanghai Stock Exchange for Disciplinary Sanctions and Supervisory Measures* and enter them into its or his credit record.

The company or its relevant person with disclosure obligation may, in accordance with the *Implementing Measures of the Shanghai Stock Exchange for Reviews* and the *Implementing Rules of the Shanghai Stock Exchange for Self-regulatory Hearings*, apply to the SSE for a hearing or review thereof.

**Article 80** The SSE will, in accordance with the *Trading Rules*, these *Implementing Measures*, and other applicable business rules of the SSE, impose corresponding supervisory measures or disciplinary sanctions against investors who engage in any unusual trading activities during the trading of innovative enterprises' stocks or depositary receipts; and will legally report to the CSRC for investigation and punishment investors who are suspected to commit a violation of laws or regulations, such as insider trading or market manipulation.

If the unusual trading activities of an investor significantly disrupts the orderly or fair trading of securities, the SSE may take measures, such as restricting trading through its or his account, against the investor and report the matter to the CSRC.

Except as otherwise specified by the SSE, the unusual trading activities of investors during the trading of red chip companies' depositary receipts shall be identified and handled in accordance with the provisions of the *Trading Rules*, the *Rules of the Shanghai Stock Exchange for the Real-Time Monitoring of Unusual Securities Trading Activities* and other applicable business rules of the SSE regarding the unusual trading activities of investors during the trading of stocks.

**Article 81** If a member of the SSE fails to, pursuant to these *Implementing Measures* and other applicable business rules of the SSE, fulfill its duties of managing the suitability of innovative enterprise investors or the trading activities of its clients, or violates other provisions hereof, the SSE may, depending on the severity of its failure or violation, impose appropriate supervisory measures or disciplinary sanctions against it in accordance with the *Member Management Rules of the Shanghai Stock Exchange* and other business rules of the SSE.

**Article 82** With the approval of the CSRS, the SSE may establish the following cross-market supervision cooperation mechanisms with the regulatory authority or stock exchange in a red chip company's place of incorporation or overseas listing:

- (1) information exchange mechanism;
- (2) risk warning and prevention mechanism;

- (3) joint investigation mechanism;
- (4) mechanism for assisting the enforcement of the self-regulatory sanctions; and
- (5) other necessary cooperation mechanisms.

The SSE may, as necessary for market supervision, provide to or obtain from the domestic and overseas regulators or stock exchanges the information of parties under the self-regulation of the SSE in accordance with the cross-market supervision cooperation mechanisms specified in the preceding Paragraph.

**Article 83** The SSE may send documents to an innovative enterprise or relevant overseas institution or individual by such means as serving them by publication or serving them on the enterprise' domestic representative for disclosure representative.

## **Chapter VI Supplementary Provisions**

**Article 84** For the purposes of these *Implementing Measures*, the following terms shall have the meanings given below:

(1) Overseas listed red chip company refers to a red chip company which has publicly issued and listed its stocks or depositary receipts on the overseas market. A red chip company whose stocks or depositary receipts are publicly issued and listed, concurrently, on the domestic and overseas markets, if meeting the corresponding market capitalization requirements of the *Opinions* for overseas listed red chip companies when issuing its stocks or depositary receipts, shall be regarded as an overseas listed red chip company.

(2) Differentiated voting rights (DVR) arrangement refers to a mechanism whereby a company issues different types of stocks, with the voting rights for one type being superior to those for the other type. The stocks with superior voting rights are special voting stocks, and the remaining stocks are ordinary voting stocks.

(3) Variable interest entity (VIE) structure refers to an investment structure whereby a red chip company exercises *de facto* control over a domestic operating entity through agreements.

(4) Becoming profitable refers to the fact that an innovative enterprise which is unprofitable when being listed becomes profitable during any full financial year after its listing.

(5) the terms “less than”, “lower than” and “exceed” do not include the given figure, and the terms “more than” and “reach” include the given figure.

**Article 85** The fees for the listing, trading, and other activities of red chip companies' depositary receipts on the SSE shall be collected by reference to the SSE's fee rates for A-shares stocks.

**Article 86** These *Implementing Measures* and any amendments hereto shall come into

force after being adopted by the board of directors of the SSE and approved by the CSRC.

**Article 87** The SSE shall reserve the right to interpret these *Implementing Measures*.

**Article 88** These *Implementing Measures* shall be implemented as of June 15, 2018.