

Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect

(Implemented on September 26, 2014 and revised for the first time on July 18, 2016, for the second time on September 30, 2016, for the third time on August 6, 2018, for the fourth time on September 7, 2018, and for the fifth time on October 28, 2019)

Disclaimer Statement

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Chapter I General Provisions

Article 1 These *Implementing Measures* are formulated in accordance with the *Provisions on the Interconnection Mechanism for Mainland and Hong Kong Stock Markets* (the “*Provisions*”) issued by the China Securities Regulatory Commission (“CSRC”), the *Trading Rules of the Shanghai Stock Exchange* (the “*Trading Rules*”), the *Member Management Rules of the Shanghai Stock Exchange* (the “*Member Management Rules*”), and other relevant rules of the Shanghai Stock Exchange (“SSE”) in order to regulate the implementation of the Shanghai-Hong Kong Stock Connect, control risk, and protect the legitimate rights and interests of investors.

Article 2 When engaging in trading and related activities under the Shanghai-Hong Kong Stock Connect, investors, SSE members, the securities trading service company (“SEHK Securities Trading Service Company”) established in Shanghai by the Stock Exchange of Hong Kong (“SEHK”), the securities trading service company (“SSE Securities Trading Service Company”) established by SSE and other market participants shall be abide by these *Implementing Measures*.

Matters related to the Shanghai-Hong Kong Stock Connect Northbound Trading Link (“Northbound Trading Link”) (other than those related to investors’ securities trading orders), orders under the Shanghai-Hong Kong Stock Connect Southbound Trading Link (“Southbound Trading Link”), the client management of SSE members, and other matters not prescribed in these *Implementing Measures* shall be governed by the *Trading Rules*, the *Member Management Rules*, and other relevant business rules of SSE.

Article 3 SSE will exercise self-regulation of trading and related activities under the Shanghai-Hong Kong Stock Connect.

Chapter II Northbound Trading Link

Section 1 SEHK Securities Trading Service Company’s Participation in the Northbound Trading Link

Article 4 To participate in the Northbound Trading Link, SEHK Securities Trading Service Company shall apply to become an SSE participant and obtain a Participant Business Unit (“PBU”), and shall comply with SSE’s rules for SSE participants.

SEHK Securities Trading Service Company is not a member of SSE and is not entitled to the SSE members’ rights under laws, administrative regulations, ministry-level rules, normative

documents, the *Constitution of Shanghai Stock Exchange*, and the *Member Management Rules*.

Article 5 To apply to become an SSE participant, SEHK Securities Trading Service Company shall submit the following documents:

1. an application form and letter of commitment;
2. the approval documents issued by CSRC and the Hong Kong Securities and Futures Commission (“SFC”);
3. its business license for incorporated enterprise;
4. its articles of association/ incorporation;
5. its management rules and technical arrangements for the Northbound Trading Link, and arrangement for authorizing SEHK to bear responsibilities in respect of the Northbound Trading Link;
6. the profiles of its directors, supervisors and senior executives.
7. its letter of undertaking, technical standards and other requirements for SEHK participants to participate in the Northbound Trading Link;
8. its settlement agreement for the Northbound Trading Link with Hong Kong Securities Clearing Company Limited (“HKSCC”);
9. the list of SEHK participants who plan to participate in the Northbound Trading Link, and the statements that the above participants satisfy the technical standards and other requirements;
10. the fee structure and collection method for the Northbound Trading Link; and
11. other documents required by SSE.

Article 6 SEHK Securities Trading Service Company shall route to SSE the investors’ orders placed with SEHK participants and take responsibilities related to the Northbound Trading Link.

After orders under the Northbound Trading Link are executed on SSE, SEHK Securities Trading Service Company shall acknowledge the trading results, accept the execution reports and send the execution reports to relevant SEHK participants and HKSCC.

SEHK Securities Trading Service Company shall manage the trading activities of SEHK participants under the Northbound Trading Link and, as required by SSE, take necessary measures against any rule-breaking trading activities under the Northbound Trading Link.

Article 7 SEHK Securities Trading Service Company may authorize SEHK to perform, on its behalf, relevant duties stipulated in these *Implementing Measures*, provided, however, that it shall remain responsible for the performance of such duties if SEHK fails to fully or appropriately fulfil such duties.

Article 8 SEHK Securities Trading Service Company shall establish risk control measures for the Northbound Trading Link in order to enhance internal control and reduce business risks.

Article 9 SEHK Securities Trading Service Company shall set the technical standards and other requirements for SEHK participants to participate in the Northbound Trading Link, and conduct testing and assessment of the technical systems of SEHK participants who plan to participate in the Northbound Trading Link.

Article 10 SEHK Securities Trading Service Company shall require qualified SEHK participants to sign a letter of undertaking for the Northbound Trading Link. The letter of undertaking shall include, but not be limited to the undertakings to: comply with the provisions of relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules of Mainland China and Hong Kong; accept and implement the relevant requirements set by SEHK Securities Trading Service Company based on the foregoing provisions and the agreements between the two parties, and require their clients to accept and implement relevant requirements through contracts or other arrangements; accept and require their clients to, through contracts or other arrangements, accept relevant regulations on the exemption of SSE's liability stipulated in these *Implementing Measures* and SSE's other business rules.

Article 11 SEHK Securities Trading Service Company shall provide necessary assistance and guidance to Northbound Trading Link investors and SEHK participants in understanding applicable laws, administrative regulations, ministry-level rules, normative documents, business rules, business processes, and fee structures and collection methods, and other information.

Article 12 SEHK Securities Trading Service Company shall comply with relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules of Mainland China.

SEHK Securities Trading Service Company shall properly cause SEHK participants and require SEHK participants to cause their clients to comply with the provisions of relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules of Mainland China, and SSE's business rules, and shall require SEHK participants to fully disclose to their clients risks in trading under the Northbound Trading Link and the risks of liability for violation of the foregoing provisions.

Article 13 If there be any change to the contents of documents SEHK Securities Trading Service Company has submitted to SSE under Article 5 of these *Implementing Measures*, the company shall submit the updated documents to SSE within 3 trading days under the Northbound Trading Link after such change.

SEHK Securities Trading Service Company shall provide reports on the operation of the Northbound Trading Link according to the requirements of SSE.

Article 14 Upon the occurrence of any material event that affects or may affect the business operation of SEHK Securities Trading Service Company, the company shall immediately report to SSE the cause, current situation, possible consequences of and solutions for such event.

Article 15 SEHK Securities Trading Service Company shall safe-keep documents and materials generated from its performance of duties stated in these *Implementing Measures* and properly require SEHK participants to safe-keep the materials and instruction and order records of their clients under the Northbound Trading Link for a minimum period of 20 years.

Section 2 Northbound Stocks

Article 16 The eligible stocks for the Northbound Trading Link (“Northbound Stocks”) include:

1. the constituent stocks of SSE 180 Index;
2. the constituent stocks of SSE 380 Index;
3. SSE-listed A-share stocks of companies dually listed on SSE and SEHK (“A+H companies”).

Stocks that have been placed under the risk alert board of SSE (i.e. ST, *ST and pre-delisting stocks), are suspended from listing, traded in foreign currencies (i.e. B-share stocks), or involved in any other special circumstances as recognized by SSE shall not be included in Northbound Stocks.

With the approval of the regulatory authorities, SSE may adjust the scope of Northbound Stocks.

Article 17 If, due to the adjustment of relevant indices’ constituent stocks, any SSE-listed stocks not included in Northbound Stocks become among those described in the first Paragraph of Article 16, but not among those described in the second Paragraph of Article 16 of these *Implementing Measures*, such SSE-listed stocks shall be included in Northbound Stocks.

If a company listed on the H-share market lists its stocks on SSE as A-share stocks, a company listed on the A-share market of SSE lists its stocks on SEHK as H-share stocks, or a company lists its stocks on SSE as A-share stocks and SEHK as H-share stocks) on the same day, the A-share stocks of such company shall be included in the Northbound Stocks after being listed on SSE for 10 trading days and after the end of the price stabilization period of its H-share stocks.

Article 18 If, due to the adjustment of relevant indices’ constituent stocks, any stocks are

no longer among those described in the first Paragraph of Article 16 or the second Paragraph of Article 16 of these *Implementing Measures*, such stocks shall be excluded from Northbound Stocks.

Article 19 SEHK Securities Trading Service Company shall publish the list of Northbound Stocks on any websites it designates, and the inclusion or exclusion of stocks into from the list shall take effect at such time as published by SEHK Securities Trading Service Company.

Section 3 Special Trading Matters

Article 20 All Northbound Stocks are quoted and traded in RMB.

Article 21 The trading days and hours under the Northbound Trading Link shall be published on the website designated by SEHK Securities Trading Service Company.

Article 22 Northbound Stocks are traded by auction, unless otherwise prescribed by SSE.

Article 23 Orders under the Northbound Trading Link shall be limit orders, unless otherwise prescribed by SSE.

A limit order under the Northbound Trading Link shall include the securities account, the broker code, the broker-to-client assigned number (BCAN), the securities code, trading direction, number of shares and prices etc.

SSE may, if necessary for supervisory purposes, require SEHK Securities Trading Service Company to provide information on investor involved in its order, or obtain from China Securities Depository and Clearing Corporation Limited (CSDC) information on investors involved in a BCAN.

Article 24 Stocks which are excluded from Northbound Stocks under Article 18 of these *Implementing Measures*, but still listed on SSE are allowed to be sold, but not to be bought, through the Northbound Trading Link.

Article 25 The eligible stocks for margin trading and covered short selling under the Northbound Trading Link shall be among the eligible securities for margin trading and short selling in the SSE market.

Article 26 SEHK Securities Trading Service Company shall specifically identify covered short selling orders for Northbound Stocks.

The price of a covered short selling order for a Northbound Stock shall not be lower than the latest execution price of such stock; if the stock has not been executed on a trading day, the price of the order shall not be lower than the closing price of such stock on the previous trading day.

SEHK Securities Trading Service Company shall ensure that SEHK participants require their

clients to, before returning stocks borrowed for covered short selling, sell such stocks, within the quantity of those which have not been returned, at an order price subject to the requirements in the Paragraph above.

Article 27 The covered short selling ratio of a single Northbound Stock on a single trading under the Northbound Trading Link shall not exceed 1%; the total covered short selling ratio of a single Northbound Stock for 10 consecutive trading days under the Northbound Trading Link shall not exceed 5%. SEHK Securities Trading Service Company shall perform pre-trade control according to the foregoing requirements.

SEHK Securities Trading Service Company shall disclose the covered short selling ratio of Northbound Stocks on the websites designated by the Company at the end of each trading day under the Northbound Trading Link.

According to the market situation, SSE may adjust the covered short selling ratio limits set in this Article or suspend the acceptance of covered short selling orders for Northbound Stocks.

Article 28 If SSE suspends the margin trading of a single Northbound Stock when the monitoring indicator for margin trading of such stock reaches the prescribed proportion, SSE may require SEHK Securities Trading Service Company to suspend routing orders for margin trading of such stock. If SSE resume the margin trading of such stock when the monitoring indicator for the margin trading of such stock falls below the prescribed proportion, SSE can inform SEHK Securities Trading Service Company to resume routing orders for the margin trading of such stock.

If SSE suspends the short selling of a single Northbound Stock when the balance of borrowed securities for the short selling of such stock reaches the prescribed proportion, SSE may require SEHK Securities Trading Service Company to suspend routing orders for the covered short selling of such stock. If SSE resumes the short selling of such stock in when the balance of borrowed securities for the short selling of such stock falls below the prescribed proportion, SSE may inform SEHK Securities Trading Service Company to resume routing orders for the covered short selling of such stock.

Article 29 Non-trading transfer of Northbound Stocks shall not be conducted unless for the following purposes:

1. the lending of Northbound Stocks for covered short selling with a term of less than one month;
2. the lending of Northbound Stocks within the scope of securities held by an investor with a non-extendable term of one day only to meet the requirements for securities holding examination;
3. the transfer of Northbound Stocks between an SEHK participant and its clients to deal with erroneous trading;
4. the allocation of Northbound Stocks, bought by a fund manager through the omnibus

account, to different fund accounts under its management; or

5. any other purposes prescribed by SSE or CSDC.

Article 30 SEHK Securities Trading Service Company shall properly require SEHK participants to ensure that there will be adequate securities available in their clients' accounts when accepting the clients' sell orders and shall not accept sell orders from clients who do not have adequate securities available in their accounts.

Article 31 Stocks bought under the Northbound Trading Link shall not be sold before being settled.

Article 32 SEHK Securities Trading Service Company and SEHK participants shall not directly match investors' buy and sell orders for Northbound Stocks and shall not, in any other forms, provide transfer services for Northbound Stocks in any venue outside SSE, unless otherwise prescribed by CSRC.

Article 33 Securities trading information disclosed in respect of trades under the Northbound Trading Link conducted through SEHK Securities Trading Service Company shall be labeled as "Only for the Northbound Trading Link".

Article 34 Without the consent of SSE, SEHK Securities Trading Service Company shall not provide trading information which SSE has licensed the company to use to any organization or individual other than the clients of SEHK participants for use or dissemination, or use such trading information to develop indices or other products.

SEHK Securities Trading Service Company shall properly require SEHK participants and cause them to require their clients to comply with the provisions of the preceding Paragraph.

Article 35 SEHK Securities Trading Service Company shall, according to the fee structure of SSE, pay relevant fees, including transaction fees for the Northbound Trading Link.

SEHK Securities Trading Service Company shall enter into an agreement with HKSCC to authorize HKSCC to conduct clearing and settlement and pay transaction fees and other relevant fees for trading under the Southbound Trading Link.

Article 36 SSE-listed stocks that are not included in Northbound Stocks but are obtained through the dividend distribution or conversion of Northbound Stocks or the acquisition of their issuers or any abnormal circumstances can be sold, but not be bought, through the Northbound Trading Link, unless otherwise prescribed by SSE.

Non-SSE-listed stocks obtained through the dividend distribution or conversion of Northbound Stocks or the acquisition of their issuers or other situations cannot be sold or bought through the Northbound Trading Link.

Article 37 SSE may, if necessary for the market, adjust its rules regarding trading methods,

types, contents and forms of orders, business scope and trading limits, etc. under the Northbound Trading Link.

Section 4 Quota Control

Article 38 SEHK Securities Trading Service Company shall monitor the balance of the daily quota for the Northbound Trading Link on a real time basis and publish the remaining balance of such quota on the designated website.

Article 39 The formula for calculating the daily quota balance for the Northbound Trading Link: Daily quota balance = Daily quota - Buy orders + Sell trades + Buy orders cancelled by relevant participants or rejected by SSE + Difference between the execution prices and declared prices of buy orders.

Article 40 Once the daily quota for the Northbound Trading Link is used up during the opening auction session, no further buy orders will be accepted for the remainder of the session, but sell orders will be accepted. Thereafter, before the continuous call auction session, once the daily quota balance for the Northbound Trading Link returns to a positive level due to cancellation or rejection by SSE of buy orders or execution of sell orders, SEHK Securities Trading Service Company will again accept buy orders.

Once the daily quota for the Northbound Trading Link is used up during the continuous auction session or closing call auction session, no further buy orders will be accepted for the remainder of the day, but sell orders will be accepted. In such case, SEHK Securities Trading Service Company will not resume accepting buy orders for the remainder of the day, unless otherwise prescribed by SSE.

Article 41 SEHK shall properly require SEHK participants and cause them to require their clients to not viciously use the quota for the Northbound Trading Link by such ways placing large buy orders at low prices when participating in trading under the Northbound Trading Link.

Section 5 Shareholding Limits

Article 42 Investors participating in trading under the Northbound Trading Link shall follow the shareholding limits prescribed in the *Provisions*.

Article 43 SEHK Securities Trading Service Company shall properly require SEHK participants, in the case of investors' violation of the shareholding limits, to reject the investors' orders, close out their positions, or take any other effective measures to curb and correct such violations.

Article 44 When an investor fulfills its/his information disclosure obligations according to relevant regulation, the domestically and overseas listed stocks of a listed company held by the investor through the Northbound Trading Link or other channels shall be aggregated.

Article 45 If, after the end of a trading day, the stocks of a listed company held by a single

foreign investor through the Northbound Trading Link and other channels, in aggregate, exceed the shareholding limit, the investor shall close out its/his holdings in excess of the shareholding limit and fulfill the information disclosure obligations within 5 trading days.

Article 46 If, after the end of a trading day, the stocks of a listed company held by all foreign investors through the Northbound Trading Link and other channels, in aggregate, exceed the shareholding limit, SSE will, on a last-in, first-out basis, send a close-out notice to SEHK Securities Trading Service Company and other foreign investors. SEHK Securities Trading Service Company shall timely send a notice to SEHK participants and require them to send a notice to their investors. Investors shall close out their holdings in excess of the shareholding limit within 5 trading days after receiving such notice.

Once the aggregated shareholdings fall below the shareholding limit within 5 trading days under the Northbound Trading Link due to other foreign investors' voluntary reduction of holdings, SEHK Securities Trading Service Company may, at its own discretion or upon any request submitted, through SEHK participants, by investors who are notified to reduce their shareholdings, ask SSE to allow the original shareholders to maintain their shareholdings.

Article 47 In case that Northbound Trading Link investors fail to dispose of their holdings in excess of the shareholding limit as required, SEHK Securities Trading Service Company shall require SEHK participants to close out their holdings.

Chapter III Southbound Trading Link

Section 1 SSE members' Participation in the Southbound Trading Link

Article 48 SSE members participating in the Southbound Trading Link shall meet the technical standards and other requirements set by SSE Securities Trading Service Company.

Article 49 SSE members participating in the Southbound Trading Link shall sign a Southbound Trading Link service contract with SSE Securities Trading Service Company to define their respective rights and obligations.

Article 50 Rules governing the management of clients' trading activities by SSE members are applicable to SSE members participating in the Southbound Trading Link.

Article 51 SSE members shall fully inform their clients of investment risks under the Southbound Trading Link and cause the clients to comply with relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules of Mainland China and Hong Kong and to accept the supervision by SSE.

Article 52 SSE members may terminate their Southbound Trading Link service contract with SSE Securities Trading Service Company as agreed, provided, however, that they shall make proper arrangements for their clients.

Article 53 SSE Securities Trading Service Company may agree with an SSE member that SSE Securities Trading Service Company shall have the right to suspend the provision of

Southbound Trading Link services or terminate the Southbound Trading Link service contract if any of the following circumstances occurs:

1. the SSE member violates relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules of Mainland China and Hong Kong;
2. the SSE member fails to cooperate with SSE's inspection, investigations, evidence collection or other supervisory efforts with respect to the Southbound Trading Link;
3. SSE member is unable to provide its clients with Southbound Trading Link services due to major failures in relevant business or technical systems; or
4. any other circumstance as stipulated in the contract.

Article 54 SSE Securities Trading Service Company may authorize SSE to perform relevant duties stipulated in these *Implementing Measures*, provided, however, that it shall remain responsible for the performance of such duties if SSE fails to fully or appropriately fulfill such duties.

Section 2 Southbound Stocks

Article 55 The stocks eligible for the Southbound Trading Link ("Southbound Stocks") include:

1. the constituent stocks of the Hang Seng Composite Large Cap Index;
2. the constituent stocks of the Hang Seng Composite Mid Cap Index; and
3. the H-share stocks of A+H companies.

The H-share stocks of A+H companies whose A-share stocks listed on SSE have been placed under the risk alert board or suspended from listing by SSE, stocks of issuers who have stocks that are dually listed on SSE and another Mainland stock exchange, SEHK-listed stocks which are quoted and traded in currencies other than HKD, and stocks involved in any other circumstances recognized SSE's shall not be included in Southbound Stocks.

With the approval of the regulatory authorities, SSE may adjust the scope of Southbound Stocks.

Article 56 If the stocks of a listed company with a differentiated voting right (DVR) structure become among those described in the Item 1 and Item 2 of the first Paragraph of Article 55, but not among those described in the Item 3 thereof, the stocks shall meet the following requirements when being included into Southbound Stocks for the first time:

1. the stocks have been listed on SEHK for 6 months and 20 trading days;
2. the average daily market value of the stocks during the trading days within the 183 days

(inclusive of the inspection date) prior to the inspection date is not less than HKD 20 billion;

3. the total turnover of the stocks within the 183 days (inclusive of the inspection date) prior to the inspection date is not less than HKD 6 billion;

4. since the listing of the stocks, the issuer or DVR beneficiaries has not been subject to a public censure or any other public sanction by SEHK, or triggered the termination of the DVR for any violation of SEHK's rules governing corporate governance, information disclosure, investor protection measures, and other aspects of companies with a DVR structure; and

5. the stocks meet any other requirements as recognized by the Exchange.

The inspection date as used in the preceding Paragraph is the 19th trading day after six months of the listing of a company with a DVR structure on SEHK; if the stocks fail to meet the inclusion requirements on the last trading day within the period specified in the Item 1 of the preceding Paragraph, the inspection date shall be the 2nd trading day immediately preceding the effective date of any subsequent periodic adjustment to the constituent stocks of the Hang Seng Composite Index.

Article 57 If, due to the adjustment of relevant indices' constituent stocks, any stocks not included in Southbound Stocks become among those described in the first Paragraph of Article 55 and in Article 56, but not among those described in the second Paragraph of Article 55 of these *Implementing Measures*, such stocks shall be included in Southbound Stocks.

If a company listed on the A-share market of SSE lists its stocks on SEHK as H-share stocks, a company listed the H-share market lists its stocks on SSE as A-share stocks, or a company list its stocks on SSE as A-share stocks) and on SEHK as H-share stocks on the same day, the H-share stocks of such company may be included in Southbound Stocks after the end of the price stabilization period and after its A-share stocks are listed on SSE for 10 trading days.

Article 58 If, due to the adjustment of relevant indices' constituent stocks, any stocks are no longer among those described the first Paragraph of Article 55 or the second Paragraph of Article 55 of these *Implementing Measures*, such stocks shall be excluded from Southbound Stocks.

Article 59 SSE Securities Trading Service Company shall publish the list of Southbound Stocks on the websites it designates, and the inclusion or exclusion of stocks into or from such list shall take effect at such time as published by SSE Securities Trading Service Company.

Section 3 Special Trading Issues

Article 60 Investors shall participate in trading under the Southbound Trading Link through their SSE RMB common stock accounts.

Article 61 Trading under the Southbound Trading Link is quoted in HKD and settled in

RMB.

Article 62 The trading days and hours under the Southbound Trading Link shall be published on the website designated by SSE Securities Trading Service Company. The trading hours on each trading day under the Southbound Trading Link include pre-opening session, continuous trading session, and closing auction trading session, subject to SEHK's regulation.

Where any special circumstance recognized by SSE Securities Trading Service Company leads to or may lead to suspension of trading under the Southbound Trading Link, SSE Securities Trading Service Company may adjust the trading days and trading hours under the Southbound Trading Link and will make a public announcement thereon to the market.

Article 63 Trading under the Southbound Trading Link is conducted through SEHK's Automatic Order Matching System, but odd lots held by investors can only be sold through SEHK's Semi-Automatic Order Matching System for Odd Lots.

When trading through SEHK's Automatic Order Matching System, investors shall place at-auction limit orders during SEHK's pre-opening session and closing auction trading session and enhanced limit orders during SEHK's continuous auction session.

Article 64 The size of orders under the Southbound Trading Link shall be subject to SEHK's regulations.

Article 65 Stocks which are excluded from Southbound Stocks under Article 58 of these *Implementing Measures*, but still listed on SEHK are allowed to be sold, but not to be bought, through the Southbound Trading Link.

Article 66 A Southbound Stock bought by an investor on a trading day can, once the trade is confirmed, be sold before the stock is settled on that day.

Article 67 Trading under the Southbound Trading Link follows a comprehensive designated trading system, and is subject to SSE's regulations about designated trading.

Investors initiating or changing designated trading cannot start trading under the Southbound Trading Link till the next trading day.

Article 68 Third-party deposit of clients' settlement funds is applied to trading under the Southbound Trading Link and is subject to regulations governing the trading of A-share stocks.

Article 69 SSE members shall ensure that clients have adequate RMB funds or securities available in their accounts before accepting clients' orders under the Southbound Trading Link. SSE members are prohibited from accepting orders to directly buy or sell securities in the market from clients whose funds or securities are not sufficiently available in the accounts.

Article 70 SSE Securities Trading Service Company and SSE members shall not directly

match investors' buy and sell orders for Southbound Stocks and shall not, in any other forms, provide transfer services for Southbound Stocks in any venue outside SEHK, unless otherwise prescribed by CSRC.

Article 71 Once orders for Southbound Stocks are placed, their price or size cannot be changed. However, during the order cancellation period allowed by SEHK, orders that are not executed may be withdrawn.

Article 72 To participate in the Southbound Trading Link, SSE members shall submit orders to SEHK through SSE Securities Trading Service Company.

After receiving trading results and other records from SEHK, SSE Securities Trading Service Company will send those results and records to SSE members who will send the above information to their clients.

Article 73 All information about the Southbound Trading Link, including real-time quotation of stocks, will be released by SEHK.

Without the consent of SEHK, any SSE member or other organization recognized by SSE shall not provide trading information SEHK has licensed it to use to any organization or individual other than their clients for use or dissemination, or use such trading information to develop indices or other products.

Article 74 SSE members shall safe-keep materials including instruction and order records according to relevant rules.

Article 75 To participate in trading under the Southbound Trading Link, investors shall pay commission to their carrying SSE members and bear relevant fees according to SEHK's applicable regulations.

Article 76 SEHK-listed stocks that are not included in Southbound Stocks but are obtained through the dividend distribution or conversion of Southbound Stocks or acquisition of their issuers or abnormal circumstances can be sold, but not be bought, through the Southbound Trading Link, unless otherwise prescribed by SSE.

If warrants overlying SEHK-listed stocks obtained through Southbound Stock issuers' rights issue, or dividend distribution or conversion of Southbound Stocks are listed on SEHK, such warrants may be sold, but not be bought, through the Southbound Trading Link and shall be exercised in accordance with CSRC and CSDC's relevant regulations.

Non-SEHK-listed stocks obtained through the dividend distribution or conversion of Southbound Stocks or the acquisition of their issuers or other situations cannot be sold or bought through the Southbound Trading Link.

Article 77 SSE may, if necessary for the market, adjust its rules regarding trading methods, order types, business scope, trading limits, etc., under the Southbound Trading Link.

Section 4 Quota Control

Article 78 SSE Securities Trading Service Company shall monitor the balance of the daily quota for the Southbound Trading Link on a real time basis and publish the remaining balance of such quota on the designated website.

Article 79 The formula for calculating the daily quota balance for the Southbound Trading Link: Daily quota balance = Daily quota - Buy orders + Sell trades + Buy orders cancelled by relevant participants or rejected by SEHK + Difference between the execution prices and declared prices of buy orders. Buy orders, sell trades, buy orders cancelled by relevant participants or rejected by SEHK, and difference between the execution prices and declared prices of buy orders as mentioned above shall be converted into RMB from HKD according to the reference exchange rate provided by CSDC before trading starts on each trading day.

Article 80 Once the daily quota for the Southbound Trading Link is used up during the pre-opening session, no further buy orders will be accepted for the remainder of the session and will not be resumed before the end of the above session, but sell orders will be accepted. Once the daily quota balance for the Southbound Trading Link returns to a positive level due to cancellation or rejection by SEHK of buy orders or execution of sell orders, SSE Securities Trading Service Company will, when SEHK's continuous auction session starts, accept buy orders again.

Once the daily quota for the Southbound Trading Link is used up during the continuous auction session or the closing auction trading session, no further buy orders will be accepted for the remainder of the day, but sell orders will be accepted. In such case, SSE Securities Trading Service Company will not resume accepting buy orders for the remainder of the day, unless otherwise prescribed by SSE.

Article 81 Investors shall refrain from viciously using the quota for the Southbound Trading Link by such ways as placing large buy orders at low prices when participating in trading under the Southbound Trading Link.

Section 5 Investor Suitability

Article 82 Institutional investors participating in trading under the Southbound Trading Link shall abide by relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules.

Article 83 To participate in trading under the Southbound Trading Link, an individual investor shall at least satisfy the following requirements:

1. the combined value of assets in his or her securities and cash accounts shall be no less than RMB 500,000;
2. he or she has no significantly bad credit record;
3. he or she is not prohibited or restricted from participating in trading under the Southbound

Trading by any relevant laws, administrative regulations, ministry-level rules, normative documents, and business rules.

SSE may, according to market conditions, adjust the requirements specified in the preceding Paragraph.

Article 84 Investors participating in trading under the Southbound Trading Link shall be familiar with relevant regulations of Hong Kong stock market, understand business rules and procedures for trading under the Southbound Trading Link, set out investment targets according to their risk preferences, and impersonally evaluate their own risk tolerance.

Article 85 SSE members shall, for the Southbound Trading Link, put in place investor suitability standards, procedures and methods as well as safeguards for enforcement of the investor suitability rules. Such investor suitability standards shall include, but not be limited to, requirements for investor's asset condition, educational background, and risk tolerance.

Article 86 SSE members shall give to their clients a complete and impersonal description of the rules and regulations and features of the Hong Kong stock market as well as the business rules and procedures for the Southbound Trading Link.

Article 87 SSE members shall sign a brokerage agreement with their clients who intend to participate in trading under the Southbound Trading Link, which agreement shall stipulate the rights and obligations of the two parties.

Prior to the signing of the brokerage agreement, SSE members shall fully disclose to their clients risks in trading under the Southbound Trading Link and require their clients to sign a risk disclosure statement.

The essential clauses for the brokerage agreement and the risk disclosure statement will be separately prescribed by SSE.

Chapter IV Handling of Unusual Trading

Article 88 In the event of unusual trading, recognized by SSE, which causes or may cause the partial or full interruption of trading under the Northbound Trading Link, SSE may decide to take such measures as suspend the trading of the Northbound Stocks involved, suspend accepting all or part of orders under the Northbound Trading Link, temporarily closing SSE's market, and will make a public announcement thereon.

In the event of unusual trading, recognized by SSE Securities Trading Service Company, which causes or may cause the partial or full interruption of trading under the Southbound Trading Link, SSE Securities Trading Service Company may decide to suspend, in whole or in part, the provision of the Southbound Trading Link services and will make a public announcement thereon.

After the elimination of the reason for SSE's trading suspension, temporary closure of the SSE market or suspension of Southbound Trading Link services by SSE Securities Trading

Service Company, SSE may decide to resume the trading of the Southbound Stocks involved or its market trading and will make a public announcement thereon, or SSE Securities Trading Service Company may decide to resume the provision of Southbound Trading Link services and will make a public announcement thereon.

Article 89 In case where Northbound Stocks bought or sold within a short period of time exceed a certain value, which constitutes unusual trading as defined in SSE's business rules, SSE may, in accordance with applicable rules, adopt responsive measures to deal with the matter.

Article 90 If, upon the occurrence of unusual trading, recognized by SEHK, which causes or may cause the partial or full interruption of trading under the Southbound Trading Link, SEHK decides to temporarily close the SEHK market and then resume its market trading or take any other measures, SSE will, upon receiving a notice from SEHK, SEHK's announcement thereon.

In the event of unusual trading, recognized by SEHK Trading Service Company, which causes or may cause the partial or full interruption of trading under the Northbound Trading Link, SEHK Securities Trading Service Company may decide to suspend the provision of Northbound Trading Link services and will make a public announcement thereon. After the elimination of such unusual trading, SEHK Securities Trading Service Company may decide to resume the provision of Northbound Trading Link services and will make a public announcement thereon.

Article 91 SSE or SSE Securities Trading Service Company shall not be liable for any loss caused by unusual trading or any responsive measures adopted by it.

Chapter V Self-regulation

Article 92 SSE and SEHK will, through cross-border regulatory cooperation, enhance regulation on trading under the Shanghai-Hong Kong Stock Connect and disclosure of information related thereto.

Article 93 SSE will, pursuant to the *Trading Rules* and its other business rules, focus on monitoring unusual trading activities under the Northbound Trading Link.

Article 94 When SEHK Securities Trading Service Company detects a SEHK participant's commission or possible commission of any of unusual trading activities under the Northbound Trading Link as defined in the *Trading Rules*, it shall timely notify SSE thereof, admonish the SEHK participant and require the SEHK participant to admonish its client thereof, and, if appropriate, take such measures as refusing to provide Northbound Trading Link services for the SEHK participant.

SEHK Securities Trading Service Company shall properly require a SEHK participant to admonish its client who has committed or may commit any unusual trading activity under the Northbound Trading Link as defined in the *Trading Rules* and other business rules of SSE, and, if appropriate, reject the client's subsequent orders under the Northbound Trading Link.

Article 95 In the event of a violation of these *Implementing Measures* or other relevant rules of SSE, or a violation or possible violation of information disclosure and other requirements as prescribed in the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and SSE's other business rules, SSE may investigate such violation and require SEHK Securities Trading Service Company to provide materials related thereto; and may also request SEHK to appropriately investigate the SEHK participant involved.

Article 96 In the event of a serious violation of these *Implementing Measures* or SSE's other relevant rules under the Northbound Trading Link, SSE may request SEHK to impose relevant supervisory measures or disciplinary sanctions against SEHK participant involved, or request SEHK to require the SEHK participant to issue a verbal or written warning to the investor concerned or refuse to accept the investor's orders under the Northbound Trading Link.

Article 97 If any unusual trading activity under the Northbound Trading Link severely disrupts the orderly SSE market, SSE may suspend or restrict the trading rights of SEHK Securities Trading Service Company, or refuse to accept trading orders from the investor concerned submitted by SEHK Securities Trading Service Company.

After the elimination of the impact by such unusual trading activity, SSE may decide to restore the trading rights of SEHK Securities Trading Service Company or resume accepting relevant trading orders.

Article 98 If a Northbound Trading Link investor violates information disclosure requirements stipulated in the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other business rules of SSE when buying or selling Northbound Stocks, SSE may take supervisory measures or impose disciplinary sanctions against the investor pursuant to applicable rules.

Article 99 Southbound Trading Link investors and SSE members participating in trading under the Southbound Trading Link shall not violate these *Implementing Measures* or engage in any market misconduct.

Article 100 Upon detecting an investor's commission or possible commission of market misconduct during its/his trading under the Southbound Trading Link, an SSE member shall admonish the investor thereof and may refuse to accept orders from the investor. The SSE member shall timely report information related thereto to SSE.

Article 101 Upon the request of SEHK or when SSE considers it necessary to do so, SSE may conduct on-site or off-site investigations into market misconduct or any other rule-breaching activity of any SSE member and its client during its/his trading under the Southbound Trading Link, require materials related thereto from the SSE member and its client, and provide information related thereto to SEHK.

Article 102 If any SSE member's client commits a serious market misconduct during its/his trading under the Southbound Trading Link, upon the request of SEHK, SSE may take supervisory measures or impose disciplinary sanctions against the client, including requiring

SSE member not to accept the client's orders under the Southbound Trading Link.

Article 103 SSE may, when necessary, conduct inspection of the risk management measures, safe operation of technical systems, and implementation of SSE's relevant business rules, and other aspects of SEHK Securities Trading Service Company.

Article 104 If SEHK Securities Trading Service Company violates these *Implementing Measures* or SSE's other relevant rules, SSE may take supervisory measures or impose disciplinary sanctions against it, such as giving a verbal or written warning, conducting a regulatory talk, circulating a notice of criticism, or delivering a public censure.

Article 105 If any SSE member or its client violates these *Implementing Measures* or SSE's other relevant rules, SSE may take supervisory measures or impose disciplinary sanctions against SSE member or the client, such as giving a verbal or written warning, conducting a regulatory talk, circulating a notice of criticism, or delivering a public censure.

Article 106 If a Northbound Trading Link investor, a Southbound Trading Link investor, SEHK Securities Trading Service Company or an SSE member, when participating in trading under the Shanghai-Hong Kong Stock Connect, commits a serious violation of relevant laws, administrative regulations, ministry-level rules, normative documents or SSE's business rules, SSE may refer such violation to CSRC for investigation and punishment.

Article 107 SSE may suspend, in whole or in part, trading under the Shanghai-Hong Kong Stock Connect in accordance with relevant laws, administrative regulations, ministry-level rules, normative documents, SSE's business rules, or the requirements of the regulatory authorities.

Article 108 SSE shall not be liable for any loss incurred due to such reasons as SSE's development or revision of business rules or performance of self-regulatory duties pursuant to its business rules.

SSE members and Southbound Trading Link investors shall understand and acknowledge the provisions of SEHK's business rules regarding the exemption of SEHK's liability.

Chapter VI Supplementary Provisions

Article 109 For the purposes of these *Implementing Measures*, the following terms shall have the meanings given below:

1. "Shanghai-Hong Kong Stock Connect": refers to a mutual market access mechanism between Shanghai and Hong Kong stock markets which enables investors in Mainland and Hong Kong to instruct SSE members or SEHK participants to trade SSE or SEHK-listed stocks listed within the prescribed scope through a securities trading service company established by SSE in Hong Kong or SEHK in Mainland China. The Shanghai-Hong Kong Stock Connect includes the Northbound Trading Link and the Southbound Trading Link.
2. Northbound Trading Link: refers to a component of the Shanghai-Hong Kong Stock

Connect where investors instruct SEHK participants to trade SSE-listed stocks within the prescribed scope by routing orders to SSE via SEHK Securities Trading Service Company.

3. Southbound Trading Link: refers to a component of the Shanghai-Hong Kong Stock Connect where investors instruct SSE members to trade SEHK-listed stocks within the prescribed scope by routing orders to SEHK via SSE Securities Trading Service Company.

4. Northbound Stock: refers to any SSE-listed stock within the prescribed scope that can be traded by investors through the Northbound Trading Link.

5. Southbound Stock: refers to any SEHK-listed stock within the prescribed scope that can be traded by investors through the Southbound Trading Link.

6. Northbound Trading Link investor: refers to any investor who trades Northbound Stocks via SEHK participants or directly through the Northbound Trading Link.

7. Southbound Trading Link investor: refers to any investor who trades Southbound Stocks via SSE members or directly through the Southbound Trading Link.

8. Trading day: refers to any trading day of the SSE market.

9. Trading day under the Northbound Trading Link: refers to any trading day under the North Trading Link as announced by SEHK Securities Trading Service Company.

10. Trading day under the Southbound Trading Link: refers to any trading day under the Southbound Trading Link as announced by SSE Securities Trading Service Company.

11. SSE member: refers to any securities company that have been admitted to the SSE as a general member.

12. SEHK participant: refers to any exchange participants (EP) as defined in SEHK's rules.

13. A-share stocks: refer to any SSE-listed common stocks denominated in RMB.

14. H-share stocks: refers to any stocks, offered by a company registered in Mainland China, which are listed on SEHK.

15. A+H company: refers to any company, registered in Mainland China, whose stocks are listed on both SSE and SEHK.

16. Pre-delisting stocks: refers to any stocks which SSE has decide to terminate from listing by SSE, but have not yet been delisted.

17. At-auction limit order: refers to any at-auction limit order under Southbound Trading Link, as defined in SEHK's rules, which an SSE member is instructed to place.

18. Enhanced limit order: refers to any enhanced limit order under the Southbound Trading Link, as defined in SEHK's rules, which an SSE member is instructed to place.
19. Odd lots: refers to the quantity of securities that is less than one trading unit.
20. Price stabilization period: refers to the price stabilization period for a certain stock as stipulated in its prospectus.
21. Margin trading of Northbound Stocks: refers to the purchase of Northbound Stocks by investors through securities margin financing in the Hong Kong stock market.
22. Covered short selling of Northbound Stocks: refers to the selling of Northbound Stocks by Northbound Trading Link investors through the Northbound Trading Link after borrowing such Northbound Stock through stock lending in the Hong Kong stock market.
23. Lending of Northbound Stocks: refers to the lending of Northbound Stocks by SEHK participants to their clients or other SEHK participants, or the lending of Northbound Stock by eligible institutions to SEHK participants in the Hong Kong stock market.
24. Covered short selling ratio of a Northbound Stock: refers to the proportion of covered short selling volume of a single Northbound Stock within a trading day under the Northbound Trading Link in the total shares of such stock held by HKSCC as a nominee in the previous trading day under the Northbound Trading Link.
25. Non-trade transfer of Northbound Stocks: refers to the change of the actual equity owner of Northbound Stocks through any means other than trading on SSE market.
26. Rights issue: refers to the offer of a subscription entitlement certificate by a SEHK-listed company to its existing shareholders to enable them to subscribe for its stocks in proportion to their holdings. The subscription entitlement certificate is transferrable on the secondary market.
27. Open offer: refers to the offer of open offer entitlements by a SEHK-listed company to its existing shareholders to enable them to subscribe for its stocks. However, the open offer entitlements are not transferrable.
28. Market misconduct: refers to misconduct prescribed by Hong Kong laws, SFC or SEHK, etc., including insider trading, bogus transaction, price manipulation, disclosure of confidential trading information, disclosure of false or misleading information to induce trading, stock market manipulation and other market misconduct.
29. The broker-to-client assigned number (BCAN): refers to a unique personally identifiable digital number that a SEHK Participant assigns to its client.

Article 110 Institutions that lease Participant Business Unit from SSE members to participate in trading under the Southbound Trading Link shall enter into a Southbound Trading Link service contract with SSE Securities Trading Service Company and shall be

governed by relevant rules applicable to SSE members participating in trading under the Southbound Trading Link, other than those applicable to SSE members' brokerage business.

SSE members participating in trading under the Southbound Trading Link for non-brokerage business such as proprietary and asset management business, and institutions identified in the above Paragraph participating in trading under the Southbound Trading Link shall abide by the rules of the relevant regulatory authorities.

Article 111 Information disclosure and other activities of Northbound Stock and Southbound Stock issuers as well as relevant individuals with disclosure obligations shall be regulated by the local exchange where the stocks are listed and governed by relevant laws, administrative regulations, ministry-level rules, normative documents and business rules of the exchange where the stocks are listed.

Article 112 When Northbound Stocks held by HKSCC as a nominee reach the equity change threshold for listed companies, HKSCC shall not be subject to SSE regulations on disclosure of equity change for listed companies.

Article 113 Northbound Trading Link investors can refer to SSE website and other information disclosure media designated by CSRC for information disclosed by Northbound Stock issuers and relevant individuals with disclosure obligations.

Article 114 Southbound Trading Link investors can refer to the HKEX news and the websites of relevant issuers for information disclosed by Southbound Stock issuers and relevant individuals with disclosure obligations.

Article 115 HKSCC shall, in its own name, exercise rights against Northbound Stock issuers in accordance with instructions from Northbound Trading Link investors.

Specific matters related to HKSCC's participation in online voting at shareholders' meetings of SSE-listed companies as a nominee shall be prescribed separately by SSE.

Article 116 When SSE-listed companies make a rights issue to Northbound Trading Link investors with the approval of the regulatory authorities, HKSCC will participate in the subscription as a nominee, and the specific arrangements shall be subject to SSE's rules on stock issuance and subscription.

When SEHK listed companies make a rights issue or open offer to Southbound Trading Link investors with the approval of the regulatory authorities, the specific arrangements for Southbound Trading Link investors to participate in the subscription shall be subject to the applicable rules of CSRC and CSDC.

Article 117 Matters related to margin trading and securities lending service provided by SSE members for trading under the Southbound Trading Link shall be prescribed separately by SSE.

Article 118 If the relevant regulatory authority has set regulations regarding settlement currencies under the Shanghai-Hong Kong Stock Connect, the regulations shall apply.

Article 119 Matters concerning trading, shareholding limit, exercise of shareholder's rights, and information disclosure of securities that shall only be sold but not bought under the Shanghai-Hong Kong Stock Connect shall be subject to the provisions of these *Implementing Measures* governing Northbound Stocks and Southbound Stocks.

Article 120 In these *Implementing Measures*, the term "exceed", "more than", "lower than", and "less than" shall exclude the given figure; "reach" and "fall below" shall include the given figure.

Article 121 These *Implementing Measures* and any amendments hereto shall be adopted by SSE's Board of Governors and approved by CSRC, ditto for the revision thereof.

Article 122 SSE reserves the right to interpret these *Implementing Measures*.

Article 123 These *Implementing Measures* shall be implemented on September 26th, 2014.