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Notice on Issuing the *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)*

No.112 [2023] of the Shanghai Stock Exchange

To All Market Participants,

To further regulate the overseas issuance by domestic listed companies of Global Depository Receipts (GDRs) that can be converted into domestic underlying shares, in accordance with the *Provisions on the Supervision and Administration of Depository Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges*, the *Trial Administrative Measures for Overseas Securities Issuance and Listing by Domestic Enterprises*, and other relevant regulations of the China Securities Regulatory Commission (CSRC), the Shanghai Stock Exchange (SSE) has revised the *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges*. The *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)* (hereinafter referred to as the *Interim Measures*, see Annex 1), which has been approved by the CSRC, is hereby issued, and shall be implemented as of the date of issuance. The *Notice on Issuing the Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges* (No.37 [2022] of the Shanghai Stock Exchange) published on March 25, 2022 shall be repealed at the same time.

The transition arrangements are notified as follows:

1. SSE-listed companies that have already received the approval document from the CSRC on overseas issuance and listing of GDRs may continue with overseas issuance and listing within the valid period of the approval document. Those that have not completed overseas issuance and listing before the expiration of the approval document shall submit the application for issuance and listing of domestic underlying shares to the SSE according to the revised *Interim Measures*.
2. SSE-listed companies that have already submitted GDR issuance and listing application overseas, but have not yet received the approval from the CSRC, shall submit the application for issuance and listing of domestic underlying shares to the SSE according to the revised *Interim Measures*.

Annex:

1. *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)*
2. Notes on the Revision of the *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)*

Shanghai Stock Exchange
July 18, 2023

Annex 1:

Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)

Chapter I General Provisions

Article 1 This *Measures* is formulated in accordance with the *Securities Law of the People's Republic of China* (the "**Securities Law**"), the *Opinions on Launching the Pilot Program of Domestic Offering of Stocks or Depository Receipts by Innovative Enterprises*, the *Administrative Measures of Offering and Trading of Depository Receipts (Trial)* (the "**Administrative Measures of Depository Receipts**"), the *Measures for Administration of Registration of Securities Offering by Listed Companies* (the "**Measures for Administration of Registration**"), the *Administrative Measures of Information Disclosure of Listed Companies* (the "**Administrative Measures of Information Disclosure**"), the *Provisions on the Supervision and Administration of Depository Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges* (the "**Supervision and Administration Provisions**"), and other applicable laws, administrative regulations, departmental rules, and normative documents (collectively "**domestic laws**"), and the market rules of the Shanghai Stock Exchange to regulate the listing, trading, cross-border conversion, and information disclosure of or in relation to depository receipts under the stock connect scheme between Shanghai Stock Exchange ("**SSE**" or the "**Exchange**") and overseas stock exchanges ("**depository receipts under Stock Connect**"), maintain an orderly market, and protect the lawful rights and interests of investors.

Article 2 The term "depository receipts under Stock Connect" as used in this *Measures* refers to the depository receipts issued in the Chinese mainland ("**domestic**") and listed on the main board of the Exchange by qualified issuer of the underlying overseas securities ("**Chinese Depository Receipts**" or "**CDRs**") as well as the depository receipts issued and listed on overseas stock exchanges by qualified SSE-listed domestic companies ("**Global Depository Receipts**" or "**GDRs**").

The issuer of underlying overseas securities ("**Overseas Issuer**") shall be a listed company on an overseas stock exchange recognized by the China Securities Regulatory Commission ("**CSRC**").

This *Measures* is applicable to the listing, trading, cross-border conversion, information disclosure, and other activities of or in relation to CDRs. Trading activities not covered herein shall be governed by the *Trading Rules of Shanghai Stock Exchange* (the "**Trading Rules**") and other relevant rules of the Exchange.

This *Measures* is applicable to the issuance and listing of the underlying shares, information disclosure, cross-border conversion, and other activities of or in relation to the GDRs in the SSE market. Matters not covered herein shall be governed by the *Rules Governing the Review of Offering and Listing of Securities by Companies Listed on Shanghai Stock Exchange* (the "**Follow-on Offering Review Rules**"), the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Rules Governing the Listing of Shares on the STAR Market of Shanghai Stock Exchange* (collectively, the "**Shares Listing Rules**"), the *Trading Rules*, and other relevant rules of the Exchange.

The term "cross-border conversion" as used in this *Measures* refers to the conversion of underlying shares into depository receipts ("**creation**") and the conversion of depository receipts into underlying shares ("**redemption**").

Article 3 The following market entities that intend to participate in the listing and trading of the depository receipts under Stock Connect shall abide by the domestic laws and the market rules of

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the Exchange, and accept the market self-regulatory measures of the Exchange:

- (1) overseas issuers corresponding to the CDRs and their directors, supervisors, senior executives, CDR holders, domestic offices for securities affairs, domestic representatives for information disclosure, *de facto* controllers, and acquirers;
- (2) domestic listed companies corresponding to GDRs and their directors, supervisors, senior executives, controlling shareholders, and *de facto* controllers;
- (3) depositories of the depository receipts under Stock Connect;
- (4) CDR sponsors and sponsor representatives, securities service providers and their relevant personnel;
- (5) sponsors of GDR underlying shares and their sponsor representatives, securities service providers and their relevant personnel;
- (6) CDR market makers, domestic securities companies engaged in the cross-border conversion of CDRs (“**Chinese cross-border conversion institutions**”),
- (7) overseas securities companies engaged in the cross-border conversion of GDRs (“**overseas cross-border conversion institutions**”), and the SSE members appointed and authorized by overseas cross-border conversion institutions; and
- (8) other market entities as specified by the Exchange.

For the purposes of this *Measures*, “directors, supervisors, and senior executives” refer to the directors, supervisors, senior executives of the domestic or overseas issuer or other personnel performing similar duties. If the domestic or overseas issuer does not have supervisors or the supervisory board, or other personnel or organizational arrangement performing similar duties, the provisions in this *Measures* and other rules of the Exchange on supervisors and supervisory board shall not apply.

Article 4 Where the ownership structure, corporate governance, operating rules, and other aspects of an overseas issuer are governed by the laws and rules of its place of incorporation, the overseas issuer shall adequately disclose the differences between the applicable laws and rules and the domestic laws and rules, as well as all measures it has taken to implement all the investor protection requirements as required by law.

CDR sponsors, depositories, and relevant securities service providers shall faithfully and diligently perform all of their duties and obligations in accordance with domestic laws, the market rules of the Exchange, and other relevant rules and agreements, and shall not harm the lawful rights and interests of CDR holders.

Article 5 Any CDR to be listed and traded on the Exchange shall be registered with, placed under the custody of, and settled through the China Securities Depository and Clearing Corporation Limited (“**CSDC**”).

Chapter II Listing of CDRs

Article 6 Any overseas issuer that applies for the listing of CDRs on the Exchange for the first time shall:

- (1) meet the requirements of the *Securities Law*, the *Administrative Measures of Depository Receipts* on the public offering of CDRs and receive the administrative approval for public offering from the CSRC;
- (2) have an average market capitalization of no less than RMB 20 billion, per the closing price of the underlying shares, over the 120 trading days prior to the offering application date, calculated at the CNY central parity rate announced by the People’s Bank of China on the day prior to the offering application date;
- (3) have been listed on the overseas stock exchange for three years and meet other listing age requirements agreed upon by the CSRC and overseas securities regulators based on the market stratification of the listing location of the overseas underlying shares (the “**overseas listing**”).

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location”);

(4) seek to list no less than 50,000,000 units of CDRs representing no less than RMB 500,000,000 of the corresponding underlying shares at market value (calculated at the latest closing price of the underlying shares and the middle price of RMB exchange rate announced by the People’s Bank of China on the day prior to the offering application date); and

(5) meet any other requirements as required by the Exchange.

The Exchange may adjust the CDR listing requirements as appropriate for the market.

Article 7 The listing of CDRs on the Exchange is subject to the review of the Exchange. An overseas issuer shall submit such application documents as set forth in Article 5 of the *Supervision and Administration Provisions* and as required by the Exchange.

Any overseas issuer applying for an adjustment of the applicable disclosure requirements or ongoing supervisory rules of the Exchange shall state the specific rules to be adjusted, reasons for the adjustment, the proposed alternative, and the legal opinion on the matter issued by a law firm.

The content of the application documents shall be truthful, accurate, complete, concise, clear, and easy to understand.

Article 8 Unless otherwise provided by the Exchange, within five working days of receiving the application documents for the review, the Exchange will decide whether to accept or reject them, and will inform the overseas issuer and its sponsor accordingly and publish the decision on the SSE website. On the day the Exchange accepts the application documents for listing, the overseas issuer shall pre-disclose the prospectus, issuance sponsorship, listing sponsorship, audit report, and legal opinion on the SSE website.

If the overseas issuer publishes the application documents and other disclosure documents on its website or other media, these documents shall be identical in content to its disclosure on the SSE website and shall be published no earlier than they are disclosed on the SSE website.

Article 9 The Exchange shall conduct the review in accordance with this *Measures* and other relevant market rules, and form the review opinion and notify the overseas issuer and its sponsor within the prescribed period. The procedures, requirements, and other particulars of this process will be separately prescribed by the Exchange.

Article 10 After completing the review, the Exchange shall submit the review opinion and the application documents of the overseas issuer to the CSRC. The overseas issuer should publish the prospectus, issuance sponsorship, listing sponsorship, audit report, legal opinion, and other relevant documents on the CSRC website and on the SSE website at the same time.

Article 11 Where an overseas issuer applies for the listing of CDRs representing existing shares, it shall disclose the initial creation announcement.

The overseas issuer shall disclose, in the initial creation announcement, the Chinese cross-border conversion institutions that will handle the cross-border conversion for the CDR and the specific arrangements for the initial creation, among other information.

Article 12 After publishing the letter of intent on offering or the initial creation announcement, the overseas issuer may arrange roadshows, to be held on-site or through telephone or the internet, to investors that meet applicable suitability requirements (“**qualified investors**”).

If the overseas issuer intends to list CDRs representing new shares, it shall conduct CDR issuance and underwriting activities in accordance with the *Measures for the Administration of the Offering and Underwriting of Securities*, the *Supervision and Administration Provisions*, the

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Implementation Rules for Online Allocation in the Initial Public Offering of Shares in the Shanghai Market, the Implementation Rules for Offline Placement in the Initial Public Offering of Shares in the Shanghai Market, and other relevant rules.

The Chinese cross-border conversion institutions may create the CDRs through cross-border conversion in accordance with this *Measures* and other market rules of the Exchange as well as the arrangements outlined in the prospectus, depository agreement, and initial creation announcement (if applicable), and may provide for the transfer of CDRs through block trade or otherwise in their agreement with qualified investors. For the issuance and listing of CDRs representing new shares, the cross-border conversion shall commence after the listing of the CDRs in accordance with the terms of the depository agreement. For the listing of CDRs with existing shares as the underlying securities, the initial creation may commence prior to the listing of the CDRs in accordance with the arrangement in the initial creation announcement.

Particulars concerning the acceptance by Chinese cross-border conversion institutions of cross-border conversion requests from non-specific qualified investors and the subsequent issuance of the corresponding CDRs to such investors by the depository shall be governed by rules separately prescribed by the Exchange.

Article 13 For the listing of CDRs with existing shares as the underlying securities, the overseas issuer and Chinese cross-border conversion institutions shall comply with relevant laws and regulations and treat investors fairly in the initial creation process. The sponsor shall establish the initial creation plan and organize its implementation, and exercise effective supervision over the compliance and fairness of the relevant activities.

During the initial creation period, the depository shall help complete the creation of the CDRs in accordance with relevant terms and agreements and shall not process CDR redemption requests.

Article 14 After the completion of underwriting or the end of the initial creation period, if the quantity and market value of the CDRs meet the conditions under Item (4), Paragraph 1, Article 6 of this *Measures*, the overseas issuer shall apply to the Exchange in a timely manner for the listing of the CDRs.

Article 15 Any overseas issuer applying for the initial listing of CDRs on the Exchange shall submit the following documents:

- (1) the listing application;
- (2) the administrative approval document of the CSRC for the public offering;
- (3) the document issued by an overseas custodian certifying that the underlying shares have been placed under its custody;
- (4) the document certifying that the CDRs have been placed under the custody of the CSDC;
- (5) (if applicable) any required additional financial materials and statements regarding relevant material events for the period following the review and before the listing application;
- (6) relevant materials on the domestic office for securities affairs and the domestic representative(s) for information disclosure;
- (7) the listing sponsorship;
- (8) the listing announcement; and
- (9) other documents required by the Exchange.

The decision on whether to approve the listing of CDRs is made by the Exchange within two trading days after receipt of the full set of application documents. No further review by the Listing Committee is required except in cases where material changes have occurred in relevant matters during the review period. The Exchange reserves the right to postpone the decision-making process under exceptional circumstances.

Article 16 Any overseas issuer intending to list additional CDRs including rights offering,

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additional issuing after its CDRs have been listed on the Exchange, shall submit, among other documents, the listing application, the administrative approval document of the CSRC for the public offering, and the document certifying that the CDRs to be newly listed have been placed under the custody of the CSDC.

Article 17 To list CDRs on the Exchange for trading, the overseas issuer shall execute a listing agreement with the Exchange to specify the rights and obligations of both parties and other relevant matters.

An overseas issuer shall, within two trading days before the listing of CDRs, disclose relevant documents including the listing announcement and its articles of association in accordance with the rules of the Exchange.

Article 18 A listing announcement shall meet the content and format requirements of the Exchange and contain the following information:

- (1) an overview of the current offering and listing, covering the quantity cap specified in the administrative approval document of the CSRC, information concerning the offering or initial creation of the CDRs in question, and other relevant matters;
- (2) key trading information of the underlying overseas shares in overseas stock exchange market (collectively “**overseas market**”) in the ten trading days before the disclosure of the listing announcement, including the daily highest price, lowest price, closing price, and trading volume, among others;
- (3) information concerning the listing and trading of the CDRs in question, including the place and date of listing, listing volume, the formula for calculating the closing price for the day before day of listing, cross-border conversion arrangements, the depository and clearing institution, the Chinese cross-border conversion institutions, and market makers;
- (4) (if applicable) the names of the top ten CDR holders and their holding size and proportion to total;
- (5) (if applicable) any material changes to the matters disclosed in the prospectus prior to listing, and any major update on the key accounting information and financial indicators of the overseas issuer; and
- (6) other matters that, in the opinion of the overseas issuer and the Exchange, shall be disclosed.

Article 19 The application documents shall be signed by the directors, supervisors, and senior executives of the overseas issuer.

The overseas issuer shall warrant that the application documents and the ongoing disclosure documents submitted to the Exchange are true, accurate, and complete, free of misrepresentations, misleading statements, and major omissions.

Article 20 Unless otherwise provided by the Exchange, application documents and ongoing information disclosure documents submitted by the overseas issuer shall be in simplified Chinese.

Both the overseas issuer and relevant persons with disclosure obligations shall disclose the listing and ongoing disclosure documents on the SSE website in accordance with the rules of the CSRC and the Exchange.

Article 21 An overseas issuer shall establish a securities affairs office in Chinese mainland and engage domestic representative(s) for information disclosure, who will be responsible for the information disclosure and regulatory communications in connection with the listing of the CDR. The domestic representative(s) for information disclosure shall have the qualifications equivalent to those of the secretary of the board of directors of a domestic listed company, be familiar with the domestic disclosure rules and requirements, and be proficient in the Chinese language.

The overseas issuer shall establish efficient communication channels with domestic investors,

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regulators, and the Exchange, protect the lawful rights and interests of domestic investors as provided by laws, and maintain good communication with domestic regulators and the Exchange.

Article 22 When applying for the initial listing of CDRs on the Exchange, the overseas issuer shall engage qualified sponsor and qualified securities service providers such as law firms and accounting firms to provide relevant services.

The sponsor shall sign a sponsorship agreement with the overseas issuer to specify their respective rights and obligations during the listing application and continuous supervision and guidance phase of the overseas issuer.

The sponsor and securities service providers may engage overseas institutions to assist them, but such arrangement shall not exempt them from their responsibilities under the laws.

Chapter III Ongoing Information Disclosure for CDRs

Section 1 General Rules

Article 23 The overseas issuer and relevant persons with disclosure obligations shall disclose, in the SSE market and in a timely manner, all material information that may significantly affect the trading price of the underlying shares, CDRs, and their derivative products. Where major changes in the disclosed information that may significantly affect the trading price of the underlying shares, CDRs, and their derivative products, the overseas issuer shall disclose announcement of the progress in a timely manner.

Both the overseas issuer and the relevant persons with disclosure obligations shall ensure that the disclosed information is true, accurate, complete, concise, clear, and easy to understand, and free of misrepresentations, misleading statements, and major omissions.

Article 24 The overseas issuer and the relevant persons with disclosure obligations shall disclose material information to domestic and overseas investors in a fair manner and ensure that domestic and overseas investors can equally access the same information, and shall not reveal in advance or leak any material non-public information.

The overseas issuer and the relevant persons with disclosure obligations shall not provide any material non-public information of such issuer to any organization or individual during performance briefings, analyst meetings, roadshows, investor surveys, or other occasions or forms of communication regarding the business operation, financial condition, or other aspects of the issuer.

If the overseas issuer and the relevant persons with disclosure obligations send documents and information involving material non-public information to the shareholders, *de facto* controller of the overseas issuer or other third parties, the overseas issuer shall fulfill the information disclosure obligation in a timely manner.

Article 25 Any information disclosed in the overseas market by the overseas issuer and the relevant persons with disclosure obligations shall be simultaneously disclosed in the SSE market.

The overseas issuer and the relevant persons with disclosure obligations shall in principle release announcements during the disclosure window in non-trading hours. Where the overseas issuer and relevant persons with disclosure obligations make disclosures in the overseas market outside the non-trading hour disclosure window specified by the Exchange, the same disclosures must be made within the Exchange's next closest non-trading hour disclosure window. An overseas issuer may release announcements during the following non-trading hour disclosure windows:

- (1) After-hours disclosure window from 3:30 p.m. of a trading day to 8:30 a.m. of the

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following day, except during the system maintenance hours (11:30 p.m. - 0:00 a.m.); where the day following a trading day is a non-trading day, the after-hours disclosure window for such trading day shall be from 3:30 p.m. to 11:30 p.m.

(2) Mid-day disclosure window from 11:30 a.m. to 12:30 p.m. of a trading day.

(3) Non-trading day disclosure window from 1:00 p.m. of a non-trading day or the last day of a continuous block of non-trading days, to 8:30 a.m. of the following day, except during the system maintenance hours (11:30 p.m. - 0:00 a.m.).

Announcement may be released during the trading-hour disclosure windows for any major event that requires immediate disclosure.

The overseas issuer and relevant persons with disclosure obligations shall not replace making disclosures with news releases, press Q&As, or otherwise or leak any material non-public information through such means.

If absolutely necessary, the overseas issuer and relevant persons with disclosure obligations may release any material information through press conference, media interview, corporate website, social media platforms, or similar channels during non-trading hours, but shall make a corresponding announcement before the start of the next trading session.

Article 26 Information disclosed in the SSE market by an overseas issuer and relevant persons with disclosure obligations shall be consistent with that disclosed in the overseas stock market.

In case of a substantive difference between domestic and overseas disclosures, the overseas issuer and relevant persons with disclosure obligations shall provide detailed explanations to the Exchange and release correction or supplemental announcements as required by the Exchange.

Article 27 The overseas issuer shall keep up-to-date with the major reports or market rumors appearing in domestic and overseas media outlets; timely verify any information therein that may materially affect the trading price of its underlying shares, CDRs, and their derivative products; and, if necessary, make disclosures or clarifications.

The Exchange has the right to require the overseas issuer to verify and clarify any report or rumor that, in the opinion of the Exchange, may materially affect the trading price of the overseas issuer's underlying shares, CDRs, and their derivative products.

Article 28 If the information to be disclosed by the overseas issuer and the relevant persons with disclosure obligations is a trade secret or commercially sensitive information, and the disclosure thereof or performance of the corresponding obligations in accordance with this *Measures* may lead to unfair competition, harm the interests of the company and investors or mislead investors, then the disclosure of such information may be suspended or exempted in accordance with the relevant rules of the Exchange.

If the information to be disclosed is recognized as a state secret under domestic laws and its disclosure or the performance of the corresponding obligations in accordance with this *Measures* may violate domestic laws or endanger China's national security, then exemption from disclosure is permitted in accordance with the relevant rules of the Exchange.

Overseas issuers and the relevant persons with disclosure obligations shall prudently determine the matters to be suspended or exempted from disclosure and shall not arbitrarily expand the scope of suspension or exemption. Any information that has been leaked despite a suspension of disclosure shall be disclosed in a timely manner.

Article 29 An overseas issuer or a relevant person with disclosure obligations may apply to the Exchange for adjusting the applicable disclosure requirements or ongoing supervisory rules of the Exchange if such requirements or rules make it difficult for such issuer or person to comply

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with the rules of its place of incorporation or of the overseas listing location as well as with the practices generally accepted in the overseas market, provided that the issuer or person shall state the reasons, offer an alternative plan, and engage a law firm to issue a legal opinion on the matter. If the Exchange believes that such adjustment is not warranted by law, such issuer or person shall continue to be bound by the relevant rules of the Exchange.

Article 30 The overseas issuer and relevant persons with disclosure obligations shall disclose information through the straight-through publication system in accordance with the market rules of the Exchange. The Exchange will conduct a conformance check regarding the contents of the disclosure of the overseas issuer and relevant persons with disclosure obligations.

Article 31 The Exchange may, in view of the circumstances or the application of an overseas issuer, suspend or resume the trading of the issuer's CDRs and corresponding derivative products to ensure the timeliness and fairness of information disclosure.

The suspension and resumption of trading of CDRs and their derivative products shall comply with this *Measures* and the relevant rules of the Exchange. In any of the following circumstances, an overseas issuer shall apply for trading suspension and resumption in accordance with the relevant rules; failing which, the Exchange do so at its discretion:

- (1) failure to disclose periodic reports within the prescribed period, or where more than half of the directors are unable to guarantee the truthfulness, accuracy, and completeness of the periodic reports and more than half of the directors are still unable to do so before the expiration of the statutory period;
- (2) financial and accounting reports that have been ordered to be corrected by the CSRC due to material accounting errors or false entries, but have not been corrected within the prescribed period;
- (3) significant deficiencies in information disclosure the correction of which is ordered by the Exchange but has not been completed within the prescribed period;
- (4) where a general offer is made as a result of the acquirer's fulfillment of its obligations to make a tender offer or its intent to terminate the listing status of the overseas issuer; or
- (5) other circumstances specified by the Exchange.

An overseas issuer planning to issue CDRs for such material matters as the purchase of assets, change of ownership control, or tender offer may apply to the Exchange for suspension of trading in accordance with the relevant rules of the CSRC and the Exchange. Overseas issuers shall exercise prudence when applying for trading suspension, specify the reasons for suspension, reasonably determine the duration of suspension, minimize the duration of suspension, and apply for resumption of trading in a timely manner.

An overseas issuer shall promptly inform the Exchange and make relevant disclosures if it is suspended from trading, whether by application or as ordered, or if its listing has been suspended or terminated on the overseas market. In such an event, the Exchange will address the situation according to the circumstances.

Section 2 Periodic Reports and *Ad Hoc* Reports

Article 32 The overseas issuer shall prepare and disclose periodic reports and *ad hoc* reports in accordance with the *Securities Law*, the *Administrative Measures of Information Disclosure*, the *Administrative Measures of Depository Receipts*, the *Supervision and Administration Provisions*, and this *Measures*.

Article 33 The annual reports and interim reports of an overseas issuer shall, at a minimum, contain the information whose disclosure is required under the *Securities Law*, the *Administrative Measures of Information Disclosure*, the *Administrative Measures of Depository Receipts*, and the *Supervision and Administration Provisions*.

Any overseas issuer that discloses quarterly reports, either voluntarily or as required by the overseas market, shall simultaneously disclose such reports in the SSE market.

Any overseas issuer that has been disclosing annual reports, interim reports, or quarterly reports in the format required by the overseas market may continue to prepare such reports in such format, provided that the disclosure of the contents specified under Paragraph 1 of this Article and the completeness of such disclosure are not compromised.

Article 34 Overseas issuers may prepare periodic reports in RMB or foreign currencies. If in a foreign currency, the CNY central parity rate published by the China Foreign Exchange Trade System on the reporting date shall be disclosed.

Article 35 Any material transaction conducted by an overseas issuer, other than a transaction in the ordinary course of business, shall be timely disclosed if it reaches any of the following thresholds:

- (1) total amount of the assets involved in the transaction (higher of the book value and the appraised value) represents ten percent or more of the audited total assets of the overseas issuer in the most recent accounting year;
- (2) transaction value (including liabilities, fees and expenses assumed under the transaction) represents ten percent or more of the audited net asset of the overseas issuer in the most recent accounting year; or
- (3) the operating revenue corresponding to the target of the transaction (e.g., equity) in the most recent accounting year is over RMB 50,000,000 and represents ten percent or more of the audited operating revenue of the overseas issuer in the most recent accounting year.

The overseas issuer shall also timely disclose any transaction that does not reach the preceding thresholds but nevertheless may materially affect the trading price of its underlying shares, CDRs, and their derivative products.

Transactions between an overseas issuer and a subsidiary which is under its control and within the scope of consolidated statements, or between such subsidiaries, are exempt from disclosure under the preceding paragraph, unless otherwise provided by the CSRC and the Exchange.

Article 36 An overseas issuer shall timely disclose any related-party transaction that reaches any of the following thresholds:

- (1) any transaction valued at RMB 10,000,000 or above with a related natural person;
- (2) any transaction valued at RMB 50,000,000 or above with a related legal person and representing 0.1 percent or more of the audited total assets of the overseas issuer in the most recent accounting year; or
- (3) any transaction that, in the opinion of the overseas issuer or the Exchange, may be skewed toward the interest of the overseas issuer or its related party at the expense of the other.

The recognition of related parties and related-party relationship shall be made in reference to the disclosure requirements in the initial application for the domestic public offering of CDRs by the overseas issuer.

Article 37 In the event of a related-party transaction under Article 36 of this *Measures*, if its pricing meets any of the following conditions for fairness, it may be disclosed in the annual and interim reports together with other such transactions:

- (1) priced reasonably according to government pricing or within government guidelines;
- (2) priced at open market prices; or
- (3) priced in accordance with such methods as a public tender or public auction.

If a related-party transaction does not meet the preceding conditions for fairness or may have a material impact on the overseas issuer's assets, liabilities, equity, and operating results, the overseas issuer shall disclose it in a timely manner.

Article 38 An overseas issuer may reasonably estimate the value of each category of daily related-party transactions in the current year and, if such estimate reaches any of the thresholds under Article 36 of this *Measures*, shall fulfill information disclosure obligations in a timely manner. Any actual exceedance of this estimate shall be disclosed in a timely manner if it also reaches any of the thresholds under Article 36 of this *Measures*.

The overseas issuer shall in its annual and interim reports disclose by category the daily related-party transactions actual performance during the reporting period.

Article 39 An overseas issuer shall timely disclose any of the following material events that may significantly affect the trading price of its underlying shares, CDRs, and their derivative products, and shall additionally describe the cause, current status, and potential legal consequences of the event:

- (1) any major litigation or arbitration involving an amount representing ten percent or more of the absolute value of the audited total assets of the overseas issuer in the most recent accounting year;
- (2) major financial assistance;
- (3) matters related to repurchase of underlying shares and depository receipts;
- (4) changes in the underlying shares or depository receipts held by the directors, supervisors, and senior executives; and
- (5) other material events prescribed by the *Securities Law*, or the CSRC.

The Exchange has the right to require the overseas issuer to timely disclose any matter that, in the opinion of the Exchange, may significantly affect the trading price of the underlying shares, CDRs, and their derivative products.

Article 40 An overseas issuer may disclose performance forecasts, performance snapshots, and earnings forecasts. Any such information disclosed by the overseas issuer in the overseas market shall be simultaneously disclosed in the SSE market.

Any overseas issuer that discloses performance forecasts, performance snapshots, or earnings forecasts shall do so with prudence and objectivity, and shall not leverage such information to manipulate the trading price of its underlying shares, CDRs, and their derivative products.

Section 3 Miscellaneous

Article 41 Unless otherwise provided by laws, administrative regulations, or the CSRC, an overseas issuer carrying out material transactions, related-party transactions, or other major matters specified in this Chapter may do so in accordance with the relevant rules of where it is incorporated and of the overseas market as well as the decision-making powers and procedures set out in its articles of association.

Any overseas issuer that submits relevant matters for deliberation at the shareholders' general meeting in accordance with the provisions of the preceding paragraph shall disclose the matters in a timely manner. The meeting materials and other documents of the shareholders' general meeting prepared by the overseas issuer according to the rules of the overseas market shall be disclosed together with the notice of the shareholders' general meeting.

Article 42 The board of directors, board of supervisors, and independent directors of an overseas issuer shall perform duties and express opinions in accordance with the rules of the issuer's place

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of incorporation and of the overseas listing location as well as the practices generally accepted in the overseas market. If the Exchange believes that any relevant matter has a material impact on the overseas issuer or investors, it may require the board of directors, board of supervisors, and independent directors of the overseas issuer to express their opinions on the matter.

Any overseas issuer or any of its directors, supervisors, or senior executives that signs a written confirmation or makes a declaration or undertaking in accordance with the relevant domestic rules may, subject to compliance with the *Securities Law*, make appropriate adjustment to the wording of such confirmation, declaration, or undertaking in view of the rules of the issuer's place of incorporation and of the overseas market as well as the practices generally accepted in the overseas market.

Article 43 An overseas issuer and depository shall, in accordance with the terms of the depository agreement, timely release announcement concerning the exercise of rights of CDR holders, specifying the detailed arrangements including when and how to exercise such rights, and the results of such actions, to ensure CDR holders may effectively exercise their rights.

Where the overseas issuer and depository intend to collect voting intents of the CDR holders through the website provided by the Exchange or its subsidiaries or affiliates, they shall do so in compliance with the rules of the Exchange and the terms of relevant agreements, provided it releases an announcement to the market as required by the depository agreement.

Article 44 The overseas issuer shall, in its annual reports and interim reports, disclose the implementation of and changes to the depository and custodian arrangements during the reporting period, as well as the names of the top ten CDR holders and their holding size and proportion to total at the end of the reporting period. The overseas issuer shall also disclose any of the following circumstances in a timely manner:

- (1) replacement of the depository or the custodian;
- (2) the underlying assets under custody have been pledged, misappropriated, frozen by the judicial authorities, or subjected to other change in ownership;
- (3) any material change to the depository agreement or the custodian agreement;
- (4) change in the conversion ratio between CDRs and the underlying shares; or
- (5) other circumstances required by the CSRC and the Exchange to be disclosed.

Any overseas issuer intending to change the conversion ratio between CDRs and the underlying shares shall obtain the prior approval of the Exchange.

In the event of the circumstances under Item (1) or (2) of Paragraph 1 of this Article or any material change to the custodian agreement, the depository shall promptly notify the overseas issuer and the overseas issuer shall disclose the matter in a timely manner.

Article 45 The shareholders, *de facto* controller, directors, supervisors, senior executives of the overseas issuer, and investors holding depository receipts issued domestically or overseas by the overseas issuer shall, in accordance with the *Supervision and Administration Provisions* and market rules of the Exchange, make timely disclosure of change in equity, acquisition and change in the holding of depository receipts, and other pertinent information.

Interest of an investor in the shares or depository receipts issued domestically or overseas by an overseas issuer, whether held directly or indirectly by the investor and the persons acting in concert therewith, shall be calculated on an aggregated basis.

The rules of the Exchange regarding the disclosure of change in equity interest in the overseas issuer shall not apply to a depository or custodian when it has reached the disclosure threshold due to any change in its holding of the underlying overseas shares arising from depository and custodian arrangements.

Article 46 Where the CDRs of an overseas issuer held by an investor and the persons acting in concert therewith, whether through securities trading, transfer by agreement, or other similar arrangements at the Exchange, has reached, will reach, or has exceeded five percent of the total CDRs issued by the overseas issuer, such investor and person shall release an indicative announcement within two days as of its occurrence.

After reaching the above threshold, the investor and the persons acting in concert therewith shall release an indicative announcement in the time frame specified in the preceding paragraph each time that their holding of the CDRs of such overseas issuer, whether through securities trading, transfer by agreement, or other similar arrangements at the Exchange, has reached, will reach, or has exceeded an additional five percent of the total CDRs issued by the overseas issuer.

The investor and the persons acting in concert therewith shall be exempt from the above announcement obligations if they have involuntarily reached the threshold due to an increase or decrease to the total CDRs issued by the overseas issuer; however, they shall perform such obligations if they have actively increased or decreased their holdings thereafter.

Chapter IV Trading of CDRs

Section 1 Investor Suitability Management

Article 47 Subscription and trading of CDRs (collectively “**trading**” hereinafter) is subject to investor suitability rules.

Members of the Exchange shall establish the relevant systems for managing the suitability of CDR investors and conduct investor suitability management.

Any investor that intends to trade CDRs shall meet the suitability requirements prescribed by the Exchange. Individual investors shall additionally pass the comprehensive suitability assessment organized by SSE members for CDR investors.

Article 48 Any individual investor who intends to trade CDRs shall satisfy the following requirements:

- (1) the daily average value of assets in her/his securities account and funds account over the 20 trading days before applying for trading CDRs is no less than RMB 500,000 (excluding the funds and securities acquired from margin trading and short selling transactions);
- (2) she/he has traded securities for 24 months;
- (3) there is no serious adverse entry in her/his integrity record; and
- (4) she/he is not under any circumstance where she/he would be prohibited or restricted from trading securities by domestic laws, market rules of the Exchange, or otherwise.

An institutional investor that intends to trade CDRs shall do so in accordance with domestic laws and market rules of the Exchange.

Article 49 A member of the Exchange shall examine whether an investor satisfies the investor suitability requirements for CDR trading and, with respect to an individual investor, conduct a comprehensive evaluation on her/his assets, knowledge, risk tolerance, integrity, and other pertinent aspects.

The member shall focus its evaluation on whether the individual investor has understood the market rules and procedures for trading CDRs and is fully aware of the risks associated with investing in CDRs.

The member shall keep track and stay informed of the trades of individual investors and conduct

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a follow-up assessment of their risk tolerance at least once every two years.

Article 50 A member of the Exchange shall obtain a full understanding of the profile of investors that intend to trade CDRs and issue an explicit opinion on their suitability for such transactions. No member shall permit any investor who does not meet the suitability requirements to trade CDRs.

Article 51 A member of the Exchange shall, through appropriate means, adequately disclose to investors the risks associated with CDR trading, remind them to be vigilant about investment risks, and guide them to trade CDRs in a rational and compliant manner.

With respect to any client that buys CDRs for the first time, the member shall require the client to sign a CDR risk disclosure statement in paper form or electronically. No member shall accept any purchase instructions from a client that has not signed the risk disclosure statement.

Article 52 An investor shall acquire an adequate knowledge and understanding of the risks in CDR trading, of the domestic laws, and of the market rules of the Exchange, and, taking into consideration of its risk identification and tolerance capacity, prudentially decide whether to trade CDRs.

An investor, by its holding of CDRs, shall automatically become a party to the depository agreement and be deemed to have agreed to be bound by the terms thereof.

Section 2 Special Trading-Related Rules

Article 53 CDRs to be listed and traded on the Exchange are denominated in RMB, with the pricing unit being “price per CDR unit” and the tick size being RMB 0.01 Yuan.

If an investor intends to trade CDRs through auction trading, each order shall be in 100 units of CDRs or an integral multiple thereof, not exceeding 1,000,000 units of CDRs for a single order. Any odd lot of less than 100 units that would be remaining after the execution of a sell order shall be sold through that same order.

The Exchange may adjust the pricing unit, tick size, maximum order size, and other parameters as appropriate for the market, and will announce the adjustment to the market.

Article 54 Unless otherwise provided by the Exchange, an investor shall not sell any CDRs on the same day they are bought.

Article 55 The Exchange enforces price limit for CDR trading. The price limit is ten percent, unless otherwise provided by this *Measures*.

The limit price shall be calculated as: limit price = previous closing price × (1 ± price limit), rounded to the nearest tick size multiple.

The price limit for the first trading day after seven or more calendar days of daylong market closure at Exchange shall be 20 percent;

If an overseas issuer lists CDRs representing new shares on the Exchange for the first time, provisions of the Exchange’s *Trading Rules* on the price limit of shares in an initial public offering shall apply.

The Exchange may adjust the price limit for CDRs as appropriate for the market.

Article 56 Where an overseas issuer lists CDRs representing new shares on the Exchange for the first time, the previous closing price of the CDRs shown in the real-time market data for the day

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of listing shall be their offering price, unless otherwise provided by the Exchange.

If an overseas issuer lists CDRs representing existing shares on the Exchange for the first time, the previous closing price of the CDRs shown in the real-time market data for the day of listing shall be the RMB-denominated price converted from the nearest closing price of the underlying shares on the overseas market (based on the conversion ratio between the CDRs and the underlying shares and the CNY central parity rate announced by the People's Bank of China on the day prior to the day of listing), unless otherwise provided by the Exchange.

The overseas issuer shall, in accordance with the provisions of the preceding paragraph, calculate and furnish the closing price for the day preceding the day of CDR listing.

Article 57 Unless otherwise provided by the Exchange, in such events as interest distribution and conversion of capital and surplus reserves into share capital and rights issue by an overseas issuer, the Exchange will, according to the application of the overseas issuer, make ex-rights adjustment to the CDR listed on the Exchange by reference to the provisions of the *Trading Rules* on the ex-rights treatment of stocks.

The Exchange will not make ex-dividend adjustment to the CDR listed on the Exchange following a distribution of cash dividends by the overseas issuer, unless otherwise provided by the Exchange.

Article 58 Investors, market makers, and Chinese cross-border conversion institutions that participate in the trading of CDRs shall do so in accordance with domestic laws, the *Trading Rules*, this *Measures*, and other market rules of the Exchange, and shall not engage in any irregular trading activities or disrupt the normal course of trading.

Members of the Exchange shall, in accordance with the requirements of the *Trading Rules*, *Membership Management Rules of Shanghai Stock Exchange* (the "**Membership Management Rules**"), and other market rules of the Exchange, duly supervise the trading activities of their clients and promptly discover, manage, and report any irregular trading activities of their clients during the trading of CDRs.

Article 59 The Exchange will monitor the trading of CDRs on a real-time basis to promptly detect and address any irregular trading activities that are in violation of the *Trading Rules*, this *Measures*, or other relevant market rules.

If the trading of any CDR shows any fluctuation deemed abnormal by the Exchange, or is suspected of violating applicable laws, regulations, or rules, the Exchange may impose special trading suspension on such CDR and announce such suspension; the parties involved shall submit written reports as required by the Exchange.

The time and methods of this special trading suspension and the resumption of trading thereafter shall be at the discretion of the Exchange.

Article 60 The Exchange will publicly release the real-time market data and trading statistics on CDR trading in accordance with the provisions of the *Trading Rules* on stock trading information and based on its supervisory needs, excluding the provisions of the *Trading Rules* on public information on securities trading.

The Exchange will disclose to the market such information as the quantity of outstanding CDRs as of the preceding day and the quantity of such CDRs being created through cross-border conversion on the current day.

Article 61 An order in CDRs may be executed as a block trade if the size of a single order in CDRs is not less than 300,000 units or the value of it is not less than RMB 2,000,000.

The transfer of CDRs by agreement shall be handled with reference to the market rules of the Exchange concerning the transfer of shares by agreement.

Article 62 CDR trading adopts a hybrid trading mechanism combining auction trading and market making trading. Eligible members may apply to the Exchange to provide market making services for CDRs.

Article 63 A market maker for a CDR shall have such obligations as providing two-way quotes for such CDR and be entitled to the corresponding rights in accordance with the market rules of the Exchange and the market maker agreement.

A market maker for CDRs shall strictly abide by domestic laws, relevant rules of the Exchange, and terms of the market maker agreement; establish a sound information segregation system to prevent conflict of interest between its market making business and other businesses; and not take advantage of its market making business to engage in insider trading, market manipulation, or other illegal or rule-breaking activities or seek improper benefits.

Matters such as the rights, obligations, market making requirements, and supervision and administration of market makers for CDRs shall be governed by rules separately prescribed by the Exchange.

Section 3 Cross-Border Conversion of CDRs

Article 64 CDRs listed and traded on the Exchange may be converted into the underlying overseas shares and vice versa through cross-border conversion by a Chinese cross-border conversion institution in accordance with the rules of the CSRC and the Exchange as well as the provisions of the prospectus, listing announcement, and depository agreement disclosed by the overseas issuer of the CDRs.

Article 65 In the creation of CDRs, a Chinese cross-border conversion institution purchases or otherwise lawfully acquires the underlying shares in the overseas market and delivers the same to a depository which, in turn, issues the corresponding CDRs according to relevant rules and the terms of the depository agreement. In the redemption of CDRs, the depository cancels the CDRs according to relevant rules and the terms of the depository agreement, and then delivers the corresponding underlying shares to the Chinese cross-border conversion institution.

A qualified investor who intends to participate in the cross-border conversion of CDRs shall engage a Chinese cross-border conversion institution to do so on its behalf, the particulars of which shall be governed by rules separately prescribed by the Exchange.

Article 66 Any member of the Exchange that meets the following requirements may register with the Exchange as a Chinese cross-border conversion institution:

- (1) it is qualified to engage in brokerage and proprietary trading of securities;
- (2) it has experience in international securities business;
- (3) it possesses a classification rating required by the Exchange;
- (4) it has not been subject to any administrative penalty in the past year over its brokerage or proprietary business; and
- (5) it meets other requirements prescribed by the Exchange.

Particulars concerning the registration for Chinese cross-border conversion institutions shall be governed by rules separately prescribed by the Exchange.

Article 67 Any Chinese cross-border conversion institution that applies to engage in cross-border conversion of a specific CDR or voluntarily terminate its cross-border conversion for such CDR

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shall first register with the Exchange as required by the Exchange.

Unless otherwise provided by the Exchange, any Chinese cross-border conversion institution that applies to engage in the cross-border conversion of a specific CDR shall have already been announced by the Exchange as a market maker for such CDR.

Article 68 Unless otherwise provided by the Exchange, a Chinese cross-border conversion institution shall open a securities account and a funds account dedicated to the cross-border conversion and market making of CDRs, and use its own funds to engage in the cross-border conversion business.

The Chinese cross-border conversion institution shall ensure that the accounts and assets for the cross-border conversion and market making businesses are effectively segregated, managed, and accounted for separately from its accounts and assets for other businesses.

Article 69 A Chinese cross-border conversion institution shall appoint an institution qualified to trade in the overseas market to trade the underlying overseas shares and conduct related investment activities on its behalf, and report its cross-border conversions and overseas investments to the Exchange.

The Chinese cross-border conversion institution shall conduct lawful and compliant cross-border transactions in strict accordance with the state policies on cross-border funds administration and the scope of investment and the maximum asset balance prescribed by the CSRC, and shall not take advantage of the cross-border conversion business to engage in insider trading, market manipulation, or other illegal or rule-breaking activities or seek other improper benefits.

Article 70 A CDR depository, when participating in corporate actions such as dividend distribution in accordance with the depository agreement, shall comply with the state policies on cross-border funds administration and, following its completion of the domestic affairs relating to such corporate actions, timely report to the Exchange details on the cross-border funds flow.

Article 71 The domestic custodian appointed by a Chinese cross-border conversion institution shall, at the end of each trading day, report to the Exchange the information on the daily cross-border funds flows in connection with the Chinese cross-border conversion institution's cross-border conversion business on that day, and periodically report the names and outstanding asset balance of the investments made by the Chinese cross-border conversion institution in the overseas market and other relevant information.

Article 72 Any Chinese cross-border conversion institution that submits a CDR creation application to the depository shall timely deliver the underlying shares lawfully acquired in the overseas market to the depository according to relevant agreements, and timely provide relevant information to the Exchange as required for cross-check by the Exchange.

The Chinese cross-border conversion institution shall ensure that the information reported to the Exchange is true, accurate, complete, and consistent with that in the creation application sent to the depository.

Article 73 A depository for a CDR shall compare the creation application sent by the Chinese cross-border conversion institution with the notice of the overseas custodian acknowledging receipt of the underlying shares, and, after confirming that the application is accurate, timely submit to the Exchange the current day's issuance information on the CDR.

The depository shall submit the issuance information in such format and manner and at such time as specified by the Exchange, and ensure such information is true, accurate, and complete.

Unless otherwise provided by the Exchange, the depository may issue the corresponding quantity

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of the CDR only after the Chinese cross-border conversion institution has delivered the underlying shares in full; the issuance of any CDR without receiving the underlying shares in full is prohibited.

Article 74 The Exchange will compare the current day's CDR issuance information submitted by a depository with the CDR creation application submitted by the Chinese cross-border conversion institution. If the information is consistent, the Exchange will, according to the current day's CDR issuance information submitted by the depository, increase the balance of such CDR available for sale on the current day by the Chinese cross-border conversion institution accordingly.

The Exchange may refuse to process the current day's issuance information if the depository or the Chinese cross-border conversion institution fails to timely submit relevant information to the Exchange or if the information submitted is inconsistent; in such event, the resulting consequences shall be solely borne by the parties concerned.

Article 75 The depository for a CDR shall, according to relevant requirements, timely inform the Exchange of the outstanding quantity of the CDR on that day as well as the information on the custody of the underlying shares on that day as provided by the custodian.

A Chinese cross-border conversion institution shall check the current day's CDRs available for sale before market opens on that day. If the available-for-sale quantity is inconsistent with the number of underlying shares delivered to the custodian, the Chinese cross-border conversion institution shall immediately report the situation to the depository and the Exchange and shall not sell the excess CDRs.

Article 76 The depository for a CDR shall suspend the creation or redemption of the CDR in any of the following circumstances:

- (1) if the overseas issuer makes interest distribution, holds a shareholders' general meeting, or takes other corporate actions, then unless otherwise agreed in the depository agreement, the depository shall suspend the creation and redemption of the CDR between the date of record in the overseas market and that in the SSE market as determined by the overseas issuer (including the date of record and the immediately preceding trading day);
- (2) if the outstanding quantity of a single CDR has reached 100 percent of the cap thereof permitted by the CSRC, the depository shall suspend the creation of the CDR;
- (3) if the SSE market is closed by announcement, the depository shall suspend the creation and redemption of the CDR;
- (4) any other circumstances where the creation or redemption of the CDR shall be suspended as stipulated in the depository agreement or as deemed necessary by the Exchange.

The overseas issuer and the depository shall, in accordance with the depository agreement, announce to the market the cause and time of suspension and resumption of the creation and redemption of the CDR, save for the circumstance under Item (3).

The overseas issuer and the depository shall appropriately arrange the dates of record with respect to interest distribution, holding of a shareholders' general meeting, and other corporate actions to avoid prolonged suspension of cross-border conversion.

Article 77 Where a depository for CDRs, upon receiving the redemption application of the Chinese cross-border conversion institution, intends to cancel the corresponding CDRs in its account, it shall do so in accordance with the rules of the CSDC.

Article 78 Any error in CDR creation or redemption data arising from such causes as force majeure, unforeseen incident, technical failure, or human error may be corrected upon verification by relevant entities including the Exchange, the CSDC, and the depository, custodian,

and Chinese cross-border conversion institution concerned.

Article 79 If the quantity of CDRs issued by a depository exceeds the quantity of the CDRs corresponding to the underlying shares under the custody of its custodian, the depository and the relevant Chinese cross-border conversion institution shall cancel the excess CDRs in a timely manner.

If the quantity of the CDR held by the relevant Chinese cross-border conversion institution is less than the quantity to be canceled, the Chinese cross-border conversion institution shall timely purchase a sufficient quantity of the CDR and cancel the same; failing which, the Chinese cross-border conversion institution shall make up for the shortfall in the underlying shares in a timely manner.

If the depository and the relevant Chinese cross-border conversion institution fail to timely cancel the excess CDR or replenish the underlying shares as set forth in the first and second paragraph of this Article, the Exchange may request the CSDC to cancel the excess from the Chinese cross-border conversion institution concerned based on the custody data on the underlying shares as provided by the custodian, or take other measures, and report the situation to the CSRC.

Article 80 Losses and legal consequences arising from irregularity in the cross-border conversion of CDRs and from any measures taken in response shall be borne by the parties involved according to the law. The lawful rights and interests of CDR holders shall not be harmed.

Chapter V Termination of Listing of CDRs

Section 1 Voluntary Termination of Listing

Article 81 The overseas issuer of CDRs may apply to the Exchange for voluntary termination of listing upon the occurrence of any of the following circumstances:

- (1) the shareholders' general meeting of the overseas issuer decides to voluntarily withdraw the trading of its CDRs from the Exchange; or
- (2) other circumstances as recognized by the CSRC and the Exchange.

Any overseas issuer that has applied for termination of listing of the underlying shares shall also and simultaneously apply to the Exchange for voluntary termination of listing of the CDRs.

Article 82 The overseas issuer shall, in the process of planning to apply for the voluntary termination of listing of its CDRs, timely disclose an indicative announcement on the progress of its planning and the arrangements for the voluntary termination of listing.

The indicative announcement shall be disclosed no later than the day when the notice of the shareholders' general meeting at which the matter is to be considered is sent out.

Article 83 If the shareholders' general meeting of the overseas issuer approves the voluntary withdrawal of trading of CDRs from the Exchange, the overseas issuer shall disclose the content of the resolution in a timely manner.

Article 84 Where an overseas issuer notifies the Exchange on voluntary termination of listing of its CDRs, it shall put forward a clear plan on the arrangements and protection for the investors, and offer to repurchase the CDRs or provide cash option via a third party. The plan shall be approved by the shareholders' general meeting as provided under Item (1) of Article 81 of this *Measures*.

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The investors of the CDRs are entitled to reject the plan and delegate the depository to hold or sell the corresponding underlying shares on their behalf in accordance with the depository agreement.

Article 85 Any overseas issuer that applies for voluntary termination of listing of its CDRs shall apply to the Exchange for the suspension or resumption of trading of the CDRs in a timely manner. The overseas issuer shall issue relevant announcements in a timely manner after submitting the application.

Article 86 Any overseas issuer that applies to the Exchange for voluntary termination of listing shall submit the following documents at a minimum:

- (1) application for voluntary termination of listing;
- (2) resolution of the shareholders' general meeting and opinions issued by the independent directors;
- (3) plan for the voluntary termination of listing;
- (4) opinions issued by financial advisors on the voluntary termination of listing;
- (5) legal opinions issued by attorneys on the voluntary termination of listing; and
- (6) other documents required by the Exchange.

The plan for the voluntary termination of listing shall specify the reasons for the delisting, the arrangements and protections for the investors, the pricing basis for the repurchase or cash option, and post-delisting arrangements for the transfer of the CDRs by investors. Financial advisers and attorneys shall issue professional opinions on whether the arrangements for CDR investors are in their best interests. The overseas issuer shall additionally engage an overseas attorney to issue professional opinions on whether the delisting plan complies with laws and regulations of the overseas listing location.

Article 87 The Exchange will, within 15 trading days after receiving the application documents for the voluntary termination of listing of CDRs submitted by an overseas issuer, decide whether to accept the application and notify the overseas issuer accordingly. The Exchange will reject the application if the overseas issuer fails to submit application documents as required by this Section. The overseas issuer, upon receiving the decision of the Exchange, shall disclose its content in a timely manner and publish a risk warning announcement on whether its CDRs could be delisted.

Article 88 The Exchange will, within 30 trading days after accepting an application for the voluntary termination of listing of CDRs, decide whether to approve the termination. Where the Exchange requires the overseas issuer to provide supplementary materials during the foregoing 30-trading-day period, the time taken by the overseas issuer to provide such supplementary materials shall be excluded from the foregoing time limit.

Article 89 The Listing Committee of the Exchange is responsible for reviewing the voluntary termination of listing of CDRs, giving priority to protecting the rights and interests of CDR investors, and, following a compliance review on the overseas issuer's decision-making procedures, will make an independent, professional judgment on the termination and issue the review opinions.

The Exchange will decide on whether to terminate the listing of the overseas issuer's CDRs based on the review opinions of the Listing Committee.

Any overseas issuer that is dissatisfied with the Exchange's decision may apply for a review.

Article 90 The Exchange will, within two trading days after it makes a decision on the termination of listing of CDRs, notify the overseas issuer accordingly and issue an announcement.

The overseas issuer shall, upon receiving the decision of the Exchange, issue an announcement on the termination of its CDRs in a timely manner.

Article 91 Within five trading days following the date when the Exchange announces the voluntary termination of listing of CDRs, such CDRs shall be delisted from the Exchange.

Article 92 The Exchange will make filings with the CSRC on the voluntary termination of listing of CDRs within 15 trading days after it decides to approve or deny the voluntary termination and within 15 trading days after the CDRs are delisted.

Section 2 Compulsory Termination of Listing

Article 93 The Exchange will terminate the listing of CDRs upon the occurrence of any of the following circumstances:

- (1) the underlying shares are terminated from listing by overseas regulatory authorities or overseas stock exchanges;
- (2) the overseas issuer is ordered by the Exchange to remedy major deficiencies in its information disclosure within a specified time limit but fails to do so, and such failure is still not cured within two months of the expiration of such time limit;
- (3) the overseas issuer receives an administrative penalty decision from the CSRC pursuant to Article 181 of the Securities Law or is found guilty in an effective judgment by a people's court pursuant to Article 160 of the Criminal Law for any misrepresentations, misleading statements, or material omissions in its CDR application or disclosure documents; or
- (4) the overseas issuer is found by the Exchange to have otherwise severely disrupted the securities market based on the fact, nature, severity, impact, and other factors of its violation.

Article 94 Major deficiencies in information disclosure as referred to in Item (2) of Article 93 of this *Measures* specifically include the following situations:

- (1) the Exchange has lost the effective source of information for the overseas issuer;
- (2) the overseas issuer refuses to disclose any material information that should be disclosed;
- (3) the overseas issuer has seriously disrupted the information disclosure regime and caused adverse effects; or
- (4) other circumstances which make the Exchange to believe that a major deficiency exists in information disclosure by the overseas issuer.

Whether an overseas issuer has any major deficiencies in information disclosure, and whether the said major deficiencies have been corrected, are determined by the Listing Committee of the Exchange. The time taken the Listing Committee to evaluate such matters is excluded from the time given to the overseas issuer to make corrections.

Article 95 Where the underlying shares of an overseas issuer are suspended from listing in accordance with the rules of an overseas stock exchange, or are subsequently restored to the listing status, the Exchange will suspend or resume the trading of its CDRs accordingly.

Where the underlying shares are suspended from listing in accordance with the rules of an overseas stock exchange, the overseas issuer shall issue an announcement in a timely manner and apply for the suspension of trading of its CDRs. Trading of the CDRs shall be suspended from the date of disclosure of the announcement on the listing suspension of the underlying shares or, if the disclosure date is a non-trading day, from the following trading day. If the overseas issuer fails to apply for a trading suspension and disclose relevant information as required, the Exchange has the right to suspend the trading of the CDRs upon being informed of the matter and will issue an announcement to the market.

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Where, in accordance with the rules of the overseas stock exchange, the overseas issuer's underlying shares are restored to the listing status after being suspended, the overseas issuer shall issue an announcement in a timely manner and apply for resuming the trading of its CDRs.

The Exchange will, within 15 trading days after receiving a trading suspension or resumption application, decide whether to suspend or resume the trading of the CDRs, and will notify the overseas issuer in a timely manner and issue an announcement.

The overseas issuer shall promptly issue an announcement on the suspension or resumption of trading of its CDRs upon receiving the Exchange's decision on the matter. Trading of the overseas issuer's CDRs resumes within five trading days after it issues an announcement on the resumption of trading.

Article 96 Where it is possible that any circumstance specified under Article 93 of this *Measures* occurs, the overseas issuer shall promptly disclose aforesaid information once it is informed of relevant circumstance, and issue a risk warning announcement that its CDRs are probably at the risk of being terminated from listing the CDRs.

At the occurrence of any circumstance specified under Article 93 of this *Measures*, the overseas issuer shall promptly issue a risk warning announcement that its CDRs are at the risk of being terminated from listing the CDRs shall be suspended from trading from the date of this announcement or, if such date is a non-trading day, from the following trading day.

If the overseas issuer fails to apply for a trading suspension and disclose relevant information in accordance with this Article, the Exchange has the right to suspend the trading of the CDRs upon being informed of the matter and will issue an announcement to the market.

Article 97 The Exchange will, within five trading days after it suspends the trading of an overseas issuer's CDRs pursuant to Article 96 of this *Measures*, issue an early notice to the overseas issuer on the proposed termination of the listing of its CDRs. The overseas issuer shall make relevant disclosures in a timely manner upon receiving the early notice.

Article 98 Before the Exchange issues a decision on the compulsory termination of listing, the overseas issuer may apply to the Exchange for a hearing. Any overseas issuer that is dissatisfied with the Exchange's decision of compulsory termination of listing may apply to the Exchange for a review.

Article 99 The Exchange will, within 30 trading days after it suspends the trading of an overseas issuer's CDRs pursuant to Article 96 of this *Measures*, decide whether to terminate the listing of the CDRs based on the review opinion of the Listing Committee of the Exchange.

If the overseas issuer has applied to the Exchange for a hearing, the period from the receipt of this application to the end of the hearing process is excluded from the foregoing time limit.

Article 100 The Exchange will, within two trading days after it decides to terminate the listing of CDRs, notify the overseas issuer and issue an announcement.

The overseas issuer shall promptly issue an announcement on the termination of listing of its CDRs upon receiving the Exchange's decision on such matter.

Article 101 If the listing of any CDRs is compulsorily terminated by the Exchange, the overseas issuer shall put forward a clear plan on the arrangements and protection for the investors and shall issue an announcement in a timely manner. Financial advisers and attorneys shall issue professional opinions on whether the arrangements for the CDR investors are fair and in their best interests.

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The investors of the CDRs are entitled to reject the and delegate the depository to hold or sell the corresponding underlying shares on their behalf in accordance with the depository agreement.

Article 102 Within 5 trading days after an overseas issuer announces the termination of listing of its CDRs, the CDRs resume trading. The trading of such CDRs is resumed for 15 trading days. Within 5 trading days after this 15-trading-day period, the CDRs will be delisted from the SSE market.

Article 103 The Exchange will make filings with the CSRC on the termination of listing of CDRs within 15 trading days after it decides to terminate the listing of the CDRs and within 15 trading days after the CDRs are delisted.

Chapter VI Matters Related to GDRs

Section 1 Domestic Offering and Listing of Newly Issued Underlying Shares

Article 104 Any SSE-listed company that intends to issue GDRs overseas with its newly issued domestic shares as the underlying securities shall comply with the *Securities Law* and the rules of the CSRC and the Exchange on the issuance of securities by listed companies, and meet the conditions prescribed in the *Supervision and Administration Provisions*.

Article 105 Where an SSE-listed company intends to issue and list a GDR overseas and apply for the offering and listing of the corresponding newly issued domestic underlying shares, it shall:

- (1) meet the offering conditions provided in the *Measures for Administration of Registration*;
- (2) have been listed on SSE for at least 1 year or, in the case of restructuring and listing, have been listed for at least 1 year after such restructuring and listing;
- (3) have an average A-share market capitalization of at least RMB 20 billion as calculated based on the closing price of the underlying shares over the 120 trading days prior to the offering application date; and
- (4) meet any other conditions as required by SSE.

Article 106 The SSE offering and listing review department reviews the application documents for the offering and listing of newly issued domestic underlying shares. Unless otherwise provided in this *Measures*, provisions on issuing securities to specified parties of the *Follow-on Offering Review Rules* and other rules shall apply to the application, the acceptance of the application, the review procedures, the submission of review opinions to the CSRC, post-meeting matters, follow-on review, review suspension and termination, and other review-related matters.

Article 107 An SSE-listed company that applies for the offering and listing of a GDR on an overseas stock exchange shall make disclosures on its progress promptly when:

- (1) the SSE-listed company submits an application to the relevant competent overseas authority for the offering and listing of the GDR, unless the application is made in a non-public manner pursuant to the regulatory requirements of the overseas market;
- (2) the competent overseas authority issues a conclusion following its review of the offering and listing of the GDR;
- (3) the CSRC grants the filing for the offering and listing of the GDR;
- (4) the GDR is successfully offered and listed on the overseas stock exchange;
- (5) the SSE-listed company receives the proceeds;
- (6) the SSE-listed company suspends or terminates the offering and listing of the GDR; and
- (7) there is any other major progress.

Article 108 Where an SSE-listed company intends to issue and list GDRs on an overseas stock exchange and apply for the listing of the corresponding newly issued domestic underlying shares, it shall submit to the Exchange the following materials within two trading days prior to the

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listing date of such GDRs:

- (1) application form for the listing of such new shares;
- (2) the confirmation letter issued by the CSDC on its acceptance of the share registration application;
- (3) a statement of the offering and listing of the GDRs;
- (4) an indicative announcement on the listing of new shares; and
- (5) any other documents required by the Exchange.

If the GDRs are subject to a redemption restriction period, the SSE-listed company shall disclose this fact in the indicative announcement.

If the GDRs are converted into underlying shares through cross-border conversion in accordance with this *Measures* and the depository agreement following the listing of the newly issued domestic underlying shares, the converted underlying shares may be traded in the SSE market.

Article 109 Any SSE-listed company that is offering GDRs through an overseas stock exchange shall make a timely disclosure in the SSE market if:

- (1) the outstanding quantity of such GDRs is less than 50 percent of the quantity permitted by the CSRC;
- (2) the listing of the GDRs on the overseas stock exchange is suspended or terminated;
- (3) it is within five trading days before the expiration of the redemption restriction period for the GDRs; or
- (4) there is any other circumstance that may significantly affect the trading price of the underlying shares.

With respect to the circumstance under Item (3) of the preceding paragraph, the SSE-listed company shall release at least three indicative announcements before the expiration of the redemption restriction period for the GDRs.

Each GDR issuers shall disclose the outstanding quantity of its GDRs in periodic reports.

Article 110 Where an investor and the persons acting in concert therewith hold an interest in a domestic listed company through GDR, domestic underlying shares, or otherwise, except for those underlying shares that any GDR depository holds under its depository obligations, such interest shall be calculated on an aggregated basis for the investor, who shall fulfill relevant disclosure obligations on such aggregated basis in accordance with the *Measures for the Administration of the Takeover of Listed Companies*, the *Stock Listing Rules*, and other applicable rules.

Article 111 Any overseas investor that holds an interest in a domestic listed company through GDRs, domestic underlying shares, or otherwise shall comply with the shareholding ratio limit prescribed by the *Supervision and Administration Provisions*.

Any single overseas investor whose interest in a domestic listed company, whether through GDRs, domestic underlying shares, or otherwise, has exceeded the shareholding ratio limit shall liquidate the excess within five trading days.

In the event that the combined interest of all overseas investors in a domestic listed company, whether through GDRs, domestic underlying shares, or otherwise, has exceeded the applicable limit, the Exchange is entitled to issue liquidation notices to such relevant entities in reverse order of when such interest was acquired.

The liquidation of the interest of an overseas investor in a domestic listed company in excess of the applicable limit shall be carried out by reference to the relevant provisions of the *Guidelines*

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No.1 for Securities Trading Rules of the Shanghai Stock Exchange ----- Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors and the Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect.

Section 2 Cross-Border Conversion of GDRs

Article 112 Any overseas securities company intending to engage in the cross-border conversion of GDRs in the SSE market shall meet the following requirements and register with the Exchange:

- (1) it is qualified to trade on the overseas stock exchange where the GDR is to be listed;
- (2) it or the entity it controls, is controlled by, or is under the common control with is a Qualified Foreign Institutional Investor (“**QFII**”) or RMB Qualified Foreign Institutional Investor (“**RQFII**”), except as otherwise provided by the Exchange;
- (3) it is financially robust and has a good credit standing and a significant asset size;
- (4) it has in place a sound governance structure and internal control system, runs a compliant operation, and has not received any major penalties from a regulatory authority in the most recent three years; and
- (5) it meets the other requirements prescribed by the Exchange.

Particulars concerning the administration of registration of overseas cross-border conversion institutions shall be governed by rules separately prescribed by the Exchange.

Article 113 An eligible overseas securities company shall appoint an SSE member to submit the registration materials to the Exchange on its behalf, and engage in cross-border conversion and securities investment activities in domestic stock exchange market (collectively “**domestic market**”) in accordance with the law.

The SSE member shall prudently examine the qualification, scale, experience, and other pertinent aspects of the overseas securities company and ensure its registration documents are true, accurate, and complete.

The SSE member shall execute a service agreement with the overseas cross-border conversion institution to exercise effective supervision and constraints over the cross-border conversion and securities investment activities of the overseas cross-border conversion institution in the domestic market. The member shall promptly report to the Exchange any change in the registration information of the overseas cross-border conversion institution.

Article 114 After registering with the Exchange, an overseas cross-border conversion institution shall open a securities account and funds account dedicated to the cross-border conversion business in accordance with law, and ensure that the accounts and assets for the cross-border conversion business are effectively segregated, managed, and accounted for separately from its other lawfully opened accounts and assets in the domestic market.

Article 115 An overseas cross-border conversion institution shall conduct lawful and compliant cross-border transactions in strict accordance with the state policies on cross-border funds administration and the scope of investment and the maximum asset balance prescribed by the CSRC, and shall not take advantage of its cross-border conversion business to engage in insider trading, market manipulation, or other illegal or rule-breaking activities or seek other improper benefits.

If the investment of the overseas cross-border conversion institution in the domestic market has exceeded the scope of investment or the maximum asset balance prescribed by the CSRC, or if the overseas cross-border conversion institution engages in any other irregular trading activity, the corresponding SSE member shall refuse its instructions and promptly report the situation to the Exchange.

Article 116 A depository for GDRs shall register with the Exchange through an SSE member before the listing of the GDRs. The list of registration materials shall be separately prescribed by the Exchange.

No depository shall engage in the cross-border conversion of GDRs in the SSE market without completing the foregoing registration.

Article 117 A depository shall open a dedicated securities account for the depository business in accordance with the law, and appoint an SSE member to sell the underlying shares or perform other actions on its behalf according to the depository agreement. The depository shall not use the domestic securities account to engage in securities transactions unrelated to the depository business or underlying shares.

The SSE member shall exercise effective supervision and constraints over the securities trading activities of the depository in the domestic market. If the depository is found to have exceeded the approved scope of securities trades or have not suspended the creation of GDRs as required by applicable rules, the SSE member shall refuse its instructions and promptly report the situation to the Exchange.

A GDR depository shall comply with the state policies on cross-border funds administration when participating in corporate actions such as dividend distribution in accordance with the depository agreement.

Article 118 The Exchange may, based on its supervisory needs, require the domestic custodian to report the cross-border funds flows with respect to a GDR depository or overseas cross-border conversion institution, as well as the names and balance of outstanding assets held by the GDR depository or overseas cross-border conversion institution in the domestic market, and other relevant information.

Article 119 A GDR depository shall suspend the creation or redemption of the GDR in any of the following circumstances:

- (1) if the redemption of the GDRs is not allowed within a specified period according to the requirements of the CSRC and the terms of the prospectus, the depository shall not process the redemption of such GDRs during such period;
- (2) if the outstanding quantity of underlying shares corresponded by the outstanding quantity of a single GDR has reached 100 percent of the cap thereof permitted by the CSRC, the depository shall suspend the creation of the GDR; or
- (3) any other circumstances where the creation or redemption of the GDR shall be suspended as stipulated in the depository agreement or as deemed necessary by the Exchange.

Article 120 Where a GDR depository and an overseas cross-border conversion institution, for the purpose of cross-border conversion, intend to transfer the underlying shares in either party's dedicated securities account to the dedicated securities account of the other party, they shall do so in accordance with the rules of the CSDC.

Chapter VII Self-Regulation

Article 121 The Exchange implements routine supervision over the entities specified in Article 3 of this *Measures*, and may adopt the following routine supervisory measures either individually or as a combination:

- (1) requiring explanations and clarifications on relevant issues;
- (2) requiring to provide relevant documents or materials;
- (3) requiring sponsors or securities service providers to verify facts and issue an opinion;

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- (4) issuing various notices and letters, etc.;
- (5) requiring a meeting with the relevant individuals;
- (6) accessing and checking working papers, securities activity records, and related materials;
- (7) requiring public corrections, clarifications, or explanations;
- (8) requiring an investor briefing to be held within a prescribed time limit;
- (9) requiring the board of directors of the overseas issuer to recover losses;
- (10) carrying out on-site inspections;
- (11) reporting relevant information to the CSRC;
- (12) informing relevant authorities of relevant matters;
- (13) explaining the relevant situation to the market; and/or
- (14) taking other measures.

Article 122 Where a domestic or overseas issuer and any of its directors, supervisors, senior executives, domestic representatives for information disclosure, relevant persons with disclosure obligations, sponsors or sponsor representatives, securities service providers or related personnel violates this *Measures* or other market rules of the Exchange, the Exchange may take any or a combination of supervisory measures and disciplinary sanctions, depending on the severity of the violation.

The Exchange may take the following supervisory measures in accordance with this *Measures* and other rules of the Exchange:

- (1) giving a verbal warning;
- (2) giving a written warning;
- (3) holding a private supervisory meeting;
- (4) requiring corrections within a prescribed time limit;
- (5) requiring a public apology;
- (6) requiring the engagement of sponsors or securities service providers to verify facts and issue an opinion;
- (7) recommending the replacement of relevant staff;
- (8) issuing a supervisory recommendation letter to the relevant competent authority; and/or
- (9) taking other supervisory measures.

The Exchange may impose the following disciplinary sanctions in accordance with this *Measures* and other rules of the Exchange:

- (1) circulating a notice of criticism;
- (2) issuing a public reprimand;
- (3) publicly declaring that a certain person is not suitable to serve as the director, supervisor, or senior executive at a listed company or the overseas issuer's domestic representative for information disclosure for a certain period of time;
- (4) suspending the acceptance of application documents for issuance and listing;
- (5) suspending the acceptance of relevant business documents issued by intermediaries or their employees;
- (6) collecting punitive liquidated damages; and/or
- (7) imposing other disciplinary sanctions.

Where the Exchange imposes the disciplinary sanction under item (5) of the preceding paragraph, it shall also notify the employer (if applicable) of the subject and the SSE-listed companies or other supervised subjects that have hired the subject of the decision. During the non-acceptance period, the Exchange may decide whether to suspend the review of other documents issued by the subject that had been accepted by the Exchange.

Article 123 The Exchange will take supervisory measures and disciplinary sanctions in accordance with the *Trading Rules*, this *Measures*, and other applicable market rules of the Exchange against investors that have engaged in irregular trading activities in connection with

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CDR trading; and will report any suspected illegal or rule-breaking activities such as insider trading and market manipulation to the CSRC for investigation in accordance with the law.

If the irregular trading activity of an investor seriously affects the orderly or fair trading of securities, the Exchange may take such measures against the investor as restricting trading, and will report the violation to the CSRC.

Unless otherwise provided by the Exchange, the recognition and resolution of any irregular trading activity of an investor during the trading of CDRs shall be conducted in accordance with the applicable provisions of the *Trading Rules, Rules of Shanghai Stock Exchange on Real-Time Monitoring of Irregular Securities Trading Activities on Main Board*, and other applicable market rules of the Exchange regarding the irregular trading activities of investors in stock trading.

Article 124 The Exchange will take such supervisory measures or disciplinary sanctions prescribed in the *Membership Management Rules* as appropriate for the circumstance against a Chinese cross-border conversion institution, if:

- (1) its cross-border transaction has violated relevant state policies on cross-border funds administration or has exceeded the scope of investment or the maximum asset balance prescribed by the CSRC;
- (2) it fails to submit timely and accurate information on its cross-border conversion business and investments in the overseas market as required by the Exchange;
- (3) it fails to submit the information on the CDR creation application in a timely manner or the information submitted contains errors or omissions;
- (4) it applies for the issuance of CDRs without delivering the underlying shares in full;
- (5) it has engaged in illegal or rule-breaking activities or sought other improper benefits during its cross-border conversion business; or
- (6) it has otherwise violated this *Measures*.

The Exchange may additionally terminate the registration of any Chinese cross-border conversion institution that has committed a serious violation.

Article 125 The Exchange will take such supervisory measures or disciplinary sanctions prescribed in the *Membership Management Rules* as appropriate for the circumstance against a market maker for CDRs, if:

- (1) it has engaged in any irregular trading activity when making a market for CDRs;
- (2) it has taken advantage of the market making business to engage in illegal or rule-breaking activities or seek other improper benefits;
- (3) it commits a serious breach of its market maker agreement;
- (4) it uses its dedicated account for cross-border conversion and market making for other purposes; or
- (5) it has otherwise violated this *Measures*.

The Exchange may terminate the business of any market maker in SSE market if the market maker has committed a serious violation.

Article 126 If any of the following situations occurs to a depository for CDRs, the Exchange may, depending on the circumstances, take such supervisory measures against the depository as giving a verbal or written warning, holding a private supervisory meeting, requiring corrections within a prescribed time limit, requiring a public correction, clarification, or explanation, or recommending the issuer to replace the depository; if the circumstance is serious, the Exchange may additionally impose such disciplinary sanctions as circulating a notice of criticism or issuing a public reprimand, as well as reporting the violation to its competent authority:

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- (1) it fails to provide the Exchange with such information as the outstanding quantity of CDRs and information on the custody of the underlying shares from the custodian in a timely manner and as required;
- (2) it fails to submit CDR issuance information to the Exchange in a timely manner or the information submitted contains errors or omissions;
- (3) it issues CDRs without holding sufficient underlying shares;
- (4) it fails to suspend the creation or redemption of CDRs as required;
- (5) it fails to timely report to the Exchange details on the cross-border funds flows; or
- (6) it has otherwise violated this *Measures*.

Article 127 The Exchange will take such supervisory measures or disciplinary sanctions prescribed in the *Trading Rules* and other applicable rules as appropriate for the circumstance against an overseas cross-border conversion institution, if

- (1) its cross-border transaction has violated relevant state policies on cross-border funds administration or has exceeded the scope of investment and the maximum asset balance prescribed by the CSRC;
- (2) it engages in any irregular trading activity recognized in the market rules of the Exchange; or
- (3) it has otherwise violated this *Measures*.

In case of any of the above violations, the Exchange may require the overseas cross-border conversion institution to make corrections within a prescribed time limit; if the violation is serious, the Exchange may additionally terminate its registration as an overseas cross-border conversion institution.

Article 128 If any of the following situations occurs to a depository for GDRs, the Exchange may, depending on seriousness of the circumstances, take such supervisory measures against the depository as giving a verbal or written warning, requiring corrections within a prescribed time limit, or recommending the issuer to replace the depository:

- (1) it fails to suspend the creation or redemption of GDRs as required;
- (2) it uses its domestic securities account to engage in any securities transactions unrelated to its depository business and the underlying shares; or
- (3) it has otherwise violated this *Measures*.

In case of any of the above violations, the Exchange may take the supervisory measures and disciplinary sanctions under the *Trading Rules* and other applicable rules against the depository; if the circumstance is serious, the Exchange may terminate its registration as a depository for GDRs.

Article 129 The Exchange will take such supervisory measures or disciplinary sanctions prescribed in the *Membership Management Rules* and other applicable rules as appropriate for the circumstance against a member, if

- (1) it fails to fulfill its investor suitability management duties as required by this *Measures*;
- (2) it fails to perform its supervisory duties in regard to client trading activities as required by this *Measures*;
- (3) it accepts the engagement of an overseas cross-border conversion institution but fails to prudently examine the qualification, scale, experience, and other pertinent aspects of the overseas cross-border conversion institution as required; or to ensure the truthfulness, accuracy, and completeness of the registration information submitted by the latter; or to timely file any change in account information or other information of the overseas cross-border conversion institution;
- (4) it accepts the engagement of an overseas cross-border conversion institution but fails to effectively supervise the cross-border conversion and securities investment activities of the overseas cross-border conversion institution in the domestic market as required;

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- (5) it accepts the engagement of a depository for GDRs but fails to effectively supervise the securities trading activities of the depository in the domestic market as required; or
- (6) it has otherwise violated this *Measures*.

Article 130 If the domestic custodian engaged by a Chinese cross-border conversion institution fails to timely and accurately report to the Exchange such information regarding the Chinese cross-border conversion institution as its cross-border funds flows and investments in the overseas market as required, or if the GDR depository or the domestic custodian engaged by overseas cross-border conversion institution fails to timely and accurately report to the Exchange such information regarding the GDR depository or overseas cross-border conversion institution as its cross-border funds flows and investments in the domestic market as required, the Exchange may, depending on the circumstances, take such supervisory measures against the custodian as giving a verbal or written warning, holding a private supervisory meeting, or recommending the replacement of the domestic custodian, and will report the violation to its competent authority.

Chapter VIII Ancillary Provisions

Article 131 All fees and charges in connection with the listing and trading of CDRs on the Exchange shall be charged in reference to the rates applicable to the A-shares listed on the Exchange.

Article 132 This *Measures* and any amendments thereto shall come into effect upon adoption by the Board of Governors of the Exchange and approval of the CSRC.

Article 133 This *Measures* is subject to the interpretation of the Exchange.

Article 134 This *Measures* shall be implemented as of the date of issuance. The *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (No.37 [2022] of the Shanghai Stock Exchange)* issued by SSE on 25 March 2022 expires on the same day.

Annex 2:

Notes on the Revision of the *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)*

To further optimize the business mechanism of depository receipts under the stock connect schemes and ensure proper coherence of the Global Depository Receipts (GDRs) overseas listing filing-based administration and the full implementation of A share issuance and listing registration system, in accordance with the *Provisions on the Supervision and Administration of Depository Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges*, the *Trial Administrative Measures for Overseas Securities Issuance and Listing by Domestic Enterprises*, and other relevant regulations of the China Securities Regulatory Commission (CSRC), the Shanghai Stock Exchange (SSE) has formulated the *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and Overseas Stock Exchanges (Revised in 2023)* (hereinafter referred to as the *Interim Measures*). The revision notes are as follows.

I. Main contents of the revision

The revision of the *Interim Measures* includes three aspects:

First, the necessary conditions for overseas issuance of GDRs are clarified. SSE-listed companies issuing and listing GDRs overseas with newly issued domestic stocks as underlying shares shall not only comply with the issuance conditions in the *Administrative Measures for Registration of Securities Issuance by Listed Companies*, but also have been listed at the SSE for at least 1 year, and its A share market capitalization in the 120 trading days before the application date shall not be below 20 billion RMB.

Second, the review arrangements are clarified for the issuance and listing application of newly issued underlying stocks corresponding to the GDRs. According to the requirements of the full implementation of the registration system, the SSE issuance and listing review department reviews the issuance and listing application documents for the newly issued domestic underlying stocks of the listed companies. The provisions regarding issuing securities to specified parties in the *Rules Governing the Review of Offering and Listing of Securities by Companies Listed on Shanghai Stock Exchange* apply to the relevant review procedures and mechanisms.

Third, the regulation on full-process information disclosure is enhanced. Listed companies issuing and listing GDRs overseas shall disclose the progress in a timely manner on important steps, including the review decision by overseas competent authorities, the filing results by the CSRC, overseas issuance and listing of GDRs, the receiving of the proceeds, and suspension or termination of overseas issuance and listing of GDRs.

II. Public consultation and adoption

The SSE solicited public opinions on the *Interim Measures* from June 2 to June 9, 2023. During the public consultation, 60 pieces of relevant opinions and suggestions were received. After careful study, the SSE has adopted the suggestion to delete the information disclosure requirement of the review application acceptance, comments and feedbacks on overseas markets during the GDR issuance and listing, and improved relevant clauses. At the same time, the SSE made improvements in the wording of several clauses from a legal technicality perspective, which enhanced the formality and conciseness of the regulations.