

Shenzhen Branch of China Securities Depository and
Clearing Corporation Limited

B-to-H Share Conversion
Domestic Operations Guide
for
Investors

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Foreword

This operations guide is applicable to the change of listing location of domestically listed foreign shares for listing and trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction, (“B-to-H Share Conversion”), with China Securities Depository and Clearing Corporation Limited (“China Clearing”) as the nominee of such H shares converted from B shares. “Domestic securities companies” mentioned in this operations guide refers to securities companies that have completed upgrade and modification of their trading systems; securities companies and custodian banks that have not arranged upgrade and modification of their trading systems shall ensure they will fulfil their obligations to notify all investors through proper channels, advising investors to promptly exercise their cash options or change their custodians.

“Domestic operations” mentioned in this operations guide refer to the various businesses relating to B-to-H Share Conversion and after the conversion to H shares conducted by investors through domestic securities companies, such as trading (Note: (1) domestic investors can only dispose of their converted H shares; (2) overseas investors are subject to the same restrictions as domestic investors if they choose to trade their H shares through the trading systems of domestic securities companies) and making enquiries through the trading systems of domestic securities companies, arranging pledge, lock-up, transfer of ownership without transaction, change of custodians, and equity distribution through domestic securities companies or the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (“China Clearing Shenzhen Branch” or the “Company”), as well as overseas investors’ change of/to overseas custodians for H shares of nominee account through custodians.

This operations guide does not cover operations conducted overseas, i.e. opening of independent H share account by qualified overseas investors with overseas brokers, and business conducted directly through overseas brokers. If necessary, investors can visit the website (<http://www.hkex.com.hk>) of Hong Kong Exchanges and Clearing Limited (“HKEX”), the controlling company of The Stock Exchange of Hong Kong Limited (“SEHK”) for any enquiry.

For H shares converted upon the completion of the B-to-H Share Conversion, the provisions of the listing rules and trading rules of Shenzhen Stock Exchange (“SZSE”) will no longer be applicable.

Since domestic securities companies have different trading systems, operations management standards and operational processes, details on actual operating practices and workflows should be subject to the relevant requirements of securities companies with which investors have opened accounts. Before conducting the relevant businesses, investors shall have complete understanding of the detailed requirements and provisions of B-to-H Share Conversion related businesses of the securities companies where they have accounts.

Chapter 1 Notes to Operations

Comparison of major trading differences between the B share market and the H share market

To facilitate investors' understanding of the H share trading rules, comparisons between the B share and H share trading rules have been set out in the following table by summarising certain major differences between B shares and H share trading rules. For a more detailed understanding of the B share trading rules and the H share trading rules, please visit the website of SZSE (<http://www.szse.cn>) and the website of HKEX (<http://www.hkex.com.hk>) respectively.

Item for comparison	B shares	H shares
Trading dates	From Monday to Friday; market closed on Saturdays, Sundays and statutory national holidays of the PRC	From Monday to Friday; market closed on Saturdays, Sundays and public holidays of Hong Kong
Method of placing orders and prices	Orders at market price: quotations are made at market price and may only be made during consecutive trading hours Limit orders: to be made according to designated prices	At-auction orders: no need to provide specified price and such order may only be submitted during the pre-opening session Limit orders: need to provide specified price
Processing of trade submissions by the stock exchange trading system in the pre-trading period	9:15-9:20: trade submissions are admissible and also cancellable; 9:20-9:25: trade submissions are	9:00-9:15: submission, modification and cancellation of limit orders and at-auction orders acceptable 9:15-9:20: only at-auction

	<p>admissible but no cancellations may be made;</p> <p>9:25-9:30: trade submissions and cancellations are admitted but not processed.</p>	<p>orders are acceptable; limit orders and at-auction order already put in queue cannot be modified or cancelled</p> <p>9:20-9:28: At-auction orders, in general, will be matched automatically, during which no input, modification and cancellation of orders are allowed.</p> <p>9:28-9:30: no submission, change or cancellation of orders are allowed</p>
Consecutive trading hours	<p>Morning: 9:30-11:30</p> <p>Afternoon: 13:00-15:00</p>	<p>Morning: 9:30-12:00</p> <p>Afternoon: 13:00-16:00</p> <p>No afternoon sessions on Christmas Eve, New Year Eve and Chinese New Year Eve.</p>
Minimum and maximum trading volume for each order	100 shares	<p>The minimum trading volume for each order varies with each stock; a single transaction amount usually will not be less than HK\$2,000.</p> <p>The minimum and maximum trading volume for each order of converted H shares are 100 shares and 300,000 shares respectively.</p>

Trading of volumes below the minimum requirement for each order	Odd lot shares, to be sold on a one-off basis	Odd lot shares, to be acquired by specialized agencies at trading prices equivalent to 85-90% of the market price and must be sold in full in one single transaction.
Minimum price fluctuation	HK\$0.01	Varies according to the range of share prices. For details, please refer to Section I “Placing trade orders” in Chapter II of this Guide
Price movement limits	10%	Nil
Day trade	T+1	T+0
Settlement	T+3	T+2
Margin financing and securities lending	Nil	Yes

The differences stated above are solely derived from comparison between the B share market and the H share market, and may not be applicable to all investors of converted H shares after the B-to-H Share Conversion. Different trading rules apply to different types of investors. For details please refer to the sections headed “Types of investors,” “Comparison of trading restrictions and differences between domestic investors and domestically-trading overseas investors” in this Guide.

II. Types of investors

Investors are classified into three types, namely, domestic investors, domestically trading overseas investors and non-domestically trading overseas investors according to their classification and the different trade submission methods for their future transactions.

Type of investors	Criteria for classification
Domestic investors	Domestic investors who trade via trading systems of domestic securities companies.
Domestically trading overseas investors	Overseas investors who have not directly opened H share accounts with overseas securities companies and will continue to trade via trading systems of domestic securities companies.
Non-domestically trading overseas investors	Overseas investors who have opened independent H share accounts with overseas brokers, whose converted H shares have been transferred to these accounts to be held in custody and who will trade via trading systems of overseas securities companies.

III. Comparison of trading restrictions and differences between domestic investors and domestically-trading overseas investors

Comparison among domestic investors, domestically trading overseas investors and non-domestically trading overseas investors indicates certain trading restrictions and differences. Investors should identify the categories to which they belong and fully understand the relevant restrictions and differences before transacting concerned businesses. The following table sets out only certain trading restrictions and differences. For details of other restrictions and differences, please consult the securities company with which you are maintaining your account.

Comparison	Domestic Investors	Domestically-trading Overseas Investors	Non-domestically trading overseas investors
Stock code	2999**		SEHK H share stock code

Name of stock	**H代		SEHK H share stock name
Trading authorisation	Selling only; restriction on purchase (H shares held after conversion from unsold shares without effective filing for cash option execution as at the last trading day for B shares)		Buying and selling permissible
Trading day	Common trading day of SEHK and SZSE		Trading day of SEHK
Types of buy / sell orders permitted	Limit orders		At-auction orders; limit orders
Trading hours	Morning: 9:15-11:30; Afternoon: 13:00-15:00 Afternoon: 15:00-16:00: no new trading instructions may be submitted, nor may previous orders be cancelled; however, if trading orders have not been cancelled during the day, trade submission will remain effective and transaction return may still be received.		Morning: 9:00-12:00 Afternoon: 13:00-16:00
Settlement time	T+2 If T+2 is not a SZSE trading day, fund settlement will be deferred to the next common trading day.		T+2
T+0 day trade	Not permissible		Permissible
Margin financing trade	Not permissible		Permissible
Trading fee	B share commission for domestic securities company with which account is maintained + H share fees		H share fees
Change of custodian	Change of domestic custodians	Change of both domestic and overseas	Change of/to overseas custodians only

	permitted	custodians are permitted	
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Chapter 2 Operations Guide for Investors

Following the B-to-H Share Conversion, investors should continue to operate through the sales departments of the securities companies with which they maintain their accounts in handling related matters, and the method of operation for principal businesses will remain basically unchanged from that for B share trading in the past. For details please consult the securities companies concerned.

To ensure smooth transaction in the future after B-to-H Share Conversion, investors should at least do the following:

- (1) Confirm with the securities companies with which they maintain their accounts whether their trading system will be modified and upgraded, as only securities companies which have implemented and completed the modification and upgrade of their trading systems can provide real-time trading information of converted H shares and accept trade submissions in the future. If such securities companies have confirmed that they will not modify and upgrade their trading systems, investors may elect to sell their B shares by the close of the last trading day for B shares, or exercise their cash options, or they may change the custodian and place their B shares with a securities company that has completed the modification and upgrade of their trading systems.
- (2) Confirm which type of investors they are and, in the cases of domestic investors or domestically trading overseas investors, to be fully aware of the trading restrictions and differences they will face in the future.
- (3) Confirm with the securities companies with which they maintain their accounts which types of custodian method will be supported by the H shares after conversion.
- (4) To be fully aware of the differences between B shares and H shares in trading rules.

- (5) The stock code and name of H shares after conversion were referred to as “2999**” (* represents a number), and “**H代” (** represents stock short name), respectively, for domestic trade submissions.
- (6) Continue to monitor related announcements to be fully aware of the progress of B-to-H Share Conversion.
- (7) Consult the securities companies with which they maintain their accounts for the actual manner in which B-to-H Share Conversion will be operated.

Section 1: Placing trade orders

Special reminder:

1. Domestic investors and domestically trading overseas investors who hold converted H shares as a result of having neither sold their B shares nor validly exercised their cash options by the last trading day for B shares may only either continue to hold or sell such converted H shares, but may not buy further converted H shares.
2. Overseas investors who hold converted CIMC H shares as a result of having neither sold their B shares nor validly exercised their cash options by the last trading day for B shares may change the custodianship of their converted H shares to overseas brokers and continue to hold, buy or sell converted H shares via overseas trading channels through an independent H share account opened with overseas brokers.
3. After the completion of the clearing and settlement of cash options in respect of B-to-H Share Conversion, domestic investors not holding any converted H shares shall not be entitled to trade in converted H shares.

I. Manner of instruction

The manner of instruction will remain basically unchanged, which will be the method of trade submission registered by the investor with the sales department of the original securities company with which he / she is maintaining an account. If the investor has registered for online trade submission, he / she may also place trading instructions for converted H shares through online trading. However, the extent of conversion varies among different securities companies. Aside from counter instructions and online instructions, investors should consult the securities companies with which their accounts are maintained to confirm whether other trade submission methods, such as on-site self-service terminals of the sales department, support converted H shares.

II. Real-time trading information

An investor may obtain real-time trading information and notices of trading suspension / resumption in respect of the converted H shares via the existing channels and means for the display of trading information provided by the securities company with which he / she maintains an account, such as on-site self-service terminals at the sales department and online trading customer terminals, etc.

III. Principal trading rules

The stock code and name of H shares after conversion would be referred to as “2999**” and “**H代”, respectively, for domestic trade submissions are basically the same as that for Shenzhen B shares.

Unless otherwise suggested, the following trading rules are applicable to all domestic investors and domestically trading overseas investors.

(I) Price movement limits

There are no daily price movement limits for H share.

(II) Day trade system

The H share day trade system operates on a T+0 basis, namely one can buy and sell on the same day for unlimited times. Short-selling of designated stocks (such as certain large-cap blue-chip stocks) is also allowed.

As domestic investors and domestically trading overseas investors may only continue to hold or sell converted H shares, they may not conduct any day trade. Only non-domestically trading overseas investors may conduct day trade in accordance with this rule.

(III) Minimum price fluctuation

H shares are not traded on uniform ranges of price fluctuation. Different minimum price fluctuation ranges apply to different stocks depending on the range of their listing prices, as indicated in the following table:

Table of Minimum Price Fluctuations of H Shares

Unit: HKD

Range of Stock Price	Minimum Price Fluctuation
0.01-0.25	0.001
0.25-0.5	0.005
0.5-10	0.01
10-20	0.02
20-100	0.05
100-200	0.1
200-500	0.2
500-1000	0.5
1000-2000	1
2000-5000	2
5000-9995	5

(IV) Valid price range for sell transaction orders

The prices instructed for H share transaction orders cannot exceed the ranges acceptable by the SEHK, otherwise the transaction order will be automatically cancelled.

The valid price range of H share sell order is the valid price range of transaction orders determined according to the minimum price fluctuation on the basis of the prevailing traded price. The lowest valid price for a sell order should be the prevailing traded price minus 10 minimum spreads, and the highest valid price for a sell order should be the prevailing traded price plus 100 minimum spreads. If the instructed sell price falls between the prevailing traded price and the lowest valid instructed price, the order will be transacted immediately; if the instructed sell price is higher than the prevailing traded price but lower than the highest valid price, the order will be put in queue for transaction.

Example:

If the prevailing traded price for an H share counter is 8.00, the current valid price range of sell orders for this H share counter would be:

7.9-9.00, and sell orders with an instructed price between 7.9-8.00 would be immediately taken, while those with instructed prices between 8.01-9.00 will be put into the queue.

(Note: the above description is extracted from the trading rules of the SEHK regarding price ranges. For details please refer to the website of the SEHK.)

(V) Trading hours and the processing of trading orders for converted H shares
The trading hours for non-domestically trade overseas investors are identical with the H share trading hours, namely 9:00-16:00 on trading days of SEHK. Specifically, they include the following time slots:

1. 9:00-9:30: the pre-opening session;
2. 9:30-12:00: the morning session;
3. 12:00-13:00: the extended morning session;
4. 13:00-16:00: the afternoon session.

There is no afternoon session or extended morning session on Christmas Eve, New Year Eve and Chinese New Year Eve.

The trading hours for domestic investors and domestically trading overseas investors are 9:15-15:00 on common trading days of SEHK and SZSE. During the aforesaid time bands, trading orders of domestic investors and domestically trading overseas investors will be handled in the following manner:

1. 9:15-9:30: trading orders may be input, modified or cancelled. No transaction return will be issued during this period. The trading order will be stored in the trading system of overseas securities agent, which will send all stored orders to SEHK at 9:30;
2. 9:30-11:30 Sell orders may be input and transaction return will be issued. Pending orders can be cancelled;

3. 11:30-13:00 Orders placed between 9:15 and 11:30 which have not been cancelled will be issued with transaction return. Sell orders may be input, modified or cancelled. The trading order will be stored in the trading system of domestic securities companies, which will send all stored orders to the overseas securities agent at 13:00, such orders will be forwarded to SEHK by overseas securities agents.
4. 13:00-15:00 Sell orders may be input and transaction return will be issued. Pending orders can be cancelled;
5. 15:00-16:00 submission of new orders or cancellation of pending orders not acceptable. Sell orders given not cancelled during the day will remain valid and transaction return may still be received.

(VI) Collective at-auction mechanism

The pre-opening session for H shares (9:00-9:30) cover four time slots:

1. Input order period (9:00-9:15): General at-auction orders may be input into the system and may also be modified or cancelled. If the modification deals only with reduction in the amount of shares in a transaction, its time priority for matching would not be affected. However, if the modification involves a change in set prices or an increase in the amount of shares in a transaction, the order would lose its original time priority for matching.
2. Pre-order matching period (9:15-9:20): At-auction orders may be input into the system but orders would be modified or cancelled.
3. Order matching period (9:20-9:28): automatic matching of at-auction orders must be conducted in accordance with Rule 517 (1) (a). During this period, input, modification or cancellation of orders is not allowed. Transactions completed during the order matching period in accordance with methods stipulated in Rule 517 (1) (a) of the trading rules of SEHK pertaining to H shares will be regarded as completed at the start of the matching period.

4. Blocking period (9:28-9:30): The system is in a standstill condition for transition from the pre-opening session to the continuous trading session. During this period, no input, modification or cancellation of orders is allowed.

After the B-to-H Share Conversion, the aforesaid collective at-auction mechanism will only apply to non-domestically trading overseas investors, while domestic investors and domestically trading overseas investors may only place limit orders (starting from 9:15) but not at-auction orders.

(VII) Types of buy / sell orders

1. At-auction limit orders

At-auction limit orders are buy or sell orders with designated prices placed by investors in the buy / sell order input period during the pre-opening session.

During the order matching period, if the specified price of a buy order is the same as or higher than the indicative equilibrium price (IEP), or if the specified price of a sell order is the same as or lower than the IEP, automatic matching of the at-auction limit order will be executed at the IEP calculated at the end of the pre-order matching period.

2. At-auction orders

An at-auction order is a buy or sell order with no specified price input by investor during the order input period or pre-order matching period of the pre-opening session .

The automatic order matching of an at-auction order is conducted during the order matching period at the IEP calculated at the end of the pre-order matching period.

After the B-to-H Share Conversion, only non-domestically trading overseas investors may place at-auction orders, while domestic investors and domestically trading overseas investors will not be able to place at-auction orders.

3. General at-auction orders

General at-auction orders comprise at-auction orders and at-auction limit orders (as the case may be).

(VIII) Odd lots

Stocks are traded at SEHK in one board lot or more, while stocks in quantity less than one board lot are treated as odd lots. However, at SEHK the size of one board lot varies in different stocks, as SEHK stipulates that each single transaction in securities should typically carry an amount of not less than HK\$2,000, and each listed company may determine the size of the board lot of its shares based on its own conditions.

Investors who wish to dispose of odd lots will have to do so at prices slightly lower than market price to institutions specialised in the acquisition of odd lot shares. The transaction price typically represents 85%-90% of the market price.

The available balance of odd lots held by an investor after a trading instruction has been placed for the disposal of odd lots in one single transaction should be zero. In other words, all odd lots held by an investor should be disposed of in one single transaction. The trading instruction for odd lots may be given independently for execution or consolidated into the trading instruction for board lots.

After the B-to-H Share Conversion, the transaction price for the future odd lots of investors trading via the trading systems of domestic securities companies will be based on a discounted price pledged by the overseas securities agent (90% of the averaged traded price or market price for board lots), namely: if the number of shares under the trading instruction exceeds one board lot, after all board lots have been traded, the odd lots will be guaranteed for execution at a trading price equivalent to *90% of the average traded price of the board lots. If the number of shares under the trading instruction is less than one board lot, such shares will be guaranteed for execution at a trading price equivalent to *90% of the prevailing market price.

The minimum volume of converted H shares to be placed in one single trading instruction is 100 shares, shares in quantities of less than 100 shares are treated as odd lots. Prior to the last trading day for B shares, investors may buy additional shares to consolidate odd lots into one board lot or sell the odd lots and keep only shares in

board lots.

IV. Transaction costs

Apart from transaction costs normally required to be paid in H share transactions, domestic investors and domestically trading overseas investors are also required to pay commissions arising from trading via trading systems of domestic securities companies with which their accounts are maintained. The rate of such commission is usually identical with the rate payable by investors when they carry out B share trading at the securities companies with which their accounts are maintained.

Trading costs	Rate	Type of investors		
		Domestic investors	Domestically trading overseas investors	Non-domestically trading overseas investors
Commission payable to domestic securities companies with which accounts are maintained	Same as the original Shenzhen B share commission		√	×
H share trading commission	0.10% (Hong Kong H share trading commission payable to overseas securities agent)		√	√
H share trading fee	0.005%		√	√
H share	0.003%		√	√

transaction levy			
H share transaction stamp duty	0.1% of the transaction amount	√	√
H share settlement fee	0.002% of the total value of each transaction at SEHK, the buyer and seller are each subject to minimum and maximum fees payable of \$2 and \$100, respectively	√	√

Notes: As a support to the development of B-to-H Share Conversion, the Company will not charge domestic settlement fee for transaction during the initial period of B-to-H Share Conversion. Should there be an increased number of companies engaging in B-to-H Share Conversion, the Company will charge investors for a settlement fee at 0.005% of the transaction amount. The minimum and maximum fees for each transaction will be HK\$2 and HK\$100 respectively.

Section 2: Transfer of funds

I. Timing for fund settlement

Changes in particulars and fund settlement for transaction in converted H shares submitted through domestic securities companies will be completed on T+2. T day is the common trading day and T+2 will be counted in accordance with SEHK trading days. In the event that T+2 is not a trading day for SZSE, completion of changes in particulars and fund settlement will be deferred to the next common trading day.

Furthermore, as the record of changes in investors' shareholdings will not be delivered to China Clearing until the end of the trading day, any shareholding record

updates relating to distributions of bonus shares effected during the day will only be available for inspection and selling through the system on the next working day.

II. Bonus shares and dividends

Investors holding converted H shares on the record date for equity interests will have capitalisation shares and bonus shares automatically deposited into their accounts, and they will not be required to go through any procedures. China Clearing Shenzhen Branch has agreed to waive the handling charges for the distribution of bonus shares.

Investors holding converted H shares on the record date for equity interests will have dividends in respect of converted H shares automatically deposited into their accounts after deduction of relevant charges by China Clearing Shenzhen Branch, and they will not be required to go through any procedures.

The listed company will withhold and pay a 10% tax on behalf of domestically trading overseas individual investors out of their entitlements to the company's dividend distributions in accordance with PRC tax laws, and the balance of the entitlement amounts will be remitted into the PRC.

Apart from a 10% enterprise income tax withheld and paid by the listed company on behalf of domestic investors out of their entitlements to the company's dividend distributions in accordance with PRC tax laws, the balance of the entitled amounts may be subject to a further 10% personal income tax upon remittance into the PRC.

The concerned tax liabilities will be satisfied by the responsible party for tax withholding and payment stipulated by the law.

There might be a relatively long gap between the deposit date for bonus shares and dividends in respect of converted H shares and the record date. Investors are reminded not to cancel their securities accounts before the bonus shares are deposited and not to cancel their securities account and cash account before dividends are deposited.

III. Transfer of funds

The manner of fund transfers will remain unchanged, and will be processed in accordance with the way of fund transfers for Shenzhen B shares by the sales departments of securities companies with which accounts are maintained.

Section 3: Enquiry services

After the B-to-H Share Conversion, the manner in which investors enquire about the stock and cash balances of their accounts will remain unchanged, namely in the same way as it is being handled by the sales departments of securities companies with which accounts are maintained.

In addition, investors may also access information disclosure in respect of converted H shares from the website of HKEX (<http://www.hkex.com.hk>).

Section 4: Change of account information

The manner in which information of investors' accounts may be revised will remain unchanged, namely in the same way it is currently being operated by the sales departments of securities companies with which accounts are maintained.

Section 5: General Meetings

After the B-to-H Share Conversion, domestic investors and domestically trading overseas investors will not be able to submit their voting instructions through online voting for matters tabled at general meetings. They may submit their voting instructions in writing by completing notices of the general meeting. In practice:

1. After the record date, intentions regarding the general meeting should be submitted to the securities companies with which accounts are maintained and notices of the general meetings should be completed in writing and delivered to the securities companies with which accounts are maintained. The securities companies will submit the same to China Clearing Shenzhen Branch. China Clearing Shenzhen Branch will process registration with Hong Kong Securities Clearing Company.
2. If investors wish to attend the general meeting in person or by proxy, they must complete the section of the notice to the general meeting headed "Attendance in Person." Investors or their proxies will only be qualified to attend the general

meeting after confirmation upon input of their information into CCASS. On the day the general meeting is held, the attendee should produce his / her investor identification or similar documents. Proxies attending on behalf of others should produce their proxy forms. Prior to admission to the general meeting, the identifications and proxy forms shown by attendees will be verified against information confirmed by CCASS.

3. Investors, who are not attending the general meeting in person and wish to submit their voting instructions, must complete the section of the notice to the general meeting headed “Appointment of China Clearing Shenzhen Branch as Proxy” to appoint China Clearing Shenzhen Branch to process an electronic vote on their behalf.

Section 6: Other non-trade-related operations

Non-trade related operations that do not involve transfer of ownership such as pledge, judicial asset freezing, etc. will be handled in accordance with existing provisions and process for B shares.

For transfer of ownership without transaction activities such as property inheritance, property segregation and judicial transfer, after the person in question pays his/her share transfer stamp duty in accordance with the requirements of the stamp office of Inland Revenue Department of Hong Kong Special Administrative Region (www.ird.gov.hk 00852-25943201), China Clearing Shenzhen Branch or the securities company with which he/she maintains an account will handle such activities with reference to the existing provisions and process for B shares,

Chapter 3 Investors' Operations Q&A

1. How can investors be assured of smooth transaction of converted H shares?

To ensure smooth transaction in the future after B-to-H Share Conversion, investors should at least be aware and seek confirmation of the followings:

- (1) Confirm with the securities companies with which their accounts are maintained whether such companies' trading system would be modified and upgraded, as only securities companies who have implemented and completed the modification and upgrade of their trading systems can provide real-time trading information of converted H shares and accept trading instructions in the future. If such securities companies have confirmed that they will not modify and upgrade their trading systems, investors may elect to sell their B shares by the close of the last trading day for B shares, or effectively exercise their cash options, or they may change the custodian and place their B shares with a securities company that has completed the modification and upgrade of its trading system.
- (2) Confirm which type of investors they are and, for domestic investors or domestically trading overseas investors, they should be fully aware of the trading restrictions and differences they will face in the future.
- (3) Confirm with the securities companies with which their accounts are maintained which types of instructions are available for H shares after conversion.
- (4) To be fully aware of the differences between B shares and H shares in trading rules.
- (5) The stock code and name of H shares after conversion would be referred to as "2999**" and "**H代", respectively, for domestic trade instructions.
- (6) Continue to monitor related announcements to keep abreast of the progress of B-to-H Share Conversion.
- (7) Consult the securities companies with which their accounts are maintained for the actual manner in which B-to-H Share Conversion will be executed.

2. What are the differences between domestic investors and overseas investors?

Domestic investors are PRC resident investors whose addresses are located within the

PRC and who trade through the trading systems of domestic securities companies.

There are two types of overseas investors: the first type comprises those investors with a legal overseas identity who have not directly opened H share accounts with overseas securities companies and will continue trade via the trading systems of domestic securities companies; the other type comprises investors with a legal overseas identity who have opened independent H share accounts with overseas securities agent or other overseas brokers and transferred the custodianship for their converted H shares to such accounts, and are trading through overseas securities companies.

After the completion of the clearing and settlement of cash options in respect of B-to-H Share Conversion, domestic investors not holding any converted H shares shall not be entitled to trade in converted H shares.

Domestic investors and domestically trading overseas investors who hold converted H shares as a result of having neither sold their B shares nor validly exercised their cash options by the last trading day for B shares may only either continue to hold or sell such converted H shares, but may not buy further converted H shares.

Overseas investors who hold converted H shares as a result of having neither sold their B shares nor validly exercised their cash options by the last trading day for B shares may change the custodianship of their converted H shares to overseas securities agent or other overseas brokers and continue to hold, buy or sell converted H shares via overseas trading channels through an independent H share account opened with overseas securities agent or other overseas brokers.

Comparison among domestic investors, domestically trading overseas investors and non-domestically trading overseas investors indicates certain trading restrictions and differences. For details of principal restrictions and differences please refer to the “Comparison of trading restrictions and differences between domestic investors and domestically-trading overseas investors” of this Guide.

3. After B-to-H Share Conversion, to whom should investors submit their business

applications? Will there be any change to the manner of business operation? Who will be responsible for investors' services such as business consultation and handling of complaints?

After B-to-H Share Conversion, an investor should submit his/her business applications to the original custodian with which he / she maintains an account

If the securities company with which an investor maintains his / her account has completed the modification and upgrade of its trading system, the investor will continue to do business with the sales department of the original securities company with which he / she maintains an account.

The manner in which investors may enquire about the stock and cash balances of their accounts will remain unchanged, namely in the same way it is currently being operated by the sales departments of securities companies with which accounts are maintained. The manner in which investors may change their account information will remain unchanged, that is the same practice in changing account information currently adopted by the sales departments of securities companies with which accounts are maintained.

The legal relationship between the investor and the original securities company with which he / she maintains an account will remain unchanged. The securities company with which the investor maintains an account will continue to be responsible for investors' services such as business consultation and the handling of complaints.

4. After B-to-H Share Conversion, can investors obtain real-time trading information of converted H shares?

If the securities company with which an investor maintains his / her account has completed the modification and upgrade of its trading system, the investor may obtain real-time trading information and notices of trading suspension / resumption in respect of the converted H shares via the existing channels and means for the display of trading information provided by the securities company with which he / she maintains an account, such as on-site self-service terminals at the sales department and online trading customer terminals, etc.

5. After B-to-H Share Conversion, what are the channels for domestic investors (including domestically trading overseas investors) to dispose of their holdings of converted H shares?

If the securities company with which an investor is maintaining his / her account has completed the modification and upgrade of its trading system, the manner of investment instruction will remain basically unchanged, that is the way of placing registered by the investor with the sales department of the original securities company with which he / she is maintaining an account. If the investor has registered for online trading instruction, he / she may also place trading instructions for converted H shares through online trading. However, the scope of system modification varies among different securities companies. Aside from counter instructions and online instructions, investors should consult the securities companies with which their accounts are maintained to confirm whether other instructions methods such as on-site self-service terminals of the sales department support converted H shares.

If the trading system of the securities company with which an investor maintains his / her account has not been modified or upgraded, the investor may change the custodian of his / her shares to a securities company that has completed the modification and upgrade of its trading system and place trading instructions via means supported by such securities company.

6. What are odd lots?

Stocks are traded on SEHK in one board lot or more, while stocks in quantity less than one board lot are treated as odd lots. However, at SEHK the size of one board lot

varies for different stocks, as SEHK stipulates that each single transaction in securities should typically carry an amount of not less than HK\$2,000, and each listed company may determine the size of the board lot of its shares based on its own conditions. Investors who wish to dispose of odd lots will have to do so at prices slightly lower than market prices to institutions specialised in the acquisition of odd lot shares. The transaction price typically represents 85%-90% of the market prices.

The minimum volume of converted H shares to be placed in one single trading instruction is 100 shares, quantities of less than 100 shares are treated as odd lots. Prior to the last trading day for B shares, investors may consolidate odd lots into board lots through transaction or exercising part of their cash options.

All odd lots held by an investor should be disposed of in one single transaction. The trading instruction for odd lots may be given independently for execution or consolidated into the trading instruction for board lots. For example: if the board lot for a certain H share counter is 100 shares and an investor holds 120 shares, then 20 shares are treated as odd lots. If the investor gives separate instructions to sell 10 shares or 110 shares, the trading orders will be rejected on grounds of “invalid volume.” The valid volume should be either 100 shares, 120 shares or 20 shares.

7. After B-to-H Share Conversion, what will be the changes in terms of trading fees?

Apart from transaction costs normally required to be paid in H share transactions, domestic investors and domestically trading overseas investors are also required to pay commissions arising from trading via trading systems of domestic securities companies with which their accounts are maintained. Assuming no adjustments, the rate of such commission should be identical with the rate payable by investors when they carry out B share trades at the securities companies with which their accounts are maintained.

8. After B-to-H Share Conversion, when will funds be deposited after disposal of shares? Is there any change in the manner of transfer?

The settlement of converted H shares will be completed on T+2. T day is the common

trading day for SZSE and SEHK and T+2 will be counted according to SEHK trading days. In the event that T+2 is not a trading day for SZSE, fund settlement will be deferred to the next common trading day. Different securities companies may have different arrangements for the timing of fund readiness or availability. Normally, funds will be available for drawdown on T+3. For exact details, please consult and confirm with the securities company with which your account is maintained.

The manner of fund transfers will remain unchanged, namely in the same way fund transfers for Shenzhen B shares are currently being processed by the sales departments of securities companies with which accounts are maintained.

9. Can custodianship be changed in respect of converted H shares?

Custodianship can be changed in respect of converted H shares. In particular: Domestic investors and domestically trading overseas investors may change custodians among different domestic securities companies.

Domestically trading overseas investors may also arrange across the border change of custodianship by changing their custodians from domestic securities companies to overseas securities companies. Domestic investors are not allowed to change custodian across the border.

An investor who wishes to apply for change of domestic custodians should first open a cash account with the sales department of the securities company to which the shares are being transferred, and confirm the serial number of the sales department of the securities company to which shares are being transferred. The investor applying for change of custodian should bring along his / her identification documents to the sales department of the securities company at which he / she is opening an account and complete the Application Form for Change of Domestic Custodians for H Shares.

Prior to applying for change of custodians across the border, investors should open a securities trading account with a securities company or custodian bank in Hong Kong at his / her choice. The investor applying for change of custodian should bring along his / her identification documents to the sales department of the securities company at

which he / she is opening an account and complete the Application Form for Change of/to Overseas Custodians for H Shares.

10. Is there any time reduction for the application of change of custodian?

The time slot for application of change of domestic custodian through transaction submission by securities companies that have completed system technological modification and upgrade is the same as that for trade instructions.

The change of/to overseas custodian may only be conducted through non-transaction submission. The change of domestic custodian that have not completed technological modification and upgrade of their trading systems may only be conducted by way of non-transaction submission. Investors should submit their applications for change of custodian by way of non-transaction submission to the securities companies with which they maintain their accounts before 11 am on a common trading day for SEHK and SZSE.

11. Can the change of custodian be cancelled or adjusted?

The change of custodian may be cancelled on the day of application. The timing of application should comply with relevant time slot required for applications for change of custodian.

Where errors are identified after a change of domestic custodian, the investor may apply for rectification by filling an application form for rectification of errors.

No application for rectification may be made after the completion of a change of/to overseas custodian.

12. Are there any fees payable for the change of custodian?

China Clearing will not charge fees for the change of domestic custodian. Investors need to check with securities companies where their accounts are maintained to confirm if they will charge for change of custodian.

The handling charge for change of/to overseas custodian =1+2, comprising 1=HK\$50 payable for each transaction; 2=0.002% of the total value of the shares being transferred basing on the closing market price on the trading day immediately before the change of custodian (subject to a minimum charge of HK\$2). The handling charge for change of/to overseas custodian will be collected by China Clearing Shenzhen Branch from the receiving securities brokers via CCASS on a delivery versus payment (DVP) basis. Overseas investors who submit their applications for change of/to overseas custodians at the domestic securities companies with which their accounts are maintained are not required to pay any fee. Whether overseas investors are subject to fee charged by overseas receiving securities brokers depend on the relevant requirements of such overseas receiving securities brokers.

13. How should investors handle non-trade-related activities such as pledge, judicial asset freezing, property inheritance, property segregation and judicial transfer?

Non-trade related activities that do not require transfer of ownership such as pledge, judicial asset freezing, etc. will be handled in accordance with existing provisions and process for B shares.

For transfer of ownership without transaction activities such as property inheritance, property segregation and judicial transfer, China Clearing Shenzhen Branch or the securities company with which he/she maintains an account will handle such activities with reference to the existing provisions and process for B shares, after the person in question pays his/her share transfer stamp duty in accordance with the requirements of the stamp office of Inland Revenue Department of Hong Kong Special Administrative Region (www.ird.gov.hk 00852-25943201).

14. After the B-to-H Share Conversion, how should voting instructions for general meetings be submitted?

After the B-to-H Share Conversion, domestic investors and domestically trading overseas investors will not be able to submit, through online voting, their voting instructions for matters tabled at general meetings. They may only submit their voting

instructions in writing by filling up the notice of general meeting. In practice:

1. After the record date, voting instructions for a general meeting should be submitted to the securities companies with which accounts are maintained and notice of general meetings should be filled up in writing and delivered to the securities companies with which accounts are maintained, the securities companies will submit the same to China Clearing Shenzhen Branch. China Clearing Shenzhen Branch will then process registration with Hong Kong Securities Clearing Company.
2. Should investors wish to attend a general meeting in person or by proxy, they must fill up the section of the notice of general meeting headed “Present in Person.” Investors or their proxies will only be qualified to attend a general meeting after confirmation by inputting the aforementioned via China Clearing Shenzhen Branch into CCASS. On the day of the general meeting, the attendee should produce his / her investor identification and relevant documents. Proxies attending on behalf of others should produce their proxy forms. Prior to admission to a general meeting, the identifications and proxy forms shown by attendees will be verified against information confirmed by CCASS.
3. If investors who are not able to attend a general meeting in person wish to submit their voting instructions, they must fill up the section of the notice of general meeting headed “Appointment of China Clearing Shenzhen Branch as Proxy” to appoint China Clearing Shenzhen Branch to process an electronic vote on their behalf.