

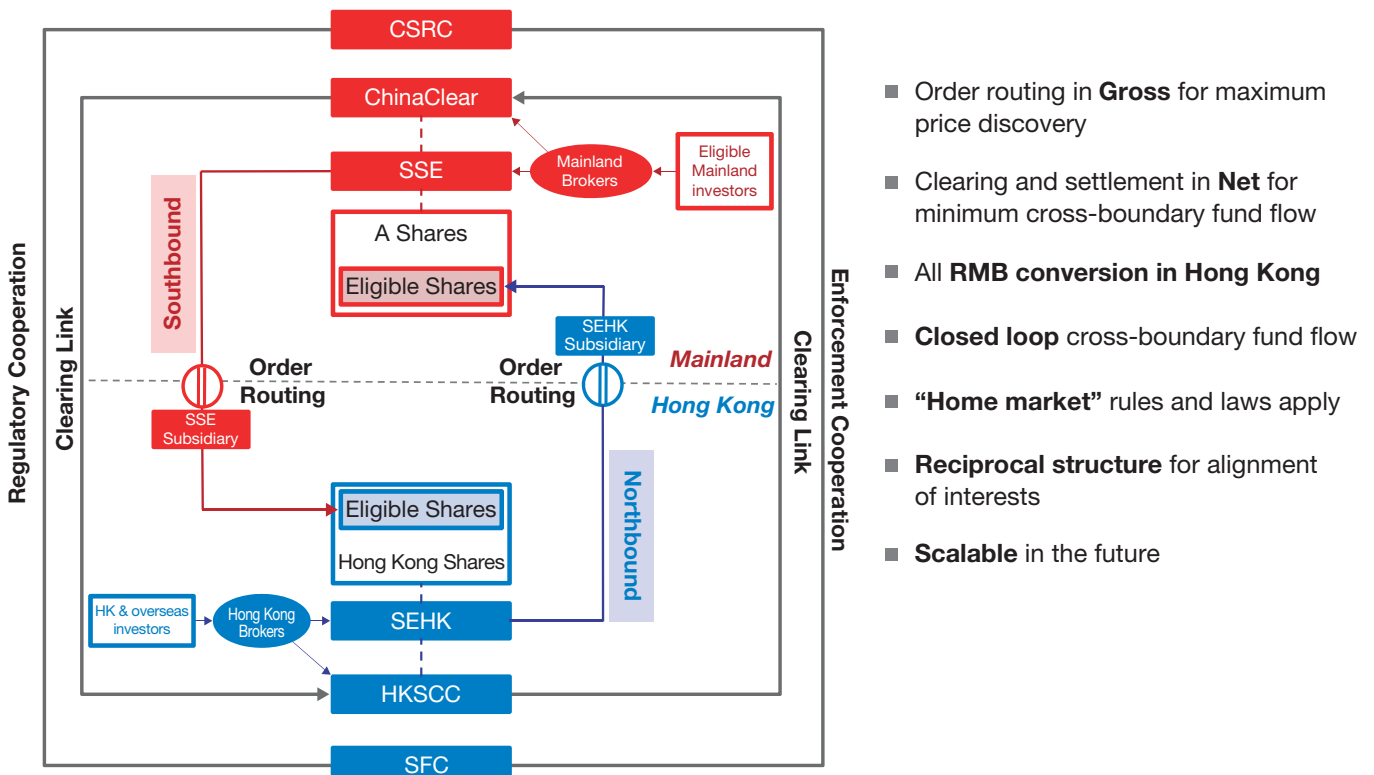
Overview

Under Shanghai-Hong Kong Stock Connect, The Stock Exchange of Hong Kong Limited (SEHK) and Shanghai Stock Exchange (SSE) will establish mutual order-routing connectivity and related technical infrastructure to enable investors in their respective markets to trade designated equity securities listed in the other's market. Hong Kong Securities Clearing Company Limited (HKSCC) and China Securities Depository and Clearing Corporation Limited (ChinaClear) will be responsible for clearing, settlement and the provision of depository, nominee and other related services for the trades initiated by the investors in their respective markets. This brochure provides information for investors who want to use Shanghai-Hong Kong Stock Connect to trade equity securities listed on SSE.

Reasons to Use Shanghai-Hong Kong Stock Connect

- ✓ **Participate in growth of the most exciting emerging economy – China**
- ✓ **Diversify investment portfolio with shares from China market**
 - Programme covers a wide range of SSE A shares
- ✓ **New opportunities to invest with RMB**
 - Trading and settlement in RMB
- ✓ **Convenience**
 - No need to have an account on Mainland
- ✓ **Efficiency**
 - HKEx subsidiaries are responsible for trading, clearing and settlement
 - All fund transfers are in Hong Kong

Understanding Shanghai-Hong Kong Stock Connect in One Chart



Eligible Investors

All retail and institutional investors outside Mainland China are eligible to participate in Shanghai-Hong Kong Stock Connect.

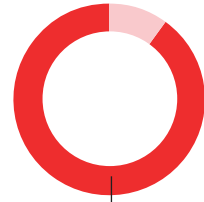
Eligible Securities

Index Constituents	SSE180*, SSE380*
Dual-listed Stocks	A shares* of companies listed on both SSE and SEHK

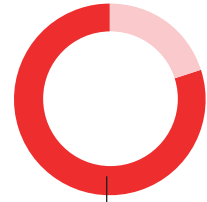
* Excluding stocks on risk alert board and stocks not traded in RMB

Total Eligible Securities = 568 (as of 10 Apr 2014)

Market Cap (% of all SSE A Shares) Average Daily Turnover (% of all SSE A Shares)



Eligible Shares = 90%



Eligible Shares = 80%

Note: Market cap statistics as at end of Mar 2014; Average Daily Turnover statistics are for Jan-Mar 2014.

Quota

Aggregate Quota	<p>RMB300 billion</p> <ul style="list-style-type: none"> Calculated end of each trading day Balance: Aggregate Quota – Aggregate Buy Trades + Aggregate Sell Trades 	<ul style="list-style-type: none"> If Aggregate Quota Balance < Daily Quota: Suspend buy order input for the next trading day If Aggregate Quota Balance increases to Daily Quota level: Resume buy order input for the next trading day
Daily Quota	<p>RMB13 billion</p> <ul style="list-style-type: none"> Calculated Real-time during trading hours Balance: Daily Quota – Buy Orders + Sell Trades + Adjustments (eg Buy Order cancelled, Buy Order rejected by SSE, Buy Order executed at a better price) 	<ul style="list-style-type: none"> If Daily Quota balance ≤ 0: <ul style="list-style-type: none"> During opening call auction (Pre-opening): Reject new buy orders until quota balance becomes positive (eg due to Buy Order cancellation) During continuous auction (continuous trading): Suspend buy order for the remaining of the day Buy orders already input before suspension will not be affected



Quota information will be disseminated through the HKEx website at one minute intervals and through HKEx's Orion Market Data Platform at five second intervals.

Trading Rules

Trading Hours	<ul style="list-style-type: none"> Opening Call Auction: 09:15 – 09:25 Continuous Auction: 09:30 – 11:30/ 13:00 – 15:00 Allow order input 5 minutes prior to opening of each trading session 	Orders	<ul style="list-style-type: none"> Limit orders only (broker level)
Settlement Cycle	<ul style="list-style-type: none"> Securities settlement: Trade day Money settlement: T+1 	Naked Short Selling	<ul style="list-style-type: none"> None
Currency	<ul style="list-style-type: none"> Trading and settlement: RMB 	Margin Financing and Stock Borrowing & Lending	<ul style="list-style-type: none"> Not allowed to participate in Mainland's margin trading and securities lending
Price Limit	<ul style="list-style-type: none"> ± 10% on previous closing price Any orders with price beyond the price limit will be rejected 	Fees	<ul style="list-style-type: none"> Existing fees and levies applicable to A share market: <ul style="list-style-type: none"> Handling Fee: 0.696 bps Securities Management Fee: 0.2 bps Seller Stamp Duty: 10 bps Transfer Fee: 6 bps on face value Portfolio fee for depository and nominee services for A shares
Pre-trade Check	<ul style="list-style-type: none"> Broker level 		
Trading	<ul style="list-style-type: none"> No day trades No block trades No trading by designated brokers 		

Shanghai Stock Exchange at a Glance

SSE Stocks¹

- Total number of companies listed (A shares): 950
- Total market capitalisation: US\$2.4 trillion

SSE Stocks Eligible for Stock Connect²

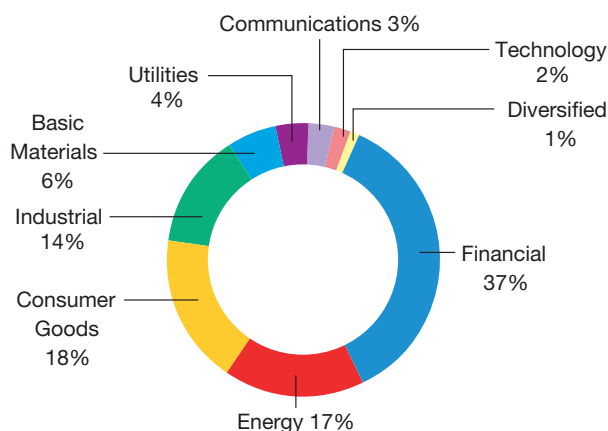
- Total number of eligible securities: 568
- Total number of A+H stocks: 66

Top 10 Stocks by Turnover Value³

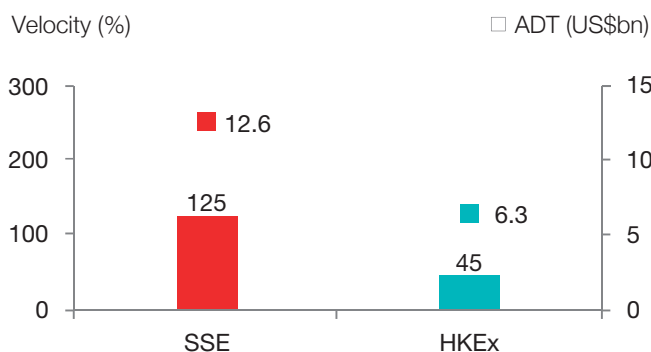
Company	ADT (US\$m)	H-Share ADT (US\$m)	Mkt Cap Rank
1. Ping An	185	111	10
2. Pudong Dev Bank	176	-	11
3. CITIC Securities	154	21	17
4. Industrial Bank	129	-	9
5. Sinolink Securities	119	-	90
6. Minsheng Bank	116	49	13
7. Haitong Securities	97	17	25
8. Inner Mongolia Yili	95	-	29
9. China Merchants Bank	83	42	8
10. Poly Real Estate	80	-	35

Turnover of Top 10 Stocks = 10% of Total Market ADT

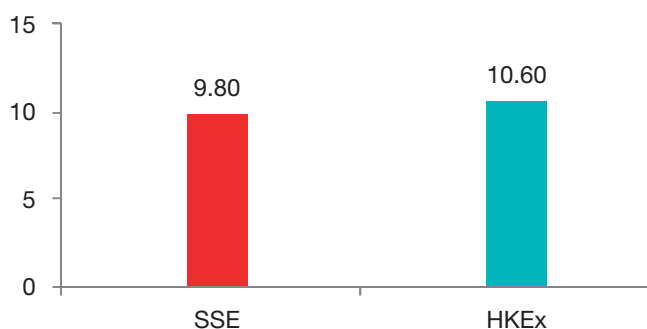
Market Cap Distribution of SSE Stocks Eligible for Stock Connect⁴



ADT and Velocity⁵



P/E Ratios⁶



Top 10 A+H Stocks by Market Capitalisation⁷

Company	A+H Mkt Cap (US\$m)	A shares				H share Price Premium / Discount
		Mkt Cap (US\$m)	Mkt Cap Rank (all SSE stocks)	ADT (US\$m)	% of A+H ADT	
1. PetroChina	223,462	196,810	1	21	18%	3.93%
2. ICBC	199,469	144,595	2	30	16%	15.69%
3. China Construction Bank	188,167	6,387	54	15	8%	13.57%
4. Agricultural Bank of China	133,018	119,454	3	32	32%	8.63%
5. Bank of China	117,903	80,463	4	14	10%	8.92%
6. Sinopec Corp	101,875	77,547	5	51	34%	12.24%
7. China Life	65,176	45,686	6	25	24%	19.38%
8. Ping An	54,583	30,354	10	185	63%	22.08%
9. BankComm	48,719	24,550	15	36	71%	10.37%
10. China Shenhua	48,476	38,653	7	29	41%	23.31%
Top 10	1,180,847	764,499		438	31%	(Median) 12.90%
All A+H (69)	1,643,673	1,114,383		1,737	53%	(Median) -10.05%

Note:

1. As of 30 June 2014, HKEx data

2. As of 10 Apr 2014, HKEx data

3. Turnover for Jan-Jun 2014, market cap as of 30 June 2014; data from HKEx, SSE and World Federation of Exchanges (WFE)

4. As of 30 June 2014; data from HKEx and Bloomberg

5. Jan-June 2014, WFE data (Equities only)

6. As of 30 June 2014, HKEx data

7. As of 30 June 2014, except ADT, which is for Jan-Jun 2014; data from HKEx and SSE

For more information on Shanghai-Hong Kong Stock Connect:



Hong Kong Exchanges and Clearing Limited

www.hkex.com.hk/chinaconnect



Shanghai Stock Exchange

<http://edu.sse.com.cn/col/shhkconnect/>

List of information vendors providing real time A-share market data:

China Investment Information Services Limited: www.ciis.com.hk

A-share company announcements:

Shanghai Stock Exchange: www.sse.com.cn

China Securities Journal: www.cs.com.cn

Shanghai Securities News: www.cnstock.com

Securities Times: www.stcn.com

Securities Journal: www.ccstock.cn

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July 2014

