

TRADING RULES OF SHANGHAI STOCK EXCHANGE

Circular on the Promulgation of the *Trading Rules of Shanghai Stock Exchange*

The *Trading Rules of Shanghai Stock Exchange* have been approved by China Securities Regulatory Commission and are hereby promulgated for implementation as of July 1, 2006. The relevant detailed rules will be promulgated separately.

Shanghai Stock Exchange

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Chapter I General Provisions

1.1 The Trading Rules have been formulated in accordance with *the Securities Law of the People's Republic of China* and other laws, administrative regulations, rules of State departments and *the Constitution of Shanghai Stock Exchange* in order to regulate securities trading activities, safeguard the order in the securities market and protect the legitimate rights and interests of investors.

1.2 The Trading Rules are applicable to the trading of securities and derivatives (hereinafter collectively referred to as securities) listed on Shanghai Stock Exchange (hereinafter referred to as the Exchange). Any matter not specified in the Trading Rules shall be governed by other applicable rules of the Exchange.

1.3 The principle of openness, fairness and justice shall be followed in the trading of securities.

1.4 Trading of securities shall comply with laws, administrative regulations, rules of State departments and the relevant rules of the Exchange and shall be based on the principle of free will, compensation, honesty and good faith.

1.5 Securities shall be traded on a dematerialized and centralized basis or by such other means as China Securities Regulatory Commission (hereinafter referred to as the CSRC) may approve.

Chapter II Trading Market

Section 1 Marketplace

2.1.1 The Exchange provides the marketplace and facilities for securities trading. The marketplace and facilities comprise the Exchange trading system, trading floor, Participant Business Unit, order routing system and relevant communication systems.

2.1.2 The Exchange has a trading floor. The Exchange members (hereinafter referred to as members) shall input orders through their traders dispatched to the trading floor.

Unless specially permitted by the Exchange, only the following persons are admitted to the trading floor:

- (1) registered traders; and
- (2) in-floor supervisors.

Section 2 Trading Participants and Trading Rights

2.2.1 In order to trade securities on the Exchange, members and the institutions

approved by the Exchange shall apply to the Exchange for relevant seats and the right to trade so as to become the Exchange trading participants.

Trading participants shall conduct securities trading through the Participant Business Unit for which they have applied to the Exchange.

2.2.2 Participant Business Unit refers to a basic unit that allows a trading participant to trade securities on the Exchange, to own and exercise relevant trading rights and to be subject to the administration of the Exchange in respect of relevant trading business.

2.2.3 Detailed rules on the administration of Participant Business Unit and relevant trading rights will be formulated by the Exchange separately and shall come into effect upon the approval of the CSRC.

Section 3 Trading Instruments

2.3.1 The following securities can be listed and traded on the Exchange:

- (1) stocks;
- (2) mutual funds;
- (3) bonds;
- (4) bond repos;
- (5) warrants; and
- (6) other instruments as approved by the CSRC.

Section 4 Trading Hours

2.4.1 The Exchange is open for trading from Monday to Friday.

The market is closed on public holidays and other days as announced by the Exchange.

2.4.2 In case of auction trading, the opening call auction runs from 9:15 to 9:25 on each trading day, while the continuous auction runs from 9:30 to 11:30 and from 13:00 to 15:00, except for the securities whose trading is suspended and resumed during trading hours.

With the approval of the CSRC, the Exchange may adjust trading hours in line with the market development.

2.4.3 In case of temporary market closure for certain reasons, trading hours will not be extended.

Chapter III Securities Trading

Section 1 General Rules

3.1.1 Upon the acceptance of an investor's instruction, a member shall place an order with the Exchange as instructed and assume corresponding trading and settlement obligations.

After the member executes the order instructed by the investor, the investor shall deliver the relevant securities or pay corresponding cash to the member while the member shall hand over the proceeds from its sale of the securities or deliver the purchased securities to the investor.

3.1.2 Members shall send buy or sell orders to the Exchange trading system through their Participant Business Units and relevant order routing system and effect trades according to the Trading Rules. Trading results and other records are sent to members by the Exchange.

3.1.3 Members shall keep under safe custody the records of their clients' instructions and their order routing activities according to relevant regulations.

3.1.4 Securities purchased by investors shall not be resold before settlement, except for turn-around trades.

A turn-around trade of securities refers to a complete or partial resale, after confirmation of execution but before settlement, of any securities purchased by investors.

3.1.5 Turn-around trades of bonds and warrants are effected on the day of trading, whereas turn-around trades of B-shares are effected from the next trading day.

3.1.6 The Exchange may adopt the market maker system in line with market conditions. The specific rules thereon will be formulated by the Exchange separately and will come into effect upon the approval of the CSRC.

Section 2 Designated Trading

3.2.1 The Exchange implements a designated trading system for all the securities traded on the Exchange market, except B shares traded by overseas investors.

3.2.2 Under the designated trading system, an investor who trades securities on the Exchange must designate one member in advance as its agent and participate in trading through the designated member.

3.2.3 An investor shall enter into an agreement with a member for designated trading and specify therein the rights, obligations and responsibilities of both parties. Once such agreement is signed, the member shall input the instruction of designated trading into the Exchange trading system based on the application of the investor.

3.2.4 The Exchange accepts designated trading instructions during trading hours. Such instructions become valid immediately after being accepted by the Exchange trading system.

3.2.5 An investor who intends to change its designated member shall file a cancellation application with the designated member, who shall input the instruction of cancellation into the Exchange trading system accordingly. The designated member may not restrict, obstruct or delay the cancellation of designated trading by investors who meet the conditions for the cancellation.

3.2.6 Once the designated trading is cancelled, another member may be designated for re-application for designated trading.

3.2.7 Other matters in respect of designated trading shall be governed by the relevant regulations of the Exchange.

Section 3 Client Instruction

3.3.1 In order to trade securities, investors shall open securities accounts and cash accounts and sign broker-client agreements with a member. Upon effect of the agreement, the investors will become the brokerage clients (hereinafter referred to as client) of the member.

Investors shall open securities accounts according to the relevant regulations of the registration and clearing institution designated by the Exchange.

3.3.2 Clients may instruct a member in writing or by self-service means such as telephone, self-service terminal or Internet to buy or sell securities on their behalf. Clients shall follow the relevant operational procedures when placing an order through telephone, self-service terminal or Internet.

3.3.3 Clients who intend to participate in securities trading by self-service means shall sign a self-service trading agreement with a member.

3.3.4 Unless otherwise specified by the Exchange, an order placed by a client shall include the following:

- (1) client's securities account number;
- (2) code of a particular security;
- (3) buy or sell;

- (4) instructed quantity;
- (5) instructed price; and
- (6) other information as required by the Exchange and the member.

3.3.5 Clients may place a limit order or market order through members for securities trading.

A limit order is an instruction given by a client to a member to buy a particular security at a specified price or lower, or to sell at a specified price or higher.

A market order is an instruction given by a client to a member to buy or sell a particular security at the current best market price.

3.3.6 Clients may cancel the unexecuted remainder of an order.

3.3.7 Members shall return to clients the cash or securities corresponding to the cancelled or disabled order upon confirmation thereof.

3.3.8 Margin trading and securities lending services as may be provided by members to clients for securities trading shall be governed by relevant regulations.

Section 4 Order Routing

3.4.1 The Exchange trading system accepts members' auction order routing between 9:15- 9:25, 9:30- 11:30 and 13:00- 15:00 on each trading day.

The Exchange trading system will not accept the cancellation of any auction order during the opening call auction between 9:20- 9:25 on each trading day. During other trading hours, unexecuted orders can be cancelled, effective upon the confirmation by the Exchange trading system.

The Exchange may adjust the sessions for accepting members' order routing as it deems necessary.

3.4.2 A member shall route orders timely to the Exchange trading system in the order of its acceptance of clients' instructions.

3.4.3 The Exchange accepts limit orders and market orders from members.

3.4.4 The Exchange accepts the following types of market orders in line with market conditions:

- (1) Five Best Orders Immediate or Cancel: an order that is executed in sequence against the current five best prices on the opposite side, with the portion of the order not executed, if any, cancelled automatically.

- (2) Five Best Orders Immediate to Limit: an order that is executed in sequence against the current five best prices on the opposite side, with the portion of the order not executed, if any, changed to a limit order whose limit price is set at the last executed price on the same side. Such order, if not executed, is changed to a limit order with limit price set at the best quotation price on the same side, or, in the absence of any order on the same side, is cancelled.
- (3) other types of orders as specified by the Exchange.

3.4.5 Market orders apply only to the continuous auction of securities whose prices are subject to a daily price limit, except as otherwise specified by the Exchange.

3.4.6 A limit order shall include such information as securities account number, brokerage branch code, securities code, buy or sell, quantity, price, etc.

A market order shall include such information as order type, securities account number, brokerage branch code, securities code, buy or sell, and quantity.

Orders must be routed in the format as specified by the Exchange. The Exchange may adjust the content and means for order routing as it deems necessary.

3.4.7 Purchases of stocks, mutual funds or warrants in auction trading shall be in a round lot of 100 shares (units) or the multiple thereof.

Sales of stocks, mutual funds or warrants with an odd lot of less than 100 shares (units) shall be made in one order.

3.4.8 During auction trading, an order for bonds shall be placed in one round lot or the multiple thereof, an order for bond collateral repos shall be placed in 100 round lots or the multiple thereof, and an order for buyout repos shall be placed in 1000 round lots or the multiple thereof.

In bond trading and buyout repo trading, a par value of RMB 1000 Yuan is considered one round lot, while in bond collateral repo trading, RMB 1000 Yuan in the standard bonds is considered one round lot.

3.4.9 The maximum quantity of one order for stocks, mutual funds and warrants shall be not more than 1 million shares (units), the maximum quantity of one order for bonds and bond collateral repos shall be not more than 10,000 round lots, and the maximum quantity of one order for buyout repos shall be not more than 50,000 round lots.

The Exchange may adjust the maximum quantity of an order for securities trading in line with market conditions.

3.4.10 The quotation units for different types of securities vary. The quotations for stocks, mutual funds, warrants, bonds, bond collateral repos, and buyout repos refer to price per share, price per fund unit, price per warrant unit, price per RMB 100 Yuan par value, yearly yield-to-maturity per RMB 100 Yuan, and buy-back price at maturity per RMB 100 Yuan par value, respectively.

3.4.11 The tick size of the quotation price of an order for A shares, bond trading, and bond buyout repo trading is RMB 0.01 Yuan and that for mutual funds and warrants is RMB 0.001 Yuan, while that for B shares and bond collateral repo trading are USD 0.001 and RMB 0.005 Yuan respectively.

3.4.12 The Exchange may adjust the maximum quantity of one order and the tick size of a quotation in line with market conditions.

3.4.13 The Exchange imposes the daily price limit on trading of stocks and mutual funds, with a daily price up/down limit of 10% for stocks and mutual funds and a daily price up/down limit of 5% for stocks under special treatment (ST shares or *ST shares).

The price limit is calculated as follows: $\text{price limit} = \text{previous closing price} \times (1 \pm \text{price up/down limit percentage})$.

The calculation result shall be rounded to the tick size.

The price limit does not apply to any of the following cases on the first trading day:

- (1) IPO shares or closed-end funds;
- (2) further issue;
- (3) shares whose listing is resumed after suspension; or
- (4) other cases as recognized by the Exchange.

The Exchange may adjust the daily price up/down limit upon the approval of the CSRC.

3.4.14 In the trading of securities that are subject to a daily price limit, an order whose quotation price is within the price limit is valid, otherwise is invalid.

3.4.15 In the trading of securities that are not subject to the daily price limit, a valid order during the call auction session shall meet the following requirements:

- (1) the quotation price for stocks shall not be higher than 200% or lower than 50% of the previous closing price;
- (2) the quotation price for mutual funds and bonds shall not be higher than 150% or lower than 70% of the previous closing price.

The quotation price for bond repos is not subject to any restriction during the call

auction session.

3.4.16 In the trading of securities that are not subject to the daily price limit, a valid order during the continuous auction session shall meet the following requirements:

- (1) the quotation price shall not be higher than 110% of the currently available lowest offer price and shall not be lower than 90% of the currently available highest bid price. In addition, the quotation price shall not be higher than 130% and lower than 70% of the average of the foregoing highest and lowest quotation prices;
- (2) in the absence of any currently available bid price, the currently available lowest offer price or the last executed price, whichever is lower, shall be considered as the foregoing highest bid price;
- (3) in the absence of any currently available offer price, the currently available highest bid price or the last executed price, whichever is higher, shall be considered as the foregoing lowest offer price.

In the absence of any trade on the current day, the previous closing price is considered as the last executed price.

The Exchange may adjust quotation restrictions in line with market conditions.

3.4.17 An order is only valid on the day of placement. Any portion of an order that is not executed in its entirety at one time continues to line up for the auction of the same day, except as otherwise specified by the Exchange.

Section 5 Auction

3.5.1 Auction trading of securities is conducted either as a call auction or a continuous auction.

Call auction refers to the process of one-time centralized matching of buy and sell orders accepted during a specified period.

Continuous auction refers to the process of continuous matching of buy and sell orders on a one-by-one basis.

3.5.2 The buy or sell orders not executed during the call auction automatically enter the continuous auction.

Section 6 Execution

3.6.1 During the auction trading of securities, orders are matched and executed based on the principles of price priority and time priority.

The principle of price priority: a priority is given to a higher buy order over a lower

buy order and a priority is given to a lower sell order over a higher sell order.

The principle of time priority: for orders with the same bid price or offer price, a priority is given to the order placed earlier. The sequence of orders is based on the time the Exchange trading system accepts such orders.

3.6.2 The execution price in a call auction shall be determined according to the following principles:

- (1) the price that generates the greatest trading volume;
- (2) the price which allows all the buy orders with a higher bid price and all the sell orders with a lower offer price to be executed;
- (3) the price which allows at least all the buy orders with identical price or all the sell orders with identical price to be executed.

In case there is more than one such price, the price that minimizes the unexecuted volume is taken as the execution price. In case there is more than one price that minimizes the unexecuted volume, the mean price is taken as the execution price.

All the trades in a call auction shall be executed at a single execution price.

3.6.3 The execution price in a continuous auction shall be determined according to the following principles:

- (1) where the highest bid price matches the lowest offer price, such price shall be taken as the execution price;
- (2) where the bid price is higher than the currently available lowest offer price, such lowest offer price shall be taken as the execution price;
- (3) where the offer price is lower than the currently available highest bid price, such highest bid price shall be taken as the execution price.

3.6.4 In case an execution price determined according to execution principles falls outside the tick size, the execution price shall be rounded to the tick size.

3.6.5 A trade is concluded after a buy order and a sell order are matched and executed by the Exchange trading system. A trade that is transacted under the Trading Rules is effective as from its conclusion. Both the buyer and the seller shall accept the trading results and perform their obligations of clearing and settlement.

In case any trade results in severe consequences due to force majeure, unexpected events or unauthorized access to the Exchange trading system, the Exchange is entitled to take appropriate measures in this regard or deem such trade as null and void.

In case any trade is obviously unfair, after confirmation thereof and with the approval of the board of the Exchange, the Exchange may take appropriate measures to address

the issue and report the matter to the CSRC.

In case any trade contravenes the Trading Rules and seriously disrupts the well functioning of the securities market, the Exchange is entitled to declare cancellation of such trade and any losses incurred therefrom shall be borne by the trader committing relevant contravention.

3.6.6 The execution data recorded in the Exchange trading system shall be taken as the final results of the trades executed under the Trading Rules.

3.6.7 Clearing and settlement of securities trades shall be conducted according to the regulations of the registration and clearing institution designated by the Exchange.

Section 7 Block Trading

3.7.1 A securities trade on the Exchange can be executed as a block trade if it meets any of the following threshold:

- (1) for a single A-share trade, the trading volume is no less than 500,000 shares or the trading value is no less than RMB 3 million Yuan;
- (2) for a single B-share trade, the trading volume is no less than 500,000 shares or the trading value is no less than USD 300,000;
- (3) for a single mutual fund trade, the trading volume is no less than 3 million units or the trading value is no less than RMB 3 million Yuan;
- (4) for a single treasury bond trade or bond repo trade, the trading volume is no less than 10,000 round lots or the trading value is no less than RMB 10 million Yuan;
- or
- (5) for any other type of a single bond trade, the trading volume is no less than 1,000 round lots or the trading value is no less than RMB 1 million Yuan.

The Exchange may adjust the threshold on block trades in line with market conditions.

3.7.2 The Exchange trading system accepts block trading orders during 9:30-11:30 and 13:00-15:30 on each trading day.

3.7.3 Block trading orders are classified into intent orders and execution orders.

An intent order shall include such information as securities account number, securities code, and buy or sell, etc.

An execution order shall include such information as securities code, securities account number, buy or sell, execution price, and trading volume, etc.

3.7.4 An intent order shall be true and valid. In case the price of an intent order is not

specified, it is deemed that the party who has placed such order is at least willing to buy at the prescribed lowest price or sell at the prescribed highest price. In case the quantity of an intent order is not specified, it is deemed that the party who has placed such order is at least willing to execute a trade in the lowest quantity as required for a single block trade.

3.7.5 Once an intent order is accepted by members (including the situation where another member quotes a better price than the price of the intent order), the party who has placed the intent order shall place an execution order at least with one member who has accepted the intent order.

3.7.6 The execution price of a block trade of securities that are subject to a daily price limit shall be determined by the buyer and seller within the price limit applicable to such securities on the day of trading.

The execution price of a block trade of securities which are not subject to the daily price limit shall be negotiated by the buyer and seller within $\pm 30\%$ of the previous closing price or between the highest and lowest traded prices on the day of trading.

3.7.7 After the buyer and the seller enter into an agreement on a block trade, they shall input execution orders into the Exchange trading system with identical execution price and trading volume.

Any execution order, once confirmed by the Exchange, shall not be modified or cancelled and the buyer and the seller must accept the execution results as final.

3.7.8 A member shall ensure that block trading participants must have the securities or cash corresponding to the intent order or execution order.

3.7.9 The Exchange adopts the market maker system in block trades of bonds.

A member recognized by the Exchange may serve as a market maker and provide bilateral bond quotation services through the Exchange block trading system.

3.7.10 Block trades are not included in the Exchange's real-time quotations and index calculation. Upon the completion of block trades on each trading day, their trading volumes are added to the total turnover of relevant securities.

3.7.11 After the completion of block trades on each trading day, the Exchange will, in case of block trades of stocks or mutual funds, release the securities names, execution prices, trading volumes, and the names of brokerage branches involved, and in case of block trades of bonds or bond repos, release the securities names, execution prices and trading volumes, etc.

Section 8 Bond Repo Trading

3.8.1 Bond repo trading includes buyout repo trading, collateral repo trading, etc.

3.8.2 A buyout repo trade refers to a bond trade in which at the time the bond holder sells its bonds to the buyer, the two parties agree that the seller will buy back the same quantity of the same bonds at a specified price on a predetermined date.

A collateral repo trade refers to a bond trade in which at the time the bond holder pledges its bonds as collateral in exchange for a cash loan that is equivalent to the standard bonds converted from such bonds at a conversion ratio, the two parties agree to return the cash and release the bonds pledged as collateral at the maturity of the repo.

3.8.3 The term of bond repo trading shall be based on the calendar day. In case a maturity date coincides with a non-trading day, settlement shall be carried out on the following trading day.

Chapter IV Other Trading-related Matters

Section 1 Opening Price and Closing Price

4.1.1 The opening price of a security on a trading day is the first execution price of such security on that day.

4.1.2 The opening price of a security is generated from a call auction. In case no opening price is generated therefrom, the opening price will be generated from the continuous auction.

4.1.3 The closing price of a security is the trading volume-weighted average price of all the trades of such security during the one minute before the last trade (including the last trade) on that day. In the absence of any trade on a trading day, the previous closing price shall be taken as the closing price of that day.

Section 2 Listing, Delisting, Trade Suspension and Resumption

4.2.1 Securities are traded after listing on the Exchange.

4.2.2 Upon expiry of the listing term of any security or when any security no longer meets statutory listing criteria, the Exchange will terminate trading in such security and delist it from the market.

4.2.3 In case of unusual movement in the trading of stocks and closed-end funds, the Exchange will have the discretion to impose trade suspension and will not resume trade until 10:30 on the day on which the party with disclosure obligation makes

relevant announcement.

The Exchange may adjust the timing for trade resumption in line with the market development.

4.2.4 The Exchange is entitled to impose special trade suspension on the securities that are involved in suspected irregular trading. The relevant parties involved shall submit written reports to the Exchange as required.

The timing and approach of special trade suspension and resumption are at the discretion of the Exchange.

4.2.5 The quotations disseminated by the Exchange cover the securities suspended from trading but exclude the securities delisted from the Exchange.

4.2.6 In case of trade suspension during trading hours, the orders routed before the suspension will participate in the trading when trading resumes. During trade suspension, orders can be routed or cancelled. Upon trade resumption, a call auction will be conducted for all the accepted orders. During the call auction, the virtual opening reference price, virtual matched volume and virtual unmatched volume will not be disclosed.

4.2.7 The Exchange will make announcements of the listing, delisting, and trade suspension and resumption of securities.

4.2.8 Other matters in relation to the listing, delisting, trade suspension and trade resumption of securities shall be governed by the listing rules and other rules of the Exchange.

Section 3 Ex-right and Ex-dividend

4.3.1 In case of interest distribution, transfer of reserves into share capital and rights issues, the Exchange will make ex-right and ex-dividend adjustment to relevant securities on the trading day following the interest record date (or the last trading day in case of B-shares), except as otherwise specified by the Exchange.

4.3.2 The ex-right (ex-dividend) reference price shall be calculated as follows:
$$\text{ex-right (ex-dividend) reference price} = [(\text{previous closing price} - \text{cash dividend}) + \text{rights issue (new share) price} \times \text{percentage of change in floating shares}] \div (1 + \text{percentage of change in floating shares})$$

The securities issuer may file an application with the Exchange for adjustment of the calculation formula when it deems necessary, and state therein the reason for the adjustment. The Exchange may adjust such calculation formula based on the application and shall release any adjustment thereof.

The previous closing price as displayed in the real-time quotations on the ex-right (ex-dividend) date is the ex-right (ex-dividend) reference price.

4.3.3 Unless otherwise specified by the Exchange, on the ex-right (ex-dividend) date, the ex-right (ex-dividend) reference price shall be used as the basis for calculation of price up/down limit.

Chapter V Trading Information

Section 1 General Rules

5.1.1 The Exchange will disseminate real-time quotations, indices, public information and other trading information in respect of securities trading on each trading day.

5.1.2 The Exchange will timely prepare and disseminate various daily, weekly, monthly and yearly reports.

5.1.3 The Exchange owns the trading information generated from the Exchange. Without the permission of the Exchange, no entity or individual may use or disseminate such information.

Without the permission of the Exchange, any entity or individual authorized by the Exchange to use the said trading information shall not provide such information to other entity or individual for use or dissemination.

5.1.4 The specific rules governing the administration of the securities trading information shall be formulated by the Exchange separately.

Section 2 Real-time Quotations

5.2.1 The real-time quotations during the opening call auction between 9:15 – 9:25 include securities code, securities short name, previous closing price, virtual opening reference price, virtual matched volume and virtual unmatched volume.

5.2.2 The real-time quotations during the continuous auction include securities code, securities short name, previous closing price, last executed price, highest price, lowest price, accumulated trading volume and trading value, the five real-time highest bid prices and their quantities, and the five real-time lowest offer prices and their quantities.

5.2.3 On the first trading day of IPO securities, the previous closing price displayed in the real-time quotations is the issue price, except as otherwise specified by the Exchange.

5.2.4 The real-time quotations are transmitted to members via the communication system. Members shall use the real-time quotations within the scope authorized by the Exchange.

5.2.5 The Exchange may adjust the dissemination means and the contents of real-time quotations in line with the market development.

Section 3 Securities Indices

5.3.1 The Exchange compiles composite index, component index, sector index and other securities indices to track the movement and trends of overall securities market or that of a particular type of securities, and disseminate the same along with the real-time quotations.

5.3.2 Securities indices are compiled based on the principle of openness and transparency.

5.3.3 The methods of launch and compilation of securities indices shall be formulated by the Exchange separately.

Section 4 Public Information on Securities Trading

5.4.1 In case any of the following circumstances occurs to trading of the stocks or closed-end funds that are subject to a daily price limit, the Exchange will disclose the names of the top five brokerage branches in terms of intra-day purchase value and sale value, and their respective purchase values and sale values:

- (1) the top three stocks (mutual funds) whose closing price deviation reaches $\pm 7\%$;
the closing price deviation is calculated as follows: closing price deviation = change in price of a single stock (mutual fund) – change in corresponding sector index
- (2) top three stocks (mutual funds) whose intra-day price amplitude reaches 15 %;
the price amplitude is calculated as follows: price amplitude = (intra-day highest price – intra-day lowest price) / intra-day lowest price $\times 100\%$
- (3) top three stocks (mutual funds) whose turnover rate reaches 20%;
the turnover rate is calculated as follows: turnover rate = trading volume (shares or units) / floating volume (shares or units) $\times 100\%$

In case that closing price deviation, price amplitude or turnover rate is identical, trading value and trading volume shall be considered in sequence.

The corresponding sector indices include SSE A-share Index, SSE B-share Index or SSE Fund Index, etc.

With respect to the stocks or closed-end funds that are not subject to the daily price limit as enumerated in Section 3.4.13, the Exchange will disclose the names of the top five brokerage branches in terms of intra-day purchase value and sale value, and their respective purchase values and sale values.

5.4.2 Any of the following circumstances that arises during auction trading of stocks or closed-end funds is deemed as unusual movement. Under any of such circumstances, the Exchange will disclose the names of the top five brokerage branches in terms of total purchase value and sale value of relevant securities during the unusual movement period, and their respective purchase values and sale values:

- (1) the accumulated closing price deviation in three consecutive trading days reaches $\pm 20\%$;
- (2) the accumulated closing price deviation of any ST stock or *ST stock in three consecutive trading days reaches $\pm 15\%$;
- (3) the average daily turnover rate of three consecutive trading days reaches 30 times the average daily turnover rate of the previous 5 consecutive trading days, and the accumulated turnover rate of the relevant stock or closed-end fund in the afore-mentioned three consecutive trading days reaches 20%; or
- (4) other circumstances deemed as unusual movement by the Exchange or the CSRC.

The indicators of unusual movement shall be recalculated as from the day of trade resumption.

The stocks and closed-end funds that are not subject to the daily price limit as enumerated in Section 3.4.13 shall be excluded from calculation of unusual movement.

5.4.3 In case special trade suspension is imposed on a particular security under Section 4.2.4, the Exchange may publish the following information as it deems necessary:

- (1) the names of the top five brokerage branches in terms of trading value of such security, and their respective purchase and sale volumes and values;
- (2) information on share statistics; and
- (3) other information deemed disclosable by the Exchange.

5.4.4 Where the public information on securities trading involves institutions, the name to be published will be “Institutional Special”.

5.4.5 The Exchange may adjust the public information on securities trading in line with the market development.

Chapter VI Supervision of Trading Activities

6.1 The Exchange will exercise intense monitoring on the following unusual trading

activities that may affect the trading price or trading volume of securities:

- (1) large purchases or sales of securities before disclosure of any information that may significantly affect the trading price of the relevant securities;
- (2) large or frequent trades between the securities accounts opened with the same identity certificate, business license or other valid certificate;
- (3) large or frequent trades between the securities accounts through which the same institution or individual conducts trading on behalf of others as instructed or authorized;
- (4) large or frequent trades between two or more fixed securities accounts or suspected associated securities accounts;
- (5) huge orders, successive orders or concentrated orders for the purpose of affecting the trading price of securities;
- (6) frequent input or cancellation of orders for the purpose of affecting the trading price of securities or the investment decision-making of other investors;
- (7) enormous order with its quotation price clearly deviates from the currently available execution price;
- (8) large and successive orders during a specified period;
- (9) large or frequent turn-around trades at the same or similar price;
- (10) large or frequent “buy high, sell low” trades;
- (11) trades are conducted by anyone contrary to the investment analysis, forecast or advice released by itself;
- (12) false orders or other orders in block trades that disrupt the orderly market; and
- (13) other unusual trading activities as recognized by the Exchange that need to be put under intense monitoring.

6.2 Where a member and its branches discover any investor involved in any of the unusual trading activities as enumerated in Section 6.1 and believe such activity may seriously affect the order of the securities market, it shall issue an alert and report to the Exchange in a timely manner.

6.3 In case the occurrence of any of the unusual trading activities as enumerated in Section 6.1 has serious effect on the price or trading volume of securities, the Exchange may conduct on-site inspections or off-site inspections and require relevant members and the branches involved to provide the relevant investors’ account opening information, power of attorney, cash deposit and withdrawal vouchers, cash account information, and relevant trading information. Where any unusual trading involves investors, the Exchange may directly require the investors to provide relevant information.

6.4 Members, their branches and investors shall coordinate with the Exchange in its inspections and provide relevant documents and information timely, truthfully, accurately and completely.

6.5 In severe cases of unusual trading activities, the Exchange may take the following

measures according to specific circumstances:

- (1) oral or written warning;
- (2) summoning the parties involved for a talk;
- (3) requiring relevant investors to provide a written commitment;
- (4) restricting trading under relevant securities accounts;
- (5) applying with the CSRC for freezing relevant securities accounts or cash accounts;
and
- (6) filing with the CSRC for investigation and punishment.

Any person objecting to the foregoing measure (4) may apply with the Exchange for a review. Enforcement of the said measure shall not be suspended during the review period.

Chapter VII Handling of Extraordinary Circumstances During Trading

7.1 In case the occurrence of any of the following extraordinary circumstances disables part or all of the trading activities, the Exchange will have the discretion to impose a technical suspension or temporary closure of the market:

- (1) force majeure;
- (2) unexpected event;
- (3) technical failure; or
- (4) other extraordinary circumstances as recognized by the Exchange.

7.2 Under extraordinary circumstances where quotation transmission is interrupted or orders cannot be input in more than 10% of brokerage branches, the Exchange may effect temporary closure of the market.

7.3 Where the Exchange believes that any of the extraordinary circumstances as enumerated in Section 7.1 and Section 7.2 is likely to occur and may have serious effect on the well functioning of the market, the Exchange has the discretion to impose a technical suspension or temporary closure of the market.

7.4 The Exchange shall make an announcement of the technical suspension or temporary market closure.

7.5 The Exchange may resume trading after the cause of the technical suspension or temporary market closure no longer exists.

7.6 Except for the special situations determined by the Exchange, the orders already accepted by the Exchange trading system prior to a technical suspension or temporary market closure shall be valid after trading resumes. The Exchange trading system continues to accept orders during the period of technical suspension or temporary market closure and, after trading resumes, a call auction will be conducted for all the orders accepted.

7.7 The Exchange shall not be liable for any losses arising from extraordinary circumstances or from corresponding measures imposed by the Exchange.

Chapter VIII Trading Disputes

8.1 In case trading disputes arise between different members or between members and their clients, the members involved shall record the particulars of the disputes for the Exchange's inspection. In case the trading disputes affect the trading order, the members shall report to the Exchange in a timely manner.

8.2 When disputes arise between different members or between members and their clients, the Exchange may provide necessary trading data according to relevant regulations.

8.3 Members shall coordinate with any investor who has a doubt about a trade.

Chapter IX Trading Fees

9.1 Investors shall pay commissions to members for completed securities transactions according to relevant regulations.

9.2 Members shall pay membership fees, handling fees and other relevant charges to the Exchange according to applicable regulations.

9.3 The charging items and fee standards for securities trading and the administration thereof shall be governed by relevant regulations.

Chapter X Disciplinary Sanctions

10.1 Where any member violates the Trading Rules, the Exchange will order the member to make rectification and may, depending on seriousness of the circumstances, impose one or several of the following penalties:

- (1) circulating a notice of criticism among members;
- (2) publishing a public censure in CSRC-designated media;
- (3) suspending or restricting trading;
- (4) revoking trading qualification; or/and
- (5) canceling membership.

10.2 Any member not satisfied with the foregoing disciplinary sanction in (2), (3), (4) or/and (5) may apply to the board of the Exchange for a review within 15 days from the day of receiving the notice of disciplinary sanction. Enforcement of the relevant disciplinary sanction shall not be suspended during the review period.

Chapter XI Supplementary Provisions

11.1 Other trading-related matters in respect of exchange traded funds, bonds, bond repos, and warrants, etc. shall be governed by the rules formulated by the Exchange separately.

11.2 The time as mentioned in the Trading Rules refers to the time of the Exchange trading system.

11.3 In case of any discrepancy between any provision of the Exchange and the provisions in the Trading Rules on the unusual movement of stocks and mutual funds, the Trading Rules shall prevail.

11.4 The following terms in the Trading Rules shall have the meanings given below:

- (1) Market: the securities trading market established by the Exchange.
- (2) Listing and Trading: listing and trading of any security on the Exchange.
- (3) Client Instruction: an investor authorizes a member to buy or sell securities.
- (4) Order Routing: a member inputs a securities trading order into the Exchange trading system.
- (5) Standard Bonds: virtual bonds converted from different types of bonds at the corresponding conversion ratio to determine the amount of funds to be borrowed through collateral repos.
- (6) Best Price: the highest bid price or lowest offer price in the central orderbook. The central orderbook refers to the queue of all the unexecuted buy or sell orders that are ranked respectively at a certain point in the time of Exchange trading system according to price/time priority.
- (7) Virtual Opening Reference Price: the virtual execution price that is generated under call auction rules from all the valid orders at a specific point in time and disclosed in real-time.
- (8) Virtual Matched Volume: the volume disclosed in real-time of all the orders that are virtually executed at the virtual opening reference price at a specific point in time.
- (9) Virtual Unmatched Volume: the volume disclosed in real-time of all the remaining buy or sell orders that are not virtually executed at the virtual opening reference price at a specific point in time.

11.5 The Trading Rules shall come into force after being adopted by the board of the Exchange and upon the approval of the CSRC. The same procedure shall be followed when amendments are made hereto.

11.6 The power of interpretation of the Trading Rules shall rest with the Exchange.

11.7 The Trading Rules shall be implemented as of July 1, 2006.

Disclaimer:

The English version of the *Trading Rules of Shanghai Stock Exchange* is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail. Shanghai Stock Exchange shall not be liable for any losses, damages or disputes or any other liabilities of whatsoever nature, suffered or incurred as a result of or in connection with such discrepancy.