

Stock Types, Order Types, Rules for Order Placement under A-Share Northbound Trading (Shenzhen-Hong Kong Stock Connect)

I. Stock Types under A-Share Northbound Trading (Shenzhen-Hong Kong Stock Connect)

Among the different types of SZSE-listed stocks, only A shares will be included in A-Share Northbound Trading in the initial stage. Other product types, such as B shares, Exchange Traded Funds (“ETF”s), bonds and other stocks will not be included.

In the initial phase, you will be able to trade certain stocks listed on the SZSE market (i.e. “SZSE stocks”). you can trade the SZSE component stocks and constituent stocks of SZSE Small/Mid Cap Innovation Indexes with a market value of at least RMB 6 billion and all the SZSE-listed A shares that are not included as constituent stocks of the relevant indices but which have corresponding H shares listed on SEHK. These stocks exclude the following:

- (a) SZSE-listed shares which are not traded in RMB; and
- (b) SZSE-listed shares which are included in the “risk alert board”.

For any SZSE-listed stock which is not accepted as an SZSE stock upon the launch of operation Shenzhen-Hong Kong Stock Connect due to its being under “risk alert”, if it is subsequently removed from the “risk alert board”, it will be accepted as SZSE stock if it remains as a constituent stock of the relevant indices or if its corresponding H share continues to be listed and traded on the SEHK (as appropriate).

Investors will only be allowed to sell an SZSE stock but restricted from further buying if:

- (a) the SZSE Stock subsequently ceases to be a constituent stock of the relevant indices; and/or
- (b) the SZSE stock are subsequently under “risk alert”; and/or
- (c) the corresponding H share of the SZSE Stock subsequently ceases to be traded on SEHK, as the case may be.

II. Order Types

Limit Order

Only limit orders (SZSE limit orders can be matched at the specified or better price) will be accepted for SZSE stocks throughout the day.

‘Limit Order’ example (for illustration only)

Suppose you have placed a 'Limit Order' to sell 20,000 shares of XYZ stock at RMB3.00 per share. Based on your input sell price of RMB3.00, your sell order will be matched with the best price queues.

Price Queue:

Bid Price(RMB)	Quantity
3.02	1,000
3.01	0
3	6,000
2.99	3,000
2.98	0

Filled Quantity (Sell)
1,000shares@RMB3.02
6,000shares@RMB3.00

O/S Quantity (Sell)
13,000shares

Trading Status: Your 'Limit Order' will be automatically matched with the best price queues and 7,000 shares will be traded. The outstanding 13,000 shares will be stored in the system for queuing until the market closes at an order price of RMB3.00.

III. How do I setup a 'Limit Order'?

1. Click on the **[Normal]** tab, and then choose Shenzhen Market
2. Select the order type: a buy instruction or a sell instruction;
3. Enter your designated stock code;
4. Enter the quantity you wish to buy/sell;
5. Enter the bid/ask price you wish to trade.

Normal	Auction	Pre-set
Place Order		Mkt: Shenzhen ▼
Type: Enhanced Limit Order		
Buy/Sell: <input type="radio"/> Buy <input type="radio"/> Sell		
Stock Code: <input type="text"/>		
Stock Name: -		
Quantity: <input type="text"/>		
Price: <input type="text"/>		
Gross Amt:		<input type="button" value="Query"/>

[A/C Balance Enquiry](#)

** [Notice on HKEx security trading](#)

** [Notice on A-share northbound trading](#)

IV. Rules for Order Placement

All A-Share Northbound Trading of SZSE stocks are subject to the same trading board lot size which is 100 shares (buy orders must be in board lot). Odd lot trading is only available for sell orders. It is common that a board lot buy order may be matched with different odd lot sell orders, resulting in odd lot trades. It should be noted that unlike Hong Kong, board lot and odd lot orders are both matched on the same platform on SZSE, and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB 0.01.

V. Price Limit

For A-Share Northbound Trading of SZSE stocks, there is a general price limit of a $\pm 10\%$ (and a $\pm 5\%$ for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price.

All orders input for SZSE stocks must be within the price limit. Any orders with price beyond the price limit will be rejected by SZSE. The upper and lower price limit will remain the same intra-day.

In addition, in order to better utilize the A-Share Northbound Trading quota and ensure smooth operation of the A-Share Northbound Trading, Hong Kong Exchanges and Clearing Limited sets a lower price limit on buy orders of all China Connect Stocks (A-Share Northbound Trading). Buy order for a China Connect Stock at a price below its current best bid price (and if no current best bid price is available, the latest trade price, and if that is not available, the previous closing price) by a certain percentage will be rejected by the China Stock Connect system. Such price limit does not apply during the

Opening Call Auction session of Shenzhen Stock Exchange. The price limit is set at 3%.The percentage may be adjusted from time to time subject to market conditions.

VI. Day Trading on SZSE Stocks

Day trading is not allowed for Mainland A shares market. Therefore, SZSE stocks bought on T-day can only be sold on and after T+1 day.