



Guide to Chinese Share Classes

v1.3

Guide to Chinese Share Classes

China incorporated companies listed in the People's Republic of China (PRC) can issue different classes of share depending on where they are listed and which investors are allowed to own them. The classes are A, B and H, which are all renminbi-denominated shares but traded in different currencies, depending on where they are listed.

China companies incorporated and listed outside PRC are generally referred to as 'Red Chips', 'P Chips', 'S Chips' or 'N Shares' depending on their ownership structure, revenue source and listing location. These types of shares may have different definitions among index providers or exchanges; please see below for FTSE Russell's definition. The eligibility of these share classes is reviewed annually in March.

Share Class	Country of Incorporation	Country of Listing	Trading Currency	Other Requirements	Available to mainland Chinese investors	Available to other investors
A Share	People's Republic of China (PRC)	China	CNY		Yes	Yes under QFII/RQFII/ Stock Connect programs
B Share	People's Republic of China (PRC)	China	USD (Shanghai) HKD (Shenzhen)	None as they are specific share classes issued by the company	Yes (if they have appropriate currency accounts)	Yes
H Share	People's Republic of China (PRC)	Hong Kong	HKD		Yes if QDII approved or under Stock Connect programs	Yes
Red Chip	Non-PRC	Hong Kong	HKD		See notes below	Yes if QDII approved or under Stock Connect programs
P Chip	Non-PRC	Hong Kong	HKD	Yes if QDII approved or under Stock Connect programs		Yes
S Chip	Non-PRC	Singapore	SGD	Yes if QDII approved		Yes
N Share	Non-PRC	United States	USD	Yes if QDII approved		Yes

A Share

A Shares are securities of Chinese incorporated companies that trade on either the Shanghai or Shenzhen stock exchanges. They are traded in Renminbi (Chinese Yuan). They can only be traded by residents of the

People's Republic of China or under the Qualified Foreign Institutional Investor (QFII), the Renminbi Qualified Foreign Institutional Investor (RQFII) rules, or via the Stock Connect programs.

B Share

B Shares are securities of Chinese incorporated companies that trade on either the Shanghai or Shenzhen stock exchanges. They are traded in US dollars on the Shanghai Stock Exchange and Hong Kong dollars on the Shenzhen Stock Exchange. They can be traded by non-residents of the People's Republic of China and also residents of the People's Republic of China with appropriate foreign currency dealing accounts.

H Share

H Shares are securities of companies incorporated in the People's Republic of China that trade on the Hong Kong Stock Exchange. They are traded in Hong Kong dollars. Like other securities trading on the Hong Kong Stock Exchange, there are no restrictions on who can trade H Shares.

Red Chip

A Red Chip is a company incorporated outside the People's Republic of China (PRC) that trades on the Hong Kong Stock Exchange and is substantially owned, directly or indirectly, by Mainland China state entities with the majority of its revenue or assets derived from Mainland China.

a) To be assessed as a Red Chip, a company must satisfy the following criteria:

- The company is incorporated outside the PRC; and
- The company is listed on the Hong Kong Stock Exchange; and
- Over 55 per cent of the revenue or assets of the company are derived from the PRC; and
- The company is controlled by Chinese state entities, i.e. the government, provinces or municipalities, through strategic holdings which, in aggregate, total more than 35 per cent.

b) An existing Red Chip which fails one or more of the following criteria will cease to be classified as a Red Chip:

- The company is no longer incorporated outside the PRC; or
- The company is no longer listed on the Hong Kong Stock Exchange; or
- The percentages of revenue and assets derived from the PRC have both fallen below 45 per cent; or
- The aggregate holding of Chinese state entities, i.e. the government, provinces or municipalities, through strategic holdings has fallen below 25 per cent.

P Chip

A P Chip is a company* controlled by Mainland Chinese companies or individuals, with the establishment and origin of the company in Mainland China. It must be incorporated outside the People's Republic of China (PRC) and traded on the Hong Kong Stock Exchange with a majority of its revenue or assets derived from Mainland China.

* Provided that the company does not satisfy FTSE Russell's Red Chip definition.

a) To be assessed as a P Chip, a company must satisfy the following criteria:

- The company is incorporated outside the PRC; and
- The company is listed on the Hong Kong Stock Exchange; and
- Over 55 per cent of the revenue or assets of the company are derived from the PRC; and

- The company is either controlled by mainland Chinese companies or individuals, or its establishment and origin are in Mainland China.
- b) An existing P Chip which fails one or more of the following criteria will cease to be classified as a P Chip:
- The company is no longer incorporated outside the PRC; or
 - The company is no longer listed on the Hong Kong Stock Exchange; or
 - The percentages of revenue and assets derived from the PRC have both fallen below 45 per cent; or
 - The company is acquired/a controlling stake is held by a non-mainland Chinese company or individual.
- c) In cases where the data could support an assignment as either a Red Chip or a P Chip, the company will be classified as a Red Chip.

S Chip

An S Chip is a company controlled by Mainland Chinese companies or individuals, with the establishment and origin of the company in mainland China. It must be incorporated outside the People's Republic of China (PRC) and traded on the Singapore Stock Exchange with a majority of its revenue or assets derived from Mainland China.

- a) To be assessed as an S Chip, a company must satisfy the following criteria:
- The company is incorporated outside the PRC; and
 - The company is listed on the Singapore Exchange; and
 - Over 55 per cent of the revenue or assets of the company are derived from the PRC; and
 - The company is either controlled by a Mainland Chinese state entity, company or individual, or its establishment and origin are in Mainland China.
- b) An existing S Chip which fails one or more of the following criteria will cease to be classified as a S Chip:
- The company is no longer incorporated outside the PRC; or
 - The company is no longer listed on the Singapore Exchange; or
 - The percentages of revenue and assets derived from the PRC have both fallen below 45 per cent; or
 - The company is acquired/a controlling stake is held by a non-Mainland Chinese state entity, company or individual.

N Share

N Shares are companies controlled by Mainland Chinese companies or individuals, with the establishment and origin of the company in Mainland China. It must be incorporated outside the People's Republic of China (PRC) and traded on the New York Stock Exchange, the NASDAQ exchange, or the NYSE American with a majority of its revenue or assets derived from Mainland China.

- a) To be assessed as an N Share, a company must satisfy the following criteria:
- The company is incorporated outside the PRC; and
 - The company is listed on the New York Stock Exchange, the NASDAQ exchange, or the NYSE American; and
 - Over 55 per cent of the revenue or assets of the company are derived from the PRC; and
 - The company is either controlled by a Mainland Chinese state entity, company or individual, or its establishment and origin are in Mainland China.
- b) An existing N Share which fails one or more of the following criteria will cease to be classified as an N share:
- The company is no longer incorporated outside the PRC; or

- The company is no longer listed on the New York Stock Exchange, the NASDAQ exchange, or the NYSE American; or
 - The percentages of revenue and assets derived from the PRC have both fallen below 45 per cent; or
 - The company is acquired/a controlling stake is held by a non-Mainland Chinese state entity, company or individual.
- c) American Depositary Receipts (ADRs), where the underlying issue is listed, are ineligible for N Share classification. For example, an H Share with a depositary receipt listed on the New York Stock Exchange will not be classified as an N Share.

Further Information

For further information please visit www.ftserussell.com or e-mail info@ftserussell.com

Contact details can also be found on the website.

For more information about our indexes, please visit ftserussell.com.

© 2018 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc ("YB"). All rights reserved.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "WorldBIG®", "USBIG®", "EuroBIG®", "AusBIG®", "The Yield Book®" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, or FTSE Canada, Mergent, FTSE FI or YB.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence with FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB and/or their respective licensors.

About FTSE Russell

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions for investors, giving them a precise view of the market relevant to their investment process. A comprehensive range of reliable and accurate indexes provides investors worldwide with the tools they require to measure and benchmark markets across asset classes, styles or strategies.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

FTSE Russell is focused on applying the highest industry standards in index design and governance, employing transparent rules-based methodology informed by independent committees of leading market participants. FTSE Russell fully embraces the IOSCO Principles and its Statement of Compliance has received independent assurance. Index innovation is driven by client needs and customer partnerships, allowing FTSE Russell to continually enhance the breadth, depth and reach of its offering.

FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit www.ftserussell.com.

To learn more, visit www.ftserussell.com; email info@ftserussell.com;
or call your regional Client Service Team office:

EMEA

+44 (0) 20 7866 1810

North America

+1 877 503 6437

Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 3 4563 634

Sydney +61 (0) 2 8823 3521