

Operational Guidelines for Account  
Conversion Investors Related to the  
Stock-for-stock Merger of China Merchants  
Property Development Co., Ltd. by China  
Merchants Shekou Industrial Zone Holdings  
Co., Ltd. and the Listing of **A** and **B**-share  
Securities in SZSE

December, 2015

# Contents

<b>Part I: Business Notice</b> .....	3
<b>I. Classification of B-share Investors</b> .....	3
<b>II. Classification of Investors of Operational Guidelines</b> .....	3
<b>III. Comparison Table of Main Differences between B-shares and A-shares</b> .....	4
<b>Part II Operational Guidelines for Investors</b> .....	7
<b>Chapter I Domestic Individual Investor</b> .....	7
<b>Section I Business-related Organizations</b> .....	9
<b>Section II Establish Association Relationship between Subaccount of A-shares and Subaccount of B-shares</b> .....	10
<b>Section III Determine the Custody Unit of CMSIZH A-shares</b> .....	12
<b>Section IV Transfer Registration Restricted Account</b> .....	13
<b>Section V Trading Cost</b> .....	17
<b>Section VI Inquiry Business</b> .....	18
<b>Section VII Change of Account Information</b> .....	19
<b>Section VIII General Meeting of Shareholders</b> .....	20
<b>Section IX Allotment of Shares</b> .....	21
<b>Section X Cancellation of Transfer Registration Restricted Account</b> .....	22
<b>Section XI Pledge, Freezing and Non-trading Transfer of Account</b> .....	23
<b>Chapter II Foreign Investors for Domestic Transaction</b> .....	24
<b>Section I Business-related Organizations</b> .....	26
<b>Section II Determine the Custody Unit of CMSIZH A-shares</b> .....	27
<b>Section III Transfer Registration Restricted Account</b> .....	28
<b>Section IV Trading Cost</b> .....	33
<b>Section V Inquiry Business</b> .....	35
<b>Section VI Change of Account Information</b> .....	36
<b>Section VII General Meeting of Shareholders</b> .....	37
<b>Section VIII Allotment of Shares</b> .....	38
<b>Section IX Cancellation of Transfer Registration Restricted Account</b> .....	39
<b>Section X Pledge, Freezing and Non-trading Transfer of Account</b> .....	40
<b>Chapter III Foreign Investor for Non-domestic Transaction</b> .....	41
<b>Section I Business-related Organizations</b> .....	43
<b>Section II Determine the Custody Unit of CMSIZH A-shares</b> .....	44
<b>Section III Transfer Registration Restricted Account</b> .....	45
<b>Section IV Trading Cost</b> .....	50
<b>Section V Inquiry Business</b> .....	52
<b>Section VI Change of Account Information</b> .....	53
<b>Section VII General Meeting of Shareholders</b> .....	54
<b>Section VIII Allotment of Shares</b> .....	55
<b>Section IX Cancellation of Transfer Registration Restricted Account</b> .....	56
<b>Section X Pledge, Freezing and Non-trading Transfer of Account</b> .....	57

## Special notes

The scheme on stock-for-stock merger of China Merchants Property Development Co., Ltd. by China Merchants Shekou Industrial Zone Holdings Co., Ltd. and listing in SZSE has been reviewed and approved by the General Meeting of Shareholders of CMSIZH and CMPD respectively on October 9, 2015. On November 27, 2015, China Securities Regulatory Commission issued the *Official Reply on Approval of Stock-for-stock Merger of China Merchants Property Development Co., Ltd. by China Merchants Shekou Industrial Zone Holdings Co., Ltd. and Raising of Supporting Funds* (Z.J.X.K [2015] No. 2766).

In order to ensure smooth implementation of this stock-for-stock merger and to guide the investors to complete the operation businesses of account conversion related to the transfer from the ZSJB shares to the CMSIZH A-shares, the Operational Guidelines has been prepared based on communications and discussions among all related parties.

Part of basic procedures concerning this account conversion, such as the withdrawal registration of B-shares and initial registration of A-shares, will be further defined by relevant regulatory organizations or executive organizations by issuing documents or notices. This Operational Guidelines just serve as general description and the specific operational procedures shall be subject to the documents or notices issued by relevant regulatory organizations or executive organizations.

This Operational Guidelines are prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

## Part I: Business Notice

As many types of investors are involved in this stock-for-stock merger of CMPD by CMSIZH and the business operations relating to the account conversion of different investors vary, in order to guarantee that all types of investors can conduct transactions smoothly after ZSJB shares are converted into CMSIZH A-shares, we hope that investors can carefully read the following instructions on the type of investors, confirm which one you fall into and read corresponding part in Part II “Operational Guidelines for Investors” herein to complete account conversion and subsequent business operations.

### I. Classification of B-share Investors

Investor is classified into domestic investor, foreign investor for domestic transaction and foreign investor for non-domestic transaction in accordance with the identity type of the investor and declaration ways for future transactions.

Type of Investor	Standard of Classification
Domestic individual investor	The domestic individual investor who opens a B-share securities account in domestic securities company and conducts transaction through the transaction system of domestic securities company
Foreign investor for domestic transaction	The foreign investor who opens a B-share securities account in domestic securities company and conducts transaction through the transaction system of domestic securities company
Foreign investor for non-domestic transaction	The foreign investor who opens an independent B-share securities account in foreign broker and conducts transaction through the foreign broker.

### II. Classification of Investors of Operational Guidelines

Account conversion procedures and subsequent operations involved in this stock-for-stock merger of CMPD by CMSIZH are classified and operated in

accordance with the types of investor shown below After confirming the type of B-share securities account, investor can understand his/her own type in accordance with the following standards of classification and accordingly read corresponding contents of this Guidelines to operate this account conversion business:

Type of Investor	Standard of Classification	Corresponding Contents of Operational Guidelines
Domestic individual investor	The domestic individual investor who opens a B-share securities account in domestic securities company and conducts transaction through the transaction system of domestic securities company	Part II “Chapter I Domestic Individual Investor”
Foreign investor for domestic transaction	The foreign investor who opens a B-share securities account in domestic securities company and conducts transaction through the transaction system of domestic securities company	Part II “Chapter II Foreign Investor for Domestic Transaction”
Foreign investor for non-domestic transaction	The foreign investor who opens an independent B-share securities account in foreign broker and conducts transaction through the foreign broker.	Part II “Chapter III Foreign Investor for Non-domestic Transaction”

### III. Comparison Table of Main Differences between B-shares and A-shares

Contents of Comparison	B-shares	A-shares
Trading date	Monday to Friday, trading suspended on Saturday, Sunday and national holidays	Monday to Friday, trading suspended on Saturday, Sunday and national holidays

Way of order quotation	Market order: The quotation is made at the market price and the declaration can only be made during continuous trading hours	Market order: The quotation is made at the market price and the declaration can only be made during continuous trading hours
	Limit order: The quotation is made at a specified price	Limit order: The quotation is made at a specified price
The trade declaration is processed by the system of exchange before opening	9:15 to 9:20: Accept the trade declaration and the cancellation	9:15 to 9:20: Accept the trade declaration and the cancellation
	9:20 to 9:25: Accept the trade declaration, but do not accept the declaration of cancellation	9:20 to 9:25: Accept the trade declaration, but do not accept the declaration of cancellation
	9:25 to 9:30: Accept the trade declaration and the declaration of cancellation, but do not process it	9:25 to 9:30: Accept the trade declaration and the declaration of cancellation, but do not process it
Continuous trading hours	9:30 to 11:30 and 13:00 to 14:57	9:30 to 11:30 and 13:00 to 14:57
Stage of closing call auction	14:57 to 15:00	14:57 to 15:00
Minimum declared quantity of buying for single transaction	100 shares	100 shares
Quantity sold less than the minimum declared quantity for single transaction	Zero share, one-off sale declared	Zero share, one-off sale declared
Minimum fluctuating price	HKD 0.01	RMB 0.01
Limit of change	10%	10%
Rotary trading day	T + 1 day	T + 1 day

Settlement system	T + 3 day	Shares are delivered on the T + 0 day, while the fund is delivered on the T + 1 day
Margin trading	None	Yes

The above differences are concluded only by making comparison between the B-shares and A-shares, which are not applicable to the all the investors after ZSJB shares are converted into CMSIZH A-shares. Different business operations apply to different types of investors; for details, please refer to corresponding contents in the Part II herein.

## **Part II Operational Guidelines for Investors**

### **Chapter I Domestic Individual Investor**

In order to guarantee that investors can conduct transactions smoothly after ZSJB shares are converted into CMSIZH A-shares, the domestic individual investors, to which this Chapter is applicable, shall fully understand and confirm the matters shown below:

1. With respect to the investor who holds the CMSIZH A-shares as the shares are not sold at the last trading day of ZSJB shares and fails to validly declare the cash option, sale of shares in future will be liquidated by RMB and settled by RMB finally.

2. Investor needs to contact the securities company where transactions of B-share securities account are made, which will apply to the CSDC to establish association relationship between the subaccount of A-shares and subaccount of B-shares under the one password account instead. For detailed operation definitions and procedures, please refer to relevant contents specified in “Section II Establish Association Relationship between Subaccount of A-shares and Subaccount of B-shares” of this Chapter;

3. With respect to the investor who has no A-share securities account under the one password account or has not confirmed the association relationship despite having an A-share securities account (hereinafter referred to as “Lack of Corresponding A-share Securities Account” as at December 7, 2015, CMSIZH will apply to the CSDC to allocate one transfer registration restricted account which only can make the sell order declaration. Investors shall fully understand the restrictions on trading;

4. It is required that the investor who is allocated the transfer registration restricted account shall handle formalities relating to sale in the securities company in accordance with the requirements of the securities company prior to sale;



5. Investor shall confirm that he/she is the investor, to which this Chapter is applied, otherwise, potentially, relevant contents of this Operational Guidelines are not complete applicable;

6. Investors shall fully understand the differences of trading rules and expenses between B-shares and A-shares;

7. Stock code of trade declaration of CMSIZH A-shares is [ ] and name of securities is “[ ]”;

8. Investors shall continuously pay attention to relevant announcements issued by CMPD and CMSIZH and learn the progress of this stock-for-stock merger;

9. Investors may inquire of the securities company where transactions of B-share securities account are made about the specific ways of business operation relating to the account conversion.

10. Any investor who is involved in the agreed repurchase shall handle the earlier repurchase formalities no later than the trading day prior to the registration date of stock-for-stock merger; with respect to the investor involved in the repurchase by stock pledge, the pledge originally set up will remain effective on the new code.

## Section I Business-related Organizations

Full name of organization	Abbreviation in this Guidelines	Main relevant matters
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	CMSIZH	Information disclosure
China Merchants Property Development Co., Ltd.	CMPD, ZSJB shares	Information disclosure
China Securities Depository and Clearing Corporation Limited	CSDC	Allocation of transfer registration restricted account
Shenzhen Stock Exchange	SZSE	Restrictions on buy order declaration of transfer registration restricted account
Domestic securities companies	Domestic securities companies	Handle all business applications of investors and consultation, communication and notice; assist investors in opening A-share securities account, confirm the association relationship between the A-share account and B-share account and handling relevant formalities required by sale of shares

## **Section II Establish Association Relationship between Subaccount of A-shares and Subaccount of B-shares**

After the unified account platform of CSDC goes online, the one password account will be set up for investor on the basis of the original A-share securities account B-share securities account in SSE (Shanghai Stock Exchange) and SZSE which will be used to summarize and record the holding and changes of securities under each subaccount of investor, and the original securities account will be used to record the specific situations relating to particular trading places that investor participates in or be used to record the holding and changes of particular types of securities of investor in the subaccount, and association relationship will be established between the one password account and subaccount.

1. With respect to the investor who has A-share securities account and B-share securities account under the one password account and has confirmed the association relationship, CMSIZH A-shares will be initially registered in the A-share securities account after the withdrawal of ZSJB shares has been registered.

The investor who has 2 A-share securities accounts or above under the one password account and has confirmed the association relationship may choose the A-share securities account as the account that CMSIZH A-shares will be initially registered in the following order: firstly, choose the A-share securities account consistent with the information declaration broker and entrusted broker of ZSJB shares; secondly, choose the A-share securities account opened lately as the account that CMSIZH A-shares will be initially registered.

2. It is suggested that the investor who has A-share securities account and B-share securities account under the one password account, but has not confirmed the association relationship should handle the formalities relating to the confirmation of association relationship in the securities company where transactions of B-share securities account are made prior to December 7, 2015.

3. The investor who has B-share securities account under the one password

account, but has not opened A-share securities account may open A-share securities account and confirm the association relationship prior to December 7, 2015. It is suggest that investors should handle the opening of A-share securities account in business department of broker where transactions of B-share securities account are made. With respect to the investor who has no A-share securities account under the one password account or has not confirmed the association relationship despite having an A-share securities account (hereinafter referred to as “Lack of Corresponding A-share Securities Account” as at the aforesaid date, CMSIZH will apply to the CSDC to allocate one transfer registration restricted account. Please refer to “Section III Transfer Registration Restricted Account”. CMSIZH A-shares will be initially registered in the transfer registration restricted account after the withdrawal of ZSJB shares has been registered.

Please note that the investor firstly needs to check that A-share securities account and B-share securities account are under the same one password account and the association relationship between them has been confirmed with the securities company where transactions of B-share securities account are made; in case information between A-share account and B-share account is not consistent, the investor should contact the securities company where transactions of B-share securities account are made as early as possible, modify the account information and handle the formalities relating to the transfer and confirmation of association relationship.

### **Section III Determine the Custody Unit of CMSIZH A-shares**

As SZSE implements the shares custody transfer trading system, one investor may have more than one custody unit under one securities account. Therefore, after the association relationship between A-share securities account and B-share securities account has been confirmed, custody unit of CMSIZH A-shares will be determined in accordance with the principles shown below after stock conversion:

1. Domestic securities company must designate the custody unit of A-shares corresponding to each custody unit of B-shares prior to the designated deadline, which shall ensure investors can normally trade the CMSIZH A-shares, and CMSIZH A-shares will be held in custody in the custody unit of A-shares corresponding to the original custody unit of B-shares after ZSJB shares are converted into CMSIZH A-shares.

2. Where the securities company fails to contact CSDC and designate the custody unit of A-shares, A-shares will be transferred to the custody unit designated by CMS, and investor may contact the CMS directly to handle custody transfer or make transaction directly.

Contact information relating to the consultation and business of CMS:

Contact person: China Merchants Securities Co., Ltd.

National customer service telephone: 95565

Overseas hotline: 86-755-26951111

Fax: 0755-26450088

Email: sbox@cmschina.com.cn

## **Section IV Transfer Registration Restricted Account**

### **I. Allocation of transfer registration restricted account and third-party depository business handling**

With respect to the domestic individual investor who has no A-share securities account under the one password account or has not confirmed the association relationship despite having an A-share securities account (hereinafter referred to as “Lack of Corresponding A-share Securities Account”, CMSIZH will apply to the CSDC to allocate one transfer registration restricted account to the aforesaid investor freely in accordance with the information of B-share securities account. As this securities account is restricted, only the sell order declaration can be made.

The securities company will notify investors of relevant matters concerning the allocation of transfer registration restricted account by network, telephone, text message, announcement in places of business, etc. Business department of each securities company will assist the investor in opening the RMB settlement function for the original R-share fund account, and investor is required to handle the third-party depository formalities for the transfer registration restricted account in the business department of securities account before making subsequent sell order transactions relating to the transfer registration restricted account.

Investor is required to sign the third-party depository agreement and handle the third-party depository formalities relating to the fund account in accordance with relevant regulations concerning third-party depository business of fund account specified by the securities company. The general handling procedures are that the securities company sends the predesignated information relating to the fund account with RMB settlement function to the third-party depository bank, investor handles third-party depository formalities of fund account in the business branch of depository bank and then the third-party deposit of investor’s fund account is achieved. Investor may inquire of the securities company where transactions of B-share securities account are made about the specific procedures for business handling and required

information.

After the transfer registration restricted account is allocated, investor may inquire the securities company that CMSIZH A-shares obtained from stock conversion have been automatically transferred into the transfer registration restricted account of investor by inquiry counter, telephone, online trading system, etc. After listing of CMSIZH A-shares, investor may sell the CMSIZH A-shares in the original trading procedures of B-share securities account.

## II. Way of order

After listing of CMSIZH A-shares, way of sell order relating to the investor's transfer registration restricted account will be declared in the way of order that investor has applied to the business department of securities company where transactions of transfer registration restricted account are made to open; where the online trading order has been opened, investor may login in the online trading system through the original B-shares' fund account number and trading password with RMB settlement function, inquire about the remaining CMSIZH A-shares and fund balance of transfer registration restricted account and make sell order declaration.

## III. Real-time market situation

Investor may obtain the real-time market situation and information of and suspension and resumption of trading relating to the CMSIZH A-shares through the existing market situation display channel and way of the securities company where transactions of transfer registration restricted account are made, such as on-site self-service terminal of business department, online trading client terminal, etc.

## IV Main trading rules

Stock code of sell order declaration of CMSIZH A-shares is “[ ]” and name of securities is “[ ]”. The way of sell order declaration is basically same as the operation of B-shares.

### (I) Limit of change

A-shares shall not increase or decrease by 10% from the closing price of last trading day within trading hours that day.

New shares listed initially are free of the limit of change.

Limit of change on ST shares and the shares that split share structure reform has not been finished is 5%.

#### (II) Rotary trading system

The T + 1 rotary trading system is implemented for the A-shares, namely, the shares brought that day can be sold in the following day. The investor relating to the transfer registration restricted account is only allowed to make the sell order declaration, so the rotary trading is not applicable.

#### (III) Trading unit

The transfer registration restricted account can only make the sell order and the declared quantity shall be 100 shares or its integral multiple. One-off sale declaration shall be made for the remaining shares less than 100 shares.

#### (IV) Minimum fluctuating price

Minimum fluctuating unit of declared price of A-shares is RMB 0.01.

#### (V) Trading hours

Monday to Friday (excluding the national holidays and day of suspension of trading stipulated by exchange);

9:15 to 9:25 of each trading day is the stage of opening call auction, wherein:

9:15 a.m. to 9:20 a.m.: Accept the trade declaration and the cancellation

9:20 a.m. to 9:25 a.m.: Accept the trade declaration, but do not accept the declaration of cancellation

The order that is not made during the call auction will automatically enter into the continuous auction;

From 9:30 to 11:30 and from 13:00 to 14:57 of each trading day is the time of continuous auction;

14:57 to 15:00 is the stage of closing call auction

#### V. Liquidation and settlement

Same rules are applied in transfer registration restricted account and ordinary A-share securities account and shares are liquidated and settled on the T + 0 day, which means that the quantity of shares equal to the quantity of shares sold and concluded that day (T day) by the investor will be decreased in the securities account



that day; the fund is settled on the T + 1 day, which means that the investor can withdraw the fund obtained from the sale of shares that day (T day) in the following trading day (T + 1 day).

#### VI. Payment of fund

As the fund account with RMB settlement function has been opened and the third-party formalities have been handled in accordance with the current account opening requirements relating to the of A-share securities account, the investor may transfer and withdraw the fund obtained from the sale of shares through the third-party depository bank of A-shares on the T + 1 day.

Investor cannot complete the sell order of CMSIZH A-shares through the transfer registration restricted account until the transfer registration restricted account has been opened in the securities company where transactions of transfer registration restricted account will be made and third-party depository formalities have been handled, so the investor needs to handle relevant business formalities in the business department of securities company as early as possible.

#### VII. Capitalizing of common reserves, bonus shares and dividend distribution

The capitalizing of common reserves, registration of bonus shares and dividend distribution relating to the shares in the transfer registration restricted account shall be handled by reference to the existing normal A-share account.

#### VIII. Differentiated dividend tax

Calculation and withholding of differentiated dividend tax are handled in accordance with the existing business rules.

## Section V Trading Cost

Trading cost relating to the investor who has established association relationship between the subaccount of A-shares and subaccount of B-shares and the investor who is allocated the transfer registration restricted account is same as the current transaction cost of ordinary A-share securities account.

Name of Trading Cost	Rate	Ordinary B-share Securities Account	Ordinary A-share Securities Account	Transfer Registration Restricted Account
Commission for domestic account opening securities company	Refer to original transaction commission of A-share or B-share	√	√	√
Stamp tax	0.1% (only charge the seller)	√	√	√
Liquidation expense	0.05% (charged based on the trading amount)	√		

## **Section VI Inquiry Business**

After ZSJB shares are converted into CMSIZH A-shares, the investor who has established one password association relationship between the subaccount of A-shares and subaccount of B-shares may inquire about the remaining securities in the account and balance of fund in the current inquiry way relating to the securities account in the securities company where transactions of A-share securities account are made; the investor who is allocated the transfer registration restricted account may make an inquiry in the current inquiry way relating to the securities account in the securities company where transactions of transfer registration restricted account are made.

In addition, all investors may obtain all the disclosed information relating to this stock-for-stock conversion from the website of SZSE (<http://www.szse.cn/>).

## **Section VII Change of Account Information**

The information relating to the transfer registration restricted account is copied from current information of investor's B-share securities. The investor whose identity information is changed is required to contact the securities company promptly, which is required to promptly handle the information change to the B-share securities account and transfer registration restricted account to ensure consistency.

## **Section VIII General Meeting of Shareholders**

After the custody relationship for the transfer registration restricted account has been established and third-party depository formalities have been handled, investors may make the online voting in accordance with the current voting procedures for the ordinary A-share securities account.

Investors may also attend the General Meeting of Shareholders and make the voting on the scene in person or by proxy. With respect to the investors who intends to be present at the meeting, at the day of General Meeting of Shareholders, individual investors shall hold stock account card (the investors allocated the transfer registration restricted account may only hold the original B-share securities account card), personal ID card or other valid certificates or paper of identification that can prove the identity); representative of institutional investors shall hold the stock account card (the investors allocated the transfer registration restricted account may only hold the original B-share securities account card) and certificate provided by the unit of shareholder when attending the General Meeting of Shareholders. Agent shall also present the power of attorney and valid personal ID.

## **Section IX Allotment of Shares**

Before foreign residents can subscribe A-shares, or foreign residents sell all CMSIZH A-shares held by them, CMSIZH will take the fact that the part of trading rights relating to the A-share securities account are restricted with extreme caution and fully consider fairness of participation right of various investors when handling relevant matters including allotment of shares.

## **Section X Cancellation of Transfer Registration Restricted Account**

When remaining CMSIZH A-shares in the transfer registration restricted account of an investor is zero, the securities company where transactions of transfer registration restricted account are made may cancel the transfer registration restricted account.

## **Section XI Pledge, Freezing and Non-trading Transfer of Account**

1. Pledge, non-trading transfer business: are handled in accordance with relevant business rules of CSDC.
2. Judicial business: is implemented with assistance provided by each securities company and CSDC.



## Chapter II Foreign Investors for Domestic Transaction

In order to guarantee that investors can conduct transactions smoothly after ZSJB shares are converted into CMSIZH A-shares, the foreign individual investors and foreign institutional investors for domestic transaction, to which this Chapter is applicable, shall fully understand and confirm the matters shown below:

1. With respect to the investor who holds the CMSIZH A-shares as the shares are not sold at the last trading day of ZSJB shares and fails to validly declare the cash option, sale of shares in future will be liquidated by RMB and settled by HKD finally by each securities company after purchasing foreign exchange through the foreign exchange purchase bank, and the exchange rate when purchasing foreign exchange uses the selling price of spot exchange of RMB to HKD on the T + 2 day (T day is the trading day) when the foreign exchange purchase bank purchasing foreign exchange;

2. With respect to the foreign individual investors and foreign institutional investors for domestic transaction, to which this Chapter is applicable, CMSIZH will apply to the CSDC to allocate one transfer registration restricted account which only can makes the sell order declaration. Relevant investors shall fully understand the restrictions on trading;

3. An investor shall confirm that he/she is the investor, to which this Chapter is applied, otherwise, potentially, relevant contents of this Operational Guidelines are not complete applicable;

4. Investors shall fully understand the differences of trading rules and expenses between B-shares and A-shares;

5. Stock code of trade declaration of CMSIZH A-shares is [ ] and name of securities is “[ ]”;

6. Investors shall continuously pay attention to relevant announcements issued by CMPD and CMSIZH and learn the progress of this stock-for-stock merger;

7. Investor may inquire of the securities company where transactions of B-share securities account are made about the specific ways of business operation relating to

the account conversion.

8. Any investor who is involved in the agreed repurchase shall handle the earlier repurchase formalities no later than the trading day prior to the registration date of stock-for-stock merger; with respect to the investor involved in the repurchase by stock pledge, the pledge originally set up will remain effective on the new code.

## Section I Business-related Organizations

Full name of organization	Abbreviation in this Guidelines	Main relevant matters
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	CMSIZH	Information disclosure
China Merchants Property Development Co., Ltd.	CMPD, ZSJB shares	Information disclosure
China Securities Depository and Clearing Corporation Limited	CSDC	Allocation of transfer registration restricted account
Shenzhen Stock Exchange	SZSE	Restrictions on buy order declaration of transfer registration restricted account
Domestic securities companies	Domestic securities companies	Handle all business applications of investors and consultation, communication and notice; assist investors in handling relevant formalities required by sale of shares

## **Section II Determine the Custody Unit of CMSIZH A-shares**

As SZSE implements the shares custody transfer trading system, one investor may have more than one custody unit under one securities account. Therefore, custody unit of CMSIZH A-shares will be determined in accordance with the principles shown below after stock conversion:

1. Domestic securities company must designate the custody unit of A-shares corresponding to each custody unit of B-shares prior to the designated deadline, which shall ensure investors can normally trade the CMSIZH A-shares, and CMSIZH A-shares will be held in custody in the custody unit of A-shares corresponding to the original custody unit of B-shares after ZSJB shares are converted into CMSIZH A-shares.

2. Where the securities company fails to contact CSDC and designate the custody unit of A-shares, A-shares will be transferred to the custody unit designated by CMS, and investor may contact the CMS directly to handle custody transfer or make transaction directly.

Contact information relating to the consultation and business of CMS:

Contact person: China Merchants Securities Co., Ltd.

National customer service telephone: 95565

Overseas hotline: 86-755-26951111

Fax: 0755-26450088

Email: sbox@cmschina.com.cn

### **Section III Transfer Registration Restricted Account**

#### **I. Allocation of transfer registration restricted account**

With respect to all the foreign investors, to which this Chapter is applicable, CMSIZH will apply to the CSDC to allocate transfer registration restricted account to the aforesaid investor freely in accordance with the information of B-share securities account after the cash option business relating to the ZSJB shares has been completed. As this securities account is restricted, only the sell order declaration can be made.

The securities company will notify investors of relevant matters concerning the allocation of transfer registration restricted account by network, telephone, text message, announcement in places of business, etc. Business department of each securities company will assist the investor in opening the RMB settlement function for the original R-share fund account before making subsequent sell order transactions relating to the transfer registration restricted account.

Investors do not have to make additional operations during the process of allocation of transfer registration restricted account. The securities company where transaction of investors' B-share securities account are made will notify investors of relevant matters concerning the allocation of transfer registration restricted account by network, telephone, text message, announcement in places of business, etc. prior to the listing of CMSIZH A-shares. Please pay attention to relevant notices and announcements.

After the transfer registration restricted account is allocated, investor may inquire the securities company that CMSIZH A-shares obtained from stock conversion have been automatically transferred into the transfer registration restricted account by inquiry counter, telephone, online trading system, etc. After listing of CMSIZH A-shares, investor may sell the CMSIZH A-shares in the original trading procedures of B-share securities account.

#### **II. Way of order**

After listing of CMSIZH A-shares, way of sell order relating to the investor's transfer registration restricted account will be declared in the way of order that investor has applied to the business department of securities company where transactions of transfer registration restricted account are made to open; where the online trading order has been opened, investor may login in the online trading system through the original B-shares' fund account number and trading password with RMB settlement function, inquire about the remaining CMSIZH A-shares and fund balance of transfer registration restricted account and make sell order declaration.

### III. Real-time market situation

Investor may obtain the real-time market situation and information of and suspension and resumption of trading relating to the CMSIZH A-shares through the existing market situation display channel and way of the securities company where transactions of transfer registration restricted account are made, such as on-site self-service terminal of business department, online trading client terminal, etc.

### IV Main trading rules

Stock code of sell order declaration of CMSIZH A-shares is [ ] and name of securities is “[ ]”. The way of sell order declaration is basically same as the operation of B-shares.

#### (I) Limit of change

A-shares shall not increase or decrease by 10% from the closing price of last trading day within trading hours that day.

New shares listed initially are free of the limit of change.

Limit of change on ST shares and the shares that split share structure reform has not been finished is 5%.

#### (II) Rotary trading system

The T + 1 rotary trading system is implemented for the A-shares, namely, the shares brought that day can be sold in the following day. The investor relating to the transfer registration restricted account is only allowed to make the sell order declaration, so the rotary trading is not applicable.

#### (III) Trading unit

The transfer registration restricted account can only make the sell order declaration and the declared quantity shall be 100 shares or its integral multiple. One-off sale declaration shall be made for the remaining shares less than 100 shares.

(IV) Minimum fluctuating price

Minimum fluctuating unit of declared price of A-shares is RMB 0.01.

(V) Transaction date

Monday to Friday (excluding the national holidays and day of suspension of trading stipulated by exchange);

9:15 to 9:25 of each trading day is the stage of opening call auction, wherein:

9:15 a.m. to 9:20 a.m.: Accept the trade declaration and the cancellation

9:20 a.m. to 9:25 a.m.: Accept the trade declaration, but do not accept the declaration of cancellation

The order that is not made during the call auction will automatically enter into the continuous auction;

From 9:30 to 11:30 and from 13:00 to 14:57 of each trading day is the time of continuous auction;

14:57 to 15:00 is the stage of closing call auction

V. Liquidation and settlement

Same rules are applied in transfer registration restricted account and ordinary A-share securities account and shares are liquidated and settled on the T + 0 day, which means that the quantity of shares equal to the quantity of shares sold and concluded that day (T day) by the investor will be decreased in the securities account that day; the RMB fund is settled on the T + 1 day, which means that the investor can withdraw the RMB fund obtained from the sale of shares that day (T day) in the following trading day (T + 1 day).

With respect to the foreign investors, to which this Chapter is applicable to, the RMB fund obtained from sale of shares cannot be used, withdrawn and required to be converted into HKD in accordance with requirements of State Administration of Foreign Exchange, namely, the securities company converts the RMB fund into HKD and make the settlement. Therefore, the RMB fund obtained from sale of shares of

investor's transfer registration restricted account will be settled on the T + 1 day; the HKD fund that can be withdrawn finally will be settled on the T + 3 day after foreign exchange purchase bank has purchased foreign exchange, which means the investor may apply to the securities company to withdraw the HKD obtained from sale of shares on the T + 3 day. Investor may inquire of the securities company where transactions of transfer registration account are made about the specific ways of details.

#### VI. Payment of fund

Investor may send withdrawal application to the securities company on and following T + 3 day. The withdrawal application procedures are same as the current withdrawal procedures of investor's B-shares. After withdrawal application procedures pass the internal audit of the securities company, the securities company transfer the net amount of HKD fund that investor applies for withdrawal to the investor after deducting charges for remittance.

Before the investor makes the withdrawal application, the interest accrued when HKD fund is deposited in each domestic security company and current interest of HKD within the same period will be settled with the investor and included in the fund account of investor accordingly on the value date.

In case that any foreign investor has intention to hold RMB, the investor needs to make an application to the custody securities company for cross-border RMB payment; the securities company will submit the required application file relating to the cross-border RMB payment to China Merchants Bank, which, finally, will transfer the cross-border RMB to the account of investor in the foreign bank directly as entrusted the securities company. This way of payment is to be announced and implemented separately when we have obtained the approval of relevant regulatory departments and developed corresponding technologies.

#### VII. Capitalizing of common reserves, bonus shares and dividend distribution

The capitalizing of common reserves, registration of bonus shares and dividend distribution relating to the shares in the transfer registration restricted account shall be handled by reference to the existing normal A-share account.





## Section IV Trading Cost

The foreign investor who opens the transfer registration restricted account is required to pay commission, stamp tax, etc. same as the current ordinary A-share securities account and the foreign exchange purchase expenses of RMB to HKD and charges for remittance of HKD. Currently, the foreign exchange purchase of HKD involves no additional expenses and the exchange rate when purchasing foreign exchange uses the selling price of spot exchange of RMB to HKD on the T + 2 day (must be the opening day of foreign exchange market) when the foreign exchange purchase bank purchasing foreign exchange. Charges for remittance of HKD are subject to the charges of the foreign exchange purchase bank.

Name of Trading Cost	Rate	Ordinary B-share Securities Account	Ordinary A-share Securities Account	Transfer Registration Restricted Account
Commission for domestic account opening securities company	Refer to original transaction commission of A-share or B-share	√	√	√
Stamp tax	0.1% (only charge the seller)	√	√	√
Liquidation expense	0.05% (charged based on the trading amount)	√		
Foreign exchange purchase expense of HKD	It is handled in accordance with the selling price of spot exchange of RMB to USD when the foreign exchange purchase bank purchasing foreign exchange.			
Charges for remittance of	Charges for remittance of			√

HKD	HKD are subject to the charges of the foreign exchange purchase bank.			
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## **Section V Inquiry Business**

After ZSJB shares are converted into the transfer registration restricted account of CMSIZH, the investor may inquire about the remaining securities in the account and balance of fund in the current inquiry way relating to the securities account in the securities company where transactions of transfer registration restricted account are made.

In addition, all investors may obtain all the disclosed information relating to this stock-for-stock conversion from the website of SZSE (<http://www.szse.cn/>).

## **Section VI Change of Account Information**

The information relating to the transfer registration restricted account is copied from current information of investor's B-share securities. The investor whose identity information is changed is required to contact the securities company promptly, which is required to promptly handle the information change to the B-share securities account and transfer registration restricted account to ensure consistency.

## **Section VII General Meeting of Shareholders**

After the custody relationship for the transfer registration restricted account has been established, investor may make the online voting in accordance with the current voting procedures for the ordinary A-share securities account.

Investor may also attend the General Meeting of Shareholders and make the voting on the scene in person or by proxy. With respect to the investor who intends to be present at the meeting, at the day of General Meeting of Shareholders, individual investor shall hold stock account card (the investor allocated the transfer registration restricted account may only hold the original B-share securities account card), personal ID card or other valid certificates or paper of identification that can prove the identity); representative of institutional investor shall hold the stock account card of the unit of shareholder (the investor allocated the transfer registration restricted account may only hold the original B-share securities account card) and certificate provided by the unit of shareholder when attending the General Meeting of Shareholders. Agent shall also present the power of attorney and valid personal ID.

## **Section VIII Allotment of Shares**

Before foreign residents can subscribe A-shares, or foreign residents sell all CMSIZH A-shares held by them, CMSIZH will take the fact that the part of trading rights relating to the A-share securities account are restricted with extreme caution and fully consider fairness of participation right of various investors when handling relevant matters including allotment of shares.

## **Section IX Cancellation of Transfer Registration Restricted Account**

When remaining CMSIZH A-shares in the transfer registration restricted account of investor is zero, the securities company where transactions of transfer registration restricted account are made may cancel the transfer registration restricted account.



## **Section X Pledge, Freezing and Non-trading Transfer of Account**

1. Pledge, non-trading transfer business: are handled in accordance with relevant business rules of CSDC.
2. Judicial business: is implemented with assistance provided by each securities company and CSDC.

### **Chapter III Foreign Investor for Non-domestic Transaction**

In order to guarantee that investors can conduct transactions smoothly after ZSJB shares are converted into CMSIZH A-shares, the foreign individual investors and foreign institutional investors for non-domestic transaction, to which this Chapter is applicable, shall fully understand and confirm the matters shown below:

1. With respect to the investor who holds the CMSIZH A-shares as the shares are not sold at the last trading day of ZSJB shares and fails to validly declare the cash option, sale of shares in future will be liquidated by RMB and settled by HKD finally by the securities company where transactions of transfer registration restricted account are made after purchasing foreign exchange through the foreign exchange purchase bank, and the exchange rate when purchasing foreign exchange uses the selling price of spot exchange of RMB to HKD on the T + 2 day (T day is the trading day) when the foreign exchange purchase bank purchasing foreign exchange;

2. With respect to the foreign individual investors and foreign institutional investors for non-domestic transaction, to which this Chapter is applicable, CMSIZH will apply to the CSDC to allocate one transfer registration restricted account which only can makes the sell order declaration, and relevant investors shall fully understand the restrictions on trading;

3. No transaction and settlement are made temporarily by securities company after CSDC allocates transfer registration restricted account to the investor. Investor is required to designate one domestic securities company as that where transactions of transfer registration restricted account are made and handle formalities for opening fund account in the business department of this securities company to achieve the normal sale of CMSIZH A-shares from this transfer registration restricted account. Where investor fails to declare the securities company where transactions of transfer registration restricted account are made designated by himself/herself as at December 7, 2015, CMSIZH will entrust the CMS as the securities company where transactions of transfer registration restricted account are made;

4. Investor shall confirm that he/she is the investor, to which this Chapter is applied, otherwise, potentially, relevant contents of this Operational Guidelines are not complete applicable;

5. Investors shall fully understand the differences of trading rules between B-shares and A-shares;

6. Stock code of trade declaration of CMSIZH A-shares is [ ] and name of securities is “[ ]”

7. Investors shall continuously pay attention to relevant announcements issued by CMPD and CMSIZH and learn the progress of this stock-for-stock merger;

8. Investor may inquire of the securities company where transactions of transfer registration restricted account are made about the specific ways of business operation relating to the account conversion.

9. Any investor who is involved in the agreed repurchase shall handle the earlier repurchase formalities no later than the trading day prior to the registration date of stock-for-stock merger; with respect to the investor involved in the repurchase by stock pledge, the pledge originally set up will remain effective on the new code.

## Section I Business-related Organizations

Full name of organization	Abbreviation in this Guidelines	Main relevant matters
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	CMSIZH	Information disclosure
China Merchants Property Development Co., Ltd.	CMPD, ZSJB shares	Information disclosure
China Securities Depository and Clearing Corporation Limited	CSDC	Allocation of transfer registration restricted account
Shenzhen Stock Exchange	SZSE	Restrictions on buy order declaration of transfer registration restricted account
China Merchants Securities Co., Ltd.	China Merchants Securities	Provide business consultation and handling service for the investor involved in this account conversion
Domestic securities companies	Domestic securities companies	Handle all business applications of investors and consultation, communication and notice; assist investors in handling relevant formalities required by sale of shares

## **Section II Determine the Custody Unit of CMSIZH A-shares**

As SZSE implements the shares custody transfer trading system, one investor may have more than one custody unit under one securities account. Therefore, custody unit of CMSIZH A-shares will be determined in accordance with the principles shown below after stock conversion:

1. Investor may contact CMS and designate the future custody unit of CMSIZH A-shares prior to December 14, 2015.

2. Where investor fails to contact CSDC and designate the future custody unit of CMSIZH A-shares prior to December 14, 2015, and transfer the custody to the custody unit designated by CMS, the shares owned this investor will be transferred to the custody unit designated by CMS, and investor may contact the CMS directly to handle custody transfer or make transaction directly.

Contact information relating to the consultation and business of CMS:

Contact person: China Merchants Securities Co., Ltd.

National customer service telephone: 95565

Overseas hotline: 86-755-26951111

Fax: 0755-26450088

Email: sbox@cmschina.com.cn

### **Section III Transfer Registration Restricted Account**

#### **I. Allocation of transfer registration restricted account**

With respect to all the foreign investors, to which this Chapter is applicable, CMSIZH will apply to the CSDC to allocate transfer registration restricted account to the aforesaid investor freely in accordance with the information of B-share securities account after the cash option business relating to the ZSJB shares has been completed. As this securities account is restricted, only the sell order declaration can be made.

As B-share securities account of investor is not opened in any domestic securities company, the investor, after knowing relevant matters concerning this account conversion, is required to designate one domestic securities company as that where future transactions of transfer registration restricted account will be made (see Section II of this Chapter for details). Investor is required to handle the formalities for opening fund account in this securities company and this securities company has opened the fund account of transfer registration restricted account of investor, then the inquiry and sell order declaration relating to the CMSIZH A-shares in the transfer registration restricted account can be made.

Investor, after knowing relevant matters concerning this account conversion, is required to determine one securities company as that where future transactions of transfer registration restricted account will be made and handle formalities for opening fund account in the business department of this securities company to achieve the normal sale of CMSIZH A-shares from this transfer registration restricted account. It is suggest that the aforesaid investor gives preference to the CMS as the securities company where future transactions of transfer registration restricted account will be made.

#### **II. Way of account opening**

For detailed procedures relating to the account opening formalities, investor may consult the CMS.

Investor cannot make the sell order declaration of CMSIZH A-shares until the securities company where future transactions of transfer registration restricted account will be made has been determined and account has opened in this securities company.

Investor may contact CMS (entrusted by CMSIZH) and inquire about the information relating to the transfer registration restricted account.

Meanwhile, investor may also contact CMS and consult the business procedures relating to the account opening, subsequent operations of transfer registration restricted account, etc. involved in this account conversion, and may complete the handling of aforesaid businesses in CMS. Investor, after knowing details of relevant businesses, may also choose other domestic securities companies and handle relevant businesses. For procedures for handling businesses, investor may consult the securities company chosen by him/her.

Contact information relating to the consultation and business of CMS:

Contact person: China Merchants Securities Co., Ltd.

National customer service telephone: 95565

Overseas hotline: 86-755-26951111

Fax: 0755-26450088

Email: sbox@cmschina.com.cn

### III. Way of order

After the securities account where transactions of transfer registration restricted account are made has completed account opening procedures for the investor, way of sell order relating to the investor's transfer registration restricted account will be declared in various ways of order that investor has applied to the business department of securities company where transactions of transfer registration restricted account are made to open; where the online trading order has been opened, investor may login in the online trading system through the fund account number and trading password set when opening account, inquire about the remaining CMSIZH A-shares and fund balance of transfer registration restricted account and make sell order declaration.

### IV. Real-time market situation

Investor may obtain the real-time market situation and information of and

suspension and resumption of trading relating to the CMSIZH A-shares through the existing market situation display channel and way of the securities company where transactions of future transfer registration restricted account are made, such as on-site self-service terminal of business department, online trading client terminal, etc.

#### V Main trading rules

Stock code of sell order declaration of CMSIZH A-shares is [ ], name of securities is “[ ]” and the way of sell order declaration is basically same as the operation of B-shares.

##### (I) Limit of change

A-shares shall not increase or decrease by 10% from the closing price of last trading day within trading hours that day.

New shares listed initially are free of the limit of change.

Limit of change on ST shares and the shares that split share structure reform has not been finished is 5%.

##### (II) Rotary trading system

The T + 1 rotary trading system is implemented for the A-shares, namely, the shares brought that day can be sold in the following day. The investor relating to the transfer registration restricted account is only allowed to make the sell order declaration, so the rotary trading is not applicable.

##### (III) Trading unit

The transfer registration restricted account can only make the sell order declaration and the declared quantity shall be 100 shares or its integral multiple. One-off sale declaration shall be made for the remaining shares less than 100 shares.

##### (IV) Minimum fluctuating price

Minimum fluctuating unit of declared price of A-shares is RMB 0.01.

##### (V) Transaction date

Monday to Friday (excluding the national holidays and day of suspension of trading stipulated by exchange);

9:15 to 9:25 of each trading day is the stage of opening call auction, wherein:

9:15 a.m. to 9:20 a.m.: Accept the trade declaration and the cancellation



9:20 a.m. to 9:25 a.m.: Accept the trade declaration, but do not accept the declaration of cancellation

The order that is not made during the call auction will automatically enter into the continuous auction;

From 9:30 to 11:30 and from 13:00 to 14:57 of each trading day is the time of continuous auction;

14:57 to 15:00 is the stage of closing call auction

#### VI. Liquidation and settlement

Same rules are applied in transfer registration restricted account and ordinary A-share securities account and shares are liquidated and settled on the T + 0 day, which means that the quantity of shares equal to the quantity of shares sold and concluded that day (T day) by the investor will be decreased in the securities account that day; the RMB fund is settled on the T + 1 day, which means that the investor can withdraw the RMB fund obtained from the sale of shares that day (T day) in the following trading day (T + 1 day).

With respect to the foreign investors, to which this Chapter is applicable to, the RMB fund obtained from sale of shares cannot be used, withdrawn and required to be converted into HKD in accordance with requirements of State Administration of Foreign Exchange, namely, the securities company converts the RMB fund into HKD and make the settlement. Therefore, the RMB fund obtained from sale of shares of investor's transfer registration restricted account will be settled on the T + 1 day; the HKD fund that can be withdrawn finally will be settled on the T + 3 day after foreign exchange purchase bank has purchased foreign exchange, which means the investor may apply to the securities company to withdraw the HKD obtained from sale of shares on the T + 3 day. Investor may inquire of the securities company where transactions of transfer registration account are made about the specific ways of details.

#### VII. Payment of fund

After inquiring that balance of HKD in the fund account opened in the securities company where transactions of transfer registration restricted account are made

increases, investor may send withdrawal application to this securities company; with respect to the details of withdrawal application procedures, formalities, final way of payment of fund and costs, investor may inquire of this securities company.

#### VIII. Capitalizing of common reserves, bonus shares and dividend distribution

The capitalizing of common reserves, registration of bonus shares and dividend distribution relating to the shares in the transfer registration restricted account shall be handled by reference to the existing normal A-share account.

## Section IV Trading Cost

The foreign investor who opens the transfer registration restricted account is required to pay commission, stamp tax, etc. same as the current ordinary A-share securities account and the foreign exchange purchase expenses of RMB to HKD and charges for remittance of HKD. Currently, the foreign exchange purchase of HKD involves no additional expenses and the exchange rate when purchasing foreign exchange uses the selling price of spot exchange of RMB to HKD on the T + 2 day (must be the opening day of foreign exchange market) when the foreign exchange purchase bank purchasing foreign exchange. Charges for remittance of HKD are subject to the charges of the foreign exchange purchase bank.

Name of Trading Cost	Rate	Ordinary B-share Securities Account	Ordinary A-share Securities Account	Transfer Registration Restricted Account
Commission for domestic account opening securities company	Refer to original transaction commission of A-share or B-share	√	√	√
Stamp tax	0.1% (only charge the seller)	√	√	√
Liquidation expense	0.05% (charged based on the trading amount)	√		
Foreign exchange purchase expense of HKD	It is handled in accordance with the selling price of spot exchange of RMB to USD when the foreign exchange purchase bank purchasing foreign exchange.			
Charges for remittance of HKD	Charges for remittance of HKD are subject			√

	to the charges of the foreign exchange purchase bank.			
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## **Section V Inquiry Business**

After ZSJB shares are converted into the transfer registration restricted account of CMSIZH, the investor may inquire about the remaining securities in the account and balance of fund in the current inquiry way relating to the securities account in the securities company where transactions of transfer registration restricted account are made.

In addition, all investors may obtain all the disclosed information relating to this stock-for-stock conversion from the website of SZSE (<http://www.szse.cn/>).

## **Section VI Change of Account Information**

The information relating to the transfer registration restricted account is copied from current information of investor's B-share securities. The investor whose identity information is changed is required to contact the securities company promptly, which is required to promptly handle the information change to the B-share securities account and transfer registration restricted account to ensure consistency.

## **Section VII General Meeting of Shareholders**

After having determined the domestic securities company where transactions of transfer registration account will be made and handled account opening procedures in this securities company, investor may make the online voting in accordance with the current voting procedures for the ordinary A-share securities account.

Investor may also attend the General Meeting of Shareholders and make the voting on the scene in person or by proxy. With respect to the investor who intends to be present at the meeting, at the day of General Meeting of Shareholders, individual investor shall hold stock account card (the investor allocated the transfer registration restricted account may only hold the original B-share securities account card), personal ID card or other valid certificates or paper of identification that can prove the identity); representative of institutional investor shall hold the stock account card of the unit of shareholder (the investor allocated the transfer registration restricted account may only hold the original B-share securities account card) and certificate provided by the unit of shareholder when attending the General Meeting of Shareholders. Agent shall also present the power of attorney and valid personal ID.

Investor who has not determined the securities company where future transactions of transfer registration restricted account will be made and handled account opening procedures in this securities company is required to contact the CMSIZH and attend the General Meeting of Shareholders and vote by himself/herself.

Contact information of CMSIZH:

Address: 29/F, New Times Plaza, No. 1, Taizi Road, Shekou, Nanshan District, Shenzhen

Contact person: Zhu Yu

Tel.: 0755-26819627

Fax: 0755-26817225

Email: zhuyu@cmhk.com

## **Section VIII Allotment of Shares**

Before foreign residents can subscribe A-shares, or foreign residents sell all CMSIZH A-shares held by them, CMSIZH A-shares will take the fact that the part of trading rights relating to the A-share securities account are restricted with extreme caution and fully consider fairness of participation right of various investors when handling relevant matters including allotment of shares.



## **Section IX Cancellation of Transfer Registration Restricted Account**

When remaining CMSIZH A-shares in the transfer registration restricted account of investor is zero, the securities company where transactions of transfer registration restricted account are made may cancel the transfer registration restricted account.

## **Section X Pledge, Freezing and Non-trading Transfer of Account**

1. Pledge, non-trading transfer business: are handled in accordance with relevant business rules of CSDC.
2. Judicial business: is implemented with assistance provided by each securities company and CSDC.

(This page is left for signature on *Operational Guidelines for Account Conversion Investors Related to the Stock-for-stock Merger of China Merchants Property Development Co., Ltd. by China Merchants Shekou Industrial Zone Holdings Co., Ltd. and the Listing of A and B-share Securities in SZSE*)

China Merchants Property Development Co., Ltd.