

China market terminology explained

China equity market share classes

Chinese companies that are incorporated and listed in the People's Republic of China (PRC) generally issue A-, B- and H-share classes. Depending on where they are listed, these Renminbi (RMB)-denominated shares may trade in different currencies.

Chinese companies that are incorporated and listed outside of the PRC may be referred to as Red chips, P chips, N-shares or ADRs, depending on their revenue sources and listing location.

Share class	Country of incorporation	Country of listing	Currency	Exchanges
A-shares	China	China	RMB	Shenzhen Stock Exchange Shanghai Stock Exchange
B-shares	China	China	USD or HKD	Shenzhen Stock Exchange Shanghai Stock Exchange
H-shares	China	Hong Kong	HKD	Hong Kong Stock Exchange
N-shares	Non-China	USA	USD	New York Stock Exchange NASDAQ Exchange NYSE American
Red chips	Non-China	Hong Kong	HKD	Hong Kong Stock Exchange
P chips	Non-China	Hong Kong	HKD	Hong Kong Stock Exchange
ADRs	Non-USA	USA	USD	New York Stock Exchange NASDAQ Exchange NYSE American

A-shares

A-shares refer to shares issued by Chinese companies incorporated in China, listed in the domestic stock market and open to foreign investors via the Qualified Foreign Institutional Investor (QFII), RMB Qualified Foreign Institutional Investor (RQFII), or the Stock Connect programs.

B-shares

B-shares refer to shares issued by Chinese companies incorporated in China, listed in the domestic stock market and open to foreign investors. They trade in USD on the Shanghai Stock Exchange and in HKD on the Shenzhen Stock Exchange.

H-shares

H-shares refer to the shares issued by Chinese companies incorporated in China and are traded in Hong Kong and other foreign exchanges. Similar to other securities listed on the Hong Kong Stock Exchange, H-shares trade in HKD and do not have any restrictions on who can trade them.

N-share

N-shares refer to shares of Chinese companies incorporated outside the mainland and are listed on the New York Stock Exchange, the NASDAQ Exchange or the NYSE American. A majority of its revenue or assets must be derived from Mainland China. ADRs of H-shares and Red chips are also sometimes called N-shares.

Red chips

Red chips refer to shares of Chinese companies incorporated outside the mainland (mostly in Hong Kong) that trade on the Hong Kong Stock Exchange, and are usually controlled by or affiliated with the Chinese government.

P chips

P chips refer to shares of Chinese companies incorporated outside the mainland (mostly in Hong Kong) that trade on the Hong Kong Stock Exchange, and are owned by private sectors in China.

ADRs

American Depositary Receipts (ADRs) refer to (Chinese) companies that are registered outside the United States and are traded on American Stock Exchanges.

Channels to access the China equity markets

	QFII	RQFII	Stock connect
Description	Allows Qualified Foreign Institutional Investors to access onshore markets	Allows Renminbi Qualified Foreign Institutional Investors to access onshore securities and mutual funds in RMB	Allows mutual market access for investors on Shanghai/ Shenzhen and Hong Kong stock markets
Currency	USD and other foreign currencies	RMB	RMB
Eligible investors	Qualified institutional investors outside of China	Qualified institutional investors outside of China	International and mainland Chinese investors
Quota	No daily quota requirement Overall quota is subject to the rules set by State Administration of Foreign Exchange (SAFE)	No daily quota requirement Overall quota is subject to the rules set by State Administration of Foreign Exchange (SAFE)	Daily trading quota of RMB 13bn for each Shanghai and Shenzhen Connect
Eligible products	China onshore RMB-denominated products approved by CSRC	China onshore RMB-denominated products approved by CSRC	Selected A- and H-shares

China Fixed Income definitions

CGB

China Government Bonds (CGB) are issued by the Chinese central government. The annual key tenors of the CGB issuance plan are formulated by the Ministry of Finance, subject to the limits approved by the National People's Congress.

CNY Bonds

CNY (or RMB) bonds issued in the onshore market (China Interbank Bond Market or Shenzhen/Shanghai Stock Exchange) by Chinese enterprises.

Corporate Bonds

Corporate bonds issued by non-financial corporations.

Dim Sum Bonds

RMB bonds issued offshore in Hong Kong by Chinese and foreign companies.

Enterprise Bonds

Bonds that are mainly issued by SOEs.

Financial Institution Bonds (FIBs)

Financial Institution Bonds are issued by financial institutions other than the three policy banks.

LGB

Local Government Bonds (LGB) are issued by local governments and are relatively new in China.

NCD

Negotiable Certificates of Deposit (NCD) are short-term funding instruments that are issued by commercial banks. The tenors of NCDs have been limited by the PBoC to less than a year, with NCD funding included as a part of banks' inter-bank liability.

Panda Bonds

RMB bonds issued in the onshore market by foreign companies.

Policy Financial Bank Bonds (PFB)

Policy financial bonds are issued by the three policy banks – China Development Bank, Agricultural Development Bank of China, and Export-Import Bank of China.

USD China Bonds

USD bonds issued in the offshore market by Chinese enterprises.

Channels to access the China bond markets

	QFII	RQFII	Stock connect
Description	China Interbank Bond Market provides direct access for public and private-sector investors to onshore bonds	Allows investors to access the onshore bond market via Hong Kong	Provides direct access for Foreign Institutional Investors to access stock markets as well as CNY bond markets
Quota	No limit on quota, holding period or fund transactions	No limit on quota, holding period or fund transactions	Approval required from SAFE for higher quotas As of 12 June 2018, holding periods (QFII and RQFII) and monthly repatriation cap (QFII) were removed
Regulatory approval	Requires registration with the PBoC	Requires registration with PBOC, onshore custody/settlement agencies and Hong Kong CMU	Requires prior license and quota approval
Eligible products	Cash bonds and onshore rates derivatives (e.g. IRS, forward rate agreements, bond forwards)	Cash bonds only	Cash bonds and onshore FX derivatives (for hedging)

For marketing and information purposes by UBS. For professional / qualified / institutional clients and investors.

This document does not replace portfolio and fund-specific materials. Commentary is at a macro or strategy level and is not with reference to any registered or other mutual fund.

Americas

The views expressed are a general guide to the views of UBS Asset Management as of June 2018. The information contained herein should not be considered a recommendation to purchase or sell securities or any particular strategy or fund. Commentary is at a macro level and is not with reference to any investment strategy, product or fund offered by UBS Asset Management. The information contained herein does not constitute investment research, has not been prepared in line with the requirements of any jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. All such information and opinions are subject to change without notice. Care has been taken to ensure its accuracy but no responsibility is accepted for any errors or omissions herein. A number of the comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of UBS Asset Management's best judgment at the time this document was compiled, and any obligation to update or alter forward-looking statements as a result of new information, future events or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual security, asset class or market generally, nor are they intended to predict the future performance of any UBS Asset Management account, portfolio or fund.

EMEA

The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. UBS AG and / or other members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document.

Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient.

The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose

without the written permission of UBS AG.

This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

UK

Issued in the UK by UBS Asset Management (UK) Ltd. Authorised and regulated by the Financial Conduct Authority.

APAC

This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in APAC. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in your jurisdiction. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of your jurisdiction. Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management's judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed.

You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Australia

This document is provided by UBS Asset Management (Australia) Ltd, ABN 31 003 146 290 and AFS License No. 222605. Source for all data and charts (if not indicated otherwise): UBS Asset Management
The key symbol and UBS are among the registered and unregistered trademarks of UBS.

