

## Guide to Chinese Shares Classes - Reminder

01 April 2021

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FTSE Russell would like to inform clients that the definition of P Chip in the Guide to Chinese Share Classes has been clarified as follows (updated in bold)

### **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<sup>#</sup> of the company are derived from the PRC; and
  - The company is controlled by mainland Chinese companies or individuals and 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<sup>#</sup> 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; or
  - **The company now meets the definition of a Red Chip (see above).**
- 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.

<sup>#</sup> Please refer to the revenue and asset guidelines section for further information.

An updated copy of the Guide to Chinese Share Classes (v1.6) is now available using the following link:  
[Guide to Chinese Share Classes](#)

Or on the FTSE Russell website: <http://www.ftserussell.com>

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