

**CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
CHINA CONNECT SUPPLEMENTAL TERMS
EFFECTIVE ON 24 SEPTEMBER 2018**

AT ANY TIME THE CLIENT PLACES AN ORDER WITH CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED (“CICC”) OR OTHERWISE ENGAGES IN A TRANSACTION WITH CICC UNDER CHINA CONNECT, THESE TERMS ARE DEEMED TO APPLY TO SUCH ORDER OR TRANSACTION.

1 Applicability

- 1.1** By giving us instructions to trade China Connect Securities via China Connect, you agree to be bound by these China Connect Terms and acknowledge that you have read and understood the Risk Disclosures and Other Information set out in the Annex hereto.
- 1.2** These China Connect Terms amend and are supplemental to, and are without prejudice to, the Existing Terms. In the event of any inconsistency between these China Connect Terms and the Existing Terms, the provisions of these China Connect Terms shall prevail.

2 Definitions

Capitalised terms used herein will have the meanings given below or otherwise in the Existing Terms.

“**A Shares**” means any securities issued by companies incorporated in Mainland China which are listed and traded on Mainland China A Share markets (Shanghai and Shenzhen) and not on the SEHK.

“**Affiliate**” means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“**Average Pricing**” means the allocation or application of an average price per China Connect Security to each individual fund managed by the same fund manager in respect of trades in such China Connect Security on the same Trading Day.

“**Cash**” means all cash or cash equivalents in Renminbi received and held by us on the terms of these China Connect Terms.

“**CCASS**” means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited and/ or any system established for the purpose of China Connect.

“**China Connect**” means a securities trading and clearing link programme developed or to be developed by the SEHK, each China Connect Market, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and each China Connect Market.

“**China Connect Authorities**” means the regulators which regulate China Connect and activities relating to China Connect, including without limitation, the CSRC, PBOC, SAFE, SFC and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect.

“China Connect Entities” means the exchanges, clearing systems and other entities which provide services relating to China Connect, including without limitation, the SEHK, HKSCC, each SEHK Subsidiary, China Connect Markets and ChinaClear.

“China Connect Laws” means the laws and regulations of Hong Kong and Mainland China from time to time in respect of China Connect or any activities arising from China Connect.

“China Connect Market” means each of the SSE, SZE and such other authorised trading venues as designated from time to time.

“China Connect Market System” means the system used for the trading of China Connect Securities on a China Connect Market, as operated by the relevant China Connect Market.

“China Connect Rules” means any rules, policies, operational procedures, notices or guidelines published or applied by any China Connect Authority or China Connect Entity from time to time in respect of China Connect or any activities arising from China Connect.

“China Connect Securities” means any securities listed on a China Connect Market which may be eligible for trading by Hong Kong and international investors on China Connect.

“China Connect Service” means the order-routing service through which Northbound orders placed by an Exchange Participant may be transmitted by the relevant SEHK Subsidiary to a China Connect Market for the buying and selling of China Connect Securities and any related supporting services.

“China Connect Terms” means these China Connect Supplemental Terms and the accompanying Annex(es), as may be amended, supplemented, modified or varied from time to time.

“ChinaClear” means China Securities Depository and Clearing Corporation Limited.

“Circuit Breaker Provisions” means the relevant provisions in the China Connect Rules under which circuit breakers may be imposed for the purpose of, among others, minimising or averting substantial upward or downward price movements of securities traded on a China Connect Market including all related provisions on the application and lifting of circuit breakers.

“Clearing Participant” has the meaning given to such term in the rules of the Central Clearing and Settlement System of Hong Kong.

“ChiNext shares” means A Shares accepted for listing and admitted to trading on SZE ChiNext from time to time.

“Client Securities Rules” means the Securities and Futures (Client Securities) Rules (Capital 571H of the Laws of Hong Kong).

“CSC” means the China Stock Connect System for receiving and routing orders under Stock Connect to the trading system on a China Connect Market for automatic matching and execution.

“CSRC” means China Securities Regulatory Commission.

“CSRC China Connect Rules” means such rules, regulations, procedures and notices as promulgated by CSRC to prescribe for the launch and operation of the China Connect.

“Exchange Participant” has the meaning given by the rules of the SEHK.

“Existing Terms” means the applicable existing terms of business, client account agreements and/or other relevant notices and disclosure between you and us that govern our provision of securities dealing services to you whether written or unwritten.

“Forced-sale Notice” has the meaning given in Clause 10.1.

“H Shares” means any securities issued by companies incorporated in Mainland China and listed on the SEHK.

“HKEx” means the Hong Kong Exchanges and Clearing Limited.

“HKSCC” means the Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx.

“Institutional Professional Investor” means a “professional investor” within the meaning of paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO.

“Mainland China” means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan).

“Mainland China Listco” has the meaning given in paragraph 14 of the Annex hereto.

“Mainland China Resident” means a person who is a citizen of the People’s Republic of China and does not have permanent right of abode in a jurisdiction outside Mainland China.

“Non-trade Transfer” means a transfer of China Connect Securities which involves a change in the beneficial ownership of the China Connect Securities and which is not conducted through the China Connect Service and executed on the China Connect Market.

“Northbound” denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.

“PBOC” means the People’s Bank of China.

“Pre-Trade Checking” means the requirement under the China Connect Laws pursuant to which a China Connect Market may reject a sell order if an investor does not have sufficient and available China Connect Securities in its account.

“Related Person” means any of our Affiliates, or any director, officer, employee or agent of us or our Affiliates.

“Renminbi” or **“RMB”** means the lawful currency of Mainland China, deliverable in Hong Kong.

“SAFE” means the State Administration of Foreign Exchange.

“SEHK” means The Stock Exchange of Hong Kong Limited.

“SEHK Subsidiary” means (i) Gangsheng Information Services (Shanghai) Limited that provides order-routing services under China Connect to SSE, or (ii) Gangyu Information Services (Shenzhen) Limited that provides order-routing services under China Connect to SZE.

“SFC” means the Securities and Futures Commission.

“**SFO**” means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

“**Short Selling**” means the sale of Short Selling Securities in respect of which the seller has a presently exercisable and unconditional right to vest the Short Selling Securities in the purchaser by virtue of having borrowed such securities under a stock borrowing and lending arrangement.

“**Short Selling order**” means a China Connect sell order to effect Short Selling.

“**Short Selling Ratio**” means the number of shares sold via Short Selling orders for a Short Selling Security on a given Trading Day divided by the number of shares of that Short Selling Security held by all investors through CCASS as at the commencement of that Trading Day, expressed as a percentage rounded to 2 decimal places.

“**Short Selling Securities**” means any China Connect Securities which are from time to time included in the list of China Connect Securities eligible for Short Selling.

“**Special China Connect Securities**” means any securities listed on a China Connect Market which the SEHK from time to time accepts or designates as eligible only for China Connect sell orders and not China Connect buy orders.

“**SSE**” means the Shanghai Stock Exchange.

“**SZE**” means the Shenzhen Stock Exchange.

“**Taxes**” means all retrospective, present or future taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) China Connect Securities or Cash, (ii) any transaction effected under these China Connect Terms or (iii) you.

“**Trading Day**” means a day on which SEHK is open for Northbound trading, where “**T day**” denotes the Trading Day on which a transaction is executed and “**T+1 day**” denotes the day which is one Trading Day, or in the context of the settlement of funds, one business day (on which banks in Hong Kong and Mainland China are generally open for business) after T day.

“**you**” means the client to whom these China Connect Terms are addressed and, if applicable, the principal(s) on whose behalf such client act(s).

3 Eligible Investors

You represent and undertake on a continuing basis, including without limitation on the first date that these China Connect Terms are effective and on each date that you place an order or give an instruction in respect of China Connect Securities under these China Connect Terms, that:

- (a) (i) you are not a Mainland China Resident or an entity incorporated, domiciled or registered under the laws of Mainland China, (ii) if you are a Mainland China Resident, you are using funds lawfully owned by you and located outside Mainland China to make investments in China Connect Securities or (iii) if you are an entity incorporated, domiciled or registered under the laws of Mainland China, your investment in China Connect Securities has been conducted pursuant to any program (including the Qualified Domestic Institutional Investor Program, if applicable) approved by, or any other approval of, any competent Mainland China regulator;

- (b) your investment in China Connect Securities does not violate the laws and regulations of Mainland China, including those in relation to foreign exchange control and reporting; and
- (c) to the extent as required by the China Connect Rules, in connection with your trading in ChiNext shares under China Connect, that you are an Institutional Professional Investors; and if you are an intermediary (as defined in the SFO) or a person who carries on business outside Hong Kong in an activity in respect of which it is regulated overseas and which, if carried on in Hong Kong, would constitute a regulated activity under the SFO, you agree that you will not accept any instruction to buy ChiNext shares from any of your clients unless they are an Institutional Professional Investor.

4 Compliance with China Connect Laws and China Connect Rules

- 4.1** Any trading in China Connect Securities will be subject to all China Connect Laws and China Connect Rules, certain of which are referred to in the Annex hereto.
- 4.2** These China Connect Terms highlight certain key features of China Connect as of the date hereof. We are not liable for any inaccuracies or misstatements in the information set out in the Annex hereto. These China Connect Terms do not purport to cover all China Connect Laws and China Connect Rules. You shall be fully responsible for understanding and complying with all China Connect Laws and China Connect Rules and for any consequences of Northbound trading. We will not, and does not intend to, advise you on any China Connect Laws or China Connect Rules. For further information, please refer to the web pages on the HKEx website and the SFC website relating to China Connect from time to time and other relevant sources.
- 4.3** We shall have the right to apply any procedures or requirements in respect of any trading of China Connect Securities through China Connect which we determine in our absolute discretion to be necessary or desirable for the purpose of any China Connect Laws, China Connect Rules or market practice. Neither we nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such procedures or requirements.
- 4.4** We may, in our absolute discretion, refuse to execute any instruction given by you, if (for example, and without limitation):
 - 4.4.1** such instruction is not compliant with any China Connect Laws or China Connect Rules or if we reasonably believe that such instruction may not be compliant with any China Connect Laws or China Connect Rules or if we are required by the SEHK not to accept such instruction;
 - 4.4.2** without prejudice to your obligations in Clause 8, in respect of any instruction to make a Northbound sell order, we determine in our absolute discretion that you do not have sufficient securities at the time of such order instruction to settle the delivery obligation or if submission of the order would cause us to be in breach of the Pre-Trade Checking requirements or related requirements under the China Connect Rules or China Connect Laws; or
 - 4.4.3** in respect of any instruction to make a Northbound buy order, we determines in our absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day.

Neither we nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such refusal.

- 4.5** Without limitation to the foregoing, we may in our absolute discretion suspend, terminate or limit your ability to access the China Connect through us without advance notice to you, including but not limited to where requested or directed by a China Connect Authority.
- 4.6** In the event that SEHK, the relevant SEHK Subsidiary or HKSCC is notified by a China Connect Market, ChinaClear or any other relevant exchange, clearing house or governmental or regulatory body that there is reasonable cause to believe that you have failed to comply with or have breached any China Connect Laws or China Connect Rules, you shall, upon the request of us provide such information (including translations into Chinese if requested by us) as we may reasonably request to enable us to assist the relevant exchange, clearing house or governmental or regulatory body including without limitation any China Connect Market, ChinaClear or any PRC governmental or regulatory authority or authorities to assess whether there is any non-compliance or breach of the China Connect Laws or China Connect Rules and/or the extent of any non-compliance or breach.

5 Risk Disclosures and Acknowledgement

You shall be deemed to acknowledge the following by instructing us in respect of any transaction relating to China Connect Securities.

- 5.1** You acknowledge that you have read and understood the risk disclosures and other information set out in the Annex hereto and that you understand your obligations set out in such Annex including any consequences of a breach of China Connect Laws or China Connect Rules.
- 5.2** You acknowledge that there is a risk of prohibition from trading China Connect Securities and that your instructions to trade China Connect Securities may not be accepted.
- 5.3** You acknowledge that neither we nor any Related Person shall be liable for any loss, liability or third party claim or demand that you may suffer directly or indirectly as a result of any action or inaction by us or any Related Person in connection with the provision of trading services in respect of China Connect Securities to you by us including, without limitation, the materialisation of any of the risks described in the Annex hereto.
- 5.4** You acknowledge that SEHK has the power not to extend the China Connect Service to you, and the power to require us not to accept instructions from you, if it is found that you, we or any of our clients have or may have committed any abnormal trading conduct set out in or failed to comply with any China Connect Rules.
- 5.5** You acknowledge that if the China Connect Laws or China Connect Rules are breached, or the disclosure and other obligations referred to in any China Connect Laws or China Connect Rules are breached, (i) each China Connect Market has the power to carry out investigations, and may, through SEHK (or through the relevant SEHK Subsidiary, or any other governmental or regulatory body), require us or a Related Person to (a) provide relevant information and materials relating to you including, without limitation, in relation to your identity, personal data and trading activity; and (b) to assist in a China Connect Authority's investigation in relation to you and/or your trading activity; and (ii) you may be subject to regulatory investigations and legal and regulatory consequences if you are in breach of, or fail to comply with, such laws, rules and regulations.

- 5.6** You acknowledge that the SEHK may (for the purpose of assisting each China Connect Market with its regulatory surveillance and enforcement of the China Connect Rules and as part of the regulatory cooperation arrangement between the SEHK, the relevant SEHK Subsidiary and each China Connect Market), at the request of a China Connect Market, require us to provide information (including, without limitation, in relation to your identity, personal data and trading activity) in relation to you and any other persons referred to in the SEHK China Connect Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by us on your or their behalf.
- 5.7** You acknowledge that where a China Connect Authority considers that there is a serious breach of the China Connect Rules, we may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to you; and (b) cease providing you with any service relating to trading China Connect Securities through China Connect.
- 5.8** You acknowledge that, prior to us informing you that a Northbound buy order instructed by you has been settled, you shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order.
- 5.9** You acknowledge that a relevant China Connect Entity may, for the purpose of assisting a China Connect Market with its regulatory surveillance and enforcement activities and as part of regulatory cooperation between them, require us to release information concerning you and other persons referred to in Rule 537 of HKEx (*Disclosure of Information about Clients*) with respect to any China Connect orders input or China Connect Securities trades made or entered into by us on your behalf. You hereby authorise us to disclose, transfer and provide information and personal data concerning you and other persons referred to in Rule 537 of HKEx (*Disclosure of Information about Clients*) to a China Connect Market in accordance with China Connect Laws.
- 5.10** You acknowledge and consent to us or any Related Person providing information relating to you and your profile, including the type and value of Northbound buy and sell orders and transactions executed on your behalf to a China Connect Authority at such intervals and in such form as such China Connect Authority may specify from time to time including in relation to an investigation or surveillance by a China Connect Authority.
- 5.11** You acknowledge and accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required under any China Connect Laws or China Connect Rules relating to any China Connect Securities and any dividends or entitlements in respect of such China Connect Securities.
- 5.12** You acknowledge and accept that we will be subject to recordkeeping requirements under the China Connect Rules and may therefore retain records (including telephone and electronic communications and account information) in relation to your Northbound orders and trading for 20 years or as otherwise required under the China Connect Rules or the China Connect Laws.
- 5.13** You acknowledge and accept that the SEHK may upon a China Connect Market's request require us to reject any order made on your behalf.
- 5.14** You acknowledge and accept that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by us or any Related Person, you or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities, or (ii) any amendments,

making or enforcement of the China Connect Rules; or (iii) any action taken by a China Connect Authority in discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities).

- 5.15** You acknowledge and accept that by giving us a Short Selling order, (i) you have borrowed sufficient Short Selling Securities to settle the Short Selling order if executed; (ii) where you have borrowed Short Selling Securities from a third-party stock lender, you will appropriately flag that the return of the Short Selling Securities is the subject of a Short Selling order; (iii) to the extent that the Short Selling order is an SPSA order, you hereby confirm that the borrowed Short Selling Securities are held in the relevant SPSA and the order meets the pre-trade checking and settlement requirements as set out in the China Connect Rules.

6 Representations

You make the representations set out in this Clause to us on a continuing basis:

- 6.1** that you are aware of and shall comply with all China Connect Laws and China Connect Rules to which you may be subject;
- 6.2** that you are eligible to place Northbound orders and the execution of any instruction you give to us shall not result in any breach of any China Connect Laws or China Connect Rules; and
- 6.3** that you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect.
- 6.4** You make the following representations to us on each date you instruct an order to sell China Connect Securities:
- 6.4.1** that you do not know of any fact that might impair the validity of such China Connect Securities and that you have full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same;
- 6.4.2** that there is no adverse claim to such China Connect Securities; and
- 6.4.3** that there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the SEHK rules or CCASS rules.

7 Order Handling

- 7.1** We will handle client orders fairly. We may aggregate your Northbound orders with the Northbound orders of any other client or of its affiliates when we process such orders. This may sometimes operate to your disadvantage and, because of the quota restrictions described in the Annex, may result in your order only being partially executed or not at all.
- 7.2** All client orders and transactions to be undertaken for clients ("**Client Orders**") which are for submission to the applicable open auction or start of continuous trading session (the "Opening") and in case of SZE, closing call auctions (the "**Closing**"), shall be handled by us in a way that seeks to ensure that all such Client Orders have a fair and equal opportunity to participate in the Opening and/or Closing, as the case may be. We will regard all such Client Orders as having been received by us only at the point at which our system submits Client Orders into the applicable trading session.

8 Compliance with Pre-Trade Checking Requirements

- 8.1** You undertake that you will comply with any requirements relating to Pre-Trade Checking mandated by the China Connect Authorities, the China Connect Entities or as notified to you by us.
- 8.2** In addition, you undertake to ensure there are sufficient and available China Connect Securities in your account by the applicable cut-off time (as notified to you by us from time to time) to cover any proposed sell order given on the relevant Trading Day.
- 8.3** If we consider that you do not for whatever reason have sufficient and available China Connect Securities in your account to settle a sell order by the applicable cut-off time (as notified to you by us from time to time) we may in our absolute discretion:
- 8.3.1** reject your sell order (in whole or in part);
 - 8.3.2** use any China Connect Securities in our designated CCASS stock account(s) to fulfil the Pre-Trade Checking requirement in respect of your sell order, in which case you shall reimburse us for any costs, losses or expenses which we incur as a result of buying in or otherwise sourcing the amount of China Connect Securities which you have failed to deliver in respect of your sell order on such terms and at such price (including any associated fees and expenses) and at such time as we shall determine in our absolute discretion); or
 - 8.3.3** perform any other act which we consider necessary or desirable to comply with Pre-Trade Checking and/or relevant China Connect Laws or China Connect Rules and to cover your shortfall (including but not limited to applying any other China Connect Securities available to us from other sources.
- 8.4** In addition, we may in our absolute discretion reject your sell order (in whole or in part) if for any other reason we consider that there is or may be non-compliance with any China Connect Laws or China Connect Rules. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or the relevant China Connect Laws or China Connect Rules shall be borne by you.
- 8.5** If you give any sell order in respect of any China Connect Securities allocated to any fund managed by you, you undertake to ensure that there are sufficient and available China Connect Securities in your account allocated to such fund by the applicable cut-off time (as notified to you by us from time to time) to cover any such proposed sell order on the relevant Trading Day. In all cases, it is your responsibility to ensure that each of the funds managed by you complies with all China Connect Laws and China Connect Rules to which the relevant fund may be subject.

Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre Trade Checking and/or the relevant China Connect Laws or China Connect Rules shall be borne by you.

9 Settlement and Currency Conversion

- 9.1** As all Northbound trading is effected and settled in Renminbi, if we do not receive sufficient Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and you may not acquire title to, or become entitled to sell or transfer the relevant China Connect Securities. Where we hold any funds on your behalf, if there are insufficient Renminbi funds to settle any Northbound

buy order or other payment obligation in connection with China Connect, you authorise us to convert any funds in any other currency which we hold on your behalf into Renminbi for the purposes of settlement thereof.

- 9.2** Notwithstanding any provisions in the Existing Terms, where it is necessary to convert one currency to another pursuant to these China Connect Terms, such conversion may be carried out automatically by us in a commercially reasonable manner without prior notice to you. Any risk, loss or cost (including fees, charges and/or commissions) in connection with or resulting from any conversion of one currency into another currency pursuant to these China Connect Terms shall be borne by you.
- 9.3** You agree that in the event that you fail to settle in a timely manner any payment obligation in relation to an instruction to purchase China Connect Securities, we have the right to immediately and without prior notice to you take such action as we consider appropriate to reduce or eliminate any loss or liability that we suffer or may suffer (including but not limited to taking any steps to sell, realize, dispose of or otherwise deal with the relevant China Connect Securities) and that you shall indemnify and hold us harmless for any liabilities, expenses or other losses we may incur in exercising the foregoing right. You further agree that we shall have no liability to you for any loss, diminution in value or other damages whatsoever for any action or inaction of us or our agents pursuant to this Clause.
- 9.4** Notwithstanding any provisions in the Existing Terms, where we determine that there is insufficient liquidity in RMB to settle any buy orders, we may, in our sole and absolute discretion, reject your instructions to place such buy order.

10 Sale, Transfer and Disgorgement

- 10.1** Where, under the terms of the China Connect Rules, we receive notice (a “**Forced-sale Notice**”) from a China Connect Authority requiring us to sell and liquidate a specified number of China Connect Securities, we shall be entitled to issue a corresponding notice (a “**Client Forced-sale Notice**”) to you requesting you to sell and liquidate any number of such China Connect Securities that you hold in your account with us (as determined by us in our sole discretion) within the period specified by the relevant China Connect Authority, and you undertake to comply with any such Client Forced-sale Notice.
- 10.2** In relation to any Forced-sale Notice, you authorise us to sell or arrange for the sale of such China Connect Securities on your behalf at such price and on such terms as we may determine in our absolute discretion if you fail to comply in a timely manner with a Client Forced-sale Notice, to the extent necessary to comply with all China Connect Laws and China Connect Rules.
- 10.3** Where China Connect Securities owned by you that are the subject of a Client Forced-sale Notice have been transferred from the holding of the Clearing Participant that settled the relevant Northbound buy order (the “**Original CP**”) to another Clearing Participant or custodian (the “**Recipient Agent**”), you authorise us to provide instructions to the Recipient Agent on your behalf to return the relevant China Connect Securities to the Original CP for sale and liquidation in accordance with all China Connect Laws and China Connect Rules. You also undertake to inform the Recipient Agent of such authorisation and, where required, you undertake to instruct the Recipient Agent to act accordingly.
- 10.4** You authorise us to sell or arrange for the sale of any amount of China Connect Securities owned by you if we receive notice from any China Connect Authority requiring you to

disgorge any profits as a result of the “short swing profit rule”, as described in paragraph 15 (*Short Swing Profit Rule*) of the Annex hereto.

10.5 In addition to the above, you authorise us to sell, transfer or carry out any other action in relation to China Connect Securities owned by you if we are instructed to do so by any China Connect Authority or if we otherwise determine in our absolute discretion that it is necessary or desirable to do so in order to comply with any China Connect Laws or China Connect Rules.

10.6 Neither we nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by us or a Related Person in respect of this Clause.

11 Custody¹

11.1 Applicability

This Clause is only applicable when you have delivered to us the China Connect Securities in relation to Pre-Trade Checking under the China Connect Rules and China Connect Laws.

11.2 Nature of custodial services

11.2.1 You acknowledge that the primary or only reason that we are offering you custodial services is in relation to Pre-Trade Checking under the China Connect Rules and China Connect Laws, and that the provision of custodial services is not part of our normal business activities. Accordingly, any custodial services offered by us are limited in their nature. The provisions in this Clause 11 are without prejudice to any agreements you may have with our affiliates providing you with custodial services.

11.2.2 You acknowledge that we conduct business in China Connect Securities for other clients and for our own account.

11.2.3 You shall be solely responsible for all filings, tax returns and reports of any transaction in respect of or relating to China Connect Securities held under this Clause 11, as may be required by any relevant authority, whether government or otherwise.

11.3 Establishment of custody account

11.3.1 You authorise us to establish on our books a custody account or accounts (the "**Custody Account**") for the receipt, safekeeping and maintenance of China Connect Securities.

11.3.2 We will determine in our reasonable discretion whether to accept in the Custody Account any proposed delivery of China Connect Securities.

11.4 Custodial procedures

11.4.1 We will be under no obligation to credit China Connect Securities to the Custody Account before our receipt of such China Connect Securities by final settlement.

¹ This Clause 11 is intended to apply where the relevant broker does not provide custodial services in the normal course of its business, and is not required if the broker already provides custodial services that are covered under detailed terms and conditions.

- 11.4.2** If we receive one or more instructions to deliver from the Custody Account an amount of China Connect Securities exceeding those credited to the Custody Account, we may reject any such instruction or elect to perform any instruction in whole or in part, and in any order.
- 11.4.3** You acknowledge that deliveries of China Connect Securities and payments therefor may not be simultaneous. Accordingly, if we receives an instruction to deliver China Connect Securities against payment or to pay for China Connect Securities against delivery, we may make or accept payment for or delivery of China Connect Securities in accordance with relevant market practices and/or rules and/or applicable law or regulation.
- 11.4.4** We shall make payment for and/or receive or deliver China Connect Securities only upon receipt of and in accordance with specific instructions (except as otherwise specifically provided in these China Connect Terms).
- 11.4.5** Unless we have received and accepted a contrary instruction, we may carry out the following without any instruction:
- (i) in your name or on your behalf, sign any document relating to China Connect Securities which may be required (i) to obtain receipt of any China Connect Securities or funds or (ii) by any tax or regulatory authority; and
 - (ii) collect and/or receive and/or take other necessary or appropriate action in relation to any payment or distribution in respect of China Connect Securities (whether pursuant to a stock dividend, bonus issue, share sub-division or reorganisation, capitalisation of reserves or otherwise).
- 11.4.6** You acknowledge that we may re-deliver to you or to your usual custodian, at such time as we may determine in our absolute discretion, any China Connect Securities which have not been utilised by us in the settlement of any transaction on your behalf. You acknowledge that we may, within one Trading Day of receipt, deliver or pay to you or your usual custodian or bank (net of any fees or other expenses payable by you to us) any distribution or payment received by us in respect of China Connect Securities for your account. You will, promptly on our request, give such instructions (to us and/or your usual custodian and/or any other person) as we may require to pre-authorise any such re-delivery or payment.
- 11.4.7** In circumstances where we have not, after using reasonable endeavours, been able to (a) re-deliver to you or to your usual custodian any such China Connect Securities, or (b) deliver or pay to you or your usual custodian or bank any such distribution or payment, including, for example, and without limitation, where (a) you fail to provide such instructions upon our reasonable request and/or (b) your usual custodian refuses to accept any such delivery of China Connect Securities or payment, you authorise us in our absolute discretion to sell, liquidate or otherwise dispose of the relevant China Connect Securities and to transfer the sale, liquidation and / or disposal proceeds and/or any distribution or payment to your usual bank account or, if there is no bank account, to an account established for you by us with a third party bank selected by us in our absolute discretion pending instructions for payment to your preferred account.
- 11.4.8** We shall have no obligation whatsoever to collect or receive or take any other action (including attending any general meeting and/or exercising any voting rights)

in relation to any payment or distribution in respect of China Connect Securities for your account or to notify you of the existence of or the terms of any notice, circular, report, announcement or similar corporate action in respect of China Connect Securities. You acknowledge that in certain circumstances, including, without limitation, as a result of any China Connect Laws or China Connect Rules, it may be difficult, impracticable or impermissible for HKSCC or its nominee (and for us or you) to exercise any rights or entitlements or to participate in any actions, transactions or other matters in respect of China Connect Securities. If we make any such collection or receipt, take any such action or give you any such notification or take any action pursuant to any such notification, we shall not have:

- (i) any liability in respect of any inaccuracies or delays; and
- (ii) any obligation to continue or repeat any such action.

11.5 Pooling/sub-custodians/clearance systems

11.5.1 We may pool China Connect Securities and treat them as fungible with the same China Connect Securities of other clients. We may at any time allocate equivalent China Connect Securities to you and shall not be bound to return to you the original China Connect Securities delivered to us.

11.5.2 We may deposit China Connect Securities with any sub-custodian or with any clearance system as required by law, regulation or market practice, and are not responsible for performance by or monitoring of any sub-custodian or by any clearance system or its practices. In addition, we shall not be liable for any act or omission by, or the insolvency of, any clearance system. In the event you incur a loss due to the negligence, wilful default, or insolvency of any clearance system, we will make reasonable endeavours, in our discretion, to seek recovery from the relevant clearance system, but we will not be under any obligation to institute legal proceedings, file any proof of claim in any insolvency proceeding, or take any similar action.

11.6 Confirmations by you

11.6.1 You confirm that during the subsistence of these China Connect Terms:

- (i) you have authority to deposit and hold China Connect Securities in the Custody Account and there is no claim or encumbrance that will or may adversely affect any delivery of China Connect Securities; and
- (ii) if you act as an agent for any of your own customers, whether or not expressly identified to us at any time, no such customer shall be or be considered a customer or indirect customer of us, and your obligations under these China Connect Terms are as principal.

11.6.2 You will, promptly on our request, execute such documents and do such acts and things as we may require in order to perform our obligations under these China Connect Terms or otherwise to comply with the China Connect Rules or China Connect Laws.

11.7 Custodial duties and liabilities

11.7.1 We shall have only those duties expressly provided in these China Connect Terms. We shall have no fiduciary duties or other implied duties or obligations whatsoever.

11.7.2 The performance by us of our duties is subject to:

- (i) all relevant local laws, regulations, decrees, orders and government acts;
- (ii) the rules, operating procedures and practices of any relevant stock exchange, clearance system or market; and
- (iii) any event or circumstance beyond our reasonable control.

11.7.3 In respect of any custodial services described in this Clause 11:

- (i) we will not be liable for any loss or damage suffered by you unless such loss or damage results from our negligence, wilful misconduct or fraud;
- (ii) we shall not be liable for consequential loss or damage (including, without limitation, lost profits) in any circumstances, whether or not foreseeable and regardless of the type of action in which such a claim may be brought, with respect to the Custody Account or our services hereunder; and
- (iii) in the case of negligence or wilful misconduct our liability shall not exceed the replacement cost or the market value of the relevant China Connect Securities at the relevant time (whichever is lower).

11.7.4 We may establish cut-off times for receipt of instructions. If we receive an instruction after an established cut-off time, we may regard the instruction as having been received on the following Trading Day and act on it accordingly.

11.8 Interest

No interest will be payable on your Custody Account.

11.9 Lien

In addition to any other remedy we may have, we shall have a continuing general lien on all China Connect Securities held for you or your account, for all amounts due or owing by you to us.

12 Indemnity

In addition and without prejudice to any of our rights under the Existing Terms, you will indemnify us and any Related Persons (together, the “**Indemnified Parties**”) on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from us or any Related Persons providing any services to you in respect of your trading or investment in China Connect Securities, including, without limitation, to (a) any Taxes resulting from any trading or holding of China Connect Securities in relation to China Connect, (b) the materialisation of any risk referred to in the Annex hereto, (c) any legal costs which any of the Indemnified Parties may incur in connection with any instruction given by you, (d) any fees or expenses payable to any clearance systems arising from the holding of China Connect Securities or (e) any costs incurred in connection with Clause 10 (*Sale, Transfer and Disgorgement*) above.

13 Fees and Taxation

13.1 You shall be responsible for paying all Taxes, and you shall be required to comply with any filing or registration obligations, in each case as may be required under any China Connect

Laws or China Connect Rules relating to any China Connect Securities and any dividends or entitlements in respect of such China Connect Securities.

- 13.2** In the event we are required under China Connect Laws or China Connect Rules to pay any Taxes, we may notify you whenever necessary and request that you provide us with relevant information as we may deem necessary to fulfill our obligations. You must provide to us, promptly on such request, such information and documents such as but not limited to costs of your purchase of the China Connect Securities, your and/or any underlying beneficial owner's tax status or residence. We may withhold or deduct relevant Taxes from any amount due to you and you will remain liable for any shortfall.
- 13.3** In the event we do not receive any requested information from you within a reasonable period of time to fulfill our obligations, we shall be forthwith entitled in our absolute discretion, without further notice or demand to you, to satisfy any obligation of us or you to pay or account for any amounts in respect of any Taxes by selling, realizing or otherwise dealing with, in such manner as we in our absolute discretion may determine, all or part of any property held by us for any purpose in any of your accounts held with us, and to apply the proceeds in reduction of all or part of your liability to any tax authority or us.
- 13.4** We shall have no responsibility to verify the accuracy of the information provided by you and is entitled to rely on such information to fulfill our obligations.
- 13.5** We shall have no liability whatsoever for the lack of any tax relief, or any failure to obtain the benefit of any tax credit.

14 Liability

Notwithstanding any other provisions in these China Connect Terms, neither we nor any Related Person shall be responsible for or have any liability to you for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of our or a Related Person's fraud, wilful default or gross negligence.

15 Termination

- 15.1** These China Connect Terms may be terminated by either party upon not less than 30 days' written notice to the other or automatically upon termination of the Existing Terms. Clauses 4 (*Compliance with China Connect Laws and China Connect Rules*), 5 (*Risk Disclosures and Acknowledgement*), 10 (*Sale, Transfer and Disgorgement*), 12 (*Indemnity*), 14 (*Liability*) and 16.3 shall survive termination of these China Connect Terms. On the termination of these China Connect Terms, we shall deliver China Connect Securities and cash in accordance with your instructions. If you fail to give instructions, we shall continue to hold China Connect Securities and/or cash for such fee(s) as we may in our sole discretion determine. We shall in any event be entitled to retain such China Connect Securities and/or cash as we may in our sole discretion determine in order to complete any transaction required to be settled on your behalf.

16 Miscellaneous

- 16.1** You will pay fees, charges and expenses in respect of these China Connect Terms in accordance with our fee scale from time to time in force.
- 16.2** You will enter into further documents by way of execution or deemed acceptance or consent, and provide such materials and/or information as we may reasonably request to

enable us to perform our duties and obligations under these China Connect Terms which it deems necessary as and when the China Connect Rules are amended or supplemented from time to time.

- 16.3** You will provide all information (including translations into Chinese, if required) to us which we request if such information is requested by any China Connect Authority or any exchange, regulatory authority or any organisation (whether within or outside Hong Kong) with which HKEx or the SEHK has entered into an information sharing arrangement or agreement. You acknowledge that, your failure to comply with this provision may, amongst other things, result in a suspension of China Connect services to you.
- 16.4** We reserve the right to vary any of the terms of these China Connect Terms by written notice to you in accordance with the Existing Terms of Business applicable to your account.
- 16.5** If any provision in these China Connect Terms shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties.
- 16.6** No failure or delay by either party in exercising any right or remedy provided under these China Connect Terms shall operate as a waiver of it, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of it or the exercise of any other right or remedy. Any waiver of a breach of these China Connect Terms shall not constitute a waiver of any subsequent breach.
- 16.7** Neither party shall assign or transfer all or any of its rights or obligations under this Agreement without the prior written consent of the other party.

17 Governing Law and Jurisdiction

- 17.1** These China Connect Terms shall be governed by Hong Kong law.
- 17.2** The parties agree to submit to the exclusive jurisdiction of the Hong Kong courts in relation to any dispute arising under or in connection with these China Connect Terms.

ANNEX: RISK DISCLOSURES AND OTHER INFORMATION

This Annex describes some of the key risk factors and other information concerning China Connect. This Annex does not disclose all the risks and other significant aspects of Northbound Trading through China Connect. You should ensure that you understand the nature and risks of China Connect and Northbound trading and you should consider carefully (and consult your own advisers where necessary) whether trading in China Connect Securities is suitable for you in light of your circumstances. The decision to trade in China Connect Securities is yours, but you should not trade in China Connect Securities unless you fully understand and are willing to assume the risks associated with China Connect and are able to comply with all relevant China Connect Laws and China Connect Rules. You acknowledge the risks and agree to the terms set out in this Annex. You are responsible for monitoring changes in the China Connect Laws and China Connect Rules and complying with any new requirements.

We do not represent that the information set out in this Annex is up to date, and do not undertake to update the information set out in this Annex. In addition, we do not provide any warranty with respect to such information and no such information is to be construed as legal, financial or tax advice of any kind by us. This is not intended to be and must not be taken as legal advice.

Home Market Rules

1 Home Market Rules

A fundamental principle of China Connect is that the laws and rules of the home market of the applicable securities shall apply to investors in such securities. In respect of China Connect Securities, Mainland China is the home market and thus the general principle is that investors in China Connect Securities should observe China Connect Rules and other Mainland China securities laws and regulations. If such rules and regulations are breached, each China Connect Market has the power to carry out an investigation.

Nevertheless, certain Hong Kong legal and regulatory requirements will also continue to apply to Northbound trading.

Trading and Settlement Restrictions

2 Pre-Trade Checking

SEHK is required to check that in respect of any Northbound sell orders given by an Exchange Participant, the relevant Exchange Participant holds sufficient and available China Connect Securities to be able to fill such Northbound sell orders. Pre-Trade Checking will be carried out prior to the start of each Trading Day.

Accordingly, you may be unable to execute Northbound sell orders due to Pre-Trade Checking related requirements. Your attention is drawn to the provisions set out in Clause 8 of the China Connect Terms. Note in particular that you may be unable to execute a sell order of China Connect Securities if there has been a delay or failure for whatever reason in the transfer of the relevant China Connect Securities to any clearing account of us or if for any other reason we consider that there is or may be non-compliance with any China Connect Laws or China Connect Rules.

Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre Trade Checking and/or the relevant China Connect Laws or China Connect Rules shall be borne by you.

3 Settlement

Northbound trades will follow the A Share settlement cycle. For settlement of China Connect Securities trades, ChinaClear will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. We may have settlement arrangements in place different from the ChinaClear settlement arrangements. Unless we agree to prefund settlement, settlement of funds relating to such trading will be effected on T+1 day. We may, in our absolute discretion, decide to prefund settlement. In the event we agree to prefund the settlement of China Connect Securities trades, (a) we shall retain the funds received from the HKSCC on T+1 day; and (b) you shall reimburse us with respect to any 'excess' pre-funding provided by us.

Although the transfer of the China Connect Securities precedes the transfer of cash, under the China Connect Service, the title to China Connect Securities will not be released until the receipt of confirmation of payment. Accordingly, for purposes of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled or, where the purchase was pre-funded, the settlement date would be the date on which the securities are released.

You acknowledge that there is no guarantee that we will offer prefunding settlement and that if we decide to offer prefunding settlement, we may decide to terminate such service at any time.

4 Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls as described below. As a result, there is no assurance that a buy order can be successfully placed through China Connect.

There is a daily quota that limits the maximum value of all Northbound buy trades that can be executed by Exchange Participants on each Trading Day ("**Daily Quota**"). The Daily Quota may change from time to time without prior notice and investors are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information.

The SEHK and the SSE may also set pricing and other restrictions on buy orders in order to prevent the artificial use or filling of the Daily Quota.

If there is a restriction, rejection or suspension of Northbound buying (which would include any order that has been accepted but not yet executed) as a result of a breach of the Daily Quota or the relevant pricing and other restrictions, we will be unable to carry out any buy orders and any instruction to buy submitted but not yet executed will be restricted or rejected.

Conversely, under the SEHK rules, investors may sell their China Connect Securities regardless of whether there is a breach of the Daily Quota.

5 Restriction on Day Trading

Day (turnaround) trading is not permitted on the Mainland China A Share market. If you buy China Connect Securities on T day, you may be able to sell the shares only on or after T+1 day. Due to Pre-Trade Checking related requirements, we may accept an instruction to sell China Connect Securities that were bought on T day only on or after the applicable cut-off time (as notified to you by us from time to time) on T+1 day.

6 No off-exchange trading and transfers

Unless otherwise provided by the CSRC, you, we and any Related Person shall not, with certain limited exceptions, trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Market System, and we shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from you or effect any Non-trade Transfer or settlement of instructions in respect of any China Connect Securities in any manner otherwise than through China Connect in accordance with the China Connect Rules, except in the following circumstances or as otherwise provided by a relevant China Connect Authority:

- (a) stock borrowing and lending of China Connect Securities which are eligible for Short Selling and with a tenor of no more than one month;
- (b) transfers between Exchange Participants and their clients for the purpose of rectifying trade errors;
- (c) stock borrowing and lending of China Connect Securities which are eligible for satisfying the Pre-trade Checking requirement, with a tenor of one day (and which is not renewable);
- (d) post-trade allocation of China Connect Securities by a fund manager across the funds and/or sub-funds it manages; and

any other situations specified by a China Connect Market or ChinaClear, including but not limited to any Non-trade Transfer as a result or for the purpose of (a) succession, (b) divorce, (c) dissolution, liquidation or winding up of any company or corporation, (d) donation to a charitable foundation; and (e) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.

7 Placing Orders

Only limit orders with a specified price are allowed pursuant to China Connect Laws and China Connect Rules, whereby buy orders must not be lower than at the current best price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

8 Price Limits

China Connect Securities are subject to a general price limit of a $\pm 10\%$ based on the previous Trading Day's closing price. In addition, China Connect Securities which are on the risk alert board are subject a $\pm 5\%$ price limit based on the previous Trading Day's closing price.

SEHK has put in place a dynamic price checking for buy orders. Buy orders with input prices lower than the current best bid (or last traded price in the absence of current best bid, or previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected by the relevant China Connect Market. During opening call auction, the current bid (or previous closing price in the absence of the current bid) will be used for checking. During closing call auction of SZE, the current bid (or last traded price in the absence of the current bid) will be used for checking. Dynamic price checking will be applied throughout the Trading Day, from the 5-minute input period before the start of opening call auction until market close of each China Connect Market. SEHK has set the dynamic price checking at 3%.

The price limit may be changed from time to time. All orders in respect of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit will be rejected by the relevant China Connect Market.

9 Delisting of listed companies

According to the China Connect Market Rules, if any listed company is in the delisting process, its listing has been suspended by a China Connect Market, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interest to undue damage, that listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. If a China Connect Security which is eligible for China Connect trading at launch of the programme is subsequently moved to the risk alert board, investors under China Connect will be allowed only to sell the relevant China Connect Security and will be prohibited from further buying. For details concerning the risk alert board, please refer to the China Connect Market Rules and SSE Risk Alert Board Provisional Trading Arrangement and any other relevant sources from time to time.

10 Account Information of Beneficial Owner

The identity of the beneficial owner of China Connect Securities which are the subject of a sell order may need to be disclosed to HKSCC and/or relevant Mainland China authorities.

11 No Manual Trade or Block Trade

There will be no manual trade facility or block trade facility for Northbound trading under China Connect.

12 Amendment of Orders and Loss of Priority

Consistent with the current practice in Mainland China, if an investor engaged in Northbound trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to any quota restrictions, the subsequent order may not be filled on the same Trading Day.

13 Special China Connect Securities

SEHK will accept or designate securities which cease to meet the eligibility criteria for China Connect Securities as Special China Connect Securities (provided that they remain listed on a China Connect Market). In addition, any securities or options (which are not "eligible for China Connect trading") received by you as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by SEHK as Special China Connect Securities. You will only be able to sell, but not buy, any Special China Connect Securities.

Mainland China and Hong Kong Issues

14 Disclosure of Interests

Under Mainland China laws, rules and regulations, if you hold or control shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same Mainland China Listco (as defined below), whether the relevant holdings are through

Northbound trading, QFII/RQFII regime or other investment channels) in a Mainland China incorporated company which is listed on a Mainland China stock exchange (a “**Mainland China Listco**”) above a certain threshold as may be specified from time to time by the relevant China Connect Authorities, you must disclose such interest within the period specified by the relevant China Connect Authority, and you must not buy or sell any such shares within the period specified by the relevant China Connect Authority. You must also disclose any substantial change in your holding as required by the relevant China Connect Authority.

Where a Mainland China incorporated company has both H Shares listed on the SEHK and A Shares listed on a China Connect Market, if an investor is interested in more than a certain threshold (as may be specified from time to time) of *any* class of voting shares (including A Shares purchased through China Connect) in such Mainland China incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the Mainland China incorporated company has not listed any shares on the SEHK.

It shall be your responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant China Connect Authorities and arrange for any relevant filings.

15 Short Swing Profit Rule

Under Mainland China laws, rules and regulations, the “short swing profit rule” requires you to give up/return any profits made from purchases and sales in respect of China Connect Securities of a particular Mainland China Listco if (a) your shareholding in that Mainland China Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. You (and you alone) must comply with the “short swing profit rule”.

16 Foreign Ownership Limits

Under Mainland China laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single Mainland China Listco, and also a limit to the maximum combined holdings of all foreign investors in a single Mainland China Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound Trading, QFII/RQFII regime or other investment channels). It shall be your responsibility to comply with all foreign ownership limits from time to time imposed by China Connect Laws and China Connect Rules. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of an investment in China Connect Securities due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As a result, you may suffer losses through your trading or investment in China Connect Securities.

If we become aware that you have breached (or reasonably believes that you may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if we are so required by any China Connect Authority, including, without limitation, as a result of any Forced-sale Notice issued by a China Connect Market, we will sell any China Connect

Securities pursuant to Clause 10 (*Sale, Transfer and Disgorgement*) above if you fail to comply with the corresponding Client Forced-sale Notice in order to ensure compliance with all China Connect Laws and China Connect Rules. In such case, no buy orders for the relevant China Connect Securities will be accepted until the relevant China Connect Market informs the relevant SEHK Subsidiary or SEHK that the aggregate foreign shareholding has fallen below a certain percentage. SEHK may determine in its absolute discretion which Exchange Participants and what quantity of China Connect Securities should be subject to a Forced-sale Notice (this is likely to be on a “last-in, first-out” basis), and SEHK’s (or a SEHK Subsidiary’s) own records shall be final and conclusive.

Moreover, under Mainland China laws, where the aggregate holdings of foreign investors exceed a specified percentage (the “**Cautionary Level**”) of the issued shares of a single Mainland China Listco, upon notification by the relevant China Connect Market to relevant SEHK Subsidiary, SEHK and the relevant SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting China Connect Securities buy orders in respect of the relevant China Connect Securities. In such circumstances, we may reject your buy orders until the aggregate shareholding of foreign investors has fallen below the specified percentage (the “**Permitted Level**”) as advised by the relevant China Connect Market.

As of the date of these China Connect Terms, the single foreign investor limit is set at 10% of the shares of a Mainland China Listco and the aggregate foreign investor limit is set at 30% of the shares of a Mainland China Listco (while the Cautionary Level and the Permitted Level are set at 28% and 26% respectively of the shares of a Mainland China Listco). Such limits are subject to change from time to time and we shall not be under any obligation to inform you of any such changes to foreign ownership limits.

17 Taxation

Prior to investing in China Connect Securities, you are strongly urged to consult your own tax advisers and counsel with respect to the possible Hong Kong and/or Mainland China tax consequences to you of such investment since such tax consequences may differ in respect of different investors.

You will be fully responsible for any Taxes in respect of China Connect Securities including, without limitation, any capital gains tax or other Mainland China taxes, and will indemnify us and any Related Person from and against all Hong Kong and/or Mainland China Taxes which we or Related Persons may incur arising in connection with any China Connect Securities which you hold, trade or otherwise deal in.

We assume no responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, nor will we provide any service or assistance in this regard. Please refer to Clause 13 (*Fees and Taxation*) for details of the applicable legal terms.

18 Insider Dealing, Market Manipulation and Other Market Conduct Rule

Northbound trading through the China Connect will be subject to Mainland China laws and regulations prohibiting activities that constitute market manipulation, insider dealing and related offences. The scope of these restrictions may not be the same as equivalent requirements under Hong Kong law. In particular, defences applicable under Hong Kong market misconduct rules may not be applicable under Mainland China laws and

regulations. If you are unfamiliar with Mainland China market conduct requirements and restrictions, you should seek specialist advice before engaging in trading through the China Connect. You confirm that you are not in possession of inside information when trading China Connect Securities or procuring others to do so.

19 Client Securities Rules

By way of brief background, the Client Securities Rules prescribe how client assets are to be dealt with by all intermediaries and their associated entities. Investor protection measures which are required under the SFO to be observed by Exchange Participants vis-à-vis their clients, such as those relating to dealings with client securities and payment of client money into segregated accounts, are applicable to Northbound trading activities undertaken by Exchange Participants for their clients under China Connect.

20 Investor Compensation Fund

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the Securities and Futures Ordinance. Accordingly, when you trade in China Connect Securities, unlike the trading of SEHK-listed securities, you will not be covered by the Investor Compensation Fund in respect of any loss you may sustain by reason of a default by SFC licensed or registered persons.

21 Ownership of China Connect Securities

Hong Kong law recognises the proprietary interest of investors in shares held for them by their broker or custodian in CCASS. Such recognition should apply equally to China Connect Securities held for Hong Kong and overseas investors by the Clearing Participant through HKSCC. In addition, in Mainland China (where China Connect Securities are registered in a securities account opened with ChinaClear in the name of HKSCC), it is expressly stipulated in the CSRC China Connect Rules that HKSCC acts as the nominee holder and the Hong Kong and overseas investors are the beneficial owners of the China Connect Securities. Accordingly, the regulatory intention appears to be that Hong Kong and overseas investors should also have proprietary rights over China Connect Securities under Mainland China laws.

You should conduct your own review of the materials published by HKEX on China Connect in relation to the ownership of China Connect Securities and the applicable China Connect Rules as they may be amended and supplemented from time to time. You should also consult your own legal advisers to make your own assessment of your rights as a Northbound investor in China Connect Securities.

You should also note that as China Connect is a recent initiative there may be some uncertainty surrounding such arrangements. In addition, while Hong Kong and overseas investors may have proprietary rights over China Connect Securities, HKSCC as nominee is not obliged to enforce such rights in Mainland China on behalf of such investors.

ChinaClear Risk

22 Risk of ChinaClear Default

ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. If ChinaClear (as the host central counterparty) defaults, HKSCC has stated that it may (but shall have no obligation to) take any legal action or court proceeding to seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. As ChinaClear does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of ChinaClear's positions. HKSCC will in turn distribute the China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant China Connect Authorities. We in turn will be distributing China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by ChinaClear is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

23 Risk of HKSCC Default

Our provision of services pursuant to these China Connect Terms also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement of China Connect Securities and/or monies in connection with them and you may suffer losses as a result. Neither we nor any Related Persons shall have any responsibility or liability for any such losses.

Other Operational Issues

24 Scripless Securities

China Connect Securities are traded in scripless form and accordingly, China Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

25 Company Announcements on Corporate Actions

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the relevant China Connect Market's website and certain appointed newspapers. HKSCC will also record all corporate actions relating to China Connect Securities in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the relevant China Connect Market's website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web page from time to time) for corporate actions in respect of China Connect Securities issued on the previous Trading Day. Investors should note that issuers listed on China Connect Markets publish corporate documents in Chinese only, and English translations will not be available.

In addition, HKSCC will endeavour to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the

dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day.

Following existing market practice in Mainland China, investors engaged in Northbound trading will not be able to attend shareholder meetings by proxy or in person, unlike the current practice in Hong Kong in respect of SEHK-listed shares.

We do not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and neither we nor any Related Person accept any liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. We expressly disclaim all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

26 Special Segregated Accounts and Fund Managers' Order Aggregation

To facilitate investors whose Connect Securities are maintained with custodians to sell their Connect Securities without having to pre-deliver the China Connect Securities from their custodians to their executing brokers, the Special Segregated Account (“**SPSA**”) model was introduced that allows an investor whose Connect Securities are maintained with a qualified custodian to maintain its holdings in Connect Securities.

If we receive instructions from you to sell China Connect Securities held in a Special Segregated Account, and before we input such an order into the CSC, you must provide us with satisfactory evidence that (i) a Special Segregated Account has been designated to you, and an investor identification number has been assigned by CCASS to the Special Segregated Account in accordance with CCASS rules; (ii) you have provided us with authorization to execute the sale of China Connect Securities in the specified Special Segregated Account on your behalf, and (iii) your confirmation that there are sufficient China Connect Securities in the Special Segregated Account to settle the delivery obligation on the relevant settlement day and, if the SPSA order is executed, the relevant China Connect Securities will be delivered to us for settlement.

If you are a fund manager which manages funds or sub-funds through the use of two or more SPSAs (whether they are maintained with one or more qualified custodians), to the extent you wish to treat the separate SPSA orders as part of a single aggregated sell order such that each SPSA order is in fact intended to be for the benefit of all of the relevant SPSAs (not just for the SPSA identified for that order), you hereby represent and warrant to us that: (i) you have the authority to aggregate SPSA orders across the relevant SPSAs and to decide the appropriate allocation of trades to funds or sub-funds in those SPSAs; and (ii) doing so complies with applicable laws, rules and regulations and does not involve any misappropriation of client assets.

27 Average Pricing across Funds for Fund Managers

If you act as a fund manager for more than one fund or an asset manager on behalf of more than one client and you pre-allocate China Connect orders across such funds or clients which you manage, we may offer Average Pricing for such orders notwithstanding such orders may be executed at different times during the same Trading Day. Where Average Pricing applies, each fund or client will be allocated China Connect Securities (or their proceeds) at the same averaged price, which may be higher or lower than the price which such fund or client would have paid or received had the orders been processed

individually and in the order submitted directly or indirectly to us. Neither we nor any Related Person will be responsible for any such differences in pricing or any loss or risk arising from the application of Average Pricing.

28 Disclosure of Information and Publication of Trade Information

SEHK may require us to provide information on your profile, and the type and value of your orders in relation to Northbound trading of China Connect Securities and the trades which we executed for you at such intervals and in such form as SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of China Connect Securities trades under China Connect, trading volumes, investor profiles and other related data. SEHK may forward such information to the relevant China Connect Market for surveillance and investigation purposes.

29 Client Error

Neither we nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by an investor as a result of any trading based on the investor's instructions. We will not be able to unwind any trade, and investors should also take note of the settlement arrangements in respect of China Connect Securities under China Connect, including but not limited to quota restrictions.

The China Connect Rules generally prohibit any off-exchange trading or transfers. However transfers may be permitted between you and us to rectify a trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. We shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither we nor any Related Person shall have any liability for any losses which may result directly or indirectly from such errors or any refusal to conduct a transfer to correct an error trade.

30 Retention of Information

You acknowledge and accept that we will be required under the China Connect Rules to keep records for a period of no less than 20 years of (a) all orders and trades executed on your behalf, (b) any instructions received from you; (c) your account information in relation to Northbound trading; and (d) all relevant information concerning margin trading and stock borrowing and lending of any China Connect Securities (including, without limitation, in respect of any such margin trading, the relevant securities margin trading arrangement and the funds provided).

31 China Connect Market System

SEHK or the relevant SEHK Subsidiary (after consulting with SEHK) may, under certain circumstances as specified in the SEHK rules and/or whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as SEHK may consider appropriate. You will not be able to buy or sell China Connect Securities on SEHK through China Connect during any period in which trading of China Connect Securities is suspended. In particular, you should note that while trading of China Connect Securities is suspended by the SEHK, trading of such China Connect Securities may continue on the relevant China Connect Market. You may

remain exposed to fluctuations in the price of China Connect Securities caused by trading on the China Connect Markets during the period when trading of such China Connect Securities is suspended by SEHK.

SEHK has absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, SEHK or the relevant SEHK Subsidiary (with the agreement of SEHK) may cease the provision of the China Connect Northbound trading service permanently.

The execution of trades in China Connect Securities is subject to Circuit Breaker Provisions. The imposition of such provisions on any China Connect Market Trading Day will result in the suspension of the execution of trades through the relevant China Connect Market for such period or periods as set out in the Circuit Breaker Provisions. Further, the lifting of such provisions during a continuous auction session of any China Connect Market Trading Day may result in trades being executed through call auctions.

Such suspension, restriction or cessation will affect *our* ability to accept and process your orders and you are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. There can be no assurance that your orders will be accepted or processed, notwithstanding that China Connect Securities may be traded through other channels including, without limitation, by PRC investors on a China Connect Market.

Further, the SEHK rules state that where any H Shares with corresponding A Shares eligible as China Connect Securities are suspended from trading on SEHK, but the corresponding A Shares are not suspended from trading on the relevant China Connect Market, the service for routing the China Connect sell orders and China Connect buy orders for such A Shares to a China Connect Market for execution will normally remain available. However, SEHK may, in its discretion, restrict or suspend such service without prior notice and your ability to place sell orders and buy orders may be affected.

The China Connect Market System is a new platform for trading of China Connect Securities under China Connect. We provide trading services based on the China Connect Market System which is operated by the China Connect Markets. We are not responsible for any delay or failure caused by the China Connect Market System and investors accept all risks arising from trading China Connect Securities through the China Connect Market System. Neither we nor any Related Person shall be responsible or held liable for any loss or damage directly or indirectly suffered by you arising from or in connection with the China Connect Service or the CSC through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service or the CSC, or any inability to access or use the CSC or the China Connect Service;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency or contingencies, including but not limited to the cancellation of any or all China Connect orders input by Exchange Participants;
- (c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on a China Connect Market;

- (d) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any China Connect orders or any delay or failure to send any order cancellation requests or to provide the China Connect Service due to any system, communication or connection failure, power outage, software or hardware malfunction or other events beyond our control or the control of SEHK, us or a Related Person;
- (f) any China Connect order which we have requested to be cancelled not being cancelled for any reason whatsoever;
- (g) in the event that SEHK or the relevant China Connect Market requires that we reject any order for China Connect Services;
- (h) any delay, failure or error of any China Connect Market System or any system upon which we, the relevant SEHK Subsidiary or a Related Person is reliant in providing the China Connect Service; and
- (i) any delay or failure to execute, or any error in matching or executing, any China Connect order due to reasons beyond the control of SEHK, HKEx, the relevant SEHK Subsidiary, us or any Related Person, including but not limited to any action or decision taken or made, or not taken or made, by any China Connect Authority or any other relevant governmental or regulatory body.

If there is any delay or failure to send any order cancellation requests in any circumstance described in paragraph (e) above, you shall, in the event such order is matched and executed, remain responsible for fulfilling any settlement obligations in respect of such transaction.

You acknowledge that HKEx, SEHK, each SEHK Subsidiary, each China Connect Market, the subsidiaries of each China Connect Market and their respective directors, employees and agents are not responsible or held liable for any such losses.

32 Operational Hours

SEHK has absolute discretion to determine from time to time the operational hours of the China Connect service, and will have absolute discretion to change the operational hours and arrangements of the China Connect service at any time and without advance notice whether on a temporary basis or otherwise. We shall not be under any obligation to inform you of any such determinations by the SEHK as to the operational hours of the China Connect service.

Where, for example, there is any price sensitive information relating to a Mainland China Listco during a time when China Connect Service is not in operation, the A Shares of the Mainland China Listco may continue to trade on the China Connect Markets and the price of such A Shares may move significantly. In such case, Northbound investors will not be able to trade in such shares until the next available Trading Day under China Connect.

33 Margin Trading

Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by

the relevant China Connect Authorities to be eligible for margin trading (“**Eligible Margin Trading Securities**”). The HKEx will from time to time publish a list of Eligible Margin Trading Securities on its website or through such means as it considers appropriate for margin trading. Under no circumstances will an Exchange Participant provide funds or securities margin financing arrangements to any of its clients for the purpose of or with the view to facilitate the purchase of China Connect Securities that are not Eligible Margin Trading Securities.

A China Connect Market may suspend margin trading activities in any specific A Share if the volume of margin trading activities in such A Share exceeds a threshold determined by the relevant China Connect Market and resume margin trading activities when the volume of margin trading activities drops below a prescribed threshold. Where the SEHK is notified by a China Connect Market that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading (except for margin trading in respect of China Connect Securities buy orders) in the relevant China Connect Security shall be suspended and/or resumed accordingly, and such buy orders shall be placed with the deemed representation and confirmation to us that it does not involve margin trading. In any event, a China Connect Authority or China Connect Entity may still reject, suspend or restrict the routing of any buy order if it deems abnormal margin trading activities are taking place.

Each China Connect Market reserves the right to require at some future date for margin trading orders to be flagged when routed to China Connect. Neither we nor any Related person shall have any obligation to update you in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

34 Rights Issuances

Where you receive any form of entitlement security from the issuer of a China Connect Security, if such entitlement security:

- (a) is a China Connect Security, you will be permitted to buy and sell the entitlement security through China Connect;
- (b) is not a China Connect Security but is a RMB denominated security listed on a China Connect Market, you may be allowed to sell the entitlement security through China Connect but will not be permitted to buy such entitlement security;
- (c) is a security listed on a China Connect Market but is not traded in RMB, you will not be allowed to buy or sell the entitlement security through China Connect; and
- (d) is not listed on a China Connect Market, you will not be allowed to buy or sell the entitlement security on China Connect unless and until appropriate arrangements (if any) have been provided by HKSCC. It is possible that no such alternative arrangements will be provided.

35 Odd Lot, Order Size and Tick Size

Odd lot trading in China Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the

same platform on China Connect and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB0.01.

36 Short Selling²

Short Selling of China Connect Securities is allowed provided such covered short selling satisfies the requirements specified by the relevant China Connect Authorities, including that short selling orders are only in respect of China Connect Securities designated as eligible for short selling as published from time to time, are appropriately flagged as a Short Selling order and that they are subject to price restrictions such as:

- A Short Selling order for a Short Selling Security will not be accepted at a price lower than the most recent execution price for that Short Selling Security, or if there have been no executed trades for that Short Selling Security on the relevant Trading Day, the previous closing price for that Short Selling Security.
- Where shares in any Short Selling Security borrowed for Short Selling remain outstanding and have not yet been returned, you are required to comply with the above rule in respect of any instructions for the sale of that Short Selling Security, except for those instructions that exceed the number of the outstanding and unreturned shares.
- China Connect Entities or China Connect Authorities may set price restrictions, at such thresholds as they consider appropriate to block the input of Short Selling orders at an artificially high price which has the effect of artificially using up the limits of the Short Selling Ratio.

The Short Selling Ratio for any Short Selling Security shall not exceed 1% on any China Connect Market Trading Day, and the cumulative Short Selling Ratios for a Short Selling Security in any period of 10 consecutive Trading Days shall not exceed 5%. Any Short Selling order that, if executed, will cause the 1% daily limit or the 5% cumulative limit for a Short Selling Security to be exceeded during the course of a Trading Day will be rejected.

Naked short selling of China Connect Securities is prohibited. The China Connect Authorities may also suspend the ability to engage in short selling of any China Connect Security if the volume of short selling activity exceeds thresholds prescribed by the relevant China Connect Market. You will be fully responsible for understanding and complying with short selling requirements as in effect from time to time (including consulting the latest documentation published by the China Connect Authorities) and for any consequences of non-compliance.

37 Stock Borrowing and Lending²

The SEHK has announced that stock borrowing and lending will be permitted for eligible China Connect Securities as specified by the China Connect Markets for the purpose of (a) covered short selling and (b) satisfying the Pre-Trade Checking requirement. Stock borrowing and lending of eligible China Connect Securities will be subject to restrictions set by SEHK and each China Connect Market, including but not limited to the following:

- (a) stock borrowing and lending agreements for the purpose of covered short selling shall have a duration of not more than one month;

² If you wish to conduct *Short Selling* and *Stock Borrowing and Lending* activities, please contact your sales representative for more information.

- (b) stock borrowing and lending agreements for the purpose of satisfying the Pre-Trade Checking requirement shall have a duration of not more than one day (and roll-over is not permitted);
- (c) stock lending will be restricted to certain types of persons to be determined by each China Connect Market; and
- (d) stock borrowing and lending activities will be required to be reported to SEHK.

Each China Connect Market will determine a list of China Connect Securities eligible for stock borrowing and lending. We will be required to file a monthly report to the SEHK providing details of our stock borrowing and lending activities with respect to China Connect Securities. This may include (amongst others) details of the borrower, lender, amount of shares borrowed/lent, amount of shares outstanding and date of borrowing/returning.

Investors are advised to refer to the relevant provisions from time to time applicable in the SEHK China Connect Rules (as and when these are published) and in the China Connect Laws and China Connect Rules.

38 RMB Conversion

Any conversion of any currency into RMB pursuant to Clause 9 (*Settlement and Currency Conversion*) may be subject to conversion limits. Settlement of a Northbound buy order may be delayed and/or fail if there is a delay in converting the relevant currency into RMB. Any risk, loss or cost resulting from any such delay or failure of settlement shall be borne by you.

Risks associated with investing in China Connect Securities

39 Other risks associated with investing in China Connect Securities

General Mainland China related risk

Mainland China is an emerging market that possesses one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development stage or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, liquidity/gapping risk, regulatory/legal risk, trade settlement, processing and clearing risks and bondholder/shareholder risk.

Equity risk

Investing in China Connect Securities may offer a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in China Connect Securities may also be higher, because the investment performance of China Connect Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

General legal and regulatory risk

You must comply with all China Connect Laws and China Connect Rules. Furthermore, any change in any China Connect Laws or China Connect Rules may have an impact on the market sentiment which may in turn affect the performance of China Connect Securities. It is impossible to predict whether such an impact caused by any such change will be positive or negative for China Connect Securities. In the worst case scenario, you may lose a material part of your investments in China Connect Securities. In addition, any litigation or other legal actions brought before the courts in Mainland China will be subject to Mainland China laws, rules and procedures, which are not the same as those which apply to the courts in Hong Kong.

Currency risk

RMB is not yet freely convertible in Hong Kong, and is subject to foreign exchange controls and restrictions. Particularly, conversion of RMB through banks in Hong Kong is subject to certain restrictions. It may be difficult for investors to convert RMB into Hong Kong dollars or other currencies or vice versa at any specific time, and conversion will be subject to conversion costs and such costs and timings for conversion may not be of your preference.

In addition, the value of RMB against Hong Kong dollars or other foreign currencies may be affected by a wide range of factors. There is no guarantee that RMB will not depreciate. A depreciation of RMB may result in a decrease in the market value of RMB securities and the realisation price of RMB securities. Non-RMB based investors who are trading in RMB securities, may also sustain loss in the event that they subsequently convert any RMB proceeds back to Hong Kong dollars or other base currencies.

There are also significant restrictions on the remittance of RMB into and out of the PRC. If the issuer of RMB securities is not able to remit RMB to Hong Kong or make distributions in RMB due to exchange controls or other restrictions, the issuer may make distributions (including dividends and other payments) in other currencies. Investors may therefore be exposed to additional foreign exchange risk and liquidity exposures.

The liquidity and trading price of China Connect Securities may be adversely affected by the limited availability of RMB outside the PRC and restrictions on the conversion of RMB. These factors may affect the liquidity of RMB for investors and accordingly adversely affect the market demand for China Connect Securities.

Updated in September 2018

CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

China Connect Supplement – Notice relating to Northbound Investor ID Model

AT ANY TIME THE CLIENT PLACES AN ORDER WITH CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED (“CICC”) OR OTHERWISE ENGAGES IN A TRANSACTION WITH CICC UNDER CHINA CONNECT ON AND AFTER THE INVESTOR ID MODEL EFFECTIVE DATE, THESE TERMS ARE DEEMED TO APPLY TO SUCH ORDER OR TRANSACTION.

1 Definition and Interpretation

1.1 Unless otherwise defined below, terms defined in the Existing Terms and China Connect Terms shall have the same meaning in this Supplement.

1.2 In this Supplement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Applicable Requirements” means the relevant laws, rules, regulations, policies, interpretations, guidelines, requirements and other regulatory documents promulgated by relevant governmental or regulatory bodies of Hong Kong and Mainland China from time to time including the China Connect Rules and any other relevant requirements and/or restrictions of any governmental or regulatory body, exchange or clearing house as may be published and/or amended from time to time.

“BCAN” means the Broker-to-Client Assigned Number which is a unique and confidential number assigned by CICC to the Client in respect of Northbound trading.

“BCAN-CID Mapping File” means a file compiled by CICC which contains all the assigned BCANs and their corresponding CID, in such format as the SEHK may require from time to time.

“CID” or **“Client Identification Data”** means such identity information relating to the Client as the SEHK may request from time to time under the rules of the SEHK which may include, without limitation, the Client’s name, identity document type, identity document issuing country or jurisdiction and identity document number.

“CSC trading day” means a day on which the China Connect Service is available for the routing of China Connect orders.

“Investor ID Model Effective Date” means the date that the Northbound Investor ID model launches as notified by the SEHK or other China Connect Authorities on the HKEx website or the SFC website.

1.3 This Supplement is supplemental to, and without prejudice to, the Existing Terms and China Connect Terms. This Supplement applies at any time that the Client trades China Connect Securities under China Connect through CICC from the Investor ID Model Effective Date. In the event of any inconsistency between this Supplement and the Existing Terms and China Connect Terms, this Supplement prevails in relation to the trading of China Connect Securities through China Connect after the Investor ID Model Effective Date.

- 1.4 Cross references to SEHK Trading Rules and HKEX Northbound Investor ID Information Paper and other sources in this document (together “Source Documents”) are provided merely for reference. Cross references shall be deemed updated, *mutatis mutandis*, to accommodate further changes or amendments to the Source Documents.

2 BCAN and Provision of CID

- 2.1 The SEHK has introduced the Northbound Investor ID model for trading of China Connect Securities, which is expected to be launched in Q3 2018. Under this model, in order to place an order in respect of China Connect Securities on the Client’s behalf, CICC will be required to:

- (e) tag each of the Client’s orders submitted to the CSC with a BCAN that is unique to the Client; and
- (f) provide to the SEHK the Client’s assigned BCAN and CID relating to the Client as the SEHK may request from time to time under the rules of the SEHK.

- 2.2 If the Client is a fund manager or asset management company who submits orders for one or more funds or discretionary accounts, the Client acknowledges that the Client’s orders for all funds or discretionary accounts managed by the Client will be tagged with the same BCAN. *[Source: Paragraph 23(iv) of the HKEX Northbound Investor ID Information Paper]*

- 2.3 If the Client has multiple accounts with CICC, the Client acknowledges that a single BCAN will be assigned to the Client unless the Client holds any joint account with any of our other clients, in which case, CICC will assign a separate BCAN to such joint account, and the CID of both the Client and the joint holder(s) should be provided under the BCAN for such joint account. *[Source: SEHK Trading Rule 1425(1)(b)]*

- 2.4 If the Client is an exchange participant of the SEHK conducting the Northbound trading through CICC, the Client agrees and acknowledges that:

- (a) The Client shall follow the rules and requirements and implement adequate policies and procedures in connection with the BCAN and CID, including but not limited to, assigning a BCAN to the Client’s underlying clients within the BCAN range designated by CICC (“**Designated Range**”) and providing the BCANs and CID of the Client’s underlying clients in the form of a BCAN-CID Mapping File to the SEHK in accordance with the rules and requirements prescribed by the SEHK from time to time *[Source: SEHK Trading Rule 1425A(1)(d)]*;
- (b) With respect to any Northbound trading orders from the Client, (i) in the case where the Client is placing Northbound trading orders for the Client’s client, the Client shall provide CICC with the BCAN assigned by the Client to the Client’s client (which should be within the Designated Range) (the “**Indirect Client BCAN**”), and CICC will tag such Northbound trading order with the Indirect Client BCAN, or (ii) in the case where the Client is placing Northbound trading orders for yourself, CICC will tag such Northbound trading orders with the Client’s BCAN assigned by CICC; and
- (c) The Client shall include related or similar acknowledgements and statements contained herein into the Client’s China Connect business terms with the Client’s underlying clients, in particular, in relation to paragraph (b) above, the Client shall obtain the relevant authorizations and consents from the Client’s underlying clients.

3 Acknowledgments and representations

- 3.1 The Client represents and undertakes on a continuing basis, including at each time that the Client places an order, or otherwise gives an instruction, in respect of the China Connect Securities, that the CID provided to CICC is accurate and up-to-date. If there are any changes to the CID after its provision, the Client shall inform CICC as soon as possible and in any event, before the deadline prescribed by SEHK from time to time. *[Source: SEHK Trading Rule 1425A(2)-(4)]*
- 3.2 Without limitation to any notification CICC have given the Client or consent CICC have obtained from the Client in respect of the processing of the Client's personal data in connection with the Client's account and our services to the Client, the Client acknowledges and agrees that CICC may collect, store, use, disclose and transfer personal data relating to the Client as required as part of our Northbound trading service, including as follows: *[Source: "Sample Language for Inclusion in Personal Information Collection Statement concerning Northbound China Connect Orders" available on the HKEx website]*
- (a) to disclose and transfer the Client's BCAN and CID to the SEHK and the relevant SEHK Subsidiaries from time to time, including by indicating the Client's BCAN when inputting a China Connect Order into the CSC, which will be further routed to SSE or SZE (as the case may be) on a real-time basis;
 - (b) to allow each of the SEHK and the relevant SEHK Subsidiaries to: (i) collect, use and store the Client's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by ChinaClear (in the case of storage, by any of them or via HKEx) for market surveillance and monitoring purposes and enforcement of the rules of the SEHK; (ii) transfer such information to SSE or SZE (as the case may be) (directly or through ChinaClear) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
 - (c) allow ChinaClear to: (i) collect, use and store the Client's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to SSE or SZE (as the case may be), the SEHK and the relevant SEHK Subsidiary; (ii) use the Client's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
 - (d) to allow SSE or SZE (as the case may be) to: (i) collect, use and store the Client's BCAN and CID to facilitate their surveillance and monitoring of securities trading on SSE or SZE (as the case may be) through the use of the China Connect Service and enforcement of the rules of SSE or SZE (as the case may be); and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory,

surveillance and enforcement functions with respect to the Mainland financial markets.

3.3 By instructing CICC in respect of any transaction relating to China Connect Securities, the Client acknowledges and agrees that CICC may use the Client's personal data for the purposes of complying with the requirements of the SEHK and its rules as in force from time to time in connection with Northbound trading. The Client also acknowledges that despite any subsequent purported withdrawal of consent by the Client, the Client's personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent. *[Source: "Sample Language for Inclusion in Personal Information Collection Statement concerning Northbound China Connect Orders" available on the HKEx website]*

3.4 The Client acknowledges that:

- (a) The Client cannot place a trade order until the next CSC trading day after the Client receives a notice of the completion of account opening and/or successful update of the Client's CID from CICC; *[Source: SEHK Trading Rule 1425A(2)]*
- (b) Notwithstanding that the Client have submitted the Client's updated CID, the Client's trade order may still be rejected if the CID provided by the Client and BCAN have not yet been submitted to and/or approved by SEHK, SSE or SZE (as the case may be) or other China Connect Authorities at the time of such trade order, and CICC shall not be liable to the Client for any failure or delay in submitting such CID and BCAN to SEHK, SSE or SZE (as the case may be) or other China Connect Authorities;
- (c) If the CID and BCAN mapping information fails to pass the relevant validation check by SEHK, SSE or SZE (as the case may be) or other China Connect Authorities, all the Client's trade orders will be rejected; *[Source: Paragraphs 19(ii) and 21 of the HKEX Northbound Investor ID Information Paper and SEHK Trading Rule 1425A(4)]*
- (d) If the Client is an individual, and do not provide the necessary consents and authorizations (both written and prescribed) in relation to the collection, storage, use, disclosure and transfer of the Client's CID and/or BCAN, or the Client's BCAN or BCAN-CID mapping are otherwise invalid or deficient, CICC may, in its own discretion, place Northbound sell orders on behalf of the Client in relation to such BCAN, but no Northbound buy order is allowed in relation to such BCAN; *[Source: SEHK Trading Rule 1425A(6)]*
- (e) If the Client is an individual, and does not provide or subsequently withdraw the necessary consents and authorizations (both written and prescribed) in relation to the collection, storage, use, disclosure and transfer of the Client CID and/or BCAN, CICC may,
 - (i) request the Client to confirm that the Client has not otherwise provided such consent to other brokers for Northbound trading;
 - (ii) conduct appropriate due diligence on the Client to ensure that the Client is not abusing the Northbound sell order exception in paragraph (d) above, and the Client agrees to cooperate with any due diligence; or

- (iii) refuse to place any further Northbound trading orders for the Client until the Client provides the necessary consents or authorizations; and
 - (f) The SEHK may suspend or restrict the input of China Connect Securities orders under any BCAN where the SEHK considers it appropriate and reasonable to do so, including where it is found that the Client has or may have committed any abnormal trading conduct under, or failed to comply with, any China Connect Rules. If the SEHK is notified by any China Connect Authorities that there is reasonable cause to suspect or believe that the Client has failed to comply with or have breached any applicable laws of the PRC with regard to the trading of China Connect Securities, SEHK may also require CICC not to accept or input China Connect orders under the BCAN assigned to the Client. If the Client is a fund manager or asset management company who submits orders for one or more funds or discretionary accounts, such suspension or restriction would affect all the Client's funds or discretionary accounts tagged with the same BCAN. *[Source: SEHK Trading Rules 1436 and 1437(2)]*
- 3.5** The Client agrees and acknowledges that if the CID and BCAN mapping information fails to pass the relevant validation check by the SEHK, SSE or SZE (as the case may be) or other China Connect Authorities, or the SEHK, SSE or SZE (as the case may be) or other China Connect Authorities rejects the Client's Northbound trading orders due to such failure or any other reason:
- (a) CICC has no obligation, liability or whatsoever, to provide any explanation or reason for such failure or rejection to the Client; and
 - (b) subject to the Applicable Requirements or notification from the SEHK, SSE or SZE (as the case may be) or other China Connect Authorities, CICC may deliver the failure or rejection message to the Client or follow up with the Client in relation to such failure or rejection in such manner and at such time as it deems appropriate;
- 3.6** CICC cannot change the BCAN assigned to the Client or any of the Client's underlying clients without prior written approval from the SEHK. If orders in respect of China Connect Securities under the BCAN assigned to the Client are suspended, rejected or restricted by the China Connect Authorities for any reason, CICC cannot assign another BCAN to the Client or any of the Client's underlying clients. *[Source: SEHK Trading Rule 1425A(1)(e)]*
- 3.7** The SEHK may require CICC to provide information on the identity, address and contact details of, the person or entity (legal or otherwise) ultimately responsible for originating the instruction in relation to a China Connect Securities trade (and the instruction given) and of the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the China Connect Securities trade and/or bear its commercial or economic risk and such other information within such period as the SEHK may request. *[Source: SEHK Trading Rule 1437(1)]*
- 3.8** CICC shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client arising from or in connection with any rejection of the Client's Northbound orders inputted under any BCAN or in connection with any such actions taken by SEHK, SSE or SZE (as the case may be), or other China Connect Authorities, or any delay, failure or error in the transmission of any information (including the Client's CID, BCAN and other information referred to in this notice). The Client agrees to indemnify CICC for any loss incurred by CICC in connection with any non-compliance or potential non-compliance with any requirements set out in this notice.

4 Miscellaneous

This Supplement is, unless otherwise agreed, governed by the laws of Hong Kong. You agree to submit to the non-exclusive jurisdiction of the Hong Kong courts.