



中國國際金融香港證券有限公司
China International Capital Corporation-Hong Kong
Securities Limited
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Date: 16 August 2018

Dear Valued Client,

Re: Notice regarding Transaction-related Disclosures¹

As a corporation licensed in Hong Kong by the Securities and Futures Commission, China International Capital Corporation Hong Kong Securities Limited (“we” or “us”) is required to disclose certain transaction-related information to you when we distribute investment products to you (including where we for ourselves or on behalf of an affiliate, enter into back-to-back transactions with you).

The enclosed Schedule of Transaction Related Information Disclosure (the “**Disclosure Schedule**”) sets out certain transaction-related information and is aimed at enhancing transparency for our clients. We may refer you to the Disclosure Schedule prior to or at the time of entering into a transaction with you.

If you have any questions, please contact your investment representative.

Thank you for your attention.

Yours faithfully,

Authorized Signatory
China International Capital Corporation Hong Kong Securities Limited

¹The enclosed Disclosure Schedule does not apply to the Wealth Management Services of China International Capital Corporation Hong Kong Securities Limited

Schedule of Transaction Related Information Disclosure

(the “Disclosure Schedule”)

This Disclosure Schedule should be read in conjunction with your client agreement with China International Capital Corporation Hong Kong Securities Limited (“CICCHKS” or “we” or “us”). The purpose of this Disclosure Schedule is to provide you with certain transaction related information, including the benefits received or receivable by us and/or our associates when we distribute investment products to you, whether such investment products are issued by third parties or us or any of our affiliates. CICCHKS will, prior to or at the time of entering into a transaction, refer you to this Disclosure Schedule or the offering documents for details (if applicable) and/or otherwise disclose to you the relevant transaction related information (e.g. in the event any relevant information is not covered by or deviates from, the information in this Disclosure Schedule).

Where reference is made in this Disclosure Schedule to:

- the “CICC Group” this refers to CICCHKS and its affiliates;
- the distribution of investment products by CICCHKS, it includes CICCHKS selling the investment products to or buying the investment products from you; and
- back-to-back transactions this refers to transactions where CICCHKS for itself or an affiliate, after receiving: (a) a purchase order from you, purchases an investment product from a third party and then sells the same investment product to you; or (b) a sell order from you, purchases an investment product from you and then sells the same investment product to a third party, and no market risk is taken by CICCHKS or the affiliate of CICCHKS, as the case may be.

Specific disclosure of monetary benefits may also be contained in the contract note of the relevant transactions. In the event of any inconsistency, the information disclosed in the contract note of the relevant transaction shall prevail.

This Disclosure Schedule is for your information only. It is not intended to be an offer, or a solicitation to buy from us or sell to you any investment or specific product. It may not be reproduced and/or circulated without the prior authority of CICCHKS.

All information in this Disclosure Schedule may be amended from time to time by CICCHKS by giving you 7 days prior notice of such changes. CICCHKS is not required to give you prior notice of changes which are not within its control. For the avoidance of doubt, this does not prevent CICCHKS from entering into transactions with you in respect of which the relevant transaction-related information is not covered by, or deviates from, the information in this Disclosure Schedule. In these circumstances, CICCHKS may refer you to other documentation (e.g. offering documents) and/or notify you of such relevant transaction-related information prior to or at the point of entering into the transaction with you.

Part 1 – Disclosure of Monetary and Non-Monetary Benefits

The benefits that may be received or receivable by us and/or our associates are set out below.

A1. Specific monetary benefits

CICCHKS and/or any of its associates (as appropriate) may receive monetary benefits which are quantifiable prior to or at the time of entering into the relevant transaction, and such monetary benefits may be: (i) monetary benefits

received or receivable by CICCHKs and/or any of its associates from product issuers (whether directly or indirectly) under explicit remuneration arrangements in respect of the distribution of the relevant investment products, and/or (ii) trading profits made by CICCHKs or an affiliate of CICCHKs on back-to-back transactions where CICCHKs or an affiliate of CICCHKs acts as a principal in the transaction.

(i) Equities

CICCHKs and/or any of its associates may receive monetary benefits for distributing equities (as a result of an explicit remuneration arrangement with the product issuer or trading profit arising from back-to-back transactions between the product issuer, a third party, CICCHKs or an affiliate of CICCHKs and you). These monetary benefits typically do not exceed the percentages disclosed below:

	Monetary Benefit (as a percentage of the investment amount)
Initial public offering	Up to 1.5%
Placement	Up to 1.5%
Secondary Market Trading	Up to 1.5%

(ii) OTC Derivatives

CICCHKs and/or any of its associates may receive monetary benefits for distributing OTC derivatives (as a result of an explicit remuneration arrangement with the product issuer or trading profit arising from back-to-back transactions between the product issuer, a third party, CICCHKs or an affiliate of CICCHKs and you). These monetary benefits typically do not exceed the percentages disclosed below:

Product Type	Monetary Benefit (as a percentage of the investment amount)²
Total Return Swaps	Up to 5%
Structured Notes	Up to 5%

(iii) ETF and Fixed Income Securities

CICCHKs and/or any of its associates may receive monetary benefits for distributing ETFs and fixed income securities (as a result of an explicit remuneration arrangement with the product issuer or trading profit arising from back-to-back transactions between the product issuer, a third party, CICCHKs or an affiliate of CICCHKs and you). These monetary benefits typically do not exceed the percentages disclosed below:

² For OTC derivatives and fixed income securities, the monetary benefit received or receivable by CICCHKs generally represents a discount to, or a portion of, the issue price of such investments (charged upfront or on a recurring basis), or may be included as part of the annual management fee. CICCHKs and/or any of its associates may make trading profits arising from back-to-back transactions in OTC derivatives and fixed income securities between the product issuer, a third party, CICCHKs or an affiliate of CICCHKs and you.



Product Type	Monetary Benefit (as a percentage of the investment amount) ²
ETF	Up to 1%
Fixed Income Securities	
(i) Investment Grade Bonds	Up to 1.5%
(ii) High Yield Bonds	Up to 5%
(iii) Distressed Bonds	Up to 5%
(iv) Others	Up to 5%

In certain circumstances, the monetary benefits received or receivable by CICCHKS and/or any of its associates may differ from those disclosed in the above tables. Deviation from the above standard benefits will be handled on a case by case basis and we will notify you prior to or at the point of entering into the transaction of the relevant monetary benefits.

You shall be liable for transaction costs and expenses, such as stamp duties, transaction levies, postage, etc. which, for the avoidance of doubt, are not included in the monetary benefits disclosed in the above tables.

In addition, other charges, such as handling fees for unusual handling not listed in the tables above will be quoted separately before you enter into a transaction.

A2. Non-explicit remuneration arrangement

In certain circumstances, although CICCHKS or an associate may not explicitly receive monetary benefits for distributing investment products which are issued by CICCHKS or any of its associates, CICCHKS and/or any associate(s) may benefit from the origination and distribution of such products.

A3. Benefits not quantifiable prior to or when entering into a transaction

In some circumstances, CICCHKS and/or any of its associate(s) may receive monetary benefits from a product issuer (directly or indirectly) for distributing an investment product that are not quantifiable prior to or at the point of entering into a transaction ("Non-quantifiable Monetary Benefits for Product Distribution"), including but not limited to distribution fees, underwriting fees, rebate, discount from product issuer, margin over costs, foreign currency spread, spread earned from trading and other fees or commission. Such monetary benefits may be received or receivable in addition to the monetary benefits disclosed above. CICCHKS and/or any of its associate(s) may earn such Non-quantifiable Monetary Benefits for Product Distribution up to 5% of the investment amount on a per annum basis.

CICCHKS (and/or any of its associates) may also earn a fee for providing corporate finance or investment advisory services to issuers whose securities or other investment products may be distributed by CICCHKS to you from time to time.

A4. Non-monetary benefits

We and/or any of our associates may receive non-monetary benefits from product issuers for distributing investment products to you, including but not limited to services, analysis, entertainment, training and seminars as CICCHKS and/or any of its associates may deem appropriate. Such non-monetary benefits received or receivable by CICCHKS



and/or any of its associates are generally based on CICC Group's relationship with the relevant product issuers and are not linked to any particular transaction.

Part 2 – Other Transaction Related Information

Further disclosures in respect of certain transaction related information is set out below.

B. Capacity

CICCHKS may act:-

- (i) as your agent for transactions. This would typically be the case with respect to transactions in equities, ETFs and OTC derivatives; and/or
- (ii) as a principal for itself or on behalf of an affiliate acting as a principal for transactions. This would typically be the case with respect to transactions in fixed income securities.

C. Affiliation with Product Issuers

The issuer of an investment product may be CICCHKS or one of its affiliates or a third party which has no affiliation with the CICC Group.

We may offer you investment products that are issued by the CICC Group which includes entities whose name includes the word(s) “中金” or “China International Capital Corporation” or “CICC”.

Further, CICCHKS may have an influential role with a product issuer such as an advisory or administrative role for which CICCHKS may receive remuneration. This type of role will be disclosed in the offering documents of the relevant investment products which will be issued to you before the relevant transaction.

Disclosure of Non-independence

CICCHKS is NOT an independent intermediary because:

1. we receive fees, commissions, or other monetary benefits from other parties (which may include product issuers) in relation to our distribution of investment products to you. For details, you should refer to our disclosure on monetary benefits which we are required to deliver to you prior to or at the point of entering into any transaction in investment products; and/or
2. we receive non-monetary benefits from other parties, or have close links or other legal or economic relationships with issuers of products that we may distribute to you.

D. Discount of fees and charges provided by CICCHKS

CICCHKS may, at its sole discretion, discount its fees and charges in relation to certain investment products from time to time. You will be informed when such a discount will apply prior to or at the point of entering into a transaction in respect of the relevant investment product(s).

