

China-HK Connect Services Acknowledgement

*To KGI Securities (Singapore Pte Ltd

Re: Terms of services relating to mutual securities market access between Mainland China and Hong Kong

I/We hereby acknowledge my/our acceptance of the terms governing the trading and related supporting services provided by KGI in connection with China Connect (the "China-HK Connect Services"). Capitalized terms used herein, unless the context requires otherwise, have the meanings as set out in Clause (k) below.

In relation to my/our use of the China-HK Connect Services provided by KGI, I/We hereby agree, undertake and acknowledge the following:-

- a) I/We shall comply with all the Market Requirements as may be applicable from time to time to the China-HK Connect Services and trading/clearing through the use of such services.
- b) I/We shall be responsible as principal for all obligations and liabilities in connection with my/our use of the China-HK Connect Services and trading/clearing through the use of such services and KGI and its agents do not in any circumstances whatsoever have any responsibility towards any person on whose behalf I/We may act. I/We agree that KGI may dispose or initiate a disposal by its associated entity of any of the securities or securities collateral received or held on my/our behalf in settlement of any liability owed by me/us or on my/our behalf to KGI, the associated entity or a third person.
- c) KGI has absolute discretion to add or amend any terms governing the China-HK Connect from time to time for the purpose of ensuring or facilitating compliance with any Market Requirements or other purposes as KGI considers appropriate. Furthermore, I/We agree that the China-HK Connect Services will be or are provided by KGI in respect of particular market(s) or exchange(s) in Mainland China subject to and upon additional terms from time to time prescribed by KGI and set out in the relevant market annex(es). The said additional and revised terms shall form part of and be read together with this Agreement. Continued use by me/us of the China-HK connect services will constitute acceptance of the additional and revised terms by me/us. KGI may post the additional and or/revised terms on its website at www.kgiworld.com (including any successor or replacement of such website) or notify me/us by other means as KGI considers appropriate.
- d) I/We have been invited to read carefully and consider the terms of the risk disclosure statements as KGI may provide from time to time setting out risks associated with the use of China-HK Connect Services and to ask questions and take independent advice if appropriate.
- e) I/We agree to pay and reimburse KGI and its agents for all commissions and fees,

charges, costs expenses, levies, penalties and taxes incurred by or imposed on KGI or its agents in connection with my/our use of the China-HK Connect Services as I/we may agree with KGI from time to time or which are required by any Market Requirements. KGI and its agents shall not be accountable to me/us for any commissions, remuneration, rebates or other benefits which KGI or agent may receive from or offer to any person in respect of any transaction or business conducted with me/us or on my/our behalf.

- f) KGI and its agents shall not be liable for any failure to perform any of their respective obligations in connection with the China-HK Connect Services where such failure is directly or indirectly due to (i) the restraint, failure, default or act of any Market Authority; (ii) suspension, restriction or cessation of services provided by any exchange; (iii) disruption of failure of settlement and clearing of transactions on the part of any clearing house; (iv) riot, commotion, war, flood, typhoon, earthquake, fire or explosion; (v) any interruption, delay, failure, suspension or error of third party electronic transmission or other electronic system; or (vi) any other cause which is beyond the reasonable control of KGI or its agents. KGI reserves the right to suspend, restrict or cease to provide all or part of the China-HK Connect Services in its absolute discretion without any prior notice upon the happening of any of the above events.
- g) KGI shall not be liable to me/us for any indirect, consequential, incidental, special or punitive damages, losses, liabilities, costs or expenses whatsoever relating to the China-HK Connect Services including but not limited to any loss of profits.
- h) KGI shall have the right to assign, transfer or otherwise dispose of all or any of its rights, interests or obligations in or under this Agreement to any third party as it thinks fit and without having to notify me/us or obtain my/our consent. I/We shall not assign, transfer or dispose of my/our rights, interests or obligations in or under this Agreement to any third party without the prior written consent of KGI.
- i) The terms in this Agreement (as may be amended and supplemented from time to time) shall constitute a legally binding agreement if I/we commence or continue to use the China-HK Connect Services. The terms in this Agreement are in addition to the terms and conditions governing the account relationship between me/us and KGI and in the event of any discrepancy, the terms in this Agreement shall prevail.
- j) This Agreement shall be governed by the laws of the Hong Kong Special Administrative Region. All disputes arising in connection with this Agreement and/or any transactions entered into through the use of the China-HK Connect Services shall be subject to the jurisdiction of the courts of the Hong Kong Special Administrative Region.
- k) The following terms used in this Agreement shall have meanings as defined below:
“China Connect” means the Shanghai-Hong Kong Stock Connect, the Shenzhen–Hong Kong Stock Connect and/or any other securities trading and clearing links programs developed or

to be developed for the establishment of mutual stock market access between SEHK and the relevant China Connect Market(s) (as the case maybe);

“China Connect Market” means the SSE, the SZSE and/or stock market in Mainland China acceptable to SEHK and included from time to time in the list of China Connect Markets published by HKEX (as the case maybe);

“HKEX” means Hong Kong Exchanges and Clearing Limited;

“Market Authority” means any regulators, law enforcement agencies, governmental bodies, and tax authorities, exchanges markets, clearing houses, custodians, depositories or other competent bodies or authorities in Hong Kong Mainland China or any other relevant jurisdictions (including but not limited to SEHK, SSE, SZSE, the respective relevant subsidiaries and affiliates of SEHK, SSE and SZSE, China Securities Depository and Clearing Corporation Limited (ChinaClear), the Securities and Futures Commission of Hong Kong, the China Securities Regulatory Commission, the state Administration of Foreign Exchange of Mainland China and the State Administration of Taxation of Mainland China);

“Market Requirements” means (i) any laws, rules, regulations, statutory provisions or orders of Hong Kong Mainland China or any other relevant jurisdictions, or (ii) any requirements, restrictions, requests, constitutions, by-laws, rules, regulations, customs, directions, guidelines, codes or policies (whether or not having the force of law) of any Market Authority;

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

“SSE” means the Shanghai Stock Exchange; and

“SZSE” means the Shenzhen Stock Exchange.

KGI Securities (Singapore) Pte Ltd (“KGI”)

China-Hong Kong Connect Market Annex

This Annex is applicable to the client where the client is allowed to sue the trading and related supporting services provide by KGI in connection with China Connect (the “China-HK Connect Services”). Capitalized terms used herein, unless the context requires otherwise, have the meanings as set out in Clause 16 below.

1. The client hereby accepts and agrees to be bound by all the terms and conditions in this Annex and accepts all risks associated with trading/clearing through the use of the China-HK Connect Services (including but not limited to the risks set out in the attached Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect Risk Disclosure Statement and other risks concerned in northbound trading, such as prohibition of trading of securities listed on SSE, SZSE and/or other relevant China Connect Markets which are eligible for trading on China Connect (collectively, the “China Connect Securities”), being liable or responsible for breaching the listing rules and other rules of the relevant China Connect Markets and other applicable laws, rules and regulations).
2. The client shall comply, and be solely responsible for complying, with all the Market Requirements as may be applicable from time to time to the China-HK Connect Services and trading/clearing through the use of such services. For further information about the Market Requirements relating to the China-HK Connect Services, the client may refer to the information published from time to time on KGI’s website at www.kgiworld.com and the websites of the Market Authorities (including any successor or replacement of such websites). However, KGI does not represent that such information is up-to-date, accurate or complete, nor undertakes to update it from time to time.
3. In particular, the client shall be fully aware of and comply with all applicable Market Requirements in Mainland China in relation to short-swing profits, prohibition of conducting off-exchange transactions/transfers and manual trades, shareholding restrictions and disclosure obligations including but not limited to the following in respect of A shares listed on the relevant China Connect Markets (subject to change without any notice from KGI):
 - i. Requirement for an investor to disclose interest held or controlled by it in a Mainland China listed company within three working days of its interest reaching 5% of the issued shares of such listed company and not to buy or sell the shares of that company within three-day period, and the requirement to disclose any change in its shareholding and to comply with the related trading restrictions.

- ii. The 10% single foreign investor's shareholding limit (10% of the total issued shares of a Mainland China listed company) and the 30% aggregate foreign investors' shareholding limit (30% of the total issued share capital of a Mainland China listed company) applicable to Hong Kong and/or overseas investors and the related forced-sale arrangement. In order to ensure compliance with the applicable shareholding restrictions, the client shall comply with the forced-sale arrangement that KGI may put in place in respect of securities of clients from time to time. In the event where the client breaches any shareholding restriction, KGI and its agents shall have the right to force-sell any of the client's securities upon receiving force-sale notification from SEHK.
 - iii. All trading must be conducted on the relevant China Connect Markets, i.e. no over-the-counter (OTC) or manual trades are allowed.
4. The client acknowledges that unless otherwise permitted under the applicable Market Requirements, the China Connect Securities purchased on a trading day cannot be sold on the same day and the client shall have sufficient China Connect Securities in its account with KGI before commencement of trading on a trading day if the client intends to sell the China Connect Securities during a trading day unless otherwise permitted under the applicable Market Requirements (such as when a special segregated account (SPSA) arrangement is in place). The client is prohibited from day trading and naked short selling in China Connect Securities.

Where an SPSA has been designated to the client, the client hereby (i) agrees to ensure that there are sufficient securities in the SPSA to settle the delivery obligations on the settlement day and, if a sell order is executed for the SPSA, the relevant securities will be delivered to KGI or its agents for settlement; and (ii) authorizes the production, replication and transmission of stock holding records of the SPSA for the purpose of enabling SEHK and its relevant subsidiaries to carry out pre-trade checking procedures in accordance with the rules of SEHK.

5. Unless otherwise allowed by KGI, the client agrees not to place any margin trading, stock borrowing and lending or short selling order to KGI in respect of any China Connect Securities and any order placed by the client to KGI for any China Connect Securities shall be deemed to have been made with the representation and confirmation to KGI that such order does not involve margin trading, stock borrowing and lending or short selling. Where the client is allowed by KGI to conduct margin trading, stock borrowing and lending and/or short-selling activities through the use of the China-HK Connect Services, the client shall be fully aware of the restrictions, requirements and conditions applicable to such activities. In particular, the client acknowledges that trading services for such activities may be suspended, restricted or ceased in circumstances stipulated by the applicable Market Requirements (such as when volume of trading activities exceeds the thresholds

prescribed by the relevant Market Requirements or any abnormal trading activities have or are suspected to have taken place). The client further acknowledges that margin trading and short-selling activities may only be conducted in respect of eligible China Connect Securities. The client may refer to the lists of eligible China Connect Securities published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") from time to time.

6. The client acknowledges that SEHK, SSE, SZSE, the other relevant China Connect Market Operators and their respective subsidiaries and affiliates have powers not to extend their services relating to the China-HK Connect Services, require KGI not to accept instructions from the client and to suspend or restrict KGI from inputting orders under any BCAN (as defined in Clause 10.1 below) in circumstances stipulated by the applicable Market Requirements (such as upon contravention of any relevant Market Requirement or abnormal trading conduct committed by any of the client, KGI and/or its agents) and KGI may refuse to accept instructions from or cease to provide all or part of the China-HK Connect Services to the client in KGI's absolute discretion without any prior notice.
7. The client agrees that KGI and its agents may take or refrain from taking such actions whether in the client's name or otherwise in KGI's absolute discretion without any prior notice (including but not limited to taking any action for a forced-sale of the relevant securities, cancelling, limiting, restricting, suspending, not sending in or refusing to accept or input any client's order under any BCAN, order cancellation request or other instruction and suspending, restricting or ceasing to provide all or part of the China-HK Connect Services) (i) so as to ensure or facilitate compliance with the applicable Market Requirements (such as when SEHK, at the relevant China Connect Market Operator's request, requires the client's order to be rejected) and to avoid or mitigate any losses that may be incurred or suffered by KGI and its agents in so ensuring or facilitating compliance with the relevant Market Requirements; (ii) if the client breaches any Market Requirement or term of this Annex; or (iii) upon the happening of any contingency or force majeure event beyond the reasonable control of KGI or its agents (such as hoisting of Typhoon Signal No. 8 in Hong Kong or when SEHK loses all its communication lines with the relevant China Connect Market Operator). Upon the happening of any of the aforesaid events, the client shall still bear the settlement obligations if the client's orders are matched and executed.
8. The client agrees that for the purposes of carrying out the client's orders or exercising any of KGI's rights under this Annex or under any of the client's accounts with KGI, KGI may, at any time in its sole and absolute discretion and without any obligation, convert any amount in any currency in any account(s) of the client or

standing to the client's credit to any other currency, and any exchange rate losses and the costs of conversion shall be borne by the client.

9. The client acknowledges that any Market Authorities (including but not limited to SSE, SZSE, SEHK and their respective subsidiaries and affiliates) may have powers to carry out any checking of the client's records and any investigation in respect of any breach or suspected breach of any Market Requirements and agrees that KGI and/or its agents and SEHK may, in accordance with the request made by any other Market Authority, (i) provide relevant information and materials (including but not limited to information, identities, addresses, contact details and other personal data regarding the client, the client's accounts and other persons or entities (legal or otherwise) who are ultimately responsible for originating the instruction in relation to a transaction (and the instruction given) and stand to gain the commercial or economic benefit of the transaction and/or bear its commercial or economic risk and information regarding their orders and transactions) within such period as the relevant Market Authority may request; and (ii) provide assistance and issue warnings to the client to facilitate any checking, investigation, surveillance, enforcement or compliance with any applicable Market Requirements or any regulatory cooperation arrangement between SEHK, any China Connect Market Operator and/or their respective relevant subsidiaries.

Without prejudice to the generality of the foregoing, (a) KGI and/or its agents may forward the client's identity to SEHK which may on-forward to SSE and/or SZSE for surveillance and investigation purposes; (b) if the rules of SSE or SZSE are breached, or the disclosure and other obligations referred to in the listing rules or other rules of SSE or SZSE are breached, SSE or SZSE has the power to carry out an investigation, and may, through SEHK, require KGI and/or its agents to provide relevant information and materials and to assist in its investigation; and (c) SSE and SZSE may, through SEHK, make requests for warning statements (verbal or written) to be issued by KGI and/or its agents to the client and for northbound trading services not to be extended to the client.

- 10.1 The client acknowledges and agrees that in providing northbound trading services to the client, KGI will be required to:

- (i) tag each of the client's orders submitted to the CSC with a Broker-to-Client Assigned Number ("BCAN") that is unique to the client or, as appropriate and applicable, the BCAN that is assigned to the client's joint account with KGI; and

- (ii) provide to SEHK the client's assigned BCAN and such identification information (including but not limited to name, identity document type, identity document issuing country or jurisdiction and identity document number) ("Client Identification

Data” or “CID”) relating to the client as SEHK may request from time to time under the rules of SEHK.

Without limitation to any notification KGI has given the client or consent KGI has obtained from the client in respect of the processing of the client’s personal data in connection with the client’s account and KGI’s services to the client, the client acknowledges and agrees that KGI may collect, store, use, disclose and transfer personal data relating to the client as required as part of KGI’s China-HK Connect Services, including as follows:

- (a) to disclose and transfer the client’s BCAN(s) and CID to SEHK and its relevant 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 the relevant China Connect Market Operator on a real-time basis;
- (b) to allow each of SEHK and its relevant subsidiaries to: (i) collect, use and store the client’s BCAN(s), CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the rules of SEHK; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) 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) to allow the relevant China Connect Clearing House to: (i) collect, use and store the client’s BCAN(s) 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 the relevant China Connect Market Operator, SEHK and its relevant subsidiaries; (ii) use the client’s BCAN(s) 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 the relevant China Connect Market Operator to: (i) collect, use and store the client’s BCAN(s) and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; 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.

By instructing KGI in respect of any transaction relating to China Connect Securities, the client acknowledges and agrees that KGI may use the client's personal data for the purposes of complying with the requirements of SEHK and its rules as in force from time to time in connection with the China Connect. 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 the above consent.

Failure to provide KGI with the client's personal data or consent as described above may mean that KGI will not, or no longer, be able, as the case may be, to carry out the client's trading instructions or provide the client with KGI's China-HK Connect Services.

10.2 The client undertakes to ensure that the client's Client Identification Data is accurate and up-to-date, and to promptly update KGI of any changes of the same.

10.3 The client further agrees that personal data provided by the client may be collected, stored, used, disclosed, transferred and otherwise processed in and/or outside Hong Kong in accordance with this Annex and the Personal Information Collection Statement of KGI Hong Kong ("KGI Hong Kong" shall have its meaning as defined in the said Personal Information Collection Statement) as the same may be amended or supplemented from time to time (the "PICS") (a copy of which statement is available on KGI's website(s) aforesaid or upon request).

Where the client provides personal data of other individual(s) (other than the client) (whether the client's own clients, personnel or other relevant individuals) to KGI, the client undertakes and represents that the client has notified and obtained consents from such individual(s) for the collection, storage, use, disclosure, transfer and otherwise processing of such individual(s)' personal data by KGI in accordance with this Annex and the PICS, and in so notifying and obtaining consents from such individual(s), the client shall fully comply with all applicable personal data protection laws of relevant jurisdictions including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). The client agrees to provide KGI with evidence of such consents promptly as and when requested by KGI.

10.4 Where the client conducts northbound trading for its own clients, KGI may in its absolute discretion assign a range of BCANs to the client. The client shall assign a BCAN to each of its own clients in accordance with the rules of SEHK within the range of BCANs assigned by KGI for the exclusive use by the client. If the client's direct client is an affiliate of the client, the BCAN at the next level or further levels down is required until the client's client is not an affiliate. The BCANs of the non-affiliate clients and other clients of the client and the corresponding CID shall be included by

the client in the client's BCAN-CID mappings and such BCAN-CID mappings shall be submitted by the client to KGI for submission to the Market Authorities (or directly to SEHK in accordance with the rules of SEHK in the case of the client who is a trade-through Exchange Participant of SEHK) within such time limits as required by KGI and the Market Authorities from time to time. The client shall tag the correct BCAN assigned by the client to its own clients to every northbound trading order before submitting it to KGI on a real-time basis. The client further undertakes to, and shall procure its own clients to, comply with all applicable rules of SEHK and other Market Requirements. For the purpose of this Clause 10.4, a company is considered an affiliate of another company if the two companies belong to the same "group of companies", as defined under section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO").

- 11 The client acknowledges that HKEX, SEHK, SSE, SZSE and their respective subsidiaries, affiliates, directors, employees and agents shall not be responsible or held liable for any loss, damage or liability directly or indirectly suffered or incurred by KGI, its agents, the client or any other parties arising from or in connection with northbound trading, trading or clearing system provided by any Market Authority (including but not limited to the CSC), any Market Authority making, amending or enforcing any Market Requirements, any action taken by any Market Authority in discharge of its supervisory or regulatory obligations or functions including any action taken to deal with abnormal trading conduct or activities, any other trading/clearing activities through the use of the China-HK Connect Services, any rejection of orders inputted under any BCAN or the collection, storage, use, disclosure and transfer of BCANs and CID as provided for in the rules of SEHK. The client further agrees that KGI and its agents shall not be responsible or held liable for any such loss, damage or liability suffered or incurred by the client.
- 12 The client agrees and acknowledges that the client is permitted to trade shares that are listed on the ChiNext Board of SZSE only if the client meets the investor eligibility criteria stipulated under relevant Market Requirements. Subject to the applicable Market Requirements that may be changed from time to time, an eligible ChiNext investor is an institutional professional investor (defined as a person falling under any of the paragraphs (a) to (i) of the definition of "professional investors" in section 1 of Part 1 of Schedule 1 to the SFO) or any other type of eligible investors who may be permitted by the relevant Market Authorities or Market Requirements from time to time to trade ChiNext shares ("Eligible ChiNext Investor"). Before the client trade any ChiNext shares, the client shall ensure that the client is an Eligible ChiNext Investor and if the client is an intermediary placing orders to KGI on behalf of the client's underlying customers, the client shall ensure that each of such underlying customers who trades such ChiNext shares is also an Eligible ChiNext Investor. Any non-

compliance with such eligibility requirements would constitute a breach of the relevant Market Requirements and entitle (but does not oblige) KGI and its agents to require the client and relevant underlying customers (if any) to unwind positions of ChiNext shares as soon as possible without any compensation or liability. SEHK takes any breaches of the Market Requirements seriously and will review and follow up on each incident. Follow-up actions may include issuing warning letters, conducting further enquiries, commencing investigations and reporting the matters to other Market Authorities.

- 13 The client agrees to fully indemnify KGI and its agents against all losses, damages, liabilities, costs, expenses, actions, investigations and proceedings (whether actual or potential) incurred or suffered by any of KGI and its agents directly or indirectly arising from any breach of any Market Requirement or any provision of this Annex on the part of the client.
- 14 Either the client or KGI may terminate the client's use of the China-HK Connect Services by giving at least seven days' prior notice to the other party.
- 15 The terms in this Annex are in addition to and form part of the terms and conditions governing the account relationship between the client and KGI and in the event of any discrepancy in relation to the subject matter of this Annex, the terms in this Annex shall prevail.
- 16 The following terms used in this Annex shall have meanings as defined below:
 - "China Connect" means the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect and/or any other securities trading and clearing links programmes developed or to be developed for the establishment of mutual stock market access between SEHK and the relevant China Connect Market(s) (as the case may be);
 - "China Connect Clearing House" means a clearing house in Mainland China acceptable to Hong Kong Securities Clearing Company Limited and included from time to time in the list of China Connect Clearing Houses published by HKEX;
 - "China Connect Market" means the SSE, the SZSE and/or a stock market in Mainland China acceptable to SEHK and included from time to time in the list of China Connect Markets published by HKEX (as the case may be);
 - "China Connect Market Operator" means an exchange that operates a China Connect Market and that has entered into trading links with SEHK, whose name is included from time to time in the list of China Connect Market Operators published by HKEX including but not limited to SSE and SZSE;
 - "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 Operator;

“China Connect Order” means an order input into the CSC for routing to a China Connect Market System to buy or sell China Connect Securities;

“China Connect Service” means the order-routing service through which China Connect Orders placed by KGI may be transmitted by a subsidiary of SEHK to a China Connect Market for the buying and/or selling of eligible China Connect Securities, and unless the context otherwise requires, the related supporting services which SEHK may, on its own or through its subsidiary, provide to KGI as SEHK considers appropriate;

“CSC” means the China Stock Connect System for receiving and routing China Connect Orders to a China Connect Market System for automatic matching and execution;

“Market Authority” means any regulators, law enforcement agencies, governmental bodies, tax authorities, exchanges, markets, clearing houses, custodians, depositories or other competent bodies or authorities in Hong Kong, Mainland China or any other relevant jurisdictions (including but not limited to SEHK, SSE, SZSE, the respective relevant subsidiaries and affiliates of SEHK, SSE and SZSE, China Securities Depository and Clearing Corporation Limited (ChinaClear), the Securities and Futures Commission of Hong Kong, the China Securities Regulatory Commission, the State Administration of Foreign Exchange of Mainland China and the State Administration of Taxation of Mainland China);

“Market Requirements” means (i) any laws, rules, regulations, statutory provisions or orders of Hong Kong, Mainland China or any other relevant jurisdictions, or (ii) any requirements, restrictions, requests, constitutions, by-laws, rules, regulations, customs, directions, guidelines, codes or policies (whether or not having the force of law) of any Market Authority;

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

“SSE” means the Shanghai Stock Exchange; and

“SZSE” means the Shenzhen Stock Exchange.

KGI Asia Limited (“KGI”)
Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
Risk Disclosure Statement

Client is invited to read this Risk Disclosure Statement, to ask questions and take independent advice if appropriate. This Risk Disclosure Statement is not exhaustive and does not purport to disclose all risks relating to trading in securities via the Shanghai-Hong Kong Stock Connect (“SSE-HK Connect”) and Shenzhen-Hong Kong Stock Connect (“SZSE-HK Connect”). The client acknowledges that he/she understands and has assessed the risks relating to SSE-HK Connect and SZSE-HK Connect including but not limited to those set out in this Risk Disclosure Statement and the client agrees to accept those risks.

This Risk Disclosure Statement may be amended or supplemented from time to time. However, KGI does not represent that the information set out in this Risk Disclosure Statement is up-to-date, accurate or complete, nor undertakes to update it from time to time. For further information, the client may refer to the information published from time to time on the websites of KGI, Hong Kong Exchanges and Clearing Limited, Securities and Futures Commission in Hong Kong (SFC), China Securities Regulatory Commission (CSRC), Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE).

Trading in securities via SSE-HK Connect and SZSE-HK Connect will be subject to some of the following key risks:

1. Not protected by Investor Compensation Fund

Investors should note that none of northbound or southbound trading under SSE-HK Connect or SZSE-HK Connect will be covered by Hong Kong’s Investor Compensation Fund.

Hong Kong’ Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

As far as southbound trading is concerned, since Mainland China securities brokers are neither licensees nor registered institutions with the SFC and they are not regulated by the SFC, the Investor Compensation Fund will not cover southbound trading via SSE-HK Connect or SZSE-HK Connect.

As for northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong’s recognised securities market (The Stock Exchange of Hong Kong Limited, SEHK) and recognised

futures market (Hong Kong Futures Exchange Limited, HKFE). Since default matters in northbound trading via SSE-HK Connect or SZSE-HK Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund, the functions of China Securities Investor Protection Fund (CSIPF) include “indemnifying creditors as required by China’s relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation” or “other functions approved by the State Council”. As far as Hong Kong investors participating in northbound trading are concerned, since they are carrying out northbound trading through securities brokers in Hong Kong and these brokers are not Mainland China brokers, therefore they are not protected by CSIPF on the Mainland China.

2. Quotas used up

If the northbound daily quota of SSE-HK Connect/SZSE-HK Connect is used up, i.e. the daily quota balance of SSE-HK Connect/SZSE-HK Connect drops to zero or the daily quota is exceeded during a continuous auction session (or closing call auction for SZSE), no further buy orders will be accepted for the remainder of the day while sell orders will still be accepted. Buying services will be resumed on the next trading day. Buy orders already accepted will not be affected by the daily quota being used up and will remain on the order book of SSE or SZSE unless otherwise cancelled by the relevant brokers.

If the used up of northbound daily quota happens during the opening call auction session, new buy orders will be rejected. However, as order cancellation is common during opening call auction, the northbound daily quota balance may resume to a positive level before the end of the opening call auction. When that happens, SEHK will again accept northbound buy orders.

3. Trading day and trading hours

SSE-HK Connect and SZSE-HK Connect will only operate on days when both Mainland China and Hong Kong markets are open for trading and when banking services in both Mainland China and Hong Kong markets are available on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but Hong Kong investors cannot carry out any securities trading. Investors should take note of the days SSE-HK Connect and SZSE-HK Connect are open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in securities during the time when SSE-HK Connect or SZSE-HK Connect is closed.

In addition, there is difference in trading hours between Mainland China and Hong Kong markets. Trading hours for A-shares under SSE-HK Connect and SZSE-HK Connect are different from Hong Kong and investors shall beware of such difference.

4. Restrictions on selling imposed by front-end monitoring

For investors who usually keep their securities outside of their brokers, if they want to sell certain securities they hold, they must transfer those securities to the respective accounts of their brokers before the market opens on the day of selling (T day). If they fail to meet this deadline, they will not be able to sell those securities on T day.

5. The recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via SSE-HK Connect or SZSE-HK Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE, SZSE and SEHK.

6. Mainland China market risks

- **Market volatility risk**
The Mainland China stock market is relatively volatile as it is mostly made up of retail investors who tend to be speculative and susceptible to the central government policies and news.
- **Macro-economic risk**
There is a close relationship between the Chinese economy and stock market performance. The Chinese economic growth is still above the global average, but has already shown signs of slowdown. Moreover, there is growing concern over the country's government and corporate debts.
- **Currency risk**
Hong Kong investors will expose to the risk of RMB exchange rate movements if they have to convert HKD into RMB for trading in Shanghai and Shenzhen A-shares. The conversion also incurs costs. Movements in the RMB exchange rate will affect the profits and debts of the Mainland China listed companies. Such effects will be more significant to those export-oriented companies and companies having debts denominated in currencies other than RMB.
- **Policy risk**
Central government's economic and financial policies will affect the performance of investment market. Investors shall beware of the central government policies for stimulating the economy or supporting different industries, as well as their different financial policies in respect of the currency, interest rate, credit and stock markets.

7. Risks relating to ChiNext Board of SZSE

Generally, stocks listed on ChiNext Board of SZSE contain higher risk than those listed on Main Board.

- **Regulatory Risks**

The rules and guidance on listing, trading, disclosure and other matters of SZSE ChiNext vary much from those of the SZSE main board and SME board. For example, on the listing requirements, a shorter track record period and lower net profit, revenue and operating cash flow requirements will apply for company seeking IPO and listing on the ChiNext market. ChiNext companies may also have a lower post-IPO total share capital than main board and SME board companies. For details of the listing requirements on the ChiNext market, the SZSE main board and SME board, please visit SZSE website.

Besides, ChiNext market adopts disclosure rules that substantially vary from those of the main board and SME board. For example, ad hoc reports of ChiNext companies are only required to be published on a CSRC designated website and on the issuers' websites. If investors continue to check information through the usual disclosure channels for main board and SME boards, they may miss out some important information disclosed by ChiNext companies. Therefore, investors are advised to closely monitor announcements and risk alerts of ChiNext companies, be aware of market risks, and comply with relevant rules and regulations while trading in the ChiNext market.

- **Delisting risks**

The delisting standards of the ChiNext market are different from those of the SZSE main board and SME board. There are more situations that will lead to the delisting of ChiNext companies.

ChiNext companies have greater exposure to the risk of being delisted, and such delisting process may be speeded up.

In addition, the shares of ChiNext companies may be delisted immediately after SZSE determines its delisting. Investors will not be able to trade in delisted shares, and may lose all the invested capital in this case.

- **Operating risks**

ChiNext companies are generally in an early stage of development and have a shorter history. They are usually smaller in scale, have less stable operations, and are less resilient against market risks and industry risks. Although they may have higher growth potential and leverage more on technical innovations, their future performance particularly those without a profit track record is susceptible to great uncertainty.

- **High Share Price Volatility**

The share prices of ChiNext companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. ChiNext companies with low public float may be vulnerable to manipulations by

