
China Connect Terms of Business

Jefferies Hong Kong Limited
Licensed by the SFC (CE No.: ATS546)
Participant of the SEHK (ID No.: 01914) and
Direct Clearing Participant of the HKSCC (ID No.: B01914)

Jefferies

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1. PURPOSE AND BASIS OF THESE TERMS

- 1.1 These China Connect Terms of Business, together with the Appendices (together referred to as the “**Terms**”) will apply in respect of the China Connect Trading Services which we may provide to you from time to time.
- 1.2 The China Connect Trading Services are provided to you by JHKL (in its capacity as introducing broker, executing broker and agent for the Account Carrying Entity) and the Account Carrying Entity (in its capacity as the account carrying entity). Accordingly, these Terms are entered into between JHKL, the Account Carrying Entity and you. Notwithstanding this, certain Clauses are specifically between you and JHKL.
- 1.3 By informing us that you wish to trade China Connect Securities or by giving us instructions to trade China Connect Securities via China Connect, you agree to be bound by these Terms and acknowledge that you have read and understand the Risk Disclosures and Other Information set out in Appendix 2.
- 1.4 Where applicable these Terms are supplemental to, and are without prejudice to, the Existing Terms between JHKL, the Account Carrying Entity and you. In the event of any inconsistency between these Terms and the Existing Terms, the provisions of these Terms shall prevail.
- 1.5 These Terms supersede any previous agreement between us relating to the subject matter of these Terms and any previous version(s) of these Terms.

2. DEFINITIONS AND CONSTRUCTION

- 2.1 For the purposes of these Terms, the definitions are set out at Appendix 1.
- 2.2 References to Clauses are to the clauses of these Terms. Headings are included for convenience only and shall not affect the interpretation of these Terms.
- 2.3 Any reference in any documentation between you and us to an earlier version of these Terms shall, from the date of these Terms taking effect, be read as a reference to these Terms or the relevant or corresponding part thereof.
- 2.4 References in these Terms to statutes and any other laws, rules or regulations shall be to such statutes, laws, rules or regulations as modified, amended, restated or replaced from time to time.

3. ELIGIBLE INVESTORS

- 3.1 You represent and undertake on a continuing basis, including without limitation on the first date that these Terms are effective and on each date that you place an order or give an instruction in respect of China Connect Securities under these Terms, that:
 - 3.1.1 you are not a Mainland China Resident or an entity incorporated or registered under the laws of Mainland China; and

3.1.2 your entry into any transaction under these Terms does not violate the laws and regulations of Mainland China.

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, some of which are referred to in Appendix 2.
- 4.2 These 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 Appendix 2. These 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 do not intend to, advise you on any China Connect Laws or China Connect Rules. For further information, you should refer to 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 In addition and without prejudice to our rights under the Existing Terms we may, in our sole and 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 JHKL is 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 sole and absolute discretion that you do not have sufficient securities at the time of such 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 Laws or China Connect Rules ; or
- 4.4.3 in respect of any instruction to make a Northbound buy order, we determine in our sole and 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 and in all such cases you accept the impact of such losses or risks.

- 4.5 Without limitation to the foregoing, we may in our sole and absolute discretion without being under an obligation to give any reasons suspend, terminate or limit your ability to access 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 SSE, SZSE, 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 our request 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, SSE, SZSE, 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

- 5.1 By instructing us in respect of any transaction relating to China Connect Securities, you acknowledge and agree:
- 5.1.1 that you have read and understood the risk disclosures and other information set out in Appendix 2 and understand your obligations set out in Appendix 2, including any consequences for a breach of China Connect Laws or China Connect Rules;
- 5.1.2 in addition to and without prejudice to, our rights under the Existing Terms, 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;
- 5.1.3 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 the China Connect Trading Services including, without limitation, the materialisation of any of the risks described in Appendix 2;
- 5.1.4 that SEHK has the power not to extend the China Connect Service to you, and the power to require JHKL 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 the SSE Rules and/or the SZSE Rules (as the case may be) or failed to comply with any China Connect Laws or China Connect Rules;

- 5.1.5 that if the SSE Rules and/or the SZSE Rules (as the case may be) are breached, or the disclosure and other obligations referred to in any China Connect Laws or China Connect Rules are breached: (i) the relevant China Connect Market has the power to carry out investigations, and may, through SEHK (or through the relevant SEHK Subsidiary, any other governmental or regulatory body), require JHKL or a Related Person to: (a) provide relevant information and materials relating to you and any other persons referred to in the SEHK China Connect Rules 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;
- 5.1.6 that the SEHK may (for the purpose of assisting a China Connect Market in its regulatory surveillance of such China Connect Market and enforcement of the relevant China Connect Rules and as part of the regulatory cooperation arrangement between the SEHK, the relevant SEHK Subsidiary and the relevant China Connect Market), at the request of the relevant China Connect Market, require JHKL 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 China Connect Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by us on behalf of you;
- 5.1.7 that where a China Connect Authority considers that there is a serious breach of the SSE Rules and/or the SZSE Rules (as the case may be), 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 the China Connect Trading Services;
- 5.1.8 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;
- 5.1.9 and consent to us or our 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 or a China Connect Entity at such intervals and in such form as such China Connect Authority or China Connect Entity (as the case may be) may specify from time to time, including in relation to an investigation or surveillance by a China Connect Authority or a China Connect Entity (as the case may be);
- 5.1.10 and, in addition and without prejudice to, our rights under the Existing Terms, accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required by any China Connect Authority, 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;

- 5.1.11 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 Laws or the China Connect Rules ;
- 5.1.12 that the SEHK may, upon the request of the relevant China Connect Market, require JHKL to reject any order made on behalf of you;
- 5.1.13 that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or be 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; (ii) any amendments or the enforcement of the China Connect Rules; or (iii) any action taken by a China Connect Authority in the discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities); and
- 5.1.14 in all such cases you agree to accept the impact of such risks.

6. REPRESENTATIONS

- 6.1 In addition to the representations and warranties set out in the Existing Agreement, you make the representations set out in this Clause to us on a continuing basis:
 - 6.1.1 that you are aware of and shall comply with all China Connect Laws, China Connect Rules and other applicable laws or regulations to which you may be subject;
 - 6.1.2 that the execution of any instruction you give to us shall not result in any breach of any China Connect Laws or China Connect Rules;
 - 6.1.3 that you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect; and
 - 6.1.4 that you will trade ChiNext Shares and/or STAR Shares only when you are and, in the case where you are an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each such underlying client is, an Eligible ChiNext Investor and/or Eligible STAR Investor.
- 6.2 You make the following representations to us on each date that you instruct an order to sell China Connect Securities:

- 6.2.1 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;
- 6.2.2 that there is no adverse claim to such China Connect Securities; and
- 6.2.3 that there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the rules of the SEHK or CCASS rules.

7. ORDER HANDLING

- 7.1 We may aggregate your Northbound orders with the Northbound orders of any other client or of our Affiliates when we process such orders. This may sometimes operate to your advantage, but on other occasions operate to your disadvantage and, because of the quota restrictions described in Appendix 2, may result in your order only being partially executed or not at all and in all such cases you accept the impact of such risk in relation to the advantages or disadvantages.
- 7.2 JHKL will regard all client orders and transactions to be undertaken for clients (“**Client Orders**”) as having been received by JHKL only at the point at which its system submits Client Orders into the applicable opening auction, closing auction (if any) or start of continuous 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 available China Connect Securities in your SPSA by the applicable cut-off time (as notified to you by us from time to time) to cover any proposed sell order given on that Trading Day.
- 8.3 If we consider that you do not, for whatever reason, have sufficient available China Connect Securities in your SPSA 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 sole and absolute discretion without being under any obligation to give any reason:
 - 8.3.1 reject your sell order (in whole or in part);
 - 8.3.2 use any China Connect Securities in JHKL’s designated CCASS stock account(s), which JHKL holds for itself or on behalf of its other clients, to fulfil the Pre-Trade Checking requirement in respect of your sell order, in which case you shall reimburse JHKL for any costs, losses or expenses which it incurs 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 JHKL shall determine in its sole and 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 sole and absolute discretion without being under any obligation to give any reason 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.
- 8.5 If you, acting as a fund manager, 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 available China Connect Securities in your SPSA 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 that 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.
- 8.6 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 and in all such cases you agree to accept the impact of any such risk, loss or cost.

9. SETTLEMENT AND CURRENCY CONVERSION

- 9.1 As all Northbound trading is effected and settled in RMB, if we do not receive sufficient RMB 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 RMB 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 RMB 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 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 Terms shall be borne by you and you agree to accept the impact of any such risk, loss or cost.
- 9.3 Unless otherwise agreed with us, all buy or sell orders to be settled through an SPSA will be settled between you and us in accordance with the delivery versus payment basis for settlement instructions as set out in the operation procedures issued by CCASS with respect to China Connect Securities. You agree and acknowledge that the timing of such settlement between you and us may be different from the timing of the settlement arrangements between HKSCC and us on your behalf in connection with the same order. In the event

that we are required to settle funds with you prior to us receiving the corresponding funds from HKSCC in settlement of a trade on your behalf, you agree that such funds shall be repayable, in whole or in part, within 2 hours of demand or such shorter period of time as we may in our sole and absolute discretion determine and shall be secured and bear interest at such rate(s) determined by us to be applicable from time to time.

- 9.4 By placing an SPSA Sell Order, you hereby authorise us to give such instructions and information relating to the SPSA Sell Order (including the investor identification number) to your Custodian Participant and its affiliates as may be necessary or desirable to procure timely settlement of any resulting transaction, and you agree to be bound by such resulting transaction and to settle such transaction in a timely manner, without further confirmation from you to us or your custodian prior to settlement. You agree that you will not modify the settlement arrangements for an SPSA Sell Order after we have executed such SPSA Sell Order. We shall only be responsible for losses caused directly as a result of any incorrect instruction or information prepared and sent by us to the Custodian Participant for settlement purposes.
- 9.5 You agree that in the event that you fail to timely settle 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, realise, 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 such 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 ours or our agents pursuant to this Clause.
- 9.6 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 or China Connect Entity 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 SPSA within the period specified by the relevant China Connect Authority or China Connect Entity, and you undertake to comply with any such Client Forced-sale Notice.
- 10.2 In relation to any Forced-sale Notice and to the extent necessary to comply with all China Connect Laws and China Connect Rules, 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 sole and absolute discretion if you fail to timely comply with a Client Forced-sale Notice.

- 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 Appendix 215 of Appendix 2.
- 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 sole and 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 and you agree to accept the impact of such losses or risks.

11. BUY AND SELL ORDERS

- 11.1 Subject to the requirements in these Terms and the Existing Terms, we may allow you to place a sell order for China Connect Securities held in an SPSA (such a sell order to be referred to herein as an “**SPSA Sell Order**”), in which case Pre-Trade Checking shall be carried out in relation to that SPSA. If the SPSA Sell Order is executed, the relevant China Connect Securities will be delivered to us or our Clearing Participant for settlement.
- 11.2 If we have consented to your submission of SPSA Sell Orders, you may instruct us to execute an SPSA Sell Order in relation to a given SPSA, subject to the following:
- 11.2.1 you must have opened that SPSA with a Custodian Participant in accordance with the rules of CCASS, have been issued an investor identification number in respect of that SPSA, have designated and authorised us to be an executing broker for that SPSA and have provided such details as we may from time to time request in relation to that SPSA, including the investor identification number;
- 11.2.2 no SPSA Sell Orders will be accepted for a given SPSA before the effective date of our designation as an executing broker for that SPSA, as determined by HKSCC, the SEHK or the relevant SEHK Subsidiary;

- 11.2.3 any SPSA Sell Order must, at the time it is instructed to us, be designated as an SPSA Sell Order and contain such details (including the relevant investor identification number) and be in such form and manner as we may specify from time to time; your failure to do so shall entitle us to reject the sell order;
 - 11.2.4 we shall be entitled to rely on all information you provide in relation to an SPSA Sell Order, including the investor identification number;
 - 11.2.5 we shall be entitled to assume that the relevant China Connect Securities to be delivered by you (or your Custodian Participant on your behalf) in settlement of an SPSA Sell Order will be delivered from the same SPSA to which the SPSA Sell Order relates; and
 - 11.2.6 you must comply, and procure that your relevant Custodian Participant complies, with any other relevant requirements as may be imposed by HKSCC, the SEHK or the SEHK Subsidiaries from time to time.
- 11.3 For the avoidance of doubt, we shall have no obligation to consent to our designation as an executing broker for any SPSA or to continue to provide execution services in relation to SPSA Sell Orders. We may at any time in our absolute discretion without being under any obligation to give any reasons withdraw our consent to execute SPSA Sell Orders in relation to any or all of your SPSAs.
- 11.4 By instructing us to execute an SPSA Sell Order, you represent and warrant to us on each date that you instruct an order to execute an SPSA Sell Order that:
- 11.4.1 the relevant SPSA is maintained on your behalf by your Custodian Participant, that you have authorised us to execute on your behalf the sale of China Connect Securities in that SPSA and that we are a designated executing broker for that SPSA;
 - 11.4.2 you have ensured that there are sufficient China Connect Securities in the specified SPSA and have made arrangements with the relevant Custodian Participant to deliver the relevant China Connect Securities in that SPSA to us or our Clearing Participant to ensure timely settlement of the SPSA Sell Order, and you understand and acknowledge that if you do not have sufficient China Connect Securities in your SPSA at the time of the Pre-Trade Checking, your SPSA Sell Order may be rejected; and
 - 11.4.3 you have authorized the reproduction, replication and transmission of the stock holding records of your SPSA for the purpose of enabling the SEHK and the relevant SEHK Subsidiary to carry out the Pre-Trade Checking.
- 11.5 If for whatever reason there is late, incomplete or failed delivery of China Connect Securities in relation to an SPSA Sell Order you have instructed, you undertake to:
- 11.5.1 indemnify us and hold us harmless for any costs, losses or expenses we may incur as a result of the late, incomplete or failed delivery,

including but not limited to any costs and taxes associated with buying equivalent China Connect Securities to cover the shortfall, any penalties imposed by any China Connect Authorities, and any financing costs, hedging costs and mark-to-market losses suffered as a result of any China Connect Securities belonging to us or our other clients being unavailable for sale (whether due to their being “Securities-on-hold” or otherwise) or any China Connect Securities purchased for the account of us or our other clients not being delivered by the HKSCC to us as a result;

11.5.2 provide, or procure that your relevant Custodian Participant provides, promptly all such information and supporting documents relating to any outstanding or overdue short stock positions as may be required by HKSCC to demonstrate that the outstanding or overdue short stock position is due to the failure of the relevant Custodian Participant to deliver China Connect Securities from the relevant SPSA to us or our Clearing Participant;

11.5.3 procure the delivery of such China Connect Securities to us as soon as possible, and in any case within such time as is required by us to enable us to meet our delivery obligations to the HKSCC or to our clients; and

11.5.4 accept that we may request the HKSCC to make adjustments to the balance of your SPSA, which may result in a reduction in the balance of your SPSA available for sale.

11.6 You undertake that (i) without our prior consent, you will not make any change in the status of any SPSA for which we have been designated as an executing broker, including but not limited to, termination or suspension of that SPSA or deletion of us as a designated executing broker for that SPSA; and (ii) you will immediately notify us of any events or potential events that may lead to such changes.

12. COVERED SHORT SELLING

12.1 Unless and until we have informed you of our consent to providing covered short selling services, we will only be able to accept genuine long sale orders over China Connect Securities. You acknowledge and agree that subject to the terms of this Clause, we will treat any sell order of China Connect Securities submitted by you to us as being a genuine long sale order (and that you will not have outstanding borrows of any such China Connect Securities).

12.2 You further acknowledge and agree to comply with the following:

12.2.1 the SEHK tick rule requires that the input price of a short selling order must not be lower than the most recent execution price (or the previous closing price if there have been no executed trades on a given day) of the relevant short selling China Connect Securities; and

12.2.2 if you have borrowed shares for short selling and have not yet returned the borrowed shares to the stock lender, then any long sale order

entered into by you prior to the return of such borrowed shares will also be subject to the tick rule.

12.3 If we have informed you of our consent to providing covered short selling services, the following shall apply:

12.3.1 At or before the time you instruct us to execute a short sale in China Connect Securities through China Connect, you must confirm, in such form and manner as we may from time to time specify:

- (a) that the order is a short selling order; and
- (b) that you have (or where you are acting as agent, your underlying principal has) a presently exercisable and unconditional right to vest the China Connect Securities in the purchaser by virtue of having borrowed China Connect Securities under a stock borrowing and lending arrangement.

12.3.2 If we receive a sell order not containing the confirmations referred to in Clause 12.3.1, we shall be entitled to regard the order as a long sale.

12.3.3 You undertake to inform us (if and after the short selling order is executed) of your return of any borrowed China Connect Securities (which are the subject of a short selling order) to the stock lender, including the relevant date or dates of return and the number of China Connect Securities being returned.

12.3.4 In addition to the representations and warranties contained in the Existing Terms represent and warrant (which representations and warranties shall be deemed to be repeated by you on each date on which you instruct an order) that you are aware of and understand the requirements, restrictions and conditions applicable to short selling of China Connect Securities and undertake that any short sale orders you instruct us to execute will be in compliance with China Connect Laws and China Connect Rules , including but not limited to the following:

- (a) under no circumstances may you submit an uncovered short sale;
- (b) short selling orders may be submitted only in multiples of 100 shares;
- (c) only those China Connect Securities that are included in the “List of Eligible SSE Securities for Short Selling” or “List of Eligible SZSE Securities for Short Selling” published from time to time by the SEHK may be the subject of short selling orders;
- (d) short selling orders may only be submitted during the Opening Call Auction or a Continuous Auction;
- (e) short selling orders through China Connect are subject to daily and aggregate “Short Selling Ratio” limits, published on the SEHK website, and it shall be your responsibility to be aware of any such limits;

- (f) in addition to the tick rule referred to in Clause 12.2, short selling orders may be subject to additional price restrictions imposed by the China Connect Authorities, including where the China Connect Authorities believe such restrictions are appropriate to prevent the submission of short selling orders at an artificially high price which has the effect of artificially using up the limits of the “Short Selling Ratio”, and you undertake to comply with any such restrictions in the event they are imposed; and/or
 - (g) Pre-Trade Checking shall apply in respect of short selling orders, and accordingly it is your responsibility to ensure that you have received sufficient borrowed stock in the relevant SPSA at the time the Pre-Trade Checking procedures are carried out in order to submit short selling orders in relation to that SPSA.
- 12.4 You acknowledge and understand that your ability to submit short selling orders for China Connect Securities may be restricted, limited, suspended or terminated at any time, including but not limited to where:
 - 12.4.1 China Connect Securities are removed from the “List of Eligible China Connect Securities for Short Selling” or “List of Eligible SZSE Securities for Short Selling”;
 - 12.4.2 the daily or aggregate “Short Selling Ratio” limit for a particular security has been exceeded; and/or
 - 12.4.3 a China Connect Authority or China Connect Entity has exercised its authority under any applicable China Connect Laws or China Connect Rules.
- 12.5 Without limitation to the foregoing and without limiting our rights under the Existing Terms, we may in our sole and absolute discretion and without being under any obligation to give any reason impose limits or restrictions on your ability to submit short selling orders, and you undertake to comply with any such limits or restrictions.
- 12.6 You undertake to comply with any direction by us to liquidate any or all of your open short positions if we are so directed by a China Connect Authority and will comply with any directions stipulated by the China Connect Authority as to the manner of liquidation.
- 12.7 You authorise us to disclose such information about your short selling activities and open short positions to China Connect Authorities as we deem necessary to comply with our obligations under China Connect Laws and China Connect Rules.

13. CLIENT INFORMATION

- 13.1 **Retention of records:** If you instruct us to effect a Northbound transaction in China Connect Securities on behalf of your own client (a “**Client Transaction**”), you shall retain for a period of not less than 20 years (or such

other period as we may instruct you in accordance with China Connect Laws or China Connect Rules), records of any client instructions and account information in relation to the Client Transaction (such records referred to herein as the “**Client Information**”).

13.2 **Where your own client acts as intermediary:** If you instruct us to effect a Client Transaction and you are aware that your own client is acting as an intermediary (either directly or indirectly through other intermediaries) for another person who is the beneficial owner of the Client Transaction, you undertake and confirm that you have arrangements in place:

13.2.1 requiring such client to retain or procure the retention of the Client Information in relation to the beneficial owner of the Client Transaction for the period specified in Clause 13.1; and

13.2.2 which entitle you to obtain and disclose the Client Information in relation to the beneficial owner upon request and within the required time limit specified by us, or procure that it be so obtained and disclosed.

13.3 **Disclosure of information to China Connect Authority:** If we receive an enquiry from any China Connect Authority in relation to a Client Transaction, you shall, upon request and within the time limit specified by us, disclose to us or to the relevant China Connect Authority, the Client Information, or procure such disclosure, in relation to the beneficial owner of the Client Transaction.

14. INDEMNITY

In addition and without prejudice to any of our rights under the Existing Terms, you will indemnify us and any Related Persons 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: (a) any Taxes of whatever nature that are incurred by, assessed on or imposed upon us or any Related Persons by any China Connect Authorities and/or the State of Administration of Tax of Mainland China at any time resulting from any trading or holding of China Connect Securities in relation to China Connect (including in connection with any purchase, sale or closing out of any orders or transactions entered into by us as agent on your behalf); (b) the materialisation of any risk referred to in Appendix 2; (c) any legal costs which any of us and any Related Persons 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 above, in each case other than those claims, demands, actions, proceedings, damages, costs, expenses, losses and liabilities which are a direct result of our fraud, wilful default or gross negligence.

15. FEES AND TAXATION

15.1 In addition and without prejudice to the Existing Terms, 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.

- 15.2 In the event we are required under any applicable law or regulation (including but not limited to 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 deemed necessary to fulfil 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.
- 15.3 We shall be entitled in our sole and absolute discretion, without further notice or demand to you, to satisfy any obligation or potential obligation of ours, any Related Person or yours to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as we in our sole and absolute discretion may determine, all or part of any property held by us or any Related Person for any purpose in any of your accounts held with us or any Related Person, and to apply the proceeds in reduction of all or part of your liability to any tax authority or us or any Related Person.
- 15.4 We shall have no responsibility to verify the accuracy of the information provided by you and are entitled to rely on such information to fulfil our obligations as required under any applicable law or regulation.
- 15.5 We shall have no liability whatsoever for the lack of any tax relief, or any failure to obtain the benefit of any tax credit.
- 15.6 Notwithstanding any other provision in these 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.

16. TERMINATION

- 16.1 Without prejudice to anything contained in the Existing Terms, you may terminate these Terms at any time by sending us written notice which shall take effect from the date acknowledged by us. We may terminate these Terms by sending you written notice which shall specify the date on which such termination takes effect. These Terms shall terminate automatically upon termination of the Existing Terms. Clauses 4, 5, 10, 14, 15, and 17.3 shall survive termination of these Terms.
- 16.2 Termination of these Terms pursuant to clause 16.1 shall be:
- 16.1.1 without prejudice to the completion of any transaction or transactions already initiated and any transaction or transactions outstanding at the time of termination will be settled and delivery made;

16.2.2 without prejudice to and shall not effect any accrued rights, existing commitments or any contractual provision intended to survive termination; and

16.2.3 without penalty or other additional payment save that you will pay (i) our outstanding fees and charges; (ii) any expenses incurred by us in the provision of the Services or under these Terms payable by you; (iii) any additional expenses incurred by us as a consequence of termination; and (iv) any losses necessarily realized in settling or concluding outstanding obligations.

17. MISCELLANEOUS

17.1 Subject to and without prejudice to the Existing Terms, you will pay fees, charges and expenses in respect of these Terms in accordance with our fee scale from time to time in force.

17.2 You will execute any further documents and provide any materials and/or information as we may reasonably request to enable us to perform our duties and obligations under these Terms which may become necessary as and when the China Connect Laws or the China Connect Rules are amended or supplemented from time to time.

17.3 You will provide all information (including translations into Chinese, if required) to us on request if such information is requested by any China Connect Authority, any China Connect Entity 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 the suspension of China Connect Trading Services to you.

17.4 If any provision in these Terms in whole or in part shall be held by any court of competent jurisdiction to be illegal, invalid or unenforceable under any enactment or rule of law that provision or part shall to that extent be deemed not to form part of these Terms and the enforceability of the remainder of these Terms shall not be affected thereby.

17.5 No failure or delay by either party in exercising any right or remedy provided under these 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 Terms shall not constitute a waiver of any subsequent breach.

17.6 Any amendment to these Terms shall take effect on such date as we shall specify (being not less than ten days after the notification of the change unless it is impracticable to do so). We will notify you of any changes to these Terms by posting updated versions of the applicable documents on www.jefferies.com unless otherwise required by any applicable law or regulation.

- 17.7 Subject to the Existing Terms, neither party shall assign or transfer all or any of its rights or obligations under these Terms without the prior written consent of the other parties.
- 17.8 These Terms and any dispute or claim arising out of or in connection with these Terms shall be governed by and construed in accordance with the laws of Hong Kong for the time being in force. The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong for the purpose of hearing and determining any dispute arising out of or in any way relating to these Terms or their formation and for the purpose of enforcement of any judgment against their respective assets.
- 17.9 Where you do not have a permanent place of business in Hong Kong, you agree to appoint and keep appointed an agent in Hong Kong for the service of process and to notify us of the identity of such agent forthwith.

Appendix 1 DEFINITIONS

For the purposes of these Terms, the following words and phrases shall have the following meanings:

“A Shares”	means any securities issued by companies incorporated in Mainland China which are listed and traded on Mainland China A Share markets (Shanghai or Shenzhen) and not on the SEHK;
“Account Carrying Entity”	means Jefferies International Limited (registration number: 1978621), a company incorporated in England and Wales and having its registered office at Vintners Place, 68 Upper Thames Street, London EC4V 3BJ, United Kingdom, or Jefferies LLC, a limited liability company formed under the laws of the State of Delaware in the United States whose business address is 520 Madison Avenue, 10th Floor, New York City, New York, 10022, as applicable;
“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 RMB received and held by us under these Terms;
“Cautionary Level”	has the meaning given in paragraph 16 of Appendix 2;
“CCASS”	means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK and/or any system established for the purpose of China Connect;
“China Connect”	means the Shanghai Hong Kong Stock Connect and/or the Shenzhen Hong Kong Stock Connect (as the case may be);
“China Connect Authorities”	means the regulators which regulate China Connect and activities relating to China Connect, including without limitation, the CSRC, People’s Bank of China, the State Administration of Foreign Exchange, 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, SEHK Subsidiaries, SSE, SZSE 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 the SSE and/or the SZSE (as the case may be);
“China Connect Market System”	means the system used for the trading of (a) SSE Securities on SSE, as operated by SSE and/or (b) SZSE Securities on SZSE as operated by SZSE (as the case may be);
“China Connect Rules”	means any rules, policies 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 SSE Securities and/or SZSE Securities (as the case may be);
“China Connect Service”	means the order-routing service through which Northbound orders placed by an Exchange Participant may be transmitted by an SEHK Subsidiary to the corresponding China Connect Market for the buying and selling of China Connect Securities and any related supporting services;
“China Connect Trading Services”	means the service which may be provided by us to you (subject to these Terms) through which you may trade in China Connect Securities;
“ChinaClear”	means China Securities Depository and Clearing Corporation Limited;
“ChiNext Shares”	means any securities listed on the ChiNext Board of the SZSE which may be traded by Hong Kong and overseas investors under China Connect;
“Clearing Participant”	has the meaning given to such term in the rules of CCASS;
“Client Forced-sale Notice”	has the meaning given in Clause 10.1;
“Client Information”	has the meaning given in Clause 13.1;
“Client Orders”	has the meaning given in Clause 7.2;

“Client Securities Rules”	means the Securities and Futures (Client Securities) Rules (Cap. 571H, Laws of Hong Kong);
“Client Transaction”	has the meaning given in Clause 13.1;
“CSC”	means the China Stock Connect System for receiving and routing orders under China 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 the Several Provisions regarding Mainland China – Hong Kong Stock Connect Mechanism, as promulgated by CSRC to prescribe the launch and operation of the China Connect;
“Custodian Participant”	has the meaning given to such term in the rules of CCASS;
“Daily Quota”	has the meaning given in paragraph 4 of Appendix 2;
“Eligible Margin Trading Securities”	has the meaning given in paragraph 32 of Appendix 2;
“Eligible ChiNext Investors”	means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO or other types of investors that are permitted or approved by the China Connect Authorities to trade ChiNext Shares through Shenzhen Hong Kong Stock Connect;
“Eligible STAR Investor”	means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO or other types of investors that are permitted or approved by the China Connect Authorities to trade STAR Shares through Shanghai Hong Kong Stock Connect;
“ETFs”	means exchanged-traded funds;
“Exchange Participant”	has the meaning given by the rules of the SEHK;
“Existing Terms”	means the Terms of Business, together with any Schedules and the welcome letter between you and JHKL;

“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;
“JHKL”	means Jefferies Hong Kong Limited;
“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 Appendix 2;
“Mainland China Resident”	means a person who is a citizen of the PRC and who 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;
“Opening”	has the meaning given in Clause 7.2;
“Original CP”	has the meaning given in Clause 10.3;
“Permitted Level”	has the meaning given in paragraph 16 of Appendix 2;
“PRC”	means the People’s Republic of China;
“Pre-Trade Checking”	means the requirements and procedures under the China Connect Laws and China Connect Rules pursuant to which a China Connect Authority or a China Connect Entity may reject a sell order if an investor does not have sufficient available China Connect Securities in its account;
“QFII”	means qualified foreign institutional investor;
“Recipient Agent”	has the meaning given in Clause 10.3;
“Related Person”	means any of our Affiliates, or any director, officer, employee or agent of ours or our Affiliates;
“RMB”	means Renminbi, the lawful currency of Mainland China, deliverable in Hong Kong;

“RQFII”	means RMB qualified foreign institutional investor;
“SEHK”	means The Stock Exchange of Hong Kong;
“SEHK China Connect Rules”	means the rules of SEHK, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time;
“SEHK Subsidiary”	means a wholly-owned subsidiary of SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in Mainland China to provide the order-routing service under China Connect;
“SFC”	means the Securities and Futures Commission;
“SFO”	means the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
“Shanghai Hong Kong Stock Connect”	means a securities trading and clearing links programme developed or to be developed by SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SSE;
“Shenzhen Hong Kong Stock Connect”	means a securities trading and clearing links programme developed or to be developed by SEHK, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SZSE;
“Special China Connect Securities”	means any securities listed on a China Connect Market which the SEHK (after consulting with the relevant China Connect Market) from time to time accepts or designates as eligible only for China Connect sell orders and not China Connect buy orders;
“SPSA”	means a Special Segregated Account, as defined in the rules of CCASS;
“SPSA Sell Order”	has the meaning given in Clause 11.1;
“SSE”	means the Shanghai Stock Exchange;
“SSE Rules”	means the rules, operation procedures, circulars and notices of SSE in respect of the stock listing and trading activities taking place on SSE (including the STAR Market) and the SSE Regulations on the Shanghai Hong Kong Stock Connect Programme which have been published by SSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time;
“STAR companies”	has the meaning given in paragraph Appendix 238 of Appendix 2;

“STAR Market”	means the SSE S;
“STAR Shares”	means A Shares accepted for listing and admitted to trading on the STAR Market from time to time;
“SSE Securities”	means any securities and/or ETFs listed on the SSE which may be traded by Hong Kong and international investors under China Connect;
“SZSE”	means the Shenzhen Stock Exchange;
“SZSE Rules”	means the rules, operation procedures, circulars and notices of SZSE in respect of the stock listing and trading activities taking place on SZSE (including the ChiNext Board) and the SZSE Regulations on the Shenzhen Hong Kong Stock Connect Programme which have been published by SZSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time;
“SZSE Securities”	means any securities and/or ETFs listed on the SZSE which may be traded by Hong Kong and international investors under China Connect. For the avoidance of doubt, SZSE Securities shall include ChiNext Shares;
“Taxes”	means all retrospective, present or future taxes, duties, levies, imposts, charges, assessments, deductions, withholdings, costs, expenses, any other tax (including without limitation any capital gains tax or any provision for withholding income tax on capital gain or business tax on capital gains) 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 Terms or (iii) you;
“Terms”	has the meaning ascribed to it in Clause 1.1;
“Trading Day”	means a day on which SEHK is open for Northbound trading for (a) Hong Kong and Shanghai (in the case of Shanghai Hong Kong Stock Connect) or (b) Hong Kong and Shenzhen (in the case of Shenzhen Hong Kong Stock Connect), where “T day” denotes the Trading Day on which a transaction is executed and “T+1 day” denotes (as the case may be) the day which is one Trading Day, or in the context of the settlement of funds, on a business day (on which (a) in the case of Shanghai Hong Kong Stock Connect, banks in Hong Kong and Shanghai are generally open for business and (b) in the case of Shenzhen Hong Kong Stock Connect, banks in Hong Kong and Shenzhen are generally open for business) after T day;

“we”, “our” and “us”

means JHKL, the Account Carrying Entity and their respective officers, employees and directors; and

“you” and “your”

means you and, if applicable, the principals on whose behalf you act.

Appendix 2

RISK DISCLOSURES AND OTHER INFORMATION

This Appendix 2 describes some of the key risk factors and other information concerning China Connect. This Appendix 2 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. 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 Appendix 2. 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 Appendix 2 is up to date or comprehensive and do not undertake to update the information set out in this Appendix 2. 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.

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 relation to 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 the SSE Rules and/or the SZSE Rules (as the case may be) and other Mainland China securities laws and regulations. If such rules and regulations are breached, the relevant 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

Under PRC law, a China Connect Market may reject a sell order if an investor does not have sufficient available China Connect Securities in its account. SEHK is required to check all Northbound sell orders either (i) on the stock account(s) at the Exchange Participant level or (ii) if you have opened an SPSA with one or more Custodian Participants, on the relevant SPSA, to ensure there is no overselling in excess of the stock holding in the relevant account. Such Pre-Trade Checking will be carried out prior to the start of each Trading Day. 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 any relevant China Connect Laws or China Connect Rules shall be borne by you.

SPSA Sell Orders

For a client who places an SPSA Sell Order, the above Pre-Trade Checking will be carried out on each SPSA that you wish to sell from. HKSCC will determine the number of China Connect Securities in each SPSA prior to the start of each Trading Day, which will serve as the limit for the amount of sell orders that may be executed in relation to each SPSA for that day. If there has been a failure (for whatever reason) to deliver China Connect Securities from the SPSA to settle a sell order, HKSCC may deduct those China Connect Securities from the balance of China Connect Securities available for selling from that SPSA on subsequent Trading Days, notwithstanding the actual China Connect Securities balance of that SPSA.

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 Terms. Note in particular that you may be unable to execute a sell order of China Connect Securities if (i) 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 (ii) (in respect of an SPSA Sell Order) there is insufficient China Connect Securities in the relevant SPSA, even if you have additional China Connect Securities in another SPSA, if for any other reason we consider that there is or may be non-compliance with any China Connect Laws or China Connect Rules. You must ensure that there are sufficient China Connect Securities in your relevant SPSA(s) at the time the Pre-Trade Checking procedures are undertaken to cover any subsequent sell orders on that Trading Day. Failure to do so may result in the sell order being rejected, even if you have additional securities in another SPSA. You are responsible for complying with any Pre-Trade Checking requirements mandated by the China Connect Authorities and/or as notified to you by us. We shall not be obliged to undertake any procedures to assist you to comply with the Pre-Trade Checking requirements. In addition, you will ensure there are sufficient available China Connect Securities in the relevant SPSA to cover any proposed sell order.

Furthermore, we may act as executing broker for other clients in addition to you in relation to the China Connect Securities. If any other such client fails to deliver sufficient China Connect Securities to us or our Clearing Participant to ensure timely settlement of that client's SPSA Sell Order, we or our Clearing Participant may have an overdue short stock position in the relevant China Connect Securities, resulting in all of our settlement instructions in CCASS for delivery of the same China Connect Securities to be put on hold by HKSCC pending resolution of the shortfall. While such settlement instructions are placed on hold, there may be a delivery failure in respect of your SPSA Sell Orders in respect of the same China Connect Securities.

3. Settlement

Northbound trades will follow the A Share settlement cycle of the relevant China Connect Market. 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 sole and 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 the purposes of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled, which may be different from the trade confirmation sent to you since in some cases T+0 day will be used solely for the trade matching purpose. If the purchase was pre-funded, the settlement date should be the date on which the securities are released from hold.

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 in respect of each China Connect Market 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 relevant China Connect Market 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 rules of the SEHK, 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 China Connect Markets. 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

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:

- (i) stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month;
- (ii) 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);
- (iii) post-trade allocation of China Connect Securities by a fund manager or an asset manager across the funds and/or sub-funds or clients it manages; and
- (iv) any other situations specified by the relevant China Connect Market and 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 the specified price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

8. China Connect Market Price Limits

China Connect Securities are subject to a general price limit of $\pm 10\%$ based on the previous Trading Day's closing price (and a price limit of $\pm 5\%$ where the China Connect Securities are on risk alert). 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 companies listed on the China Connect Markets

According to the SSE Rules and the SZSE Rules, if any company listed on a China Connect Market (other than a company listed on the ChiNext Board) is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interests to undue damage, such 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 is subsequently moved to the risk alert board, investors

under China Connect will only be allowed to sell the relevant China Connect Security and will be prohibited from further buying. For details concerning the risk alert board, you should refer to the SSE Rules, SZSE Rules 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 the Daily 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 the relevant 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 Legal 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 believe 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 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 its corresponding 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 the relevant SEHK Subsidiary’s) own records shall be final and conclusive.

Moreover, under Mainland China laws, where the aggregate holdings of foreign investors exceeds 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 its corresponding 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 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. You should refer to Clause 15 for details of the applicable legal terms.

18. Insider Dealing, Market Manipulation and Other Market Conduct Rules

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 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. However, as the China Connect Securities traded through China Connect are not listed or traded on the SEHK, the Client Securities Rules will not apply unless otherwise specified by the SFC or any other relevant China Connect Authority.

20. Investor Compensation Fund

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the SFO. 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.

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.

Under the rules of CCASS, HKSCC is prepared to provide assistance to the beneficial owners of China Connect Securities where necessary. HKEx notes that any beneficial owner who decides to take legal action in respect of China Connect Securities held for them by the Clearing Participant through HKSCC is responsible for seeking its own independent legal advice to satisfy itself and HKSCC that a cause of action exists and the beneficial owner should be prepared to conduct the action and take up all costs in relation to the action, including providing HKSCC with indemnities and legal representation in proceedings. Further details are set out in the HKEx published materials.

Clearinghouse 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. JHKL 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 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.

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.

Other Operational Issues

25. Company Announcements on Corporate Actions

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE website and/or SZSE website (as the case may be) and certain officially 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 SSE website and/or the SZSE website (as the case may be) and the officially appointed newspapers and website (such as Shanghai Securities News (上海證券報), Securities Times (證券時報), China Securities Journal (中國證券報), Securities Daily (證券日報) and www.cninfo.com.cn (巨潮資訊網)) 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 (i) issuers that are listed on the China Connect Markets publish corporate documents in Chinese only, and English translations will not be available and (ii) issuers listed on the ChiNext Board are required to publish certain corporate announcements on their corporate websites and the officially appointed websites only.

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 for distribution to relevant Clearing Participants on the same day.

Unlike the current practice in Hong Kong in respect of SEHK-listed shares, investors engaged in Northbound trading may not be able to attend shareholder meetings by proxy or in person.

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. Average Pricing across Funds for Fund Managers¹

If you act as a fund manager for more than one fund or as 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.

27. Disclosure of Information and Publication of Trade Information

SEHK may require JHKL 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 the purposes of their 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.

28. 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 you as a result of any trading based on your 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 which may affect the investor's ability to mitigate the consequences of any error trades.

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

¹ **Note:** Applicable only to fund managers electing for pre-trade allocation.

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.

29. Retention of Information

You acknowledge and accept that we will be required under the China Connect Rules to keep records for a period of not less than 20 years of (a) all orders and trades executed on behalf you; (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).

30. China Connect Market System

SEHK or the relevant SEHK Subsidiary (after consulting with SEHK) may, under certain circumstances as specified in the rules of the SEHK 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 relevant China Connect Market 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.

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 the relevant China Connect Market.

Further, the rules of the SEHK 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 the relevant 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 your sell orders and buy orders may be affected.

The China Connect Market System is a 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 relevant China Connect Market. We are not responsible for any delay or failure caused by any China Connect Market System and investors accept all risks arising from trading China Connect Securities through any 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 the relevant 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 circumstance in which a China Connect order which a China Connect Exchange Participant has requested to be cancelled is not 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 Service;
- (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 circumstances described in paragraph (e) above, you shall, in the event such order is matched and executed, remain responsible to fulfil any settlement obligations in respect of such transaction.

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

31. 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 relevant China Connect Market 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.

32. 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. 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 such 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 the relevant 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. The relevant China Connect Market has reserved 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.

33. 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 an 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.

34. Odd Lot Trading

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.

35. Short Selling

Covered short selling must satisfy 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, are appropriately flagged as such and that they are subject to an uptick rule. 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 and for any consequences of non-compliance.

36. Stock Borrowing and Lending

We will not offer stock lending services.

37. RMB Conversion

Any conversion of any currency into RMB pursuant to Clause 9 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.

38. 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.

ChiNext Shares

ChiNext Shares involve a high investment risk. In particular, profitability and other financial requirements for listing on the ChiNext Board are less stringent than the Main Board of the SZSE. You should make the decision to invest only after due and careful consideration.

Companies listed on the ChiNext Board may include enterprises in the innovation and technology sector as well as other start-up and/or growth enterprises with smaller operating scale and share capital. Stock prices may also be more susceptible to manipulation due to fewer circulating shares. Accordingly, the ChiNext Shares may be very volatile and illiquid. In addition, current information on such companies may be limited and may not be widely available.

It may be more common and easier for companies listed on the ChiNext Board to be delisted. The ChiNext Shares may become very illiquid after delisting. You may suffer a total loss of this investment in the event of a delisting.

STAR Shares

Below are some additional risks associated with STAR Shares and these are not exhaustive. You should also refer to the standard Risk Disclosure Statement in the Investor Eligibility Implementing Measure of STAR Market ([上海證券交易所科創板股票交易風險揭示書必備條款](#)), as amended, supplemented or updated from time to time.

Regulatory risks

The rules and guidance on listing, trading, disclosure and other matters of the STAR Market vary much from those of the SSE main board. For example, on the listing requirements, lower net profit and revenue requirements will apply for companies seeking initial public offering and listing on the STAR Market. Different trading arrangements will apply for the trading of companies listed on the STAR Market (the “**STAR companies**”), such as daily price limit, minimum order size and maximum order size. For details of the listing requirements and the trading arrangements of the STAR Market and the SSE main board, please visit the SSE website.

Delisting risks

The delisting standards of the STAR Market are different from those of the SSE main board. There are more situations that will lead to the delisting of STAR companies. STAR companies have greater exposure to the risk of being delisted, and such delisting process may be speeded up.

Operating risks

STAR 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 STAR companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. The unstable financial result also adds the difficulty to the company valuations.

Technical risks

There is higher degree of uncertainty as to whether a STAR company is able to convert its technical innovations into physical products or services. When the industry is experiencing rapid technological development and replacement, its product may be obsolete and may not survive in the market.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this Appendix 2 and/or the nature and risks involved in the trading of ChiNext Shares and/or STAR Shares.