

## APPENDIX FOR SECURITIES TRADING VIA SHENZHEN-HONG KONG STOCK CONNECT (NORTHBOUND TRADING)

This Appendix applies in respect of securities trading services via the Shenzhen-Hong Kong Stock Connect (Northbound trading) provided by ICBCIS to the Client, in addition to the Appendix for Overseas Securities Trading.

The Client shall read, understand and accept the associated risks stated in the "SZSE Securities Trading Risk Disclosures", in addition to the document entitled "Risk Disclosure Statements" and seek independent advice as needed.

In the event that there is any inconsistency between (i) this Appendix and (ii) the Standard Terms and Conditions or the Appendix for Overseas Securities Trading, the provisions in this Appendix shall prevail in respect of trading in Securities via the Shenzhen-Hong Kong Stock Connect (Northbound trading).

Unless otherwise defined in this Appendix, terms defined in the "Definitions and Interpretation" section of the Standard Terms and Conditions shall have the same meaning when used in this Appendix.

### 1. INTERPRETATIONS AND DEFINITIONS

1.1 The following terms as contained in this Appendix or the Standard Terms and Conditions shall have the following meanings:

**Applicable Law(s)** means all relevant or applicable laws, rules, regulations, by-laws, constitution, orders, directives, notices, circulars, codes, customs and usages (whether in or outside of Hong Kong, whether of government bodies, authorities, Exchange, market, clearing house or settlement system, and whether or not having the force of law), including the Stock Connect Rules; and/or under any agreement with or between any Regulator.

**CCASS China Connect Rules** means the General Rules of the Central Clearing and Settlement System, as amended for the purposes of securities trading and clearing links programme developed by the SEHK, SSE, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between the SEHK and the relevant stock market in the PRC, and as amended, supplemented, modified or varied from time to time.

**ChinaClear** means China Securities Depository and Clearing Corporation Limited.

**ChiNext Shares** means A shares accepted for listing and admitted to trading on the ChiNext market operated by the SZSE from time to time.

**CSRC** means the China Securities Regulatory Commission of the PRC.

**Daily Quota** has the meaning ascribed to it in Clause 5.1.

**Designated SPSA** means the specific SPSA to which a SPSA Sell Order relates.

**Exchange Participant** means (i) ICBCIS being a person registered as a China Connect Exchange Participant (as defined in the Stock Connect Rules) by the SEHK; or (ii) where the context requires, any China Connect Exchange Participant (as defined in the Stock Connect Rules).

**Foreign Shareholding Restrictions** has the meaning ascribed to it in Clause 5.1.

**Pre-Trade Checking** means the pre-trade checking requirements set out in the Stock Connect Rules under which a sell order can be rejected.

**Regulator** means the SEHK, SFC, HKSCC, SSE, SZSE, CSRC, SAT, the Hong Kong Inland Revenue Department and/or such other regulator, government, government authority, tax authority, Exchange, market clearing house or settlement system in any jurisdiction.

**Relevant Market** shall mean the stock market operated by the SZSE that will fall within the scope of the Shenzhen-Hong Kong Stock Connect and/or the SEHK as applicable.

**RMB / CNY** means Renminbi, the lawful currency of the PRC.

**SAT** means the State Administration of Taxation of the PRC.

**SEHK Subsidiary** means a wholly-owned subsidiary of the SEHK duly authorized as an automated trading services provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service referred to in Rule 1403(1) of the Rules and Regulations of The Stock Exchange of Hong Kong Limited.

**Shanghai-Hong Kong Stock Connect** means the securities trading and clearing links programme developed by the SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between Hong Kong and Shanghai.

**Shenzhen-Hong Kong Stock Connect** means the securities trading and clearing links programme developed by the SEHK, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between Hong Kong and Shenzhen.

**SPSA or Special Segregated Account** has the meaning as ascribed to it in the General Rules of the Central Clearing and Settlement System.

**SPSA Sell Order** has the meaning as defined in Clause 3.12.

**SSE** means the Shanghai Stock Exchange

**SZSE** means the Shenzhen Stock Exchange.

**SZSE Listing Rules** means the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Rules Governing the Listing of Shares on the ChiNext of Shenzhen Stock Exchange, as amended, supplemented, modified or varied from time to time.

**SZSE Rules** means the SZSE Regulations on Shenzhen-Hong Kong Stock Connect and the business and trading rules and regulations of the SZSE, as amended, supplemented, modified or varied from time to time.

**SZSE Securities** have the meaning ascribed to it in Clause 2.1.

**Stock Connect Rules** means the China Connect Service Special Rules as prescribed under the Rules and Regulations of The Stock Exchange of Hong Kong Limited, and any orders, directives, notices, circulars, codes, customs or usages and any other applicable rules in connection with the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, as amended from time to time.

**SZ Stock Connect Trading Days** means the days on which investors are allowed to conduct Northbound trade on the SZSE under the Shenzhen-Hong Kong Stock Connect, as prescribed by the Stock Connect Rules, from time to time.

## 2. ELIGIBLE SECURITIES

- 2.1 The Client acknowledges that the Client will only be able to trade in selective Securities listed on the SZSE ("**SZSE Securities**"), as prescribed by the Stock Connect Rules, any other Applicable Law, and/or as stipulated by ICBCIS in its sole discretion from time to time.
- 2.2 The Client acknowledges that the Stock Connect Rules may impose restrictions on the acquisition, disposal and/or holding of any SZSE Securities or any entitlements thereof at any time, and there may be instances where the Client will not be able to acquire, hold or dispose of SZSE Securities or any entitlements thereof due to changes in the status of the SZSE Securities, the suspension or closure (whether temporary or permanent) of the Shenzhen-Hong Kong Stock Connect, other reasons prescribed under the Stock Connect Rules, any other Applicable Law and/or as stipulated by ICBCIS in its sole discretion at any specific time. The Client is required to observe and comply with the Stock Connect Rules, any other Applicable Law and/or stipulations by ICBCIS in respect of the acquisition, disposal and/or holding of any SZSE Securities from time to time.
- 2.3 ICBCIS shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to acquire, dispose of or hold any SZSE Securities or any shares or other types of securities from an issuer of SZSE Securities as entitlement securities in any circumstances.
- 2.4 The Client acknowledges that margin trading in SZSE Securities via the Shenzhen-Hong Kong Stock Connect, and the type(s) or category(ies) of SZSE Securities available for margin trading, are subject to the Stock Connect Rules, any other Applicable Law and/or stipulations by ICBCIS in its sole discretion from time to time, including but not limited to the Appendix for Margin Accounts and any other terms as may be agreed with ICBCIS from time to time. Margin trading is confined to those SZSE Securities that are within the list of eligible SZSE Securities for margin trading published by the SEHK from time to time. The SZSE may suspend margin trading activities in respect of any eligible SZSE Security exceeding the margin trading threshold(s) prescribed by the SZSE from time to time, in which case and unless otherwise permitted by Applicable Law, any Instruction to acquire such SZSE Security must be fully funded by the Client. Where abnormal margin trading activities occur, the SEHK and/or SEHK Subsidiary may reject any Instruction which in its judgment contravenes any Applicable Laws, require ICBCIS to stop accepting Instructions from or acting for the Client, and/or take other enforcement action. ICBCIS shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to conduct margin trading in SZSE Securities in any circumstances.

## 3. INSTRUCTIONS AND TRANSACTIONS

- 3.1 Instructions may only be given by the Client during such time or times as determined by ICBCIS, which may be amended, varied or restricted from time to time.
- 3.2 Unless ICBCIS specifies otherwise, an Instruction is good for the day only in the Relevant Market where the Transaction is to be executed, and if on the date of such Instruction it is a public holiday in the Relevant Market, the Instruction shall be good until the first official trading day in the Relevant Market thereafter where the Transaction is to be executed. If for any reason any Instruction has not been executed (or any unexecuted part of any such Instruction in the case of a partially executed Instruction) during the above time period, it shall be subject to such arrangements as ICBCIS shall determine in its sole discretion from time to time. Any Instructions received by ICBCIS after the end of a SZ Stock Connect Trading Day shall be treated as invalid unless otherwise agreed by ICBCIS.
- 3.3 Unless otherwise agreed by ICBCIS and subject to such terms as prescribed by ICBCIS, the Client shall not place any Instruction to short sell SZSE Securities (i.e., sell SZSE Securities that the Client does not own).
- 3.4 The Client acknowledges that the delivery of SZSE Securities or cash to the Client upon settlement of a Transaction may be delayed as a result of time zone differences, public holidays in Hong Kong or overseas or other reasons beyond the control of ICBCIS, and ICBCIS shall not be liable for such delay or any interest thereon (if any). Where there is any such delay or default in delivery, ICBCIS may, but has no obligation to, complete settlement of the Transaction for the Client until the SZSE Securities or cash for settlement is actually received by ICBCIS or the Service Provider(s). Where any SZSE Securities or cash for any Transaction is paid, delivered or credited to the Client's Account but ICBCIS or its Service Provider(s) has not actually received

- the same from the counterparty to the Transaction, ICBCIS may demand, and the Client agrees to pay or return, such amounts or SZSE Securities previously paid, delivered or credited to the Client's Account, and the Client hereby authorizes ICBCIS to debit from the Account any such SZSE Securities or amounts or amounts equivalent. For a purchase Transaction, the Client shall not be entitled to withdraw all or any part of the relevant cash or monies in the Client's Account or any other accounts for settlement purposes (including the SPSA) until the purchase Transaction is completed. For a sale Transaction, the Client shall not be entitled to withdraw or in any way deal with or any part of the relevant SZSE Securities until completion of the sale Transaction.
- 3.5 All Instructions for effecting Transactions in respect of SZSE Securities shall be subject to such conditions (including conditions on the type, size, and specified price of the SZSE Securities) as may be prescribed by the Stock Connect Rules, any other Applicable Law, and/or as stipulated by ICBCIS in its sole discretion from time to time. ICBCIS shall have absolute discretion on the acceptance of any Instructions. In particular, ICBCIS shall not be obliged to act on any Instruction and is authorized to reject or cancel any Instructions where ICBCIS considers in its sole discretion:
- (a) the Instruction for sale is in respect of SZSE Securities which are the subject of relevant Instruction(s) for purchase on the same SZ Stock Connect Trading Day;
  - (b) the Instruction does not fulfil the conditions prescribed by the Stock Connect Rules, any other Applicable Law, and/or as stipulated by ICBCIS in its sole discretion from time to time;
  - (c) the Instruction is not in compliance with or restricted under the Applicable Law;
  - (d) trading in SZSE Securities is suspended or not available through the Shenzhen-Hong Kong Stock Connect due to reasons beyond the control of ICBCIS, such as the balance of the Daily Quota, Foreign Shareholding Restrictions and/or changes thereto, severe weather conditions or other force majeure events; or
  - (e) the execution of the Instructions, in whole or in part, will result in the non-compliance by the Client or ICBCIS of any Applicable Law.
- 3.6 The Client acknowledges and agrees that an Instruction in respect of SZSE Securities may be fully executed, partially executed, or unexecuted. Unless the duration of the Instruction is specified by the Client and accepted by ICBCIS, an Instruction for effecting Transactions not executed or in case of partial execution, of such part thereof not executed, shall be subject to such arrangements as ICBCIS shall determine in its sole discretion from time to time.
- 3.7 The Client acknowledges and accepts that once an Instruction is given, the Instruction cannot be cancelled, varied or amended unless specifically accepted by ICBCIS. The Client further acknowledges and accepts that ICBCIS may not be able to send in the Client's Instructions for cancellation of orders in cases of contingency, such as when the SEHK loses all communication lines with the SZSE and/or other Regulators. ICBCIS shall not be obliged to act on any Instruction to cancel, vary or amend an Instruction already given to ICBCIS, nor shall ICBCIS be responsible or liable to the Client for any loss or expense suffered or incurred by the Client where the original Instruction has already been carried out. The Client agrees that it shall continue to bear the settlement obligations where any original Instruction has already been carried out.
- 3.8 The Client acknowledges and accepts any arrangements and/or restrictions on the disposal of SZSE Securities as may be imposed or prescribed by the Stock Connect Rules, any other Applicable Law, and/or as stipulated by ICBCIS in its sole discretion from time to time. ICBCIS shall not be obliged to act on any Instructions to dispose of SZSE Securities that the Client has purchased on the same SZ Stock Connect Trading Day.
- 3.9 The Client agrees to ensure that, at the time the Client gives Instruction for buying SZSE Securities or selling SZSE Securities, there shall be:
- (a) in the case of buying SZSE Securities, sufficient and available cleared RMB funds in the Account to meet the purchase price and stamp duties, levies, commissions and all other transaction-related costs, reasonable charges and expenses for buying the SZSE Securities, as and when required for settlement as determined by ICBCIS in its sole discretion from time to time; or
  - (b) in the case of selling SZSE Securities, sufficient and available SZSE Securities in the Account or in any other account for settlement purposes (including the SPSA) which is acceptable to ICBCIS, as required under the Stock Connect Rules or other Applicable Law.
- 3.10 Unless otherwise agreed by ICBCIS, Instructions for buying SZSE Securities or selling SZSE Securities on the Client's behalf will only be accepted by ICBCIS if:
- (a) in the case of buying SZSE Securities, the Client has sufficient and available cleared RMB funds in the Account to meet the purchase price and stamp duties, levies, commissions and all other transaction-related costs, reasonable charges and expenses for buying the SZSE Securities, as and when required for settlement as determined by ICBCIS in its sole discretion from time to time; or
  - (b) in the case of selling SZSE Securities, the Client has sufficient and available SZSE Securities in the Account or in any other account for settlement purposes (including the SPSA) which is acceptable to ICBCIS, as required under the Stock Connect Rules or other Applicable Law.
- 3.11 ICBCIS may but is not obliged to allow the Client to place a sell order for SZSE Securities held in a SPSA (such sell order shall be referred to as a "SPSA Sell Order"). ICBCIS has the absolute discretion not to accept a SPSA Sell Order without providing any reason thereof. If the SPSA Sell Order is executed, the relevant SZSE Securities will be delivered to ICBCIS or ICBCIS's clearing participant or such other persons designated by ICBCIS for settlement.

- 3.12 If ICBCIS so agrees, the Client may instruct ICBCIS to execute a SPSA Sell Order in relation to a Designated SPSA, subject to the following and such other requirements as may be required by Applicable Laws or as prescribed by ICBCIS from time to time:
- (a) the Client must have opened the Designated SPSA with a custodian participant in accordance with the General Rules of the Central Clearing and Settlement System and Applicable Laws and the Designated SPSA has been assigned with an investor identification number (if so required) in accordance with Applicable Laws;
  - (b) the Client has designated ICBCIS to be an executing broker for the Designated SPSA and authorized ICBCIS to execute on behalf of the Client the sale of the SZSE Securities in the Designated SPSA, and ICBCIS and the relevant Regulators or the SEHK Subsidiary have accepted such designation;
  - (c) the Client has provided all information as ICBCIS may request in relation to the Designated SPSA;
  - (d) there are sufficient SZSE Securities in the Designated SPSA to settle the delivery obligations on the settlement date;
  - (e) the SPSA Sell Order must be designated as a SPSA Sell Order in the relevant instruction given to ICBCIS and contain such information (including the relevant investor identification number if so required under Applicable Laws) and be in such form and manner as may be prescribed by ICBCIS from time to time;
  - (f) ICBCIS shall be entitled to rely on and use all information and confirmations the Client provides to ICBCIS in relation to a SPSA Sell Order, and to disclose the same to such other person as ICBCIS considers appropriate in relation to that SPSA Sell Order;
  - (g) the total number of shares which can be subject to SPSA orders in respect of SZSE Securities in a SPSA shall not exceed the threshold set out in the Applicable Laws;
  - (h) the relevant SZSE Securities delivered by the Client (or its custodian participant on its behalf) in settlement of a SPSA Sell Order are delivered from and settled through the Designated SPSA; and
  - (i) the Client has complied with, and has procured its relevant custodian participant to comply with all applicable requirements as may be imposed by any Regulator or the SEHK Subsidiary and under Applicable Law or such other requirements as prescribed by ICBCIS from time to time.
- 3.13 ICBCIS will reject a SPSA Sell Order if any of the requirements set out in Clause 3.12 is not satisfied. ICBCIS has the absolute discretion to refuse to accept the Client's designation as an executing broker for a SPSA or to provide execution services in relation to SPSA Sell Orders. ICBCIS may at any time in its absolute discretion refuse or withdraw its consent to execute any SPSA Sell Order in relation to any or all of the Client's SPSAs without providing any reason thereof.
- 3.14 By instructing ICBCIS to execute a SPSA Sell Order, the Client represents and warrants that:
- (a) the Designated SPSA has been designated to the Client and an investor identification number (if so required) has been assigned to the Designated SPSA in accordance with Applicable Laws;
  - (b) the Client's custodian holds the Designated SPSA on the Client's behalf and the Client has authorized and designated ICBCIS to be an executing broker for the Designated SPSA to execute on its behalf the sale of SZSE Securities in the Designated SPSA;
  - (c) there are sufficient SZSE Securities in the Designated SPSA and that the Client has made arrangements with the relevant custodian participant to deliver the relevant SZSE Securities in the Designated SPSA to ICBCIS or its clearing participant to ensure timely settlement of the SPSA Sell Order; and
  - (d) the Client has authorized the reproduction, replication and transmission of the stock holding records of the Designated SPSA by ICBCIS for the purpose of enabling the SEHK and the SEHK Subsidiary to carry out the Pre-Trade Checking.
- 3.15 If for whatever reason there is late, incomplete or failed delivery of SZSE Securities in relation to a SPSA Sell Order, the Client:
- (a) undertakes to indemnify and hold ICBCIS harmless for any costs, losses or expenses it incurs as a result of the late, incomplete or failed delivery, including but not limited to any costs and taxes associated with buying equivalent SZSE Securities to cover the shortfall, any penalties imposed by any Regulator, and any financing costs, hedging costs and mark-to-market losses suffered;
  - (b) undertakes to provide, or procure that the relevant custodian participant provides, promptly all information and documents relating to any outstanding or overdue short stock positions as may be required by HKSCC or other Regulator to determine that the outstanding or overdue short stock position is due to the failure of the relevant custodian participant to deliver SZSE Securities from the relevant SPSA to ICBCIS;
  - (c) undertakes to procure the delivery of such SZSE Securities to ICBCIS or its clearing participant as soon as possible, and in any case within such time as may be required by ICBCIS to enable it to meet its delivery obligations; and
  - (d) accepts that the sellable balances of the relevant SPSA may be adjusted in accordance with Applicable Laws.
- 3.16 The Client undertakes that:
- (a) without the prior consent of ICBCIS, it will not make any change in the status of any SPSA for which ICBCIS has been designated as an executing broker, including but not limited to, termination or suspension of that SPSA or revocation of appointment of ICBCIS as a designated executing broker for that SPSA; and

(b) the Client will forthwith notify ICBCIS of any events or potential events that may lead to the aforesaid changes.

3.17 The Client further agrees that in the event that Instructions for buying SZSE Securities are accepted by ICBCIS (which acceptance or otherwise will be determined by ICBCIS in its sole discretion from time to time) on the basis that there will be sufficient and available cleared RMB funds in the Account on a date as may be prescribed or agreed by ICBCIS that is subsequent to the date on which the relevant Instructions are accepted, the Client shall be liable for any and all losses (and may be subject to additional interest or other late payment charges or penalties) arising out of or otherwise in connection with any failure by the Client to ensure that sufficient and available cleared RMB funds are in fact standing to the credit to the Account on such subsequent date.

3.18 The Client acknowledges and accepts the risk that the Client's Instructions to trade in SZSE Securities may not be accepted by ICBCIS or any Regulator. ICBCIS shall not be liable to the Client for any loss whatsoever and howsoever (including without limitation, as a result of any corporate action of any company which may have an impact on any stock price) arising out of or in connection with the execution of, partial execution of, or failure to execute any Instruction unless such liability is directly caused by ICBCIS' gross negligence, wilful default or fraud. The Client acknowledges that market conditions and restrictions on the days on which trading in SZSE Securities is permitted under the Stock Connect Rules and any other Applicable Law may make it impossible to execute an Instruction.

#### 4. APPLICABLE LAWS AND REGULATIONS

4.1 All transactions executed via the Shenzhen-Hong Kong Stock Connect shall be subject to the Applicable Law, the constitutions, rules, regulations, bye-law, customs and usages of the relevant overseas Exchange or the relevant overseas Clearing House, and the applicable terms of business or agreement of any executing or settlement broker(s) or Agent(s) or other Service Providers used by ICBCIS (whether within or outside Hong Kong), and all actions taken by ICBCIS in accordance therewith shall be binding on the Client. The Client acknowledges and agrees that unless otherwise permitted by Applicable Law, all Northbound transactions executed via the Shenzhen-Hong Kong Stock Connect must be conducted on the SZSE and that no over-the-counter or manual trades are permitted.

4.2 The Client agrees that the Client is solely responsible for all notifications, filings, returns and reports (whether in Hong Kong or elsewhere) relating to any SZSE Securities in the Account or transactions concerning such SZSE Securities and neither ICBCIS nor its Service Provider(s) shall assume any responsibility. The Client also agrees to do such things and provide such information as ICBCIS may require to ensure compliance with the same.

4.3 The Client acknowledges and agrees that if the Client is in breach or fails to comply with any SZSE Rules, the disclosure and other obligations referred to in the SZSE Listing Rules, or any other Applicable Laws, the Client may be liable to regulatory investigations and the relevant legal consequences. In such an event, the SZSE has the power to carry out an investigation, and may, through the SEHK or SEHK Subsidiary, require ICBCIS to provide relevant information and materials including but not limited to the information and personal data of the Client and/or Beneficial Identity; and to assist in its investigation. The Client acknowledges and consents to ICBCIS providing, if so required by the SEHK at the request of SZSE (for the purpose of assisting the SZSE in its regulatory surveillance of the Relevant Market under the Shenzhen-Hong Kong Stock Connect and enforcement of the SZSE Rules and as part of the regulatory cooperation arrangement between the SEHK, the SEHK Subsidiary and SZSE), information and personal data concerning the Client and/or Beneficial Identity with respect to any Instruction or Transaction made or entered into by ICBCIS under the Shenzhen-Hong Kong Stock Connect on the Client's behalf. The Client further acknowledges and consents to the disclosure, transfer and provision of such relevant information and personal data by the SEHK (whether directly or through the SEHK Subsidiary) to the SZSE upon request by the SZSE. The Client acknowledges that the SEHK has the power not to extend trading services under the Shenzhen-Hong Kong Stock Connect to the Client, and the power to require ICBCIS not to accept Instructions from the Client, if it is found that ICBCIS or any of ICBCIS' clients has or may have committed any abnormal trading conduct set out in or fails to comply with the SZSE Rules and any other Applicable Laws. The Client shall comply with, be liable and responsible for any breach by the Client of the SZSE Listing Rules, SZSE Rules and any other Applicable Laws.

4.4 ICBCIS shall have no duty to ascertain whether the SZSE Securities deposited are approved for foreign ownership or whether any foreign exchange control restrictions or requirements apply, nor shall ICBCIS have any duty to advise the Client on such matter. The Client agrees that it is solely responsible for complying with all foreign ownership limits relating to any SZSE Securities in the Account or transactions concerning such SZSE Securities or foreign exchange control restrictions or requirements under the SZSE Listing Rules, SZSE Rules, Stock Connect Rules and any other Applicable Laws.

4.5 The Client acknowledges that trading of SZSE Securities under the Shenzhen-Hong Kong Stock Connect will be subject to the 'short swing profit rule' as prescribed by the Applicable Laws from time to time, which requires the Client to give up or return any profits made from the purchases and sales of SZSE Securities if (i) its shareholding in the issuer of relevant SZSE Securities exceeds the threshold prescribed by the Regulators and (ii) the corresponding purchase or sale transaction occurs within six months after a sale or purchase transaction (as the case may be). The Client accepts that it is solely responsible for complying with the 'short swing profit rule'. ICBCIS shall have no duty to advise, alert, or assist the Client in any manner to comply with the 'short swing profit rule'.

#### 5. TRADING RESTRICTIONS

5.1 The Client acknowledges that trading under the Shenzhen-Hong Kong Stock Connect will be subject to a daily maximum cross-boundary investment quota ("**Daily Quota**"), and certain foreign shareholding restrictions ("**Foreign Shareholding Restrictions**"). The Client accepts that the Client will not be permitted to buy SZSE Securities if the purchase of SZSE Securities under the Shenzhen-Hong Kong Stock Connect is suspended or otherwise rejected by virtue of any of the quota or Foreign Shareholding Restrictions as prescribed by the Stock Connect Rules and/or any other Applicable Law, as determined by ICBCIS in its sole discretion from time to time. ICBCIS shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to buy any SZSE Securities.

- 5.2 The Client expressly authorizes ICBCIS and its Service Providers or Agents to deal with/or apply any of the SZSE Securities and money held in the Account to comply with any obligations as prescribed under the Stock Connect Rules and any other Applicable Law from time to time. ICBCIS reserves the right to and is expressly authorized by the Client to (i) cancel and reverse any purchase or sale Instructions for SZSE Securities; and (ii) to sell or dispose of any SZSE Securities if so required:
- (a) by any Regulator pursuant to any Applicable Law, which includes but is not limited to the circumstances where the cancellation and reversal or the sale or disposal of SZSE Securities is required to maintain the balance of the Daily Quota, Foreign Shareholding Restrictions, or as a result of the 'short swing profit rule';
  - (b) to comply with any Applicable Law; and/or
  - (c) by the applicable terms of business or agreement or arrangement between ICBCIS and any Services Provider.
- 5.3 The Client shall be solely responsible for all losses, costs and expenses incurred or suffered by reason of, or arising from or in connection with such cancellation, reversal, sale or disposal. The Client acknowledges that it shall observe the Applicable Law including but not limited to the publicly available information regarding balance of the Daily Quota and/or Foreign Shareholding Restrictions as prescribed by the Stock Connect Rules and/or any other Applicable Law from time to time.
- 5.4 The Client acknowledges and accepts that stock borrowing and lending of SZSE Securities is subject to the Stock Connect Rules and any other Applicable Laws, and shall only be conducted for the following purposes:
- (a) for the purpose of short selling in accordance with the Stock Connect Rules provided that the stock loan period (inclusive of the date of stock loan and stock return) does not exceed one calendar month;
  - (b) for the purpose of enabling the Client to sell SZSE Securities held by the Client but which have not been transferred to the relevant HKSCC clearing stock account in time to meet the Pre-Trade Checking requirements, provided that the stock loan period does not exceed one day and is non-renewable; and
  - (c) for such other purposes as the SEHK or SZSE may specify from time to time.
- 5.5 The Client acknowledges and accepts that upon failure to comply with the Stock Connect Rules, the SEHK may take any of the following actions:
- (a) require ICBCIS to terminate or unwind any stock borrowing and lending arrangement;
  - (b) require ICBCIS to stop borrowing SZSE Securities from or lending SZSE Securities to any person; and/or
  - (c) restrict or suspend ICBCIS from carrying out any stock borrowing or lending activities concerning any SZSE Securities.
- 5.6 The Client acknowledges and accepts that short selling of SZSE Securities is subject to the Stock Connect Rules and any other Applicable Laws, and shall only be conducted in respect of SZSE Securities included in the list of eligible SZSE Securities for short selling published by the SEHK from time to time and must not exceed the limit(s) set by the SEHK in respect of the relevant SZSE Security for each SZ Stock Connect Trading Day and for a rolling period of time specified by the SEHK from time to time. The Client further acknowledges and accepts that short selling of SZSE Securities may be suspended where the volume of short selling in respect of the relevant SZSE Security exceeds the threshold(s) specified by the SEHK, and may be resumed if the SEHK so permits.
- 6. SZSE SECURITIES IN THE ACCOUNT**
- 6.1 The Client hereby expressly authorizes ICBCIS to deposit any SZSE Securities or related monies or assets with any Service Provider(s) appointed by ICBCIS (whether within or outside Hong Kong) in a collective custody account or otherwise in ICBCIS' name but for the account and at the risk of the Client. Unless otherwise agreed by ICBCIS, any such SZSE Securities, monies and assets shall be held in the relevant overseas jurisdiction and any transfer or delivery of such SZSE Securities, monies and assets from one jurisdiction to another shall be at the expense and risk of the Client.
- 6.2 Any Client assets received or held outside Hong Kong shall be subject to the Applicable Law of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance and the rules made thereunder. The Client understands that such assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.
- 6.3 Notwithstanding any provisions to the contrary in the Standard Terms and Conditions and subject always to the Applicable Laws, the Client hereby expressly authorizes ICBCIS or its Agents to: (a) deposit, transfer, lend, pledge, repledge or otherwise deal with any of the SZSE Securities of the Client for the purpose of settling any liability owed by or on behalf of the Client to ICBCIS or a third person; (b) apply any of the SZSE Securities of the Client pursuant to a securities borrowing and lending agreement; (c) deposit any of the SZSE Securities of the Client with another financial institution or intermediary for financial accommodation provided to ICBCIS or its Agents; (d) deposit any of the SZSE Securities of the Client with another financial institution or intermediary as collateral for the discharge and satisfaction of settlement obligations and liabilities of ICBCIS or its Agents; and (e) apply any of the SZSE Securities of the Client pursuant to the terms of business or agreement of any executing or settlement broker(s) or Agent(s) used by ICBCIS.
- 6.4 The Client undertakes to provide ICBCIS timely and accurate information relating to any restrictions on the sale or transfer of any SZSE Securities held in the Account. In respect of any Instructions to sell or transfer SZSE Securities, the Client shall upon request provide ICBCIS with any necessary documents to the satisfaction of ICBCIS to satisfy any and all legal transfer requirements under the Applicable Law. The Client shall be responsible for and shall reimburse ICBCIS for any delays, expenses, losses and damages incurred by ICBCIS that are associated with compliance or failure to comply with any of the relevant requirements concerning such sale or transfer.

- 6.5 The Client understands that under the Applicable Law, there may exist restrictions or limitations on remittance or repatriation of funds, including but not limited to lock-up periods of capital, and limitations on the amount and frequency of withdrawals of capital gains, dividends, interests and other income derived from the invested capital through ICBCIS. ICBCIS shall not be liable for the Client's inability, or any delay or restriction on the Client's ability, to remit or repatriate any or all of such funds. To the extent that the Client's request to remit or repatriate funds cannot be met in full and/or at the time of the Client's request, ICBCIS' decision as to the extent and time by which the Client's request to remit or repatriate can be met shall be binding and conclusive on the Client.
- 6.6 Neither ICBCIS nor its Service Providers will have any duty or responsibility to investigate or participate in or take any action whatsoever in connection with any meeting, voting, subscription, conversion or other rights of any SZSE Securities or any merger, consolidation, reorganisation, receivership, bankruptcy or insolvency proceedings, compromise or arrangement or other process or similar action or the deposit of any SZSE Securities, except in accordance with written Instructions from the Client and upon acceptance by ICBCIS and such conditions and indemnity and provision for expenses as ICBCIS or its Service Provider may require. The Client acknowledges that it shall be solely responsible for investigating or participating in any corporate actions or observing any announcements or circulars published by issuers of the relevant SZSE Securities from time to time.
- 6.7 Neither ICBCIS nor its Service Provider will have any duty or responsibility in respect of forms of proxy received by ICBCIS or its Service Provider in respect of the SZSE Securities and ICBCIS or its Service Provider is not required to send any proxy form or give any notice of the receipt of any such proxy form to the Client.

## 7. AUTHORITY RELATING TO THE HOLDING OF SZSE SECURITIES

- 7.1 ICBCIS and its Service Provider are authorized (but not obliged) to do all or any of the following things in such manner and at such times as ICBCIS or its Service Provider may think fit in ICBCIS' or its Service Provider's absolute discretion (as the case may be) from time to time, whether within or outside Hong Kong:
- (a) To request payment of and receive all interest, dividends, bonuses, and other payments or distributions in respect of the SZSE Securities.
  - (b) To surrender the SZSE Securities against receipt of the monies in such currency or currencies as ICBCIS sees fit.
  - (c) To collect monies which are payable in respect of the SZSE Securities (any currency).
  - (d) To complete and deliver on the Client's behalf, as owner, any certificate of ownership in connection with the SZSE Securities.
  - (e) To comply with the provisions of any Applicable Law.
  - (f) To take up such rights or new issues of shares or other securities in relation to the SZSE Securities, or to sell such rights, or to renounce the same.
  - (g) To exchange the SZSE Securities in interim or temporary form for SZSE Securities in definitive form.
  - (h) To dispose of the monies or any part of the monies as ICBCIS may collect or receive from time to time on the Client's behalf in relation to the SZSE Securities, including but not limited to the proceeds of sales of SZSE Securities or any part of the proceeds by payment of such proceeds to the credit of any of the Client's Account with ICBCIS or by the deposit thereof on the Client's behalf with ICBCIS. Acknowledgement of the receipt of any such monies by ICBCIS will be a valid and complete discharge to ICBCIS or its Service Provider for such monies, and ICBCIS or its Service Providers shall be deemed to have completely fulfilled all the obligations in respect of such monies.
  - (i) To forfeit or otherwise appropriate to ICBCIS' own use in whatsoever manner all interest and dividends and all other monies which are unclaimed by the Client for 3 years after the same have become payable by ICBCIS to the Client, net of all deductions of the fees, charges and expenses referred to herein. The payment into a separate account of any monies payable in respect of any such interest or dividend or monies shall not constitute ICBCIS or its Service Provider a trustee in respect of such monies for any person.
  - (j) To require the Client to pay interest on all outstanding or overdue amounts (including, for the avoidance of doubt, any outstanding amounts or balances (howsoever described) arising or otherwise incurred in connection with the Transactions contemplated hereunder) and / or balances (including interest arising after a judgment debt is obtained against the Client) at such rate (before and after judgment) and on such other terms determined by ICBCIS or its Service Provider in their absolute discretion from time to time, as ICBCIS or its Service Provider notifies the Client from time to time. Such interest shall be calculated on a daily basis and payable on the last day of each calendar month or on ICBCIS' demand.

## 8. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 8.1 The Client warrants, represents and undertakes to ICBCIS that:-
- (a) The Client is not domiciled in or resident in a country where there is any restriction on the Client's sale, purchase, holding or transfer of any SZSE Securities, and that the Client is not subject to, and is not acting on behalf of any person who is subject to, any restriction or prohibition against the sale, purchase, holding of, or dealing in any such SZSE Securities. If the Client or any person the Client acts on behalf of becomes subject to any restrictions (whether by reason of a change of the Client's domicile, residence or otherwise in any such country), the Client shall inform ICBCIS immediately.

- (b) The Client has full power and authority to perform the obligations and grant the authorizations under these terms and (if applicable) the Client has taken all necessary action or corporate action to authorize the performance of such obligations and the grant of such authorizations.
  - (c) The SZSE Securities held or maintained or to be held or maintained in the Account from time to time are freely transferrable and fully negotiable.
- 8.2 The above representations and warranties shall be deemed to be repeated immediately before each Transaction or dealing is carried out for or any Service is provided to the Client or on the Client's behalf.
- 8.3 If the Client is aware that any of the above representations and warranties will or may become incorrect, the Client must give prior notice to ICBCIS immediately upon the Client becoming aware of the same, and before such representations and warranties become incorrect. The Client must also notify ICBCIS immediately if any of the above representations and warranties has become incorrect.
- 8.4 Without limitation to any provisions herein and in the Agreement, upon ICBCIS receiving notice from the Client that any of the above representations and warranties may become incorrect, or if any of the above representations and warranties has become incorrect:
- (a) ICBCIS shall be entitled, in its sole discretion from time to time, to dispose of all SZSE Securities held by the Client, suspend the services provided hereunder, close the Account and/or charge the Client all fees, charges, costs and expenses incurred or to be incurred by ICBCIS from time to time to ensure compliance by ICBCIS or its Agents with all Applicable Law arising from or in connection with the above (including, without limitation, all fees, charges, costs and expenses incurred to make all the necessary filings with the relevant authorities);
  - (b) ICBCIS shall be entitled in its sole and absolute discretion from time to time, to deduct or withhold from amounts payable to the Client, close and terminate the Account or obligation of the Client maintained by ICBCIS, discontinue in part or in whole any services provided by ICBCIS to the Client, require the Client to provide such information as ICBCIS may request and to provide ICBCIS with the Client's consent to report such information as required by Applicable Law as ICBCIS may require to ensure its compliance with Applicable Law; and
  - (c) The Client shall immediately upon request by ICBCIS withdraw all the SZSE Securities or other securities from the Account, and do/or execute any act, deed, document which ICBCIS may require in connection therewith.
- 8.5 The Client shall fully indemnify ICBCIS (for itself or as trustee for its affiliates, directors, employees or Agents – “**Indemnified Person**”) against all claims, actions, liabilities (whether actual or contingent) and proceedings against any of the Indemnified Person and bear any losses, costs, charges or expenses (including legal fees) which the Indemnified Persons may suffer or incur arising from or in connection with or resulting from any breach by the Client of any of the above representations and warranties.

## 9. DISCLOSURE OF INFORMATION

- 9.1 The Client agrees that its data may be transferred to any place outside Hong Kong, whether for the processing, holding or use of such data outside Hong Kong.
- 9.2 The Client authorizes ICBCIS to disclose any information that it has concerning the Client, the Account and any SZSE Securities, monies or other assets held in the Account: (a) to any broker, custodian, Clearing House or other Service Provider(s) (whether within or outside Hong Kong) appointed by ICBCIS in connection with the services provided hereunder; (b) upon request, to any Regulator (whether within or outside Hong Kong); or (c) to such other persons (whether within or outside Hong Kong) in compliance with the Applicable Law.
- 9.3 The Client undertakes to provide such information as ICBCIS may request from time to time in order for ICBCIS and/or its brokers, custodians or Service Provider(s) to provide the services hereunder, or for ICBCIS and/or such brokers, custodians or Service Provider(s) to comply with the Applicable Law or to respond to requests from any Regulator.

## 10. TAXES AND OTHER PAYMENTS

- 10.1 Without limitation to Clause 4.2 above, the Client agrees that the Client is solely responsible for all tax notifications, filings, returns and reports (whether in Hong Kong or elsewhere) relating to any SZSE Securities in the Account or transactions concerning such SZSE Securities and neither ICBCIS nor its Service Provider(s) shall assume any responsibility. The Client also agrees to do such things and provide such information as ICBCIS may require to ensure compliance with the same.
- 10.2 ICBCIS shall not be liable for any taxes or duties payable on or in respect of the SZSE Securities.
- 10.3 The Client agrees to pay and reimburse ICBCIS for any taxes, duties, impositions, charges or any other liabilities or payments payable in connection with the SZSE Securities or any transactions relating to the SZSE Securities.
- 10.4 The Client agrees that ICBCIS and its Agent on the Client's behalf are entitled, in their absolute discretion from time to time, to withhold or deduct any amount and/or make payment of any tax or duties payable in connection with the SZSE Securities or any transaction relating to the SZSE Securities, as required by any Applicable Law. The Client agrees that ICBCIS has no obligation to seek or claim any reduction, relief, refund, or otherwise reclaim any amount from any Regulator or from any Service Provider and has no obligation to credit any amount in respect of an amount deducted or withheld in connection with the SZSE Securities. Any amount so deducted or withheld is not refundable to the Client by ICBCIS or the Service Provider.
- 10.5 The Client agrees and acknowledges that ICBCIS has no obligation to gross-up, true-up, or make whole the Client for any tax, duty, imposition, charge, or other liability, payment or deduction made to the Client or the Client's account in connection with the



SZSE Securities or any transactions relating to the SZSE Securities, the account, or ICBCIS' compliance with the Applicable Law.

- 10.6 All Transactions conducted under the Shenzhen-Hong Kong Stock Connect and all SZSE Securities are subject to the Applicable Law which may be subject to change from time to time. All actions taken by ICBCIS in accordance therewith shall be binding on the Client.
- 10.7 The Client accepts that the Client will be subject to certain fees and levies in the acquisition, disposal or holding of SZSE Securities, including but not limited to fees, levies, taxes and stamp duty imposed by CCASS, SZSE, CSRC, ChinaClear, SAT and/or any other relevant Regulators as prescribed by the Stock Connect Rules, any other Applicable Law, and/or as stipulated by ICBCIS in its sole discretion from time to time. The Client expressly authorizes ICBCIS to deduct from the Account any such fees and levies, which may be collected in RMB.
- 10.8 Subject to the Applicable Law, ICBCIS shall be entitled to convert any currency into Hong Kong Dollars, RMB and/or any other currency (if applicable) for payment of any fees and levies at such exchange rate as ICBCIS may from time to time in its absolute discretion deem appropriate. ICBCIS shall be entitled to charge and deduct from the Account all costs and expenses incurred by it in effecting such conversion.

## 11. TRADING CURRENCY

- 11.1 SZSE Securities are traded and settled in RMB / CNY or any other currencies as prescribed by the Stock Connect Rules, any other Applicable Law, and/or as stipulated by ICBCIS in its sole discretion from time to time. The Client shall maintain sufficient amount of trading currency in the Account for the purpose of settlement of trades.
- 11.2 Subject to Applicable Law, ICBCIS shall be entitled (but not obliged) to convert any amount of Hong Kong dollars or any other currencies into RMB for settlement or partial settlement of Instructions at such exchange rate as ICBCIS may from time to time in its absolute discretion deem appropriate. ICBCIS shall be entitled to charge and deduct from the Account all costs and expenses incurred by it in effecting such conversion.

## 12. DISCLOSURE OBLIGATIONS FOR SZSE SECURITIES

- 12.1 Without limitation to Clause 4.2 above, the Client agrees that the Client is solely responsible for compliance with all notifications, filings, returns, reports and other Applicable Law in connection with its interests or any change in its interests in SZSE Securities, including as stipulated by ICBCIS from time to time, and for the monitoring of its interest holding positions in SZSE Securities in order to comply with any such Applicable Law or stipulations by ICBCIS. The Client acknowledges and agrees that it may be subject to restrictions on trading in, or receiving proceeds or other returns from the acquisition, holding or disposal of, SZSE Securities as a result of its interests in SZSE Securities. The Client agrees that ICBCIS shall not be obliged to monitor interest holding positions of the Client, or determine, advise or assist the Client in any way in respect of the disclosure obligations, restrictions on receipt of proceeds or returns from the SZSE Securities, or other trading restrictions applicable to the Client under any Applicable Law.

## 13. CHINEXT MARKET

- 13.1 The Client agrees that trading under the Shenzhen-Hong Kong Stock Connect on ChiNext Shares will be subject to such qualification on the Client as the Stock Connect Rules may provide from time to time. The Client agrees to provide ICBCIS with such information and assistance reasonably requested by ICBCIS in order to satisfy any qualification requirements relating to the trading of ChiNext Shares. ICBCIS may, without liability, reject any instructions from the Client to purchase or sell ChiNext Shares if it is not satisfied that the Client satisfies the Stock Connect Rules.
- 13.2 If the Client gives instructions to ICBCIS to purchase or sell any ChiNext Shares, the Client warrants, represents and undertakes to ICBCIS that:
  - (a) the Client fulfills the qualification requirements under the Stock Connect Rules; and
  - (b) (where the Client is an intermediary (as defined in the SFO) or the Client is a person which carries on business outside Hong Kong in an activity in respect of which it is regulated overseas and which, if carried on in Hong Kong, would constitute a regulated activity under the SFO) the Client will ensure that only persons who fulfill the qualification requirements under the Stock Connect Rules are allowed to buy or sell ChiNext Shares.
- 13.3 The above representations and warranties shall be deemed to be repeated immediately before each Transaction or dealing is carried out for or any Service is provided to the Client or on the Client's behalf in relation to ChiNext Shares.
- 13.4 If the Client is aware that any of the above representations and warranties will or may become incorrect, the Client must give prior notice to ICBCIS immediately upon the Client becoming aware of the same, and before such representations and warranties become incorrect. The Client must also notify ICBCIS immediately if any of the above representations and warranties has become incorrect.
- 13.5 Without limitation to any provisions herein and in the Agreement, upon ICBCIS receiving notice from the Client that any of the above representations and warranties may become incorrect, or if any of the above representations and warranties has become incorrect:
  - (a) ICBCIS shall be entitled, in its sole discretion from time to time, to request the Client to unwind positions of ChiNext Shares;
  - (b) the Client shall provide reasonable assistance to ICBCIS to facilitate ICBCIS to make a non-compliance report to the SEHK; and

- (c) the Client shall provide reasonable assistance to ICBCIS to address any enquiries and investigations from any Regulator.

13.6 The Client shall fully indemnify the Indemnified Person against all claims, actions, liabilities (whether actual or contingent) and proceedings against any of the Indemnified Person and bear any losses, costs, charges or expenses (including legal fees) which the Indemnified Persons may suffer or incur arising from or in connection with or resulting from any breach by the Client of any of the above representations and warranties.

## SZSE Securities Trading Risk Disclosures

*These SZSE Securities Trading Risk Disclosures should be read in conjunction with the Risk Disclosure Statements, and the Client should seek independent advice as needed. The SZSE Securities Trading Risk Disclosures are only an overview of some of the risks and do not purport to disclose all the risks and other significant aspects of trading in SZSE Securities. The Client should undertake its own research and studies on the trading of SZSE Securities before commencing any trading activities.*

*The Client shall refer to the APPENDIX FOR SECURITIES TRADING VIA SHENZHEN-HONG KONG STOCK CONNECT (NORTHBOUND TRADING). Unless otherwise defined, capitalized terms shall have the meanings ascribed to them under APPENDIX FOR SECURITIES TRADING VIA SHENZHEN-HONG KONG STOCK CONNECT (NORTHBOUND TRADING).*

### 1. Assets held Overseas

The Client's assets (including SZSE Securities) received or held by ICBCIS outside Hong Kong are subject to the Applicable Laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on the Client's assets received or held in Hong Kong.

### 2. Country Risk

If an investment is made in any asset or issued by a party subject to foreign laws or if Transactions are made on markets in other jurisdictions, including markets formally linked to a domestic market, recovery of the sums invested and any profits or gains may be reduced, delayed or prevented by exchange controls, debt moratorium or other actions imposed by the government or other official bodies. Before the Client trades the Client should enquire about any rules relevant to the Client's particular Transactions. The Client's local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the Transactions have been effected. The Client should obtain details about the different types of redress available in both the Client's home jurisdiction and other relevant jurisdiction before starting to trade. The money received or held by ICBCIS for the Client in respect of SZSE Securities may not be protected deposit under the Deposit Protection Scheme in Hong Kong. Where SZSE Securities are not securities or futures contracts listed or traded on a recognized stock market (as defined under the SFO), recognized futures market (as defined under the SFO), or other markets currently prescribed by rules made under the SFO, they may not be covered by the Hong Kong Investor Compensation Fund ("**Investor Compensation Fund**").

### 3. Currency Risk

The profit or loss in Transactions in foreign currency-denominated contracts (whether they are traded in the Client's own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

### 4. RMB Currency Risk

RMB may not be freely convertible and conversion may be subject to such exchange controls and restrictions that may be imposed from time to time. The Client's ability to remit or repatriate funds into the PRC or out of the PRC will be restricted by Applicable Law. Should the conversion of RMB be subject to a daily limit, the Client may have to allow time for conversion of RMB from/to another currency of an amount exceeding the daily limit. There is no guarantee that the exchange rate of RMB will not depreciate.

Hong Kong and overseas Clients who hold a local currency other than RMB will be exposed to currency risk if they invest in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Client may also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Client purchased it and when the Client redeems / sells it, the Client may still incur a loss when converting the redemption / sale proceeds into local currency if RMB has depreciated.

### 5. Taxation

Income or profit from trading in any investments may be subject to withholding tax or capital gains tax or other tax of the country of the issuer or the country in which such investments are traded. In particular, in the case of cash dividend and bonus issues, the Client may be subject to dividend withholding tax imposed by SAT or other relevant Regulators. In such event, unless the issuer agrees to gross-up the income or profit received by the Client, the Client may only receive any payment or proceeds of sale or redemption of the investment less the withholding tax or capital gains tax or other tax, as required by the Applicable Law. Clients may not be able to claim the benefits of a double income tax treaty or otherwise qualify for a reduction of withholding tax in respect of investments made through ICBCIS. The inability to claim the benefits of a double income tax treaty or otherwise qualify for reductions of withholding tax will increase the tax paid in respect of the investment compared to if such treaty qualification or withholding deduction were available.

### 6. Overseas fees and levies

Trading in SZSE Securities may be subject to additional fees and levies under the Applicable Law and from overseas Regulators. The amounts of such fees and levies may change from time to time. The Client may only receive any payment or proceeds of sale or redemption of the investment less such fees and levies.

### 7. Risk of margin trading

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client's cash and any other assets deposited as collateral with ICBCIS. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, the Client's collateral may be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in the Client's account and interest charged on the Client's account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of the Client's own financial position and investment objectives.

8. Not Protected by the Investor Compensation Fund or the China Securities Investor Protection Fund (中國投資者保護基金) ("CSIPF")

*Investor Compensation Fund*

Since SZSE Securities are not securities or futures contracts listed or traded on a recognized stock market (as defined under the SFO), recognized futures market (as defined under the SFO), or other markets currently prescribed by rules made under the SFO, they will not be covered by the Investor Compensation Fund.

The Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorized financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

As for Northbound trading, according to the SFO, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (SEHK) and recognised futures market (Hong Kong Futures Exchange Limited, "HKFE"). Since default matters in Northbound trading via the Shenzhen-Hong Kong Stock Connect do not involve products listed or traded in the SEHK or HKFE, so similar to the case of investors trading other SZSE Securities, they will not be covered by the Investor Compensation Fund.

For further information on Investor Compensation Fund, please refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, please consult the Public Register of Licensed Persons & Registered Institutions in the SFC website.

*CSIPF (Applicable to SZSE Securities)*

Northbound trading under the Shenzhen-Hong Kong Stock Connect will not be protected by the CSIPF.

According to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of CSIPF include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by CSRC and custodian operation" or "other functions approved by the State Council". As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

9. Pre-Trade Checking

Under PRC law, the SZSE may reject a sell order if an investor does not have sufficient available SZSE Securities in its account. The SEHK will apply similar checking on all Northbound sell orders at the Exchange Participant level to ensure there is no overselling by any Exchange Participant (i.e. the Pre-Trade Checking). Accordingly, the Client has to comply with any requirements relating to Pre-Trade Checking required by the Regulators and/or as ICBCIS notifies the Client from time to time. In addition, the Client has to ensure that there are sufficient available SZSE Securities in the Client's account to cover any proposed sell order.

If ICBCIS considers that the Client has not transferred sufficient available SZSE Securities to the relevant Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order, ICBCIS may (but is not obliged to) in its discretion to take certain actions, subject always to the Applicable Laws, including to: (i) reject the Client's sell order (in whole or in part); (ii) use any SZSE Securities in the relevant Exchange Participant's designated CCASS stock account(s); and (iii) apply any other SZSE Securities available to ICBCIS from any stock borrowing arrangements or from other sources.

In addition, ICBCIS may in its absolute discretion reject the Client's sell order (in whole or in part) if ICBCIS considers that there is or may be non-compliance or potential non-compliance with the Pre-Trade Checking requirements or relevant Applicable Laws. The Client is solely responsible for bearing any risk, loss, damage, cost and expense arising from or in connection with non-compliance or potential non-compliance with the Pre-Trade Checking requirements or any relevant Applicable Laws.

10. Quota used up

When the Daily Quota is used up, no further buy orders will be accepted. Buy orders which have already been accepted will not be affected by the using up of the Daily Quota, while sell orders will continue to be accepted. Acceptance of new buy orders will resume on the following trading day.

11. Foreign Shareholding Restrictions

The trading, acquisition, disposal and holding of Securities under the Shenzhen-Hong Kong Stock Connect are subject at all times to the Applicable Law, including the Foreign Shareholding Restrictions, which impose purchasing and holding limits.

These limitations and restrictions may have the effect of restricting the Client's ability to purchase, subscribe for or hold any SZSE Securities or take up any entitlements in respect of SZSE Securities, or requiring the Client to reduce its holdings in any SZSE Securities, whether generally or at a particular point of time, and whether by way of forced sale or otherwise, and notwithstanding that the Client's individual holding does not exceed such limitations or restrictions. As such, the Client may incur loss arising from such limitations, restrictions and/or forced sale, including any losses arising from the disgorgement of profits as a result of the "short swing profit rule" under Applicable Law.

12. Trading day

The Shenzhen-Hong Kong Stock Connect may only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days as specified under the Stock Connect Rules. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors cannot carry out any SZSE Securities trading. The Client should take note of the days the Shenzhen-Hong Kong Stock Connect is open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in SZSE Securities during the time when the Shenzhen-Hong Kong Stock Connect is not trading.

13. Restrictions on selling imposed by front-end monitoring

For Clients who keep their SZSE Securities outside of their brokers, if they want to sell certain SZSE Securities they hold, they must transfer those SZSE Securities to the respective accounts of their brokers before the cut-off time as specified by ICBCIS in its sole discretion from time to time. Only settled SZSE Securities are allowed to be sold on any SZ Stock Connect Trading Day.

14. The recalling of eligible stocks

The list of SZSE Securities are subject to change and certain SZSE Securities may be recalled from the scope of eligible securities for trading via the Shenzhen-Hong Kong Stock Connect. When a stock is recalled from the scope of eligible stocks for trading via the Shenzhen-Hong Kong Stock Connect for any reason, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Client. The Client should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SZSE and SEHK.

15. SZSE Securities and Stock Connect Rules

The Stock Connect Rules may be amended or changed from time to time, and such rules may be subject to any amendments or changes to the trading rules of the SZSE and/or the SEHK, and any Applicable Law. The Applicable Law, Stock Connect Rules and any other Applicable Law in respect of the SZSE Securities and Shenzhen-Hong Kong Stock Connect is still subject to development, and there is uncertainty and risk as to the scope, application, and interpretation of the Applicable Law, Stock Connect Rules, and any other Applicable Law, including any new taxes, fees or levies and whether the arrangements contemplated under the Stock Connect Standard Terms and Conditions are permitted under the Applicable Law and/or Stock Connect Rules. The SZSE may request the SEHK to require ICBCIS to issue warning statements (verbally or in writing) to the Client, and not to extend Northbound trading service to the Client. The SZSE may be closed, or trading on the SZSE may be suspended, whether temporarily or permanently. The Client may incur loss in the event that the Regulators determine that these arrangements are not permitted or in the event of any change to the Shenzhen-Hong Kong Stock Connect, Applicable Law in respect of SZSE Securities, the SZSE Securities available for trading through the Shenzhen-Hong Kong Stock Connect, or the suspension or closure (whether temporary or permanent) of the Shenzhen-Hong Kong Stock Connect. For example, the Client may find it is not able to acquire, dispose of or hold certain SZSE Securities or its entitlements in the event of certain changes to the Stock Connect Rules, which may affect the investment portfolio or strategies of the Client or cause the Client to incur loss. ICBCIS is not liable to the Client in relation to such determination or change or the consequences of such determination or change.

In addition, the Client may find that it is not able to execute certain type(s) or category(ies) of transactions contemplated under the Stock Connect Standard Terms and Conditions, such as margin trading in SZSE Securities via the Shenzhen-Hong Kong Stock Connect or Instructions with prices beyond the price limits of SZSE Securities or in respect of SZSE Securities of which trading has been suspended due to price limits.

The Applicable Laws and regulations of the PRC and may be different from the rules and regulations applicable to Securities listed on the SEHK. The Client may find that it is not able to exercise equivalent rights (e.g. right to vote by proxy) as holders of SZSE Securities as compared with PRC holders of the same SZSE Securities, or as compared with Securities listed on the SEHK. In addition, there is no assurance that the HKSCC will take action to enforce any rights in respect of any SZSE Securities, and the Client may have limited recourse in this regard. Further, all SZSE Securities may be subject to the same trading board lot size where buy orders are required to be in board lot and subject to a maximum order size. Odd lot trading may only be available for sell orders and it is common that a board lot buy order may be matched with different odd lot sell orders, resulting in odd lot trades. Unlike Hong Kong, board lot and odd lot orders for SZSE Securities are both matched on the same platform on the SZSE, and subject to the same share price. The Client may find that it is unable to acquire or dispose of SZSE Securities using the same processes or operational mechanisms as compared with those used in acquiring or disposing of Securities listed on the SEHK. The Client should read, understand and accept all relevant rules and any amendments thereof and seek independent professional advice if needed.

The HKSCC, HKEx, SEHK, SEHK Subsidiary, SZSE, and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by ICBCIS, the Client, special participants and non-clearing participants of CCASS (if applicable) or any third parties arising from or in connection with Northbound trading, the China Connect Clearing Services (as defined under the General Rules of the Central Clearing and Settlement System), the China Stock Connect System (as defined under the Rules and Regulations of The Stock Exchange of Hong Kong Limited), the SEHK/SZSE making, amending or enforcing the Stock Connect Rules/SZSE Rules, or any action taken by the SEHK/SZSE in

discharge of its supervisory or regulatory obligations or functions including any action taken to deal with abnormal trading conduct or activities.

16. Ownership of SZSE Securities

The SZSE Securities are held in ChinaClear. HKSCC is a direct participant in ChinaClear. The SZSE Securities acquired by the Client via the Shenzhen-Hong Kong Stock Connect (Northbound trading) will be (i) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with ChinaClear and HKSCC will be nominee holder of such SZSE Securities; and (ii) held in custody by the depository of ChinaClear and registered in the shareholders' register of issuers of the relevant SZSE Securities. HKSCC will record interests of such SZSE Securities in the CCASS stock account of ICBCIS.

Under Hong Kong laws, HKSCC will be regarded as the legal owner of such SZSE Securities and will be regarded as holding the beneficial entitlement to the SZSE Securities on behalf of the relevant clearing participants of CCASS. Subject to arrangements to the contrary between ICBCIS and its Hong Kong or overseas clients, ICBCIS will in turn generally be regarded as holding the beneficial entitlement for such Hong Kong or overseas clients.

Under current PRC laws, rules and regulations, SZSE Securities will be recorded in a nominee account opened by HKSCC with ChinaClear and the Client has rights and interests in SZSE Securities acquired through Shenzhen-Hong Kong Stock Connect (Northbound trading) according to the Applicable Laws. The CSRC Securities Registration and Settlement Measures, ChinaClear Securities Registration Rules and Administrative Rules on Securities Accounts, the ChinaClear China Connect Rules and SZSE Rules generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of SZSE Securities.

However, the precise nature and rights of the Client as the beneficial owner of SZSE Securities through HKSCC as nominee are less well defined under PRC Applicable Laws. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC Applicable Laws and there have been few cases in the PRC courts concerning a nominee account structure. Therefore the exact nature and methods of enforcement of the rights and interests of the Client under PRC Applicable Laws are not free from doubt.

The SEHK has published materials explaining the ownership rights of investors trading via Shenzhen-Hong Kong Stock Connect (Northbound trading) in SZSE Securities and may publish further information from time to time. In summary, the SEHK published materials state that:

- (a) it is the Hong Kong and overseas investors as the ultimate investors (rather than any broker, custodian or intermediary through whom such investors hold the SZSE Securities) who should be recognised under PRC Applicable Laws as having beneficial ownership in the SZSE Securities;
- (b) under the CCASS China Connect Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of SZSE Securities in the PRC or elsewhere (although HKSCC has stated that it is prepared to provide assistance to the beneficial owners of SZSE Securities where necessary); and
- (c) on the insolvency of HKSCC, the SZSE Securities would not be regarded as the general assets of HKSCC under Hong Kong and PRC laws and would not be available to the general creditors of HKSCC. ChinaClear and the PRC courts would recognise the liquidator of HKSCC, duly appointed pursuant to Hong Kong laws, as the rightful person to deal with the SZSE Securities in the place of HKSCC.

The Client should review the SEHK published materials and the applicable Stock Connect Rules from time to time. The Client should also consult its own legal advisers and make its own assessment of its rights as a Northbound investor in the SZSE Securities.

17. Restrictions on Instructions

In respect of SZSE Securities, the Client will be subject to the restrictions under the Stock Connect Rules and rules of the SZSE in addition to the rules of the SEHK. Instructions of the Client that are not in compliance with the Stock Connect Rules or the rules of the SZSE may therefore be rejected or cancelled by ICBCIS, and part or all of the Instruction may not be executed. The SZSE may not accept amendments to Instructions, and any modifications to an Instruction in respect of SZSE Securities may therefore require cancellation of the outstanding Instruction and input of a new Instruction. The Client should read and understand the Stock Connect Rules carefully before placing Instructions with ICBCIS to avoid rejection, cancellation, or non-execution of Instructions.

18. Disclosure obligations

The Client may be subject to PRC Applicable Law in respect of disclosures of interest in SZSE Securities, and may be restricted from acquiring or disposing of SZSE Securities under the Applicable Law. For example, in the event the Client's interest in SZSE Securities crosses a stipulated threshold under the PRC Applicable Law, the Client may be required to disclose its details and interest holding positions to PRC Regulators, and may be restricted from further acquiring or disposing of, or from receiving proceeds or other returns from acquiring, holding or disposing of, such SZSE Securities within a stipulated time frame or as prescribed by Applicable Law from time to time. There is no guarantee that the Client may be exempt from the disclosure requirements and the relevant trading restrictions in respect of SZSE Securities and the Client is solely responsible for compliance with such Applicable Law. ICBCIS is not obliged to determine, advise or assist the Client in any way in respect of the disclosure obligations or trading restrictions applicable to the Client under any Applicable Law.

19. Risk of default by ChinaClear

Although considered remote, trading under the Shenzhen-Hong Kong Stock Connect is subject to the risk of default by ChinaClear as the host central counterparty in the PRC. In an event of default by ChinaClear, the HKSCC will in good faith seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute the stocks or monies recovered to Hong Kong clearing participants on a pro-rata basis. The Client may not be able to recover all or any part of its outstanding stocks and/monies in an event of default by ChinaClear.

20. ChiNext Shares

Subject to the Stock Connect Rules, only investors who fulfill the qualification requirements as required by the Stock Connect Rules may trade in ChiNext Shares. The Client should be aware of the risks of dealing in ChiNext Shares. Listed companies in the ChiNext market are usually in their preliminary stage of development with smaller operating scale and shorter operating history and less mature business model and their businesses are usually subject to higher uncertainty and more fluctuations in their performance. Hence, they are subject to higher market volatility and risks and higher turnover ratios than companies listed on the main board of the SZSE. Their stock prices may experience a higher fluctuation as the performance of these companies changes. There are fewer circulating shares on the ChiNext market, hence stock prices may be relatively more easily manipulated and may experience higher fluctuation upon market speculation.

The rules and regulations regarding securities in the ChiNext market are less stringent in terms of profitability and share capital than those applicable to the main board market and SME board market of the SZSE. The Client should familiarize itself with the rules and regulations regarding the ChiNext market before investing in ChiNext Shares.

The Client should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the ChiNext market mean that it is a market more suited to professional or other sophisticated investors.

The Client should seek independent professional advice if the Client is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of ChiNext Shares.

21. Risk of default by HKSCC

Any action or inaction of HKSCC or a failure or delay by HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of SZSE Securities and/or monies in connection with them and the Client may suffer losses as a result. ICBCIS is not responsible for any such losses.