



農銀國際

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Wholly Owned Subsidiary of Agricultural Bank of China Ltd  
(Exchange Participant of The Stock Exchange of Hong Kong Ltd)

## CHINA CONNECT ADDENDUM

29 January 2019

\_\_\_\_\_ (the "**Client**")

*(Name of Client)*

### 1. **Scope of Addendum**

- 1.1 This China Connect Addendum (this "**Addendum**") supplements and forms part of the client's agreement (being either the cash client's agreement or the margin account's agreement, as applicable) between the Client and ABCI Securities Company Limited (the "**Client Agreement**").
- 1.2 This Addendum shall apply, and the Client shall be deemed to accept the terms of this Addendum, when the Client wishes to trade China Connect Securities through China Connect or otherwise enters into any transactions through the China Connect Service.
- 1.3 In the event of any inconsistency between this Addendum and the Client Agreement, this Addendum shall prevail with respect to any trades involving China Connect Securities through China Connect. The Chinese version of this Addendum is for reference only and the English version shall prevail in case of inconsistency.

### 2. **Definitions**

Capitalised terms used but not defined in this Addendum shall have the meanings given to such terms in Appendix 1 (*Definitions*) or the Client Agreement.

### 3. **Eligibility**

As Northbound trading is available only to Hong Kong and overseas investors, the Client represents and undertakes on a continuing basis that the Client is not (a) (if the

Client is an individual) a PRC Citizen, resident or domiciled in the PRC, and his Authorized Persons and/or agents with authority to give Northbound trading instructions with respect to China Connect Securities are not PRC citizens resident or domiciled in the PRC, (b) (if the Client is a body corporate) a legal entity incorporated or registered in the PRC, (c) (if the Client is a personal investment company) a legal entity incorporated or registered in the PRC and its Authorized Persons and/or agents with authority to give Northbound trading instructions with respect to China Connect Securities and beneficial owners are not PRC citizens, resident or domiciled in the PRC, (d) (if the Client is a corporate trustee) a legal entity incorporated or registered in the PRC and its Authorized Persons and/or agents with authority to give Northbound trading instructions with respect to China Connect Securities and the settlor of the underlying trust are not PRC citizens, resident or domiciled in the PRC, and (e) in respect of ChiNext Shares, the Client is an Eligible ChiNext Investor (for as long as the Applicable China Connect Laws contain such relevant requirement).

#### **4. Compliance with Trading Restrictions and Applicable China Connect Laws**

- 4.1 This Addendum highlights only certain key features applicable to China Connect as of the date of this Addendum. The Company is not liable for any inaccuracies, misstatements or omissions in the information set out in Appendix 2 (*Risk Disclosures*). Any trading in China Connect Securities will be subject to the China Connect Rules and all Applicable China Connect Laws, which may be amended from time to time, some of which are referred to in Appendix 2 (*Risk Disclosures*). This Addendum does not purport to cover all of the laws and regulations applicable to trading China Connect Securities through China Connect.
- 4.2 The Client shall be responsible for and shall at all times comply with all Applicable China Connect Laws and trading restrictions applicable to China Connect. The Company will not, does not intend to and is not under any obligation to advise the Client on any of the Applicable China Connect Laws. For further information, please refer to the web pages on the HKEx website, the SFC website, the SSE website, the SZSE website, the CSRC website and the CSDCC website relating to China Connect from time to time and other relevant sources.
- 4.3 The Company shall have the right to apply any procedures, conditions or requirements in respect of any trading in China Connect Securities pursuant to China Connect which the Company determines in its absolute discretion to be necessary or desirable for the purpose of any Applicable China Connect Laws or market practice. Neither the Company 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 The Company may, in its absolute discretion, refuse to execute any instruction provided by the Client. An instruction in respect of China Connect Securities may be fully executed, partially executed, or unexecuted. Unless the duration of the instruction is specified by the Client and accepted by the Company, a day order for purchase or sale of China Connect Securities not executed or in case of partial execution, of such part thereof not executed, at the end of the relevant Trading Day shall be deemed to have been cancelled automatically. Any instructions received by the Company after the end of a Trading Day shall be treated as an instruction given to the Company on the next Trading Day.

- 4.5 The Client shall provide all information (including translations into Chinese, if required) to the Company which the Company requests in relation to any request or requirement by any China Connect Authority or an exchange, regulatory authority or any organisation with which HKEx or the Exchange has entered into an information sharing arrangement. By providing such information, the Client has agreed to waive any bank secrecy obligations and/or data protection laws which may be applicable to such information.
- 4.6 The Client agrees and acknowledges that the Company has no obligation to seek or claim any reduction, relief, refund, or otherwise reclaim any amount from any China Connect Authority or from any third party service provider and has no obligation to credit any amount in respect of an amount deducted or withheld in connection with the China Connect Securities. Any amount so deducted or withheld is not refundable to the Client by the Company or the third party service provider.
- 4.7 The Client agrees and acknowledges that the Company has no obligation to gross-up, true-up, or make whole the Client for any fee, levy, tax, stamp duty, or any other liability, payment or deduction made to the Client or the Account in connection with the China Connect Securities or any transactions relating to the China Connect Securities, the Account, or the Company's compliance with the relevant regulations.

## **5. Northbound Trading Investor ID**

- 5.1 The Client acknowledges and agrees that in conducting trading in China Connect Securities through the China Connect Service for the Client, the Company will be required to:
- (a) tag each of the Client's orders submitted to the China Connect Service with BCAN that is unique to the Client; and
  - (b) provide to the Exchange the Client's assigned BCAN and CID relating to the Client as the Exchange may request from time to time under the China Connect Rules.
- 5.2 Without limitation to any notification the Company has given the Client or consent the Company has obtained from the Client in respect of the processing of the Client's personal data in connection with the Client's Account and the Company's services to the Client, the Client acknowledges and agrees that the Company may collect, store, use, disclose and transfer personal data relating to the Client as required as part of the Company conducting trading in China Connect Securities through the China Connect Service for the Client, including as follows:
- (a) to disclose and transfer the Client's BCAN and CID to the Exchange and the relevant the Exchange Subsidiary from time to time, including by indicating the Client's BCAN when inputting an order through China Connect into the China Connect Service, which will be further routed to the relevant China Connect Market on a real-time basis;
  - (b) to allow each of the Exchange and the relevant the Exchange Subsidiary to: (i) collect, use and store the Client's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the CSDCC (in the case of

storage, by any of them or via HKEx) for market surveillance and monitoring purposes and enforcement of the China Connect Rules; (ii) transfer such information to the relevant China Connect Market (directly or through the CSDCC) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant China Connect Authority so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;

(c) to allow the CSDCC to: (i) collect, use and store the Client's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market, the Exchange and the relevant the Exchange Subsidiary; (ii) use the Client's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the PRC regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the PRC financial markets; and

(d) to allow the relevant China Connect Market to: (i) collect, use and store the Client's BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the relevant China Connect Rules; and (ii) disclose such information to the PRC regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the PRC financial markets.

## 6. Acknowledgements

By instructing the Company in respect of any trades involving China Connect Securities, the Client acknowledges, represents, warrants and confirms that:

6.1 (i) the Client has read, fully understood and accepted the risk disclosures and other information applicable to China Connect set out in Appendix 2 (*Risk Disclosures*); (ii) the Client understands and agrees that there is a risk of prohibition from trading China Connect Securities; (iii) the Client's instructions to trade China Connect Securities may not be accepted; (iv) the Company may refuse to offer any service described in this Addendum to the Client at the Company's sole and absolute discretion and (v) the Client understands and agrees to accept its obligations when trading China Connect Securities through China Connect including any consequences of a breach of the Applicable China Connect Laws;

6.2 that neither the Company nor any Related Person shall be liable for any loss, liability, or third party claim or demand that the Client may suffer or incur directly or indirectly as a result of any action or inaction by the Company or any Related Person in connection with the provision of trading services in respect of China Connect Securities to the Client by the Company including, without limitation, the materialization of any of the risks described in Appendix 2 (*Risk Disclosures*);

6.3 that the Exchange has the power not to extend the China Connect Service to the Client and the power to require the Company not to accept instructions from the Client, if it is

found that the Client, the Company or any of the Company's clients has failed to comply with any China Connect Rules;

- 6.4 that the Company and/or any Related Person may provide to a China Connect Authority relevant information and materials relating to the Client, including, without limitation, in relation to the Client's identity, personal data and trading activities for the purposes of assisting any investigation or surveillance by a China Connect Authority;
- 6.5 that if the relevant China Connect Rules are breached, or the disclosure and other obligations referred to in any Applicable China Connect Laws are breached, (i) the relevant China Connect Market has the power to carry out investigations, and may, through the Exchange (or the relevant the Exchange Subsidiary or any other governmental or regulatory body), require the Company and/or any Related Person to (1) provide relevant information and materials relating to the Client (including, without limitation, in relation to the Client's identity, personal data and trading activity) and any other information requested by any China Connect Authority; and (2) assist in a China Connect Authority's investigation in relation to the Client and/or the Client's trading activity, and (ii) the Client may be subject to regulatory investigations and the relevant legal and regulatory consequences if the Client is in breach of, or fail to comply with, such laws, rules and regulations;
- 6.6 that the Exchange may (for the purpose of assisting the relevant China Connect Market in its regulatory surveillance of the relevant China Connect Market and enforcement of the relevant China Connect Rules and as part of the regulatory cooperation arrangement between the Exchange, the relevant the Exchange Subsidiary and the relevant China Connect Market), at the request of the relevant China Connect Market, require the Company to provide information (including, without limitation, in relation to the Client's identity, personal data and trading activity) in relation to the Client and any other persons referred to in the China Connect Rules with respect to any trades involving China Connect Securities made or entered into by the Company on their behalf;
- 6.7 that where a China Connect Authority considers that there is a serious breach of the relevant China Connect Rules, the Company may be required by a China Connect Authority through the Exchange to (i) issue warning statements (verbally or in writing) to the Client; and (ii) cease providing the Client with any service relating to trading China Connect Securities through China Connect;
- 6.8 that prior to the Company informing the Client that a Northbound buy order instructed by the Client has been settled, the Client shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;
- 6.9 that once an instruction is given, the instruction cannot be cancelled, varied or amended unless specifically accepted by the Company. The Client further acknowledges and accepts that the Company may not be able to send in the Client's instructions for cancellation of orders in cases of contingency, such as when the Exchange loses all communication lines with the China Connect Authorities and/or other regulators. The Company shall not be obliged to act on any instruction to cancel, vary or amend an instruction already given to the Company, nor shall the Company 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;

- 6.10 that the Client consents to the Company and/or any Related Person providing information relating to the Client's profile, the types and values of Northbound buy and sell orders and transactions made and executed on the Client's behalf to any China Connect Authority at such intervals and in such forms as such China Connect Authority may specify or require from time to time;
- 6.11 that the Client accepts 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 or any Applicable China Connect Laws relating to any China Connect Securities.
- 6.12 that the Company will be required under the China Connect Rules to keep, for a period of not less than 20 years, records (including telephone records) of (i) all orders and trades executed on the Client's behalf, (ii) any instructions received from the Client and (iii) the Client's Account information in relation to Northbound trading;
- 6.13 that the Exchange may upon the request of the relevant China Connect Market require the Company to reject any order made on the Client's behalf; and
- 6.14 that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by the Company or any Related Person, the Client or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the China Connect Service; or (ii) any amendment, making or 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).

## **7. Settlement**

- 7.1 As all Northbound trading is effected and settled in Renminbi, if the Company does not receive sufficient funds in Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and the Client may not acquire title to, or become entitled to sell or transfer, the relevant China Connect Securities.
- 7.2 Where applicable, if the Company holds any funds on the Client's behalf, and if there are insufficient Renminbi funds to settle any Northbound buy order or other payment obligation in connection with China Connect, the Client authorizes the Company (which forms part of the standing authority under the Letter of Authority provided by the Client to the Company) to convert any funds in any other currency which the Company holds on the Client's behalf into Renminbi for settlement purposes (whether within or between any of the segregated accounts maintained at any time with the Company).
- 7.3 Where applicable, and where it is necessary to convert one currency to another pursuant to this Addendum, such conversion may be carried out automatically by the Company

in a commercially reasonable manner, without giving any prior notice to the Client, at the prevailing market rate of exchange of the two currencies. The Client hereby acknowledges and agrees that any risk, loss or cost resulting from any conversion of one currency into another currency pursuant to this Addendum shall be borne by the Client.

- 7.4 The Client acknowledges that the delivery of China Connect Securities or cash to the Client upon settlement of a transaction may be delayed as a result of public holidays in Hong Kong or PRC, or other reasons beyond the control of the Company, and the Company shall not be liable for such delay or any interest thereon (if any). Where there is any such delay or default in delivery, the Company may, but has no obligation to, complete settlement of the transaction for the Client until the China Connect Securities or cash for settlement is actually received by the Company or the third party service provider(s). Where any China Connect Securities or cash for any transaction is paid, delivered or credited to the Account but the Company or the third party service provider(s) has not actually received the same from the counterparty to the transaction, the Company may demand, and the Client agrees to pay or return, such amounts or China Connect Securities previously paid, delivered or credited to the Account, and the Client hereby authorizes the Company to debit from the Account any such China Connect 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 Account 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 China Connect Securities until completion of the sale transaction.

## 8. **Enhanced Pre-Trade Checking**

- 8.1 Prior to instructing the Company to execute any SPSA order, the Client will provide to the Company the following in such form and within such timeframe as may be required by the Company from time to time:
- (a) confirmation that the Client has been designated a Special Segregated Account by CCASS with respect to any such SPSA order and that the Client unconditionally authorizes the Company to execute SPSA orders in respect of that Special Segregated Account on the Client's behalf from time to time;
  - (b) the specific investor identification number in relation to any Special Segregated Account from which the Client will be instructing the Company to execute an SPSA order; and
  - (c) any other information and/or documentation as may be required by the Company from time to time in order for the Company to place an SPSA order on the Client's behalf.
- 8.2 At the time the Client instructs the Company to execute an SPSA order, the Client will provide the following to the Company:
- (a) a specific instruction that it is an SPSA order;
  - (b) the relevant investor identification number for that SPSA order; and

- (c) any other information that may be required by the Company, the Exchange and/or any other China Connect Authority from time to time when placing that SPSA order on the Client's behalf.
- 8.3 The Client authorizes, and has appropriate arrangements in place to authorize, the reproduction, replication and transmission of the stock holding records of the Special Segregated Account at any time for the purpose of enabling the Exchange and the relevant the Exchange Subsidiary to carry out their pre-trade checking procedures.
- 8.4 The Client represents and undertakes on a continuing basis, including without limitation on the first date that this Addendum is effective and at each time that the Client places an SPSA order, or otherwise gives an instruction in respect of the China Connect Securities held in a Special Segregated Account, that in respect of any SPSA order which the Client instructs the Company to execute, at all relevant times:
- (a) the Client has been designated such Special Segregated Account by CCASS and CCASS has assigned the investor identification number to such Special Segregated Account that the Client has provided to the Company in respect of such SPSA order, in each case in accordance with the CCASS Rules and any applicable China Connect Rules;
  - (b) the Client unconditionally authorize the Company to execute the sale of the relevant China Connect Securities in the specified Special Segregated Account on the Client's behalf;
  - (c) (A) there are, and will be, sufficient China Connect Securities in the Special Segregated Account for the Client to settle the delivery obligations in respect of such SPSA order on the settlement day as required under the China Connect Rules and (B) the Client will ensure that the China Connect Securities that are the subject of the SPSA order will be delivered to the Company or to the Company's order and to the account specified by the Company no later than the cut-off time for delivery as may be specified by the Company from time to time or, if earlier, as may be specified by any relevant China Connect Authority, on the settlement day specified by the Company and in compliance with any other requirements for settlement which may be specified by the Company to the Client or the Client's agent for settlement from time to time;
  - (d) the total number of China Connect Securities subject to an SPSA order or SPSA orders, as appropriate, in respect of China Connect Securities in that Special Segregated Account on any relevant Trading Day will not exceed the total stock holding position in respect of the same China Connect Security as shown against the investor identification number for the relevant Special Segregated Account (A) immediately before the commencement of operation of China Connect on that Trading Day or (B) as at such other time as may be specified by the Company, the Exchange, CCASS or any other relevant China Connect Authority from time to time;
  - (e) the relevant number of China Connect Securities recorded in the relevant Special Segregated Account will be used by the Client for stock settlement of such SPSA order in accordance with the China Connect Rules; and



- (f) to the extent that an SPSA order is a Short Selling order, the borrowed Short Selling Securities are held in the relevant Special Segregated Account and the order is in compliance with (i) the China Connect Rules applicable to any SPSA order and (ii) the obligations set out herein. For the avoidance of doubt, the Client must not place any Short Selling order with the Company unless the Company has agreed in writing to provide services to the Client in relation to Short Selling, including the execution of Short Selling orders.

The Client must immediately inform the Company if any of the representations set out above are no longer correct or have become misleading or the Client has not complied, or will not comply, with any of the Client's obligations under this Addendum or under the China Connect Rules, in each case, in a way which may affect the ability of the Company or any Related Person to execute an SPSA order in compliance with all Applicable China Connect Laws.

- 8.5 In the event there is a breach of any of the terms of Clause 8.4 above which results in a failure by the Company or any Related Person to deliver any China Connect Securities held in the relevant Special Segregated Account to CCASS in respect of any SPSA order as required by the China Connect Rules, then, without prejudice to any other terms hereof and any other rights and remedies which may be available to the Company or any Related Person in law, contract or otherwise:

- (a) the Client acknowledges that the Company or any Related Person is entitled to inform HKSCC that the failure to deliver was the result of the Client's failure to deliver the relevant China Connect Securities to the Company from the relevant Special Segregated Account and, as a consequence, the Exchange and/or HKSCC may deduct the overdue short stock position quantities from the sellable balances of the relevant Special Segregated Account;
- (b) the Client shall provide any information or any other assistance as may be required and/or requested by the Company or any Related Person to ensure that the Exchange and/or HKSCC is satisfied that the overdue short stock position was a result of a failure to deliver the China Connect Securities from a Special Segregated Account; and
- (c) the Client acknowledge and consent to the Company or any Related Person notifying the relevant China Connect Authorities of any trading and/or settlement error and/or failure to deliver (including where such notification is not required under the Applicable China Connect Laws). In so doing, the Client acknowledges and consents to the Company or any Related Person providing details and information regarding the Client and/or the relevant trades to the relevant China Connect Authorities, and the Client shall provide information and details as the Company may request from time to time to enable the Company to do so.

## 9. Sale, Transfer and Disgorgement

- 9.1 Where under the terms of the China Connect Rules, the Company receives notice (a "**Forced-sale Notice**") from a China Connect Authority requiring the Company to sell and liquidate a specified number of China Connect Securities owned by the Client, the Company shall issue a corresponding notice to the Client requesting the Client to sell

and liquidate such China Connect Securities within the period specified by the relevant China Connect Authority.

- 9.2 In relation to any Forced-sale Notice, the Client hereby authorizes the Company (which forms part of the standing authority under the Letter of Authority provided by the Client to the Company) to sell or arrange for the sale of such China Connect Securities on behalf of the Client on such terms and at such price (including any associated fees and expenses, and without any obligation to ensure the best price) and at such time as the Company may determine in its absolute discretion within the period specified by the relevant China Connect Authority, in compliance with all Applicable China Connect Laws.
- 9.3 Where China Connect Securities owned by the Client that are the subject of a 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**"), the Client hereby authorizes the Company to instruct the Recipient Agent on behalf of the Client to return the relevant China Connect Securities to the Original CP for sale and liquidation in accordance with all Applicable China Connect Laws. The Client also undertakes to inform the Recipient Agent of such authorization and, where required, to instruct the Recipient Agent to act accordingly.
- 9.4 The Client hereby authorizes the Company to sell or arrange for the sale of any amount of China Connect Securities owned by the Client if the Company receives notice from any China Connect Authority requiring the Client to disgorge any profits as a result of the "short swing profit rule" as described in Appendix 2 (*Risk Disclosures*).
- 9.5 In addition to the above, the Client further authorizes the Company to sell, transfer or carry out any other action in relation to China Connect Securities owned by the Client if the Company is instructed to do so by any China Connect Authority or if the Company otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Applicable China Connect Laws.
- 9.6 Neither the Company nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by the Company or any Related Person in respect of this Clause.

## 10. **Margin Trading**

- 10.1 Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Shares determined by the relevant China Connect Authorities to be eligible for margin trading ("**Eligible Margin Trading Shares**"). The HKEx will publish the list of Eligible Margin Trading Shares from time to time.
- 10.2 Any China Connect Market may suspend margin trading activities in any specific A Share where the volume of margin trading activities in such A Share exceeds the threshold determined by such China Connect Market and resume margin trading activities when the volume drops below a prescribed threshold. Where the Exchange is notified by the relevant China Connect Market that a suspension or resumption involves a security within the list of Eligible Margin Trading Shares, the HKEx will disclose

such information on its website. In such circumstances, any margin trading in the respective China Connect Shares shall be suspended and/or resumed accordingly. We shall not have any obligation to update you in respect of the list of Eligible Margin Trading Shares or any restrictions or suspensions in respect of margin trading from time to time.

## 11. **Indemnities, Fees and Taxation**

- 11.1 The Client will indemnify the Company (for itself and as trustee of each Related Person) 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 the Company providing any services to the Client in respect of the Client's trading or investment in China Connect Securities, including without limitation (a) any Taxes resulting from any trading or holding of or otherwise dealing in China Connect Securities pursuant to China Connect; (b) the materialization of any risk referred to in Appendix 2 (*Risk Disclosures*); (c) any legal costs which the Company may incur in connection with any instructions given by the Client; (d) any costs incurred in connection with Clause 9 (*Sale, Transfer and Disgorgement*) above; or (e) the failure of any representation or warranty made by the Client in this Addendum to be true and complete in all material respects or any breach by the Client of its obligations or covenants in this Addendum.
- 11.2 In addition and without prejudice to any other right or remedy which the Company may have, the Company shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever referred to in Clause 10.1 above, and any obligation of the Company or any Related Person or the Client to pay or account for any amounts in respect of any Taxes, by selling, realizing or otherwise dealing with, in such manner as the Company in its absolute discretion may determine, all or part of any property held by the Company or any Related Person for any purpose in any of the Client's accounts with the Company or any Related Person, and to apply the proceeds in reduction of all or part of the Client's liability to any tax authority or the Company or any Related Person.
- 11.3 Neither the Company nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by the Company or any Related Person in connection with the foregoing.
- 11.4 The Client shall be fully and solely responsible for paying all fees, charges, levies and taxes, and the Client shall be required to comply with any filing or registration obligations, in each case as may be required by any China Connect Authority or any Applicable China Connect Laws, relating to any trading or investment or holding by the Client of or in China Connect Securities.
- 11.5 It is the Client's sole responsibility to handle and/or fulfill any local, overseas or worldwide tax issues, liabilities and/or obligations under all applicable laws and regulations (including but not limited to, tax reporting, filing relevant tax return(s) and/or forms, and pay any applicable tax) arising from or in connection with trading, holding, disposing of or otherwise dealing with securities or investment via the Company. In this regard, the Client must seek independent professional advice from the Client's own tax advisors to determine the Client's tax position, liabilities and

obligations in relation to the relevant Securities or investments. The Company assumes no responsibility for advising on or handling such tax issues, liabilities and/or obligations nor will the Company provide any service or assistance in this regard.

- 11.6 Notwithstanding the above, and without prejudice to the foregoing provisions, if the Company so requests at its absolute discretion, the Client shall complete, provide information, sign and file any tax forms, certificates or documents, which the Company or any of its nominees, custodians, and/or agents is required by any tax authority of any applicable jurisdiction to submit in respect of the Client in connection with any investment or transaction made on behalf of the Client. The Client agrees to cooperate with the Company, its nominees, custodians and/or agents and provide the necessary information and assistance to them or any of them for such purposes.
- 11.7 Without prejudice to the foregoing, the Company shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any actual or potential obligation of the Company arising from or in connection with any trading, investment, holding, disposing of or otherwise dealing in any China Connect Securities by the Client to: (i) require the Client promptly to provide to the Company the relevant details and information in respect of all of the Client's transactions in China Connect Securities as and when required by the Company; and (ii) provide all required information related to the Client and/or the Client's transactions in China Connect Securities to any China Connect Authority as and when required by the Company, and the Client agrees and fully consents to the Company providing the same.
- 11.8 Without prejudice to the rights of the Company, the Company shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any obligation or potential obligation of the Company or any Related Person or the Client to pay or account for any amounts in respect of any Taxes by selling, realizing or otherwise dealing with (including but not limited to withholding or deducting any amount towards Taxes), in such manner as the Company in its absolute discretion may determine, all or part of any property held by the Company or any Related Person for any purpose in any of the Client's accounts with the Company or any Related Person, and to apply the proceeds in reduction of all or part of the Client's liability to any tax authority or the Company or any Related Person.

## 12. **Miscellaneous**

- 12.1 The Company reserves the right to vary any of the terms of this Addendum by giving 30 days' written notice to the Client. However, the Company may, in exceptional circumstances, make amendments to the terms of this Addendum at any time in order to comply with the Applicable China Connect Laws, which will become effective immediately upon notice to the Client or such other earlier time as provided under the Applicable China Connect Laws.
- 12.2 The Client will execute any further documents and provide any materials and/or information as may be reasonably requested by the Company to enable it to perform its duties and obligations under this Addendum which may become necessary as and when the China Connect Rules are amended from time to time.

## 13. **Governing Law and Jurisdiction**

The provisions in the Client Agreement relating to governing law and jurisdiction shall apply to all matters arising from and in connection with this Addendum.

## Appendix 1

### Definitions

"**A Shares**" means any RMB-denominated shares issued by companies incorporated in the PRC which are listed and traded on SSE or SZSE and not on the Exchange.

"**Applicable China Connect Laws**" means any law, regulation or order, or any rule, direction, guideline, code, notice, market requirements or restriction (whether or not having the force of law) issued by an exchange, regulatory authority, governmental agency (including tax authority), or other organization (in each case, whether within or outside Hong Kong and the PRC) which is applicable to the Client and/or the Company or any Related Person from time to time including, but not limited to, the China Connect Rules.

"**BCAN**" means Broker-to-Client Assigned Number.

"**CCASS**" means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on the Exchange and/or any system established for the purpose of China Connect.

"**CCEP**" means a person registered as a China Connect Exchange Participant by the Exchange.

"**China Connect**" means securities trading and clearing links programmes developed or to be developed by the Exchange, each of the relevant China Connect Markets, HKSCC and CSDCC for the establishment of mutual market access between the Exchange and the relevant China Connect Market.

"**China Connect Authorities**" means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Connect and activities relating to China Connect, including without limitation the Exchange, HKSCC, the relevant the Exchange Subsidiary, the relevant China Connect Market, CSDCC, CSRC, PBOC, SAFE, SAT and other PRC local tax bureau, SFC, HKMA, the Hong Kong Inland Revenue Department and any other regulator, exchange, clearing system, agency or authority with jurisdiction, authority or responsibility in respect of China Connect (including, without limitation, any tax or other authority that may impose or levy any form of tax, duty, fine, penalty or interest on or in respect of any China Connect Securities under any applicable law or regulation); and "China Connect Authority" means any one of them.

"**China Connect Market**" means SSE, SZSE and/or any other stock market in the PRC acceptable to the Exchange and included in the list of China Connect Markets which are eligible for China Connect trading (as may be amended from time to time), unless and until the Company shall notify the Client otherwise.

"**China Connect Market Listing Rules**" means the Rules Governing the Listing of Stocks on the relevant China Connect Market, as amended, supplemented, modified and/or varied from time to time.

"**China Connect Rules**" means any laws, rules, regulations, policies or guidelines published or applied by any China Connect Authority from time to time in respect of China Connect or any activities arising from China Connect.

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

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

**"ChiNext"** means the ChiNext Market of SZSE.

**"ChiNext Shares"** means any securities listed on ChiNext which may be eligible for trading by Hong Kong and international investors on China Connect.

**"CID"** means Client Identification Data.

**"Clearing Participant"** has the meaning given to such term in the rules of CCASS.

**"Client Securities Rules"** means the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong), as amended from time to time.

**"CSDCC"** means, in the case of China Connect Securities traded on (a) SSE, the Shanghai branch; and (b) SZSE, the Shenzhen branch, in each case of China Securities Depository and Clearing Corporation.

**"CSRC"** means China Securities Regulatory Commission

**"Custodian Participant"** means a person registered as a participant of HKSCC admitted to participate in CCASS as a custodian participant pursuant to the CCASS Rules.

**"Eligible ChiNext 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 ChiNext Shares through Shenzhen Hong Kong Stock Connect.

**"Enhanced Pre-Trade Checking"** means the enhanced pre-trade checking undertaken by the Exchange and the relevant the Exchange Subsidiary in respect of an SPSA order.

**"Exchange Participant"** means any person registered as a CCEP and / or where applicable, a TTEP.

**"H Shares"** means any securities issued by companies incorporated in the PRC and listed on the Exchange.

**"HKEx"** means the Hong Kong Exchanges and Clearing Limited.

**"HKMA"** means the Hong Kong Monetary Authority.

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

"**List of Eligible China Connect Securities for Short Selling**" means the list published by the Exchange from time to time setting out the China Connect Securities that are eligible for Short Selling.

"**Margin Trading**" means the purchase of China Connect Securities by the Exchange Participant on behalf of its client where the funds used for the purchase are provided to the client by the Exchange Participant through any form of securities margin financing arrangement in the offshore market.

"**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 trading**" denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.

"**PBOC**" means the People's Bank of China.

"**personal data**" has the meaning as defined in the Personal Data (Privacy) Ordinance (Cap 486 of the Laws of Hong Kong).

"**PRC**" means the People's Republic of China (excluding Hong Kong, Macau and Taiwan).

"**PRC Citizen**" means any person of PRC nationality and holding a resident identification card or other equivalent government-issued identification of the PRC.

"**QFII**" means the Qualified Foreign Institutional Investor program which was launched in 2002 in the PRC to allow licensed foreign investors to buy and sell the permissible securities in the PRC, including A Shares on the PRC stock exchanges.

"**Related Person**" means any affiliate, director, officer, employee or agent of the Company.

"**Renminbi**" or "**RMB**" means the lawful currency of the PRC, deliverable in Hong Kong.

"**RQFII**" means the RMB Qualified Foreign Institutional Investor program which was launched in 2011 to allow Hong Kong and other foreign jurisdictions to reinvest offshore RMB into the PRC securities market.

"**SAFE**" means the State Administration of Foreign Exchange of the PRC.

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

"**the Exchange Rules of the Exchange**" means the rules of HKEx, as amended, supplemented, modified and/or varied from time to time.

"**the Exchange Subsidiary**" means any wholly-owned subsidiary of the Exchange duly authorized as an automated trading service provider under the SFO and licensed under applicable laws in the PRC to provide order-routing services under China Connect.

"**SFC**" means the Securities and Futures Commission of Hong Kong.

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



**"Short Selling"** means the sale of Short Selling Securities in respect of which the Client has a presently exercisable and unconditional right to vest the Short Selling Securities in the purchaser by virtue of having borrowed such securities under a Stock Borrowing and Lending Arrangement.

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

**"Short Selling Securities"** means any China Connect Security which is from time to time included in the List of Eligible China Connect Securities for Short Selling as eligible for Short Selling and references to "Short Selling Securities" shall be construed accordingly.

**"Special China Connect Securities"** means any securities listed on the relevant China Connect Market which the Exchange (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 for China Connect buy orders.

**"Special Segregated Account"** has the meaning set out in the CCASS China Connect Rules.

**"SPSA order"** means a China Connect sell order for the sale of China Connect Securities held in a Special Segregated Account.

**"SSE"** means the Shanghai Stock Exchange

**"Stock Borrowing and Lending Arrangement"** has the meaning as set out in the China Connect Rules and references to a "Stock Lender" or "Stock Borrowing and Lending" shall be construed accordingly.

**"SZSE"** means Shenzhen Stock Exchange

**"Taxes"** means all taxes, (including but not limited to income tax, business tax, stamp duty, value added tax, capital gains tax, transactional tax, if applicable), duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including but not limited to additions to tax, penalties and interest imposed on (or which may potentially be imposed on) or in respect of (i) China Connect Securities or cash, (ii) any transaction effected under this Addendum or (iii) the Client.

**"Trading Day"** means a day on which the Exchange is open for Northbound trading where "T day" denotes the 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 settlement of funds, one business day (on which banks in Hong Kong and Shanghai or Shenzhen (as applicable) are generally open for business) after T day.

**"TTEP"** means a Trade-through Exchange Participant as defined under Rule 590(1), the Exchange Rules of the Exchange.

**"Uptick Long Sale"** means:

(a) the Client places a sell order with the Company for China Connect Securities which is not a Short Selling order;

- (b) the Client has borrowed other shares of that China Connect Security pursuant to a "Stock Borrowing and Lending Arrangement" (as such term is defined in the China Connect Rules) and such shares are not subject to the sell order referred to in (a);
- (c) the Client has not returned all of the shares that the Client has borrowed under the Stock Borrowing and Lending Arrangement; and
- (d) the price requirements set out in the China Connect Rules relating to Short Selling apply to the sell order.

## Appendix 2

### Risk Disclosures

This Appendix describes some of the key risk disclosures and other information concerning China Connect. This Appendix does not disclose all the risks and other significant aspects of Northbound trading through China Connect. The Client should ensure that it understands the nature and risks of China Connect and Northbound trading and the Client should consider carefully (and consult its own advisers where necessary) whether trading in China Connect Securities is suitable for the Client in light of its circumstances. The decision to trade in China Connect Securities is the Client's, but the Client should not trade in China Connect Securities unless the Client fully understands and is willing to assume the risks associated with China Connect. The Client acknowledges the risks, and agrees to the terms, set out in this Appendix.

The Company does not represent that the information set out in this Appendix is up to date or comprehensive, and does not undertake to update the information set out in this Appendix.

#### 1. Pre-Trade Checking and Enhanced Pre-Trading Checking

Under PRC law, the relevant China Connect Market may reject a sell order if an investor does not have sufficient available China Connect Securities in its account. In respect of a sell order of China Connect Securities that is not an SPSA order, the Exchange will apply similar checking on all Northbound sell orders at the Exchange Participant level to ensure there is no overselling by any individual Exchange Participant (“**Pre-Trade Checking**”). Enhanced Pre-Trade Checking applies in respect of an SPSA order. The Client will comply with any requirements relating to Pre-Trade Checking or Enhanced Pre-Trade Checking, as applicable, as mandated by the China Connect Authorities and/or as notified to the Client by the Company from time to time. In particular:

(a) in relation to Pre-Trade Checking, the Client will ensure there are sufficient available China Connect Securities in the Client's account to cover any proposed sell order; and

(b) in relation to Enhanced Pre-Trade Checking, the Client will in addition ensure that the Client has been designated a Special Segregated Account with a corresponding investor identification number, there are sufficient available China Connect Securities in such Special Segregated Account to cover any proposed SPSA order and that the China Connect Securities applicable to an SPSA order will be delivered within the timeframe and in the manner as required by the Company on the relevant settlement day to fulfil such SPSA order.

(A) in respect of any sell order that is not an SPSA order, if the Company considers that the Client has not (by the commencement of trading on the Trading Day on which the Client wishes to execute a sell order or any other cut-off time specified by the Company from time to time) transferred sufficient available China Connect Securities to the Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order; or

(B) in respect of any sell order that is an SPSA order, if the Company considers that:

(a) the Client does not (by the commencement of trading on the Trading Day on which the Client wishes to execute a sell order or any other cut-off time specified by the Company

from time to time) hold sufficient available China Connect Securities in a relevant Special Segregated Account to cover a proposed SPSA order; and/or

(b) the required number of China Connect Securities will not be delivered from the Special Segregated Account as required by the Company on a settlement day to fulfil an SPSA order,

the Company may, as applicable, (but shall not be obliged to) in its absolute discretion:

(i) reject the Client's sell order (in whole or in part);

(ii) where appropriate arrangements are in place and as permitted by Applicable China Connect Laws, use any China Connect Securities in the Exchange Participant's (or any other Exchange Participant's) designated CCASS stock account(s) which the Company holds for itself or on behalf of its other clients to fulfil the Pre-Trade Checking requirement in respect of the Client's sell order, in which case the Client shall reimburse the Company for any costs, losses or expenses which the Company incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which the Client has failed to deliver in respect of the Client's sell order, on such terms and at such price (including any associated fees and expenses) and at such time as the Company shall determine in its absolute discretion; and/or

(iii) perform any other act which the Company considers necessary or desirable to comply with Pre-Trade Checking or Enhanced Pre-Trade Checking, as applicable, and/or any relevant Applicable China Connect Laws and/or to cover the Client's shortfall (including but not limited to applying any other China Connect Securities available to the Company) from any stock borrowing arrangements (to the extent permitted by Applicable China Connect Laws and available to the Company) or other sources.

In addition, the Company may in its absolute discretion reject the Client's sell order, whether it be an SPSA order or otherwise, (in whole or in part) if for any other reason the Company considers that there is or may be non-compliance with any Applicable China Connect Laws and/or that the execution of such order may result in the Company or any Related Person failing to comply with its obligations to any party or under the China Connect Rules. Any risk, liability, loss, cost or expense resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or Enhanced Pre-Trade Checking and the related order requirements and/or any relevant Applicable China Connect Laws by the Client or, to the extent the Client has caused the Company's or any Related Person's non-compliance, the Company or such Related Person, shall be borne by the Client.

## 2. SPSA Orders – Delivery Versus Payment

Notwithstanding that a delivery versus payment mechanism may be offered by the Exchange or CCASS for SPSA orders, unless the Exchange Participant agrees to pre-fund, freely transferable funds may only be credited by the relevant clearing bank to the Client's account with the custodian or settlement agent, as applicable, in accordance with the CCASS operations and procedures after the settlement day upon which the delivery obligations in respect of such SPSA orders are required to be settled. Any risk, liability, loss, cost or expense resulting from this delay shall be borne by the Client.

## 3. Settlement

Northbound trades will follow the A Share settlement cycle. For settlement of China Connect Securities trades, CSDCC will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. The Exchange Participant may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless the Exchange Participant agrees to pre-fund, settlement of funds relating to such trading will be effected on T+1 day. Where applicable, if the Exchange Participant agrees to prefund the settlement of China Connect Securities trades, (a) the Exchange Participant shall retain the funds received from the HKSCC on T+1 day; and (b) the Client shall reimburse the Exchange Participant with respect to any pre-funding provided by the Exchange Participant. Where any China Connect Securities have been overbought or oversold (notwithstanding any Pre-Trade Checking arrangements), there may be a delay in settlement due to a delay or failure by the Exchange Participant's system for reconciliation of orders.

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 purpose of contract notes / trade confirmations, the settlement date on the contract notes / trade confirmations would be in accordance with that as agreed between the Client and the Exchange Participant, or as required by the relevant China Connect Rules, the Exchange China Connect Rules, and / or the Exchange Rules of the Exchange.

#### 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 limiting the maximum value of all Northbound buy trades that can be executed by Exchange Participants on each Trading Day ("**Daily Quota**") in respect of each China Connect Market. The Daily Quota may change from time to time without prior notice and the Client is advised to refer to the HKEx website and other information published by HKEx for up-to-date information.

Under the China Connect Rules, Northbound selling is permitted regardless of whether the Daily Quota has been reached. If there is a restriction, rejection or suspension of Northbound buying as a result of the Daily Quota being fully utilized, the Company will be unable to carry out any further buy orders.

#### 5. Restriction on Day Trading

Unless the Exchange otherwise determines, day (turnaround) trading is not permitted on the PRC A Share market. If the Client buys China Connect Securities on T day, the Client may be able to sell the China Connect Securities only on or after T+1 day. Due to Pre-Trade Checking requirements, the Company may process 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 the Client by the Company from time to time) on T+1 day, subject to the Applicable China Connect Laws.

#### 6. Disclosure of Interests

Under PRC laws, rules and regulations, if the Client holds or controls shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same PRC Listco (as

defined below), whether the relevant holdings are through Northbound trading, the QFII/RQFII regime or other investment channels) in a PRC incorporated company which is listed on a China Connect Market (a "**PRC Listco**") up to a certain threshold (as may be specified from time to time by the relevant China Connect Authorities), the Client must disclose such interest within the period specified by the relevant China Connect Authority, and the Client must not buy or sell any such shares within the period specified by the relevant China Connect Authority. The Client must also disclose any substantial change in the Client's holding as required by the relevant China Connect Authority.

Under Hong Kong law, where a PRC incorporated company has both H Shares listed on the Exchange 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 PRC 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 PRC incorporated company has not listed any shares on the Exchange.

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

#### 7. Short Swing Profit Rule

Under PRC laws, rules and regulations, the "short swing profit rule" requires the Client to give up/ return any profits made from purchases and sales in respect of China Connect Securities of a particular PRC Listco if (a) the Client's shareholding in such PRC 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. The Client (and the Client alone) must comply with the "short swing profit rule". The Company shall have no responsibility to alert the Client or otherwise assist the Client in complying with the "short swing profit rule".

#### 8. Foreign Ownership Limits

Under PRC laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC 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, the QFII/RQFII regime or other investment channels). It shall be the Client's responsibility to comply with all foreign ownership limits from time to time imposed by the Applicable China Connect Laws. In addition, in accordance with Clause 3.8 above, the Company shall have the right to apply any procedure or requirements which the Company determines in its absolute discretion to be necessary or desirable to comply with any foreign ownership limits from time to time including (for example, and without limitation) imposing any threshold on the Client that is lower than the foreign ownership limits prescribed by any China Connect Authority. 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, the Client may suffer losses through the Client's trading or investment of or in China Connect Securities.

If the Company becomes aware that the Client has breached (or reasonably believes that the Client may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if the Company is so required by any China Connect Authority, including without limitation, as a result of any Forced-sale Notice issued by the relevant China Connect Market, the Company will sell any China Connect Securities pursuant to Clause 9 (*Sale, Transfer and Disgorgement*) above in order to ensure compliance with the Applicable China Connect Laws. In such case, no China Connect Securities buy orders for the relevant China Connect Securities will be accepted until the relevant China Connect Market informs the relevant the Exchange Subsidiary or the Exchange that the aggregate foreign shareholding has fallen below a certain percentage. the Exchange 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 generally likely to be on a "last-in, first-out" basis), and the Exchange's (or the relevant the Exchange Subsidiary's) own records shall be final and conclusive.

Moreover, under PRC laws, where the aggregate holding of foreign investors exceeds a specified percentage (the "**Cautionary Level**") of the issued shares of a single PRC Listco, upon notification by the relevant China Connect Market to the relevant the Exchange Subsidiary, the Exchange and the relevant the Exchange 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, the Company may reject the Client's buy order instructions until the aggregate shareholding of foreign investors has fallen below a specified percentage (the "**Permitted Level**") as advised by the relevant China Connect Market from time to time.

As of the date of this Addendum, the single foreign investor limit is set at 10% of the total outstanding shares of a PRC Listco and the aggregate foreign investor limit is set at 30% of the total outstanding shares of a PRC Listco (while the Cautionary Level and the Permitted Level are set at 28% and 26% respectively of the total outstanding shares of a PRC Listco). Such limits and levels are subject to change from time to time and the Company shall not be under any obligation to inform the Client of any such changes relating to foreign ownership limits.

If a PRC Listco is a regulated financial institution, there may be other applicable shareholding restrictions.

#### 9. Securities Eligible for Northbound Trading

The Exchange will include and exclude securities as China Connect Securities eligible for Northbound trading based on the criteria prescribed by the China Connect Authorities. The Company shall not be under any obligation to inform the Client of any changes to the eligibility of shares for Northbound trading. The Client should refer to the HKEx website and other information published by HKEx for up-to-date information

According to applicable China Connect Market Listing Rules, if any China Connect Market-listed company 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, the China Connect Market-listed company will be earmarked and traded on the risk

alert board. Any change to the risk alert board may occur without prior notice. If a China Connect Security which is eligible for China Connect trading at launch of the programme is subsequently moved to the risk alert board, the security ceases to be a China Connect Security and investors under China Connect will be allowed only to sell the relevant China Connect Security and are prohibited from further buying. For details concerning the risk alert board, please refer to the relevant China Connect Market Listing Rules and the relevant China Connect Market Risk Alert Board Provisional Trading Arrangement and any other relevant sources from time to time.

#### 10. Special China Connect Securities

The Exchange 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 the Client 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 the Exchange as Special China Connect Securities. The Client will be able only to sell, but not to buy, any Special China Connect Securities.

#### 11. ChiNext Shares

ChiNext Shares involve a high investment risk. In particular, profitability and other financial requirements for listing on ChiNext are less stringent than the main board of SSE and the main board/SME board of SZSE. The Client should make the decision to invest only after due and careful consideration.

Companies listed on ChiNext 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 ChiNext to be delisted. The ChiNext Shares may become very illiquid after delisting. The Client may suffer a total loss of the Client's investment in the event of delisting.

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

#### 12. No Off-exchange Trading and Transfers

The Client, the Company and any Related Person shall not trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Service, and the Company shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from the Client or effect any Non-trade Transfer or settlement of transaction in respect of any China Connect Securities in any manner otherwise than through China Connect in accordance with the China Connect Rules, except in the following circumstances or as otherwise provided by a relevant China Connect Authority:



- (a) stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month;
- (b) 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);
- (c) 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
- (d) any other situations specified by the relevant China Connect Market and CSDCC, including but not limited to any Non-trade Transfer as a result or for the purpose of (i) succession; (ii) divorce; (iii) dissolution, liquidation or winding up of any company or corporation; (iv) donation to a charitable foundation; and (v) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.

The Client acknowledges that the rule against off-exchange trading and transfers under Northbound trading may delay or disrupt reconciliation of orders by the Company. The Company shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client arising from this rule, including, without limitation, any loss arising from any delay in settlement of trades.

### 13. Placing Orders

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

### 14. 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.

### 15. Taxation

Without prejudice to any of the Company's rights, the Client will be fully and solely responsible for any and all of the Client's liabilities and obligations for any Taxes (which the Company shall determine in its absolute discretion and in good faith) in respect of China Connect Securities including, without limitation, any capital gains tax or any other taxes, duties or levies, and will indemnify the Company and each Related Person from and against all Hong Kong Taxes and/or PRC Taxes which the Company may incur or be subject to arising in connection with any China Connect Securities which the Client holds, trades or otherwise deals in. Neither the Company nor any Related Person assumes any responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, and neither the Company nor any Related Person will provide any service or assistance in this regard. The Client acknowledges and agrees that the Company shall have no responsibility to act as tax agent, representative or adviser of the Client in respect of any

Taxes. Prior to investing in China Connect Securities, the Client is strongly urged to consult the Client's own tax advisers and counsel with respect to the possible tax consequences to the Client of such investment since such tax consequences may differ in respect of different investors.

In addition and without prejudice to the foregoing and any other right or remedy which the Company may have, the Company shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any obligation of the Company or any Related Person or the Client to pay or account for any amounts in respect of any Taxes by selling, realizing or otherwise dealing with (including but not limited to withholding or deducting any amount towards Taxes), in such manner as the Company in its absolute discretion may determine, all or part of any property held by the Company or any Related Person for any purpose in any of the Client's accounts held with the Company or any Related Person, and to apply the proceeds in reduction of all or part of the Client's liability to the Company or any Related Person. Neither the Company nor any Related Person shall have any liability for any losses or risks which may result to the Client directly or indirectly from any actions taken by the Company or any Related Person in respect of the foregoing.

#### 16. 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. Although the China Connect Securities traded through China Connect are not listed or traded on the Exchange, the Client will nevertheless have protection under the Client Securities Rules to the extent required by the Applicable China Connect Laws.

#### 17. Investor Compensation Fund

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the SFO. Accordingly, unlike the trading of the Exchange-listed securities, the Client will not be covered by the Investor Compensation Fund in respect of any loss the Client may sustain by reason of a default by any SFC licensed or registered person.

#### 18. Ownership of China Connect Securities

China Connect Securities are held in CSDCC. HKSCC is a direct clearing participant in CSDCC and China Connect Securities acquired by investors through Northbound trading will be:

- (a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with CSDCC and HKSCC will be nominee holder of such China Connect Securities; and
- (b) held in custody under the depository of CSDCC and registered in the name of HKSCC in the shareholders' register of the relevant PRC Listco.

HKSCC will record interests in such China Connect Securities in the CCASS stock account of the relevant CCASS Clearing Participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner of such China Connect Securities and will be regarded as holding the beneficial entitlement to the China Connect

Securities on behalf of the relevant Clearing Participant(s). Depending on the custody arrangements between a Clearing Participant and its Hong Kong or overseas clients, such Clearing Participant will in turn generally be regarded as holding the beneficial entitlement for such Hong Kong or overseas clients.

Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with CSDCC and Northbound investors have rights and interests in China Connect Securities acquired through China Connect according to the applicable laws. The CSRC Securities Registration and Settlement Measures, CSDCC Securities Registration Rules, CSDCC Administrative Rules on Securities Accounts, CSDCC China Connect Rules and the relevant China Connect Rules generally provide for the concept of a “nominee holder” and recognize the Northbound investors as the “ultimate owners” of China Connect Securities.

Northbound investors shall generally exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for complying with disclosure obligations and relevant foreign ownership limits under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading.

However, the precise nature and rights of a Northbound investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, “legal ownership” and “beneficial ownership” under PRC law 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 Northbound investors under PRC law are not free from doubt.

To clarify the position HKEx has published materials to explain the ownership rights of Northbound investors in China Connect Securities and may publish further information from time to time.

The Client should ensure the Client reads and understands all relevant materials published by the HKEx from time to time including, without limitation, any China Connect FAQ for investors, which can be accessed at: [https://www.hkex.com.hk/Mutual-Market/Stock-Connect/Getting-Started/Information-Booklet-and-FAQ?sc\\_lang=en](https://www.hkex.com.hk/Mutual-Market/Stock-Connect/Getting-Started/Information-Booklet-and-FAQ?sc_lang=en).

The Company makes no representation or warranty in respect of the ownership rights of Northbound investors in China Connect Securities and/or the HKEx published materials. The Client should also make the Client's own investigation and assessment, including without limitation, in respect of applicable Hong Kong and PRC laws, after consulting with the Client's legal advisers.

The Client should conduct the Client's own review of the HKEx published materials and the applicable China Connect Rules from time to time. The Client should also consult the Client's own legal advisers to make the Client's own assessment of the Client's rights as a Northbound investor in China Connect Securities.

#### 19. No Manual Trade or Block Trade

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

#### 20. Amendment of Orders and Loss of Priority

Consistent with the current practice in the PRC, 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 restriction (see paragraph 4 above), the subsequent order may not be filled on the same Trading Day.

#### 21. Risk of CSDCC Default

CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. If CSDCC (as the host central counterparty) defaults, HKSCC 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 CSDCC through available legal channels and through CSDCC's liquidation process, if applicable. As CSDCC 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 CSDCC's positions. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant China Connect Authorities. The Company in turn will be distributing China Connect Securities and/or monies only to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by CSDCC is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

#### 22. Risk of HKSCC Default

The Company's provision of services pursuant to this Addendum also depends upon the performance by HKSCC of its obligations. 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 China Connect Securities and/or monies in connection with them and the Client may suffer losses as a result. Neither the Company nor any Related Person shall have any responsibility or liability for any such losses.

#### 23. 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.

#### 24. Company Announcements on Corporate Actions

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the relevant China Connect Market website 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 relevant China Connect Market website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web-page from time to time) for corporate actions in respect of China Connect Securities issued on the

previous Trading Day. Investors should note that (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 ChiNext are required to publish certain corporate announcements on their corporate websites and the officially appointed websites only.

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

In addition, HKSCC will endeavor to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day.

The Company shall have no obligation whatsoever to collect or receive or take any other action (including attending any general meeting and/or exercising any voting right) in relation to any payment or distribution or voting in respect of China Connect Securities for the Client's account or to notify the Client of the existence of or the terms of any notice, circular, report, announcement or similar corporate action in respect of China Connect Securities. If the Company shall make any such collection or receipt, take any such action or give the Client any such notification or shall take any action pursuant to any such notification, the Company shall not have:

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

The Company does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions, and neither the Company nor any Related Person accepts 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. The Company expressly disclaims all warranties, express or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

## 25. Disclosure of Information and Publication of Trade Information

The Exchange may require the Company to provide information on the Client's profile, and the type and value of the Client's orders in relation to Northbound trading of China Connect Securities and the trades which the Company executed for the Client, at such intervals and in such form as the Exchange may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of China Connect Securities trades under China Connect, trading volumes, investor profiles and other related data.

In addition, the Client will provide to the Company, promptly upon request by the Company, such materials and/or information as may be required by the Company or any China Connect Authority including, without limitation, any information relating to China Connect trades executed by the Client through Exchange Participants other than the Company, where the China Connect Securities in respect of such trades have been transferred to the Company for sale, and the Client hereby expressly consents to the disclosure by the Company of any of the

foregoing materials and/or information and any Client information to any China Connect Authority as the Company deems necessary to comply with the Applicable China Connect Laws.

## 26. Retention of Information

The Client acknowledges and accepts that the Company 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 the Client's behalf; (b) any instructions received from the Client; (c) the Client's 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).

## 27. Client Error

Neither the Company nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by the Client as a result of any trading based on the Client's instructions. The Company will not be able to unwind any trade, and the Client 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 Client'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 Exchange Participants and their clients to rectify an error trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. Any Exchange Participant who performs a Non-trade Transfer to rectify an error trade will be required to submit to the Exchange an error trade report together with supporting documents explaining how the error was made and providing details of the Non-trade Transfer. the Exchange has the power to disallow a particular Exchange Participant to conduct Non-trade Transfers for error trade rectification if the Exchange has reasonable cause to suspect or to believe that the Exchange Participant may abuse or may have abused such rectification arrangements or may have used such rectification arrangements to circumvent the prohibition against off-exchange trades or transfers. the Exchange may provide error trade reports and related information to the SFC and the relevant China Connect Market. Exchange Participants are warned by the Exchange not to misuse this arrangement to effect off-exchange trades or transfers which are otherwise disallowed under the relevant China Connect Rules. The Company shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither the Company nor any Related Person shall have any liability for any losses which may result directly or indirectly from any error trade or any refusal to conduct a transfer to correct an error trade.

## 28. Operation of China Connect Service/Novelty of China Connect Service

The Exchange or the relevant the Exchange Subsidiary (after consulting with the Exchange) may, under certain circumstances as specified in the Exchange rules and/or whenever the Exchange 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 the Exchange may consider appropriate. The Client

will not be able to buy or sell China Connect Securities through China Connect during any period in which trading of China Connect Securities is suspended. In particular, the Client should note that while trading of China Connect Securities is suspended by the Exchange, trading of such China Connect Securities may continue on the relevant China Connect Market. The Client 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 the Exchange.

The Exchange 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, the Exchange or the relevant the Exchange Subsidiary (with the agreement of the Exchange) may cease the provision of the China Connect Northbound trading service permanently.

Such suspension, restriction or cessation will affect the Company's ability to accept and process the Client's orders and the Client is advised to refer to the HKEx website and other information published by HKEx for up-to-date information. There can be no assurance that the Client's 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 Exchange rules state that, where any H Shares with corresponding A Shares eligible as China Connect Securities are suspended from trading on the Exchange, 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, the Exchange may, in its discretion, restrict or suspend such service without prior notice and the Client's ability to place sell orders and buy orders may be affected.

In addition, the China Connect Service is a platform for trading of China Connect Securities under China Connect. The Company provides trading services based on the China Connect Service which is operated by the relevant China Connect Market. The Company is not responsible for any delay or failure caused by the China Connect Service and investors accept all risks arising from trading China Connect Securities through the China Connect Service. Neither the Company nor any Related Person shall be responsible or held liable for any loss or damage directly or indirectly suffered by the Client arising from or in connection with the China Connect Service through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service, or any inability to access or use 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, 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 or through the Exchange;

(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 event beyond the control of the Exchange, the Company or any 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) any delay, failure or error of any China Connect Service or any system upon which the relevant the Exchange Subsidiary, the Company or any Related Person is reliant on in providing the China Connect Service; and

(h) any delay or failure to execute, or any error in matching or executing, any China Connect order due to any reason beyond the control of the Exchange, HKEx or the relevant the Exchange Subsidiary, the Company or any Related Person (including, without limitation, any action or decision taken or made, or not taken or made, by the relevant China Connect Market, any China Connect Authority or any other relevant governmental or regulatory body).

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

## 29. Operational Hours

The Exchange 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. The Company shall not be under any obligation to inform the Client of any such determination by the Exchange as to the operational hours of the China Connect Service. Any such change to the operational hours and arrangements with respect to the China Connect Service may affect the Company's ability to accept and/or process the Client's orders and/or to provide, in a timely manner, any China Connect trading services generally.

Where, for example, there is any price sensitive information relating to a PRC Listco during a time when the China Connect Service is not in operation, the A Shares of the PRC 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.

## 30. Rights Issuances

Where a Hong Kong or overseas investor receives any form of entitlement security from the issuer of a China Connect Security, if such entitlement security:



(a) is a China Connect Security, Hong Kong and overseas investors will be allowed to buy and sell the entitlement security through China Connect;

(b) is not a China Connect Security but is a RMB-denominated security listed on any relevant China Connect Market, Hong Kong and overseas investors may be permitted 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, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security through China Connect. HKEx has stated that the relevant China Connect Market and the Exchange will consult each other to agree on the appropriate treatment of the entitlement security; and

(d) is not listed on any relevant China Connect Market, Hong Kong and overseas investors 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 arrangements will be provided.

### 31. 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.

### 32. Short Selling

Naked short selling is prohibited for Northbound trading. Covered Short Selling of China Connect Securities is permitted subject to certain requirements in the China Connect Rules. However, the Company will not facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale.

The Client has confirmed that the Client will not instruct the Company to undertake Short Selling or any Uptick Long Sale on the Client's behalf. To the extent that the Client does instruct the Company to undertake Short Selling or any Uptick Long Sale on the Client's behalf, the Client shall be responsible to the Company and any Related Person for any risk, liability, loss, expense or cost resulting from such instruction.

For the avoidance of doubt, the Company currently does not facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale. If, in the future, the Company agrees to facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale, the following will also apply:

The Client confirms that (i) the Client has read the China Connect Rules in relation to Short Selling, (ii) to the extent necessary to ensure the Client's full understanding of the China Connect Rules relating to Short Selling, the Client has sought advice from appropriate advisers, and (iii) the Client understands and is aware of the restrictions, requirements and conditions applicable to Short Selling and, as applicable, Uptick Long Sales. Set out below in this risk disclosure is a high level summary of the restrictions and requirements relating to Short Selling. Please note that the information provided is only a summary and the Client

must ensure that the Client reads and fully understands the China Connect Rules relating to Short Selling. In addition, the China Connect Rules are subject to change from time to time and the Client agrees that the Client will keep itself informed of such changes to ensure that at all relevant times the Client remains aware of and understands the restrictions, requirements and conditions applicable to Short Selling and, as applicable, Uptick Long Sales.

In respect of any Short Selling order that the Client places with the Company, if the Company considers in its absolute discretion that:

- (a) the Client does not (by the commencement of trading on the Trading Day on which the Client wishes to execute a sell order or any other cut-off time specified by the Company from time to time) hold sufficient available Short Selling Securities to cover a proposed sell order;
- (b) the Client does not hold a presently exercisable and unconditional right to vest the relevant China Connect Securities in the purchaser by virtue of having borrowed such securities under a Stock Borrowing and Lending Arrangement;
- (c) the Client cannot, or will not, provide the Company with the information required under the China Connect Rules in relation to Short Selling;
- (d) the China Connect Securities subject to a Short Selling order are not listed on the List of Eligible China Connect Securities for Short Selling; and/or
- (e) the Short Selling order is not in compliance with the China Connect Rules or any applicable China Connect Laws,

the Company may, as applicable (but shall not be obliged to), in its absolute discretion:

- (i) reject the Client's Short Selling order (in whole or in part); or
- (ii) take any other action which the Company considers necessary or desirable to comply with the China Connect Rules and/or relevant Applicable China Connect Laws.

In addition, the Company may in its absolute discretion reject the Client's Short Selling order (in whole or in part) if for any other reason the Company considers that there is or may be non-compliance with any Applicable China Connect Laws and/or the Short Selling order may result in the Company failing to comply with its own obligations under the China Connect Rules. Any risk, liability, loss or cost resulting from non-compliance or potential non-compliance with any relevant Applicable China Connect Laws by the Client or, to the extent that the Client has caused the Company's non-compliance, the Company, shall be borne by the Client.

#### Price Requirements

The Client acknowledges and confirms, on a continuous basis, including without limitation, at each time that the Client places a Short Selling order or an Uptick Long Sale order or otherwise give an instruction in relation to a Short Selling order or an Uptick Long Sale order which the Client instructs the Company to execute and at all other relevant times, that the Client understands and is aware of the price requirements set out in the China Connect Rules in relation to Short Selling and will ensure the Client's Short Selling order or Uptick Long

Sale order will allow the Company to comply with the price requirements and all other Applicable China Connect Laws. The relevant China Connect Rules relating to the price requirements as of the date of this Addendum are as follows:

(a) A Short Selling order or an Uptick Long Sale order for a Short Selling Security shall not be input into the China Connect Service at a price lower than the most recent execution price for that Short Selling Security or, if there have been no executed trades for that Short Selling Security on the relevant China Connect Service trading day, the previous closing price for that Short Selling Security.

(b) As required by the relevant China Connect Market, where shares in any Short Selling Security borrowed for the purpose of Short Selling remain outstanding and have not yet been returned, Exchange Participants shall, and shall require their relevant clients to, comply with the price requirement in paragraph (a) above in respect of any instructions for the sale of that Short Selling Security through the China Connect Service, except for those instructions that exceed the number of the outstanding and unreturned shares.

(c) The Exchange and the relevant the Exchange Subsidiary may set price restrictions, at such thresholds as the Exchange and the relevant the Exchange Subsidiary may consider appropriate, in the China Connect Service or related system connections to block the input of Short Selling orders at an artificially high price which has the effect of artificially using up the limits of the Short Selling Ratio specified in the China Connect Rules in relation to Short Selling.

As set out above, the China Connect Rules are subject to change from time to time and the Client agrees that the Client will keep itself informed of such changes in relation to price requirements to ensure that the Client remains aware of and understands the restrictions, requirements and conditions applicable to Short Selling and, as applicable, Uptick Long Sales.

As the Company will not have all the information necessary to establish with certainty whether the China Connect Rules relating to price requirements apply to an order, i.e. that an order is a Short Selling order or an Uptick Long Sale, the Client will be responsible for identifying this and informing the Company accordingly. Any risk, liability, loss or cost resulting from non-compliance or potential non-compliance with any relevant Applicable China Connect Laws by the Client or, to the extent that the Client has caused the Company's non-compliance, the Company, shall be borne by the Client.

### 33. Stock Borrowing and Lending

Stock borrowing and lending are permitted for eligible China Connect Securities as specified by the relevant China Connect Market for the purposes of (i) covered short selling and (ii) satisfying the Pre-Trade Checking requirement. Special China Connect Securities are not eligible for stock borrowing and lending for the purpose of covered short selling (but are eligible for the purpose of satisfying the Pre-Trade Checking requirement). The relevant China Connect Market will determine a list of eligible China Connect Securities for stock borrowing and lending. Stock borrowing and lending of eligible China Connect Securities will be subject to restrictions set by the Exchange and the relevant China Connect Market, including but not limited to the following:

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

Only certain persons are eligible to lend China Connect Securities in stock borrowing and lending arrangements concerning China Connect Securities.

The Company will be required to file a monthly report to the Exchange providing details of its stock borrowing and lending activities with respect to China Connect Securities. This may include (amongst others) details of the borrower, lender, amount of shares borrowed/lent, amount of shares outstanding and date of borrowing/returning.

Where the prescribed proportion of stock borrowing and lending of any China Connect Security exceeds the limit prescribed by the relevant China Connect Market, such relevant China Connect Market may suspend stock borrowing and lending of such China Connect Security and require the relevant the Exchange Subsidiary to suspend placement of covered short selling orders relating to such China Connect Security. If and when the prescribed proportion of stock borrowing and lending falls below the prescribed limit, the relevant China Connect Market may resume stock borrowing and lending of such China Connect Security and notify the relevant the Exchange Subsidiary that it may resume acceptance of covered short selling orders relating to such China Connect Security.

The Client is advised to refer to the relevant provisions from time to time governing stock borrowing and lending of China Connect Securities under the Exchange China Connect Rules and the Applicable China Connect Laws. Neither the Company nor any Related Person shall have any obligation to update the Client in respect of any suspension of stock borrowing and lending or any change to the relevant the Exchange China Connect Rules or the Applicable China Connect Laws.

#### 34. Risks associated with investing in China Connect Securities

##### *PRC-related risks*

Investing in the PRC, an emerging market, involves special considerations and risks, including without limitation greater price volatility, less developed regulatory and legal framework, economic, and social and political instability.

##### *Market risk*

The market value of China Connect Securities and the income from them may go down as well as up. There can be no assurance that the Client will achieve profits or avoid losses from trading China Connect Securities, significant or otherwise. The return the Client receives from China Connect Securities (if any) will fluctuate in response to changes in capital

appreciation and/or income relating to such China Connect Securities. Furthermore, China Connect Securities may experience volatility and decline depending on market conditions. Through trading China Connect Securities, the Client is exposed to various forms of risk, including (for example) interest rate risks (risks of falling China Connect Securities values in a rising interest rate market), income risks (risks of falling incomes from China Connect Securities in a falling interest rate market) and credit risk (risk of a default by an issuer of China Connect Securities).

#### *Possible business failure risk*

In the current economic environment, global markets are experiencing very high levels of volatility and an increased risk of corporate failures. The insolvency or other corporate failure of any issuer of China Connect Securities may have an adverse effect on the Client's investment. The Client may lose money by investing in China Connect Securities.

#### *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.

#### *Dividend risk*

Whether an issuer of China Connect Securities will pay distributions is subject to such underlying issuer's dividend policy. Dividend payment rates in respect of China Connect Securities may depend on factors including general economic conditions and the financial positions of the relevant issuers. There can be no assurance that any dividends or distributions in respect of China Connect Securities will be declared or paid.

#### *Liquidity risks*

Although China Connect Securities are listed for trading on the relevant China Connect Market and available for trading through the Exchange by China Connect, there can be no assurance that an active trading market for China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect the Client's ability to dispose of China Connect Securities at the desired price. If the Client needs to sell China Connect Securities at a time when no active market for them exists, the price the Client receives for the Client's China Connect Securities - assuming the Client is able to sell them - is likely to be lower than the price received if an active market did exist.

#### *General legal and regulatory risk*

The Client must comply with all Applicable China Connect Laws. Furthermore, any change in any Applicable China Connect Laws 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, the Client may lose a material part of the Client's investments in China Connect Securities.

*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 the Client's 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 realization 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.