

## HONG KONG MODULE

This Module to the Terms of Business forms an integral part of, and must be read in conjunction with, the Terms of Business.

### 1. APPLICATION OF THIS MODULE

1.1 This Module is applicable if SGS HK provides Services effecting any Transaction in connection with APAC Equity Securities by:

- (a) you becoming a client of SGS HK, and in such case:
  - (i) "we", "us" and "our" shall mean SGS HK in this Module, the General Terms of Business and any other applicable Module, in relation to the Services that are provided by SGS HK to you; and
  - (ii) the following provisions shall be disappplied in relation to the Services that are provided by SGS HK to you:
    - i. clauses 1.3, 1.4, 2.12, 3.5, 3.6, 3.9, 3.11, 5, 8, 9, 10, 14.2, 15.2, 16.2, 17, 18.1, 18.3, 19, 20.1, 20.2, 20.3, and 20.6 of the General Terms of Business;
    - ii. any clause or Module which relates to Services that we (SGS HK) do not provide to you; and
    - iii. any provision not in this Module, which is specific to a jurisdiction (not being Hong Kong), including (without limitation) any provision which is mandatory under the laws and regulations of any jurisdiction (not being Hong Kong) and any provision which references or relates to the laws, regulations and/or procedures of any jurisdiction (not being Hong Kong) or of any regulatory authority (not being a Hong Kong regulatory authority); or
- (b) SGS HK being appointed as sub-agent of the Societe Generale entity acting as agent on your behalf that has on-boarded you as its client, and in respect of the execution of any order received from you for APAC Equity Securities, and in such case:
  - (i) "we", "us" and "our" shall mean SGS HK in this Module;
  - (ii) sections 1, 2, 5, 6, 8, 13, 14, 15, 16, 17 and 18 of this Module shall form part of this Agreement in respect of the services provided by SGS HK and be read as the context requires; and
  - (iii) the representations, warranties and covenants made by you under the General Terms of Business as supplemented by section 5 of this Module shall be deemed to be made by you to the Societe Generale entity that has on-boarded you as its client and SGS HK.

1.2 Where this Module applies, then (for the avoidance of doubt):

- (a) the following Modules, as amended and/or supplemented by this Hong Kong Module, shall apply in relation to the Services provided by SGS HK to you:

- the Regulatory Disclosure Module;
  - (i) the Electronic Services Module;
  - (ii) the Equities Module, except that sections 5.2, 6.3 and 11 shall be disapplied; and
  - (iii) the Agency Module, if you are an investment manager acting on behalf of Underlying Clients who have been notified to us in writing from time to time, except that sections 3.4, 6 and 7 shall be disapplied.
- (b) the following shall be disapplied in relation to the Services provided by SGS HK to you:
- (i) the following sentence in clause 4.2 of the General Terms of Business: "Upon our acceptance of a Short Sale instruction, we shall record the position as if you had sold the Securities to us as principal.";
  - (ii) the Client Money Module;
  - (iii) the Direct Electronic Access Module;
  - (iv) the Fixed Income Module;
  - (v) the Futures, Options and EFP Transactions Module;
  - (vi) the Commodities Module;
  - (vii) the Switzerland Module; and
  - (viii) the Retail Client Module.

## 2. DEFINITIONS

2.1 **Definitions:** All defined terms have the meaning set out in the Terms of Business.

- (a) Additionally, for the purposes of this Module generally:

**"APAC Equity Securities"** means any equity securities that are listed and traded on any exchange in Asia Pacific;

**"Asia Pacific"** means the Asia-pacific region comprising the Asian continent and Oceania;

**"Business Day"** means a day which is not a Saturday or a Sunday, and upon which banks are open for business in Hong Kong;

**"China Connect"** has the meaning given to it in section 15 of the China Connect Terms;

**"China Connect Terms"** means the China Connect Terms in schedules 2, 3 and 4 to this Module, as amended, supplemented, modified and/or varied from time to time;

**"Client Identity Rules"** means the client identity rules of the SFC in the Code of Conduct and the Client Identity Rule Policy April 2003 published by the SFC on 28 February 2003;

**"Code of Conduct"** means the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission;

**"Communication"** means any notice, instruction, request or other communication sent by whatever means and **"Communications"** means all such communications;

**"DMA"** means direct market access;

**"DSA"** means direct strategy access;

**"HK\$"** means Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China;

**"HKIAC"** means the Hong Kong International Arbitration Centre;

**"HKIAC Rules"** means the HKIAC Administered Arbitration Rules as amended from time to time;

**"introducing broker"** means an intermediary which is engaged in introducing broker business to us for us to execute and settle orders as executing broker;

**"Malaysia Securities Terms"** means the Malaysia Securities Terms in schedule 5 to this Module, as amended, supplemented, modified and/or varied from time to time;

**"Material Interest"** means an interest, relationship or arrangement that could be material and/or give rise to a conflict of interest in relation to a Transaction effected with or for you (or the investment which forms the subject of the Transaction);

**"Notice of Arbitration"** has the meaning given to it in the HKIAC Rules;

**"Regulators"** means the SFC, SEHK and the HKFE;

**"Securities"** has the meaning ascribed thereto in the SFO and, for the avoidance of doubt, shall include shares, stocks, warrants, options, convertible bonds and notes of any description whatsoever and wheresoever issued, quoted, dealt in or located;

**"Triggered Stock"** means any stock for which the execution price declines by 10% or more of its base price calculated using the closing price of such stock on the preceding day; and

**"Underlying Clients"** has the meaning given to it in the Agency Module.

(b) For the purposes of section 15 of this Module:

**"Your Clients"** means such of your clients to which we have from time to time expressly consented in writing to the sub-delegation by you to them of the DMA services provided by us or our Associates to you.

(c) For the purposes of section 17 of this Module:

**"Alternative Crossing Services"** means the facility to execute orders via the automated electronic systems maintained by third parties, matching your orders against the orders of our other clients or our own orders;

**"Crossing Order"** means an order placed or originated via Alternative Crossing Services by a Client which is a Qualified Investor;

**"Qualified Investor"** means a person (1) falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO; or (2) within the meaning of sections 4, 6(a), 6(b)(i), 6(b)(iv), 6(b)(v) or 7 of the Securities and Futures (Professional Investor) Rules (Cap. 571D of the laws of Hong Kong); and

**"Qualified User"** means a Qualified Investor whose orders are placed into or whose transactions are conducted in Alternative Crossing Services, and includes any Qualified Investor who/which is ultimately responsible for originating the instruction in relation to an order placed into, or a transaction conducted in, Alternative Crossing Services.

### 3. **CLASSIFICATION**

- 3.1 You will be categorised by us as a professional investor for the purposes of the SFO and this Agreement. Accordingly, we shall not assume any greater responsibility to you than we have to a professional investor.

### 4. **INSTRUCTIONS AND BASIS OF DEALING**

- 4.1 **Orders.** Instructions may be given to authorised personnel of us by letter, fax, electronic mail, telephone, or any other form of communication acceptable to us unless we tell you that instructions can only be given in a particular way. Unless an express acknowledgement has been provided, we shall not be deemed to have received an order given by you.

- 4.2 **Dealing.** In addition to clause 3.4 of the General Terms of Business, we shall execute any order on Securities listed in Hong Kong promptly on the best available terms, and in relation to Securities not listed in Hong Kong, in accordance with the Rules of the relevant trading venue on which the Securities are listed.

- 4.3 **Best Execution.** We will follow our best execution and client order handling policy. This policy will apply unless you give specific instructions that are inconsistent with it. We will notify you of any material changes to our best execution and client order handling policy.

- 4.4 **Dealing as Principal.** We shall act as your agent at all times when executing any order from you. However, where it is expedient to do so (such as, including but not limited to, cases where order sizes are too small to transact with third parties) we may in our own discretion, arrange for any such Transaction to be executed, either in whole or in part, by the sale to, or the purchase from, you of Securities by us or any of our Associates.

- 4.5 **Intermediate Brokers and Other Agents.** Generally where SGS HK or any of our Affiliates is a member of the execution venue, we will generally make use of our network of Affiliates to execute your order. Where we do not have direct access to the relevant exchanges or execution venues, or when otherwise required, we may choose to transmit orders for execution on your behalf with or through an intermediate broker, or choose for any order to be effected with or through the agency of an intermediate broker and we may use other agents in the course of providing related Services. Any such intermediate broker, party or agent may or may not be our Associate, and may not be in the UK or France. Neither we nor our Associates, and our and their respective directors, officers, employees or agents will be liable to you for any act or omission of an intermediate broker, party or agent.

- 4.6 **Disclosure of Information to Third Parties.** In the event we are obliged to disclose any information relating to you, the Services or any Transactions to third parties either by any

Applicable Regulations or for the purposes of providing any Service or effecting any Transaction, you agree and acknowledge that you shall be deemed to have waived any duty of confidentiality attaching to such information.

- 4.7 **Introducing Broker.** You may be introduced to us by an introducing broker. The introducing broker will receive orders from you and instruct us to execute and settle Transactions for and on your behalf. For the avoidance of doubt, the relationship between you and us shall be governed by this Agreement.

## 5. **ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 5.1 **Additional Representations and Warranties.** In addition to the representations and warranties set out in clause 6.1 of the General Terms of Business, you represent and warrant to us, on the date of this Agreement and as of the date of each Transaction, that the persons authorised to use the algorithmic trading systems provided by us, including without limitation, Alternative Crossing Services, are suitably qualified and such persons have a good understanding of (i) the operation of the algorithmic trading systems provided by us including, without limitation, Alternative Crossing Services, and the trading algorithms, and (ii) the compliance and regulatory issues which may arise from the use of the algorithmic trading systems provided by us, including without limitation, Alternative Crossing Services, and the trading algorithms.

- 5.2 **Additional covenants.** In addition to the covenants set out in clause 6.2 of the General Terms of Business, you covenant to us, as of the date of each Transaction, that if you are introduced by an introducing broker, you will immediately notify us in writing if you terminate your relationship with such introducing broker.

## 6. **CONFLICTS OF INTERESTS**

- 6.1 In addition to what is provided in the General Terms, we or one of our Associates may have a Material Interest). In such event, subject to any Applicable Regulations, you consent that in the absence of a Material Interest and disadvantage to you, we may act in any manner that we consider appropriate and we or any of our Associates may retain for our own benefit any related profit, charges, commission or other remuneration.

- 6.2 Neither we nor any of our Associates shall be obligated to disclose to you or take into consideration any fact, matter or finding which comes into our notice or that of any of our Associates or any of their directors, officers, employees or agents in the course of acting in any capacity for any other person.

## 7. **NOTICES**

- 7.1 All Communications from you should be sent to us at Level 38, Three Pacific Place, 1 Queens Road East, Hong Kong and must be addressed to the "Compliance Department".

- 7.2 We shall send you any Communications at the address you have given to us. Communications may be delivered by person or sent by mail, facsimile, electronic mail or any other means. You agree to notify us in writing of any change to your notice details. In the case of sending by electronic mail, we will send any Communication to you to the last known e-mail address on our records and that shall, subject to section 7.4 of this Module, in the absence of manifest error, be conclusive and binding on you unless we receive from you written notice to the contrary within two Business Days of the date on which such document is deemed to have been received.

- 7.3 Any Communication will be deemed to have been given at the time of dispatch in the case of delivery in person or sending by facsimile, electronic mail or any other electronic means. If they

are dispatched by prepaid post, a Communication will be deemed given on the day following its posting for local mail or, in the case a recipient address in a country different from that in which the Communication is posted, the seventh day following its posting.

- 7.4 Confirmations of the execution of orders placed with us shall be conclusive and the details of Transactions set out therein shall be deemed to be accepted by you if not objected to by you within twenty-four hours after its deemed delivery. You agree that this provision is intended to give you the opportunity to amend incorrect transaction records and does not grant you a right to terminate your instructions to us or to otherwise avoid your instructions to us otherwise than in accordance with the Terms of Business.

8. **RECEIPT OF MONETARY AND NON-MONETARY BENEFITS**

- 8.1 We may provide or receive remuneration, fees discounts or other benefits from, or share fees, charges or other benefits with, a third party (including, but not limited to, any Associate, exchange, broker or intermediary) in connection with any business that we may do with you and on any basis that we agree with such a person or soft commission agreements in place from time to time. To the extent permitted by Applicable Regulation, we will not be required to account for any of the aforesaid to you.

9. **RIGHTS ON DEFAULT**

- 9.1 Upon the occurrence of an Event of Default, all amounts owing by you to us shall become immediately payable on demand, and interest will accrue at the rate specified by us on the amounts outstanding from time to time, and we shall be entitled at our absolute discretion, without further notice or demand, forthwith to:

- (a) satisfy any obligation you may have to us (either directly or by way of guarantee or other security) out of the sale or other realisation, in such manner and upon such terms as we may in our absolute discretion decide, of all or any part of any property held by us and/or any Associate for any purpose in any of your accounts;
- (b) cancel any open orders for the purchase and sale of Securities;
- (c) sell any or all Securities long in any of your accounts;
- (d) buy any or all Securities which may be short in any of your accounts; and
- (e) exercise our rights under any other provision of these Terms of Business.

10. **TERMINATION**

- 10.1 Either Party may terminate this Agreement by providing 30 days' written notice at any time with or without cause, such notice to take effect on the date such notice is deemed to be received in accordance with section 7.3 of this Module.

- 10.2 In addition, we may terminate this Agreement without prior notice to you after the occurrence of any Event of Default or in order to comply with any Applicable Regulations.

- 10.3 Upon termination, all amounts payable by you to us will become immediately due and payable including, without limitation:

- (a) outstanding fees, costs, charges, commissions and liabilities accrued or incurred under this Agreement up to the time of termination; and

- (b) any additional expenses or other Losses incurred by us in terminating these arrangements.

10.4 Termination of this Agreement will take place without prejudice to the completion of Transactions already initiated between us and you.

#### 11. **THIRD PARTY RIGHTS**

The Parties agree that nothing in this Agreement confers or purports to confer on any third party any benefit or any right to enforce any term of this Agreement pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the laws of Hong Kong), except that persons indemnified under clause 12.7 of the General Terms of Business may enforce that provision in accordance with the terms of this Agreement.

#### 12. **GOVERNING LAW AND JURISDICTION**

12.1 This Agreement and any Transaction and any disputes or claims arising under or in connection with this Agreement or any Transaction or their respective subject matter, existence, negotiation, validity, termination and enforceability (including non-contractual disputes or claims) are governed by and shall be governed by and determined only in accordance with Hong Kong law.

12.2 Any dispute, claim, difference or controversy arising out of, relating to or in connection with this Agreement or its subject matter, including any dispute as to its existence, negotiation, validity, interpretation, performance, breach, termination, the consequences of its nullity or enforceability shall be referred to and finally resolved by arbitration administered by HKIAC under the HKIAC Rules. The HKIAC Rules are incorporated by reference into this section 12. The arbitral tribunal shall consist of three arbitrators. The seat of arbitration shall be Hong Kong and the language of arbitration shall be English. This arbitration agreement shall be governed by Hong Kong law.

12.3 Service of any Notice of Arbitration made pursuant to this section 12 shall be made in accordance with the HKIAC Rules at the address or at the facsimile number or email address nominated by you for this purpose in the account opening documentation.

#### 13. **TRADING TERMS FOR SPECIFIC MARKETS**

##### **Hong Kong**

13.1 **Short Selling.** In order to fully comply with the SFO, you must, at the time of placing an order for Hong Kong securities, identify any Short Selling order and provide adequate rights to obtain the securities to which the order relates.

13.2 If you wish to adopt the relevant FIX protocol functionality for this purpose, you should inform us, after which you will be deemed to have agreed to the following:

- (a) By inputting "Y" to set the Tag 114 using the relevant FIX protocol functionality, you are representing to us that you do not have a presently exercisable and unconditional right to vest the securities to which the order relates in accordance with the SFO and the order will be rejected.
- (b) By inputting "N" to set the Tag 114 or not setting Tag 114 at all, using the relevant FIX protocol functionality you agree that at the time of the order you are providing the following assurance as a confirmation document to us:

*"This confirmation relates to this order to sell. We (for ourselves or any person for whom we are acting, all referred to as "we" or "us") confirm the following:*

- (1) our order is a short sale order;*
- (2) we have a presently exercisable and unconditional right to vest the securities to which the order relates in the purchaser of such securities; and*
- (3) to the extent that we have (i) borrowed the securities or (ii) obtained a confirmation from the lender that it has the securities available to lend, the lender has the securities available to lend to us."*

13.3 **Client identity.** The Client Identity Rules require us to supply the Regulators with information, including details of ultimate persons for whom transactions are processed as well as the identities of the persons who give instructions in relation to particular transactions, within two Business Days. In exceptional market circumstances, the Regulators may require the information shortly after a transaction has occurred.

13.4 Unless you notify us otherwise, you confirm that you act as principal when conducting business with or through us. If you act for third party clients when conducting business with or through us, there may be circumstances in which you may not wish to disclose the identities of your clients to us. This has been recognised by the SFC, which allows a licensed or registered person to comply with the Client Identity Rules by allowing its clients to provide identity details to the SFC directly. Details of the Client Identity Rules can be accessed via the SFC's website at <http://www.sfc.hk>.

13.5 You agree that, when you effect transactions for your clients' accounts, through us as your broker, you shall:

- (a) Subject to as provided below, subsequent to the SFC's request to us and immediately upon our request to you (which request shall include the relevant contact details of the Regulators), inform the SFC of the identity, address, occupation and contact details of the client for whose account the transaction was effected and (so far as known to you) of the person(s) with the ultimate beneficial interest in the transaction. You shall also inform the SFC of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the transaction.
- (b) If you effect the transaction for a collective investment scheme, discretionary account or discretionary trust, subsequent to the SFC's request to us and immediately upon our request to you (which request shall include the relevant contact details of the Regulators), inform the SFC of the identity, address and contact details of the scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person(s) who, on behalf of the scheme, account or trust, instructed you to effect the transaction.
- (c) If you effect the transaction for a collective investment scheme, discretionary account or discretionary trust, subsequent to the SFC's request to us and immediately upon our request to you (which request shall include the relevant contact details of the Regulators), inform us when your discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where your investment discretion has been overridden, you shall, immediately upon our request (which request shall include the relevant contact details of the Regulators), inform the SFC of the identity, address,



occupation and contact details of the person(s) who has or have given the instruction in relation to the transaction.

- (d) If you are aware that your client is acting as intermediary for its underlying client(s), and it does not know the identity, address, occupation and contact details of the underlying client(s) for whom the transaction was effected, confirm that:
- (i) it has arrangements in place with its clients which entitle it to obtain the information set out in section 13.5 (a), (b) and/or (c) of this Module from its client immediately upon request or procure that it be so obtained; and
  - (ii) it will, upon our request in relation to a transaction, promptly request the information set out in section 13.5 (a), (b) and/or (c) of this Module from its client on whose instructions the transaction was effected, and provide the information to the SFC as soon as it is received or procure that it be so provided.
- 13.6 You confirm that you are not subject to any laws which prohibit your performance of the above requirements or, if you are subject to such law, that you or your clients, as may be the case have waived the benefit of such law or consented in writing to the performance by you of this letter. You confirm that such waivers are valid and binding under the laws of such jurisdiction.
- 13.7 Sections 13.1 to 13.6 of this Module shall continue in effect notwithstanding the termination of this Agreement.
- Japan**
- 13.8 **Short Selling.** Price restriction is one of the measures relating to Short Selling and will apply to Triggered Stock. The price restriction shall apply through to the end of the following trade day. Short-selling orders on the Triggered Stock placed at a price equal to or below the most recently published price will be rejected by the exchanges. However, if the most recently published price of the Triggered Stock exceeds the execution price of the immediately preceding trade of such Triggered Stock, a short sale at the most recently published price is permitted.
- 13.9 Tokyo Stock Exchange will compile and release a list of Triggered Stocks on a daily basis. The list will be available on the Tokyo Stock Exchange website at approximately 4:30 p.m. Tokyo time each day (weblink to the list of Triggered Stocks: <http://www.tse.or.jp/english/market/trigger/index.html>).
- 13.10 Sellers will be required to report a short position to the Japan regulator once its short position ratio exceeds 0.2% of the outstanding issued shares and over 50 board lots. Once the initial reporting requirement at a short position of 0.2% is triggered, filing of an amended report would be required if there is a change in the first decimal place of short position holding ratio. When the short position ratio falls below 0.2%, the seller will report the short position once thereafter.
- <http://www.jpx.co.jp/english/markets/public/short-selling/01.html>
- 13.11 If you wish to send a Short Sale order to us via DMA or DSA, you shall provide a notice in the form of the Confirmation as set out in schedule 1 to this Module prior to entering into any such orders.

13.12 If you wish to send a Short Sale order to us via a route other than DMA or DSA, you shall notify us via email or telephone, of the identity of the located broker, each time prior to entering into any such orders.

13.13 **Limit High/Low Allocation.** We have specific internal procedures for dealing with the allocations of fills from Japanese markets for securities which are in at the "Limit High or Low" price in the closing auction. We reserve the right to change final allocations given to clients in accordance with this procedure after the closing auction is complete. In the event allocations need to be changed we will contact you as soon as practicable after the adjusted allocations have been determined.

## **China**

13.14 If you satisfy certain eligibility requirements, we may (at our sole and absolute discretion) agree to provide you with China Connect trading services. In such case, you will be subject to our China Connect Terms which will form part of the terms of contract between you and us.

## **14. ELECTRONIC SERVICES**

### **14.1 Minimum requirements**

For the purposes of ensuring that you satisfy certain minimum requirements established by us as required under Applicable Regulations, we shall categorise you into one of our prescribed categories based on, among other things, your past usage of the Electronic Services.

(a) Category 1: If you:

(i) have over HK\$ 40 million in assets under management, or are regulated by a recognised local or overseas securities or futures regulator and subject to its supervision; and

(ii) have 6 months experience using electronic trading systems of other licensed or registered persons in the last 12 months, or have used the Electronic Services at least on an average of once every 4 weeks over the past 6 months,

then we will classify you as a Category 1 client. You will not need to do anything further and may commence using the Electronic Services immediately.

(b) Category 2: If you:

(i) have 6 months experience using electronic trading systems of other licensed or registered persons in the last 12 months; or

(ii) have used the Electronic Services once in the last three months,

then we will classify you as a Category 2 client. You will need to review a training pack on the use of the system for the Electronic Services available on our website [www.execution.socgen.com](http://www.execution.socgen.com) before you can commence using the Electronic Services.

(c) Category 3: If you:

(i) have limited experience using electronic trading systems of other licensed or registered persons in the last 24 months; or

- (ii) have used the Electronic Services once in the last 4 to 6 months,

then we will classify you as a Category 3 client. You will need to review a training pack on the use of the system for the Electronic Services available on our website [www.execution.socgen.com](http://www.execution.socgen.com) as well as complete a quiz before you can commence using the Electronic Services.

If you place orders manually through another broker and such broker uses the Electronic Services, your broker will be categorised into one of the above mentioned classes.

- 14.2 You agree that our liability and the collective liability of our Associates and the third party service providers selected by you or by us, if any, arising out of any Losses or in any way connected to your use of the Electronic Services will not exceed the sum of the gross commission received in the month where such Losses occur and the immediate preceding month.

## 15. **DIRECT MARKET ACCESS**

- 15.1 In relation to the DMA services provided by us or our Affiliates to you and which are sub-delegated by you to any of Your Clients from time to time, you confirm that:

- (a) you are a person licensed by, or registered with, the SFC, or an overseas securities or futures dealer or an overseas bank subject to regulatory supervision;
- (b) you have in place appropriate procedures and arrangements to ensure that:
  - (i) the orders of Your Clients will flow through your systems and will be subject to appropriate risk management and supervisory controls;
  - (ii) each of Your Clients meets the minimum client requirements, including that:
    - (A) each of Your Clients has appropriate arrangements in place to ensure that its users are proficient and competent in using the system for our DMA services;
    - (B) each of Your Clients understands and has the ability to comply with applicable regulatory requirements; and
    - (C) each of Your Clients has in place adequate arrangements to monitor the orders entered through our DMA services;
  - (iii) for the purpose of (ii) above, you should from time to time evaluate the minimum client requirements in light of current market conditions and regularly assess whether each of Your Clients continues to meet the minimum client requirements; and
  - (iv) you have in place a written agreement with each of Your Clients that sets out the terms of any DMA services being sub-delegated by you;
- (c) in the event that you are a person licensed by, or registered with, the SFC, you shall comply with any rules relating to the use of Electronic Services issued by the SFC at all times; and
- (d) you have procedures in place conforming to, and exercise all necessary due diligence in compliance with, any applicable rules and regulations relating to the fight against

money-laundering and terrorism financing and in particular that it is in compliance with all Applicable Regulations. Without limiting the generality of the foregoing, you must:

- (i) obtain evidence that you have verified the identity of each of Your Clients and the origin of the funds invested in full accordance with Applicable Regulations; and
- (ii) if required by us or the SFC, forward certified copies of all relevant documents to us.

## 16. **INVESTMENT MANAGERS**

If you are an investment manager, acting on behalf of Underlying Clients who have been notified to us in writing from time to time:

- 16.1 each Underlying Client warrants and represents at the date of each Transaction that, save as otherwise advised to and agreed by us, the Underlying Client acts as principal and sole beneficial owner (but not as trustee) in entering into this Agreement and each Transaction and that the Underlying Client will be responsible for settling all liabilities resulting from transactions effected pursuant to and in accordance with this Agreement and we will not in any circumstances whatsoever have any responsibility towards any person on whose behalf the Underlying Client may act (unless a separate client relationship has been established between us and that person or we otherwise agree in writing);
- 16.2 you warrant and represent at the date of each Transaction, that you are fully authorised by the relevant Underlying Client to accept this Agreement on their behalf; and
- 16.3 the rights and obligations of this Agreement apply severally to each Underlying Client identified by you to us from time to time.

## 17. **ALTERNATIVE CROSSING SERVICES**

- 17.1 This section 17 sets out the terms on which we offer Alternative Crossing Services.
- 17.2 Subject to you having a good understanding of the operation of the system for Alternative Crossing Services and trading algorithms and the compliance and regulatory issues which may arise from the use of the same, where instructed, we may execute either all or part of each Crossing Order.
- 17.3 You acknowledge that Alternative Crossing Services are only offered to Qualified Users and warrant and represent for each Crossing Order received by us that it is eligible to be classified as orders placed or originated by a person who is a Qualified Investor.
- 17.4 You also acknowledge that the terms of which the Alternative Crossing Services are offered are subject to Applicable Regulations and any terms and conditions imposed by the SFC at any time. We may therefore amend the terms of these services in order to comply with such regulations upon notice to you.
- 17.5 For the purposes of ensuring that you have a good understanding of the operation of the system for Alternative Crossing Services and trading algorithms and the compliance and regulatory issues which may arise from the use of the same, as required under Applicable Regulations, we shall categorise the Client in accordance with the methodology set out in section 3.1 of this Module.

17.6 **Risk Disclosure.** You acknowledge that since orders are executed on Alternative Crossing Services, such orders may be executed outside an Infrastructure at prices which may be different compared to those quoted on an Infrastructure.

18. **USING INFORMATION ABOUT YOU**

18.1 Notwithstanding that we will treat all information we hold about you or your account or Transactions as confidential, you agree that we may:

- (a) (unless you have notified us in writing that you do not wish for us to do so) use your information to notify you (by post, telephone, email or other medium, using the contact details you have given us) about products and services offered by us or selected third parties which we believe may be of interest to you;
- (b) (unless you have notified us in writing that you do not wish for us to do so) use and disclose your information to third parties for marketing or promotional purposes; and
- (c) include your information in a list of transactions which we use for marketing or promotional purposes, in a summary description of all completed Transactions that we have been involved in and/or the Services which we have provided to you.

**Schedule1 to the Hong Kong Module  
Confirmation**

To: SG Securities (HK) Limited

(Societe Generale Securities Japan Limited as exclusive broker)

From: \_\_\_\_\_

Date: \_\_\_\_\_

In conjunction with Terms of Business:

"I confirm that as of the date of this Confirmation, all Short Sale orders on Japanese Equity Securities we route to SG Securities (HK) Limited via DMA or DSA services will be flagged as Short Sales and that we have arranged, through our prime brokers stated below, to borrow the Securities required to cover the Short Sale orders prior to trading. If we use any other prime broker to settle our Short Sales we will notify SG Securities (HK) Limited prior to routing the orders to you.

I also acknowledge that we are aware that we are required to notify SG Securities (HK) Limited, or any another Japanese securities firm acting as our prime broker, if our total short position ratio either prior to or after execution would exceed 0.2% of the outstanding issued shares and over 50 board lots, if there is a change in the first decimal place of the Short Selling Balance Ratio in excess of the notification threshold of 0.2%, or when such ratio falls below 0.2%".

Prime broker	Type/Content of Agreement

## **Schedule 2 to the Hong Kong Module China Connect Terms**

### **1. APPLICATION**

- 1.1 These China Connect Terms shall apply where you inform or indicate to us that you wish to trade China Connect Securities through China Connect.
- 1.2 These China Connect Terms are supplemental to, and without prejudice to, the applicable existing Terms of Business. Unless otherwise specified, a reference in these China Connect Terms to a section is to a section of this schedule 2. Capitalised terms used in these China Connect Terms and in schedules 3 and 4 to the Hong Kong Module will have the meanings given to such terms in section 15 or otherwise in the Terms of Business.

### **2. ELIGIBLE INVESTORS**

- 2.1 As Northbound trading is available only to Hong Kong and overseas investors, you make the representations set out in section 2.2.
- 2.2 You represent and undertake on a continuing basis, including without limitation on the first date that these China Connect Terms are effective and on each date that you place an order or give an instruction in respect of China Connect Securities under these China Connect Terms, that:
- (a) you are not a legal entity incorporated or registered in the PRC;
  - (b) you will use assets located outside the PRC to make investments through Northbound trading; and
  - (c) if you are an individual, (i) you are not a PRC Citizen; or (ii) if you are a PRC Citizen, you have been resident outside the PRC for more than one year.

### **3. COMPLIANCE WITH TRADING RESTRICTIONS AND APPLICABLE CHINA CONNECT LAWS**

- 3.1 These China Connect Terms highlight certain key features of China Connect as of the date hereof. We are not liable for any inaccuracies, misstatements or omissions in the information set out in schedule 3 to the Hong Kong Module. Any trading in China Connect Securities will be subject to the China Connect Rules and all Applicable China Connect Laws, including, without limitation, any applicable requirements and/or restrictions pursuant to China Connect as may be amended from time to time, certain of which are referred to in schedule 3 to the Hong Kong Module. These China Connect Terms do not purport to cover all the rules, requirements and features of China Connect and all Applicable China Connect Laws. You shall be fully responsible for understanding and complying with all Applicable China Connect Laws as amended from time to time and for any consequences of Northbound trading. We will not, and do not intend to, advise you 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.
- 3.2 We shall have the right to apply any procedures or requirements in respect of any trading of China Connect Securities through China Connect which we determine in our absolute discretion to be necessary or desirable for the purpose of any Applicable China Connect Laws or market practice. Neither we nor any Related Person shall have any liability for any Losses or risks which may result directly or indirectly from such procedures or requirements.
- 3.3 We may, in our discretion, refuse to execute any instruction given by you for any reason whatsoever, including, without limitation, where:
- (a) such instruction is not compliant with any Applicable China Connect Laws or if we reasonably believe that such instruction may not be compliant with any Applicable China Connect Laws or if we are required by SEHK not to accept such instruction;

- (b) in respect of any instruction to make a Northbound sell order, we determine in our absolute discretion that you do not have sufficient securities at the time of such instruction to settle the delivery obligation; or
- (c) in respect of any instruction to make a Northbound buy order, we determine in our absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day.

Neither we nor any Related Person shall have any liability for any Losses or risks which may result directly or indirectly from such refusal.

- 3.4 In the event that SEHK, the relevant SEHK Subsidiary or HKSCC is notified by the relevant China Connect Market, CSDCC or any other relevant exchange, clearing house or governmental or regulatory body that there is reasonable cause to believe that you have failed to comply with or have breached any Applicable China Connect Laws, you shall, upon our request, provide such information (including translations into Chinese if requested by us) as we may reasonably request to enable us to assist the relevant exchange, clearing house or governmental or regulatory body (including, without limitation, the relevant China Connect Market, CSDCC or any PRC governmental or regulatory authority or agency) to assess whether there is any non-compliance or breach of Applicable China Connect Laws and/or the extent of any non-compliance or breach, and, by providing such information, you are deemed to waive the benefit of any bank secrecy laws and data protection laws which may be applicable.

#### 4. **RISK DISCLOSURES AND ACKNOWLEDGEMENT**

By instructing us in respect of any transaction relating to China Connect Securities, you acknowledge:

- (a) that (i) you have read and understood the risk disclosures and other information set out in schedule 3 to the Hong Kong Module; (ii) you understand that there is a risk of prohibition from trading China Connect Securities; (iii) your instructions to trade China Connect Securities may not be accepted; and (iv) you understand your obligations when trading China Connect Securities through China Connect including any consequences of a breach of Applicable China Connect Laws;
- (b) that neither we nor any Related Person shall be liable for any Loss or third party claim or demand that you may suffer or incur directly or indirectly as a result of any action or inaction by us or any Related Person in connection with the provision of trading services in respect of China Connect Securities to you by us including, without limitation, the materialisation of any of the risks described in schedule 3 to the Hong Kong Module;
- (c) that SEHK has the power not to extend the China Connect Service to you and the power to require us not to accept instructions from you, if it is found that you, we or any of our clients have or may have committed any abnormal trading conduct set out in the relevant China Connect Market Rules or failed to comply with any China Connect Rules;
- (d) that we and/or any Related Person may provide to a China Connect Authority relevant information and materials relating to you, including, without limitation, in relation to your identity, personal data and trading activities for the purposes of assisting any investigation or surveillance by a China Connect Authority;
- (e) that if the relevant China Connect Market 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 SEHK (or the relevant SEHK Subsidiary or any other governmental or regulatory body), require us and/or any Related Person to (A) provide relevant information and materials relating to you (including, without limitation, in relation to your identity, personal data and trading activity) and any other information requested by any China Connect Authority; and (B) assist in a China Connect Authority's investigation in relation to you and/or your trading activity;



and (ii) you may be subject to regulatory investigations and the relevant legal and regulatory consequences if you are in breach of, or fail to comply with, such laws, rules and regulations;

- (f) that the SEHK 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 Market Rules and as part of the regulatory cooperation arrangement between the SEHK, the relevant SEHK Subsidiary and the relevant China Connect Market), at the request of the relevant China Connect Market, require us to provide information (including, without limitation, in relation to your identity, personal data and trading activity) in relation to you and any other persons referred to in the SEHK China Connect Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by us on your or their behalf;
- (g) that where a China Connect Authority considers that there is a serious breach of the relevant China Connect Market Rules, we may be required by a China Connect Authority to (i) issue warning statements (verbally or in writing) to you; and (ii) cease providing you with any service relating to trading China Connect Securities through China Connect;
- (h) that, prior to us informing you that a Northbound buy order instructed by you has been settled, you shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;
- (i) and consent to us and/or any Related Person providing information relating to your profile, the types and values of Northbound buy and sell orders and transactions made and executed on your behalf to a China Connect Authority at such intervals and in such forms as such China Connect Authority may specify from time to time;
- (j) and accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required by any China Connect Authority or any Applicable China Connect Laws relating to any China Connect Securities and any dividends or entitlements in respect of such China Connect Securities;
- (k) and accept that we will be required under the China Connect Rules to keep records (including telephone records), for a period of not less than 20 years, of (i) all orders and trades executed on your behalf; (ii) any instructions received from you; and (iii) your account information in relation to Northbound trading;
- (l) that the SEHK may upon the relevant China Connect Market's request require an Exchange Participant to reject any order made on your behalf; and
- (m) that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any Loss directly or indirectly suffered by us or any Related Person, you or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities; or (ii) any amendments, 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).

## 5. REPRESENTATIONS

5.1 You make the following representations to us on a continuing basis that:

- (a) you are aware of and shall comply with all Applicable China Connect Laws to which you may be subject;
- (b) the execution of any instruction you give to us shall not result in any breach of any Applicable China Connect Laws; and

(c) you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect.

5.2 You make the following representations to us on each date you instruct an order to sell China Connect Securities that:

(a) you do not know of any fact that might impair the validity of such China Connect Securities and that you have full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same;

(b) there is no adverse claim to such China Connect Securities; and

(c) there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the SEHK China Connect Rules or CCASS China Connect Rules.

5.3 For as long as the Applicable China Connect Laws require a person to be an Institutional Professional Investor in order to transact in ChiNext Securities or STAR Securities, as the case may be, through China Connect, you make the following representations, warranties and undertakings to us on each date you instruct us in respect of any transaction relating to ChiNext Securities or STAR Securities, as the case may be, that:

(a) you are an Institutional Professional Investor; and

(b) if you are (i) an intermediary (as defined in the SFO); or (ii) a person that carries on business outside Hong Kong in an activity in respect of which you are regulated overseas and which, if carried on in Hong Kong, would constitute a regulated activity under the SFO, you shall ensure that only Institutional Professional Investors are allowed to buy ChiNext Securities or STAR Securities, as the case may be,

except that if you are (i) an intermediary which is not an intermediate broker but a corporation licensed for Type 9 regulated activity (as defined in the SFO); or (ii) a person carrying on the business of the provision of asset management services and regulated under the law of any place outside Hong Kong, only you shall be an Institutional Professional Investor.

5.4 You must immediately inform us if any of the representations set out above are no longer correct or have become misleading or you have not complied, or will not comply, with any of your obligations under the China Connect Terms or under the China Connect Rules, in each case, in a way which may affect the ability of us or any Related Person to comply with all Applicable China Connect Laws.

## 6. **SHORT SELLING REPRESENTATIONS**

6.1 We are not currently able to accept any sell order which would be subject to the China Connect Rules in relation to short selling ("**Short Selling**") set out in Rule 14A17 and Rule 14B17 of the SEHK China Connect Rules. Accordingly, you shall not place, and we will not accept:

(a) Short Selling orders; or

(b) Uptick Long Sale orders.

6.2 By instructing us to undertake any sell order on China Connect, you represent and undertake on a continuing basis (without prejudice to any rights and remedies which we may have under any existing terms that we have with you relating to China Connect, under any other contract or in law), that:

(a) any order that you place with us in relation to China Connect Securities is not, and will not be, a Short Selling order or an Uptick Long Sale order; and

(b) you will immediately inform us if this representation is not correct or has become misleading, or you have not complied, or will not comply, with any of your obligations under these China Connect Terms.

6.3 You acknowledge that 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, we will not facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale, until such time as we notify you otherwise.

6.4 If you do instruct us to undertake any Short Selling orders or Uptick Long Sale orders on your behalf, you shall be responsible to us and any Related Person for any risk or Loss resulting from such instruction.

## 7. SETTLEMENT AND CURRENCY CONVERSION

7.1 As all Northbound trading is effected and settled in Renminbi, if we do not receive sufficient Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and you may not acquire title to, or become entitled to sell or transfer, the relevant China Connect Securities. Where we hold any funds on your behalf, if there are insufficient Renminbi funds to settle any Northbound buy order or other payment obligation in connection with China Connect, you authorise us to convert any funds in any other currency which we hold on your behalf into Renminbi for the purposes of settlement thereof.

7.2 Notwithstanding any provisions in the Terms of Business, where it is necessary to convert one currency to another pursuant to these China Connect Terms, such conversion may be carried out automatically by us in a commercially reasonable manner without prior notice to you. Any risk or Loss resulting from any conversion of one currency into another currency pursuant to these China Connect Terms shall be borne by you.

7.3 Notwithstanding any provisions in the Terms of Business, where we determine that there is insufficient liquidity in Renminbi to settle any buy order, we may, in our sole and absolute discretion, reject your instruction to place such buy order.

## 8. ENHANCED PRE-TRADE CHECKING – SPSA ORDERS

To the extent you instruct us to execute an SPSA order on your behalf, the provisions set out in this section 8 apply.

### 8.1 Authorisations and Notifications

(a) Prior to instructing us to execute any SPSA order, you will provide to us the following in any form and within any timeframe as required by us to our satisfaction from time to time:

- (i) confirmation that you have been designated a Special Segregated Account by CCASS with respect to any such SPSA order and that you unconditionally authorise us to execute SPSA orders in respect of that Special Segregated Account on your behalf from time to time;
- (ii) the specific investor identification number in relation to any Special Segregated Account from which you will be instructing us to execute an SPSA order; and
- (iii) any other information and/or documentation as may be required by us from time to time in order for us to place an SPSA order on your behalf.

(b) At the time you instruct us to execute an SPSA order, you will provide the following in writing to us:

- (i) a specific instruction that it is an SPSA order;
- (ii) the relevant investor identification number for that SPSA order; and
- (iii) any other information that may be required by us, SEHK and/or any other China Connect

Authority from time to time when placing that SPSA order on your behalf.

- (c) You authorise, and you have appropriate arrangements in place to authorise, the reproduction, replication and transmission of the stock holding records of the Special Segregated Account at any time for the purpose of enabling SEHK and the relevant SEHK Subsidiary to carry out their pre-trade checking procedures.
- (d) In the event that:
  - (i) you instruct us to execute an SPSA order on your behalf and an investor identification number other than your investor identification number is used to execute such order, you acknowledge and confirm that we may settle such SPSA order using China Connect Securities from your Special Segregated Account pursuant to your original instructions; or
  - (ii) your investor identification number is used by us to execute an SPSA order on behalf of another client of ours, you acknowledge and confirm that we may settle such SPSA order using China Connect Securities from the Special Segregated Account of such client pursuant to that client's original instructions.

## 8.2 SPSA Order Representations and Undertakings

- (a) You represent and undertake on a continuing basis, including, without limitation, on the first date that these China Connect Terms are effective and at each time that you place an SPSA order, or otherwise give an instruction, in respect of the China Connect Securities held in a Special Segregated Account, that in respect of any SPSA order which you instruct us to execute, at all relevant times:
  - (i) you have been designated such Special Segregated Account by CCASS and CCASS has assigned the investor identification number to such Special Segregated Account that you have provided to us in respect of such SPSA order, in each case in accordance with the CCASS Rules and any applicable China Connect Rules;
  - (ii) you unconditionally authorise us to execute the sale of the relevant China Connect Securities in the specified Special Segregated Account on your behalf;
  - (iii) (A) there are, and will be, sufficient China Connect Securities in the Special Segregated Account for you to settle the delivery obligations in respect of such SPSA order on the settlement day as required under the China Connect Rules and (B) you will ensure that the China Connect Securities that are the subject of the SPSA order will be delivered to us or to our order and to the account specified by us no later than the cut-off time for delivery as may be specified by us from time to time or, if earlier, as may be specified by any relevant China Connect Authority, on the settlement day specified by us and in compliance with any other requirements for settlement which may be specified by us to you or your agent for settlement from time to time;
  - (iv) 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 Securities 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 us, SEHK, CCASS or any other relevant China Connect Authority from time to time;
  - (v) if (i) you are a fund manager, and (ii) you aggregate SPSA orders across two or more Special Segregated Accounts (whether they are maintained with one or more Custodian Participants):
    - (A) you have authority from all relevant parties (including the relevant funds or sub-funds)

to aggregate such SPSA orders and allocate China Connect Securities across such Special Segregated Accounts at your discretion;

- (B) any such actions taken or to be taken comply with Applicable China Connect Laws including, without limitation, any laws, rules and regulations relating to client assets, the Code of Conduct and the SFC fund manager code of conduct and further, any such action is consistent with the general principle against misappropriation of client assets and you are acting fairly in the interests of all relevant Special Segregated Accounts; and
  - (C) where you amend trading instructions already executed by us, you shall not instruct us to (1) allocate a trade to a Special Segregated Account that was not included in the original instruction, or (2) allocate a number of shares to a Special Segregated Account greater than the original number of shares allocated thereto, unless the original instruction contained a mistake and the amendment instruction is made solely to correct such mistake; furthermore, you shall use your best endeavours to ensure that your trading and allocation instructions will not cause trading errors or settlement failures;
- (vi) the relevant number of China Connect Securities recorded in the relevant Special Segregated Account will be used by you for stock settlement of such SPSA order in accordance with the CCASS China Connect Rules and any other relevant China Connect Rules; and
  - (vii) if 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, you must not place any Short Selling order with us unless we have agreed in writing to provide services to you in relation to Short Selling, including the execution of Short Selling orders.
- (b) You must immediately inform us if any of the representations set out above are no longer correct or have become misleading or you have not complied, or will not comply, with any of your obligations under the China Connect Terms or under the China Connect Rules, in each case, in a way which may affect the ability of us or any Related Person to execute an SPSA order in compliance with the China Connect Rules.

### 8.3 Sellable Balance

- (a) In the event there is a breach of any of the terms of section 8.2 which results in a failure by us 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 us or any Related Person in law, contract or otherwise:
  - (i) you acknowledge that we or any Related Person are entitled to inform HKSCC that the failure to deliver the relevant China Connect Securities was the result of the failure to deliver from a Special Segregated Account and, as a consequence, any overdue short stock position quantities will be deducted from the sellable balances of the relevant Special Segregated Account; and
  - (ii) you agree to provide any information or any other assistance as may be required and/or requested by us or any Related Person to ensure that SEHK 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.

## 9. SALE, TRANSFER AND DISGORGEMENT

- 9.1 Where, under the terms of the China Connect Rules, we receive notice (a "**Forced-sale Notice**") from a China Connect Authority requiring us to sell and liquidate a specified number of China Connect Securities owned by you, we shall issue a corresponding notice to you requesting you 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, you hereby authorise us to sell or arrange for the sale of such China Connect Securities on your behalf at such price and on such terms as we may determine in our absolute discretion to the extent necessary to comply with all Applicable China Connect Laws.
- 9.3 Where China Connect Securities owned by you 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**"), you hereby authorise us to provide instructions to the Recipient Agent on your behalf to return the relevant China Connect Securities to the Original CP for sale and liquidation in accordance with all Applicable China Connect Laws. You also undertake to inform the Recipient Agent of such authorisation and, where required, you undertake to instruct the Recipient Agent to act accordingly.
- 9.4 You hereby authorise us to sell or arrange for the sale of any amount of China Connect Securities owned by you if we receive notice from any China Connect Authority requiring you to disgorge any profits as a result of the "short swing profit rule", as described in section 16 of schedule 3 to the Hong Kong Module.
- 9.5 In addition to the above, you hereby authorise us to sell, transfer or carry out any other action in relation to China Connect Securities owned by you if we are instructed to do so by any China Connect Authority or if we otherwise determine in our absolute discretion that it is necessary or desirable to do so in order to comply with any Applicable China Connect Laws.
- 9.6 Neither we nor any Related Person shall have any liability for any Losses or risks which may result directly or indirectly from any actions taken by us or any Related Person in respect of this section 9.
- 9.7 If you, or any person for whom you place an order in respect of China Connect Securities, fail to meet the eligibility requirements under any Applicable China Connect Laws for transacting in any China Connect Securities, including, without limitation, where your representations under section 5.3 are untrue or you are in breach of any of the terms of section 5.3, without prejudice to any rights and remedies of ours and/or any Related Person under the Terms of Business, these China Connect Terms and/or any other agreement and/or applicable law, you hereby:
- (a) agree, upon the request of us and/or any China Connect Authority, to sell the China Connect Securities that are the subject of the relevant order as soon as possible in accordance with Applicable China Connect Laws;
  - (b) agree, where you are a person described in section 5.3(b), upon the request of us and/or any China Connect Authority, to request any person for whom you placed the relevant order to sell the China Connect Securities that are the subject of the relevant order as soon as possible in accordance with Applicable China Connect Laws; and
  - (c) authorise us (and represent and warrant to us that at all relevant times you have authority to authorise us) to sell or arrange for the sale of the China Connect Securities that are the subject of the relevant order on your behalf, and on behalf of any person for whom you placed the relevant order, to sell the China Connect Securities at such price and on such terms as we may determine to the extent necessary to comply with all Applicable China Connect Laws.

## 10. INDEMNITY

- 10.1 In addition and without prejudice to any of our rights under the Terms of Business, you will indemnify us and each Related Person on a full indemnity basis against any Losses whatsoever arising directly or indirectly from our

providing any services to you in respect of your trading or investment in China Connect Securities, including without limitation (a) any Taxes resulting from any trading of China Connect Securities pursuant to China Connect; (b) the materialisation of any risk referred to in schedule 3 to the Hong Kong Module; (c) any legal costs which we may incur in connection with any instruction given by you; or (d) any costs incurred in connection with section 9.

## 11. FEES AND TAXATION

- 11.1 We shall be entitled in our absolute discretion, without further notice or demand, forthwith to satisfy any obligation or potential obligation of ours or any Related Person or you to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as we in our absolute discretion may determine, all or part of any property held by us or any Related Person for any purpose in any of your accounts with us or any Related Person, and to apply the proceeds in reduction of all or part of your liability to any tax authority or us or any Related Person.
- 11.2 Neither we nor any Related Person shall have any liability for any Losses or risks which may result directly or indirectly from any actions taken by us or any Related Person in connection with the foregoing.
- 11.3 You shall be responsible for paying all fees, charges, levies and taxes, and you 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 by you of or in China Connect Securities.

## 12. LIABILITY

Notwithstanding any other provision in these China Connect Terms or in the Terms of Business, neither we nor any Related Person shall be responsible for or have any liability to you for any Loss (including any loss of profit) unless such Loss is a direct result of our fraud, wilful default or gross negligence.

## 13. MISCELLANEOUS

- 13.1 You will execute any further documents and provide any materials and/or information as we may reasonably request to enable us to perform our duties and obligations under these China Connect Terms which may become necessary as and when the China Connect Rules are amended from time to time.
- 13.2 You will provide all information (including translations into Chinese, if required) to us which we request if such information is requested by any China Connect Authority or any exchange or regulatory authority or any organisation (whether within or outside Hong Kong) with which HKEx or the SEHK has entered into an information-sharing arrangement or agreement. Amongst other things, your failure to comply with this provision may result in a suspension of China Connect Services to you.
- 13.3 We reserve the right to vary any of the terms of these China Connect Terms by written notice to you in accordance with section 7 of the Hong Kong Module and clause 16.1 of the General Terms of Business.
- 13.4 Save for section 3, section 4, section 9, section 10 and section 11.2 and/or to the extent the context requires, these China Connect Terms shall automatically terminate upon termination of the Terms of Business.

## 14. MARKET DATA INFORMATION

- 14.1 Where you receive any Market Data Information from us and/or any Related Person, you agree as follows:
- (a) you shall use the Market Data Information only as an end-user and shall not disseminate the Market Data Information to any person or grant any person any access to the Market Data Information, whether free of charge or otherwise;
  - (b) you shall not use or permit the use of the Market Data Information for any illegal purpose;



- (c) you shall not use the Market Data Information for index computation and compilation or as the basis for any tradable derivative product;
- (d) subject to section 14.1(c), you shall use the Market Data Information only for your own purposes, in the ordinary course of your own business (which shall not include the dissemination of Market Data Information to any persons or third parties, whether on a for-profit basis or otherwise), or for the purpose of enabling your software system suppliers to develop, connect or apply relevant software solutions;
- (e) you acknowledge that each relevant China Connect Market endeavours to ensure the accuracy and reliability of the information provided but does not guarantee its accuracy or reliability and accepts no liability (whether in tort or contract or otherwise) for any Loss arising from any inaccuracies or omissions;
- (f) you acknowledge that the SEHK, its holding company and/or any subsidiaries of such holding company endeavour to ensure the accuracy and reliability of the information provided but do not guarantee its accuracy or reliability and accept no liability (whether in tort or contract or otherwise) for any Loss arising from any inaccuracies or omissions; and
- (g) by disseminating or making available any Market Data Information received from the SEHK to you, we and/or any Related Person do not warrant or represent the accuracy or reliability of any Market Data Information or accept any responsibility (whether in tort or contract or otherwise) with respect to any Loss caused to you or any third parties arising from any inaccuracy or omission in or of the Market Data Information.

## 15. DEFINITIONS

15.1 **Definitions:** All defined terms have the meaning set out in the Terms of Business. Additionally, for the purposes of these China Connect Terms:

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

**"Applicable China Connect Laws"** means the laws, regulations, rules and guidelines of Hong Kong and the PRC from time to time including, without limitation, the China Connect Rules.

**"Cash"** means all cash or cash equivalents in Renminbi received and held by us on the terms of these China Connect Terms.

**"Cautionary Level"** has the meaning given to such term in section 4 of schedule 3 to the Hong Kong Module.

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

**"CCASS China Connect Rules"** means the general rules of CCASS, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

**"China Connect"** means a securities trading and clearing links programme developed or to be developed by the SEHK, each relevant China Connect Market, HKSCC and CSDCC for the establishment of mutual market access between the SEHK 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 SEHK, HKSCC, the relevant SEHK Subsidiary, the relevant China Connect Market, CSDCC, CSRC, PBOC, SAFE, SFC, HKMA and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect; and **"China Connect Authority"** means any one of them.

**"China Connect Market"** means SSE or SZSE, as the case may be.



**"China Connect Market Rules"** means, as applicable, the SSE China Connect Rules, the SZSE China Connect Rules and the business and trading rules and regulations of SSE and SZSE, in each case as amended, supplemented, modified and/or varied from time to time.

**"China Connect Market System"** means the system used for the trading of China Connect Securities on the relevant China Connect Market, as operated by the relevant China Connect Market.

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

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

**"CSC"** means the China Stock Connect System for receiving and routing China Connect orders to a China Connect Market System for automatic matching and execution.

**"CSDCC"** means the Shanghai branch of China Securities Depository and Clearing Corporation in the case of China Connect Securities traded on SSE and the Shenzhen branch of China Securities Depository and Clearing Corporation in the case of China Connect Securities traded on SZSE.

**"CSRC"** means the 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.

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

**"Exchange Participant"** means (a) us, a person registered as a China Connect Exchange Participant by the SEHK; or (b) where the context requires, any China Connect Exchange Participant (as defined in the SEHK China Connect Rules).

**"Forced-sale Notice"** has the meaning given to such term in section 9.1.

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

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

**"Institutional Professional Investor"** means any person falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO.

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

**"Market Data Information"** means the market data information referred to in schedule 4 to the Hong Kong Module.

**"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 a China Connect Market.

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

"**Original CP**" has the meaning given to such term in section 9.3.

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

"**Permitted Level**" has the meaning given to such term in section 4 of schedule 3 to the Hong Kong Module.

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

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

"**PRC Listco**" means a PRC incorporated company which is listed on a China Connect Market.

"**Pre-Trade Checking**" has the meaning given to such term in section 1 of schedule 3 to the Hong Kong Module.

"**Recipient Agent**" has the meaning given to such term in section 9.3.

"**Related Person**" means (i) the Exchange Participant; (ii) any Affiliate of ours or the Exchange Participant; or (iii) any director, officer, employee or agent of ours, the Exchange Participant or any Affiliate of ours or the Exchange Participant.

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

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

"**SEHK China Connect Rules**" means the rules of HKEx, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

"**SEHK Subsidiary**" means any wholly-owned subsidiary of the SEHK duly authorised 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.

"**Short Selling**" has the meaning given to such term in section 6.1.

"**Short Selling Securities**" means any China Connect Securities which are from time to time included in the List of Eligible China Connect Securities for Short Selling as eligible for Short Selling.

"**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.

"**SSE China Connect Rules**" means the rules and regulations of SSE applicable to trading of China Connect Securities on SSE through China Connect and the applicable business and trading rules and regulations of SSE, in each case as supplemented, modified and/or varied from time to time.

"**SSE Main Board Market**" means the main board market of SSE.

"**STAR**" means the STAR market of SSE.

"**STAR Securities**" means any securities listed on STAR which may be eligible for trading by Hong Kong and international investors on China Connect from time to time.

"**Stock Borrowing and Lending Arrangement**" has the meaning as set out in the China Connect Rules.

"**SZSE**" means the Shenzhen Stock Exchange.

"**SZSE China Connect Rules**" means the rules and regulations of SZSE applicable to trading of China Connect Securities on SZSE through China Connect and the applicable business and trading rules and regulations of SZSE, in each case as amended, supplemented, modified and/or varied from time to time.

"**SZSE Main Board Market**" means the main board market of SZSE.

"**SZSE SME Board Market**" means the small and medium enterprise board market of SZSE.

**"Taxes"** means all taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) China Connect Securities or Cash, (ii) any transaction effected under these China Connect Terms or (iii) you.

**"Trading Day"** means a day on which the SEHK 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.

**"Uptick Long Sale"** means:

- (a) you place a sell order with us for China Connect Securities which is not a Short Selling order;
- (b) you have borrowed other shares of those China Connect Securities pursuant to a Stock Borrowing and Lending Arrangement and such shares are not subject to the sell order referred to in (a);
- (c) you have not returned all of the shares that you have 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.

**Schedule 3 to the Hong Kong Module**  
**China Connect Terms – Risk Disclosures and Other Information**

This schedule 3 describes the key risk disclosures and other information concerning China Connect. This schedule 3 does not disclose all the risks and other significant aspects of Northbound trading through China Connect. You should ensure that you understand the nature and risks of China Connect and Northbound trading and you should consider carefully (and consult your own advisers where necessary) whether trading in China Connect Securities is suitable for you in light of your circumstances. The decision to trade in China Connect Securities is yours, but you should not trade in China Connect Securities unless you fully understand and are willing to assume the risks associated with China Connect. You acknowledge the risks, and agree to the terms, set out in this schedule 3.

We do not represent that the information set out in this schedule 3 is up to date or comprehensive, and do not undertake to update the information set out in this schedule 3.

Unless otherwise specified, a reference in this schedule 3 to a section is to a section of this schedule 3.

**1. PRE-TRADE CHECKING AND ENHANCED PRE-TRADE 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 to ensure there is no overselling by any individual Exchange Participant ("**Pre-Trade Checking**"). SEHK has implemented similar checks on Northbound sale orders that are not SPSA orders. You should ensure that there are sufficient available China Connect Securities in your account to cover any proposed sell order.

Enhanced Pre-Trade Checking applies in respect of an SPSA order. You should ensure that you have been designated a Special Segregated Account with a corresponding investor identification number, that there are sufficient China Connect Securities in such account and that the applicable China Connect Securities will be delivered within the timeframe and manner required by us. Failure to do so may, amongst others, mean that your order is rejected.

**2. QUOTA RESTRICTIONS**

Purchases of China Connect Securities through China Connect are subject to certain quota controls as described on the HKEx website and other information published by the HKEx. Under the China Connect Rules, investors may sell their China Connect Securities regardless of whether there is a breach of the provisions relating to the quota.

**3. RESTRICTION ON DAY TRADING**

Unless the SEHK otherwise determines, day (turnaround) trading is not permitted on the PRC A Share market. If you buy China Connect Securities on T day, you may be able to sell the shares only on or after T+1 day. Due to Pre-Trade Checking requirements, we may accept an instruction to sell China Connect Securities that were bought on T day only on or after the applicable cut-off time (as notified to you by us from time to time) on T+1 day.

**4. 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, as further detailed on the HKEx website and other information published by the HKEx.

If we become aware that you have breached (or reasonably believe that you may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if we are so required by any China Connect Authority, including, without limitation, as a result of any Forced-sale Notice issued by a China Connect Market,

we will sell any China Connect Securities pursuant to section 9 of the China Connect Terms in order to ensure compliance with all Applicable China Connect Laws.

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 a China Connect Market to the relevant SEHK Subsidiary, SEHK and the relevant SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting China Connect Securities buy orders in respect of the relevant China Connect Securities. In such circumstances, we may reject your buy orders until the aggregate shareholding of foreign investors has fallen below a specified percentage (the "**Permitted Level**") as advised by the relevant China Connect Market from time to time.

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

5. **NO OFF-EXCHANGE TRADING AND TRANSFERS**

You, we and any Related Person shall not trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Market System, and we shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from you or effect any Non-trade Transfer or settlement of instructions in respect of any China Connect Securities in any manner otherwise than through China Connect in accordance with the China Connect Rules, except in the circumstances stipulated in the China Connect Rules or as otherwise provided by a relevant China Connect Authority. At present, there is no block trade facility for Northbound trading under China Connect.

6. **TAXATION**

The trading of China Connect Securities on the relevant China Connect Market under China Connect currently enjoys a temporary exemption from PRC income tax and PRC value added tax. Dividends derived from China Connect Securities are subject to PRC withholding tax. PRC stamp duty is also payable for transactions in, and inheritance and gifting of, China Connect Securities under China Connect (except for the borrowing and returning of China Connect Securities under covered Short Selling). You will be fully responsible for any Taxes in respect of China Connect Securities including, without limitation, any taxes on capital gains or other PRC taxes, and will indemnify us from and against all Hong Kong and/or PRC Taxes which we may incur or be subject to arising in connection with any China Connect Securities which you hold, trade or otherwise deal in. Neither we nor any Related Person assume any responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, and neither we nor any Related Person will provide any service or assistance in this regard.

Prior to investing in China Connect Securities, you are strongly urged to consult your own tax advisers and counsel with respect to the possible tax consequences to you of such investment since such tax consequences may differ in respect of different investors.

7. **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 SEHK-listed securities, you will not be covered by the Investor Compensation Fund in respect of any Loss you may sustain by reason of a default by any SFC licensed or registered person.

8. **OWNERSHIP OF CHINA CONNECT SECURITIES**

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 laws and regulations of the PRC generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of China Connect Securities.

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.

#### 9. **COMPANY ANNOUNCEMENTS ON CORPORATE ACTIONS**

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer and those relating to China Connect Securities in CCASS will be recorded by the HKSCC. Please refer to the HKEx website for details.

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 SEHK-listed shares.

We do not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions, and neither we nor any Related Person accepts any liability (whether in tort or contract or otherwise) for any Loss arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. We expressly disclaim all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

#### 10. **RETENTION OF INFORMATION**

You acknowledge and accept that we will be required under the China Connect Rules to keep records for a period of not less than 20 years of (a) all orders and trades executed on your behalf; (b) any instructions received from you; (c) your account information in relation to Northbound trading; and (d) all relevant information concerning margin trading and stock borrowing and lending of any China Connect Securities (including, without limitation, in respect of any such margin trading, the relevant securities margin trading arrangement and the funds provided).

#### 11. **MARGIN TRADING**

Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant China Connect Authorities to be eligible for margin trading.

We do not currently provide any margin trading services to you in respect of China Connect Securities.

#### 12. **RIGHTS ISSUANCES**

Where a Hong Kong or overseas investor receives any form of entitlement securities from the issuer of China Connect Securities, depending on whether such securities are China Connect Securities and whether they are denominated in RMB, a Hong Kong or overseas investor may or may not be allowed to buy and sell them through China Connect.

13. **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 RMB 0.01.

14. **SHORT SELLING**

We are not currently able to accept any sell order which would be subject to the China Connect Rules in relation to Short Selling.

You should note that 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, we will not facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale, until such time as we notify you otherwise.

If you do instruct us to undertake any Short Selling orders or Uptick Long Sale orders on your behalf, you shall be responsible to us and any Related Person for any risk or Loss resulting from such instruction.

15. **STOCK BORROWING**

Stock borrowing is permitted for eligible China Connect Securities as specified by the relevant China Connect Market for the purposes of (a) covered Short Selling and (b) satisfying the Pre-Trade Checking requirement.

You are advised to refer to the relevant provisions from time to time governing stock borrowing and lending of China Connect Securities under the SEHK China Connect Rules and the Applicable China Connect Laws. Neither we nor any Related Person shall have any obligation to update you in respect of any suspension of stock borrowing and lending or any change to the relevant SEHK China Connect Rules or Applicable China Connect Laws.

We do not currently provide any stock borrowing or lending services to you in respect of China Connect Securities.

16. **DUTIES OF SUBSTANTIAL SHAREHOLDERS OF PRC LISTCO / SHORT SWING PROFIT RULE**

Under PRC laws, rules and regulations, if you hold or control shares in a PRC Listco on an aggregate basis up to a certain threshold (as may be specified from time to time by the relevant China Connect Authorities) (the "**Threshold**"), you must disclose such interest and must not buy or sell any such shares within the period specified by the relevant China Connect Authority. You must also disclose any substantial change in your holding as required by the relevant China Connect Authority. If (a) the Threshold is exceeded, and (b) the corresponding sale transaction occurs within the six months after a purchase transaction in respect of China Connect Securities, or vice versa, the "short swing profit rule" requires you to give up/ return any profits made from purchases and sales of such China Connect Securities.

Under Hong Kong law, 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 a PRC incorporated company which has both H Shares listed on the SEHK and A Shares listed on a China Connect Market, 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 SEHK.

It shall be your responsibility to comply with any disclosure of interest rules and to arrange for any relevant filings.

## 17. **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 return you receive 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, you are 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 your investment. You may lose money by investing in China Connect Securities.

### *Equity risk*

The investment performance of China Connect Securities depends upon factors which are difficult to predict including 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*

If spreads on China Connect Securities are wide, this may adversely affect your ability to dispose of China Connect Securities at the desired price. If you need to sell China Connect Securities at a time when no active market for them exists, the price you receive for your China Connect Securities — assuming you are able to sell them — is likely to be lower than the price received if an active market did exist.

### *General legal and regulatory risk*

You 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, you may lose a material part of your 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 your preference.

In addition, the value of RMB against Hong Kong dollars or other foreign currencies may be affected by a wide range of factors. There is no guarantee that RMB will not depreciate. A depreciation of RMB may result in a decrease in the market value of RMB securities and the realisation price of RMB securities. Non-RMB based investors who are trading in RMB securities may also sustain loss in the event that they subsequently convert any RMB proceeds back to Hong Kong dollars or other base currencies.

There are also significant restrictions on the remittance of RMB into and out of the PRC. If the issuer of RMB securities is not able to remit RMB to Hong Kong or make distributions in RMB due to exchange controls or other restrictions, the issuer may make distributions (including dividends and other payments) in other currencies. Investors may therefore be exposed to additional foreign exchange risk and liquidity exposures.

The liquidity and trading price of China Connect Securities may be adversely affected by the limited availability of RMB outside the PRC and restrictions on the conversion of RMB. These factors may affect the liquidity of RMB for investors and accordingly adversely affect the market demand for China Connect Securities.

## 18. **RISKS ASSOCIATED WITH INVESTING IN CHINEXT SECURITIES**

You should be aware that ChiNext Securities may carry a different and higher risk profile compared with China Connect Securities traded on the SZSE Main Board Market or the SZSE SME Board Market. In particular, and without limitation, you should note the differences listed below.

### *Differences in regulations*

The objective of ChiNext is to promote the development of innovative enterprises and other growing start-ups. Accordingly, the rules and regulations regarding securities on ChiNext are less stringent in terms of profitability and share capital than those in respect of the SZSE Main Board Market or the SZSE SME Board Market.

### *Emerging nature of ChiNext companies*

Given the emerging nature of companies listed and traded on ChiNext, there is a risk that the securities traded on ChiNext may be susceptible to higher market volatility than securities traded on the SZSE Main Board Market or the SZSE SME Board Market.

Listed companies on ChiNext are usually in a preliminary stage of development. They are therefore less mature than companies listed on the SZSE Main Board Market and the SZSE SME Board Market, they have a smaller scale and shorter operating history and their stability and resistance to market risks may be lower. Hence, they are subject to higher fluctuation in stock prices as the performance of these companies changes. They are subject to higher risks and higher turnover ratios than companies listed on the SZSE Main Board Market or the SZSE SME Board Market.

### *Delisting risk*

The companies listed on ChiNext are generally less resistant to market risks and may experience more fluctuations in their performance. It may be more common for listed companies in the ChiNext market than companies listed on the SZSE Main Board Market and the SZSE SME Board Market to delist and such delistings may occur earlier in respect of securities listed and traded on ChiNext than those on the SZSE Main Board Market and the SZSE SME Board Market.

### *Valuation risk*

Conventional valuation methods may not be entirely applicable to companies listed on ChiNext due to the risky nature of the industries in which these companies may operate. There are fewer circulating shares on ChiNext and stock prices may be more susceptible to manipulation and may experience higher fluctuation upon market speculation. Due to the emerging nature of ChiNext and the fact that stocks traded on ChiNext have less of a track record on profitability, such stocks may be overvalued and such high valuation may not be sustainable.

## 19. **RISKS ASSOCIATED WITH INVESTING IN STAR SECURITIES**

You should be aware that STAR Securities may carry a different and higher risk profile compared with China Connect Securities traded on the SSE Main Board Market. In particular, and without limitation, you should note the differences and risks listed below.

### *Regulatory risk*

The objective of STAR is to promote the development of innovative enterprises and other growing start-ups. Accordingly, the rules and guidance on listing, trading, disclosure and other matters of STAR vary much from those of the SSE Main Board Market. For example, on the listing requirements, lower net profit and revenue requirements will apply for company seeking IPO and listing on STAR. Different trading arrangements will apply for the trading of companies listed on STAR, such as daily price limit, minimum order size and maximum order size. For details of the listing requirements and the trading arrangements of STAR and the SSE Main Board Market, please refer to the website of SSE available at <http://www.sse.com.cn/lawandrules/sserules/tib/listing/>

### *Delisting risk*

The delisting standards of STAR are different from those of the SSE Main Board Market. The companies listed on STAR are generally less resistant to market risks and may experience more fluctuations in their performance. There are more situations that will lead to the delisting of companies listed on STAR. Listed companies in the STAR market have greater exposure to the risk of being delisted when compared to companies listed on the SSE Main Board Market, and such delisting process may be speeded up.

### *Operating risk*

Listed companies on STAR are usually in a preliminary stage of development. They are therefore less mature than companies listed on the SSE Main Board Market, they have a smaller scale, shorter operating history, less stable operations, and are less resilient against market risks and industry risks. Although they may have higher growth potential and leverage more on technical innovations, their future performance particularly those without a profit track record is susceptible to great uncertainty.

### *High share price volatility*

Given the emerging nature of companies listed and traded on STAR, there is a risk that the share prices of these companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. The unstable financial result also adds the difficulty to the company valuations.

### *Technical risk*

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

### *Valuation risk*

Conventional valuation methods may not be entirely applicable to companies listed on STAR due to the risky nature of the industries in which these companies may operate. There are fewer circulating shares on STAR and stock prices may be more susceptible to manipulation and may experience higher fluctuation upon market

speculation. Due to the emerging nature of STAR and the fact that stocks traded on STAR have less of a track record on profitability, such stocks may be overvalued and such high valuation may not be sustainable.

*Risk disclosure statement*

You should also refer to the standard Risk Disclosure Statement (《上海证券交易所投资者风险揭示书必备条款指南第3号——科创板股票》) which Mainland investors are required to acknowledge before trading in STAR. A copy of such Risk Disclosure Statement (in Chinese only) is available at <http://www.sse.com.cn/lawandrules/guide/skcbbsdzczywnylc/jyglywnylc/jyglywnylcsup/a/20210122/acb1d1abbc8da34fb45bfa1cab0566b1.docx>

**Schedule 4 to the Hong Kong Module**  
**China Connect Terms – Market Data Information**

<b>Tag ID*</b>	<b>Tag Description*</b>	<b>General Description of Information in respect of China Connect Securities</b>
2035B	SCTY-CODE	Stock Code
99160	LATEST-TRADE-PRICE	Latest Price
99649	OPENING-PRICE	Opening Price
99509	BEST-BID-PRICE	Current Bid Price
99517	NUM-OF-SHARE-BID	Number of Shares at Current Bid
99510	BEST-ASK-PRICE	Current Ask Price
99518	NUM-OF-SHARE-ASK	Number of Shares at Current Ask
99249	SHARE-TRADED	Shares Traded
99304	TURNOVER	Turnover
99090	HIGHEST-TRADE-PRICE	High Price
99131	LOWEST-TRADE-PRICE	Low Price
99213	PREV-CLOSING-PRICE	Previous Close Price
99560	SUSP-FLAG	Suspend Flag

*\*Tag ID and Tag Description as per China Connect Open Gateway interface specification for the broker supplied system (BSS)*

**Schedule 5 to the Hong Kong Module**  
**Malaysian Securities Terms**

**1. APPLICATION**

1.1 These Malaysian Securities Terms shall apply where you inform us or indicate to us that you wish to trade Malaysian Securities.

1.2 These Malaysian Securities Terms are supplemental to, and without prejudice to, the applicable existing Terms of Business. Unless otherwise specified, a reference in these Malaysian Securities Terms to a section is to a section of this Schedule 5. Capitalised terms used in these Malaysian Securities Terms will have the meanings given to such terms in section 15 or otherwise in the Terms of Business.

**2. STAMP DUTY**

2.1 You shall be responsible for paying the stamp duty for any Transaction effected with you or for you in accordance with the Stamp Duty Rate and subject to the Stamp Duty Cap.

2.2 In the event the executing broker combines your order with our own orders or orders of other clients, the total stamp duty payable for the aggregated order may be subject to the Stamp Duty Cap. In this situation, the Actual Stamp Duty Rate for the Transaction effected with or for you may be equal to or less than the Stamp Duty Rate. In such circumstances, you understand, acknowledge and agree that we will retain any Stamp Duty Difference arising from the difference between the Actual Stamp Duty Rate and the Stamp Duty Rate.

2.3 For the avoidance of doubt, the Stamp Duty Difference will be equal to or less than the Stamp Duty Cap.

**3. CLEARING FEES**

3.1 You shall be responsible for paying the clearing fees for any Transaction effected with you or for you in accordance with the Clearing Fees Rate and subject to the Clearing Fees Cap.

3.2 In the event the executing broker combines your order with our own orders or orders of other clients, the total clearing fees payable for the aggregated order may be subject to the Clearing Fees Cap. In this situation, the Actual Clearing Fees Rate for the Transaction effected with or for you may be equal to or less than the Clearing Fees Rate. In such circumstances, you understand, acknowledge and agree that we will retain any Clearing Fees Difference arising from the difference between the Actual Clearing Fees Rate and the Clearing Fees Rate.

3.3 For the avoidance of doubt, the Clearing Fees Difference will be equal to or less than the Clearing Fees Cap.

**4. DEFINITIONS**

4.1 **Definitions.** All defined terms have the meaning set out in the Terms of Business. Additionally, for the purposes of these Malaysian Securities Terms:

**“Actual Clearing Fees Rate”** means the actual clearing fees paid for the execution of a contract in Malaysian Securities equal to the clearing fees paid for the contract divided by the transaction value of the contract.

**“Actual Stamp Duty Rate”** means the actual stamp duty amount paid for the execution of a contract in Malaysian Securities equal to the stamp duty paid for the contract divided by the transaction value of the contract.

**“Clearing Fees Cap”** means RM1,000 per contract, as amended by the relevant governmental bodies or trading venues from time to time.

**“Clearing Fees Difference”** means the difference in the clearing fees for any Transaction effected with you or for you due to the difference between the Clearing Fees Rate and the Actual Clearing Fees Rate.

**“Clearing Fees Rate”** means 0.03% of the transaction value of Malaysian Securities payable by both buyer and seller, as amended by the relevant governmental bodies or trading venues from time to time.

**“Malaysian Securities”** means securities listed on an exchange operated by Bursa Malaysia Securities Berhad.

**“RM”** means the Malaysian ringgit.

**“Stamp Duty Cap”** means RM200 per contract, as amended by the relevant governmental bodies or trading venues from time to time.

**“Stamp Duty Difference”** means the difference in the stamp duty amount for any Transaction effected with you or for you due to the difference between the Stamp Duty Rate and the Actual Stamp Duty Rate.

**“Stamp Duty Rate”** means 0.1% of the transaction value of Malaysian Securities payable by both buyer and seller, as amended by the relevant governmental bodies or trading venues from time to time.