

Instinet Pacific Limited China Connect Terms

1. General

- 1.1 Notwithstanding any provision in the General Terms and Conditions (as defined below), these China Connect Terms shall apply where you inform or indicate to Instinet Pacific Limited (CE No. ABB038) or its Affiliates (“Instinet”) that you wish to trade China Connect Securities through China Connect.
- 1.2 These China Connect Terms are supplemental to, and without prejudice to, any applicable existing terms, client agreement and/or other relevant notices, additional supplements and disclosures made from time to time between you and Instinet (“**General Terms and Conditions**”). Capitalised terms used in these China Connect Terms (including any Appendices hereto) will have the meanings given to such terms in Schedule 1 hereto. In the event of any inconsistency between these China Connect Terms and the General Terms and Conditions, these China Connect Terms shall prevail. You will be deemed to have accepted these China Connect Terms by commencing to deal or continuing to deal with Instinet in relation to China Connect Securities.

2. Eligible Investors

- 2.1 As Northbound trading is available only to Hong Kong and overseas investors, you make the representations set out in Clause 2.2 below.
- 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, or any person on behalf of which you place an order or give an instruction is, not a corporate or an unincorporated entity which is registered in Mainland China;
 - (b) if you, or any person on behalf of which you place an order or give an instruction, are an individual, (A) you/they are not a PRC Citizen; or (B) if you/they are a PRC Citizen, you/they have proof of holding a Permit for Proceeding to Hong Kong and Macao, i.e. One-way Permit (前往港澳通行证) or permanent residence in a country or region outside Mainland China;
 - (c) where you are pre-approved by us to trade ChiNext Securities and/or STAR Securities, you (and, if applicable, your principal(s)) are an Institutional Professional Investor at all times.

3. Compliance with Trading Restrictions and Applicable China Connect Laws

- 3.1 These China Connect Terms highlight certain key features of China Connect. Instinet is not liable for any inaccuracies or misstatements in the information set out in Appendix 1 to these China Connect Terms. 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 Appendix 1 hereto. 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. Instinet will not, and does 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 and the SFC website relating to China Connect from time to time and other relevant sources.

- 3.2** Instinet shall have the right to apply any procedures or requirements in respect of any trading of China Connect Securities through China Connect which it determines in its absolute discretion to be necessary or desirable for the purpose of any Applicable China Connect Laws or market practice. Neither Instinet 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** Instinet may, in its absolute discretion, refuse to execute any instruction provided by you, if (for example, and without limitation):
- (a) such instruction is not compliant with any Applicable China Connect Laws or if Instinet reasonably believes that such instruction may not be compliant with any Applicable China Connect Laws,
 - (b) in respect of any instruction to make a Northbound sell order, Instinet determines in its absolute discretion that you do not have sufficient securities at the time of placement of such order to settle the delivery obligation,
 - (c) in respect of any instruction to make a Northbound buy order, Instinet determines in its absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day.

Neither Instinet 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 SEHK Subsidiary or HKSCC is notified by SSE, SZE, 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 the request of Instinet provide such information (including translations into Chinese if requested by Instinet) as Instinet may reasonably request to enable it to assist the relevant exchange, clearing house or governmental or regulatory body including, without limitation, SSE, SZE, CSDCC or any PRC governmental or regulatory authorities or agencies to assess whether there is any non-compliance or breach of the 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

- 4.1** By instructing Instinet 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 Appendix 1 to these China Connect Terms; (ii) you understand that there is a risk of prohibition of trading China Connect Securities; and (iii) you understand your obligations when trading China Connect Securities through China Connect including any consequences for a breach of Applicable China Connect Laws;
 - (b) that neither Instinet nor any Related Person shall be liable for any loss, liability, or third party claim or demand that you may suffer directly or indirectly as a result of any action or inaction by Instinet or any Related Person in connection with the provision of trading services in respect of China Connect Securities to you by Instinet including, without limitation, the materialisation of any of the risks described in Appendix 1;

- (c) that SEHK has the power not to extend the China Connect Service to you if it is found that you or Instinet has or may have committed any abnormal trading conduct set out in the SSE Rules or SZE Rules;
- (d) that Instinet 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 and trading activities for the purposes of assisting any investigation or surveillance by a China Connect Authority;
- (e) that if the SSE Rules or SZE Rules are breached, or the disclosure and other obligations referred to in any Applicable China Connect Laws are breached, SSE and SZE have the power to carry out an investigation, and may, through SEHK (or any other governmental or regulatory body), require Instinet and/or any Related Person to (a) provide relevant information and materials relating to you including, without limitation, your identity and trading activity; and (b) assist in a China Connect Authority's investigation in relation to you and/or your trading activity;
- (f) that where a China Connect Authority considers that there is a serious breach of the SSE Rules or SZE Rules, Instinet may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to you; and (b) cease providing you with any service relating to trading China Connect Securities through China Connect;
- (g) and agree that prior to Instinet informing you that a Northbound buy order made by you has been settled, you shall not make a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;
- (h) and consent to Instinet and/or any Related Person providing information relating to your profile, the type and value of Northbound buy and sell orders and transactions executed on your behalf to a China Connect Authority at such intervals and in such form as such China Connect Authority may specify from time to time;
- (i) and accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required under any Applicable China Connect Laws relating to any China Connect Securities and any dividends or entitlements in respect of such China Connect Securities
- (j) accept that Instinet will be required under the China Connect Rules to keep records of (a) all orders and trades executed on your behalf; (b) any instructions received from you and (c) your account information in relation to Northbound trading for a period of not less than 20 years;
- (k) that the SEHK may upon SSE's or SZE's request require an Exchange Participant to reject your order; and
- (l) that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by Instinet or any Related Person, you or any other third party arising from or in connection with the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities.

5. Representations

5.1 You make the representations set out in this Clause to Instinet on a continuing basis:

- (a) that you are aware of and shall comply with all Applicable China Connect Laws to which you may be subject;

- (b) that the execution of any instruction you give to Instinet shall not result in any breach of any Applicable China Connect Laws;
- (c) that you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect; and
- (d) that unless otherwise pre-approved by us, the security is not traded on the SZE ChiNext or SSE STAR Market.

5.2 You make the following representations set out in this Clause to Instinet on the date you place an order to sell China Connect Securities:

- (a) that you do not know of any fact that might impair the validity of such China Connect Securities and that you have full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same;
- (b) that there is no adverse claim to such China Connect Securities;
- (c) that 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;
- (d) that such order is not a short sell.

6. Settlement and Currency Conversion

6.1 As all Northbound trading is effected and settled in Renminbi, if Instinet does 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, sell or transfer the relevant China Connect Securities. Where Instinet holds 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 Instinet to convert any funds in another currency which Instinet holds on your behalf into Renminbi for the purposes of settlement thereof.

6.2 Notwithstanding any other provisions in the General Terms and Conditions, where it is necessary to convert one currency to another pursuant to these China Connect Terms, such conversion may be carried out automatically by Instinet in a commercially reasonable manner without prior notice to you. Any risk, loss or cost resulting from any conversion of one currency into another currency pursuant to these China Connect Terms shall be borne by you.

6.3 By placing an order to buy or sell China Connect Securities, you hereby authorise Instinet to give such instructions and information relating to the order (including the investor identification number) to your custodian and its affiliates as may be necessary or desirable to procure timely settlement of any resulting transaction, and you agree to be bound by such resulting transaction and to settle such transaction in a timely manner, without further confirmation from you to Instinet or your custodian prior to settlement. You agree that you will not modify the settlement arrangements for an order to buy or sell China Connect Securities after Instinet has executed such order. Instinet shall only be responsible for losses caused directly as a result of any incorrect instruction or information prepared and sent by Instinet to your custodian for settlement purposes.

6.4 You agree that in the event that you fail to timely settle any payment obligation in relation to an instruction to purchase China Connect Securities, Instinet has the right to (immediately and without prior notice to you) take such action as Instinet considers appropriate to reduce or eliminate any loss or liability that Instinet suffers or may suffer (including but not limited to taking any steps to sell, realise, dispose of or otherwise deal with the relevant China Connect Securities) and that you shall indemnify and hold Instinet

harmless for any liabilities, expenses or other losses Instinet may incur in exercising such right. You further agree that Instinet shall have no liability to you for any loss, diminution in value or other damages whatsoever for any action or inaction of Instinet or its agents pursuant to this Clause.

- 6.5** Notwithstanding any other provisions in the General Terms and Conditions, where Instinet determines that there is insufficient liquidity in Renminbi to settle any buy orders, Instinet may, in its sole and absolute discretion, reject such buy order.

7. Sale, Transfer and Disgorgement

- 7.1** Where, under the terms of the China Connect Rules, Instinet receives notice (a "**Forced-sale Notice**") from a China Connect Authority requiring Instinet to sell and liquidate a specified number of SSE or SZE Shares owned by you, Instinet shall issue a corresponding notice to you requesting you to sell and liquidate such SSE or SZE Shares within the time period specified by the relevant China Connect Authority.

- 7.2** In relation to any Forced-sale Notice, you hereby authorise Instinet to sell or arrange for the sale of such China Connect Securities on your behalf on such price and terms as Instinet may determine in its absolute discretion to the extent necessary to comply with all Applicable China Connect Laws.

- 7.3** 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 Instinet 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.

- 7.4** You hereby authorise Instinet to sell or arrange for the sale of any quantity of China Connect Securities owned by you if Instinet receives notice from any China Connect Authority requiring you to disgorge any profits as a result of the "short swing profit rule", as more fully described under paragraph 6 (*Short Swing Profit Rule*) of Appendix 1.

- 7.5** In addition to the above, you hereby authorise Instinet to sell, transfer or carry out any other action in relation to China Connect Securities owned by you if Instinet is instructed to do so by any China Connect Authority or if Instinet otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Applicable China Connect Laws.

- 7.6** Neither Instinet nor any Related Person shall have any liability for any losses or risks which may result to you directly or indirectly from any actions taken by Instinet or any Related Person in respect of this Clause.

- 7.7** If for any reason you have traded ChiNext Securities or STAR Securities and we have determined that you are ineligible to do so, you hereby undertake, upon and in accordance with Instinet's instructions, to promptly sell or arrange for the sale of, and you also authorise Instinet to sell or arrange for the sale of, any quantity of ChiNext Securities or STAR Securities, as applicable, owned by you on your behalf on such price and terms as Instinet may determine in its absolute discretion to the extent necessary to comply with all Applicable China Connect Laws.

8. Indemnity

In addition and without prejudice to any of Instinet's rights under the General Terms and Conditions, you will indemnify Instinet on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities

whatsoever arising directly or indirectly from Instinet providing any services to you in respect of your trading or investment in China Connect Securities, including, without limitation, to (a) any Taxes resulting from any trading of China Connect Securities pursuant to China Connect; (b) the materialisation of any risk referred to in Appendix 1 to these China Connect Terms; (c) any legal costs which Instinet may incur in connection with any instruction given by you; or (d) any costs incurred in connection with Clause 7 (*Sale, Transfer and Disgorgement*) above.

9. Fees and Taxation

- 9.1** Instinet shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation or potential obligation of Instinet 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 Instinet in its absolute discretion may determine, all or part of any property held by Instinet or any Related Person for any purpose in any of your accounts held with Instinet or any Related Person, and to apply the proceeds in reduction of all or part of your liability to any tax authority or Instinet or any Related Person.
- 9.2** Neither Instinet nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by Instinet or any Related Person in connection with the foregoing.
- 9.3** 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 under any Applicable China Connect Laws relating to any trading or investment by you in any China Connect Securities and any dividends or entitlements in respect of such China Connect Securities.

10. Miscellaneous

- 10.1** You will execute any further documents and provide any materials and/or information as Instinet may reasonably request to enable it to perform its 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.
- 10.2** You will provide all information (including translations into Chinese, if required) to Instinet which Instinet requests if such information is requested by any China Connect Authority or any exchange, regulatory authority or an 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.
- 10.3** Instinet reserves the right to vary any of the terms of these China Connect Terms by notice in accordance with the relevant provisions of the General Terms and Conditions.
- 10.4** Save for Clause 3 (*Compliance with Trading Restrictions and Applicable China Connect Laws*), Clause 4 (*Risk Disclosures and Acknowledgement*), Clause 7 (*Sale, Transfer and Disgorgement*), Clause 8 (*Indemnity*) and Clause 9.2, these China Connect Terms shall automatically terminate upon termination of the General Terms and Conditions.

SCHEDULE 1: DEFINITIONS

"Affiliate" means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"A Shares" means any securities issued by Mainland China-incorporated companies which are listed and traded on the PRC A Share markets (SSE and SZE) 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.

"Average Pricing" means the allocation or application of an average price per China Connect Security to each individual fund managed by the same fund manager in respect of trades in such China Connect Security on the same Trading Day.

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

"CCASS" means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited 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 SEHK, SSE, SZE, HKSCC and CSDCC for the establishment of mutual market access between SEHK, SZE and SSE.

"China Connect Authorities" means the exchanges, clearing systems and regulators which provide services and/or regulate China Connect and activities relating to China Connect, including without limitation, the SEHK, HKSCC, SEHK Subsidiary, SSE, SZE, 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 the SSE and SZE.

"China Connect Market System" means the system used for the trading of China Connect Securities on the SSE and SZE, as operated by the SSE and SZE.

"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 (including ETFs) listed and traded on the SSE and SZE which may be traded by Hong Kong and international investors under China Connect including ChiNext Securities and STAR Securities.

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

"China Connect Terms" means this supplement to the General Terms and Conditions, as amended, supplemented, modified and/or varied from time to time.

“China Connect Program Trading Rules” means any laws, rules, regulations, policies or guidelines (regardless in written form or other forms) published or applied by any China Connect Authority from time to time in respect of Program Trading or any activities arising from Program Trading.

“ChiNext Securities” means A shares accepted for listing and admitted to trading on the SZE ChiNext from time to time.

“Clearing Participant” has the meaning given to such term in the rules of the Central Clearing and Settlement System of Hong Kong.

“Client Identity Rules” means the SFC's client identity rules in the Code of Conduct and Client Identity Rule Policy.

“Client Securities Rules” means the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong).

“Code of Conduct” means the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

“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 China Securities Depository and Clearing Corporation.

“CSDCC China Connect Rules” means the rules of CSDCC, including without limitation, the rules published by CSDCC for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

“CSRC” means China Securities Regulatory Commission.

“Exchange Participant” means Instinet Pacific Limited which is a person registered as a China Connect Exchange Participant by SEHK.

“Forced-sale Notice” has the meaning given to such term under Clause 7.1.

“General Terms and Conditions” has the meaning given to such term under Clause 1.2.

“HFT” has the meaning given to such term under paragraph 34 of Appendix 1 to these China Connect Terms.

“H Shares” means any securities issued by companies incorporated in Mainland China and listed on the SEHK.

“HKEx” means the Hong Kong Exchanges and Clearing Limited.

“HKMA” means the Hong Kong Monetary Authority.

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

“Instinet” means Instinet Pacific Limited and where applicable, its Affiliates.

“Institutional Professional Investor” means a “professional investor” within the meaning of paragraph (a)-(i) of the definition of “professional investor” in Section 1 of Part 1 of Schedule 1 to the SFO.

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

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

"**PRC**", "**Mainland**" or "**Mainland China**" 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 (excluding Hong Kong, Macau and Taiwan), including without limitation a Mainland Resident's Household Register (境内居民户口簿), Resident Identity Card (居民身份证), Passport of the People's Republic of China (中华人民共和国护照), or the Exit/Entry Permit for Travelling to and from Hong Kong and Macao (往来港澳通行证).

"**PRC Listco**" has the meaning given to such term under paragraph 5 of Appendix 1 to these China Connect Terms.

"**Program Trading**" means trading of China Connect Securities through computer programs that automatically generate or execute trading orders which includes, but is not limited to, automatically selecting specific securities and timing for trading based on pre-set strategies, automatically executing trading orders according to pre-defined algorithms, and other behaviours with the characteristics of program trading, or as otherwise defined under the China Connect Program Trading Rules;

"**Program Trading Breach Event**" has the meaning given to such term under paragraph 34 of Appendix 1 to these China Connect Terms.

"**PT Report Cut-off Date**" means January 12, 2026, if you have not conducted any Program Trading within one year prior to this date; otherwise, April 10, 2026, in each case subject to any adjustment made by any China Connect Authority or under the China Connect Program Trading Rules.

"**QFII**" means a Qualified Foreign Institutional Investor.

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

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

"**RQFII**" means a RMB Qualified Foreign Institutional Investor.

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

"**SEHK**" means The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx.

"**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 a wholly-owned subsidiary of SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service under China Connect.

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

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

"**Special China Connect Securities**" means any securities listed on SSE or SZE which SEHK (after consulting with SSE or SZE as applicable) accepts or designates as eligible only for China Connect sell orders and not for China Connect buy orders, as amended from time to time.

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

"**SSE China Connect Rules**" means the SSE Regulations on the Shanghai-Hong Kong Stock Connect Pilot Programme which have been published by SSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

"**SSE Listing Rules**" means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange as amended, supplemented, modified and/or varied from time to time.

"**SSE Rules**" means the SSE China Connect Rules and the business and trading rules and regulations of SSE, as amended, supplemented, modified or varied from time to time.

"**SSE STAR Market**" means the STAR market operated by SSE.

"**STAR Securities**" means A shares accepted for listing and admitted to trading on the SSE STAR Market from time to time.

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

"**SZE China Connect Rules**" means the SZE Regulations on the Shenzhen-Hong Kong Stock Connect which have been published by SZE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

"**SZE ChiNext**" means the ChiNext market operated by SZE.

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

"**SZE Rules**" means the SZE China Connect Rules, SZE Listing Rules and the business and trading rules and regulations of SZE, as amended, supplemented, modified or varied from time to time.

"**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 SEHK is open for Northbound trading where "**T day**" denotes the day on which a transaction is executed and "**T+1 day**" denotes the day which is one Trading Day after T day.

"**you**" means you and, if applicable, the principal(s) on whose behalf you act.

APPENDIX 1: RISK DISCLOSURES AND OTHER INFORMATION

This Appendix describes some of the key risk disclosures and other information concerning China Connect. This Appendix does not disclose all the risks and other significant aspects of Northbound Trading through China Connect. 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 Appendix.

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

1. Pre-Trade Checking

Under PRC law, SSE or SZE may reject a sell order if an investor does not have sufficient available China Connect Securities in its account. SEHK will apply similar checking on all Northbound sell orders at the Exchange Participant level to ensure there is no overselling by any individual Exchange Participant ("**Pre-Trade Checking**"). Accordingly, you will comply with any requirements relating to Pre-Trade Checking mandated by the China Connect Authorities and/or as notified to you by Instinet. You will in addition ensure there are sufficient available China Connect Securities in your account to cover any proposed sell order.

If Instinet considers that you have not (by the commencement of trading on the trading day on which you wish to execute a sell order or any other cut-off time specified by Instinet from time to time) transferred sufficient available China Connect Securities to the Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order, Instinet may (but shall not be obliged to) in its absolute discretion: (a) reject your sell order; (b) use any China Connect Securities in the Exchange Participant's (or any other exchange participant's) designated CCASS stock account(s) which Instinet holds for itself or on behalf of its other customers to fulfil the Pre-Trade Checking requirement in respect of your sell order, in which case you shall reimburse Instinet for any costs, losses or expenses which Instinet incurs as a result of buying in or otherwise sourcing the amount of the China Connect Securities which you have failed to deliver in respect of your sell order on such terms and price (including any associated fees and expenses) and at such time as Instinet shall determine in its absolute discretion; or (c) perform any other act which Instinet considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Applicable China Connect Laws and to cover your shortfall (including but not limited to applying any other China Connect Securities available to Instinet) from any stock borrowing arrangements (to the extent permitted by Applicable China Connect Laws and available to Instinet) or other sources. In addition, Instinet may in its absolute discretion reject your sell order if for any other reason Instinet considers that there is or may be non-compliance with any Applicable China Connect Laws. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or any relevant Applicable China Connect Laws shall be borne by you.

2. Settlement

Northbound trades will follow the A Share settlement cycle. For settlement of China Connect Securities trades, CSDCC will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. Instinet may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless Instinet agrees to prefund, settlement of funds relating to such trading will be effected on T+1 day. In the event Instinet agrees to prefund the settlement of China Connect Securities trades, (a) Instinet shall retain the funds received from the

HKSCC on T+1 day; and (b) you shall reimburse Instinet with respect to any 'excess' pre-funding provided by Instinet.

Although the transfer of the China Connect Securities precedes the transfer of cash, under the China Connect Service, the title to China Connect Securities will not be released until the receipt of confirmation of payment. Accordingly, for purposes of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled or, where the purchase was pre-funded, the settlement date would be the date on which the securities are released from hold.

3. Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls as detailed below. As a result, there is no assurance that a buy order can be successfully placed through China Connect. The daily quota limits the maximum value of all the Northbound buy trades that can be executed by Exchange Participants on each Trading Day ("**Daily Quota**"). The Daily Quota usage will be updated at regular intervals on the HKEx website. The Daily Quota may change from time to time without prior notice and investors are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information.

Under the China Connect Rules, investors may sell their China Connect Securities regardless of whether there is a breach of the provisions relating to Daily Quota. If there is a restriction, rejection or suspension of Northbound buying as a result of the Daily Quota being fully utilised, Instinet will be unable to carry out any further buy orders on the trading day. The Daily Quota will reset in the following trading day.

4. Restriction on Day Trading

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, Instinet 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 Instinet from time to time) on T+1 day.

5. Disclosure of Interests

Under PRC laws, rules and regulations, if you hold or control shares (on an aggregate basis, i.e., across both domestically and overseas issued shares of the same PRC Listco (as defined below), whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels) in a PRC incorporated company which is listed on a PRC stock exchange (a "**PRC Listco**") up to a certain threshold as may be specified from time to time by the relevant China Connect Authorities, you must disclose such interest within the period specified by the relevant China Connect Authority, and you must not buy or sell any such shares within the period specified by the relevant China Connect Authority. You must also disclose any substantial change in your holding as required by the relevant China Connect Authority.

Under Hong Kong law, where a PRC incorporated company has both H Shares listed on the SEHK and A Shares listed on the SSE or SZE, if an investor is interested in more than a certain threshold (as may be specified from time to time) of *any* class of voting shares (including A Shares purchased through China Connect) in such PRC incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the PRC incorporated company has not listed any shares on the SEHK.

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

6. Short Swing Profit Rule

Under PRC laws, rules and regulations, if the "short swing profit rule" requires you to return any profits made from purchases and sales in respect of SSE or SZE Shares of a PRC Listco if (a) your shareholding in the PRC Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. You (and you alone) must comply with the "short swing profit rule".

7. Foreign Ownership Limits

Under PRC laws, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the relevant holdings are through Northbound Trading, QFII/RQFII regime or other investment channels). It shall be your responsibility to comply with all foreign ownership limits from time to time imposed by Applicable China Connect Laws.

If Instinet becomes aware that you have breached (or reasonably believes that you may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if Instinet is so required by any China Connect Authority, including without limitation to any Forced-sale Notice issued by the SSE or SZE, Instinet will sell any SSE or SZE Shares pursuant to Clause 7 (*Sale, Transfer and Disgorgement*) above in order to ensure compliance with all Applicable China Connect Laws. In such case, no SSE or SZE Shares buy orders for the relevant SSE or SZE Shares will be accepted until SSE or SZE informs the SEHK Subsidiary or SEHK that the aggregate foreign shareholding has fallen below a certain percentage. SEHK may determine in its absolute discretion which Exchange Participants and what quantity of SSE or SZE Shares should be subject to a Forced-sale Notice (this will generally be on a "last-in, first-out" basis), and SEHK's (or SEHK Subsidiary's) own records shall be final and conclusive.

Moreover, under PRC laws, where foreign investors hold more than a specified percentage (the "**Cautionary Level**") of the issued shares of a single PRC Listco in aggregate, upon notification by the SSE or SZE to the SEHK Subsidiary, SEHK and the 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, Instinet may reject your buy orders until the aggregate shareholding of foreign investors is reduced to below a specified percentage (the "**Permitted Level**") as advised by SSE or SZE from time to time.

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

8. SSE-listed Securities Eligible for Northbound Trading

Unless the relevant China Connect Authority otherwise determines,

(1) the constituent stock of the SSE A Share Index described below will be eligible for Northbound trading:

- (a) constituent stock which has a daily average market capitalisation in the last six months of RMB5 billion or above;

- (b) constituent stock which has a daily average turnover in the last six months of RMB30 million or above;
- (c) constituent stock which has not been suspended for trading on any SSE Market on 50% or more of the total number of trading days of the SSE market in the last 6 months; and
- (d) if the constituent stock is also a Differentiated Voting Rights (“DVR”) Stock, it must also fulfil all additional criteria as provided by the HKEx for its first time inclusion into Northbound trading at a DVR Stock Review in accordance with Applicable China Connect Laws,

provided that:

- i. they do not have corresponding H shares accepted for listing and trading on the SEHK;
- ii. they are not traded on the SSE in currencies other than RMB; and
- iii. they are not under risk alert (described further below).

(2) A shares listed on SSE that are not accepted for Northbound trading by virtue of (1) above but which have corresponding H shares accepted for listing and trading on the Exchange, will be accepted for Northbound trading,

provided that:

- i. they are not traded on the SSE in currencies other than RMB; and
- ii. they are not under risk alert.

Relevant China Connect Authority will include and exclude securities as China Connect Securities based on the prescribed criteria described above, any adjustments made to the SSE A Share Index, any relevant A Shares and H Shares being listed on or delisted from SSE and/or SEHK, and any relevant A Shares being placed under or released from risk alert. Instinet shall not be under any obligation to inform you of any changes to the eligibility of shares for Northbound trading. You should refer to the HKEx website and other information published by the HKEx for up-to-date information.

According to the SSE Listing Rules, if any SSE-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors interest to undue damage, the SSE-listed company will be earmarked and traded on the risk alert board (including shares of “ST companies”, “*ST companies” and shares subject to the delisting process or the listing of which has been suspended by SSE under the SSE Rules). Any change to the risk alert board may occur without prior notice. If a China Connect Security which is eligible for China Connect trading at launch of the programme is subsequently moved to the risk alert board, investors under China Connect will only be allowed to sell the shares and are restricted from further buying. For details concerning the risk alert board, please refer to the latest SSE Listing Rules and SSE Risk Alert Board Provisional Trading Arrangement and any other relevant sources from time to time.

Unless the relevant China Connect Authority otherwise determines, SSE-listed ETFs that satisfy all of the criteria described below will be eligible for Northbound trading:

- (a) the ETF is traded in RMB and has a daily average Asset Under Management in the last six months of no less than RMB 500 million;
- (b) the ETF had been listed for no less than six months;

- (c) the benchmark index had been launched for no less than one year;
- (d) the total weighting of SSE listed and SZE-listed A shares in benchmark index was not less than 60% and the total weighting of Stock Connect Northbound eligible constituents in the benchmark index must not be less than 60%; and
- (e) the benchmark index or the index methodology of the benchmark index should also fulfil the additional criterion as provided by the relevant China Connect Authorities.

9. SZE-listed Securities Eligible for Northbound Trading

Unless the relevant China Connect Authority otherwise determines,

(1) the constituent stock of the SZE Composite Index described below will be eligible for Northbound trading:

- (a) constituent stock which has a daily average market capitalisation in the last six months of RMB5 billion or above;
- (b) constituent stock which has a daily average turnover in the last six months of RMB30 million or above;
- (c) constituent stock which has not been suspended for any trading on any SZE Market on 50% or more of the total number of trading days of the SZE Market in the last six months; and
- (f) if the constituent stock is also a DVR stock, it must also fulfil all additional criteria as provided by the HKEx for its first time inclusion into Northbound trading at a DVR Stock Review in accordance with Applicable China Connect Laws,

provided that:

- i. they do not have corresponding H shares accepted for listing and trading on the SEHK;
- ii. they are not traded on the SZE in currencies other than RMB; and
- iii. they are not under risk alert.

(2) A shares listed on SZE that are not accepted for Northbound trading by virtue of (1) above but which have corresponding H shares accepted for listing and trading on the Exchange, will be accepted for Northbound trading,

provided that:

- i. they are not traded on the SZE in currencies other than RMB; and
- ii. they are not under risk alert.

Relevant China Connect Authority will include and exclude securities as China Connect Securities based on the prescribed criteria described above, any adjustments made to the SZE Composite Index, any relevant A Shares and H Shares being listed on or delisted from SZE and/or SEHK, and any relevant A Shares being placed under or released from risk alert. Instinet shall not be under any obligation to inform you of any changes to the eligibility of shares for Northbound trading. You should refer to the HKEx website and other information published by the HKEx for up-to-date information.

Unless the relevant China Connect Authority otherwise determines, SZE-listed ETFs that satisfy all of the criteria described below will be eligible for Northbound trading:

- (a) the ETF is traded in RMB and has a daily average Asset Under Management in the last six months of no less than RMB 500 million;
- (b) the ETF had been listed for no less than six months;
- (c) the benchmark index had been launched for no less than one year;
- (d) the total weighting of SSE listed and SZE-listed A shares in benchmark index was not less than 60% and the total weighting of Stock Connect Northbound eligible constituents in the benchmark index must not be less than 60%; and
- (e) the benchmark index or the index methodology of the benchmark index should also fulfil the additional criterion as provided by the relevant China Connect Authorities.

10. Special China Connect Securities

SEHK will accept or designate securities which cease to meet the eligibility criteria for China Connect Securities as Special China Connect Securities (provided that they remain listed on SSE or SZE). In addition, any securities or options (which are not already accepted as China Connect Securities) received by you as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by SEHK as Special China Connect Securities. You will only be able to sell, but not buy, any Special China Connect Securities.

11. No Off-exchange Trading and Transfers

You, Instinet and any Related Person shall not trade or provide services to facilitate trading of any China Connect Securities through any venue other than through the China Connect Market System, and Instinet shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from you or effect any non-trade transfer or settlement of instructions in respect of any China Connect Securities in any manner otherwise than through China Connect in accordance with the China Connect Rules, except in the following circumstances or as otherwise provided by the CSRC:

- a) stock borrowing and lending of eligible China Connect Securities for the purpose of covered short selling and with a tenor of no more than one month;
- b) stock borrowing and lending of eligible China Connect Securities for the purpose of satisfying the Pre-trade Checking requirement and with a tenor of one day (which cannot be rolled over);
- c) post-trade allocation of China Connect Securities by a fund manager across the funds and/or sub-funds it manages; and
- d) any other situations specified by SSE and CSDCC, including but not limited to any non-trade transfer as a result or for the purpose of (i) succession, (ii) divorce, (iii) dissolution, liquidation or winding up of any company or corporation, (iv) donation to a charitable foundation; and (v) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.

12. Placing Orders

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

13. SSE or SZE Price Limits

China Connect Securities are subject to a general price limit of a $\pm 10\%$ based on the previous trading day's closing price. The price limit may be changed from time to time. All orders in respect of SSE or SZE Shares must be within the price limit. Any orders with a price beyond the price limit will be rejected by SSE or SZE.

14. Taxation

You will be fully responsible for any Taxes in respect of China Connect Securities including, without limitation, any capital gains tax or other PRC taxes, and will indemnify Instinet from and against all Hong Kong and/or PRC Taxes which Instinet may incur or be subject to arising in connection with any China Connect Securities which you hold, trade or otherwise deal in. Neither Instinet nor any Related Person assumes any responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, and neither Instinet 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.

In addition and without prejudice to any other right or remedy which Instinet may have, Instinet shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation or potential obligation of Instinet 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 Instinet in its absolute discretion may determine, all or part of any property held by Instinet or any Related Person for any purpose in any of your accounts held with Instinet or any Related Person, and to apply the proceeds in reduction of all or part of your liability to Instinet or any Related Person. Neither Instinet nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by Instinet or any Related Person in respect of the foregoing.

15. Client Securities Rules and Client Identity Rules

By way of brief background, the Client Securities Rules prescribe how client assets are to be dealt with by all intermediaries and their associated entities, and the Client Identity Rules provide that a licensed or registered person is under a duty to know with whom it is dealing (i.e. whether a client is acting as principal or agent and, if as agent, the identity of the principal(s)). However, as the China Connect Securities traded through China Connect are not listed or traded on the SEHK, you will not have protection under the Client Securities Rules and the Client Identity Rules will not apply, unless otherwise specified by the SFC or any other relevant China Connect Authority.

16. Investor Compensation Fund

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the Securities and Futures Ordinance. 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 SFC licensed or registered persons.

17. Ownership of China Connect Securities

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

- (a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with CSDCC and HKSCC will be nominee holder of such China Connect Securities; and

- (b) held in custody under the depository of CSDCC and registered in the shareholders' register of the relevant PRC Listco.

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

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

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

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

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

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

A high level summary of certain aspects of the HKEx published materials in respect of the ownership rights of Northbound investors in China Connect Securities is set out below as an initial reference. You should ensure you read and understand all relevant materials published by the HKEx from time to time including, without limitation, HKEx's Shanghai-Hong Kong Stock Connect FAQ for Investors. Instinet makes no representation or warranty in respect of the ownership rights of Northbound investors in China Connect Securities and/or the HKEx published materials. You should also make your own investigation and assessment, including without limitation, in respect of applicable Hong Kong and PRC laws, after consulting with your legal advisers.

High level summary of certain aspects of the HKEx published materials

- (i) It is the Hong Kong and overseas investors as the ultimate investors (rather than any broker, custodian or intermediary through whom such investors hold the China Connect Securities) who would be recognised under PRC laws and regulations as having beneficial ownership in the China Connect Securities. The CCASS China Connect Rules confirm that all proprietary interests in respect of China Connect Securities held by HKSCC as a nominee holder belong to participants of CCASS

or their clients, as the case may be, and this is the case whether HKSCC is solvent or insolvent;

- (ii) Certain provisions of PRC Law provide a sound legal basis confirming that CSDCC's records (to be reflected in the registers of shareholders of listed companies) constitute conclusive evidence with respect to a person's holding of securities in a listed company. As HKSCC holds the China Connect Securities as nominee holder only and its holdings are recorded in the registers maintained by CSDCC and listed companies in accordance with PRC Law, the relevant records should serve as good evidence of ownership of China Connect Securities at the HKSCC level;
- (iii) It is HKSCC's understanding that when PRC Law refers to "exercising rights" in relation to China Connect Securities, it refers to dealings between shareholders and companies covering the right to:
 - (A) call and participate in shareholders' meetings;
 - (B) propose matters for voting at shareholders' meetings;
 - (C) exercise voting rights or control over the company through voting at shareholders' meetings;
 - (D) subscribe for allocated rights and entitlements; and
 - (E) receive dividends and other distributions declared by the company;
- (iv) As set out in the CCASS China Connect Rules, HKSCC, as nominee holder, will (subject to applicable PRC Laws) assert or exercise the rights listed in (A) to (E) above for or on behalf of participants of CCASS and the underlying beneficial owners of China Connect Securities under the China Connect pilot scheme. These cover HKSCC obligations to distribute company announcements and communications, attend shareholders' meetings and obtain voting instructions and instructions to deal with entitlements, dividends, distributions and various kinds of corporate actions of listed companies. Such obligations are discharged by HKSCC seeking and acting on the instructions of participants of CCASS which, in turn seek instructions from their clients or the beneficial owners;
- (v) HKSCC is not currently aware of any express provision in PRC Law which prohibits a beneficial owner or a Hong Kong or overseas investor from taking legal action directly in the PRC courts to enforce its rights, or which provides an express framework for a beneficial owner or Hong Kong or overseas investor to take such legal action. However, HKEx notes that under the PRC Civil Procedure Law a claimant in a legal action shall be a person who has a direct interest in the relevant case and, therefore, there are grounds to believe that if a Hong Kong or overseas investor is able to show that it is the beneficial owner (such as certification of its beneficial ownership) and that it has a direct interest in the matter, it may be able to take legal action in its own name to enforce its rights in the PRC courts directly. HKEx also notes that there are a number of cases where the PRC courts have recognised the rights of beneficial owners based on policy and general legal principles;
- (vi) However, regardless of whether a beneficial owner of China Connect Securities under China Connect is legally entitled to bring legal action directly in the PRC courts against a listed company to enforce its rights, as set out in the CCASS China Connect Rules, HKSCC is prepared to provide assistance to the beneficial owners of China Connect Securities where necessary;

- (A) upon the request of the relevant participant of CCASS and after receiving the necessary information, documentation and indemnities as HKSCC may reasonably require from the participant of CCASS, HKSCC will provide certification to CSDCC for the purpose of providing evidential proof of the CCASS participant's or its client's holding in China Connect Securities at the relevant time; and
- (B) upon the request of the participant of CCASS, HKSCC will assist the participant of CCASS or its client in bringing the legal action in the PRC in the manner as may be required under PRC law, after having regard to its statutory duties and subject to such conditions as HKSCC may reasonably require (including payment of fees and cost upfront and indemnities to the satisfaction of HKSCC).

HKEx notes that any beneficial owner who decides to take legal action is responsible for seeking its own independent legal advice to satisfy itself and HKSCC that a cause of action exists and the beneficial owner should be prepared to conduct the action and take up all costs in relation to the action, including providing HKSCC with indemnities and legal representation in proceedings;

- (vii) As HKSCC is expressly recognised as the nominee holder of all the China Connect Securities acquired by the Northbound trading link by the CRSC China Connect Rules and the CSDCC China Connect Rules, HKEx notes that there is clear support under the China Connect Rules that certification issued by HKSCC as nominee holder would be treated as lawful proof of a beneficial owner's holdings of relevant China Connect Securities;
- (viii) HKEx notes that after the clearance and settlement of a buy transaction on China Connect Securities through Northbound trading, such securities are held via book entry at different levels as follows:
 - (A) in an omnibus stock account in the name of HKSCC at the CSDCC level;
 - (B) in the relevant CCASS participant's stock account in CCASS; and
 - (C) where applicable and depending on the relevant arrangements, in the books and records of participants of CCASS including, as the case may be, as separate client accounts; and
- (ix) HKEx notes that on the insolvency of HKSCC, the China Connect Securities will not be regarded as the general assets of HKSCC under Hong Kong and PRC law and will not be available to the general creditors of HKSCC and that CSDCC and the PRC courts will recognise the liquidator of HKSCC, duly appointed pursuant to Hong Kong law, as the rightful entity to deal with China Connect Securities in the place of HKSCC.

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

18. No Manual Trade or Block Trade

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

19. Amendment of Orders and Loss of Priority

Consistent with the current practice in the PRC, if an investor engaged in Northbound trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the Daily Quota restrictions (see paragraph 3 above), the subsequent order may not be filled on the same trading day.

20. Risk of CSDCC Default

CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. If CSDCC (as the host central counterparty) defaults, HKSCC may (but shall have no obligation) to take any legal action or court proceeding to seek recovery of the outstanding China Connect Securities and monies from CSDCC through available legal channels and through CSDCC's liquidation process, if applicable. As CSDCC does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of CSDCC's positions. HKSCC will in turn distribute the China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant China Connect Authorities. Instinet in turn will only be distributing the China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by CSDCC is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

21. Risk of HKSCC Default

Instinet's provision of services pursuant to these China Connect Terms also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of China Connect Securities and/or monies in connection with it and you may suffer losses as a result. Neither Instinet nor any Related Person shall have any responsibility or liability for any such losses.

22. Scripless Securities

China Connect Securities are traded in scripless form and accordingly, China Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

23. Company Announcements on Corporate Actions

Any corporate action in respect of SSE or SZE Securities will be announced by the relevant issuer through the SSE or SZE website and four officially appointed newspapers (both the printed papers and their websites): the Shanghai Securities News, Securities Times, China Securities Journal and Securities Daily. HKSCC will also record all corporate actions relating to SSE or SZE Shares in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the SSE or SZE website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web for corporate actions in respect of SSE Shares issued on the previous trading day. Investors should note that SSE-listed and or SZE-listed issuers publish corporate documents in Chinese only, and English translations will not be available.

In addition, HKSCC will endeavour to collect and distribute cash dividends relating to SSE or SZE Shares to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day.

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

Instinet does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and Instinet accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. Instinet expressly disclaims all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

24. Disclosure of Information and Publication of Trade Information

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

25. Retention of Information

You acknowledge and accept that Instinet will be required under the China Connect Rules to keep records of (a) all orders and trades executed on your behalf; (b) any instructions received from you and (c) your account information in relation to Northbound trading for a period of not less than 20 years.

26. Client Error

Neither Instinet nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by an investor as a result of any trading based on the investor's instructions. Instinet will not be able to unwind any trade, and investors should also take note of the settlement arrangements in respect of China Connect Securities under China Connect, including but not limited to quota restrictions, which may affect your ability to mitigate the consequences of any error trades.

The China Connect Rules generally prohibit any off-exchange trading or transfers. However transfers may be permitted between exchange participants and their clients to rectify an error trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. Exchange participants who perform non-trade transfers of China Connect Securities to rectify error trades will be required to submit to SEHK an error trade report together with supporting documents explaining the error made and providing details of the non-trade transfer. SEHK has the power to disallow a particular exchange participant to conduct further non-trade transfers for error trade rectification if SEHK believes that the exchange participant has abused such rectification arrangements. SEHK may provide error trade reports and related information to the SFC, SZE and SSE. Exchange participants are cautioned by the SEHK not to misuse this arrangement to effect off-exchange trades or transfers which are otherwise disallowed under the relevant China Connect Rules. Instinet shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither Instinet nor any Related Person shall have any liability for any losses which may result directly or indirectly from such errors or any refusal to conduct a transfer to correct an error trade.

27. Operation of China Connect Service/Novelty of China Connect Market System

SEHK or the SEHK Subsidiary (after consulting with SEHK) may, under certain circumstances as specified in the SEHK rules and/or whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors,

temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as SEHK may consider appropriate. You will not be able to buy or sell China Connect Securities on SEHK through China Connect during any period in which trading of China Connect Securities is suspended. In particular, you should note that while trading is suspended on China Connect Securities by SEHK, trading of such China Connect Securities may continue on SSE or SZE. You may remain exposed to fluctuations in the value of China Connect Securities caused by trading on SSE or SZE during the period when trading of such China Connect Securities is suspended by SEHK.

SEHK has absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, SEHK or the SEHK Subsidiary (with the agreement of SEHK) may cease the provision of the China Connect Northbound trading service permanently.

Such suspension, restriction or cessation will affect Instinet's ability to accept and process your orders and you are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. There can be no assurance that your orders will be accepted or processed, notwithstanding that China Connect Securities may be traded through other channels including, without limitation, by PRC investors on the SSE or SZE.

Further, the SEHK rules state that where any H Shares with corresponding A Shares accepted as China Connect Securities are suspended from trading on SEHK, but the corresponding A Shares are not suspended from trading on the SSE or SZE, the service for routing the China Connect sell orders and China Connect buy orders for such A Shares to the SSE or SZE for execution will normally remain available. However, SEHK may, in its discretion, restrict or suspend such service without prior notice and your ability to place your sell orders and buy orders may be affected.

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

- (a) a suspension, restriction or cessation of the China Connect Service or the CSC, or any inability to access or use the CSC or the China Connect Service;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all China Connect orders input by Exchange Participants;
- (c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on the SSE, SZE or through SEHK;
- (d) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any China Connect orders, any delay or failure to send any order cancellation requests or to provide the China Connect Service due to any system, communication or connection failure, power outage, software or hardware malfunction or events beyond the control of SEHK, Instinet or any Related Person;

- (f) any event in which a China Connect order which a China Connect Exchange Participant has requested to be cancelled is not cancelled for any reason whatsoever;
- (g) any delay, failure or error of any China Connect Market System or any system upon which the SEHK Subsidiary, Instinet or any Related Person is reliant in providing the China Connect Service; and
- (h) any delay or failure to execute, or any error in matching or executing any, China Connect order due to reasons beyond the control of SEHK, HKEx or the SEHK Subsidiary, Instinet or any Related Person including but not limited to any action or decision taken or made, or not taken or made, by the SSE or SZE, any China Connect Authority or any other relevant governmental or regulatory body.
- (i) If there is any delay or failure to send any order cancellation requests in the circumstances described in paragraph (e) above, you shall, in the event such order is matched and executed, remain responsible to fulfil any settlement obligations in respect of such transaction.

28. Operational Hours

SEHK has absolute discretion to determine from time to time the operational hours of the China Connect Service, and will have absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice whether on a temporary basis or otherwise. Instinet shall not be under any obligation to inform you of any such determinations by the SEHK as to the operational hours of the China Connect Service.

Where, for example, there is any price sensitive information relating to a PRC Listco during a time when China Connect Service is not in operation, the A Shares of the PRC Listco may continue to trade on the SSE or SZE and the price of such A Shares may move significantly. In such case, Northbound investors will not be able to trade in such shares until the next available Trading Day under China Connect.

29. Margin Trading

Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant China Connect Authorities to be eligible for margin trading ("**Eligible Margin Trading Securities**"). The HKEx will publish the list of Eligible Margin Trading Securities from time to time. The SSE or SZE may suspend margin trading activities in any specific A Share where the volume of margin trading activities in such security exceeds the threshold determined by the SSE or SZE and resume margin trading activities when the volume drops below a prescribed threshold. Where the SEHK is notified by the SSE or SZE that a suspension or resumption involves a security within the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading in the respective China Connect Security shall be suspended and/or resumed accordingly. Neither Instinet nor any Related Person shall have any obligation to update you in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

Nothing in this clause shall be construed as creating any obligation on the part of Instinet to provide margin trading services under China Connect. Any such services, if made available to you, shall be subject to a separate written agreement, side letter and such additional terms and conditions as may be prescribed by Instinet from time to time.

30. Rights Issuances

Where a Hong Kong or overseas investor receives as entitlement shares or other types of securities from the issuer of a China Connect Security, if such entitlement security:

- (a) is a China Connect Security, Hong Kong and overseas investors will be allowed to buy and sell the entitlement security through China Connect;
- (b) is not a China Connect Security but is a RMB denominated security listed on the SSE or SZE, Hong Kong and overseas investors may be allowed to sell the entitlement security through China Connect but will not be permitted to buy such entitlement security;
- (c) is an SSE-listed or SZE-listed security but is not traded in RMB, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security through China Connect. HKEx has stated that SSE and SEHK will consult each other to agree on the appropriate treatment of the entitlement security; and
- (d) is not listed on the SSE or SZE, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security on China Connect unless and until alternative arrangements (if any) have been provided by HKSCC. HKSCC may not put in place such alternative arrangements.

31. Odd Lot Trading

Odd lot trading in China Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the same platform on China Connect and subject to the same share price. The maximum order size is 1 million shares (300,000 shares for stocks on SZE ChiNext Market and 100,000 shares for stocks on SSE STAR Market), and the tick size is uniformly set at RMB 0.01 for A shares and RMB 0.001 for ETFs.

32. Short Selling

Instinet does not currently accept short sell orders.

33. Stock Borrowing and Lending

Where applicable, stock borrowing and lending will be permitted for eligible China Connect Securities as specified by the SSE or SZE for the purpose of (a) covered short selling and (b) satisfying the Pre-Trade Checking requirement. Stock borrowing and lending of eligible China Connect Securities will be subject to restrictions set by SEHK, SZE and SSE, including but not limited to the following:

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

Where the prescribed ratio of stock borrowing and lending of any China Connect Security exceeds the limit prescribed by SSE or SZE, SSE or SZE may suspend stock borrowing and lending of such China Connect Security and require the SEHK Subsidiary to suspend placement of covered short selling orders relating to such China Connect Security. If and when the prescribed ratio of stock borrowing and lending falls below the prescribed limit, SSE or SZE may resume stock borrowing and lending of such China Connect Security and

notify the SEHK Subsidiary to resume acceptance of covered short selling orders relating to such China Connect Security.

Investors are advised to refer to the relevant provisions from time to time applicable in the SEHK China Connect Rules and in the Applicable China Connect Laws. Neither Instinet 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 Applicable China Connect Laws.

Nothing in this clause shall be construed as creating any obligation on the part of Instinet to provide stock borrowing and lending services under China Connect. Any such services, if made available to you, shall be subject to a separate written agreement, side letter and such additional terms and conditions as may be prescribed by Instinet from time to time.

34. Program Trading (if applicable)

Program Trading Reporting

You are required to file program trading reports to the SSE and/or SZE, as appropriate, when meeting one or more of the criteria stipulated in the China Connect Program Trading Rules. Notwithstanding any monitoring or identification mechanisms implemented by Instinet, you shall be responsible for assessing whether your trading activities constitute "Program Trading" and whether any applicable reporting thresholds have been triggered under the China Connect Program Trading Rules. You acknowledge that Instinet may not possess all the information necessary to make such determination (including, without limitation, information relevant to the calculation of your annualised turnover ratio), and you shall conduct your own assessment in accordance with the China Connect Program Trading Rules based on the information available to you, including data obtained from your custodian(s) and other relevant intermediaries.

Where it is determined that you have met the reporting criteria, you acknowledge that you are responsible for fulfilling the relevant reporting obligations within the required timeframe. You are responsible for making any subsequent report pursuant to the China Connect Program Trading Rules, including but not limited to when any material changes prescribed under the China Connect Program Trading Rules occur or when you cease to conduct Program Trading. In any of the aforementioned cases, if you fail to notify Instinet and ensure that notification is provided within the timeframe necessary for us to comply with any deadlines prescribed under the relevant China Connect Program Trading Rules, a Program Trading Breach Event may occur.

Instinet will verify the reports and may request further information from you that is in Instinet's view necessary to complete the verification. If you fail to provide such information within the timeframe necessary for Instinet to comply with any deadlines prescribed under the relevant China Connect Program Trading Rules, a Program Trading Breach Event may occur. Instinet may also raise comments on the reports you provide. Instinet has the right not to provide any report to the relevant China Connect Authorities unless Instinet is reasonably satisfied that such report contains true, accurate, and complete information as required under the China Connect Program Trading Rules.

You hereby authorise Instinet to provide the reports to the China Connect Authorities as well as any information that China Connect Authorities may request from time to time, (and will procure that any necessary consents and authorisations are obtained and in effect in order for Instinet to do so). You acknowledge that the information you provide to Instinet in respect of the reports can be shared with China Connect Authorities and may be used to conduct market surveillance activities under the China Connect Program Trading Rules by Instinet or China Connect Authorities and/or fulfil other regulatory functions designated by China Connect Authorities under the China Connect Program Trading Rules.

You acknowledge that if the information you provide for the purpose of completing the reports is not true, accurate and complete as of the date of submission, a Program Trading Breach Event may occur. You further acknowledge that if your Program Trading strategy and the related systems deployed by you do not comply at all times with the China Connect Program Trading Rules, a Program Trading Breach Event may occur.

You acknowledge that Instinet has the right, but not the obligation, to request you to make a further report if it is reasonably identified that a reporting obligation (including, for the avoidance of doubt, in relation to HFTs) is triggered by you under the China Connect Program Trading Rules. If you refuse to make such a report or provide any related information as requested or any reported information is untrue, inaccurate or incomplete, a Program Trading Breach Event may occur.

Surveillance

Instinet will conduct market surveillance and monitoring activities in accordance with the laws and regulations that are applicable to Instinet and assist with the surveillance and monitoring activities by China Connect Authorities, which cover Program Trading activities by you.

Instinet may be required to implement enhanced surveillance and monitoring activities in respect of you, if, among others, there is any perceived "abnormality," as that term is used in the China Connect Program Trading Rules, in your trading activities.

If Instinet find or suspect that there is any abnormality with respect to your Program Trading activities, including without limitation any activities that might materially affect the trading price or the trading volume of China Connect Securities, Instinet has the right but not the obligation to raise enquiries with you about the situation, carry out our own verification and analysis, and report the same to one or multiple China Connect Authorities, or take other Restrictive Measures.

Notwithstanding Instinet's market surveillance and monitoring activities, you should conduct your assessment on whether and to what extent your Program Trading activities might fall under the definition and criteria of "abnormal trading activities," as that term is used in the China Connect Program Trading Rules, and/or market misconduct activities under applicable laws and regulations and take all necessary measures to ensure your Program Trading activities are at all times in compliance with applicable laws and regulations.

You agree to notify Instinet immediately upon occurrence of any event that might affect the normal trading of China Connect Securities, including any event arising out of your Program Trading activities. These events include, without limitation, any force majeure event, accident, major technical failure or significant human error. You shall immediately take appropriate remedial measures, including suspension of trading and cancellation of orders, upon the occurrence of any such event. Instinet may report such event to the relevant China Connect Authorities, suspend the China Connect Service to you, or cancel your trading orders without any liability to you, each case in accordance with the China Program Trading Rules or as required by China Connect Authorities.

Each of the following constitutes a "**Program Trading Breach Event**":

- a. any failure by you to make a Program Trading report under the China Connect Program Trading Rules on time and/or in a truthful, accurate, and/or complete manner;
- b. any failure by you to cooperate with Instinet in its due diligence, verification or inspection as required under the China Connect Program Trading Rules with respect to your Program Trading activities;

- c. there is a critical malfunction with respect to your Program Trading system or your trading order exhibits significant abnormality;
- d. your Program Trading affects (or is reasonably likely to affect) the security of the trading system or the normal trading order of China Connect Securities;
- e. the technical system you use for Program Trading differs from the system which Instinet has validated or conducted risk assessment;
- f. any failure by you to cooperate with any China Connect Authority in relation to any request made to you, either directly or through Instinet; and
- g. other circumstances prescribed under the China Connect Program Trading Rules that permit Instinet to take one or more Restrictive Measures.

Notwithstanding anything to the contrary in the China Connect Terms, upon the occurrence of a Program Trading Breach Event, as determined by Instinet acting reasonably, Instinet has the right (but not the obligation) to take any or all of the following measures (each, a **Restrictive Measure**):

- a. reject or cancel your Program Trading order(s);
- b. suspend or terminate the China Connect Services to you; and
- c. report such event to the relevant China Connect Authorities,

in each case without any liability to you.

High Frequency Trading

You acknowledge that the China Connect Program Trading Rules require, with respect to certain Program Trading activities with high frequency (such trades, "**HFTs**"), (i) the submission of reports containing information beyond what is required for non-HFT Program Trading; and (ii) enhanced surveillance and monitoring, each in accordance with the China Connect Program Trading Rules (including any exceptions thereunder). For the avoidance of doubt, HFTs are a subset of Program Trading and therefore all the rules applicable to Program Trading are also applicable to HFTs. Any reference to Program Trading in this Appendix shall include HFTs.

The definition and criteria for HFTs are formulated under the China Connect Program Trading Rules and you are hereby urged to assess your trading activities against the relevant China Connect Program Trading Rules to determine whether you are conducting HFTs and hence if such additional reporting is required.

You acknowledge that Instinet has the right to take immediate measures if we identify any significant abnormality with respect to your HFTs (which will be treated as a Program Trading Breach Event) to avoid affecting the security of the trading system for China Connect Securities or the normal trading order of China Connect Securities. Such measures include without limitation any Restrictive Measures.

You should observe and comply with the applicable requirements under the China Connect Program trading Rules that may be published and amended by HKEX on its official website (https://www.hkex.com.hk/Mutual-Market/Stock-Connect/Reference-Materials/Northbound-Program-Trading-Reporting?sc_lang=en) from time to time.

Instinet Trading Program

You acknowledge that Instinet may use a computer program (the "**Instinet Trading Program**") to automatically generate or place trading orders when executing your trading

orders. You authorise us to make the required report on your behalf to the extent such a reporting obligation arises from the use of the Instinet Trading Program. For this purpose, Instinet may ask you to provide necessary information and assistance as reasonably required by us in order to comply with the China Connect Program Trading Rules. If you fail to provide such information and/or assistance, a Program Trading Breach Event may occur.

Legal Consequences of Non-compliance

Failure to comply with the China Connect Program Trading Rules, including failure to submit required reports, or engaging in abnormal program trading, may result in regulatory consequences. These include being urged and reminded to rectify by Instinet, being subject to self-regulatory measures or disciplinary measures by relevant China Connect Authority in accordance with the China Connect Program Trading Rules, and, in serious circumstances, report to the CSRC for further investigation.

35. Risks associated with investing in China Connect Securities

PRC-related risks

Investing in the PRC, an emerging market, involves special considerations and risks, including but not limited to greater price volatility, less developed regulatory and legal framework, economic, and social and political instability.

Market risk

The market value of China Connect Securities and the income from them may go down as well as up. There can be no assurance that you will achieve profits or avoid losses from trading China Connect Securities, significant or otherwise. The return you receive from the 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 the underlying issuer of China Connect Securities).

Possible business failure risk

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more underlying 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

Investing in China Connect Securities may offer a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in China Connect Securities may also be higher, because the investment performance of China Connect Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

Dividend risk

Whether an underlying 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 position of the relevant underlying issuers. There can be no assurance that any dividends or distributions in respect of China Connect Securities will be declared or paid.

Liquidity risks

Although China Connect Securities are listed for trading on SSE or SZE and available for trading on SEHK through China Connect, there can be no assurance that an active trading market for such China Connect Securities will develop or be maintained. 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 the RMB securities and the realisation price of the RMB securities. For non-RMB based investors who are trading in RMB securities, they 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 the 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 the restrictions on the conversion of RMB. These factors may affect the amount of liquidity in RMB for investors and accordingly adversely affect the market demand for China Connect Securities.