



Risk Disclosure Statement in Connection with Trading China Connect Securities

Definitions

"A Shares" means the shares of Mainland China-incorporated companies which are accepted for listing and admitted to trading on the stock exchanges of Mainland China from time to time.

"China Clear" means China Securities Depository and Clearing Corporation Limited.

"China Connect" means Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

"China Connect Authorities" means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Connect and activities relating to China Connect, including without limitation the SEHK, HKSCC, SEHK Subsidiary, SSE, SZSE, China Clear, CSRC, PBOC, SAFE, SFC, HKMA and any other regulator, agency or authority within and/or outside Hong Kong, with authority or responsibility in respect of China Connect and "China Connect Authority" means any one of them.

"China Connect Market" means SSE and SZSE.

"China Connect Market System" means the system used for the trading of China Connect Securities on SSE and the system used for the trading of China Connect Securities on SZSE.

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

"China Connect Securities" means any securities listed on SSE or SZSE which may be eligible for trading by Hong Kong and overseas investors under China Connect.

"China Connect Service" means the order-routing service through which Northbound orders placed by Lippo Securities Limited and its agents may be transmitted by the SEHK Subsidiary to SSE or SZSE for the buying and selling of China Connect Securities and any related supporting services.

"CSRC" means China Securities Regulatory Commission.

"HKEX" means Hong Kong Exchanges and Clearing Limited.

"HKMA" means Hong Kong Monetary Authority.

"HKSCC" means Hong Kong Securities Clearing Company Limited.

"H shares" means the shares of Mainland China-incorporated companies which are accepted for listing and admitted to trading on the HKEX from time to time;

"Northbound" means the trading of China Connect Securities by Hong Kong and overseas investors through China Connect.

"SAFE" means the State Administration of Foreign Exchange.

"SFC" means the Securities and Futures Commission.

"SEHK" means the Stock Exchange of Hong Kong Limited.

"SSE" means Shanghai Stock Exchange.

"SZSE" means Shenzhen Stock Exchange.

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

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

Risk Disclosure

Limit Orders

The Client shall ensure that all instructions given by him to buy or sell China Connect Securities shall be "Limit Orders" either to buy at a maximum specified price (or lower) or, alternatively to sell at a minimum specified price (or higher).

Odd Lot Orders

Clients are not permitted to buy Odd Lots share amounts smaller than standard Board Lots of China Connect Securities and such orders will be refused at Lippo Securities Limited's absolute discretion. Clients' holdings of Odd Lot of China Connect Securities must be sold in their Odd Lot entirety.

No Day (Turnaround) Trading

Clients shall not give instructions to sell any China Connect Securities bought earlier on the same day unless the Client holds sufficient number of the same shares that have already settled and are held long in the account.

No Naked Short Selling

Clients are not permitted to sell shares that are not already held long in Client's account (Sell Short)

No Over The Counter ("OTC") Trades, Manual Trades or Block Trades

Clients shall not trade or otherwise transfer China Connect Securities except through the China Connect Service

Stock Borrowing and Lending

While stock borrowing and lending are permitted under the China Connect Rules, Lippo Securities Limited currently does not offer these services.

Individual Shareholding Limits

Under current PRC laws and regulations, Clients are not permitted to hold 10 per cent, or more, of the issued A Shares of a China Connect Security.

Foreign Investor Shareholding Restriction

Under current PRC laws and regulations, there are limitations on the number of shares held by individual foreign investors in a single A share as well as total foreign investors in a single A share, which are subject to change from time to time by the China Connect Authorities. Clients should refer to up-to-date information published by related authorities. Lippo Securities Limited shall not be responsible for any losses caused by Client breaching limitations and/or failing to comply with the relevant laws and regulations.

Eligible Stocks for Northbound Trading

The SEHK will make adjustments to the eligibility of any securities under China Connect; neither Lippo Securities Limited nor its employees shall have any obligation to inform Clients of such information. Clients should refer to up-to-date information provided by the HKEX. Furthermore, buying in some eligible securities may be prohibited and selling of securities may be restricted to certain circumstances. This can interfere with clients' trading strategies. Clients should refer to the SSE Risk Alert Board or the SZSE for

update information.

Margin Trading

Where Lippo Securities Limited provides margin financing to Clients for the buying of China Connect Securities, the financing will only be available on those securities that are designated eligible by the HKEX for trading on margin through the China Connect Service.

In the event that any China Connect Security is suspended from margin trading, Lippo Securities Limited may, at its sole and absolute discretion, cancel the margin facilities granted to the Client for the trading of that China Connect Security. This could result in the Client being required to put up extra funds at very short notice.

Quotas

Buying of China Connect Securities is subject to daily and aggregate quotas. When either quota is exceeded, buy orders may not be able to be executed or may be rejected by China Connect Authorities.

Aggregate Shareholding Quotas and Forced Sale Notice

The buying of China Connect Securities is subject to daily and aggregate quota limits. It may happen that Lippo Securities Limited receives a Forced Sale Notice from the SEHK. Lippo Securities Limited shall determine which of its clients shall sell what quantity of the relevant China Connect Securities sufficient to comply with any such Forced Sale Notice. Lippo Securities Limited shall, where practical, make this determination on a “last-in, first-out” basis. Where this is impracticable, Lippo Securities Limited shall exercise its sole and absolute discretion to make the determination on whatever basis it deems fair. When a Client is issued a Forced Sale Notice by Lippo Securities Limited:

- (a) Subject to sub-paragraph (b) the Client shall give to Lippo Securities Limited an instruction to sell sufficient relevant China Connect Securities in its Account to meet the Forced Sale Notice, failing this Lippo Securities Limited may sell from the Client’s account such number of the relevant China Connect Securities as may be necessary to comply with the Forced Sale Notice. The Client shall be liable for all commissions and any fees on such Forced Sale.
- (b) Where, following the receipt of a Forced Sale Notice but prior to the expiry of the specified deadline for the sale, the aggregate foreign shareholding in the relevant China Connect Securities has been reduced below the threshold which triggered the Forced Sale Notice, the Client may request that Lippo Securities Limited apply on the Client’s behalf to the SEHK for exemption from the Forced Sale Notice. To the extent that such an application succeeds, the Client shall be relieved of its obligation to sell the relevant China Connect Securities. The Client shall be liable for administrative fees in respect of the application as Lippo Securities Limited may specify.

The Client acknowledges and grants Lippo Securities Limited’s right to sell China Connect Securities hereunder is irrevocable. This right survives any termination of the Agreement. Lippo Securities Limited may refuse any instruction to transfer any relevant China Connect Securities until the Client has complied with the requirements of the Forced Sale Notice.

Lippo Securities Limited shall not be liable to the Client for any losses whatsoever, including any loss of opportunity, which the Client may suffer as a result of complying with a Forced Sale Notice. The Client shall indemnify Lippo Securities Limited for any fees and/or other expenses incurred as a result of exercising its power of Forced

Sale on behalf of the Client.

Risk associated with ChiNext Shares

Trading any A shares listed on the ChiNext Board of SZSE is of high risk as the rules and listing requirements of the ChiNext market are less stringent than those of the SZSE main board and SME board. Furthermore, it may be more common for companies listed on ChiNext Board to be delisted. Thus, ChiNext shares may be very volatile and illiquid. Clients should be aware of such risks and only make decisions to invest after thorough and careful consideration. The ChiNext board is only open to institutional professional investors initially, which may subject to change.

Eligible Investors

Only Hong Kong and Overseas Investors are allowed to conduct Northbound trading via China Connect. If a Client places an order or gives instructions regarding China Connect Securities, the Client shall undertake that:

- i. the Client is not a citizen, resident or domiciled in PRC and his authorized persons and/or agent with authority to give instructions with respect to China Connect Securities are not PRC citizens or residents;
- ii. the Client is not a legal entity incorporated or registered under PRC laws;
- iii. the Client is not a personal investment company incorporated or registered in the PRC and its authorized person and/or agents are not citizens, residents or domiciled in PRC;
- iv. the Client is not a corporate trustee incorporated or registered in the PRC and its authorized person and/or agents, and the settlor of the underlying trust are not citizens, residents or domiciled in PRC;

No responsibility for corporate actions

Lippo Securities Limited shall not be responsible for any corporate actions nor have the obligation to inform Clients of such corporate action announcements. Clients may refer to the SSE, SZSE and /or HKEX website for any corporate actions regarding China Connect Securities announced by relevant issuer. In addition, Clients engaged in Northbound trading will not be able to attend shareholder meetings. Lippo Securities Limited cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and shall not be liable for any loss or damage caused by any errors, inaccuracies, delays, omissions, actions taken or not taken.

Laws and Regulations

Clients shall have full responsibility to comply with the laws and regulations of the PRC as amended from time to time. Without limitation, the Clients acknowledge that:

- (a) **Disclosure of Shareholding** – If a Client holds or controls shares on an aggregate basis in a company which is listed on a PRC stock exchange up to a certain threshold, which may be specified by China Connect Authorities, the Client must disclose such interest within a specified time period. Clients accept that Lippo Securities Limited may refuse any instruction where it believes that the client may be prohibited under such PRC laws and regulations from buying or selling shares.
- (b) **Disclosure of Trade Information** – The China Connect Authorities may carry out investigations and may require Lippo Securities Limited to provide all Client’s Identity Information, including but not limited to personal data of

the Client, or personal data of the authorized person(s), and the ultimate beneficial owner(s), and the types and the values of Clients' orders with respect to Northbound trading of China Connect Securities. Clients accept that Lippo Securities Limited shall be entitled to satisfy any obligations by disclosing, transferring and providing the relevant personal data and information directly to China Connect Authorities.

Clients shall indemnify Lippo Securities Limited against any and all losses or expenses which Lippo Securities Limited may incur as a result of Clients failing to comply with applicable China Connect Rules and;

- (c) Clients acknowledge that, Lippo Securities Limited may refuse instructions to execute trades in China Connect Securities if, in its judgement or in the judgement of the China Connect Authorities, it is considered that the Client may breach, or have breached, applicable China Connect Rules, or may result in Lippo Securities Limited being in breach of such rules.

Securities and Money Settlement Day

Securities traded under China Connect Market system will be settled on T-day and money will be settled on T+1 day.

Record Keeping Requirement

Clients accept that Lippo Securities Limited may in accordance with applicable laws in the PRC and the requirements of the China Connect Market keep records for a period of not less than 20 years of all relevant information, including but not limited to all orders and trades executed on Clients' behalf, any instructions received from Clients and account information related to Northbound trading.

Indemnity

China Connect Market operators, the SEHK, the SSE, the SZSE, their respective subsidiaries and their respective directors, employees and agents have disclaimed any liability to Clients for any loss or damage suffered directly or indirectly by the Client arising from or in connection with the China Connect Service including without limitation in respect of the making, amending or enforcing of rules, or any action taken in the discharge of supervisory or regulatory obligations or functions including any action taken to deal with abnormal trading conduct or activities.

The SEHK or the SEHK Subsidiary (after consulting the SEHK) may under certain circumstances, which are specified in the SEHK rules, and/or whenever they deem appropriate, temporarily suspend or restrict all or part of related supporting services regarding Northbound trading of China Connect Securities. During that specified time period, Clients' orders may not be accepted or processed, despite that China Connect Securities may be traded through other channels including but not limited to SSE or SZSE.

Lippo Securities Limited shall not be responsible for any delay or failure caused by the China Connect Market System or held liable for any loss or damage directly or indirectly suffered by Clients in connection with the China Connect Service under certain circumstances, including, without limitation, the following:

- a) suspension, restriction or cessation of the China Connect Service, or any inability to access or use the China Connect Service;
- b) any special arrangement put in place or any actions taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all China Connect orders inputted;

- c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on SSE and/or SZSE or through the 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, or any delay or failure to send any order cancellation requests or to provide the China Connect Service, due to any system, communication or connection failure, power outage, software or hardware malfunction or other event beyond the control of the SEHK, Lippo Securities Limited;
- f) any circumstance that a cancellation of a China Connect order which Clients have 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 and/or Lippo Securities Limited is reliant in providing the China Connect Service;
- h) any delay or failure to execute, or any error in matching or executing any, China Connect order due to any reason beyond the control of the SEHK, HKEX or the SEHK Subsidiary or Lippo Securities Limited (including but not limited to any action or decision taken or made, or not taken or made, by SSE, SZSE, any China Connect Authority or any other relevant governmental or regulatory body or institution Lippo Securities Limited is reliant upon.)

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

Market Availability

The China Connect Service may be closed to trading or otherwise unavailable whilst China Connect Market(s) are open for trading. Similarly, certain China Connect Securities may be suspended from trading or otherwise unavailable for trading through the China Connect Service whilst those China Connect Securities may continue to trade on China Connect Market(s) or whilst securities, such as H shares corresponding to those China Connect Securities continue to trade on the SEHK. The Client may suffer a loss as result of being unable to sell securities through the China Connect Service where those securities continue to trade on the China Connect Market(s) or the SEHK and the prices of those securities are declining.

Suspension of Trading

All trading in particular China Connect Securities can be suspended as specified in the SEHK rule or whenever the SEHK or the SEHK subsidiary deem appropriate.

The buying of certain China Connect Securities through the China Connect Service may occasionally be restricted for a variety of reasons. Clients may suffer losses when buying is so restricted and serious drops in liquidity occur.

Price Limit

China Connect Securities are subject to a general price limit of $\pm 10\%$ based on the previous Trading Day's closing price (and a price limit

of ±5% where the China Connect Securities are on risk alert). The price limit may be changed from time to time. All orders of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit will be rejected by SSE and/or SZSE.

Differences in public holidays

Trading is limited to days when both Hong Kong and PRC exchanges and banks are open.

Currency Risk

Clients are subject to the risk of fluctuations in the exchange rates of the Renminbi Versus the Hong Kong dollars. In addition, the liquidity and performance of an investment, payment of dividends for foreign investors in China Connect Securities may be affected by the PRC law and regulations due to limitation on remittance or repatriation of funds.

Voting Rights

Clients can only exercise their rights (such as collecting dividends and voting) in China Connect Securities held by them with Lippo Securities Limited through HKSCC. Clients may be unable to attend shareholder meetings of such securities because multiple proxies are not available in the PRC markets. This may prevent clients from protecting their interests as they will not be able to vote individually. The subscription period for rights issue in China Connect Securities and other overseas securities may be too short for Lippo Securities Limited to obtain and pass on Clients' subscription instructions. Clients' holdings may thus be diluted if they are unable to subscribe to a rights issue.

Registration of Ownership

China Connect Securities are recorded in an omnibus account maintained by China Clear for HKSCC as nominee for the account of Clearing Participants.

They are not registered in individual clients' names Although Hong Kong law recognizes the proprietary interest of the Client in China Connect Securities held by him, the laws of the PRC may not recognize such an interest. HKSCC does not guarantee the title to any China Connect Securities held through it and has no obligation to attempt to enforce any rights in China Connect Securities on behalf of any person. Physical deposit or withdrawal of China Connect Securities is not an option. Clients may suffer a loss in the event of HKSCC's insolvency as, without any proprietary interest in favor of individual Clients, the China Connect Securities held by them may be regarded as general assets of HKSCC available to satisfy the HKSCC's indebtedness and the Client may have no more than a claim, through us, as an unsecured creditor.

Insolvency of China Clear

In the event of the insolvency of China Clear, and any possible shortfall in the number of China Connect Securities held for HKSCC, HKSCC will distribute China Connect Securities recovered following default to Clearing Participants on a pro rata basis. Clients may suffer a loss as they may not receive the full number of China Connect Securities which they are owed. The HKSCC Guarantee Fund will not be used to cover any loss arising from such a shortfall.

Circuit Breaker

The China Connect Rules include a "Circuit Breaker" mechanism that may be imposed or activated by the SSE or SZSE at their discretion. Client should pay attention to the SSE and SZSE announcements for information regarding the activation of such "Circuit Breakers". Neither Lippo Securities Limited nor employees of Lippo Securities Limited shall have any obligation to inform clients of the activation of such "Circuit Breakers".

Temporary Tax exemption

Clients currently enjoy a temporary exemption from PRC income tax and PRC business tax when trading China Connect Securities under China Connect. If such exemptions expire, Clients will be fully responsible for any Taxes which may be applicable in respect of China Connect Securities. In addition, Lippo Securities Limited shall be entitled in its sole discretion to satisfy any obligation to pay any amount of applicable taxes for transacting in China Connect Securities and debit the Clients' account.

No Investor Compensation

Holdings in China Connect Securities are not covered by the Investor Compensation Fund or the China Securities Investor Protection Fund ("CSIPF"). In the event of our insolvency Clients will have no recourse to the Investor Compensation Fund or the CSIPF.

Simplified Chinese Language

Issuers of China Connect Securities may publish corporate documents including announcements, circulars and annual reports only in Simplified Chinese. There is no official English translation. The laws and regulations of the PRC, including the applicable China Connect Rules, may be published in Simplified Chinese only with no official English translation.

※I hereby declare that I have read the risk disclosure statement and understood the risks thereof and acknowledge the receipt of the copy.

Client Name: _____

Account No: _____

Client Signature: _____
(Signature must be the same as our records)
(Please use company chop where necessary)
(All of the account holder's signatures required)

Date: _____