

CHINA CONNECT RISK DISCLOSURE STATEMENT

DATE: January 2024

This Risk Disclosure Statement describes some of the key risk disclosures and other information concerning China Connect. This Risk Disclosure Statement 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 Risk Disclosure Statement.

BofA does not represent that the information set out in this Risk Disclosure Statement is up to date or comprehensive, and does not undertake to update the information set out in this Risk Disclosure Statement. BofA is not liable for any inaccuracies, misstatements or omissions in the information set out in this Risk Disclosure Statement.

Unless otherwise defined herein, capitalised terms used in this Risk Disclosure Statement will have the meanings given to such terms in the China Connect Terms applicable to you. References to BofA in this Risk Disclosure Statement shall mean, as the context requires, the BofA broker-dealer entity that provides China Connect Services to you under the China Connect Terms, and/or Merrill Lynch Far East Limited which is a person registered as a China Connect Exchange Participant by SEHK.

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

Under PRC law, the relevant China Connect Market may reject a sell order if an investor does not have sufficient available China Connect Securities in its account. In respect of a sell order of China Connect Securities that is not an SPSA order or a Master SPSA order, 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**"). Enhanced Pre-Trade Checking applies in respect of an SPSA order or a Master SPSA order. You will comply with any requirements relating to Pre-Trade Checking or Enhanced Pre-Trade Checking, as applicable, as mandated by the China Connect Authorities and/or as notified to you by BofA from time to time. In particular:

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

(b) in relation to Enhanced Pre-Trade Checking, you will in addition ensure that you have been designated a Special Segregated Account by CCASS with a corresponding SPSA ID or a Master SPSA ID, as the case may be, there are sufficient available China Connect Securities in such Special Segregated Account(s) to settle the delivery obligations in respect of any proposed SPSA order or Master SPSA order, as the case may be, and that the China Connect Securities that are the subject of an SPSA order or a Master SPSA order, as the case may be, will be delivered to BofA or to BofA's order and to the account specified by BofA no later than the cut-off time for delivery as may be specified by BofA from time to time or, if earlier, as may be specified by any relevant China Connect Authority, on the settlement day specified by BofA and in compliance with any other requirements for settlement which may be specified by BofA to you or your agent for settlement from time to time.

(A) In respect of any sell order that is not an SPSA order or a Master SPSA order, if BofA 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 BofA from time to time) transferred sufficient available China Connect Securities to the Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order; or

(B) In respect of any sell order that is an SPSA order or a Master SPSA order, if BofA considers that:

(1) you do 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 BofA from time to time) hold sufficient available China Connect Securities in a relevant Special Segregated Account (or, in the case of a Master SPSA order, the Mapped Special Segregated Accounts) to cover a proposed SPSA order or Master SPSA order; and/or

(2) the required number of China Connect Securities will not be delivered from the Special Segregated Account (or, in the case of a Master SPSA order, the Mapped Special Segregated Accounts) as required by BofA on a settlement day to fulfil an SPSA order or a Master SPSA order,

BofA may, as applicable, (but shall not be obliged to) in its sole and absolute discretion:

- (i) reject your sell order (in whole or in part);
- (ii) where appropriate arrangements are in place and as permitted by Applicable China Connect Laws, use any China Connect

Securities in the Exchange Participant's (or any other exchange participant's) designated CCASS stock account(s) which BofA 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 BofA for any costs, losses or expenses which BofA incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which you have failed to deliver in respect of your sell order, on such terms and at such price (including any associated fees and expenses) and at such time as BofA shall determine in its sole and absolute discretion; and/or

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

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

2. Pre-allocation Instructions

It shall be your responsibility to ensure the accuracy and completeness of any pre-allocation instructions which you provide to BofA. None of BofA and any Related Persons shall be responsible for reviewing or validating any such pre-allocation instructions. Neither BofA nor any Related Person shall have any liability for any risk, liability, loss, cost or expense resulting from any inaccuracy or omission of any such pre-allocation instructions.

3. SPSA Orders and Master SPSA Orders – Delivery Versus Payment

Notwithstanding that a delivery versus payment mechanism may be offered by SEHK or CCASS for SPSA orders and Master SPSA orders, funds may be credited by the relevant clearing bank to your account only with the custodian or settlement agent, as applicable, in accordance with the CCASS rules and procedures. Any risk, liability, loss, cost or expense resulting from this mechanism is borne by you.

4. 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. Unless BofA agrees to prefund orders, settlement of funds relating to such trading will be effected on T+1 day.

5. Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls as described below. As a result, there is no assurance that a buy order can be successfully placed through China Connect. There is a daily quota limiting the maximum net value of all Northbound buy trades that can be executed by Exchange Participants on each Trading Day (the "**Daily Quota**"). 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. If there is a restriction, rejection or suspension of Northbound buying as a result of the Daily Quota being fully utilised on a Trading Day, BofA will be unable to execute any further buy orders during that Trading Day.

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.

6. Restriction on Day Trading

Unless the SEHK otherwise determines, day (turnaround) trading is not permitted on the PRC A Share market. If you buy China Connect Securities on T day, you may be able to sell such bought shares only on or after T+1 day. Due to Pre-Trade Checking requirements, BofA 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 BofA from time to time) on T+1 day.

7. Disclosure of Interests

Holding or controlling shares in a PRC incorporated company which is listed on a China Connect Market (a "**PRC Listco**") and/or the SEHK over a certain threshold or reducing such position below a certain threshold may trigger disclosure of interest requirements under PRC laws and/or Hong Kong laws. It shall be your responsibility to fully

understand and comply with any disclosure of interest rules or dealing restrictions from time to time imposed by the relevant China Connect Authorities and arrange for any relevant filings.

8. Short Swing Profit Rule

Under PRC laws, rules and regulations, the "short swing profit rule" requires you to give up / return any profits made from purchases and sales in respect of China Connect Securities of a particular PRC Listco if (a) your shareholding in such PRC Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within six months after a purchase transaction, or *vice versa*. Penalties may also be imposed by China Connect Authorities if there is a breach of the "short swing profit rule". You (and you alone) must comply with the "short swing profit rule".

9. Foreign Ownership Limits

Under PRC laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound Trading, 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. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of an investment in China Connect Securities due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As a result, you may suffer losses through your trading or investment in China Connect Securities.

If BofA becomes aware that you have breached any foreign ownership limits, or if BofA is so required by any China Connect Authority, including, without limitation, as a result of any Forced-sale Notice issued by the relevant China Connect Market, BofA will sell the relevant China Connect Securities pursuant to Clause 6 (*Sale, Transfer and Disgorgement*) of the China Connect Terms in order to ensure compliance with all Applicable China Connect Laws. SEHK may determine in its absolute discretion which exchange participants and what quantity of China Connect Securities should be subject to a Forced-sale Notice (this is generally likely to be on a "last-in, first-out" basis), and SEHK's (or SEHK Subsidiary's) own records shall be final and conclusive.

Where aggregate foreign ownership limit has been breached, no China Connect Securities buy orders for the relevant China Connect Securities will be accepted until the relevant China Connect Market informs the SEHK Subsidiary or SEHK that the aggregate foreign shareholding has fallen below a certain percentage.

Moreover, under PRC laws, where the aggregate holding of foreign investors exceeds a specified percentage (the "**Cautionary Level**") of the issued shares of a PRC Listco, upon notification by the relevant China Connect Market 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, BofA will reject your buy orders until the aggregate shareholding of foreign investors has fallen below a specified percentage (the "**Permitted Level**") as advised by the relevant China Connect Market from time to time.

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

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

10. China Connect Market - Listed Shares Eligible for Northbound Trading

SEHK will include and exclude securities as China Connect Securities eligible for Northbound trading based on the criteria prescribed by the China Connect Authorities. BofA 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 applicable China Connect Market Listing Rules, if any China Connect Market-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interests to undue damage, the China Connect Market-listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. Under current rules, if a China Connect Security which is eligible for Northbound trading is subsequently moved to the risk alert board, investors under China Connect will be allowed only to sell the relevant China Connect Security

and are prohibited from further buying. For details concerning the risk alert board, please refer to the relevant China Connect Market Listing Rules and the relevant China Connect Market Risk Alert Board Provisional Trading Arrangement and any other relevant sources from time to time.

11. 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 the relevant China Connect Market). In addition, any securities or options (which are not 'eligible for China Connect trading') 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 be able only to sell, but not to buy, any Special China Connect Securities.

12. No Off-exchange Trading and Transfers

Unless otherwise provided by a relevant China Connect Authority, you shall not trade, and BofA shall not trade or provide services to facilitate trading of, any China Connect Securities otherwise than through the China Connect Market System, and BofA 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 for stock borrowing and lending of China Connect Securities subject to the conditions and restrictions prescribed by the China Connect Authorities from time to time, post-trade allocation of China Connect Securities by a fund manager or an asset manager across the funds and/or sub-funds or clients it manages, or other situations specified by the relevant China Connect Market and CSDCC including succession, dissolution or liquidation of any company, donation to a charitable foundation or assisting in any law enforcement action or court proceedings.

13. Placing Orders

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

14. China Connect Market Price Limits

China Connect Securities are subject to a general price limit of $\pm 10\%$ based on the previous Trading Day's closing price (and a price limit of $\pm 5\%$ where the China Connect Securities are on risk alert). The price limit may be changed from time to time and a different price limit may apply to certain specified China Connect Securities as announced by the relevant China Connect Authority. All orders in respect of China Connect Securities must be within the relevant price limit. Any orders with a price beyond the price limit will be rejected by the relevant China Connect Market.

15. Taxation

The trading of China Connect Securities on SSE and SZSE under China Connect currently enjoys a temporary exemption from PRC 'income' tax and PRC business tax. It is uncertain when such exemptions will expire and whether PRC capital gains tax and/or other PRC taxes will be applicable to trading of China Connect Securities under China Connect. Dividends derived from China Connect Securities are subject to PRC withholding tax. PRC stamp duty is also payable for transactions in China Connect Securities under China Connect. 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 you will indemnify BofA from and against all Hong Kong and/or PRC Taxes which BofA may incur or be subject to arising in connection with any China Connect Securities which you hold, trade or otherwise deal in. 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.

16. Client Securities Rules

By way of brief background, the Client Securities Rules prescribe how client assets are to be dealt with by all intermediaries and their associated entities. Although the China Connect Securities traded through China Connect are not listed or traded on the SEHK, you will nevertheless have protection under the Client Securities Rules to the extent required by Applicable China Connect Laws.

17. Ownership of China Connect Securities

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

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

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

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

Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with CSDCC and Northbound investors have rights and interests in China Connect Securities acquired through China Connect according to the Applicable Laws. The CSRC Securities Registration and Settlement Measures, CSDCC Securities Registration Rules, CSDCC Administrative Rules on Securities Accounts, CSDCC China Connect Rules and the relevant China Connect Market Rules generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of China Connect Securities. The nature and rights of a Northbound investor as the beneficial owner of China Connect Securities through HKSCC as nominee has been clarified by the CSRC which has set out that Northbound investors, as the "ultimate owners", shall hold China Connect Securities through HKSCC and are entitled to proprietary interest in such securities as shareholders.

Northbound investors shall generally exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for complying with disclosure obligations and relevant foreign ownership limits under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading. You should note that, under the CCASS China Connect Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of China Connect Securities in the PRC or elsewhere.

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. You should ensure you read and understand all relevant materials published by the HKEx from time to time including, without limitation, any China Connect FAQ for Investors. BofA 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 make your own investigation and assessment of the ownership rights of Northbound investors in China Connect Securities, including without limitation, in respect of applicable Hong Kong and PRC laws, after consulting with your legal advisers.

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 5 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 CSRC. If CSDCC (as the host central counterparty) defaults, HKSCC may (but shall have no obligation to) take any legal action 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 of 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. BofA in turn will be distributing the China Connect Securities and/or monies only to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by CSDCC is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

21. Risk of HKSCC Default

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

22. Average Pricing across Funds for Fund Managers

Where you act as (i) a fund manager (on behalf of more than one fund) or (ii) an asset manager (on behalf of more than one client), and you pre-allocate China Connect orders across such funds or clients which you manage, BofA may offer Average Pricing for such orders notwithstanding such orders may be executed at different times during the same Trading Day. Where Average Pricing applies, each fund or client will be allocated China Connect Securities (or their proceeds) at the same averaged price, which may be higher or lower than the price which such fund or client would have paid or received had the orders been processed individually and in the order submitted directly or indirectly to BofA. BofA will not be responsible for any such difference in pricing or any loss or risk arising from the application of Average Pricing.

23. Disclosure of Information and Publication of Trade Information

SEHK may require BofA 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 BofA 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.

24. Client Error

Neither BofA 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. BofA will not be able to unwind any trade or send in client's order cancellation requests in case of contingency such as when SEHK loses all its communication lines with the relevant China Connect Market, in which case investors shall bear the settlement obligations if the orders are matched and executed. Investors should also take note of the settlement arrangements in respect of China Connect Securities under China Connect, the pre-trade checking requirement and the restriction on day (turnaround) trading which may affect the investor's ability to mitigate the consequences of its own error trades.

Although off-exchange transfers may be permitted between exchange participants and their clients to rectify error trade in limited circumstances, there is a lack of clarity as to the circumstances in which such transfers may be permitted. Also, SEHK has the power to disallow a particular exchange participant to conduct Non-trade Transfers for error trade rectification if SEHK has reasonable cause to suspect or to believe that the exchange participant may abuse or may have abused such rectification arrangements, or may have used such rectification arrangements to circumvent the prohibition against off-exchange trades or transfers. BofA shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so.

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

SEHK or the relevant 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 of China Connect Securities is suspended by SEHK, trading of such China Connect Securities may continue on the relevant China Connect Market. You may remain exposed to fluctuations in the price of China Connect Securities caused by trading on the relevant China Connect Market during the period when trading of such China Connect Securities is suspended by SEHK.

Moreover, SEHK or the relevant 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 BofA'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 relevant China Connect Market.

In addition, BofA provides trading services based on the China Connect Market System which is operated by the relevant China Connect Market. BofA is not responsible for any suspension, delay, restriction, interruption, failure or cessation of trading / order-routing or any error caused by the China Connect Market System or the China Connect Service, and investors accept all risks arising from trading China Connect Securities through the China Connect Market System or the China Connect Service.

26. 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, due to operational needs, inclement weather, under emergency situation or otherwise. BofA 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 the China Connect Service is not in operation, the A Shares of the PRC Listco may continue to trade on the relevant China Connect Market and the price of such A Shares may move significantly. In such case, Northbound investors will not be able to trade in such shares until the next available Trading Day under China Connect.

27. Short Selling

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

- (a) Short Selling orders; or
- (b) Uptick Long Sale orders.

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

- (i) any order that you place with BofA in relation to China Connect Securities is not, and will not be, a Short Selling order or an Uptick Long Sale order; and
- (ii) you will immediately inform BofA if this representation is not correct or has become misleading, or you have not complied, or will not comply, with any of your obligations under the China Connect Terms.

You should note that naked Short Selling is prohibited for Northbound trading. Covered Short Selling of China Connect Securities is permitted subject to certain requirements in the China Connect Rules. However, BofA will not facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale, until such time as BofA notifies you otherwise.

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

28. 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 an 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 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 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 issuers. There can be no assurance that any dividends or distributions in respect of China Connect Securities will be declared or paid.

Liquidity risks

Although China Connect Securities are listed for trading on the relevant China Connect Market and available for trading through the SEHK by China Connect, there can be no assurance that an active trading market for China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect 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 liquidity of RMB for investors and accordingly adversely affect the market demand for China Connect Securities.

29. Risks associated with investing in ChiNext Securities

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

Differences in regulations

The objective of ChiNext is to promote the development of innovative enterprises and other growing start-ups. Accordingly, the rules and regulations regarding securities on ChiNext are less stringent in terms of profitability and share capital than those in respect of the SZSE Main Board Market or the SZSE SME Board Market. For example, companies listed on ChiNext are not required to continuously make profit in the three accounting years preceding their initial public offering ("IPO"), they may therefore not be profitable or they may have cumulative uncovered losses at the time of IPO. It is possible that companies listed on ChiNext may fail to make profits, continue suffering losses or not distribute profits after listing. In addition, ChiNext Securities are subject to different trading rules from those applicable to shares on the SZSE Main Board Market or the SZSE SME Board Market. You should fully consider and understand the relevant rules applicable to ChiNext Securities and carefully review any future issuance of, and amendments or supplements to, the rules and regulations applicable to ChiNext from time to time.

Emerging nature of ChiNext companies

Companies listed on ChiNext usually (i) rely significantly on new technology, new business model, new industry and adopt asset-light structure, (ii) demand rapid development of technologies and upgrade of industry; (iii) adopt business model that can be easily replicated and (iv) are subject to high fluctuation in business performance. Therefore, the sustainability of the company's innovation capability, profitability and resistance to risks remains uncertain following listing on ChiNext.

Delisting risk

The rules and regulations for companies to remain listed on ChiNext are stricter than those listed on the SZSE Main Board Market or the SZSE SME Board Market. There are also more delisting triggers, such as where the market value fails to meet applicable requirements, or the information disclosure or other aspects of a company's operations are subject to material non-compliance. In addition, the rules and regulations of ChiNext are implemented in a stricter manner. For instance, in the event that a company listed on ChiNext is unable to continue to operate, or solely relies on trading activities irrelevant to its core business or on transactions with affiliated entities without commercial substance, delisting might be triggered.

Restrictions on voting rights

The voting rights attached to different classes of shares of a company listed on ChiNext may be different, so that the control of the company may be more concentrated. Compared with shareholders holding shares with special voting rights, the influence of investors holding ordinary shares may be restricted. The relevant ChiNext listing rules and the articles of association of a company listed on ChiNext may set forth scenarios where shares with special voting rights will be converted to ordinary shares on a 1:1 basis and such conversion may take place with immediate effect upon the occurrence of such scenarios. Investors should monitor announcements of companies listed on ChiNext in order to be aware of any changes to the shares of those companies with special voting rights.

Higher risk of price fluctuation

After implementation of the registration mechanism, wider price limits apply in the auction trading system of ChiNext. In particular, ChiNext Securities are not subject to any price limits during the initial five trading days upon IPO, and subsequently a daily limit of 20% upward or downward fluctuation in share price from the previous closing price will apply. In addition, unlike shares on SZSE Main Board Market or the SZSE SME Board Market, ChiNext Securities can be used for margin financing and securities lending from the first trading day. Investors should understand and monitor the related risks.

Risks associated with shares or depository receipts ("DRs") of Red-chip Companies

A company, which is incorporated outside the PRC and conducts its principal business activities inside the PRC and has a substantial portion of its shareholding held or controlled directly or indirectly by Chinese entities or individuals (a "Red-chip Company"), is allowed to issue shares or DRs on ChiNext. DRs are issued by depositaries and are offered within the PRC with overseas securities as the underlying assets.

DRs represent the equity interest of such overseas securities. A holder of the DRs of a Red-chip Company does not have any proprietary interests in, and does not directly hold, the relevant underlying overseas securities, although the rights and interests of such DR holder are basically equivalent to those of a foreign shareholder of the underlying overseas securities. You should note and understand the relevant rules applicable to, and the risks associated with, Red-chip Company shares and/or DRs

30. Risks associated with investing in STAR Market Securities

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

Differences in regulations

The objective of the STAR Market is to promote the development of companies with innovative science and technology. Accordingly, the rules and regulations regarding companies listed on the STAR Market are less stringent in terms of profitability and share capital than those of the SSE Main Board. For example, companies listed on the STAR Market are not required to continuously make profit in the three accounting years preceding their IPO, they may therefore not be profitable or they may have cumulative uncovered losses at the time of IPO. It is possible that companies listed on the STAR Market may fail to make profits, continue suffering losses or not distribute profits after listing. In addition, STAR Market Securities are subject to different trading rules from those applicable to shares on the SSE Main Board. You should fully consider and understand the relevant rules applicable to the STAR Market Securities and carefully review any future issuance of, and amendments or supplements to, the rules and regulations applicable to the STAR Market from time to time.

Innovating nature of the companies listed on the STAR Market

Companies listed on the STAR Market are usually from industries that (i) require extensive investment in research and development, (ii) require an extended time period before becoming profitable, (iii) demand the use of the most advanced technologies, and (iv) rely significantly on core projects, key experts as well as a limited number of suppliers. Therefore, the sustainability of the company's innovation capability, business development and profitability remains uncertain following listing on the STAR Market.

Delisting risk

The rules and regulations for companies to remain listed on the STAR Market are stricter, and it generally requires less time to delist a company listed on the STAR Market, than those listed on the SSE Main Board. There are also more delisting triggers, such as where the increase in market value fails to meet applicable requirements, or the information disclosure or other aspects of a company's operations are subject to material non-compliance. In addition, the rules and regulations of the STAR Market are implemented in a stricter manner. For instance, in the event that a company listed on the STAR Market is unable to continue to operate, or solely relies on trading activities irrelevant to its core business or on transactions with affiliated entities without commercial substance, delisting might be triggered.

Restrictions on voting rights

The voting rights attached to different classes of shares of a company listed on the STAR Market may be different, so that the control of the company may be more concentrated. Compared with shareholders holding shares with special voting rights, the influence of investors holding ordinary shares may be restricted. The relevant STAR Market listing rules and the articles of association of a company listed on the STAR Market may set forth scenarios where shares with special voting rights will be converted to ordinary shares on a 1:1 basis and such conversion may take place with immediate effect upon the occurrence of such scenarios. Investors should monitor announcements of companies listed on the STAR Market in order to be aware of any changes to the shares of those companies with special voting rights.

Higher risk of price fluctuation

Wider price limits apply in the auction trading system of the STAR Market. In particular, STAR Market Securities are not subject to any price limits during the initial five trading days upon IPO, and subsequently a daily limit of 20% upward or downward fluctuation in share price from the previous closing price will apply. In addition, unlike the SSE Main Board shares, STAR Market Securities can be used for margin financing and securities lending from the first trading day. Investors should understand and monitor the related risks.

Risks associated with shares or DRs of Red-chip Companies

Red-chip Company is allowed to issue shares or DRs on the STAR Market. DRs are issued by depositaries and are offered within the PRC with overseas securities as the underlying assets. DRs represent the equity interest of such overseas securities. A holder of the DRs of a Red-chip Company does not have any proprietary interests in, and does not directly hold, the relevant underlying overseas securities, although the rights and interests of such DR holder are basically equivalent to those of a foreign shareholder of the underlying overseas

securities. You should note and understand the relevant rules applicable to, and the risks associated with, Red-chip Company shares and/or DRs.

31. Risks in relation to Trading ETFs

You should be aware that ETFs traded on SSE and SZSE on China Connect Market and their shares may, at times, trade at a premium or discount to their net asset values. An ETF may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including (without limitation) transaction costs incurred by the ETF, the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting or number of instruments held by the ETF. An ETF may also experience price fluctuations, unreasonable discount/premium rates or tracking errors due to, among others, substantial share price fluctuation, lack of liquidity, influence from OTC structured products and/or abnormal situations with respect to the constituent securities of the index tracked by such ETF.

Differences in Regulations

Trading rules applicable to ETFs traded on the relevant China Connect Market differ from those applicable to the shares traded on the SSE Main Board, the SZSE Main Board Market or the SZSE SME Board Market in terms of, for example, spread, daily price limit, and that there will be no delisting arrangement period for ETFs eligible for Northbound trading (i.e., if an eligible ETF is delisted from SSE or SZSE, it will be excluded as China Connect Securities and removed from the eligible list from the date when such ETF is delisted and no further buy or sell orders will be accepted). You should fully consider and understand the relevant rules applicable to the ETFs and carefully review any future issuance of, and amendments or supplements to, the rules and regulations applicable to the ETFs from time to time. You should also note that rules applicable to ETFs listed on SSE/SZSE differ from those applicable to ETFs listed in Hong Kong or other market in a number of aspects, including but not limited to (i) delisting, (ii) change of fund manager, and (iii) liquidation and cancellation of fund units. You should fully consider and understand the relevant rules applicable to the ETFs listed on SSE/SZSE.

Ineligibility Event

You should note that eligible ETFs that subsequently meet certain criteria upon regular review will be designated as sell-only securities and restrictions will be placed on buying. The full list of China Connect Securities eligible for Northbound trading, including A Shares and ETFs, is available on the HKEX website, which will be reviewed and updated from time to time.

Market Risk

ETFs are designed to track the performance of certain indices, market sectors, or groups of assets such as stocks. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. You must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

Tracking Errors

Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager's replication strategy (the common replication strategies include full replication/representative sampling and synthetic replication).

Trading at Discount or Premium

An ETF may be traded at a discount or premium to its net asset value. This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

No Primary Market Activities Allowed

China Connect only encompasses secondary market trading. Primary market activities, such as initial public offering of China Connect Securities and ETF subscription and redemption, are not supported.

Delay in Dividends Payment or Income Distribution

As HKSCC needs to carry out currency conversion, clearing and/or distribution with respect to RMB dividends received from CSDCC, there may be a delay in your receipt of the dividends or income distribution over the China Connect Securities (including ETFs).

32. Risks in relation to A Share Odd Lot Trading

You should be aware that buy orders involving odd lots are not allowed for Northbound trading under China Connect. A sale of A Share odd lots is allowed provided that the sell order relates to the sale of all, and not part, of the odd lots held in respect of an A Share under China Connect. Provided that you trade A Shares through multiple trading accounts and hold odd lot shares of the same A Share in different accounts at the same time, you should place a sell order for all the odd lot shares of the same A Share held in each trading account in one go.

If the relevant A Shares held by you are under the custody of BofA and/or its affiliates, BofA will carry out proper checking before the execution of such sell order to ensure that the odd lot to be sold is the total number of odd lot shares of the same A Share held by you under the custody of BofA and/or its affiliates. Your failure to comply with the requirement in this regard may render your odd lot sell orders be rejected by BofA. Neither BofA nor any Related Person shall have any liability for any risk, liability, loss, cost or expense resulting from such rejection.

If the relevant A Shares held by you are not under the custody of BofA and/or its affiliates, BofA is not obliged to ensure the odd lot sell order submitted by you includes all the odd lot shares of the same A Share held by you before submitting your sell order. However, it is your sole responsibility to observe and comply with the relevant rules regarding odd lot trading (including without limitation the requirement as noted in this Risk Disclosure Statement). Any risk, liability, loss, cost or expense resulting from non-compliance with the odd lot trading requirement shall be borne by you.