

Wealth Management Connect (WMC) FAQ

General:

Q1 Q: What is Wealth Management Connect?

Ans: The Wealth Management Connect (“WMC”) refers to a scheme where eligible residents in the Mainland cities in the GBA and Hong Kong, through a closed-loop funds flow channel established between the banking systems of the two jurisdictions, invest in wealth management products distributed by banks in each other’s market.

The WMC consists of the Southbound Scheme and the Northbound Scheme. The Southbound Scheme refers to eligible residents in the Mainland cities in the GBA investing in wealth management products distributed by banks in Hong Kong (“Hong Kong banks”) via designated channels. Banks in the Mainland cities in the GBA (“Mainland banks”) undertake the cross-boundary funds remittance and transfer, and Hong Kong banks undertake the distribution of eligible wealth management products in Hong Kong. The Northbound Scheme refers to eligible residents in Hong Kong investing in wealth management products distributed by Mainland banks via designated channels. Hong Kong banks undertake the cross-boundary funds remittance and transfer, and Mainland banks undertake the distribution of wealth management products on the Mainland.

The WMC Mainland Partner Bank of the Bank is the China CITIC Bank (CNCB).

Southbound Scheme:

Q2 Q: Am I eligible to apply for the Southbound Scheme?

Ans: Investors participating in the Southbound Scheme should comply with the criteria set out by the Mainland regulatory authorities, including:

1. Aged 18
2. i) have a household registered in any of the 9 mainland GBA cities or you are a resident who has paid social security or personal income tax for 5 consecutive years in any of the GBA cities (Guangzhou, Shenzhen, Dongguan, Zhongshan, Zhuhai, Foshan, Jiangmen, Zhaoqing and Huizhou)
3. i) have at least 2 years of investment experience and
ii) at the end of each month over the past 3 months, held financial net assets of no less than RMB1 million; and household financial assets of no less than RMB2 million

Southbound Scheme investors should invest in their personal capacity, but not as joint-name or corporate customers, and not authorize a third party to operate the account. CNCB are responsible for verifying the abovementioned eligibility of the Mainland investors for participating in the Southbound Scheme, the Bank requires the confirmation of the eligibility of investor from CNCB. The Bank should regard an investor eligible as a Southbound Scheme customer only after receiving the confirmation of the investor's eligibility from CNCB and assessing the investor as not being a vulnerable customer ("VC").

Q3 Q: How to open the Bank's Southbound Scheme Account?

Ans: You need to open or possess a valid CNCB's Saving Account (Type I) as a dedicated remittance account. You may open the account by attestation or in person.

If you choose to open the account by attestation, you need to visit the designated CNCB's branches in Mainland (Please refer to the CNCB Mobile App or contact CNCB's hotline at +86 10 84518858 for the designated branches) with the account opening document listed below, and fill-in and sign the application form for opening the CNCB account and the Bank's Southbound Scheme Account under the witness of designated staff.

- A valid proof of identity (i) People's Republic of China Resident Identity Card and ii) Exit-Entry Permit for Travelling to and from Hong Kong and Macao or Passport) and
- Residential Address Proof (Letters or statements issued by government authorities or public utilities companies in the last 3 months stating the customer's name and address) and
- A proof of 2 years of investment experience and
- A proof of household financial assets or a proof of financial net assets
- A household registered in any of the 9 mainland GBA cities or you are a resident who has paid social security or personal income tax for 5 consecutive years in any of the GBA cities

If you choose to open the account in person, you need to apply the Southbound Scheme Account via the function of "Wealth Management Connect" in the 「全球簽」小程序 of the CNCB or the designated channel of CNCB. When the eligibility of participating the Southbound Scheme is confirmed, you can bring along the necessary documents and visit the CNCBI branches for account opening at the reserved date (Please click [here](#) to enquire the branch addresses)

Q4 Q: It is a prevailing requirement that Mainland residents should possess a valid 3-month visa for opening a Hong Kong account. Are Hong Kong banks required to comply with such requirement when opening a Southbound Scheme dedicated investment account for Mainland residents?

Ans: The relevant visa requirement is not applicable to opening Southbound Scheme dedicated investment accounts in Hong Kong.

Q5 Q: What are the eligible wealth management products for the Southbound Scheme account?

Ans: The eligible wealth management products includes investment products and deposits.

The investments products are the funds and bonds which are assessed as “low” risk to “medium” risk and “non-complex”; deposits include Hong Kong Dollars, RMB and other foreign currencies (exclude structured deposits)

Investment Funds

- Funds domiciled in Hong Kong and authorized by the Securities and Futures Commission (“SFC”)
- Wide fund range including bond funds, balanced funds and money market funds
- Achieving asset allocation and risk diversification objective
- Minimum Investment Amount: HK\$20,000

Bonds

- Allows you to enjoy a regular or fixed return
- Longer term investment with different maturity to suit your needs
- Extensive choices of global government and corporate bonds
- Minimum Investment Amount: HK\$500,000

Deposits

- Choice of Hong Kong Dollars, RMB and other foreign currencies (USD, AUD, CAD, EUR, SGD, CHF, GBP, JPY and NZD)
- Flexible deposit tenors and currencies to suit your needs

Q6 Q: What are the service fees and charges for the Southbound Scheme Account?

Ans: Please refer to the Products Service Fees & Charges for the account related Fees & Charges.

Investment Funds: The transaction fee for different funds (Redemption/Switching Fee) may be different. Please refer to the Investment Products Service Fees & Charges and the offering documents of fund for details.

Bonds: Please refer to the Investment Products Service Fees & Charges and the offering documents of the bond for details.

Q7 Q: Can I operate the Southbound Scheme Account via the e-Banking Service?

Ans: You may check the account balance, perform fund transfer within the Southbound Scheme Accounts, perform currencies exchange, set up time deposit, invest in designated investment funds, remit to the paired dedicated remittance account and check e-Statement via the “Wealth Management Connect” Services on inMotion.

Q8 Q: How can I deposit and withdraw funds upon successful opening of the Southbound Scheme Account with the Bank? Is there any daily transaction limit?

Ans: Upon completion of account opening, your dedicated remittance account in Mainland China should have been automatically paired with your Multi-currencies Statement Savings Account (Southbound WMC) with our Bank. Customer can simply submit your southbound remittance instruction via CNCB's APP. Southbound remittance is subject to the aggregate quota under the Southbound Scheme, the individual investor quota and relevant remittance transaction limit of CNCB. Under normal circumstances, if the remittance is received from the remitter bank by our Bank before cut-off time (HKT 5:15pm) on any business day, remittance funds will be credited to your Multi-currencies Statement Savings Account (Southbound WMC) on the same day. "Business day" means a day other than Saturday, Sunday and public holidays in Hong Kong.

You may withdraw funds by simply submitting northbound remittance instructions via inMotion: 'Wealth Management Connect' > 'Remittance'. Maximum outward remittance amount is subject to the "Remittance for Wealth Management Connect" daily transaction limit. You can adjust your daily transaction limit via i-banking. Remittance instructions submitted before cut-off time (HKT 2:30p.m.) on Monday to Friday (excluding public holidays in Hong Kong and Mainland China) will be processed on the same day. Instructions received after cut-off time will be processed on the next business day of Hong Kong and Mainland China. "Business day" means a day other than Saturday, Sunday and public holidays in both Hong Kong and Mainland China. Under normal circumstances, funds remitted will be credited to your dedicated remittance account in Mainland China on the same day or the next business day in both Hong Kong and Mainland China, depending on the handling of the beneficiary bank.

Q9 Q: Is there any quota limit on Southbound Scheme?

Ans: Yes. The individual investor quota for each investor under the Southbound Scheme is RMB 1 million. Individual investor quota is calculated on a net basis. The net cumulative remittance from the paired CNCB Saving Account (Type I) to the Multi-currencies Statement Savings Account under the Southbound Scheme by each investor should not, at any time, exceed the individual investor quota. Once the net cumulative remittance to the Multi-currencies Statement Savings Account exceeds the upper limit of the individual investor quota, the Bank will refuse to accept such funds.

Besides the individual investor quota, remittances from the Mainland under the Southbound Scheme is subject to an aggregate quota. The aggregate quota is calculated on a net basis. The cumulative net remittance from the Mainland under the Southbound Scheme should not, at any time, exceed the aggregate quota. When the usage of the aggregate quota under the Southbound Scheme reaches its upper limit, Hong Kong banks cannot accept inward remittance from the Mainland and can only proceed with outward remittances back to the Mainland under the Southbound Scheme. The aggregate quota is RMB 150 billion, subject to the latest announcement by the Hong Kong Monetary Authority and the People's Bank of China.

Q10 Q: When is the remaining individual investor quota updated?

Ans: The remaining individual investor is updated only when the Bank has successfully processed your outward or inward remittance instructions.

Q11 Q: Can the Bank's Southbound Scheme customers open a Southbound Scheme Account with another Hong Kong bank?

Ans: No. Each eligible investor should, at all times, open only one Southbound Scheme Account (dedicated investment account) and one dedicated remittance account (Mainland).

Q12 Q: How to close the Southbound Scheme Account?

Ans: If you need to close the Southbound Scheme Account, the wealth management product in the account shall be redeemed first, and remit all the fund back to the dedicated remittance account in Mainland. The Bank shall ensure there is no wealth management products or funds in the Southbound Scheme Account, before performing the Southbound Scheme Account closure. Customer may call our hotline or visit our branches for the Southbound Scheme Account closure. You are also reminded that before you close the dedicated remittance account in the Mainland, you should close the Southbound Scheme Account with the Bank first.

Northbound Scheme:

Q13 Q: Am I eligible to apply for the Northbound Scheme?

Ans: All Hong Kong residents who hold a Hong Kong identity card, including permanent and non-permanent residents, who are assessed by the Bank as not being a Vulnerable Customer can participate in the Northbound Scheme. Northbound Scheme investors should invest in their personal capacity, but not as joint-name or corporate customers, and not authorize a third party to operate the account.

Q14 Q: How to open the Bank's Northbound dedicated remittance account?

Ans: The customer should possess the Bank's saving account and visits our branch in person. After the customer's eligibility on the Northbound Scheme has been verified, the Bank may open a new Multi-currencies Statement Savings Account- RMB (Northbound WMC) (regardless of whether such investor already has accounts with the Bank). The Bank will confirm with CNCB that it has verified the eligibility of the investor concerned for the Northbound Scheme as well as confirmed the particulars of the investor, such as his/her dedicated remittance account number (The Multi-currencies Statement Savings Account-RMB (Northbound WMC)). Each eligible investor under the Northbound Scheme should apply to open a dedicated investment account under the Northbound Scheme with the CNCB. The customer needs to travel to the Mainland to complete the account opening procedures, please refer to the CNCB Mobile App or contact CNCB's hotline at +86 10 84518858 for details. Please note that the bank is not the representative or agent of CNCB in Hong Kong.

If the customer already possesses a valid bank account of CNCB in GBA, the customer can designate the existing account via CNCB Mobile App as the dedicated investment account under Northbound Scheme.

Q15 Q: What are the eligible wealth management products for the Northbound Scheme account?

Ans: 1. Public fixed income wealth management products and equity wealth management products being assessed with risk rating of "R1" to "R3" (excluding wealth management products for the purpose of cash management)

2. Public securities investment funds being assessed with risk rating of "R1" to "R3"

Please refer to the CNCB Mobile App or contact CNCB's hotline at +86 10 84518858 for details.

Q16 Q: What are the service fees and charges for the Northbound Scheme Account?

Ans: For fees and charges regarding the Multi-currencies Statement Savings Account- RMB (Northbound WMC), please refer to the Products Service Fees & Charges for the account related Fees & Charges.

For the bank account and the dedicated investment account of CNCB in GBA, please refer to the CNCB Mobile App or contact CNCB's hotline at +86 10 84518858 for details.

Q17 Q: Is there any quota limit on Northbound Scheme?

Ans: Yes. The individual investor quota for each investor under the Northbound Scheme is RMB 1 million. Individual investor quota is calculated on a net basis. The net cumulative remittance from Multi-currencies Statement Savings Account- RMB (Northbound WMC) to the dedicated investment account under the Northbound Scheme by each investor should not, at any time, exceed the individual investor quota. Once the net cumulative remittance from the Multi-currencies Statement Savings Account- RMB (Northbound WMC) to the dedicated investment account exceeds the upper limit of the individual investor quota, the Bank will refuse to remit such funds.

Besides the individual investor quota, remittance to the Mainland under the Northbound Scheme is subject to an aggregate quota. The aggregate quota is calculated on a net basis. The cumulative net remittance to the Mainland through the Northbound Scheme should not, at any time, exceed the aggregate quota. When the usage of the aggregate quota under the Northbound Scheme reaches its upper limit, Hong Kong banks cannot proceed with outward remittance from Hong Kong to the Mainland and can only accept inward remittance back to Hong Kong under the Northbound Scheme. The aggregate quota is RMB 150 billion, subject to the latest announcement by the Hong Kong Monetary Authority and the People's Bank of China.

Q18 Q: How can I deposit and withdraw funds upon successful opening of the Northbound Scheme Account with the Bank? Is there any daily transaction limit?

Ans: Upon completion of account opening, you may deposit RMB to your Multi-currencies Statement Savings Account – RMB (Northbound WMC). This Northbound Scheme RMB Account should have been paired with the dedicated investment account in Mainland China (it will usually take two working days for the pairing after the dedicated investment account successfully opened). Customer can simply submit northbound remittance instruction via inMotion: 'Wealth Management Connect' > "Remittance". Northbound remittance is subject to the aggregate quota under the Northbound Scheme, the individual investor quota and the "Remittance for Wealth Management Connect" daily transaction limit. You can adjust your daily transaction limit via i-banking. Remittance instructions submitted before cut-off time (HKT 2:30p.m.) on Monday to Friday (excluding public holidays in Hong Kong and Mainland China) will be processed on the same day. Instructions received after cut-off time will be processed on the next business day of Hong Kong and Mainland China. "Business day" means a day other than Saturday, Sunday and public holidays in both Hong Kong and Mainland China. Under normal circumstances, funds remitted will be credited to your dedicated investment account in Mainland China on the same day or the next business day in both Hong Kong and Mainland China, depending on the handling of the beneficiary bank.

If you would like to transfer funds from the dedicated WMC account in Mainland China to your Multi-currencies Statement Savings Account – RMB (Northbound WMC) with our Bank, you may simply submit southbound remittance instruction via CNCB's App. For details, please refer to CNCB's website. Under normal circumstances, if the remittance is received from the remitter bank by CNCBI before cut-off time (HKT 5:15pm) on any business day, remittance funds will be credited to your Multi-currencies Statement Savings Account – RMB (Northbound WMC) on the same day. "Business day" means a day other than Saturday, Sunday and public holidays in Hong Kong.

Q19 Q: When is the remaining individual investor quota updated?

Ans: The remaining individual investor is updated only when the Bank has successfully processed your outward or inward remittance instructions.

Q20 Q: Can the Bank's Northbound Scheme customers open a dedicated remittance account with another Hong Kong bank /dedicated investment account (Mainland)?

Ans: No. Each eligible investor should, at all times, open only one dedicated remittance account and one dedicated investment account (Mainland).

Q21 Q: How to close the Northbound Scheme dedicated remittance account?

Ans: You need to redeem the wealth management product in the dedicated investment account first, and remit all the fund back to the dedicated remittance account in our Bank, then raise the request to CNCB for the dedicated investment account (Mainland) closure. After closing the dedicated investment account (Mainland), you may visit the CNCBI branches to raise the request of cancelling the dedicated remittance account (Customer cannot close the dedicated remittance account before closing the dedicated investment account in the Mainland).

Risk Disclosure Statements for Investment Funds

(1) Investment Funds are not equivalent to time deposits or its substitute and provide no guarantee of return or yield on investment. (2) Investors should note that investment involves risk and past performance is not indicative of future performance. The price of the Investment Funds may go down as well as up and may become valueless. It is as likely that losses will be incurred rather than profits made as a result of investing in Investment Funds. In the worst case scenario, the value of the Investment Funds may be substantially less than your investment amount. (3) Investors should consider their own investment objectives, financial resources and relevant circumstances, and read the relevant offering document, terms and conditions and risk disclosure statement before making any investment decision. (4) Investors should carefully read the relevant fund's offering documents (including the investment policy and risk factors stated therein) in details before making any investment decision. If needed, investors should seek independent professional advice.

Risk Disclosure Statements for Bonds

(1) Investment involves risk. The prices of bonds can fluctuate, sometimes dramatically. The price of bonds may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling bonds. (2) Investing in this product is not equivalent to time deposit. This product is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong. (3) Default/ Credit risk - There is a risk that the issuer may fail to pay you the interest or principal as scheduled. In the worst case scenario, you may not be able to receive back the interest and principal if the issuer defaults on the bond. (4) Interest rate risk - When the interest rate rises, the price of a fixed rate bond will normally drop. (5) Exchange rate risk - If your bond is denominated in a foreign currency, you may face an exchange rate risk if you choose to convert payments made on bond to your home currency. (6) Liquidity risk - If you need to sell the bonds before maturity for an urgent cash-flow need or use the capital for other investments, you may not be able to do this since the liquidity of the secondary bond market could be low. If you choose to sell your bond before it matures, you may lose part or all of your investment. (7) Reinvestment risk - If you hold a callable bond, when the interest rate goes down, the issuer may redeem the bond before maturity. If this happens and you have to re-invest the proceeds, you may not be able to enjoy the same rates of return. (8) Equity risk - If your bond is "convertible" or "exchangeable", you also face equity risk associated with the stock. A fall in the stock price will usually follow by a fall in the bond price.

Risk Disclosure Statements for Foreign Currency Investment

Foreign currency investments are subject to exchange rate risk which may result in gain or loss. The fluctuation in the exchange rate of foreign currency may result in losses in the event that customer converts the foreign currency into HKD or other foreign currencies. Renminbi is not freely convertible at present. The actual conversion arrangement will depend on the restrictions prevailing at the relevant time.

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