

The Bank may provide deposit, remittance and investment services in relation to certain Eligible Wealth Management Products in the One Account and its linked Deposit Account via the Cross-Boundary Wealth Management Connect (Southbound Scheme) from time to time. By giving the Bank instructions in relation to such transactions using funds held in the One Account and its linked Deposit Account, I agree and will be deemed to have agreed to be bound by these WMC Terms and acknowledge that I have read and understood the Risk Disclosure Statements and Other Information set out in Appendix 1.

These WMC Terms amend and are supplemental to, and are without prejudice to, the Existing Terms, and constitute the Specific Terms and Conditions as referred to in the General Terms and Conditions. In the event of any inconsistency between these WMC Terms and the Existing Terms, the provisions of these WMC Terms shall prevail.

## 1. Definitions

Capitalized terms used herein (and where applicable, in Appendix 1) will have the meanings given below or otherwise in the Existing Terms.

**“Aggregate Quota”** has the meaning given in Appendix 1.

**“CIPS”** means the Cross-border Interbank Payment System established under the supervision and administration of the PBoC.

**“Client Information”** has the meaning given in Clause 4.14.

**“Closed-Loop Funds Flow”** has the meaning give in Clause 4.7.

**“Cross-Boundary Wealth Management Connect - Southbound Service Customer Declaration”** means the customer declaration made by me to the Bank on or around the same date as the opening of the One Account and its linked Deposit Account in connection with the Southbound Service.

**“Dedicated Remittance Account”** means a dedicated remittance account held under my name with the Mainland Partner Bank for the purposes of the Southbound Scheme.

**“Deposit Account”** means my designated deposit account of the Bank linked to my One Account under the Southbound Scheme.

**“Eligible Wealth Management Products”** means all eligible wealth management products under the Southbound Scheme approved under the WMC Laws and WMC Rules from time to time distributed by the Bank and **“Eligible Wealth Management Product”** shall mean any one of them.

**“Existing Terms”** means the applicable existing terms of business, client account agreements and/or other relevant notices and disclosure between me and the Bank that govern the provision of services by the Bank to me whether written or unwritten, including without limitation the General Terms and Conditions, Terms and Conditions on Remittance Service and any Specific Terms and Conditions (including any Specific Terms and Conditions governing the One Account, any Specific Terms and Conditions governing the Deposit Account and any Specific Terms and Conditions governing the i-banking Services).

**“GBA”** means the cities within the Guangdong, Hong Kong and Macau Greater Bay Area in the People’s Republic of China.

**“Guangdong”** means the Guangdong Province of the People’s Republic of China.

**“HKMA”** means the Hong Kong Monetary Authority.

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China.

**“Individual Investor Quota”** has the meaning given in Appendix 1.

**“Macau”** means the Macau Special Administrative Region of the People’s Republic of China.

**“Mainland China”** or **“Mainland”** means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan).

**“Mainland Partner Bank”** means the eligible financial institution of the Mainland China banking industry in the GBA which meets the criteria set by the WMC Authorities under Southbound Scheme

where the Dedicated Remittance Account will be opened.

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

**"Related Person"** means any of the Bank's affiliates, or any director, senior officer, employee or agent of the Bank or the Bank's affiliates.

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

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

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

**"Southbound Service"** means the deposit, remittance, investment services and/ or other related services permitted under the WMC Rules (if applicable) provided by the Bank through the relevant One Account and its linked Deposit Account, which together are designated as the one dedicated investment account under the Southbound Scheme, for and recording my transaction in the Eligible Wealth Management Products and my remittance transfers to/from the linked Deposit Account under the Southbound Scheme, respectively.

**"Southbound Scheme"** means the scheme in which eligible residents in the Mainland cities in the GBA transacting in Eligible Wealth Management Products distributed by banks in Hong Kong via designated channels under the WMC.

**"Taxes"** means all retrospective, present or future taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) Eligible Wealth Management Products, (ii) any transactions effected under these WMC Terms or (iii) me.

**"Vulnerable Customer"** has the meaning given to "VC" in Annex 1 to the circular issued by the HKMA on 25 September 2019 entitled "Investor Protection Measures in respect of Investment, Insurance and Mandatory Provident Fund Products" or any equivalent guidance issued by the HKMA from time to time.

**"Vulnerable Customer Assessment"** has the meaning given to "VC Assessment" in Annex 1 to the circular issued by the HKMA on 25 September 2019 entitled "Investor Protection Measures in respect of Investment, Insurance and Mandatory Provident Fund Products" or any equivalent guidance issued by the HKMA from time to time.

**"WMC"** means the Cross-Boundary Wealth Management Connect, a programme developed or to be developed by the WMC Authorities 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 Hong Kong and Mainland China invest in wealth management products distributed in each other's market.

**"WMC Authorities"** means the regulators which regulate WMC and activities relating to of WMC, including without limitation, the HKMA, SFC, PBoC, Monetary Authority of Macao and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of the WMC.

**"WMC Laws"** means the laws and regulations of Hong Kong and Mainland China from time to time in respect of WMC or any activities arising from WMC.

**"WMC Rules"** means any rules, policies or guidelines published or applied or implemented by any WMC Authority from time to time in respect of WMC or any activities arising from WMC.

**"WMC Terms"** means these Cross-Boundary Wealth Management Connect (Southbound Scheme) Supplemental Terms and Conditions, as may be amended, updated and/or supplemented from time to time.

## 2. Eligible Investors

2.1 Notwithstanding any provisions in the Existing Terms, I confirm, represent and undertake on a continuing basis, including without limitation on the first date that these WMC Terms are effective and on each date that I give any instruction to the Bank under these WMC Terms, that:

- (a) I have understood the relevant eligibility requirements set out by the relevant Mainland WMC Authorities and Mainland Partner Bank from time to time for my participation under the Southbound Scheme and confirm that I have complied with such criteria;
- (b) I have fulfilled the eligibility requirements required by the Bank as set out in the "Cross-

Boundary Wealth Management Connect - Southbound Service Customer Declaration”;

- (c) I am acting in my sole personal capacity and neither acting on behalf of any other person, nor in any joint capacity or on behalf of any corporate entity or body;
  - (d) I am not a Vulnerable Customer;
  - (e) I have not maintained, and will not open, any other dedicated investment accounts for the purposes of the Southbound Scheme with the Bank or any other eligible Hong Kong bank(s) which is/are financial institution(s) of the Hong Kong banking industry which meet the criteria set by the WMC Authorities under the Southbound Scheme; and
  - (f) other than the Dedicated Remittance Account, I have not maintained, and will not open, any other dedicated remittance accounts for the purposes of the Southbound Scheme with the Mainland Partner Bank or any other eligible Mainland bank(s) which is/are financial institution(s) of the Mainland banking industry in the GBA which meet the criteria set by the WMC Authorities under the Southbound Scheme.
- 2.2 I acknowledge and understand that the Mainland Partner Bank is responsible for verifying satisfaction of the criteria set out in Clause 2.1(a) and the Bank will receive and rely on confirmation from the Mainland Partner Bank in respect of such criteria to determine my eligibility. I further acknowledge that the One Account and its linked Deposit Account in connection with the Southbound Service cannot be maintained nor can any transactions made with the Bank under the Southbound Scheme until the Bank has received confirmation of my eligibility from the Mainland Partner Bank.
- 2.3 I acknowledge and accept that I am responsible for confirming that I am not a Vulnerable Customer and the Bank will rely on my confirmation given to the Bank or the Mainland Partner Bank to determine my eligibility. I further acknowledge that the One Account and its linked Deposit Account in connection with the Southbound Service cannot be maintained nor can any transactions made with the Bank under the Southbound Scheme until the Bank has received confirmation that I am not a Vulnerable Customer.
- 2.4 I authorize the Bank to conduct any enquiry or check on me for the purpose of ascertaining and verifying my identity, creditworthiness, ongoing eligibility and Vulnerable Customer Assessment in connection with the Southbound Service or such purpose which the Bank deems fit and other information at the time of opening of the One Account and its linked Deposit Account in connection with the Southbound Service and at any time throughout the continuance of the One Account in connection with the Southbound Service. The Bank may refuse to open the One Account and its linked Deposit Account in connection with the Southbound Service and/or close such account which has been opened for me without giving any reason in its absolute discretion.
- 2.5 I represent and undertake on a continuing basis that I will notify the Bank forthwith upon any material changes to any information in respect of my eligibility and Vulnerable Customer Assessment as required by the WMC Laws and WMC Rules under the Southbound Scheme. Without limiting the Bank's other rights as set out in these WMC Terms including the Bank's right to close the One Account and its linked Deposit Account in connection with the Southbound Service and terminate these WMC Terms in its absolute discretion, the Bank may allow me to continue to hold or allow me to terminate the One Account and its linked Deposit Account in connection with the Southbound Service.
- 2.6 I acknowledge that after verifying my eligibility for participating in the Southbound Scheme, the Bank may open a new account in my name in connection with the Southbound Service and no existing bank accounts that I hold with the Bank (including any other One Accounts and Deposit Accounts) may be used for the purpose of the Southbound Service. I acknowledge and understand the One Account and its linked Deposit Account in connection with the Southbound Service should be used only for deposit, remittance and investment purposes under the Southbound Scheme and should not be used for the provision of any other services of the Bank. I further acknowledge and consent that the Bank will confirm with the Mainland Partner Bank whether the opening of the One Account and its linked Deposit Account in connection with the Southbound Service is successful and my particulars, including but not limited to the account numbers of my One Account and its linked Deposit Account in connection with the Southbound Service.
- 2.7 I acknowledge that any existing or prior relationship between myself and the Bank in respect of any account opened and/or maintained with the Bank or services provided by the Bank are

independent and separate from these WMC Terms and the Southbound Service. I will be required to comply with the relevant terms and conditions (including eligibility requirements) of each separate account opened and/or maintained with the Bank or service provided by the Bank without prejudice to complying with these WMC Terms for the Southbound Service.

### **3. Compliance with WMC Laws and WMC Rules**

- 3.1 The Southbound Service will be subject to all WMC Laws and WMC Rules, certain of which are referred to in Appendix 1.
- 3.2 These WMC Terms highlight certain key features of Southbound Scheme as of the date hereof. The Bank is not liable for any inaccuracies or misstatements in the information set out in Appendix 1. These WMC Terms do not purport to cover all WMC Laws and WMC Rules. I understand that I shall be fully responsible for understanding and complying with all WMC Laws and WMC Rules and for any consequences of the Southbound Scheme. The Bank will not, and does not intend to, advise me on any WMC Laws or WMC Rules. For further information, I shall refer to the web pages on the HKMA and PBoC websites relating to the Southbound Scheme from time to time and other relevant sources.
- 3.3 The Bank shall have the right to apply any procedures or requirements in respect of the Southbound Service which it determines in its absolute discretion to be necessary or desirable for the purpose of compliance with any WMC Laws, WMC Rules or market practice. Neither the Bank nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such procedures or requirements.
- 3.4 The Bank may, in its absolute discretion, and in certain circumstances must, refuse to execute any instruction given by me, if (for example, and without limitation):
- 3.4.1 such instruction is not compliant with any WMC Laws or WMC Rules or if the Bank reasonably believes that such instruction may not be compliant with any WMC Laws or WMC Rules or if the Bank is required by the WMC Authorities not to accept such instruction;
  - 3.4.2 in respect of any inward remittance from the Dedicated Remittance Account to the One Account and its linked Deposit Account in connection with the Southbound Service, when the Aggregate Quota or the Individual Investor Quota as set out in Appendix 1 has been exceeded;
  - 3.4.3 in respect of any outward remittance from the One Account and its linked Deposit Account in connection with the Southbound Service to the Dedicated Remittance Account, where I do not have sufficient funds in the One Account linked Deposit Account in connection with the Southbound Service to settle the outward remittance; and
  - 3.4.4 in respect of any transaction instruction in any Eligible Wealth Management Products, where I do not have sufficient funds in the One Account and its linked Deposit Account in connection with the Southbound Service to settle any payment obligation.
- Neither the Bank nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such refusal.
- 3.5 Without limitation to the foregoing, the Bank may in its absolute discretion suspend, terminate or limit my ability to access the Southbound Service through the Bank without advance notice to me, including but not limited to where requested or directed by any WMC Authority.
- 3.6 In the event that the Bank is notified by any WMC Authority of any non-compliance and breaches of the WMC Laws and WMC Rules by the Bank and the Bank is restricted or suspended from engaging in the WMC or the Southbound Scheme, the Bank will handle my investments and assets in the One Account and its linked Deposit Account in connection with the Southbound Service in accordance with the instructions issued by the HKMA, including but not limited to retaining my invested Eligible Wealth Management Products until redemption upon maturity and remittance of the relevant funds back to the Mainland upon maturity or withdrawal of my investments within a specified time limit.
- 3.7 In the event that the Bank is notified by any WMC Authority that there is reasonable cause to believe that I have failed to comply with or have breached any WMC Laws and WMC Rules, I shall, upon the request of the Bank provide such information (including translations into Chinese if requested by the Bank) as the Bank may reasonably request to enable the Bank to assist the relevant WMC Authority to

assess whether there is any non-compliance or breach of the WMC Laws and WMC Rules and/or the extent of any non-compliance or breach.

- 3.8 In the event that the Bank becomes aware of any non-compliance and breaches of the WMC Laws and WMC Rules conducted by me (including but not limited to becoming aware that I have possessed more than one dedicated remittance account or dedicated investment account under the Southbound Scheme), I acknowledge that, the Bank is under an obligation to file a report with the HKMA regarding such non-compliance and breach. Subject to the review by the relevant WMC Authorities, the Bank may suspend or revoke, terminate or limit my ability to access the Southbound Scheme and to perform any other actions as instructed by the relevant WMC Authorities, including but not limited to disposing the Eligible Wealth Management Products held in my One Account and its linked Deposit Account in connection with the Southbound Service, terminating my One Account and its linked Deposit Account in connection with the Southbound Service, allowing me to hold the invested Eligible Wealth Management Products until redemption at maturity while forbidding my transaction in any new Eligible Wealth Management Products in the One Account and its linked Deposit Account in connection with the Southbound Service.

#### 4. Risk Disclosure Statements and Acknowledgement

- 4.1 I acknowledge my understanding and acceptance of the risks and statements in this Clause 4 and these WMC Terms by instructing the Bank in respect of any transaction in connection with the Southbound Service.
- 4.2 I acknowledge that I have read and understood the risk disclosure statements and other information set out in Appendix 1 and that I understand my obligations set out in such Appendix 1 including any consequences of a breach of WMC Laws or WMC Rules.
- 4.3 I acknowledge that there is a risk of prohibition from remittance of funds to/from the One Account linked Deposit Account in connection with the Southbound Service and transacting in Eligible Wealth Management Products and that my remittance instructions or transaction instructions in Eligible Wealth Management Products may not be accepted.

##### Arrangements with Mainland Partner Bank

- 4.4 I acknowledge and understand that the Bank is not and does not serve or hold itself out as the representative or agent of the Mainland Partner Bank in Hong Kong for any purposes in connection with the Southbound Scheme.
- 4.5 I acknowledge and understand that the Mainland Partner Bank is not an authorized institution under the Banking Ordinance (Chapter 155 of the laws of Hong Kong) and is not subject to the supervision of the HKMA, and that the Mainland Partner Bank cannot carry on in Hong Kong any banking business or business of taking deposits. Any deposits maintained with the Mainland Partner Bank are not protected under the Deposit Protection Scheme in Hong Kong. If the Bank ceases its relationship with the Mainland Partner Bank in connection with the Southbound Service, the Bank shall notify me and handle my investments and assets in the One Account and its linked Deposit Account in connection with the Southbound Service in accordance with the WMC Laws or WMC Rules and/or the instructions issued by the WMC Authorities.

##### Close-Loop Funds Flow under Southbound Scheme

- 4.6 I acknowledge and understand that the One Account together with the linked Deposit Account in connection with the Southbound Service and the Dedicated Remittance Account with the Mainland Partner Bank will be bound to each other to form a one-to-one matching to ensure a closed-loop funds flow under the Southbound Scheme. I acknowledge the associated risks in connection with such Closed-Loop Funds Flow arrangements as described in more details in Clause 4.7 below.
- 4.7 I acknowledge and understand that the “closed-loop” funds flow arrangement under the Southbound Scheme (“**Closed-Loop Funds Flow**”) means that the One Account and its linked Deposit Account in connection with the Southbound Service will only be used for deposit, remittance and investment purposes under the Southbound Scheme, which includes transferring or receiving funds to/from the Dedicated Remittance Account with the Mainland Partner Bank in RMB, purchasing Eligible Wealth Management Products or receiving investment returns and/or any accrued interests arising from the Eligible Wealth Management Products. Other than the foregoing purpose, I undertake that I



will not apply the One Account and its linked Deposit Account in connection with the Southbound Service for any other purposes, including but not limited to transferring funds from the One Account and its linked Deposit Account in connection with the Southbound Service to other accounts (whether in Hong Kong or otherwise), withdrawing cash, drawing cheques or cashier orders from the linked Deposit Account in connection with the Southbound Service or using funds and investment holdings in the One Account together with the linked Deposit Account in connection with the Southbound Service for purposes such as pledging such amounts or using such amounts as leverage or guarantee.

- 4.8 To the extent the Eligible Wealth Management Products from time to time include Time Deposits, I acknowledge and understand that the Time Deposits via the linked Deposit Account in connection with the Southbound Service shall be subject to the Closed-Loop Funds Flow such that on the maturity date of such Time Deposits or upon a withdrawal before the maturity date, all principal and interest payable (if any) may only be credited to the Deposit Account in connection with the Southbound Service and any instructions to the contrary shall not be accepted by the Bank under any circumstances.
- 4.9 I acknowledge and understand that cross-boundary remittances between the Deposit Account in connection with the Southbound Service and the Dedicated Remittance Account with the Mainland Partner Bank can only be conducted through the CIPS in accordance with the payment instructions set out in the WMC Rules and WMC Laws. I acknowledge that neither the Bank nor any Related Person shall be liable for any loss, liability or third party claim or demand that I may suffer directly or indirectly as a result of any delay, default or errors of the CIPS. For the avoidance of doubt, any transactions carried out by me through the Dedicated Remittance Account with the Mainland Partner Bank are subject to the WMC Laws and WMC Rules in Mainland China.
- 4.10 I acknowledge and accept that any transactions in the Eligible Wealth Management Products will be subject to separate eligibility requirements and risk disclosures specified in the relevant Offering Document of such Eligible Wealth Management Product. The Bank may, in its absolute discretion, refuse to execute any of my transaction instructions in the Eligible Wealth Management Products.
- 4.11 I acknowledge and accept that my transaction instructions in connection with the Southbound Service shall comply with the WMC Rules, WMC Laws and all applicable laws in Mainland China and Hong Kong, including but not limited to the laws and regulations in relation to foreign exchange control and reporting. I acknowledge that neither the Bank nor any Related Person shall be liable for any loss, liability or third party claim or demand in connection to my violation of any of the WMC Rules, WMC Laws and all applicable laws in Mainland China and Hong Kong.

#### Disclaimer of the Bank's liability

- 4.12 I acknowledge and agree that neither the Bank nor any Related Person shall be liable for any loss (including consequential loss), damage, expense, liability or third party claim or demand that I may suffer directly or indirectly as a result of the transactions in respect of Eligible Wealth Management Products or other services under the Southbound Scheme to me by the Bank including, without limitation, due to any transaction based on my instructions, the materialisation of any of the risks described in Appendix 1 or any action or inaction by the Bank or any Related Person in connection with the Southbound Service. The Bank may not be able to unwind any transaction based on my instructions, and I acknowledge that I also take note of the settlement arrangements under the Southbound Scheme, including but not limited to quota restrictions described in Appendix 1.
- 4.13 I acknowledge and accept that none of the WMC Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by the Bank or any Related Person, me or any other third party arising from or in connection with (i) any transactions of Eligible Wealth Management Products; (ii) any transactions in connection with the Southbound Service; (iii) any amendments, making or enforcement of the WMC Rules; or (iv) any action taken by a WMC Authority in discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal remittance and/or transaction activities).

#### Client information

- 4.14 I acknowledge and accept that the Bank to collect, use and otherwise process my basic personal information, personal identity information, personal property information and other Client information related to: (a) all transaction records recording the inflow and outflow of funds, interest and dividend, (b) my account information in relation to the Southbound Scheme, (c) sales

of the Eligible Wealth Management Products including the products, product categories, product lists, product risk ratings and their changes (if any), (d) customer complaints and (e) compliance with the relevant regulatory requirements as otherwise required under the WMC Rules or the WMC Laws or the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) (the “**Client Information**”) in accordance with the Bank’s ‘Notice to Customers and Other Individuals Relating to the Personal Data (Privacy) Ordinance and the Code of Practice on Consumer Credit Data’ (the “**Personal Data Notice**”) for the purpose of provision of the Southbound Service and/or for compliance with the applicable law (including the requirements under the WMC Rules or the WMC Laws).

- 4.15 I acknowledge and agree that the Bank may provide the Client Information to the following recipients for the purpose of the Southbound Service and/or for compliance with the applicable law (including the requirements under the WMC Rules or the WMC Laws) in accordance with the Personal Data Notice:
- (a) for the purpose of compliance review and auditing by the WMC Authorities, to the WMC Authorities in accordance with WMC Laws or WMC Rules;
  - (b) to the China CITIC Bank Corporation Limited; and
  - (c) others as permitted by, and for the purposes according to, the Personal Data Notice.
- 4.16 I acknowledge and agree that the Bank may retain the Client Information for such period of time as necessary for provision of the Southbound Service and/or compliance with applicable law (including the requirements under the WMC Rules or the WMC Laws), and may store Client Information locally or overseas.
- 4.17 I acknowledge that, by contacting the Bank through the means provided in the Personal Data Notice, I can exercise my rights in respect of the Client Information. In respect of the Client Information provided to the China CITIC Bank Corporation Limited, I acknowledge that I may contact the China CITIC Bank Corporation Limited.
- 4.18 I acknowledge that if I do not provide consent to these Client Information Clauses, I may not be able to use the Southbound Service.
- 4.19 These Client Information Clauses are supplemental to and do not limit the Bank’s right to collect, use, store, provide or otherwise process the Client Information in accordance with the Personal Data Notice.

#### Complaints

- 4.20 I acknowledge that if I am dissatisfied with the Bank’s service under the Southbound Scheme, I have the right to make complaints (including complaints involving Eligible Wealth Management Product and the selling process) against the Bank under the Southbound Scheme. If I have any complaints in respect of any cross-boundary remittances under the Southbound Scheme, I acknowledge that I may make such complaint to the Mainland Partner Bank directly or that I may inform the Bank which may refer the complaint to the Mainland Partner Bank for follow-up.

### **5. Representations**

- 5.1 I make the representations set out in this Clause 5.1 to the Bank on a continuing basis:
- 5.1.1 that I am aware of and shall comply with all WMC Laws and WMC Rules to which I may be subject;
  - 5.1.2 that the execution of any instruction I give to the Bank shall not result in any breach of any WMC Laws or WMC Rules; and
  - 5.1.3 that I understand and have assessed the risks relating to Southbound Scheme and I am willing to undertake the risks relating to Southbound Scheme.
- 5.2 I make further representation to the Bank on each date I instruct a remittance in connection with the Southbound Service that I do not know of any fact that might impair the validity of such remittance transaction and that I have full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same.

### **6. Distribution of Eligible Wealth Management Products**

- 6.1 I acknowledge that the Bank has the discretion to determine the scope of product offerings to be distributed by the Bank as Eligible Wealth Management Products under the WMC Laws and/or WMC Rules from time to time and will conduct product due diligence in respect of the distribution of Eligible Wealth Management Products under the Southbound Scheme and risk assessment on me to ensure that the risk profiling result is valid in any transaction in connection with the Southbound Service. The Bank will notify me when there is a risk mismatch in certain transactions (i.e. the risk rating of the product is higher than my risk profiling result) and I can choose whether to proceed with such transaction.
- 6.2 Subject to Clause 6.3, any transactions in the Eligible Wealth Management Products under the Southbound Scheme are carried out on an “execution-only” basis, i.e. execution as per my instructions. Nothing in the Bank’s provision of the Southbound Service shall constitute solicitation or recommendation or an offer of any transaction in any Eligible Wealth Management Products or active marketing of the Bank’s WMC services to the public in Mainland China.
- 6.3 The Bank may, in accordance with relevant Hong Kong laws and regulations, make solicitation or recommendation in respect of the investment services under these WMC Terms, which must be reasonable in the circumstances and with reference to the suitability obligations under the relevant guidance issued by the SFC from time to time, if I am present in Hong Kong. For non-face-to-face communication, I will only provide confirmation that I am present in Hong Kong if I am actually in Hong Kong and the Bank may rely on my confirmation that I am present in Hong Kong for the purpose of obtaining the investment services under these WMC Terms.

## **7. Remittance and Investment Handling**

- 7.1 The Bank will handle client orders for remittance and investment services fairly under the Southbound Scheme. The Bank may aggregate my orders for remittance and investment services with the orders of any other client or of its affiliates when the Bank processes such orders. This may sometimes operate to my disadvantage and, because of the quota restrictions described in Appendix 1, may result in my order only being partially executed or not at all.
- 7.2 In addition to these WMC Terms on remittance handling, I acknowledge and agree to also be bound by the terms in the Terms and Conditions on Remittance Service.

## **8. Cross-boundary Remittance and Currency Conversion**

I acknowledge and understand that:

- 8.1 All cross-boundary remittances between the Deposit Account in connection with the Southbound Service and the Dedicated Remittance Account are conducted in RMB, subject to the quota restrictions described in Appendix 1.
- 8.2 Notwithstanding any provisions in the Existing Terms, where it is necessary to convert one currency to another pursuant to these WMC Terms, such conversion may be carried out automatically by the Bank in a commercially reasonable manner without prior notice to me. Any risk, loss or cost (including fees, charges and/or commissions) in connection with or resulting from any conversion of one currency into another currency pursuant to these WMC Terms shall be borne by me.
- 8.3 Notwithstanding any provisions in the Existing Terms, where the Bank determines that there is insufficient liquidity in RMB to execute an outward remittance instruction from the Deposit Account in connection with the Southbound Service to the Dedicated Remittance Account in connection with the Southbound Service, the Bank may, in its sole and absolute discretion, reject my instructions for outward remittance to the Dedicated Remittance Account in connection with the Southbound Scheme and I shall be notified of such rejection as soon as possible.
- 8.4 For the avoidance of doubt, the settlement currencies of the Eligible Wealth Management Products are not restricted to RMB and can be denominated in any currency specified by the Eligible Wealth Management Products from time to time, including but not limited to Hong Kong dollars, RMB and other foreign currencies. Regardless of the settlement currencies of the Eligible Wealth Management Products being invested, funds should be converted into RMB at or about the time the remittance application is processed by the Bank on the debit date, unless a currency exchange rate has been pre-arranged and agreed between myself and the Bank for a remittance application, in which case the currency exchange transaction will be effected at such rate when exiting the relevant investments and funds are remitted back to the Dedicated Remittance Account.
- 8.5 The Bank may provide foreign exchange services to me under the Southbound Service for purchasing Eligible Wealth Management Products denominated in Hong Kong dollars and foreign



currencies.

- 8.6 The Bank will notify me within a reasonable time upon receipt of any inward remittance or information of instructions on any outward remittance, containing information on the remitted amount, the exchange rate applied to the remitted amount (where applicable), details of any commissions or charges payable and any other relevant information such as when the remittance funds will usually reach its destination (as applicable). Proceeds of an inward remittance may not be credited to the Deposit Account in connection with the Southbound Service on the same day the Bank receives the remittance if the Bank does not receive it before the relevant cut-off time set by the Bank.
- 8.7 Upon completion of the outward or inward remittance, a record of each such transaction will be shown in the regular account statements provided by the Bank.

## 9. Indemnity

- 9.1 In addition and without prejudice to any of its rights under the Existing Terms, I will indemnify the Bank and any of their directors, officers and employees (together, the “**Indemnified Parties**”) on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from the Indemnified Parties providing any services in respect of my transaction instructions in connection with the Southbound Service, including, without limitation, (a) any Taxes resulting from any transaction in connection with the Southbound Service, including but not limited to any transactions in Eligible Wealth Management Products, (b) the materialisation of any risk referred to in Appendix 1, (c) any legal costs which any of the Indemnified Parties may incur in connection with any instruction given by me, (d) any fees or expenses payable to CIPS arising from the cross-boundary remittances, (e) any violation of the applicable laws or misrepresentations made by me, or (f) any costs incurred in connection with the Southbound Scheme.

## 10. Fees and Taxation

- 10.1 I acknowledge and accept responsibility for paying all fees, charges and levies and shall comply with any filing or registration obligations as may be required under any WMC Laws or WMC Rules in relation to, among others, any Eligible Wealth Management Products and any dividends or entitlements in respect of the Eligible Wealth Management Products held in the One Account and its linked Deposit Account in connection with the Southbound Service.
- 10.2 I shall be responsible for paying all Taxes, and I shall be required to comply with any filing or registration obligations, in each case as may be required under any WMC Laws or WMC Rules in connection with the Southbound Service and any investment gains or entitlements in respect of such Eligible Wealth Management Products.
- 10.3 In the event the Bank is required under WMC Laws or WMC Rules to pay any Taxes, the Bank may notify me whenever necessary and request that I provide the Bank with relevant information as the Bank may deem necessary to fulfill its obligations. I must provide to the Bank, promptly on such request, such information and documents such as but not limited to costs of my purchase of the Eligible Wealth Management Products, my tax status or residence. The Bank may withhold or deduct relevant Taxes from any amount due to me and I will remain liable for any shortfall.
- 10.4 In the event the Bank does not receive any requested information from me within a reasonable period of time to fulfill its obligations, the Bank shall be forthwith entitled in our absolute discretion, without further notice or demand to me, to satisfy any obligation of the Bank or me to pay or account for any amounts in respect of any Taxes by selling, realizing or otherwise dealing with, in such manner as the Bank in its absolute discretion may determine, all or part of any property held by the Bank for any purpose in any of my accounts held with the Bank, and to apply the proceeds in reduction of all or part of my liability to any tax authority or the Bank.
- 10.5 The Bank shall have no responsibility to verify the accuracy of the information provided by me and is entitled to rely on such information to fulfil the Bank's or my obligations.
- 10.6 The Bank shall have no liability whatsoever for the lack of any tax relief, or any failure to obtain the benefit of any tax credit.

## 11. Liability

- 11.1 Notwithstanding any other provision in these WMC Terms, neither the Bank nor any Related Person shall be responsible for and shall have no liability to me for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of the Bank's or a

Related Person's fraud, wilful default or gross negligence.

## **12. Termination**

- 12.1 I agree and acknowledge that the Bank may at any time introduce and/or vary any new services or delete/terminate these WMC Terms. Clauses 3 (Compliance with WMC Laws and WMC Rules), 4 (Risk Disclosures and Acknowledgment), and 9 (Indemnity) shall survive termination of these WMC Terms.
- 12.2 On the termination of these WMC Terms, the Bank shall deliver all Eligible Wealth Management Products and funds held in the One Account and its linked Deposit Account in connection with the Southbound Service in accordance with my instructions. If I fail to give instructions, the Bank shall continue to hold the Eligible Wealth Management Products and/or funds in the One Account and its linked Deposit Account in connection with the Southbound Service for such fee(s) as the Bank may in its sole discretion determine. The Bank shall in any event be entitled to retain such Eligible Wealth Management Products and/or funds in the One Account and its linked Deposit Account in connection with the Southbound Service as the Bank may in its sole discretion determine in order to complete any transaction required to be settled on my behalf.
- 12.3 If I wish to terminate the One Account and its linked Deposit Account in connection with the Southbound Service, I shall give instructions to the Bank to redeem all the Eligible Wealth Management Products invested and funds in the One Account and its linked Deposit Account in connection with the Southbound Service and remit all funds to the Deposit Account in connection with the Southbound Service back to the Dedicated Remittance Account with the Mainland Partner Bank. Under such circumstances, I should ensure that no Eligible Wealth Management Products or funds remain in the One Account and its linked Deposit Account in connection with the Southbound Service prior to termination of the One Account and its linked Deposit Account.

## **13. Miscellaneous**

- 13.1 I will pay fees, charges and expenses in respect of these WMC Terms in accordance with the Bank's fee scale from time to time in force.
- 13.2 I will execute any further documents and provide any materials and/or information as the Bank may reasonably request to enable the Bank to perform its duties and obligations under these WMC Terms which may become necessary as and when the WMC Laws or the WMC Rules are amended from time to time.
- 13.3 I will provide all information (including translations into Chinese, if required) to the Bank which the Bank requests if such information is requested by any WMC Authority, or any regulatory authority or any organisation (whether within or outside Hong Kong) with which WMC Authority has entered into an information sharing arrangement or agreement. I acknowledge that, my failure to comply with this provision may, amongst other things, result in a suspension of my ability to access the Southbound Scheme through the Bank.
- 13.4 I hereby confirm that the Bank has explained to me and I have received and read the English or Chinese versions of these WMC Terms and that I understand and accept these terms. In the event of discrepancy between the Chinese version and the English version of these WMC Terms, the English version shall, insofar as the discrepancy relates to these WMC Terms, prevail. If any provision in these WMC Terms shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties.
- 13.5 No failure or delay by either party in exercising any right or remedy provided under these WMC Terms shall operate as a waiver of it, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of it or the exercise of any other right or remedy. Any waiver of a breach of these WMC Terms shall not constitute a waiver of any subsequent breach.
- 13.6 The Bank may at any time vary, delete, replace, add or amend these WMC Terms upon prior written notice to me in accordance with the requirements of applicable codes, guidelines and laws including the WMC Laws and WMC Rules, as amended from time to time.

## **14. Governing Law and Jurisdiction**

- 14.1 These WMC Terms shall be governed by Hong Kong law.
- 14.2 The parties agree to submit to the exclusive jurisdiction of the Hong Kong courts in relation to any dispute arising under or in connection with these WMC Terms.

**Appendix 1: Risk Disclosure Statements and Other Information relating to Cross-Boundary Wealth Management Connect (Southbound Scheme)**

This Section describes some of the key risk factors and other information concerning the Southbound Scheme. This Section does not disclose all the risks and other significant aspects of Southbound Scheme through WMC. I acknowledge that I understand the nature and risks of WMC and Southbound Scheme and I should consider carefully (and consult my own advisers where necessary) whether transacting in Eligible Wealth Management Products is suitable for me in light of my circumstances. The decision to participate in the Southbound Scheme and invest in Eligible Wealth Management Products is mine, but I should not invest unless I fully understand and am willing to assume the risks associated with the Southbound Scheme and am able to comply with all relevant WMC Laws and WMC Rules. I acknowledge the risks and agree to the terms set out in this Section. I am responsible for monitoring changes in the WMC Laws and WMC Rules and complying with any new requirements.

The Bank does not represent that the information set out in this Section is up to date, and does not undertake to update the information set out in this Section. In addition, the Bank does not provide any warranty with respect to such information and no such information is to be construed as legal, financial or tax advice of any kind by it.

**1 Quota Restrictions**

Remittances from the Dedicated Remittance Account with the Mainland Partner Bank to the One Account linked Deposit Account in connection with the Southbound Service under the Southbound Scheme are subject to certain quota controls as described below. As a result, there is no assurance that inward remittance from the Dedicated Remittance Account can be accepted through the Southbound Scheme.

*Aggregate Quota*

There is an aggregate quota for the Southbound Scheme under the WMC Laws and WMC Rules (the “**Aggregate Quota**”) set by the WMC Authorities. The Aggregate Quota and its calculation logic may change from time to time without prior notice and investors are advised to refer to the HKMA and PBoC websites and other information published by the HKMA and PBoC for up-to-date information.

The usage of the Aggregate Quota under the Southbound Scheme is calculated on a net basis as follows:

$$\text{Usage of the Aggregate Quota under the Southbound Scheme} = A - B$$

**Where:**

**A** means the cumulative remittances from the Mainland to Hong Kong from all eligible Mainland banks under the Southbound Scheme; and

**B** means the cumulative remittances back to the Mainland from all eligible Hong Kong banks under the Southbound Scheme.

When the Aggregate Quota has been exceeded, the Bank cannot accept inward remittance from the Dedicated Remittance Account with the Mainland Partner Bank, which may result in the instructions for remittance from the Mainland Partner Bank to the One Account linked Deposit Account in connection with the Southbound Service to be put on hold or rejected.

*Individual Investor Quota*

There is an individual investor quota for each eligible investor under the Southbound Scheme under the WMC Laws and WMC Rules (the “**Individual Investor Quota**”) set by the WMC Authorities. The Individual Investor Quota may change from time to time without prior notice and investors are advised to refer to the HKMA and PBoC websites and other information published by the HKMA and PBoC for up-to-date information.

The usage of the Individual Investor Quota under the Southbound Scheme is calculated on a net basis as follows:

$$\text{Usage of the Individual Investor Quota under the Southbound Scheme} = X - Y$$

**Where:**

**X** means the cumulative remittances from the Dedicated Remittance Account to the One Account in connection with the Southbound Service; and

**Y** means the cumulative remittances from the One Account linked Deposit Account in connection with the Southbound Service back to the Dedicated Remittance Account.

When the Individual Investor Quota has been exceeded, the Bank cannot accept inward remittance from the Dedicated Remittance Account with the Mainland Partner Bank, which may result in the instructions for remittance from the Mainland Partner Bank to the One Account in connection with the Southbound Service to be put on hold or rejected.

## **2 Taxation**

Prior to transacting in any Eligible Wealth Management Products, I understand that I am strongly requested to consult my own tax advisers and counsel with respect to the possible Hong Kong and/or Mainland China tax consequences to me of such transaction since such tax consequences may differ in respect of different investors.

I shall be fully responsible for any Taxes in respect of my transaction in the Eligible Wealth Management Products including, without limitation, any capital gains tax or other Mainland China taxes, and will indemnify the Bank and any Related Person from and against all Hong Kong and/or Mainland China Taxes which the Bank or Related Persons may incur arising in connection with any Eligible Wealth Management Products which I hold, trade or otherwise deal in.

The Bank assumes no responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with WMC, nor will the Bank provide any service or assistance in this regard. Please refer to Clause 10 (*Fees and Taxation*) of the WMC Terms for details of the applicable legal terms.

## **3 RMB Conversion**

RMB is not freely convertible at present. The actual conversion arrangements will depend on the restrictions prevailing at the relevant time. Any conversion of any currency into RMB pursuant to Clause 8 (*Cross-boundary Remittance and Currency Conversion*) of the WMC Terms may be subject to such restrictions. Outward remittances may be delayed and/or fail if there is a delay in converting the relevant currency into RMB. Any risk, loss or cost resulting from any such delay or failure of settlement shall be borne by me.

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.

There are also significant restrictions on the remittance of RMB into and out of Mainland China.

## **4 Other risks associated with the Cross-Boundary Wealth Management Connect (Southbound Scheme)**

### *General Mainland China related risk*

Mainland China is an emerging market that possesses one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development stage or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, liquidity/gapping risk, regulatory/legal risk, trade settlement, processing and clearing risks and bondholder/shareholder risk.

### *General legal and regulatory risk*

I must comply with all WMC Laws and WMC Rules. Furthermore, any change in any WMC Laws or WMC Rules may have an impact on the market sentiment which may in turn affect the investment gains from the Eligible Wealth Management Products. It is impossible to predict whether such an impact caused by any such change will be positive or negative for the Eligible Wealth Management Products. In the worst case scenario, I may lose a material part of my investments in the Eligible Wealth Management Products. In addition, any litigation or other legal actions brought before the courts in Mainland China will be subject to Mainland China laws, rules and procedures, which are not the same as those which apply to the courts in Hong Kong.