



## **Terms and Conditions for Cross-boundary Wealth Management Connect Southbound Service – Appendix – Risk Disclosure and Other Information**

This Appendix describes some of the key risk factors concerning the use of the Cross-boundary WMC Southbound Investment Account under the Cross-boundary Wealth Management Connect Southbound Service based on the Bank's current understanding of the Applicable Requirements. This Appendix is not exhaustive and does not disclose all the risks or other significant aspects of the Cross-boundary Wealth Management Connect Southbound Service. The Customer should ensure that he understands the risks and the nature of the Cross-boundary Wealth Management Connect Southbound Service before registering for the Cross-boundary Wealth Management Connect Southbound Service. The Customer should consider carefully and consult his own advisers where necessary.

Capitalised terms used in this Appendix shall have the same meanings as those defined in the Terms and Conditions for Cross-boundary Wealth Management Connect Southbound Service unless otherwise defined herein.

### **1 Compliance with the Applicable Requirements**

Use of the Cross-boundary Wealth Management Connect Southbound Service is subject to all the Applicable Requirements, including the applicable laws and regulations issued by the Authorities in Mainland China. The Applicable Requirements may be subject to change from time to time. Any change in the Applicable Requirements may have an adverse impact on the use or operation of the Cross-boundary WMC Southbound Investment Account under the Cross-boundary Wealth Management Connect Southbound Service (such as imposition of restriction on, or suspension of, the use of the Cross-boundary Wealth Management Connect Southbound Service).

The Cross-boundary WMC Southbound Investment Account can only be used strictly for the sole purpose of the Cross-boundary Wealth Management Connect Southbound Service by pairing such account with the Cross-boundary WMC Mainland Remittance Account, and cannot be used for any other purposes or functions which may otherwise be applicable to a bank account opened and maintained with the Bank.

The Bank may vary the scope of, suspend or terminate the Cross-boundary WMC Southbound Investment Account and/or the Cross-boundary Wealth Management Connect Southbound Service without giving prior notice for compliance with the Applicable Requirements. The Bank is not liable for any loss incurred or suffered by the Customer or any third party, arising from or in connection with the use of the Cross-boundary WMC Southbound Investment Account under the Cross-boundary Wealth Management Connect Southbound Service.

### **2 Designation of a Cross-boundary WMC Mainland Remittance Account**

The Cross-boundary WMC Southbound Investment Account can only be used strictly for the sole purpose of the Cross-boundary Wealth Management Connect Southbound Service by pairing that account with the Customer's Cross-boundary WMC Mainland Remittance Account, and cannot be used for any other purposes or functions which may otherwise be applicable to a bank account opened and maintained with the Bank.

The Customer must follow the procedures and requirements as the Bank may specify from time to time, including designation of a Cross-boundary WMC Mainland Remittance Account for funds remittance to and from the Cross-boundary WMC Southbound Investment Account. The Customer can only designate one Cross-boundary WMC Mainland Remittance Account and cannot change such designated account, save with the Bank's consent. The Cross-boundary WMC Mainland Remittance Account must be opened and maintained with the Cooperating Bank. The operation of the Cross-boundary WMC Mainland Remittance Account is subject to the terms and conditions applicable to such account provided by the Cooperating Bank. The Customer shall understand the terms and risks associated with the operation of the Cross-boundary WMC Mainland Remittance Account.

In addition, the Customer should understand that the Cooperating Bank is incorporated in Mainland China and is not an authorized institution in Hong Kong as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) and is not subject to the supervision of the Hong Kong Monetary Authority. The Cooperating Bank cannot carry on any banking business or the business of taking deposits in Hong Kong. Any deposits maintained with the Cooperating Bank are not protected under the Deposit Protection Scheme in Hong Kong.

### **3 Restrictions on fund transfer and remittance**

All funds transfer and remittance under the Cross-boundary Wealth Management Connect Southbound Service are restricted and subject to the Applicable Requirements and other requirements as the Bank may specify from time to time. The Customer can only effect cross-boundary fund remittance in RMB under the Cross-boundary Wealth Management Connect Southbound Service under a closed-loop mechanism by pairing his Cross-boundary WMC Mainland Remittance Account with his Cross-boundary WMC Southbound Investment Account for the sole purpose of the Cross-boundary Wealth Management Connect Southbound Service, subject to any applicable aggregate and individual investor quota(s) imposed by the Applicable Requirements and/or other requirements as the Bank may specify from time to time. The Bank does not accept cross-boundary remittance for any other purpose.

The Customer shall only deposit funds into the Cross-boundary WMC Southbound Investment Account by way of cross-boundary fund remittance in RMB from the Cross-boundary WMC Mainland Remittance Account, subject to any applicable aggregate and individual investor quota(s) imposed by the Applicable Requirements and/or other requirements as the Bank may specify from time to time. In other words, the Customer cannot effect cross-boundary fund remittance in RMB if the applicable aggregate and individual investor quota(s) are exceeded. In such case, the Bank will refuse to accept the remittance of funds from the Customer's Cross-boundary WMC Mainland Remittance Account to the Customer's Cross-boundary WMC Southbound Investment Account. The Customer shall only use the funds in his Cross-boundary WMC Southbound Investment Account to invest in the Eligible Products. The Customer cannot withdraw cash, nor transfer the balance from his Cross-boundary WMC Southbound Investment Account to any other account, except to the Cross-boundary WMC Mainland Remittance Account. The Applicable Requirements may be subject to change.

In addition, the Bank generally transfers funds out of a Customer's account upon his instructions during working hours, subject to the Bank's operation processes, depending on the types of transfer and the manner of instructions. The Customer must not authorise any third party to operate his Cross-boundary WMC Southbound Investment Account. The Bank reserves the right to reject the Customer's instructions (whether in part or in whole) for the Cross-boundary Wealth Management Connect Southbound Service, put such instruction on hold or prescribe any condition for accepting the instruction, without giving any reason, as the Bank reasonably considers appropriate. There is no assurance that the Customer's instruction can be successfully processed in time or at all. The Customer may be subject to the liquidity risk.

#### **4 Restricted list of Eligible Products**

The Customer is only allowed to utilise funds in the Cross-boundary WMC Southbound Investment Account for investment in the Eligible Products. The Bank may change the list of the Eligible Products from time to time without giving any reason or prior notice. The Customer is restricted from purchasing products which cease to be the Eligible Products.

The Customer must ensure that all assets held in his Cross-boundary WMC Southbound Investment Account (or any part thereof) must be free from any charge, lien or other security interests or encumbrances or claims in favour of any other person.

#### **5 RMB currency risk**

RMB is subject to foreign exchange control and restrictions by the Mainland Chinese central government. There may be additional rules, regulations and restrictions under contemplation or to be issued by any Authorities in Mainland China that may be relevant to RMB conversion. The Customer should take reasonable steps to check for updates and details before giving instructions for RMB conversion.

The exchange rate of RMB may vary from time to time. There is no guarantee that RMB will not depreciate. The exchange rate of RMB traded outside Mainland China ("**Offshore RMB**") will be affected by, amongst other things, foreign exchange control imposed by the Mainland Chinese central government from time to time. The Customer will incur currency conversion costs (being the spread between the purchase and sale of Offshore RMB) and be subject to exchange rate fluctuation risks in any such currency conversion.

#### **6 Foreign exchange risk**

If the Eligible Products that are traded by the Customer are not denominated in RMB, the Customer may have to convert RMB into the relevant foreign currency when the Customer invests in that foreign currency denominated Eligible Product. The Customer will be exposed to exchange rate risk. Besides, if the relevant foreign currency is subject to exchange control, it is possible that the Customer may not receive the relevant foreign currency upon redemption or sale of the relevant foreign currency denominated Eligible Products. The relevant foreign currency denominated Eligible Products may also be subject to liquidity risk, credit and insolvency risks of the product issuers.

#### **7 Disclosure of information**

The Customer agrees and authorises the Bank to collect, use or otherwise process the Customer Information for the purpose of the Cross-boundary Wealth Management Connect Southbound Service and/or for compliance with the Applicable Requirements in accordance with the Privacy Policy.

The Bank may disclose the Customer Information for the purpose of the Cross-boundary Wealth Management Connect Southbound Service and/or for compliance with the Applicable Requirements in accordance with the Privacy Policy:

- (i) to the Bank's group members, whether locally or overseas;
- (ii) to any Authorities to comply with the Applicable Requirements (such as meeting any aggregate and individual investor quota prescribed by the Applicable Requirements);
- (iii) to the Cooperating Bank; and
- (iv) others as permitted by, and for the purposes according to, the Privacy Policy.

## **8 Cross-boundary Wealth Management Connect Southbound Service channel and operational hours**

The Bank has an absolute discretion to determine from time to time the service channel and operational hours of the Cross-boundary Wealth Management Connect Southbound Service. The Customer should be aware of the risk of price fluctuations in the Eligible Products during the time when the Cross-boundary Wealth Management Connect Southbound Service is not available.

## **9 General risks associated with investment in Eligible Products**

Investment in Eligible Products involves risks. The Customer should understand and assess the risks associated with such investment (including the specific risk disclosures set out in the transaction documents of the relevant Eligible Products). The Customer should make the investment decision based on his own independent judgment. Unless agreed by the Bank, the Bank will not act as the Customer's advisor. The Customer should seek independent professional advice when it is reasonably appropriate.

## **10 Suspension or termination of the Cross-boundary WMC Southbound Investment Account and/or the Cross-boundary Wealth Management Connect Southbound Service**

The Bank may suspend or terminate the Customer's use of the Cross-boundary WMC Southbound Investment Account and/or the Cross-boundary Wealth Management Connect Southbound Service at any time by giving at least 30 days' prior written notice to the Customer. The Bank has the right to suspend or terminate the Cross-boundary WMC Southbound Investment Account and/or the Cross-boundary Wealth Management Connect Southbound Service at any time immediately without notice to the Customer for reasons such as:

- (i) the Bank reasonably considers that the Customer is in breach, or may be in breach, of any Applicable Requirements;
- (ii) the Cross-boundary WMC Mainland Remittance Account is suspended or terminated; or
- (iii) the provision of the Cross-boundary Wealth Management Connect Southbound Service by the Bank becomes or will become illegal or impracticable due to change in the Applicable Requirements.

To effect termination of the Cross-boundary Wealth Management Connect Southbound Service and/or Cross-boundary WMC Southbound Investment Account, the Customer is required to take such steps as the Bank may instruct, including:

- (i) the disposal, sale or termination of all the Eligible Products purchased under the Cross-boundary Wealth Management Connect Southbound Service; and
- (ii) the conversion of all funds in the Cross-boundary WMC Southbound Investment Account into RMB and remittance of all such funds to the Cross-boundary WMC Mainland Remittance Account.

The termination of the Cross-boundary Wealth Management Connect Southbound Service and/or the Cross-boundary WMC Southbound Investment Account will take effect from such date as determined by the Bank. The Customer should ensure that there are no Eligible Products or outstanding funds in the Cross-boundary WMC Southbound Investment Account no less than 30 days before the date of termination of the Cross-boundary WMC Southbound Investment Account.

## **11 Taxation**

The Customer is fully responsible for any taxes in respect of transactions conducted under the Cross-boundary Wealth Management Connect Southbound Service, and agrees to indemnify the Bank on demand from and against all taxes which the Bank may incur in connection with any Eligible Products which the Customer holds or otherwise deals in. The Bank assumes no responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with the Cross-boundary Wealth Management Connect Southbound Service, and the Bank will not provide any service or assistance in this regard. Prior to entering into transactions under the Cross-boundary Wealth Management Connect Southbound Service, the Customer is strongly recommended to obtain independent tax advice on the possible tax consequences.