

Risk Disclosure of China Northbound Trading

To allow the investors (hereinafter referred to as "you" or "investors") to fully understand the risk associated with the business of China Northbound Trading, SNB Finance Holdings Limited (Trading name: Snowball-X, Snowball Securities, or 雪盈证券, hereinafter referred to as "SNB") has prepared this risk disclosure statement for your information. Please read the following contents carefully before trading. In case of any question, please contact the support staff of SNB. This risk disclosure does not cover all risks and important matters in China Northbound Trading. You should understand the nature of the subject to be traded and the degree of risk to be assumed before any trading.

1. Definitions

- (1) "**China Connect**" shall mean Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, or any other stock connect mechanism established by The Stock Exchange of Hong Kong Ltd. (hereinafter referred to as 'SEHK') and the proposed securities trading and settlement (if applicable).
- (2) "**China Connect Securities**" means any securities listed on a China Connect Market, which the Exchange (after consulting the relevant China Connect Market Operator) accepts as eligible for China Connect buy orders and China Connect sell orders through the use of the China Connect Service, and are included in the list of China Connect Securities from time to time. Unless the context otherwise requires, any reference in these Rules to "China Connect Securities" includes "Special China Connect Securities" as referred to in Rules 1408 and 1409(1)(b). These securities are suitable for trading through China Connect by non-mainland Chinese investors.
- (3) "**China Connect Laws**" means laws, regulations, and guidelines issued by regulatory authorities of China Connect concerning China Connect Service and relevant activities, including but not limited to China Connect Rules.
- (4) "**China Connect Market**" means Shanghai Stock Exchange (hereinafter referred to as 'SSE') or Shenzhen Stock Exchange (hereinafter referred to as 'SZSE'), if applicable.
- (5) "**Northbound Trading**" refers to the securities trading conducted by non-mainland Chinese investors through China Connect Service.
- (6) "**China Connect Rules Operator**" means, if applicable, the China Connect Rules of SSE or SZSE.
- (7) "**China Connect Rules**" means any rules, policies, or guidelines promulgated by any China Connect regulatory authorities from time to time or applicable to China Connect and other relevant services.
- (8) "**China Connect Market Operator**" means SSE or SZSE, if applicable.

(9) "**China Connect Regulatory Agency**" means the Exchange, clearing system, and regulatory authorities that manage and provide China Connect and other relevant services, including but not limited to SEHK, Hong Kong Securities Clearing Company Ltd (hereinafter referred to as 'HKSCC'), SEHK Affiliated Company, China Securities Depository and Clearing Corporation Limited (hereinafter referred to as 'CSDCC'), China Connect Market Operator, China Securities Regulatory Commission (hereinafter referred to as 'CSRC'), People's Bank of China, State Administration of Foreign Exchange (hereinafter referred to as 'SAFE'), Securities and Futures Commission (hereinafter referred to as 'SFC') and other regulatory agencies, representative office or regulatory authorities that have jurisdiction, authority or responsibility for China Connect Service.

(10) "**CSRC**" means the China Securities Regulatory Commission.

(11) "**Shanghai-Hong Kong Stock Connect**" means the program jointly announced by the CSRC and the SFC dated 10 April 2014 comprising, among others, the order-routing arrangements to be entered into between the Exchange, SSE, the SEHK Subsidiary and a subsidiary of SSE which shall become a Special Participant.

(12) "**Shenzhen-Hong Kong Stock Connect**" means the program jointly announced by the CSRC and the SFC dated 16 August 2016 comprising, among others, the order-routing arrangements to be entered into between the Exchange, SZSE, the SEHK Subsidiary, and a subsidiary of SZSE, which shall become a Special Participant.

(13) "**SSE China Connect Rules**" means the rules and regulations (as amended, supplemented, modified, and/or changed from time to time) formulated by SSE to implement Shanghai-Hong Kong Stock Connect.

(14) "**SZSE China Connect Rules**" means the rules and regulations (as amended, supplemented, modified, and/or changed from time to time) formulated by SZSE to implement Shenzhen-Hong Kong Stock Connect.

(15) "**Operator Rules**" means, if applicable, the SSE Rules or the SZSE Rules.

(16) "**Circuit Breaker**" means any measures that may be imposed or activated by SZSE on the SZSE Market in accordance with the Circuit Breaker Provisions.

(17) "**Circuit Breaker Provision**" means the relevant provisions in the SZSE Rules under which SZSE Circuit Breakers may be imposed for the purpose of, among others, minimizing or averting substantial upward or downward price movements of securities traded on the SZSE Market (including all related provisions on the application and lifting of SZSE Circuit Breakers).

2. Compliance with China Connect Service Laws

(1) Any transactions involving China Connect Securities shall be regulated by China Connect Service Laws.

(2) You need to have knowledge of and comply with the China Connect Service laws and be solely responsible for any consequences of China Northbound trading transactions. For more information, please refer to the China Connect Services webpage on the Hong Kong Exchanges and Clearing Limited (hereinafter referred to as 'HKEX') website and the SFC website, as well as other sources.

(3) SNB shall have the right to refuse to execute your instructions in the following situations (including but not limited to):

- i. The instruction does not comply with the laws of China Connect Service, or SNB reasonably believes that such instruction may not be in compliance with any laws of China Connect Service, or that SNB will not accept such instruction upon request of the third-party bottom-layer liquidator; or
- ii. For any northbound instruction to sell China Connect Securities, SNB shall have the right to determine you do not have sufficient securities at the time of such order instruction to settle the delivery obligation or if submission of the order would cause us to be in breach of the Pre-Trade Checking requirements or related requirements under the China Connect Rules or China Connect Laws; or
- iii. For any northbound instruction to purchase China Connect Securities, SNB shall have the right to determine that you do not have sufficient funds on the settlement date to fulfill your payment obligation.

SNB shall not be liable for any direct or indirect losses or risks incurred by the refusals.

(4) On the premise of not affecting the foregoing provisions, under certain circumstances (including but not limited to regulatory requirements or instructions from the third-party bottom-layer liquidator), SNB shall have the right to suspend, terminate or restrict your access to China Connect market without prior notice to you.

3. Risk Disclosure

(1) Subject to the rules of Exchanges, if the daily northbound trading quota of China Connect Securities has been reached, the corresponding buy orders (buy orders already accepted will not be affected by the limitation of the daily quota, and the sell orders can still be accepted) will be immediately stopped and will not be accepted again on that day.

(2) The China Northbound trading is regulated by the CSRC, and investors must comply with the Securities Law of the PRC and other applicable regulations. In the event of a breach of these rules and regulations, SSE or SZSE (as applicable) shall have the right to make investigations. In addition, some laws and regulatory requirements of Hong Kong will continue to apply to the China Northbound trading.

(3) In terms of margin trading, investors may only purchase and sell a certain number of China Connect Securities by margin financing. The SSE and the SZSE shall, from time to

time, determine the list of securities available for margin trading, and such list will be posted on the website of the Hong Kong Stock Exchange for investors' reference.

(4) In case of any changes in the list of securities available for margin trading, especially the adjustment from available for margin trading to not available for margin trading, SNB shall have the right to adjust the margin ratio in your account.

(5) Suppose the number of China Connect Securities you hold reaches 5% of the outstanding shares of this listed company. In that case, SNB is obliged to disclose your personal information and account information to the cooperated third-party bottom-layer liquidator, making you unable to trade the underlying securities during a certain period of time.

(6) If it is discovered that you or clients of SNB have engaged in or may have engaged in any abnormal transactions as defined in the China Connect Rules or fails to comply with any China Connect Rules, the third-party bottom-layer liquidator shall have the right not to provide any China Connect Service to you and shall have the right to request SNB not to take your instructions.

(7) In the event of a breach of any disclosure or other obligations referred to in the operator rules or any laws of China Connect Service:

i. The relevant China Connect Service operators have the right to conduct investigations and may request SNB to:

a) provide any information and materials related to you, including but not limited to information and materials concerning your identity, personal data, and transaction activities; and

b) assist the third-party bottom-layer liquidators and regulatory authorities of China Connect Service in conducting investigations on you or your transaction activities; and

ii. you may be subject to regulatory investigations and bear legal and regulatory consequences if you violate or fail to comply with such laws, rules, and regulations.

(8) Suppose the regulatory authorities of China Connect Service or the third-party bottom-layer liquidator believes that there is a grave violation of any operator rules. In that case, SNB may be required by the third-party bottom-layer liquidator to:

i. give you a (written or oral) warning; and

ii. cease to provide you with any trading services of China Connect Securities through China Connect Service.

(9) You will not place a sell order for your buy order of the China Connect Northbound Securities until SNB notifies you that your buy order has been settled.

(10) You will be liable to pay all fees required by the regulatory authorities or rules of China Connect Service in connection with China Connect Securities and their dividends or interests and to comply with any relevant filings or registration obligations.

(11) SNB is subject to the record-keeping requirements under China Connect Service rules. Therefore, SNB will retain records relating to your Northbound transactions for 20 years or other time length as required by the laws of China Connect Service.

(12) Upon the request of the operator in the China Connect market, SEHK may require the third-party bottom-layer liquidator to reject any orders placed on your behalf.

(13) You have confirmed the risk that a "Circuit Breaker Provisions" will be implemented by operators, resulting in a suspension of transaction execution in the China Connect market.

(14) When SNB processes orders, it may aggregate your orders with those of other customers or their affiliates with respect to the Northbound trading transactions. This may put you at a disadvantage at some time and, for reasons of quota control as described above, may lead to the partial execution or even no execution of your orders.