

WARNING: THIS DOCUMENT CONTAINS A BRIEF SUMMARY OF SOME (AND NOT ALL) OF THE FEATURES AND RISK DISCLOSURES OF INVESTING AND TRADING IN SECURITIES LISTED ON SHANGHAI-HONG KONG AND SHENZHEN-HONG KONG STOCK CONNECT (“CHINA CONNECT”) AND IS NOT MEANT TO BE AN EXHAUSTIVE SUMMARY. IF YOU ARE IN ANY DOUBT ABOUT THE RISKS INVOLVED IN INVESTING AND TRADING IN SECURITIES LISTED ON CHINA CONNECT, YOU ARE ADVISED TO SEEK INDEPENDENT FINANCIAL, TAX, LEGAL OR OTHER PROFESSIONAL ADVICE. THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY.

China Connect Trading Guide

The Hong Kong Exchange and Clearing Limited (“HKEx”), Shenzhen Stock Exchange (“SZSE”), Shanghai Stock Exchange (“SSE”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”) have announced a programme to allow Hong Kong and foreign investors to purchase eligible securities listed on the SSE and SZSE through Shanghai- and Shenzhen-Hong Kong Stock Connect.

This represents a significant step in the opening up of China capital markets and presents the opportunity for global investors to access securities listed on the SSE and SZSE. At Standard Chartered, we understand that diversification is the key to a balanced portfolio and a primary strategy for managing risk. We are therefore extending the range of global stock exchanges available via Standard Chartered Private Bank to include the securities of the SSE and SZSE that are eligible under Shanghai- and Shenzhen-Hong Kong Stock Connect. This Trading Guide outlines the Shanghai- and Shenzhen-Hong Kong Stock Connect trading service.

China Connect Introduction

China Connect includes Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Shanghai-Hong Kong Stock Connect is a securities trading and clearing programme jointly developed by the HKEx, SSE and ChinaClear, and has been launched since 17 November 2014.

Shenzhen-Hong Kong Stock Connect is a similar programme jointly developed by HKEx, SZSE and ChinaClear and has been launched since 5 December 2016.

Eligible SSE-listed and SZSE-listed Exchange Traded Funds (“ETFs”) are included as eligible securities for Northbound trading under Stock Connect starting from 4 July 2022.

Trading through China Connect consists of two parts, (1) overseas investors are allowed to trade eligible SSE- and SZSE-listed shares (“A Shares”) and listed Exchange Traded Funds (“ETFs”) (Collectively, eligible SSE and/or SZSE listed securities) directly, namely Northbound Trading; and (2) eligible mainland investors can trade securities listed on the Stock Exchange of Hong Kong Limited (“SEHK”) directly, namely Southbound Trading.

Northbound Investment Opportunity

- Participate in the growth of the most exciting emerging economy – China
- Diversify your investment portfolio with shares of the China market
- Capture new opportunities to invest with RMB
- No need to have an account in China
- Invest via your existing Private Bank account with all fund transfers done in Hong Kong for enhanced efficiency

Account Opening

You can purchase eligible SSE and/or SZSE listed securities via your existing Private Bank account. You will require an RMB cash account located outside of the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) (“PRC”) to settle transactions and receive distributions.

Broker-to-Client Assigned Number (“BCAN”) Registration

The Northbound Investor ID Model by the Stock Exchange of Hong Kong Limited (“SEHK”) on A and ETFs shares northbound trading has come into effect since 26 September 2018. Following the implementation of the Northbound Investor ID Model, you would be trading through Standard Chartered Bank (Singapore) Limited’s (“SCBSL”) omnibus BCAN for northbound trading. From the effective date (25 July 2022), neither China Connect Exchange Participants (CCEPS) nor Trade-through Exchange participant (TTEPs) shall register new BCAN for clients who are Mainland Investors.

Mainland investors include: (a) individuals that possess Mainland ID documents, including the Mainland Resident’s Household Register (“Hukou”, 境內居民戶口簿), Resident Identity Card (居民身份證), Passport of the People’s Republic of China (中華人民共和國護照), and the Exit/ Entry Permit for Travelling to and from Hong Kong and Macao (往來港澳通行證); (b) holders of a joint account if one of the holders is considered as Mainland investor under (a); and (c) corporate or unincorporated entities which are registered in the Mainland. The following investors will not be considered as “Mainland investors” and may continue to buy and sell China Connect Securities through Northbound Trading under Stock Connect:

- Any individual who holds a Permit for Proceeding to Hong Kong and Macao, i.e. One-way Permit (前往港澳通行證, i.e. 單程證) or who has obtained an identity document as proof of permanent residence in a country or region outside Mainland China.
- Any branch or subsidiary of a corporate or unincorporated entity registered in Mainland China which branch or subsidiary is lawfully registered in Hong Kong or overseas.

Trading Features

Trading A Shares under Northbound Trading is different from trading H Shares on the SEHK, and the market practice and transaction fees are different as well. Some of the features of trading on Shanghai- and Shenzhen-Hong Kong Stock Connect and the differences compared to trading on the SEHK are listed below:

Eligible stocks and Trading Order Requirements under Northbound Trades Versus SEHK		
	Northbound Trades of Securities on Shanghai and Shenzhen Exchange	Hong Kong Exchange
Eligible Securities to be included	The full list of eligible SSE and SZSE securities will be published on the HKEx website and will be updated from time to time.	<ul style="list-style-type: none"> • All stocks listed on the SEHK • All structured products including derivatives, warrants and callable bull/bear contracts listed on SEHK
Investment Quota	Daily Quota: RMB 52 billion for each of Shanghai Connect and Shenzhen Connect*	No limit
Board Lot Size	100 shares or units (Buy orders must be in board lot, odd lot trading is only available for sell orders**)	Depends on the stocks
Maximum Order Size	1 million shares or units for each of Shanghai Connect and Shenzhen Connect	3,000 board lot per transaction
Price Limit	A general price limit of +/-10% based on previous closing price Note: All orders input must be at or within the price limit otherwise they will be rejected by the SSE/SZSE.	Generally no limit
Tick Size	Uniformly set at RMB 0.01 for A Shares and RMB 0.001 for ETFs	Ranging from HK\$0.001 to HK\$5, depending on the stock price
Order Types	Only allows limit orders	Allows enhanced limit order/CAS at-auction limit order, stop-loss order, market order and morning at-auction limit order

* For more details about the mechanics of the investment quota, please visit HKEx’s official website.

** Investor should note that all buy trades under Northbound Trading link may be matched with different odd lot sell orders, resulting in odd lot trades.

Comparison of general SSE/SZSE and SEHK operation practice and transaction arrangements					
	Northbound Trades of Securities on Shanghai and Shenzhen Exchange			Hong Kong Exchange	
Settlement Currency	RMB			HKD, RMB & USD	
Trading Hours	SSE/SZSE Arrangement			SEHK Arrangement	
	Trading Session	Securities	Trading Hours	Trading Session	Trading Hours
	Opening Call Auction	A Shares/ETFs	09:15 – 09:25	Auction session	09:00 – 09:20
	Continuous Auction (Morning)	A Shares/ETFs	09:30 – 11:30	Continuous Trading (Morning)	09:30 – 12:00
	Continuous Auction (Afternoon)	A Shares/ETFs (SZSE)	13:00 – 14:57	Continuous Trading (Afternoon)	13:00 – 16:00
	Continuous Auction (Afternoon)	A Shares/ETFs (SSE)	13:00 – 15:00	Closing Auction session	16:00 – 16:10
	Closing Call Auction	A Shares/ETFs (SZSE)	14:57 – 15:00	Note Market closes randomly within 16:08 – 16:10	
	Notes <ul style="list-style-type: none"> 09:20 – 09:25 SSE/SZSE (for A shares and ETFs) will not accept order cancellation, 14:57-15:00: SSE /SZSE (A shares only) will not accept order cancellation 09:10 – 09:15, 09:25 – 09:30, 12:55 – 13:00: Orders and order cancellations can be accepted by SEHK but will not be processed by SSE/SZSE until SSE's/SZSE's market open Orders that are not executed during the opening call auction session will automatically enter the continuous auction session. Any buy or sell orders not executed during the continuous auction session will automatically enter the closing call auction session. Standard Chartered may decline or be unable to route SSE/SZSE orders in the few minutes prior to market close. Clients should ensure any day critical orders are placed with Standard Chartered well before market close 				
Clearing and Settlement Cycle	Securities Settlement: Trade Day Cash Settlement: Trade Day +1 day Note: Standard Chartered will settle both securities and cash on Trade Day with you			Securities and Cash Settlement: Trade Day + 2 days	
Other Market Practices	Day Trading is not allowed. Investors may not sell shares on the same day they were purchased. Prohibited from naked short selling SZSE ChiNext Market is only for Hong Kong and international institutional professional investors [#]			Prohibited from naked short selling	
Trading days	Under Northbound Trading, investors are allowed to trade A Shares/ETFs only when: <ul style="list-style-type: none"> Both markets are open for trading (i.e. trading day for SEHK and SSE or SZSE); and Banking services are available in both markets on the corresponding settlement days. 			All SEHK trading days	

[#] Institutional Professional Investors as defined in the relevant Hong Kong rules and regulations.

The above information is sourced from prevailing information provided by HKEx and may be subject to amendment as the implementation of China Connect and issuance of the relevant regulations and rules progresses.

Settlement

Please note that both securities and cash settlement of all A Shares stock/ETFs trading conducted through Standard Chartered by clients will be settled on Trade Day: if you purchase A Shares/ETFs, the A Shares/ETFs will be credited to your Private Bank account and cash will be debited from the same account after market close on the same day you executed the transaction. If you sell A Shares/ETFs, the A Shares/ETFs will be debited from your Private Bank account and sales proceeds will be credited to the same account after market close on the same day you executed the transaction. Standard Chartered may change the settlement arrangement in the future.

Fees and Levies

Investors are required to pay certain fees and taxes to the China State Administration of Taxation (“CSAT”) and other parties for trading SSE/SZSE securities (A Shares). The fees and levies are as follows:

Items	Rate
Handling Fee (Charged by SSE and SZSE)	0.00341% of the consideration of a transaction per side
Securities Management Fee (Charged by China Securities Regulatory Commission)	0.00200% of the consideration of a transaction per side
Transfer Fee (Charged by ChinaClear)	0.00100% of the consideration of a transaction per side
Transfer Fee (Charged by Hong Kong Securities Clearing Company Limited)	0.00200% of the consideration of a transaction per side
Portfolio Fee (Charged by Hong Kong Securities Clearing Company Limited)	Accrued daily at fixed cumulative % per annum on the total daily portfolio value
Stamp Duty (Charged by CSAT)	0.05000% of the consideration of a transaction on the seller
Dividend Withholding Tax (Charged by CSAT)	10% dividend tax will be applicable to cash dividends and non-cash dividends and will be withheld by issuers of SSE and SZSE securities upon dividend payments
Capital Gains Tax and VAT (Charged by CSAT)	Temporarily exempted (please see “Capital Gains Tax & VAT” section for details)

The fees and levies applicable to the trading and clearing of ETFs for Northbound trading are as follows:

Items	Rate
Handling Fee (Charged by SSE and SZSE)	0.004% of the consideration of a transaction per side
Securities Management Fee (Charged by China Securities Regulatory Commission)	Waived
Transfer Fee (Charged by ChinaClear)	Waived
Transfer Fee (Charged by Hong Kong Securities Clearing Company Limited)	0.00200% of the consideration of a transaction per side
Portfolio Fee (Charged by Hong Kong Securities Clearing Company Limited)	Accrued daily at fixed cumulative % per annum on the total daily portfolio value
Stamp Duty	Waived
Dividend Withholding Tax (Charged by CSAT)	10% dividend tax will be applicable to cash dividends and non-cash dividends and will be withheld by issuers of SSE and SZSE securities upon dividend payments
Capital Gains Tax and VAT (Charged by CSAT)	Temporarily exempted (please see “Capital Gains Tax & VAT” section for details)

Note: All the above fees and levies will be collected from CCASS (The Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited) Participants’ designated bank accounts at end of day on Trade Day.

Risk Disclosure Statement

- (i) Investment involves risks. The prices of securities fluctuate, sometimes dramatically and may become valueless. Past performance of any securities is no guide to its future performance. Investors should consider their own investment objectives and risk tolerance level, and read the Terms and Conditions of relevant Securities Services before making any investment decision.
- (ii) Renminbi (“RMB”) exchange rate, like any other currency, is affected by a wide range of factors and is subject to fluctuations. Such fluctuations may result in gains and losses in the event that the client subsequently converts RMB to another currency (including Hong Kong dollars).
- (iii) RMB is currently not freely convertible and conversion of RMB through banks in Hong Kong is subject to restrictions specified by the Bank and regulatory requirements applicable from time to time. The actual conversion arrangement will depend on the restrictions prevailing at the relevant time.
- (iv) ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission (“CSRC”). If ChinaClear (as the host central counterparty) defaults, Hong Kong Securities and Clearing Company Limited (“HKSCC”) stated that it will, in good faith, seek recovery of the outstanding A Shares and monies from ChinaClear through available legal channels and through ChinaClear’s liquidation process, if applicable. HKSCC will in turn distribute the A Shares and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Authorities. Standard Chartered, in turn, will only be distributing the A Shares and/or monies to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by ChinaClear is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound Trading.

In Singapore, this document is being distributed by Standard Chartered Bank (Singapore) Limited 渣打銀行（新加坡）有限公司(“SCBSL”). Recipients in Singapore should contact SCBSL in relation to any matters arising from, or in connection with, this document. SCBSL is an indirect wholly-owned subsidiary of Standard Chartered Bank and is licensed to conduct banking business in Singapore under the Singapore Banking Act 1970. This document is distributed on the express understanding that, whilst the information in it is believed to be reliable, it has not been independently verified.

Capital Gains Tax & Business Tax

The Ministry of Finance in China and CSAT have provided a temporary exemption to Hong Kong and foreign investors from the capital gains tax and business tax in relation to gains derived from trading of eligible SSE/SZSE securities via Shanghai-/Shenzhen-Hong Kong Stock Connect. There is a risk that investors in SSE/SZSE securities may be subject to capital gains tax and/or business tax in the future if this exemption is revoked or revised. Investors should consider this risk when investing in SSE/SZSE securities.

Standard Chartered Bank (Hong Kong) Limited has provided a tax indemnity to a third party custodian in regards to SSE/SZSE securities. There is a risk that CSAT will, in the future, require either Standard Chartered Bank (Singapore) Limited or its affiliates or its custodian to make payment of your capital gains tax and/or business tax liability, on your behalf. In this event Standard Chartered Bank (Singapore) Limited will recover the amount paid on your behalf from you.

Trading Restrictions

- (i) The applicable legal and regulatory restrictions or limitations on Northbound Trading may have adverse effect on the liquidity and performance of an investment in the A Shares due to factors such as (but not limited to) dealing restrictions, adverse tax treatments, higher commission costs and regulatory reporting requirements. As a result, you may suffer losses in your investment in A Shares.
- (ii) Northbound Trading orders are subject to price limits prescribed by the exchanges, clearing systems and regulators (“Authorities”) such as (but not limited to) those described above. The price limits may be changed from time to time. All orders in respect of A Shares must be within the prescribed price limits. Any orders with a price beyond the prescribed price limit will be rejected by the SSE/SZSE.
- (iii) SSE/SZSE does not accept amendments of orders. Exchange participants must cancel the outstanding order and place a new order if they wish to modify a Northbound Trading order. Accordingly, order priority will be lost and the new order will be subject to the Daily Quota and Aggregate Quota balance restrictions (as described above) at the time the new order is placed.
- (iv) There will be no manual or block trade facility for A Shares.
- (v) Buy orders involving odd lot through the Northbound Trading link are not permitted. Sale of odd lot through the Northbound Trading link is allowed, provided that such order relates to the sale of all and not part of the odd lot held in respect your relevant A Share.
- (vi) Under applicable regulations, the “short swing profit rule” requires a client to return any profits made from purchases and sales in respect of shares of a PRC company listed on a PRC stock exchange (a “PRC Listco”) such as A Shares if:
 - a. the client’s shareholding in the PRC Listco exceeds the threshold prescribed by the relevant Authority from time to time; and
 - b. the corresponding transaction occurs within six months after a purchase transaction or vice versa, the client shall, and it is the client’s responsibility to, comply with such “short swing profit rule”.

Northbound Program Trading

By trading or continuing to trade in securities listed on Shanghai-/Shenzhen-Hong Kong Stock Connect, you agree and acknowledge that:

- (i) You will not transact in any Program Trading order(s), as defined by the CSRC, SSE and SZSE, with the Bank. The definition of Program Trading orders may be updated by CSRC, SSE and SZSE from time to time.
- (ii) Investors who transact in Program Trading orders are required to observe the Northbound Program Trading Reporting requirements.
- (iii) Notwithstanding your acknowledgement that you will not transact in any Program Trading order(s) via us, if any of your transactions are deemed to fall within the scope of the Northbound Program Trading Reporting regime, you are required to provide all necessary information as may be requested by the broker(s) within the prescribed timeline to ensure full compliance with the Program Trading Reporting regime.

For further details about the reporting requirements (including the information required and consequences of non-compliance), please refer to https://www.hkex.com.hk/Mutual-Market/Stock-Connect/Reference-Materials/Northbound-Program-Trading-Reporting?sc_lang=en

Foreign Shareholding Restrictions

- (i) Under current PRC rules, a single foreign investor's shareholding in a listed company (regardless of the channels through which shares in such company are held, including QFII, RQFII and Shanghai and Shenzhen Connect) is not allowed to exceed 10% of the company's total issued shares, while all foreign investors' shareholding in the A shares of a listed company is not allowed to exceed 30% of its total issued shares. It is your responsibility to comply with such limit. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the relevant holdings are through Shanghai-/Shenzhen- Hong Kong Stock Connect, the Qualified Foreign Institutional Investors ("QFII") regime, the RMB Qualified Foreign Institutional Investors ("RQFII") regime or other investment channels)
- (ii) If the aggregate foreign shareholding of an A Share reaches 28%, SEHK will not accept any further purchase orders until the shareholding reduces to 26%.
- (iii) If the aggregate foreign shareholding of an A Share reaches 30%, SEHK will identify the relevant exchange participant(s) (on a Last-In-First-Out basis) and require such exchange participant(s) to sell such A Shares within a time specified by SEHK. In such a situation, we and/or our sub-custodian may be required by the Authorities to sell your holdings in the relevant securities in accordance with the Standard Chartered Private Bank - General Terms and Conditions.
- (iv) It shall be your responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant Authorities and arrange for any relevant filings.

Corporate Actions

- (i) Following existing market practice in the PRC, investors engaged in the trading of A Shares will not be able to attend meetings by proxy or in person, unlike the current practice in Hong Kong in respect of SEHK-listed shares.
- (ii) Standard Chartered does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and Standard Chartered accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. Standard Chartered expressly disclaims all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.
- (iii) Whether an underlying issuer of A Shares will pay distributions is subject to such underlying issuer's dividend policy. Dividend payment rates in respect of A Shares may depend on factors including general economic conditions and the financial position of the relevant underlying issuers. There can be no assurance that any dividends or distributions in respect of A Shares will be declared or paid.

Investor Protection

Investors carrying out Northbound Trading through securities brokers in Hong Kong are NOT protected by the China Securities Investor Protection Fund, but they are protected by Hong Kong Investor Compensation Fund established under the Securities and Futures Ordinance.

Additional Tax Indemnity

By trading through Shanghai-/Shenzhen-Hong Kong Stock Connect, you agree that:

- (i) Any taxes, duties, charges, withholdings or declarations which arise or are imposed in respect of investing in or trading SSE/ SZSE listed securities (the "Products") (including but not limited to capital gains tax from gain arising from the Products) ("Taxes") may be deducted or withheld by Standard Chartered Bank (Singapore) Limited from all payments payable to you under the Products or otherwise under your existing Private Bank account. Taxes shall include, but shall not be limited to, taxes arising from time to time under the laws of China including taxes, duties and similar charges, taxes withheld or deducted from gains arising from the Products and other amounts withheld by any issuer from distributions made by such issuer, its agents or any relevant agent or authority and/or any clearing or custodian agent authorised by the relevant authority.
- (ii) You acknowledge that Standard Chartered may only be able to determine the portion of Taxes attributable to any Products following the redemption, exercise, resale, unwinding or termination of the Product or following repatriation of the sale proceeds attributable to such Products, when the relevant Authority imposes such Taxes, including if such Taxes are imposed retroactively. You agree to pay to Standard Chartered or its agent upon each and any demand, such portion of the Taxes as Standard Chartered or its agent determines in a commercially reasonable manner are attributable to the Products.
- (iii) You agree to indemnify and hold harmless Standard Chartered and its affiliates and their respective officers, directors, employees, advisors, agents and controlling persons (each an "Indemnified Person") from and against any and all losses, claims, damages, judgments, liabilities and expenses, including reasonable attorneys' fees and expenses (including the cost of any investigation and preparation), whether joint or joint and several, when and as incurred by such Indemnified Person, resulting from or arising out of the Taxes or related to breach of any representation, warranty or agreement made by you.

Processing of Personal Data

- (i) Pursuant to your consent given under Clause 9 of the Booking Centre Terms and Conditions (or any equivalent clause thereunder as amended from time to time) or our notification to you under the latest privacy statement sent to and/or acknowledged by you (see below), the Bank may access, process, retain, disclose, use and transfer your personal data (including but not limited to your name, identification number, financial data) maintained in the Bank's record or collected from you to any broker, SEHK, CSRC, SSE, SZSE and/or any other relevant party directly or indirectly (collectively, the "Transferees") for the purpose of providing services to you and complying with any regulatory requirements in force from time to time in connection with the Shanghai- and Shenzhen-Hong Kong Stock Connect trading service (including but not limited to the requirements under the Northbound Program Trading Reporting regime).
- (ii) Your personal data may be transferred outside Singapore to such Transferees located in countries where there may not be in place data protection laws which are substantially similar to, or serve the same purposes as, the Personal Data Protection Act 2012. That means your personal data may not be protected to the same or similar level in Singapore. If you do not agree with the sharing of your information, please contact your Private Banker and you may not be able to place the relevant order with our Bank. Standard Chartered Bank (Singapore) Limited expressly disclaims any liability and responsibility for any loss or damage you may suffer from the Transferees' use, processing, holding and/or disclosure of your information. For further details, you may also refer to our privacy statement as amended from time to time and available on our web site at sc.com/privatebank/en/privacy-statement.html

Important information

This document by itself is for information purposes only and does not constitute an offer, invitation or recommendation to any person to enter into any transaction described herein or any similar transaction, nor does it constitute any prediction of likely future price movements. Investor(s) should not only rely on this document to make investment decisions.

We make no representation or warranty (express or implied) of any nature, nor do we accept any responsibility or liability of any kind, with respect to the accuracy or completeness of the information in this document or the information provided by any other third party provided to you in this document for your information only and has not been independently verified by us. You should make your own independent evaluation of any transaction and of the relevance and adequacy of the information in this document and should make such other investigations as it deems necessary to determine whether to participate in any transaction. You should consult your own financial adviser.

This document has not been reviewed by the Monetary Authority of Singapore or any other regulatory authority in Singapore. The above information is sourced from the prevailing information provided by HKEx, and may be subject to amendment as the implementation of Shanghai-/Shenzhen-Hong Kong Stock Connect and issuance of the relevant regulations and rules progresses