

General Terms

- a. The above offers are only applicable to personal banking customers.
- b. Customers can enjoy all the offers listed above simultaneously. However, these offers cannot be used in conjunction with other promotion offers that are not listed in this promotion material.
- c. The above Offer and/or Reward cannot be transferred, returned, exchanged for other gift/coupons/reward/offer or redeemed for cash. BOCHK and/or BOCG Insurance shall not be liable for loss, damage, defacement or misappropriation of the redemption letter and/or the Coupon along with the redemption letter under any circumstances (including at the time of mailing) and will not reissue or replace any of them.
- d. BOCHK is not the supplier of the coupon. Any enquiry or complaint about such coupon should be directed to the relevant suppliers. BOCHK makes no guarantee to the coupon or service of the suppliers and shall not be liable for any matters in relation to the use of coupon or services.
- e. The usage of coupon and/or reward is subject to relevant terms and conditions of the supplier.
- f. If the coupon is lost or damaged, BOCHK shall not be liable and shall not reissue or replace any defaced/lost Coupon.
- g. The coupon and/or above any reward is limited, is on a first-come-first-served basis and is only available while stocks last. In case the coupon and/or reward is out of stock, BOCHK and/or BOCG Insurance reserves the right to substitute the coupon with other gift/coupons/reward/offer. The value or features of the substitute gift/coupons/reward/offer may be different from the current coupon/reward provided for this promotion.
- h. The above products, services and offers are subject to the relevant terms. For details, please refer to the relevant promotion materials or contact BOCHK branch staff.
- i. BOCHK reserves the rights to amend, suspend or terminate the above products, services and offers and to amend the relevant terms at any time at its sole discretion.
- j. In case of any dispute, the decision of BOCHK shall be final.
- k. The Terms of the Offer are construed in accordance with, and are governed by the laws of Hong Kong Special Administrative Region.
- l. Should there be any discrepancy between the Chinese and English versions of this promotion material, the Chinese version shall prevail.
- m. Customers are responsible for the data charges imposed by their service providers for using and/or downloading BOCHK Mobile/Internet banking and/or BOCHK Mobile App.
- n. By using BOCHK Mobile/Internet banking and/or BOCHK Mobile App, the viewer agrees to be bound by the content of this disclaimer as it may be amended by the Company from time to time.
- o. Please download mobile applications from official application stores or BOCHK website, and ensure the search wording is correct.
- p. The above Offer and/or Reward is limited, is on a first-come-first-served basis and is only available



while stocks last.

Risk Disclosure:

The following risk disclosure statements cannot disclose all the risks involved and does not take into account any personal circumstances unknown to BOCHK. You should undertake your own independent review and seek independent professional advice before you trade or invest especially if you are uncertain of or have not understood any aspect of the following risk disclosure statements or the nature and risks involved in trading or investment. You should carefully consider whether trading or investment is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.

Risk of Foreign Currency Trading

Foreign currency investments are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuation in the exchange rate of foreign currency may result in losses in the event that customer converts the foreign currency into Hong Kong dollar or other foreign currencies.

Risk Disclosure of Securities Trading

Risk of Securities Trading

Monthly Stocks Savings Plan is not equivalent to, nor should it be treated as a substitute for, time deposit. The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

Risk of Securities Margin Trading

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin or interest payments. If the required margin or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.

You are reminded to understand the relevant details, risks, charges and important notes before investing in Shanghai A shares or Shenzhen A shares. For details, please read the "Important Notice of Trading China



A Shares and A Shares Margin Trading via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect” in BOCHK’s website or the branch staff of BOCHK.

Important Notice of US Securities

You should fully understand the details, risks, charges and important notice before invest in US securities. You should seek advice from your professional advisors as to your particular tax position, including but not limited to estate duty and withholding tax that might arise from investing in overseas products.

US securities investment services are not applicable to U.S. persons and might only be applicable to limited jurisdiction. Any person considering an investment should seek independent advice on the suitability or otherwise of the particular investment.

Since the server requires regular maintenance services, the system will not be able to provide the trading, fund transfer, checking securities custody and corporate action services at the following time: Hong Kong time Saturday 11:30am – 4:30pm.

Since the server requires additional maintenance services, the system will not be able to provide the trading, fund transfer and corporate action services (enquiry function remains normal) at the following time: Hong Kong time daily 12:45pm – 2:15pm (during Standard Time in the United States- from the first Sunday in November to the second Sunday in March) or 11:45am – 1:15pm (during Daylight Saving Time in the United States- from the second Sunday in March to the first Sunday in November).

Risk disclosure of Fund:

Fund products or services are not equivalent to, nor should it be treated as a substitute for, time deposit. Although investment may bring profit opportunities, each investment product or service involves potential risks. Due to dynamic changes in the market, the price movement and volatility of investment products may not be the same as expected by you. Your fund may increase or reduce due to the purchase or sale of investment products. The value of investment funds may go up as well as down and the investment funds may become valueless. Therefore, you may not receive any return from investment funds. Part of your investment may not be able to liquidate immediately under certain market situation. The investment decision is yours but you should not invest in these products unless the intermediary who sells them to you has explained to you that these products are suitable for you having regard to your financial situation, investment experience and investment objectives. Before making any investment decisions, you should consider your own financial situation, investment objectives and experiences, risk acceptance and ability to understand the nature and risks of the relevant product. Investment involves risks. Please refer to the relevant fund offering documents for further details including risk factors. If you



have any inquiries on this Risk Disclosure Statement or the nature and risks involved in trading or funds etc, you should seek advice from independent financial adviser.

Equity Linked Investment Products Important Risk Warnings

Unlisted structured investment products. Our ELIs are unlisted structured investment products embedded with derivatives and are NOT equivalent to time deposits.

Not covered by the Investor Compensation Fund. Our ELIs are not listed on any stock exchange and are not covered by the Investor Compensation Fund in Hong Kong.

Not principal protected. Our ELIs are not principal protected: **you could lose all of your investment.**

No collateral. Our ELIs are not secured on any of our assets or any collateral.

Not the same as buying any linked stock. Buying our ELIs is not the same as buying any linked stock. You do not acquire any right in a linked stock except where such linked stock is determined on the valuation date to be deliverable to you on the settlement date, in which case you will be entitled to the rights of such linked stock from and including the valuation date in accordance with the terms and conditions of our ELIs. Changes in the market price of such linked stock may not lead to a corresponding change, or any change at all, in the market value of, and/or your potential gain or loss under, our ELIs.

Limited market making arrangement. Our ELIs are designed to be held until expiry. We will only provide limited market making arrangement for our ELIs with an investment period of more than 6 months on a bi-weekly basis. If you sell your investment in an ELI before expiry, you may receive an amount which is substantially less than your original investment amount.

Maximum loss upon BOCHK's default or insolvency. Our ELIs constitute general, unsecured and unsubordinated contractual obligations of Bank of China (Hong Kong) Limited and of no other person (including the ultimate holding company of our group, Bank of China Limited). If you purchase our ELIs, you are relying upon the creditworthiness of Bank of China (Hong Kong) Limited and have no rights under the terms and conditions of our ELIs against the issuer(s) of the linked stock(s). In the worst case scenario, **you could lose all of your investment.**

BOCHK is not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of our group is Bank of China Limited which does not guarantee the performance of our obligations under our ELIs.

No direct contractual rights against the Issuer and reliance upon distributor. Each series of our ELIs will be represented by a global certificate and no individual certificate will be issued to you with respect to your interest in our ELIs. You do not have any direct contractual rights against us (as the Issuer). To assert your rights as an investor in our ELIs against us (as the Issuer), you will have to rely on your distributor (and, if applicable, its direct or indirect custodian) to take action on your behalf. If your distributor (i) fails



to take action in accordance with your instructions; (ii) becomes insolvent; or (iii) defaults on its obligations under the terms of the customer agreement between you and your distributor, you may only have a claim as an unsecured creditor of such distributor, and you will need to take action against your distributor in accordance with the terms of such customer agreement. This is a complicated area of law and you should seek independent legal advice for further information.

English version of the terms and conditions prevails over Chinese version. The global certificate representing a series of our ELIs and the terms and conditions of our ELIs will only be issued in English for the purpose of lodgment with the relevant clearing system(s). If there is any inconsistency between the Chinese version and the English version of the terms and conditions of our ELIs, the English version will prevail over the Chinese version. If you do not understand the English version, you should seek independent professional advice.

Conflicts of interest. We, BOCHK, are the Issuer and the Product Arranger of our ELIs and also the principal paying agent, the market agent, the calculation agent and a distributor for our ELIs. Potential and actual conflicts of interest may arise from the different roles played by us and our subsidiaries and affiliates in connection with our ELIs and our economic interests in each role may be adverse to your interests in our ELIs.

Risk disclosure of Third Party Structured Note linked to Equity :

Investment involves risk. Please read the issuer's term sheet and offering documents for further product details including the risk factors before you invest. This risk disclosure statement is not exhaustive and does not take into account your personal circumstances not disclosed to the Bank. You should consider carefully, and seek professional advice, if necessary, on whether Note is suitable for you in light of your experience, objectives, financial position and other relevant circumstances and decide for yourself whether Note investment meets your investment needs.

1) Derivatives: Derivatives have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in derivative products.

2) Investment risk: The prices of Note may go up and down and may be volatile. The Note is also subject to the risk of vulnerability to economic cycles. The performance of the underling(s) might adversely affect the payout. In extreme cases, the Note may even become worthless. Buying and selling Note may not necessarily result in any profit, and may sometimes result in loss.

3) No principal protection: Unless otherwise specified, Note is not principal protected and you may receive the underlying stock instead of your investment capital upon maturity of the Note. You are



therefore exposed to the risks factor associated with the specific industry of the underlying stock(s). The value of such stock may be substantially lower than your investment capital You may therefore suffer a loss or a substantial loss in your investment in Note.

4) Worst of basket: When the Note is linked to a basket of underlying stocks in a “worst of basket” structure, the payout (in terms of yield/coupon, Early/Final Redemption) might be dependent on the worst performing asset/stock. You are obliged to buy at the strike price the worst-performing stock in the basket, if the final price of the worst-performing stock is below the strike price.

5) Not the same as investments in the underlying stock: You have no rights in relation to the underlying stock to which payments under the Note are linked, such as rights to receive dividends or voting rights in respect of stock in the equity issuer. Where Note are to be redeemed by physical delivery of stock or debt obligations of an equity issuer you will not receive any rights as a holder of such stock or obligations until such time as they are delivered to you.

6) Credit and insolvency risk of the issuer: The Note constitute the Issuer’s direct, unsubordinated and unsecured obligations and rank and will rank (subject to certain statutory exceptions) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding. The Note is subject to the risk of the issuer and guarantor, as applicable and no other companies. Note is subject to the risk of the issuer defaulting on its obligations. The credit ratings of the issuer assigned by the credit agencies do not guarantee the creditworthiness of the issuer. Should the Issuer become insolvent or go into liquidation or default on its obligations, you will be ranked as an unsecured creditor of the issuer and may lose your entire investment, regardless of the movements in the underlying exchange rate or the terms of Note.

7) Issuer’s early termination risk: The issuer may terminate the Note prior to their maturity for various reasons pursuant to the terms and conditions of the Note, including taxation reasons, illegality or events beyond the control. If the issuer terminates the Note early, the issuer will, if and to the extent permitted by applicable law, pay a holder of the Note such amount as it determines to be the then fair market value of the Note, taking into account, without limitation (i) the cost to the Issuer of unwinding any related underlying hedging arrangements; (ii) any replacement liquidity costs and/or (iii) any other appropriate costs. Therefore, the amount payable to you (if any) on such early termination may be substantially less than your original investment. You will bear re-investment risk that the prevailing market conditions may have changed and may hinder you from making any further investment under similar terms.

8) Be distinguished from savings or time deposits: Note is an investment product and is not equivalent to



a time deposit, and is unsecured and is not guaranteed (unless there is guarantor). Note is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong. Investment in Notes involves risks not associated with regular bank deposit and should not be regarded as a substitute for regular savings or time deposit.

9) Interest rate risk: Changes in interest rates may have a significant impact on Notes. Generally speaking the bond component's value fall when interest rates rise. Furthermore, the performance of the underlying(s) might also be affected positively or negatively in relation to interest rate movements.

10) Exchange rate risk: There may be an exchange rate risk in respect of the Note where the amount payable at redemption is converted from one currency to another. Fluctuation in foreign exchange rates, foreign political and economic developments or so may affect your investment return on the Note.

11) Tenor risk: Usually Note has a specified investment period. The longer the investment period of the Note, the more likely changes in interest rates, exchange rates, market environments and the issuer's financial and operating conditions. Your actual return (if any) may be substantially lower than expected and you may even suffer losses

12) Liquidity risk: Notes are designed to be held to maturity and there may be no active secondary market quotations for them. If you try to sell the Note, you may not be able to find a buyer, or the sale price may be much lower than the cost you invested. You may suffer a loss if you sell your Note before maturity.

13) Emerging market risk (applicable to issuer or underlying(s) in emerging markets): Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such emerging markets may lack the social, political or economic stability. Exposure to these markets may entail more volatility than investments in more established markets.

14) Additional counterparty and settlement risk: For Note transaction, the Bank will only act as your agent to search for the Notes and your counterparty. In the event that the counterparty defaults before the Note is delivered, it is possible that you may lose their entire investment. In the event that the counterparty fails to deliver the Note, you will be unable to sell the Note or transfer the Note to other custodians. As for final redemption, Note holder may suffer loss if the counterparty/issuer delay or fail to deliver the principal amount/underlying(s) at maturity.



15) Political risk: Political instability can have a negative effect on the Note's price and lead to huge fluctuations.

16) Market disruption: The Calculation Agent may determine that a disruption event in respect of the underlying stock or linked index has occurred or exist at any relevant time. Any such determination may affect the value of the Note and / or delay settlement in respect of the Note.

17) Adjustment risk: The Calculation Agent has the sole and absolute discretion to make adjustment and determination as it considers

18) Reliance on distributors and charges: If you hold the Note through a distributor, you will have to rely on your distributor to distribute notices, make payment or deliveries, enforce any rights under the Note. You will also be exposed to the credit risk of the distributor. Your potential return on the Note may be reduced by the amount of any handling fee or other charges you have to pay your distributor when you make your application.

19) RMB Conversion Limitation Risk: RMB investments are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into HKD or other foreign currencies.

(Only applicable to Individual Customers) RMB is currently not fully freely convertible. Individual customers can be offered CNH rate to conduct conversion of RMB through bank accounts and may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.

20) Risks of Trading of Listed RMB Equity Products (applicable to RMB linked or denominated Note):

Investment / Market Risk: Like any investments, RMB equity products are subject to investment risk. The price of the RMB equity products in the secondary market may move up or down. Losses may incur as a result of investing in the products even if the RMB appreciates against HKD or other currencies.

Liquidity Risk: RMB equity products are a new type of investment product in the Hong Kong market. Regular trading or an active secondary market in these products may not be available. Therefore you may not be able to sell your investments in the RMB equity products on a timely basis, or you may have to offer them for sale at a deep discount to their value in order to find a buyer. If the Central Government of the PRC tightens foreign exchange controls, the liquidity of RMB or RMB equity products in Hong Kong will be affected and you may be exposed to greater liquidity risk.

Currency Risk: If this product is not denominated in your home currency, and you choose to convert it back to your home currency upon maturity, you should note that exchange rate fluctuations may have an



adverse impact on, and the potential loss may offset (or even exceed), the potential return of the product. If you are a non-Mainland investor who holds a local currency other than RMB, you will be exposed to currency risk if you invest in RMB equity products. You will incur currency conversion costs, being the spread between buying and selling of RMB, at the time of conversion between your local currency and RMB for the purchase or sale of an RMB equity product. Even if the price of the RMB equity products you are holding remains unchanged, you may not receive the same amount of HKD when you sell the products due to the spread between buying and selling of RMB. RMB is a restricted currency and is subject to foreign exchange controls. Although the Central Government of the PRC has relaxed the restrictions by allowing banks in Hong Kong to conduct RMB business in a specified scope, RMB is still not freely convertible in Hong Kong. You may not be able to convert RMB at your preferred time and/or in your preferred amount or conversion cannot be made, which may lead to investment losses. The policies of the Central Government of the PRC on foreign exchange control are subject to change, and your investment may be adversely affected.

Exchange Rate Risk: RMB equity products that are traded and settled in RMB are exposed to exchange rate risk. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into Hong Kong dollars or other foreign currencies. Moreover there is no guarantee that RMB will not depreciate. Any devaluation of RMB could adversely affect the value of your investment in the RMB equity products. RMB equity products are not an investment instrument for speculating on RMB/HKD exchange rate movements.

Default Risk & Credit Risk: In general, RMB equity products are exposed to the usual kind of default risks that might be associated with equity products denominated in other currencies. The performance of RMB equity products is affected by the underlying business performance and a variety of other factors in connection with the issuers, and is subject to the credit risks associated with the special profile or special business strategy that the issuers may have.

Emerging Market Risk: RMB equity products associating with the market of the Mainland of China are particularly subject to risks that may arise from the relevant market/industry/sector and other factors such as change in government policies, taxation and political development in the Mainland.

21) Risks of Trading of ETF/Synthetic ETF Products(applicable to ETF/Synthetic ETF linked Note):

Derivatives risk: Synthetic ETFs are structured product involving derivatives. Derivatives have a high degree of price variability and are subject to occasional rapid and substantial changes. An ETF's losses may be greater if it invests in derivatives than if it invests only in conventional securities. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices. There may be transaction costs associated with the use of derivatives. In addition, many derivatives are not traded on exchanges. As a result, synthetic ETFs are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of any counterparties with which that synthetic ETFs trade. This risk is also affected by the fact that over-the-counter derivatives



markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade.

Tracking error risk: ETF may trade deeply discount to the NAV of the underlying index due to inefficiency of replication strategy. The tracking error is mainly caused by transaction fees, exchange rate of underlying index and corporate actions of underlying index etc. There may be disparity between the performance of the synthetic ETF and the performance of the underlying index due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

Market risk: Clients are exposed to the political, economic, currency and other risks related to the synthetic ETF's underlying index. The return on ETF is dependent on movements in the underlying index. The price of underlying index may move rapidly and are affected by a number of factors including, national and international financial, economic, political and other conditions and events and may also be subject to intervention by central banks and other bodies.

Trading at discount or premium: The price of ETF is determined by the supply and demand of the market and may trade at a discount or premium of NAV. Client may suffer substantially at the times of fund liquidation if Client buys the ETF at a premium which is much higher than the NAV. Where the index/market that a synthetic ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the synthetic ETF in line with its NAV may be disrupted, causing the synthetic ETF to trade at a higher premium or discount to its NAV. Client who buys a synthetic ETF at a premium may not be able to recover the premium in the event of termination.

Liquidity risk: Liquidity of ETF depends on many factors such as market volatility, market sentiment or global economic data. Its liquidity may be poor sometimes even it is listed in exchanges. A higher liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of the derivatives may result in losses.

Currency risk: ETF may invest in different countries or globally and Client bears a foreign exchange risk resulting from change of exchange rate of underlying index and denomination currency of an ETF. Sometimes, the currencies that the ETF invests in are not freely convertible and the conversion of that currency is subject to exchange controls and restrictions which may affect the movement in the exchange rate of underlying index.

Emerging market risk: Investments in an ETF of the emerging markets are more sensitive to social, political or economic development in the region than those in developed markets, and subject to risk such as market suspension, restrictions on foreign investment and control or repatriation of capital. There are also possibilities of nationalization, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could adversely affect the economics of the emerging markets or the value of ETF investment.

Concentration risk: ETF may invest in single country and sector.

Tax and other risks: Like all investments, an ETF may be subject to tax imposed by the local authorities in



the market whose index it tracks and is subject to the risk of change in policy of the reference market.

Overseas exchanges: Client should also note that an ETF listed on overseas exchanges may not have the same specifications as described above or any specifications at all in their names to differentiate synthetic ETF from physical ETF of other replication strategies. Besides, the synthetic ETF listed on overseas exchanges may have more complex structures, such as the use of derivatives to adopt an inverse and/or leveraged strategy which may not be suitable for general investing public. Client should consult their own financial advisers for independent financial advice if in doubt.

Counterparty risk of issuer of financial derivative: Where a synthetic ETF in derivatives to replicate the index performance, Clients are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivative issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparties of the synthetic ETF may have a “ knock-on ” effect on other derivative counterparties of the synthetic ETF). Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the synthetic ETF seeks to realize the collateral.

Collateral risk: While some synthetic ETFs may hold, or have recourse to, collateral to mitigate the exposure to credit risks of the derivatives counterparties, the collateral may not comprise any constituent securities of the index. The collateral may also be concentrated in particular market(s), sector(s) and/or securities issued by specific sovereign or public issuer(s) which may not be related to the underlying index. Furthermore, when an ETF seeks to exercise its rights against the collateral upon any default of counterparties, the market value of the collateral could be substantially less than the amount secured if the market drops sharply before the collateral is realised, thereby resulting in significant loss to the ETF.

22) Risks of Trading of RQFII A-share ETF Products (applicable to RQFII A-share ETF linked Note):

Risks relating to the novelty of the product: RQFII A-share ETF is the first RMB physical A-share ETF issued outside mainland China to invest directly in the Mainland A-share market which is inherently a market with restricted access. The novelty and untested nature of such products make them riskier than traditional ETFs investing directly in markets other than the Mainland.

Risks relating to the RQFII regime: The RQFII programme is still at a pilot stage. The relevant policy and rules have only been recently announced by the relevant Mainland authorities and there may be uncertainties as to its implementation. Such policy and rules are subject to change and interpretation by Mainland authorities. The uncertainty and change of the laws and regulations on the Mainland (including the RQFII policy and rules) may adversely impact the RQFII A-share ETFs. The limit of RQFII investment quota may cause units of RQFII A-share ETFs to trade at a significant premium to their NAV.

RMB currency risk: Please refer to Risk no. 19

Risks relating to Mainland markets and concentration risk: RQFII A-share ETFs primarily invest in securities in the Mainland markets and are subject to concentration risk. Investing in the Mainland



markets involve certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

Risks relating to RMB trading and settlement of units: It is likely that not all intermediaries are prepared to carry out trading and settlement of RMB-denominated securities. In addition, the liquidity and trading price of the units of RQFII A-share ETFs may be adversely affected by the limited availability of RMB outside mainland China and the restrictions on the conversion between foreign currency and RMB.

Risks relating to the Mainland tax regime: There are risks and uncertainties associated with the current Mainland tax laws applicable to capital gains realised by RQFIIs through their investments on the Mainland. Although RQFII A-share ETFs may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the RQFII A-share ETF's assets and may therefore adversely affect the RQFII A-share ETF's net asset value (NAV).

Trading differences risk: The trading days or hours of the Mainland and Hong Kong stock markets are not exactly the same in terms of trading hours and business days. Investors may not be able to purchase or sell the units of the RQFII A-share ETF during local holidays. Likewise, during Mainland holidays, the market price of underlying securities may not be updated while the RQFII A-share ETF is still trading. Furthermore, A-shares are subject to trading bands which restrict increases and decreases in the trading price, trading of RQFII A-share ETFs listed on the SEHK is not subject to such restrictions. All those differences may affect the level of premium or discount of the trading price of the ETF's units to its NAV.

Mainland brokerage risk: Only one brokerage can be appointed for each market (the Shenzhen Stock Exchange and the Shanghai Stock Exchange) to execute transactions (i.e. trading of A-shares) for the RQFII A-share ETF in mainland China. As such the RQFII A-share ETF will rely on only one brokerage for each market, which may be the same brokerage. If the manager of the RQFII A-share ETF is unable to use its designated brokerage in mainland China, the operation of the RQFII A-share ETF will be adversely affected and may cause the units of the RQFII A-share ETF to trade at a premium or discount to the RQFII A-share ETF's NAV or the RQFII A-share ETF may not be able to track the underlying index.

Government intervention and restrictions risk: The operation and market making activities of RQFII A-share ETFs may be affected by interventions by the governments and regulators in the financial markets, such as an imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks.

New manager and reliance on parent company risk: The manager of RQFII A-share ETFs may not be experienced in managing ETFs and may heavily leverage on the expertise and systems of its Mainland parent company to support the RQFII A-share ETF's investments in the A-share markets. Any disruption in the assistance from the Mainland parent company may adversely affect the operations of the RQFII A-share ETF.



Reliance on market maker risk: Market makers may not be as interested in making a market in ETF units denominated in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the units of RQFII A-share ETFs. The liquidity of the ETF may be adversely affected if there is no market maker for the fund or if the market making activities are not effective.

23) Risks of Trading of Dual Counter RQFII A-share ETF Products(applicable to Dual Counter RQFII A-share ETF linked Note):

New model risks: The Dual Counter model in Hong Kong is new. Dual Counter RQFII A-share ETFs allow units to be traded on SEHK in RMB and Hong Kong dollar under two separate counters. The novelty and untested nature of Dual Counter RQFII A-share ETFs may bring additional risks for investment in Dual Counter RQFII A-share ETFs. **Inter-counter trading risks:** If your intermediary (e.g. brokerage or bank) does not provide both Hong Kong dollar and RMB trading services at the same time or offer inter-counter transfer services to support Dual Counter trading, you will not be able to buy units traded in one counter and sell them in the other counter. Even if your intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and fees.

Risks relating to different trading prices in RMB and HKD counters: The RMB counter and HKD counter are two distinct and separate markets. The trading prices of units of the same RQFII A-shares ETF in the two counters may be different and may not always maintain a close relationship depending on factors such as market supply and demand, liquidity in each counter and the exchange rate between RMB and Hong Kong dollar in both onshore and offshore markets.

Risks relating to dividend payment: Dividends of a Dual Counter A-share RQFII A-share ETF are declared in RMB but may be paid in RMB only or, where so offered by the manager, in RMB as well as Hong Kong dollar depending on an investor's election. Depending on the distribution policy of individual Dual Counter RQFII A-share ETF, an investor of units traded in the HKD counter may receive dividend in RMB only. In such circumstances, if such investor does not have an RMB account, he or she may have to bear the fees and charges associated with the conversion of such dividend from RMB into Hong Kong dollar or any other currency.

Risk of bonds trading

The prices of bonds fluctuate, sometimes dramatically. The price of a bond may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling bonds

Key Risk Disclosures of bonds



1. **Investment risk:** The prices of bonds may go up and down and may be volatile. The bonds may even become worthless. Buying and selling bonds may not necessarily result in any profit, and may sometimes result in loss.
2. **Issuer / Guarantor credit risk:** The return on bonds is linked to the credit of the Issuer and Guarantor, as applicable. The credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the Issuer and Guarantor, as applicable. In the event that the Issuer defaults, it is possible that you may lose all your investment, including the principal.
3. **To be distinguished from savings or time deposits:** The bonds are an investment product and are not equivalent to a time deposit, and are unsecured and are not guaranteed (if there is no guarantor). The bonds are not protected deposits under the Deposit Protection Scheme in Hong Kong. The bonds are not principal-protected. The investment in bonds involve risks not associated with regular bank deposits and should not be regarded as a substitute for regular savings or time deposit.
4. **Not covered by the Investor Compensation Fund:** The bonds are not covered by the Investor Compensation Fund.
5. **Interest rate risk:** Changes in interest rates may have a significant impact on the market price of the bonds. For example, bond prices generally fall when interest rates rise - In this situation, you may incur a loss from the decrease in market price of the bonds if you sell the bonds before the final maturity date.
6. **Currency risk:** For bonds not denominated in your home currency, if the currency in which the bonds are denominated depreciates against your home currency during your holding period, and if calculated and settled in your home currency, exchange rate fluctuations may have an adverse impact on, and the potential loss may offset (or even exceed) , the investment return.
7. **Tenor risk:** The bonds have a specified investment period. The longer the investment period of the bonds, the more likely changes in interest rates, exchange rates, market environments and the Issuer's financial and operating conditions may affect the bond value during the investment period. Your actual return (if any) may be substantially lower than expected and you may even suffer losses.
8. **Liquidity risk:** The bonds are designed to be held to maturity and there may be no active secondary market quotations for the bonds. If you try to sell your bonds before maturity, it may be difficult or impossible to find a buyer, or the sale price may be much lower than the amount you had invested. You may suffer a loss if you sell your bonds before maturity.
9. **RMB Conversion Limitation Risk:** RMB investments are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into HKD or other foreign currencies. RMB is currently not fully freely convertible. Individual customers can be offered CNH rate to conduct conversion of RMB through bank accounts and may occasionally not be able to do so fully or immediately, for which it is subject to the RMB position of the banks and their commercial decisions at



that moment. Customers should consider and understand the possible impact on their liquidity of RMB funds in advance.

10. Emerging Market Risk: Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such emerging markets may lack the social, political or economic stability. Exposure to these markets may entail more volatility than investments in more established markets.

11. Other risks: There may be other risks associated with the investment of each particular bond which are not mentioned above, please refer to each individual Term Sheet for details.

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- BOCHK is granted an insurance agency licence under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) by Insurance Authority in Hong Kong SAR. (insurance agency licence no. FA2855)
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- Life insurance plan is subject to the formal policy documents and provisions issued by BOC Life or China Life (overseas). Please refer to the relevant policy documents and provisions for details of the Insured items and coverage, provisions and exclusions.
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- In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute



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- The Designated Plans are underwritten by Bank of China Group Insurance Company Limited ("BOCG Insurance").
- BOCHK is an appointed insurance agency of BOCG Insurance for the Designated Plans. The Designated Plans are products of BOCG Insurance but not BOCHK.
- BOCHK is granted an insurance agency licence under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) by Insurance Authority in Hong Kong SAR. (Insurance agency licence no. FA2855)
- In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between BOCHK and the customer out of the selling process or processing of the related transaction, BOCHK is required to enter into a Financial Dispute Resolution Scheme process with the customer; however any dispute over the contractual terms of the Designated Plans should be resolved directly between BOCG Insurance and the customer.
- BOCG Insurance is authorized and regulated by Insurance Authority to carry on general insurance business in the Hong Kong Special Administrative Region of the People's Republic of China.
- BOCG Insurance reserves the sole right to determine whether any application for the Designated Plans are acceptable or not in accordance with the information submitted at the time of application by the Proposer and/or insured person.
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