

**17 November 2014**

**Additional terms required for synthetic products linked to China Connect securities**

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Dear Sir/Madam

Please find attached Additional Provisions for China Connect Transactions, which will apply to all synthetic products linked to China Connect securities, including CFDs, swaps and options traded with GS under an ISDA Master Agreement or otherwise.

If you would like to trade synthetic products linked to China Connect securities, please sign and return the attached letter to us at your earliest convenience. If you are an investment manager, investment advisor or otherwise act as agent on behalf of one or more underlying clients, please arrange for the letter to be signed on behalf of each underlying client for whom you act.

You and your underlying clients shall be deemed to agree to the provisions of the attached letter as from the date of the first China Connect Transaction entered into with us, even if you do not sign or return the attached letter.

If you have any questions on the attached letter, please contact your Sales or Client Service Representative.

## Additional Provisions for China Connect Transactions

With effect from 17 November 2014, this letter supplements and forms part of each ISDA Master Agreement (Multi-Currency Cross Border) (each, an “**Agreement**”) between you (“**Counterparty**”) and Goldman Sachs International, Goldman Sachs Bank USA, Goldman, Sachs & Co., Goldman, Sachs Financial Markets, L.P. or one of their affiliates (each, individually, “**GS**”). For the purposes of this letter agreement, any references to GS shall be to the GS entity that is a party to the corresponding Agreement for which this letter agreement amends and supplements.

Counterparty may from time to time enter into Transactions under the Agreement that are linked to:

- (i) securities that are eligible for trading through the China Connect Service (“**China Connect Securities**”) and where the Exchange specified in the relevant Transaction Supplement or Confirmation in respect of any such security is “XSSC”, or
- (ii) baskets or indices whose constituents include China Connect Securities,

(each such Transaction, a “**China Connect Transaction**”). The purpose of this letter agreement is to set out the additional terms that the Counterparty is required to agree to as a condition to entering into any China Connect Transaction with GS.

The “**China Connect Service**” is the securities trading and clearing links programme under which (i) The Stock Exchange of Hong Kong Limited and/or its affiliates provides order-routing and related services for certain eligible securities traded on the Shanghai Stock Exchange or such other stock exchange as may be designated from time to time and (ii) China Securities Depository and Clearing Corporation Limited and Hong Kong Securities Clearing Company Limited provide clearing, settlement, depository and related services in relation to such securities.

Any capitalised terms not otherwise defined herein shall have the meaning assigned to it in the Confirmation or Transaction Supplement for the relevant China Connect Transaction.

### 1. Additional Provisions for China Connect Transactions

The Counterparty agrees that:

- (i) in the case of a China Connect Transaction entered into under the Agreement, the Additional Provisions for Shares traded through the China Connect Service published by ISDA on 14 October 2014 (<http://www.isda.org/cgi-bin/isdadocsdownload/download.asp?DownloadID=1156>) (the “**ISDA Provisions**”) shall apply to the relevant China Connect Transaction with the election of Hedging Party for the purposes of China Connect Share Disqualification and China Connect Service Termination; or
- (ii) in the case of a China Connect Transaction entered into under a Contracts for Differences Annex to the Schedule to the Agreement (the “**CFD Annex**”), the ISDA Provisions (other than paragraphs 4 and 5 thereof) and, if the China Connect OTC Transaction is a Share Transaction or a Share Basket Transaction, the following Additional Termination Events, in respect of which GS shall be the Non-affected Party, will apply in addition to those specified to apply in the CFD Annex:

“On or after the Trade Date:

- (i) the Shares cease to be accepted as “China Connect Securities” (as defined in the rules of the exchange of SEHK) for the purpose of the China Connect Service; or
- (ii) there is an announcement by one or more of the Exchange, SEHK, the CSDCC, HKSCC or any regulatory authority with competent jurisdiction of a suspension or termination of the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the Shares through the China Connect Service and the Calculation Agent determines that there is a reasonable likelihood that such suspension or termination is not, or will not be, temporary.”

## 2. Additional Representations for China Connect Transactions

In addition, as a condition to entering into any China Connect Transaction, the Counterparty represents, warrants and undertakes to GS and its affiliates on a continuing basis that Counterparty (i) is not a legal entity incorporated or registered in the PRC and (ii) if Counterparty is an individual, (A) Counterparty is not a PRC Citizen, or (B) if Counterparty is a PRC Citizen, Counterparty has been resident outside the PRC for more than one year.

For this purpose:

"**PRC**" means the People's Republic of China (excluding Hong Kong, Macau and Taiwan); and

"**PRC Citizen**" means any person holding a resident identification card or other equivalent government issued identification of the PRC.

## 3. Tax withholding

The Counterparty agrees, in respect of each China Connect Transaction, that GS shall deduct from any payment due from GS to Counterparty upon the maturity, redemption, exercise, unwind or early termination (in each case, whether full or partial) of each China Connect Transaction (converted into the settlement currency applicable for such China Connect Transaction) such amounts which GS deems necessary to satisfy any PRC Taxes in connection with such China Connect Transaction.

"**PRC Taxes**" means any taxes (including but not limited to capital gains tax and business tax) that may be incurred through, imposed on or assessed to GS or any of its affiliates by the People's Republic of China or the applicable taxing or revenue authorities thereof in respect of trading in China Connect Securities.

If, prior to the relevant maturity, redemption, exercise, unwind or early termination of a China Connect Transaction, the applicable PRC taxing authorities issue a final decision, order or ruling confirming that no such taxes are payable by offshore investors in China Connect Securities (including but not limited to GS and its affiliates), then no amounts shall be deducted pursuant to this section 3.

Pursuant to Notice 81 issued by the Ministry of Finance of the People's Republic of China, State Administration of Taxation and China Securities Regulatory Commission dated 31 October 2014 and published on 14 November 2014, the relevant authorities have clarified that transactions in China Connect Securities listed on the Shanghai Stock Exchange are temporarily exempted from PRC income tax on gains and business tax. Accordingly, for such time as such temporary exemption is in effect, GS will not withhold any amounts from any payments under China Connect Transactions on account of PRC income tax on gains or business tax.

## 4. Tax indemnity

In the event that GS or any of its affiliates pays or expects to pay any PRC Taxes arising from GS's hedge positions or hedging transactions in connection with any China Connect Transactions, the Counterparty agrees to indemnify and pay GS an amount, determined by GS in a commercially reasonable manner, equal to any PRC Taxes in respect of the China Connect Transaction, irrespective of any redemption, maturity, expiration, exercise or termination at any time of the China Connect Transaction, less any amount which GS has withheld pursuant to section 3 of this letter agreement.

## 5. Offshore CNY

Counterparty agrees that in respect of any China Connect Transaction under which any payments are to be made by GS to Counterparty in CNY, all such payments will be made solely by transfer to a Renminbi bank account maintained in accordance with applicable laws and regulations in Hong Kong, or such other jurisdiction (other than the PRC) agreed between the parties. The principal financial center for such Transactions shall be Hong Kong. For such Transactions, upon the occurrence of any of the following events, any payment of CNY by GS may be delayed

or GS may make such payments in another currency selected by GS using an exchange rate determined by the Calculation Agent:

- (i) the CNY exchange market in Hong Kong becomes illiquid as a result of which GS and/or any of its affiliates cannot obtain sufficient CNY in order to make a payment or perform any other of its obligations under the China Connect Transaction, as determined by the Calculation Agent in good faith and in a commercially reasonable manner;
- (ii) any event that makes it impossible, impracticable or illegal for GS and/or any of its affiliates to convert any amount into or from CNY as may be required to be paid by GS under the relevant China Connect Transaction on any payment date or such other amount as may be determined by the Calculation Agent in its sole and absolute discretion at the general CNY exchange market in Hong Kong, other than where such impossibility, impracticability or illegality is due solely to the failure of that party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for GS and/or any of its affiliates, due to an event beyond the control of GS or the relevant affiliate, to comply with such law, rule or regulation); or
- (iii) any event that makes it impossible, impracticable or illegal for GS and/or any of its affiliates to deliver CNY between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the CNY clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility, impracticability or illegality is due solely to the failure of GS and/or the relevant affiliate to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for GS and/or any of its affiliates, due to an event beyond the control of GS and/or the relevant affiliate, to comply with such law, rule or regulation).

## 6. Governing law

This letter agreement (and any dispute, controversy, proceedings or claim of whatsoever nature arising out of or in any way relating to this letter agreement or its formation) shall be governed by and construed in accordance with the governing law specified in the ISDA Master Agreement between GS and Counterparty.

**Please confirm your agreement to the terms of this letter agreement by signing and returning to us the enclosed duplicate of this letter agreement. The Counterparty shall be deemed to agree to the provisions of this letter agreement as from the date of the first China Connect Transaction entered into between GS and the Counterparty, even if the Counterparty does not sign or return this letter agreement.**

Yours faithfully,

**Goldman Sachs International**

**Goldman Sachs Bank USA**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

Date:

Date:

**Goldman, Sachs & Co.**

**Goldman Sachs Financial Markets, L.P.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

Date:

Date:

We accept and agree to the terms of this letter agreement:

Name of Counterparty: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

Date: