

中國金聯



金聯證券有限公司
Goldlink Securities Limited

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CASH AND MARGIN CLIENT AGREEMENT

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GOLDLINK SECURITIES LIMITED
CASH and MARGIN CLIENT AGREEMENT

In consideration of GOLDLINK SECURITIES LIMITED (the “**Broker**”) of Room 501-503, 5/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong (an Exchange Participant of the Stock Exchange of Hong Kong Limited and a Licensed Corporation (CE No. BHH779) licensed with the Securities and Futures Commission in respect of carrying on the regulated activities of dealing in securities, advising on securities, dealing in futures contracts and advising on corporate finance) agreeing to allow the Client identified in the Client Information Statement to open one or more accounts with the Broker and providing services to the Client in connection with securities trading with margin financing facilities, the Client HEREBY AGREES that all Transactions executed by the Broker for any Account shall be subject to the Client Agreement as amended from time to time and notified to the Client. The Broker's current provisions of the Margin Client Agreement are hereinafter set out:

PART I – DEFINITIONS

1.1 In this Agreement, including the Risk Disclosure Statement and the Data Privacy Policy attached hereto, unless the context otherwise requires, the following words and phrases shall bear the following meanings:

“Access Codes”	such password(s), and/or form(s) of personal identification (in numeric, alpha-numeric or other format, usually known as login name) prescribed by the Broker from time to time, whether used alone or in conjunction with each other, for gaining access to the Electronic Trading Service;
“Account(s)”	any margin account opened by the Client with the Broker for trading of securities with margin financing facility granted by the Broker;
“Agreement”	the written agreement between the Client and the Broker regarding the opening, maintenance and operations of the Account(s) as amended from time to time, including but not limited to the General Terms and Conditions, the Client Information Statement, Risk Disclosure Statement, Data Privacy Policy and any authority given by the Client to the Broker with respect to the Account(s);
“Authorized Person”	the person or any of the persons designated in or pursuant to this Agreement to issue instructions in relation to an Account;
“Broker Group”	the Broker, its affiliates, its direct and indirect holding companies and subsidiaries of the holding companies; “Broker Group Company” means any of them;
“Charge”	the charge over the Collateral in favour of the Broker to secure repayment of the Secured Obligations in accordance with Clause 5, and includes such modification or supplement from time to time;
“Clearing House”	in relation to SEHK, HKSCC or other body appointed by or established and operated by SEHK to provide clearing services to exchange participants of SEHK and, in relation to any other Exchange, any clearing house providing similar services for such Exchange;
“Client”	the person(s) with whom the Broker has entered into this Agreement and such person's successors in title and (if appropriate) personal representatives whose name(s) and other identity details set out in the Client Information Statement and shall include each Authorized Person;
“Client Information Statement”	Client information statement prescribed by the Broker to be provided by or on behalf of the Client;
“Code of Conduct”	Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the SFC and as amended from time to

	time;
“Collateral”	all securities, money and any other properties provided by the Client to the Broker or purchased or received by the Broker for the Client or otherwise which come to the possession, custody or control of the Broker or other persons on behalf of the Broker which are charged to the Broker as security under Clause 5; accordingly, “securities collateral” refers to the securities comprised in the Collateral; 2
“Data Privacy Policy”	the Broker’s general policy in relation to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and any subsidiary legislation made thereunder as amended, consolidated or substituted from time to time and the policy is set out in Part IV;
“Electronic Media”	any electronic or telecommunications media, including but not limited to the internet, interactive television systems, telephone, wireless application protocol or any other electronic or telecommunications devices or systems as the Broker may from time to time determine and prescribe;
“Electronic Trading Service”	any facility and service (including without limitation those relating to dealing services, information services, e-mail and the software comprised in any of the foregoing) provided or to be provided by the Broker or Broker’s contractor or agent or service provider from time to time under this Agreement which enables the Client to give instructions relating to any Transaction in the Account(s) or to obtain quotation on prices of securities or other information through any Electronic Media;
“Event(s) of Default”	any of the events of default as specified in Clause 11 of the General Terms and Conditions;
“Exchange”	SEHK and any other exchange, market or association of dealers in any part of the world on which securities are bought and sold;
“FATCA” or “Foreign Account Tax Compliance Act”	(i) Chapter 4 subtitle A of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance, as amended or supplemented from time to time; (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of the legislation or guidance referred to in (i) above; and (iii) any agreement pursuant to the implementation of the legislation or guidance referred to in (i) or (ii) above with the IRS, the US government or any governmental or taxation authority in any other jurisdiction;
“Hong Kong”	The Hong Kong Special Administrative Region of The People's Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Investor Compensation Fund”	the Investor Compensation Fund established pursuant to the SFO;
“IRS”	the U.S. Internal Revenue Services;
“Margin”	the amount, whether cash or non-cash collateral as may from time to time be demanded by the Broker from the Client in relation to the amount drawn under Margin Facility for the purpose of protecting the Broker against any loss or risk of loss on present, future or contemplated obligations arising from Margin Facility, and “margin requirements” means the requirements set by the Broker in respect of the collection and specifications of the Margin, usually the required amount of margin is set to be equal to applicable

	percentage as notified and determined by the Broker to the Client of the prevailing market value of Collateral ;
“Margin Facility”	the credit facility provided by the Broker to the Client to facilitate the acquisition of securities and the continued holding of those securities under the Margin Account and for other related purposes;
“Risk Disclosure Statement”	the risk disclosure statement provided by the Broker to the Client before the opening of the Account and/or from time to time in form prescribed by the SFC from time to time with the current version set out in Part III;
“Secured Obligations”	all money, obligations or liabilities in any currency (together with any accrued interest) falling due, owing or incurred by the Client to the Broker under the Account, or to Broker Group Companies under any other accounts now and in the future, whether actually or contingently, whether solely or jointly with others;
“Securities”	includes (a) items under the definition of securities in Schedule 1 to the SFO; (b) all investment products listed or traded on Exchanges; and (c) any investment products prescribed by the Broker as such;
“SEHK”	The Stock Exchange of Hong Kong Limited;
“SFC”	in relation to Hong Kong, The Securities and Futures Commission constituted under the SFO, in relation to any other regions, other statutory bodies performing similar functions as The Securities and Futures Commission and have jurisdiction over the relevant Exchanges; 3
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any subsidiary legislation made thereunder amended, consolidated or substituted from time to time; and
“Transaction”	the purchase, sale, exchange, disposal of and general dealing in securities and the disposition of funds and the drawing and repayment under the Margin Facility for or on behalf of the Client in connection with this Agreement.
“U.S.”	the United States of America

1.2 In this Agreement, words importing the singular shall, where the context permits, include the plural and vice versa and words importing gender or neuter include both gender and neuter. The expression "person" shall include any firm, partnership, association of persons and body corporate and any such persons acting jointly and the personal representatives or successors in title of any such person. References to "writing" shall include telex, cable and facsimile transmission and texts transmitted through Electronic Media. Headings are for convenience only. Any reference to Clauses or Schedules in the General Terms and Conditions is a reference to the clauses of or the schedules to this Agreement, unless otherwise stated.

PART II – GENERAL TERMS AND CONDITIONS

1. COMPLIANCE WITH LAWS AND REGULATIONS

- 1.1 All Transactions shall be subject to this Agreement and, in respect of those Exchanges and/or Clearing Houses where the Transactions are processed, the constitution, rules, regulations, practices, procedures and administrative requirements, as amended from time to time of the relevant Exchange and/or Clearing House (and in particular as regarding Transactions effected on SEHK the rules, regulations, practices, procedures and administrative requirements of SEHK and HKSCC) and to all applicable laws whether imposed on the Client or the Broker, as amended from time to time. All Transactions shall also be subject to the terms of business of dealer or other persons who have been involved in the processing of the Transactions where the Broker deems fit
- 1.2 Client whose Transactions are executed in markets other than those organized by SEHK may have a markedly different level and type of protection in relation to those Transactions as compared to the level and type of protection afforded by the rules, regulations, practices, procedures and administrative requirements of SEHK and HKSCC.
- 1.3 The Client confirms that:
- (A) in the event of any conflict between (I) this Agreement and (II) any constitution, rules, regulations, practices, procedures, administrative requirements of the relevant Exchange and/or Clearing House and laws (collectively the “**Regulations**”), the latter shall prevail;
 - (B) the Broker may take or omit to take any action it considers fit in order to ensure compliance with the Regulations including without limitation, adjusting any Account, disregarding any unexecuted orders or rescinding any executed Transactions;
 - (C) the Regulations as are so applicable and all such actions so taken shall be binding upon the Client; and
 - (D) the Client shall be responsible for obtaining in advance and maintaining any governmental or other consents required in connection with the Client's entering into of this Agreement or the Broker effecting any Transaction in connection with this Agreement.
- 1.4 This Agreement shall not operate insofar as it removes, excludes or restricts any rights of the Client or obligations of the Broker under the laws of Hong Kong or any other relevant law. If any provisions hereof are or should become inconsistent with any present or future law, rule or regulation of SEHK, HKSCC and/or any Exchange and/or any Clearing House or any other relevant authority or body having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule or regulation. In all other respects this Agreement shall continue and remain in full force and effect.

2. DEALING

- 2.1 The Broker shall be authorized but not bound to act on an instruction given by the Client or the Authorized Person (if any) to carry out a Transaction (whether directly or through other dealer or otherwise). The Broker may at any time and from time to time impose any limits including position limits on any Account and the Client agrees not to exceed such limits. If any of the said limits are or to be exceeded, the Broker may decline such an instruction and/or is entitled to close the open position of the Transactions concerned.
- 2.2 The Broker may in its absolute discretion refuse to act on any of the instructions received from the Client without giving any reason, including but not limited to, in particular, for sell order without evidence of sufficient securities or (where applicable) insufficient monies in the Account or where in the Broker's opinion, such instructions are contrary to the Regulations, or buy order without evidence of sufficient funds or compliance with the margin requirements. The Broker shall not in any circumstances be liable in any way for any loss of profit or gain, damage, liability or cost or expense suffered or incurred by the Client arising from or in connection with the Broker's refusal to act on such instruction or omitting to notify the Client of such refusal.
- 2.3 The Broker shall act as an agent of the Client and not as a principal in relation to any Transactions undertaken

by the Broker under this Agreement except where the Broker gives notice (in the contract note for the relevant Transaction or otherwise) to the Client to the contrary irrespective of whether such notice being actually received by the Client and/or the Authorized Person.

- 2.4 The Client undertakes that he will not give any instruction which involves the sale of securities which he does not own (that is, a short sale), unless the Client informs the Broker that such instruction for sale is a short selling order and, where required, the Client shall provide the Broker with the assurance in accordance with the SFO.
- 2.5 The Client fully acknowledges that there may, on occasions, be a delay in making prices or in dealing due to physical restraints on any Exchange or very rapid changes in the prices of securities that frequently take place. The Broker may not, after using reasonable endeavours, be able to trade at the prices or rates quoted at any specific time or "at best" or "at market". The Broker shall not be liable for any loss howsoever arising by reason of its failing, or being unable, to comply with the terms of any limit order undertaken on behalf of the Client or under the circumstances contemplated in this sub-Clause. Where the Broker is for any reason whatsoever unable to perform the Client's order in full, it may in its discretion effect partial performance only without prior reference to the Client's confirmation. The Client shall in any event accept and be bound by the outcome of such executions when any request to execute orders is made.
- 2.6 The Client acknowledges that instructions, once given by the Client, whether or not such instructions have actually been received by the Broker, shall not be cancelled or otherwise amended. The Client agrees to exercise caution before giving any instruction and accepts full responsibility for the Transactions partially or fully executed.
- 2.7 The Client hereby acknowledges that the Broker and Broker Group Companies and their directors, employees and/or their associates may from time to time trade on their own accounts. Furthermore, the Client acknowledges the existence of the Broker's interest, relationship or arrangement that is material in relation to any instruction received or Transaction effected for the Client. In particular, the Broker may, without informing the client :
- (A) effect Transactions through the Broker Group Companies;
 - (B) (subject to Clause 2.2) effect Transactions with the Client as principal for account of the Broker and its related parties including but not limited to any Broker Group Company or its employees, or directors;
 - (C) take position opposite to the order of the Client either for its own account or others;
 - (D) match the Client's orders with those of other clients of the Broker and any Broker Group Company; and/or
 - (E) combine the Client's order with orders of the Broker or of Broker Group Company or other clients of the Broker for execution, and neither the Broker nor its related parties shall be obliged to account to the Client or any third party for any profits or benefits received in connection therewith. In event of insufficient securities to satisfy orders so combined as mentioned in the above paragraph (E), the Broker may in its absolute discretion determine the priority in the execution of and/or to allocate the transactions amongst clients, the Broker and Broker Group Company, having due regard to the Regulations, market practice and fairness to the concerned clients. The Client acknowledges and accepts that such combination and/or allocation may on some occasions operate to the Client's advantages and on other occasions to the Client's disadvantages.
- 2.8 All orders shall be made by the Client orally either in person or by telephone, or in writing, delivered by post, by hand or transmitted by facsimile or through Electronic Media (applicable to Account with Electronic Trading Service) at the Client's risks. The Broker may act on such instructions which the Broker believes to come from the Client or the Authorized Person without any duty to verify the capacity of the person giving the instruction. The Broker shall not be responsible for the non-performance of its obligations hereunder by reason of any cause beyond the Broker's reasonable control, including, without limitation, transmission or computer delays, errors or omissions, strikes and similar industrial action or the failure of any dealer, Exchange or Clearing House to perform its obligations. The Client hereby confirms and agrees that the Client shall be responsible to the Broker for all engagements, indebtedness and any other obligations made or

entered into in the Client's name whether in writing or orally and howsoever communicated and purporting to be given as aforesaid. In addition and without limiting the generality of this Agreement, in the event of receipt of conflicting instructions, the Broker may refuse to act on any of such instructions until the Broker receives unequivocal instruction(s). In any event, the Broker shall not in any circumstances be liable in any way for any loss of profit or gain, damage, liability or cost or expense suffered or incurred by the Client arising from or in connection with the Broker's refusal to act on such instruction or omitting to notify the Client of such refusal.

- 2.9 The Client understands and confirms its agreement that the Broker may record conversations with the Client whether conducted on the telephone or through any other media or otherwise by tape or electronic means for security, control or record purposes. The Client acknowledges and agrees that the contents of such recordings shall be conclusive evidence of the instructions of the Client in case of any dispute.
- 2.10 All instructions relating to purchase or sale of securities or otherwise given hereunder which may be executed on more than one Exchange and on any Exchange as the Broker may in its absolute discretion determine. The Broker may also in its discretion direct the instructions of the Client to other dealers for execution without giving any notification to the Client.
- 2.11 All the trading orders in respect of Transactions placed by the Client are good for the day and will be automatically cancelled at the close of business of the relevant Exchange to the extent of such trading orders not yet executed unless the Client has indicated to the Broker to the contrary in writing or in such other manner acceptable to the Broker.
- 2.12 Following execution of the orders of the Client, the Broker will send trading confirmations of the Transactions effected and relevant statements summarizing Transactions and securities and cash positions in the Account subject to Clause 9.8. Such trading confirmations and statements shall be conclusive and binding on the Client in all respects including, without limitation, the price at which any such orders have been executed if not objected to by the Client in writing sent by registered mail to the Broker's office within three business days after transmission of the information contained in such confirmations and statements to the Client. The Broker may not provide the Client with monthly statements in relation to the Account in case during the relevant period there is no transaction or revenue or expense item and no outstanding balance or holding securities position in the Account.
- 2.13 Subject to the applicable laws and regulations, the Broker may in its absolute discretion determine the priority in the executions of the orders received from its clients, having due regard to the sequence in which such orders were received and the Client shall not have any claim of priority to another client in relation to the execution of any orders received by the Broker.
- 2.14 If the services provided by the Broker to the Client are in relation to derivative products, including options, the Broker shall provide to the Client upon request product specifications and copies of prospectus and any other offering document relating to such products.
- 2.15 The Client shall make the Client's own independent judgment and decision with respect to each instruction given to the Broker. The Broker is under no liability whatsoever in respect of any representation, statement, information or suggestion given or made by the Broker and any Broker Group Company or any of their directors, officers, employees or agents irrespective of whether or not such representation, statement, information or suggestion is given or made at the Client's request.
- 2.16 The Client authorizes the Broker to sell or arrange for the sale of any quantities of securities held on the Client's behalf if :
- (A) the Broker receives an instruction directly or indirectly from the relevant Exchange or relevant Clearing House or regulators (who provide the services or regulate the trading or clearing or related activities) requiring the Client to sell and liquidate any specified securities;
 - (B) the Broker is of view that the Client is in breach of or may be in breach of the constitution, rules, regulations, practices, procedures and administrative requirements, as amended from time to time of the relevant Exchange and/or relevant Clearing House and/or regulators;

3. SETTLEMENT

- 3.1 Unless otherwise agreed or the Broker is already holding sufficient cash (or with sufficient Margin Facility) or securities on the Client's behalf to settle the Transaction, in respect of each Transaction, the Client, by the settlement due date as required by the relevant Exchange and/or Clearing House or by such time as the Broker has notified (whether verbally or in writing) the Client in relation to the relevant Transaction, shall :-
- (A) pay the Broker cleared funds or deliver to the Broker securities in deliverable form; or
 - (B) otherwise ensure that the Broker has received such funds or securities, by the settlement due date as required.
- 3.2 Unless otherwise agreed, the Client agrees that if the Client fails to make such payment or delivery of securities by the due time as mentioned in Clause 3.1, the Broker is hereby authorized to:
- (A) in the case of a purchase transaction, sell the purchased securities for the purpose of satisfying the Client's obligations to the Broker; and
 - (B) in the case of a sale transaction, borrow and/or purchase such securities for the purpose of satisfying the Client's obligations to the Broker.
- 3.3 The Client hereby acknowledges that the Client shall be responsible to indemnify the Broker or keep the Broker indemnified for any loss, costs, fees and expenses incurred by the Broker in connection with the Client's failure to meet the Client's obligations by the due time as set out in Clause 3.1.
- 3.4 In the case of a purchase Transaction, if the Broker fails to deliver on the settlement date and the Client has to purchase securities to settle the Transaction, the Client shall not be responsible to the Broker for the costs of such purchase.
- 3.5 Without prejudice to any other rights and remedies available to the Broker, the Broker is authorized to dispose of any of the securities (and the Broker shall have the absolute discretion to determine which securities and such quantities are to be disposed of) from time to time received from or held on behalf of the Client in settlement of any liability owed by or on behalf of the Client to the Broker or any third person.
- 3.6 Without prejudice to other rights and authorities granted to the Broker under law or this Agreement, the Client authorises the Broker to set off any amount receivable from the Client against any amount payable to the Client where such amounts arise from the purchase and sale of securities by the Broker for and on behalf of the Client under the Agreement and to dispose of the securities held for the Client for the purpose of settling any of the amounts payable by the Client to the Broker. As such, the Broker is entitled to record the amounts of Transactions in an Account on a rolling balance basis.
- 3.7 The Client acknowledges and agrees that the Broker may appoint any person as its agent (the "**Debt Collection Agent**") to collect any amount and interests due by the Client to Broker under the Agreement and the Client shall be responsible for all costs and expenses which may be incurred by the Broker for that purpose on each occasion. Further, the Broker shall have, and the Client admits and agrees that the Broker does have, the right to disclose to the Debt Collection Agent any of the Client's personal data for that purpose on any occasion.
- 3.8 The Client agrees to pay a penalty charge for each settlement failure at such rates and on such other terms as the Broker has stipulated at its sole discretion and notified the Client from time to time.
- 3.9 The Client agrees to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against the Client) at such rates and on such other terms as the Broker has stipulated at its discretion and notified the Client from time to time. The Client agrees to pay for the costs and expenses of collection of the overdue balances and any unpaid deficiency in the Account(s), including without limited to legal (solicitors and counsel) fees, court costs and any other costs incurred or paid by the Broker.

4. MARGIN FACILITY (FOR MARGIN CLIENT ONLY)

- 4.1 The Margin Facility is extended by the Broker to the Client for financing the trading of securities in Margin Account on the terms and conditions of this Agreement and any other terms and conditions which may be notified by the Broker to the Client from time to time.
- 4.2 The facility limit of the Margin Facility shall be such amount as advised by the Broker to the Client from time

to time.

- 4.3 The Broker is authorized by the Client to draw on the Margin Facility to settle any amounts due to the Broker in respect of purchase of securities and to finance continued holding of securities, the payment of commission, interest and any other expenses incidental to the operation of the Margin Account and any other sums owing to the Broker and the Broker Group Companies. The Margin Facility is repayable on demand and the Broker may, in its absolute discretion, vary the terms in this Clause 4 (by giving notice to the Client) or terminate the Margin Facility at any time it thinks fit. The Broker is not obliged in any way to provide financial accommodation to the Client. For the avoidance of doubt, if a debit balance arises in any Margin Account, the Broker shall not be, nor shall the Broker be deemed to be, obliged to make available or continue to make available any financial accommodation. In particular, but without limitation, the fact that the Broker permits a debit balance to arise in any Margin Account so debited shall not imply any obligation on the part of the Broker to advance monies or incur any obligation on the Client's behalf on any subsequent occasion, but without prejudice to the obligations of the Client in respect of any debit balance which the Broker does permit to arise.
- 4.4 The Client shall provide and maintain adequate Collateral and provide such additional Collateral in the manner and within the time limit specified by the Broker from time to time for the compliance with the margin requirements set by the Broker. The Broker in its absolute discretion determines the amount, type and form, manner of delivery, calculation basis of permissible value and timing of the delivery of the required Collateral. The Broker may change the margin requirements at any time in its absolute discretion without prior notice to the Client. Any failure of the Client in providing the required Collateral in Clauses 4.4, 4.5 or 4.6, constitutes an Event of Default and the Broker is entitled to dispose of any of the Collateral without prior notice to the Client.
- 4.5 The time for provision of Collateral and for payment of margin deposit is of the essence and if no time is stipulated by the Broker in making a demand for Collateral or margin deposit, the Client is required to comply with such demand within one hour from the time of making such demand (or in a shorter period if so required by the Broker). The Client also agrees to pay immediately in full on demand any amount owing under the Margin Facility. All initial and subsequent payments for margin deposits shall be made in cleared funds and in such currency and in such amounts as the Broker may in its sole direction require.
- 4.6 Notwithstanding Clauses 4.4 and 4.5, in the event that it is in the sole opinion of the Broker that it is impracticable for the Broker to make demand on the Client for additional Collateral pursuant to Clause 4.4, the Company shall be deemed to have made such demand of additional Collateral in such form and amount as the Broker may determine and such demand shall become immediately due and payable by the Client. The aforesaid impracticability may be due to the following (without limitation) rapid changes or development involving prospective changes:
- (A) in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of the Broker likely to result in a material or adverse fluctuation in the stock market, currency market, commodities or futures market in Hong Kong and/or overseas; or
 - (B) which is or may be of a material adverse nature affecting the conditions of the Client or operations of the Margin Account.
- 4.7 The Client shall pay interest on the outstanding amount of the Margin Facilities from time to time at such rate and in such manner as determined by the Broker from time to time. Interest will accrue on the outstanding amount of the Margin Facilities on daily basis and the accrued interest will be deducted from the Margin Account on a monthly basis and shall be payable at any time upon the demand made by the Broker.

5. COLLATERAL (FOR MARGIN CLIENT ONLY)

- 5.1 The Client, as beneficial owner of the Collateral, hereby charges in favour of the Broker in respect of all the Secured Obligations by way of first fixed charge all the Client's right, title, benefits and interests in and to the

Collateral including any additional or substituted collateral and all dividends, interest paid or payable, rights, interests, money or other properties accruing or offering at any time by way of redemption, bonus, preference, options or otherwise on or in respect of the Collateral as continuing security for the payment and discharge of the Secured Obligations.

- 5.2 The Charge is a continuing security notwithstanding any intermediate payment, settlement of the Margin Account or satisfaction of whole or any part of Secured Obligations and notwithstanding any closure and subsequent opening or re-opening of such Margin Account, either alone or jointly with others and shall extend to cover all or any sum of monies which shall for the time being constitute the balance due from the Client to the Broker on any Account(s) or otherwise.
- 5.3 The Broker is entitled to exercise any voting right or other right in respect of the Collateral for the protection of the Broker's interest in the Collateral and the Client shall not exercise any right attaching to the Collateral in any manner which, in Broker's sole opinion, may be inconsistent with the obligations under this Agreement or prejudicial to the Broker's right in the Collateral.
- 5.4 Whenever there are any Secured Obligations, the Broker has the right, without prior notice or consent from the Client, to dispose of or otherwise deal with any part of the Collateral at its absolute discretion upon such terms and in such manner it thinks fit for settlement of the Secured Obligations to protect its interest, in particular but without limitation for the Client's failure in meeting any call for Collateral or margin call made by the Broker or significant fluctuation in market prices. In event of any deficiency after the sale of Collateral, the Client shall make good and pay immediately on demand to the Broker such deficiency.
- 5.5 The Client shall pay or reimburse the Broker immediately upon demand all costs (including collection expenses and legal costs on a full indemnity basis) and expenses in connection with the enforcement or preservations of any right of the Broker under this Agreement.
- 5.6 Without prejudice to the generality of the foregoing, neither the Charge nor the amounts thereby secured will be affected in any way by:
 - (A) any other security, guarantee or indemnity now or hereafter held by the Broker or Broker Group Companies in respect of the Secured Obligations;
 - (B) any variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including the Charge except to the extent of the relevant variation, amendment, waiver or release);
 - (C) the enforcement or absence of enforcement or release by the Broker or Broker Group Companies of any security, guarantee or indemnity or other document (including the Charge);
 - (D) any time, indulgence, waiver or consent given to the Client or any other person whether by the Broker or Broker Group Companies;
 - (E) the making or absence of any demand for Collateral or payment of any sum payable under the Agreement made on the Client whether by the Broker or any other person;
 - (F) the insolvency, bankruptcy, death or insanity of the Client;
 - (G) any amalgamation, merger or reconstruction that may be effected by the Broker with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of the Broker to any other person;
 - (H) the existence of any claim, set-off or other right which the Client may have at any time against Broker or any other person;
 - (I) any arrangement or compromise entered into by the Broker with Client or any other person;
 - (J) the illegality, invalidity or unenforceability of, or any defect in, any provision of any document relating to the Margin Facility or any security, guarantee or indemnity (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever;

- (K) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or
- (L) any other thing done or omitted or neglected to be done by the Broker or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the terms of this Agreement governing the Margin Facility.
- (M) Until the Charge becomes enforceable,
 - (a) the Broker will have the right, subject only to giving the Client notice, to exercise rights relating to the Collateral to protect the value of the Collateral; and
 - (b) except as otherwise provided for in this Agreement, the Client may direct the exercise of other rights attaching to, or connected with, the Collateral, but not in any manner which is inconsistent with the Client's obligations under any margin facility terms and/or this Agreement, or which in any way may prejudice the Broker's rights in relation to the Collateral.

6. MONEY IN THE ACCOUNT

- 6.1 The money of Client, after discharging all the indebtedness of the Client owing to the Broker (including without limitation for settlement of Transactions), which is received and held by the Broker on behalf of the Client in Hong Kong shall be deposited with one or more segregated account(s) which is designated as trust account(s) or client account(s) and maintained by the Broker in Hong Kong with one or more authorized financial institutions or any other person approved by the SFC for such purpose. The Broker may pay the money of the Client out of the segregated account in accordance with a standing authority given by the Client to the Broker pursuant to the Client Money Rules.
- 6.2 Without prejudice to any other rights and remedies available to the Broker, the Client agrees to give the standing authority ("**Client Money Standing Authority**") to the Broker to authorize the Broker to :-
 - (A) combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by the Broker or any Broker Group Company and the Broker may transfer any sum of monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to the Broker or any Broker Group Company, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several; and
 - (B) transfer any sum of monies interchangeably between any of the segregated accounts maintained at any time by the Broker or any Broker Group Company.
- 6.3 The Client acknowledges and agrees that the Broker may do any of the things set out in Clause 6.2 without giving notice to the Client.
- 6.4 The Client Money Standing Authority shall remain valid for a period of not more than twelve (12) months from the date of this Agreement and shall expire on 31 December every year unless the Client gives not less than ten (10) business days' prior written notice to the Broker to revoke the same at any time, provided that no such revocation shall be effective if there is any indebtedness in any Account. Such standing authority which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed in accordance with the relevant rules made under the SFO.
- 6.5 The Client Money Standing Authority may be revoked by giving the Broker written notice. Such notice shall take effect upon the expiry of 14 days from the date of the Broker's actual receipt of such notice.
- 6.6 If the Client requests for revocation of the Client Money Standing Authority or such standing authority has not been renewed by the Client whom the Broker called upon to do so, the Broker reserves the right to terminate this Agreement and operations of any Account and then the Client shall forthwith settle any indebtedness owing to the Broker and the Broker Group Companies
- 6.7 For so long as there exists any indebtedness to the Broker on the part of the Client, the Broker may refuse

any withdrawal of money in the Account and the Client shall not without written consent of the Broker withdraw any such money.

- 6.8 The Client shall not be entitled to receive any interest accrued on the money of the Client in the Account; however, the Broker may at its full discretion pay part or all of such interest to the Client.

7. SECURITIES IN THE ACCOUNT

- 7.1 The securities collateral which are listed or traded on market operated by SEHK or interests in an authorized collective investment scheme (as defined in the SFO) and are received or held in Hong Kong by the Broker ("**Local Securities Collateral**") shall be:
- (A) deposited in safe custody in a segregated account which is designated as a trust account or client account and maintained by the Broker or any Broker Group Company in Hong Kong with an authorized financial institution, a custodian approved by the SFC or another intermediary licensed for dealing in securities;
 - (B) deposited in an account in the name of the Broker or any Broker Group Company with an authorized financial institution, a custodian approved by the SFC or another intermediary licensed for dealing in securities; or
 - (C) registered in the name of the Client on whose behalf the securities collateral has been received.
- 7.2 In respect of any securities of the Client other than Local Securities Collateral to which the Securities and Futures (Client Securities) Rules (Cap. 571H) are not applicable under Section 3 thereof, the Client authorizes the Broker in its discretion to deposit, transfer, lend, pledge, repledge or otherwise deal with such securities to any other parties in whatsoever manner and for any purpose (including without limitation as security for financial accommodation provided to the Broker) the Broker thinks fit.
- 7.3 Any securities collateral held by the Broker on behalf of the Client in the manner mentioned in Clauses 7.1 and 7.2 or otherwise shall be at the sole risk of the Client, the Broker and any Broker Group Company has no obligation to insure the Client against any kind of risk which obligation shall be the Client's sole responsibility. The Broker shall not be responsible for any losses, costs, damage, interests and charges arising from or in connection with such deposition under the aforesaid clauses in the absence of bad faith or wilful default of or by the Broker.
- 7.4 For any securities of the Client deposited with the Broker not registered in the name of the Client, any dividend, distribution or benefits accrued in respect of such securities which are received by the Broker shall be credited to the Account (or payment made to the Client as may be agreed) subject to a reasonable administration fee charged by the Broker. For any securities forming part of a larger holding of identical securities which are held by the Broker for the Client and other persons, the Client is entitled to the same share of the benefits arising from the holding as the share of the Client of the total holding which is also subject to a reasonable administration fee charged by the Broker. The Broker shall not be responsible for any failure in making such distribution to any party which holds securities of the Client. The Broker may also exercise voting right on behalf of the Client with respect to such securities upon prior specific instruction received by the Broker from the Client.
- 7.5 Securities purchased for the Client will be delivered to the Client (or such other persons as the Client may direct) **PROVIDED THAT** such securities are fully paid and are not subject to any lien, and/or are not held as collateral by the Broker or any Broker Group Company.
- 7.6 The Broker is not obliged to return the securities originally delivered or deposited by the Client but may return securities of the same class, denominations and nominal amount and ranking to the Client.
- 7.7 Without prejudice to any other rights and remedies available to the Broker, the Broker is authorized to dispose of any of the securities from time to time received from or held on behalf of the Client in settlement of any liability owed by the Client or on the Client's behalf to the Broker or a third person.
- 7.8 Without prejudice to any other right or remedy available to the Broker, the Client agrees to give the standing authority ("**Client Securities Standing Authority**") to the Broker to authorize the Broker to deal with the Local Securities Collateral from time to time received or held on the Client's behalf in one or more of the following

ways (inter alia), namely to:

- (A) apply any of the Local Securities Collateral pursuant to a securities borrowing and lending agreement;
- (B) deposit any of Local Securities Collateral with an authorized financial institution as collateral for financial accommodation provided to the Broker; or
- (C) deposit any of Local Securities Collateral with (i) a recognized clearing house; or (ii) another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of the Broker's settlement obligations and liabilities.

- 7.9 The Client acknowledges and agrees that the Broker may do any of the things set out in Clause 7.8 without giving notice to the Client.
- 7.10 The Client Securities Standing Authority shall remain valid for a period of not more than twelve (12) months from the date of this Agreement unless the Client gives not less than ten (10) business days' prior written notice to the Broker to revoke the same at any time, provided that no such revocation shall be effective if there is any indebtedness in any Account. Such standing authority which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed in accordance with the relevant rules made under the SFO.
- 7.11 If the Client requests for revocation of the Client Securities Standing Authority or such standing authority has not been renewed by the Client whom the Broker called upon to do so, the Broker reserves the right to terminate this Agreement and operations of any Account and then the Client shall forthwith settle any indebtedness owing to the Broker and the Broker Group Companies.
- 7.12 Subject to the provisions of the SFO, the Client agrees that the Broker is entitled to retain for its own benefit and not accountable to the Client for any fee, income, rebate or other benefits resulting from any lending or deposit of the securities of the Client with any third party for any purpose by the Broker.

8. CHARGES, COSTS AND EXPENSES

- 8.1 The Client agrees to pay to the Broker all commissions, brokerage or other remuneration payable on all Transactions (including those pursuant to Clause 10) at the rates established from time to time by the Broker. The Client also agrees to reimburse the Broker on a full indemnity basis for all applicable levies (including but not limited to levies imposed by the Exchanges, Clearing Houses and the SFC), fees, stamp duties, expenses and other charges in respect of or in connection with the Transactions. Commissions and brokerage are subject to change from time to time and can be ascertained by contacting the Broker. The Broker may impose additional charges for special services furnished at the request of the Client.
- 8.2 In addition to the charges payable under Clause 8.1, the Client agrees to pay the Broker the following:
- (A) all subscription, service and usage fees payable in advance in the manner as prescribed by the Broker. Such fees are non-refundable;
 - (B) any fee/levies charges imposed by Exchanges or other authorities,
 - (C) any other reasonable fees and charges imposed by the Broker from time to time for services and facilities rendered to the Client; and
 - (D) interest on all outstanding sums at such rate and at such mode as the Broker shall determine, and the Broker may at its discretion vary the rate of such fees and subscription at any time and from time to time without notice.
- 8.3 The Client acknowledges:
- (A) that every purchase or sale recorded on the stock market operated by SEHK or notified to the SEHK is subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the SFO and the cost of each such charge and levy attributable to the Client shall be solely borne by the Client; and
 - (B) that in the case of a default committed by the Broker or its associated persons in connection with securities listed or traded on a recognized stock market (including SEHK) as defined under SFO and the Client having suffered pecuniary loss thereby, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and will be subject to the monetary limits specified in

the Securities and Futures (Investor Compensation – Compensation Limits) Rules and accordingly that there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part, or at all. For Transactions which are effected in an exchange other than a recognized stock market (as defined under the SFO), the Client hereby acknowledges and accepts that the valid claims in event of any default on the part of the Broker or its associated person will be subject to the rules in the relevant market.

- 8.4 The Client hereby agrees to the imposition upon its Account or Accounts from time to time as the Broker may determine, of a charge in respect of Accounts that maintain only a low level of trading activity or portfolio balance for such period as the Broker may from time to time determine.
- 8.5 The Client agrees that the Broker is entitled in its absolute discretion to solicit, accept and retain for the Broker's own benefit any rebate, brokerage, commission, fee benefit, discount and/or other advantage received in connection with any Transaction effected by the Broker. The Broker may also offer at its absolute discretion any such benefit or advantage to any person in connection with such Transaction.

9. ELECTRONIC TRADING SERVICE

- 9.1 The provisions in this Clause 9 shall apply only to any Account in respect of which the Client has requested and the Broker has agreed to provide with Electronic Trading Service on the terms and conditions of this Agreement, as amended or supplemented by any notice, letter, publication or such other documents as may be issued from time to time by the Broker.
- 9.2 When using the Electronic Trading Service, the Client warrants that the Client is the only authorized user of the Client's Access Codes and shall be solely and wholly responsible for all instructions placed and all Transactions conducted with the use of the Access Codes. The Client shall be responsible for the confidentiality, security and use of the Access Codes issued to the Client by the Broker. The Broker may use authentication technologies in connection with the Electronic Trading Service.
- 9.3 The Client acknowledges that it may not be possible to change or cancel an instruction given through Electronic Trading Service and agrees to exercise caution before placing orders.
- 9.4 The Broker may (but not have obligations) monitor and/or record any of the Client's instructions given or orders transacted through the Electronic Trading Service. The Client agrees to accept such recording (or a transcript thereof) as final and conclusive evidence of the contents and nature of the relevant instructions and Transactions and as binding on the Client.
- 9.5 The Broker will not be deemed to have received or executed the instructions from the Client given through the Electronic Trading Service unless and until the Client has received the relevant acknowledgement or confirmation in such manner specified by the Broker from time to time (including without limitation by posting the status of the instructions in order journals on the website which is operated by the Broker and is freely accessible by the Client). For the avoidance of doubt, the Broker is not obliged to operate or make such website accessible by the Client. The Broker is also entitled to correct any errors in such acknowledgement or confirmation without incurring any liability in connection therewith.
- 9.6 The Client agrees that as a condition of using the Electronic Trading Service, the Client shall immediately notify the Broker in writing if:
- (A) an instruction has been placed through the Electronic Trading Service and the Client has not received an instruction number or acknowledgement of receipt of the instruction or of its execution from the Broker (whether by hard copy, electronic or verbal means); or
 - (B) the Client has received acknowledgement of a Transaction (whether by hard copy, electronic or verbal means) which the Client did not instruct, or is inconsistent with the Client's instruction or the Client has any suspicion of unauthorized access to the Electronic Trading Service; or
 - (C) the Client becomes aware of or suspicious of any loss, theft, or unauthorized disclosure or use of the Client's Access Codes.
- 9.7 The Broker reserves the right to suspend the Electronic Trading Service if an incorrect Access Code has been

input on or more than 3 occasions. The Electronic Trading Service may also be not available for certain period of time to the Client without prior notice for maintenance or system update from time to time or any other reason that the Broker considers necessary.

- 9.8 Notwithstanding any other provisions in this Agreement, where the Client is provided with Electronic Trading Service, following execution of the Client's trading orders, the Client agrees to receive trading confirmations and records (including but not limited to contract notes and statement of transactions) by the Broker sending the same to at the Client's email address (as provided in the Client Information Statement or notified by the Client from time to time) or other electronic means in lieu of printed documents. The Client shall print out such documents or make its own arrangement forthwith without delay to maintain its own records if necessary. If the Client insists to receive its trading confirmation and records in printed documents, the Broker is entitled to charge a reasonable fee for providing such service.
- 9.9 The Client agrees that should Client experience any problems in reaching the Broker through the Electronic Trading Service or vice versa, the Client shall attempt to use an alternative method or device, as the Broker may make available, to communicate with the Broker to place the Client's orders and to inform the Broker of the difficulty the Client has experienced.
- 9.10 The Client acknowledges that the Electronic Trading Service, the website operated by the Broker, and the software comprised in them, are licensed or proprietary to the Broker. The Client shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way or gain unauthorized access to, any part of the Electronic Trading Service, the website operated by the Broker or any of the software comprised in them.
- 9.11 The Client acknowledges that the Client has fully understood the implications of the risks associated with the Electronic Trading Service as set out in the Risk Disclosure Statement but agrees that the benefits of using the Electronic Trading Service outweigh these risks and waives any claim the Client might have against the Broker or any Broker Group Company arising from:
- (A) systemic failures (including hardware and software failures);
 - (B) the Broker's acceptance of any unauthorized instructions which appear or which the Broker believes to be from the Client;
 - (C) failure or delay in the execution of instructions from the Client or execution of the Client's instructions at prices different from those prevailing at the time the instructions were given;
 - (D) the Client's access to the website of the Broker or the Electronic Trading Service being limited or unavailable;
 - (E) failure to or delay in dispatch or delivery of any notice or information provided or requested via the Electronic Trading Service or any inaccuracy, error or omission in or from any such notice or in or from any information contained in any such notice;
 - (F) Client's failure to use the Electronic Trading Service in accordance with the Agreement or any relevant agreement between the Broker and the Client; and
 - (G) the Client's reliance, use or otherwise acting upon any information or materials provided via the Electronic Trading Service or the website operated by the Broker.
- 9.12 The Client shall be responsible at his own costs and expenses for obtaining and maintaining the suitable equipment to have access to the Electronic Trading Service.
- 9.13 The Client acknowledges that the Client has read and understood the Broker's procedure guide relating to the use, operation, security measures and procedures of the Electronic Trading Service made available to the Client on the Broker's Internet website, and further acknowledges that such guide may be amended or supplemented by the Broker from time to time, which shall be binding on the Client in respect of the Client's use of the Electronic Trading Service.

10. NEW LISTING AND PLACING OF SECURITIES

- 10.1 The provisions in this Clause 10 shall apply only to any Account in respect of which the Client has requested

the Broker to apply on the Client's behalf for securities in new issue for listing on SEHK (an "**Application**") or to subscribe on the Client's behalf for placing of securities of companies listed on an Exchange ("**Placement Subscription**") (pursuant to the terms and conditions of this Agreement. The Client acknowledges that the Broker shall not be responsible for the inaccuracy or incompleteness of or any misstatement in any prospectus and other offering documents relating to the new listing and/or placing of securities.

- 10.2 The Client authorizes the Broker to complete such application form as may be required or to make submission by electronic means (for electronic initial public offers ("**eIPOs**")) and represents and warrants to the Broker that all representations, warranties, confirmations and undertakings on the part of the applicant contained or incorporated in the application form or input electronically (for eIPOs) or otherwise given to the issuer, sponsors, underwriters or placing agents of the relevant securities, the Exchange or any other relevant regulator or person are true and accurate in all respects.
- 10.3 The Client agrees to be bound by the terms of the new issue and in particular, the Client hereby:
- (A) undertakes to make the declaration that he has already read and understood the contents of the related prospectus, application forms and/or other relevant offering documents (including the discretion of the relevant issuer to determine the final pricing of the securities) or, in the absence of any written offering documents, he fully understands the terms and conditions of the relevant subscription;
 - (B) confirms that he is eligible to subscribe for the securities and will comply or has complied with all the terms and conditions as stated in such prospectus, application forms and/or other relevant offering documents or, in the absence of any written offering documents, will comply with or has complied with the terms and conditions of the relevant subscription;
 - (C) warrants and undertakes that the Application shall be the only application made by the Client or on the Client's behalf for the Client's benefit in respect of the same issue of securities and the Client shall make no other application in that issue;
 - (D) authorises the Broker to represent and warrant to SEHK that no other application shall be made or shall be intended to be made by the Client or for the Client's benefit;
 - (E) acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in securities and in respect of which the Client exercises statutory control, shall be deemed to be an application made for the benefit of the Client; and
 - (F) acknowledges that the Broker will rely on the above declaration, confirmation, warranties, undertakings and authorizations in making the Application.
- 10.4 In relation to a bulk application to be made by the Broker on behalf of the Broker, the Client and/or Broker's other clients, the Client acknowledges and agrees:
- (A) that if such bulk application may be rejected for reasons which are unrelated to the Client, the Broker, in absence of fraud, gross negligence or wilful default, shall not be liable to the Client or any other person in consequence of such rejection; and
 - (B) to indemnify the Broker in accordance with Clause 15.2 if such bulk application is rejected because of any breach of representations and warranties or otherwise arising from factors relating to the Client.
- 10.5 The Client may at the same time request the Broker to provide a loan to finance the Application (the "**Loan**"), the following provisions shall apply:
- (A) The Broker has discretion to accept or reject the request for the Loan.
 - (B) Upon the acceptance of the request for the Loan, the employee or representative of the Broker will verbally or in writing confirm the terms of the Loan ("**Agreed Loan Terms**") as agreed between the Broker and the Client, which shall be conclusive and binding on the Client.
 - (C) Before the provision of the Loan, the Client shall provide the Broker a deposit, which shall form part of the proceeds for the Application, in the amount and within the time in accordance with the Agreed Loan Terms.
 - (D) Unless contrary to the Agreed Loan Terms:
 - (I) the Loan amount is the total price of the securities (including applicable charges) applied under the

Application less the amount of deposit in Clause 10.5(C); and

(II) the Client has no right to repay the Loan, in part or full, before the date of repayment in accordance with the Agreed Loan Terms.

(E) The interest rate applicable to the Loan shall be determined under the Agreed Loan Terms.

(F) When the Broker receives any refund in respect of the Application, the Broker has the right, at its discretion, to apply the same or part of it towards the discharge of the Loan including any interest accrued thereon and/or return the same or the remaining balance (if any) to the Client, whether before or after the repayment date in accordance with the Agreed Loan Terms.

(G) In consideration for the Broker's granting of the Loan to the Client, the Client charges to the Broker by way of first fixed charge as a continuing security for the full repayment of the Loan and the accrued interest thereon, all the securities acquired on behalf of the Client under the Application in respect of which the Loan is provided. The Client has no right to the possession of the aforesaid securities until the full repayment of the Loan (including interest accrued thereon). The Client authorises the Broker to dispose of the aforesaid charged securities without prior notice to the Client for discharge of the liabilities owing to the Broker under the Loan so long as the Loan (including interest thereon) has not been repaid in full.

10.6 In relation to Placement Subscription,

(A) when the Client makes written application for Placement Subscription to the Broker or verbally confirms his intention for Placement Subscription to the Broker, the written application and verbal confirmation shall constitute obligation and commitment with legal binding effect on the Client in respect of the relevant Placement Subscription;

(B) the Client hereby undertakes that all the representations, warranties, confirmations and undertakings to be made or given by the Client during the process of application for the Placement Subscription or otherwise shall be true, complete and accurate in all respects;

(C) subject to the applicable laws and regulations, the Broker may in its absolute discretion determine the allocation of securities to be successfully subscribed by the Client and the Client understands and permits the Broker to handle placement subscription of placement of securities for its other clients and Broker Group Company together with the Client's Placement Subscription; and

(D) the Client undertakes to comply with the applicable rule and regulations in relation to the Placement Subscription.

11. DEFAULT

11.1 Any one of the following shall constitute an event of default (each, the "Event of Default") :

(A) the Client's failure to provide sufficient cash or securities under Clause 3.1 to fulfil settlement obligations of any Transaction;

(B) the Client's failure to provide sufficient Collateral and/or Margin within the time limit upon call from the Broker, deposits, purchase consideration or any other sums payable to the Broker, to submit documents or to deliver securities to the Broker hereunder when called upon to do so or on due date

(C) (for Client being an individual) the death of the Client or the Client becoming incapacitated from due performance of the terms and conditions of the Agreement;

(D) the filing of a petition in bankruptcy or, as the case may be, winding up or the commencement of other analogous proceedings against the Client, or the appointment of a receiver against the Client's assets;

(E) the levying or enforcement of any attachment, execution or other process against the Client and in the case where an Account is being held in the joint name of two or more persons, any such levy, enforcement or proceedings in respect of or against any one of them;

(F) default by the Client in the due performance or observance of any of the terms and conditions of this Agreement;

(G) any representation or warranty made in or in pursuance of this Agreement or in any certificate, statement

or other document delivered to the Broker being or becoming incorrect or misleading in any material respect;

- (H) any of the consents, authorizations, approvals, licenses, or board resolutions required by the Client to enter into this Agreement being modified in a manner unacceptable to the Broker or being wholly or partly revoked, withdrawn, suspended or terminated or expiring and not being renewed or otherwise failing to remain in full force and effect;
- (I) the continued performance of this Agreement becomes illegal or claim by any government authority to be illegal;
- (J) the Client being in breach, voluntary or otherwise, of any of the conditions contained herein or of the constitutions, rules and regulations of any Exchange or Clearing House;
- (K) a material adverse change in the financial position of the Client; and
- (L) the occurrence of any event which, in the Broker's sole discretion, shall or might put in jeopardy the Broker's rights conferred under this Agreement.

11.2 Without prejudice to any other right or remedy which the Broker may have, if any one or more Events of Default occur, the Broker shall be authorized, in its absolute discretion, to take one or more of the following actions no matter separately, successively or concurrently (but shall not be bound to take any such action):

- (A) cover any short position in the Account through purchase of securities on the relevant Exchange and subject to Clauses 3.1 and 3.2 and/or dispose of any or all of the Collateral;
- (B) cancel any or all outstanding orders or contracts or any other commitments made on behalf of the Client and/or decline to take any orders from the Client or to allow the Client to make any drawing under the Margin Facility;
- (C) call upon any security including but not limited to any guarantees and letters of credit which may have been issued to or in favour of the Broker as security for the Account(s);
- (D) set-off, combine, consolidate, realise and/or sell all or any of the accounts maintained by the Client with the Broker and any Broker Group Company (including any money or client securities or Collateral or other properties under such accounts);
- (E) close out without recourse any or all open positions under the Account;
- (F) borrow or buy in any property whatsoever found necessary by the Broker or required to make delivery against any sale (including a short sale) effected for the Client;
- (G) exercise any of its rights under this Agreement;
- (H) terminate this Agreement forthwith; and/or
- (I) terminate forthwith any other contracts between the Broker and the Client,

PROVIDED ALWAYS THAT a prior tender, demand for any Collateral or deposit or call of any kind from the Broker, or prior or outstanding demand or call from the Broker, or notice of the time and place of a sale or purchase shall not be considered a waiver of any of the Broker's rights granted by this Agreement.

11.3 In the event of sale of any client securities or the Collateral or liquidation of the Accounts in Clauses 4, 10.5(G), 11 or 12, the Broker shall not be responsible for any loss occasioned thereby howsoever arising if the Broker has already used reasonable endeavours to sell or dispose of any of client securities and/or Collateral and/or close out or liquidate any outstanding position in the Account under the prevailing market conditions. The Broker is also entitled to exercise its own judgement in determining the time of the aforesaid sale or disposal or liquidation and to sell or dispose of any of such properties at current market price to the Broker or any Broker Group Company without any responsibility for any loss occasioned or being accountable for any profit made by the Broker or any Broker Group Company.

11.4 After deducting all costs and expenses incurred in connection with taking any action referred to in Clause 11.2, the Broker may apply any remaining proceeds to the payment of any liabilities the Client may have to the Broker; and in the event such proceeds are insufficient for the payment of liabilities the Client shall promptly upon demand and notwithstanding that the time originally stipulated for settlement may not then have arrived pay to the Broker and indemnify and hold the Broker harmless from any differences or deficiencies

arising therefrom or in any Account, together with interest thereon and all professional costs (including solicitor's and counsel's fees on a full indemnity basis should the Broker in its absolute discretion refer the matter to legal advisers) and/or expenses incurred by the Broker in connection with the enforcement of any outstanding position in the Account which shall be for the account of the Client and properly deductible by the Broker from any funds of the Client in its possession.

- 11.5 Without prejudice to Clause 11.4, the Broker may place any of the proceeds obtained from performing any actions in Clause 11.2 to the credit of a suspense account with a view to preserve the rights of the Broker to prove for the whole of the Broker's claim against the Client in the event of any proceedings in or analogous to bankruptcy, liquidation or arrangement for so long as the Broker in its absolute discretion determines without any obligation to apply the same or any part thereof in or towards discharge of any debts or liabilities due to or incurred by the Client to the Broker.
- 11.6 The Client acknowledges that the rights the Broker is entitled to exercise under Clause 11 are reasonable and necessary for its protection having regard to the nature of the margin trading, in particular the volatility in the prices of securities.
- 11.7 Any determination of whether an Event of Default has occurred shall be made solely by the Broker using reasonable judgment.
- 11.8 The Client undertakes to notify the Broker immediately in writing of the occurrence of any such event which does or is unlikely to constitute an Event of Default (although any failure to so notify the Broker will not prevent an Event of Default from becoming so).

12. LIEN AND SET OFF

- 12.1 In addition to and without prejudice to any general liens, right of set-off or other similar rights to which the Broker is entitled under law or this Agreement, all securities, receivables, money (in any currency) and other property of the Client (held by the Client individually or jointly with others) held by or in possession of the Broker at any time shall be subject to a general lien in favour of the Broker as continuing security to offset and discharge all of the Client's obligations, arising from the Transactions or otherwise, to the Broker and any Broker Group Company.
- 12.2 In the event that the Client has more than one accounts (of any nature whatsoever including accounts of other clients guaranteed by the Client and whether in single or joint names) maintained with the Broker or any Broker Group Company, in addition to and without prejudice to any general liens or similar rights, the Broker may by itself or as agent of any Broker Group Company at any time, and without notice to the Client, combine or consolidate all or any of them and set-off or transfer any monies (in any currency), securities or any other properties standing to the credit of any one or more of them in or towards satisfaction of any of the obligations and liabilities owed to the Broker or the Broker Group Company of the Client on any such accounts or in any other respect, including liabilities under facilities or accommodation for any unexpired fixed term or in respect of dealings in securities or under guarantees or indemnities or any other instruments whatsoever given or assumed by the Broker at the Client's request, whether such liabilities are present or future, actual or contingent, primary or collateral, secured or unsecured and joint or several.
- 12.3 Where any such set-off or combination requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange (as conclusively determined by the Broker and binding in all respects upon the Client) utilized by the Broker in the Broker's normal course of business for such currencies at the time of the combination or set-off.
- 12.4 The right of set off in this Clause 12 is a continuing security and is in addition and without prejudice to any security interest the Broker may now or hereafter hold. In respect of any payments to set off any liabilities or obligations of the Client to any other Broker Group Company, the Broker shall not be concerned with whether or not such liabilities or obligations exist provided demand has been made on the Broker by any other Broker Group Company.
- 12.5 Nothing herein shall restrict the operation of any general lien or other rights or lien whatsoever which the

Broker may have, whether by law or otherwise, and the rights of set-off hereby conferred are in addition and without prejudice to any general right of set off arising by law or rights granted to the Broker by Clause 10 or 12 or any lien, guarantee, bill, note, mortgage or other security now or hereafter held by the Broker.

13. ASSIGNMENT AND SUCCESSION

- 13.1 The Client shall not assign any rights or obligations under this Agreement without prior written consent of the Broker.
- 13.2 Subject to the provisions of the SFO and any applicable law, the Broker may assign, transfer, charge or otherwise dispose of any rights or obligations under this Agreement to another person after written notice to the Client without prior consent or approval of the Client.
- 13.3 All the provisions of this Agreement shall survive any changes or successions in the Broker's business and shall be binding, where the Client is a corporation upon its successors, where the Client is a partnership upon the partners and their personal representatives, and where the Client is an individual upon his personal representatives.

14. NO WAIVER

The Client acknowledges that no act, omission to act or forbearance by the Broker or any of its employees, servants or agents shall be, or be deemed to be, a waiver by the Broker of any rights against the Client or against Collateral, or any assets of the Client on hand with the Broker.

15. LIABILITIES AND INDEMNITY

- 15.1 Neither the Broker, nor its directors, employees, agents or representatives (the “**Relevant Persons**”) shall under any circumstances whatsoever be liable to the Client (whether under contract, in negligence or otherwise) in the absence of bad faith or wilful default of or by the Relevant Persons for any loss, expense, damage, injury sustained or liability incurred by the Client by reason of :
- (A) any act, advice, opinion, recommendation, statement (express or implied), default or omission of the Relevant Persons, whether such loss, expense, damage, injury or liability be caused by breach or otherwise by the Relevant Persons or howsoever caused; or
 - (B) any conditions or circumstances which are beyond the reasonable control or anticipation of the Relevant Persons including but not limited to any delay in transmission of orders due to whatsoever reason, failure or malfunction of communication facilities, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorized use of Access Code, prevailing fast moving market conditions, governmental agency or exchange actions, theft, war, severe weather, earthquakes and strikes;
 - (C) the Broker exercising any of its rights conferred by the terms of this Agreement; or
 - (D) any conversion of one currency to another pursuant to, in relation to or arising from this Agreement.
- 15.2 The Client agrees to indemnify the Relevant Persons against and hold the Relevant Persons harmless from all expenses, liabilities, claims and demands arising out of the following, in the absence of bad faith or wilful default of or by the Relevant Persons:
- (A) anything lawfully done or omitted to be done by the Relevant Persons in connection with this Agreement; or
 - (B) any breach by the Client of its obligations under this Agreement.

16. WARRANTIES AND UNDERTAKINGS

- 16.1 The Client hereby undertakes, represents and warrants on a continuing basis that:
- (A) the information given by the Client, or on the Client's behalf, to the Broker in the Client Information Statement or otherwise in connection with the opening of any Account is true, full and complete and the Broker shall be entitled to rely on such information until the Broker receives written notice from the Client

- of any changes thereto and the Broker is authorized by the Client to obtain references from banks and conduct credit check to ascertain the financial position and investment objectives of the Client;
- (B) it has the authority and capacity to enter into and execute this Agreement and to perform the Client's obligations.
 - (C) no one except the Client (unless otherwise disclosed to the Broker pursuant to Clause 18) has an interest in the Account(s) or any transaction to be effected thereunder;
 - (D) save as disclosed by the Client to the Broker pursuant to Clause 18 with the consent given by the Broker:
 - (i) the Client enters into this Agreement as a principal and is trading on its own account and does not do so as nominee or trustee for any other person and there exist no arrangements whereby any person other than the person(s) signing this Agreements as the Client has or will have any beneficial interest in this Agreement; and
 - (ii) the Client is the ultimate beneficiary of the Account and the person ultimately responsible for originating instruction about Transactions;
 - (E) this Agreement and its performance and the obligations contained in it do not and will not contravene any applicable laws and regulations, contravene any provisions of the memorandum and articles or bye-laws (for corporate client), or constitute a breach or default under any agreement or arrangement by which the Client is bound;
 - (F) subject to any security interest of any Broker Group Company and the information disclosed to the Broker, all properties including but not limited to securities provided by the Client for selling or crediting into the Account(s) are fully paid with valid and good title and whose legal and beneficial titles are owned by the Client and the Client will not charge, pledge or allow to subsist any charge or pledge or grant any option over such properties without the Broker's prior written consent;
 - (G) the Client has received, read and understood the contents of the Risk Disclosure Statement and accepts the risks described therein;
 - (H) the Client has sufficient experience to assess the suitability of the Transactions contemplated under this Agreement;
 - (I) where the Client or any one of them is a body corporate (in respect of such person):-
 - (i) it is a corporation duly incorporated and is validly existing under the laws of the country of its incorporation and in every other country where it is carrying on business;
 - (ii) this Agreement has been validly authorized by the appropriate corporate action of the Client and in accordance with the memorandum and articles of association or bye-laws (as the case may be) of the Client and when executed and delivered will constitute valid and binding obligations of the Client in accordance with the terms herein;
 - (iii) the certified true copies of the Client's certificate of incorporation or registration, charter, statute or memorandum and articles or other instrument constituting or defining its constitution and the board resolutions of the Client delivered to the Broker are true and accurate and still in force in all respects;
 - (iv) no steps have been taken or are being taken to appoint a receiver and/or manager or liquidator over the assets of, or to wind up the Client;
 - (v) it has full power and capacity to enter into and perform any of the obligations hereinunder.
 - (J) where the Client or any one of them is an individual, the Client is legally capable of validly entering into and performing this Agreement and is of sound mind and legal competence and is not a bankrupt;
 - (K) where the Client is a partnership and business is carried on under a firm's name, this Agreement shall continue to be valid and binding for all purposes notwithstanding any change in the partnership or constitution of the firm by the introduction of a new partner or by the death, insanity or bankruptcy or a retirement of any partner for the time being carrying on the business of or constituting the firm or otherwise;
 - (L) it is the independent judgment and decision of the Client without reliance on the Broker or its employees

to enter into any dealings in securities and it fully understands the risks and consequences of its doing so and agrees to bear all consequences of such dealings. The Broker and its employees shall have no liability whatsoever in respect of the Client's entering into any or all of such dealings;

(M) all the representations and warranties made by the Client remain true and accurate at all times.

16.2 The Client undertakes to notify the Broker immediately upon the occurrence of any material changes in the information supplied in this Agreement and/or the Client Information Statement. In particular, the Client agrees to inform the Broker of any change in contact information (including address and telephone number) upon occurrence of such changes. In event that in exercising its rights or discharging its duties under this Agreement, the Broker cannot communicate with the Client using the latest contact details provided by the Client for over a period of seven (7) days, the Client agrees that this provides sufficient evidence of material breach of the Agreement by the Client which constitutes an Event of Default under Clause 11.1(G).

16.3 The Broker undertakes to notify the Client of any material change of: (a) the name and address of its business; (b) its registration status with the SFC and its CE number; (c) the description of the nature of services provided by it; (d) the description of the remuneration payable to the Broker and the basis for such payment; or (e) margin and short-selling facilities (if applicable).

17. INFORMATION GIVEN TO CLIENT

17.1 The Broker may provide financial market data, quotes, news, research or other information, including graphic images (collectively, the "**Information**"), to the Client by means of hardcopy, conversation, Electronic Media, website operated by the Broker or otherwise (no matter in writing or verbally) for personal non-commercial use only. The Client acknowledges that the rights in the Information are the property of the Broker Group, the information providers or the licensors (the "**Information Providers**") and are protected by applicable copyright and other intellectual property laws and the Client is allowed to use the Information on the agreement of not engaging in any actions which may infringe the rights of the Information Providers.

17.2 The Client acknowledges that neither the Information Providers, the Broker nor the Broker Group Company makes any representation or warranty of any kind (including but not limited to warranties of merchantability or fitness for any particular use) and does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of the Information. In particular owing to market volatility and possible delay in data-transmission process, the market data containing in the Information may not be real-time market quotes for the relevant products. Whilst the Broker believes such data to be reliable, it has no independent basis to verify the accuracy or completeness of the Information provided. No recommendation or endorsement from the Broker shall be inferred from such data.

17.3 The Client acknowledges that the Information is provided for informational purpose only and should not be used as a basis for making business, investment or any kind of decision and the Information Providers shall not be liable for any loss or damage howsoever arising from any person acting or refraining from acting in reliance on the Information.

18. DISCLOSURE OF INFORMATION ABOUT CLIENT

18.1 Subject to the provisions of this Agreement, the Broker will keep the information relating to the Accounts confidential. The Client acknowledges that there are laws, rules and regulations of the relevant markets and Exchanges which contain provisions requiring the Broker upon the request of SEHK, the SFC and/or any other regulator (collectively, "**Relevant Regulators**") or courts in Hong Kong having jurisdiction over the Transactions, to disclose information, including but without limitation, details of the Transactions, the name of the Client, beneficial identity of the Transactions and such other information concerning the Client as any such Relevant Regulators may require and that the Client agrees to provide such information concerning the Client as the Broker may require in order for the Broker to comply with the requirements.

18.2 Without limiting the disclosure of anything provided in Clause 18.1, the Client hereby irrevocably authorizes the Broker and any other Broker Group Company, without further notice and consent from the Client, to

disclose to any person information, reports, records or documents pertaining to the Account together with such other information as the Broker may deem appropriate and/or necessary and to produce computerized records or other documents relating to the Client and the Account if that disclosure is required by the Relevant Regulators for the purpose of assisting them in any investigation or enquiry they are undertaking or by a court of competent jurisdiction or if the disclosure is in the public interest or in the Broker's or the Client's interest or is made with the Client's express or implied consent.

- 18.3 The Client further agrees that the Broker may, whether during the subsistence or after the termination of this Agreement, without notice to the Client, disclose any information relating to the Client and the Account(s) to any other Broker Group Company, or to any assignee of any of the rights or obligations of the Broker under this Agreement.
- 18.4 The Client shall provide the information about the identity, address and contact details (“**Identity Details**”) of the persons or entities (i) relating to the Client, (ii) which are ultimately responsible for originating the instructions in relation to the Transactions, or (iii) which stand to gain the commercial or economic benefit of the transactions and/or bear its commercial or economic risk or such other information concerning the Client as any Relevant Regulator may require in order for the Broker to comply with the applicable laws and regulations and the Client authorizes the Broker to provide such information about the Client to such Relevant Regulator without further consent from or notification to the Client.
- 18.5 Without prejudice to Clause 18.4, if the Client effects transactions for the account of its clients, whether on a discretionary or non- discretionary basis, and whether as agent or by entering into matching transactions as principal with any clients of the Client, the Client agrees that, in relation to a transaction where the Broker has received an enquiry from the Relevant Regulators, the following provisions shall apply:
- (A) Subject to as provided below, the Client shall, immediately upon request by the Broker, inform the Relevant Regulators of the Identity Details of the client for whose account the transaction was effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the transaction. The Client shall also inform the Relevant Regulators of the Identity Details of any third party (if different from the client/the ultimate beneficiary) originating the transaction.
- (B) If the Client effects the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall
- (I) immediately upon request by the Broker, inform the Relevant Regulators of the Identity Details of the person(s) who, on behalf of the scheme, account or trust, has instructed the Client to effect the transaction; or
- (II) as soon as practicable, inform the Broker when its discretion to invest on behalf of the scheme, account or trust has been overridden, and the Client shall immediately upon request by the Broker, inform the Relevant Regulators of the Identity Details of the person who has given the instruction.
- (C) If the Client is a collective investment scheme, discretionary account or discretionary trust and in respect of a particular transaction, the discretion of the Client or its officers or employees has been overridden, the Client shall, as soon as practicable, inform the Broker when its discretion to invest on behalf of the beneficiaries of such scheme, account or trust has been overridden and immediately upon request by the Broker, inform the Relevant Regulators of the Identity Details of the person who has given the instruction in relation to the relevant transaction.
- (D) If the Client is aware that its client is acting as intermediary for its underlying clients, and the Client does not know the Identity Details of any underlying client for whom the transaction is effected, the Client confirms that:
- (I) the Client has legally binding arrangements in place with its client which entitle the Client to obtain the information set out in Clauses 18.5(A), (B) and/or (C) from its client immediately upon request of the Broker or Relevant Regulators or procure that it be so obtained; and
- (II) the Client will, upon request from the Broker in relation to a transaction, promptly request the information set out in Clauses 18.5(A), (B) and/or (C) from its client on whose instructions the

transaction is effected, and provide the information to the Relevant Regulators as soon as it is received from its client or procure that it be so provided.

- 18.6 The Client hereby agrees that the Broker or any Broker Group Company shall not be in any way liable for any consequences arising out of any disclosure made under this Clause 18.
- 18.7 The Client understands that the Client has supplied or may from time to time supply to the Broker or any other Broker Group Company personal data about the Client (the "**Personal Data**"), within the meaning prescribed in the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong), in connection with the opening or maintenance of any Account(s) or the provision of services to the Client by the Broker or any other Broker Group Company. The Client acknowledges that the Client is not required to provide any Personal Data to the Broker and any other Broker Group Company unless the Client chooses to do so. However, if the Client fails to supply any such Personal Data, the Broker may not be able to open or maintain an Account(s) for the Client and/or provide the Client with any services.
- 18.8 The Client acknowledges that the Client has read the Data Privacy Policy of the Broker and agreed to the terms therein.
- 18.9 The terms contained in this Clause 18 shall survive the termination of the Agreement.

19. FOREIGN ACCOUNT TAX COMPLIANCE ACT

- 19.1 If the Broker determines that it is required to make a deduction or withholding for or on account of tax imposed under, pursuant or incidental to the FATCA (or the United States Treasury Regulations or other guidance issued under it, any associated intergovernmental agreement, any similar or associated non-U.S. Law or any agreement that the Broker enters into with any supranational, governmental, quasi-governmental, regulatory, administrative, law enforcement or supervisory body, entity, department, office, institution or court or tribunal of competent jurisdiction, stock exchange, clearing house or any other authority, body, entity, department, office or institution in the U.S., Hong Kong and/or other jurisdictions (each an "**Authority**") pursuant to any of the foregoing) (the "**FATCA Withholding Tax**") as a result of the Client's status under U.S. tax laws and regulations, the Client authorizes the Broker to make such deduction or withholding in respect of any sum payable by the Broker to the Client that is subject to the FATCA Withholding Tax, so that any payment to the Client will be made net of such deduction or withholding, and to pay any such deduction or withholding as may be necessary to the IRS, another Authority or any other person on behalf thereof.
- 19.2 The Client agrees that the Broker may collect, gather, store, use, process, disclose and report to the IRS, any Authority or any other person such information (including, without limitation, any information relating to any of the Account(s) with the Broker and any transaction or dealing with the Client and the personal data of any person who is a direct or indirect beneficial owner, beneficiary or controlling person of the Client) necessary or helpful for the Broker to comply, as a result of the Client's U.S. tax status or that of any beneficial owner of the Client, with any obligation that the Broker has or may become subject to in the future, whether in accordance with the provisions of any law, directive, regulation, rule, judicial or administrative order, judgment, injunction, government act, sanction, decree, writ or other form of judicial or administrative process, or assumed by the Broker pursuant to an agreement with the IRS or another Authority, to provide information or documentation, or necessary or helpful for the Broker to avoid or minimize the application of the FATCA Withholding Tax on payments that the Broker may receive or that the Broker may make to the Client.
- 19.3 The Client agrees to provide the Broker, within 90 days upon the Broker's demand, with:
 - (a) any documentation or information relating to its identity and tax status and that of any person who is a direct or indirect beneficial owner, beneficiary or controlling person of the Account(s) (including IRS Forms W-9, W-8BEN, W-8BEN-E, W-8IMY as amended from time to time and other forms for serving the similar purposes);
 - (b) any documentation or information relating to the direct or indirect ownership or holding of any of the Account(s) with the Broker or any product, service, assistance or support whatsoever provided by the Broker

to the Client from time to time; and (c) such written consents and waivers of applicable data protection legislation or other rules or regulations in a form provided or approved by the Broker from the Client's direct and indirect beneficial owners for the purpose of permitting the Broker to take the actions set forth in Clause 19.2.

- 19.4 The Client agrees to inform the Broker within 30 days if any of the foregoing information (including information contained in the documentation and forms described above) changes or is inaccurate, and to provide the Broker with updated documentation, forms and information.
- 19.5 If the Client fails to provide the Broker with the information, documentation, forms, consents or waivers as described in Clauses 19.3 and 19.4 above in a timely and accurate fashion, the Broker shall be entitled to reach whatever conclusions it considers to be appropriate as to the status of any account(s) of the Client with the Broker or product, service, assistance or support whatsoever provided by the Broker to the Client from time to time.
- 19.6 The Client warrants that each person whose information is provided by the Client to the Broker pursuant to this clause has been notified of and agreed to, and has been given such other information as may be necessary to permit, the collection, processing, disclosure, transfer and reporting of their information as set out in this clause.
- 19.7 The Client hereby agrees that the Broker shall not be in any way liable for any consequences arising out of any disclosure or any act under this Clause 19

20. TRANSACTIONS CONDUCTED IN FOREIGN CURRENCY

In the event that any Transaction effected by the Broker on behalf of the Client involves conversion of a foreign currency (i.e. currency other than Hong Kong Dollars), the Client agrees that:

- (A) any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the Client's account and risk; and
- (B) any conversion from one currency to another required to be made for performing any action or step taken by the Broker under this Agreement may be effected in such manner and at such time as it may in its absolute discretion decide.

21. AMENDMENTS

- 21.1 To the extent permitted by law, the Broker may in its absolute discretion from time to time add, amend, delete, substitute or supplement (whether by the addition of schedules to this Agreement or otherwise) any of the terms and conditions of this Agreement by notifying the Client in accordance with Clause 23. If the Client does not accept the same, the Client may terminate this Agreement by notifying the Broker in writing within seven (7) business days from the Client's receipt or deemed receipt of the notice in accordance with Clause 23. If the Client does not terminate this Agreement within such time and in such manner as the Broker may in its absolute discretion set out in such notices or if the Client continues to operate the Account after receipt or deemed receipt of notice of the amendment or supplement, the Client shall be deemed to have accepted such amendment or supplement and shall continue to be bound by this Agreement as so amended or supplemented.
- 21.2 Subject to Clause 21.1, no provision of this Agreement may be amended or supplemented unless agreed to in writing signed by the Broker's authorized representative(s).

22. JOINT CLIENT

- 22.1 Where the Client consists of more than one person:
- (A) the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any one of them;
- (B) the Broker is entitled to, but shall not be obliged to, act on instructions or requests from any of them;
- (C) any notice, payment or delivery by the Broker to any one of the Client shall be a full and discharge of the

Broker's obligations to notify, pay or deliver under this Agreement; and
(D) the Broker is entitled to deal separately with any one of the Client on any matter including the discharge of any liability to any extent without affecting the liability of any others.

Notwithstanding the above paragraph (B) and any agreement between any person of the Client with the Broker, the Broker reserves the right to demand all the persons of the Client to give instructions or requests in writing or in any such other manner determined by the Broker before the Broker's accepting or acting on such instructions.

- 22.2 Where the Client consists of more than one person ("**Joint Account Holder**"), on the death of any of such persons (being survived by any other such persons), the death of one person does not operate to terminate this Agreement automatically unless terminated according to other provisions of this Agreement but such death constitutes an Event of Default (Clause 11.1(C)) and the interest in the Account of the deceased will thereupon vest in and enure for the benefit of the surviving Joint Account Holder(s) provided any liabilities incurred by the deceased Joint Account Holder(s) shall be enforceable by the Broker against such deceased Client's estate. The surviving Client(s) shall give the Broker written notice forthwith upon any of them becoming aware of such death.
- 22.3 Notwithstanding the foregoing paragraph, in case that the Broker is aware of any claim received from a third party in relation to the assets in the Account of a deceased Joint Account Holder or any joint account is incapacitated or a bankruptcy order is made against any Joint Account Holder or the operation of the Account is affected by any Court order or notice from any competent authority against a Joint Account Holder, the Broker is entitled to take necessary action to solve the issue at its discretion, including without limitation suspension of the operations of and withdrawals of assets from the Account until the issue is solved to the Broker's satisfaction (such as an administrator or receiver is appointed or the consent of the receiver or Official Receiver is obtained or the Court order is discharged or the relevant notice is removed).

23. NOTICES

- 23.1 In the event that the Broker is required to give any reports, written confirmations, notice, or make any demand or request to the Client or otherwise being obliged to contact the Client in connection with this Agreement, notice may be personally delivered, transmitted by post, telex or facsimile or by telephone or through Electronic Media in each case to the address or telex, facsimile, telephone numbers or email address set out in the Client Information Statement or otherwise as notified to the Broker in writing from time to time.
- 23.2 All notices and other communications to be given by the Broker to Client shall be deemed to be given at the time of transmission if delivered personally, by telex, facsimile or telephone or through Electronic Media or two business days after the date of posting if transmitted by mail whichever shall be the first to occur; provided that any notice or other communication to be given to the Broker shall be effective only when received by the Broker.

24. TERMINATION

- 24.1 Without prejudice to Clauses 7.8, 10 and 21, the Broker and the Client may terminate this Agreement by the Client giving to the Broker 7 days' prior written notice; and by the Broker giving to the Client 1 day' prior written notice. This does not affect the undertakings and indemnities given by and obligations of the Client under this Agreement (including but not limited to Clauses 15, 16, 17, 18 and 19) and any rights and obligations under this Agreement outstanding as of the date of termination, all of which shall survive the termination. Without prejudice to the foregoing, any termination shall not affect the rights or liabilities of either party arising out of or in connection with any Transactions entered into before the time of termination, including as to Margin, until all such contracts have been closed out or settlement and/or delivery has been effected and all such liabilities fully discharged.
- 24.2 Service of notice of termination by the Client pursuant to Clause 24 shall not affect any transaction entered

into by the Broker pursuant to this Agreement before the notice has been actually received by the Broker.

24.3 Notwithstanding Clause 24.1, the Client has no right to terminate this Agreement if the Client has sums owing to the Broker, open position or any other outstanding liabilities or obligations.

25. GENERAL

25.1 This Agreement sets forth the entire agreement and understanding between the parties hereto as to the matters set out herein and the opening, maintenance and operations of the Account(s), and supersedes all previous representations, agreements, understandings, whether oral or written or otherwise, between them.

25.2 This Agreement may be translated into Chinese language but in the event of any conflict arising the English version shall prevail.

25.3 Time shall in all respects be of the essence in the performance of all the Client's obligations under or in connection with this Agreement, in particular, but without limitation, for the Client's obligation in providing adequate Collateral to the Broker within the prescribed time limit.

25.4 Except where the Broker is given express written instructions to the contrary, in accordance with the terms of this Agreement, it may make payment of any amounts owing to the Client by crediting the same to the Account, details of which are specified in this Agreement. Payment to such Account shall constitute payments to the Client for all purposes.

25.5 All sums payable by the Client in connection with this Agreement shall be exclusive of all taxes, duties or other charges of similar nature. If any tax, duty or other charge of similar nature is required by law to be withheld from such payments, the amount payable by the Client shall be increased to the extent necessary to ensure that, after the making of any withholding, the Broker receives on the due date a net sum equal to what it would have received and retained had no deduction due to such tax, duty or other charge been made.

25.6 **Any provision in this Agreement which is invalid for any reason in any jurisdiction shall be ineffective to the extent of such invalidity and shall be severed from this Agreement in that jurisdiction without affecting the validity of the remaining provisions of this Agreement in that jurisdiction or affecting validity of any provisions in any other jurisdiction.**

25.7 The Client hereby declares that he has read this Agreement in the language of the Client's choice of English or Chinese and that the Client understands and agrees to be bound by the terms of this Agreement.

25.8 The Client hereby irrevocably appoints the Broker with full power and authority as the Client's attorney, to the fullest extent permitted by law, to act for and on behalf of the Client for the purpose of carrying out the provisions of this Agreement and taking any action and executing any document or instrument in the name of the Client or the Broker which the Broker may deem necessary or desirable to accomplish the purposes of this Agreement, including without limitation the following:

(A) to execute any transfer or assurance in respect of any of the Collateral;

(B) to perfect the Broker's title to any of the Collateral;

(C) to ask, require, demand, receive, compound and give a good discharge for any and all moneys and claims for moneys due or to become due under or arising out of any of the Collateral;

(D) to give valid receipts and discharges and to endorse any checks or other instruments or orders in connection with any of the Collateral; and

(E) generally, to file any claims or take any lawful action or institute any proceedings which the Broker considers to be necessary or advisable to protect the security created under the Agreement.

25.9 Stamp duty will be paid through the Exchange once the client's order is successfully matched and executed via the Exchange's Automatic Ordering Matching and Execution System. Where the consideration is foreign currency, the stamp duty paid / to be paid will be based on the Hong Kong dollar equivalent of the consideration at the rate of exchange prescribed by the Stamp Duty Ordinance (Cap 117).

25.10 In the event of a default committed by a broker, the Client is entitled to claim against the Investor Compensation Fund established under the SFO for pecuniary loss suffered to the extent of HK\$150,000 per investor.

- 25.11 Every transaction concluded through and recognized by the Exchange is subject to a transaction levy imposed by the Exchange. The Broker is authorized to collect the appropriate transaction levy in accordance with the rule prescribed by the Exchange from time to time.
- 25.12 All transactions made for or on behalf of a client shall be subject to the relevant provisions of the constitution, Exchange Rules, regulations, by-laws, customer and usages of the Exchange, the Central Clearing and Settlement System Rules and of the Laws of Hong Kong as amended from time to time, and shall be binding on both Exchange Participant and the client.
- 25.13 All securities are being held (will upon delivery to us be held) by us for safe custody purposes in accordance with the provisions of the SFO.

26. DISPUTES AND GOVERNING LAW

- 26.1 This Agreement and its enforcement shall be governed by the laws of Hong Kong and its provisions shall be continuous, shall cover individually and collectively all Accounts which the Client may open or re-open with the Broker, and shall inure to the benefit of, and bind the Broker, the Broker's successors and assigns, whether by merger, consolidation or otherwise as well as heirs, executors, administrators, legatees, successors, personal representatives and assigns of the Client.
- 26.2 Any dispute arising under or in connection with this Agreement is to be settled by arbitration or by court proceedings in the Broker's absolute discretion which shall be binding absolutely on the Client.
- 26.3 At the sole option of the Broker and in its absolute discretion, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre in force at the time when the Broker notifies the Client that the relevant breach, termination or invalidity shall be settled by arbitration. The appointing authority shall be Hong Kong International Arbitration Centre ("**HKIAC**"). The place of arbitration shall be in Hong Kong at HKIAC. There shall be only one arbitrator. The language to be used in the arbitral proceedings shall be English. The Client hereby expressly agrees to accept the finding of any such arbitration as absolute and final.
- 26.4 By execution and delivery of this Agreement the Client hereby irrevocably submits to and accepts unconditionally the non-exclusive jurisdiction of the courts of Hong Kong. In the event of any legal proceedings being brought in the courts of Hong Kong this Agreement shall in all respects be governed by and construed in accordance with the laws of Hong Kong PROVIDED ALWAYS THAT the Broker shall have the right to proceed against the Client in any other courts in any other jurisdictions which have jurisdiction over the Client or any of the Client's assets and the Client hereby submits to the non-exclusive jurisdiction of such courts.

27. Suitability Clause

If the Broker solicits the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document the Broker may ask the Client to sign and no statement the Broker may ask the Client to make derogates from this clause.

28. Third Party Rights

Any person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap 623) to enforce or to enjoy the benefit of any term hereof.

PART III – RISK DISCLOSURE STATEMENT

The financial markets present many different risks of which the Client should be aware prior to investing. This risk disclosure statement is not exhaustive and may be amended or supplemented by additional risk disclosures from time to time.

1. RISK OF SECURITIES TRADING

1.1. 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.

2. RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

2.1 Growth Enterprise Market (“GEM”) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

2.2 The Client should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

2.3 Current information on GEM stocks may only be found on the internet website operated by the SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers.

2.4 The Client should seek independent professional advice if the Client is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

3. RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client’s 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. The Client may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, the Client’s collateral may be liquidated without his consent. Moreover, the Client will remain liable for any resulting deficit in the Client’s account and interest charged on the Client’s account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of the Client’s own financial position and investment objectives.

4. RISK OF PROVIDING AN AUTHORITY TO REPLEDGE THE CLIENT’S SECURITIES COLLATERAL ETC

4.1 There is risk if the Client provides the licensed or registered person with an authority that allows it to apply the Client’s securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge the Client’s securities collateral for financial accommodation or deposit the Client’s securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

4.2 If the Client’s securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is allowed only if the Client consents in writing. Moreover, unless the Client is a professional investor, the Client’s authority must specify the period for which it is current and be limited to not more than 12 months. If the Client is a professional investor, these restrictions do not apply.

4.3 Additionally, the Client’s authority may be deemed to be renewed (i.e. without the Client’s written consent) if the licensed or registered person issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of the Client’s then existing authority.

4.4 The Client is not required by any law to sign the authorities referred to in paragraph 4.1 above. But an authority may be required by licensed or registered persons, for example, to facilitate margin lending to the Client or to allow the Client’s securities or securities collateral to be lent to or deposited as collateral with third parties. The licensed or registered person should explain to the Client the purposes for which one of these authorities is to be used.

4.5 If the Client signs one of these authorities and the Client’s securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on the Client’s securities or securities

collateral. Although the licensed or registered person is responsible to the Client for securities or securities collateral lent or deposited under the Client's authority, a default by it could result in the loss of the Client's securities or securities collateral.

- 4.6 A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If the Client does not require margin facilities or do not wish the Client's securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

5. RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by the Broker or its nominee(s) outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

6. RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES

If the Client provides the Broker with an authority to hold mail or to direct mail to third parties, it is important for the Client to promptly collect in person all contract notes and statements of the Accounts and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

7. RISK OF TRADING NASDAQ-AMEX SECURITIES ON THE SEHK

The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. The Client should consult the Broker and become familiarized with the PP before trading in the PP securities. The Client should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or GEM of the SEHK.

8. ELECTRONIC TRADING

Trading on an electronic trading system may differ from trading on other electronic trading systems. If the Client undertakes transactions on an electronic trading system, the Client will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that the Client's order is either not executed according to the Client's instructions or is not executed at all. In particular, the Client's attention is drawn to the following:

- 8.1 the Internet is, and any other Electronic Media may also be, an inherently unreliable medium of data transmission and communication and that, accordingly, there are risks in conducting Transactions in the Account through the Electronic Trading Service or otherwise communication through the internet or any other Electronic Media;
- 8.2 access to the website operated by the Broker or the Electronic Trading Service may at any time and from time to time be limited, delayed or unavailable, including during periods of peak demand, market volatility, systemic failures (including hardware and software failures), systems upgrades or maintenance or for other reasons;
- 8.3 instructions given or transactions conducted through the internet or other Electronic Media may be subject to interruption, transmission blackout, delayed transmission or incorrect data transmission due to, where applicable, unpredictable traffic congestion, the public nature of the media used or other reasons;
- 8.4 instructions given through the internet or other Electronic Media may not be executed or may be delayed so that they are executed at prices different from those prevailing at the time the instructions were given;
- 8.5 communications and personal data may be accessed by unauthorized third parties;
- 8.6 instructions given through the internet or other Electronic Media may be executed without being subject to human review;
- 8.7 the status of the Client's instructions or orders for Transactions in the Account or execution thereof and the Client's cash position, securities position or other details relating to the Client's Account as reflected in any acknowledgement, confirmation or other record posted on the Broker's website may not be updated immediately. Such acknowledgement, confirmation or other record will only reflect Transactions in the Client's Account conducted through the Electronic Trading Service and that, in the case of doubt, the Client should contact the Broker to ascertain the status of the Client's other Transactions in the Client's Account or

other details relating to the Client's Account;

- 8.8 If the Client subsequently gives instructions canceling or changing his original instructions, the Broker or any Broker Group Company will not accept them if it has already acted on the Client's original instructions or there is insufficient time to act on the Client's subsequent instruction; and
- 8.9 Information and data provided through the Electronic Trading Services relating to securities and the securities markets has been obtained from any securities exchanges and markets and from other third party service providers. Owing to market volatility, possible delay in data transmission process and other reasons, the information and data may not be accurate, complete, timely and in correct sequence. Thus any reliance on such information and data may lead to incorrect investment decisions and/or other actions.

9. TRADING FACILITIES

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary and the Client should ask the firm with which he trades for details in this respect.

10. RISK OF OFF-EXCHANGE TRANSACTIONS

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which the Client deals may be acting as the Client's counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before undertaking such transactions, the Client should become familiarised with the applicable rules and attendant risks.

11. RISK OF SECURITIES BORROWING AND LENDING

In relation to the Client's securities that the Client has authorised the Broker to apply under securities borrowing and lending agreement, the Client faces a risk of loss of such securities.

12. RISK IN RELATION TO AUTHORISED THIRD PARTY

There is substantial risk in allowing authorised third party to trade or operate the Account and it is possible that instruction could be given by persons not properly authorised and trading in the Account may go beyond the authority given by the Client. The Client accepts all of the risks of such operation and irrevocably releases the Broker from all liabilities arising out of or in connection with such instructions, whether taken by the Broker or not.

13. RISK OF DEPOSITED CASH AND SECURITIES WITH THE BROKER

The Client should familiarise himself with the protection given to the assets which the Client deposits for domestic or foreign transactions, particular in the event of a firm's insolvency. The extent to which the Client may recover his property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as the Client's own will be pro-rated in the same manner as cash for purposes of distribution in event of a shortfall.

14. TRANSACTIONS IN OTHER JURISDICTIONS

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before trading, the Client should enquire about any rules relevant to his particular transactions. The Client's local regulatory authority may be able to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the Client's transactions have been effected. The Client should ask the firm with which the Client deals for details about the types of redress available in both the Client's home jurisdiction and other relevant jurisdictions before starting to trade.

15. CURRENCY RISK

The profit or loss in transactions in foreign currency denominated contracts (whether they are traded in the Client's own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need

to convert from the currency denomination of the contract to another currency.

16. OTHER RISKS

16.1 RISKS OF STRUCTURED PRODUCTS – SOME RISKS ASSOCIATED WITH STRUCTURED PRODUCTS

(A) Issuer default risk

In the event that a structured product issuer becomes insolvent and defaults on their listed securities, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.

Note: “Issuers Credit Rating” showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBBCs section on the HKEx corporate website.

(B) Uncollateralized product risk

Uncollateralized structured products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralized.

(C) Gearing risk

Structured products such as derivative warrants and callable bull/bear contracts (CBBCs) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

(D) Expiry considerations

Structured products have an expiry date after which the issue may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

(E) Extraordinary price movement

The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.

(F) Foreign exchange risk

Investors trading structured products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the structured product price.

(G) Liquidity risk

The Exchange requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned.

(H) Some Additional Risks Involved in Trading Derivative Warrants

(i) Time decay risk

All things being equal, the value of a derivative warrant will decay over time as it approaches its expiry date. Derivative warrants should therefore not be viewed as long term investments.

(ii) Volatility risk

Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. Investors should be aware of the underlying asset volatility.

(I) Some Additional Risks Involved in Trading Callable Bull/Bear Contracts (“CBBCs”)

(i) Mandatory call risk

Investors trading CBBCs should be aware of their intraday “knockout” or mandatory call feature. A

CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Investors should also note that the residual value can be zero.

(ii) Funding costs

The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, investors will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.

16.2 RISKS OF ETFS – SOME RISKS ASSOCIATED WITH EXCHANGE TRADED FUNDS (“ETFs”)

(A) Market risk

ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

(B) Tracking errors

Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager’s replication strategy. (The common replication strategies include full replication/representative sampling and synthetic replication which are discussed in more detail below.)

(C) Trading at discount or premium

An ETF may be traded at a discount or premium to its Net Asset Value (NAV). This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

(D) Foreign exchange risk

Investors trading ETFs with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETF price.

(E) Liquidity risk

Securities Market Makers (SMMs) are Exchange Participants that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more SMMs, there is no assurance that active trading will be maintained. In the event that the SMMs default or cease to fulfill their role, investors may not be able to buy or sell the product.

(F) Counterparty risk involved in ETFs with different replication strategies

(i) Full replication and representative sampling strategies

An ETF using a full replication strategy generally aims to invest in all constituent stocks/assets in the same weightings as its benchmark. ETFs adopting a representative sampling strategy will invest in some, but not all of the relevant constituent stocks/assets. For ETFs that invest directly in the underlying assets rather than through synthetic instruments issued by third parties, counterparty risk tends to be less of concern.

(ii) Synthetic replication strategies

ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark. Currently, synthetic replication ETFs can be further categorized into two forms:

(a) Swap-based ETFs

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets. Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments. _ 27

(b) Derivative embedded ETFs

I. ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers.

II. Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honour their contractual commitments.

III. Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

IV. It is important that investors understand and critically assess the implications arising due to different ETF structures and characteristics. Please refer the List of Physical and Synthetic ETFs to see the summary classification of the currently listed ETFs on the HKEx securities market.

16.3 RENMINBI SECURITIES PRODUCTS

(A) Renminbi Currency Risks

- (i) Renminbi is subject to exchange rate risk and is currently not freely convertible. Provision of Renminbi conversion and other services through and/or by the Broker in Hong Kong is subject to the relevant regulatory and other policy requirements and restrictions as may be changed from time to time.
- (ii) The Transaction of buying and selling Securities involving Renminbi currency may be subject to multiple currency conversion costs, as well as the Renminbi exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (including e.g. settling operating expenses).
- (iii) The Mainland China government regulates the conversion between Renminbi and other currencies. If the restrictions on Renminbi convertibility and the limitations on the flow of Renminbi funds between Mainland China and Hong Kong become more stringent, the depth of the Renminbi market in Hong Kong may become further limited.
- (iv) The value of the Renminbi against the Hong Kong dollar and other foreign currencies is affected by a number of facts inter alia any changes in the Mainland China and international political and economic conditions and therefore fluctuates. In addition, the value of the Renminbi Securities Products in Hong Kong dollar terms may decline if the value of Renminbi depreciates against the Hong Kong dollar.

(B) Exchange rate risk

The value of the Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economical conditions and by many other factors. For Renminbi products, the value of investor's investment in Hong Kong dollar terms may decline if the value of Renminbi depreciates against Hong Kong dollar.

(C) Interest rate risk

The PRC government has gradually liberalized the regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. For Renminbi products which are, or may invest in, Renminbi debt instruments, such instruments are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the Renminbi products.

(D) Limitation on the Provision of Renminbi Funding

- (i) If the Client does not have sufficient Renminbi funding to subscribe or purchase Renminbi Securities Products or is required by the Broker to convert credit balance in the Account into Renminbi currency for any subscription or purchase of Renminbi Securities Products, subject to the compliance with all applicable laws, rules and regulations, the Broker may assist the Client or on Client's behalf to convert the credit balance in other currencies in the Account into Renminbi currency. However, the Broker will not guarantee the provision of sufficient Renminbi funding to the Client. If there is no sufficient Renminbi funding required for the relevant Transaction due to any factors inter alia limitation on the flow of Renminbi funds in Hong Kong, the Broker may cancel or unwind the relevant Transaction and the Client's investment may be adversely affected.
- (ii) For the purpose of settlement, clearing or receiving any monies such as dividend on behalf of the Client, the Broker has sole and absolute discretion to nominate or determine a settlement currency from time to time for any Transaction involving inter alia any Securities denominated in currency other than Hong Kong dollar. In this case, proceeds of settlement or monies denominated in currencies other than the nominated settlement currency received by the Broker on behalf of the Client may be converted into the nominated settlement currency. The Broker may be required to buy or sell foreign currency (spot or forward). The exchange rate that shall apply is the exchange rate determined by the Broker or the Affiliates/Group or its agent (or any other company being a financial institution licensed or authorized by a relevant monetary authority as the Broker may elect) on the basis of prevailing market in the Broker's discretion, unless otherwise agreed.
- (iii) Notwithstanding anything mentioned in the Agreement to the contrary, the Client shall not be entitled to receive any interest on any credit balance denominated in currency other than Hong Kong dollars in the Account, unless otherwise agreed.

16.4 HONG KONG STOCK CONNECT NORTHBOUND SECURITIES

(A) Not protected by Investor Compensation Fund

- (i) Investors should note that any Northbound or Southbound trading under Shanghai-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.
- (ii) Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.
- (iii) As far as Southbound trading is concerned, since Mainland securities brokers are neither licensees nor registered institutions with the SFC in Hong Kong and they are not regulated by the SFC, the Investor Compensation Fund will not cover Southbound trading via Shanghai-Hong Kong Stock Connect.
- (iv) As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (SEHK) and recognised futures market (Hong Kong Futures Exchange Limited, HKFE). Since default matters in Northbound trading via Shanghai-Hong Kong Stock Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund.
- (v) For further information on Hong Kong's Investor Compensation Fund, please refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, please consult the Public Register of Licensed Persons & Registered Institutions in the SFC website.
- (vi) On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund (CSIPF, 中國投資者保護基金) include "indemnifying creditors as required by

China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory Commission (CSRC) and custodian operation" or "other functions approved by the State Council". As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, therefore they are not protected by CSIPF on the Mainland.

(B) Quotas used up

When the respective aggregate quota balance for Northbound and Southbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buying services will be resumed on the following trading day.

(C) Trading day

As mentioned above, Shanghai-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Investors should take note of the days Shanghai-Hong Kong Stock Connect is open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect is not trading.

(D) Restrictions on selling imposed by front-end monitoring

For investors who usually keep their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers before the market opens on the day of selling (T day). If they fail to meet this deadline, they will not be able to sell those A-shares on T day.

(E) Mainland China's laws and regulations, foreign shareholding restrictions and disclosure obligations

Under Shanghai-Hong Kong Stock Connect, A-share listed companies and trading thereof are subject to the laws and regulations and disclosure obligations of the A-share market. Any changes in relevant laws or regulations may affect share prices. The Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The Client may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in A-shares. The Client himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests.

(F) The recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect for above-mentioned reasons, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE and SEHK.

(G) Currency risks

Hong Kong and overseas investor who holds a local currency other than RMB will be exposed to currency risk if he/she invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Client will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Client purchases it and when the Client redeems / sells it, the Client will still incur a loss when the Client converts the redemption / sale proceeds into local currency if RMB has depreciated.

PART IV – DATA PRIVACY POLICY

1. It is necessary from time to time for the Client to supply his/her personal data (whether provided by the Client or any other person, and whether provided before or after the date of this Client Agreement) (“**Personal Data**”), within the meaning prescribed in the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) (the “**Privacy Ordinance**”) to the Broker or Broker Group Companies when opening or continuation of accounts, or in the establishment, continuation or provision of investment, dealing or related services (including, as the case may be, discretionary investment management services).
2. Failure to supply Personal Data may result in the Broker being unable to open or continue accounts or establish, continue or provide investment, dealing or related services.
3. Personal Data may also be collected in the ordinary course of continuation of the business relationship with Broker Group.
4. Subject to the provisions of the Privacy Ordinance, any Personal Data may be used by any of the following :-
 - 4.1 User of the Personal Data
 - 4.1.1 the Broker or any Broker Group Company;
 - 4.1.2 any director, officer or employee or agent of the Broker or any Broker Group Company;
 - 4.1.3 any person (such as lawyers, advisers, nominee) authorized by the Broker when carrying out the Client’s Instructions and/or the business of the Broker; and
 - 4.1.4 any governmental, regulatory or other bodies or institutions, whether as required by law or regulations applicable to the Broker or any Broker Group Company.
 - 4.2 Purposes

All Personal Data may be used by the Broker or any Broker Group Company for the following purposes :-

 - 4.2.1 the daily operation of the services provided to the Client;
 - 4.2.2 (in case of provision of discretionary investment management services) making investment decisions on behalf of the Client;
 - 4.2.3 conducting credit checks;
 - 4.2.4 ensuring ongoing credit worthiness of the Client;
 - 4.2.5 marketing investment, dealing or related services or products (please see further details in clause 6 below);
 - 4.2.6 supporting any statements made in any documents in connection with the services of the Broker;
 - 4.2.7 assisting other relevant parties, professionals, institutions or relevant regulatory authorities to verify certain facts in connection with the services of the Broker;
 - 4.2.8 meeting the requirements to make disclosures under the requirements of any laws and/or regulations binding on the Broker;
 - 4.2.9 forming part of the records of the recipient of the data as to the business carried on by it; and
 - 4.2.10 complying with any obligations, requirements or arrangements that the Broker or Broker Group have or may have in the future with local or foreign regulatory or tax authorities, whether imposed by law or assumed by them for the protection of their financial, commercial business or other legitimate interests in or related to such jurisdictions, including but not limited to compliance with obligations binding on the Broker or Broker Group pursuant to arrangements in relation to the FATCA;
 - 4.2.11 for establishing whether the Client is a citizen of the United States, resident of the United States for its federal income tax purposes or otherwise subject to tax in the United States and/or to substantiate whether the Client’s account has US status for the purposes of FATCA; and
 - 4.2.12 any other purposes relating to or incidental to any of the above.
5. The Broker will keep Personal Data confidential but the Broker may provide Personal Data to the following persons in furtherance of the purposes set in the above paragraph 4.2:
 - 5.1 any agent or third party service provider who provides services to the Broker in connection with the

operation of its business;

- 5.2 an appropriate person under a duty of confidentiality to the Broker including any Broker Group Company which has undertaken to keep such information confidential;
- 5.3 any person or institution with which the Client has or proposes to have dealings;
- 5.4 credit reference agencies and debt collection agencies (in the event of default payment);
- 5.5 any regulatory authorities or exchanges which relate to or govern any business of the Broker and any Broker Group Company;
- 5.6 any person to whom the Broker or Broker Group is under an obligation to make disclosure under the requirements of any law, rules, regulations, codes of practice, guidelines or voluntary arrangements binding on the Broker or Broker Group including, without limitation, any applicable regulators, governmental bodies, or industry recognized bodies such as exchanges, fiscal and monetary authorities, securities and banking associations and credit reference agencies, (all of which may be within or outside the HKSAR) and where otherwise required by law, including, without limitation, to any tax authority of any jurisdiction (including but not limited to the United States Internal Revenue Service) for the purposes specified above (including but not limited to the compliance with FATCA), or where the Broker have reason to believe the Client may be a resident for tax purposes, citizen or otherwise subject to tax ;
- 5.7 any assignee, transferee, delegate, successor or person to whom the account of the Client is transferred and the authorised person of the Client; and
- 5.8 any of the Broker Limited's actual or proposed assignee or participant or sub-participant or transferee.
- 5.9 The Client acknowledges and agrees that in providing Broker's China Connect services trading service to the Client, Broker will be required to :

- A. tag each of the Client's orders submitted to the China Stock Connect System ("CSC") with a Broker-to-Client Assigned Number ("BCAN") that is unique to the Client or the BCAN that is assigned to the Client's joint account with Broker, as appropriate; and
- B. provide to the Exchange the Client's assigned BCAN and such identification information ("Client Identification Data" or "CID") relating to the Client as the Exchange may request from time to time under the Rules of the Exchange.

Without limitation to any notification Broker has given the Client or consent Broker has obtained from the Client in respect of the processing of the Client's personal data in connection with the Client's account and Broker services to the Client, the Client acknowledges and agrees that Broker may collect, store, use disclose and transfer personal data relating to the Client as required as part of Broker's China Connect securities trading service, including as follows :

- A. to disclose and transfer the Client's BCAN and CID to the Exchange and the relevant SEHK subsidiaries from time to time, including by indicating the Client's BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
- B. to allow each of the Exchange and the relevant SEHK subsidiaries to : (i) collect, use and store the Client's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (ii) transfer such information the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (C) and (D) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
- C. to allow the relevant China Connect Clearing House to: (i) collect, use and store the Client's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID

with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the Exchange and the relevant SEHK subsidiary; (ii) use the Client's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and

- D. to allow the relevant China Connect Market Operator to (i) collect, use and store the Client's BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

6. Use of Data in Direct Marketing

The Broker intends to use the Client's personal data in direct marketing and the Broker requires the Client's consent (which includes an indication of no objection) for that purpose. In this connection, please note that:

6.1 the Client's name, contact details, products and services portfolio information, transaction pattern and behaviour, financial background and demographic data held by the Broker from time to time may be used by the Broker in direct marketing;

6.2 the following classes of services, products and subjects may be marketed:

(i) securities, futures, foreign exchange, mutual funds/unit trusts, bonds, derivatives, insurances, mandatory provident fund schemes, commodities, precious metals, investment, asset management, capital investment entrant scheme and related services and products;

(ii) reward, loyalty or privileges programmes in relation to the class of marketing subjects as referred to in paragraph 6.2(i) above;

(iii) services and products offered by Broker Group's co-branding partners (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be) in relation to the class of marketing subjects as referred to in paragraph 6.2(i) above; and

(iv) donations and contributions for charitable and/or non-profit making purposes;

6.3 the above services, products and subjects may be provided or (in the case of donations and contributions) solicited by the Broker and/or:

(i) any member of Broker Group;

(ii) third party financial institutions, insurers, securities, commodities and investment services providers;

(iii) third party reward, loyalty, co-branding or privileges programme providers;

(iv) co-branding partners of Broker Group (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be); and

(v) charitable or non-profit making organizations;

6.4 in addition to marketing the above services, products and subjects itself, the Broker also intends to provide the Personal Data to all or any of the persons described in paragraph 6.3 above for use by them in marketing those services, products and subjects (in respect of which we may or may not be remunerated), and we require the Client's written consent (which includes an indication of no objection) for that purpose;

6.5 If the Client does not wish the Broker to use or provide to other persons the Client's data for use in direct marketing, the Client may exercise the opt-out right by notifying the Broker in writing to the address situated at Room 501-503, 5/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong.

7. The Personal Data may be transferred to any place outside Hong Kong, whether for the processing, holding or use of such data outside Hong Kong, and also to service providers which offer services to any Broker Group Company in connection with the operation of its business.

8. To the extent permitted by law, the Personal Data collected by the Broker from time to time may be used and

disclosed in accordance with the Data Privacy Policy.

9. In accordance with the terms of the Privacy Ordinance, the Client has the right to:
 - 9.1 check whether the Broker holds data about him/her and access to such data;
 - 9.2 require the Broker to correct any data relating to him/her which is inaccurate;
 - 9.3 ascertain the Broker's policies and practices in relation to data and be informed of the kind of personal data held by the Broker; and
 - 9.4 in relation to customer credit, request to be informed which items of personal data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the making of an access and correction request to the relevant credit reference agency or debt collection agency.
10. In accordance with the Privacy Ordinance, the Broker has the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data (when Client considers that his/her personal data, supplied by the Broker following a data access request, are inaccurate) or for information regarding policies and practices and kinds of data held should be addressed to the Data Privacy Officer by post to Room 501-503, 5/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong, or by phone at 29959788.

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