

**Table of Contents**

Part I: Client Agreement ..... 2  
I. Agreement for Securities Cash Trading..... 2  
II. Agreement for Securities Margin Trading..... 13  
Part II: Schedules  
Schedule 1: On-line Trading Agreement ..... 17  
Schedule 2: Risk Disclosure Statements And Disclaimers.....20  
Schedule 3: Personal Information Collection Statement.....25

## Client Agreement

### I. Agreement for Securities Cash Trading

This Agreement for Securities Trading (hereinafter referred to as "this Agreement") is made and entered into as of the date of signature of this Agreement by and between Zheshang International Financial Holdings Co., Limited (CE No. BGD825), a company engaged in trading of securities and futures contracts, with a registered office located at Room 4405, 44/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (hereinafter referred to as the "Broker"), as one party, and the client(s) whose name(s), address(es) and other identity information are stated in the Account Opening Form in Schedule 4 (hereinafter collectively referred to as the "Client", unless the context requires otherwise), as the other party.

The Broker agrees to open or maintain at its discretion one or more accounts in the Broker for and upon the request of the Client, in order for the Client to buy, sell or exchange securities or carry out other securities transactions in Hong Kong or other places, or to provide at its discretion relevant services to the Client, and the Client agrees to authorize the Broker to carry out any and all transactions or otherwise deal with matters relating to the said accounts and/or services on behalf of the Client, in each case, under the terms and conditions and subject to provisions of this Agreement. The Client's use or continuation of using the Broker services shall constitute the Client's acceptance of any terms and conditions updated from time to time by the Broker, whether under this Agreement or not, which terms and conditions shall form an integral part of the agreements between the Broker and the Client and constitute a legally binding contract between the Client and the Broker.

#### 1. Definitions

Unless otherwise specified, for the purpose of this Agreement, the following terms shall have the meanings respectively assigned to them below:

"Broker"	refers to Zheshang International Financial Holdings Co., Limited (浙商國際金融控股有限公司), a company incorporated in Hong Kong and licensed by or registered with the Securities and Futures Commission (the "SFC") in accordance with the Securities and Futures Ordinance ("the Ordinance") to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on securities) and Type 5 (Advising on futures contracts) regulated activities (as defined in the Ordinance) with a CE number of BGD825, including its successors and assigns;
"Client"	refers to a company or body corporate indicated in the Account Opening Form, including its permitted successors and assigns, or (where applicable) an individual, sole proprietor or partnership indicated in the Account Opening Form, including their respective personal representatives, executors and administrators, and permitted successors and assigns, if any (in case of an individual or sole proprietor), or including each partner existing at the time of account opening, any person being admitted to the partnership thereafter, and the personal representatives, executors, administrators, permitted successors and assigns of each and every partner (in case of a partnership);
"Account Opening Form"	means the forms of opening the Securities Account or Margin Account, including the statements, materials, notes and representations the Client will fill out and sign, and (if the context so prescribes) any modifications made thereto from time to time;
"Affiliate"	refers to an individual, body corporate, partnership or any other entity that directly or indirectly controls, controlled by or under common control with such owner, or in this respect controlled by or under common control with any directors, officers or employees of such owner;
"Foreign Account Tax Compliance Act" ("FATCA")	refers to (1) Paragraph 1471 to 1474 of the United States Internal Revenue Code (1986) or any rules or official guidance in relation thereto; (2) any agreements, laws, rules or official guidance effective in other jurisdictions, or any governmental arrangements made between the U.S. government and any other jurisdictions that facilitate the implementation of (1); or (3) any agreements concluded upon governmental approval for the purpose of implementation of (1) or (2) above;
"FATCA Deduction"	refers to a deduction or withholding made hereunder in accordance with the FATCA;
"U.S. Person"	refers to any natural person that is a citizen or resident of the United States; a body corporate, partnership or other business organization that is established or incorporated under the laws of the United States or any political subdivisions thereof; any estate or trust under the management of an executor or trustee of a U.S. Person, or such estate or trust the income from which is subject to the U.S. federal income tax regardless of the sources thereof; any account (other than estate or trust) held by any dealer or trustee on behalf of a U.S. Person; or any partnership or body corporate comprising U.S. Persons established or incorporated under the laws of any foreign jurisdictions (that is mainly engaged in investment in securities other than those registered in accordance with the United States Securities Act of 1933). "U.S. Person" shall not include any regulated local branch or agency that is engaged in banking or insurance industry from outside the United States for convincing commercial reasons, or any branch or agency of a U.S. banking company or insurance company that is established for the purpose other than investment in securities not subject to registration in accordance with the United States Securities Act of 1933. For the purpose of this definition, "U.S." or the "United States" shall include the United States of America, its states, territories and possessions, and the District of Columbia.
"Account"	refer to any one or more trading accounts opened or to be opened in the Broker in the Client's name pursuant to this Agreement;
"Trading Password"	refers to a combination of a password and an account number, which is used to log in a the Broker electronic trading service system;
"Agreement"	refers to an existing agreement executed or any replacement, modifications or supplements thereof or thereto unilaterally made by the Broker hereafter from time to time, including seal cards, client's information and statements, the Agreement for Securities Trading, and applicable appendixes;
"SFC"	refers to Hong Kong Securities and Futures Commission, a regulatory body in Hong Kong;
"SEHK"	refers to Stock Exchange of Hong Kong Limited and its successors or assigns;
"Exchange"	refers to SEHK or any other exchange, market or dealer's organization in a place other than Hong Kong;

"Clearing House"	refers to, in case of SEHK, an organization appointed by SEHK, or otherwise established and operated by SEHK, to provide clearing services to its participants with regard to transactions; or, in case of any other Exchange, a clearing institution that provides clearing services with regard to any contracts that are traded through or at such Exchange;
"Clearing House Rules"	refer to any general rules, regulations, procedures or practices adopted from time to time by a Clearing House providing SEHK participants with clearing services with regard to transactions, or in case of any other Exchange, any general rules, regulations, procedures or practices adopted by a Clearing House providing clearing services to the members of or participants in such Exchange with regard to the transactions conducted through or at such Exchange;
"Clearing Company"	refers to an organization appointed, established and operated by SEHK to provide clearing services to the participants with regard to SEHK contracts;
"Securities"	have the same meaning as defined in the Ordinance and include (where applicable) any equity securities in a collective investment scheme (a registered scheme defined in the Mandatory Provident Fund Schemes Ordinance (Cap. 485)) or a constituent fund defined in Section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485A);
"Securities Account"	means the securities and cash depository account opened by the Client based on the Broker Securities Cash Trading Agreement.
"E-services"	refers to any electronic trading conveniences and services that are provided or would be provided by the Broker, including but not limited to any services that are provided or can be accessed through the Broker interactive voice response systems, the Internet and/or any other electronic communication channels;
"Securities and Futures Ordinance" or the "Ordinance"	refers to the Securities and Futures Ordinance (Cap. 571) and any subordinate legislation enacted in accordance with such Ordinance;
"Code of Conduct"	refers to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission as formulated and effective from time to time in accordance with the Ordinance;
"Investor Compensation Fund"	refers to an investor compensation fund established in accordance with the Securities and Futures Ordinance (Cap. 571);
"Authorized Broker"	refers to an individual, institution or body corporate engaged in brokerage business that is authorized by the Broker to carry out activities with regard to buying, selling or exchanging Securities at a specific Exchange or market according to the instructions given by the Broker, the Broker's Client or an authorized person of the Client;
"Group"	refers to Zhesang International Financial Holdings Co., Limited and its parent company, subsidiaries and associated companies, and "Group Member" shall be construed accordingly;
"Subsidiary"	has the meaning specifically assigned to it in the Companies Ordinance (Cap. 32), as the same may be modified from time to time. For the purpose of this Agreement, in case a company is a subsidiary of a second company, or both of these two companies are subsidiaries of a third company, these two companies shall be deemed to be associated companies. The term "Associated Company" shall be so construed.

## **2. Applicable Rules and Regulations**

- 2.1. All transactions shall be carried out subject to the charters, rules, appendixes, custom and practices adopted by relevant Exchange, as the same may be modified from time to time, including rules of the Exchange, rules of the Clearing Company, relevant ordinances, and all laws of the jurisdiction applicable to the Exchange concerned. Any and all action taken by the Broker in accordance with such laws, rules, regulations and orders shall be binding upon the Client.
- 2.2. Any and all Securities transactions conducted in a market other than those operated by SEHK shall be subject to the rules and regulations of such market rather than of SEHK. However, the extent and form of protection provided by such market to the Client with regard to relevant transactions may as a result show substantial difference from that provided by SEHK to the Client in accordance with its rules, regulations and procedures.

## **3. Account**

- 3.1. The Client acknowledges that the information provided by the Client in the Account Opening Form is complete and accurate. The Client shall be responsible for maintaining the accuracy of the Account information and undertake to promptly notify the Broker of any discrepancy. Similarly, the Broker is obliged to promptly notify the Client of any material changes in its name, address, registration status or scope of services etc.
- 3.2. The Client authorizes the Broker to check the credit of the Client and further verify the authenticity of the personal information provided by the Client.
- 3.3. The Client states that it is the ultimate beneficiary of any Account opened by the Client with the Broker. The Client agrees and warrants to give a written notice to the Broker immediately after any changes to the owner or ultimate beneficiary of any Account opened by the Client with the Broker.
- 3.4. Unless otherwise specified by this Agreement or any agreements subordinate hereto, the Broker shall keep confidential all personal information relating to the Client's Account. The Client knows, fully understands and agrees that the Broker may disclose any information received from the Client to: (a) any Securities or asset nominees; (b) any contractors, agents or service providers that offer administrative services, services relating to data processing, finance, computer, communication, payment or clearing of Securities/futures, professional or other services to the Broker or other parties involved in the flow of data; (c) any counterparty or its agent during a transaction conducted or to be conducted by the Broker on behalf of the Client or with the Client's Account; (d) any successors to, assigns of, participants, subordinate participants or representatives in this Agreement or any other persons succeeding to this Agreement; or (e) any governmental, regulatory or other bodies or institutions to whom disclosure of the information is required by laws or otherwise, in order to (a) effect or execute the trade orders or other orders from the Client; (b) provide services relating to the Client's Account, whether directly or indirectly by any other parties; (c) check the credit of the Client and verify the financial position and investment objectives of the Client, or allow or assist any other party to carry out such activities; (d) comply with any laws, regulatory or other requirements that may be applicable to any other parties; or (e) fulfill any other purposes relating or incidental to any one or more of the foregoing.

3.5. The Client agrees and irrevocably authorizes the Broker to fully act on behalf of the Client and take any action it deems necessary or desirable during performance of this Agreement, to the maximum extent permitted by law, in order to comply with the provisions of this Agreement.

#### **4. Client's Instructions and Standing Authority**

- 4.1. Orders from the Client are irrevocable, all of which shall be delivered by the Client in person, in oral form through telephone, in writing or by electronic means, provided that risks in each case shall be solely borne by the Client.
- 4.2. The Client agrees that all orders or requirements relating to its Account are effective only on the date when such orders or requirements are issued and shall expire at the end of the trading day of the Exchange or market where the order is placed, except where the Client knows and is willing to bear risks in using conditional or conditioned orders, and select such special orders.
- 4.3. When issuing any order, the Client shall provide (1) name of the Client (in case of joint account holders, name of any one of the joint holders, unless otherwise indicated in the Account Opening Form), or (2) name of the person or third party authorized by the Client to issue the order (or names of the authorized persons or authorized third parties, if more than one authorized person or authorized third party is required by the Account Opening Form), in case such order is issued by one or more authorized persons or authorized third parties of the Client; and (3) account number of relevant Account opened with the Broker, provided that the Broker shall always have the right but not obligation to verify or confirm the identity of the person(s) issuing orders or any persons, and further have the right but not obligation to act according to such order, and use such order as a conclusive evidence of a valid order issued by the Client, or one or more authorized persons or authorized third parties of the Client.
- 4.4. The Client may grant the following standing authority to the Broker. Once such authority is granted, the Client agrees to be bound by its terms and conditions:
  - 4.4.1. Any standing authority under the Securities and Futures (Client Money) Rules (Cap. 571I), as the same may be modified from time to time;
  - 4.4.2. Any standing authority under the Securities and Futures (Client Securities) Rules (Cap. 571H), as the same may be modified from time to time; and
  - 4.4.3. Other standing authority legally agreed upon and modified from time to time.
- 4.5. Subject to any applicable laws,
  - 4.5.1. After the Client revokes the authority granted to one or more authorized persons or authorized third parties; or
  - 4.5.2. After the Client goes into liquidation or bankruptcy (as the case may be) or incurs similar events, any orders issued or alleged to have been issued by the Client, or one or more authorized persons or authorized third parties of the Client shall, as far as the Broker's interests are concerned, continue to be effective and valid until five days after the Broker's due receipt of a notice of such event from the Client (in case of a revocation event stated in Article 4.5.1) or the liquidator, receiver or similar officer (in case of liquidation or bankruptcy stated above).
- 4.6. Any instruction given by one or more authorized persons or authorized third parties (as the case may be) of the Client shall be deemed as given by the Client. The Client agrees to accept relevant liability in full and raise no objections against such instruction.
- 4.7. The Client understands that the Broker will not accept any third party orders unless a valid power of attorney is duly signed and delivered by the Client, which specifically authorizes a third party signatory to issue trade orders on behalf of the Client. No modifications of the list of authorized agents may become effective until a relevant written notice from the Client is received and accepted by the Broker. In addition, the Client agrees that the Broker is not responsible for any disputes, losses or any other claims arising out of the Broker's execution of an order issued by any unauthorized third party on behalf of the Client. In case the Client decides to authorize a third party to issue trade orders on its behalf, the Client agrees to provide the Broker with true and accurate identity certificates and personal information of such third party. In addition, the Client understands that such personal information will be disclosed, if required, to Hong Kong regulatory and other governmental bodies, including but not limited to SFC, Exchanges, Independent Commission Against Corruption or other competent authorities. The Client has obtained the approval of such authorized third party on the said disclosure and shall assume liability therefor.
- 4.8. The Client may give an authorization order through and to the telephone designated by the Broker for execution by the Broker personnel. The Broker may require the Client to provide the personal identity information previously filed as required for verification before any transaction is conducted. The Client agrees that the phone call recording of the Broker shall govern.
- 4.9. The Client may issue an authorization order through electronic trading services, provided that the Client is required to inform itself about the risks in E-service systems and bear any consequences or losses that may arise therefrom. The Client should read carefully the On-line Trading Agreement (See Schedule 1 for details) and be bound by the provisions of the On-line Trading Agreement.
- 4.10. Within 48 hours after any notice, trade confirmation or statement is duly served, the Client has the right to require the Broker to search for evidence, if it has an objection to a transaction conducted by the Broker or an Authorized Broker as instructed by the Client; otherwise, such confirmation or statement shall be deemed to have been confirmed.
  - 4.10.1. In case a trade order from the Client is carried out in a wrong way due to improper operation by the Broker employees, the Broker shall be responsible for any trading results except for those accepted by the Client. Profits or losses arising out of any errors other than in case of the erroneous trade stated above shall be solely borne by the Client and the original trade order from the Client shall be as per the phone call recording of the Broker. In case the Client raises no objections within 48 hours after an instruction is given, the Client may be deemed by the Broker to have waived the right to object as stated above.
  - 4.10.2. Without prejudice to the generality of Article 4.10.1, the Client acknowledges and agrees that in case the Broker is unable to execute or execute in full an instruction from the Client in a practicable manner due to rapid changes in the Securities market, general market conditions and/or any constraints or limitations imposed by relevant Exchange, the Broker or any Authorized Broker shall have no obligations or responsibilities in respect thereof.
  - 4.10.3. In case the Broker decides not to accept an instruction from the Client, the Broker shall so notify the Client, and in no event shall the Broker be liable in any way whatsoever for any loss of profits or gains suffered or damage, liability, costs or expenses incurred by the Client due to the Broker's refusal to follow the instructions, or neglecting to so notify or delay in so notifying the Client.
- 4.11. The Broker shall have the right to impose position limits, credit limits, limits of trading amounts or other trading limitations on the Client's transactions, and modify such amount limits or limitations from time to time without prior notice.
- 4.12. The Client confirms that the phone calls between the Client and the Broker may be recorded without any warning and in case of any disputes between both parties, and such recording may be used as conclusive and indisputable evidence of the instructions.

- 4.13. In case any instruction issued by the Client pursuant to this Agreement can be executed at more than one Exchange, the Broker shall have the right to execute such transaction at any Exchange.
- 4.14. For any and all instructions issued by the Client pursuant to this Agreement, the Broker may deal in the Securities with or through any brokerage by way of contracts or otherwise, or execute the Client's orders with or through any persons associated with the Broker in any way, under such terms and conditions as may be decided by the Broker at its discretion.
- 4.15. In case the Broker believes that the Client involves overly high risks, the Broker shall have the right to act as follows without prior notice to the Client:
  - 4.15.1. When the cash balance due in the Client's Account exceeds the amount specified by the Broker or the specified proportion calculated based on the assets of the Client's Account, the Broker may sell or buy, if required, any of the Securities of the Client with force until the requirements of the Broker are satisfied;
  - 4.15.2. Where the amount of funds available in the Client's Account is a negative figure after an order is issued by the Client, the Broker shall have the right to cancel any pending buy order or sell order issued by the Client, until the amount of available funds becomes a positive figure.
- 4.16. The Broker may delay in giving a quotation or buying/selling due to limitations imposed by objective conditions in SEHK or other markets, or rapid and frequent changes in prices of Securities. As a result, even if reasonable efforts have been made by the Broker, the Broker may still be unable to trade at the price quoted at any designated time. The Broker shall not be responsible for any losses arising out of the Broker's failure or inability to comply with any terms contained in an instruction from the Client, or for any difference in the profit or loss in the Account of the Client due to limitations of objective conditions in the market or difference among the quotation price of the Exchange, the trading price and the actual clearing price.

## **5. Short Sale**

- 5.1. The Client is required to deposit the Securities into the Client's Account before issuing a sell order. Before placing a sell order of Securities which are not owned by the Client (i.e. before short selling), the Client hereby undertakes to: (a) disclose to the Broker that such order is a short sale order; (b) provide the Broker with all documentary evidence in substantiation of the legality of the short selling under the Ordinance or other laws, rules and regulations of Hong Kong and the Exchange; (c) authorize the Broker to arrange a buy-in of the relevant Securities at the prevailing market price within a reasonable time where the Client accidentally sells short; (d) indemnify the Broker against any and all loss, lawsuits, costs and expenses sustained or incurred by the Broker as a result of the execution of the short selling orders.

## **6. New Listing of Securities**

- 6.1. The Client may require the Broker to subscribe for Securities newly listed or issued on the Exchange on behalf of the Client.
- 6.2. The Client shall familiarize itself and comply with the terms and conditions relating to the Securities of the new listing or issue as set out in any prospectus, offering documents, the application form or any other relevant documents, and the Client agrees to be bound by such terms and conditions in such subscription and application transactions.
- 6.3. The Client shall give to the Broker all the representations, warranties and undertakings which an applicant for Securities in a new listing and/or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant Securities, the SEHK or any other relevant regulatory body or person).
- 6.4. The Client declares and warrants, and authorizes the Broker to disclose and warrant to SEHK and any other person as appropriate on any application form (or otherwise) that any such application made by the Broker as the Client's agent is the only application made, and there is no other application intended to be made, by the Client or on the Client's behalf; to benefit the Client or the beneficiary specified by the Client in the application. The Client acknowledges and accepts that the aforesaid declaration and warranty will be relied upon by the Broker and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the SEHK or any other relevant regulatory body or person in respect of any application made by the Broker as the Client's agent.
- 6.5. The Client recognizes and understands that the legal, regulatory requirements and market practice in respect of subscription applications for Securities may vary from time to time as may the requirements of any new listing or issue of Securities. The Client undertakes to provide to the Broker such information and take such additional steps and make such additional representations, warranties and authorization as may be required in accordance with such legal, regulatory requirements and market practice as the Broker may determine.
- 6.6. The Client acknowledges that the Broker is not obliged to provide the Client with the listing documents ("the Prospectus") containing the terms and conditions of the new issue of Securities. In respect of relevant subscription application made by the Client, the Client acknowledges that it has obtained the Prospectus from other sources and has carefully read and understood the terms and conditions therein, and the Client's application will not in breach of such terms and conditions. The Client acknowledges that unless it is qualified under applicable Securities regulations, it shall not subscribe for any newly issued Securities.
- 6.7. The Client represents, declares and warrants that the Client is not a related person (as defined in the regulatory rules) of the issuer of relevant Securities in the new issue.
- 6.8. If the Broker makes a bulk application for the Broker's own account or on behalf of the Broker's other clients, the Client acknowledges and agrees: (a) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's subscription application and the Broker shall not, in absence of fraud, negligence or willful default, be liable to the Client or any other person in consequence of such rejection; and (b) to be solely responsible for any impacts on or losses of the Broker or any other persons, if such bulk application is rejected due to the Client's breach of its representations and warranties or otherwise due to acts and reasons relating to the Client.
- 6.9. If only a part of Securities under the bulk application is obtained, the Client agrees that the Broker may allocate such Securities purchased in its sole discretion, including distributing the Securities on an equal basis among all clients participating in the bulk application. The Client shall not raise any objection on the amount or priority of distribution of the Securities in respect of relevant application.
- 6.10. On receipt of a request from the Client to apply for and purchase shares that are being brought to the market by way of a new issue ("IPO Shares"), the Broker may provide loans to the Client for such shares ("IPO Loan"). As continuing security for the due and punctual payment by the Client of all principal, interest and other sums owing by the Client in respect of the IPO Loan ("Secured Debts"), the Client as beneficial owner hereby charges by way of first fixed charge the IPO Shares to the Broker until full payment of the IPO Loan by the Client to the Broker; and the Client hereby expressly authorizes the Broker to receive and apply all sums of whatever nature received by the Broker in respect of any part of the charged shares towards payment of the

Secured Debts in such manner and at such time as the Broker may determine in its discretion. Upon full settlement of the IPO Loan and accrued interest thereon, the Broker shall release the pledge concerned.

## **7. Solicitation or Recommendation**

If the Broker solicits sales from the Client or recommends any financial products to the Client, such financial products must be, in the Broker's opinion, reasonably suitable to the Client in consideration of the financial position, investment experience and investment objectives of the Client. No other provisions hereof; or other documents or statements that may be required by the Broker to be signed or made by the Client would prejudice the effect of this Article.

## **8. Settlement**

- 8.1. The Client agrees that after the Broker has conducted a transaction on the Client's behalf; the Client shall, on or prior to the settlement date, pay relevant amounts to the Broker or deposit relevant amounts to the Broker's account for settlement of the purchased Securities, or make good delivery of sold Securities to the Broker for settlement of the sold Securities. If the Client fails to make such payment or delivery of Securities by the settlement date, the Client hereby irrevocably grants the Broker the right to take in its sole discretion the following measures without prior notice to the Client:
- (a) execute, cancel or liquidate the Client's transactions;
  - (b) set-off any amount receivable from the Client where such amounts arise from the purchase and sale of Securities against any amount payable to the Client;
  - (c) dispose of any of the Client's Securities in the Account to settle any liability owing by the Client to the Broker arising from the purchase of Securities; or
  - (d) borrow and/or purchase in the Client's name Securities sold by the Client yet to be settled.

The Broker shall not bear any responsibilities arising from the exercise of the above rights. The Client hereby acknowledges that the Client shall indemnify the Broker against any loss, costs, fees and expenses that the Broker may incur as a result of the Client's failure to perform any of the settlement obligations.

## **9. Commissions, Taxes and Costs**

- 9.1. The Client agrees to pay immediately upon the Broker's request: (a) brokerage at a rate to be determined and notified by the Broker to the Client from time to time; (b) any and all commissions, brokerage fees, levies, charges, taxes and tax dues, and any other costs and expenses arising out of or in connection with the Broker's conclusion of any Securities trading contracts on behalf of the Client, or arising out of or in connection with the Broker's performance of any obligations hereunder; and (c) interest on any disbursements provided to the Client at an interest rate to be determined and notified by the Broker to the Client from time to time.
- 9.2. The Client hereby authorizes the Broker or the Broker's Authorized Broker to take and carry out all action necessary for compliance with the laws, regulations and rules of Hong Kong and/or foreign jurisdictions (as the case may be) applicable to taxes, duties, levies or charges in relation to relevant trading or the Securities bought or held by the Client, which action includes submitting declarations, forms and/or other documents that may be required by competent authorities or departments in Hong Kong and/or any foreign jurisdictions; and withholding and/or paying any taxes, duties, levies or charges arising out of or in connection with the trading or any Securities bought or held by the Client. The Client acknowledges that the Broker will withhold and/or deduct relevant amounts payable from the Account. To facilitate the Broker's action taken or performed pursuant to this Article, the Client shall provide the Broker or the Broker's Authorized Broker with any and all necessary documents and/or data, and sign, at the request of the Broker, any declarations, forms or any other documents that may be required by competent authorities or departments in Hong Kong and/or foreign jurisdictions (as the case may be).
- 9.3. At any time when the Broker believes that a withholding or deduction is required to be made from the Client's Account in order to pay applicable taxes under any foreign laws and regulations, including but not limited to the Foreign Account Tax Compliance Act, the United States Internal Revenue Code, regulations of the U.S. Department of the Treasury, or any relevant guidance issued thereunder, any governmental arrangements related thereto, any similar or related non-U.S. laws, or any contracts, covenants, responsibilities, policies or orders (whether with legal force or not) executed, borne or generally complied with by the Broker in accordance with any or all of the foregoing laws (such foreign laws, regulations, agreements, undertakings, liability, policies or orders are collectively referred to as "Applicable Laws") with any international, governmental, semi-official, regulatory, administrative, executive or supervisory institutions, units, departments, offices, or the institutions, agencies, Exchanges, Clearing Houses, bank committees, tax authorities or any other bodies, groups, units, departments, offices or other institutions in the competent jurisdictions, or any courts or arbitration commission of competent jurisdiction (each referred to as an "Authority"), due to the Client's conditions under the U.S. tax laws and rules, or otherwise derived from the U.S. tax laws and rules, the Broker shall have the right and the Client hereby expressly authorizes the Broker to deduct or withhold relevant taxes from any amounts payable to the Client ("Authorized Deductions or Withholdings"), pay the balance of such amounts after deduction or withholding to the Client, and pay the Authorized Deductions or Withholdings to competent or other Authorities or any agency thereof. If the Client is required to make any Authorized Deductions or Withholdings under Applicable Laws, the Client shall at the earliest time possible pay additional amounts to the Broker so that the net amounts actually received by the Broker would not be reduced due to such Authorized Deductions or Withholdings.
- 9.4. The Client consents to and expressly agrees that the Broker may collect, save, use, process or disclose, provide, leak or report to the national tax bureau, any Authority or any other persons any information, documents or records that the Broker deems necessary, desirable or useful for the Broker's compliance with the Applicable Laws or performance of the Broker's obligations under the Applicable Laws, in consideration of the tax liability of the Client or any beneficiary of the Client in the United States, which information, documents or records include any data, documents and records relating to the Client's Account in the Broker, trading or business activities with the Client, or personal information, documents and records of any direct or indirect beneficial owner, beneficiary or account controller of the Client.
- 9.5. The Client agrees to provide at the earliest time possible after receipt of the Broker's request:
- 9.5.1. Any documents or information relating to identity of the Client, tax liability of the Client and any direct or indirect beneficial owner, beneficiary or controller of the Client (including IRS Form W-9, W-8BEN, W-8IMY, Common Report Standard (CRS) or any other forms designated from time to time by the national tax bureau or other Authorities);
  - 9.5.2. Any documents or information relating to any direct or indirect owner or holder of the Client's Account in the Broker, or otherwise relating to commodities, services, assistance or financial support provided by the Broker to the Client from time to

time;

- 9.5.3. Any written consent or waiver issued by a direct or indirect beneficiary of the Client, in a form agreed or approved by the Broker, indicating a waiver of applicable personal data protection laws or other rules or regulations, for allowing the Broker to execute the provisions of Article 9.4.
- 9.6. Without prejudice to any other rights and remedies available to the Broker, the Broker may charge a monthly Account maintenance fee in such an amount and currency as may be decided by the Broker, if there is no trading activity in the Client Account for a long period of time. Such fees shall be automatically deducted from the Client Account.
- 9.7. The Client agrees that interest shall accrue on a daily basis for any amounts owed to the Broker (including interest accrued on the Client's indebtedness awarded or interest accrued due to trading when a currency shows a negative value) at the interest rate published by the Broker from time to time or (if no such interest rate is published by the Broker) at an annual interest rate equal to certain% over the cost of capital of the Broker or certain% over the prime rate of interest for loans specified from time to time by a Hong Kong bank designated by the Broker, whichever is higher. Such interest shall be paid to the Broker on the last day of each calendar month or other dates decided by the Broker.
- 9.8. The Client agrees to pay or reimburse any and all reasonable fees incurred by the Broker due to collection or discharge of amounts, debts or other liabilities owed by the Client to the Broker, including but not limited to lawyer's fees, court costs or other fees concerned.
- 9.9. The Client agrees that the Broker may, without further disclosure to the Client, receive, accept and retain any profits, kickbacks, allowances, brokerage, commission, charges, benefits, discounts and/or other advantages from any brokerage, underwriter, issuer or any other third parties (may or may not act on behalf of the Client in any aspects) arising out of or in connection with any services provided to or transactions dealt with for the Client. The Client agrees that the consent under this Agreement shall constitute a permission or lawful authority referred to in Section 9 of the Prevention of Bribery Ordinance (Cap. 201).
- 9.10. The Broker may, without disclosure to the Client, pay any profits, kickbacks, allowances, brokerage, commissions, charges, benefits, discounts and/or other advantages to any brokerage, underwriter, issuer or any other third parties (may or may not act on behalf of the Client in any aspects) arising out of or in connection with any services provided to or transactions dealt with for the Client. The Client agrees that the consent under this Agreement shall constitute a permission or lawful authority referred to in Section 9 of the Prevention of Bribery Ordinance (Cap. 201).
- 9.11. Unless otherwise specified, the Client understands that the Client shall not be entitled to any interest accrued in respect of any amounts (including Margin) held in any Account or held by the Broker on behalf of the Client, and the Broker is entitled to and may retain any and all interest deriving from the Client's amounts.

#### **10. Set-off, Fund Transfer and Lien**

- 10.1. The Client irrevocably authorizes the Broker or any Affiliate of the Broker to set off, retain and apply the client money, Securities and other property interest deposited by the Client to the Broker and any Group Member, to pay the clearing amounts and commissions or expenses stated respectively in Article 8 and Article 9 of this Agreement, and any other obligations and liabilities to be discharged by the Client to the Broker as set out in this Agreement. The Broker may, at its discretion and without notice to the Client, set off or interchangeably transfer any money or other property between any Accounts under the name of the Client.
- 10.2. Subject to applicable laws, and without prejudice and in addition to any other rights and remedies available to the Broker or any Group Member, the Client agrees that:
  - 10.2.1. Without prejudice to any other provisions of this Agreement, the Broker and the Group are entitled to a general lien over any or all money or Securities of the Client held by the Broker or one or more Group Members, for performance of any obligations of the Client to the Broker, any Group Member or any third party;
  - 10.2.2. The Broker may, at any time and from time to time, combine or consolidate any or all Account of the Client with any debts owed by the Client to the Broker and/or its Group Members, and/or use the Securities and/or other property of the Client to discharge any liabilities owed to the Broker and/or any other Group Members, without prior notice;
  - 10.2.3. The Broker may, at any time, from time to time and without prior notice, set off or transfer any money in whatever currency deposited by the Client in any Account of the Client in the Broker or any of its Group Members, in order to discharge any liabilities of whatever nature owed by the Client to the Broker and/or any of its Group Members (including any liabilities incurred in the capacity as a principal or guarantor, whether such liabilities are actual or contingent, primary or collateral, joint or several).
- 10.3. Any proceeds from sales under this Agreement shall be used to make the following payments in the following order of priority:
  - 10.3.1. to satisfy all expenses, levies, charges, costs and payments incurred by the Broker on a full indemnity basis, including but not limited to legal or professional fees, stamp duty, commissions and brokerage;
  - 10.3.2. to repay the amounts secured by this Agreement, whether being principal, interest or otherwise, in an order decided by the Broker in its discretion;
  - 10.3.3. to repay any other amounts owed to the Broker or its Group Members. The remaining proceeds, if any, shall be paid to the Client or dealt with in accordance with the Client's instructions. Any deficiency after the sale shall be paid by the Client to the Broker without any demand from the Broker.
- 10.4. When signing the Account Opening Form, the Client is required to read carefully the provisions of this Agreement under the "Client Money and Client Securities Standing Authority" section, whereby the Broker may apply the Client's money and Securities at its discretion. See the "Client Money and Client Securities Standing Authority" section for details.

#### **11. Event of Default**

- 11.1. Any of the following events shall constitute an event of default ("Event of Default"):
  - 11.1.1. The Client fails to pay as required by the Broker or delays in paying to the Broker or any Group Member any deposits or amounts payable, or fails to deliver any documents or negotiable Securities to the Broker;
  - 11.1.2. The Client fails to comply with any provisions of this Agreement or any bylaws, procedures or rules and regulations of relevant Exchange and/or Clearing House;
  - 11.1.3. The Client fails or refuses to discharge or pay any outstanding amounts, money or loss in any Client Account established with the Broker or any Group Member of the Broker;
  - 11.1.4. A bankruptcy application or liquidation application has been filed against the Client, or similar legal proceedings against the Client have commenced;

- 11.1.5. The Client (in case of individual client) dies or is decided by a court to be of unsound mind or to have lost the capacity;
  - 11.1.6. There is any detention, execution or other legal process against the Client;
  - 11.1.7. Any representation or warranty provided by the Client to the Broker under this Agreement or any other documents is inaccurate or misleading;
  - 11.1.8. Any approval, authorization or resolution of the board of directors necessary for execution of this Agreement by the Client (in case of corporate client or partnership client) is in whole or in part revoked, suspended or terminated or ceases to be valid in full; or
  - 11.1.9. The Broker believes that there is an event that may prejudice any rights of the Broker under this Agreement.
- 11.2. Upon occurrence of any of the Event of Default stated above, and without prejudice to any other rights of the Broker or the Broker's right to seek remedies against the Client, the Broker shall have the right to take the following measures without further notice to the Client:
- 11.2.1. To forthwith close the Account and the services provided hereunder;
  - 11.2.2. To lock the Account up or prohibit trading; or terminate this Agreement in whole or in part;
  - 11.2.3. To cancel any and all outstanding trade orders of the Client, so as to liquidate the Client Account;
  - 11.2.4. To dispose of (including buy or sell) all Securities or short positions if there is any Securities or unclosed short selling in the Client Account, and use the amounts obtained from disposing of the Securities and any cash balance to repay any outstanding debt to the Broker or any Group Member.

## **12. Transactions Conducted in Foreign Currencies**

- 12.1. In the event that the Client directs the Broker to conduct transactions on an Exchange or other market on behalf of the Client, any initial or subsequent amounts or commission payable shall be paid in full in the currency designated in the Securities contracts concerned. If a currency other than Hong Kong Dollar is designated, any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency shall be entirely for the account and risk of the Client.
- 12.2. In the event that the Client directs the Broker to conduct a Securities transaction on an Exchange or other market on behalf of the Client, and such transaction is settled in a currency other than that of the Client Account, for any negative value in a currency arising from such transaction, the Broker shall have the right to convert the currency in the Account to make up the difference without prior consent of the Client, based on an exchange rate fixed in the sole discretion of the Broker in light of the then prevailing money market rates of exchange between the currencies.
- 12.3. If the Client issues an order to buy or sell Securities denominated in Renminbi, the Client acknowledges and agrees that Renminbi is subject to exchange control and cannot be converted freely, and therefore trading in Securities denominated in Renminbi may involve significant foreign exchange risk.

## **13. Client Monies**

- 13.1. The Client agrees that the monies deposited are used for investment only. In addition, the Client agrees not to deposit any Securities, cheque, bank draft or other assets that are not under its name to its Account, and the Broker may at any time refuse any deposit of the Client Monies. If the Broker agrees to have such third party assets deposited by the Client to its Account, the Client will release the Broker from the liability for any losses or liabilities relating thereto.
- 13.2. Subject to applicable regulatory rules, the Broker shall have the right to deposit or transfer any money held in the Account (or Accounts) or received on behalf of the Client to or between one or more segregated accounts opened and maintained by the Broker or its Group Members in Hong Kong or any other places, provided that such segregated account/each of such segregated accounts shall be designated as trust account or client account and established with one or more authorized financial institutions and/or any other person(s) and/or foreign person(s) approved by SFC for the purposes of Section 4 of the Securities and Futures (Client Money) Rules (Cap. 571). Subject to the consent of both the Client and the Broker and to the extent permitted by law, any and all interest on the money stated above shall belong to the Broker.

## **14. Client Securities**

- 14.1. Client hereby authorizes the Broker, in respect of any of the Securities (whether in Hong Kong or elsewhere) deposited by Client with the Broker or purchased or acquired by the Broker on behalf of the Client, and held by the Broker for safe keeping, to register the same in the name of the Broker, any Group Member or any nominee appointed or agreed by the Broker (whether such nominee is a person in Hong Kong or elsewhere) or in the Client's name, or deposit the same in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Broker or any Group Member with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in Securities (in this Article referred to as "Segregated Account for Securities") or deposit the same with any overseas custodian or overseas Clearing Company in compliance with applicable regulatory rules.
- 14.2. Any Securities (whether in Hong Kong or elsewhere) held by the Broker, any Group Member, banker, institution, custodian, nominee, intermediary or any other person pursuant to this Article shall be at the sole risk of the Client. The Broker, any Group Member and the relevant associated entity, banker, institution, custodian, nominee, intermediary and person shall be under no obligation to purchase any insurance with regard to the Client's risks, which obligation shall be the sole responsibility of the Client.
- 14.3. If the Broker or any Group Member holds any Securities of the Client and/or any other persons, in respect of any dividends or other distributions or benefits accrued on such Securities, the Client Account(s) shall be credited (or payment made to the Client as may be agreed) with the proportion of such dividends, distributions or benefits equal to the proportion of the Securities held on behalf of the Client in such Securities held by the Broker. In the event that the odd lot of such Securities is not eligible for any such dividends, distributions or benefits, the odd lot held on behalf of the Client will not be taken into account in the allocation. Subject to applicable laws and regulatory rules, the Broker may retain or otherwise dispose of, for its own account and benefit, any fractional shares entitlements to which the Client may be entitled, and entitlements (in any form whatsoever) arising from any odd lot held on behalf of the Client or from the aggregation of odd lots held on behalf of the clients of the Broker (including the Client).
- 14.4. If the Broker or any Group Member holds any Securities of the Client and/or any other persons and such Securities incur losses, the Client Account(s) may be debited (or payment made by the Client as may be agreed) with the proportion of such loss equal to the proportion of the Securities held on behalf of the Client in the total number or amount of such Securities held by the Broker.
- 14.5. The obligations of the Broker (or any other person permitted under this Agreement) to deliver, to hold or to register in the Client's

name or in the name of the Client's nominee, any of the Client's Securities shall be satisfied by the delivery, the holding or registration in the Client's name or in the name of the Client's nominee of Securities of the same class, denomination and nominal amount as, and rank *pari passu* with, those originally deposited with or transferred to the Broker or any other person permitted under this Agreement or otherwise agreed by the Client or acquired by the Broker on the Client's behalf ("Original Securities") (subject always to any capital reorganization which may have occurred in the meantime) and the Broker (or any other person permitted under this Agreement) shall not be bound to deliver or return Securities which are identical with the Original Securities in terms of number, class, denomination, nominal amount and rights attached thereto.

- 14.6. Where any Securities are held in the Broker's name, in the name of any Group Member or the name of any nominee appointed or agreed by the Broker, the Broker or such Group Member will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of the Client. Nothing in this Agreement shall in any way impose on the Broker or any Group Member any duty to inform the Client or to take any action with regard to the attendance of meetings and to vote at such meetings. The Broker or any Group Member has no duty in respect of notices, communications, proxies and other documents, relating to the Securities received by the Broker or any Group Member or to send such documents or to give any notice of the receipt of such documents to the Client. The Broker and/or any Group Member has/have the right to charge the Client for its/their respective services in taking or arranging custody of the Client's Securities or any action pursuant to the Client's instructions.
- 14.7. The Broker, any Group Member or any nominee appointed by the Broker (whether such nominee is a person in Hong Kong or elsewhere) may hold any Securities for the Client in a place outside Hong Kong, subject to applicable regulatory rules.

#### **15. Client Money and Client Securities Standing Authority**

- 15.1. The client money standing authority covers money received or held by the Broker in Hong Kong (including any interest derived from holding the money which does not belong to the Broker) in one or more segregated account(s) on behalf of the Client (hereinafter referred to as "Monies").
- 15.2. In accordance with the Securities and Futures (Client Money) Rules (Cap. 5711), the Client agrees to authorize the Broker to (this authority hereinafter referred to as "Client Money Standing Authority"):
  - 15.2.1. combine or consolidate any or all segregated accounts, either individually or jointly with others, maintained by the Broker or any Group Member of the Broker, and to transfer all or any portion of the Monies in such segregated accounts so as to satisfy any obligations or liabilities which the Client may have to the Broker or any Group Member of the Broker, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, joint or several; and
  - 15.2.2. transfer any sum of Monies on behalf of the Client to any account for Securities trading/clearing/settlement between the Broker and a brokerage and/or clearing company (whether in Hong Kong or in foreign jurisdictions), for the purpose of Securities trading; and
  - 15.2.3. transfer any sum of Monies interchangeably between any of the segregated accounts maintained by the Broker or any Group Member of the Broker at any time.
- 15.3. In accordance with the Securities and Futures (Client Securities) Rules (Cap. 5711), and with regard to the Securities of the Client or Securities collateral, the Client agrees to authorize the Broker to (this authority hereinafter referred to as "Client Securities Standing Authority"):
  - 15.3.1. subject to compliance with Securities and Futures (Client Securities) Rules, to apply any securities or securities collateral of the Client pursuant to the securities borrowing and lending agreement made between any third party and Zhesang INTL from time to time;
  - 15.3.2. deposit any Securities collateral of the Client with an approved financial institution, as collateral for the financial accommodation provided by such institution to the Broker;
  - 15.3.3. deposit any Securities collateral of the Client with HKSCC, as collateral for the discharge of the Broker's clearing obligations and liabilities. The Client understands that HKSCC will have a first fixed charge over the Client's Securities to the extent of the obligations and liabilities of the Broker;
  - 15.3.4. deposit any of the Client's Securities collateral with any other approved Clearing House or any other licensed or registered intermediaries engaged in Securities trading, as collateral for discharge of the Broker's liabilities in respect of settlement;
  - 15.3.5. apply or deposit any of the Client Securities collateral in accordance with Article 15.3.1, 15.3.2, 15.3.3 and/or 15.3.4 above, if the Broker provides financial accommodation to the Client in the course of dealing in Securities and any other regulated activities for which the Broker is licensed or registered.
- 15.4. This Client Money and Client Securities Standing Authority is granted to the Broker without prejudice to any other authorities or rights which the Broker or any entity associated with the Broker may have in relation to dealing in Monies, Client Securities or Securities collateral in such segregated accounts.
- 15.5. Assets received or held by the Broker outside Hong Kong, including the Client assets, are subject to the applicable laws and regulations of the relevant foreign jurisdiction. The Client understands and agrees that such laws and regulations may be different from the Ordinance and the rules formulated under the Ordinance. Consequently, such Client assets may not enjoy the same protection as that conferred on the Client assets received or held in Hong Kong.
- 15.6. The Client hereby agrees to indemnify and hold the Broker and its broker and/or clearing company harmless from and against any and all losses, damage, interest, expenses, costs, actions or payment demands suffered and/or incurred by the Broker and its broker and/or clearing company as a result of exercising the said authority.
- 15.7. This Client Money and Client Securities Standing Authority shall be valid for a period not exceeding 12 months from the date when the provisions of this Agreement become effective, unless being renewed pursuant to Article 15.9 herein.
- 15.8. Provided that the Client has no liabilities owed to the Broker or any entity associated with the Broker, the Client may revoke the Client Money and Client Securities Standing Authority granted by the Client under this Article 15 by giving a 10 business days' notice to the Broker.
- 15.9. If the Client Money and Client Securities Standing Authority is not explicitly revoked before such authority expires and if the Broker, at least 14 days prior to the expiry of the Client Money and Client Securities Standing Authority, gives a notice via e-mail (or a hard-copy notice and confirmation if the Client so desires by giving the Broker a notice 10 business days prior to the expiry of the standing authority) to the Client, reminding the Client of the impending expiry of the standing authority and informing the Client that unless the Client objects as pursuant to Article 15.8, the Client Money and Client Securities Standing Authority will be renewed upon expiry for a further 12-month period upon the same terms and conditions as specified in the Client Money and

Client Securities Standing Authority, it shall be deemed to have been renewed. If the Client does not request to designate any specific annual expiry date of the standing authority, the Broker will, in general, designate the 30th day of June or the 31st day of December per annum as the expiry date. The Broker may, in accordance with the principle prescribing a period not exceeding 12 months for the Client Money Standing Authority, imply that the expiry date of the Client's standing authority is the later of the nearest 30th day of June or the nearest 31st day of December subsequent to the date the Client opens the account, provided that the period between the expiry date of the standing authority and the date the Client opens the Account shall not exceed 12 months.

#### **16. Suggestions on Trading**

- 16.1. The Client represents and agrees that transactions in the Account are at the Client's sole discretion, and the Broker is only responsible for executing, clearing and conducting transactions in the Account and is not responsible or liable for any professional conduct, acts, representations or statements presented or provided by any personnel, employees, Group Members or their respective employees, or the Broker's representatives, introducing brokers, trading advisers or any other third parties with regard to the Account or any transactions therein. No comments or information provided by the Broker, the Broker's personnel, employees or agents, whether actively or not, shall constitute an offer for trading, and the Broker assumes no responsibility for such comments or information, and the Client will make its own decisions and judgments with regard to all transactions in the Account independently without dependence on the Broker or any persons stated above.

#### **17. Representations, Warranties and Undertakings**

If the Client effects transactions for the account of its customer, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with the Client's customer, the Client hereby agrees to comply with the following provisions where the Broker has received an inquiry from SEHK and/or SFC and/or other competent authorities (including but not limited to competent authorities in or outside Hong Kong) in relation to such transactions:

- 17.1. Subject to the provisions below, the Client shall, immediately upon the request of the Broker (which request shall include the contact details of SEHK and/or SFC), inform SEHK and/or SFC about the identity, address, occupation and contact information of other customers for whose account the transactions are effected and (to the best knowledge of the Client) the ultimate beneficiary of such transactions. The Client shall also inform SEHK and/or SFC about the identity, address, occupation and contact information of any third parties (if different from such other customers/ultimate beneficiary) originating the transactions in question.
- 17.2. If the Client effects transactions on behalf of a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon the request of the Broker (which request shall include the contact information relating to SFC), inform SFC about the identity, address and contact details of such scheme, account or trust, and (if applicable) the identity, address and contact details of the person who instructs the Client to effect the transactions on behalf of such scheme, account or trust.
- 17.3. If the Client effects transactions on behalf of a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform the Broker when the Client's discretion to invest on behalf of such scheme, account or trust has been overridden. In case the Client's discretion to invest has been overridden, the Client shall, immediately upon the request of the Broker (which request shall include the contact information relating to SFC), inform SFC about the identity, address and contact details of the person(s) who has or have given instructions to the Client in relation to the transactions.
- 17.4. If the Client is aware that its customer is acting as an intermediary for its underlying customer, and the Client does not know the identity, address, occupation and contact details of the underlying customer for whom a transaction is effected, the Client confirms that:
- 17.4.1. The Client has arrangements in place with its customer which entitle the Client to obtain the information set out in Article 17.1 and 17.2 of this Agreement from the Client's customer immediately upon request or procure that it be so obtained; and
- 17.4.2. The Client will upon request from the Broker in relation to a transaction, promptly request or cause its customer who gives instructions to the Client to effect the transaction to provide the information set out in Article 17.1 and 17.2 of this Agreement, and provide such information to SFC immediately upon receipt of such information from its customer.
- 17.5. The Client confirms that, where necessary, it has obtained all relevant consents or waivers from the customers, collective investment schemes, discretionary accounts or discretionary trusts for whose account transactions are effected to provide SFC with the identity and contact details of such customers, schemes, accounts or trusts and of the ultimate beneficiary of such transactions and (if different from the customers/ultimate beneficiary) of the persons originating the transactions.
- 17.6. The Client agrees that it is responsible for confirming its nationality, citizenship, domicile or similar capacity. The Client undertakes not to deal in, buy or subscribe for any Securities or make any investment that is prohibited due to the capacity or other characteristics of the Client. The Client has obtained all necessary professional advice relating to its tax liability or other liability in any jurisdictions, including on laws, accounting, estate planning or taxes etc. In giving instructions or orders relating to dealing in, buying or subscribing for any Securities or making investment, the Client does not rely on the Broker in any form.
- 17.7. To facilitate the Broker's performance of its obligations under this Article, the Client agrees, in respect of any intermediary in a jurisdiction having client confidentiality laws in place, and confirms that it has entered into an agreement with its end customer to waive its interests in such confidentiality laws, when it comes to provision of customer identity information to Hong Kong regulatory bodies and/or other competent authorities, and that such agreement is binding under the laws concerned.
- 17.8. This Article shall survive the termination of this Agreement.

#### **18. Liability and Indemnity**

- 18.1. The Broker will endeavor to follow and execute instructions from the Client relating to Account and trading that are accepted by the Broker, provided that the Broker or its directors, officers, employees and agents shall not be liable (whether based on contracts, civil negligence or otherwise) for any losses, expenses or damage incurred by the Client due to the following reasons, unless such persons or any of them is proved to have committed fraud or willful default:
- 18.1.1. The Broker's exercise, failure to exercise or delay in exercising any or all rights granted to the Broker by this Agreement;
- 18.1.2. The Broker's acting in accordance with or in reliance on the Client's instructions in a faithful manner, whether or not such instructions are given after recommendations, suggestions or comments are offered by the Broker or any Group Member of the Broker, or any of its directors, officers, employees or agents;
- 18.1.3. Conversion of one currency to another pursuant to, with regard to or by reason of this Agreement;
- 18.1.4. Failure of the Broker to perform its obligations under this Agreement due to reasons beyond its control, including restrictions

imposed by any governmental or regulatory bodies, closure or decision of any Exchange (or a specific department thereof), suspension of trading, failure or breakdown of transmission, communication or computer devices, postal or other strikes or other similar industrial action, or inability of any Exchange, Clearing House, business agent or other person to perform its obligations;

- 18.1.5. Any Exchange, Clearing House, business agent or other person ceasing to admit the existence or validity of any transaction for whatever reasons, or failing to perform or revoking the contract for such transaction, provided that in each case the obligations and responsibilities of the Client arising out of or in connection with such contract shall not be affected.

#### **19. Notice, Trade Confirmation and Statement**

- 19.1. All notices, reports, statements, confirmation or other communication shall be delivered in form of hardcopy, email or online notice via postal service, fax or email, to the address, fax number or email address provided by the Client in the Account Opening Form or such other address, fax number or email address as may be notified by the Client to the Broker in writing (if delivered to the Client), or to the registered address selected and notified to the Client by the Broker from time to time (if delivered to the Broker).
- 19.1.1. Hardcopy: refers to all statements, reports and notices delivered to the address designated by the Client;
- 19.1.2. Email: refers to all statements, reports and notices delivered to the email address designated by the Client;
- 19.1.3. Online notice: refers to statements, reports or notices that are available to the Client through the online trading client program of the Broker after the Client logs in by using the account name and password.
- 19.1.4. All notices, reports, statements, confirmation or other communication from the Broker are generally delivered via email, unless otherwise agreed between the Client and the Broker. If the Client gives a written request or instruction for receiving a written document in hardcopy, the Broker will mail the relevant document to the mailing address designated by the Client and charge some fees, and the Broker reserves the right to revise such fees charged.
- 19.2. All notices, reports, statements, confirmation or other communication shall be deemed duly served:
- 19.2.1. at the time of delivery or transmission if delivered personally, by fax or email; or
- 19.2.2. two business days after the date of posting if sent to a local address by mail; or
- 19.2.3. five business days after the date of posting if sent to an oversea address by mail.
- 19.3. The Client agrees that if the Client raises no objection within 48 hours after a notice, trade confirmation or statement is duly served, the Broker may deem such client statement as accurate and correct.

#### **20. Modification**

- 20.1. The Client agrees that the Broker may modify the provisions of this Agreement or its schedules at any time by giving a reasonable notice to the Client. Any modifications of this Agreement or its schedules shall become effective on the expiry date of such notice, and if the Client does not close the Account, the Client shall be deemed to have accepted such modifications.

#### **21. Joint Account Holder**

- 21.1. If the Client is a joint account holder, the obligations and liabilities of each joint account holder under this Agreement shall be joint and several and the Broker may at its discretion take actions against any or all of the joint account holders;
- 21.2. The Broker shall have the right to act in accordance with the instructions or requests from any one of the joint account holders, but is not obliged to unconditionally execute all instructions or requests of such joint account holder;
- 21.3. If the Client includes more than one person, the death of any one of such persons (the remaining persons are still alive) shall not make this Agreement terminate, and the interests of the deceased person in the Account will be transferred to the surviving persons or otherwise executed as per the will of the deceased person (a valid Letter of Administration issued by the governmental agency shall be furnished), provided that the Broker is entitled to enforce any liability of the deceased person against its estate. Any surviving person shall notify the Broker in writing immediately after its knowledge of the said death.

#### **22. Conflicts of Interest**

- 22.1. The Client agrees that when the Broker carries out a trade order for and on behalf of the Client in SEHK or any other Exchange or market, the Broker or its directors, officers, employees, Group Members or their respective employees, agents and/or any floor brokers in any Exchanges may trade for and on behalf of any such persons as having a direct or indirect interest in the Account without prior notice of the Broker, subject to the terms and conditions, if any, contained in the charters, rules, regulations, practices, decisions and interpretations adopted by SEHK, such Exchange or market at the time when the trade order is executed, and any applicable rules issued by SEHK or such other Exchange or market in accordance with laws.
- 22.2. The Client acknowledges that, subject to provisions of the Ordinance and any applicable laws, the Broker may take an order contrary to the Client's trade instructions for the account of the Broker, any of its affiliated companies or other clients of the Broker with regard to any Securities dealt in at SEHK or other markets, provided that such trading must be subject to a level playing field and executed in or through the facilities of SEHK or other markets in accordance with the rules, regulations and procedures of SEHK or such other markets, or otherwise executed in or through the facilities of other Securities Exchanges in accordance with the rules and regulations of such Exchanges.
- 22.3. The Broker may match the Client's orders with orders from other clients.
- 22.4. The Broker is not required to account for or be responsible for any benefits or advantages obtained in respect of the foregoing.

#### **23. Other Undertakings, Authority, Statements and Representations**

- 23.1. In case of any material changes to the Client's information in the Account Opening Form or to this Agreement, the Client and the Broker warrant to immediately notify the other party of such changes.
- 23.1.1. In case of any material changes in the Broker's business, which changes may affect the services provided by the Broker to the Client, the Broker will notify the Client of such changes; and  
The Client shall notify the Broker of any changes to information relating to the Client and provide supporting documents as reasonably required by the Broker.
- 23.2. If the Client incurs any pecuniary losses due to the Broker's default, the liability of the Investor Compensation Fund shall be limited to valid claims as specified in the Ordinance and relevant subordinate legislation, and subject to the upper limits specified in the Securities and Futures (Investor Compensation - Compensation Limits) Rules. As a result, there can be no assurance that

any pecuniary loss sustained by the Client due to such a default will necessarily be indemnified from the Investor Compensation Fund in full, in part or at all.

- 23.3. The Client agrees to provide the Broker with necessary information when required in order for the Broker to comply with the rules, regulations, procedures and ordinances of the Exchanges, SEHK or other regulatory bodies.
- 23.4. The Client agrees that when the rights of the Broker in the capacity of an exchange participant of SEHK are suspended or revoked, the Clearing House may take any and all measures necessary in order to transfer any and all outstanding transaction contracts held by the Broker on behalf of the Client and any amounts and Securities in the Account opened by the Client in the Broker to another exchange participant of SEHK.
- 23.5. Any and all amounts, Securities or other property received by the Broker from the Client, or from any other persons (including the Clearing House) with regard to the Account of the Client shall be held by the Broker as a trustee, and deposited in an "Independent Bank Account" separately from the Broker's own assets. In addition, no balance of amounts, Securities or other property held by the Broker would become a part of the Broker's assets upon liquidation of the Broker, which however shall be returned to the Client immediately after a temporary liquidator or similar officer is appointed for administration of the Broker's business and property.
- 23.6. Immediately upon the Broker's requests at any time and from time to time, the Client shall provide the Broker with such financial information and/or other information relating to the subject matter hereof and/or the Client and/or compliance with any ordinances or regulatory rules as reasonably required by the Broker. The Client agrees that the Broker may investigate or check the credit of the Client, in order to determine the financial position of the Client.
- 23.7. The Broker is subject to the Personal Data (Privacy) Ordinance (Cap. 486) which regulates the use of personal data. Policies and practices relating to the Broker's use of personal data are described in Schedule 3 of this Agreement.
- 23.8. In any case where the Client has an account in a Group Member of the Broker and instructs the Broker to withdraw cash, Securities and/or other property from such account, the Client hereby authorizes the Broker to require on behalf of the Client such Group Member to advance the said cash, Securities and/or other property to the Broker.
- 23.9. The Broker may record the phone calls between the Broker and the Client, and any of such recording shall serve as the final and conclusive evidence of the talks in question and the content thereof.
- 23.10. Assignment of this Agreement
  - 23.10.1. Without the prior written consent of the Broker, the Client shall not assign, delegate, subcontract, transfer or otherwise dispose of any of its rights or obligations hereunder to any persons. Subject to legislation, the Broker may assign, delegate, subcontract, transfer or otherwise dispose of any of its rights or obligations hereunder when it deems appropriate.
  - 23.10.2. In case of combination, amalgamation or reorganization of the Broker or transfer of the Broker's business to another institution (including any institution within the Group), the Broker may assign any of its rights and obligations hereunder to such institution. A notice shall be given by the Broker to the Client, indicating the effective date of such assignment, which shall be not less than 10 days after the notice is issued. This assignment shall have such an effect as if a novation agreement is concluded between the Client and such institution. The Client now therefore agrees that the Broker may make any assignment of this Agreement in the future in the said circumstances.
- 23.11. Where the Broker's performance of its obligations hereunder is prevented or precluded by war, terrorist activities, revolution, riot, regulation and control of the ruler, military unrest, rebellion, civil commotion or similar action involving any countries, strike, lockout or refusal of working or labor regulations and control, seizure or confiscation of property or other governmental acts having similar influence, government-regulated currency exchange or cash flow or transfer, any act of God, epidemics, nationwide epidemics, sabotage, disturbance of business operation of any Exchange, failure of computer systems and/or communication facilities, or any other similar events that are beyond the control of the Broker ("Force Majeure Events"), the Broker may at its absolute discretion and as an alternative to performance of its obligations: (a) postpone the performance of its obligations until such Force Majeure Events cease to have any influence; or (b) (in case any delivery or payment is required) provide or request cash settlement based on the prevailing market value (to be conclusively decided by the Broker) of the Securities or financial instrument relating to such settlement on the second business day prior to occurrence of such Force Majeure Events. The Broker is not liable for any losses incurred by the Client arising out of or in connection with Force Majeure Events. The Client agrees to bear the risks of Force Majeure Events on its own.
- 23.12. The Broker may at its absolute discretion take or refrain from taking any action ("Compliance Action") it deems appropriate to take in order to comply with applicable laws and compliance rules, including preventing money laundering, terrorist financing or other crimes, or the provision of financial or other services to any person or entity (each such person or entity is referred to as a "Sanctioned Party") that may be subject to sanctions. Such Compliance Action may include but not limited to:
  - 23.12.1. Rejecting the application for or refusing to deal with or carry out any transaction contemplated hereunder, or refusing to effect a payment for any transaction contemplated hereunder, by reason of or as a result of Compliance Action, or where any person or entity relating to such transaction is a Sanctioned Party;
  - 23.12.2. (If the Broker becomes aware that any payment made to or at the request of the Client contravenes the compliance rules) immediately collecting such payment back from the Client, irrespective of any other agreement to the contrary with the Client;
  - 23.12.3. intercepting or investigating any payment messages or other information or correspondence given to, by or on behalf of the Client via the Broker's systems;
  - 23.12.4. further investigating to check whether a name that might refer to a Sanctioned Party actually refers to that party.
- 23.13. The Broker will not be liable for any losses (whether direct, indirect or consequential, including but not limited to loss of profits or loss of interest) or damage incurred by the Client or any party arising out of:
  - 23.13.1. any delay or failure by the Broker in processing any payment messages or other information or correspondence or any request from the Client, or in performance of its duties or other obligations in connection with any transaction, caused in whole or in part by any Compliance Action;
  - 23.13.2. the Broker's exercise of its rights under this Article or taking or refraining from taking any action pursuant to this Article.

For the purpose of this Article,

"applicable laws" refer to the legal requirements in any place or jurisdiction where the Broker's business is located that are applicable to the Broker;

"compliance rules" refer to all regulations, sanction procedures, international guidance or procedures or rules of relevant regulatory bodies or industry organizations that are applicable to the Broker.

## **24. Termination**

- 24.1. The Broker may at its absolute discretion suspend or terminate the Account or cease to act on behalf of the Client at any time without giving any reasons. Immediately upon suspension or termination of the Account, all amounts owed by the Client to the Broker shall become due and payable, and the Client shall immediately pay such amounts to the Broker.
- 24.2. Either party hereto may terminate this Agreement at any time by giving a notice of at least three business days to the other party. If a termination notice is given by the Client to the Broker, this Agreement shall be terminated after an Account Cancellation Confirmation Form is signed by the Client, provided that the Client must confirm with the Broker that all transactions have been settled and all such liability has been discharged completely, and that there is no balance in the Account.
- 24.3. Termination of this Agreement shall not affect any warranties, representations, undertakings or indemnity guarantees provided or made by the Client to the Broker or its agents or any third parties hereunder, which warranties, representations, undertakings and indemnity guarantees shall survive termination of this Agreement.

## **25. Applicable Laws**

- 25.1. This Agreement shall be governed by and interpreted in accordance with the laws of Hong Kong. The Client irrevocably submits to the non-exclusive jurisdiction of the courts in Hong Kong.
- 25.2. The Client agrees that this Agreement and all subordinate terms hereof shall be binding upon the Client and its inheritors, estate, executors, personal representatives, successors and assigns. Any and all acts performed by the Broker in accordance with relevant laws, regulations and rules shall be binding upon the Client. The Client shall not breach any laws, regulations or rules it is subject to during Securities transactions.
- 25.3. In case of any conflicts between any provisions hereof and any existing or future laws, or rules or regulations of SFC or any other competent authorities having jurisdiction over the subject matter of this Agreement, such provisions shall be deemed to have been deleted or modified in accordance with relevant laws, regulations and rules, and the remaining part of this Agreement shall remain valid.

## **II. Agreement for Securities Margin Trading**

This Agreement for Securities Margin Trading, as a component of the Securities Trading Agreement, is accessory and supplemental to the terms and conditions of the Securities Cash Trading Agreement, i.e. the Client, and all trading, buying, investment, selling, realisation, conversion, acquisition, holding, depositing, transfer, disposal, settlement, delivery and transaction of all types of securities which are completed, handled, made and entered into through the Broker in respect of a Margin Account, and the Margin Account opened and held with the Broker by the Client, are all bound by the Securities Cash Trading Agreement and the appendixes in the Securities Trading Agreement, and governed by this Agreement for Securities Margin Trading ("This Agreement"). Where any of the terms of this Agreement for Securities Margin Trading ("These Terms") contradicts or is inconsistent with any provision of the Securities Cash Trading Agreement, These Terms shall prevail.

### **1. Definitions**

- 1.1. In These Terms, unless otherwise defined or the context indicates otherwise, all terms defined in the Securities Cash Trading Agreement have the same meanings as used in These Terms (if applicable).
- 1.2. Unless otherwise specified, in These Terms, the following terms have the following meanings:

"This Covenant"	means the agreement concluded by and between the Client and the Broker which comprise the Account Opening Form, These Terms and conditions, the Securities Cash Trading Agreement and other documents mentioned therein or attached thereto (including any modifications or supplementations made from time to time);
"Margin"	means the deposit, Collateral and margin whose amount is equal to an applicable percentage (as notified by the Broker to the Client from time to time) of the current market value of the Client's securities held or purchased by the Broker on behalf of the Client, as determined by the Broker from time to time.
"Authorized Persons"	means any or all persons the Client appoints as his/her agents for (including but not limited to) sending instructions on behalf of the Client in connection with the Margin Account and/or trading, initially referring to the persons designated in the Account Opening Form and also including other alternates appointed from time to time or the persons additionally appointed by the Client (the Client must notify the Broker of the appointment in writing, and such appointment takes effect only after the Broker actually receives the notice and approves it);
"Collateral"	means all amounts and securities deposited with, transferred to or caused to be transferred to the Broker or any other member company or nominee of the Broker Group or a third party by the Client currently or at any time in the future as pledge for performance of his/her obligations under These Terms and accepted by the Broker as Collateral. Collateral includes the amounts and securities held, kept or controlled by the Broker from time to time for any purpose (including any additional or alternate securities, and dividends, interest, rights, interests, amounts or property paid or payable which have been accrued or caused through redemption, profit sharing, preemption or option of such securities, additional securities or alternate securities or through other reasons);
"Credit Limit"	means the maximum credit facility limit extended by the Broker to the Client, irrespective of the amount of the Client's Collateral and Margin ratio;
"Margin Account"	also called maintenance Margin Account, means any account opened and held by the Client with the Broker in his/her own name according to This Covenant at present or in the future to trade using a credit facility, and/or all other accounts of any nature opened and held by the Client with the Broker in his/her own name according to This Covenant or other covenants or agreements at present or in the future;
"Margin Account Funds"	means any and all amounts or funds deposited in the Margin Account; and
"These Terms"	means all terms and conditions in the Agreement for Securities Margin Trading (as amended or supplemented from time to time).

## **2. Margin Account and Securities**

- 2.1. To secure performance of the terms of the credit facility taken out for the Margin, and liquidate and discharge the amounts, liabilities, interest, etc. due or owed to the Broker by the Client at present or at any time in the future, as the beneficial owner, the Client charges all relevant rights, title, benefits and interests in the Collateral to the Broker by way of first fixed charge (hereinafter referred to as "charge") as a continuing security for payment, liquidation or discharge of all amounts and debts the foregoing credit facility involves.
- 2.2. The charge is a continuing pledge. Even if the Client makes an interim payment or repays in whole or in part the amounts owed to the Broker, or any account maintained by the Client with the Broker has been closed and the Client has re-opened an account, or the Client opens an account alone or with others, such charge will extend to cover any due and payable amounts then owed by the Client to the Broker in any account or otherwise.
- 2.3. After the Client, according to This Agreement, irrevocably and fully pays the amounts which may or have become payable and performs all obligations owed under the terms of the credit facility taken out for the Margin, the Broker will, as required by the Client, after the Client pays the expenditures necessary, releases all of its rights, title and interests in the Collateral and returns the same to the Client, and, at the Client's request, send all instructions and orders necessary to effect the foregoing return.
- 2.4. Before the charge becomes enforceable,
  - (a) The Broker will have the right to, after giving a notice to the Client, exercise the rights in the Collateral to secure the Collateral's value; and
  - (b) Unless This Agreement otherwise provides, the Client can give instructions to exercise any accessory or related right in the Collateral, provided that the way in which such right exercised shall not contradict the Client's obligations under the terms of the credit facility taken out for the Margin, nor in any way affect the Broker's rights in the Collateral.
- 2.5. If the Client pays all debts to the Broker without deductions, the Broker will, at any time after such amounts are repaid, after the Client requires so and pays the fees, release the charge arising therefrom; provided that when the charge is released, the securities returned by the Broker only need to be of the same level, face value and denomination and enjoy the same interests as the securities originally deposited with or transferred to the Broker (provided that the possible occurrence any situation such as capital restructuring must be taken into account), and does not need to have the same numbers as the securities originally deposited with or transferred to the Broker.
- 2.6. The Client shall, on a monthly basis, pay interest in connection with the debts owed to the Broker at the normal interest rate specified in the financing arrangement letter or prescribed by the Broker from time to time; however, if any breach of contract occurs, the foregoing normal interest rate may be placed by the default interest rate notified to the Client by the Broker, and such default interest rate will forthwith take effect on the day of occurrence of such breach of contract, save as otherwise agreed by the Broker in writing.
- 2.7. Notwithstanding any provision in This Agreement, the Broker may, in its discretion, decide to send a written notice to the Client at any time, specifying another interest rate which will replace the normal interest rate or default interest rate; such newly specified interest rate shall take effect on the day when the notice is sent or a later date specified in the notice. If any interest rate stated in this Section 2.7 or Section 2.6 above is higher than the highest legal interest rate prescribed in Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), such interest rate shall be the highest legal interest rate under such Ordinance. The Client agrees that the Broker is entitled (but not obligated) to, at any time and from time to time, according to this Section 2.7 or Section 2.6 above, debit any interest payable from any one or more accounts maintained, without prior notice.

## **3. Credit Facility**

- 3.1. According to These Terms, the Client will be granted a Collateral-secured credit facility in an amount up to the limit determined by the Broker from time to time in its absolute and subjective discretion.
- 3.2. The Client further confirms and agrees to compliance with These Terms, and the provisions of any other agreement concluded from time to time with the Broker and/or any Group company in respect of grant and maintenance of such credit facility.
- 3.3. The Broker has absolute discretion to determine from time to time the value of the Collateral, and determine, amend or alter the amount of principal of the credit facility and other terms, and/or terminate the credit facility at any time.
- 3.4. Notwithstanding any provision or condition in the agreements concluded by and between the Client and the Broker from time to time, the credit facility shall be repaid as required, and the Broker may, in its absolute discretion, decide to change or terminate the credit facility. Notwithstanding any terms and conditions in These Terms or such agreements, at no time will the Broker be obligated to disburse the credit facility to the Client.
- 3.5. Without limiting the foregoing, when any of the following occurs, the Broker is not obligated to disburse the credit facility to the Client:
  - 3.5.1. The Client breaches This Covenant or any provision of any other letter, agreement or document executed by and between the Client and the Broker and/or any Group company in connection therewith;
  - 3.5.2. The Broker believes that the financial position of the Client or any person has undergone or experienced any adverse major change, and such change will adversely affect the Client's ability to repay his/her debts according to This Covenant or perform his/her obligations; or
  - 3.5.3. In its absolute discretion, the Broker believes that non-provision of the relevant credit facility is to protect the interests of the Broker and/or the Group company and is a prudent or expedient act.
- 3.6. The Broker has been instructed and authorized by the Client to withdraw funds from the credit facility to liquidate any debts (irrespective of whether any transaction is involved), or the Broker and/or any Group company's maintenance Margin liability prescribed in respect of any position, or repay any commission or other fees or disbursements owed to the Broker and/or any the Broker Group company.
- 3.7. As long as any amount is owed to the Broker and/or any Group company, the Broker will have the right to, at any time and from time to time, reject any withdrawal of any or all money and/or securities held by the Broker in the Margin Account.
- 3.8. The Broker may grant the Client a credit facility up to the Credit Limit notified to the Client by the Broker from time to time. The Broker may, at any time, in its discretion, decide to change the Credit Limit extended to the Client and the Margin ratio without notice to the Client. Notwithstanding the fact that the Client has been notified of the relevant Credit Limit, the Broker Securities may, in its discretion, decide to provide the Client with a credit facility above the Credit Limit, and the Client agrees to be responsible for, as required, fully repaying the credit facility amount disbursed by the Broker Securities to the Client.

#### **4. Margin and Funds**

- 4.1. The Client agrees to provide and maintain a Margin in the Margin Account ("Margin requirement"), and/or provide Collateral, guarantee and other pledge for the Margin Account in the form and amount and upon the terms determined by the Broker from time to time in its sole discretion. The Margin requirement set by the Broker may exceed any Margin requirement specified by any exchange, clearing house or broker. The Broker may change any Margin requirement at any time in its sole discretion without giving a prior notice to the Client. Where in the Broker's opinion another Margin is needed, the Client agrees to, at request, forthwith deposit such additional Margin with the Broker. No Margin requirement will constitute any precedent.
- 4.2. The Client must monitor the Margin Account to ensure that at any time in the Margin Account there is an account balance sufficient to meet the Margin requirement. The Broker may, at any time, in its absolute and unfettered discretion, change such Margin requirement for the Client. When the Client does not have an account balance sufficient to meet the Margin requirement, the Broker can refuse to execute any instruction or order of the Client, and when determining the right Margin status in the Margin Account, the Broker may delay processing of any instruction order. The Client must, without notice or requirement by the Broker, maintain an account balance sufficient to continue to meet the Margin requirement at any time. The Client must meet any Margin requirement computed by the Broker.
- 4.3. Before the Broker exercises its rights, powers, discretions and remedies according to This Covenant, the Broker is not responsible for notifying the Client of the Client's failure to meet the Margin requirement in the Margin Account. The Client understands and acknowledges that generally the Broker will not issue a Margin call or require payment of the Margin requirement, and generally the Broker will not credit the Margin Account to cover any Margin deficiency, and the Broker has been authorized to, without giving a prior notice to the Client, exercise any of its rights under Section 5 to meet the Margin requirement.
- 4.4. If the balance in the Margin Account is zero or negative at any time, or in the Margin Account there is no account balance sufficient to meet the Margin requirement, the Broker has the right to, at any time, in its unfettered discretion, decide to (but is not obligated to) exercise any of its rights under Section 5 at any time in any way or in any market as deemed necessary by the Broker, without issuing to the Client a demand for payment or call in advance. The Client agrees to be responsible for and forthwith pay to the Broker any deficiency in the Margin Account which results from or remains after such exercise. The Broker is not legally liable to the Client in any way for any loss or compensation incurred the Client as a result of such exercise (or the Broker's delay in exercise of or non-exercise of the relevant rights).
- 4.5. The Client expressly waives any right to receive the Broker's prior notices or requirements and agrees that any prior requirement, notice, announcement or advertisement shall not operate as the Broker's waiver of any of its rights under Section 5. The Client understands that, if the Broker exercises the relevant rights, the Client will have no right or opportunity to determine the ways in which the Broker exercises such rights. The Broker may, in its absolute and sole discretion, decide to exercise the relevant rights in any exchange or market, and the Broker or its affiliates may take different positions in respect of relevant position squaring, clearing or settlement transactions. If the Broker exercises the relevant rights, the exercise of the relevant rights will determine the Client's profit or loss and the amount of debts owed to the Broker (if any). The Client must indemnify and hold the Broker harmless against the costs, disbursements, fees (including but not limited to attorney's fee), fines, losses, claims or liabilities arising from all actions and inaction in connection with the exercise of such rights. The Client must be legally liable for all losses and consequences, even if the Broker delays in exercise of or fails to exercise the relevant rights. If the Broker executes an order (while the Client does not have sufficient funds for that), the Broker has the right to, without notice to the Client, clear relevant transactions, and the Client must be responsible for any loss resulting from the clearing, including any cost, and is not entitled to any profit from the clearing.
- 4.6. The Client irrevocably and unconditionally authorizes the Broker to transfer or deduct any money from the Margin Account and/or accounts to pay, discharge or liquidate the engagements, obligations and debts owed by the Client to the Broker arising from, incurred as a result of or in connection with These Terms, including but not limited to the unpaid buying price, fees (including but not limited to market materials fee), charges, disbursements, commissions and interest payable by the Client according to This Covenant. The Client confirms and agrees that such deduction may affect the money amount in the Margin amount (for meeting the Margin requirement). If as a result of the deduction of commission, fee or other charges, in the Margin Account there is no balance sufficient to meet the Margin requirement, the Broker may exercise any of its rights under Section 5.
- 4.7. If the Broker issues a call or demand for payment in connection with the Margin requirement, the Client must forthwith satisfy the relevant call and demand for payment. The Client agrees to forthwith deposit cleared funds into the Margin Account to fully satisfy the call or demand for payment made by the Broker in connection with the Margin requirement.
- 4.8. The Broker also has the right to, without prior notice to the Client, exercise any of its rights under Section 5 in the same way as above: (a) if any disputes arises over any Client's trading or transaction; (b) when the Client fails to timely liquidate the debts payable to the Broker; (c) after the Client becomes insolvent or files for bankruptcy or creditor protection; (d) after a bankruptcy administrator is appointed; or (e) at any time in its absolute and unfettered discretion the Broker deems the exercise of relevant rights to be requisite or expedient for protection of the Broker or any Group company.
- 4.9. The Client's failure to comply with the provisions of this Section 4 will constitute a breach of contract under Section 5.

#### **5. Breaches of Contract**

- 5.1. Any one of the following events constitutes a breach of contract ("breach of contract"):
  - 5.1.1. The Client does not provide any Margin (initial, maintenance or additional) or adjustment (variation adjustment or other adjustments) due and payable under This Covenant, or fails to or refuses to comply with any request, call or demand for payment made by the Broker according to This Covenant;
  - 5.1.2. The lien on any engagement, liability or debt under These Terms (or any portion of it) or any additional Collateral (or any portion of it) is invalidated or terminated;
  - 5.1.3. Any person initiates any lawsuit or legal proceeding or any claim or demand against the Client or the Broker in connection with anything stated in This Covenant or the retained property, Collateral or any portion;
  - 5.1.4. The breaches of contract set out in Section 11.1 of the Securities Cash Trading Agreement.
- 5.2. In case of a breach of contract (breaches of contract include the breaches set out in Section 11.1 of the Securities Cash Trading Agreement as judged by the Broker separately and subjectively), all amounts payable by the Client to the Broker must be repaid upon request, and interest on the amounts not repaid from time to time will accrue at the interest rate specified in Section 2.7; only after the Client has fully discharged all obligations owed to the Broker by the Client under These Terms will the Broker further

perform any obligation it has not performed toward the Client according to This Covenant (whether payment amount or not), and, without further notice or requirement, subject to and without limiting any other right or power granted under These Terms, the Broker or any Group company has the right to, in its absolute discretion:

- 5.2.1. in a way the Broker may determine in its absolute discretion, sell, realize or otherwise dispose of all or part of the property held by any Group company for any purpose in the account of any Client (opened with any Group company), and apply the amounts obtained against all or part of any debt owed by the Client to the Broker for performance of any obligation the Client may be obligated to perform toward the Broker (whether directly or through guarantee or other Collaterals);
- 5.2.2. set off, combine or consolidate any Client account (of any nature) opened with the Broker or any Group company or set off any obligation the Broker shall perform toward the Client under This Covenant against any obligation the Client shall perform toward the Broker under This Covenant;
- 5.2.3. suspend the obligations performed by the Broker according to These Terms;
- 5.2.4. amend, change, revoke, terminate or cancel the credit facility, financing, disbursement, credit or loan or any portion of it extended or granted to the Client;
- 5.2.5. enforce the lien and/or the mortgage created or established according to the loan agreements executed by and between the Client and the Broker from time to time;
- 5.2.6. close the Margin Account or any account opened by the Client with any Group company;
- 5.2.7. (if applicable) sell any securities in the Margin Account and/or any account opened by the Client with any Group company or cover open interest;
- 5.2.8. (if applicable) purchase the securities sold in the form of short selling in the Margin Account and/or any account opened by the Client with any Group company;
- 5.2.9. cover or sell any securities held by the Broker on behalf of the Client, and deliver or collect the securities related to such contracts;
- 5.2.10. borrow or purchase any securities needed for relevant delivery on behalf of the Client;
- 5.2.11. exercise any options held by the Broker on behalf of the Client;
- 5.2.12. transfer-in, transfer-out, deliver or clear all or any securities;
- 5.2.13. require or enforce any mortgage created, imposed or established to the benefit of the Broker or any Group company (to secure the Client's engagements, debts or liabilities under These Terms);
- 5.2.14. exercise any or all rights and powers of the Broker under These Terms;
- 5.2.15. cancel any or all unexecuted instructions, orders or any other promises made on behalf of the Client;
- 5.2.16. take any action or do any act, deed or thing according to the authorizations, instructions, appointments or powers under This Covenant;
- 5.2.17. take relevant actions or do relevant acts, deeds or things in respect of the retained property and/or Collateral as deemed appropriate by the Broker; and/or
- 5.2.18. take or not take any actions or do or not do any acts, deeds or things as deemed appropriate by the Broker.
- 5.3. The Broker may, in its absolute discretion, apply the net proceeds actually received due to exercise of the powers under this Section 5 (less all fees, costs and disbursements incurred in connection with the exercise of the powers under this Section 5) in the order or way deemed proper by the Broker to set off the currently unpaid debts payable to the Broker by the Client.
- 5.4. In respect of all matters related to its exercise of the powers under this Section 5, the Broker has absolute discretion to sell any securities separately or collectively.  
The Client hereby waives all claims and demands (if any) made against the Broker in respect of any unintentional or other loss directly incurred due to exercise of the powers granted under this Section 5, whether related to the time when or the way in which the relevant powers are exercised or not (except for the Broker's intentional negligence or disregard for the Broker's obligations under this Section 5).
- 5.5. If any event set forth in Section 5.1 occurs, the Broker may terminate This Covenant without notice to the Client. Any termination will be without prejudice to the accrued rights and obligations of the two parties which are set out in any provision of This Covenant. Even if These Terms are terminated, the relevant provisions remain in full force and effect and enforceable.
- 5.6. The Client must, on a full indemnity basis, be legally liable for any loss (which may exist after the Broker exercises any or combination right under this Section 5) and any cost or disbursement incurred by the Broker in connection with the relevant exercise.
- 5.7. The Broker has the right to employ collection agents at any time to collect any amount due but unpaid by the Client. For such purpose, the Broker may and is hereby authorized to disclose any or all information on the Client to such agents. The Broker does not need to bear legal liability for such disclosure or any dereliction of duty, negligence, misconduct and/or deed of such agents (whether in contract or tort). The Client is hereby warned that the Client must, on a full indemnity basis, indemnify the Broker against all reasonable costs and disbursements which may be incurred by the Broker when employing the collection agents.

## **6. A Set of Statements on Related Margin Clients**

- 6.1. The Client hereby states that the information provided in the following statements are true, accurate and correct (unless the Client reports to the Broker on the following relationships):
  - (a) the Client's spouse is not a margin client of the Broker;
  - (b) the Client (whether alone or jointly with his/her spouse) does not control 35% or above of the voting rights of any other Margin Account of the Broker; or
  - (c) no company under the company group to which the Client is affiliated is a margin client of the Broker;

## **7. Statements, Warranties and Undertakings**

- 7.1. The Client represents, warrants and undertakes to the Broker that:
  - (a) the Client is a legal and beneficiary owner of the Collateral;
  - (b) the Client has the right to deposit the Collateral with the Broker; and
  - (c) the Collateral is and will be free and clear of any type of lien, charge or encumbrance, and any stocks, shares and other securities which constitute the Collateral have been fully paid for.

## Schedule 1

## On-line Trading Agreement

This On-line Trading Agreement is supplemental to the Agreement for Securities Trading between the Broker and the Client to which this On-line Trading Agreement is attached, whereby the Broker agrees to provide E-service to the Client, so that the Client may give electronic instructions and obtain quotes and other information ("E-service") via computer or phone-based transmission by using compatible personal, family or small business computers, including Internet instruments that can connect telecommunications network and are equipped with modems, terminals, computers or other devices. In case of any conflicts between the Agreement for Securities Trading and this On-line Trading Agreement, the latter shall prevail.

### 1. Definitions

- 1.1. The terms used in this Agreement shall have the same meaning as assigned to them in the Agreement for Securities Trading, unless otherwise specified.
- 1.2. Unless the context indicates otherwise, the following terms shall have the meaning below:

"Login Account Name"	refers to a name for identification of the Client, which must be used in combination with a password in order to get access to the relevant E-service;
"Information"	refers to any trading or market data, buying price, selling price, news release, reports from third party analysts or other information;
"Login Password"	refers to the Client's login password, which must be used in combination with a login account name, in order to get access to the relevant E-service;
"Instructions from the Client"	referred to in the Agreement for Securities Trading shall be deemed to include electronic instructions given through E-service.

### 2. Use of E-service

- 2.1. The E-service will be enabled when the Broker issues a Login Account Name and a Login Password to the Client and a relevant notice will be given by the Broker to the Client at the same time.
- 2.2. The Broker has the right to require the Client to deposit any cash as notified by the Broker from time to time before the Broker executes any instruction from the Client.
- 2.3. The Client agrees that:
  - 2.3.1. The Client will use the E-service only in accordance with this On-line Trading Agreement, the Agreement for Securities Trading and the instructions and procedures set out in the User's Guide provided by the Broker to the Client from time to time;
  - 2.3.2. The Client is the sole authorized user of the E-service;
  - 2.3.3. The Client shall be responsible for the confidentiality and use of its Login Account Name and Login Password;
  - 2.3.4. The Client shall be solely responsible for any and all instructions provided via E-service by using the Login Account Name and the Login Password. Any of such instructions received by the Broker will be deemed as given by the Client at such time and in such a form as it is received by the Broker;
  - 2.3.5. If the Client finds the Login Account Name or Login Password lost, stolen or used without authorization, the Client shall notify the Broker forthwith;
  - 2.3.6. If wrong Login Account Name and Login Password are entered for more than three times, the Broker shall have the right to suspend provision of the E-service;
  - 2.3.7. The Client shall inform the Broker of an email address designated by the Client, and shall immediately notify the Broker after any changes to such email address; and use such email address to receive electronic communication from the Broker;
  - 2.3.8. The Broker may at its discretion impose any limits on the category and price range of the instructions that can be given through E-service;
  - 2.3.9. The Client shall pay all subscription fees, service fees and user's fees, if any, charged for the E-service provided by the Broker, and authorize the Broker to deduct such amounts from the Account of the Client;
  - 2.3.10. The Client shall be bound by any consent given to the Broker through E-service where the Client agrees that the Broker may provide any notices, statements, trade confirmation or other communication via E-service only; and
  - 2.3.11. The Client shall log off immediately each time after the E-service time is up.
- 2.4. After giving an instruction through E-service, the Client should check via E-service whether such instruction given has been duly confirmed by the Broker.
- 2.5. Without prejudice to the generality of the foregoing, the Client acknowledges and agrees that there is no assurance that an instruction can be modified or cancelled after it is issued via E-service, and it is possible to modify or cancel such instruction only when it has not been executed by the Broker yet. In this case, the Broker will use the best efforts to modify or cancel such instruction. However there is no assurance that such modification or cancellation can be effected, notwithstanding the fact that the Broker has confirmed the instruction about such modification or cancellation. The Client shall remain liable for the initial instruction it has given, if such modification or cancellation is not effected.
- 2.6. The Broker's electronic trading service offers additional ways for the Client to give an instruction to the Broker. The Client may also call the traders of the Broker directly to give an instruction. If the Client encounters any difficulties in contacting the Broker via the Broker's electronic trading service, the Client may reach the Broker by using other means, such as telephone, and inform the Broker of such difficulties it has encountered.
- 2.7. If the Client consents, the Trading Notice and Statement and the Notice and Communication can be issued via E-service only, and such consent may be indicated in the Account Opening Form at the very beginning. Any notice or communication delivered via E-service shall be deemed to have been duly given at the time of transmission.

### 3. Provision of Information

- 3.1. The Broker may distribute Information to the Client via E-service. The Client may be charged certain fees for any Information obtained from Exchanges, markets or other third parties distributing Information (collectively referred to as the "Information Suppliers") and provided for the Client's use, or a reasonable fee otherwise specified by the Broker for this reason.
- 3.2. The Information is the property of the Broker, the Information Suppliers or other persons and protected by the copyright legislation. The Client shall:
  - 3.2.1. not upload, post, reproduce or distribute any Information, software or other data that is copyrighted or protected by other intellectual property rights (and right of publicity and privacy), without consent of such owners; and

- 3.2.2. not use the Information or any part thereof other than for the intended purpose or for its daily business operation.
- 3.3. The Client agrees not to:
  - 3.3.1. reproduce, reissue, disseminate, sell, distribute, publish, broadcast, circulate or commercially use the Information in any way until express written consent is obtained from the Broker and relevant Information Supplier;
  - 3.3.2. use the Information for any illegal purposes.
- 3.4. The Client agrees to comply with any reasonable written requests of the Broker to protect the respective rights of the Information Suppliers and the Broker in the Information and E-service.
- 3.5. The Client will follow any reasonable instructions given by the Broker from time to time relating to authority to use the Information.
- 3.6. The Client authorizes the Broker to provide the E-service Information given to the Client to Stock Exchange Information Services Limited ("SEIS") in order for the Broker to be in compliance with the license agreement for private line for market data transmission made between SEIS and the Broker.

#### **4. Intellectual Property Rights**

- 4.1. The Client acknowledges that the E-service and any software contained therein are the property of the Broker. The Client warrants and undertakes that the Client will not attempt in any way to tamper with, modify, decode, reverse engineer or otherwise alter such software, or attempt to connect to the E-service or any part of the software contained therein without authorization. The Client agrees that at any time when the Client breaches such warranties and undertakings or the Broker has good reasons to believe that the Client has breached such warranties and undertakings, the Broker shall have the right to terminate the E-service.
- 4.2. The Client acknowledges that the Information or market data it has received via E-service may be exclusive to the Information Suppliers. The Client agrees that unless prior consent is obtained from such owners, the Client will not upload, record, reproduce or distribute any Information, software or other data that is copyrighted or protected by other intellectual property rights.

#### **5. Limitation of Liability and Indemnity**

- 5.1. The Broker has appointed a special person to take charge of the security and stability of the E-service and relevant systems, so as to ensure that the Client may use the E-service efficiently, provided that in no event shall the Broker, its business agents and the Information Suppliers be responsible for any loss, expenses, costs or liabilities incurred by the Client due to events beyond reasonable control, which events include (but not limited to):
  - 5.1.1. Delay, failure or inaccuracy of communication with the Broker through telephones, electronic systems or other systems that are not controlled by the Broker;
  - 5.1.2. Delay, inaccuracy, omission or insufficiency of the stock market research, analysis, market data or other Information provided by the Information Suppliers;
  - 5.1.3. Unauthorized login to the communication system, including unauthorized use of the login account name, password and/or account number of the Client; and
  - 5.1.4. Wars, military action, limitations imposed by the government, industrial disputes, closure or suspension of the normal trading at any market or Exchange, severe weather or the act of God.
- 5.2. The Client agrees that the Client shall indemnify and hold the Broker and its business agents, Authorized Broker and the Information Suppliers harmless from and against any and all claims, loss, damage, expenses and fees (including but not limited to lawyer's fee) suffered by the Broker or its business agents or the Information Suppliers, due to the Client's breach of the Agreement for Securities Trading (including these Notes), applicable Securities laws and regulations or any third party rights, including (but not limited to) any infringement of copyright, intellectual property rights or privacy. The liability of the Client herein shall survive the termination of the E-service.
- 5.3. The Client agrees that although the Broker will use the best efforts to provide accurate and reliable Information, the Broker provides no warranties with regard to the accuracy and reliability of such Information, and in no event shall the Broker be liable (whether in contracts, civil negligence or otherwise) for any loss or damage incurred by the Client due to any inaccuracy or omission of the Information.

#### **6. Termination of E-service**

- 6.1. The Broker reserves the right to and may at its discretion terminate the Client's connection to the E-service or any part thereof without notice and restrictions for whatever reasons, including but not limited to unauthorized use of the login account name, password and/or account number of the Client, the Client's breach of these Notes or the Agreement for Securities Trading, the Broker's failure to continue to obtain any Information from any Information Supplier or termination of one or more agreements between the Broker and the Information Suppliers.
- 6.2. The Information Suppliers and the Broker will bear no responsibility to the Client if the E-service is terminated by the Broker, provided that if the service is terminated without any reasons, the Broker shall return as appropriate to the Client the portion of fees that have been paid by the Client for the E-service but not used as of the date of termination of the service.

#### **7. Risk Disclosure**

- 7.1. The Client is required to bear the risks arising from the E-service system and any consequences and loss that may arise therefrom if the Client trades via E-service.
- 7.2. In order to use the E-service system, the Client should have a basic knowledge of trading, familiarize itself with the function and operation methods of the E-service system beforehand, and shall have the corresponding computer devices and network communication tools that are safe and qualified for operation of the system.
- 7.3. The software for E-service system used by the Client must be downloaded from the official website of the Broker and the Client shall be solely responsible for any consequences arising out of using software otherwise obtained.
- 7.4. All instructions given by the Client through E-service system shall be deemed as instructions given by the Client in person, as long as the account name and password used pass the system verification.
- 7.5. An instruction given by the Client via the E-service system will not be executed in the market until it is reviewed by the Broker, and the order received by the Broker's E-service system shall govern.
- 7.6. Orders issued by the Client via the E-service system shall be consistent with relevant rules and regulations of the Broker, the Exchanges and regulators. Illegal trading is prohibited. The E-service system shall not be used for purpose other than trading in

the Securities in the Account and shall not be used to carry out any activities that are illegal or otherwise damage the Broker's interests; otherwise the Broker shall have the right to refuse at any time access to the E-service system and hold the Client to account therefor.

- 7.7. The Broker reserves the right to turn off the E-service system on a temporary or permanent basis by reasons of renovation, upgrading or adjustment of the system.
- 7.8. During the period when the Client uses the E-service, the Broker shall have the right to refuse or restrict access to the E-service system if:
  - 7.8.1. the Securities Account of the Client in the Broker is hibernated or closed or information provided for account opening is inaccurate;
  - 7.8.2. the Client is suspected of conducting illegal or abnormal transactions etc.
- 7.9. In case of a failure of the E-service system, the Client may give authorization over telephone by using the operator service as a backup trading method in emergencies, in which case, the Broker is not responsible for any delay or loss thus incurred.
- 7.10. In consideration of the particularity and complexity of the orders, the E-service system may contain special risks, including but not limited to the following:
  - 7.10.1. Since the E-service system program runs on the Client's computer, any failure of the computer or interruption or mistakes caused by Internet failure may make it impossible to give authorization, or make the authorization fail or make a wrong trade order be issued; the special conditional orders (i.e., issuing an order automatically when the price satisfies the conditions) may not be triggered effectively or may be triggered mistakenly; or the inconsistency between the computer devices or network of the Client and the E-service system may make it impossible to issue authorization or make the authorization fail;
  - 7.10.2. If it is indicated that an order "has been issued" or "has been accepted" (namely the order or reply is on the way), or is "to be canceled" (namely order cancellation is on the way) or appears other abnormal status that may not be solved during the trading hours of the same day, the Client may inform the Broker of the same over telephone via operator service. The Broker will assist the Client to check the order in question, provided that the Broker is not responsible for any losses arising during this process;
  - 7.10.3. As to the types of orders in the E-service system, due to the complexity of the orders, misunderstanding, improper operation or otherwise due to reasons attributable to the system, the orders may not be executed as contemplated and planned by the Client, or achieve the intended purpose. As a result, the Client shall be careful when using the system, and give constant attention and promptly verify all orders, provided that the Broker assumes no responsibility for any losses thus caused.
- 7.11. The Client should be aware of the importance of using the account name and password for the E-service system, and should alter the initial password for the system immediately after receipt of the same, which should be modified from time to time to avoid unauthorized use. In case it is lost or stolen, the Client should immediately report to the Broker in writing and apply for a modification or cancellation, provided that the Broker is not responsible for any losses thus caused.
- 7.12. Due to unforeseeable congestion or other reasons, the E-service may be unreliable and there are risks that transactions conducted via E-service may be delayed during transmission and receipt of the Client's instructions or other Information; execution of the Client's instruction may be delayed; relevant instruction may be executed at a price different from the market price at the time when the Client issues such instruction; or transmission of the instructions may be interrupted or halted. In addition, there are risks of misunderstanding or mistakes during communication, and instructions issued cannot necessarily be cancelled. The Broker is not responsible for any losses incurred by the Client due to such interruption, delay or third party intervention. If the Client is not prepared to take the risks arising out of such interruption or delay, the Client should not issue any instructions via the E-service.
- 7.13. Some buy orders or sell orders given by the Client via electronic trading may not be executed without any notice due to limitations imposed by the trading rules of any Exchange and any losses arising out thereof shall be borne by the Client; and
- 7.14. The market data and other Information provided to the Client via E-service may be sourced by the Broker from third parties. Although the Broker believes that such data and Information are reliable, the Broker and such third parties provide no warranties with regard to the accuracy, completeness and promptness of such data and Information.

## **8. General**

- 8.1. In case of any disputes, the Client agrees that the Broker's records (including electronic records) shall govern.
- 8.2. The Broker may amend the terms of this on-line Trading Agreement from time to time, and will send reasonable notices to the Client in writing or via E-services.
- 8.3. If the Client encounters any urgent issues during the trading hours of the E-services, the Client is kindly requested to promptly call the trading hotline or service hotline provided by the Broker.

## **9. Miscellaneous**

- 9.1. This Schedule shall be attached to and have the same legal force with the Agreement for Securities Trading between the Broker and the Client. Any matters not covered herein shall be settled by reference to the Agreement for Securities Trading.
- 9.2. This Schedule shall be deemed as terminated automatically without notice to the parties upon termination of the Agreement for Securities Trading between the Broker and the Client.

This Risk Disclosure Statement and Disclaimers is issued in accordance with regulations relating to the content of Agreement for Securities Trading as contained in Article 6 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

This Statement contains only a brief description of the risks of trading in Securities and/or the derivatives thereof and does not disclose all of the risks and other significant aspects thereof. The Client should not carry out such transactions until it understands the nature of the contracts (and contractual relationships) and the risks involved therein. Trading in Securities and/or the derivatives thereof is not suitable for every investor. The Client should carefully consider whether the trading is appropriate for it in light of its investment experience, investment objectives, financial resources and other relevant conditions.

#### **Risk of Securities Trading**

1. The prices of Securities (including but not limited to interests held in bonds, unit trusts, mutual funds or other collective investment schemes) fluctuate, sometimes dramatically. The prices of Securities may move up or down, and may become valueless. It is likely that losses will be incurred rather than profit made as a result of buying and selling Securities.
2. Any representations relating to the track record cannot necessarily be used as a reference or guidance for the future performance.
3. In case the investment involves a foreign currency, fluctuations in exchange rates may make the value of investment move up and down.
4. The Broker has the right to act in accordance with the trading instructions from the Client. If the Client's instructions are not appropriate, should not be carried out or may cause losses to the Client for any reasons, the Client shall not assume that the Broker would give a warning to the Client.
5. Before trading, the Client should claim a specific description of all commission, expenses and other fees payable by the Client. Such charges may have an impact on the net profit (if any) the Client may obtain or may increase the Client's losses.

#### **Risk of Trading Growth Enterprise Market Stocks**

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. 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. Current information on GEM stocks may only be found on the Internet website operated by the Stock Exchange of Hong Kong Limited. GEM companies are usually not required to issue paid announcements in gazetted newspapers. The Client should seek independent professional advice if it has not understood the content of this risk disclosure statement, the nature of GEM market and risks involved in trading of GEM stock.

#### **Risk of Trading Securities Denominated in Renminbi (RMB)**

RMB denominated Securities are affected by fluctuations in exchange rates, which may create opportunities or risks. When the Client converts RMB to Hong Kong Dollars or other foreign currencies, the Client may incur losses due to fluctuations in the RMB exchange rates. RMB is currently not freely convertible, and RMB conversion through banks is subject to a daily limit and other limitations applicable from time to time. The Client must pay attention to limitations or any changes in the limitations applicable from time to time to relevant conversion. If the RMB amounts to be converted by the Client exceed the daily limits, the Client should allow enough time for conversion. Any RMB conversion in relation to transaction in RMB denominated Securities will be made by the Broker as a principal at an exchange rate decided based on the then prevailing exchange rates in the market.

#### **Risk of Trading Foreign Securities, Including B Shares Listed in China**

The Client should not undertake trading of foreign Securities until it understands the nature of foreign Securities (including B Shares listed in China) trading and the exposure to risks. In particular, foreign Securities trading is not regulated by the SEHK and will not be covered by the Investor Compensation Fund. The Client should carefully consider whether such trading is appropriate for the Client in light of its own investment experience, risk tolerance and other relevant conditions, and seek independent professional advice.

#### **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 by the Client with the Broker. 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 its consent. Moreover, the Client will remain liable for any resulting deficit in and interest charged on its account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of its own financial position and investment objectives.

#### **Risk of Providing an Authority to Re-pledge the Securities Collateral etc.**

There is a risk if the Client provides the Broker with an authority that allows it to apply the Client's Securities or Securities collateral pursuant to a Securities borrowing and lending agreement, re-pledge 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.

If the Client's Securities collateral is received or held by the Broker 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 valid, which shall not exceed 12 months. If the Client is a professional investor, these restrictions do not apply.

Additionally, the Client's authority may be deemed to be renewed without its written consent if the Broker issues to the Client a reminder at least 14 days prior to the expiry of the authority, indicating that relevant authority will be deemed to be renewed, and the Client does not object to such deemed renewal before expiry of such authority.

The Client is not required by any law to sign these authorities. But an authority may be required by the Broker to facilitate margin lending to the Client or to allow the Client's Securities collateral to be lent to or deposited as collateral with third parties. The Broker shall explain to the Client the purposes for which any of such authorities is to be used.

If the Client signs an authority and the Client's Securities collateral is lent to or deposited with third parties, those third parties will have a lien or charge on the Client's Securities collateral. Although the Broker is responsible for the Client's Securities collateral lent or deposited under the Client's authority, a default on the Broker's part could result in the loss of the Client's Securities or Securities collateral.

A cash account not involving Securities borrowing and lending is available from the Broker. If the Client does not require margin facilities or does not wish its Securities collateral to be lent or pledged, the Client should not sign the authorities above and should ask to open such cash account.

#### **Risk of Trading NASDAQ-AMEX Securities at the Stock Exchange of Hong Kong Limited**

The Securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. The Client should consult relevant licensed or registered person 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 primary or secondary listing on the Main Board or the Growth Enterprise Market of SEHK.

#### **Risks in Relation to Transaction in Structured Products Traded at Exchanges ("Structured Products") (e.g. Derivative Warrants ("Warrants") and Callable Bull / Bear Contracts ("CBBCs"))**

##### 1. Issuer default risk

In the event that a Structured Product issuer becomes bankrupt and fails to perform its obligations in respect of the Securities it has issued, investors will be considered as unsecured creditors and will have no preferential claims to any assets of the issuer. The Client 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 available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBBCs section on the HKEx corporate website.

##### 2. Uncollateralized product risk

Uncollateralized Structured Products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. The Client should read carefully the listing documents to determine if a product is uncollateralized.

##### 3. Gearing risk

Structured Products such as Warrants and CBBCs are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. The Client should be aware that the value of a Structured Product may fall to zero, resulting in a total loss of the initial investment.

##### 4. Expiry considerations

Structured Products have expiry dates, after which the issue may become worthless. The Client should be aware of the expiry time of a product and choose a product with an appropriate lifespan for its trading strategy.

##### 5. Extraordinary price movements

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.

##### 6. Liquidity risk

SEHK requires all Structured Product issuers to appoint a liquidity provider for each individual product. 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 in relevant product may not be able to buy or sell the product until a new liquidity provider has been assigned. There is no assurance that an investor can buy or sell a Structured Product at any time at the price it has expected.

#### **Some Additional Risks of Warrant Transactions**

##### 1. Time decay

With other factors being equal, the value of a Warrant will decrease over time as the expiry date approaches. Therefore, Warrants should not be viewed as long term investments.

##### 2. Volatility

The price of a Warrant may vary with the volatility of the underlying asset, and the Client should pay attention to the volatility of the underlying asset.

##### 3. Market and volume of transaction

In addition to the basic factors that determine the theoretical price of a Warrant, Warrant prices are also affected by the demand for and supply of the Warrants in the market, especially when a Warrant issue is almost sold out or when issuers make further issues of a Warrant.

A high volume of transaction in a Warrant does not mean that its price will increase. In addition to market force, Warrant prices are also affected by other factors, including the price and price volatility of the underlying assets, remaining lifespan, interest rates and expected dividends.

#### **Some Additional Risks of CBBC Transactions**

##### 1. Mandatory call

When trading in CBBCs, the Client should be aware that CBBCs are subject to intraday "knockout" or mandatory call. A CBBC will cease trading if the value of its underlying assets equals the price/level for mandatory call stated in the listing documents. In this case, the Client may only receive the residual value of such CBBC calculated by the issuer based on the listing documents, but the residual value may be zero.

## 2. Funding costs

The issue price of a CBBC includes funding costs. The funding costs will decrease over time as the expiry date of a CBBC approaches. The longer the lifespan of a CBBC, the higher the total funding costs will be. When a CBBC is called someday, the Client will lose the funding costs for the entire valid period of the CBBC. Procedures for calculating the funding costs are described in the listing documents of a CBBC.

## 3. Trading of a CBBC close to call price

When the value of the underlying asset is close to the call price, the price of a CBBC may be more volatile with wider spreads and reduced liquidity. The CBBC may be called at any time and trading will terminate as a result. Since there may be some time lapse between the Mandatory Call Event (MCE) time and the actual time of termination of the CBBC trading, some trades may be concluded and recognized by the Exchange participants after the MCE. However, any trades executed after the MCE will not be recognized and will be cancelled. Therefore, the Client should be more careful when a CBBC is trading close to the call price.

### **Risks of Transaction in Synthetic ETFs**

Different from traditional ETFs, synthetic ETFs are not trading in the underlying index's constituents, and generally replicate the performance of underlying index through financial derivatives. Investment in synthetic ETFs involves high risks and is not suitable for everyone. The Client must understand and consider the following risks before it trades in synthetic ETFs:

#### 1. Market risk

ETFs attempt to track the performance of some indexes, industries/sectors or asset classes (such as stock, bonds or commodities). The Client is exposed to political, economic, currency or other risks relating to the ETF indexes/assets. The Client must be prepared for any losses that may arise from fluctuations in relevant indexes/assets.

#### 2. Counterparty risk

Where an ETF invests in derivatives to track performance of the underlying index, the Client is exposed to the credit risk of the counterparties who have issued the derivatives, in addition to the risks associated with the underlying index. Furthermore, potential contagion and concentration risks of the derivative issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of a synthetic ETF may have a "knock-on" effect on other derivative counterparties of the synthetic ETF). Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the synthetic ETF seeks to realize the collateral.

#### 3. Liquidity risk

Although an ETF is traded in an Exchange, there is no assurance that a liquid market exists for such ETF. A higher liquidity risk is involved if a synthetic ETF involves derivatives that do not have an active secondary market. Wider bid-asked spreads in the price of the derivatives may result in losses. It is relatively difficult and costs a lot to rescind the contracts of such derivatives at an earlier time. In particular, if there are trading limitations and limited liquidity in the market, it will become more difficult to rescind the contracts.

#### 4. Tracking errors

There may be disparity in the performance between an ETF and its underlying index, due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

#### 5. Trading at discount or premium

Where the index/asset that an ETF tracks is subject to restricted access by investors, the efficiency in unit creation or redemption to keep the price of the ETF in line with its net asset value (NAV) may be disrupted, causing the ETF to trade at a premium or discount to its NAV. If the Client buys an ETF at a premium, it may be unable to recover the premium when the fund is terminated.

### **Risk of Trading Bonds**

#### 1. Credit risk

The Client should assume credit risk of the issuers and/or the guarantors (if applicable). Any changes to the credit rating of them will affect the price and value of the bonds. The Client would also suffer a default risk when a bond issuer fails to make principal and interest payments within due time. The worst case such as bankruptcy of the issuers/guarantors (if applicable) will result in the loss of the entire investment of the Client.

#### 2. Liquidity risk

The bond may have limited liquidity and may not be actively traded and/or quoted by brokers in the market. As such, 1) the market value of bond and/or indicative bid/offer price will depend on market liquidity and may not be available at all times; 2) it may take a longer time or impossible to sell the bond to the market; and 3) the executable sale price may be significantly different from the indicative bid price, which may be unfavorable to the Client.

#### 3. Interest rate risk

Bonds are more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise. Furthermore, as compared with bonds with a relatively short term, bonds with a longer term are more susceptible to fluctuations in interest rates, i.e., more sensitive to fluctuations in interest rates.

#### 4. Market risk

The value of investments may fluctuate due to changing political, legal, economic conditions and changes in interest rates. This is common to all markets and asset classes. The Client may get back an amount less than initially invested.

#### 5. Additional risks in high-yield bonds

- 5.1. High-yield bonds are typically rated below investment grade or are unrated. The ratings by the rating agencies do not guarantee the credit risk conditions of the bond issuers, but investment in high-yield bonds may involve a higher default risk;
- 5.2. High-yield bonds are susceptible to the turn of economic cycle. At the time of economic downturn, the value of high-yield bonds will drop more significantly than the bonds at an investment grade, and the bond default risk would also increase.
6. Some bonds may contain special features and risks that warrant special attention. These risks include:
  - 6.1. Risk associated with perpetual bonds: Perpetual bond does not have a maturity date, and the distribution of coupons depends on the viability of the issuer in the very long term, which may be deferred or even suspended subject to the terms and conditions of the issue. Furthermore perpetual bonds are often callable and/or subordinated, and the Client should bear reinvestment risk and/or subordinated bond risk;
  - 6.2. Risk associated with callable bonds: Some bonds are callable in which issuers may redeem the bonds before maturity. If the Client invests in callable bonds, it is subject to reinvestment risks arising out of early redemption by the issuers, and the yield received during reinvestment may be less favorable;

- 6.3. Risk associated with subordinated bonds: A holder of subordinated bonds has a lower priority of claim as compared with a holder of other bonds in the event of the issuer's general liquidation, which means holders of subordinated bonds will not get the principal back until the senior creditors get paid;
- 6.4. Risk associated with bonds with coupon payment terms: Some bonds are attached with variable coupon payment terms, and some bond issuers may defer the payment of coupons in whole or in part under some circumstances. As such, the Client would face uncertainty over the amount and time of the coupon payment to be received;
- 6.5. Risk associated with convertible or exchangeable bonds: In case of bonds that are convertible or exchangeable in nature, the Client is subject to both equity and bond investment risk.

### **Risk in Investing in Funds**

1. Certain mutual funds, unit trusts and collective investment funds ("Investment Funds") are Structured Products involving derivatives. The investment decision is made by the Client but the Client should not invest in any Investment Fund unless the intermediary who sells such Investment Fund to the Client has explained to the Client that such Investment Fund is suitable for the Client having regard to the financial position, investment experience and investment objectives of the Client.
2. Investment in Investment Funds involves significant risks. It is impossible to disclose in this statement every risk associated with an Investment Fund that is relevant to the Client. Before making an investment decision, the Client should carefully read the offering documents of the relevant Investment Fund, including, in particular, the sections about risks and fully understand the nature and all the risks associated with an investment in the relevant Investment Fund, and is willing to assume such risks. The Client should carefully consider whether investment in the relevant Investment Fund is suitable in light of its own relevant circumstances. The Client should obtain independent professional advice in case of doubt.
3. There is no assurance that an Investment Fund will achieve its investment objectives. The value of Investment Funds may go up as well as down and the Investment Funds may even become valueless. Therefore, the Client may not receive any return from its investment in Investment Funds. Past performance information is not indicative of future performance.
4. By investing in an Investment Fund, the Client is relying on the creditworthiness and taking the credit risks of the Investment Fund, the fund manager, the fund trustee, the fund custodian and/or the issuer of the assets to which the Investment Fund is linked.
5. Certain Investment Funds may use derivatives to meet their investment objectives, which may lead to higher volatility to their net asset values or expose the Investment Funds to losses greater than the costs of the derivatives.
6. Certain Investment Funds may invest in emerging markets which may lack the social, political or economic stability and are subject to less government supervision, legal regulation and less well defined tax laws and procedures than advanced Securities markets. Exposure to these markets may entail more volatility than investments in more established markets. The Client should read the relevant offering documents, in particular, any risks factors relating to investment in emerging markets.
7. Certain Investment Funds may take short positions and the Client should note that short selling may involve borrowing to invest and therefore the investment risk is higher than traditional long-only Investment Funds.
8. Certain Investment Funds may invest in stock. Prices of stock fluctuate daily and can be influenced by many factors, such as politics, economy, corporate earnings reports, demographic trends and catastrophic events etc. An Investment Fund that invests in derivatives on international stock indexes will be exposed to substantially larger fluctuations in its net asset value than in case of a direct investment in international stock.
9. Certain Investment Funds may invest in higher yielding Securities rated lower than investment grade (i.e., debt Securities rated below BBB- by Standard & Poor's or below Baa3 by Moody's). Below investment grade Securities may be considered speculative and can include Securities that are unrated or in default. As a result, investment in those Investment Funds is subject to a higher credit risk than investment in higher rated, lower yielding Securities.
10. Prior to investing in any Investment Fund, the Client should carefully consider (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange control requirements which the Client may encounter under the laws of the countries of the Client's incorporation, citizenship, residence or domicile that may be relevant to the purchase, sale, subscription, holding, conversion or disposal of the units in Investment Funds.
11. Capital guaranteed/capital preserved Investment Funds are capital guaranteed/preserved only upon redemption at maturity. Therefore, redemptions before the relevant maturity date may take place at prices that are substantially different from the capital guaranteed/preserved value. Capital guaranteed/capital preserved Investment Funds are not guaranteed by us or any of our Affiliates.
12. Certain Investment Funds are not capital guaranteed/capital preserved. None of the fund manager, trustee or any other relevant party is under any obligation or responsibility to redeem the Investment Fund's shares or units at the price at which they are issued to or paid by the Client and the Client may lose all or a part of its investment.
13. Information and contents relating to each Investment Fund are prepared and issued by or on behalf of relevant Investment Fund and/or its manager. Certain such information and contents are exempted from pre-clearance, and therefore have not been reviewed, by the SFC.
14. The Client should note the risks of concentration of investment in a single country or market.

### **Currency Risk**

If the Securities, bonds, funds, warrants or other Securities investment products traded by the Client are denominated in foreign currencies, fluctuations in exchange rates may have an adverse impact on value of the underlying assets, together with the prices for such Securities investment products. The profit or loss in transactions in foreign currency-denominated products (whether they are traded in the jurisdiction where the Client is located or another jurisdiction) will be affected by fluctuations in exchange rates when being converted to the local currency or underlying currency.

### **Default Risks and Counterparty Risks**

All products contain default risks and/or counterparty risks. Default risk could come from an issuer's failure to make payments as agreed. At the time of market downturn, an issuer may not necessarily be able to borrow money to continue its operation or repay old debts. Credit ratings are the most common tools used for assessing default risks in Structured Products. A credit rating represents the opinion of the rating agency at a particular point of time and may be adjusted due to changes in the financial status of the issuers or changes in market conditions.

Counterparty risk refers to the failure of the trading party to fulfill its financial contractual obligations. While credit ratings by rating agencies represent quality assurance, investors should not only refer to the credit ratings of the product issuers, but also pay attention to the product structure and its exposure to the financial derivatives in order to avoid loss.

**Risks of Client Assets Received or Held outside Hong Kong**

Client assets received or held by the Broker outside Hong Kong are subject to the applicable laws and regulations of the relevant foreign jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571) 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.

**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, the Client should promptly collect in person all contract notes and statements of the Client's account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

**Risk Relating to Authorized Third Parties**

Providing an authorized third party the authority to trade and to operate the Account of the Client may involve high risks, in that instructions may be given by a person not duly authorized. The Client agrees to bear any risks in such operation, and irrevocably releases the Broker from any and all liability in connection with such instructions, whether received by the Broker or not.

The risk disclosure statement stated above cannot disclose all potential risks. Before opening a Securities account, the Client should consider carefully and be willing to bear any associated risks, for which, the Broker will assume no liability.

**Risks of Trading RMB Securities or Investing in Renminbi Investment**

1. Exchange risks and Daily Conversion Limit, etc.

RMB is currently not freely convertible and there may at any given time be limited availability of RMB outside Mainland China. There is conversion risk in RMB denominated securities, and daily or other limits may apply to conversion amounts. If converting to or from RMB in Hong Kong, you may have to allow sufficient time to avoid exceeding such limits. In addition, there is a liquidity risk associated with RMB denominated securities, especially if such securities do not have an active secondary market and their prices have large bid/offer spreads.

Investment in RMB denominated securities is subject to exchange rate risks. The value of the RMB against any other foreign currencies fluctuates and is affected by changes in Mainland China and international political and economic conditions and by many other factors. The value of RMB settlement amounts compared to other currencies will vary with the prevailing exchange rates in the market.

For RMB products which are not denominated in RMB or with underlying investments which are not RMB denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).

2. Limited availability of underlying investments denominated in RMB

For RMB products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in RMB outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the RMB products.

3. Projected returns which are not guaranteed

If the RMB investment product is attached with a statement of illustrative return which is (partly) not guaranteed, you should pay particular attention to any disclosure relating to the return (or the part of the return, as the case may be) which is not guaranteed and the assumptions on which the illustrations are based, including, e.g., any future bonus or dividend declaration.

4. Long term commitment to investment products

For RMB products which involve a long period of investment, you should pay particular attention to the fact that if he redeems the investment before the maturity date or during the lock-up period (if applicable), you may incur a significant loss of principal where the proceeds may be substantially lower than the invested amount. You should beware of the early surrender/withdrawal fees and charges, if any, as well as the loss of bonuses (where applicable) as a result of redemption before the maturity date or during the lock-up period.

5. Credit risk of counterparties

You should pay particular attention to the credit risk of counterparties involved in the RMB products. To the extent that the RMB products may invest in RMB debt instruments not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a RMB product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the RMB product and result in substantial loss.

6. Interest Rate Risks

For RMB products which are, or may invest in, RMB debt instruments, you should pay attention to the fact that such instruments may be susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB products.

7. Liquidity Risk

You should pay attention to the liquidity risk associated with the RMB products, and where applicable, the possibility that the RMB products may suffer significant losses in liquidating the underlying investments, especially if such investments do not have an active secondary market and their prices have large bid/offer spreads.

8. Possibility of not receiving RMB upon redemption

For RMB products with a significant portion of non-RMB denominated underlying investments, you should pay attention to the possibility of not receiving the full amount in RMB upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of RMB in a timely manner due to the exchange controls and restrictions applicable to the currency.

9. Additional risks associated with leveraged trading

Prior to conducting leveraged trading of RMB products, you should make sure that you understand and accept the risks and the terms and conditions of the borrowing arrangement. Leveraging heightens the investment risk by magnifying prospective losses. You should pay attention to the circumstances under which you will be required to place additional margin deposits at short notice and that my/our collateral may be liquidated without my/our consent. You should beware of the risk that market conditions may make it impossible to execute contingent orders, such as “stop-loss” orders. In addition, you should be mindful of the exposure to interest rate risk, and in particular, the cost of borrowing may increase due to interest rate movements.”

**Risks of Over-the-counter (OTC)/Grey Market Trading**

You must understand the nature of the OTC transaction, the trading facilities and the level of risk you can afford before trading. If in doubt, you should seek independent professional advice. Processing the OTC transaction are subject to risks, including the risk of other counterparties, the risk that the securities will ultimately fail to be listed on the exchange, the lower liquidity and the higher volatility. The relevant transactions are not guaranteed to be settled and you are responsible for your and/or your transactions. The opponent is unable to settle any losses or expenses incurred. The price of OTC securities may differ materially from the opening or trading price in the regular market time after it is listed on the exchange. The price of securities displayed on an OTC market may not reflect the price of the same security transaction in another automated trading system operating at the same time. The OTC market is not regulated by the exchange and is not protected by the investor compensation fund until the listing of the securities is officially recorded in the trading system of the exchange.

**Risks in relation to the China Connect Terms and Conditions**

The definitions in China Connect Terms and Conditions apply to this section.

1. Home Market Rules

In respect of China Connect Securities, Mainland China is the home market and thus the general principle is that investors in China Connect Securities should observe Mainland China securities laws and regulations. Nevertheless, certain Hong Kong legal and regulatory requirements will also continue to apply to Northbound trading.

**Trading and Settlement Restrictions**

2. Pre-Trade Checking

SEHK is required to check that in respect of any Northbound sell orders given by an Exchange Participant, the relevant Exchange Participant holds sufficient and available China Connect Securities to be able to fill such Northbound sell orders. Pre-Trade Checking will be carried out prior to the start of each Trading Day. Accordingly, you may be unable to execute Northbound sell orders due to Pre-Trade Checking related requirements. Your attention is drawn to the provisions set out in Clause 8 of the China Connect Terms and Conditions. Note in particular that you may be unable to execute a sell order of China Connect Securities if there has been a delay or failure for whatever reason in the transfer of the relevant China Connect Securities to any clearing account of us or if for any other reason we consider that there is or may be non-compliance with any China Connect Laws. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre Trade Checking and/or the relevant China Connect Laws or China Connect Rules shall be borne by you.

3. Settlement

Northbound trades will follow the A Share settlement cycle. For settlement of China Connect Securities trades, ChinaClear will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. We may have settlement arrangements in place different from the ChinaClear settlement arrangements. Unless we agree to prefund settlement, settlement of funds relating to such trading will be effected on T+1 day. We may, in our absolute discretion, decide to prefund settlement. In the event we agree to prefund the settlement of China Connect Securities trades, (a) we shall retain the funds received from HKSCC on T+1 day; and (b) you shall reimburse us with respect to any 'excess' pre-funding provided by us. You acknowledge that there is no guarantee that we will offer prefunding settlement and that if we decide to offer prefunding settlement, we may decide to terminate such service at any time.

4. Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls as described below. As a result, there is no assurance that a buy order can be successfully placed through China Connect. There is a daily quota that limits the maximum value of all Northbound buy trades that can be executed by Exchange Participants on each Trading Day ("Daily Quota"). The Daily Quota may change from time to time without prior notice and investors are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. If the Daily Quota has been reached, we will be unable to carry out any buy orders and any instruction to buy submitted but not yet executed will be restricted or rejected. However, investors may continue to sell their China Connect Securities regardless of whether there is a breach of the Daily Quota.

5. Restriction on Day Trading

Unless SEHK otherwise determines, day (turnaround) trading is not permitted on the Mainland China A Share market. If you buy China Connect Securities on T day, you may be able to sell the shares only on or after T+1 day. Due to Pre-Trade Checking related requirements, we may accept an instruction to sell China Connect Securities that were bought on T day only on or after the applicable cut-off time (as notified to you by us from time to time) on T+1 day.

6. No Off-exchange Trading and Transfers

You, we and any Related Person shall not conduct or provide off-exchange services to facilitate trading of any China Connect Securities otherwise than through the relevant China Connect Market System, except in the circumstances or as otherwise provided by a relevant

#### China Connect Authority:

- (a) stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month;
- (b) post-trade allocation of China Connect Securities by a fund manager and
- (c) any other situations specified by the China Connect Market Operators and ChinaClear.

#### 7. Placing Orders

Only limit orders with a specified price are allowed pursuant to the China Connect Laws, whereby buy orders must not be lower than at the current best price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

#### 8. Price Limits of the China Connect Market

China Connect Securities are subject to a general price limit of a  $\pm 10\%$  based on the previous Trading Day's closing price. In addition, China Connect Securities which are on the risk alert board are subject a  $\pm 5\%$  price limit based on the previous trading day's closing price. The price limit may be changed from time to time. All orders in respect of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit will be rejected by the relevant China Connect Market Operator.

#### 9. China Connect Securities Eligible for Northbound Trading

SEHK will include and exclude securities as China Connect Securities based on the prescribed criteria under the China Connect Laws. We shall not be under any obligation to inform you of any changes to the eligibility of shares for Northbound trading. You should refer to the HKEx website and other information published by the HKEx for up-to-date information.

According to the SSE Rules and SZSE Rules, if any SSE-listed or SZSE-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interest to undue damage, the SSE-listed or SZSE-listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. If a China Connect Security which is eligible for China Connect trading at launch of the programme is subsequently moved to the risk alert board, investors under China Connect will be allowed only to sell the relevant China Connect Security and will be prohibited from further buying.

#### 10. Account Information of Beneficial Owner

The identity of the beneficial owner of China Connect Securities which are the subject of a sell order may need to be disclosed to HKSCC and/or the relevant Mainland China authorities.

#### 11. No Manual Trade or Block Trade

There will be no manual trade facility or block trade facility for Northbound trading under China Connect.

#### 12. Amendment of Orders and Loss of Priority

Consistent with the current practice in Mainland China, if an investor engaged in Northbound trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the Daily Quota restriction, the subsequent order may not be filled on the same Trading Day.

#### 13. Special China Connect Securities

SEHK will accept or designate securities which cease to meet the eligibility criteria for China Connect Securities as Special China Connect Securities (provided that they remain listed on a China Connect Market). In addition, any securities or options (which are not "eligible for China Connect trading") received by you as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by SEHK as Special China Connect Securities. You will only be able to sell, but not buy, any Special China Connect Securities.

#### Mainland China and Hong Kong Legal Issues

##### 14. Disclosure of Interests

Under Mainland China laws, rules and regulations, if you hold or control shares on an aggregate basis, i.e., including both domestically and overseas issued shares of the same Mainland China Listco (as defined below), whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels) in a Mainland China incorporated company which is listed on a Mainland China stock exchange (a "Mainland China Listco") above a certain threshold as may be specified from time to time by the relevant China Connect Authorities, you must disclose such interest within the period specified by the relevant China Connect Authority, and you must not buy or sell any such shares within the period specified by the relevant China Connect Authority. You must also disclose any substantial change in your holding as required by the relevant China Connect Authority. Where a Mainland China incorporated company has both H Shares listed on the SEHK and A Shares listed on the SSE and/or SZSE, if an investor is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including A Shares purchased through China Connect) in such Mainland China incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the Mainland China incorporated company has not listed any shares on the SEHK. It shall be your responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant China Connect Authorities and arrange for any relevant filings.

##### 15. Short Swing Profit Rule

Under Mainland China laws, rules and regulations, the "short swing profit rule" requires you to give up/return any profits made from purchases and sales in respect of China Connect Securities of a particular Mainland China Listco if (a) your shareholding in that Mainland China Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. You (and you alone) must comply with the "short swing profit rule".

##### 16. Foreign Ownership Limits

Under Mainland China laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single Mainland China Listco, and also a limit to the maximum combined holdings of all foreign investors in a single Mainland China Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound Trading, QFII/RQFII regime or other investment channels). It shall be your responsibility to comply with all foreign ownership limits from time to time imposed by the China Connect Laws. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of an investment in China Connect Securities due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As a result, you may suffer losses through your trading or investment in China Connect Securities.

If we become aware that you have breached (or reasonably believes that you may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if we are so required by any China Connect Authority, including, without limitation, as a result of any Forced-sale Notice issued by a China Connect Market Operator, we will sell any China Connect Securities pursuant to Clause 10 of the China Connect Terms and Conditions if you fail to comply with the corresponding Client Forced-sale Notice in order to ensure compliance with all applicable China Connect Laws. In such case, no Northbound buy orders for the relevant China Connect Securities will be accepted until SSE or SZSE informs the relevant SEHK Subsidiary or SEHK that the relevant aggregate foreign ownership limit has fallen below a certain percentage. SEHK may determine in its absolute discretion which Exchange Participants and what quantity of China Connect Securities should be subject to a Forced-sale Notice (this is likely to be on a "last-in, first-out" basis), and SEHK's (or the relevant SEHK Subsidiary's) own records shall be final and conclusive. Moreover, under Mainland China laws, where the aggregate holdings of foreign investors exceed a specified percentage (the "Cautionary Level") of the issued shares of a single Mainland China Listco, upon notification by the SSE or SZSE to the relevant SEHK Subsidiary, SEHK and the relevant SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting China Connect Securities buy orders in respect of the relevant China Connect Securities. In such circumstances, we may reject your buy orders until the aggregate shareholding of foreign investors has fallen below the specified percentage (the "Permitted Level") as advised by SSE or SZSE. As of the date of these China Connect Terms, the single foreign investor limit is set at 10% of the shares of a Mainland China Listco and the aggregate foreign investor limit is set at 30% of the shares of a Mainland China Listco (while the Cautionary Level and the Permitted Level are set at 28% and 26% respectively of the shares of a Mainland China Listco). Such limits are subject to change from time to time and we shall not be under any obligation to inform you of any such changes to foreign ownership limits.

#### 17. Taxation

Prior to investing in China Connect Securities, you are strongly urged to consult your own tax advisers and counsel with respect to the possible Hong Kong and/or Mainland China tax consequences to you of such investment since such tax consequences may differ in respect of different investors. You will be fully responsible for any Taxes in respect of China Connect Securities including and will indemnify us and any Related Person from and against all Hong Kong and/or Mainland China Taxes which we or any Related Person may incur arising in connection with any China Connect Securities which you hold, trade or otherwise deal in. We assume no responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, nor will we provide any service or assistance in this regard. Please refer to Clause 14 of the China Connect Terms and Conditions for details of the applicable legal terms.

#### 18. Insider Dealing, Market Manipulation and Other Market Conduct Rule

Northbound trading through the China Connect will be subject to Mainland China laws and regulations prohibiting activities that constitute market manipulation, insider dealing and related offences. The scope of these restrictions may not be the same as equivalent requirements under Hong Kong law. In particular, defenses applicable under Hong Kong market misconduct rules may not be applicable under Mainland China laws and regulations. If you are unfamiliar with Mainland China market conduct requirements and restrictions, you should seek specialist advice before engaging in trading through the China Connect. You confirm that you are not in possession of inside information when trading China Connect Securities or procuring others to do so.

#### 19. Client Securities Rules

By way of brief background, the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong) ("Client Securities Rules") prescribe how client assets are to be dealt with by all intermediaries and their associated entities. However, as the China Connect Securities traded through China Connect are not listed or traded on SEHK, the Client Securities Rules will not apply unless otherwise specified by the SFC or any other relevant China Connect Authority.

#### 20. Ownership of China Connect Securities

Hong Kong law recognizes the proprietary interest of investors in shares held for them by their broker or custodian in CCASS. Such recognition should apply equally to China Connect Securities held for Hong Kong and overseas investors by the Clearing Participant through HKSCC. In addition, in Mainland China (where China Connect Securities are registered in a securities account opened with ChinaClear in the name of HKSCC), it is expressly stipulated in the CSRC China Connect Rules that HKSCC acts as the nominee holder and the Hong Kong and overseas investors are the beneficial owners of the China Connect Securities. Accordingly, the regulatory intention appears to be that Hong Kong and overseas investors should also have proprietary rights over China Connect Securities under Mainland China laws. You should conduct your own review of the materials published by HKEX on China Connect in relation to the ownership of China Connect Securities and the applicable China Connect Rules as they may be amended and supplemented from time to time. You should also consult your own legal advisers to make your own assessment of your rights as a Northbound investor in China Connect Securities. You should also note that as China Connect is a recent initiative there may be some uncertainty surrounding such arrangements. In addition, while Hong Kong and overseas investors may have proprietary rights over China Connect Securities, HKSCC as nominee is not obliged to enforce such rights in Mainland China on behalf of such investors.

#### Clearinghouse Risk

##### 21. Risk of ChinaClear Default

ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. If ChinaClear (as the host central counterparty) defaults, HKSCC has stated that it may (but shall have no obligation to) take any legal action or court

proceeding to seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute the China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant China Connect Authorities. We in turn will be distributing China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by ChinaClear is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

## 22. Risk of HKSCC Default

Our provision of services pursuant to these China Connect Terms and Conditions also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement of China Connect Securities and/or monies in connection with them and you may suffer losses as a result. Neither we nor any Related Persons shall have any responsibility or liability for any such losses.

## Other Operational Issues

### 23. Scripless Securities

China Connect Securities are traded in scripless form and accordingly, China Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

### 24. Company Announcements on Corporate Actions

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE or SZSE website (as applicable) and certain appointed newspapers. HKSCC will also record all corporate actions relating to China Connect Securities in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the SSE or SZSE website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web page from time to time) for corporate actions in respect of China Connect Securities issued on the previous trading day. Investors should note that SSE-listed and SZSE-listed issuers publish corporate documents in Chinese only, and English translations will not be available. In addition, HKSCC will endeavour to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day. Following existing market practice in Mainland China, investors engaged in Northbound trading will not be able to attend shareholder meetings by proxy or in person, unlike the current practice in Hong Kong in respect of SEHK-listed shares. We do not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and neither we nor any Related Person accept any liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. We expressly disclaim all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

### 25. Average Pricing across Funds for Fund Manager

If you act as a fund manager for more than one fund or an asset manager on behalf of more than one client and you pre-allocate China Connect orders across such funds or clients which you manage, we may offer Average Pricing for such orders notwithstanding such orders may be executed at different times during the same Trading Day. Where Average Pricing applies, each fund or client will be allocated China Connect Securities (or their proceeds) at the same averaged price, which may be higher or lower than the price which such fund or client would have paid or received had the orders been processed individually and in the order submitted directly or indirectly to us. Neither we nor any Related Person will be responsible for any such differences in pricing or any loss or risk arising from the application of Average Pricing.

### 26. Disclosure of Information and Publication of Trade Information

SEHK may require us to provide information on your profile, and the type and value of your orders in relation to Northbound trading of China Connect Securities and the trades which we executed for you at such intervals and in such form as SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of China Connect Securities trades under China Connect, trading volumes, investor profiles and other related data.

### 27. Client Error

Neither we nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by an investor as a result of any trading based on the investor's instructions. We will not be able to unwind any trade, and investors should also take note of the settlement arrangements in respect of China Connect Securities under China Connect, including but not limited to quota restrictions. The China Connect Rules generally prohibit any off-exchange trading or transfers. However transfers may be permitted between you and us to rectify a trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. We shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither we nor any Related Person shall have any liability for any losses which may result directly or indirectly from such errors or any refusal to conduct a transfer to correct an error trade.

### 28. Retention of Information

You acknowledge and accept that we will be required under the China Connect Rules to keep records for a period of no less than 20 years of (a) all orders and trades executed on your behalf, (b) any instructions received from you; (c) your account information in relation to Northbound trading; and (d) all relevant information concerning margin trading and stock borrowing and lending of any China Connect Securities (including, without limitation, in respect of any such margin trading, the relevant securities margin trading arrangement and the funds provided).

### 29. China Connect Market System

SEHK or the SEHK Subsidiary (after consulting with SEHK) may, under certain circumstances as specified in the SEHK rules and/or whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China

Connect Securities, and for such duration and frequency as SEHK may consider appropriate. You will not be able to buy or sell China Connect Securities on SEHK through China Connect during any period in which trading of China Connect Securities is suspended. In particular, you should note that while trading of China Connect Securities is suspended by the SEHK, trading of such China Connect Securities may continue on SSE and/or SZSE. You may remain exposed to fluctuations in the price of China Connect Securities caused by trading on SSE and/or SZSE during the period when trading of such China Connect Securities is suspended by SEHK. SEHK has absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, SEHK or the SEHK Subsidiary (with the agreement of SEHK) may cease the provision of the China Connect Northbound trading service permanently. Such suspension, restriction or cessation will affect our ability to accept and process your orders and you are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. There can be no assurance that your orders will be accepted or processed, notwithstanding that China Connect Securities may be traded through other channels including, without limitation, by PRC investors on the SSE and/or SZSE. Further, the SEHK rules state that where any H Shares with corresponding A Shares eligible as China Connect Securities are suspended from trading on SEHK, but the corresponding A Shares are not suspended from trading on the SSE, the service for routing the China Connect sell orders and China Connect buy orders for such A Shares to the SSE for execution will normally remain available. However, SEHK may, in its discretion, restrict or suspend such service without prior notice and your ability to place sell orders and buy orders may be affected.

The China Connect Market Systems are new platforms for trading of China Connect Securities under China Connect. We provide trading services based on the China Connect Market System which is operated by the relevant China Connect Market Operator. We are not responsible for any delay or failure caused by the China Connect Market Systems and investors accept all risks arising from trading China Connect Securities through the China Connect Market Systems. Neither we nor any Related Person shall be responsible or held liable for any loss or damage directly or indirectly suffered by you arising from or in connection with the China Connect Service or the CSC through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service or the CSC, or any inability to access or use the CSC or the China Connect Service;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency or contingencies, including but not limited to the cancellation of any or all China Connect orders input by Exchange Participants;
- (c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on SSE or SZSE;
- (d) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any China Connect orders or any delay or failure to send any order cancellation requests or to provide the China Connect Service due to any system, communication or connection failure, power outage, software or hardware malfunction or other events beyond our control or the control of SEHK, us or a Related Person;
- (f) any China Connect order which we have requested to be cancelled not being cancelled for any reason whatsoever;
- (g) in the event that SEHK or SSE or SZSE requires that we reject any order for China Connect Services;
- (h) any delay, failure or error of any China Connect Market System or any system upon which we, the SEHK Subsidiary or a Related Person is reliant in providing the China Connect Service; and
- (i) any delay or failure to execute, or any error in matching or executing, any China Connect order due to reasons beyond the control of SEHK, HKEx, the SEHK Subsidiary, us or any Related Person, including but not limited to any action or decision taken or made, or not taken or made, by any China Connect Authority or any other relevant governmental or regulatory body. If there is any delay or failure to send any order cancellation requests in any circumstance described in paragraph (e) above, you shall, in the event such order is matched and executed, remain responsible for fulfilling any settlement obligations in respect of such transaction. You acknowledge that HKEx, SEHK, SEHK Subsidiary, SSE, the subsidiary of SSE and their respective directors, employees and agents are not responsible or held liable for any such losses.

### 30. Operational Hours

SEHK has absolute discretion to determine from time to time the operational hours of the China Connect service, and will have absolute discretion to change the operational hours and arrangements of the China Connect service at any time and without advance notice whether on a temporary basis or otherwise. We shall not be under any obligation to inform you of any such determinations by the SEHK as to the operational hours of the China Connect Service. Moreover, SEHK or an SEHK Subsidiary (with the agreement of SEHK) may cease the provision of China Connect Northbound trading service permanently. Such suspension, restriction or cessation will affect our ability to accept and process your orders and you are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information.

### 31. Margin Trading

Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant China Connect Authorities to be eligible for margin trading ("Eligible Margin Trading Securities"). The HKEx will from time to time publish a list of Eligible Margin Trading Securities. Each of the China Connect Market Operators may suspend margin trading activities in any specific A Share if the volume of margin trading activities in such A Share exceeds a threshold determined by such China Connect Market Operator and resume margin trading activities when the volume of margin trading activities drops below a prescribed threshold. Where SEHK is notified by a China Connect Market Operator that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading (except for margin trading in respect of China Connect Securities buy orders) in the relevant China Connect Security shall be suspended and/or resumed accordingly. Each of the China Connect Market Operators reserves the right to require, at some future date, for margin trading orders to be flagged when routed to China Connect. Neither we nor any Related person shall have any obligation to update you in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

### 32. Rights Issuances

Where you receive any form of entitlement security from the issuer of a China Connect Security, if such entitlement security:

- (a) is a China Connect Security, you will be permitted to buy and sell the entitlement security through China Connect;

- (b) is not a China Connect Security but is a RMB denominated security listed on the SSE or SZSE, you may be allowed to sell the entitlement security through China Connect but will not be permitted to buy such entitlement security;
- (c) is an SSE-listed security or SZSE-listed security but is not traded in RMB, you will not be allowed to buy or sell the entitlement security through China Connect; and
- (d) is not listed on the SSE or SZSE, you will not be allowed to buy or sell the entitlement security on China Connect unless and until appropriate arrangements (if any) have been provided by HKSCC. It is possible that no such alternative arrangements will be provided.

### 33. Odd Lot Trading

Odd lot trading in China Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the same platform on China Connect and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB0.01.

### 34. Short Selling

Covered short selling of China Connect Securities may become available in due course provided such covered short selling satisfies the requirements specified by the relevant China Connect Authorities, including that short selling orders are only in respect of China Connect Securities designated as eligible for short selling, are appropriately flagged as such and that they are subject to an uptick rule. Naked short selling of China Connect Securities is prohibited. The China Connect Authorities may also suspend the ability to engage in short selling of any China Connect Security if the volume of short selling activity exceeds thresholds prescribed by SSE or SZSE. You will be fully responsible for understanding and complying with short selling requirements as in effect from time to time and for any consequences of non-compliance.

### 35. Stock Borrowing and Lending

Stock borrowing and lending will be permitted for eligible China Connect Securities as specified by the China Connect Market Operators for the purposes of (a) covered short selling, (b) satisfying the Pre-Trade Checking requirement and (c) in any other circumstances as SEHK or the China Connect Market Operators may specify from time to time. Stock borrowing and lending of eligible China Connect Securities will be subject to restrictions set by SEHK and the China Connect Market Operators, including but not limited to the following:

- (a) stock borrowing and lending agreements for the purpose of covered short selling shall have a duration of not more than one month;
- (b) stock borrowing and lending agreements for the purpose of satisfying the Pre-Trade Checking requirement shall have a duration of not more than one day (and roll-over is not permitted);
- (c) stock lending will be restricted to certain types of persons to be determined by the China Connect Market Operators; and
- (d) stock borrowing and lending activities will be required to be reported to SEHK.

The China Connect Market Operators will determine a list of China Connect Securities eligible for stock borrowing and lending. Special China Connect Securities are not eligible for stock borrowing and lending for the purpose of covered short selling (but are eligible for the purpose of satisfying the Pre-Trade Checking requirement). We will be required to file a monthly report to the SEHK providing details of our stock borrowing and lending activities with respect to China Connect Securities. This may include (amongst others) details of the borrower, lender, amount of shares borrowed/lent, amount of shares outstanding and date of borrowing/returning. Investors are advised to refer to the relevant provisions from time to time applicable in the SEHK China Connect Rules (as and when these are published) and in the China Connect Laws and China Connect Rules.

### 36. RMB Conversion

Any conversion of any currency into RMB pursuant to Clause 9 of the China Connect Terms and Conditions may be subject to conversion limits. Settlement of a Northbound buy order may be delayed and/or fail if there is a delay in converting the relevant currency into RMB. Any risk, loss or cost resulting from any such delay or failure of settlement shall be borne by you.

### 37. Risks associated with Trading of ChiNext Shares

The trading of ChiNext Shares is subject to the risks associated with the SZSE ChiNext market, including but not limited to such risks arising from the following:

- (a) volatility and overvaluation of the share prices;
- (b) the less stringent requirements on profitability and share capital of the ChiNext market (compared to the main board markets in Mainland China);
- (c) given the technological focus of the companies listed on the ChiNext market, such companies are more susceptible to technical failures in their respective business areas; and
- (d) conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the high-risk nature of the relevant industries. Presently only Institutional Professional Investors are allowed to place orders to Exchange Participants to buy or sell ChiNext Shares which are accepted as China Connect Securities (other than Special China Connect Securities which are eligible for sell orders only) through the use of the China Connect Service.

### 38. Risks associated with the Circuit Breaker Mechanism

The execution of trades in China Connect Securities is subject to the China Connect Rules including the Circuit Breaker Provisions. Although the Circuit Breaker mechanism has been currently suspended, you should note that any imposition of a Circuit Breaker on any trading day will result in the suspension of the execution of trades through SSE or SZSE for such period or periods as set out in the Circuit Breaker Provisions.

### 39. Other risks associated with investing in China Connect Securities

### Schedule 3

### Personal Information Collection Statement

This statement is provided to the Client of the Broker in accordance with the requirements of the Hong Kong Personal Data (Privacy) Ordinance (the "Ordinance").

#### **10. DISCLOSURE OBLIGATION**

- (a) From time to time, it is necessary for the Client to supply the Group with data in connection with the opening or continuation of the Account and the establishment or continuation of credit facilities or provision of securities brokerage, nominee and investment advisory services. At the same time, some of the data are collected pursuant to laws, regulations, rules or codes binding on the Group or any other companies of the Group.
- (b) Failure to supply such data may result in the Group being unable to open or continue accounts or establish or continue credit facilities or provide securities brokerage, nominee and investment advisory services.
- (c) It is also the case that data are collected from the Client in the ordinary course of the continuation of the business relationship.

#### **11. USE OF PERSONAL DATA**

##### 2.1. Users

Personal data held by the Broker relating to the Client, the Client's agent(s) or the Client's guarantor(s) (if any) may be used for the purposes of the maintenance and operation of the Account in accordance with relevant agreement(s), distribution of research, enforcement against counterparty, risk assessment, compliance with regulatory requirements to know Client and to carry out due diligence to assess the Client's investment suitability and for any other directly related purposes and will be kept confidential, but the Broker may provide such information to :-

- i. any agent, contractor or third party service provider who provides administrative, telecommunications, computer, payment or printing or other services to the Group in connection with the operation of its business;
- ii. any other companies of the Group;
- iii. any other person under a duty of confidentiality to the Group including a company of the Group which has undertaken to keep such information confidential;
- iv. any financial institution with which the Client has or proposes to have dealings;
- v. any actual or proposed assignee of the Group or participant or sub-participant or transferee of the Group's rights in respect of the Client;
- vi. any person when we are compelled to make disclosure under the requirements of any law binding on the Group or any of the companies of the Group;
- vii. any person with the Client's express or implied consent;
- viii. any person where our interests require disclosure; and
- ix. any person where the public interest requires disclosure.

#### **12. PURPOSES**

3.1. The purposes for which data relating to a Client may be used are as follows :-

- i. the daily operation of the services and credit facilities provided to the Client;
- ii. conducting credit checks;
- iii. assisting other financial institutions to conduct credit checks;
- iv. ensuring ongoing credit worthiness of the Client;
- v. designing financial services or related products for the Client's use;
- vi. marketing financial services or related products;
- vii. determining the amount of indebtedness owed to or by the Client;
- viii. collection of amount outstanding from the Client and those providing security for the Client's obligation;
- ix. meeting the requirement to make disclosure under the requirements of any laws, regulations, rules, codes binding on the Group or any other companies of the Group; and
- x. purposes ancillary or relating thereto.

3.2. In the course of performing our duties, the Group may, as permitted by law, match, compare, transfer or exchange any personal data provided by the Client with data held, or hereafter obtained, for these or any other purposes by the Group, government bodies, other regulatory authorities, corporations, organizations or individuals in Hong Kong or overseas for the purpose of verifying those data.

#### **13. RIGHTS OF ACCESS AND CORRECTION**

Under and in accordance with the terms of the Personal Data (Privacy) Ordinance any individual :

- i. has the right to check whether the Group holds data about him/her and the right of access to such data;
- ii. has the right to require the Group to correct any data relating to him/her which is inaccurate; and
- iii. has the right to ascertain the Group's policies and practices in relation to data and to be informed of the kind of personal data held by the Group.

#### **14. NOTICE OF CONTACT PERSON TO REQUEST ACCESS OR CORRECTION**

The person to whom requests for access to data or correction of data or for information regarding policies and practices and kinds of data held are to be addressed is as follows :-

The Compliance Officer

**Zheshang International Financial Holdings Co., Limited**

Rm 4405, 44/F, Hopewell Centre, 183 Queen's Road East,

Wan Chai, HK

Email: info@cnzsqh.hk

The Broker may charge a reasonable fee for processing any data access request.

## Schedule 4

## China Connect Terms and Conditions

This Schedule governs the trading of the Broker via China Connect. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Broker, as they may be amended from time to time. It forms an integral part of the Agreement.

### 1. Definitions

1.1. In this Schedule, the following expressions, unless the context requires otherwise, shall have the following meanings:

“A Shares”	means any securities issued by companies incorporated in Mainland China which are listed and admitted to trading on the stock exchanges of Mainland China (including SSE and SZSE) and not on SEHK.
“Affiliate”	means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.
“Cash”	means all cash or cash equivalents in Renminbi received and held by us on the terms of these China Connect Terms.
“China Connect”	means Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such other securities trading and clearing links program developed or to be developed between SEHK and a trading platform in Mainland China, as applicable.
“China Connect Authorities”	means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Connect and activities relating to China Connect, including without limitation, SEHK, HKSCC, an SEHK Subsidiary, ChinaClear, a China Connect Market Operator, the CSRC, PBOC, SAFE, SFC and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect.
“China Connect Laws”	means the laws, regulations, rules and guidelines promulgated by any China Connect Authority from time to time in respect of China Connect or any activities arising from China Connect, including without limitation, the China Connect Rules.
“China Connect Market”	means the SSE or SZSE, as applicable.
“China Connect Market Operator”	means the SSE or SZSE, as applicable.
“China Connect Market System”	means the system used for the trading of China Connect Securities on a China Connect Market, as operated by the relevant China Connect Market Operator.
“China Connect Rules”	means any rules, policies or guidelines published or applied by any China Connect Authority from time to time in respect of China Connect or any activities arising from China Connect.
“China Connect Securities”	means any securities listed on a China Connect Market which may be eligible for trading by Hong Kong and international investors through China Connect.
“China Connect Service”	means the order-routing service through which Northbound orders placed by an Exchange Participant may be transmitted by an SEHK Subsidiary to a China Connect Market for the buying and selling of China Connect Securities and any related supporting services.
“China Connect Terms”	means this Schedule, as may be amended, supplemented, modified or varied from time to time.
“ChiNext Shares”	means any A Shares accepted for listing and admitted to trading on the ChiNext market operated by the SZSE from time to time.
“Circuit Breaker”	means any measures that may be imposed or activated by a China Connect Market Operator on the relevant China Connect Market in accordance with the Circuit Breaker Provisions.
“Circuit Breaker Provisions”	means the relevant provisions in the Operator Rules under which Circuit Breaker may be imposed for the purpose of, among others, minimizing or averting substantial upward or downward price movements of securities traded on the relevant China Connect Market, including all related provisions on the application and lifting of the Circuit Breaker.
“Clause”	unless otherwise stated, means a clause in these China Connect Terms.
“Clearing Participant”	has the meaning given to such term in the rules of CCASS.
“CSC”	means the China Stock Connect System for receiving and routing orders under Stock Connect to the trading system on a China Connect Market for automatic matching and execution.
“CSDCC” or “ChinaClear”	means China Securities Depository and Clearing Corporation Limited.
“CSRC”	means China Securities Regulatory Commission.
“Exchange Participant”	means a China Connect Exchange Participant as defined in the SEHK Rules.
“H Shares”	means any securities issued by companies incorporated in Mainland China and listed on the SEHK.
“Institutional Professional Investor”	means any person falling under paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO.
“List of Eligible SSE Securities for Short Selling”	means the list published by the SEHK from time to time setting out the China Connect Securities listed on the SSE that are eligible for Short Selling.
“List of Eligible SZSE Securities for Short Selling”	means the list published by the SEHK from time to time setting out the China Connect Securities listed on the SZSE that are eligible for Short Selling.
“Mainland China”	means the PRC (excluding Hong Kong, Macau and Taiwan).
“Mainland China Resident”	means a person who is a citizen of the PRC and does not have permanent right of abode in a jurisdiction outside Mainland China.
“Northbound”	denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.

“Operator China Connect Rules”	means the SSE China Connect Rules or the SZSE China Connect Rules, as applicable.
“Operator Rules”	means the SSE Rules or the SZSE Rules, as applicable.
“PBOC”	means the People’s Bank of China.
“Pre-Trade Checking”	means the requirement under the China Connect Laws pursuant to which the relevant China Connect Market Operator may reject a sell order if an investor does not have sufficient and available China Connect Securities in its account.
“Related Person”	means any of our Affiliates, or any director, officer, employee or agent of us or our Affiliates.
“SEHK Rules”	means the rules of HKEx, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.
“SEHK Subsidiary”	means a wholly-owned subsidiary of SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in Mainland China to provide the order-routing service under China Connect.
“Shanghai-Hong Kong Stock Connect”	means the securities trading and clearing links programme developed by SEHK, SSE, HKSCC and CSDCC for the establishment of mutual market access between SEHK and SSE.
“Shenzhen-Hong Kong Stock Connect”	means the securities trading and clearing links programme developed by SEHK, SZSE, HKSCC and CSDCC for the establishment of mutual market access between SEHK and the SZSE.
“Special China Connect Securities”	means any securities listed on a China Connect Market which SEHK (after consulting with the relevant China Connect Market Operator) from time to time accepts or designates as eligible only for China Connect sell orders and not China Connect buy orders.
“SSE”	means the Shanghai Stock Exchange.
“SSE China Connect Rules”	means the rules and regulations on Shanghai-Hong Kong Stock Connect which have been published by SSE for the purpose of implementing Shanghai-Hong Kong Stock Connect, as amended, supplemented, modified and/or varied from time to time.
“SSE Rules”	means the SSE China Connect Rules and the business and trading rules and regulations of the SSE, as amended, supplemented, modified and/or varied from time to time.
“SZSE”	means the Shenzhen Stock Exchange.
“SZSE China Connect Rules”	means the rules and regulations on Shenzhen-Hong Kong Stock Connect which have been published by SZSE for the purpose of implementing Shenzhen-Hong Kong Stock Connect, as amended, supplemented, modified and/or varied from time to time.
“SZSE Rules”	means the SZSE China Connect Rules and the business and trading rules and regulations of the SZSE, as amended, supplemented, modified and/or varied from time to time.
“Taxes”	means all retrospective, present or future taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) China Connect Securities or Cash, (ii) any transaction effected under these China Connect Terms or (iii) you.
“Trading Day”	means a day on which SEHK is open for Northbound trading, where “T day” denotes the Trading Day on which a transaction is executed and “T+1 day” denotes the day which is one Trading Day, or in the context of the settlement of funds, one business day (on which banks in Hong Kong and Shanghai are generally open for business) after T day.

## 2. **Eligible Investors**

- 2.1. Eligible Investors: You represent and undertake on a continuing basis, including without limitation on the first date that these China Connect Terms are effective and on each date that you place an order or give an Instruction in respect of China Connect Securities under these China Connect Terms, that:
- (a) you are not a Mainland China Resident or an entity incorporated or registered under the laws of Mainland China, (ii) if you are a Mainland China Resident, you are using funds lawfully owned by you and located outside Mainland China to make investments in China Connect Securities or (iii) if you are an entity incorporated or registered under the laws of Mainland China, your investment in China Connect Securities has been conducted pursuant to any program (including the Qualified Domestic Institutional Investor Program, if applicable) approved by, or any other approval of, any competent Mainland China regulator; and
  - (b) your investment in China Connect Securities does not violate the laws and regulations of Mainland China, including those in relation to foreign exchange control and reporting; and
  - (c) unless you are an Institutional Professional Investor and such status has been confirmed by us, you will not place any order with us or give us any instruction to buy or sell ChiNext Shares under China Connect (other than Special China Connect Securities which are eligible for sell orders only).

## 3. **Definitions**

- 3.1. Day Trading and Naked Short Selling: Day trading and naked short selling are not allowed.
- 3.2. No OTC: All trading must be conducted on SSE and SZSE, i.e. no over-the-counter (OTC) or manual trades are allowed.
- 3.3. Institutional Professional Investors: SZSE ChiNext stocks will be limited to Institutional Professional Investors.

## 4. **Compliance with China Connect Laws**

- 4.1. Compliance: Any trading in China Connect Securities must comply with all China Connect Laws and relevant rules.
- 4.2. No advice: You shall be fully responsible for understanding and complying with all China Connect Laws (including but not limited to laws and regulations on short-term trading profits and disclosure obligations) and for any consequences of Northbound trading. We will not, and do not intend to, advise you on any China Connect Laws. For further information, please refer to the web pages on the HKEx website and the SFC website relating to China Connect from time to time and other relevant sources.
- 4.3. Further Requirements: We shall have the right to apply any procedures or requirements in respect of any trading of China Connect Securities through China Connect which we determine in our absolute discretion to be necessary or desirable for the purpose of any China Connect Laws or market practice. Neither we nor any Related Person shall have any liability for any losses or risks

which may result directly or indirectly from such procedures or requirements.

- 4.4. Discretion to Refuse: We may, in our absolute discretion, refuse to execute any instruction given by you, if (for example, and without limitation):
- (a) such instruction is not compliant with any China Connect Laws or if we reasonably believe that such instruction may not be compliant with any China Connect Laws or if we are required by SEHK not to accept such instruction;
  - (b) without prejudice to your obligations in Clause 8, in respect of any instruction to make a Northbound sell order, we determine in our absolute discretion that you do not have sufficient securities at the time of such order instruction to settle the delivery obligation or if submission of the order would cause us to be in breach of the Pre-Trade Checking requirements or related requirements under the China Connect Laws;
  - (c) in respect of any instruction to make a Northbound buy order, we determine in our absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day; or
  - (d) You do not satisfy the relevant eligibility requirements as set out in Clause 3. Neither we nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such refusal.
- 4.5. Change of Professional Investor Status: With respect to Clause 4.4(d) and the eligibility requirements as set out in Clause 3, if we determine in our sole and absolute discretion that you are not an Institutional Professional Investor since a certain date (“Determination Date”), you agree to unwind any positions of ChiNext Shares acquired by you through us since the Determination Date as soon as possible after our notification to you in relation to your change of Professional Investor categorization status.
- 4.6. Absolute Discretion: Without limitation to the foregoing, we may in our absolute discretion suspend, terminate or limit your ability to access the China Connect through us without advance notice to you, including but not limited to where requested or directed by a China Connect Authority.

## **5. Risk Disclosures and Acknowledgement**

You shall be deemed to acknowledge the following by instructing us in respect of any transaction relating to China Connect Securities.

- 5.1. Risk Disclosure Statements: You acknowledge that you have read and understood the risk disclosures, the obligations and other information set out in Schedule 2.
- 5.2. Prohibition: You acknowledge that there is a risk of prohibition from trading China Connect Securities and that your instructions to trade China Connect Securities may not be accepted.
- 5.3. Limitation of Liability: You acknowledge that neither we nor any Related Person shall be liable for any loss, liability or third party claim or demand that you may suffer directly or indirectly as a result of any action or inaction by us or any Related Person in connection with the provision of trading services in respect of China Connect Securities to you by us.
- 5.4. SEHK's Discretion: You acknowledge that SEHK has the power not to extend the China Connect Service to you, and the power to require us not to accept instructions from you, if it is found that you, we or any of our clients have or may have committed any abnormal trading conduct set out in the Operator Rules or failed to comply with any China Connect Rules.
- 5.5. Breach: You acknowledge that if the Operator Rules are breached, or the disclosure and other obligations referred to in any China Connect Laws are breached, (i) the relevant China Connect Market Operator has the power to carry out investigations, and may, through SEHK (or through the relevant SEHK Subsidiary, or any other governmental or regulatory body), require us or a Related Person to (a) provide relevant information and materials relating to you including, without limitation, in relation to your identity, personal data and trading activity; and (b) to assist in a China Connect Authority's investigation in relation to you and/or your trading activity; and (ii) you may be subject to regulatory investigations and legal and regulatory consequences if you are in breach of, or fail to comply with, such laws, rules and regulations.
- 5.6. Investigations: You acknowledge that SEHK may (for the purpose of assisting a China Connect Market Operator in its regulatory surveillance of the relevant China Connect Market and enforcement of the relevant Operator China Connect Rules and as part of the regulatory cooperation arrangement between SEHK, the relevant SEHK Subsidiary and the relevant China Connect Market Operator), at the request of the relevant China Connect Market Operator, require us to provide information (including, without limitation, in relation to your identity, personal data and trading activity) in relation to you and any other persons referred to in the SEHK Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by us on your or their behalf. SEHK may on-forward to SSE or SZSE for surveillance and investigation purposes.
- 5.7. Serious Breach: You acknowledge that where a China Connect Authority considers that there is a serious breach of any Operator Rules, we may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to you; and (b) cease providing you with any service relating to trading China Connect Securities through China Connect.
- 5.8. No Concurrent Sell and Buy Orders: You acknowledge that, prior to us informing you that a Northbound buy order instructed by you has been settled, you shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order.
- 5.9. Provision of Information: You acknowledge and consent to us and/or any Related Person providing information relating to you and your profile, including the type and value of Northbound buy and sell orders and transactions executed on your behalf to a China Connect Authority at such intervals and in such form as such China Connect Authority may specify from time to time including in relation to an enquiry, investigation or surveillance by a China Connect Authority.
- 5.10. Fees etc.: You acknowledge and accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required under any China Connect Authority or China Connect Laws relating to any China Connect Securities.
- 5.11. Record Keeping: You acknowledge and accept that we will be subject to recordkeeping requirements under the China Connect Rules and may therefore retain records (including telephone and electronic communications and account information) in relation to your Northbound orders and trading for 20 years or as otherwise required under the China Connect Laws.
- 5.12. Rejection: You acknowledge and accept that SEHK may upon a request by a China Connect Market Operator requires us to reject any order made on your behalf.
- 5.13. China Connect Authorities' Liability: You acknowledge and accept that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by us or any Related Person, you or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities, or (ii) any amendments, making or enforcement of the China Connect Rules; or (iii) any action taken by a China Connect Authority in discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities); and

5.14. Circuit Breaker: You acknowledge and accept that the imposition of a Circuit Breaker by a China Connect Market Operator on any Trading Day of the relevant China Connect Market will result in suspension of trade execution on the relevant China Connect Market and the risks associated with such imposition of Circuit Breaker.

## **6. Representations**

6.1. Continuing: You make the representations set out in this Clause to us on a continuing basis:

- (a) that you are aware of and shall comply with all China Connect Laws and other Applicable Regulations to which you may be subject;
- (b) that the execution of any Instruction you give to us shall not result in any breach of any China Connect Laws; and
- (c) that you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect.

6.2. Placing an Order: You make the following representations to us on each date you instruct an order to sell China Connect Securities:

- (a) that you do not know of any fact that might impair the validity of such China Connect Securities and that you have full authority to receive, deal with and give Instructions, authorisations or declarations in respect of the same;
- (b) that there is no adverse claim to such China Connect Securities; and
- (c) that there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the SEHK rules or CCASS rules.

## **7. Order Handling**

7.1. Aggregation: We may aggregate your northbound orders with the northbound orders of any other Client or of its Affiliates when we process such orders. This may sometimes operate to your disadvantage and, because of the quota restrictions described in Schedule 2, may result in your order only being partially executed or not at all.

7.2. Fair and Equal Opening: All client orders and transactions to be undertaken for clients ("Client Orders") which are for submission to the applicable open auction or start of continuous trading session (the "Opening") shall be handled by us in a way that seeks to ensure that all such Client Orders have a fair and equal opportunity to participate in the Opening. We will regard all such Client Orders as having been received by us only at the point at which our system submits Client Orders into the applicable opening auction or start of continuous trading session.

7.3. Sufficient Shares: You acknowledge and agree that you must ensure you have sufficient shares in your Account when placing sell orders. If the shares are kept in an account opened with another Exchange Participant or a custodian, investors must first transfer the shares to an Account with the Broker on T-1 in order to sell their shares on T day.

7.4. Cancellation: We have the right to cancel the client's orders in case of contingency such as hoisting of Typhoon Signal No 8 in Hong Kong.

## **8. Compliance with Pre-Trade Checking Requirements**

8.1. Compliance: You undertake that you will comply with any requirements relating to Pre-Trade Checking mandated by the China Connect Authorities or as notified to you by us.

8.2. Sufficient China Connect Securities: In addition, you undertake to ensure there are sufficient and available China Connect Securities in your Account by the applicable cut-off time (including any pre-trade cut-off time, as notified to you by us from time to time) to cover any proposed sell order given on the relevant Trading Day.

8.3. Non-Compliance: If you fail to comply with this Clause, then we may:

- (a) reject your sell order (in whole or in part); and/or
- (b) perform any other act which we consider necessary or desirable to comply with Pre-Trade Checking and/or relevant China Connect Laws and to cover your shortfall (including but not limited to applying any other China Connect Securities available to us from other sources).

## **9. Settlement and Currency Conversion**

9.1. Conversion: As all Northbound trading is effected and settled in Renminbi, if we do not receive sufficient Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and you may not acquire title to, or become entitled to sell or transfer the relevant China Connect Securities. Where we hold any funds on your behalf, if there are insufficient Renminbi funds to settle any Northbound buy order or other payment obligation in connection with China Connect, then, you authorise us to convert any funds in any other currency which we holds on your behalf into Renminbi for the purposes of settlement thereof.

9.2. Automatic Conversion: Notwithstanding any other provisions of the Agreement, where it is necessary to convert one currency to another pursuant to these China Connect Terms, such conversion may be carried out automatically by us in a commercially reasonable manner without prior notice to you. Any risk, loss or cost (including fees, charges and/or commissions) in connection with or resulting from any conversion of one currency into another currency pursuant to these China Connect Terms shall be borne by you.

9.3. Further Action: You agree that in the event that you fail to settle in a timely manner any payment obligation in relation to an instruction to purchase China Connect Securities, we have the right to immediately and without prior notice to you take such action as we consider appropriate to reduce or eliminate any loss or liability that we suffer or may suffer (including but not limited to taking any steps to sell, realize, dispose of or otherwise deal with the relevant China Connect Securities) and that you shall indemnify and hold us harmless for any liabilities, expenses or other losses we may incur in exercising the foregoing right. You further agree that we shall have no liability to you for any loss, diminution in value or other damages whatsoever for any action or inaction of us or our agents pursuant to this Clause.

9.4. Insufficient Liquidity of RMB: Notwithstanding any other provisions of the Agreement, where we determine that there is insufficient liquidity in RMB to settle any buy orders, we may, in our sole and absolute discretion, reject your instructions to place such buy order.

9.5. Contingency: We may not be able to send in the Client's order cancellation requests in case of contingency such as when SEHK loses all its communication lines with SSE, etc. and the client should still bear the settlement obligations if the orders are matched and executed.

## **10. Sale, Transfer and Disgorgement**

- 10.1. **Forced-sale:** Where, under the terms of the China Connect Rules, we receive notice (a “Forced-sale Notice”) from a China Connect Authority requiring us to sell and liquidate a specified number of China Connect Securities, we shall be entitled to issue a corresponding notice (a “Client Forced-sale Notice”) to you requesting you to sell and liquidate any number of such China Connect Securities that you hold in your account with us (as determined by us in our sole discretion) within the period specified by the relevant China Connect Authority, and you undertake to comply with any such Client Forced-sale Notice.
- 10.2. **Discretion pursuant to Forced-sale Notice:** In relation to any Forced-sale Notice, you authorise us to sell or arrange for the sale of such China Connect Securities on your behalf at such price and on such terms as we may determine in our absolute discretion if you fail to comply in a timely manner with a Client Forced-sale Notice, to the extent necessary to comply with all China Connect Laws.
- 10.3. **Recipient Agent:** Where China Connect Securities owned by you that are the subject of a Client Forced-sale Notice have been transferred from the holding of the Clearing Participant that settled the relevant Northbound buy order (the “Original CP”) to another Clearing Participant or custodian (the “Recipient Agent”), you authorize us to provide instructions to the Recipient Agent on your behalf to return the relevant China Connect Securities to the Original CP for sale and liquidation in accordance with all China Connect Laws. You also undertake to inform the Recipient Agent of such authorization and, where required, you undertake to instruct the Recipient Agent to act accordingly.
- 10.4. **Disgorgement:** You authorize us to sell or arrange for the sale of any amount of China Connect Securities owned by you if we receive notice from any China Connect Authority requiring you to disgorge any profits as a result of the “short swing profit rule”.
- 10.5. **Further Action:** In addition to the above, you authorize us to sell, transfer or carry out any other action in relation to China Connect Securities owned by you if we are instructed to do so by any China Connect Authority or if we otherwise determine in our absolute discretion that it is necessary or desirable to do so in order to comply with any China Connect Laws.
- 10.6. **No Liability:** Neither we shall nor any Related Person have any liability for any losses or risks which may result directly or indirectly from any actions taken by us or a Related Person in respect of this Clause.

## **11. Custody**

- 11.1. **Applicability:** This Clause 11 is only applicable when you have delivered to us the China Connect Securities in relation to Pre-Trade Checking under the China Connect Laws.
- 11.2. **Nature of custodial services:** You acknowledge that:
  - (a) the primary or only reason that we are offering you custodial services is in relation to Pre-Trade Checking under the China Connect Laws, and that the provision of custodial services is not part of our normal business activities. Accordingly, any custodial services offered by us are limited in their nature. The provisions in this Clause 11 are without prejudice to any agreements you may have with us or our affiliates providing you with custodial services;
  - (b) we conduct business in China Connect Securities for other clients and for our own account; and
  - (c) you shall be solely responsible for all filings, tax returns and reports of any transaction in respect of or relating to China Connect Securities held under this Clause 11, as may be required by any relevant authority, whether government or otherwise.
- 11.3. **Establishment of custody account:** You authorize us to establish on our books a custody account or accounts (the “Custody Account”) for the receipt, safekeeping and maintenance of China Connect Securities. We will determine in our reasonable discretion whether to accept in the Custody Account any proposed delivery of China Connect Securities.
- 11.4. **Custodial procedures**
  - (a) We will be under no obligation to credit China Connect Securities to the Custody Account before our receipt of such China Connect Securities by final settlement.
  - (b) If we receive one or more Instructions to deliver from the Custody Account an amount of China Connect Securities exceeding those credited to the Custody Account, we may reject any such Instruction or elect to perform any Instruction in whole or in part, and in any order.
  - (c) You acknowledge that deliveries of China Connect Securities and payments therefor may not be simultaneous. Accordingly, if we receive an Instruction to deliver China Connect Securities against payment or to pay for China Connect Securities against delivery, we may make or accept payment for or delivery of China Connect Securities in accordance with relevant market practices and/or rules and/or Application Regulations.
  - (d) We shall make payment for and/or receive or deliver China Connect Securities only upon receipt of and in accordance with specific Instructions (except as otherwise specifically provided in these China Connect Terms).
  - (e) Unless we have received and accepted a contrary Instruction, we may carry out the following without any Instruction:
    - (i) in your name or on your behalf, sign any document relating to China Connect Securities which may be required (i) to obtain receipt of any China Connect Securities or funds or (ii) by any tax or regulatory authority; and
    - (ii) collect and/or receive and/or take other necessary or appropriate action in relation to any payment or distribution in respect of China Connect Securities (whether pursuant to a stock dividend, bonus issue, share sub-division or reorganization, capitalization of reserves or otherwise).
  - (f) You acknowledge that we may re-deliver to you or to your usual custodian, at such time as we may determine in our absolute discretion, any China Connect Securities which have not been utilized by us in the settlement of any Transaction on your behalf. You acknowledge that we may, within one trading day of receipt, deliver or pay to you or your usual custodian or bank (net of any fees or other expenses payable by you to us) any distribution or payment received by us in respect of China Connect Securities for your account. You will promptly on our request, give such authorizations or instructions (to us and/or your usual custodian and/or any other person) as we may require to pre-authorize any such re-delivery or payment.
  - (g) In circumstances where we have not, after using reasonable endeavours, been able to (a) re-deliver to you or to your usual custodian any such China Connect Securities, or (b) deliver or pay to you or your usual custodian or bank any such distribution or payment, including, for example, and without limitation, where (a) you fail to provide such Instructions upon our reasonable request and/or (b) your usual custodian refuses to accept any such delivery of China Connect Securities or payment, you authorize us in our absolute discretion to sell, liquidate or otherwise dispose of the relevant China Connect Securities and to transfer the sale, liquidation and /or disposal proceeds and/or any distribution or payment to your usual bank account or, if there is no bank account, to an account established for you by us with a third party bank selected by us in our absolute discretion pending instructions for payment to your preferred account.

- (h) We shall have no obligation whatsoever to collect or receive or take any other action (including attending any general meeting and/or exercising any voting rights) in relation to any payment or distribution in respect of China Connect Securities for your account or to notify you of the existence of or the terms of any notice, circular, report, announcement or similar corporate action in respect of China Connect Securities. You acknowledge that in certain circumstances, including, without limitation, as a result of any China Connect Laws, it may be difficult, impracticable or impermissible for HKSCC or its nominee (and for us or you) to exercise any rights or entitlements or to participate in any actions, transactions or other matters in respect of China Connect Securities. If we make any such collection or receipt, take any such action or give you any such notification or take any action pursuant to any such notification, we shall not have : (i) any liability in respect of any inaccuracies or delays; and(ii) any obligation to continue or repeat any such action.
- 11.5. Pooling/sub-custodians/clearance systems
- (a) We may pool China Connect Securities and treat them as fungible with the same China Connect Securities of other clients. We may at any time allocate equivalent China Connect Securities to you and shall not be bound to return to you the original China Connect Securities delivered to us.
- (b) We may deposit China Connect Securities with any sub-custodian or with any clearance system as required by law, regulation or market practice, and are not responsible for performance by or monitoring of any sub-custodian or by any clearance system or its practices. In addition, we shall not be liable for any act or omission by, or the insolvency of, any clearance system. In the event you incur a loss due to the negligence, wilful default, or insolvency of any clearance system, we will make reasonable endeavours, in our discretion, to seek recovery from the relevant clearance system, but we will not be under any obligation to institute legal proceedings, file any proof of claim in any insolvency proceeding, or take any similar action.
- 11.6. Confirmations by you
- (a) You confirm that during the subsistence of these China Connect Terms:
- (i) you have authority to deposit and hold China Connect Securities in the Custody Account and there is no claim or encumbrance that will or may adversely affect any delivery of China Connect Securities; and
- (ii) if you act as an agent for any of your own clients, whether or not expressly identified to us at any time, no such client shall be or be considered a client or indirect client of us, and your obligations under these China Connect Terms are as principal.
- (b) You will, promptly on our request, execute such documents and do such acts and things as we may require in order to perform our obligations under these China Connect Terms or otherwise to comply with the China Connect Laws.
- 11.7. Custodial duties and liabilities
- (a) We shall have only those duties expressly provided in these China Connect Terms. We shall have no fiduciary duties or other implied duties or obligations whatsoever.
- (b) The performance by us of our duties is subject to:
- (c) In respect of any custodial services described in this Clause 11:
- (i) we will not be liable for any loss or damage suffered by you unless such loss or damage results from our gross negligence, wilful misconduct or fraud;
- (ii) we shall not be liable for consequential loss or damage (including, without limitation, lost profits) in any circumstances, whether or not foreseeable and regardless of the type of action in which such a claim may be brought, with respect to the Custody Account or our services hereunder; and
- (iii) in the case of gross negligence or wilful misconduct our liability shall not exceed the replacement cost or the market value of the relevant China Connect Securities at the relevant time (whichever is lower).
- (d) We may establish cut-off times for receipt of instructions. If we receive an Instruction after an established cut-off time, we may regard the Instruction as having been received on the following Trading Day and act on it accordingly.
- 11.8. Interest: No interest will be payable on your Custody Account.

## **12. Client information**

- 12.1. Retention of records: If you instruct us to effect a Northbound transaction in China Connect Securities on behalf of your client (a “Client Transaction”), you shall retain for a period of not less than 20 years (or such other period as we may instruct you in accordance with China Connect Laws or China Connect Rules) records of any client instructions and account information in relation to the Client Transaction (such records the “Client Information”).
- 12.2. Your client acting as intermediary: If you instruct us to effect a Client Transaction and you are aware that your client is acting as an intermediary (either directly or indirectly through other intermediaries) for another person who is the beneficial owner of the Client Transaction, you undertake and confirm that you have arrangements in place:
- (a) requiring your client to retain or procure the retention of the Client Information in relation to the beneficial owner of the Client Transaction for the period specified in Clause 12.1; and
- (b) which entitle you to obtain and disclose the Client Information in relation to the beneficial owner upon request and within the required time limit specified by us, or procure that it be so obtained and disclosed.
- 12.3. Disclosure of information to China Connect Authority: If we receive an enquiry from any China Connect Authority in relation to a Client Transaction, you shall, upon request and within the time limit specified by us, disclose to us or to the relevant China Connect Authority the Client Information, or procure such disclosure, in relation to the beneficial owner of the Client Transaction.
- 12.4. **5% Rule:** According to the Law of the PRC on Securities, when an investor holds or controls up to 5% of the issued shares of a Mainland listed company, the investor is required to report in writing to the CSRC and the relevant exchange, and inform the listed company within three working days. The investor is not allowed to continue purchasing or selling shares in that listed company during the three days. For such investor, every time when a change in his shareholding reaches 5%, he is required to make disclosure (in the same manner as mentioned above) within three working days. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not buy or sell the shares in the relevant Mainland listed company. If a change in shareholding of the investor is less than 5% but results in the shares held or controlled by him falling below 5% of the relevant Mainland listed company, the investor is required to disclose the information within three working days. If you have any questions about disclosure obligations, please seek professional advice. The Broker is not responsible for your disclosure obligations.

### **13. Indemnity**

In addition and without prejudice to any of our rights under other sections of the Agreement, you will indemnify us and any Related Persons (together, the “Indemnified Parties”) on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from us or any Related Persons providing any services to you in respect of your trading or investment in China Connect Securities, including, without limitation, to (a) any Taxes resulting from any trading or holding of China Connect Securities in relation to China Connect, (b) the materialization of any risk referred to in Schedule 2, (c) any legal costs which any of the Indemnified Parties may incur in connection with any instruction given by you, (d) any fees or expenses payable to any clearance systems arising from the holding of China Connect Securities or (e) any costs incurred in connection with Clause 10.

### **14. Fees and Taxation**

- 14.1. Fees: You will pay fees, charges and expenses in respect of these China Connect Terms in accordance with our fee scale from time to time in force.
- 14.2. Taxes: You shall be responsible for paying all Taxes, and you shall be required to comply with any filing or registration obligations, in each case as may be required under any China Connect Laws relating to any China Connect Securities and any dividends or entitlements in respect of such China Connect Securities.
- 14.3. Further Information: In the event we are required under China Connect Laws or China Connect Rules to pay any Taxes, we may notify you whenever necessary and request that you provide us with relevant information as we made deem necessary to fulfil our obligations. You must provide to us, promptly on such request, such information and documents such as but not limited to costs of your purchase of the China Connect Securities, your and/or any underlying beneficial owner’s tax status or residence. We may withhold or deduct relevant Taxes from any amount due to you and you will remain liable for any shortfall.
- 14.4. Non-Receipt of Information: In the event we do not receive any requested information from you within a reasonable period of time to fulfil our obligations, we shall be forthwith entitled in our absolute discretion, without further notice or demand to you, to satisfy any obligation of us or you to pay or account for any amounts in respect of any Taxes by selling, realizing or otherwise dealing with, in such manner as we in our absolute discretion may determine, all or part of any property held by us for any purpose in any of your accounts held with us, and to apply the proceeds in reduction of all or part of your liability to any tax authority or us.
- 14.5. Accuracy: We shall have no responsibility to verify the accuracy of the information provided by you and is entitled to rely on such information to fulfil our obligations.
- 14.6. Tax Relief: We shall have no liability whatsoever for the lack of any tax relief, or any failure to obtain the benefit of any tax credit.

### **15. Liability**

Notwithstanding any other provision in these China Connect Terms, neither we nor any Related Person shall be responsible for or have any liability to you for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of our or a Related Person’s fraud, wilful default or gross negligence.

### **16. Termination**

Without limiting any other rights we may have, these China Connect Terms may be terminated by either party upon not less than 30 days’ written notice to the other or automatically upon termination of the Agreement. Clauses 4, 5, 10, 13, 15 and 17.3 shall survive termination of these China Connect Terms. On the termination of these China Connect Terms, we shall deliver China Connect Securities and cash in accordance with your Instructions. If you fail to give Instructions, we shall continue to hold China Connect Securities and/or cash for such fee(s) as we may in our sole discretion determine. We shall in any event be entitled to retain such China Connect Securities and/or cash as we may in our sole discretion determine in order to complete any Transaction required to be settled on your behalf.

### **17. Definitions**

- 17.1. Further Assurance: You will execute any further documents and provide any materials and/or information as we may reasonably request to enable us to perform our duties and obligations under these China Connect Terms which it deems necessary as and when the China Connect Laws are amended or supplemented from time to time.
- 17.2. Information Request: You will provide all information (including translations into Chinese, if required) to us which we request if such information is requested by any China Connect Authority or any exchange, regulatory authority or any organization (whether within or outside Hong Kong) with which HKEx or SEHK has entered into an information sharing arrangement or agreement. You acknowledge that, your failure to comply with this provision may, amongst other things, result in a suspension of the provision of the China Connect Service to you.
- 17.3. Amendment: We reserve the right to vary any of the terms of these China Connect Terms by written notice to you in accordance with Clause 20 of the Agreement.

### **18. Definitions**

Clause 25 of the Agreement shall apply to these China Connect Terms mutatis mutandis.

### **19. Definitions**

- 19.1. BCAN/CID: You acknowledge and agree that in providing Zhesang International Financial Holdings Co., Limited Stock Connect Northbound Trading Services (“Stock Connect Northbound Trading Services”) to you, we will be required to:
  - (a) tag each of your orders submitted to the CSC with Broker-to-Client Assigned Number (“BCAN”) that is unique to you (where your Account is not a joint account) or the BCAN that is assigned to your joint account, as the case may be; and
  - (b) provide to SEHK your assigned BCAN and such identification information (“CID”) relating to you as the SEHK may request from time to time.
- 19.2. Personal Data: Notwithstanding anything to the contrary, you acknowledge and agree that the Broker may collect, store, use, disclose and transfer personal data relating to you as follows:
  - (a) to disclose and transfer your BCAN and CID to SEHK and the relevant SEHK Subsidiaries from time to time, including by indicating your 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 SEHK and the relevant SEHK Subsidiaries to:
    - (i) collect, use and store your 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, by any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the Rules of the SEHK;
    - (ii) transfer such information to 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 paragraphs (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 your 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 SEHK and the relevant SEHK Subsidiary;
    - (ii) use your 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:
- 19.3. Personal Data for Compliance with SEHK's Requirements: By instructing the Broker in respect of any Transaction relating to China Connect Securities, you acknowledge and agree that the Broker may use your personal data for the purposes of complying with the requirements of the SEHK and its rules as in force from time to time in connection with the Stock Connect Northbound Trading Services. You also acknowledge that despite any subsequent purported withdrawal of consent by you, your personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.
- 19.4. Consequences of failing to provide Personal Data or Consent: Failure to provide the Broker with your personal data or consent as described in this Clause 19 may mean that the Broker will not, or no longer be able, as the case may be, to carry out your trading Instructions or provide you with the Broker's Stock Connect Northbound Trading Services.