



**Minerva Securities Limited**  
**贏證券有限公司**

Minerva Securities Limited

**Margin Client's Agreement**  
**保證金客戶協議書**  
**( “Agreement” )**

**(English Version)**

(Licensed with the Securities and Futures Commission as a licensed corporation) (CE No. AFE798)  
for dealing in securities under Type 1 of Part 1 in Schedule 5 to the Securities and Futures  
Ordinance and an exchange participant of The Stock Exchange of Hong Kong Limited.)

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## **Notice to Clients relating to the Personal Data (Privacy) Ordinance (the “Ordinance”)**

### **Reasons for the collection of personal data**

From time to time, it is necessary for clients to supply Minerva Securities Limited (“MS”) with data in connection with the opening or continuation of accounts and the establishment or continuation of provision of stock broking services.

Failure to supply such data may result in MS being unable to open or continue accounts or continue provide stock broking services.

It is also the case that data are collected from clients in the ordinary course of the continuation of servicing relationship, for example, when clients withdraw cheques or physical share certificates.

### **Purposes**

The purposes for which data relating to a client may be used are as follows:

- the daily operation of the services provided to clients;
- conducting credit checks;
- assisting other financial institutions to conduct credit checks and collect debts;
- ensuring ongoing credit worthiness of clients;
- designing products and services for client’s use;
- marketing financial services or related products;
- determining the amount of indebtedness owed to or by client from time to time, as well as security therefor;
- collecting amounts outstanding from client and those providing security for client’s obligations;
- meeting any obligations, requirements or arrangements, whether compulsory or voluntary, of MS or any of its Group Companies, to comply with or in connection with:
  - (i) any law, regulation, judgement, court order, code (whether regulatory, industry or voluntary), sanctions regime, whether within or outside Hong Kong existing currently and/or in the future;
  - (ii) any guidelines, guidance or requests given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers, whether within or outside Hong Kong, and whether existing currently or in the future, and any international guidance, internal policies or procedures; and
  - (iii) any present or future contractual or other commitment with local or foreign legal, regulatory, judicial, administrative, public or law enforcement body, or governmental, tax, revenue, monetary, securities or futures exchange, court or other authorities, or self-regulatory or industry bodies or associations of financial service providers or any of their agents with jurisdiction over all or any part of MS or any of its Group Companies that is assumed by, imposed on or applicable to MS or any of its Group Companies;
- any other purpose relating to the execution of the client’s instructions, administration or handling of the client’s account and/or matters relevant thereto, or in connection with the business or dealings of MS.

### **Transfer of personal data**

Data held by MS relating to a client will be kept confidential but MS may provide such information to the following parties for the purposes set out in the above paragraph:

- any agent, or third party service provider who provides securities clearing or other services to MS in connection with the operation of its business;
- any other person under a duty of confidentiality to MS including a group company of MS which had undertaken to keep such information confidential;
- credit reference agencies, and in the event of default, to debt collection agencies;
- any person to whom MS is under an obligation to make disclosure under the requirements of any law or regulation binding on MS; and
- any actual or proposed assignee of any rights and obligations of MS or any of its Group Companies in relation to the client.

MS may transfer or use any client's data within or outside Hong Kong in order to comply with any current or future obligations, commitments, arrangements or obligations according to local or foreign laws, regulations, judgments or court orders, including those that relate to money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, sanctions or other unlawful activities; or relate to obligations according to guidelines, guidance, codes or requests issued by local or foreign bodies or authorities (whether governmental, tax, law enforcement, regulatory, judicial, industry or others), or international guidance of internal policies and procedures applicable to MS or any of its Group Companies.

### **Access and correction of personal data**

Under and in accordance with the terms of the Ordinance any individual has the right:

- to check whether MS holds data about him and has access to such data;
- to require MS to correct any data relating to him which is inaccurate;
- to ascertain MS's policies and practices in relation to data and to be informed of the kind of personal data held by MS;
- in relation to client credit, to request to be informed which items of data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the making of an access and correction request to the relevant credit reference agency or debt collection agency.

In accordance with the terms of the Ordinance, MS has the right to charge a reasonable fee for the processing of any data access request.

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

The Data Protection Officer  
Minerva Securities Limited,

Unit 1804, 18/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Fax: 2530-4054

Nothing in this Notice shall limit the rights of client under the Personal Data (Privacy) Ordinance.

## **TERMS AND CONDITIONS OF MARGIN SECURITIES ACCOUNT TRADING SERVICES**

To: Minerva Securities Limited

Unit 1804, 18/F,

Far East Finance Centre, 16 Harcourt Road,

Admiralty, Hong Kong

(Registered with the Securities and Futures Commission (“SFC”) under The Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong (“SFO”) to carry on the business of Dealing in Securities.

In consideration of your agreeing to act as my/our broker for the purpose of purchasing, investing, selling, exchanging, otherwise disposing of and generally dealing in and with all kinds of securities including but not limited to shares, stocks, warrants, options, bonds, debentures, notes, bills of exchange, certificates and commercial paper of any description whatsoever and wherever issued, quoted, dealt in or located (all of which are referred to as the “**Securities**”), and (where expressly agreed in writing between you and me/us) in consideration of your extending or continuing to extend credit to us in connection therewith, I/we request you to open and maintain, upon the terms and conditions of this Agreement, a securities dealing account in my/our name and at any time hereafter to open and maintain accounts in my/our name (all of which accounts referred to as the “**Account(s)**”) as I/we may from time to time direct.)

I/We acknowledge and agree that all Account(s) opened, maintained and operated in my/our name(s) or on my/our behalf will be opened, maintained and operated in accordance with my/our oral or written instructions, or to the extent authorized by me/us orally or in writing, at your discretion upon and subject to the following terms and conditions.

It is my/our responsibility to ensure accuracy of the aforesaid information and to notify you immediately with regard to any discrepancies. You also would inform me/us of any material change of your information, including but not limited to your name, address, registration status, services and charges.

I/we authorize you with full minerva as my/our true and lawful attorney in fact, to the fullest extent permitted by law, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument, which you deem necessary or advisable to accomplish the purposes of this Agreement.

I/we confirm and agree that I/we retain full responsibility for all transactions and you are responsible only for the execution, clearing and carrying of transactions. You (including your directors, employees or agents) have no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party, if any, in connection with the Account or any transaction therein. I/We also acknowledge that you will not provide me/us with advisory services or otherwise advise me/us in relation to any transactions or proposed transactions. I/We will make my/our own judgement and decision with respect to all transactions and you are not responsible to me/us with respect to the suitability, profitability, tax, legal or accounting consequences of any transactions.

1. All transactions for my/our Account(s) and/or sub-account(s) shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of The Stock Exchange of Hong Kong or such other stock exchanges or markets or over-the-counter in or outside Hong Kong (the “**Exchanges**”) and the Hong Kong Securities Clearing Company Limited or such other clearing houses (the “**Clearing House**”) in which you are dealing on my/our behalf whether in Hong Kong or elsewhere, and to the relevant laws of Hong Kong and such other places as amended from time to time. All such transaction may be effected by you directly on any Exchanges where you are authorized to transact stock broking business, or at you option, on any Exchanges indirectly through any other broker which you may at you discretion, decide to employ.

2. Operation of the Margin Account

a) Before any transaction is conducted on my/our behalf, I/we will put you in funds or arrange for you to be put in funds in time to enable you to discharge any and all liabilities incurred or to be incurred in connection with any transaction in securities on my/our behalf conducted on any Account(s) and will on demand pay to and/or reimburse you in respect of all brokerage, commissions, duties in respect of transactions in Securities made on my/our behalf or the holding or management of Securities on my/our behalf at such rate or rates as you may from time to time notify to me/us. I/We shall reimburse you, on demand, all fees and expenses of any nominee appointed by you and any stamp duty, fees or expenses incurred by you in connection with any transaction in Securities made on my/our Account(s) and /or on my/our behalf or with the opening, maintenance and operation of any Account(s) in my/our name or on my/our behalf and will on demand settle any debit balance on any Account(s). Where by express agreement in writing between me/us any credit is to be made available by you to me/us on any of the Account(s) (“**Margin Account**”), I/we shall at all times maintain sufficient deposits, securities collateral and margin (including without limitation initial margin and additional margin from time to time required pursuant to the terms hereof) in the relevant Margin Account as collateral for my/our payments, liabilities and indebtedness that may from time to time be due or owned to you, in such form, amount and market value to comply with the margin requirement in respect thereof as determined by you in your absolute discretion or which may be required by the rules of any exchange or market of which you are a member or through which you are trading. I/We shall on demand (whether verbally or in writing) from you promptly make payments of deposits or margins in cash, securities or otherwise, and in any event, within the time specified by you (whether verbally or in writing). I/We acknowledge and agree that the time for payment of any margin is of the essence and if no other time is stipulated by you when making a demand then I/we are required to comply with such demand before the expiry of two hours from the time of making the demand, and in any event, before closure of the same trading day. All initial and subsequent deposits and payments for margin and other purposes for this Agreement shall be made in cleared funds and in such currency and in such amounts as you may in your sole discretion require.

Notwithstanding anything said in this Agreement, in the event that it is in your sole opinion impracticable for you to make demands for additional margin, including but without limitation, circumstances due to a change or development involving a prospective change:

- (i) in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in your sole opinion likely to result in a material or adverse fluctuation in the stock market, currency market, commodities or futures markets in Hong Kong and/or overseas; or
- (ii) which is or may be of a material adverse nature affecting the condition or operations of me/us,

you shall be deemed to have made margin calls for such form and/or amount as you may in your absolute opinion determine and such margin shall become immediately due and payable by me/us.

You shall be entitled to revise margin requirements from time to time in your absolute discretion, including without limitation additional margin exceeding the requirements of the relevant Exchange. No previous margin requirements shall establish a precedent and revised requirements once established shall apply to all existing positions as well as to new positions in all contracts affected by such revision.

If I/we commit a default in payment on demand of the deposits or margins or any other sums payable to you hereunder, on the due date therefore, or otherwise fails to comply with any of the terms herein contained, without prejudice to any other rights you may have, you shall have the right to close all or any of the Account(s) (including the Margin Account) without notice to me/us and to dispose of any or all securities held for or on behalf of me/us and to apply the proceeds thereof and any cash deposit(s) to pay you all outstanding balances owing to you. Any monies remaining after such application shall be refunded to me/us.

You have your absolute discretion not to provide credit facility to me/us or even to terminate the credit facility. In particular, you may terminate the credit facility if I/we am/are in default of any provisions of this Agreement, or if the withdrawal or non-renewal of my/our authorization to you as required by the Securities and Futures (Client Securities) Rules occurs. Upon termination of the credit facility, any outstanding indebtedness by me/us shall forthwith be repaid to you.

The collateral for the margin shall extend to and include all monies and securities of me/us which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by you, including without limitation

- (i) all dividends, rights, options and interest (if any) of whatsoever nature, which are paid or payable in respect of any securities in the Account,
- (ii) all securities, stocks, rights, money and other property accruing or offered at any time by way of substitution, redemption, bonus, preference, option or otherwise in respect thereof;
- (iii) all securities subscribed pursuant to any options, warrants or rights arising from any of such securities; and
- (iv) all allotments, offers, rights, benefits, advantages and accretions at any time arising or accruing in respect of any of them (the "**Margin Collateral**").

I/We hereby expressly authorize you to receive and apply all sums of whatever nature received by you (or your nominee) in respect of any part of the margin Securities towards satisfaction of any payment, liability or other indebtedness that may be due or owed to you in such manner and at such time as you may absolutely determine.

Without prejudice to Clause 13 below or any other rights you may have, if I/we commit a default in payment on demand of the deposits of margins or any other sums payable to you hereunder, on the due date therefore, or otherwise we fail to comply with any of the terms herein contained, you shall have the rights to close such Margin Account(s) without notice to me/us and to dispose of any or all of the Securities held for or on my/our behalf and to apply the proceeds thereof and any cash deposit(s) to pay you all outstanding balances owed to you and I/we will be liable for any deficiency remaining after such Margin Account(s) has been closed as aforesaid and will pay the amount of such deficiency to you upon demand. In the event that any money remains after such Margin Account(s) had been closed in the manner as aforesaid such money shall be refunded to me/us;

- b) You are authorized, pursuant to section 6(3) of the Client Securities Rules, to dispose, or initiate a disposal by your nominee, of any of my/our securities or Margin Collateral (and you shall have absolute discretion to determine which securities or Margin Collateral are to be disposed of) for the purpose of settling any liability owed by or on behalf of me/us to you, your nominee or any other third party.

You are further authorized to do all acts and things which are necessary for or incidental to the performance of any activities or any of your right stipulated in this Agreement.

Except as provided in this Agreement, you shall not, unless with my/our oral or written direction or standing authority under the Client Securities Rules, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of the Margin Securities for any purpose.

I/We hereby acknowledge and agree that the value of the securities pledged under this agreement may fluctuate during any trading day, and that a demand from you for further deposit or margin may occur during the day. I/We hereby irrevocably agree without condition that should such a demand from you for further deposit or margin is not met by me/us within the specified time given by you at your sole discretion, you may, without further notice to me/us, liquidate any or all my/our pledged securities in order to satisfy the required deposit or margin amount. I/we further agree absolutely that I/we will not hold you responsible for any loss which may incur during the process of liquidation even if the value of the pledged securities rise back to a higher level after the liquidation.

- c) I/We agree not to pledge or charge any securities or monies in or forming part of any Account(s) without your prior written consent, or to sell, grant an option over, or otherwise deal in any securities or monies in or forming part of the Account(s). Unless otherwise agreed, I/we agree that when you have executed a purchase or sale transaction on my/our behalf, I/we will, by the due settlement date, make payment to you against delivery of or credit to my/our account for purchased securities, or make good delivery of sold securities to you against payment, as the case may be.

Unless otherwise agreed, I/we agree that should I/we fail to make such payment or delivery of securities by the due date as mentioned above, you are hereby authorized to:

- (i) in the case of a purchase transaction, to transfer or sell any such purchased securities to satisfy my/our



obligations to you; or

- (ii) in the case of a sale transaction, to borrow and/or purchase such sold securities to satisfy my/our obligations to you.

I/We hereby acknowledge that I/we will be responsible to you for any loss, cost, fees and expenses in connection with the transaction as described above;

- d) You or any nominee appointed by you as aforesaid shall have the right to hold any securities and margin collateral on my/our behalf in accordance with your or their normal nominee arrangements including specific and/or general pooling arrangements, provided that I/we agree that in respect of any Securities held by you or any nominee neither you nor such nominee shall be bound to return to me/us the identical securities or Margin Collateral deposited with or acquired by you so long as the securities or Marginal Collateral returned to me/us are of the same class denomination and nominal amount and ranked pari passu with those originally deposited with, transferred to or acquired by you or such nominee (subject to any capital reorganization that may have occurred in the meantime);
- e) You may at any time and from time to time in your absolute discretion determine that the margin requirement in respect of any Margin Account be increased and in such event we hereby agree to deposit with you such cash or additional securities required by you to maintain a sufficient marginable collateral on such Margin Account to comply with the increased margin requirement.
- f) Every initial or subsequent deposit or cash into any Margin Account for the purpose of meeting any original or increased margin requirement as determined by you shall be made in such amount any currency as you may in your absolute discretion require.
- g) Any debit balances on the Margin Account(s) and (if applicable) any amount made available by you by way of credit in connection with transactions in Securities on an Margin Account or any amount otherwise arising to you at any time shall be charged with interest at such rate(s) that may be specified by you from time to time, as demanded by you (after as well as before any judgment) and be calculated and payable on the last day of each calendar month or upon any demand being made by you and with such charges you may make in connection with the opening, maintenance and operation of the Margin Account and such other charges as you may make for your services and facilities as notified by you to me/us from time to time in writing. For the avoidance of doubt, no interest shall accrue on any credit balance (if any) on the Margin Account(s). As such interest shall belong to you absolutely unless otherwise agreed by you in writing.

### 3. Miscellaneous

- a) You may record all telephone conversations or other forms of communication between you and me/us in order to verify our instruction to you. I/We agree to accept the contents of such recording as final and conclusive evidence of my/our instructions.
- b) You shall within the period from time to time specified under the Securities and Futures Ordinance or the subsidiary

legislation related thereto or the rules of the relevant Exchange (as amended or replaced from time to time), send to me/us copies of the contract note relating to any transactions in Securities effected by you for the Account(s). You shall dispatch a copy of the contract note to me/us at the last mailing address in your records. I/we shall upon receipt of the contract note examine the same and promptly give notice to you if I/we consider that any details stated therein are incorrect in any respect. If you do not receive any written objection from me/us within the period stipulated in the contract note for this purpose, I/we shall be deemed to have accepted all the transaction details contained therein as true and accurate in all respects. I/We acknowledge and agree that any statement or other information given over the telephone or other electronic means as to the status of the Account(s) or any particular transaction is not binding on you. Subject to foresaid, your records shall, in the absence of manifest error, be conclusive and binding on me/us as to the amount standing to the debit or credit of any of my/our Account(s).

- c) I/We specifically authorize you, in respect of all securities deposited by me/us with you or purchased or acquired by you on my/our behalf, and held by you for safe keeping, to register the same in our name, or in your name or in the name of a nominee appointed by you (including without limitation any of your associated entities), or deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by you or your nominee with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.

I/We specifically authorize you, in respect of the margin Securities deposited with, or otherwise provided by me or on my/our behalf to, you, to deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by you or your nominee with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities. Any securities and Margin Collateral held by you and/or your nominee shall be at my/our sole risk. Neither you nor your nominee shall be under any obligation to insure me/us against any kind of risk, which obligation shall be my/our sole responsibility.

If in relation to any securities deposited with you but which are not registered in my/our name, and loss is suffered by you or your nominee, the Account(s) may be debited (or separate payment made by me/us if agreed by you) with such loss.

It is expressly acknowledged and agreed that the Securities may be purchased on my/our behalf in your name, in the name of a nominee appointed by you or in any street name in trust for me/us, or as I/we may direct and any transaction on any Account may be conducted by you through agents, clearing brokers or dealers which may include entities affiliated to you, that you shall have the right to disclose my/our identity to third parties in connection with any transaction on any Account where you in your sole discretion deem such disclosure necessary or appropriate.

- d) Notwithstanding any provision to the contrary in this Agreement you shall have the right in your absolute discretion at any time to close any Account in my/our name or maintained on my/our behalf without assigning any reason therefor.

- e) I/We hereby:
- (i) authorize you to take all actions which you consider necessary or appropriate with a view to obtaining from third party Securities of the description required for the purpose of settling a sale of any Security on any Account as directed by me/us where I/we fail to supply you with the Securities required for the said purpose, including in that connection to give and carry out undertakings as to the return of Securities of the same quality and description as so obtained;
  - (ii) agree to reimburse you upon demand for any premium, interest or other expense incurred by you as a result of any such action so taken, and
  - (iii) without prejudice and in addition to any other indemnity given by me/us to you hereunder, undertake to indemnify you and hold you harmless from any liability, cost or expense which you may incur or be subjected to arising out of or in connection with any such action so taken, including (without limitation) the inability to settle any sale as a result of any failure to obtain the necessary Securities notwithstanding any such action so taken.
4. In the event that you have to obtain the Securities, which you have purchased on my/our behalf, in the open market, following the failure of the selling broker to make delivery on the settlement day not due to any act or thing caused or permitted by me/us, you will be responsible for any difference in price and all incidental expenses in connection with such open market purchase provided that where a purchase or sale of Securities had been concluded between the seller and me/us or the selling broker (other than you) and you are instructed to record such transaction in accordance with the Rules of the Stock Exchange as aforesaid.
5. Any Securities deposited with you or purchased by you on my/our behalf and held by you for safekeeping may at your discretion either be:
- (i) registered in your name or in the name of your nominee; or in any street name; or
  - (ii) deposited in safe custody in a designated account of your banker or with another institution which, in the case of Securities traded in The Stock Exchange of Hong Kong Limited, provided facilities for the safe custody of documents to the satisfaction of the Securities and Futures Commission. Any Securities kept outside Hong Kong shall be subject to the applicable laws, rules, regulations and customs and/or bye-laws.
6. If any dividends or other distributions or benefits are accrued from any Securities deposited with you which are not registered in my/our names, my/our account with you shall be credited on payment made to me/us as may be agreed with the proportion of the total number or amount of relative Securities held on my/our behalf.

When purchasing securities I/we may decide not to have the securities re-registered into either my/our name or the name of your nominee in order to avoid not being able to trade the securities during the registration period. If I/we decide not to re-register the securities, I/we acknowledge that I/we run the risk for foregoing any dividend which may be declared in respect of the securities.

In the event that the securities are registered in the name of your nominee, I/we understand that you will credit my/our account with any dividend or other distributions of benefits accrued in accordance with Clause 7 of this Agreement.

I/We acknowledge that if any securities are registered in my/our name(s) then the receipt by me/us of any dividend is a matter for me/us and the company in which the securities are concerned and/or the company's registrar.

7. Subject to any agreement in writing between you and me/us to the contrary, I/we authorize you at any time and from time to time to withhold, withdraw, pay to yourselves and retain for your own use and benefit absolutely any and all amounts at any time and from time to time earned, accrued, paid, credited or otherwise derived by way of interest or premium from the retention at any time or from time to time of (i) any amount in any trust account established by you under the Securities and Futures (Client Money) Rules of the Securities and Futures Ordinance and (ii) any amount at any time paid to or received or held by you or any of your nominee, agents, representatives, correspondents or bankers for my/our Accounts in any other circumstances, for any purpose of purchase to any transaction. Unless, the account balance amounts to above HK\$50,000 or US\$10,000 or equivalent to US\$10,000 in other currencies. In which case you will be credited interest at such rates as you shall determine or I/we shall negotiate specially with you.
8. If an order cannot be executed or wholly executed, you shall be under no obligation to notify me/us immediately. I/we understand that due to various constraints, there will be delay in quoting prices or in dealing, you may not be able to trade at the prices quoted at any specific time. You are not liable for any loss arising by reason of your failing, or being unable, to comply with any terms of my/our instructions. Where you are unable to execute any instruction in full, you are entitled to effect partial performance only without prior reference to my/our confirmation. I/We shall in any event accept and be bound by the outcome when any request to execute orders is made. Any Day Order for purchase or sale of Securities placed by you at my/our request that has not been executed after the close of business of the relevant market or such other expiration date required by the Exchange and/or market shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).

I/We hereby authorize you, at any time and at your absolute discretion, for the purpose of obtaining a better execution price and/or reducing the volume of instructions, to consolidate and/or disaggregate my/our instructions to purchase and/or sell Securities on my/our behalf with similar instructions received from your other customers, provided that such consolidation or disaggregation shall not result in the execution of the instructions at a price less favourable than that could have been achieved had the instructions been executed individually, and provided further that, in the event of there being insufficient Securities available to satisfy purchase orders so consolidated, the number of Securities actually purchased shall be given to each individual instruction in the order in which those orders were received by you.

I/We acknowledge that applicable laws and regulations may prohibit you from placing a sale order on my/our behalf when the order relates to Securities which I/we do not own ("**Short Sell Order**"). I/We undertake that:

- (i) prior to placing a Short Sell Order, I/we will notify you that the sale order involves short selling and I/we have entered into an effective securities borrowing arrangement or other form of cover acceptable to you, which will ensure that the Securities in question will be delivered prior to the requisite time of settlement; and
- (ii) prior to execution of such an order, I/we will provide you such documentary assurance that such order is adequately covered in such manner required by you, including without limitation documentary evidence relating to the relevant Securities borrowing transaction (for example, a certified copy of the relevant Securities borrowing agreement, written confirmation from the lender or such other evidence as you may require) to show that I/we

have a presently exercisable and unconditional right to vest such securities in the purchaser.

9. Set-off, Lien and Combination of Account(s)

- a) In addition and without prejudice to any general liens, rights of set-off or other similar rights to which you may be entitled under any applicable laws or this Agreement, all securities, receivables, monies (in any currency) and other property of me/us (whether held by me/us individually or jointly with others), which you or any of your holding companies (as defined in the Companies Ordinance (Cap. 622 of the laws of Hong Kong)) or any subsidiary (as defined in the Companies Ordinance) of any such holding company or any of your subsidiaries (collectively the “**Group Companies**” and each a “**Group Company**”) or any other company or person otherwise associated with you including those with whom you have any form of dealing, brokerage, agency or clearing relationship (each of which is referred to as an “**Associate**”) may at any time be in the possession of you or an Associate for any purpose and in whatever capacity shall be subject to a general lien in your favour and shall be held as security for the payment and discharge of any indebtedness and other obligations or liabilities on any of my/our Account(s). In enforcing your lien, you shall have an absolute discretion to determine which Securities are to be sold and which contracts are to be closed.
- b) In addition and without prejudice to any general liens, rights of set-off or other similar rights which you may be entitled under any applicable laws or this Agreement, and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, you (for yourself and as agent for any of the Group Companies) may at any time without notice, notwithstanding any settlement of account(s) or other matters whatsoever, combine or consolidate all of or any of the Account(s) as are for the time being opened and maintained by me/us with you or any of Group Companies, including the excising Accounts, for use in connection with the trading in Securities and/or other instruments or investments of any description whatsoever and wheresoever issued, quoted, dealt in or located and set-off or transfer any sum (in any currency) standing to the credit of anyone or more such Accounts wherever suitable in or towards satisfaction of any of my/our indebtedness, obligation or liability to you on any Account or in any other respect whatsoever, whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint, secured or unsecured and when such combination, set-off or transfer requires the conversion of the currency into another such conversion shall be calculated at the spot rate of exchange (as conclusively determined by you) prevailing in such foreign exchange market as you may in your absolute discretion by you) prevailing in such foreign exchange market as you may in your absolute discretion select on or about the date of the combination, set-off or transfer.
- c) I/we shall promptly report to you any apparent discrepancy or error(s) regarding orders executed on any Account(s) and take all necessary actions to mitigate the potential effects that may otherwise result therefrom.

10. Liability and Indemnity

- a) While you will use reasonable endeavors to comply with and fulfill any instruction I/we may give you concerning the operation of the Account(s) or in respect of any transaction in Securities to be made on the Account(s) and/or on my/our behalf but (i) you are entitled at your entire discretion to refuse to carry out any such instruction and shall not be obliged to give any reason for any such refusal and (ii) I/we hereby acknowledge that you will not be liable for

any loss that I/we may suffer whether directly or indirectly as a result of any inability or failure on your part to comply with or fulfill any such instruction or without prejudice to the generality of the foregoing, as a result of any loss caused directly or indirectly by government restrictions, stock exchange or stock market, changes in any applicable laws or regulations, suspension in trading, wars, strikes or other circumstances or conditions beyond your control.

Neither you nor any of your directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any loss, cost, expense or damage suffered by me/us as a result of:

- (i) your acting or relying on any instruction given by me/us whether or not such instruction was given following any recommendation, advice or opinion given by you or by any of its directors, employees and/or agents; or
- (ii) any condition or circumstances which are beyond the reasonable control or anticipation of you, your directors, officers, employees and/or agents, including but not limited to any delays in the transmission of orders due to disruption, breakdown, failure or malfunction of transmission of communication facilities, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorized use of access codes, prevailing fast market conditions, governmental agency or exchange actions, theft, war or warlike conditions (whether declared or not), terrorist activities, political crisis or unusual conditions, severe weather, earthquakes and strikes; or
- (iii) your exercising any or all of its rights conferred by the terms of this Agreement; or
- (iv) any conversion of one currency to another pursuant to in relation to or arising from this Agreement.

I/we undertake to indemnify and keep indemnified you (on your account and as agent for your directors, employees and agents) in respect of any costs, claims, demands, taxes, loss, liabilities, damages and expenses whatsoever which may be reasonably suffered or incurred by you and/or any of your directors, employees and/or agents directly or indirectly in connection with:

- (i) any transaction entered into by you whatsoever or howsoever arising out of or in relation to anything done or omitted to be done by any of you in accordance with the terms of this Agreement or otherwise pursuant to any of my/our instructions or communication
- (ii) any breach by me/us of any of my/our obligations hereunder including without limitation any costs incurred by you in collecting any debts or otherwise satisfying any obligations due to you or in connection with the suspension or closure of all or any of the Account(s).
- (iii) all damages, taxes, costs and expenses (including legal expenses on a full indemnity basis) reasonably incurred by you and/or your directors, employees and/or agents in the enforcement of any provision of this Agreement.

All the indemnities given in this Agreement (including Appendices thereto) shall continue to take effect notwithstanding the termination of this Agreement.

- b) Each Account shall be maintained, and all transactions conducted thereon recorded, in such currency as you may from time to time upon my/our instruction (such currency as for the time being so determine being referred to as the “**reference currency**”) and in respect of any transaction in Securities on any of the Account(s) effected on any exchange or market in any other currency;

- (i) all fees, charges and costs for conversion and any profit or loss however arising as a result of exchange rate change or fluctuation affecting such other currency will be entirely for the Account(s) and risk of me/us and will accordingly be credited or debited (as the case may be) to the Account(s) at such time(s) as you deem appropriate and
- (ii) unless specially requested by me/us and agreed by you in writing, the amount to be debited or credited (as the case may be) to the relevant Account in respect of the relevant transaction will be the sum in the reference currency converted from the relevant amount in that other currency on the basis of the prevailing money market rate; and
- (iii) you (including your directors, employees and agents) shall have no liability or responsibility whatsoever (whether negligent or otherwise for any loss, expense or damages suffered by me/us in relation to such exchange or conversion of currency whether effected pursuant to any transaction instructed by me/us or in relation to conversion effected to Clause 9b) or other provision under this Agreement.)

I/we confirm and agree that I/we retain full responsibility for all transactions and you are responsible only for the execution, clearing and carrying of transactions and has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account or any transaction therein. You are also not responsible to me/us with respect to the suitability, profitability, tax, legal or accounting consequences of any transactions.

11. I/We agree to indemnify and hold you and your officers, employees and agents harmless from any loss, liability, cost or expense (including without limitation legal fees and expenses) which you may incur or be subjected to with respect to the Accounts or any transaction in Securities arising out of or connected with any breach by me/us of my/our obligations hereunder including any costs reasonably and necessarily incurred by you in collecting any debts due to you or in connection with the closure of the Account(s). Without prejudice to such indemnity or the generally of the foregoing, I/we authorize you to debit from time to time and at any time to any of my/our Account(s) any amount so incurred by you.

## 12. Termination

- a) This Agreement may be terminated at any time by written notice given by either party to this Agreement provided that this Agreement shall not be deemed to be terminated by us until at least two business days after your actual receipt of such written notice. Such notice shall not affect any transaction entered into by you prior to your receipt of such notice and shall be without prejudice to any of your rights, powers or duties or ours prior to such receipt.

You shall cease to have any obligations to purchase or sell or otherwise deal with or handle any Securities on my/our behalf (unless you shall in your absolute discretion elect to do so in pursuance of your other rights and powers mentioned in this Agreement) notwithstanding any instructions from me/us to the contrary.

- b) As soon as reasonably practicable following termination of this Agreement pursuant to sub-clause (a) above. You may (unless otherwise agreed with us) terminate all accounts (including the Account(s)) in my/our name and all deposits of monies in or for such accounts, convert all monies held in or for such accounts into Hong Kong dollars and realize any charge securities. Subject to the full payment of all monies owed by me/us to you or your Associates, you shall either credit any balances on the account or send by mail at the risk of my/our accounts to my/our last known address a cheque in the amount of the credit balance of such accounts and send to me/us all documents of title (including where relevant stock transfer) relating to Securities in such account(s).
- c) Notwithstanding the above, I/we shall have no right to terminate this Agreement if I/we have open position or outstanding liabilities or obligations.

### 13. Event of Default

- a) Any one of the following events shall constitute an event of default (“**Event of Default**”):
  - (i) my/our failure to pay any deposits, purchase price or other sums payable under this Agreement when dues; or submit to you any documents, or fail to observe any margin call or deliver any Margin Collateral, or deliver other securities required to you hereunder, when called upon to do so or on the respective due date(s) and in the case where an Account is being held in the joint name of two or more persons, any such failure of payment, submission or delivery by any one of them;
  - (ii) the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against me/us;
  - (iii) the levying of attachment against the Account(s);
  - (iv) my/our default in the due performance or observance of any terms of this Agreement or the observance of any applicable laws, regulations, by-laws, rules and regulations of any relevant Exchange or Clearing House;
  - (v) any consent, authorization or board resolution required by me/us to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
  - (vi) the death of me/us (being an individual);
  - (vii) any representation or warranty made by me/us to you in this Agreement or in any document being or becoming incorrect or misleading and in the case where an Account is being held in the joint name of two or more persons, any such incorrect or misleading representation or warranty made by any one of them;
  - (viii) you have made at least two attempts to demand from me/us for margin, but, for whatever reason, has not been able to communicate directly with me/us and in the case where an Account is being held in the joint name of two or more persons, the inability to communicate with any one of them;



- (ix) the receipt by you of any dispute as to the validity of any order or instruction from me/us and in the case where an Account is being held in the joint name of two or more persons, any such receipt in respect of or against any one of them;
  - (x) the occurrence of any event which, in your opinion, might jeopardize any of your rights under this Agreement;
  - (xi) your receipt of notice of any dispute as to the validity of any order or instruction from me/us; and
  - (xii) the continued performance of this Agreement becomes illegal or claimed by any government authority to be illegal.
- b) If an Event of Default occurs, without prejudice to any other rights or remedies that you may have against me/us and without further notice to me/us, you shall be entitled to:
- (i) cancel any or all outstanding orders or any other commitments made on my/our behalf;
  - (ii) close any or all contracts between you and me/us, cover any short position with you through the purchase of Securities on the Exchange or liquidate any long position with you through the sale of Securities on the Exchange;
  - (iii) sell, dispose of otherwise deal with in whatever manner any security in the Account(s) and any Margin Collateral or other property held on my/our behalf and apply the proceeds thereof (including any deposits or credit balance(s) in any Account to settle all or any part of the outstanding balances owing to you;
  - (iv) combine, consolidate and set-off any or all my/our Accounts in accordance with this Agreement;
  - (v) borrow or buy any Securities required for delivery in respect of any order to be effected for me/us; and/or
  - (vi) terminate all or any part of this Agreement.

All amounts due or owing by me/us to you under this Agreement shall become immediately due and payable if an Event of Default occurs.

14. The proceeds of sale or liquidation of the Account(s) made pursuant to this Agreement shall be applied in the following order of priority and any residue shall be paid to me/us in accordance with the provisions of Clause 12b):
- (i) payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by you in transferring and selling all or any of the securities or properties in the Account(s) or in perfecting title thereto;
  - (ii) payment of all interest due;
  - (iii) payment of all monies and liabilities due, owing or incurred by me/us (any one of us if any Account(s) is held in joint names) to you;

- (iv) payment of all monies and liabilities due, owing or incurred by me/us to any of the Group Companies.

Subject to the Client Money Rules, any dividends, interest or other payments which may be received or receivable by you in respect of any of the Margin Collateral or other securities held on my/our behalf may be applied by you as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen and notwithstanding that subsequent to the execution of this Agreement you may have paid any of the said dividends, interest or other payments to me/us.

In the event of any sale pursuant to this Agreement:

- (i) you shall not be responsible for any loss occasioned thereby howsoever arising if you have already used reasonable endeavours to sell or dispose of the Securities or any part thereof at the then available market price;
- (ii) you shall be entitled to appropriate to yourself or sell or dispose of the Securities or any part thereof at the available market price to any of your Group Companies or associates without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by you, your Group Companies and/or any of such associates; and
- (iii) I/we agree and undertake to pay to you any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by me/us to you.

#### 15. Conflict of Interests

I/We acknowledge that when dealing with the Account(s), you may have an interest, arrangement or relationship that is material in relation to the investment or transaction concerned. The relevant interests may affect me/us and may not be separately disclosed to me/us prior to or at the time of any transaction or at any other time. Examples of such interests include (but without limitation):

- (i) you or your directors, employees or agents may have acted, may be acting or may seek to act as a financial adviser or lending banker to the issuer (or any of its affiliated companies) of the securities in which I/we may be dealing or otherwise involved, whether in a personal or official capacity;
- (ii) you may have a holding, dealing, or market making position or may otherwise be trading or dealing in the securities or assets of any kind underlying, derived from or otherwise directly or indirectly related to such securities;
- (iii) you may have received or may be receiving rebates, payments or other benefits for giving business to any companies;
- (iv) you may have sponsored or underwritten or otherwise participated in, or may be sponsoring or underwriting or otherwise may be participating in a transaction;
- (v) you may have been or may be an affiliate of an issuer (or any of its affiliated companies) of the securities in which I/we may be dealing; or
- (vi) you may be matching my/our transaction with that of you or any other customer (including, without limitation, any Group Company).

Nothing herein contained shall be deemed to inhibit you or any of your directors, employees or agents from:

- (i) buying, selling, holding or dealing in any securities or take the opposite position to my/our order whether it is on

your own account or on behalf of your other clients;

- (ii) acting in any capacity for any other person; or
- (iii) buying, selling, holding or dealing in any securities for your own account or that of any other Group Company notwithstanding that instructions have at any time been received from or on behalf of me/us for the purchase, sale or holding of or other dealing in the same or similar securities,

provided that in any such case, the terms of any such dealing are not less favourable to me/us than they would have been had the transactions been entered into with a party other than you or your other clients, and subject to compliance of any applicable regulatory requirements. In any of the above-mentioned events you shall not be obliged to account for any profits or benefits obtained and you shall not be under any duty to disclose to the me/us any fact or thing which comes to your knowledge or notice in the course of acting in any capacity for any other person or in your own capacity.

16. If this Agreement is executed by more than one person the expression “we” shall be deemed to refer to each such person who so executes this Agreement and all our obligations and liabilities contained in this Agreement shall be a joint and several obligation or liability and each such person shall be jointly and severally bound by all of the provisions of this Agreement. If this Agreement is executed by a company, firm or other body the expression “we” shall be deemed to refer to such company, firm or other body as the case may be.
17. I/We hereby expressly acknowledge that each transaction made on any Account is made on my/our behalf in reliance only upon my/our own judgment. I/We acknowledge that in the event you or any of your employees express any view or provide to me/us from time to time any trading or market information, published research reports or other similar forms of report or information, neither you nor your employees shall incur any liability whatsoever therefor and no guarantee, express or implied, of profitability or loss limitation is given in relation thereto. It is understood that I/we assume full responsibility for the risk of loss associated with transactions effectuated or to be effectuated, for and on my/our behalf.
18. I/We, if individuals, warrant that I/we am/are of full age.
19. I/We acknowledge and accept that you may, as in your absolute discretion think fit, act as a dealer for your own account or as a broker for some third party, and not as our agent, in relation to any transaction in Securities.
20. I/We authorize you to conduct a credit enquiry or check on me/us for the purpose of ascertaining my/our financial situation and investment objectives.
21. The information contained in the “Account Opening Form – Individual/Joint Account” and “Account Opening Form – Corporate/Sole Proprietorship/Partnership” (collectively “Account Opening Forms”) or otherwise supplied by me/us on my/our behalf to you in connection with the opening of an Account(s) is complete, true and correct. You are entitled to rely on such information until written notice from me/us of any changes therein had been received by you. It is my/our responsibility to ensure the accuracy of the aforesaid information and to notify you immediately of any discrepancies. You would also inform me/us of any material change of your information, including but not limited to your name, address, registration status, services and charges.

22. While I/we expect you to keep confidential all matters relating to my/our account, I/we expressly agree that you may, if requested by the Exchanges and/or Clearing Houses, provide to the Exchange and/or Clearing House details of my/our account, in order to satisfy them with any investigation or enquiry they are undertaking.
23. Every transaction executed on the instructions of me/us on the floors of those Exchanges shall be subject to a transaction Levy and to any levies Exchanges may from time to time impose. You are authorized to collect any such levies in accordance with the rules prescribed by the Exchanges from time to time.
24. In respect of any transaction duly concluded on the trading floor of the Exchange, the rules of the Exchanges and the Clearing Houses in particular those rules relating to trading and settlement, shall be binding on both you and me/us.
25. I/We acknowledge that there are risks in leaving Securities in your custody or in authorizing you to deposit Securities as collateral for loans or advances made to you or in authorizing you to borrow or lend Securities.
26. In the event I/we suffer pecuniary loss as a result of a default committed by you, the liability of the compensation fund established under the Securities and Futures Ordinance (Cap. 571) Subsidiary Legislation, Securities and Futures (Investor Compensation-Claims) Rules will be restricted to the extent provided herein.
27.
  - a) This Agreement shall be binding upon my/our heirs, executors, administrators, personal representatives and assigns and shall remain in effect and be binding upon me/us notwithstanding any amalgamation or merger that may be affected by me/us, who shall not be entitled to assign, transfer or otherwise dispose of to any person, company or firm any of our rights or obligations hereunder without prior written consent.
  - b) You shall have the right to assign, transfer or otherwise dispose of to any persons, company or firm all or any interest in your right hereunder and to delegate or sub-contract the performance of any of your obligations hereunder.
  - c) Words denoting the singular shall include the plural and vice versa, references to one gender shall include all genders and words denoting person shall include a firm of sole proprietorship, partnership, syndicate and corporation and vice versa.
  - d) Without prejudice to any other effective mode of giving or making the same, any notice, demand or other communication posted to me/us at the address(es) given on "Account Opening Forms" shall, until you have received notice in writing of a different address, be deemed to have been personally delivered to me/us on the business day following dispatch by you.
  - e) Time shall in all respects be of essence in the performance of my/our obligations under this Agreement. Your failure to insist at any time on strict compliance with any of the terms or conditions of this Agreement or any continued course of such conduct on your part shall in no event constitute or be considered as a waiver by you of any of your powers, remedies or privileges.

- f) Should any provision of this Agreement be declared void or unenforceable by any competent authority or court this shall not affect other provisions of this Agreement which are capable of severance, which shall continue unaffected.
28. I/We hereby authorize you to release my/our name(s) and address(es) to the Hong Kong Securities Clearing Company Limited (“**HKSCC**”) so as to enable us to receive corporate communication directly from the listed companies in which I/we am/are shareholder(s).
29. You will not be responsible for any loss and/or damages of whatever nature suffered by the breakdown or failure of communication facilities including computer breakdown and/or failure beyond your reasonable control or anticipation.
30. In the event that I/we instruct you to operate the Account(s) to trade any Securities listed on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited, I/we agree that I/we shall be bound by the terms and conditions set out in Appendix 1. In operating the accounts for trading of securities listed on GEM, the terms and conditions set out in Appendix 1 shall prevail in case of any inconsistency between in the terms and conditions set out in Appendix 1 and those set out herein.
31. In the event that I/we instruct you to open any account(s) which I/we can operate through the internet or I/we use the service provided by your website, I/we agree that I/we shall be bound by the terms and conditions set out in Appendix 2.
32. I/We declare that the contents of this Agreement have been fully explained to me/us in a language with which I/we am/are fully conversant with, and I/we fully accept and agree to be bound by all of the terms and conditions contained in this Agreement.

I/We hereby agree that you may amend the terms of the Agreement by giving me/us a notice of the amendments in writing at any time. Such amendments shall be deemed to have been accepted by me/us unless written notice of objection is received by you within ten working days after the date of dispatch of the notification by you.

33. I/We acknowledge that if you solicit the sale or recommend any financial product to me/us, the financial product must be reasonably suitable for me/us having regard to my/our financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document you may ask me/us to sign and no statement you may ask me/us to make derogates from this clause.

“**Financial products**” refer to any securities, futures contracts or leveraged foreign exchange contracts as defined under the Securities and Futures Ordinance (SFO).

34. This Agreement shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region and I/we hereby submit to the non-exclusive jurisdiction of the Courts of the Hong Kong Special Administrative Region in relation to all matters arising from or in connection with this Agreement.
35. I/We agree and understand that where there is any discrepancy between the English version of this Agreement and the

terms and conditions thereof, and the Chinese version of this Agreement and the terms and condition thereof, the English version shall prevail.

37. The United States (“US”) Foreign Account Tax Compliance Act (“FATCA”)

FATCA is a United States legislation that primarily aims to prevent tax evasion by US taxpayers by using non-US financial institutions and offshore investment instruments.

FATCA requires the Broker to apply a 30% US withholding tax on certain types of US source income paid to taxable clients and identify accounts held directly or indirectly by US Persons and to report to relevant account information to the US Internal Revenue Services (“IRS”). The Broker is required to report information on certain account holders, including name, address, US Tax Payer Identification Number, account number, account balance to the IRS directly or through the local competent authority. The Broker may request Client to provide US tax form (W-8/W-9 Forms) or a self-certification form to support the client’s claim of their non-US or US tax status.

Where Client fails to comply with requested information or documentation, the Broker is required to report to the IRS and apply a 30% US withholding tax on certain types of US source income paid to the Client.

Client should seek advice from professional tax advisors or refer to the IRS website.

## **RISK DISCLOSURE STATEMENTS**

### **RISK OF SECURITIES TRADING**

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless, it is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. This is a risk that you are prepared to accept.

### **RISK OR TRADING OPTIONS AND DERIVATIVE PRODUCTS**

The risk of loss in trading options and derivative products is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as “stop-loss” or “stop-limit” orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand options and derivative products before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options and derivative products you should be aware of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

Trading in Derivative Products (including but not limited to derivative warrants, callable bull/bear contracts, equity-linked instruments and other products with embedded derivatives) involves risks. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.

In respect of each issue of the derivative warrants, callable bull/bear contracts and equity-linked instruments, you should carefully review and understand the terms and conditions of the Derivative Products, together with the financial and other information of the issuer, as set out in the base listing document (including any addendum), and the relevant supplemental listing document.

You should also ensure that you understand the nature and risks of the derivative warrants, callable bull/bear contracts and equity-linked instruments, and should, where applicable, consult your own legal, tax, accounting, financial and other professional advisers to ensure that any decision to invest in the Derivative Products are suitable with regard to your specific circumstances and financial position.

### **RISKS ASSOCIATED WITH DERIVATIVES PRODUCTS**

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

Uncollateralized derivative products are not asset backed. In the event of issuer bankruptcy, you can lose your entire investment.

You should read the listing documents to determine if a product is uncollateralized.

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

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

The price of a derivative 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.

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

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

#### **ADDITIONAL RISK INVOLVED IN TRADING DERIVATIVE WARRANTS**

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

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

#### **ADDITIONAL RISKS INVOLVED IN TRADING CALLABLE BULL/BEAR CONTRACTS (CBBCs)**

You, when trading CBBCs, should be aware of their intraday “knockout” or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. You will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. You should also note that the residual value can be zero.

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

#### **RISKS ASSOCIATED WITH EQUITY LINKED INSTRUMENTS (ELI)**

You are exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. You must also be prepared to accept the risk of receiving the underlying shares or a payment less than your original investment.

You may lose part or all of your investment if the price of the underlying security moves against your investment view.

You should note that any dividend payment on the underlying security may affect its price and the payback of the ELI at expiry due to ex-dividend pricing. Investors should also note that issuers may make adjustments to the ELI due to corporate actions



on the underlying security.

While most ELI offer a yield that is potentially higher than the interest on fixed deposits and traditional bonds, the return on investment is limited to the potential yield of the ELI.

You should consult your brokers on fees and charges related to the purchase and sale of ELI and payment / delivery at expiry. The potential yields disseminated by HKEx have not taken fees and charges into consideration.

#### **RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG**

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas 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 you provide the licensed or registered person with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

#### **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. You 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 gazette newspapers.

This statement does not purport to disclose all risks and other significant aspects of GEM.

You should undertake your own research on the trading of securities on GEM before commencing any trading actives, and should seek independent professional advice if you are uncertain of or have not understood any aspect of this disclosure statement or any aspect of the nature and risks involved in trading of GEM stocks.

#### **RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.**

There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreements, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations

and liabilities.

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

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

You are not required by any law to sign these authorities. But an authority may be required by licensed or registered persons, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. The licensed or registered person should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the licensed or registered person is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

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

### **RISK OF MARGIN TRADING**

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

### **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. You should consult your dealer and become familiarized with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

## **RISKS OF ELECTRONIC TRADING**

Access to the Internet or other electronic devices may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons. Transactions conducted through the Internet or other electronic devices may be subject to interruption, transmission blackout, and delayed transmission due to unpredictable traffic congestion and other reasons beyond the Company control. Internet is, due to technical limitation, an inherently unreliable medium of communication. As a result of such unreliability, there may be delays in the transmission and receipt of Instructions and other information and that this may result in delays in the execution of Instructions and/or the execution of Instructions at prices different from those prevailing prices at the time the Instructions were given. Moreover, communications and personal data may be accessed by unauthorized third party; and there are risks of misunderstanding or errors in any communication and that such risks shall be absolutely borne by you. You acknowledge and agree that it shall not usually be possible to cancel an Instruction after it has been given.

## **RISK OF TRADING EXCHANGE TRADED FUNDS (ETFs)**

Trading in Exchange Traded Funds (ETFs) involves risks. It is important that you understand and critically assess the implications arising due to different ETF structures. You should understand the nature and risks before trading in ETFs.

You should carefully review and understand the terms and conditions of the ETFs, together with the financial statements and other information set out in the offering document, and should where applicable, consult your own legal, tax, accounting, financial and other professional advisers to ensure that any decision to invest in the ETFs are suitable with regard to your specific circumstances and financial position.

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

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

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

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

Securities Market Makers (SMMs) are Exchange Participants that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more SMMs, there is no assurance that active trading will be maintained. In the event that the

SMMs default or cease to fulfill their role, you may not be able to buy or sell the product.

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

ETFs utilizing a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark.

Currently, synthetic replication ETFs can be further categorized into two forms:

i. Swap-based ETFs

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

ii. Derivative embedded ETFs

- ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers.
- Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honor their contractual commitments.

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

### **RISK OF INVESTING BONDS**

There is a risk that the issuer may fail to pay you the interest or principal as scheduled. When the interest rate rises, the price of a fixed rate bond will normally drop. If you want to sell your bond before it matures, you may get less than your purchase price. If you hold a callable bond, when the interest rate goes down, the issuer may redeem the bond before maturity. If this happens, you have to re-invest the proceeds, the yields on other bonds in the market will generally be less favourable.

Issuer of a bond may be unable to make the coupon and principal payments specified for a bond which the client invested. The rate at which coupon and principal cash flows from a bond are reinvested will be lower than the expected rate in effect when the bond was purchased. Bond market is considerable thinner than stock market, secondary market for bond trading is limited. Inflation risk is a risk that the rate of price increases in the economy deteriorates the returns associated with the bonds. An investor is exposed to currency risk if a bond is denominated in a currency other than his home currency. There may be a single event or circumstance that could have a major effect on the ability of an issuer to repay a bond obligation.

### **RISK OF INVESTING IN RENMINBI-DENOMINATED PRODUCTS**

Renminbi products are subject to investment risk and may not be principal protected i.e. the assets that the products invest in or referenced to may fall as well as rise, resulting in gains or losses to the product. This means that you may suffer a loss even if renminbi appreciates. Depending on the nature of the renminbi product and its investment objective, there may be other risk

factors specific to the product which you should consider. You should always understand the nature, investment objective, strategy, key features and risks of the renminbi products and assess whether these products are suitable for you in terms of your own investment needs and risk profile before you invest in the renminbi products. You should seek professional advice if in doubt.

Renminbi products are also subject to liquidity risk as renminbi products are a new type of product and there may not be regular trading or an active secondary market. Therefore you may not be able to sell your investment in the product on a timely basis, or you may have to sell the product at a deep discount to its value.

Renminbi products are subject to the credit and insolvency risks of their issuers. You should consider carefully the creditworthiness of the issuers before investing. Furthermore, as a renminbi 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 renminbi products and result in substantial losses.

In general, a non-Mainland (including Hong Kong) investor who holds a local currency other than renminbi will be exposed to currency risk if he invests in a renminbi product. This is because renminbi is a restricted currency and subject to exchange controls, you may have to convert the local currency into renminbi when you invest in a renminbi product. When you redeem/sell your investment, you may also need to convert the renminbi received upon redemption/sale of your investment product into the local currency (even if redemptions/sale proceeds are paid in renminbi). During these processes, you will incur currency conversion costs and will also be exposed to currency risk. In other words, even if the price of the renminbi product remains the same when you purchase it and when you redeem/sell it, you will still incur a loss when you convert the redemption/sale proceeds into local currency if renminbi has depreciated. Like any other currency, the exchange rate of renminbi may rise or fall. Further, renminbi is subject to conversion restrictions and foreign exchange control mechanism.

### **RISKS OF TRADING IN OTHER JURISDICTION**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

## APPENDIX 1

### **ADDITIONAL TERMS IN CONNECTION WITH TRADING SECURITIES LISTED ON GEM**

#### 1. THE ACCOUNT

- 1.1 I/We confirm that the information provided in the “Account Opening Forms” is complete and accurate. I/We will inform you of any change to that information. You are authorized to conduct credit enquiries on me/us to verify the information provided.
- 1.2 You will keep information relating to my/our Account confidential, but may provide any such information to the Exchange and the SFC to comply with their requirements or requests for information.

#### 2. LAW AND RULES

All transactions in securities traded on GEM which you effect on my/our instructions (“**Transaction(s)**”) shall be effected in accordance with all laws, rules and regulatory directions applying to you. This includes the rules of the Exchange and of the Hong Kong Securities Clearing Company Limited (the “**Clearing House**”). All actions taken by you in accordance with such laws, rules and directions shall be binding on me/us.

#### 3. TRANSACTIONS

- 3.1 You will act as my/our agent in effecting Transactions unless you indicate in the contract note for the relevant Transaction or otherwise that you are acting as principal.
- 3.2 I/We will notify you when a sale order related to securities which I/we do not own, i.e. involves short selling.
- 3.3 On all Transactions, I/we will pay you commissions and charges, as notified to me/us as well as applicable levies imposed by the Exchange, and all applicable stamp duties. You may deduct such commissions, charges, levies and duties from the Account.
- 3.4 Unless otherwise agreed, in respect of each Transaction, unless you are already holding cash or securities on my/our behalf to settle the Transaction, I/we will:
- pay you cleared funds or deliver to you securities in deliverable form; or
  - otherwise ensure that you have received such funds or securities,
- by such time as you have notified me/us in relation to the Transaction. If I/we fail to do so, you may:
- in the case of a purchase Transaction, sell the purchased securities and
  - in the case of a sale Transaction, borrow and/or purchase securities in order to settle the Transaction.
- 3.5 I/We will be responsible to you for any losses and expenses resulting from my/our settlement failures.
- 3.6 I/We agree to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against me/us) at such rates and on such other terms as you have notified me/us from time on time.

37 In the cases of a purchase Transaction, if the selling broker fails to deliver on the settlement date not due to any act or thing caused or permitted by me/us and you have to purchase securities to settle the Transaction, I/we shall not be responsible to you for the costs of such purchase.

#### 4. SAFEKEEPING OF SECURITIES

41 Any securities which are held by you for safekeeping may, at your discretion

- (in the case of registrable securities) be registered in my/our name or in the name of your nominee; or
- Be deposited in safe custody in a designated account with your bankers or with any other institution which provides facilities for the safe custody of documents. In the case of securities in Hong Kong, such institution shall be acceptable to the SFC as a provider of safe custody service.

42 Where securities are not registered in my/our name, any dividends or other benefits arising in respect of such securities shall, when received by you, be credited to my/our Account or paid or transferred to me/us, as agreed with you. Where the securities form part of a larger holding of identical securities held for your clients, I/we shall be entitled to the same share of the benefits arising on the holding as my/our share of the total holding.

43 You do not have my/our written authority under section 6 of the Securities and Futures (Client Securities) Rules to:

- (a) deposit any of my/our securities with a banking institution as collateral for an advance or loan made to you, or with the Clearing House as collateral for the discharge of your obligations under the clearing system;
- (b) borrow or lend any of my/our securities; or
- (c) otherwise part with possession (except to me/us or any my/our instructions) of any of my/our securities for any purpose.

#### 5. CASH HELD FOR ME/US

Any cash held for me/us, other than cash received by you in respect of Transactions and which is on-paid for settlement purposes or to me/us, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.

#### 6. I/WE WILL SIGN AND ACKNOWLEDGE WHEN ENTERING INTO THIS AGREEMENT A RISK DISCLOSURE STATEMENTS IN THE FORM APPERING IN THE PAGE TO THIS AGREEMENT

#### 7. GENERAL

71 All securities held for my/our Account shall be subject to a general lien in your favour, for the performance of my/our obligations to you arising in respect of dealing in securities for me/us.

72 If you fail to meet your obligations to me/us specified herein, I/we shall have a right to claim under the Compensation Fund established under the Securities and Futures Ordinance, subject to the terms of the Compensation Fund from time to time.

- 73 You will notify me/us of any material changes in respect of your business which may affect the services you provide to me/us.
- 74 I/We confirm that I/we have read and agreed to the terms herein, which have been explained to me/us in a language that I/we understand.



## APPENDIX 2

### TERMS IN CONNECTION WITH INTERNET SERVICES

1. I/We consent to the use of the Internet Services made available to me/us from time to time (a) as a means of communications between you and me/us for the placing of orders for the purchase and sale of the Securities, and (b) as a medium of communication between you and me/us in connection with all other matters relating to the Internet Account(s), including access to the Internet Account(s) and the transmission of data, statements, notices, demands and other documents.
2. I/We agree that any notice, demand and other communication to me/us may be effectively given by telex, facsimile, telephone or electronic mail to any number notified to you from time to time for the purpose and shall be deemed to be received when sent (I the case of telex or electronic mail) or communicated (in the case of telephone) or upon receipt of a transmission confirmation (in the case of facsimile transmission) and that such notice, demand or communication is not required to be signed by you or on your behalf.

You are not deemed to have received my/our instructions or have executed my/our orders unless and until I/we are in receipt of your written acknowledgement of receipt or confirmation of execution of my/our orders, either electronically or by hard copy.

3. I/We acknowledge that I/we have read and understood the terms and conditions relating to the use, operation and procedures of the Internet Services made available to me/us on your Internet Website, and further acknowledge that such terms and conditions may be amended from time to time by any notice (including publication on your Internet Website), letter, publication or such other documents as may be issued by you from time to time (the “**Internet Services Terms**”), which shall be binding on me/us in respect of my/our use of the Internet Services and the Internet Account(s).
4. I/We acknowledge that I/we shall be the only user authorized by you to use the Internet Services and agree to use the Internet Services only in accordance with the Internet Services Terms from time to time. I/we undertake not to tamper with or alter in any way, or otherwise access or attempt to gain access to any part of the Internet Services other than authorized under the Internet Services Terms.
5. I/We agree:
  - (a) that I/we have sole responsibility to keep my/our identification and access codes for use of the Internet Services secured and confidential and undertake to use the same only for dealings in the Securities transacted through the Internet Services;
  - (b) that all dealings in the Securities transacted through the Internet Services using my/our identification and access codes shall be binding on me/us and deemed to be transacted by me/us, and that I/we shall be solely and wholly responsible for all orders so communicated through the Internet Services; and
  - (c) the contents of the transactions recorded on your Internet Website, subject to your confirmation in writing to me/us, shall be final and conclusive.
6. I/We undertake to notify you immediately if
  - (i) I/we become aware of any unauthorized use or access of my/our identification and access codes or the Internet

- (ii) Services or any of the information provided through the Internet Services by any other person.
  - (iii) I/We have received acknowledgement in whether means of a transaction which I/we did not instruct or is not in accordance with my/our order placed.
7. I/We acknowledge and agree that:
- (a) the analysis, commentary and market, financial and other information (the “**Information**”) made available through the Internet Services or other means from time to time is prepared by you or obtained from stock exchanges and third party service providers who may or may not be related to you, and you do not guarantee the timeliness, sequence, accuracy or completeness of any of the same.
  - (b) the copyright of the Information is owned by you, the relevant service providers or third party proprietors and that I/we undertake not use, reproduce, redistribute, disseminate or commercially exploit any such information in any way other than for my/our personal noncommercial purpose;
  - (c) you and/or the providers of the Information shall be under no liability whatsoever in connection with any of the Information (including but not limiting to its accuracy, reliability, completeness or timeliness), or for any reliance or decisions by me/us on any of the Information provided through the Internet Services; and
  - (d) I/we will not do any act which would constitute any infringement of any rights relating to the Information
8. I/We agree to pay all subscription and service fees, if any, that you may charge from time to time for the use of the Internet Services.
9. Notwithstanding any provision herein, you shall be entitled to terminate my/our access to the Internet Services or any part thereof at your absolute discretion without any notice to me/us and without incurring any liability whatsoever.
10. I/We undertake to fully indemnify you, your directors, officers or employees against all claims, demands, actions, losses, damages, costs (including legal costs) and expenses, resulting from any breach of the terms herein or in respect of any claims by any person in respect of the use of the Internet Service by me/us.
11. Without limitation to the generality of other provisions of this Agreement, I/we acknowledge and agree that you and your directors, officers, employees and agents shall not be responsible or liable for any loss suffered or which may be suffered by me/us arising from:
- (i) any use of the Internet Services or access codes, including without limitation to any delay or failure in the transmission, receipt, execution or confirmation of orders due to any breakdown, interruption or failure of transmission to the Internet Services or any communication equipment or facilities or to any unauthorized access, tampering or alteration of the Internet Services and/or the Information contained therein;
  - (ii) any inaccuracy of, error in or omission from any Information or other data, message or Information whatsoever made available on your Internet Website or any unavailability or interruption thereof; or
  - (iii) to any other causes beyond your control or anticipation including but not limited to restriction imposed by the government or any stock exchange, suspension of trading in securities, severe weather conditions, earthquakes

and strikes, and if I/we experience any problems in communicating with you through the Internet Services, I/we shall use other alternative means available to me/us to communicate with you.

12. I/We acknowledge and accept the following risks associated with the use of the Internet Services as a means of communication:

- (a) the Internet is an inherently unreliable medium of communication and provision of information due to the public nature of the communication and that the security, reliability and capacity of such means of communication and provision of services depends upon various factors beyond your control, including the operation of service providers and the equipment and facilities used by such providers and other users;
- (b) there may be congestion, interruption, breakdown or failure of transmission of the Internet Services or any communication equipment or facilities, errors, omissions or delays in the transmission and receipt of orders and other information and in the execution and confirmation of orders which may result in orders not necessarily being executed at the prices indicated on the Internet;
- (c) there may be unauthorized access, tampering, modification or alteration of the Internet Services and/or any part or component thereof which may result in the manipulation, unlawful use, theft or loss of information, including my/our personal data.

13. I/We agree that the mobile APP services — “Minerva Securities” and any other electronic stock trading services (the “**Electronic Stock Trading Services**”) shall be operated in accordance with and subject to the additional terms and conditions as follows:

- (i) I/We understand that the Electronic Stock Trading Services is a facility operated through internet, which enables me/us to send instructions, and send or receive other information relating to any instructions;
- (ii) I/We warrant and undertake that I/we shall not, and shall not attempt to, tamper with, modify, decompile, reverse, engineer or otherwise alter in any way, and shall not, and shall not attempt to, gain unauthorized access to, any part of the Electronic Stock Trading Services. I/We acknowledge that you may take legal action against me/us, if I/we at any time breach this warranty and undertaking or if you at any time have reason to suspect that I/we have breached the same. I/We undertake to notify you immediately if I/we become aware that any of the actions described above in this paragraph is being perpetrated by any other person;
- (iii) I/We am/are fully responsible for any instructions received through your Electronic Stock Trading Services by you under my/our ID and the instructions shall be deemed to have been given by me/us notwithstanding that it may have been given by a third party with or without my/our authority;
- (iv) You shall be under no obligation to effect any instructions and are entitled to refuse to carry out the same without giving a reason for such refusal. In particular, but not limit to, if (as applicable):

- (a)
  - (i) there are insufficient cleared funds in the Account(s); and/or
  - (ii) there are insufficient Securities in the Account(s),  
for settlement of the relevant instruction; and/or
- (b)

the funds required for the relevant instruction when aggregated with the funds required for the execution of all other outstanding instructions render the Account(s) to exceed the day trade limit as agreed between you and me/us;
- (v) You shall not be responsible for any order not being executed through your Electronic Stock Trading Services for whatever reason;
- (vi) I/We accept that quoted prices may change prior to the trade's execution and not all orders will be executed in chronological sequence with the orders being placed. Any instructions or orders given by me/us shall be deemed to be given at the time and in the format the same is received by you (regardless of the circumstances prevailing at the relevant time and without further enquiry by your Electronic Stock Trading Services as to the genuineness of instructions and/or the authority or identity of the person giving the same), and may be carried out by you without further verification from me/us;
- (vii) Any acknowledgment or notification given by you through your Electronic Stock Trading Services shall be deemed to have been received by me/us and I/we shall be bound thereby notwithstanding that such acknowledgment or notification may not have actually been received by me/us for any reason whatsoever. If any instruction received by you are, or is regarded by you in good faith to be, ambiguous, contradictory or conflicting, you may either disregard such instruction (in whole or in part) or carry out or execute such instruction (in whole or in part) in accordance to your interpretation of such instruction in good faith without further enquiry or consultation with me/us;
- (viii) I/We acknowledge that the placement of an order through your Electronic Stock Trading Services, including a market order, does not guarantee receipt, acceptance or execution of the order. I/We shall not be entitled to presume an order as having been executed, cancelled or modified until I/we have received a notification from you confirming the same;
- (ix) I/We accept that the cancellation or modification of an order pursuant to my/our request is not guaranteed by you. The order will be cancelled or modified only if my/our request for cancellation or modification is duly received and the order is successfully cancelled or modified before it is executed;
- (x) I/We shall be fully responsible and liable for any orders placed with you, and transactions entered into, through the use of your Electronic Stock Trading Services accessed using the ID. In particular (but without limitation) I/we shall be bound by such orders notwithstanding any typographical or keystroke errors made when such orders are placed, any corruption or distortion of orders which may occur when such orders are transmitted

through your Electronic Stock Trading Services, or that such orders may exceed any position or transaction limits or restrictions (whether imposed by the relevant exchange, you or otherwise). You shall, notwithstanding that any of such orders may be deemed as being that of yours vis-à-vis any relevant exchange's, not be obliged to review, detect, correct or stop any of such orders in any way;

- (xi) I/We acknowledge that you offer me/us two ways of accessing the Account, through the Electronic Stock Trading Services and by telephone. I/We agree that, should I/we experience any problems in reaching you through either method, I/we will use the alternative method to communicate with you and inform you of the difficulty I/we am/are experiencing;
  
- (xii) I/We agree and understand that due to unpredictable traffic congestion and other reasons, Electronic Stock Trading Services may not be reliable and transactions conducted via Electronic Stock Trading Services may be subject to delays in transmission and receipt of my/our instructions or other information, delays in execution or execution of my/our instructions at prices different from those prevailing at the time my/our instructions were given, transmission interruption or blackout. There are risks of misunderstanding or errors in communication, and that there is also usually not possible to cancel an instruction after it has been given. You accept no responsibility for any loss which may be incurred by me/us as a result of such interruptions or delays or access by third parties; and
  
- (xiii) Communications over the internet may be subject to transmission blackouts, interruptions, interceptions, or incorrect data transmissions due to the public nature of the internet or for other reasons that are beyond your controls. Messages sent over the internet cannot be guaranteed to be completely secure. I/We accept and agree to bear the risk of any delay, loss, diversion, alternation, corruption or virus infection of any messages/instructions either sent or received from your systems. You shall not be responsible for any losses or damages incurred or suffered as a result thereof.

14. I/We confirm that I/we have read the terms and conditions and that the contents herein have been fully explained to me/us in a language which I/we understand, and that I/we accept the terms and conditions of this Appendix 2.

## **SHANGHAI-HONG KONG STOCK CONNECT**

Shanghai-Hong Kong Stock Connect is a mutual market access programme established by the Stock Exchange of Hong Kong Limited (the “**Exchange**”), Shanghai Stock Exchange (“**SSE**”) and China Securities Depository and Clearing Corporation Limited (“**China Clear**”), through which investors in Hong Kong and Mainland China can trade and settle shares listed on the other market respectively via the exchange and clearing house in their local market.

Hong Kong and Overseas investors will be allowed to trade SSE Securities through Shanghai-Hong Kong Connect (“**Northbound trading**”), Mainland investors will be accepted to trade the Exchange Securities through Shanghai-Hong Kong Connect (“**Southbound trading**”).

### **Trading via Shanghai-Hong Kong Stock Connect**

- No day trading is allowed.
- Pre-trading checking is in place. Client must have shares at the Broker’s CCASS account before the commencement of trading on a trading day if the Client intends to sell the shares during a trading day.
- All trading must be conducted on SSE, i.e. no over-the-count or manual trades are allowed.
- Naked short selling is not allowed.
- Foreign shareholding restriction (including the forced-sale arrangement) is in place and the Broker has the right to “**force-sell**” the Client’s shares upon receiving the forced-sale notification from the Exchange.
- The Client understands fully the Mainland rules and regulations on the relation to show-swing profits, disclosure obligations and follows such rules and regulations accordingly.
- The Broker has the right to cancel orders in case of contingency such as hoisting of Typhoon Signal No.8 in Hong Kong.
- The Broker may not be able to send the Client’s order cancellation requests in case of contingency such as when the Exchange loses all its communication line with SSE, etc. and the Client should still bear the settlement obligations if the orders are matched and executed
- The Client must comply with SSE Rules and other applicable laws of Mainland China relating to Northbound trading.
- The Broker may forward the Client’s identity to the Exchange which may on-forward to SSE surveillance or investigation purposes.
- If the SSE Rules are breached, or the disclosure and other obligations referred to in the SSE Listing Rules or SSE Rules are breached, SSE has the power to carry out an investigation, and may, through the Exchange, require the Broker to provide relevant information and materials and to assist in its investigation.
- The Exchange may upon SSE’s request, require the Broker to reject orders from the Client.
- The Client accepts the risks concerned in Northbound trading including but not limited to prohibition of trading SSE Securities, being liable or responsible for breaching the SSE Listing Rules and other applicable laws and regulations.
- SSE may request the Exchange to require the Broker to issue warning statements (verbally or in writing) to the Client, and not to extend Northbound trading service to the Client.
- HKEx, the Exchange, the Exchange Subsidiary, SSE and SSE Subsidiary, the Broker and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client or any third parties arising from or in connection with Northbound trading.
- The Client needs to hold sufficient Renminbi (RMB) for settlement purpose. IF the Client do not hold sufficient RMB in the account and the Client has not given the Broker any foreign exchange instruction to transfer any other currencies

standing to the credit of the Client account at the prevailing exchange rate in the market and at such time the Broker deem appropriate. The Broker shall not be liable for any foreign exchange losses in the Client's account as a result of the above currency conversion for the Client in such circumstances.

#### **Not protected by Investor Compensation Fund**

- Any Northbound or Southbound trading under Shanghai-Hong Kong Stock Connect will not be covered by the Hong Kong's Investor Compensation Fund.
- Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorized financial institution in relation to exchange-traded products in Hong Kong.
- As far as Southbound trading is concerned, since Mainland securities brokers are neither licensees nor registered institutions with the SFC in Hong Kong and they are not regulated by the SFC, the Investor Compensation Fund will not cover Southbound trading via Shanghai-Hong Kong Stock Connect.
- As for Northbound trading, according to Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong's recognized securities market (the Exchange) and recognized futures market (Hong Kong Futures Exchange Limited, "**HKFE**"). Since default matters in Northbound trading via Shanghai-Hong Kong Stock Connect do not involve products listed or traded on the Exchange or HKFE, so similar to the case of investors trading overseas securities, Client will not be covered by the Investor Compensation Fund.
- On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund, the functions of China Securities Investor Protection Fund ("**CSIPF**") include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory Commission ("**CSRC**") and custodian operation" or "other functions approved by the State Council". As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying our Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, therefore they are not protected by CSIPF on the Mainland.

#### **Quotas Used Up**

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

#### **Trading day**

Shanghai-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Client should take note of the

days Shanghai-Hong Kong Stock Connect is open for business and decide according to Client's own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Connect is not trading.

#### **Restrictions on Selling Imposed by Front-end Monitoring**

Client must ensure to have sufficient shares in their accounts opened with the Broker when placing sell orders for trading Shanghai Stock Exchange Securities. If the shares are kept in an account opened with another Exchange Participant or a custodian, Client must first transfer the shares to the Broker on the day before trading day in order to sell the share on trading day.

#### **The Recalling of Eligible Stocks**

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

#### **Currency Risks**

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

#### **Trading and Settlement Currency**

- Northbound investments in SSE securities will be traded and settled in RMB, the Broker can offer currency exchange services to Northbound trading Investors. For calculating any debit balance due from the Client.
- The exchange rate shall be determined by the Broker in its sole discretion, with reference to the prevailing rates in the foreign exchange market.
- Any conversion from one currency into another may be effected by the Broker in such manner and at such times as it may in its absolute discretion.
- The costs of conversion and any loss arising as a result of fluctuations in the exchange rate of the relevant currency will be entirely for the account and risk of the Client, and the Client authorized the Broker to debit Client's account for any expenses incurred in effecting any currency conversion.

#### **Applicable Law and Regulations**

All transaction executed in the Shanghai-Hong Kong Stock Connect shall be subject to the regulations used by China Securities Regulatory Commission ("CSRC") and the Securities and Futures Commission of Hong Kong (the "SFC"). The Client agrees to do such things as the Broker may require to ensure compliance with all relevant or applicable laws, rules, regulations, by-laws, constitution, orders, directives, notices, circulars, codes, customs, usages (whether of government bodies, authorities, exchange, market, clearing house or settlement system, and whether or not having the force of law.)



### **Disclosure of Information**

Under the current PRC rules, when the Client holds or controls up to 5% of the issued shares of a Mainland listed company, the Client is required to report in writing to CSRC and the relevant exchange, and inform the listed company within three working days. The client is not allowed to continue purchasing or selling shares in the listed company within three working days. And every time when a change in his shareholding reaches 5%, the Client is required to make a disclosure within three working days. From the day the disclosure obligation arises to two working days after the disclosure is made, the Client may not buy or sell the shares in the relevant Mainland listed company. If a change in shareholding is less than 5% but results in the shares held or controlled by the Client falling below 5% of the relevant Mainland listed company, the Client is required to disclose the information within three working days.

### **Foreign Shareholding Restrictions**

The CSRC stipulates that, when holding Mainland A-shares through Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restriction:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in an A share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong or overseas investors in an A share must not exceed 30% of the total issued shares.
- Foreign investors mean investors who trade A share through QFII, RQFII, and Shanghai-Hong Kong Stock Connect. When aggregate foreign shareholding reaches 28%, the Exchange will stop accepting further buy orders on that A share, until shareholding lowers to 26%. If the aggregate foreign shareholding exceeds 30% and the excess is due to Shanghai-Hong Kong Stock Connect, the Exchange will identify the relevant exchange participant and it is required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. Client should accordingly comply with the 10% single foreign investor's restriction and forced-sale arrangement.

### **Taxes and Other Payments**

- Client trading SSE Securities under Shanghai-Hong Kong Stock Connect will be subject to SSE's Handling Fee and Securities Management Fee, together with China Clear's Transfer Fee.
- Certain existing CCASS fees still apply, including stock settlement fee for settlement instructions and money settlement fee. HKSCC also impose a Portfolio Fee on its CCASS Participants for providing depository and nominee services for their SSE securities held in CCASS. The Portfolio Fee will be collected on a monthly basis in Hong Kong dollars.
- Taxes imposed by the State Administration of Taxation ("SAT"), including stamp duty and dividend tax will also be applied to the Northbound trades and SSE Securities acquired through Shanghai-Hong Kong Stock Connect. Any additional tax imposed by the SAT, if applicable, will be subject to further clarification with SAT.