



**China Securities (International)
Brokerage Company Limited**

Client Agreement

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SECTION 1 : GENERAL TERMS AND CONDITIONS

1. Interpretation

- 1.1 In this Agreement, unless elsewhere defined or where the context requires otherwise, the following terms shall have the following meanings and may be used in singular or plural:

"Access Code"	such password(s), and/or form(s) of personal identification (in numeric, alpha-numeric or other format, usually known as login name) prescribed by CSIB from time to time, whether use alone or in conjunction with each other, for gaining access to the Electronic Trading Services;
"Account"	any one or all accounts from time to time opened and maintained by the Client with CSIB;
"Account Opening Form"	the form(s) submitted by the Client and accepted by CSIB for opening and maintaining an Account under the terms of this Agreement;
"Affiliate"	CSIB's subsidiaries and associated companies including, without limitation, China Securities (International) Asset Management Company Limited; China Securities (International) Corporate Finance Company Limited; China Securities (International) Finance Company Limited; China Securities (Hong Kong) Investment Management Co. Limited; China Securities Co., Limited; China Securities (International) Finance Holding Company Limited;
"Agent"	any person engaged or used by CSIB to carry out or support any of its duties under this Agreement on behalf of the Client including, without limitation, brokers, banks, lawyers, custodians, nominees, Exchange, Clearing House, clearing and settlement systems and an Affiliate;
"Agreement"	this Agreement including any annexes and appendices hereto, together with the Account Opening Form, any agreement or document relating to the operation of an Account, the effecting of a Transaction or of the provision of a Service, or entered into or agreed between CSIB and the Client from time to time, including but not limited to any confirmation letters issued by the Client to CSIB,

	CSIB's fees and charges schedule and ancillary forms completed by or sent to the Client and other documents referred to in any of these documents, as may be amended or supplemented by CSIB from time to time;
"Applicable Law"	a law, rule, regulation, guideline, code, demand, judgement, order, sanctions regime, registration or filing requirement, market practice or custom or obligation under an agreement with any Authority or between Authorities (whether having the force of law or otherwise) to which a Transaction or a Service is subject or with which CSIB or an Affiliate is required or expected to observe or comply, including, without limitation, FATCA or other foreign law;
"Authorised Person"	any individual or entity authorised by the Client under a properly executed and valid power of attorney to give Instructions on its behalf;
"Authority"	any regulatory authority, government, Tax Authority, law enforcement agency, court, Exchange, Clearing House, clearing or settlement system or professional, statutory, judicial or administrative body (including, without limitation, any industry association and self-regulatory body) in or outside Hong Kong;
"BCAN"	a "Broker-to-Client Assigned Number", being a unique identification code in the format prescribed by the Exchange, generated by a relevant licensed or registered person in accordance with the Exchange's requirements;
"Business Day"	a day on which CSIB is open for business in Hong Kong but not including a Saturday, Sunday and any day which is a general holiday of Hong Kong or is otherwise specified by CSIB from time to time;
"Chief Executive"	the Chief Executive from time to time appointed by the board of directors of the HKFE or, as the context may require, a designated member of the HKFE staff;
"CID"	the following information in relation to a client to whom a BCAN is assigned: <ul style="list-style-type: none"> (i) the full name of the client as shown in the client's identity document;

- (ii) the issuing country or jurisdiction of the identity document;
- (iii) the identity document type; and
- (iv) the identity document number;

"Clearing House"	shall have the meaning in Schedule 1 of the SFO;
"Client"	any person in whose name an Account is opened (and in the case of a joint account, each joint account holder) and whose name is specified on the signature page in the Account Opening Form. "Client" also refers to the Client's personal representatives, successors and permitted assigns. This Agreement may refer to a Client as "it", "he", "she" or "they";
"Client's Assets"	any and all of the Client's money, Securities, assets and other property (whether in Hong Kong or elsewhere; and whether held individually or jointly with others) held by or registered now or at any time with CSIB or its Agents;
"Client's Liabilities"	any and all money, obligations or liabilities now or at any time owing, falling due or incurred by the Client to CSIB and/or its Affiliates or incurred by CSIB and/or its Affiliates on the Client's behalf (including, without limitation, any obligation or liability of the Client pursuant to or in connection with a Transaction or provision of a Service), whether as principal or surety and whether from the Client solely or from the Client jointly with any other person or from any firm in which the client may be a partner and in whatever style, name or form and in whatever currency denominated, including, without limitation to all principal moneys, interests at such rate as may from time to time be payable by the Client (or which would have been so payable but for the liquidation, bankruptcy, death or other incapacity of the Client), fees, charges, levies and all expenses;
"Closing Out"	the entering into another contract of the same specification and for the same amount but of an opposite position in order to cancel an existing contract and/or to crystalized the profit or loss on an existing contract;
"Code of Conduct"	Code of Conduct for Persons Licensed by or

	Registered with the Securities and Futures Commission issued by the SFC as amended from time to time;
"Collateral"	any and all monies and assets in any Account, guarantee, security (whether in Hong Kong or elsewhere) and/or indemnity provided to CSIB by the Client and/or a Collateral Provider as security (whether in Hong Kong or elsewhere) for any of the Client's Liabilities;
"Collateral Provider"	any person who provides Collateral to CSIB as security for any of the Client's Liabilities;
"CSIB"	China Securities (International) Brokerage Company Limited (CE no. BAU373) and with its registered office currently situated at 18/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong and includes, without limitation, where the context permits, its directors, employees and officers;
"Electronic Instruction"	in relation to the provision and use of the Services and the System, an electronic communication which CSIB believes in good faith to have been given by the Client or any Authorized Person via the System;
"Electronic Trading Services"	any facility and service (including without limitation those relating to dealing services, information services, e-mail and the software comprised in any of the forgoing) which may be provided by CSIB to the Client subject to the terms and conditions set out in the Agreement, through which Client can use a System to: (i) give Electronic Instruction(s); and (ii) perform such other functions as permitted by CSIB at its sole and absolute discretion from time to time;
"Exchange"	The Stock Exchange of Hong Kong Limited, HKFE or, where applicable, any other stock or futures exchanges outside Hong Kong;
"Event of Default"	shall have the meaning given to that term in clause 25.9;
"FATCA"	the United States Foreign Account Tax Compliance Act, as amended from time to time;

"Futures" or "Futures Contracts"	shall have the meaning of "futures contracts" in Schedule 1 of the SFO;
"HKFE"	Hong Kong Futures Exchange Limited, its successors and assigns;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Information"	all or any of the following items relating to the Client or a Related Party: (a) personal data; (b) information about the Client or a Related Party (including, without limitation, their shareholders, directors and officers), the Account, Transactions, use of CSIB's Service and the Client's relationship with CSIB; (c) tax information (including, without limitation, residence and tax documents or information about the tax status of a Client or Related Party);
"Instruction"	any direction given by the Client relating to a Transaction or a Service or otherwise arising out of and / or in relation to the Account including, without limitation, a direction to withdraw assets or terminate an Account;
"Investor Compensation Fund"	the investment compensation fund established pursuant to the SFO;
"Loss"	any direct, indirect, consequential or special loss or damage, cost, expense, claim or demand, including but not limited to any loss of profit, loss of revenue, damage to goodwill or reputation, loss of business opportunity and loss of use of money;
"Margin Account"	an Account which allows a Client to carry out a Margin Transaction, that is, the Client only has to provide part of the cost of the Transaction;
"Margin Transaction"	a Transaction carried out on margin and/or itself contains leveraged products;
"PICS"	CSIB's Personal Information Collection Statement, as provided to the Client and as amended from time to time;
"Related Party"	any person with whom the Client has a relationship that is relevant to this Agreement, a Transaction or

Service, including, without limitation to, any Collateral Provider, guarantor, director or officer of a company, partners or members of a partnership, any substantial shareholder, beneficial owner, trustee, settlor or protector of a trust, Account holder of a designated Account, payee of a designated payment, a representative, Agent or nominee, holding company of the Client, subsidiaries of the Client and any company in which the Client's holding company holds 30% or more of the voting power of the Client;

"Securities"	shall have the meaning in Schedule 1 of the SFO;
"Service"	any service, product and facility granted or made available from time to time by CSIB to the Client and/or any third party at the request of the Client;
"SFC"	the Hong Kong Securities and Futures Commission, its successors and assigns;
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and all subsidiary legislation, as amended from time to time;
"System"	the electronic system which is supported by computer-based component systems for the order-routing, execution, matching or registration, together with any associated software, hardware, facilities and services provided by CSIB and used by the Client from time to time;
"Tax Authority"	Hong Kong Inland Revenue Department or any foreign tax revenue or monetary authority;
"Transaction"	any transaction or act carried out by CSIB, pursuant to or relating to the execution of Instructions, the operation of an Account or the provision of a Service, including without limitation, any Transaction that does not eventuate or complete; and
"Variation Adjustment"	in relation to transactions of the HKFE, the amount payable by (to) the Clearing House to (from) CSIB on behalf of the Client, calculated on a daily basis in accordance with the rules on variation adjustment of the clearing rules of the Clearing House.

2. Client Relationship

- 2.1 China Securities (International) Brokerage Company Limited (CE no. BAU373) ("CSIB") is a licensed corporation under the SFO for the purposes of carrying on the regulated activities of dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4) and advising on futures contracts (Type 5). Its registered office is currently situated at 18/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- 2.2 The relationship between CSIB and the Client is governed by this Agreement and any applicable supplemental documents.
- 2.3 From time to time, CSIB may introduce and provide new Services, in which case CSIB may notify the Client of the terms in relation to such new Services. Such terms form part of this Agreement.
- 2.4 In the event of any conflict, inconsistency or difference, any specific terms relating to a Transaction or a Service shall (unless indicated otherwise) prevail over the terms in this Section 1 (General Terms and Conditions), in relation to that Transaction or Service to the extent of such conflict, inconsistency or difference.
- 2.5 All Transactions carried out by CSIB on behalf of the Client in relation to this Agreement shall be subject to Applicable Laws as amended from time to time.
- 2.6 The Client requests to be kept informed of Services and authorises CSIB to provide information about such Services as CSIB may think is of interest to the Client.
- 2.7 This Agreement shall be construed according to its fair language. The rule of construction, to the effect that ambiguities are to be resolved against the drafting party, shall not be employed in interpreting this Agreement. The parties acknowledge that any Applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any party or its counsel.

3. Non-Hong Kong Residents or Corporations

- 3.1 If the Client resides or (being a corporation) outside Hong Kong, or gives Instructions outside Hong Kong, the Client agrees to ensure and represents that such Instructions shall be given in compliance with all Applicable Laws and regulations of any relevant jurisdiction which may be applicable to the Client or from which the Instructions are given, and that when in doubt, to consult or obtain legal advice on the laws of the relevant jurisdiction.
- 3.2 The Client agrees and undertakes to pay any taxes, duties, impositions or charges payable to the relevant Authorities in relation to the Client's nationality or residing

or the Client's giving of any Instructions from outside Hong Kong and the execution of Instructions. The Client agrees that, when in doubt, the Client shall consult or obtain advice on tax related matters and/or issues from professionals of the relevant jurisdiction at the Client's own costs.

- 3.3 The Client understands and agrees that the Client shall be solely responsible for complying with any selling restrictions in relation to any investment that may be applicable to the Client as a result of his/its nationality, residency or giving of Instructions from an overseas jurisdiction. CSIB is not responsible from advising the Client on the applicability of selling restrictions and shall not be responsible for any claims, demands, actions, proceedings, Losses, penalties, fines, taxes, damages, costs and expenses (including legal cost) and any liability whatsoever that the Client may suffer as a result.

4. Instructions

- 4.1 CSIB is authorised but not obliged to act on Instructions given, or purported to be given by the Client and/or the Authorised Person. The Client hereby authorises CSIB to effect Transactions in such manner and through such third parties as it is empowered to do under this Agreement.
- 4.2 The Client acknowledges that due to the trading practices of the Exchange or other markets in which Transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by Transactions executed by CSIB following Instructions given by the Client.
- 4.3 Subject to Applicable Laws and market requirements, CSIB may in its sole and absolute discretion determine the priority in the execution of its customers' orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another customer in relation to the execution of any order received by CSIB.
- 4.4 CSIB may provide passwords or prescribe other security measures for access to an Account, the giving of any Instruction or for other operational purposes. The Client shall exercise due care to secure and keep such passwords and security measures confidential. CSIB is entitled to rely on these passwords or the use of these security measures to accept an Instruction, effect a Transaction or otherwise carry out its obligations or functions under this Agreement. CSIB shall not be liable for any Loss suffered or incurred by the Client arising out of such reliance, loss of passwords or breach of the security measures by the Client or any incorrect or any improper use of such passwords or security measures. The Client shall report any or suspected breach of security, fraud or such incorrect or improper use to CSIB immediately.
- 4.5 Should CSIB require a Client to provide a response within a specified time frame, the Client acknowledges that failure to respond within such specific time frame may result in CSIB being unable to implement the Client's Instructions.

- 4.6 The Client may authorise an Authorised Person and the Client agrees to ratify and confirm all the acts of the Authorised Person in the exercise or purported exercise of the Authorised Person's powers, discretion and authority. CSIB shall be entitled to rely on and act upon the Instructions of the Authorised Person unless and until CSIB is informed of such revocation of appointment by the Client in writing or in a form as otherwise agreed between CSIB and the Client. Where there is more than one Authorised Person, CSIB may at its sole and absolute discretion accept Instructions from any of them, unless the Client has indicated otherwise.
- 4.7 Should CSIB receive any documents from the Client that is undated, the time and date as received by CSIB and as marked by CSIB at the time shall be conclusive evidence of the time and date of such document.
- 4.8 All Instructions must be in accordance with the terms of this Agreement and must bear signatures and, as applicable, the company chop which, in CSIB's sole opinion, correspond to the specimen signatures or authorised company chop impression of the Client and/or the Authorised Person as provided to CSIB. Failure by the Client to operate the Account in accordance with this paragraph shall not render CSIB liable for acting on such Instructions.
- 4.9 CSIB may prescribe, from time to time, the mean by which Instructions must be given. Such form of Instructions shall be mutually agreed between the Client and CSIB and shall be accepted by CSIB. CSIB has the sole and absolute discretion whether to accept any particular form of Instruction.
- 4.10 All Instructions given by the Client and/or an Authorised Person to CSIB shall be irrevocable. Any Transaction effected in good faith by CSIB upon the Instructions of the Client and/or an Authorised Person, shall be irrevocable and binding on the Client.
- 4.11 The Client acknowledges that CSIB may at its sole and absolute discretion record all telephone conversations with the Client. The Client consents to such recording and agrees that should any dispute arise, the content of such records shall be conclusive and binding evidence of the Client's Instructions. Such records shall be CSIB's property.
- 4.12 If CSIB so requires, the Client shall provide written confirmation of all oral or telephone Instructions to CSIB as soon as practicable. Nothing in the foregoing shall preclude CSIB from being authorised to act on such oral or telephone Instructions prior to obtaining the written confirmation. Failure by the Client to provide such written confirmation shall not render CSIB liable for acting upon such Instructions.
- 4.13 Where there is more than one person who is authorised to give Instructions regarding an Account, any Instructions from any one of such persons shall be sufficient for CSIB to accept and act upon such Instructions unless otherwise indicated in a board resolution of the Client. For joint accounts, CSIB is entitled

to accept Instructions from any one of the joint account holders unless otherwise agreed in writing with the Client.

- 4.14 CSIB is entitled to treat as valid and act on all Instructions given or purportedly given by the Client and/or any Authorised Person, and is under no duty to verify the authenticity of Instructions or the identity, authority or good faith of the person giving or purporting to give Instructions, regardless of the prevailing circumstances or the nature of the Instructions or amount of the Transaction and notwithstanding any error, misunderstanding, fraud, forgery, or lack of clarity with regard to the Instructions. CSIB shall not be liable for any failure to so verify.
- 4.15 CSIB shall be allowed time to respond to Instructions as may be reasonable having regard to its systems and operations and other prevailing circumstances.
- 4.16 Where any Instructions CSIB receives are conflicting or unclear, CSIB is entitled to, but not obliged to rely and act on any such Instructions in accordance with any reasonable interpretation by CSIB provided such interpretation is conducted in good faith.
- 4.17 Any Instructions which CSIB believes, in good faith, to be fraudulent, forged or unauthorised, or may result in any breach of Applicable Law if acted upon, CSIB is entitled to, if it considers appropriate, refuse to act, without prior notice or without having to state the grounds for such refusal.
- 4.18 Unless otherwise agreed, all Instructions must be provided within CSIB's operating hours on a Business Day and before the relevant cut-off time for the particular type of Instruction as prescribed by CSIB in its sole and absolute discretion. CSIB shall carry forward any Instructions received after the relevant cut-off time to the next Business Day.
- 4.19 CSIB retains sole and absolute discretion to refuse or accept any request to cancel or amend Instructions provided to it, and in any event, no Instructions may be cancelled or amended if it has already been executed by CSIB.
- 4.20 It is the Client's duty to ensure Instructions are clear, correct and intelligible, and that they have been received and/or read, as applicable, by CSIB's officer designated to deal with the Account.
- 4.21 CSIB shall have no obligation whatsoever to collect, receive, take any corporate action (including attending any general meeting and/or exercising any voting right) in respect of any Securities are held in CSIB's name and/or the name of any nominee of CSIB (whether in Hong Kong or elsewhere) or to notify the Client of the existence of or the terms of any notice, circular, report, announcement of any corporate action in respect of any Securities are held in CSIB's name and/or the name of any nominee of CSIB (whether in Hong Kong or elsewhere), unless the Client has specifically instructed CSIB and CSIB has agreed in writing to comply with such instruction. CSIB shall respond promptly to the Client's requests for information on corporate actions in relation to the Securities are held in CSIB's

name and/or the name of any nominee of CSIB (whether in Hong Kong or elsewhere). The Client shall give sufficient time to CSIB to make the necessary arrangements. If CSIB shall make any such collection or receipt, take any such action or give the Client any such notification or shall take any action pursuant to any such notification, CSIB shall not have any liability in respect of any inaccuracies or delays and any obligation to continue or repeat any such action. CSIB has the right to charge the Client for its services in taking any action pursuant to such Instruction.

- 4.22 CSIB does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions, and neither CSIB nor any Agent accepts any liability (whether in tort or contract or otherwise) for any Loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. CSIB expressly disclaims all warranties, express or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

5. Currencies in Transaction

- 5.1 The Account shall be in Hong Kong Dollars or such other currencies as CSIB may specify from time to time
- 5.2 In the event that the Client instructs CSIB to effect any sale or purchase of Securities in a currency other than in Hong Kong Dollars, any profit or Loss arising as a result of fluctuation in the exchange rate of the relevant currencies shall be for the Account of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by CSIB under this Agreement may be effected by CSIB in such manner and at such time as CSIB thinks fit.
- 5.3 All payments to be made by the Client to CSIB in a currency other than in Hong Kong Dollars shall be in freely transferable and immediately available funds clear of any taxes, charges or payments of any nature when received by CSIB.

6. Monies in the Account

- 6.1 CSIB shall be entitled to deposit all monies held in the Account and all monies received for or on the Account of the Client with one or more segregated account in Hong Kong, each of which shall be designated as a trust account or client account, at one or more authorised financial institutions or any other person approved by the SFC for the purposes of section 4 of the Securities and Futures (Client Money) Rules (Cap. 571I of the Laws of Hong Kong). Unless otherwise agreed between the Client and CSIB, any interest accrued on such monies shall belong to CSIB absolutely.
- 6.2 For so long as there exists any Client's Liabilities, CSIB may refuse any withdrawal of money in the Account and the Client shall not without consent of CSIB withdraw any such money.

7. Statement of Account and Confirmation of Transactions

- 7.1 The Client shall receive statements regarding the Transactions and balances in the Account periodically.
- 7.2 For each Transaction carried out by the Client and/or the Authorised Person, the Client shall receive confirmation evidencing such Transaction.
- 7.3 The Client undertakes to carefully check, examine and verify the correctness of each entry and/or Transaction on each statement or confirmation provided.
- 7.4 The Client undertakes that it shall promptly, and in any event, within 24 hours from the issuing date of the confirmation/ daily statement and within 7 days from the issuing date of the monthly statement, notify CSIB in writing of any issues (including any discrepancies, omissions, credits or inaccuracies or incorrect entries in the Account).
- 7.5 Failure to inform CSIB as prescribed herein shall be deemed conclusive evidence that the Client has accepted all the matters contained in the confirmation and statements without proof that the Account is and all entries therein and the execution of all Transactions are correct.

8. Confidentiality and Use of Information

- 8.1 CSIB may collect any Information it deems necessary. The Client consents to the collection, use and disclosure (which, for the avoidance of doubt includes, without limitation, any processing or analysis of any Information, transfer and storage) of Information as described below. In all other circumstances, CSIB shall keep all Information confidential.
- 8.2 Information may be disclosed (and the Client agrees that CSIB shall not be held liable in any way to the Client for providing such Information) in any of the following circumstances:
 - 8.2.1. it is pursuant to Applicable Laws;
 - 8.2.2. CSIB's legitimate business purposes makes disclosure expedient or necessary, such as:
 - 8.2.2.1. to any Agent, Authority, settlement system and any other third party service providers for the purpose of effecting a Transaction or the provision or maintenance of a Service or in relation to the operation of any business of CSIB, its holding companies and any of its Affiliates;
 - 8.2.2.2. to CSIB's holding companies and any of its Affiliates;

- 8.2.2.3. to professional advisors including, without limitation, to auditors, legal advisors or others who undertakes or have a duty of confidentiality to CSIB;
 - 8.2.2.4. in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) or other Applicable Laws on data protection;
 - 8.2.2.5. for the purpose of responding to requests by any financial institution in dealing with the Client's proposed dealing or dealing with such financial institution; and
 - 8.2.2.6. for updating and verification of any Information provided.
- 8.2.3. CSIB has otherwise obtained the relevant consent of the Client or the Related Party.
- 8.3 The Client agrees that CSIB and its Affiliates may collect, use and disclose the Information in accordance with Applicable Laws, CSIB's PICS and as set out in this Agreement.
- 8.4 The Client shall inform CSIB promptly and in any event, within 30 days in writing in relation to any changes to the Information provided to CSIB or its Affiliates and to respond promptly to any request for clarifications or details made by CSIB. The Client shall cooperate fully with any inquiry which CSIB may make for the purposes of complying with any Applicable Law.
- 8.5 The Client confirms that every Related Party whose Information is provided to CSIB or its Affiliates has (or shall at the relevant time have) been notified of and agreed to the collection, use and disclosure of such Information in accordance with this Agreement and the PICS. The Client shall advise any such Related Party of their rights of access to, and correction of, their Information. The Client undertakes to obtain such consents from any Related Party as are necessary to permit the collection, use and disclosure of Information as provided for in this Agreement and the PICS.
- 8.6 The Client consents and shall take any steps as are required from time to time for the purposes of any applicable data protection law or secrecy law in allowing CSIB to collect, use and disclose the Information.
- 8.7 Where:
 - 8.7.1. there is a failure by the Client or any Related Party to promptly provide any Information requested by CSIB; or
 - 8.7.2. The Client or any Related Party withholds or withdraws any consent that CSIB may require in order to collect, use or disclose any Information for the purposes as described in clause 8.2;

CSIB may without prejudice to any other rights and remedies :

- 8.7.3. take any action it deems appropriate to comply with any Applicable Law; or
 - 8.7.4. block, transfer or close an Account without prior notice; or
 - 8.7.5. stop effecting Transaction or providing Service; or
 - 8.7.6. without prior notice terminate the Client relationship.
- 8.8 In the event that the Client fails to promptly provide its or a Related Party's Information, CSIB may make its own judgement in relation to the status of the Client or the Related Party, including whether the Client or Related Party is reportable to an Authority, and may require CSIB or other persons to withhold amounts as may be required under any Applicable Law or by any Authority.
- 8.9 The Client agrees that CSIB shall not be in any way liable for any consequences arising out of any disclosure made under this clause 8.
- 8.10 The Client acknowledges that it has read the PICS and agreed to the terms in it.
- 8.11 The terms contained in this clause 8 shall continue in effect notwithstanding the termination of this Agreement.

9. Liability and Exclusion of Liability

- 9.1 CSIB shall perform its duties in accordance with this Agreement with reasonable care and shall accept liability to the Client where such liability is imposed by a court of competent jurisdiction and is due to fraud, gross negligence or wilful default of CSIB, its directors or employees in performing their respective duties under this Agreement and only to the extent of direct and reasonably foreseeable loss and damages (if any) arising directly therefrom.
- 9.2 CSIB, its Agents, directors and employees shall in no event be liable to the Client or any other person for any incidental, indirect, consequential, special or exemplary loss or damage of any kind or nature whatsoever (whether or not the possibility of such were known about or reasonably in the contemplation of the relevant parties), including but not limited to any loss of profit, loss of revenue, damage to goodwill or reputation, loss of business opportunity and loss of use of money arising from any representation, any breach of implied term or any duty at common law or under any statute or express term of this Agreement, and whether such liability is asserted on the basis of contract, tort or otherwise.
- 9.3 The Client acknowledges and agrees that it is fully and solely responsible for its trading decisions and CSIB is only responsible for execution of its Instructions (unless specifically otherwise agreed between CSIB and the Client).

- 9.4 CSIB, its Agents, directors and employees shall not be liable :
- 9.4.1. for any Loss suffered or incurred by the Client in relation to the operation of an Account, the effecting of a Transaction or the provision of a Service;
 - 9.4.2. for any Loss or diminution in value of any asset held in an Account or in relation to the operation of an Account, the effecting of a Transaction or the provision of a Service due to market fluctuations resulting in fluctuating Securities prices and exchange rates;
 - 9.4.3. for any Loss suffered or incurred by the Client arising out of the failure or delay in taking action caused by any events beyond the reasonable control of CSIB, its Agents, directors or employees including but not limited to any delay in transmission of orders due to whatsoever reason, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorised use of Access Code, prevailing fast moving market conditions, governmental agency or Exchange actions, theft, war, severe weather, earthquakes and strikes; and
 - 9.4.4. without prejudice to the foregoing, where the Client has agreed, in this Agreement or otherwise, that CSIB, its Agents, directors or employees are not liable.
- 9.5 Notwithstanding the above, if CSIB solicits the sale of or recommends any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to his financial situation, investment experience and investment objectives. No other provision of this agreement or any other document CSIB may ask the Client to sign and no statement CSIB may ask the Client to make derogates from this clause.

10. Indemnity

- 10.1 The Client shall fully indemnify CSIB, its Agents, directors and employees (each referred to as an Indemnified Person) against:
- 10.1.1. any Loss suffered or incurred by an Indemnified Person arising out of the operation of an Account, the effecting of a Transaction or the provision of a Service, except and to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly from such Indemnified Person's fraud, gross negligence or wilful default;
 - 10.1.2. any Loss suffered or incurred by an Indemnified Person in reliance upon or in relation to any mode of communication, where the Client has requested that a particular mode of communication; and
 - 10.1.3. any Loss suffered or incurred by an Indemnified Person arising out of the Client's and/or Collateral Provider's breach of this Agreement.

10.2 Ratification

The Client agrees to do such acts and things and to execute such documents as are necessary or are in the reasonable opinion of CSIB desirable to ratify or confirm anything done by CSIB, its Affiliates or its nominees, or any other entity instructed by any of them in the proper exercise of any right or power conferred on any of them by the Agreement or any agreement entered into pursuant to the Agreement or relating to the Account.

11. Engagement of Agents

11.1 CSIB may engage or use an Agent or several Agents to carry out any of its duties or perform any of its functions under this Agreement including, without limitation, the operation of an Account, the effecting of a Transaction or the provision of a Service. CSIB may delegate any of its authorisations, responsibilities or discretions to such Agent.

11.2 An Agent or Agents may be used by CSIB as the nominee for holding any of the Client's Assets (whether in Hong Kong or elsewhere) and the nominee or CSIB may or may not be recorded as having the legal title to such assets.

12. Outsourcing

12.1 CSIB may from time to time outsource some or all of its operational functions to a service provider or its Affiliates. Such functions include, without limitation, clearing and settlement, custody, data processing, customer support, IT administration and support, internal analysis and management reporting.

12.2 The outsourcing functions shall be governed by outsourcing agreements and any Client data transferred between CSIB and any service provider or its Affiliate shall be treated confidentially and in compliance with Applicable Laws including, without limitation, the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong).

13. Default Interest

13.1 Where the Client fails to pay in full any amount when it is due and payable, such amount shall bear a default interest without notice on such sum from the date such payment was due until the date of actual payment.

13.2 Default interest shall be charged at a rate equal to CSIB's prescribed default interest rate. This provision shall continue to apply even after termination and the closing of Accounts.

14. Charges and Expenses

- 14.1 The Client agrees to reimburse CSIB in full for out-of-pocket charges, expenses and taxes reasonably incurred by CSIB and its Agents in relation to the provision of a Service to the Client.
- 14.2 The Client authorises the automatic deduction of all such charges, expenses and taxes from the Account maintained with CSIB.

15. Payments

- 15.1 The Client agrees to pay to CSIB all fees, commissions, and charges at such rate and on such basis as CSIB may from time to time determine and notify to the Client for the Service to be performed by CSIB or any Agent. The Client shall be liable for payment upon demand of any debts whatsoever and howsoever arising in relation to the Account including but not limited to commission, charges, fees, statutory fees, taxes, levies and delivery charges. CSIB may withdraw cash from or liquidate Securities or close Futures position in the Account to discharge the amounts due. The Client agrees to pay CSIB all fees, commissions, and charges in accordance with the fees, commissions, and charges as posted on CSIB's website which may be amended by CSIB from time to time. It is the Client's reasonability to keep updated on applicable fees, commissions and charges. CSIB may, but is not obliged to, inform the Client of any updates by posting on the website or by email, mail or with the regular account statements.

16. Security, Set-Off and Lien

- 16.1 The Client, as beneficial owner of the Client's Assets, hereby charges in favour of CSIB and as continuing security for the payment and discharge by the Client of the Client's Liabilities, free of all encumbrances and adverse interests:
- 16.1.1. by way of first fixed charge, the Client's right, title, benefits and interests in and to all present and future Client's Assets, Collateral, receivables and monies (including any dividends, rights, monies or property accruing in respect thereof) delivered to, deposited with, transferred to, or held in the possession of, in the name of, or under the control or direction of CSIB, or any nominee of CSIB, whether in Hong Kong or elsewhere (including Client's Assets, Collateral, receivables and monies held in any Account);
- 16.1.2. by way of first floating charge its interests, title and rights in all Client's Assets, Collateral, receivables and monies referred to in paragraph 16.1.1 above insofar as not already charged by way of fixed charge under this Agreement; and
- 16.1.3. as the case may be, the Client shall procure the Collateral Provider, as beneficial owner of the Collateral, to similarly charge in favour of CSIB, the Collateral Provider's right, title, benefits and interests in and to all present and future Collateral.

(the assets referred to in this clause 16.1, the "Charged Assets").

16.2 The Client represents and warrants that the Charged Assets are legally and beneficially owned by the Client and/or Collateral Provider, that the Client and/or Collateral Provider is entitled to deposit the Charged Assets with CSIB or any Affiliate, that the same is and will remain free from any lien, charge or encumbrance of any kind, and any stocks, shares and other securities comprised in the Charged Assets are and will be fully paid up.

16.3 The security created under clause 16.1:

16.3.1. shall be a continuing security and shall cover and secure all Client's Liabilities from time to time owing to CSIB and shall remain binding despite the following:

16.3.1.1. any intermediate payment or settlement of account or satisfaction of the whole or any part of any Client's Liabilities;

16.3.1.2. the closing of any Account which is subsequently re-opened or the subsequent opening of any Account;

16.3.1.3. any amendment or variation to the terms of this Agreement;

16.3.1.4. the Client's death, bankruptcy, insolvency, incapacity;

16.3.1.5. any other security, guarantee or indemnity now or in the future granted by the Client in favour of CSIB (or any enforcement, absence of enforcement, variation, amendment, waiver, release of such security, guarantee or indemnity);

16.3.1.6. any time, indulgence or waiver given by CSIB to the Client;

16.3.1.7. the making or absence of any demand by CSIB for payment of any sum payable;

16.3.1.8. any amalgamation, merger or reconstruction that may be effected by CSIB with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of CSIB to any other person;

16.3.1.9. the existence of any claim, set-off or other right which the Client may have at any time against CSIB;

16.3.1.10. any arrangement or compromise entered into by CSIB with the Client or any other person;

- 16.3.1.11. the illegality, invalidity or unenforceability of, or any defect in, any other provision in this Agreement;
 - 16.3.1.12. any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any release, settlement or discharge shall be deemed to be limited accordingly; or
 - 16.3.1.13. any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's Liabilities under this Agreement; and
- 16.3.2. is in addition to and may be enforced despite any mortgage, guarantee, indemnity, pledge, lien, bill, note, charge, debenture, security or other right, power or remedy now or from time to time available to CSIB.
- 16.4 The Client hereby irrevocably appoints CSIB to be the Client's attorney and in the name and on the Client's behalf and as the Client's act or deed or otherwise, without any reference to or consent from the Client, to take all steps, execute all documents and to do all things CSIB considers fit for the full exercise of all or any of CSIB's powers in relation to the Client's Assets secured pursuant to clause 16.1.
- 16.5 In addition to and without prejudice to any general liens, rights of set-off or other similar rights to which CSIB may be entitled under the law or this Agreement, all money, Securities, assets and other property (held individually or jointly with others and whether in Hong Kong or elsewhere) of the Client shall be subject to a general lien in favour of CSIB as continuing security to offset and discharge all of the Client's Liabilities.
- 16.6 Without prejudice to any other rights which CSIB may have, CSIB is entitled to at its sole and absolute discretion, at any time without prior notice and in such manner as CSIB may consider appropriate, consolidate, aggregate, transfer or sell any of the Client's Assets to meet the Client's Liabilities or set-off the Client's Assets against the Client's Liabilities. CSIB may set-off any obligation due from the Client and/or any Collateral Provider or any guarantor against any obligation owed by CSIB to that Client and/or Collateral Provider or any guarantor, whether such obligations or liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several and regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, CSIB may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. No payment to CSIB shall discharge any obligation of the Client unless and until CSIB has received payment in full in the currency requested by CSIB or otherwise agreed.

- 16.7 Without prejudice to the general provisions of this Agreement, and subject to Applicable Laws, the Client hereby acknowledges that CSIB may at any time without notice to the Client, combine, consolidate or transfer all or any such Securities or properties interchangeably between the Accounts and other accounts of CSIB and its Affiliates.

17. Collateral

- 17.1 CSIB may require the Client to provide Collateral for certain Service(s) as security. The terms upon which CSIB may use the Collateral are set out separately.
- 17.2 CSIB has the right to determine from time to time if the Collateral is sufficient as security for the Client's obligations to CSIB. CSIB is entitled to request for additional Collateral at any time and in the event of insufficiency of Collateral, CSIB has the right to take such action as it thinks fit including, without limitation, using the Collateral to satisfy the Client's Liabilities with or without prior notice or consent from the Client or the Collateral Provider. Any additional Collateral requested should be deposited into a designated Account within such time as specified by CSIB.
- 17.3 Any failure by the Client to comply with clause 17.2 of this Agreement will constitute an Event of Default which will (amongst other things) give rise to CSIB's rights under clause 25 of this Agreement. CSIB may refuse to execute any instruction from the Client unless all requirement for Collateral have been met. CSIB may be required to report to the Authority in relation to all open positions of the Client where demands for Collateral have not been met. CSIB may or may be required to (without the Client's prior consent) Close Out open positions where any requirement for Collateral is not met within the period specified by CSIB.
- 17.4 For so long as there exists any indebtedness to CSIB on the Client's part or there is any open position entered into by CSIB on behalf of the Client, CSIB shall be entitled at any time and from time to time to refuse withdrawal of any or all of the Collateral and the Client shall not without the prior written consent of CSIB be entitled to withdraw any Collateral in part or in whole from any Account.
- 17.5 CSIB may (in its sole and absolute discretion) accept non-cash Collateral and in such case, CSIB shall (in its sole and absolute discretion) assign a notional value to such asset (which need not correspond to the market value of such asset). The value assigned by CSIB to any non-cash Collateral may change from time to time as determined by CSIB, in light of its prevailing market value or otherwise. For the avoidance of doubt, where listed shares accepted by CSIB as Collateral have been suspended for ten Business Days or more, CSIB shall be entitled to treat such Collateral as having zero value and may require the Client to deposit additional Collateral.
- 17.6 Until any security becomes enforceable: (a) CSIB will have the right to (in its sole and absolute discretion) exercise all rights relating to the Collateral to protect its value (including, but not limited to, the right of sale), provided that CSIB shall

give notice to the Client prior to exercising any such right; and (b) the Client may direct the exercise of any right relating to the Collateral, provided that such direction is not inconsistent with the Client's obligations to CSIB or CSIB's right as described above, or which may in any way prejudice CSIB's rights to the Collateral.

17.7 Subject to Applicable Laws, CSIB shall, at its sole and absolute discretion, in respect of the Collateral deposited by the Client with CSIB or otherwise provided by or on behalf of the Client to CSIB:

17.7.1 register such Collateral in the name of the Client, CSIB, or any nominee appointed by CSIB (whether in Hong Kong or elsewhere), or otherwise in accordance with the Applicable Laws; or

17.7.2 deposit such Collateral in safe custody in a segregated account (which is designated as a trust account or client account) established and maintained by CSIB with an institution properly authorised by Applicable Laws and the regulations; or

17.7.3 deposit such Collateral with any overseas custodian or overseas clearing house.

CSIB is authorized to enter into agreements or arrangements for the above arrangements which may contain terms and conditions which CSIB may, in its discretion, consider appropriate and the Client will agree to be bound by such agreements or arrangements. The Client will be responsible for the charges of CSIB's nominee(s) which will be deducted from the Account from time to time without prior notice.

18. Client Assets

18.1 In relation to all Securities and assets that the Client acquires through CSIB, including without limitation, by way of buying, depositing and other means of obtaining Securities and assets through CSIB, the Client authorises CSIB to deposit the Securities and assets in safe custody in a segregated account which is designated as a trust account or Client account and maintained with an authorized financial institution as defined in the SFO, a custodian approved by the SFC or another intermediary licensed for dealing in Securities.

18.2 All Securities and assets purchased or otherwise acquired through CSIB may be registered in the name of CSIB, its nominee, or in the name of another custodian appointed by CSIB.

18.3 All Securities and assets which are traded overseas shall be held in custody abroad or, if they are delivered elsewhere, shall be transferred out of the Account to effect such delivery, at the Client's sole risk and expense. The Client acknowledges that Securities and assets held overseas are subject to legal regulatory requirements of

the relevant overseas jurisdiction and may not enjoy the same protection as conferred on Securities held in custody in Hong Kong.

- 18.4 CSIB may accept for safe custody such other Securities that are delivered by the Client provided they are delivered at the Client's own risk and CSIB has sole and absolute discretion not to accept or to return any Securities which are not acceptable to it in such manner as it thinks fit.
- 18.5 CSIB shall not be liable for the acts, omissions, negligence, default, the winding up and/or insolvency of any nominee, custodian, sub-custodian, Agent and/or other counterparties selected by it in good faith and the Client shall agree to assume full risk in relation to such person's performance.

19. Short Selling Transactions

- 19.1 The Client shall notify CSIB if its Instruction designates a sale order which relates to any Securities that the Client does not own (i.e. where it involves short selling). Unless and until the Client provides CSIB with written notice to the contrary, all Instructions given by Client for the sale of Securities shall be long sales; this means (i) the Client owns the Securities in question and (ii) the Client has a presently exercisable and unconditional right to vest the Securities in the relevant purchaser.
- 19.2 The notification described in 19.1 must be in written form and must be given to CSIB at the time of placing the relevant order. In addition it shall include a confirmation clearly stating the following:
 - 19.2.1. the order is a short sale order;
 - 19.2.2. the Client understands the relevant market requirements on the short sale order;
 - 19.2.3. the Client has a presently exercisable and unconditional right to vest the Securities to which the order relates in the purchaser of such Securities; and
 - 19.2.4. the lender has the Securities available to lend to the Client.
- 19.3 The Client shall provide CSIB with all Information and/or assurance in relation to the ownership of the Securities or other assets as CSIB may require before the selling order is placed.
- 19.4 Where the short sale is placed on Exchanges other than The Stock Exchange of Hong Kong Limited, the Client shall comply with Applicable Laws. The Client further acknowledges that CSIB may be prohibited by such Applicable Laws from placing the short sale order on its behalf.

20. Changes in Information or Circumstances

- 20.1 The Client undertakes that it shall promptly notify CSIB of any change in Information or circumstances including, without limitation, of any change to:
- 20.1.1. the full name and address of the Client as verified by a retained copy of the HKID, relevant sections of the passport, business registration certificate, corporation documents, or any other official document which uniquely identifies the Client; and
 - 20.1.2. Information / its business, financial position or other circumstances as previously provided to CSIB.
- 20.2 CSIB undertakes that it shall, as soon as reasonably practicable, notify the Client of any material change in:
- 20.2.1. the full name and address of CSIB, including its licensing status with the SFC and the central identity number prescribed by the SFC;
 - 20.2.2. the nature of Service to be provided to or available to the Client;
 - 20.2.3. any details of margin requirements, interest charges, margin calls and the circumstances under which the Client's positions may be closed without the Client's consent; and
 - 20.2.4. remuneration and the basis for payment that is to be paid by the Client to CSIB.

21. Joint Account

- 21.1 Where the Client consists of more than one person (each a **"joint account holder"**):
- 21.1.1. the liability and obligations of each joint account holder in relation to this Agreement shall be joint and several;
 - 21.1.2. CSIB shall be entitled to, but not obliged to, act on the Instructions from any one joint account holder;
 - 21.1.3. CSIB shall be entitled to deal separately with any one joint account holder in relation to any matter including discharging or varying any liability to any extent or granting time or other indulgence or making other arrangements with any joint account holder without discharging the other or otherwise prejudicing or affecting the rights and remedies of CSIB against the other; and
 - 21.1.4. the Account shall be a joint account with the right of survivorship, the remaining joint account holder shall be entitled any credit balance in the Account subject to Applicable Laws. The remaining joint account holder shall give CSIB written notice immediately upon becoming

aware of any such death. The death of any one joint account holder does not operate to terminate this Agreement.

- 21.2 Any notice, payment or delivery by CSIB to either or any one of the joint account holders shall be a full and sufficient discharge of CSIB's obligations to notify, pay, or deliver under this Agreement.
- 21.3 In the event of any joint account holder is incapacitated or if a bankruptcy order is made against any joint account holder or if the operation of the Account is affected by any court order or notice from any competent Authority against a joint account holder, the operation of the Account (including the withdrawal or transfer of funds or Securities) shall be suspended until an administrator or receiver is appointed or the consent of the receiver or official receiver is obtained or the court order is discharged or the relevant notice is removed (as the case may be).

22. Amendment of Agreement

- 22.1 CSIB is entitled to amend or add any provisions to this Agreement from time to time at its sole and absolute discretion by written notice to the Client. Any amendment or supplement shall apply with effect from the effective date specified in such notice. The Client will be deemed to have accepted the amendment if it does not terminate the Account.
- 22.2 Any amendment or supplement of this Agreement shall be binding on the Client regardless of whether or not the Client has received actual notice and whether failure to receive actual notice is as a result of the hold mail service or otherwise.

23. Waiver and Severability

- 23.1 Unless expressly provided in this Agreement, no failure to exercise, or delay in exercising, on the part of any party of any right, power or privilege under this Agreement shall operate as a waiver.
- 23.2 No waiver by CSIB shall be effective unless it is in writing.
- 23.3 The rights of CSIB under this Agreement are cumulative and do not exclude any rights provided by law. In the event that a provision of this Agreement is illegal, invalid or unenforceable that provision shall be deemed to not form part of this Agreement to the extent of illegality, invalidity or unenforceability. The legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired.

24. Assignment

- 24.1 The obligations under this Agreement shall be enforceable by the Client, its successors, permitted assigns and executors.

- 24.2 The Client shall not assign, delegate, sub-contract transfer or otherwise dispose of any rights or obligations under any of its Account or this Agreement to any person without obtaining the prior written consent of CSIB.
- 24.3 Subject to any Applicable Laws and regulations, CSIB may assign, sub-contract, delegate, transfer or otherwise dispose of any of its rights and obligations under this Agreement as it may think fit.

25. Termination / Events of Default

- 25.1 Without prejudice to other provisions of this Agreement, CSIB reserves the right to, at any time, terminate this Agreement, any Account, any Service and the Client relationship immediately or on such date as CSIB shall specify by written notice to the Client. The Client may also terminate this Agreement, any Account, any Service and the Client relationship by giving CSIB not less than 7 days' prior written notice. All acts performed by CSIB in accordance with the Client's instructions prior to the date of termination shall be valid and binding on the Client and its personal representatives or successors in title.
- 25.2 Without prejudice to other provisions of this Agreement, CSIB may terminate this Agreement, any Account, any Service and the Client relationship immediately without advance notice to the Client upon or after the occurrence of an Event of Default.
- 25.3 Upon termination of the Agreement:
- 25.3.1. the Client's Liabilities shall become immediately due and payable, the Collateral and all other rights, powers and remedies of CSIB shall become immediately enforceable;
 - 25.3.2. the Client shall (by notice in writing) instruct CSIB as to the proper disposal or transfer of monies in the Account(s) and its other properties and if the Client fails to do so within 14 days after termination, CSIB may exercise any of its rights under this clause 25 as if an Event of Default had occurred and/or CSIB may continue to hold such monies and other property for the Client until it receives instructions in writing from the Client (provided that the Client shall be liable for all costs, expenses, fees and charges imposed by CSIB for such purposes until the actual disposal of transfer);
 - 25.3.3. CSIB shall cease to have any obligations to acquire or dispose of Securities and Futures in any Account for or on behalf of the Client in accordance with this Agreement notwithstanding any instructions from the Client to the contrary;
 - 25.3.4. CSIB may (without the Client's prior consent) terminate, Closing Out or otherwise realise the outstanding positions in any Account(s) with respect to all or part of any transaction of the Client or other

commitments made on behalf of the Client or with the Client by determining its value in good faith as of the date of the Closing Out or as soon as practicable after the close-out;

- 25.3.5. CSIB may sell, realise, redeem, liquidate or otherwise dispose of all or part of the Securities, Futures and Collateral in any Account(s) to satisfy all Client's Liabilities to CSIB and any net cash proceeds received by CSIB pursuant to such sale, realisation, redemption, liquidation or other disposal shall be returned to the Client, after first deducting or providing for all monies and sums due or owing and other liabilities accrued or accruing or due to CSIB and outstanding (whether actual or contingent, present or future or otherwise). All Securities, Futures and Collateral in any Account(s) not realised or disposed of together with any relevant document of title in CSIB's possession shall be delivered to the Client at the Client's sole risk and expense. CSIB shall have no liability for Loss incurred by the Client arising from such delivery. If there is a debit balance, the Client shall immediately pay to CSIB an amount equal to such debit balance together with CSIB's cost of funding for the relevant currency (as determined by CSIB in its sole and absolute discretion from time to time) up to the date of actual receipt of full payment by CSIB (after and before any judgment); and
- 25.3.6. CSIB may close all or any Accounts opened and maintained in the name of the Client.
- 25.4 For the avoidance of doubt, where one or more (but not all) of the Services provided to the Client is terminated, the above shall apply (at CSIB's sole and absolute discretion) in respect of any such terminated Services.
- 25.5 The termination of the provision of any Services under this clause shall take place without prejudice to the completion of any transaction on behalf of the Client already initiated by CSIB for the Client and will not prejudice or affect any rights or obligations of CSIB or the Client which may have accrued on or before the date of termination.
- 25.6 All warranties, representations, undertakings, covenants, exclusions and indemnities given by the Client under this Agreement and the provisions in clauses 9 (Liability and Exclusion of Liability), 10 (Indemnity), 13 (Default Interest), 14 (Charges and Expenses), 15 (Payments), 16 (Security, Set-off and Lien), 17 (Collateral), 26 (Representations, Warranties and Undertakings) and 30 (Governing Law) of Section 1 (General Terms and Conditions) shall survive termination of this Agreement.
- 25.7 Upon the occurrence of any Event of Default, without prejudice to any other rights or remedies that CSIB may have against the Client and without further notice to the Client, CSIB may:

- 25.7.1. suspend (indefinitely or otherwise), close or terminate all or any Service, Account or part or all of this Agreement, and accelerate all or any liability of the Client owed to CSIB so that any such liability shall become immediately due and payable;
- 25.7.2. decline to execute any instructions received from the Client (to the extent not yet executed);
- 25.7.3. decline to accept any further instructions from the Client;
- 25.7.4. terminate any or all outstanding transactions made by CSIB on behalf of the Client (including any transaction which has yet to be settled on the day on which the Event of Default occurs);
- 25.7.5. Close Out, replace, reverse, exercise or abandon any one or more transactions made on behalf of the Client by whatever means CSIB considers appropriate;
- 25.7.6. settle, cover, reduce or eliminate the Client's positions, contracts or commitments in respect of any investment by the Client by purchasing, selling, borrowing or lending any money, investment, underlying or other property or entering into any other transaction for and on behalf of the Client;
- 25.7.7. take such other action as a reasonably prudent person would take in the circumstances to protect CSIB's position;
- 25.7.8. liquidate or sell any Securities, Futures or Collateral in any Account(s) or other property, or part of them, at a price and on terms which CSIB deems appropriate in the circumstances;
- 25.7.9. exercise any other power or right which CSIB may have under applicable laws and regulations or this Agreement;
- 25.7.10. in relation to any amount of whatever nature standing to the credit of the Client (including any Securities, Futures, Collateral or other property): (i) apply any such amount against any amount which the Client owes to CSIB (of whatever nature and however arising, including any amount due and unpaid under any transaction of the Client and any contingent amount); and (ii) hold any such amount pending full settlement of any other obligations of the Client;
- 25.7.11. suspend performance of any of its obligations to the Client (including the payment of any sum or delivery of asset which is due or which might thereafter become due);

- 25.7.12. demand any amount which the Client owes to CSIB (of whatever nature and however arising, including any amount due and unpaid under any transaction of the Client and any contingent amount); and/or
 - 25.7.13. exercise any of its rights under clause 16 (Security, Set-off and Lien) of Section 1 (General Terms and Conditions).
- 25.8 In the event of any sale, liquidation or disposal pursuant to this clause 25 (including where CSIB exercises any of its rights under clause 16 (Security, Set-off and Lien) of Section 1 (General Terms and Conditions)):
- 25.8.1. CSIB shall not be responsible for any resultant Loss however arising if CSIB has used reasonable endeavours to sell, liquidate or dispose of Securities, Futures or Collateral in any Account(s) or other property, in whole or in part at the then available market price (whether in Hong Kong or elsewhere);
 - 25.8.2. CSIB shall be entitled to keep for itself or sell, liquidate or dispose of any Securities, Futures, Collateral or other property in whole or in part, at the available market price to any person at its sole and absolute discretion, without being in any way responsible for any resultant Loss however arising and without being accountable for any profit made by CSIB; and
 - 25.8.3. the Client agrees to pay to CSIB any deficiency if the net proceeds of the sale, liquidation or disposal shall be insufficient to cover all the outstanding balances owed by the Client to CSIB.
- 25.9 Each of the following shall be an Event of Default: -
- 25.9.1. the Client and/or any Collateral Provider defaults in paying, securing or satisfying on demand any amount of money outstanding in accordance with this Agreement, and/or any other agreement between CSIB and the Client and/or any Collateral Provider, from time to time or any agreement between the Client and any Affiliates, each as amended, supplemented or varied from time to time;
 - 25.9.2. non-compliance by the Client and/or any Collateral Provider of any provision of this Agreement, and/or any other agreement between CSIB and the Client and/or any Collateral Provider, from time to time or any agreement between the Client and any Affiliates (as amended, supplemented or varied from time to time) and/or if that failure is capable of remedy, the Client and/or any Collateral Provider does not remedy such failure to the satisfaction of CSIB immediately within 3 Business Days following receipt of notice given by CSIB or any Affiliates;

- 25.9.3. the Client and/or any Collateral Provider has become insolvent or bankrupt or any bankruptcy proceeding has been brought against the Client;
- 25.9.4. the Client and/or any Collateral Provider is a corporation and any action has been brought for the winding-up, dissolution, bankruptcy, reorganisation or any similar arrangement against either of them or where an order by a court of competent jurisdiction or a resolution is made for the appointment of a liquidator, receiver, manager, administrator, trustee or other similar person which has power over the Client's or the Collateral Provider's assets;
- 25.9.5. death of the Client and/or any Collateral Provider or the Client and/or any Collateral Provider becomes mentally incapacitated or suffers some other form of legal disability;
- 25.9.6. any representation made by the Client and/or any Collateral Provider is proven to be incorrect or untrue in any material respect;
- 25.9.7. the Client and/or any Collateral Provider fails to provide additional Collateral as requested by CSIB in accordance with clause 17.2 or fails to maintain the required margin in a Margin Account;
- 25.9.8. criminal proceedings of any kind instituted against the Client and/or any Collateral Provider;
- 25.9.9. CSIB reasonably concludes that a material adverse change has occurred or is likely to occur in the financial condition or operating environment of the Client and/or any Collateral Provider and it is foreseeable that the Client and/or any Collateral Provider may breach any provision of this Agreement or is unable to comply with its obligations under this Agreement;
- 25.9.10. CSIB reasonably suspects that the Client and/or any Collateral Provider has engaged or may be engaging in any market malpractice or any other illegal or improper activity;
- 25.9.11. the Client and/or any Collateral Provider creates, attempts to create or allows to exist any mortgage, pledge, assignment, security interest, lien, charge or other similar interest over any Charged Assets in any Account without obtaining prior written consent from CSIB;
- 25.9.12. the Client moves, transfer or attempts to move or transfer any cash or assets which have been charged or assigned to CSIB under this Agreement without the prior written consent of CSIB;
- 25.9.13. the Client fails to provide information required by CSIB or fails to inform CSIB of any material changes relating to itself;

- 25.9.14. any other matter or event which in the opinion of CSIB renders termination of this Agreement necessary (including the requirements of any applicable law or regulation);
 - 25.9.15. this Agreement becomes wholly or partly void, voidable or unenforceable or is claimed to be so by the Client or anyone on behalf of the Client;
 - 25.9.16. a default of event similar to an Event of Default occurs under any other agreements between the Client and/or any Collateral Provider and CSIB;
 - 25.9.17. the commencement of any dispute or legal proceedings between the Client and/or any Collateral Provider and any third party;
 - 25.9.18. any shares listed on any stock exchange which are accepted by CSIB as Collateral have been suspended for dealing for more than ten Business Days;
 - 25.9.19. failure to comply with clause 25.3.2.
- 25.10 Without prejudice of clause 25.3, the Client undertakes to notify CSIB immediately in writing of the occurrence of any events which constitute an Event of Default.

26. Representations, Warranties and Undertakings

- 26.1 The Client warrants, represents and undertakes to CSIB that:
- 26.1.1. where it is a corporation, it is duly incorporated and has the corporate power pursuant to its constitutional and organisational documents to carry on its business and to execute this Agreement;
 - 26.1.2. it has obtained and/or made all necessary authorisations, consents or approvals, exemptions, licences, notifications and filing (if so required);
 - 26.1.3. it has full capacity and authority to enter into this Agreement and each Transaction as set out under this Agreement;
 - 26.1.4. this Agreement is legal, valid and binding and is enforceable against it;
 - 26.1.5. when entering into this Agreement, it has relied on its own independent advice;
 - 26.1.6. no litigation, arbitration, or administrative proceeding has been started or is pending against it or its business or assets;

- 26.1.7. it is in compliance with all Applicable Laws to which it is subject at its own cost and expense. For the avoidance of doubt, CSIB shall not be responsible for any monitoring, reporting or approval requirements triggered by any Transaction or proposed Transaction (including, without limitation, any obligations triggered under Part XV of the SFO);
- 26.1.8. any investment or property which it pledges, transfers or otherwise provides to CSIB for any purpose under this Agreement is not subject to any charge, lien, pledge, or encumbrance and shall be beneficially owned;
- 26.1.9. any Information it provides to CSIB, including without limitation, information, on the Client Information Form and supplementary document (if any) is complete and accurate and not misleading in any material respect. CSIB and its Affiliates are entitled to rely fully on such Information and representations for all purposes;
- 26.1.10. it shall promptly notify CSIB of any change in Information provided to CSIB;
- 26.1.11. it shall execute all necessary transfer or other documents to vest legal title in the Client's Assets in the event that CSIB exercises its rights under this Agreement;
- 26.1.12. It has been referred to the risk disclosure statement in both English and Chinese which has been explained by a staff named in the Client Information Form in a language of its choice. The Client has been invited to read the risk disclosure statement, ask questions and take independent advice and has done so before entering into this Agreement;
- 26.1.13. the Client shall provide the CID as per the requirement of the SFC and the Code of Conduct. The Client's and any data subject's CID provided by the Client are true and accurate and the Client shall promptly notify CSIB of any changes or updates or errors related to such CIDs provided and shall promptly provide CSIB with any updated or changed CID. Further, the Client confirms and undertakes to CSIB that upon CSIB's request, assists CSIB with verification and maintenance of the CID; and
- 26.1.14. where the Client is an Intermediary as defined in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong) (“AMLO”), the Client undertakes the following:
 - (a) maintenance of internal policies, procedures and controls to comply with anti-money laundering/countering the financing of

terrorist laws, regulations, and guidelines including performing ongoing monitoring of clients and their transactions;

(b) performance of the client due diligence measures specified in section 2 of schedule 2 of AMLO; and

(c) provision without delay of the documentary evidence obtained in the course of carrying out client due diligence measures upon request from overseas or local regulators or otherwise as reasonably required by CSIB.

26.2 These warranties, representations and undertakings are repeated continuously during the term of this Agreement and for each Transaction or new Service.

26.3 No warranty is given by CSIB to the Client as to the performance or profitability of a Service provided by CSIB to the Client and the Transactions. The Client acknowledges that agreements and arrangements concerning cash, investment and/or other assets involve an element of risk and may incur a Loss.

27. Conflicts of Interest, Rebates and Soft Commission Arrangement

27.1 CSIB is entitled to effect Transactions on behalf of the Client through utilising Agents or Affiliates which is directly or indirectly related to CSIB without prior consent from the Client.

27.2 The Client agrees that CSIB may effect Transactions on its behalf regardless of whether CSIB has a direct or indirect interest and whether material or not.

27.3 The Client acknowledges and agrees that CSIB, its directors, officers, employees or its Agents may trade on its/their own account or the account of its/their Affiliates.

27.4 CSIB is authorised to effect Transaction in Securities where CSIB or its Affiliate has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise.

27.5 CSIB may retain from brokers and other persons through whom the sale and purchase of Securities or Futures for the Client are carried out (1) any cash or money rebates arising out of such investments; and (2) such goods and Services and other soft dollar benefits which are of demonstrable benefit to the Client. These Services may include, for example, research and analysis of the relative merits of individual shares of markets or the use of data and quotation Services and other information facilities.

27.6 In cases where cash or money rebates or goods and Services and other soft dollar benefits are retained by CSIB or its Affiliates, CSIB, as the case may be, shall ensure that (1) Transaction execution is consistent with best execution standards; (2) any brokerage born by the Client shall not exceed customary full Service

brokerage rates for such Transactions; and (3) disclosure of the rebate and their approximate value is made to the Client.

- 27.7 CSIB may also provide a portfolio manager with goods, Services, or cash rebates provided that it shall comply with the requirements on retention of rebates, soft dollars and connected transactions that may be prescribed by the SFC from time to time.

28. Force Majeure

- 28.1 An event of force majeure means any event beyond the reasonable control of CSIB including, without limitation, to the following: any acts of god, calamity, war, military action, civil war or strife, rebellion, revolution, insurrection, invasion, acts of a foreign enemy, hostilities (whether war has been declared or not), terrorism, fire, explosion, earthquake, tsunami, flooding, lightning or other adverse weather condition, strikes, industrial actions, government restrictions, exchange or market rulings, suspension of trading, computer breakdown, failure or malfunction of computer network, trading system, clearing system or communication system, malfunction of equipment, power failure, hacking, sabotage, restrictions on convertibility or transferability, requisitions, unavailability of records, an actual or threatened debt moratorium (whether private or public), prohibition by new law or regulatory requirements, exchange controls, capital controls, break-up of currency or economic zone or other restrictions occurring locally, regionally or internationally or in the Client's country of residence or in the country of any of the relevant exchanges.
- 28.2 If CSIB or the Client is affected by an event of force majeure, CSIB or the Client shall promptly notify each other of the nature and extent of the circumstances.
- 28.3 Without prejudice to the other provisions of this Agreement, upon the happening of an event of force majeure:
- 28.3.1. CSIB may suspend the operation of the Account and any Transaction and is not bound by any rights and powers of the Client in relation to the Account in whole or in part;
- 28.3.2. CSIB shall not be liable for any Loss suffered by the Client as a result of (i) any delay in performance or (ii) non-performance of any obligations under this Agreement which is directly or indirectly caused by or resulted from an event of force majeure;
- 28.3.3. subject to clause 28.4, CSIB shall be entitled to a reasonable extension of time for performance of any obligations under this Agreement, if CSIB in its sole and absolute discretion thinks fit.
- 28.4 If a force majeure event continues for more than 30 consecutive Business Days, both CSIB and the Client may terminate this Agreement by written notice.

29. Notification

- 29.1 Any notice or communication to be made or given by the Client to CSIB shall be delivered in a way as prescribed by CSIB.
- 29.2 Any notice or communication to be made or given by CSIB to the Client may be delivered by post, electronic means (including without limitation, by email or via mobile device such as QQ, WhatsApp, WeChat), by notification on CSIB's website or by any other means as CSIB may notify to the Client.
- 29.3 Any notice or communication shall be taken to have been received by the Client:
- 29.3.1. when sent by post, three Business Days after despatch by CSIB;
 - 29.3.2. when sent by electronic means (including by email or via mobile device), one hour after despatch by CSIB; and
 - 29.3.3. when notified on CSIB's website, immediately after the notice is posted on CSIB's website.
- 29.4 Unless specified otherwise, CSIB shall not accept any notice or communication made or given by the Client via email or other electronic means that causes change or terminate rights or obligations (in particular payment / Exchange orders, subscriptions for issues), contract conclusions, revocations (in particular revocations of Instructions / power of attorney), blocking of CSIB's Services and changes of personal data or Instructions.
- 29.5 The Client shall verify any suspicious or unusual communication purportedly from CSIB, in particular the actual origin and the correctness of the content. If in doubt, the Client shall consult CSIB by telephone. Any suspicious or unusual email shall be checked with an up-to-date anti-virus program and an IT specialist should be consulted, if necessary. The Client shall not respond to any communication requesting any password of or transferring any asset in the Account.
- 29.6 The Client shall provide as little information as possible about the content of the email in the subject line of the email.
- 29.7 The Client acknowledges and agrees that:
- 29.7.1. CSIB cannot guarantee that any electronic communication sent by or to CSIB is not falsified or sent by or to CSIB on time or that the electronic communication will reach the correctly entered addressee;
 - 29.7.2. CSIB cannot guarantee that any electronic communication showing CSIB as its sender are in fact sent from CSIB. If in doubt, the Client shall consult CSIB by telephone;

- 29.7.3. CSIB may in its sole and absolute discretion (and without having to provide to the Client an explanation of the refusal) refuse to act upon any electronic communication received; and
- 29.7.4. CSIB is not responsible to authenticate of any electronic communication or the identity of the Client and/or Authorised Person sending such electronic communication.
- 29.8 CSIB shall not be liable for any for any Loss suffered or incurred from the use of electronic communication to the extent that Applicable Law permits.

30. Governing Law

- 30.1 This Agreement and any obligations arising out of or in relation to this Agreement shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region. CSIB and the Client irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts. CSIB shall be entitled to, but not obliged to, take legal action against the Client in any jurisdiction in which the Client and/or Collateral Provider has assets or operations or is domiciled, subject to the choice of law in this clause.
- 30.2 No provision of these terms and conditions is enforceable under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) by a person who is not a party to this Agreement, other than by the Affiliates of CSIB and their respective shareholders, directors, officers, employees, representatives or Agents. Any rights conferred on third parties by these terms and conditions exclude the right to assign, and their consent is not required to rescind or vary these terms and conditions.

31. Language

- 31.1 By submitting the Account Opening Form, the Client confirms having read and understood the terms of this Agreement which CSIB has explained to the Client in a language of the Client's choice.
- 31.2 This Agreement is available in both English and Chinese versions. In the event of any discrepancy between the English and the Chinese versions, the English version shall apply and prevail.

32. Complaints

- 32.1 All complaints shall be dealt with by CSIB in accordance with its internal policies.
- 32.2 The Client has a right to refer the matter to the Financial Dispute Resolution Centre Ltd.

33. FATCA

- 33.1 The Client confirms that it has been informed by CSIB that CSIB may not provide any Service to a citizen or resident of the United States of America.
- 33.2 If the non-US status of the Client changes subsequent to the date of this Agreement, CSIB may in its sole and absolute discretion withdraw any Service and terminate this Agreement at any time and that CSIB may do so even if the assets held in the Client's portfolio would have to be liquidated at a Loss to the Client.
- 33.3 The Client warrants, represents and undertakes to CSIB that:
- 33.3.1. the Client is of full age and is not a citizen or resident for tax purposes of the United States of America and does not currently hold a green card or passport issued by the United States of America; and
- 33.3.2. the Client shall notify CSIB immediately if the Client is about to become a resident or citizen of the United States of America.

34. Process Agent

- 34.1 If the Client is an individual domiciled outside Hong Kong or a company incorporated outside Hong Kong, the Client shall appoint a process agent in Hong Kong to receive all notices and communications relating to any legal proceedings involving the Client and the Account.
- 34.2 Any service of legal process on the process agent shall constitute sufficient service on the Client for the purpose of legal proceedings in the Hong Kong courts.

35. Electronic Signature

The Client acknowledges and agrees that the signature, execution or delivery of any document or written instrument arising from or in connection with any Transactions or in respect of the Agreement shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity, and/or enforceability as a manually executed signature with wet ink in hard copy, as the case may be, to the extent and as permitted in the Electronic Transactions Ordinance (Cap. 553 of the Laws of Hong Kong). For purposes hereof, the “electronic signatures” includes but not limited to the scanned copy of the documents with manually executed signatures transmitted via email, facsimile or other electronic transmission from the Client or a person duly authorized by the Client, or utilization of the application published by CSIB or its Affiliates.

36. Electronic Trading Services to the Client

- 36.1 CSIB makes no warranty, express or implied, concerning the System. The Client acknowledges that the System has not been developed for the Client’s individual needs and has been selected and is used by the Client on an “as is” basis at its own

volition and risk and that CSIB shall bear no responsibility whatsoever for any consequence arising from the Client's choice or use of the System.

- 36.2 The Client assumes full responsibility and risk of Loss whatsoever resulting from its use of, or access to data, files, information, content, or other materials (including without limitation software) on or through the System. No condition, warranty or representation of any kind is or has been given by or on behalf of CSIB in respect of the quality, accuracy, completeness or timeliness of information provided through the System (including, without limitation, any market information).
- 36.3 The Client agrees to check the details of an Electronic Instruction before it is transmitted through the System. The Client is responsible for all Electronic Instructions given and all Transactions conducted through the System.
- 36.4 Unless CSIB and the Client have agreed otherwise in writing, the Client shall be solely responsible for installing and maintaining any relevant hardware and software and for making all necessary arrangements with any supplier in relation to obtaining access to and using the System, and complying with all requirements imposed in relation to the System, including installation and update of any applicable security procedures, and any applicable agreement entered into by the Client in relation to the supply of any part of the System.
- 36.5 The Client is responsible for the accuracy and adequacy of all Electronic Instructions and information communicated via the System to CSIB and for all use made of the System through the access provided to the CSIB. CSIB shall be entitled to rely and act on such Electronic Instructions (without conducting any due diligence as to the authenticity or authority of the Electronic Instructions) and information as being accurate, complete and duly authorized by and binding on the Client. Any transaction executed by Client in accordance with any such Electronic Instruction or information shall be binding on the Client regardless of whether or not it has in fact been effected with the Client's authority. Electronic Instructions may only be revoked or amended via the System or such other way(s) as agreed between CSIB and the Client from time to time.
- 36.6 Under no circumstances shall CSIB be responsible for any Electronic Instructions for which it has not duly and properly received. Electronic Instructions will only be executed during normal trading hours of the relevant market or exchange.
- 36.7 CSIB shall not be deemed to have received and/or executed the Electronic Instructions given through the System unless and until the Client is in receipt of an order acknowledgement confirming receipt and/or execution of the Electronic Instructions (subject to the details set out in the relevant confirmation of transaction and statements issued by CSIB).
- 36.8 The Client acknowledges and agrees that, as a condition of CSIB's provision of the Services and the System, the Client shall immediately notify CSIB if: (a) after giving an Electronic Instruction, the Client has not received any order

acknowledgement from CSIB or the Client alleges that such acknowledgement contains incorrect details; or (b) the Client becomes aware of any unauthorised disclosure or use of or access to the Client's log-in name or password or that any unauthorized transactions have been effected.

- 36.9 The Client further acknowledges that CSIB makes no representation and warranties on the timeliness, accuracy or completeness of market data or other information services, nor does CSIB warrants the availability of the Services. The Client agrees that CSIB shall not be liable in any inaccuracy, error, or omission in the data and other information, or from any interruption or delay in the transmission, or suspension or breakdown of the System or the Services, or other Loss arising from or caused by forces beyond the control of CSIB.
- 36.10 In the event of any failure, interruption or delay in the performance of CSIB's obligations hereunder as a result of any act, event or circumstance not within the control of CSIB from time to time, including but not limited to: (a) industrial disputes, acts or regulations of any government or governmental or supranational bodies, agencies or authorities, or of any exchange or any regulatory body whether in Hong Kong or elsewhere; (b) service malfunctions, delay, suspension, interference, or operational difficulties encountered by third party service providers of electronic communications and telecommunication facilities wherever located; (c) breakdown, failure, delay, interference or malfunction (in each case, whether total or partial, temporary or permanent) of or in any communications, telecommunication or computer services or electronic equipment; (d) defaults by third parties in the performance of their obligations necessary to have been performed for the completion of any transactions; (e) suspension or restriction of trading on any exchange or other market, or the failure of any relevant exchange, clearing house and/or broker for any reason to perform their respective obligations; and (f) orders of courts, fire, military action, war, natural disaster, terrorist acts, riots or civil commotion, then neither CSIB nor any of its Affiliates nor any of their respective agents shall be liable or have any responsibility of any kind for any Loss thereby suffered or incurred by the Client (or any third part).
- 36.11 Without prejudice to the foregoing provisions of this clause 36, neither CSIB nor any Affiliate nor any of their respective agents shall be liable to the Client (or any third party) for any Loss arising directly or indirectly out of or in connection with: (a) the Client's choice and/or use (whether by Authorised Persons or otherwise) of the System or any part thereof for communication with CSIB; (b) the Client's inability to access to or use of the System or Services or any part thereof for any reason; (c) any failure by the System to transmit (or any delay in the transmission of) any Electronic Instruction (including acknowledgement of receipt of an Electronic Instruction, if any) or notification of execution or rejection of such Electronic Instruction; or (d) any errors or omissions in any Electronic Instruction from the Client to CSIB that arise due to any equipment or software error or malfunction in or affecting the System or any system or constraints on the capacity of the System or any system or any error by any supplier of any part of the System or any operator of the System.

- 36.12 The Client further undertakes to indemnify CSIB on a full indemnity basis, on demand, for any Loss CSIB may suffer as a result of the use of the Electronic Trading Services, except to the extent that such loss or damage is outside the Client's control.
- 36.13 Any record maintained by CSIB relating to the Electronic Instructions and information communicated via the System shall be conclusive evidence of such, save in the case of manifest error.
- 36.14 The Client acknowledges that the information or market data made available to it through the Electronic Trading Services may be proprietary to third parties and the Client agrees that it will not upload, post, reproduce or distribute any information, software or other material protected by copyright or other intellectual property right without first obtaining the permission of the owner of such rights.
- 36.15 When using the Electronic Trading Service, the Client warrants that it is the only authorised user of its Access Code and shall be responsible for all instructions placed and all Transactions conducted with the use of the Access Codes. The Client shall be responsible for the confidentiality, security and use of the Access Codes issued to the Client by CSIB.
- 36.16 The Client acknowledges that it has fully understood the implications of the risks associated with the Electronic Trading Services as set out in the Risk Disclosure Statement but agrees that the benefits of using the Electronic Trading Services outweigh these risks.

SECTION 2 : SECURITIES DEALING

1. Introduction

- 1.1 The terms set out in this section shall apply to all Securities dealing Services provided by CSIB to the Client in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.

2. Investment Decisions

- 2.1 The Client has sole responsibility for making all investment decisions to buy or sell or otherwise deal in the Securities whilst CSIB may from time to time provide its views to or discuss investment strategies or opportunities with the Client, these are not recommendations or solicitation to deal in Securities and the Client uses his own independent judgment in making investment decisions. Subject to the requirements of Applicable Laws, CSIB is not obliged to assess the merits or suitability of a Transaction for or on behalf of the Client. CSIB shall not be liable for any Loss as a result of the Client's investment decisions or dealing in Securities.
- 2.2 CSIB may occasionally provide research materials or reports of a general nature to the Client. These materials and reports are not recommendations or a solicitation to deal in Securities and the Client uses his own independent judgment in making investment decisions. CSIB is not obliged to assess the merits or suitability of such materials or reports before providing them to the Client.

3. Dealing

- 3.1 CSIB is authorised, but not obliged, to act in accordance to the Instructions of the Client or an Authorised Person to purchase, sell and/or otherwise deal in Securities for and on behalf of the Client subject to Applicable Laws.
- 3.2 In the event that CSIB is not able to enter into a Transaction involving the number of Securities as instructed by the Client, CSIB may enter into a Transaction involving any lesser number of such Securities in its sole and absolute discretion. The Client shall be bound by such Transaction and CSIB shall not be liable for its inability to completely fulfil the Client's Instructions.
- 3.3 CSIB may commingle the Client's Securities with those of other Clients.
- 3.4 CSIB may return Securities to the Client of the same type and in the same nominal amount as those delivered to CSIB, although they may not have the same serial or reference number.
- 3.5 The Client acknowledges that due to the physical and other restraints of the Exchanges or other markets in which Transactions are executed and changes in

prices of Securities, there may be a delay in quoting prices or in dealing. CSIB is not liable for any Loss suffered or incurred by the Client arising out of such failure or inability to comply with the Client's Instructions.

- 3.6 The Client acknowledges that due to the trading practices of the Exchanges or other markets in which Transactions are executed, CSIB may not always be able to execute orders at the prices quoted and in any event the Client agrees to be bound by Transactions executed by CSIB in accordance to its Instructions (whether it is for a full or a lesser amount of Securities).
- 3.7 The Client authorises CSIB to purchase and/or sell Securities on its behalf by instructing any banks, brokers, financial and other institutions. The Client further authorises CSIB, to enter on its behalf, any necessary agreements to effect any Transaction.
- 3.8 The Client shall provide additional information as may be required under any agreement signed by CSIB on its behalf. The Client acknowledges that failure to provide such information may, among other things, lead to a Transaction not being effected by CSIB.
- 3.9 With respect to each Transaction, the Client undertakes that it shall familiarise itself with the prospectus, offering memorandum, and other relevant documents of the issuer immediately and in any event prior to the Transaction. In the event that the Client is aware of any restriction whatsoever in respect of a purchase, it shall notify CSIB immediately.
- 3.10 The Client shall be bound by any statement or confirmation issued by CSIB which sets out:
 - 3.10.1 the price at which any Securities dealing is entered into;
 - 3.10.2 the applicable exchange rate in any currency conversion; or
 - 3.10.3 the amount owing by the Client to CSIB at any time.

4. Settlement and Power on Default

- 4.1 The Client agrees to take all necessary actions to allow CSIB to effect settlement and delivery of Securities in accordance with the terms of the Transaction and pursuant to Applicable Laws. In the event where any payments are not received, incomplete or are incorrect when received, CSIB may, without notice to the Client, liquidate the Transaction or otherwise take any action as CSIB thinks fit.
- 4.2 Where the Client maintains more than one Account with CSIB, CSIB shall be entitled to set-off the debit on one Account against the credit on another.

5. Default / Realisation of Client's Assets

- 5.1 CSIB is entitled to instruct any third party custodian holding any Securities / assets to make payments of all invoices and other requests for payment presented to such third party custodian by CSIB.
- 5.2 Without prejudice to Section 1 (General Terms and Conditions) and any rights CSIB may have whether in law or otherwise, the Client authorises CSIB, and agrees that CSIB is entitled, to carry out any act or refrain from any act in order to reduce or eliminate liability under any Transaction, position or commitment on behalf of the Client if:
- 5.2.1 CSIB does not receive cash or other assets when due in respect of any Transaction which CSIB is to settle or execute for the Client;
- 5.2.2 the Client fails to take all necessary steps to secure the due and prompt execution and settlement of such Transaction; or
- 5.2.3 CSIB reasonably believes that the Client is about to fail to meet any other liability to CSIB, any Affiliates or any third party.

6. Over-The-Counter Transactions

In relation to any Client's Instructions for over-the-counter Transactions, including without limitation trading of any new securities before their listing on the relevant exchange, entered or to be entered into by the Client, the Client acknowledges and agrees that:

- 6.1 CSIB makes no representation and/or warranty of any nature whatsoever as to the Client's Instructions for trading any new securities before their listing on the relevant exchange;
- 6.2 CSIB does not guarantee the settlement of the over-the-counter Transactions;
- 6.3 the Client's orders may be partially executed or not executed at all. Trades executed will be cancelled and void if the relevant security subsequently fails to list on the relevant exchange;
- 6.4 in the event that the Client in selling any securities fails to deliver such securities, CSIB is entitled to purchase in the market (at the prevailing market price) the relevant securities required for delivery in respect of such sale effected for the Client in order to complete the settlement of the relevant Transaction. The Client shall bear all Losses arising out of or in connection with such Transaction; in the event that (1) the Client buys securities from a seller and such seller fails to deliver the relevant securities; and (2) the purchase of the relevant securities cannot be effected or CSIB in its absolute discretion determines not to purchase the relevant securities pursuant to this clause, the Client will not be entitled to obtain the relevant securities at the matched price and shall only be entitled to receive the money paid for the purchase of the relevant securities;

- 6.5 in the event that the Client in buying any securities fails to deposit the necessary settlement amount, CSIB is entitled to sell any and all securities held in the Client's Account or the Client's Collateral; and use the sale proceeds after deducting all costs in settlement of the Transaction. However, if the Client is the seller under such Transaction and such Transaction cannot be settled, the Client shall only be entitled to the relevant securities but not the sale proceeds of the relevant securities;
- 6.6 without prejudice to the above, the Client shall bear its own Losses and shall be responsible to CSIB for any Loss resulting from its and/or its counterparty's settlement failures;
- 6.7 CSIB shall not, in any circumstances, be liable in any way to the Client for any Loss whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with its not accepting, carrying out, executing or effecting such Instructions and orders or omitting to give notice therefor; and
- 6.8 CSIB shall, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action to ensure compliance with the Applicable Laws.

7. Governing Laws and Regulations

- 7.1 Transactions are subject to Applicable Laws and in particular governing rules and the procedures of the Exchange. The Client acknowledges that these rules contain provisions requiring CSIB in certain situations to disclose the name, beneficial identity and such other Information concerning the Client as the Exchange may require. The Client shall provide all and any Information to CSIB as it may require in order for it to comply with the applicable rules of the Exchange.
- 7.2 In the event that CSIB fails to comply with such disclosure requirements by reason of the Client's failure to provide the same, the Client acknowledges that this is an Event of Default under the terms of this Agreement.
- 7.3 The Client acknowledges that any Transactions relating to dealing in Securities overseas shall be subject to the regulations of the relevant markets / jurisdiction and may not enjoy the same protection than those afforded from the Exchange.

SECTION 3 : FUTURES DEALING

1. Introduction

- 1.1 The terms set out in this section shall apply to all Futures dealing Services provided by CSIB to the Client in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.

2. Investment Decisions

- 2.1 The Client has sole responsibility for making all investment decisions to buy or sell or otherwise deal in Futures, whilst CSIB may from time to time provide its views to or discuss investment strategies or opportunities with the Client, these are not recommendations or solicitation to deal in Futures and the Client uses his own independent judgement in making investment decisions. CSIB is not obliged to assess the merits or suitability of a Transaction for or on behalf of the Client. CSIB shall not be liable for any Loss as a result of the Client's investment decisions or dealing in Futures.
- 2.2 CSIB may occasionally provide research materials or reports of a general nature to the Client. These materials and reports are not recommendations or a solicitation to deal in Futures and the Client uses his own independent judgment in making investment decisions. CSIB is not obliged to assess the merits or suitability of such materials or reports before providing them to the Client.
- 2.3 CSIB shall upon the Client's request provide the Client with product specifications and any prospectus or other offering documents in relation to any derivative products which the Client instructs CSIB to purchase or sell on the Client's behalf pursuant to the terms of the Agreement.

3. Dealing

- 3.1 CSIB is authorised, but not obliged, to act in accordance to the Instructions of the Client or an Authorised Person to sell and/or purchase or otherwise deal in Futures Contracts for and on behalf of the Client subject to Applicable Laws.
- 3.2 In the event that CSIB is not able to enter into the number of Futures Contracts as instructed by the Client for any reason (including, without limitation, insufficiency of cleared funds), CSIB may enter into any lesser number of such Futures Contracts in its sole and absolute discretion. The Client shall be bound by such Futures Contracts executed and CSIB shall not be liable for its inability to completely fulfil the Client's Instructions.
- 3.3 The Client acknowledges that due to the physical and other restraints of the Exchanges or other markets in which Transactions are executed and changes in

prices of Futures, there may be a delay in quoting prices or in dealing. CSIB is not liable for any Loss suffered or incurred by the Client arising out of such failure or inability to comply with the Client's Instructions.

- 3.4 The Client acknowledges that due to the trading practices of the Exchanges or other markets in which Transactions are executed, CSIB may not always be able to execute orders at the prices quoted and in any event the Client agrees to be bound by Transactions executed by CSIB in accordance to its Instructions (whether it is for the full or a less amount of Futures Contracts).
- 3.5 The Client authorises CSIB to purchase and/or sell Futures on its behalf by instructing any banks, brokers, financial and other institutions. The Client further authorises CSIB, to enter on its behalf any necessary agreements to effect any Transaction.
- 3.6 The Client shall provide additional information as may be required under any agreement signed by CSIB on its behalf. The Client acknowledges that failure to provide such information may, among other things, lead to a Transaction not being effected by CSIB.
- 3.7 With respect to each Transaction, the Client undertakes that it shall familiarise itself with the prospectus, offering memorandum, and other relevant documents of the issuer immediately and in any event prior to the Transaction. In the event that the Client is aware of any restriction whatsoever in respect of a purchase, it shall notify CSIB immediately.
- 3.8 The Client shall be bound by any statement or confirmation issued by CSIB which sets out:
 - 3.8.1 the price at which any Futures Contract is entered into or Closing Out;
 - 3.8.2 the applicable exchange rate in any currency conversion; or
 - 3.8.3 the amount owing by the Client to CSIB at any time.
- 3.9 Every Futures Contract shall be subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the SFO, the cost of both of which shall be borne by the Client. In the event that the Client suffers pecuniary loss by reason of the default of CSIB, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and will be subject to the monetary limits specified in the SFO (in particular, the Securities and Futures (Investor Compensation – Compensation Limits) Rules (Cap. 571AC of the Laws of Hong Kong)) and accordingly there can be no assurance that any pecuniary loss sustained by the Client by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.

4. Position Limits

- 4.1 The Client agrees to comply with applicable position limits (for example those set by the HKFE, the Clearing House and any other relevant Exchange or Authority) to not exceed the amount of trading which may be done in Futures Contracts, or positions that may be held in Futures Contracts.
- 4.2 The Client shall promptly notify CSIB if the Client is required to file any report of the Client's positions with the SFC, HKFE, the Clearing House or other Authority. The Client shall comply with all applicable notification requirements established by the relevant market or exchange (including, without limitation, those applicable under the Securities and Futures (Contracts Limits and Reportable Positions) Rules (Cap. 571Y of the Laws of Hong Kong) and shall not exceed the prescribed limit for the relevant Futures class and type in accordance with the contract limits and reportable position rules established by the relevant market or exchange, if any. The Client acknowledges that CSIB shall not (except to the extent required by Applicable Laws and regulations) be responsible for any of the Client's transaction notification, filing or reporting obligations (including, where applicable, any filings required pursuant to Part XV of the SFO or equivalent legislation) and undertakes that it shall not rely on CSIB to discharge its transaction notification, filing or reporting obligations pursuant to Applicable Laws and regulations.
- 4.3 The Client authorises CSIB to limit the number of open positions the Client may maintain or acquire through CSIB at any time.
- 4.4 The Client understands that CSIB is bound by the rules of HKFE which allows the Chief Executive to take steps to limit positions or require the Closing Out of Futures Contracts on behalf of the Client provided that it is in the opinion of the Chief Executive that the positions are being accumulated and that it believes to be detrimental to any markets or adversely affecting the fair and orderly operation of any markets.
- 4.5 CSIB may, subject to the provisions of the SFO and any Applicable Law, take the opposite position to the Client's order in relation to any exchange traded futures contracts, whether on CSIB's own account or for the account of any of its associated company or other clients of CSIB, provided that such trade is executed competitively on or through the facilities of HKFE in accordance with the rules of HKFE or the facilities of any other commodity, futures exchange in accordance with the rules and regulations of such other exchange.
- 4.6 The Client agrees that CSIB is not liable for any damages or market fluctuations resulting from any delay in reporting an error to the Client. In the case that there is an overpayment of money or Futures Contracts to the Account, the Client agrees to notify CSIB as soon as it is aware of the overpayment and agrees not to remove (or if it is removed, to return) the money or Futures Contracts.

5. Settlement and Power on Default

- 5.1 The Client agrees to take all necessary actions to allow CSIB to effect settlement

and delivery of Securities in accordance with the terms of the Transaction and pursuant to Applicable Laws of the relevant Exchange or Clearing House. In event where any payments are not received, incomplete or are incorrect when received, CSIB may, without notice to the Client, liquidate the Transaction or otherwise take any action as CSIB sees fit.

- 5.2 Where the Client maintains more than one Account with CSIB, CSIB shall be entitled to set-off the debit on one Account against the credit on another.

6. Default / Realisation of Client's Assets

- 6.1 CSIB is entitled to instruct any third party custodian holding any Securities / assets to make payments of all invoices and other requests for payment presented to such third party custodian by CSIB.

- 6.2 Without prejudice to Section 1 (General Terms and Conditions) and any rights CSIB may have whether in law or otherwise, the Client authorises CSIB, and agrees that CSIB is entitled, to carry out any act or refrain from any act in order to reduce or eliminate liability under any Transaction, position or commitment on behalf of the Client if:

6.2.1 CSIB does not receive cash or other assets when due in respect of any Transaction which CSIB is to settle or execute for the Client;

6.2.2 the Client fails to take all necessary steps to secure the due and prompt execution and settlement of such Transaction; or

6.2.3 CSIB reasonably believes that the Client is about to fail to meet any other liability to CSIB, any Affiliates or any third party.

- 6.3 The Client acknowledges that the clearing house of HKFE may do all things necessary to transfer any open positions held by CSIB on the Client's behalf and any money and security standing to the credit of its account with CSIB to another exchange participant of HKFE in the event the rights of CSIB as an exchange participant of HKFE are suspended or revoked.

- 6.4 All monies, securities and other property received by CSIB from the Client or from any other person (including any clearing house) for the account of the Client shall be held by CSIB as trustee and segregated from CSIB's own assets. These assets so held by CSIB shall not form part of the assets of CSIB for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of CSIB's business or assets.

- 6.5 All monies, approved debt securities and/or approved securities received by CSIB from the Client or from any other person (including the clearing house of HKFE) shall be held by CSIB in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code of Conduct and the Client authorises CSIB to apply any

such monies, approved debt securities and/ or approved securities in the manner specified under paragraphs 14 to 15 of Schedule 4 to the Code of Conduct. In particular, CSIB may, subject to Applicable Laws and regulations, apply such monies, approved debt securities and/or approved securities in or towards meeting CSIB's obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures Contracts transacted on the Client's behalf.

- 6.6 The Client acknowledges and agrees that in respect of any account of CSIB maintained with the clearing house of HKFE, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures Contracts transacted on behalf of the Client and whether or not monies, approved debt securities and/or approved securities paid or deposited by the Client has been paid to or deposited with the clearing house of HKFE, as between CSIB and the clearing house of HKFE, CSIB deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of the Client and monies, approved debt securities and/ or approved securities paid to or deposited with the clearing house of HKFE are thereby freed from the trust referred to Clause 6.4 above.

7 Margin and Variation Adjustments

- 7.1 The Client shall deposit and maintain with CSIB the margin within such time as CSIB may determine and require before executing an Instruction and shall also pay the Variation Adjustments within such time as CSIB may determine and require from time to time. CSIB shall be entitled to refuse to execute any Instruction for the Client unless and until the margin and/or Variation Adjustments required by CSIB have been deposited and maintained by the Client. CSIB may require more margin or Variation Adjustments than that prescribed by any exchange, clearing house or broker. Calls for margin or demands for Variation Adjustments must be satisfied by funds or other assets acceptable to CSIB free from any conditions and encumbrances. The Client undertakes not to withdraw any margin or Variation Adjustments deposited with or paid to CSIB without the prior consent of CSIB.
- 7.2 Upon the request of CSIB, the Client shall deposit and maintain such additional margin within such time as CSIB may determine and require from time to time. No previous margin requirement shall limit the right of CSIB to vary the margin requirement at any later time. Changes in margin requirement will apply to all existing open Futures Contracts at the time of the effective date of such requirement as advised by CSIB, and all new Futures Contracts effected after, the effective date of such requirement as advised by CSIB.
- 7.3 CSIB shall be entitled to close out any or all open positions of the Client in such manner and at such price as CSIB may determine without further notice to the Client if the Client fails to deposit and maintain such margin and/or Variation Adjustments within such time as may be required by CSIB or at the time of making such calls or demands. CSIB has no obligation to notify the Client of its failure to

maintain the margin. In addition, CSIB may be required to report to the regulators particulars of all open positions in respect of which two successive calls or demands (or such other number of calls or demands as may be required by the regulators from time to time) for which margin or Variation Adjustments are not met within the period required by CSIB. CSIB may require more margin or Variation Adjustments than that specified by the HKFE and/or the clearing house of the HKFE and may close out open positions in respect of which any margin calls and demands for Variation Adjustments are not met within the period specified by CSIB at the time of making such calls or demands. The Client shall be liable for all Loss arising out of the closing out of the open positions of the Client by CSIB, its Affiliates and/or the Indemnified Persons and shall indemnify CSIB, its Affiliates and/or the Indemnified Persons for all Loss (including legal cost on a full indemnity basis) suffered or incurred by CSIB, its Affiliates and/or the Indemnified Persons arising out of the failure of the Client to meet margin calls and/or demands for Variation Adjustments of CSIB.

- 7.4 Subject to Applicable Laws and regulations, the Client hereby authorizes CSIB from time to time, without prior notice to the Client and in its absolute discretion, to transfer all or any part of the margin or any other amounts held for the Client's account to any account of any exchange, clearing house or broker to enable CSIB to pay any margin or such other sums of money by whatever name called demanded or required by such exchange, clearing house or broker in connection with Futures transactions executed by CSIB for the Client.
- 7.5 The value of any margin and the amount of any Variation Adjustments at any time determined by CSIB shall, in the absence of any manifest errors, be final, conclusive and binding on the Client.

8 Omnibus Account

- 8.1 In the case that the Client operates an omnibus account and is not an exchange participant of the HKFE, the Client shall, in relation to transactions on the HKFE:
- 8.1.1 in the Client's dealing with the person(s) from who the Client receives instructions with respect to the omnibus account, comply with and enforce the margin and Variation Adjustment requirements and procedures as stipulated in the Rules of HKFE as though the Client were an exchange participant of HKFE and as though the person(s) for whose account or benefit such instructions are given were clients;
 - 8.1.2 cause the Futures Contract to be entered into in fulfilment of such Instructions, so that there shall, in no circumstances, be any dealing with the instructions in a manner which constitutes unlawful dealing under the laws of Hong Kong or any other applicable jurisdiction; and
 - 8.1.3 ensure that the persons from whom the Client receives Instructions comply with the margin and Variation Adjustment requirements as stipulated in the Rules of HKFE.

- 8.2 The Client acknowledges that the Client's rights to assets held by CSIB in its omnibus account with a clearing house may be subject to CSIB fulfilling its obligations to the clearing house, which may be further subject to its other clients fulfilling their obligations to CSIB, despite the fact that the Client did not default on its obligations to CSIB.
- 8.3 The Client acknowledges that the Client's rights to assets held by CSIB in its omnibus account with an executing or clearing agent may be subject to CSIB, its other clients, the executing or clearing agent or their agents, and other clients of the executing or clearing agent or their agents fulfilling their obligations to their counterparties, despite the fact that the Client did not default on its obligations to CSIB.

9 Risk Disclosure Statement and Disclaimers

- 9.1 The Client acknowledges that it has read and fully understood the risks of trading futures and the disclaimers set out in the Risk Disclosure Statement.

10 Governing Laws and Regulations

- 10.1 Transactions are subject to Applicable Laws and in particular governing rules and the procedures of the HKFE. The Client acknowledges that these rules contain provisions requiring CSIB in certain situations to disclose the name, beneficial identity and such other Information concerning the Client or the Account or the Transaction as the HKFE may require. The Client shall provide all and any Information to CSIB as it may require in order for it to comply with the applicable rules of the HKFE.
- 10.2 In the event that CSIB fails to comply with such disclosure requirements of HKFE by reason of the Client's failure to provide the same, the Client acknowledges that, amongst other things, the Chief Executive may in its sole and absolute discretion require the Closing Out of positions on behalf of the Client or the imposition of a margin surcharge on the positions of the Client. The Client also acknowledges that this is an Event of Default under the terms of this Agreement.
- 10.3 The Client acknowledges that any Transactions in relation to dealing in Futures overseas shall be subject to the regulations of the relevant markets / jurisdiction and may not enjoy the same protection than those afforded from the HKFE.

SECTION 4: ADVISORY SERVICES

1. Introduction

- 1.1 The terms set out in this section shall apply to all advisory Services provided by CSIB to the Client in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.

2. Advice

- 2.1 CSIB may provide advice to the Client and this can be by various means, including without limitation, by way of telephone, face to face correspondence, letter or electronic means. The advice to the Client includes sending to the Client general or specific research materials, reports or recommendations of a specific nature (together "**Advice**").
- 2.2 Unless CSIB specifically provides Advice, all Services are provided on an execution-only basis. Any information or recommendation provided by CSIB in relation to execution-only Services is not considered Advice.
- 2.3 The Client acknowledges that where CSIB provides any Advice, the Client may not receive it at the same time as CSIB's other clients.
- 2.4 The Client agrees / acknowledges that:
- 2.4.1 CSIB is entitled to rely on the financial Information and other Information provided by the Client. The Client agrees to provide CSIB with all material Information concerning its financial situation, investment objectives, risk tolerance and other Information as may be relevant to the suitability of the Advice for the Client and to keep such Information updated;
- 2.4.2 Advice may be based or contain third party Information from sources which CSIB believes to be reliable. However, CSIB does not represent or warrant that such Information is true, accurate or complete; and
- 2.4.3 Advice may become outdated due to market conditions or other reasons. If the Client makes an investment decision based on the Advice, he should implement that decision quickly or within any time period recommended by CSIB.

SECTION 5 : FUND SUBSCRIPTIONS

1. Introduction

- 1.1 The terms set out in this section shall apply to fund subscriptions in collective investment schemes (each a "**Fund**") in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.

2. Authority

- 2.1 Following the Client's Instructions to subscribe to any fund, CSIB is authorised to:
- 2.1.1 debit from the Client's Account the investment amount, any placement fee, any recalls of capital, additional capital contributions and all other fees, commissions, charges as CSIB considers appropriate; and
 - 2.1.2 execute any documents and/or take any actions CSIB considers appropriate for the purposes to subscribe to the Fund in the Client's name or in the name of the Client's nominees on the Client's behalf.

3. Investment in Funds

- 3.1 CSIB shall not be held liable for any inability to fulfil the Client's Instructions in part or full.
- 3.2 The Client has read the terms of the relevant prospectus or offering document of the Fund ("**Fund Information**") and in particular, the terms in relation to risk factors, conflicts of interests, transfer restrictions, redemption, compulsory redemption, suitability requirements, eligibility of investors and limitations on transferability. The Client acknowledges that its investment in the Fund shall be subject to risk factors as described in the Fund Information. The Fund Information is provided in a language of the Client's choice (English or Chinese). The Client has been invited to read them, to ask questions and take independent advice if the Client wishes. The Client agrees to the contents as set out in the Fund Information, and the Client hereby declares that it is fully responsible for bearing the risk of loss involved in investing in the Fund.
- 3.3 The Client fully understands that the Fund Information is not intended to provide, and must not be relied upon for, tax, legal or accounting advice, a credit or other evaluation of the Fund nor as an assurance or guarantee as of the expected return (if any) of the Fund. The Client should consult their tax legal, accounting, investment, financial and/or other advisors.
- 3.4 In relation to the Fund, the Client acknowledges that:

- 3.4.1 the Fund shall be investing in the assets as described in the Fund Information and there may be limited liquidity to an investment in the Fund;
 - 3.4.2 interests in the Fund may not be freely transferable and the Fund may suspend the redemption rights of interest holders;
 - 3.4.3 interest in the Fund may only be redeemed subject to restrictions, procedures and notice requirements (if any) as set out in the Fund Information; and
 - 3.4.4 the Fund and/or the investment manager of the Fund may have the power to compulsorily redeem any or all of an interest holder's holding under certain circumstances.
- 3.5 The Client certifies that it is not prohibited from purchasing or holding units, and acting on behalf of any person or entity who is prohibited from purchasing or holding units, as provided in the Fund Information. The Client declares that it is not forbidden to invest in the Fund. The Client undertakes to inform CSIB immediately if a change to the Client's status occurs, in which circumstances the Client may be obliged to redeem the units of the respective Fund(s).
- 3.6 The Client understands that CSIB is not an independent intermediary because: (i) CSIB receives fees, commissions, or other monetary benefits from other parties (which may include product issuers) in relation to CSIB's distribution of investment products to the Client. For details, the Client may refer to CSIB's disclosure on monetary benefits which are delivered to the Client prior to or at the point of entering into a transaction for Fund(s); and/or (ii) CSIB receives non-monetary benefits from other parties, or have close links or other legal or economic relationships with issuers of products that CSIB may distribute to the Client.

4. Representations, Undertakings, Warranties by the Client

- 4.1 The Client hereby represents, undertakes and warrants to CSIB that:
- 4.1.1 all declarations, undertakings, indemnity, representations and warranties required by the Fund or as set out in the relevant subscription document shall be observed by the Client and that the Client agrees to be bound by the terms thereof, as though it was subscribing to the Fund directly;
 - 4.1.2 the Client understands that CSIB and/or its nominee shall be in reliance on the confirmation described in 4.1.1 and any other information that the Client has provided to CSIB and/or its nominee for the purposes to subscribing to the Fund on the Client's behalf;
 - 4.1.3 it shall exercise independent judgement and decision without any reliance on CSIB or its Affiliates and has sufficient knowledge and

experience to make its own evaluation of the merits and risks of entering into the relevant Transaction; including without limitation to the suitability of the Fund and tax implications;

- 4.1.4 it shall comply with the sale and/or transfer restrictions as set out in the Fund Information;
 - 4.1.5 it is eligible to apply for and invest in the Fund; and
 - 4.1.6 the agreement, confirmation, representations and warranties herein shall apply and shall be deemed to be repeated by the Client in relation to each subscription to the Fund which the Bank and/or its nominees may make on the Client's Instruction.
- 4.2 For the purposes of reporting to the Client the value of the Client's beneficial interest in the Fund, the Client agrees that CSIB may rely upon valuations from the Fund and/or other third parties. CSIB shall not be obliged to verify the accuracy or otherwise of such valuations.
- 4.3 CSIB may, but shall not be obliged to, monitor the Client's investment in the Fund.
- 4.4 The Client acknowledges that CSIB shall not be responsible for the performance of the Client's investment in the Fund.

5. Indemnity

- 5.1 The Client agrees to indemnify CSIB for any Loss that it may suffer or incur as a result of subscribing to or otherwise acquiring an interest in the Fund on the Client's behalf.

SECTION 6 : MARGIN REQUIREMENTS

1. Margin Account

- 1.1 CSIB may allow the Client to open and maintain a Margin Account to conduct margin trading and CSIB may grant credit facilities ("**Facility**") to the Client at its absolute discretion of such amount up to a "Credit Limit" as determined by CSIB from time to time. The terms set out in this section shall apply to the opening and maintenance of a Margin Account and/or any Margin Transaction in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference. For the avoidance of doubt, clauses 16 (Security, Set-Off and Lien) and 17 (Collateral) of Section 1 (General Terms and Conditions) shall apply to any Facility which is made available to the Client under this section.
- 1.2 The Client agrees that (i) the Margin Account is opened in the name of the Client, (ii) the Client shall deposit Collateral and satisfies all Margin Calls in such form into a designated Account and within such time as specified by CSIB; and (iii) any Facility provided by CSIB to the Client is solely for the purpose of facilitating the acquisition of Securities by CSIB for the Client.
- 1.3 The Client shall on request provide CSIB with such authority as CSIB may require under Applicable Laws to authorize CSIB to deliver such Collateral, directly or through an exchange participant, to an exchange or relevant clearing house as Collateral resulting from the Instruction to CSIB to the extent required for or in connection with provision of the Services.
- 1.4 The Client agrees to do all such things and execute all such documents which CSIB shall from time to time consider necessary or desirable in connection with the implementation, execution and enforcement of any of the terms of this Agreement or with a view to perfecting or improving any security created in favor of CSIB.
- 1.5 The Client undertakes and agrees to the following:
 - (a) the Client will not (and will not attempt to) create or permit to arise any encumbrance or third party interest over any Collateral in the Margin Account, except in CSIB' favour;
 - (b) the Client will obtain and maintain in full force and effect all governmental and other approvals, authorities, licences and consents required in connection with the security created over the Collateral and it will do or cause to be done all other acts and things necessary or useful for the performance of all of its obligations under any terms under this Agreement, or for ratifying or confirming anything done by CSIB in the performance of its duties or exercise of its rights or powers under any terms under this Agreement; and

- (c) the Client shall, as soon as reasonably practicable after reasonable demand by CSIB, and entirely at its own costs and expenses, make, execute, do, perform and provide all such further acts and documents as CSIB shall reasonably require to perfect, protect, maintain, or improve the security afforded or created by this Agreement and/or to give full effect to any provision of this Agreement.
- 1.6 The Client acknowledges that it makes its own assessment and rely on its own judgment in relation to the use of the margin facilities provided pursuant to this section and accept the risks associated therewith, including any Loss that may result. Please refer to Risk Disclosure Statements section for the relevant risks involved.
- 1.7 "Securities Collateral" shall have the meaning in Schedule 1 of the SFO.

2. Margin Requirement

- 2.1 Upon opening a Margin Account, the Client shall deposit initial margin and/or additional margin with CSIB in such form and amount and within such time as CSIB may require from time to time and at any time ("**Margin Calls**") or in accordance with the Applicable Laws including, without limitation, the requirement set out in Schedule 5 of the Code of Conduct. For the purpose of a Margin Call, CSIB may effect the Margin Call by contacting the Client by phone on the telephone numbers notified by the Client to CSIB and/or by sending to the Client a Margin Call notice by email. The Client agrees that a Margin Call shall be deemed properly made hereunder even if CSIB fails to contact it by phone or if the Client fails to receive the written notice as aforesaid.
- 2.2 CSIB is instructed and authorised by the Client to draw on the Facility to settle any amounts due to CSIB in respect of the Client's purchase of Securities, margin maintenance obligations for any positions required by CSIB, or payment of any commission, interest, expenses or other costs owing to CSIB, including costs and expenses that may be incurred in connection with the realisation or disposal of any Collateral.
- 2.3 The Client agrees to pay interest on a daily basis on the amount of the Facility which has been drawn down and is outstanding. The interest rate shall be specified by CSIB at its sole and absolute discretion and notified by CSIB to the Client from time to time. Such interest charges may be deducted by CSIB from the Margin Account or any Account.
- 2.4 From time to time, CSIB will provide the Client with its practices in relation to margin procedures and circumstances under which the Client's positions may be closed without the Client's consent. CSIB reserves the right to vary any margin requirements as it may consider appropriate or as may be required by Applicable Laws.

- 2.5 The Client shall ensure that sufficient initial and/or additional margins are maintained in the Margin Account at all times to ensure that the margin requirements are met. If the margin requirements are not met by the Client, CSIB may, if practicable, but is not under an obligation to, notify the Client. At any time during the term of any Margin Transaction, if the margin in the Margin Account is not sufficient to meet the margin requirement set by CSIB, the Client shall immediately take necessary action to ensure the margin requirement is met. Such steps taken by the Client shall not prevent CSIB from being able to liquidate or Close Out part of, one, several or all of the Client's Margin Transactions and/or exercising any of its other rights and remedies.
- 2.6 CSIB shall display its general margin requirements for each type of Margin Transactions from time to time on CSIB's website or on a notice in the form specified by CSIB which shall be provided to the Client upon request. CSIB reserves the right to determine specific margin requirements for each individual Margin Transaction.
- 2.7 In addition and without prejudice to CSIB's other rights, CSIB is entitled to increase its margin requirements, reduce the Client's exposure, liquidate or close out any or all of the Client's Margin Transactions and/or suspend trading if:-
- 2.7.1. as a result of the Client's combined exposure in Margin Transactions, the level of deficit is significant (or if in an adverse market development may become significant) so that it cannot be covered by the Client's assets and/or margin with CSIB;
 - 2.7.2. an emergency or exceptional market condition exists. CSIB retains the right to determine, in its reasonable opinion, whether such emergency or exceptional market condition exists, or in any event, if there is a suspension or closure of any market or if there is an excessive movement in any Margin Transaction and/or underlying market upon which CSIB determines margin requirements; or
 - 2.7.3. any dispute arises over or in relation to a Margin Transaction where, CSIB in exercising its sole and absolute discretion, it considers it to be necessary or desirable for the circumstance.
- 2.8 CSIB may refuse to provide Facility to the Client if the following occurs:
- 2.8.1. The Client does not deposit Collateral or margin in such amount, in such form into any designated Account and within such time as required by CSIB;
 - 2.8.2. The Client is in default of any provisions of this section 6;
 - 2.8.3. In the opinion of CSIB, there is or has been a material adverse change in the Client's financial condition or in the financial condition of any

person which might adversely affect the Client's ability to discharge the Client's liabilities to perform the Client's obligations under this section;

- 2.8.4. Making an advance would cause the applicable Credit Limit to be exceeded; or
- 2.8.5. CSIB in its sole and absolute discretion considers prudent or desirable not to do so.

3. Standing Authority

3.1 The Client's Securities Standing Authority

3.1.1. Without prejudice to any other right or remedy available to CSIB, the Client hereby grants a Client's Securities standing authority to CSIB in respect of the treatment of Securities or Securities Collateral in the Margin Account. The Client agrees that CSIB may (in its sole and absolute discretion and without notice to the Client):

- (a) apply any such Securities or Securities Collateral pursuant to a securities borrowing and lending agreement;
- (b) deposit any such Securities Collateral with another authorised financial institution as collateral for any financial accommodation provided to CSIB;
- (c) deposit any such Securities Collateral with any recognised Clearing House, or another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of CSIB settlement obligations and liabilities; and
- (d) apply or deposit any such Securities or Securities Collateral in accordance with Clauses 3.1.1 (a), (b) and/or (c) above if CSIB provides financial accommodation to the Client in the course of dealing in Securities and also provides financial accommodation to the Client in the course of any other regulated activity for which CSIB is licensed or registered.

3.2 The Client understands that a third party may have rights to the Securities or Securities Collateral which CSIB must satisfy before such Securities or Securities Collateral can be returned to the Client.

3.3 Where CSIB wishes to use the Securities and Securities Collateral for the purposes referred to in clause 3.1 above, the Securities and Securities Collateral in question shall be simultaneously released from the security created by or pursuant to clause 16 (Security, Set-off and Lien) of Section 1 (General Terms and Conditions) and transferred by the Client to CSIB in accordance with the provisions of this clause. The Client authorises CSIB to take such steps to deliver or credit the relevant

Securities and Securities Collateral to itself (or, as appropriate, the third party in question) and authorises CSIB (for and on the Client's behalf) to execute such instruments of transfer or other document as CSIB considers necessary or desirable to vest the full legal and beneficial right, title and interest in and to the Securities and Securities Collateral in CSIB (or, as the case may be, the third party).

3.4 Acknowledgements

3.4.1. The Client acknowledges that:

- (a) CSIB may do any of the things set out in 3.1 of this section without giving the Client notice or obtaining Client's prior consent; and
- (b) The Client has been informed of CSIB's rep pledging practice and CSIB has provided the Client with a Securities standing instruction to repledge the Client's Securities or Securities Collateral.

3.5 Validity

3.5.1. The Client's Securities standing authority shall be valid for a period of 12 months from the date of the opening of a Margin Account, and may be renewed or shall be deemed to be renewed upon its expiry date for a further period of 12 months in such manner as may be required by Applicable Laws. The Client may withdraw such authorization by giving us notice in writing of not less than 7 Business Days conditional upon the Client's having discharged all outstanding debts owed to CSIB.

3.6 Renewal

3.6.1. The Client understands this standing authority shall be deemed to have been renewed on a continuing basis without the Client's written consent if:

- (a) CSIB provides a written notice to the Client at least 14 days prior to the expiry of the Client's Securities standing authority, which sets out a reminder to the Client of the impending expiry of such Securities standing authority and inform the Client that, unless the Client object in writing prior to the expiry of the Client's Securities standing authority, such Securities standing authority shall automatically be renewed on the same terms and conditions upon expiry and for a period not exceeding 12 months; and
- (b) the Client did not object to the notice as described in Clause 3.6.1(a) above.

3.7 Securities Borrowing and Lending

3.7.1. In the event that CSIB apply Securities or Securities Collateral in accordance with 3.1.1 of this section, CSIB may either:

- (a) act as the Client's agent in entering into a securities borrowing and lending agreement with any person on such terms as CSIB may think fit, provided that (subject to any other written agreement between the Client and CSIB):
 - (i) CSIB agrees to pay to the Client such fee as is set out in accordance with the fee schedule as provided by CSIB; and
 - (ii) CSIB shall not be liable to the Client for any fee, dividend, distribution or other payment or return of any Securities or Securities Collateral lent if an event of default occurred in relation to the borrower of such Securities or Securities Collateral; or
- (b) (subject to the Client and CSIB having entered into a securities borrowing and lending agreement) act as principal in entering into a securities borrowing and lending agreement with any person for the purposes of on lending those Securities or Securities Collateral.

4. Authorisation and Safekeeping of Securities

4.1 In addition to and without prejudice to any other rights of CSIB, the Client authorises CSIB to deal with Securities or Securities Collateral (as that term is defined in the SFO) in accordance with a Securities standing authority.

5. Termination of Facility

5.1 The Facility is repayable on demand and may be varied or terminated at the absolute discretion of CSIB. In particular, the Facility may be terminated upon the occurrence of any one or more of the following events:

- 5.1.1 failure by the Client to meet Margin Calls;
- 5.1.2 the revocation or non-renewal of the Client's authorisation to CSIB as required under the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong) (such withdrawal to be provided to CSIB by the Client in writing) set out in clause 3 of this section 6; or

- 5.1.3 the termination of this Agreement, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Facility.
- 5.2 Upon termination of the Facility, any outstanding indebtedness by the Client shall forthwith be repaid to CSIB.
- 5.3 For the avoidance of doubt, repayment of all or any of the loan amounts owed to CSIB will not of itself constitute cancellation or termination of the terms and conditions under this section 6.

SECTION 7A : OTHER CONTRACTS

1. Precious Metals

- 1.1 The terms set out in this section shall apply to the purchasing, selling and/or otherwise dealing of precious metals by CSIB, on behalf of and at the risk of the Client, in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.
- 1.2 CSIB may, on the request of the Client or an Authorised Person, purchase, sell and/or otherwise deal with precious metals on behalf of and at the risk of the Client. Precious metals shall include gold, silver, palladium or any other precious metal agreed from time to time between CSIB and the Client as a metal which may be transacted.
- 1.3 In the event that CSIB is not able to enter into a Transaction involving the amount of precious metals as instructed by the Client, CSIB may enter into a Transaction involving any lesser number of such precious metals in its sole and absolute discretion. The Client shall be bound by such Transaction and CSIB shall not be liable for its inability to completely fulfil the Client's Instructions.
- 1.4 The Client acknowledges that due to the physical and other restraints of the markets in which Transactions are executed and changes in prices of precious metals, there may be a delay in quoting prices or in dealing. CSIB is not liable for any Loss suffered or incurred by the Client arising out of such failure or inability to comply with the Client's Instructions.
- 1.5 The Client accepts that any Service in relation to precious metals are provided on a margined / non-margined basis. CSIB reserves the right at any time to provide such Service on a leveraged basis in which case it may, in its sole and absolute discretion, impose a required margin as it thinks fit before executing any Transaction.
- 1.6 There shall be no physical delivery by the CSIB or by the Client of any precious metals. CSIB shall send a confirmation to the Client with respect to each individual contract of precious metal.
- 1.7 Without prejudice to any other rights which CSIB may have, CSIB may, at its sole and absolute discretion and at any time without prior notice, set off any amounts payable under precious metal contracts against any amounts receivable under such contracts. The net difference calculated under these precious metal contracts shall be paid by CSIB or the Client (as the case may be) by debiting or crediting the Client's Account.

- 1.8 Without prejudice to Section 1 (General Terms and Conditions) and any rights CSIB may have whether in law or otherwise, CSIB is authorised to carry out any act or omit to carry out any act for the purposes of reducing or eliminating liability under any Transaction, position or commitment on behalf of the Client including, without limitation, Closing Out, liquidating, setting off, realising or otherwise dealing with any or all outstanding contracts if:
- 1.8.1 CSIB does not receive either cash or other assets when due in respect of any Transaction which CSIB is to settle or execute for the Client;
 - 1.8.2 the Client fails to take all necessary steps to secure the due and prompt execution and settlement of such Transaction;
 - 1.8.3 CSIB reasonably believes that the Client is about to fail to meet any other liability to CSIB, its Affiliates or any third party.
- 1.9 Notwithstanding the foregoing, unless otherwise agreed in writing, where an Event of Default occurs as specified in paragraph 25.9 of Section 1 (General Terms and Conditions), CSIB shall automatically Close Out or liquidate all outstanding contracts.
- 1.10 The number, type, currency and/or value of precious metals contracts shall not exceed the limits as prescribed by CSIB (regardless of whether it is made known to the Client).

SECTION 7B : OTHER CONTRACTS

1. IPO Subscription

- 1.1 The terms set out in this section shall apply to all IPO Services provided by CSIB to the Client in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.
- 1.2 In this section, "**IPO Service**" shall mean any Service in relation to IPO subscription
- 1.3 Upon the Client's request, CSIB may:
 - 1.3.1 grant a loan to the Client (up to such extent and for such period as CSIB thinks fit) to finance the subscription of public offer shares in connection to a public offering; and
 - 1.3.2 in its own name or in the name of its Agent, apply on the Client's behalf for the subscription of public offer shares in connection to a public offering.
- 1.4 For the purposes of providing IPO Service, CSIB is authorised to:
 - 1.4.1 accept and retain all documentation evidencing title to any shares, warrants and/or other Securities that may be allotted by an issuer to CSIB or its Agent;
 - 1.4.2 register any shares, warrants and/or other Securities in the name of CSIB or its Agent in accordance with any relevant Collateral;
 - 1.4.3 collect and receive all dividends and other income payments and distribution in respect of any shares, warrants and/or other Securities;
 - 1.4.4 retain any proceeds from the sale of shares, warrants and/or other Securities;
 - 1.4.5 charge the Client a subscription fee for each application for subscription of public offer shares in a public offering as determined by CSIB from time to time. For the avoidance of doubt, the subscription fees (if any) are not refundable regardless of the outcome of the application is successful or not; and
 - 1.4.6 take any action in respect of any shares, warrants and/or other Securities as CSIB thinks fit.

- 1.5 The loan shall be applied solely for the purpose of financing amounts payable by the Client for the allotment of shares, warrants and/or other Securities pursuant to forthcoming new issues or offers for sale to the public.
- 1.6 All loan proceeds shall be made available up to an amount as determined by CSIB in its sole and absolute discretion. CSIB may impose such required margin as it thinks fit before granting any loan to the Client.
- 1.7 In addition and without prejudice to CSIB's other rights, CSIB reserves the right in its sole and absolute discretion to increase, reduce, and/or cancel the subscription or the loan (in full or any part or parts thereof) if an adverse market condition exists or due to whatever other reasons without notice to the Client.
- 1.8 The Client shall familiarise itself and comply with all the terms and conditions governing the IPO and/ or placing of the offer Securities set out in any application form, prospectus, offering document and any relevant document in respect of such IPO and/or placing of the offer Securities. The Client agrees to be bound by such terms and conditions in any Transaction the Client may have with CSIB.
- 1.9 The Client warrants and undertakes that the application shall be the only application made by the Client or on the Client's behalf for the Client's benefit in respect of the same issue of securities and the Client shall make no other application in that issue.
- 1.10 The Client acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in Securities in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 1.11 The Client recognises and understands that the legal, regulatory requirements and market practice in respect of applications for IPO may vary from time to time as may the requirements of any particular IPO and/or placing of the offer Securities. The Client undertakes to provide CSIB such Information and take such additional steps and makes such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as CSIB may in its sole and absolute discretion determine from time to time.
- 1.12 Where CSIB, its Agents, directors or employees made a bulk application on behalf of the Client, the Client acknowledges and agrees:
 - 1.12.1 that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and that CSIB, its Agents, directors or employees shall not (in the absence of fraud, negligence or wilful default) be liable to the Client or any other person in consequence to such rejection; and

- 1.12.2 to indemnify CSIB, its Agents, directors or employees if such bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges and agrees to be solely liable for damages to other persons affected by such breach or other factors.
- 1.13 The Client shall be solely liable for all repayment of any loan together with all interest and other associated payments accrued, notwithstanding that the payment of the subscription moneys are made in the name of CSIB or its Agent.
- 1.14 CSIB shall not be responsible for any Loss in connection with any loan proceeds at all times during the period in which it is deposited with any receiving bank as specified in any prospectus or other relevant offer document. Without prejudice to the foregoing, the Client's Liabilities under the IPO Service and the obligations of the Client to ensure the repayment of any loan shall not be prejudiced, affected or discharged in any way whatsoever by the insolvency, liquidation, winding-up, composition or arrangement or any incapacity, disability or change in the constitution or status of the Client, any receiving bank or any issuer (including, without limitation, any agent or representative of any receiving bank or any Issuer).
- 1.15 CSIB, its Agents, directors or employees shall not be liable for Loss of any kind suffered or incurred by the Client by reason of any delay, error, omission or default by the CSIB and/or its Agent in connection to any IPO Service.
- 1.16 All acts carried out by CSIB, its Agents, directors or employees pursuant to the Client's Instructions in relation to applications for IPO shall be binding on the Client. The Client agrees to indemnify CSIB, its Agents, directors and employees against any Loss or claims suffered or incurred by each of them in connection with any applications for IPO.
- 1.17 The Client shall pay interest on each loan up to and including the repayment date for each loan at CSIB's prescribed rate.
- 1.18 Without prejudice to Section 1 (General Terms and Conditions) and any rights CSIB may have whether in law or otherwise, the Client shall pay CSIB all amounts payable in connection with the IPO Service in full together with all interest accrued and all other out-of-pocket costs and expenses incurred on the repayment date as agreed with CSIB.

APPENDIX 1. RISK DISCLOSURE STATEMENT

Note:

- A. This Risk Disclosure Statement (“**this Statement**”) forms an integral part of the Agreement and part of the terms and conditions governing the Account. You, the Client, (“**you**”) should review this Statement carefully and seek independent professional advice if you are uncertain of or have not understood any aspect of this Statement or the nature and risks involved in trading of GEM stocks.
- B. CSIB may amend and provide additional risk disclosures from time to time.
- C. Unless otherwise indicated, the defined terms used in this Statement shall have the same meaning as in the Section 1 of the Agreement.
- D. Risk of Loss associated with trading in Securities and other financial products can be substantial. Nevertheless, this Statement does not purport to disclose or discuss all the risks and other significant aspects of such products.

1. General

- 1.1 Investment involves risks. Different instruments involve different types of, and levels of exposure, to risk.
- 1.2 The general rule is that past performance is not indicative of future results. Prices can go up or down, and higher return is normally associated with a higher level of risk. The volatile nature of the markets, the Transactions, the financial products and the underlying assets means that the risks involved could be very substantial.
- 1.3 The holdings of a portfolio may be concentrated in the Securities issued by a small number of issuers or of a small number of industries. Diversification of assets may not be achieved as a result of insufficient investment opportunities.
- 1.4 All investments carry the following risks:
 - Selection Risk – Anyone could have chosen a Security or product that underperforms the market for reasons that cannot be anticipated.
 - Timing Risk – An investment may perform poorly after its purchase or better after its sale.
 - Risk of Paying Too Much – The costs, charges and fees associated with an investment are excessive and detract too much from its return.

Taxation

- 1.5 Different Transactions may have different tax implications. You should seek advice

from your professional advisors as to your particular tax position, including but not limited to estate duty (if applicable) and withholding tax that might arise from investing in overseas products. Income or profit from trading in any investments may be subject to withholding tax or capital gains tax or other tax of the country of the issuer or the country in which such investments are traded. In such event, unless the issuer agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the investment less the withholding tax or capital gains tax or other tax. There can be no guarantee with respect to the tax treatment over time.

Risk of Assets Received/Held outside Hong Kong

- 1.6 Client Assets received or held outside Hong Kong are subject to the Applicable Laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made under the SFO. Consequently, such Client Assets may not enjoy the same protection as that conferred on Client Assets received or held in Hong Kong.

Risk of CSIB's Executing Broker/Custodian

- 1.7 In respect of securities traded in overseas markets, CSIB may engage third party executing brokers and custodians, to execute and clear the trades. CSIB will exercise due care in the selection of such brokers and custodians but will not be responsible for any Loss incurred by the Client as a result of any default (including insolvency) of such executing brokers or custodians. CSIB and its Affiliates shall in no event be liable for any loss suffered or incurred by the Client in connection with the Agreement or anything whatsoever which may be suffered as a result of any default, insolvency, act or omission of the such executing brokers and custodians or any person, firm or company through or with whom transactions are effected for the Account.

Risk of Securities Trading

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

Risk of Trading Futures

- 1.9 The risk of Loss in trading Futures Contracts is substantial. In some circumstances, the portfolio may sustain Losses in excess of its 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 Futures Contracts before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives.

Disclaimers

1.10 The Client understands and agrees to the following disclaimers:

The disclaimer in relation to trading of Stock Index Futures Contracts

Hang Seng Indexes Company Limited (“**HSIL**”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“**HSDS**”) from time to time (collectively, the “**Hang Seng Indexes**”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to Hong Kong Futures Exchange Limited by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, “**Futures Contracts**”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and Hong Kong Futures Exchange Limited may at any time require that trading in and settlement of such of the Futures Contracts as Hong Kong Futures Exchange Limited may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither Hong Kong Futures Exchange Limited nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by Hong Kong Futures Exchange Limited, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against Hong Kong Futures Exchange Limited and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full

knowledge of this disclaimer and can place no reliance whatsoever on Hong Kong Futures Exchange Limited, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

The disclaimer in relation to Hong Kong Futures Exchange Limited

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited may from time to time be developed by Hong Kong Futures Exchange Limited. The HKFE Taiwan Index is the first of such stock indices developed by Hong Kong Futures Exchange Limited. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by Hong Kong Futures Exchange Limited (the “**Exchange Indices**”) are the property of Hong Kong Futures Exchange Limited. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to Hong Kong Futures Exchange Limited. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by Hong Kong Futures Exchange Limited without notice and Hong Kong Futures Exchange Limited may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as Hong Kong Futures Exchange Limited may designate be conducted by reference to an alternative index to be calculated. Hong Kong Futures Exchange Limited does not warrant or represent or guarantee to any participant or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by Hong Kong Futures Exchange Limited in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of Hong Kong Futures Exchange Limited or any other person or persons appointed by Hong Kong Futures Exchange Limited to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any participant or any third party against Hong Kong Futures Exchange Limited in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on Hong Kong Futures Exchange Limited in respect of such transactions.

No Liquidity

- 1.11 Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market makes a “limit move” or trading is suspended by the relevant Exchange. In addition, there may not be a ready

market for certain investments, and market traders may not be prepared to deal in certain investments. Some investments may have to be held to maturity, for instance, some index options can only be exercised on the expiry date, whilst other index options may be exercised at any time before expiry. Proper information for determining the value of certain investments may not be available.

1.12 Placing contingent orders, such as “stop loss” or “stop limit” orders will not necessarily limit Losses to the intended amounts, since market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as “spread” and “straddle” positions may be as risky as taking simple “long” or “short” positions.

1.13 Under certain circumstances, it may be difficult or impossible to assess the value of the portfolio or to determine a fair price or assess the portfolio’s exposure to risk.

Suspension of Trading

1.14 Under certain trading conditions, it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that, under the rules of the relevant Exchange, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit the portfolio’s Losses to the intended amounts because market conditions may make it impossible to execute such an order at the stipulated price.

Transactions in other Jurisdictions

1.15 Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risks. 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. Hong Kong 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.

Currency Risks

1.16 The profit or Loss in Transactions in foreign currency-denominated contracts will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency. Where trading contracts or other investments are denominated in currencies other than your primary reference currency, or where you convert funds from another currency upon making an investment, there is the risk that if the foreign exchange markets move against you, then upon maturity or any earlier dealing the net proceeds converted into your primary reference currency, or the currency from which the initial funds

were converted (as the case may be), may be significantly less than the equivalent figure on the date the contract was entered into or the investment made, and that any income or gains made may be entirely negated. Further, you may suffer Loss as a result of depreciation of the value of the currency paid as a result of foreign exchange controls imposed by the country issuing the currency.

Trading Facilities

- 1.17 Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption, malfunction, and failure or hacking. The ability to recover certain Losses may be subject to limits on liability imposed by the system provider, the market, the Clearing House and/or participant firms. Such limits may vary.

Electronic trading

- 1.18 If you undertake transactions on an electronic trading System, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

The use of the Internet or other electronic medium

- 1.19 Any communication or transaction via or information (including any document) transmitted via the Internet or other electronic medium involves risks and you understand and accept the following risks:
- (a) The internet or other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) are an inherently unreliable form of communication, and that such unreliability is beyond CSIB's control.
 - (b) Information (including any document) transmitted or communication or transactions over the internet or through other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption, transmission blackout, delayed transmission due to data volume or incorrect data transmission (including without limitation incorrect price quotation) or stoppage of price data feed due to the public nature of the Internet or other electronic media.
 - (c) As a result of such unreliability, there may be time-lags or delays or failures or loss of data or loss of confidentiality in the transmission of data and receipt of instructions may be executed at prices different from those prevailing at the time the instructions were given.

Operational Risk

- 1.20 Operational risk refers to the risk of Loss resulting from inadequate or failed internal processes, people and systems or from external events. CSIB, the custodian and any brokers or any other parties involved in your Transaction may suffer from such risk and the Transactions of the portfolio may be delayed, hindered or otherwise adversely affected as a result.

Insolvency

- 1.21 The insolvency or default of CSIB, of the custodian or any brokers, or that of any other parties involved with a Transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as Collateral, and you may have to accept any available payments in cash.

Mainland China/Single Country Investment Risk

- 1.22 Investing in China-related companies and in Chinese markets involve certain risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risk. The concentration of a portfolio in China-related companies or assets may result in greater volatility than portfolios which comprise broad-based global investments.

Absence of Operating History

- 1.23 The Account is newly set up and there is limited operating history upon which investors may base for an evaluation of its likely performance. The results of the investment of the portfolio will depend upon the availability of suitable investment opportunities for the portfolio and the performance of its investment(s).

RMB Product Risks

- 1.24 Dealings involving RMB may involve additional risks, and the following is a description of some of the risks that may apply, depending on the nature of the product traded:

Not Freely Convertible – Currently, RMB is not freely convertible. Conversion of RMB through banks in Hong Kong is subject to certain restrictions. The exchange rate may not be fully governed by market forces and may be subject to regulation.

Daily Limits – As the conversion of RMB is subject to a daily limit, if this is exceeded, it may be necessary to allow time for conversion of RMB from or to

another currency.

Multiple Currency Risks – For RMB products which are not denominated in RMB or with underlying investments which are not RMB-denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, and to RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements.

Long Term Commitment – Where RMB products involve a long period of investment, if the customer redeems the investment before the maturity date or during the lock-up period (if applicable), the customer may incur a significant Loss of principal where the proceeds may be substantially lower than their invested amount. Early surrender/withdrawal fees and charges as well as the Loss of bonuses (where applicable) are likely to be incurred as a result of redemption before the maturity date or during any applicable lock-up period.

Counterparty Credit Risk – To the extent that the RMB products may invest in RMB debt instruments not supported by any Collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a RMB product may invest in derivatives instruments, counterparty risk may also arise as the default by the issuer may adversely affect the performance of the RMB product, and the investor may assume Loss of its entire investment, and all costs and charges may also be irrecoverable.

Interest Rate Risk – For RMB products that invest in RMB debt instruments, they are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB products.

Liquidity Risk – There may be no market in RMB products. In some cases, the RMB products may suffer significant Losses in liquidating the underlying investments, or may be unable to do so within the time frame stipulated by the product documentation, especially if such investments do not have an active secondary market. Further, the bid and offer spread of the price may be extremely large, and the investor may incur significant trading and realization costs and may suffer Losses when selling such investments. Consequently, the investor may be unable to realize the investments before maturity, or to recover the full amount of the investment at maturity.

Clearing House Protections

- 1.25 On many Exchanges, the performance of a Transaction by CSIB (or third party with whom it is dealing on your behalf) is “guaranteed” by the Exchange or Clearing House. However, this guarantee is unlikely in most circumstances to cover you, and

may not protect you if CSIB or another party defaults on its obligations to you. On request, CSIB will explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives. There is no Clearing House for traditional options, or normally for off-exchange instruments which are not traded under the rules of an Exchange, and they will not enjoy such protection.

Off-Exchange Transactions / Grey Market Trading

- 1.26 Depending on the product, a Transaction may be traded off-exchange or on an over-the-counter basis. Such products are not traded on any Exchange and are not regulated by the rules of any Exchange. There is no exchange market on which to close out an open position. They may not be readily realizable. Situations may arise where no market traders are prepared to deal in them or no proper information may be available to determine their value. Sometimes, it may not be possible to obtain a price quotation, and even where there is a quotation, it is one established by dealers in these instruments and consequently, it may be difficult to establish what a fair price is. Minimum transaction amounts may be imposed and/or charged by traders from time to time.
- 1.27 Further, exchange traded Transactions are generally subject to a very detailed legal framework; with over-the-counter Transactions, this is not always the case, and legal opinions are often required which can slow down trading. Exchanges ensure that parties comply with their obligations within strict time limits; but this is not the case with over-the-counter markets where settlements can be delayed, and payment netting may not be recognized under the Applicable Laws of some countries.
- 1.28 In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange Transactions. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these Transactions may involve increased risks. Off-exchange Transactions may be less regulated or subject to a separate regulatory regime.
- 1.29 Before trading, the Client must understand the nature of the over-the-counter Transactions, the trading facilities and the level of risk the Client can afford. If in doubt, the Client should seek independent professional advice. The over-the-counter Transactions are subject to risks, including the credit and default risks of other counterparties, and the risk of securities not being listed on the relevant exchanges. The over-the-counter securities may have lower liquidities and higher price volatilities than exchange-traded securities. The over-the-counter Transactions are not guaranteed to be settled and the Client is liable for any Loss resulting from the settlement default by the Client and/or the Client's counterparty. The prices of the over-the-counter securities may differ materially from their market opening or trading prices during the regular market time after they are listed on the relevant exchanges. The price of a security shown in an over-the-counter Transaction may not reflect the price of the same security traded in other automated trading systems operating at the same time. Unless the relevant Transactions are officially recorded on the exchange's trading system after the security is listed on

the relevant exchange, they are not covered by the Investor Compensation Fund or other relevant investor insurance or protection schemes applicable to exchange-traded products.

No Market Making Obligation

- 1.30 CSIB has no obligation to make a market for or quote a price to you if your favourable price level cannot be obtained or there is no buyer in the market, nor to buy back any Securities from you unless CSIB has written an option requiring it to do so in certain circumstances.

Risk of Providing Authority to Hold Mail or to Direct Mail to Third Parties

- 1.31 If you provide your dealer or securities margin financier 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.

2. Shares

General

- 2.1 When a corporation wishes to raise capital, it might issue shares in exchange for cash. Shares are Securities representing each a unit of ownership interest in the corporation. A person who legally owns one or more shares is a shareholder (or stockholder). It does not entitle the owner to have direct control over the business's day-to-day operations but entitle him to an equal distribution of any profits (if any), in the form of a dividend. Broadly speaking, the two main types of shares are common shares (ordinary shares) and preferred shares. The shareholder has financial and ownership rights which are determined by the Applicable Laws and the issuing company's articles of association. Usually, shareholders are the last in order of priority in case of liquidation of the company. Future income cash flows (dividends) are uncertain.
- 2.2 The prices of shares fluctuate, often dramatically. The price of a share may move up or down, and may become valueless. It is likely that Losses will be incurred rather than profit made as a result of buying and selling shares. In addition to the applicable risks described in Section 1 above, dealing in shares may involve other risks, such as:

Company Risk - A purchaser of shares does not lend funds to the company but becomes a co-owner of the company. He or she thus participates in its development as well as in chances for profits and Losses, which makes it difficult to forecast the precise yield on investment. Any business is inherently subject to product/business cycle and to changes in management, personnel, demographics, competitive landscape and consumer preferences or sentiments. Further, an actual or perceived reduction in the financial strength of a company, or a downgrade of its credit ratings,

could damage its business relationships and negatively impact its sales, revenue, profitability, dividend pay-out, and, ultimately, the share price. An extreme case would be the company's bankruptcy/insolvency resulting in the likely total Loss of all sums invested.

Price Risk - Share prices may undergo unforeseeable price fluctuations over time causing risks of Loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. Conditions in the market can change rapidly causing price fluctuations. A company also faces market fluctuations and changes in general economic, social and political conditions. General market risks must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence its performance and share prices.

Dividend Risk - The dividend per share mainly depends on the company's earnings and on its dividend policy. In case of low profits or Losses, dividend payments may be reduced or not made at all.

Liquidity Risk – Even if traded on an Exchange, a share may have a very low trading volume at any given time. No assurance is given that there will be a liquid or active market for a particular share.

Nasdaq-Amex Securities

- 2.3 The Securities under the Nasdaq-Amex Pilot Program (“PP”) are aimed at sophisticated investors. PP Securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of the Exchange.

Emerging Markets

- 2.4 Emerging markets are defined as markets in countries with moderate to low per capita national income. While investments in emerging markets can yield large gains, they can also be highly risky as they could be unpredictable, and there may be additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, inadequate regulations and safeguards available to investors and macroeconomic and political distress. For instance, investments may not be readily saleable and information to determine their current value may not be available in emerging markets. Besides the risks inherent in all Investments, those associated with emerging markets include, but are not limited to, country risk with the government intervening in the markets, perhaps in the form of exchange control laws or restrictions in the repatriation of profits. These factors may affect the value of an investment or your ability to enjoy its benefits. In addition, events (for instance, natural disasters, fluctuations in commodity prices and/or exchange rates and political upheavals) which may have a minor or limited effect in more mature markets could affect emerging markets profoundly. The greater risk profile and other characteristics of such markets mean that they are more suited to experienced and sophisticated investors.

Growth Markets

- 2.5 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 Exchange. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.
- 2.6 Companies with neither a track record of profitability nor any obligation to forecast future profitability may list on the GEM board. Their Securities involve a high investment risk. Given the emerging nature of companies listed on the GEM board, there is a risk that their Securities may be susceptible to higher market volatility compared to those traded on the Main Boards of the relevant Exchange or market, and no assurance is given that there will be a liquid market in them. Where the principal means of information dissemination on the GEM board is publication on an internet website, access to up-to-date information on the companies listed on the GEM board could only be gained through browsing the relevant website.

3. Bonds

General

- 3.1 A bond is a certificate of debt issued by:

- a government (government bond);
- supranational;
- financial institution; or
- corporation

guaranteeing payment of the original investment plus interest by a specified future date. The interest to be paid generally depends on the quality of the borrower, expressed by its rating, the maturity, the currency and the liquidity. Coupon payments of bonds are fixed by nature which means that one could miss out the opportunity to invest at more favorable rates. If one is more interested in capital appreciation than receiving a steady income, then investing in bond is not the optimal investment vehicle.

- 3.2 Bonds are not bank deposit and are not protected under any deposit protection scheme or by any authority. Bond investment involves risks, including the possible Loss of the principal amount invested. The prices of bonds can and do fluctuate, sometimes dramatically, and the price of any individual bond may move up or down and may even become valueless. There is an inherent risk that Losses may be

incurred rather than profits made as a result of trading bonds.

Risks Applicable to All Bonds

- 3.3 In addition to the applicable risks described in Section 1 above, trading in bonds may involve other risks, such as:

Market Risk – The price of bonds will fluctuate as a result of a variety of changes in the market and the economy, including but not limited to changes in interest rates, exchange rate, changes in credit rating of the issuer/guarantor, inflation (actual and outlook) and a general decline in the bond market as a whole. The price of bonds may move up or down and may become valueless. Past performance of bonds price is not indicative of future bonds price movement.

Credit & Default (Counterparty) Risk – Receipt of any coupon payment and principal amount at bonds maturity is subject to the credit risk and default risk of the issuer/guarantor. In case of default or insolvency of the issuer/guarantor, the investor will not receive the principal amount at maturity or any coupon amount, his investment will become worthless, and any transaction costs and profits may also become irrecoverable. The risk level of the bond may change during its life because of various factors, such as changes in market conditions and changes in credit rating of the issuer/guarantor.

Liquidity Risk – There can be no assurance that a secondary market in the bond will exist or that a bid would be made at a specific price. The price given, if any, may be affected by many factors including, but not limited to, the remaining term of the bond, the performance of the reference basket, interest rates, fluctuations in exchange rates and credit spreads. Prospective investors must be prepared to hold the bond for an indefinite period of time or until its maturity.

Early Withdrawal/Cancellation Risk - Any cancellation or withdrawal prior to the maturity date is subject to the consent of the relevant issuer, and the investor may incur costs or Losses which may result in receiving a lower return than expected, or even a negative rate of return, or an amount less than the principal amount.

Early redemption risk – The issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.

Interest Risk – Uncertainty concerning interest rate movements means that investors of bonds carry the risk of a fall in the prices of the bonds if interest rates rise. The longer the maturity of the bond and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.

Foreign Exchange Risk – Investing in bonds denominated in non-local currency is subject to the risk of exchange rate fluctuations that may result in the receipt of reduced interest rate/coupon and/or a Loss of principal when converted to local currency. Exchange controls imposed by the relevant authorities may also adversely

affect the applicable exchange rate.

Call Risk – Bonds may be subject to call by the issuer, providing the issuer the right to redeem its issued bonds, fully or partially, before the scheduled maturity date. In the event a bond is called, an investor may be unable to reinvest the proceeds from such redemption, in an investment with similar return and risk characteristics. In many situations, reinvesting may occur in a lower interest rate environment when compared to the original issuance date of the bond that was called.

Reinvestment Risk – This is the risk resulting from the fact that interest earned from investment in a bond (coupon payments) are reinvested at less than the yield to maturity at the time of purchase of the bond that generated them.

Inflation Risk – This is the risk that a bond's total return will not outpace inflation. In cases where the coupon is fixed until maturity, an inflationary environment will cause these payments to lose value relative to other investments.

Un-rated/Non-investment Grade Debt Securities

- 3.4 In addition to the risk factors stated above, the following risks also apply to unrated or non investment graded debt Securities:

Credit Risk – Unrated or non investment grade debt Securities typically offer a higher yield than investment grade bonds, but they generally has predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal and also present greater risks with respect to liquidity, volatility, and non-payment of principal and interest. Many issuers of these debt Securities have experienced substantial difficulties in servicing their debt obligations, which has led to default and restructurings. The issuers of these Securities generally have to pay a higher rate of interest than that which is available from investment grade debt Securities.

Liquidity and Secondary Market Risk – The markets in which unrated or non investment grade debt Securities are traded are generally more limited than those in which investment grade debt Securities are traded. This lack of liquidity may make it more difficult to resell them and obtain market quotations. In addition, the proceeds from sales prior to maturity may be more or less than the principal invested due to changes in market conditions or changes in the credit quality of the issuer.

Volatility Risk – The market value of unrated or non investment grade Securities tend to be more sensitive to developments involving the issuer and to changes in economic conditions. Consequently, unrated or non investment grade Securities may have greater price volatility than investment graded debt Securities.

Downgrade Risk – Downgrades in the credit rating of non investment grade debt Securities by rating agencies are generally accompanied by declines in the market value of these bonds. In some circumstances, investors in the unrated or non investment grade Securities market may anticipate such downgrades as a result of

these credits being placed on “credit watch” by rating agencies, causing volatility and speculation of further credit deterioration.

Economic Risk – This type of risk relates to the general vulnerability of a bond due to a downturn in the economy. In difficult economic environments, unrated or non investment grade debt Securities may be more susceptible to price volatility as investors may re-evaluate holdings in lower-quality bonds in favor of investment-grade corporate bonds. This is often referred to a “flight to quality”. The concern is often associated with the underlying credit issuer’s ability to repay interest and principal if an economic downturn negatively impacts the company’s business.

Event Risk – This includes any of a variety of events that can adversely affect the issuer of unrated or non investment grade Securities, and therefore the issuer’s ability to meet debt service obligations to repay principal and interest to bond holders. Event risk may pertain to the issuer specifically, the industry or business sector of the issuer, or generally upon the overall economy. For example, the issuer may have a change in management, poor earnings, or difficulty obtaining additional credit to support operations. The issuer’s industry sector may be experiencing financial difficulties due to increased competition, rising costs, changing consumer tastes or a changing regulatory environment. Lastly, there may be adverse geopolitical or global economic news such as a recession, changes in fiscal or monetary policies, or adverse market conditions having a direct or indirect impact on the issuers and their outstanding debts.

Convertible Bonds

- 3.5 Convertible bonds are bonds that can be converted into a pre-determined amount of the issuing company’s equity (in general common shares) at a stated price, within a specified timeframe, usually at the discretion of the bond holder. It is a hybrid security with both debt- and equity-like features. From a valuation’s perspective, a convertible bond is a combination of a bond and a warrant on equity.
- 3.6 If the bondholder makes use of his conversion right, he will relinquish his bonds, thus becoming a shareholder instead of remaining a creditor of the issuing company. Convertible bonds tend to offer a lower rate of return than conventional bonds in exchange for the value of the option to exchange the bond into shares. They typically convert to fewer shares of common stock than could be purchased with the bond value. In order to convert, the price of the underlying share should achieve a particular level, which is often high. Most convertible bonds include a callable feature that involves an additional risk to investors. This affects the return expected by the investor. Investors must constantly follow the price of the underlying equity in order not to miss the most favorable point for conversion. In addition to the risk factors stated above, the following risks also apply to convertible bonds:

Market Risk – Convertible bond price is tied to the underlying’ share price. They tend to be less volatile than regular shares. As share price goes up, so does the value of the convertible bond. As a bond, they react also to interest rate changes. Rising interest rates typically lead to falling value of shares. Since convertible bonds are

hybrid Securities with characteristics of both stocks and bonds, net result is uncertain. Foreign exchange risk is to be considered if the bond is denominated in a foreign currency.

Liquidity Risk – There may not be any or any active secondary market for convertible bonds.

Counterparty Risk – Counterparty risk is directly related to the issuer's rating. Rating is generally high in all developed countries. Generally, the convertible bond will be unsecured and rank subordinate to the company's senior and secured debt, thus bearing a greater risk than secured debt.

Perpetual Bonds

- 3.7 Also often called “perpetuities” or “consol” (for consolidated annuities), perpetual bonds are bonds with no set maturity date. However, there are many perpetual bonds that are callable by the issuer. They are **not** redeemable but pay a steady stream of interest forever. In addition to the risk factors stated above, the following risks also apply to perpetual bonds:

No Stated Maturity – Perpetual Securities usually have no stated maturity (though some may have a fixed maturity date).

Subordination Risk – Perpetual Securities are usually subordinated to all debt and have preference in repayment only over equity. This could result in no repayment to investors until all higher-ranking creditors are repaid in full.

Coupon deferral Risk – Certain provisions may be included in the offering documents for perpetual Securities that enable interest and principal payments to be deferred while the issuer continues in operation. Payments of interest may be non-cumulative. In other words, there may be no requirement for a missed payment to be made up.

Price/Volatility Risk – Prices of perpetual Securities tend to be more volatile than those of senior debt. Thus, the investor must be able to withstand large price swings.

Non-call Risk – Perpetual Securities are usually callable solely at the discretion of the issuer. If the perpetual security is not called, there may be no stated maturity for investors to recover their principal. In such case, investors can only sell the security in the secondary market. This could result in the Loss of some or the entire principal originally invested. In case the security is not called back, the coupon may be revised as defined in the offering documents.

Conversion Risk – Perpetual Securities may be exchanged by the issuer to other Securities including but not limited to preference shares as detailed in the offering documents.

Floating Interest Rate

- 3.8 Floating rate instruments are issued with coupons based on a short-term rate index and are reset periodically. Interest rates are usually fixed at the beginning of each interest period, and interest payments are effected at the end of that interest period. While fluctuations in the short-term interest rates will affect the price of floating rate notes, the impact is generally less pronounced when compared to that on bonds which have fixed or zero interest and longer maturities.

Pre-maturity Dealings

- 3.9 Market movements are unpredictable and unless the instrument is held to maturity, it may not be possible to realize it either at a reasonable price or at all.

Emerging Markets Instrument

- 3.10 The purchase of the whole or part of a debt instrument which is issued by an issuer from, or denominated in a currency of, an emerging market country may expose the investor to additional risks and requires careful and independent assessment by you. Emerging markets may include low and medium income countries or countries whose markets' regulatory systems or financial infrastructure are not fully developed. Further, while such investments can yield high gains, they have a greater risk profile and carry additional risks, including without limitation sovereign risk, issuer risk, liquidity risk, foreign exchange controls and high market volatility. The risks mentioned paragraphs 2.4 and 2.5 above also apply.

Others

- 3.11 Additional risks may be associated with certain types of bonds, for example floating rate instruments, reverse floating rate notes, zero coupon bonds, foreign currency bonds, reverse convertible notes, indexed bonds, quanto bonds, subordinated bonds, collateralized bond obligations and asset backed Securities. In the case of subordinated bonds, they usually have a lower ranking than that of the issuer's other debentures. If the issuer becomes bankrupt or insolvent, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that the investor will not be reimbursed. In the case of reverse convertible notes, there is a risk that the investor will not be entirely reimbursed, but will only receive only a predetermined number of shares of the underlying stock at maturity or his investment could even become valueless.

4. General Risk of Trading in Derivatives and Structured Products

- 4.1 Derivatives are financial instruments whose characteristics and value depend upon the characteristics and value of an underlying asset (typically, a commodity, bond, equity, currency) or index (e.g. interest rate or foreign currency). There are many different types of derivatives. Broadly speaking, they can be divided into four basic types, namely, options, Futures, forwards and swaps, some of which are considered

below. Some derivatives are exchanged traded, and some are traded over-the-counter. The objective of investors in derivatives varies and can sometimes be used to manage the risk associated with the underlying security, to protect against fluctuations in value or, to profit from periods of inactivity or decline.

4.2 In addition to the applicable risks mentioned in Section 1 above, Transactions involving derivatives may carry the following risks:

Market Risk – They often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavorable or favorable, in the price of the instrument. The price of these instruments can therefore be volatile. Their prices fluctuate, often dramatically. The price of a derivative may move up or down, and may become valueless. It is likely that Losses will be incurred rather than profit made as a result of trading derivatives. Further, these instruments have a limited life, and may (unless there is some form of guaranteed return to the amount invested in the product) expire worthless if the underlying instrument does not perform as expected. Since most derivatives involve a degree of leverage, market risk can be substantial especially in adverse market conditions and market movements.

Liquidity Risk – This refers to the risk that buyers and sellers may not exist when an investor want to enter or exit a position. The risk may be more apparent in the case of over-the-counter derivatives where the market is disaggregated and products are tailored to suit individual needs of buyers and sellers. However, even with exchanged-traded derivatives, in adverse market conditions, there may not be any or any active secondary market, and an investor may not be able to exit a position at all.

Credit/Counterparty Risk – If the issuer of a derivative becomes bankrupt or insolvent and default on its product, an investor will be considered an unsecured creditor and will not have no preferential claims to any assets held by or on behalf of the issuer.

Uncollateralized Product Risk – Uncollateralized derivatives are not asset backed. In the event of the issuer's bankruptcy or insolvency, an investor can lose his entire investment.

Legal Risk – The instruments involve complex legal drafting and legal issues. For example, where a number of Transactions are traded with the same counterparty, the question of whether close-out netting is effective in case of bankruptcy/insolvency of the counterparty may pose a huge problem. In some countries, the courts and liquidators may ignore the close-out netting right of the non-defaulting party, override such contractual provisions, accept those contracts that are favorable to the insolvent party and reject those that are not. A non-defaulting counterparty could find itself in the unfortunate position that although the sum of all Transactions with an insolvent defaulting counterparty may be profitable, once the liquidator has stripped out the trades which are profitable, the net effect is that the non-defaulting party has to perform the non-profitable contracts and stand in line as an unsecured

creditor in respect of the profitable ones. In some other jurisdictions, close-out netting simply does not work because the insolvency legislation there will override and set aside certain Transactions entered into within a certain period of time before the commencement of bankruptcy or insolvency.

Expiry Considerations – Derivatives have an expiry date after which the issue will become worthless.

Extraordinary Price Movements – The price of a derivative may not match its theoretical price when affected by outside factors such as market demand and supply. Consequently, actual traded prices can be higher or lower than the theoretical price.

5. Commonly Traded Derivatives

Warrants

- 5.1 A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government Securities and is exercisable against the original issuer of the underlying Securities.
- 5.2 In addition to the applicable risks described in Section 1 above, warrants often involve a high degree of gearing so that a relatively small movement in the price of the underlying Securities results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be extremely volatile and may become valueless. It is likely that Losses will be incurred rather than profit made as a result of buying and selling warrants. An investor may sustain a total Loss of the money invested plus any commission or other transaction charges. The right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale then the investment becomes worthless.
- 5.3 Some other instruments are also called warrants but are actually options (for example, a right to acquire Securities which is exercisable against someone other than the original issuer of the Securities, often called a “**covered warrant**”).

Options

- 5.4 An option is a financial derivative which represents a contract sold by one party (the one writing the option) to another (the one buying the option). The option buyer has the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price during a certain period of time or on a specific date.
- 5.5 The prices of options can be extremely volatile and may become valueless. It is likely that Losses will be incurred rather than profit made as a result of buying and selling options. Different types of option involve different characteristics and terms and conditions and varying degree of risks:

- (a) Buying Options

Buying options involves less risk than selling options because, if the price of the underlying asset moves against the purchaser of the option, he could simply allow the option to lapse. The maximum Loss is limited to the premium, plus any commission or other transaction charges. The exercise of an option may result in a cash settlement of the underlying interest. If the purchased options expire worthless, the purchaser will suffer a total Loss of the investment which will consist of the option premium plus commissions and other transaction charges. If the option purchased is deep-out of the money options, the chance of such options becoming profitable ordinarily is remote. The value of an option is partly dependent on the remaining period (the tenor) of the option prior to expiry date, an option may decline in value over time even if the value of the underlying asset remains constant or performs favorably. Certain options markets operate on a margined basis under which the purchaser does not pay the full premium on their option at the time they purchase it. If required margin from time to time is not paid, the position may be closed or liquidated without reference to the purchaser.

(b) Writing (selling) Options

If one writes an option, the risk involved is considerably greater than buying options. The writer of the option may be liable for margin to maintain his position (see below), and a Loss may be sustained well in excess of the premium received. By writing an option, the writer of the option accepts a legal obligation to purchase or sell the underlying asset if the option is exercised against him, however far the market price has moved away from the exercise price. If he already owns the underlying asset which he has contracted to sell (when the options will be known as “covered call options”) the risk is reduced. If he does not own the underlying asset (“uncovered call options”), the risk can be unlimited.

(i) Selling (writing) Covered Call Options

The writer of a covered call option sells (writes) the call option for an underlying instrument which he/she already owns. If the option is exercised by the purchaser, the writer will not profit from the price growth of the underlying instrument in excess of the exercise price but only receive the premium paid by the buyer. If the call option is not exercised by the purchaser, the writer bears full risk of the underlying instrument.

(ii) Selling (writing) Uncovered Call Options

The writer of an uncovered call option sells (writes) the call option without already owning the underlying instrument. In the event it has to be delivered and accordingly, the risk can be unlimited. The writer of an uncovered call option is required to deposit a security margin and if the price of the underlying instrument rises, the security margin increases. Where required margin from time to time is not paid the position may be closed or liquidated without reference to writer.

(iii) Selling (writing) Put options

The writer of a put option is normally required to deposit a security

margin. If the price of the underlying instrument falls, then the security margin to be provided will increase. Where required margin from time to time is not paid the position may be closed or liquidated without reference to the writer.

(c) Traditional Options

Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a “traditional option”. These may involve greater risk than other options. Two-way prices are not usually quoted, and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

5.6 In addition to the applicable risks mentioned in Section 1 above and the foregoing paragraphs, other risks associated with option trading include:

Terms and Conditions of Contracts – The terms and conditions of the specific option and the associated obligations (e.g. the circumstances under which a party may become obligated to make or take delivery of the underlying interest of an options, expiration dates and restrictions on the time for exercise) may be complex. Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the Exchange or Clearing House to reflect changes in the underlying interest.

Market Risk – Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or “circuit breakers”) may increase the risk of Loss by making it difficult or impossible to effect Transactions or liquidate/offset positions. If a party has sold options, this may increase the risk of Loss. Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the Exchange or Clearing House to reflect changes in the underlying interest. Further, normal pricing relationships between the underlying interest and the option may not exist. This can occur when, for example, the interest underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge “fair value”.

Excessive Loss – In adverse market conditions, one may sustain Losses in excess of his 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. He may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, his position may be liquidated, and he will remain liable for any resulting deficit in your Account.

Currency Risks – The profit or Loss in Transactions in foreign currency-denominated options contracts (whether they are traded in your own or another

jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

Callable Bull/Bear Contracts (“CBBCs”)

- 5.7 CBBCs have a fixed expiry date and closely track the performance of an underlying asset (for example, a share, index, commodity or currency). It can be a bull or bear contract allowing the investor to take a bullish or a bearish position on the underlying asset. A CBBC will be called by its issuer when the price of its underlying asset hits the call price. Once it is called, the contract cannot be revived, and the investor will not benefit even if the underlying asset bounces back to a favorable position. Any trades executed after this mandatory call event will not be recognized and will be cancelled.
- 5.8 The investor should be aware that CBBC is a complex leveraged investment which may not be suitable for all investors. With its gearing feature, it may magnify potential returns and potential Losses as well. In the worst case scenario, the investor may lose all of his investment. The investor should also exercise special caution when the CBBC is trading close to its call price.
- 5.9 Although CBBC have liquidity providers, there is no guarantee that investors will be able to buy or sell CBBC at their target prices any time they wish.

6. Exchanged-Traded Funds (“ETF”)

- 6.1 ETF are passively managed and open-ended funds. All listed ETFs on the HKEX Securities market are authorized by the SFC as collective investment schemes. ETFs are designed to track the performance of their underlying benchmarks (that is, an index, a commodity such as gold, etc) and offer investors an efficient way to obtain cost-effective exposure to a wide range of underlying market themes.
- 6.2 ETFs can be broadly grouped into two types:
 - (a) Physical ETFs (that is, traditional or in-specie ETFs)

Many of these ETFs directly buy all the assets needed to replicate the composition and weighting of their benchmark (e.g. constituents of a stock index). However, some only buy a portion of the assets needed to replicate the benchmark or assets which have a high degree of correlation with the underlying benchmark but are not part of it.

Some physical ETFs with underlying equity-based indices may also invest partially in Futures Contracts. Lending the shares they own is another strategy used by some physical ETFs.
 - (b) Synthetic ETFs

These ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark’s performance. The ETFs are required to have Collateral when investing in

derivatives (details of the net and gross counterparty exposure and types and composition of the Collateral are published on the ETF's website). An ETF's net risk exposure to any single counterparty (that is, net of the value of any Collateral provided) cannot be more than 10 per cent of its NAV.

- 6.3 Different ETF structures and characteristics have different implications, and some ETFs may have larger tracking errors than others, and ETFs may trade at a premium or discount to NAV. Further, synthetic ETFs are subject to counterparty risk associated with the derivatives issuers.
- 6.4 In addition to the applicable risks mentioned in Section 1 above, risks associated with ETFs include without limitation:

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

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

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

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

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

Counterparty Risk involved in ETFs with different replication strategies –

- (a) Full replication and representative sampling strategies
An ETF using a full replication strategy generally aims to invest in all constituent

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

(b) Synthetic replication strategies

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 honour 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.

7. Margin Trading

The risk of Loss in margin trading is significant. You may sustain Losses in excess of your cash and other assets deposited as Securities Collateral with CSIB. 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.

8. Collective Investment Schemes

Collective Investment Schemes may invest extensively (up to 100%) in financial derivative instruments, fixed income securities and/or structured products

(including, but not limited to credit default swaps, sub-investment grade debt, mortgage-backed securities and other asset-backed securities) and be subject to various risks (including but not limited to counterparty risk, liquidity risk, credit risk, and market risk).

Collective Investment Schemes may use trading strategies that use financial derivative instruments which may be unsuccessful due to a number of reasons; including but not limited to volatile market conditions, imperfect correlation between the movements in securities on which derivatives are based, lack of liquidity within markets and counterparty default risk.

9. Authority to repledge Securities Collateral

There is a risk if you provide CSIB with an authority that allows it to apply your Securities or Securities Collateral pursuant to a securities borrowing and lending agreement, 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 CSIB 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 CSIB 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 CSIB, 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. CSIB will 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 CSIB 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.

APPENDIX 2. PERSONAL DATA COLLECTION STATEMENT

Purpose of this Statement

1. It is our policy to observe Hong Kong's data protection laws pursuant to the Personal Data (Privacy) Ordinance, or PDPO. The purpose of this statement is to inform you of our policies in the collection and use of personal data, its storage and security and your access to your personal data. Nothing in this statement shall limit your rights under the PDPO.
2. **"personal data"** means personal data relating to you including, without limitation, your name and address, details of employment or business, details of properties or other assets, information regarding credit standing, information obtained or provided during the course of our dealings (including, without limitation, information relating to an Account, Transaction, service provided and tax) and any other information in the public domain.
3. Other capitalised terms are as defined in Section 1 (General Terms and Conditions) of the Agreement. These are also reproduced as Annex 1 for ease of reference.
4. Our policies on personal data collection and use are:
 - (a) collection of your personal data shall be for purposes relating to the provision of financial services or products (including, without limitation, the opening and maintenance of an Account, the management of any dispute or regulatory matter in relation to an Account);
 - (b) practical steps will be taken to ensure that personal data will be kept in accordance with our internal retention policies;
 - (c) personal data will not be used for any purposes other than those intended at the time of collection or purposes necessary or directly related thereto;
 - (d) reasonable steps will be taken to protect the personal data against unauthorised or accidental access, processing or erasure;
 - (e) you have the right of access to and for correction of your personal data held by us; and
 - (f) you will have the opportunity to opt out of the receipt of future marketing information or materials on the first occasion your personal data is used for direct marketing.

Purpose of Data Collection

5. From time to time, it is necessary for you to supply us with or for us to collect, personal data in connection with the opening or continuation of Accounts and the effecting of a Transaction or the provision or maintenance of a Service or any other matter in relation to the Accounts. It is also the case that personal data is collected from you in the ordinary course of our relationship; for example, when a Transaction is executed or when we obtain information from credit reference agencies ("CRA").
6. Failure to supply any personal data may result in us being unable to open or continue Accounts, establish or continue facilities, provide financial services or products or comply with Applicable Laws.

Use of Data Collected

7. Personal data may be used for the following purposes:
 - (a) opening and maintaining of the Accounts;
 - (b) the daily operation of the Accounts and financial services or products provided to you;
 - (c) carrying out new or existing client verification and conducting credit checks;
 - (d) the comparison of your data with any other data, and use of the results for the purpose of: (A) credit checking; (B) data verification; and/or (C) otherwise producing or verifying data which may be used for the purpose of taking such action we may consider appropriate (including action that may relate to your rights, obligations or interest);
 - (e) assisting other financial institutions to conduct credit checks and collect debts;
 - (f) ensuring your ongoing credit worthiness;
 - (g) evaluating your potential financial needs, conducting market research, and with your express consent direct marketing of other financial, insurance or telecommunications services or products (such direct marketing activities may or may not directly relate to your Accounts, or the financial services or products provided by us);
 - (h) determining the amount of indebtedness owed to or by you;
 - (i) collection of amounts outstanding from you and those providing security for your obligations;

- (j) internal data processing, preparation of internal statistical reports, sales revenue reports and rebates/soft dollar arrangement analysis and any other reports among any of our holding companies and/or our Affiliates;
- (k) commencing, defending or otherwise participating in any legal or administrative proceedings or inquiry before any court or competent authority;
- (l) enabling an actual or proposed assignee of us, or participant or sub-participant of our rights in respect of you to evaluate the transaction intended to be the subject of the assignment, participation or sub-participation;
- (m) facilitating us in complying with our anti-money laundering obligations;
- (n) ensuring ongoing accuracy and relevance of personal data;
- (o) transferring your personal data overseas;
- (p) making disclosures as required by Applicable Laws;
- (q) complying with the court orders and legal requirements, obligations, requirements or arrangements within or outside Hong Kong, existing currently and in the future; which apply to CSIB, its Affiliates or any group companies of CSIB;
- (r) disclosing and transferring your personal data (including CID and BCAN(s)) to the issuer, the issuer's share registrar, Shanghai Stock Exchange, Shenzhen Stock Exchange, the SFC, the Exchange and any other party involved in accordance with the rules and requirements of the Exchange and the SFC in effect from time to time; and
- (s) any other purpose relating to the execution of the Instruction or in connection with the business or dealing of to CSIB, its Affiliates or any group companies of CSIB.

Use of Data in Direct Marketing

8. We wish to use your personal data for direct marketing and we must obtain your consent (which includes an indication of no objection) for that purpose.

In this regard:

- (a) your name, telephone number, email address, mailing address, financial background, demographic data, products and services portfolio information and transaction pattern and behaviour may be used by us for direct marketing;

- (b) the following classes of products, services and subjects may be marketed:
 - (i) financial products and services relating to such financial products;
 - (ii) reward, referral, loyalty or privilege programmes and related products and services; and
 - (c) services and products offered by our holding companies, our Affiliates and co-brand partners ("**Partners**") whose names will be provided during the offer or provision of the relevant services and products.
9. In addition to marketing the above products, services and subjects, we also provide and/or intend to provide your name, telephone number, email address, mailing address, products and services portfolio information and transaction pattern and behaviour to all or any of our holding companies, our Affiliates and our Partners for use by them in marketing those products, services and subjects, and we must obtain your written consent (which includes an indication of no objection) for that purpose.
 10. The provision of your personal data as described above may be for gain.
 11. We, our holding companies, our Affiliates and our Partners may also, from time to time, engage third parties to provide marketing services on their behalf, and may share your personal data with these third parties for such purposes as described in paragraph 7(b) above.
 12. We, our holding companies, our Affiliates and our Partners may carry out "matching procedures" (as such expression is defined in the PDPO) in Hong Kong or overseas for the marketing purposes described above.

If you are currently receiving direct marketing from us but do not wish us to continue to use or provide your personal data to other persons for direct marketing, you may, without charge, exercise your opt-out right by notifying us.

13. Disclosure of and Request for Personal Data
 - (a) Your personal data may be disclosed (and the you agree that we shall not be held liable in any way to the you for providing such personal data) in any of the following circumstances:
 - (i) it is pursuant to Applicable Laws;
 - (ii) our legitimate business purposes make disclosure expedient or necessary, such as:
 - (a) to any Agent, Authority, settlement system and any other third party service providers for the purpose of effecting a

Transaction or the provision or maintenance of a Service or in relation to the operation of any business of CSIB, its holding companies and any of its Affiliates;

- (b) to CSIB's holding companies and any of its Affiliates;
- (c) to professional advisors including, without limitation, to auditors, legal advisors or others who undertakes or have a duty of confidentiality to us;
- (d) to any governmental, regulatory or other bodies or institutions, whether as required by law or regulations applicable to CSIB, its Affiliates or any group companies of CSIB;
- (e) in accordance with the PDPO or other Applicable Laws on data protection;
- (f) for the purpose of responding to requests by any financial institution in dealing with the proposed dealing or dealing with such financial institution; and
- (g) for updating and verification of any personal data provided.

We have otherwise obtained your consent or consent of a Related Party.

We can disclose personal data to any or all of the parties stated above within or outside Hong Kong to the fullest extent permitted by law. If the recipient's place of business is outside Hong Kong or if such information following disclosure will be collected, held, processed or used by such recipient in whole or in part outside Hong Kong, such disclosure will only be made in accordance with the PDPO and this Statement.

- (b) You agree that we can conduct credit enquiries at any time with banks, financial institutions and credit agencies for the purpose of the verification and confirmation of information provided by you.
- (c) Under and in accordance with the terms of the PDPO and the Code of Practice on Consumer Credit Data (the "**Code**") approved and issued under the PDPO, any individual has the right:
 - (i) to check whether we hold personal data relating to him and access such personal data;
 - (ii) to access the personal data of the individual held by us within a reasonable time, at a fee which is not excessive, in a reasonable manner and in a form that is intelligible;

- (iii) to require us to correct any personal data relating to him which is inaccurate;
- (iv) to ascertain our policies and practices in relating to data privacy and to be informed of the kind of personal data held by us; and
- (v) in relation to consumer credit, (A) be informed, upon request, about which items of data are routinely disclosed to CRA or debt collection agencies ("DCA"); (B) be provided with further information to enable the making of an access and correction request to the relevant CRA or DCA; and (C) to instruct us to request the relevant credit reference agencies to delete the relevant personal data upon the termination of the Account by full payment, if there is no payment default in excess of sixty (60) days in the past five (5) years, as long as the instruction is given within five (5) years of the termination of the Account.

Request for access to personal data or correction of personal data or for particulars regarding policies and practices and the kind of personal data held should be addressed to the Data Protection Officer of:

China Securities (International) Brokerage Company Limited
 18/F, Two Exchange Square
 8 Connaught Place
 Central
 Hong Kong

Telephone: (852) 3465 5600
 Fax: (852) 2180 9495

If you have any questions about your personal data, you shall contact the Data Protection Officer. **We reserve the right to charge a reasonable fee for the processing of any personal data access request.**

14. Consumer Credit Data

In accordance with the Code, our policies in relation to the sharing and use of your credit data by us through CRA or DCA are as follows:

- (a) we may provide your consumer credit data to CRA or, in the event of default, to DCA.
- (b) you have the right to:
 - (i) be informed, upon request, about which items of data are routinely disclosed to CRA or DCA;

- (ii) be provided with further information to enable the making of a data access and correction request to the relevant CRA or DCA, as the case maybe; and
 - (iii) to instruct us to request the relevant CRA to delete the relevant consumer credit data from its database upon the termination of the Account by full payment, if there is no payment default in excess of sixty (60) days in the past five (5) years as long as the instruction is given within five (5) years of termination. If an individual has any such payment default, the individual is liable to have his consumer credit data retained by the relevant CRA until five (5) years from the final settlement date of the default amount or five (5) years from the date of discharge of the individual's bankruptcy as notified to us, whichever is earlier.
- (c) When considering an application for consumer credit, we may have obtained and considered a credit report on you from a CRA. In the event that you wish to access such credit report, we will advise you of the contact details of the relevant CRA.
- (d) In the course of reviewing the existing consumer credit facilities granted to a customer, we may access a credit report from a CRA to determine the following matters:
 - (i) an increase in the credit amount; or
 - (ii) the curtailing of credit (including the cancellation of credit or a decrease in the credit amount); or
 - (iii) the putting in place or the implementation of a scheme of arrangement with the individual.
- (e) When engaging a DCA for collection against an individual in default, the following information will be given to the DCA:
 - (i) particulars to enable identification and location of the individual, including address and contact information;
 - (ii) the nature of the credit; and
 - (iii) the amount to be recovered and details of any goods subjects to repossession.

15. Matching

We may use computer programs to automatically match Personal data against databases, including but not limited to bankruptcy databases, connected parties databases, CRA databases and government agency databases. In certain

circumstances, adverse actions may be taken by us as a result of these matching procedures. You agree that we may, whether in whole or in part, carry out a matching procedure.

We will not take adverse actions against an individual in consequence (whether in whole or in part) of the matching procedure, unless:

- (i) We have served notice in writing to the individual specifying the adverse action we propose to take and the reasons therefor, and stating that the individual has seven (7) days after the receipt of the notice to show cause why the adverse action should not be taken; and
- (ii) until the expiration of those seven (7) days,

except in circumstances where not taking adverse action would prejudice any investigation into the commission of an offence or the possible commission of an offence.

16. Audit Confirmation

You agree that when we are approached by auditors for the purpose of audit confirmation, we are authorised to provide (or at our discretion, to decline to provide) such information, confirmation or references as requested by the auditors, but without any obligation or liability arising as a result thereof to you nor to any third party including, but not limited to, the auditors.

17. Client consent under the Hong Kong Investor Identification Regime (HKIDR) and Over-the-counter Securities Transactions Reporting Regime (OTCR)

You acknowledge and agree that we may collect, store, process, use, disclose and transfer personal data relating to you (including your CID and BCAN(s)) as required for us to provide services to you in relation to securities listed or traded on the Exchange and for complying with the rules and requirements of the Exchange and the SFC in effect from time to time. Without limiting the foregoing, this includes –

- (a) disclosing and transferring my personal data (including CID and BCAN(s)), directly or indirectly through another broker or other intermediaries you may use in relation to the services you provide to me (if any), to the Exchange, the SFC and/or Hong Kong Securities Clearing Company Limited ("**HKSCC**"), in accordance with the rules and requirements of the Exchange, the SFC and HKSCC in effect from time to time;
- (b) allowing the Exchange to: (i) collect, store, process and use your personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the rules of the Exchange; and (ii) disclose

and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and (iii) use such information for conducting analysis for the purposes of market oversight;

- (c) allowing the SFC to: (i) collect, store, process and use your personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements; and
- (d) providing BCAN to HKSCC allowing HKSCC to: (i) retrieve from the Exchange (which is allowed to disclose and transfer to HKSCC), process and store your CID and transfer your CID to the issuer's share registrar to enable HKSCC and/ or the issuer's share registrar to verify that you have not made any duplicate applications for the relevant share subscription and to facilitate IPO balloting and IPO settlement; and (ii) process and store your CID and transfer your CID to the issuer, the issuer's share registrar, the SFC, the Exchange and any other party involved in the IPO for the purposes of processing your application for the relevant share subscription or any other purpose set out in the IPO issuer's prospectus.

You also agree that despite any subsequent purported withdrawal of consent by you, your personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent.

Failure to provide us with the personal data or consent as described above may mean that we will not, or will no longer be able to, as the case may be, carry out your trading instructions or provide you with securities related services (other than to sell, transfer out or withdraw your existing holdings of securities, if any).

You also acknowledge and undertake to us that, CID and any other personal data provided by you are true and accurate and you shall promptly notify us of any changes or updates or errors related to such CID and any other personal data provided and shall promptly provide us with any updated or changed CID and other personal data. Further, you acknowledge, confirm and undertake to us to assist us with verification and maintenance of CID and any other personal data.

18. Prevailing Language

In case of discrepancies between the English and Chinese versions, the English version shall apply and prevail.

APPENDIX 3. TREATMENT AS A PROFESSIONAL INVESTOR

- The terms set out in this section shall apply to any professional investor and is in addition to and supplemental to the terms as outlined in Section 1 (General Terms and Conditions). In the event of any conflict, inconsistency or difference between the terms in this section and Section 1 (General Terms and Conditions), the specific terms herein shall apply to the extent of such conflict, inconsistency or difference.
- As an entity licensed by the SFC, CSIB is required to comply with the provisions of the SFO and the Code of Conduct.

CSIB confirms that you agree to be classified as a professional investor in line with the definition of "professional investor" under the Securities and Futures (Professional Investor) Rules. The rules define the following persons as "professional investor":

- (i) any high net-worth individual investor, either alone or with your spouse or children on a joint account, has a portfolio of not less than HK\$ 8 million or its equivalent in any foreign currency;
 - (ii) any corporation or partnership having a portfolio of not less than HK\$ 8 million or total assets of not less than HK\$ 40 million or its equivalent in any foreign currency;
 - (iii) any trust corporation which has been entrusted under trust of which it acts as trustee with total assets of not less than HK\$ 40 million or its equivalent in any foreign currency; or
 - (iv) any investment holding company which does not have the required portfolio or asset amount, but is wholly owned by an individual, corporation / partnership or trust corporation as per paragraph a, b and/or c above.
- As a consequence of this classification as a professional investor, CSIB will be able to offer you certain investment opportunities which are only available to professional investors. In particular, CSIB will be able to offer to you Securities or investment products which are not authorized by the SFC.
 - In addition, you confirm that you are aware that, as a result of the professional investor classification, CSIB is exempted from certain requirements under the Code of Conduct including (without limitation):
 1. providing you with contract notes, statement of accounts and receipts in accordance with the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules. CSIB may decide in its sole and absolute discretion to provide such information in such format and in such manner based on its policies and practices from time to time but is under no obligation to do so;

2. issuing advertisements, invitations or documents made in relation to Securities, or interest in any collective investment scheme or regulated investment agreement or to deal with any structured product, which are or are intended to be disposed of only to professional investors;
 3. making unsolicited call when marketing investment products; and/or
 4. communicating an offer to acquire or dispose of any Securities issued by a body but not accompanied by a written document that contains all the necessary information in accordance with section 175 of the SFO.
- You understand that CSIB will review your status as professional investor in accordance with appropriate requirements.
 - You understand that you have the right to withdraw from being treated as a professional investor, in which case you must notify CSIB in writing.

If you have no objection to the terms upon which CSIB proposes to deal with you as a professional investor, please sign and return this form to CSIB.

SIGNATURE CARD
SPECIMEN SIGNATURES

Name of Individual Director(s)

Specimen Signature

(I)

(II)

Name of Corporate Director(s)

Specimen of Company Chop

(I)

(II)

Name of Authorised Person

Mr / Mrs / Miss / Ms

X

Full Name (English)

Specimen Signature

Full Name (Chinese)

Nationality

Date of Birth (dd/mm/yyyy)

Passport No.*

HKID No.
(Please select one)

Passport Expiry Date* (dd/mm/yyyy)

☐ Full Authority ** ☐ Limited Authority for Investment Trading Instructions Only

Residential Address

Permanent Address (if different from above)

*Applicable to non-Hong Kong permanent resident Client i.e. person not holding a Hong Kong Permanent Identity Card.

****Full authority includes the authority to transfer assets to the attorney or any other third party.**

Name of Authorised Person (II)

Mr / Mrs / Miss / Ms

X

Full Name (English)

Specimen Signature

Full Name (Chinese)

Nationality

Date of Birth (dd/mm/yyyy)

Passport No.*

HKID No.

Passport Expiry Date* (dd/mm/yyyy)

(Please select one)

☐ Full Authority ** ☐ Limited Authority for Investment Trading Instructions Only

Residential Address

Permanent Address (if different from above)

*Applicable to non-Hong Kong permanent resident Client i.e. person not holding a Hong Kong Permanent Identity Card.

****Full authority includes the authority to transfer assets to the attorney or any other third party**

For any changes to the Form, you shall notify CSIB in writing accompanied with a duly signed board resolution to that effect, and until receipt of such board resolution CSIB may treat the list last received as correct.

SIGNING ARRANGEMENT

CSIB is authorised to execute any written Instructions concerning the Account if such Instructions are signed by:

☐ Singly ☐ Any two ☐ Any (please specify no.)

☐ Other combinations

Specimen of Company Chop** (if applicable)

(*Please note that any specimen of the Company Chop given above will not form part of this Form.)