



Vast Harbour Securities Limited

華港證券有限公司

VAST HARBOUR SECURITIES LIMITED

華港證券有限公司

Exchange Participant of The Stock Exchange of Hong Kong Limited

And

Registered Securities Dealer with the Securities and Futures Commission
(C.E. No. AWT951)

CLIENT AGREEMENT

IMPORTANT INFORMATION

PLEASE READ THIS AGREEMENT CAREFULLY. THE PRICES OF SECURITIES FLUCTUATE, SOMETIMES
DRAMATICALLY. THE PRICE OF A SECURITY MAY MOVE UP AND DOWN, AND MAY BECOME VALUELESS. IT IS
LIKELY THAT THE LOSSES WILL BE INCURRED RATHER THAN PROFIT MADE AS A RESULT OF BUYING AND SELLING
SECURITIES

香港灣仔告士打道 56 號東亞銀行港灣中心 28 樓

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Tel: (852) 2922 9122 Fax: (852) 2851 1670

SECURITIES CLIENT AGREEMENT

THIS AGREEMENT is made the date stated in the Account Opening Form.

BETWEEN:

1. **Vast Harbour Securities Limited**, a company incorporated in Hong Kong with its registered office and principal place of business at 28/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong and a corporation licensed for Type 1 (Dealing in securities) regulated activity under the Securities and Futures Ordinance with CE no. AWT951 and an exchange participant of the SEHK (the **"Company"**);

and

2. The party whose name, address and details are set out in the Account Opening Form (the **"Client"**).

WHEREAS:

The Client hereby applies to open an Account with the Company and agree to operate the Account on the terms and conditions set out in this Agreement.

1. DEFINITIONS

"Account" means any one or more securities trading accounts now or thereafter opened in the name of the Client with the Company in connection with this Agreement;

"Account Opening Form" means Schedule A;

"Agreement" means this agreement, including the Account Opening Form and the various schedules attached hereto, as originally executed or as thereafter from time to time amended or supplemented;

"AMLO" means the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615)

"Associate" means, in relation to the Company, a body corporate which is its holding company, its subsidiary or any company in which its holding company holds 30% or more by value of the ordinary voting shares in Hong Kong or elsewhere but not limited to Vast Harbour Financial Holding Group Limited and Vast Harbour Corporate Finance Limited;

"Authorized Person" means the persons or any of them designated in or pursuant to this Agreement to issue Instructions on behalf of the Client in relation to Accounts or Transactions and initially the persons named in the Account Opening Form;

"Business Day" means any day on which the relevant Exchange opens for trading other than Saturdays, Sundays, public holidays and any other days declared by the Exchange to be non-business days;

"Clearing House" means HKSCC in relation to SEHK and, in relation to any other Foreign Stock Exchange, the clearing house providing services similar to those of HKSCC to such Foreign Stock Exchange;

"Correspondent Agent" means anyone who acts as the Company's agent in effecting Transactions or clearing the same in Hong Kong or elsewhere, including any member of Exchange or Clearing House.

"Exchange" means SEHK and any Foreign Stock Exchange

"Foreign Stock Exchange" means a stock exchange which is permitted to operate in a country or territory outside Hong Kong by the law of that country or territory, or any over-the-counter market;

"HKSCC" means the Hong Kong Securities Clearing Corporation Limited;

"Instructions" means any instructions or orders communicated by the Client or its Authorized Persons to the Company in accordance with Clause 4.1;

"Internet Securities Trading Service" means the services as defined in the Internet Securities Trading Agreement

"New Securities" means Securities allocated, purchased or transferred pursuant to the Client's application for new listing and/or issue of Securities on the Exchange for the benefit of the Client or any other person;

"OTC" means Over-The-Counter;

"PDO" means the Personal Data (Privacy) Ordinance (Cap. 486)

"Securities" means (1) stocks, shares, units and other equity securities (2) bonds, notes and other debt securities (3) spot and forward contracts, options, warrants, futures, contracts for differences, swaps, exchanges and derivatives (whether or not linked or related in any way to any of the foregoing or to any moneys, index or other asset, property or item) and (4) other investments of any kind whatsoever, in each case whether listed or unlisted, traded or not traded on any exchange or market, privately placed or publicly offered and whether or not constituted, evidenced or represented by a certificate or other document (bearer, negotiable or otherwise) or by an entry in the books of an issuer, a clearing house, a depository, a custodian or any other person, together with rights against an issuer, a clearing house, a depository, a custodian or any other person in respect of any of the foregoing and other rights, benefits and proceeds in relation to any of the foregoing;

"SEHK" means The Stock Exchange of Hong Kong Limited and includes its successors, assigns and any resulting or surviving entity into or with which it consolidate, amalgamate or merge;

"SFC" means the Securities and Futures Commission of Hong Kong;

"Transactions" means any transactions concerning the purchase, subscription, sale exchange or other disposal of and dealings in any and all kinds of Securities on any Exchange including (but not limited to) safe-keeping of securities and the provision of nominee or custodian service there-for and other transactions effected under or pursuant to this Agreement; and

"Default Interest Rate" means the default interest rate specified in Facility Letter/ Credit Facility Term Sheet/ Margin Facility Term Sheet.

2. AUTHORITY

2.1 The Client (in the case of a corporation) authorizes the Authorized Persons to represent the Client in all matters in relation to all Transactions with the Company and to sign on the behalf of the Client all agreements and documents relating to the Account and its operation, including this Agreement. All such documents and Instructions shall be absolutely and conclusively binding on the Client. The Client agrees that the Company is entitled to act on the Instructions of the Authorized Persons until the Client notifies the Company in writing that the authorization has been revoked or varied.

2.2 If the Client (in case of an individual) wishes to appoint Authorized Persons, the Client

shall in addition to completing the Account Opening Form, furnish to the Company a duly executed power of attorney or other similar instrument of appointment in a form prescribed by or acceptable to the Company. The Client agrees that the Company is entitled to act on the Instructions of the Authorized Person until the Client notifies the Company in writing that the power of attorney has been revoked or varied.

- 2.3 If the Company solicit the sale of or recommends any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the financial situation, investment experience and investment objectives. No other provision of this agreement or any other document the Company may ask the Client to sign and no statement the Company may ask the Client to make derogates from this clause.
- 2.4 Without prejudice to any rights or obligations arising under clause 2.3, the Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Account(s), which are made on the basis of the Client's own judgment and analysis, and the Company is responsible only for the execution, clearing and carrying of Transactions and has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment adviser or other third party in connection with the Account or any Transaction therein. In relation to Transactions entered by the Client not as a result of the Company's recommendation or solicitation, the Company is not responsible to the Client with respect to the suitability of the Transaction. Nor is the Company responsible for the profitability, tax, legal or accounting consequences of any Transactions.
- 2.5 Any advice or information provided by the Company, its directors, officers, employees or agents, whether or not solicited, shall not constitute an offer to enter into a transaction, or an investment recommendation. The Client independently and without reliance on the Company, makes its own judgment on Transactions.
- 2.6 The Client authorizes the Company to instruct such Correspondent Agent as the Company may in its absolute discretion select to execute Transactions and acknowledges that the terms of business of such Correspondent Agent and the rules of any Exchange and Clearing House on and through which such Transactions are executed and settled shall apply to such Transactions and shall be binding on the Client.

3. COMMISSIONS, CHARGES AND INTEREST

- 3.1 On all Transactions, the Company is authorized to deduct the Company's commissions and charges in connection with any Transactions effected by the Client (as notified to the Client from time to time), all applicable levies imposed by the SFC, the Exchange or Clearing House, brokerage, stamp duty, bank charges, interest and nominee or custodial expenses, immediately when due.
- 3.2 The Company shall be entitled to deposit all monies held in the Account and all monies received for or on the account of the Client into one or more trust account(s) at one or more authorized institution(s) as defined in the Banking Ordinance (Cap. 155).
- 3.3 The Client shall pay interest on all debit balances on the Account (including any amount otherwise owing to the Company at any time) at such rates and on such other terms as the Company notifies the Client from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by the Company. Overdue interest shall be compounded monthly and shall itself bear interest.
- 3.4 The Company may but is not obliged to pay interest on the credit balance in the Account at such rate and under such conditions as the Company notifies the Client from time to time. The Client acknowledges and agrees that interest rates are subject to fluctuation

and may be different from the rate of interest paid by the bank on the trust account where such credit balance is held by the Company on the Client's behalf.

- 3.5 The Company shall be entitled to charge the Client default interest with Default Interest Rate in the event that, and for so long as any Event of Default shall have occurred and be continuing by the Client. For the details of the Event of Default, the Client shall refer to Clause 11.
- 3.6 Notwithstanding any provision of this Agreement, the Company may from time to time at its discretion, by written notice to Client, stipulate another interest rate. If any interest rate would exceed the maximum lawful interest rate under the Money Lenders Ordinance (Cap. 163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead.
- 3.7 The Customer agrees to pay any account services fee that the Company may charge for the maintenance of the Customer's Account and authorizes the Company to debit the Customer's Account for the same.

4. INSTRUCTIONS

- 4.1 All Instructions shall be given by the Client (or its Authorized Person) orally either in person or by telephone, or in writing, delivered by hand, by post or in such other form as from time to time accepted by the Company. Instructions in writing, whether faxed, emailed, or posted, are deemed to have been received when the instructions are acted on by the Company.
- 4.2 The Client authorizes the Company to upon its Instructions (or its Authorized Person's) either verbal or written, transfer funds to, from and between its Accounts at the Company and its designated bank accounts. The Client agrees to fully indemnify and keep indemnified the Company and its Associates against any loss, cost, claim, liability or expense, including legal fees arising from this authorization.
- 4.3 The Client acknowledges and agrees that any Instructions given or purported to be given by any means to the Company by the Client or by any Authorized Person and which are acted on or relied on by the Company shall at all times be irrevocable and bind the Client, whether or not such Instructions are in fact given or authorized by the Client. Under no circumstance should the Company have any duty to enquire or verify the identity or authority of the person giving instruction by any accepted means.
- 4.4 The Client acknowledges that once an Instruction has been made it may not be possible to cancel or change the Instruction.
- 4.5 The Company may, in its absolute discretion and without assigning any reason therefore, refuse to act for the Client or its Authorized Person in any particular Transactions.

5. DEALING PRACTICES

- 5.1 Any day order for purchase or sale of Securities placed by the Client that has not been executed before the close of business of the relevant Exchange or such later time as the Client and the Company may agree shall be deemed to have been cancelled automatically.
- 5.2 The Client authorizes the Company, at any time and at the Company's absolute discretion, for the purpose of obtaining a better execution price and/or reducing the volume of instructions, to consolidate and/or dis-aggregate the Client's Instructions to purchase and/or sell Securities on the Client's behalf with similar instructions received from the Company's other Clients. The Client agrees that in the event of there being insufficient

Securities available to satisfy the purchase/sell orders so consolidated, the number of Securities actually purchased/sold shall be attributed to the relevant Clients in the order in which those orders were received by the Company.

- 5.3 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 the Company following Instructions given by the Client.
- 5.4 Relevant regulators, Correspondent Agents or the Company may withdraw an order from the Company’s order processing system. It is the Client’s responsibility to maintain sufficient contact with the Company while there is an outstanding order on the Client’s Account so as to enable the Client to identify and resubmit a withdrawn order. While the Company may endeavour to notify the Client of a withdrawn order, the Company is under no obligation to do so and accepts no responsibility for any loss incurred directly or indirectly by the Client as a result of withdrawal or expiry of an order.
- 5.5 Subject to applicable laws and regulations and market requirements, the Company may in its absolute discretion determine the priority in the execution of its Client’s 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 Client in relation to the execution of any order received by the Company.
- 5.6 Unless otherwise agreed, in respect of each Transactions, unless the Company is already holding cash or Securities on the Client’s behalf to settle the Transactions, the Client shall pay the Company cleared funds (including payment in a currency other than Hong Kong dollars) or deliver to the Company Securities which are fully paid with valid and good title and in deliverable form by such time as the Company has notified the Client in relation to the Transactions. The Client shall be responsible to the Company for any losses and expenses resulting from the Client’s settlement failures.
- 5.7 The Client shall immediately notify the Company after payment of funds to the Company by delivering the Company written evidence of such payment. The Client acknowledges that payment of funds to the Company may not be accredited to the Client’s Account or reflected in any account statement until such notification is received by the Company. The Client agrees that any interest payable by the Client under Clause 3.3 shall be calculated on this basis.
- 5.8 The Account shall be in Hong Kong dollars or such other currencies as the Company may agree from time to time with the Client. In the event that the Client instructs the Company to effect any Transactions in a currency other than Hong Kong dollars, any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currencies will 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 the Company under this Agreement may be effected by the Company in such manner and at such time as it may in its absolute discretion decide. The Client authorizes the Company to debit the Client’s Account for any expenses incurred in effecting the currency conversion. The Company reserves the right at any time to refuse to accept any Instructions from the Client in relation to currency conversion.
- 5.9 The Client acknowledges that telephone calls or other forms of communication between the Client and the Company may be recorded or otherwise electronically monitored without any warning messages and that the record may be used as final and conclusive evidence of the Instructions in case of disputes.
- 5.10 If the Company engages the service of Correspondent Agents, the Company shall be entitled to accept and keep, for its own account, any commission or rebate which the Client may receive in respect of any business the Company supplies to them on behalf of

the Client.

- 5.11 The Company will act as the Client's agent in effecting transactions pursuant to this Agreement unless the Company indicates (in the contract note for the relevant transaction or otherwise) that it is acting as principal. For the avoidance of doubt, in the case in any trading of shares listed outside of Hong Kong, the Company will be maintaining an omnibus account with the Correspondent Agents.

6. SHORT SELLING

- 6.1 The Client acknowledges that applicable laws and regulations may prohibit the Company from placing a sale order on the Client's behalf when the order relates to Securities which the Client does not own ("**Short Sell Order**"). The Client undertakes that:
- (i) prior to placing a Short Sell Order, it will have entered into an effective securities borrowing arrangement or other form of cover acceptable to the Company which will ensure that the Securities in question will be delivered on the designated settlement date; and
 - (ii) prior to execution of such an order, it will provide the Company such documentary assurance that any such order is covered as the Company shall specify.
- 6.2 The Client acknowledges that the Company has right to request delivery of a copy of documentary evidence relating to the relevant Securities borrowing transaction e.g. the lender's confirmation

7. CONFLICT OF INTEREST

- 7.1 The Client acknowledges and agrees that the Company, its directors, officers or employees and its Correspondent Agent may trade on its/their own account or on the account of an Associate.
- 7.2 The Company is authorized to buy, sell, hold or deal in any Securities or take the opposite position to the Client's order whether it is on the Company's own account or on behalf of an Associate or its other Clients.
- 7.3 The Company is authorized to match the Client's orders with those of other Clients.
- 7.4 The Company is authorized to effect Transactions in Securities where the Company or its Associate has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise.
- 7.5 In any of situations referred to in this clause, the Company shall not be obligated to account to the Client for any profits or benefits obtained.

8. CUSTOMER IDENTIFICATION

If the Client effects Transactions in Securities for the account of clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with its clients, the Client hereby agrees that, in relation to a Transaction where the Company has received an enquiry from the SEHK or the SFC or any other exchange, governmental or regulatory authority in any jurisdiction (collectively the "**relevant regulators**") the following provisions shall apply.

- 8.1 Subject as provided below, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the relevant regulators), inform the relevant

regulators of the identity, address, occupation and contact details of the client for whose account the Transactions was effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the Transactions. The Client shall also inform the relevant regulators of the identity, address, occupation and contact details of any third party (if different from the Client / ultimate beneficiary) who originated the Transactions or any third party (if different from the Client / ultimate beneficiary) who stands to gain the commercial or economic benefit of the Transaction and/or bear its commercial or economic risk.

- 8.2 If the Client effected the Transactions for a collective investment scheme, discretionary account or discretionary trust the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the relevant regulators), inform the relevant regulators of the identity, address, contact details of the scheme, account or trust, and if applicable, the identity, address, occupation and contact details of the person who, on behalf of the scheme, account or trust, instructed the Client to effect the Transactions.
- 8.3 If the Client effected the Transactions for a collective investment scheme, discretionary account or discretionary trust the Client shall, as soon as practicable, inform the Company when the Client's discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client's investment discretion has been overridden, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the relevant regulators), inform the relevant regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the Transactions.
- 8.4 If the Client is aware that its client is acting as intermediary for its underlying clients, and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the Transactions was effected, the Client confirms that:
- (i) it has arrangements in place with its client which entitle the Client to obtain the information set out in Clauses 8.1 and 8.2 from its client immediately upon request or procure that it be so obtained and
 - (ii) it will, on request from the Company in relation to a Transaction, promptly request the information set out in Clauses 8.1 and 8.2 from the client on whose Instructions the Transactions was effected, and provide the information to the relevant regulators as soon as received from its client or procure that it be so provided.
- 8.5 For the purposes of investigating suspicious Transactions, the Client shall, immediately upon request by the Company inform the Company of the identity, address, occupation and contact details of the client for whose account the Transactions were effected.
- 8.6 The Client confirms that, where necessary, it has obtained all relevant consents or waivers from clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected to release the information to the Company and relevant regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such Transactions, (if different from the client / ultimate beneficiary) of the person(s) who originated the Transactions, and (if different from the Client / ultimate beneficiary) of the person(s) who stands to gain the commercial or economic benefit of the Transaction and/or bear its commercial or economic risk.
- 8.7 The provisions of this Clause shall continue in effect notwithstanding the termination of this Agreement.

9. DISCLOSURE OF INFORMATION

- 9.1 The Company shall upon the request of relevant regulators and Correspondent Agents disclose the name, beneficial identity and such other information concerning the Client as they may request or require. The Client undertakes to disclose such other information concerning itself to the Company within the time the Company specified as may be required for the Company to comply with applicable laws, rules, regulations, and/or the requirements of relevant regulators or Correspondent Agents. The Client irrevocably authorizes the Company to make such disclosure.
- 9.2 The Company may take one or more of the following actions at any time as may be determined in the Company's sole and absolute discretion to be required to ensure compliance with the applicable laws and regulations on the part of the Company;
- (i) deduct from or withhold part of any amounts payable to the Client under the Account;
 - (ii) terminate the Account without notice with immediate effect and discontinue entirely or in part the Company's relationship with the Client;
 - (iii) provide (whether before or after the termination of the Account) the tax information relating to the Client to such authority in any jurisdiction, as may be required for the Company to ensure compliance with any applicable laws and regulations
- 9.3 Where the Client is an individual, the Company is subject to the PDO which regulates the use of personal data concerning individuals. The Company's policies and practices relating to personal data are set out in Schedule B to this Agreement and the Client acknowledges that it fully understands and accepts the provisions in Schedule B.

10. SAFEKEEPING

- 10.1 The Client appoints the Company to act as custodian for the Client to provide custody of Client's Securities. The Client agrees not to pledge, charge, sell, grant an option or otherwise deal in any Securities or money forming part of any Account without the prior written consent of the Company.
- 10.2 Any Securities held in Hong Kong by the Company for safekeeping on behalf of the Client may, at the Company's discretion:
- (i) (in case of registrable Securities) be registered in the name of the Client or in the name of the Company's nominee; or
 - (ii) be deposited in safe custody in a segregated account which is designated as a trust account or client account in an authorized institution as defined in the Banking Ordinance (Cap. 155), an approved custodian or another intermediary licensed by the SFC for dealing in securities in each case in Hong Kong.
- 10.3 Where Securities are held by the Company for safekeeping pursuant to this Clause, the Company shall itself, or shall procure any nominee or custodian appointed by it to:
- (i) collect and credit any dividends or other benefits arising in respect of such Securities to the Account or make payment to the Client as agreed with the Client. Where the Securities form part of a larger holding of identical Securities held for the Company's clients, the Client is entitled to the same share of the benefits arising on the holding as the Client's share of the total holding. Where the dividend is distributed either in the form of cash dividend or other forms, the Company is authorized to elect and receive on behalf of the Client the cash dividend in the absence of contrary prior written Instruction from the Client; and

- (ii) comply with any directions received, in sufficient time to enable the Company to make the necessary arrangement, from the Client as to the exercise of any voting or other rights attaching to or conferring on such Securities provided that if any payment or expense is required to be made or incurred in connection with such exercise, neither the Company nor its nominee shall be required to comply with any directions received from the Client unless and until it receives all amounts necessary to fund such exercise.
- 10.4 The Company and its nominee are not bound to redeliver to the Client the identical Securities received from or for the Client but may redeliver to the Client, at the office of the Company at which the Account is kept, Securities of like quantity, type and description.
- 10.5 Securities held by the Company for safekeeping pursuant to this Clause are held by the Company at the sole risk of the Client and the Company shall not be responsible for or liable in respect of any loss or damage suffered by the Client in connection hereof unless such loss or damage has been caused as a direct consequence of a gross act of negligence or fraud on the part of the Company.
- 10.6 Insofar as any Securities do not constitute “**Collateral**” as defined in any Margin Client Agreement entered into by the Company and the Client, the Client hereby expressly authorizes the Company to dispose of such Securities for the purpose of settling any liability owed by the Client (or who is the beneficial owner of such Securities) to the Company for dealing in Securities or financial accommodation provided by the Company to the Client which remains after the Company has disposed of all other assets designated as Collateral for securing the settlement of that liability.

11. STANDING AUTHORITY (CLIENT MONEY)

This standing authority is given pursuant to the Securities and Futures (Client Money) Rules, which covers money held or received by the client(s) in Hong Kong (including any interest derived from holding the money, if any) in one or more segregated account(s) on their behalf ("Monies"). The Client authorize the Company to:

- (i) Combine or consolidate any or all segregated accounts of any name whatsoever and either individually or jointly with others, maintained by the Company and/or any of its Associates ("the Group") from time to time and the Company may transfer any sum of Monies to and between such segregated account(s) to satisfy the client(s) obligations or liabilities to any member of the Group, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several;
- (ii) Transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by members of the Group;
- (iii) Transfer any sum of Monies to the Company's execution broker(s) and/or clearing firm(s) located in Hong Kong or elsewhere for the purpose of dealing, clearing and/or settlement of securities and/or other financial products (where applicable);
- (iv) Keep the Monies with the Company's execution broker(s) and/or clearing firm(s) located in Hong Kong or elsewhere after trading to facilitate future dealing, clearing and/or settlement of securities and/or other financial products (where applicable); and
- (v) Convert the Monies into any other currency(ies), for any of the abovementioned purposes (where applicable). The Company may do any of these things without giving the client's notice. This authority is given to the Company in consideration of its agreeing to continue to maintain securities cash and / or margin account(s) for the client(s).

This standing authority is given without prejudice to other authorities or rights which the Group

may have in relation to dealing in Monies in the segregated accounts. The standing authority shall remain valid for twelve (12) months commencing from the date of the said standing authority. This standing authority shall be deemed as renewed for subsequent period of twelve (12) months if the Company issues the client a written notice at least fourteen (14) days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date.

12. EVENTS OF DEFAULT

12.1 Any one of the following events shall constitute an event of default ("**Event of Default**"):

- (i) the Client's failure to pay any deposits or any other sums payable to the Company or its Associates or submit to the Company any documents or deliver any Securities to the Company hereunder, when called upon to do so or on due date;
- (ii) default by the Client in the due performance of any of the terms of this Agreement and the observance of any by-laws, rules and regulations of the appropriate Exchange and/or Clearing House;
- (iii) the filing of petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client;
- (iv) the death of the Client (being an individual) or the Client is judicially declared insane or incompetent;
- (v) the levy or enforcement of any attachment, execution or other process against the Client;
- (vi) any representations or warranty made by the Client to the Company in this Agreement or in any document being or becoming incorrect or misleading;
- (vii) any consent, authorization or board resolution required by the Client (being a corporation or a partnership) to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect; and
- (viii) the occurrence of any event which, in the sole opinion of the Company, might jeopardise any of its rights under this Agreement.

12.2 If an Event of Default occurs or has occurred and is continuing, without prejudice to any other rights or remedies that the Company may have against the Client and without further notice to the Client, the Company shall be entitled to:

- (i) immediately close the Account;
- (ii) terminate all or any part of this Agreement;
- (iii) cancel any or all outstanding orders or any other commitments made on behalf of the Client;
- (iv) close any or all contracts between the Company and the Client, cover any short position of the Client through the purchase of Securities on the relevant Exchange(s) or liquidate any long positions of the Client through the sale of Securities on the relevant Exchange(s);
- (v) dispose of any or all Securities held for or on behalf of Client and to apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to the Company or its Associates including all costs, charges, legal fees and

expenses including stamp duty, commission and brokerage properly incurred by the Company in transferring or selling all or any of the Securities or properties in the Account or in perfecting title thereto;

- (vi) borrow or buy any Securities required for delivery in respect of any sale effected for the Client; and
- (vii) combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 15.

12.3 All amounts due or owing by the Client to the Company under this Agreement shall immediately become due and payable if an Event of Default occurs.

12.4 In the event of any sale pursuant to this Clause:

- (i) the Company shall not be responsible for any loss occasioned thereby howsoever arising if the Company has used reasonable endeavours to sell or dispose of the Securities or any part thereof at the then available market price;
- (ii) the Company shall be entitled to keep for itself or sell or dispose of the Securities or any part thereof at the available market price to any person at its discretion without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by the Company and/or any of the Associates; and
- (iii) the Client agrees to pay to the Company any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by the Client to the Company.

13. FORCE MAJEURE

The Company shall not be liable for any losses in respect of the Account or, for any failure to comply with the Company's obligations contemplated by this Securities Client Agreement arising from or otherwise resulting directly or indirectly from any government restriction, Exchange ruling, suspension of trading, war, strike, national disaster or any other event or circumstances beyond the control of the Company.

14. TERMINATION

14.1 Either party may terminate this Agreement at any time by giving the other party no less than three (3) Business Days' notice in writing. The Company may also terminate this Agreement with immediate effect upon the occurrence of any one or more of the following events:

- (i) the withdrawal or non-renewal upon expiry (or when called upon to do so) of the Client's authorization to the Company as contained in Clause 10.6 of this Securities Client Agreement; or
- (ii) the withdrawal of the Client's appointment of the Company as the Client's custodian in Clause 10.1

14.2 Upon termination of this Agreement under this Clause, all amounts due or owing by the Client to the Company under this Agreement shall become immediately due and payable. The Company shall cease to have any obligations to purchase or sell Securities on behalf of the Client in accordance with the provisions of this Agreement, notwithstanding any Instructions from the Client to the contrary.

- 14.3 Upon termination of this Agreement, the Company may sell, realize, redeem, liquidate or otherwise dispose of all or part of the Securities to satisfy all indebtedness of the Client to the Company and Clause 11.4 shall apply to any such sale.
- 14.4 Any net cash proceeds received by the Company pursuant to a sale, realization, redemption, liquidation or other disposal under this Clause shall be credited to the Account and the net credit balance on the Account (if any) shall be returned to the Client, after first deducting or providing all monies and sums due or owing and other liabilities accrued or accruing due to the Company and outstanding (whether actual or contingent, present or future or otherwise). All Securities not realized or disposed of together with any relevant documents of title in the Company's possession shall be delivered to the Client at the Client's sole risk and expense.
- 14.5 If a debit balance on the Account exists after application of the cash proceeds and deduction of any sums pursuant to this Clause, the Client shall immediately pay to the Company an amount equal to such debit balance together with the Company's cost of funding such amount as notified to the Client by the Company up to the date of actual receipt of full payment by the Company (after as well as before any judgment)
- 14.6 The Company may effect such currency conversions as are necessary for the purposes of this Clause in each case at the spot rate of exchange (as determined by the Company in its absolute discretion) prevailing in the relevant foreign exchange market (as determined by the Company in its absolute discretion) on the relevant date.

15. LIABILITY AND INDEMNITY

- 15.1 The Company will use all reasonable endeavours to comply with and carry out Instructions given by the Client and accepted by the Company concerning the Account or Transactions but neither the Company nor any of its directors, officers, employees or agents (save where it has been established that they or any of them have acted fraudulently or in wilful default) shall have any liability whatsoever (whether in contract, tort or otherwise) for any loss, expenses or damages suffered by the Client as a result of:
- (i) any inability, failure or delay on the part of the Company to comply with or carry out any such instruction or any ambiguity or default in any such Instruction; or
 - (ii) the Company in good faith acting or relying on any Instruction given by the Client, whether or not such instruction was given following any recommendation, advice or opinion given by the Company or any Associate or by any of its or their directors, officers, employees or agents; or
 - (iii) the Company failing to perform its obligations hereunder by reason of any cause beyond its control, including any governmental or regulatory restriction, closure of or ruling by any Exchange (or any division thereof), suspension of trading, breakdown or failure of transmission or communication or computer facilities, postal or other strikes or similar industrial action or the failure of any Exchange, Clearing House, Correspondent Agent or other person to perform its obligations; or
 - (iv) any Exchange, Clearing House, Correspondent Agent or other person ceasing for any reason to recognize the existence or validity of Transactions entered into by the Company on behalf of the Client or failing to perform or close out any such contract provided that such cessation or failure shall not affect the Client's obligations hereunder in respect of any such contracts or other obligations or liabilities of the Client arising there-from; or
 - (v) the misunderstanding or misinterpretation of any Instruction given or placed

verbally or electronically or delays or errors in transmission owing to electronic traffic congestion or any other causes or any mechanical failure, malfunction, suspension or termination of the continued operation or availability and mechanical failure or inadequacy of the Company's telephone or telecommunication system or installation in connection with the receipt and processing of Instructions transmitted by telecommunication devices and all other related equipment, facilities and services.

- 15.2 The Client agrees to fully indemnify and keep indemnified the Company and its Associates and its Correspondent Agents and their directors, officers, employees and agents ("**Indemnified Persons**") against any loss, cost, claim, liability or expense, including legal fees, that may be suffered or incurred by any and/or all of the Indemnified Persons, arising out of any action or omission by the Company in accordance with the terms of this Agreement, or arising out of any breach by the Client of any of its obligations under this Agreement, including any costs reasonably incurred by the Company in collecting any debts due to the Company or any unpaid deficiency in the Account, in enforcing the rights of the Company hereunder or in connection with the closure of the Account, and any penalty charged as a result of any Transaction to the Company by any Exchange and/or Clearing House.

16. SET-OFF, LIEN AND COMBINATION OF ACCOUNTS

- 16.1 In addition and without the prejudice to any general liens, rights of set-off or other similar rights to which the Company may be entitled under laws or this Agreement, all Securities, receivables, monies and other property of the Client (held by the Client either individually or jointly with others) held by or in the possession of the Company at any time shall be subject to a general lien in the Company's favour as continuing security to offset and discharge all of the Client's obligations, arising from Transactions or otherwise, to the Company and its Associates.
- 16.2 In addition and without prejudice to any general liens or other similar rights which the Company may be entitled under law or this Agreement, the Company for itself and as agent for any of its Associates, at any time without notice to the Client, may combine or consolidate any or all accounts of the Client, of any whatsoever and either individually or jointly with others, with the Company or any of its Associates and the Company may set off or transfer any monies, Securities or other property in any such accounts to satisfy obligations or liabilities of the Client to the Company or any of its Associates, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several, and whether or not such obligations and liabilities arise from the purchase and sale of Securities by the Client on a cash-against-delivery basis.
- 16.3 Without limiting or modifying the general provisions of this Agreement, the Company may, without notice, transfer any assets between any Accounts and any other accounts of its Associates in accordance with applicable laws, rules and regulations

17. JOINT AND SEVERAL LIABILITY / SUCCESSORS

- 17.1 Where the Client comprises two or more individuals:
- (i) each such individual shall be jointly and severally liable for all obligations under this Agreement;
 - (ii) the Company may accept Instructions from, give receipts to and for all purposes deal with any one of such individuals without notice to the other individual and the Company is not responsible for determining the purposes or propriety of an Instruction the Company receives from any such individual or for the disposition of payments or deliveries among such individual. The Company reserves the

right to require written Instructions from all such individuals at its discretion

- (iii) any delivery of payments or Securities to any one of such individuals shall be a valid and complete discharge of the Company's obligations to each individual regardless of whether such delivery are made before or after the death of any one of more of such individuals;
- (iv) any notices and communications sent to one such individual will be deemed notice to all individuals holding the Account;
- (v) on the death of any of such individual (being survived by any other such individual), this Agreement shall not be terminated and the interest in the Account of the deceased will thereupon vest in and ensure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall also be enforceable by the Company against such deceased Client's estate. The surviving Client(s) shall give the Company written notice immediately upon any of them becoming aware of any such death.

17.2 The Agreement shall be binding on the Client's heirs, executors, administrators, personal representatives, successors and assigns, as the case may be.

18. TRANSACTION NOTICES AND REPORTS

- 18.1 The Company will report to the Client executions of Transactions (i) promptly by telephone calls or facsimile or other means as agreed and/or (ii) by sending to the Client a copy of the transaction confirmation and account statement within two (2) Business Days of the execution of the Transaction. Unless there have been no Transactions or any revenue or expenses item in the Account during any particular month and the Account does not have any outstanding balance or holding of position or Securities, the Company will send to the Client a monthly statement showing a transaction summary for the month in accordance with the relevant law, regulations and rules.
- 18.2 The Client shall have a duty to examine the transaction confirmation, account statement and the monthly statement carefully and to notify the Company in writing of any alleged error or irregularity therein within three (3) Business Days or such other period of time as may be specified by the Company generally or in any particular case, after the date of despatch of such confirmation or statement. The Client agrees that the Company is not liable for any damages or market fluctuations resulting from any delay in reporting an error to the Company. Otherwise, in the absence of a manifest error, the transaction confirmations, account statement and monthly statement shall be conclusive and the Client shall be deemed to have waived any such error and the Company will be released from all claims by the Client in connection with the statement or any action taken or not taken by the Company regarding the Account. In the case there is an overpayment of money or Securities to the Account, the Client agrees to notify the Company as soon as it is aware of the overpayment and agrees not to remove (or if it has already been removed, to return) the money or Securities.

19. NEW LISTING OF SECURITIES

- 19.1 In the event that the Client requests and authorizes the Company to apply for Securities in respect of a new listing and/or issue of Securities on the Exchange as its agent and for its benefit or for the benefit of any other person, the Client hereby warrants to and for the Company's benefit that the Company shall have the authority to make such application on the Client's behalf.
- 19.2 The Client shall familiarize itself and comply with all the terms and conditions governing the Securities of the new listing and/or issue and the application for such new Securities

set out in any prospectus and/or offering document and the application form or any other relevant document in respect of such new listing and/or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with the Company.

- 19.3 The Client hereby gives the Company all the representations, warranties and undertakings which an applicant for Securities in a new listing and/or issue is required to give (whether to the issuer, sponsor, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person).
- 19.4 The Client hereby further declares and warrants, and authorizes the Company to disclose and warrant to the Exchange on any application form (or otherwise) and to any other person as appropriate, that any such application made by the Company as its agent is the only application made, and the only application intended to be made, by the Client or on the Client's behalf, to benefit the Client or the person for whose benefit the Client is applying. The Client acknowledges and accepts the aforesaid declaration and warranty will be relied upon by the Company and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person in respect of any application made by the Company as the Client's agent.
- 19.5 The Client acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in Securities and in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 19.6 The Client recognizes and understands that the legal, regulatory requirement and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Client undertakes to provide to the Company such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as the Company may in the Company's absolute discretion determine from time to time.
- 19.7 In relation to a bulk application to be made by the Company or the Company's agent on the Company's own account and/or on behalf of the Client and/or the Company's other clients, the Client acknowledges and agrees:
- (i) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and neither the Company nor the Company's agent shall in the absence of fraud, negligence or wilful default be liable to the Client or any other person in consequence of such rejection;
 - (ii) to indemnify the Company in accordance with Clause 14 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 that the Client may also be liable in damages to other persons affected by such breach or other factors; and
 - (iii) notwithstanding Clause 5.4 in the event that the bulk application is only partially filled, the Client agrees that the Company is entitled to distribute the Securities allotted in its absolute discretion, including distributing the Securities equally between all clients under the bulk application and the Client shall not have any claim to the Securities or claim of priority to another Client in relation to the application.
- 19.8 In the event the Company agrees to grant credit facilities to the Client at the Client's request for the Client's application (the "**Application**") for new listing and/or issue of

Securities on the Exchange for the benefit of the Client or any other person, the Client hereby agrees that the terms and conditions of the Margin Client Agreement (including, without limitation, Clause 2 – Margin Facility, Clause 3 – Margin Procedure, Clause 4 – Charge, and Clause 5 – Power of Attorney set out in Schedule E to this Agreement) shall apply to such credit facilities and the Securities allocated, purchased or transferred pursuant to the Application (the “**New Securities**”) and the letter of authorization as set out in the Account Opening Form, provided that in the application of such terms and conditions:

- (i) the definition of “**Collateral**” under Clause 1.3 of the Margin Client Agreement shall be replaced by the following definition:

“**Collateral**” means all New Securities and all monies in relation to the Application which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the Company or its Associates or nominees, including (without limitation) those monies and Securities that shall come into the possession, custody or control of the Company or its Associates from time to time in relation to the Application (which shall include any additional or substituted Securities and all dividends or interest paid or payable, rights, interest, monies or properly accruing at any time by way of redemption, bonus, preference, options or otherwise on or in respect of any such Securities or additional or substituted Securities).

- (ii) Interest for the whole IPO period is non-refundable once application submitted.

19.9 In relation to any OTC transactions, including without limitation trading of any New Securities before their listing on the Exchange, entered or to be entered by the Client, the Client acknowledges and agrees that:

- (i) Subject to Clause 5.11 above, the Company is acting as agent for the Client and does not guarantee the settlement of such OTC transactions;
- (ii) 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 Exchange;
- (iii) in the event that the Client is selling any Securities fails to deliver such Securities, the Company 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;
- (iv) 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 the Company in its absolute discretion determines not to purchase the relevant Securities pursuant to Clause 18.9(iii), 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
- (v) in the event the Client in buying any Securities fails to deposit the necessary settlement amount, the Company is entitled to sell any and all Securities or collateral held in its Account 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, and
- (vi) without prejudice to the above, the Client shall bear its own losses or expenses

and shall be responsible to the Company for any losses and expenses resulting from its and/or its counter-party's settlement failures.

20. REPRESENTATIONS, WARRANTIES and UNDERTAKING

The Client represents, warrants and undertakes that:

- 20.1 The information relating to the Client provided pursuant to this Agreement is true, accurate and complete and the Company is entitled to rely on such information until the Company has received notice in writing from the Client any changes therein. The Company will be notified immediately in writing of any material changes in such information.
- 20.2 The Client has the authority and legal capacity to enter into and perform its obligations under this Agreement and this Agreement constitutes the valid and binding obligations of the Client.
- 20.3 The Client is lawfully authorized to trade in any foreign securities.
- 20.4 The Client will advise the Company whether they are or become a U.S. person or Canadian resident or acquire or hold Securities beneficially owned by or for a U.S. person or Canadian resident or in violation of any applicable law.
- 20.5 Where the Client is an Intermediary as defined in the AMLO, the Client undertakes the following:
 - (i) Maintenance of internal policies, procedures and controls to comply with anti-money laundering/countering the financing of terrorist laws, regulations, and guidelines including performing on-going monitoring of clients and their transactions;
 - (ii) Performance of the client due diligence measures specified in section 2 of Schedule 2 of AMLO; and
 - (iii) 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 the Company.

21. NORTHBOUND TRADING OF SHANGHAI-HONG KONG STOCK CONNECT/NORTHBOUND TRADING OF SHENZHEN-HONG KONG STOCK CONNECT

- 21.1 Without prejudice to any other provisions in this Agreement, the Client acknowledges and accepts the following additional terms and conditions applicable to trading in securities listed in the Shanghai Stock Exchange ("SSE") and/or Shenzhen Stock Exchange ("SZSE") ("China Connect Securities") through Stock Connect Northbound Trading ("Northbound Trading"):
 - a. Northbound Trading is traded and settled in Renminbi. The Company is not responsible for Renminbi conversion relevant to Northbound investment.
 - b. Renminbi exchange rate might fluctuate due to various factors. Besides, Renminbi is currently not freely convertible subject to regulatory restrictions. These restrictions might vary from time to time. This Renminbi exchange rate fluctuation and conversion restriction might affect investment returns.
 - c. Except the trading arrangements and features specified by the Exchange, SSE and SZSE are not applicable to investment under Shanghai-Hong Kong Stock Connect and

Shenzhen-Hong Kong Stock Connect, Northbound Trading executed in SSE's market and SZSE's market (each a "Connect Market" and together "Connect Markets") will have to follow each Connect Market's trading rules respectively. The Clients should fully understand the Mainland rules and regulations in relation to short-swing profits and disclosure obligations and follow such rules and regulations accordingly. The Clients must comply with SSE Rules, SZSE Rules and other applicable laws of Mainland China relating to Northbound Trading.

- d. Under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, Northbound Trading can only involve in SSE and SZSE A shares that listed in the secondary markets. Northbound Trading Clients cannot participate in SSE's and SZSE's initial public offering activities.
- e. At the initial stage of Shenzhen-Hong Kong Stock Connect, Clients eligible to trade shares that are listed on the ChiNext Board of SZSE under Northbound Trading will be limited to institutional professional investors.
- f. SSE-listed and SZSE-listed issuers are only required to publish corporate documents in Simplified Chinese, and English translation will not be available
- g. According to existing Mainland practices, Northbound Trading Clients being the beneficial owners of SSE and/or SZSE securities are not allowed to appoint proxies to attend shareholders' meetings on their behalf. However, HKSCC will consolidate the voting instructions from the clients and endeavor to submit a combined single voting instruction to the relevant SSE-/SZSE-listed company via the designated on-line voting platform.
- h. Northbound Trading is only limited to shares being included in the Lists of Eligible Stocks for Northbound Trading (the "Lists"), and the Lists might vary from time to time. Clients will only be allowed to sell but restricted from buying SSE/SZSE securities ("Sell-Only SSE/SZSE securities") in specific situations. These situations include SSE/SZSE securities subsequently cease to be a constituent stock of the relevant indices; and/or they are subsequently placed under risk alert; and/or the corresponding H shares of such securities are subsequently delisted from the Exchange; and/or (only applicable to SZSE securities) such securities are, based on any subsequent periodic review, determined to have a market capitalization of less than 6 billion Renminbi. The list of sell-only SSE/SZSE securities will be published on the website of the Exchange or through such other means as it considers appropriate, and might be updated or amended from time to time. Sell-Only SSE/SZSE securities might affect the investment portfolio and strategies of Northbound Trading Clients.
- i. (Only applicable to Securities Margin Trading Account) The Company will announce an "A Shares Marginable List" and its margin ratio from time to time. Since Clients can only conduct margin trading in certain A shares that has been determined by SSE and SZSE to be eligible for margin trading, the A shares on the "A Shares Marginable List" must be the A shares on the "List of Eligible SSE Securities for Margin Trading" or "List of Eligible SZSE Securities for Margin Trading" (together "Lists for Margin Trading"). The Exchange will publish the Lists for Margin Trading on its website or through such other means as it considers appropriate and may update or amend the lists from time to time. Only those SSE and SZSE securities which are eligible for both buy orders and sell orders through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be included in the Lists for Margin Trading. "A Shares Marginable List" of the Company will be changed from time to time by reference to the Lists for Margin Trading.
- j. Northbound Trading hours will follow that of SSE and SZSE. The Exchange will begin to

accept trading orders starting from 5 minutes before the Mainland market sessions open in the morning and in the afternoon.

- k. Northbound Trading will only be available when both Hong Kong and Mainland markets are open for trading and when banks in both markets are open on the corresponding settlement days. Clients should take note of their own risk tolerance whether or not to take on risk of price fluctuation in A shares when Northbound Trading is not available.
- l. Investments under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to the cross-boundary daily quota. Purchase orders of Northbound Trading will be rejected if the trading volume has exceeded its quota according to the relevant regulations.
- m. (Only applicable to Securities Margin Trading Account) According to the relevant rules of SSE and SZSE, each of SSE and SZSE may suspend margin trading activities in specific A shares in its market when the volume of margin trading activities in such A shares exceeds the threshold determined by it and resume margin trading activities when the volume drops below a prescribed threshold. Currently, each of SSE and SZSE will suspend further margin trading in a stock eligible for margin trading after the “margin trading indicator” for the stock reaches 25%. When the margin trading indicator drops below 20%, SSE/SZSE will allow margin trading to resume. Each of SSE and SZSE publishes a list of A shares which have reached the 25% margin trading indicator on its website.
- n. (Only applicable to Securities Margin Trading Account) Margin trading orders will be flagged as margin trading orders to be routed to SSE and SZSE system as required by SSE and SZSE.
- o. Only limit orders (i.e. orders which can be matched at the specified price or a better price) will be accepted throughout the day for Northbound Trading. Northbound orders cannot be amended. Clients who wish to amend their Northbound orders must cancel the original orders first and then input new orders subject to the quota balance at that moment and queue up again.
- p. SSE and SZSE have imposed price limit on securities orders. The Exchange will also apply dynamic price check on Northbound purchase orders. Northbound orders with prices beyond the price limit will be rejected.
- q. Investments under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to the foreign shareholding restrictions imposed by the China Securities Regulatory Commission (“CSRC”). Northbound Trading Clients might be rejected for order placements or even be forced to sell their shares. Under current Mainland China rules, a single foreign investor’s shareholding in a listed company is not allowed to exceed 10% of the Company’s total issued shares, while all foreign investors’ shareholding in the A shares of a listed company is not allowed to exceed 30% of its total issued shares. Clients should make sure that the shareholding percentage complies with the related restriction. Besides, under Mainland China law, a client is obliged to disclose in writing its interest in a SSE/SZSE listed issuer within three (3) Business Days of its interest reaching (or falling below) 5% of the total issued shares of such listed issuer to the CSRC, the relevant exchange and the listed issuer. The Client shall not trade in such shares within those three (3) Business Days until disclosure has been made. Every subsequent increase or decrease in the Client’s holding by 5% will also trigger a disclosure obligation within three (3) Business Days along with an obligation on the Client does not trade in shares until two (2) Business Days after the disclosure has been made.

- r. Naked short selling in SSE and SZSE A shares and block trade facility are not allowed via Northbound Trading. All trading must be conducted on SSE or SZSE, i.e. no over-the-counter or manual trades are allowed.
- s. Shares traded on SSE and SZSE are issued in scripless form, deposit and withdrawal of physical share certificates of SSE and SZSE securities into/from the Depository of The Central Clearing And Settlement System will not be available.
- t. Day trading is prohibited in SSE and SZSE. Clients are only allowed to sell stocks on or after T+1 day. Pre-trade checking is applicable to Northbound Trading. If Clients wishes to sell A shares via the Company, the A shares must be transferred to the securities trading accounts held by clients maintained with the Company before the market opens on the day of selling (T-day). Sell orders will be rejected by the Company if there are no sufficient stocks in their securities trading accounts maintained with the Company before the market open on the day.
- u. For Northbound Trading, shares will be settled on T day, and Clients are required to settle money on T+1 day.
- v. The Company might cancel Clients' orders in case of contingency (such as severe weather conditions). If Clients' request of order cancellation cannot be sent in case of contingency (such as when the Exchange loses all its communication lines with SSE or SZSE, etc.), and if the orders are matched and executed, Clients should still bear the settlement obligations.
- w. Clients involving Northbound Trading might be subject to charges determined by relevant regulatory bodies different from that of Hong Kong listed securities trading, including trading fees, stamp duties and other taxes, etc. These regulations will be changed from time to time.
- x. Investments under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's ICF. Northbound Trading Clients will not receive any compensation from ICF for pecuniary losses as a result of default of a licensed intermediary or authorized financial institution.
- y. Clients need to accept the risks concerned in Northbound Trading, including but not limited to prohibition of trading SSE and SZSE securities, being liable or responsible for breaching SSE Listing Rules, SSE Rules, SZSE Listing Rules, SZSE Rules and other applicable laws and regulations.
- z. The Exchange may upon SSE's or SZSE's request, require the Company to reject orders from Clients.
- aa. The Company has the right to force-sell Client's shares upon receiving the forced-sale notification from the Exchange.
- bb. SSE and SZSE may request the Exchange to require the Company to issue warning statements (verbally or in writing) to the Company's clients, and not to provide service of Northbound Trading to the Company's clients.
- cc. If SSE Rules/SZSE Rules are breached, or the disclosure and other obligations referred to in SSE Listing Rules or SSE Rules/SZSE Listing Rules or SZSE Rules are breached,

SSE/SZSE has the power to carry out an investigation, and may, through the Exchange, require the Company to provide relevant information and materials and to assist in its investigation.

- dd. The Exchange, the Exchange's subsidiary, SSE, SSE's subsidiary, SZSE and SZSE's subsidiary and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by Clients or any third parties arising from or in connection with Northbound Trading or the China Stock Connect System.
- ee. The rules of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be updated from time to time in the websites of the Exchange, SSE and SZSE. Clients are strongly advised by the Company to visit these websites and read the relevant documents in details before participating in Northbound Trading.
- ff. Risks Relating in Trading in SSE and SZSE:
 - (i) Market Volatility Risk – The Mainland stock markets listed SSE and SZSE are relatively volatile as they are mostly made up of retail investors who tend to be speculative and susceptible to the policies and news of central government.
 - (ii) Macro-Economic Risk – There is a close relationship between the Chinese economy and stock market performance. The Chinese economic growth is still above the global average but has already shown signs of slowdown. Moreover, there is growing concern over the country's government and corporate debts.
 - (iii) Currency Risk - Clients will expose to the risk of RMB exchange rate movements if they have to convert HKD into RMB for trading in A shares listed in SSE and SZSE. The conversion also incurs costs. Movements in the RMB exchange rate will affect the profits and debts of the Mainland listed companies. Such effects will be more significant to those export-oriented companies and companies having debts denominated in currencies other than RMB.
 - (iv) Policy Risk - Central government's economic and financial policies will affect the performance of investment market. Client shall beware of the central government policies for stimulating the economy or supporting different industries, as well as their different financial policies in respect of the currency, interest rate, credit and stock markets.

gg. Risk Relating in Trading in the ChiNext Board of SZSE

Certain eligible A-shares under Shenzhen-Hong Kong Stock Connect are listed on the SZSE's ChiNext Board, which will be limited to the institutional professional investors at the initial stage of Shenzhen-Hong Kong Stock Connect. Generally, stocks listed on ChiNext Board contain higher risk than those listed on Main Board.

- (i) Regulatory Risk - The listing requirements of ChiNext Board are less stringent than Main Board and SME Board, e.g. requiring a shorter track record period and lower net profit, revenue and operating cash flow. Moreover, the disclosure rules applied to the ChiNext Board are different from Main Board and SME Board. For example, ad hoc reports of ChiNext companies are only required to be published on a CSRC designated website and on the issuers' website. If clients continue to check information through the usual disclosure channels for Main Board and SME Board, they may miss out some important information disclosed by ChiNext companies.

- (ii) Operating Risk - Companies listed on ChiNext Board are generally in the early stage of development, whose business is unstable, profitability is low, and less resilient against market and industry risks. Operating risks experienced by these companies often include technical failure, new products are not well-received by the market, failure to catch up the market development and any changes in the founder, management team and core technician team.
- (iii) Delisting Risk - Compared to the Main Board, the proportion of companies delisting is higher on the ChiNext Board.
- (iv) Fluctuation in Stock Price – As companies listed on ChiNext Board are relatively small and their business performance are unstable; they are more vulnerable to speculation. Share price of the ChiNext stocks is more volatile.
- (v) Technical Risk - Companies listed on ChiNext Board are mainly high technology companies, whose success is subject to technical innovations. However, these companies are exposed to the risks and challenges relating to technical innovation, such as high R&D costs, technical failure, and rapid development and replacement in technology and product market.
- (vi) Risk Relating to Valuation - Generally, it is difficult to estimate the value of a company listed on ChiNext Board as they are in the early stage of development with short operating history and unstable profits and cash flow. Therefore, traditional valuation method, such as price-to-earnings ratio and price-to-book ratio, is difficult to be applied.

22. RISK DISCLOSURE

The Company refers the Client to the Risk Disclosure Statements contained in Schedule C.

23. NOTICES AND COMMUNICATIONS

- 23.1 All notices, reports, statements, confirmations and other communications shall be in written or electronic form (if applicable) which may be personally delivered or transmitted by post, facsimile or electronic mail, if to the Client, at the address, facsimile number or electronic mail address given in the Account Opening Form or at such other address, facsimile number or electronic mail address as shall be designated by the Client in a written notice to the Company; and if to the Company, at its address or at such office of the Company as the Company may from time to time select and notify to the Client.
- 23.2 All such notices, reports, statements, confirmations and other communications shall be deemed to have been duly served:
 - (i) At the time of delivery or transmission, if delivered personally, by facsimile or by electronic mail; or
 - (ii) Two (2) Business Days after the date of posting, if sent by local mail; or
 - (iii) Five (5) Business Days after the date of posting, if sent by overseas mail.

24. AMENDMENTS

The Client agrees that the Company may amend the terms of this Agreement by giving the Client reasonable notice of the changes in writing at any time. Any amendment to this Agreement shall take effect on expiry of such notice period and the Client will be deemed to have accepted the

amendment if it does not terminate the Account.

25. ASSIGNMENT

The Client agrees that the Company may transfer its rights and obligations under this Agreement to an Associate without prior consent from the Client. The rights and obligations of the Client under this Agreement may not be assigned without the Company's prior written consent.

26. ENTIRE AGREEMENT

This Agreement, including any schedules and appendices (as may be amended from time to time), contains the entire understanding between the Client and the Company and supersedes all previous agreements and arrangements (if any) made between the Company and the Client in relation to the Account.

27. GENERAL

- 27.1 All Transactions shall be effected in accordance with all laws, rules and regulatory directions, by-laws, customs and usage as amended from time to time of the Exchange and the Clearing House applying to the Company and shall be binding on the Client.
- 27.2 If the Company solicits the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document the Company may ask the Client to sign and no statement the Company may ask the Client to make derogates from this clause.
- 27.3 Each of the term of this Agreement is severable and distinct from the others. If any term in this Agreement is inconsistent with any present or future law, rule or regulation of the Exchange, the Clearing House or any authority having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule or regulation. In all other respects, this Agreement shall continue and remain in full force and effect.
- 27.4 Time shall in all respect be of essence in the performance of all the Client's obligations under this Agreement.
- 27.5 A failure or delay in exercising any right, power or privilege in respect of this Agreement by the Company will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.
- 27.6 The Client agrees to notify the Company in writing of any changes in the information supplied in the Account Opening Form. The Company shall notify the Client in writing of any material change in the information contained in this Agreement.
- 27.7 The Company is authorized at any time to conduct credit enquiries and contact any banks, financial institutions and credit agencies for the purposes of verifying information provided in the Account Opening Form and ascertaining the Client's financial situation, investment objectives and experience.
- 27.8 In the event of any difference in the interpretation or meaning between the Chinese and English version of this Agreement, the Client and Company agree that the English version shall prevail.

28. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed and construed in all respects in accordance with the laws of the Hong Kong Special Administrative Region and each party hereby irrevocably submits to the exclusive jurisdiction of the Courts of the Hong Kong Special Administrative Region.

SCHEDULE A – ACCOUNT OPENING FORM

1. Account Opening Form (Individual / Joint Account)
2. Account Opening Form (Corporate Account)

SCHEDULE B – PERSONAL INFORMATION COLLECTION STATEMENT

This Statement is provided to the Client as individual Client of the Company in accordance with the requirements of the Hong Kong Personal Data (Privacy) Ordinance (Cap. 486). Terms defined in this statement have the same meaning as in the Securities Client Agreement.

1. DISCLOSURE OBLIGATION

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

2. USE OF PERSONAL DATA

2.1 Users

All personal data held by the Company relating to the Client, the Client's agent(s) or the Client's guarantor(s) (if any) (whether provided before or after the date the Client receives the Securities Client Agreement containing this information) may be used by any of the following companies or persons (each, a **"User"**)

- (i) Vast Harbour Securities Limited and/or any of its Associates;
- (ii) any director, officer or employee or agent of the Company and/or any of its Associates;
- (iii) any persons (such as lawyers, advisers, nominee, custodian, auditors etc.) authorized by the Company when carrying out the Client's Instructions and/or the business of the Company;
- (iv) any actual or proposed assignee of any rights and obligations of the Company and/or any of its Associates in relation to the Client;
- (v) any governmental, regulatory or other bodies or institutions, whether as required by law or regulations applicable to the Company and/or any of its Associates;
- (vi) any Correspondent Agent

2.2 Purposes

All personal data concerning the Client may be used by any User for the following purposes:

- (i) carrying out new or existing client verification and credit checking procedures and assisting other financial institutions to do so;
- (ii) on-going Account administration, including the collection of amounts due, enforcement of security, charge or other rights and interests;

- (iii) designing financial services or related products or marketing financial services or related products to the Client;
- (iv) transfer of such data to any place outside Hong Kong
- (v) comparison with the Client's personal data (irrespective of the purposes and sources for which data were collected, and whether collected by a User or any other person) 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 that a User or any other person may consider appropriate (including action that may relate to the rights, obligations or interest of the Client or any other person);
- (vi) providing on the terms of any other agreements and services relating to the Client;
- (vii) any purpose relating to or in connection with compliance with any law, regulation, rules, codes binding on the Company, court order or order of any regulatory body, and
- (viii) investigating suspicious transactions;
- (ix) any other purpose relating to the execution of the Client's Instructions or in connection with the business or dealings of the Company and/or any of its Associates.

2.3 Use of Data in Direct Marketing

The Company intends to use and/or transfer the Client's data to its Associates for direct marketing and the Company requires the consent (including no objection) of the Client for that purpose. In this connection, please note that:

- (i) the name, contact details, portfolio information, transaction pattern and financial background of the Client may be used in direct marketing of investment or financial related products and services of the Company and/or its Associates; and
- (ii) if a Client does not wish the Company to use and/or transfer the Client's data for use in direct marketing, the Client may, without charge, exercise the right to opt-out.

3. RIGHTS OF ACCESS AND CORRECTION

The Client has the right to have access to and correction of the Client's personal data as set out in the Personal Data (Privacy) Ordinance. In general, and subject to certain exemptions, the Client is entitled to:

- (i) enquire whether Vast Harbour Securities Limited holds personal data in relation to the Client;
- (ii) request access to the Client's personal data within a reasonable time, at a fee which is not excessive, in a reasonable manner and in a form that is intelligible;
- (iii) request the correction of the Client's personal data
- (iv) be given reasons if a request for access or correction is refused, and object to any such refusal.

4. NOTICE OF CONTACT PERSON TO REQUEST ACCESS OR CORRECTION

The person to whom requests for access to data or correction of data or opt out of receiving direct marketing material or for information regarding policies and practices and kinds of data, please contact the following person:

The Data Protection Officer
Vast Harbour Securities Limited
28/F, Bank of East Asia Harbour View Centre,
56 Gloucester Road, Wanchai,
Hong Kong

Telephone No.: +852 2922 9122
Fax No.: +852 2851 1670
Email: admin@vastharbour.com

SCHEDULE C – RISK DISCLOSURE STATEMENTS

A. RISKS IN RELATION TO OPENING A CASH ACCOUNT

1. RISK OF SECURITIES TRADING

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

2. RISK OF TRADING GEM STOCKS

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

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

Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

3. RISK OF TRADING NASDAQ-AMEX SECURITIES AT SEHK

The securities under the Nasdaq-Amex Pilot Program (“PP”) are aimed at sophisticated investors. You should consult the licensed or registered person and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the GEM of The Stock Exchange of Hong Kong Limited.

4. RISK OF TRADING BONDS

4.1 Default/Credit risk

There is a risk that the issuer may fail to pay you the interest or principal as scheduled.

4.2 Interest rate risk

When the interest rate rises, the price of a fixed rate bond will normally drop, and vice versa. If you want to sell your bond before it matures, you may get less than your purchase price. Moreover, longer-term bonds are more sensitive to interest rate changes than shorter-term bonds. For instance, a 30-year zero coupon bond is usually more sensitive to interest rate changes than a 10-year fixed rate bond. This is because a zero coupon bond does not make any interest payments during its term and repayment only occurs upon its maturity. The value of the zero coupon bond is calculated by discounting its repayment amount at maturity back to its present value. It follows that the shorter a bond's term, the lesser the impact of such a discount on its value, and the lesser the impact that interest rate changes will have on its value.

4.3 Exchange rate risk

If your bond is denominated in a foreign currency, you face an exchange rate risk. Any fall in the foreign currency will reduce the amount you receive when you convert a payment of

interest or principal back into your local currency.

4.4 Liquidity risk

You may need to sell the bonds before maturity when you have an urgent cash-flow need or use the capital for other investments.

However, you may not be able to sell your bond if the liquidity of the secondary bond market is low.

4.5 Inflation risk

The return on bond investments will lose purchasing power if commodity prices go up. Inflation is therefore a serious concern for those who need to rely on the regular income from bonds.

4.6 Event risk

A corporate event such as a merger or takeover may lower the credit rating of the bond issuer. In case the corporate restructurings are financed by the issuance of a large amount of new debt-burden, the Company's ability to pay off existing bonds will be weakened.

4.7 Additional risks for High yield bonds

High yield bonds are often rated below investment grade or unrated. While ratings from the credit rating agencies do not guarantee the creditworthiness of the issuers, investing in non-investment grade or unrated bonds may incur higher risk of default by the issuers. High yield bonds are also more vulnerable to economic changes. During economic downturns, the value of these bonds typically fall more than that of investment-graded bonds because investors become more risk averse and default risk rises.

5. RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC. (only applicable if you open margin account(s))

There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending 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 the licensed or registered person in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

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

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

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

in the loss of your securities or securities collateral.

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

B. RISKS IN RELATION TO OPENING A MARGIN ACCOUNT

1. RISK OF MARGIN TRADING

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the Company. Market conditions may make it impossible to execute contingent orders, such as “**stop loss**” or “**stop limit**” orders. You may be called upon a 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. You should closely monitor your positions, as in some market conditions we may be unable to contact you or provide you with sufficient time to make the required deposits, and forced liquidation may be necessary. 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.

C. COMMON RISKS

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

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

2. RISKS OF USING INTERNET SECURITIES TRADING SERVICE UNDER THE INTERNET SECURITIES TRADING AGREEMENT

If you undertake Transactions via Interest Securities Trading Service, you will be exposed to risks associated with the Interest Securities Trading Service system including the failure of hardware and software, and 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.

Due to unpredictable traffic congestion and other reasons, Interest Securities Trading Service may not be reliable and Transactions conducted via Interest Securities Trading Service may be subject to delays in transmission and receipt of your Instructions or other information, delays in execution or execution of your Instructions at prices different from those prevailing at the time your Instructions were given, transmission interruption or blackout. There are risks of misunderstanding or errors in communication, and it is also usually not possible to cancel an Instruction after it has been given. The Company accepts no responsibility for any loss which may be incurred by the Client as a result of such interruptions or delays or access by third parties. You should not place any Instruction with us via Interest Securities Trading Service if you are not prepared to accept the risk of such interruptions or delays; and

Market data and other information made available to the Client through our Interest Securities Trading Service may be obtained by the Company from third parties. While the Company believes such market data or information to be reliable, neither the Company nor such third parties guarantees the accuracy, completeness or timeliness of any such market data or information.

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

If you provide the Company 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.

You understand that your authority to hold mail or to direct mail to third parties shall be deemed to be automatically renewed if the Company issues a notification to you before the expiry date of the authority and you do not specifically revoke such authority in writing before such expiry date.

D. RISKS OF TRADING SPECIFIC PRODUCTS

If services are to be provided by the Company to the Customer in relation to specific products, the Company shall provide to the Customer upon request product specifications and any prospectus or other offering document covering such products,

1. RISKS OF TRADING CALLABLE BULL/BEAR CONTRACTS ("CBBC")

1.1 Mandatory call

A CBBC will be called by the issuer when the price of the underlying asset hits the call price as specified in the listing document and as such, the trading in that CBBC will expire early. Payoff for Category N CBBCs will be zero when those CBBCs expire early. When Category R CBBCs expire early, the holder may receive a small amount of cash payment or residual value or may receive no residual value at all in adverse situations. Once the CBBC is called, it will not be revived and Clients will not be able to make profit even though the underlying asset may at the time bounce back.

1.2 Gearing effects

Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater when compared with that of the underlying asset. Clients may suffer higher losses in percentage terms if they expect the price of the underlying asset to go one way but it goes in the opposite direction.

1.3 Limited life

A CBBC has a limited life, as denoted by the fixed expiry date. The life of a CBBC may be shorter if it is called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying asset from time to time and may become worthless after expiry, and in certain cases, even before the normal expiry if the CBBC has been called early.

1.4 Movement with underlying asset

Although the price of a CBBC tends to follow closely with the price of its underlying asset, it may not be the case in certain circumstances. Prices of CBBC are affected by a range of factors, including its own demand and supply, funding costs and remaining time to expiry. In addition, the delta for a particular CBBC may not always be close to one, particularly, when the price of the underlying asset is close to the call price.

1.5 Liquidity

Although CBBCs have liquidity providers, there is no guarantee that the Clients will be able to buy/sell CBBCs at the target prices they wish at any particular time.

1.6 Funding costs

The issue price of a CBBC includes funding costs and issuers will specify the formula for calculating such funding costs in the listing documents at the time of its launch. Since the

funding costs for each CBBC issue may be different as they include the issuer's financing / stock borrowing costs after adjustment for expected ordinary dividend of the stock plus the issuer's profit margin. Clients should compare the funding costs of different issuers for CBBC with similar underlying assets and the terms. Funding costs are gradually reduced over time as the CBBC approaches its expiry. The longer the duration of the CBBC, the higher the total funding costs. When a CBBC is called, the Clients will lose the funding costs for the full period since the funding costs are built into the CBBC price upfront at launch even though with a mandatory call event, the actual period of funding for the CBBC turns out to be shorter.

1.7 Trading of CBBC close to the call price

When the underlying asset is trading close to the call price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and as a result, the trading will cease. However, the trade inputted by the Client may still be executed and confirmed by the exchange participant after such mandatory call event since there may be some time lapse between such call event and the cessation of trading. Any trade executed after such call event will not be recognized and cancelled. Clients should therefore note such risk and ought to apply special caution when the CBBC is trading close to the call price.

1.8 CBBC with overseas underlying assets

Clients trading CBBC with overseas underlying assets are exposed to an exchange rate risk as the price and cash settlement amount of the CBBC are converted from a foreign currency into Hong Kong dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets which are affected by a range of factors. Also, CBBC issued on overseas underlying assets may be called outside the local exchange's trading hours.

2. RISKS OF TRADING DERIVATIVE WARRANTS

2.1 Issuer risk

Derivative warrant holders are unsecured creditors of the issuer and they have no preferential claim to any assets that an issuer may hold. Clients are therefore exposed to the credit risk of the issuer.

2.2 Gearing risk

Although derivative warrants may cost a fraction of the price of the underlying assets, a derivative warrant may change in value more or less rapidly than the underlying assets. There are possibilities that the value of the derivative warrants may fall to zero and holders may lose their entire purchase price in the worst-case scenario.

2.3 Limited life

Derivative warrants have an expiry date. They may become worthless at expiration.

2.4 Time decay

The value of derivative warrants will decrease over time. Therefore, derivative warrants should not be regarded as investment products for long term investment purposes.

2.5 Volatility

An increase in the volatility of the underlying asset should lead to a higher warrant price whereas a decrease in volatility will lead to a lower price. Clients should know the volatility of underlying assets.

2.6 Market forces

In addition to the basic factors that determine the theoretical price of a derivative warrant, derivative warrant prices are also affected by the demand for and supply of the derivative

warrants. Supply and demand forces may be the greatest when a derivative warrant issue is almost sold out and when there are further issues of an existing derivative warrant.

2.7 Turnover

High turnover in a derivative warrant should not be viewed as an indication that its price will go up. The price of a derivative warrant is affected by a range of factors from market forces to technical matters such as the price of the underlying asset, the price volatility of the underlying asset, the time remaining to expiry, interest rates and the expected dividend of the underlying asset.

3. **RISKS OF TRADING EXCHANGE TRADED FUNDS (“ETF”)**

3.1 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 purpose, but in general they do not have the discretion to take defensive positions in declining markets. Clients must be prepared to bear the risk of loss and volatility associated with the underlying indices/assets.

3.2 Tracking errors

Tracking errors refer to the disparity in performance between an ETF and its underlying indices/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 indices/assets, and the ETF manager’s replication strategy.

3.3 Trading at discount or premium

An ETF may be traded at a discount or premium to its net asset value. 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.

3.4 Foreign exchange risk

Clients 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 and also the ETF price.

3.5 Liquidity risk

Securities Market Makers (“SMMs”) are Stock 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 fulfil their role, Clients may not be able to buy or sell the product.

3.6 Counterparty risk involved in ETFs with different replication 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. Where ETFs utilizing a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark, they are exposed to counterparty risk of the swap dealers or the derivative instruments’ issuers and may suffer losses if such dealers or 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.

4. RISKS OF TRADING IN FOREIGN CURRENCY

The profit or loss in transactions in foreign currency denominated products (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 products to another currency.

SCHEDULE D – INTERNET SECURITIES TRADING AGREEMENT

This Internet Securities Trading Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Client to which this Internet Securities Trading Agreement is annexed whereby the Company agrees to provide to the Client with Internet Securities Trading Service which enables the Client to give electronic Instructions and to obtain quotations and other information via computer or telephonic transmission for use on compatible personal, home or small business computers, including internet appliance with modems, terminals or network computers that can connect to a telecommunication network ("**Internet Securities Trading Service**"). Where any conflict arises between the Securities Client Agreement and the provisions of this Internet Securities Trading Agreement, the provisions of the latter shall prevail.

1. INTERPRETATION

- 1.1 Terms defined in this Internet Securities Trading Agreement have the same meanings as in the Securities Client Agreement unless stated otherwise.
- 1.2 The following expressions shall, unless the context requires otherwise, have the following stated meanings:
- | | |
|----------------------|--|
| "Login ID" | means the Client's identification, used in conjunction with the Password, to gain access to the Internet Securities Trading Service; |
| "Information" | means any transaction or market data, bid and ask quotations, news reports, third party analysts' reports, research and other information relating to securities and the securities markets; |
| "Password" | means the Client's password, used in conjunction with the Login ID, to gain access to the Internet Securities Trading Service. |
- 1.3 References to "**Instructions**" in the Securities Client Agreement are deemed to include electronic instructions given by means of Internet Securities Trading Service.

2. USING INTERNET SECURITIES TRADING SERVICE

- 2.1 On the issuance by the Company to the Client of its Login ID and Password, the Internet Securities Trading Service shall be activated and the Company shall notify the Client.
- 2.2 The Company is entitled to require the Client to place a cash and/or Securities deposit prior to execution of any Instructions as will be informed by the Company from time to time.
- 2.3 The Client hereby agrees that:
- (i) the Client shall use the Internet Securities Trading Service only in accordance with this Internet Securities Trading Agreement, the Securities Client Agreement and the instructions and procedures which may be supplied to the Client from time to time;
 - (ii) the Client shall be the only authorized user of the Internet Securities Trading Service;
 - (iii) the Client shall be responsible for the confidentiality and use of its Login ID and Password;
 - (iv) the Client shall be solely responsible for all Instructions entered through the

Internet Securities Trading Service using its Login ID and Password and any Instructions so received by the Company shall be deemed to be made by the Client at the time received by the Company and in the form received;

- (v) the Client shall immediately inform the Company if it becomes aware of any loss, theft or unauthorized use of its Login ID or Password;
 - (vi) the Client shall immediately inform the Company if it becomes aware of any failure by the Client to receive a message that an order initiated by the Client through Internet Securities Trading Service has been received and executed through the Internet Securities Trading Service;
 - (vii) the Client shall provide the Company with the Client's e-mail address, and promptly provide the Company with any changes to the Client's e-mail address, and to accept electronic communications from the Company at the e-mail address as the Client has specified;
 - (viii) the Company may in its absolute discretion impose restrictions on the types of orders, and the range of prices for orders which can be placed through the Internet Securities Trading Service;
 - (ix) the Client agrees to pay all subscription, service and user fees, if any, that the Company charges for the Internet Securities Trading Service and authorizes the Company to debit the Client's Account with the same;
 - (x) that the Client shall be bound by any consent the Client gives through the Internet Securities Trading Service for the Company to provide any notices, statements, trade confirmations and other communications to the Client solely through Internet Securities Trading Service;
 - (xi) that the Client shall logoff the Internet Securities Trading Service immediately following the completion of each Internet Securities Trading Service session;
 - (xii) that the Client shall not use or permit the use of the Information or any part thereof for any illegal purpose;
 - (xiii) that the Client shall not disseminate the Information to third parties, and shall solely use the Information or any part thereof for its own use or in the ordinary course of its own business.
- 2.4 After the giving of an Instruction via the Internet Securities Trading Service, the Client shall check via the Internet Securities Trading Service that its Instruction has been correctly acknowledged by the Company.
- 2.5 Without limiting the generality of the foregoing, the Client acknowledges and agrees that it may not be possible to amend or cancel an Instruction after it has been given through the Internet Securities Trading Service and that an Instruction may only be amended or cancelled if it has not been executed by the Company. In such circumstances the Company will use its best efforts to amend or cancel the Instruction but, notwithstanding an acknowledgement by the Company in relation to the amendment or cancellation, there is no guarantee that the amendment or cancellation will occur. If the amendment or cancellation does not occur, the Client shall remain liable for the original Instruction.
- 2.6 In the case the Internet Securities Trading Service is not available, the Client shall place its Instructions in accordance with the Clause 5.1 of the Securities Client Agreement

3. PROVISION OF INFORMATION

- 3.1 The Company may convey Information to the Client by Internet Securities Trading Service. The Client may be charged a fee for information the Company provides that has been obtained from Exchanges, markets and from other third parties that transmit Information (collectively referred to as the “**Information Providers**”).
- 3.2 The Information is the property of the Company, the Information Providers or others and is protected by copyright. The Client shall:
- (i) not upload, post, reproduce or distribute any Information, software or other material protected by copyright or other intellectual property right (as well as rights of publicity and privacy) without first obtaining the permission of the owner of such rights; and
 - (ii) not use the Information or any part thereof other than for its own use or in the ordinary course of its own business.
- 3.3 The Client agrees not to:
- (i) reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit the Information in any manner without the express written consent of the Company and the relevant Information Provider(s);
 - (ii) use the Information for any unlawful purpose;
 - (iii) use the Information or any part thereof to establish, maintain or provide or to assist in establishing, maintaining or providing a trading floor or dealing service for trading in securities listed on the SEHK.
- 3.4 The Client agrees to comply with reasonable written requests by the Company to protect the Information Providers’ and the Company’s respective rights in the Information and the Internet Securities Trading Service.
- 3.5 The Client shall comply with such reasonable directions as the Company may give from time to time concerning permitted use of the Information.
- 3.6 The Client authorizes the Company to provide information on the Internet Securities Trading Service supplied to the Client hereunder to the HKEX Information Services Limited to enable the Company to comply with the licence agreement between the HKEX Information Services Limited and the Company relating to market data feeds.

4. INTELLECTUAL PROPERTY RIGHTS

- 4.1 The Client acknowledges that the Internet Securities Trading Service, and any software comprised in it, is proprietary to the Company.
- 4.2 The Client warrants and undertakes that it shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the Internet Securities Trading Service or any of the software comprised in it. The Client agrees that the Company shall be entitled to terminate this Internet Securities Trading Agreement if at any time the Client breaches, or if the Company at any time reasonably suspects that the Client has breached, this warranty and undertaking.
- 4.3 The Client undertakes to notify the Company immediately, if the Client becomes aware that any of the action (described in Clause 4.2) is being perpetrated by any other person.

5. LIMITATION OF LIABILITY AND INDEMNIFICATION

- 5.1 The Client agrees, understands and acknowledges that the Company shall not be liable to the Client if the Client is not able to access its account information or request a transaction through the Internet Securities Trading Service.
- 5.2 The Company, its Associates, its Correspondent Agents and the Information Providers shall not be responsible for any losses, costs, expenses or liabilities suffered by the Client resulting from circumstances beyond their reasonable control including, without limitation:
- (i) delays, failure or inaccuracies in transmission of communications to or from the Company through telephone, electronic or other systems that are not under the Company's control;
 - (ii) delays, inaccuracies or omissions in or unavailability of research, analysis, market data and other Information prepared by Information Providers;
 - (iii) unauthorized access to communications systems, including unauthorized use of the Client access number(s), password(s), and/or account numbers; and
 - (iv) war or military action, government restrictions, labour disputes or closure of or disruption to orderly trading on any market or exchange, severe weather conditions and acts of god.
- 5.3 The Client agrees to defend, indemnify and hold the Company, its Associates, its Correspondent Agents and the Information Providers harmless from and against any and all claims, losses, liability costs and expenses (including but not limited to attorney's fees) arising from the Client's violation of the Securities Client Agreement (including this Internet Securities Trading Agreement), applicable securities laws or regulations, or any third party's rights, including but not limited to infringement of any copyright, violation of any proprietary right and invasion of any privacy rights. This obligation will survive the termination of this Internet Securities Trading Agreement.
- 5.4 The Client accepts that while the Company endeavours to ensure the accuracy and reliability of the Information provided, the Company does not guarantee its accuracy or reliability and accepts no liability (whether in tort, contract or otherwise) for any loss or damage from any inaccuracies or omissions.

6. TERMINATION OF INTERNET SECURITIES TRADING SERVICE

- 6.1 The Company reserves the right to terminate the Client's access to the Internet Securities Trading Service or any portion of them in its sole discretion, without notice and without limitation for any reason whatsoever, including but not limited to the unauthorized use of the Client's Login ID(s), Password(s) and/or account number(s), breach of this Internet Trading Agreement or the Client Agreement(s), discontinuance of the Company's access to any information from any Information Provider or termination of one or more agreements between the Company and Information Providers.
- 6.2 In the event of termination by the Company, the Information Providers, and the Company shall have no liability to the Client, provided, however, that if the termination is without cause the Company will refund the pro rata portion of any fee that may have been paid by the Client for the portion of the Internet Securities Trading Service not furnished to the Client as of the date of such termination.

7. RISK DISCLOSURE

The Company refers the Client to the Risk Disclosure Statements contained in Schedule C.

8. GENERAL

- 8.1 In the event of any dispute between the parties, the Client agrees that the records of the Company (including Internet Securities Trading records) shall prevail.
- 8.2 The Company may change the terms in this Internet Securities Trading Agreement from time to time by giving the Client reasonable notice in writing or via Internet Securities Trading Service.

SCHEDULE E – MARGIN CLIENT AGREEMENT

This Margin Client Agreement is supplemental to the Securities Client Agreement entered into by the Company and the Client to which this Margin Client Agreement is annexed whereby the Client's Account is allowed to conduct margin trading ("**Margin Account**") and the Company agrees to grant credit facilities ("**Facility**") to the Client at the Client's request for the Client's Transactions. Where any conflict arises between the Securities Client Agreement and the provisions of this Margin Client Agreement, the provisions of this latter shall prevail.

1. DEFINITIONS

- 1.1 Terms defined in this Margin Client Agreement have the same meanings as in the Securities Client Agreement unless stated otherwise.
- 1.2 References to "**Account**" in the Securities Client Agreement is deemed to include the Margin Account as established pursuant to this Margin Client Agreement.
- 1.3 "**Collateral**" means all monies and Securities of the Client which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the Company or its Associates or nominees, or transferred to or held by any other person in circumstances where the Company accepts the same as security for the Client's obligations under the Agreement. The Collateral shall include those monies and securities that shall come into the possession, custody or control of the Company or its Associates from time to time for any purpose whatsoever (which shall include any additional or substituted securities and all dividends or interest paid or payable, rights, interest, monies or property accruing at any time by way of redemption, bonus, preference, options or otherwise on or in respect of any such Securities or additional or substituted Securities).
- 1.4 "**Credit Limit**" is the maximum amount of Facility that the Company will grant the Client irrespective of the amount of the Client's Collateral and Margin Ratio.
- 1.5 "**Margin Ratio**" is the percentage of the value of the Collateral up to which the Client is permitted to borrow (or otherwise to secure other forms of financial accommodation) from the Company against the Collateral.
- 1.6 "**Connected Margin Clients**" means:
 - (i) Clients and his or her spouse;
 - (ii) any two or more margin clients who are natural persons (other than spouses) and act on behalf of the same third party where the third party is not a margin client of the Company but is the beneficial owner of their accounts, or stands to gain the commercial or economic benefit or bear the commercial or economic risk of the transactions in their accounts;
 - (iii) any two or more margin clients who are natural persons (other than spouses) where one acts through the others and is the beneficial owner of the others' accounts, or stands to gain the commercial or economic benefit or bear the commercial or economic risk of the transactions in the others' accounts;
 - (iv) any two or more margin clients that are corporations of which a natural person, either alone or with his spouse, controls 35% or more of their voting rights; or
 - (v) any two or more margin clients who are financially connected by guarantee arrangements, whereby the financial liabilities of one or more of them are guaranteed by one or more of the others, or their financial liabilities are guaranteed by the same

guarantor where the guarantor is not a margin client of the Company.

2. MARGIN FACILITY

- 2.1 The Facility is extended to the Client in accordance with the provisions set out in this Margin Client Agreement, any fees and charges sheet from the Company to the Client and in the Securities Client Agreement (collectively called "**Margin Facility Terms**"). The Client agrees to use the Facility only in connection with the acquisition or holding of Securities by the Company for the Client.
- 2.2 Subject to Clause 2.4 below, the Company may grant the Client and his / her Connected Margin Clients Facility of such amount up to the Credit Limit as may be notified to the Client and his / her Connected Margin Clients from time to time. The Credit Limit available to the Client and his / her Connected Margin Clients and the Margin Ratio may be varied by notice by the Company from time to time. Notwithstanding the credit limit as notified to the Client and his / her Connected Margin Clients, the Company may at its discretion extend Facility to the Client in excess of the Credit Limit and the Client agrees that the Client and his / her Connected Margin Clients shall be liable to repay the full amount of any Facility given by the Company in accordance with Clause 2.1.
- 2.3 The Company is instructed and authorized by the Client to draw on the Facility to settle any amounts due to the Company or its Associates in respect of the Client's purchase of Securities, margin maintenance obligations for any positions required by the Company or its Associates, or payment of any commission or other costs and expenses owing to the Company or its Associates.
- 2.4 The Company will not at any time be obliged to provide any Facility to the Client. In particular, the Client understands the Company may not provide any Facility to the Client if any of the following circumstances should arise:
- (i) the Client is in default of any provisions of the Agreement;
 - (ii) in the opinion of the Company 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 or perform the Client's obligations under the Agreement;
 - (iii) making an advance would cause the applicable Credit Limit to be exceeded; or
 - (iv) the Company in its absolute discretion considers it prudent or desirable for its protection not to do so.
- 2.5 For so long as there exists any indebtedness to the Company on the Client's part, the Company shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral and the Client shall not without the prior written consent of the Company be entitled to withdraw any Collateral in part or in whole from the Client's Account.
- 2.6 The Client shall on demand from the Company make payments of deposits or margins in monies, Securities and/or any other assets in such amount and in such form into a designated account and within such time as specified by the Company (referred to as a "**Margin Call**"), as the Company in its absolute discretion determines necessary to provide adequate security in respect of the Facility. For the purpose of a Margin Call, the Company shall use its best endeavours to contact the Client promptly by phone on the telephone numbers indicated by the Client on the Account Opening Form and/or by sending to the Client a Margin Call notice by post, fax, email or otherwise. The Client agrees that it shall be deemed properly notified of the Margin Call even if the Company fails to contact it by phone or the Client fails to receive the written notice.

- 2.7 Any failure by the Client with Clause 2.6 of this Margin Client Agreement will constitute any Event of Default under Clause 11 of the Securities Client Agreement.

3. MARGIN PROCEDURE

- 3.1 In respect of each sale or purchase of securities by the Company pursuant to the Client's instructions under this Agreement, where such purchased securities are to be financed or such sold securities have been financed by margin finance facilities referred to in this Agreement, the Company will be entitled (but not obliged) to without notice to the Client effect such transaction as follows:
- (i) to sell or, as the case may be, purchase securities on the Securities Account;
 - (ii) in the case of a purchase of securities, to settle the purchase price by debiting the Margin Account on the settlement date of such transaction;
 - (iii) upon debiting the Margin Account in accordance with clause (ii) above, to arrange for such securities to be held by and charged to the Company in accordance with Clause 4 of this Agreement to secure the debit balance on the Margin Account;
 - (iv) in the case of a sale of securities (subject to the Company's charge over the securities referred to in clause (iii) above), to settle such transaction on the date of such transaction by (i) transferring from the Margin Account such securities for the purpose of settling such sale and (ii) upon receipt of the proceeds of such sale, transferring to the credit of the Margin Account such proceeds so as to reduce or settle the then existing debit balance, if any, on the Margin Account in accordance with the terms of this Agreement; and/or
 - (v) to settle any liability, in part or in full, owed by or on behalf of the Client to any Associated Company, the Broker's nominee or any third party.

4. CHARGE

- 4.1 The Client, as beneficial owner, charges in favour of the Company by way of first fixed charge all the Client's respective rights, title, benefit, and interests in and to call Collateral as a continuing security ("**Charge**") for the payment and satisfaction on demand of all monies and liabilities (absolute or contingent) and performance of all obligations under the terms of Margin Facility Terms which are now or at any time hereafter may be due, owing or incurred from or by the Client to the Company or its Associates, or for which the Client may be or become liable to the Company or its Associates on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name, style or firm) together with interest from the date of demand to the date of repayment, and any commission, legal and other costs, charges and expenses as they appear in the records of the Company or its Associates.
- 4.2 The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owing by the Client to the Company and/or its Associates and notwithstanding the closing of any of the Client's accounts with the Company and which are subsequently reopened or the subsequent opening of any account by the Client either alone or jointly with others and shall extend to cover all or any sum of monies which shall for the time being constitute the balance due from the Client to the Company or its Associates on any account or otherwise.
- 4.3 The Client represents and warrants that the Collateral is legally and beneficially owned by the Client, that the Client is entitled to deposit the Collateral with the Company or its

Associates, that the same is and will remain free from any lien, charge or encumbrance of any kind, and that any stocks, shares, and other securities comprised in the Collateral are and will be fully paid up.

- 4.4 Upon irrevocable payment in full of all sums which may be or become payable under the Securities Client Agreement and the full performance of the Client's obligations under the Margin Facility Terms, the Company will, at the Client's request and expense, release to the Client all the rights, title and interest of the Company in the Collateral, and will give such Instructions and directions as the Client may require in order to perfect such release.
- 4.5 Until the Charge becomes enforceable, (i) the Company will have the right, subject only to giving the Client notice, to exercise rights relating to the Collateral to protect the value of the Collateral; and (ii) except as otherwise provided in this Margin Client Agreement, the Client may direct the exercise of other rights attaching to, or connected with the Collateral, but not in any manner which is inconsistent with the Client's obligations under the terms of Margin Facility Terms, or which may in any way prejudice the Company's rights in relation to the Collateral.

5. POWER OF ATTORNEY

- 5.1 The Client by way of security irrevocably appoints the Company to be the Client's attorney on the Client's behalf and in the Client's name to do all acts and things and to sign, seal, execute, deliver, perfect and do all deeds, instruments, documents, acts, and things which may be required for carrying out any obligation imposed on the Client by or pursuant to the terms of Margin Facility Terms, and generally for enabling the Company to exercise the respective rights and powers conferred on it by or pursuant to the Margin Facility Terms or by law including (but without limitation):
 - (i) to execute any transfer or assurance in respect of any of the Collateral;
 - (ii) to perfect the title of any of the Collateral;
 - (iii) to ask, require, demand, receive, compound and give a good discharge for any and all monies and claims for monies due or to become due under or arising out of any of the Collateral;
 - (iv) to give valid receipts and discharges and to endorse any cheques or other instruments or orders in connection with any of the Collateral; and
 - (v) generally to file any claims or take any lawful action or institute any proceeding which it considers to be necessary or advisable to protect the security created under the Margin Facility Terms.

6. DISPOSAL OF COLLATERAL

The Client agrees that in the event of any sale pursuant to the Securities Client Agreement or the Margin Facility Terms, any Collateral will be sold or disposed of in the absolute discretion of the Company and upon any sale by the Company, a declaration made by an officer of the Company that the power of sale has become exercisable shall be conclusive evidence of the fact in favour of any purchaser or other person deriving title to any of the Collateral under the sale and no person dealing with the Company or its nominees shall be concerned to inquire the circumstances of the sale.

7. TERMINATION OF FACILITY

- 7.1 The Facility is repayable on demand and may be varied or terminated in the absolute discretion of the Company. In particular, the Facility will be terminated upon the

occurrence of any one or more of the following events:

- (i) the withdrawal or non-renewal of the Client's authorization to the Company as required by section 7 of the Securities and Futures (Client Securities) Rules (Cap. 571H); or
- (ii) any termination in accordance with Clauses 11 and 13 of the Securities Client Agreement, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Facility); or

7.2 Upon termination of the Facility, any outstanding indebtedness by the Client shall forthwith be repaid by the Company.

7.3 Repayment of all or any of the loan amounts owed to the Company will not of itself constitute cancellation or termination of the Margin Facility Terms.

8. SECURITY UNAFFECTED

Without prejudice to the generality of the foregoing, neither the Charge nor the amounts thereby secured will be affected in any way by:

- (i) any other security, guarantee or indemnity now or hereafter held by the Company or its Associates under or in respect of the Margin Facility Terms or any other liabilities;
- (ii) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including, except to the extent of the relevant variation, amendment, waiver or release, the Charge);
- (iii) the enforcement or absence of enforcement or release by the Company or its Associates of any security, guarantee or indemnity or other document (including the Charge);
- (iv) any time, indulgence, waiver or consent given to the Client or any other person whether by the Company or its Associates;
- (v) the marking or absence of any demand for payment of any sum payable under the Margin Facility Terms made on the Client whether by the Company or any other person;
- (vi) the insolvency, bankruptcy, death or insanity of the Client
- (vii) any amalgamation, merger, or reconstruction that may be effected by the Company with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of the Company to any other person;
- (viii) the existence of any claim, set-off or other right which the Client may have at any time against the Company or any other person;
- (ix) any arrangement or compromise entered into by the Company with the Client or any other person;
- (x) the illegality, invalidity or unenforceability of, any defect in, any provision of any document relating to the Facility or any security, guarantee or indemnity (include the Charge) or any of the rights or obligations of any of the parties under or in connection with any document or any security, guarantee or indemnity (including the Charge), whether on the ground of *ultra vires*, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever.
- (xi) any agreement, security, guarantee, indemnity, payment or other transaction which is

capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or any other thing done or omitted or neglected to be done by the Company or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the Margin Facility Terms.

9. RISK DISCLOSURE

The Company refers the Client to the Risk Disclosure Statements contained in Schedule C.

SCHEDULE F – RISK DISCLOSURE OF E-STATEMENT

Vast Harbour Securities Limited would like to draw the client's attention to the risks associated with the provision of daily/monthly statements by email as follows:

1. Appropriate computer equipment and software, internet access and a specific email address provided and designated by the client are required for using the service.
2. Internet and email services may be subject to certain IT risks and disruption.
3. Email will be the client's only notice that statements have been provided, and the client should check his designated email address regularly for such statements.
4. Revocation of consent to the provision of statements by email will be subject to the giving of advance written notice by the client.
5. The client may be required to pay a reasonable charge for obtaining a hard copy of any statement.

Moreover, client is advised that:

- (a) client should inform us in writing as soon as practicable upon a change in the designated email address;
- (b) client should promptly review the statements received by email to ensure that any errors are detected and reported to us as soon as practicable;
- (c) client should save an electronic copy in the client's own computer storage or print a hard copy of the statements for future reference.

Note: Internet and email services may be subject to IT risks and disruption. Vast Harbour Securities Limited will not be held liable for any failure to transmit statements by email to clients due to technology problems. In case of any returned undelivered email notification received by Vast Harbour Securities Limited, we will mail out hard copy statements to client at client's address.

SCHEDULE G – NOTICE TO CLIENT ON THE PERSONAL INFORMATION COLLECTION STATEMENT IN CONNECTION TO THE HONG KONG INVESTOR IDENTIFICATION REGIME AND OVER-THE COUNTER SECURITIES TRANSACTIONS REPORTING REGIME AND STOCK CONNECT NORTHBOUND TRADING

Unless otherwise defined, terms defined under the rules and requirements of Hong Kong Investor Identification Regime (“HKIDR”) and Over-the-counter Securities Transactions Reporting Regime (“OTCR”) by the Stock Exchange of Hong Kong (“SEHK”) and the SFC shall have the same meaning in this notice. If there is any inconsistency or ambiguity between the English version and the Chinese version, the English version shall prevail.

Client Identification Data (“CID”) means:

- Client's full name on identity document (“ID”), ID's issuing jurisdiction, ID type and ID number
- Waterfall for acceptability of identity document for the CID:
 1. an individual: HKID card -> national ID -> passport
 2. a corporate: LEI document -> certificate of incorporation -> business registration certificate -> other equivalent documents
 3. a trust: Waterfall of CID to follow (1) or (2) depending on the account holder's nature. However in the case of a trust which is an investment fund, CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the relevant licensed or registered person should be obtained

Client acknowledges and agrees that the Company may collect, store, process, use, disclose and transfer personal data relating to the Client (including CID and Broker-to-Client Assigned Number (“BCAN”)) as required for the Company to provide services to the Client in relation to securities listed or traded on the SEHK and for complying with the rules and requirements of SEHK and the SFC in effect from time to time. Without limiting the foregoing, this includes:

1. disclosing and transferring the Client's personal data (including CID and BCAN(s)) to SEHK and/or the SFC in accordance with the rules and requirements of SEHK and the SFC in effect from time to time;
2. allowing SEHK to: (i) collect, store, process and use the Client's personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange of SEHK; (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; and
3. allowing the SFC to: (i) collect, store, process and use the Client's 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.

NORTHBOUND TRADING OF SHANGHAI-HONG KONG STOCK CONNECT/NORTHBOUND TRADING OF SHENZHEN-HONG KONG STOCK CONNECT (“STOCK CONNECT NORTHBOUND TRADING”)

When the Company provides Stock Connect Northbound Trading Service to the Client, the Client acknowledges and agrees that the Company is required to:

- (i) tag each of the Client's orders submitted to the China Stock Connect System (“CSC”) with a BCAN that is unique to the Client; and

- (ii) provide to the Exchange the Client's assigned BCAN and CID relating to the Client as the Exchange may request from time to time under its Rules.

Without limitation to any notification the Company has given the Client or consent from the Client in respect of the processing of the Client's personal data in connection with the Account and services to the Client, the Client acknowledges and agrees that the Company may collect, store, use, disclose and transfer the Client's personal data relating to the Client as required as part of the Company's Stock Connect Northbound Trading Service, including as follows:

- a. to disclose and transfer BCAN and CID of the Client to the Exchange and the relevant Exchange Subsidiaries from time to time, including tagging the Client's BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a realtime basis;
- b. to allow the Exchange and the relevant SEHK Subsidiaries to: (i) collect, use and store BCAN and CID of the Client and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via Hong Kong Exchanges and Clearing Limited) for market surveillance, and monitoring purposes and enforcement of the Rules of SEHK; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
- c. to allow the relevant China Connect Clearing House to: (i) collect, use and store BCAN and CID of the Client to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the Exchange and the relevant Exchange Subsidiary; (ii) use BCAN and CID of the Client for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
- d. to allow the relevant China Connect Market operator to: (i) collect, use and store BCAN and CID of the Client to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

By giving the Company any instruction relating to China Connect Securities, the Client acknowledges and agrees that the Company may use the Client's personal data for the purposes of complying with the requirements of the Exchange and its rules as in force from time to time in connection with the Stock Connect Northbound Trading. The Client also acknowledges that despite any subsequent purported withdrawal of consent by the Client, the Client's personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

By instructing the Company in respect of any transaction, the Client acknowledges and agrees that the Company may use the Client's personal data (including CID and/or BCAN(s)) for the purposes of complying with the requirements of SFC or SEHK and its rules as in force from time to time. The Client also acknowledges that despite any subsequent purported withdrawal of consent by me/us, the Client's personal data (including CID and/or BCAN(s)) may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

Consequences of failing to provide Personal Data or Consent

The Client acknowledges and agrees that failure to provide the Company with the Client's personal data or consent as described above may mean that the Company will not, or no longer be able, as the case may be, carry out the Client's trading instructions or provide the Client with securities related services and the Stock Connect Northbound Trading Service. (other than to sell, transfer out or withdraw the Client's existing holdings of securities, if any).

SCHEDULE H – THE U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT (“FATCA”)

This Schedule is supplemental to the Agreement for Securities Trading Account (“Agreement”) entered into by the Company and the Client to which this Schedule is annexed whereby pursuant to the U.S. Foreign Account Tax Compliance Act, or FATCA, all non-United States entities in a broadly defined class of financial institutions (“FIs”), are required to comply with an expansive documentation and reporting regime, or, beginning from July 1, 2014, be subject to a 30% United States withholding tax on certain U.S. payments constituting “withholdable payments” (beginning in 2017, a 30% withholding tax applies to gross proceeds from the sale of assets which could produce withholdable payments and foreign pass-through payments). Certain passive non U.S. entities which are not FIs are required to either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership, or, beginning from July 1, 2014, become subject to the same 30% U.S. withholding tax as described above. The reporting obligations imposed under FATCA generally require FIs to obtain and disclose information about certain Clients to the United States Internal Revenue Service (“IRS”).

The impact of FATCA on FIs in a specific country may be modified by an intergovernmental agreement (“IGA”) between the United States and that country.

A Hong Kong IGA should apply to the Company as it is resident in Hong Kong. Under the Hong Kong IGA, the Company is obligated to apply prescribed due diligence procedures, and report “U.S. Accounts” and account information with respect to “Nonparticipating Financial Institutions” to the IRS.

Clients may be requested to provide a self-certification or other documentation to the Company in order to establish their tax residence.

Furthermore, if there is any change in circumstances that would affect the Clients’ tax residence statuses or there is reason for the Company to know that the self-certification is incorrect or unreliable, a new self-certification and/or additional documentation may be required from the Clients.

Where any conflict arises between the Agreement and the provisions of this Schedule, the provisions of the latter shall prevail.

The Client hereby agrees with the following terms and conditions in relation to FATCA:-

1 Interpretation

- i “Code” means the U.S. Internal Revenue Code of 1986, as amended.
- ii “FATCA” means
 - a) the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Service under Sections 1471 to 1474 of the Code or any associated treasury regulations, as amended or supplemented from time to time, or other official guidance;
 - b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
 - c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.
- iii. “FATCA Withholding” means a deduction or withholding from a payment under the Agreement as required by FATCA.
- iv. “FATCA Withholdable Payments” include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income, in each case, from sources within the U.S., as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the U.S. FATCA will also require withholding on the gross proceeds of such sales for payments made after December 31, 2016. Certain U.S. sourced financial payments in connection with lending

transactions, investment advisory fees, custodial fees, bank or brokerage fees are also included.

2 Representation and warranty

The Client hereby represents and warrants that all the information and documents provided in connection with Form W-8 and/or information on the account opening form and/or other documentation for which the account holder provided by the Client are true, correct, complete, and not misleading. The Client undertakes to notify the Company promptly (and within 30 days of such change) in writing with updated information and documents whenever there is any change in such information or documents.

3 Requests for additional identification documents for FATCA purposes

In order to comply with FATCA and in accordance with any local or foreign law, legislation or regulation and/or to satisfy the Company's Reporting Obligations, the Client agrees and consents that the Company may gather, store, use, process, disclose and report to any such Tax Authority any Personal Information that provides to the Company.

The Company reserves the right to request and the Client has the obligation to provide to the Company additional documentary evidence to validate the U.S. or non-U.S. status for FATCA purposes by the Company during the course of relationship.

If the Client fails to provide the Company with any of the necessary information or to take action as is specified by the Company in the Client Consent Form within the time period specified, the Company shall be entitled to reach whatever conclusions that the Company considers to be appropriate and the Company reserves the right to close the Client's Account or classify the Client's Account as "non-consenting" or "non participating FFI" or execute withholding and reporting under FATCA regulations.

4 Consent from the Client to disclosure information to tax authority

The Client hereby agrees that it is reasonable and appropriate for the Company or its subsidiaries/affiliates to collect the above information. The Client agrees to the sharing of the information, together with any other information collected by the Company for the purposes of FATCA, with its subsidiaries/affiliates and also with the relevant government/tax authorities, based on the relevant tax requirements and subject to all applicable laws and regulations. The above process together with the related data processes may involve a transfer of information outside the Hong Kong Special Administrative Region and may also involve the transfer of data through intermediaries, service providers, counterparties or government bodies/ authorities. If a payee or any third party information is involved in any of the transfer, the Client agrees that the Client has obtained all necessary consent from all such relevant parties in providing the above.

5 Consent to deduct, withhold and block

- i. The Client acknowledges and agrees that notwithstanding any other provisions of the Agreement: any payments by the Company under this Schedule, will be subject to withholding and deduction considered by the Company at its sole and absolute discretion as required by FATCA;
- ii. any amounts withheld under (i) may be held in whatever account or in whatever manner determined by the Company at its sole and absolute discretion; and
- iii. neither the Company nor any of its subsidiaries/affiliates shall be liable for any gross up, loss or damage suffered as a result of the Company's exercising of its rights under this clause.

The Client acknowledges and agrees that any transaction, payment, instruction or service under this Schedule may be delayed, blocked, transferred or terminated where considered by the Company at its sole and absolute discretion as required for the Company to meet its obligations including those under FATCA.

The Client further agrees that the Company shall have full authority to (i) sell, liquidate and/or otherwise dispose of in any manner and at such prices and on such terms and conditions as the Company deems

fit all or part of any of the assets in the Client's account(s) that may produce funds to enable the Company to comply with its obligations considered by the Company at its sole and absolute discretion as required under FATCA; (ii) prohibit the Client from effecting any transactions through or under any of the Client's account(s) for such period as the Company deems necessary or appropriate.

6 Indemnity

Without limitation to any other indemnity provided by the Client to the Company under any other provision of the Agreement or any other schedules, the Client agrees to indemnify the Company, its agents, officers and employees against all liabilities, claims, demands, losses, taxes, costs, charges and expenses of any kind which any of the Company, its agents, officers and employees may suffer or incur, including taxes, interest or penalties, as a result of that party providing misleading or false information or otherwise failing to comply with any requirement under this Schedule or the Company's use of or reliance on any information, documents and supporting materials provided by the Client to the Company for the purposes of the Company's compliance with FATCA. The Client further agrees that the Company is entitled to withhold, retain or deduct such portion from the Client's assets in the possession or control of the Company or such amount(s) from any of the Client's account(s) with the Company as it determines to be sufficient to cover any amount which may be owed by the Client under this clause. This clause shall continue notwithstanding the termination of the relationship between the Company and the Client.