

**Kim Eng Securities (Hong Kong) Limited/**

**Kim Eng Futures (Hong Kong) Limited**

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# **Client Master Agreement**

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(TO BE READ CAREFULLY AND RETAINED BY THE CLIENT FOR RECORDS)



## GENERAL TERMS AND CONDITIONS OF BUSINESS

To: **Kim Eng Securities (Hong Kong) Limited/  
Kim Eng Futures (Hong Kong) Limited**  
28/F, Lee Garden Three,  
1 Sunning Road, Causeway Bay,  
Hong Kong

Date: \_\_\_\_\_

I/We, being the client of Kim Eng Securities (Hong Kong) Limited (a licensed corporation under the Securities and Futures Ordinance with C. E. Number: AAD284 licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities and/or Kim Eng Futures (Hong Kong) Limited (a licensed corporation under the Securities and Futures Ordinance with C. E. Number: ABH686 licensed to carry on Type 2 (dealing in futures contract) and Type 5 (advising on futures contracts) activities), hereby, (in consideration of your agreeing to open or to continue operating the Account) AGREE that the following terms and conditions will apply to all services which you may in your absolute discretion provide to me/us from time to time:-

### 1. Definitions and Interpretation

1.1 In these General Terms and Conditions of Business ("these Terms"), the following words and expression shall have the following meanings: -

"Account" means any account opened in my/our name and maintained with Kim Eng Securities (Hong Kong) Limited and/or Kim Eng Futures (Hong Kong) Limited;

"Additional Terms" means such of your Additional Terms applicable to the services offered by you from time to time;

"AEOL" or "Automatic Exchange of Financial Account Information" means any Applicable Laws and Regulations that require and facilitate the collection, reporting and exchange of information between governments or tax authorities, including but not limited to Inland Revenue (Amendment) (No. 3) Ordinance 2016. Under these rules, you are required to identify account holders and controlling persons of certain entity account holders who are reportable foreign tax residents and report their Financial Account Information to the Hong Kong Inland Revenue Department (IRD), which will transfer this information to the tax authority of the reportable foreign tax resident's country of tax residence on a regular, annual basis. Please see the IRD website for more information: [http://www.ird.gov.hk/eng/tax/dta\\_aeoi.htm](http://www.ird.gov.hk/eng/tax/dta_aeoi.htm);

"Affiliate" means, in relation to a party, an individual, corporation, partnership or any other form of entity directly or indirectly controlling, controlled by or under common control with such party or any of such entities' directors, officers or employees or agents;

"Agents" has the meaning as defined under Clause 2.4 of these Terms and Conditions;

"Agreement" means the written agreement between you and me/us regarding the opening, maintenance and operation of the Account(s) as amended from time to time, including but not limited to the account opening form, Client Information Statement, this Client Master Agreement (including all Additional Terms) and any authority given by me/us to you with respect to the Account(s);

"Applicable Laws and Regulations" means: (a) any local or foreign law, ordinance, regulation, demand, guidance, guidelines, rules, codes of practice, whether or not relating to an intergovernmental agreement between the governments or regulatory authorities of two or more jurisdictions (including but not limited to any applicable intergovernmental agreements entered into pursuant to FATCA and AEOL) which in your sole discretion you are obligated to comply with; (b) any agreement between you and any domestic or foreign government authority; and (c) any code of conduct, best practices, or your internal policies adopted or implemented to facilitate your compliance with (a) or (b);

"Associated Entity" has the same meaning ascribed to it in the Securities and Futures Ordinance;

"Authorized Persons" means those individuals who have been designated by or duly authorized by me/us pursuant to necessary corporate or other action (which shall be evidenced by appropriate documentation delivered and acceptable to you) to act on my/our behalf in connection with the Agreement and "Authorized Person" means any one of the Authorized Persons;

"Business Day" means a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for general business;

"Clearing House" has the meaning ascribed hereto in Clause 2.2(a);

"Client Information Statement" means the Client Information Statement in such form as may be prescribed by you which contains such information about me/us as you may require;

"Client Money Rules" means the Securities and Futures (Client Money) Rules made by the SFC under section 149 of the Securities and Futures Ordinance as amended from time to time;

"Client Money Standing Authority" means the client money standing authority granted by me/us to you in the terms set out in the Agreement as amended from time to time;

"Client Securities Rules" means the Securities and Futures (Client Securities) Rules made by the SFC under section 148 of the Securities and Futures Ordinance as amended from time to time

"Client Securities Standing Authority" means the standing authority granted by me/us to you in the terms set out in Clause 6.6 of the Additional Terms for Margin Securities Trading as amended from time to time;

"Exchange" has the meaning ascribed thereto in Clause 2.2(a);

"Financial Account Information" means (a) any information concerning my/our identity or in relation to me/us (including without limitation, name, address, my/our jurisdiction(s) of tax residence, taxpayer identification number(s) (or its functional equivalent in the absence of taxpayer identification number) in that jurisdiction(s), place of birth, date of birth, the account number (or a functional equivalent in the absence of an account number), the name and identifying number of the reporting financial institution, account information (including without limitation my/our account balance or value, payments made to the account and the fact of closure of the account); and (b) any documentation or information (including without limitation self-certification forms, accompanying statements, waivers, and consents) as you may from time to time require or as I/we may from time to time give pursuant to the Applicable Laws and Regulations;

"Foreign Account Tax Compliance Act" or "FATCA" means

- (a) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, regulations and guidance thereunder;
- (b) any treaty, law, regulation or other official guidance enacted or promulgated in any jurisdiction relating to paragraph (a) above; or
- (c) any agreement with the U.S. Internal Revenue Service or other applicable taxing authority relating to paragraph (a) or (b) above;

"Group Company" means your direct or indirect holding companies and direct or indirect subsidiaries of yourself or of such holding companies or any company under common control with you;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

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

"Information Providers" has the meaning ascribed thereto in Clause 15.14;

"Instruction" means a written, oral or, subject to your agreement, electronic communication which you believe in good faith to have been given by an Authorized Person;

"Kim Eng (HK) Group" means Kim Eng Securities (Hong Kong) Limited, Kim Eng Futures (Hong Kong) Limited together with their subsidiaries, affiliates, associated and related companies;

"Omnibus Account" means an Account opened by any securities intermediary properly registered or licensed as a stock broker, dealer or bank or exempted from such registration or licensing in any jurisdiction and operated on behalf of its clients as indicated in the account application form;

"Securities" means shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, a body, whether incorporated or unincorporated, or a government or municipal government

authority; rights, options or interests (whether described as units or otherwise) in, or in respect of, such shares, stocks, debentures, loan stocks, funds, bonds or notes; certificates of interest or participation in, temporary or interim certificates for, receipts for, or warrants to subscribe for or purchase, such shares, stocks, debentures, loan stocks, funds, bonds or notes; interests in any collective investment scheme; interests, rights or property, whether in the form of an instrument or otherwise, commonly known as securities; interests, rights or property which is interests, rights or property, or is of a class or description of interests, rights or property, prescribed by notice under section 392 of the Securities and Futures Ordinance as being regarded as securities in accordance with the terms of the notice;

"**Securities and Futures Ordinance**" means Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be amended or re-enacted from time to time;

"**SEHK**" means The Stock Exchange of Hong Kong Limited;

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

"**SFC Code of Conduct**" means Code of Conduct for Persons Licensed by or Registered with the SFC as amended from time to time;

"**Terms**" means these General Terms and Conditions of Business;

"**U.S.**" or "**United States**" means the United States of America; and

"**U.S. Person**" means (a) a citizen or resident of the United States; (b) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof; (c) any estate or trust that is subject to United States federal income taxation regardless of the source of its income; (d) any corporation, partnership, trust, estate or other entity in which one or more individuals or entities described in (a), (b) or (c) acting singly or as a group has or have a controlling beneficial interest whether directly or indirectly and, in the case of a corporation or partnership, which is formed principally for the purpose of investing in securities not registered under the United States federal securities laws; or (e) any corporation, partnership or other entity, regardless of citizenship, domicile, situs or residence, if under the federal income tax laws of the United States ten percent (10%) or more of the ownership of any mutual fund would be attributed through such entity to any U.S. Person as defined in this clause.

1.2 Words importing the singular include the plural and vice versa and importing a gender include all genders. Words denoting person include a firm, sole proprietorship, partnership and corporation and vice versa.

1.3 Reference to statutory provisions, regulations or notices shall include those provisions, regulations or notices as amended, extended, consolidated, substituted or re-enacted from time to time.

1.4 I/We agree that any services offered by you shall be regulated by these Terms (including the relevant Additional Terms) and I/we agree to be bound by the same.

## 2. Account Opening and Instructions

### 2.1 Client Information Statement

- (a) I/We declare that all information that I/we have supplied to you (in the Client Information Statement or otherwise) is true, accurate and complete.
- (b) I/We undertake to promptly notify you in writing, in any case no later than thirty (30) days, of any material changes to the information provided in my/our Client Information Statement and all other documents of information submitted or supplied by me/us to you.
- (c) I/We authorize you or your Agents to conduct credit enquiry on me/us and to verify my/our identity, creditworthiness, on-going eligibility for the Account or such purpose which you and/or your Agents deem fit and other information at the time of opening the Account and at anytime throughout the continuance of the Account. You and your Agents may at your discretion refuse to open the Account and/or close any Account which has been opened for me/us without giving any reason.

### 2.2 Authorization

- (a) I/We understand that all transactions for the Account(s) shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of SEHK or such other stock exchanges or markets or over-the-counter markets in or outside Hong Kong (the "**Exchange(s)**"), and the HKSCC or such other clearing houses in or outside Hong Kong ("**Clearing House(s)**"), in which you are dealing on my/our behalf, and to the laws of Hong Kong and of such other places as amended from time to time.
- (b) The Rules of SEHK and the HKSCC or, as the case may be, the rules of the relevant overseas Exchange and Clearing House, in particular those rules which relate to trading and settlement, shall be binding on both you and me/us in respect of transactions concluded on my/our Instructions.
- (c) You are hereby authorized to act upon Instruction given in accordance with these Terms (including the relevant Additional Terms) in connection with the services offered by you from time to time, whether the same is sent by fax, in original or such other means as may be acceptable to you. However, you are entitled, at your discretion (such discretion not to be exercised in an unreasonable manner), to refuse to accept any Instruction as you deem fit and shall not be obliged to give reasons for such refusal and shall not be liable to me/us for any loss whatever arising out of the same. If Instructions are given by me/us via the electronic system provided by you and/or any other relevant party, I/we have agreed to be bound by the Additional Terms for Electronic Trading.
- (d) If I am / we are not the person or entity ultimately responsible for originating the instructions, beneficially entitled to the commercial or economic benefit or bears the commercial or economic risk of any executed Instructions, I/we undertake to provide information regarding the identity, address and other details of such person or entity that I am / we are acting on behalf of to Kim Eng Securities (Hong Kong) Limited and/or Kim Eng Futures (Hong Kong) Limited or to the relevant regulatory authorities upon request and in any case within two (2) Business Days of such request. This undertaking shall survive even after the termination of this Agreement.

### 2.3 Telephone Instructions

You are authorized, but are not obliged, to accept and act upon Instructions given through telephone or other means in connection with any service offered by you or for transfer of funds to or from the Account, for any purpose in connection with these Terms.

You shall be entitled to rely on any Instructions given by me/us which you reasonably believe to be from a person authorized to act on my/our behalf in connection with the Account. I/We agree to indemnify you and hold you harmless from and against all losses, costs and expenses (including legal costs) reasonably and properly incurred by you in reliance thereupon.

### 2.4 Execution Agent

You may effect my/our Instructions or provide services relating to the Securities and/or the Account in such manner and through any Affiliates, members of any exchange or clearing house, brokers, agents or other intermediaries in the relevant markets (collectively "**Agents**") as you may in your absolute discretion determine. You will usually act as my/our execution agent in relation to my/our Instructions. Neither you nor your Agents shall be liable to me/us for any commission, remuneration profit or other benefit resulting from my/our transactions.

### 2.5 Short Sales

- (a) I/We warrant and represent that, unless I/we otherwise confirm to you in accordance with Clause 2.5(b) that a sale of Securities referenced therein is a short sale, I/we will not sell such Securities short.
- (b) I/We may sell Securities listed in Hong Kong short only in circumstances where you have received confirmation from me/us in writing or (if sent electronically) which is capable of being printed, that:
  - (i) the order is a short selling order;
  - (ii) I/we have a presently exercisable and unconditional right to vest the Securities to which the relevant sale order relates in the purchaser of those Securities; and
  - (iii) to the extent that I/we have borrowed the Securities or obtained a confirmation from the lender that it has the Securities available to lend or deliver to me/us.
- (c) You are entitled to refuse to accept any Instruction for short sale if you are not satisfied that the conditions referred to in Clause 2.5(b) have been complied with.

### 2.6 Initial Public Offering application

I/We may request you to subscribe for new issue of Securities on my/our behalf and for my/our account. I am/We are required to provide certain warranties and make certain representations in respect of such application, including but not limited to the following:

- (a) that you have due authority to make such application on my/our behalf;
- (b) that no other application is being made for my/our benefit whether by myself/ourselves or by any other person other than the application you submitted on my/our behalf.

I/We hereby expressly authorize you to provide such warranty and representation to the relevant exchange or issuer of the relevant Securities. I/We acknowledge that the aforesaid declaration will be relied upon by the issuer of the relevant Securities in deciding whether or not to make any allotment of Securities in response to the application made by you as my/our agent. I/We will familiarize myself/ourselves with the prospectus or offering document in connection with the application and comply with all the terms and conditions applicable to the application. I/We will be deemed to have provided all the representations, warranties and undertakings to you which an applicant for the relevant new issue is required to give to any party concerned in the new issue.

I/We recognize and understand that the legal, regulatory requirements and market practice in respect of applications for securities may vary from time to time as well as the requirements of any particular new listing or issue of securities. I/We undertake to provide to you 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 you may in your absolute discretion determine from time to time.

I/We understand that my/our application may be included in a bulk application to be made by you or your agent. I/We acknowledge that the bulk application may be rejected for reasons not related to me/us or my/our application and neither you nor your agent will be liable to me/us for such rejection. I/We will indemnify you for any breach of representations and warranties given or deemed to have been given by me/us in connection with such application.

## 2.7 *Omnibus Account*

If an omnibus account is opened by us with you, such omnibus account shall be traded for and on behalf of our clients and we must be properly registered or licensed as a stock broker, dealer or bank or exempted from such registration or licensing in respect of such dealings in the jurisdiction where our clients were solicited and/or where such arrangement is carried out. Our registration/licensing status (if applicable) shall remain valid at all times when such omnibus account remains valid and operative. We are solely responsible for the legality of operating the omnibus account in the relevant jurisdiction(s) and agree to indemnify you against all actions, liabilities, losses, costs, expenses which may be brought against, suffered or incurred by you and any of your affiliates by reason of operation of omnibus account.

## 2.8 *Own Judgment*

- (a) For the avoidance of doubt, and without prejudice to the generality of Clause 6, unless I/we specifically request you, you will not provide me/us with advisory services or otherwise advise me/us in respect of the suitability of any security for the purpose of my/our investment in securities. I/We shall rely on my/our own judgment and decision with respect to each Instruction.
- (b) Subject to Clause 2.8(a), I/we warrant to you that as of the date of giving an Instruction and entering into any executed Instruction that:
- (i) I/We have reviewed carefully my/our specific financial needs and investment objectives;
  - (ii) I/We fully understand and accept, the terms, conditions and risks of the resulting executed Instruction and I/we also fully understand and am/are capable of assuming and assumes, the risks of the executed Instruction;
  - (iii) I/We have made my/our own independent decisions to enter into the executed Instruction without treating any information (written or oral) provided by you as investment advice or as a recommendation to enter into the executed Instruction;
  - (iv) I/We fully understand that you could not guarantee or assure the results of the executed Instruction; and
  - (v) I/We acknowledge that you and your Agents will not give any investment, legal, accounting, tax or other advice and will not advise me/us the nature, risks, potential value or suitability of any particular Securities, or any transaction relating to Securities.

## 2.9 *Recommendation of Financial Products*

If you solicit the sale of or recommend any Financial Products to me/us, the Financial Product must be reasonably suitable for me/us having regard to my/our financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document you may ask me/us to sign and no statement you may ask me/us to make derogates from this clause. "Financial Products" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the Securities and Futures Ordinance.

## 3. **Execution of Instructions**

### 3.1 *Priority*

You may determine the priority in the execution of Instructions or otherwise execute Instructions in such manner having due regard to market practice, applicable regulations and fairness to all clients.

### 3.2 *Delays*

You will not be liable for delays or failure in the transmission of Instructions due to breakdown or collapse of communication facilities or for any other delay or failure beyond your control.

### 3.3 *Day Order, Cancellation and Amendment*

Any day order for purchase or sale of securities placed by you at my/our request that has not been executed before the close of trading hours of SEHK or other relevant Exchange or such other expiration date required by SEHK or other relevant Exchange or such other later time as agreed between you and me/us shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).

Request to cancel or amend an Instruction is only possible before it has been executed and is subject to your acceptance (you shall not refuse to accept such a request unless on reasonable grounds). Instructions are, unless accepted by you for cancellation or amendment, good for the trading day on which it was accepted by you and shall lapse if not executed by the end of such trading day unless otherwise agreed to by you, or in the case of an Instruction relating to an exchange outside Hong Kong if the day on which the Instruction is accepted by you is not a trading day of the relevant exchange, the immediate following trading day of such exchange.

### 3.4 *Record of Communication*

You may monitor and record any or all of the communications and/or Instructions sent or given by me/us and the Authorized Persons (whether over telephone or by electronic or other means acceptable to you) and that such recordings and records will remain your sole property and may be retained and used by you for such period and such purposes as you shall think fit. I/We consent to your doing so.

### 3.5 *Execution through Affiliates*

You may effect my/our transactions in such manner and through any Affiliate, participants of any exchange or clearing house, or brokers in the relevant markets as you may absolutely decide.

### 3.6 *Aggregation of Orders*

You may combine for execution my/our Instructions with those of your other clients without prior reference to me/us. Where the assets purchased or sold are not sufficient to satisfy all the instructions so combined, the assets purchased or sold will be allocated amongst all the relevant clients with due regard to market practice and fairness to them but the instructions of clients shall always have priority over instructions for your own account.

### 3.7 *Execution Price*

Because of the rapid changes in the market conditions, you do not guarantee that an Instruction may be executed in full or the prices quoted at any specific time and I/we will be bound by such execution.

I/We further acknowledge that due to the trading practices of the Exchanges 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 I/we agree in any event to be bound by transactions executed by you following instructions given by me/us.

### 3.8 *Responsibility to Check*

I/We further acknowledge that if an order cannot be executed or wholly executed, you shall be under no obligation to notify me/us immediately. Accordingly, if you require immediate confirmation as to whether any transaction has been effected, I/we should contact you subsequently. It is my/our responsibility to check with you as to whether any of my/our Instructions have been executed.

## 4. **Settlement**

### 4.1 *Payment*

Where you have executed a purchase or sale transaction on my/our behalf, I/we will by the due settlement date as required by you or the relevant Exchange or Clearing House make payment of cleared funds or delivery of securities in deliverable form to you (as the case may be); or otherwise ensure that you have received such funds or securities.

### 4.2 *Settlement Failure*

Should I/we fail to do so by the due settlement date, you and your Agents are hereby authorized, in your absolute discretion,

- (a) in the case of a purchase transaction, to transfer and sell any purchased Securities to satisfy my/our obligations to you;
- (b) in the case of a sale transaction, to borrow or purchase any sold Securities to satisfy my/our obligations to you; or
- (c) to take any other action you deem necessary or appropriate to meet my/our obligations hereunder.

I/We hereby acknowledge that I/we shall be responsible to and will indemnify and keep indemnified you from any loss, costs, fees and expenses incurred by you in connection with my/our failure to meet payment obligations by the due date as described in Clause 4.1.

I/We will be responsible to you for and indemnify you and keep you indemnified against any losses, damages, demands, costs, fees and expenses in connection with any settlement failure.

#### 4.3 *Currency Exchange*

All currency exchange risks in respect of any transactions, settlement, actions or steps taken by you under these Terms or any Additional Terms will be borne by me/us.

I/We agree that, where you receive funds as the proceeds of any Securities transaction and such funds are in a currency other than the currency of your settlement account, you may in your absolute discretion and without seeking instruction from or giving prior notice to me/us, convert the funds into the currency of your settlement account at your prevailing exchange rate on the date the funds are credited and I/we shall be responsible for any charges which may be levied in relation to such conversion.

### 5. **Remuneration**

#### 5.1 *Commission*

I/We will pay such commissions and other fees, charges and expenses to you as may be notified to me/us, as well as applicable levies imposed by the relevant stock exchange and regulatory bodies, all applicable stamp duties and all expenses arising out of or in connection with any transaction effected by you on my/our behalf or otherwise arising out of or in connection with the performance of any of your duties under these Terms and any Additional Terms. You may deduct such commissions, other fees, charges and expenses (including but not limited to such sums owing to you under Clause 5.2 of these Terms), levies and duties from my/our Account. You are authorized to solicit, accept and retain for your own benefit, without making disclosure to me/us, any rebate, brokerage, commission, fee, benefit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for me/us. You may, at your absolute discretion, pay to any broker or underwriter or any third party (who may or may not act as an agent of me/us in any respect) any profit, rebate, allowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for me/us. I/We agree that the consent given hereunder shall constitute a permission or lawful authority for the purpose of section 9 of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

#### 5.2 *Interest*

I/We will pay default interest on any and all amounts (including overdue interest) due by me/us to you but unpaid (after as well as before any judgement) at such rate(s) to be notified by you from time to time for the period from the date when the same are due until full settlement, together with all costs and expenses (including your reasonable legal costs and expenses) incurred by you in connection with the recovery of such sums or the exercise by you of your rights against me/us. I/We understand that such interest shall accrue on a day-to-day basis and shall be payable upon any demand being made by you.

### 6. **Indemnity and Exclusion of Liability**

6.1 I/We hereby fully indemnify you, your directors, officers, employees, your associated entities and nominees, Agents and your Affiliates and keep all such persons indemnified against all claims, actions, liabilities, proceedings against any of such persons and bear any losses, costs, charges or expenses (including legal fees) (together "Losses") which they may suffer arising out of or in connection with my/our breaches of these Terms or any Additional Terms their carrying out of obligations or services, or exercise of rights, powers or discretion under or in connection with these Terms or any Additional Terms save to the extent that such Losses arise directly as a result of your gross negligence, fraud, or wilful default.

6.2 Neither you nor your Agents shall be liable for any Losses suffered by me/us as a result of or in connection with my/our utilizing any of the services or in connection with these Terms or any Additional Terms other than Losses arising directly as a result of any gross negligence, fraud, or willful default on your part. Further, neither you nor your Agents shall be held responsible for any consequences resulting whether directly or indirectly from any events not within its control including government restrictions, imposition of emergency procedures, exchange ruling, third party's conduct, suspension of trading, war, strike, market conditions, civil disorder, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond your and your Agents control whatsoever. You shall in no event be liable for any loss of profit, indirect, special or consequential damages of any kind or the default of your directors, officers, employees, associated entities, nominees or Affiliates or any person, firm or company through or with whom transactions are effected for my/our Account.

6.3 Neither you nor your Agents have any duty to advise me/us of any legal or regulatory requirement or restriction or reporting requirement or foreign exchange control restrictions in respect of the foreign ownership of the Securities or otherwise in connection with the Securities Account.

### 7. **Set-off**

7.1 In addition to any general lien or similar right to which you may be entitled at law, you may, at any time and without prior notice, set off or transfer any monies standing to the credit of my/our account with you or any member of your Group Company of whatever description and in whatever currency and whether held singly or jointly with others towards discharge of all my/our liabilities to you or any member of your Group Company whether such liabilities be primary, collateral, several, joint or in other currencies. You may, at any time after the occurrence of any events specified in Clause 9.2 of these Terms and to the extent permitted by the applicable laws, demand the transfer of any such properties to you in discharge of my/our liabilities to you under these Terms and/or any Additional Terms. Insofar as any of the liabilities to you or any member of your Group Company are contingent or future, your liability to me/us to make payment of any sums standing to the credit of any such accounts will to the extent necessary to cover such sums be suspended until the happening of the contingency or future event.

7.2 You may hold as security and subject to a general lien in your favour all or any of the money, securities and other property held by you for my/our account until I/we have fully paid any amount owed to you.

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

8.1 I/We hereby warrant and represent and undertake to you that:

- (a) I am/we are entering into the agreement with you in accordance with these Terms and any Additional Terms as principal and am/are not trading on behalf of any other person unless you are notified otherwise in writing, in which case, I/we warrant that I am/we are expressly authorized by my/our principal to effect all transactions pursuant to these Terms and any Additional Terms and my/our principal will duly perform all the obligations and liabilities arising out of these Terms and any Additional Terms, failing which I/we will be liable to you as if I was/we were the principal in respect of such obligations and liabilities;
- (b) the information provided by me/us to you in the Client Information Statement or otherwise from time to time is true, accurate and complete in all respects;
- (c) I/we will enter into securities transactions or refrain from entering into securities transactions solely in reliance upon my/our own judgment and investigations, and not upon advice or recommendations rendered by you or any of your Affiliates;
- (d) the agreement contained in these Terms and any Additional Terms constitutes a valid and legally binding agreement on me/us enforceable in accordance with its terms;
- (e) the agreement contained in these Terms and any Additional Terms and performance of my/our obligations contained therein do not and will not:
  - (i) contravene any existing applicable law, statute, ordinance, rule or regulation or any judgement, decree or permit to which I am/we are subject; or
  - (ii) conflict with or result in any breach of the terms of or constitute any default under any agreement or other instrument to which I am/we are a party or subject or by which any of my/our property is bound;
- (f) unless otherwise agreed by you, I am/we are and will remain to be the beneficial owner of the assets in the Account free from any lien, charge, equity or encumbrance save as created by these Terms or any Additional Terms and will not charge, pledge or allow to subsist any charge or pledge over the assets or monies in the Account or grant or purport to grant an option over any assets or monies in the Account without your prior written consent;
- (g) I am/we are the person ultimately responsible for originating the Instructions in relation to each transaction in the Account and shall stand to gain the commercial or economic benefit of such transactions and/or bear their commercial or economic risk (except where such other person or entity has been disclosed to you in writing and the arrangement has been agreed by you);
- (h) unless I/we otherwise confirm to you in writing, I am/we are not an employee or officer of any exchange, board of trade, clearing house, bank or trust company, or an affiliate of any licensed person or registered person under the Securities and Futures Ordinance save where the consent of such person for my/our opening of account(s) with you has been obtained;
- (i) I am/we are under no legal disability with respect to, and I am/we are not subject to any law or regulation which prohibits or prevents me/us from performing these Terms and any Additional Terms;
- (j) I/We have obtained all necessary consents and have authority to agree to these Terms and any Additional Terms (and if we are a company, we are properly empowered and have obtained necessary corporate and other authority pursuant to our organizational documents);
- (k) unless I/we otherwise confirm to you in writing, I am/we are not related to or associated with any employees or agents of you and/or your Affiliates and agree that if I/we shall hereafter become related to or associated with any of such employee or agent, I/we shall promptly notify you in writing of the existence and nature of such association and agree that you may, upon receipt of such notice, at your absolute discretion, close the Account;

- (l) (if I/we reside or any Instruction is given to you outside Hong Kong) all Instructions will have been given in compliance with any and all Applicable Laws and Regulations of the relevant jurisdiction from which the Instructions are given, and I/we accept that there may be taxes, duties, impositions or charges payable to the relevant authorities in respect of me/us residing or the giving of any Instruction outside Hong Kong and the execution of transactions according to the Instruction, and I/we agree to pay such taxes, duties, imposition or charges as are applicable. I/We further agree to indemnify you from any claims, demands, actions, costs and expenses you may suffer or incur in connection with or arising from my/our residing or giving or any such Instruction outside Hong Kong;
- (m) I am/we are not a U.S. person and that I am/we are not acting for, or on behalf of, a U.S. person. If my/our tax status changes and I/we become a U.S. citizen or resident of the United States, I/we must notify you within thirty (30) days and I am/we are fully aware that any investment products that I am/we are holding will immediately be redeemed and sale proceeds will be subject to U.S. tax information reporting or any other reporting requirements under applicable U.S. laws. For purposes of complying with applicable U.S. tax laws and any other applicable U.S. laws, I/we waive any bank secrecy, privacy or data protection rights relating to my/our Account;
- (n) I am/we are not a director(s), 10% or in excess of 10% beneficial shareholder(s) or policy-making officer(s) of a company publicly traded in the U.S.;
- (o) I am/we are a natural person and that I/we have attained the age of majority; and
- (p) I am/we are not domiciled in or resident in a country where there is any restriction or prohibition on my/our purchase or holding of any Securities. If I/we become resident in any such country, I/we will inform you immediately and will if so required by you sell or redeem any such restricted or prohibited Securities.

## 8.2 *Repeating Nature*

The above representations and warranties shall be deemed to be repeated immediately before each Instruction is given or executed.

## 8.3 *Instructions from Other Persons*

Even if I/we have disclosed to you that I am/we are trading on behalf of other person(s), you are not required to act on any instruction other than the Instructions. You will not be liable for refusing to act upon the instructions given by any person who purport to be my/our principal or for acting upon the Instructions notwithstanding any notice that my/our authority to act on behalf of my/our principal has been revoked, withdrawn or varied.

## 8.4 *Other Interests*

I/We acknowledge that if you give any investment recommendation to me/us, you or any of your Affiliates may have an interest, relationship or arrangement which is material in respect of the Securities, transaction, arrangement or service concerned. In particular, you or your Affiliates may have interests or may owe duties to other persons which conflict with my/our interests or your duties owed to me/us.

## 9. **Default**

### 9.1 *Consequences of Defaults*

Upon the occurrence of any of the events referred to in Clause 9.2, you will be entitled at your absolute discretion, without notice to me/us or demand and without prejudice to any other rights or remedies available to you, forthwith to:-

- (a) immediately close the Account(s);
- (b) sell or realize all or any part of the securities or property held in my/our name or for my/our account and for the time being in the custody of you or any member of your Group Company anywhere for any purpose (whether safe-keeping, collection or otherwise) and any security given to you for my/our obligations in such manner and upon such terms as you may conclusively decide to satisfy my/our obligations and indebtedness towards you, your associated entities and nominees out of the net sale proceeds (with fees, expenses and costs deducted) thereof;
- (c) cancel any outstanding Instructions or other commitments made on my/our behalf;
- (d) exercise any of your rights under these Terms or any Additional Terms (including the borrowing or purchasing of any securities required to be delivered on my/our behalf);
- (e) combine, consolidate and set-off any or all my/our accounts in accordance with Clause 7; and
- (f) close out, replace or reverse any outstanding positions in my/our Account, enter into any transaction or take or refrain from taking such action at such times in such manner and upon such terms as you may conclusively decide.

### 9.2 *Events of Defaults*

The events referred to in Clause 9.1 are:

- (a) any breach of these Terms or any Additional Terms by me/us; or
- (b) any failure by me/us to pay monies of whatever nature when due under these Terms or any Additional Terms; or
- (c) when you consider it is necessary for your protection because of margin requirements; or
- (d) you are under an obligation to comply with any requirement imposed by the relevant Exchange, Clearing House and/or Applicable Laws and Regulations; or
- (e) my/our bankruptcy, insolvency or liquidation, the filing of a petition in bankruptcy or winding up or the commencement of any analogous proceedings against me/us; or
- (f) the levying of any attachment against any of the Accounts or my/our other assets; or
- (g) any dispute or proceedings amongst my/our directors or shareholders or any of the persons comprising me/us; or
- (h) any injunction, prohibition order or similar order is declared on any of my/our assets; or
- (i) I/we die or a judicial declaration of incompetence is made in respect of me/us; or
- (j) any other matter or event including any regulatory requirement which in your opinion renders termination necessary or advisable in your interests.

Any determination of whether an Event of Default has occurred shall be made by using reasonable judgment. I/We undertake to notify you immediately in writing of the occurrence of any such event which does or is likely to constitute an Event of Default (although any failure to so notify you will not prevent an Event of Default from having occurred).

### 9.3 *All amounts become due*

- (a) Upon the occurrence of any events specified in Clause 9.2, all amounts owing by me/us under these Terms and/or any Additional Terms shall become immediately payable on demand, and interest will accrue at the rate provided in Clause 5.2 on the amount outstanding from time to time.
- (b) In the event of any sale or liquidation pursuant to Clause 9.1:
  - (i) you shall not be responsible for any loss occasioned thereby howsoever arising if you have already used reasonable endeavors to sell or dispose of the securities or any part thereof at the then available market price;
  - (ii) you will exercise your own judgment in determining the time to sell or dispose of the securities or any part thereof and you shall not be responsible for any loss occasioned thereby;
  - (iii) you shall be entitled to appropriate to itself or sell or dispose of the securities or any part thereof at the current price to any of your Group Company without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by you and/or any of your Group Company; and
  - (iv) I/We undertake to pay to you any deficiency if the net proceeds of sale or net proceeds of liquidation shall be insufficient to cover all the outstanding balances owing by me/us to you.

### 9.4 *Application of Monies*

Any monies received by you from the proceeds of sale or liquidation of the Account(s) will be applied in the following order of priority and any residue will be paid to me/us or to my/our order:-

- (a) payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by you in transferring and selling all or any of my/our securities or property or closing out any outstanding positions;
- (b) payment of interest accrued on the aggregate outstanding amount due and owing to you or your associated entities or nominees for the time being; and
- (c) payment of all money and liabilities due or owing by me/us to you or your associated entities or nominees.

### 9.5 *Further performance conditional*

Upon the occurrence of any events referred to in Clause 9.2 of these Terms, the further performance by you of any of your outstanding obligations to me/us under these Terms and/or any Additional Terms (whether for the payment of money or otherwise) shall be conditional upon I/we having fully discharged all my/our obligations to you under these Terms and/or any Additional Terms.

### 9.6 *Other companies in the group*

Other companies within your group may purchase the securities or other assets which are the subject of any sale made pursuant to Clause 9.1 free from any right of redemption, and the Group Company shall not be accountable to me/us for any profits, charges or commission received by any of them or their nominees or agents as a result of the exercise by you of powers conferred by Clause 9.1.

## 10. Trading Confirmation and Statements

### 10.1 Provision of Trading Confirmations

You shall within the period from time to time specified under the Securities and Futures Ordinance or the subsidiary legislation related thereto or the rules of any Exchange as amended from time to time, send to me/us copies of the trading confirmation relating to any transactions in securities effected by you for the Account. You shall despatch the copy of the trading confirmation to me/us at the last mailing/email address on your record. I/We shall upon receipt of the trading confirmation examine the same and to promptly give notice to you if I/we consider that any details stated therein are incorrect in any respect. If you do not receive any written objection from me/us within seven (7) days from the date of the trading confirmation for this purpose, I/we shall be deemed to have accepted all the transaction details contained as true and accurate in all respects. Your records and the details of the confirmation of transaction or periodic statement shall be conclusive evidence against me/us without further proof.

### 10.2 Monthly Statements

You shall send to me/us the monthly statements showing the position of the Account. Such statement shall be in such form and contain such information as you may from time to time determine.

You shall send to me/us such information relating to the Account as I/we may from time to time reasonably require in writing.

I/We shall upon receipt of a monthly statement examine the same. If you do not receive any written objection from me/us in respect of any details stated in a monthly statement within seven (7) days from the date of the monthly statement for this purpose, I/we shall be deemed to have accepted the same as true and accurate in all respects. Notwithstanding the foregoing, I/we shall not have the right to object to details contained in a monthly statement if those details have already been previously stated in the trading confirmation which have been accepted by me/us as true and accurate.

You shall despatch to me/us the monthly statement and any other information requested in accordance with the above at the last mailing/email address on your record.

### 10.3 Title to assets

Title to assets purchased by me/us will pass only upon payment by me/us of the amount due in respect of such purchase.

## 11. Online Trading Service

### 11.1 Application for Use

I/We may at any time after you have notified me/us that your online trading service is offered to me/us [utilize your online trading service](#).

### 11.2 Giving of Instructions

You shall be entitled to refuse to accept my/our application to utilize your online trading service without giving any reason therefor. However, if you accept my/our application, I/we may give Instructions by electronic means in such manner as may be prescribed by you and you are authorized, but are not obliged, to accept and act upon Instructions given through your online trading service in connection with any transactions or for transfer of funds to or from any Account, for any purpose in connection with these Terms or any Additional Terms. Any Instructions given in connection with any of my/our Account, these Terms or any Additional Terms through use of the online trading service shall be deemed to be proper, valid and binding Instructions from me/us if given by any ONE person quoting or inputting the user name of the relevant Account and the password assigned by you or otherwise selected by me/us and accepted by you for the purpose of the online trading service.

### 11.3 User Name and Password

I/We undertake to: (a) keep and procure each Authorized Person to keep the user name and password in relation to the Account for the purpose of your online trading service secret; (b) inform you as soon as reasonably practicable if I/we know or suspect that, any unauthorized person knows such user name or password or that unauthorized transactions have been effected.

### 11.4 Property in Information

I/We acknowledge that the information made available to me/us through your online trading service may be provided by you or any other person. I/We acknowledge that such information is the property of the person providing the same and is protected by copyright or contractual restrictions on its use. I/We agree not to reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit such information without your prior written consent.

### 11.5 Accuracy of Information

Neither you nor any person supplying the information made available through your online trading service guarantees the timeliness, sequence, accuracy or completeness of the market data or any other market information or messages disseminated by any party. Neither you nor any disseminating party shall be liable in any way, and I/we agree to indemnify and hold harmless you and such disseminating party, for (a) any inaccuracy, error, or delay in, or omission of (i) any such data, information or message or (ii) the transmission or delivery of any such data, information or message; or (b) any loss or damage arising from or occasioned by (i) any such inaccuracy, error, delay or omission, (ii) non-performance, or (iii) interruption of any such data, information, or message, due either to any negligent act or omission by you or any disseminating party or to any force majeure (i.e. flood, extraordinary weather conditions, earthquake, or other acts of God, fire, war, insurrection, riot, labour dispute, accident, action of government, communications or power failure or equipment or software malfunction) or any other cause beyond the reasonable control of yourselves or any disseminating party. I/We shall use any real-time quotes made available by you only for my/our individual use and shall not furnish such data to any other person or entity.

### 11.6 Disclaimer

Neither you nor the Information Providers guarantee the accuracy, completeness, timeliness, reliability, content or correct sequencing of the information. I/We acknowledge that there may be delays, omissions, errors or inaccuracies in the provision of the information and that neither you nor any information provider warrants that the service will be uninterrupted or error-free. I/We agree that you and the Information Providers shall not have any liability, contingent or otherwise, for the accuracy, completeness, timeliness, reliability, content or correct sequencing of the information or for actions taken or decisions made by me/us in reliance upon the information or for any interruption of any data, information or access to the software, the site or the services. Should any information proves incorrect or defective, I/we (and not you or the Information Providers) will assume the entire responsibility for its use. Neither you nor any Information Provider shall be liable, and I/we agree to indemnify and hold you and the Information Providers in connection with the online trading service for:

- (a) any losses or damages occurring from or occasioned by any such inaccuracy, error or delay in or omission of information or the transmission of, delivery of, or content of information; or
- (b) interruption in any information, due either to any act or omission (negligent or otherwise) by you or an information provider, or to any force majeure or any other cause beyond the reasonable control of yourselves or an information provider.

### 11.7 Risks

I/We expressly agree that my/our use of the trading interface, your site and the online trading service is at my/our sole risk. The trading interface, the information and all aspects of the online trading service (including, but not limited to, order execution) are provided on an 'as is' basis, without warranty of any kind, express or implied, including but not limited to warranties of title or implied warranties of merchantability or fitness for a particular purpose. No oral advice or written information given by you, your Affiliates, or any Information Providers shall create a warranty; or shall I/we rely on any such information or advice.

### 11.8 Interruption, etc.

I/We acknowledge that transactions over the internet may be subject to interruption, transmission blackout, delayed transmission due to internet traffic or incorrect data transmission due to the public nature of the internet.

### 11.9 Third Party Facilities



I/We also agree that you do not accept any liability in relation to any online trading facility provided or maintained by a third party (including any of your correspondent brokers) through which my/our Instructions or transactions may be processed. The use of such third party online trading facility is at my/our sole risk. You do not make or give any warranty in connection with the online trading facility provided or maintained by a third party. I/We further agree that my/our access and/or use of any such third party's online trading facility is subject in any event to the terms and conditions for such access and/or use imposed on or agreed to by you and I/we undertake to fully comply with the same in my/our use of such third party's online trading facility.

#### 11.10 *Software for access to your Services*

If I/we obtain from you the computer programs, software and related operating manuals ("Software") for access to the services under these Terms and any relevant Additional Terms, all rights and interests of the Software shall remain exclusively in and with you or the provider of the Software ("Software Provider"). Nothing in these Terms and any relevant Additional Terms confers on me/us any right or interest in the Software except for a non-exclusive and non-transferable sub-licence to access the services under these Terms and any relevant Additional Terms and for no other purposes.

I/We shall not disseminate, sell or transfer the Software to any other person and shall not tamper with, decompile, reverse engineer, modify or duplicate the Software. I/We shall treat the Software as strictly confidential and proprietary to you or the Software Provider and will exercise due care in the custody, handling, use and storage of the Software. I/We shall return or permanently delete the Software upon your request.

### 12. **Client Identity Rule**

#### 12.1 *Response to Enquiries from Regulators*

Where you have received an enquiry from SEHK and/or the SFC (collectively the "Hong Kong regulators") or request from a stockbroker/licensed person/intermediary in response to the enquiry from any of the Hong Kong regulators, and I/we have notified you in writing that I am/we are trading on behalf of other person, I/we shall, upon your request (which request shall include the relevant contact details of the Hong Kong regulators), inform you and/or the Hong Kong regulators of the identity, address, occupation and contact details of the client for whose account the dealing was undertaken and (so far as known to me/us) of the person with the ultimate beneficial interest in the relevant dealing. I/We shall also inform you and/or the Hong Kong regulators of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary who originated the dealing). You may also comply with such requests directly without reference to me/us if you are in possession of the relevant information.

#### 12.2 *Dealing for Collective Investment Schemes*

If I/we effected the dealing for a collective investment scheme, discretionary account or discretionary trust, I/we shall, upon your request (which request shall include the relevant contact details of the Hong Kong regulators), inform the Hong Kong regulators of the identity, address and 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 me/us to effect the dealing.

If I/we effected the dealing for a collective investment scheme, discretionary account or discretionary trust, I/we shall, as soon as practicable, inform you when my/our discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where my/our investment discretion has been overridden, I/we shall, immediately upon your request (which request shall include the relevant contact details of the Hong Kong regulators), inform you and/or the Hong Kong regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the dealing.

#### 12.3 *Intermediaries*

In the case where I am/we are intermediaries, if I am/we are aware that my/our client is acting as intermediary for its underlying client(s), and I/we do not know the identity, address, occupation and contact details of the underlying client for whom the dealing was effected, I/we confirm that:-

- (a) I/we have arrangements in place with my/our client which entitle me/us to obtain such information from my/our client immediately upon request or procure that it be so obtained; and
- (b) I/we will, upon your request in relation to any dealing, promptly request such information from my/our client on whose instructions the dealing was effected, and provide the information to the Hong Kong regulators as soon as received from my/our client or procure that it be so provided.

#### 12.4 **The terms contained in this Clause 12 shall continue in effect notwithstanding the termination of these Terms.**

12.5 I/We confirm that I am/we are not subject to any law which prohibits the performance by me/us of the undertaking contained in this Clause 12 or, where I am/we are subject to such law, that I/we or my/our clients, as may be the case, have waived the benefit of such law or consented in writing to the performance by me/us of such undertaking.

### 13. **Termination**

#### 13.1 *Termination by Notice*

These Terms may be terminated by either party by giving not less than two (2) business days' (other than a Saturday) prior written notice to the other party. Notwithstanding the aforesaid, you may terminate these Terms immediately upon the happening of any of the events referred to in Clause 9.2. Termination of these Terms shall not affect any Instruction executed by you or prejudice or affect any rights, powers, duties and obligations of either party accrued prior to the termination. Termination of these Terms shall automatically terminate all Additional Terms.

#### 13.2 *Payment on Termination*

Upon termination of these Terms, I/we will immediately repay to you any amounts due or owing to you.

### 14. **Notice**

14.1 Any notice or other communication to be given or made pursuant to these Terms or any Additional Terms by you to me/us may be made by personal delivery, prepaid post (airmail if overseas), electronic means or facsimile and shall be deemed to have been duly served:-

- (a) if delivered personally or by electronic means, at the time of delivery;
- (b) if sent by prepaid post, 48 hours or (if by airmail) 96 hours after posting; and
- (c) if sent by facsimile, at the time of sending.

Any such notice or communication shall be sent to me/us at the address, facsimile number or e-mail address last known to you.

14.2 Any notice or communication made or given by me/us will be effective only upon actual receipt by you.

14.3 I/We agree that you may send any notice, contract notes, confirmations, periodic statements and communication to me/us in electronic form.

14.4 I/We understand that it is my/our responsibility to ensure you will be informed of my/our most up-to-date address or other contact details. I/We shall promptly notify you in writing, in any case no later than thirty (30) days, of any change of address or other contact details.

### 15. **General Provisions**

#### 15.1 *Time of the Essence*

Time shall in every respect be of the essence under these Terms and any Additional Terms.

#### 15.2 *Invalidity*

If any one or more of the provisions contained in these Terms and any Additional Terms shall be invalid, unlawful or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

#### 15.3 *Assignment*

(a) The provisions contained in these Terms and any Additional Terms shall benefit and be binding on you and me/us, their respective successors and subject to this Clause 15.3, any

- permitted assignee or transferee of some or all of your rights or obligations under these Terms and any Additional Terms.
- (b) I/We may not assign or transfer all or any of my/our rights or obligations under these Terms or any Additional Terms.
  - (c) You may assign or transfer all or part of your rights, benefits and obligations hereunder to such person(s) and disclose to a potential transferee or any other person proposing to enter into contractual arrangements with you in relation to these Terms or any Additional Terms such information about me/us as you may at your absolute discretion think fit.

15.4 *Non-Waiver*

Failure or delay in exercising any rights, power or privilege by you in respect of the agreement contained in these Terms or any Additional Terms shall not operate as a waiver, nor shall a single or partial exercise, enforcement or waiver of any such rights, power or privilege preclude you from further exercise, enforcement, or the exercise or enforcement of any other right, power of privilege hereunder.

15.5 *Personal Data*

I/We agree that the data requested by you in the Client Information Statement or otherwise from time to time is necessary for you to provide the services in connection herewith. If I/we fail to provide the same to you, you may not be able to provide or continue to provide such services to me/us. I/We may always contact your Data Protection Officer to gain access to and request correction or amendment to such data. Such data together with my/our other data obtained by you from time to time may be disclosed to such persons and may be used for such purposes as are respectively set out in your Notice to Clients relating to the Personal Data (Privacy) Ordinance from time to time.

15.6 *Debt Collection Agent*

I/We acknowledge and agree that you may appoint any person as your agent ("debt collection agent") to collect any amount due by me/us to you under these Terms or any Additional Terms and I/we shall be responsible for all costs and expenses which may be incurred by you for that purpose on each occasion.

15.7 *Joint Account*

If I/we consist of more than one person, the Account shall be held by the account holders as a joint tenant with rights of survivorship (with the balance of the Account belonging to the survivor). Each of the joint account holders shall be liable jointly and severally, for any amounts due to you pursuant to these Terms or any Additional Terms, whether incurred by either or all of them. Each joint account holder irrevocably appoints the other as attorney-in-fact to take all action on his/her behalf and to represent him or her in all respects in connection with these Terms and any Additional Terms. You are authorized to act upon the Instructions of either of the joint account holders. Any notice, payment or delivery by you to either or any one of the joint account holders shall be a full and sufficient discharge of your obligations to notify, pay or deliver under these Terms or any Additional Terms.

The death of any one joint account holder does not operate to terminate the Agreement.

In the event of any joint account holder is incapacitated or if a bankruptcy order is made against any joint account holder or if the operation of the Account is affected by any court order or notice from any competent authority against a joint account holder, the operation of the Account (including the withdrawal or transfer of funds or Securities) will be suspended until an administrator or receiver is appointed or the consent of the receiver or official receiver is obtained or the court order is discharged or the relevant notice is removed (as the case may be).

15.8 *Material Change*

You will notify me/us in the event of any material change to the information contained in these Terms or any Additional Terms or provided to me/us pursuant to these Terms or any Additional Terms.

15.9 *Disclaimer of Liabilities*

Neither you, your associated entities or nominees nor your Affiliates shall be liable for any delay or failure to perform obligations and any losses, damages or costs resulting therefrom so long as they have acted in good faith. Moreover, you, your associated entities and nominee, your Agents and your Affiliates shall not be held responsible for any consequences resulting whether directly or indirectly from any events not within their control including without limitation government restrictions, imposition of emergency procedures, exchange ruling, third party's conduct, suspension of trading, war, strike, market conditions, civil disorder, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond their control whatsoever.

15.10 *Disposal of Securities*

I/We agree that you may dispose of or initiate a disposal of the securities in my/our Account for the purpose of settling any liability owed by me/us to you or any of your associated entities.

15.11 *Supply of further information and disclosure required*

- (a) I/We shall supply to you such financial and other information relating to me/us (or, where applicable, relating to the shareholder(s) and/or to the beneficial owner(s) and/or the identity of the persons giving Instruction) as you may require to carry out your obligations under these Terms, any Additional Terms or under the applicable law.
- (b) You and I/we will (subject as hereinafter appearing) at all times respect and protect the confidentiality of the information acquired pursuant to these Terms or any Additional Terms, but I/we accept that you may pass information or provide documents (or copies thereof) about me/us to any Affiliate, and from time to time may be required or requested to disclose such information by any relevant authority (including without limitation any regulatory or law enforcement authority) or pursuant to any legal or regulatory process in any territory, or to any broker, Exchange or Clearing House to carry out your obligations to me/us under these Terms and/or any Additional Terms, or to such other persons pursuant to any relevant law or regulation or any directive or the like (whether or not having the force of laws) of any government or other regulatory body or authority in any jurisdiction and applicable to you and/or your Affiliates or any other party for the operation or performance of the Terms or for the provision of financial, internal audit and related services to you. I/We hereby authorize such disclosure of information and provision of documents (or copies thereof) in your possession during the continuance or after the termination of these Terms and/or any Additional Terms without further reference to me/us. I/We shall not hold you or any other person liable for any consequences arising out of such disclosure, and I/we shall reimburse you and such person (within such period as you may from time to time determine and notify me/us) all reasonable costs and expenses (if any) incurred by you and such person in complying with such requests for disclosure.
- (c) I/We authorize you to conduct credit enquiry on me/us and to verify the information from financial institutions including my/our bankers, brokers or any credit agency for the purpose of ascertaining my/our financial situation and investment objectives. If such financial institutions require my/our consent for the release of any information, my/our consent is hereby given. You and your Agents may at its discretion refuse to open the Account and/or close any Account which has been opened for me/us without giving any reason.

15.12 *Hold-Mail Service*

If I/we have applied for your Hold-Mail Service, I/we authorize you to receive and hold on my/our behalf or direct to my/our authorized representative all notices, communications, contract notes, confirmations, statements, receipts and other documents to be sent to me/us hereunder until they are collected by me/us or my/our authorized representative or directed to my/our authorized representative. Any notices, communications, contract notes, confirmations, statements, receipts and other documents which are not collected by me/us or my/our authorized representative may be disposed of by you as you deem fit. I/We accept all consequences of and risks associated with the Hold-Mail Service, including, without limitation, risks of delay, error, fraud or forgery. I/We hereby fully indemnify you against all claims, damages, demands, actions, costs, and losses in connection with the same.

15.13 *Client Money*

All my/our money received or held by you shall be handled in accordance with the Applicable Laws and Regulations. I/We understand that I/we will only be entitled to interest calculated at such rate as you may notify me/us from time to time and any additional interest accrued on my/our client money may be retained by you for your own benefit.

15.14 *Financial Information*

- (a) You may make available certain financial market data, quotes, prices, rates, news, reports, analysis, statistics or other similar information (the "**Financial Information**") that have been independently obtained from certain financial market information services providers, financial publishers, various securities markets including stock exchanges and their affiliates, and other providers (the "**Information Providers**"). Neither you nor any Information Provider warrants or guarantees the accuracy, completeness, timeliness and correct sequencing of the Financial Information made available to me/us. I/We acknowledge that the Financial Information shall not be considered sufficient or reliable enough or be used for the purpose of formulating any investment or trading decision, policy or strategy.
- (b) I/We agree that the Financial Information shall in no way be construed as advice, an opinion or recommendation for any purpose whatsoever, or as a solicitation of an offer to buy or sell any Securities.
- (c) The Financial Information is the property of the Information Provider. I/We undertake to use all Financial Information made available to me/us only for the purpose of transacting business with you and undertake not to use it for any other purpose.
- (d) I/We shall keep the Financial Information confidential and shall not reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit any

information in any manner without express prior written consent from you or from the Information Providers, or to use any Financial Information for any unlawful purpose. I/We shall comply with reasonable requests by you or any Information Provider concerning the protection of the intellectual property rights in the Financial Information. I/We shall not delete copyright or other intellectual property rights notices from any Financial Information, including printouts of electronically accessed materials.

#### 15.15 *Compliance with Laws*

- (a) I/We shall not instruct you to do anything in relation to the Account which is a breach of or would involve or result in you, any of your Group Company or any other person being in breach of the Securities and Futures Ordinance, the Rules of the Exchange, the Codes on Takeovers and Mergers and Share Buy-backs or any other laws, rules or regulations in force or applicable to the conduct of the business of dealing in securities in Hong Kong or elsewhere or otherwise binding on you or any of your Group Company (whether or not having the force of law).
- (b) I/We acknowledge that I/we shall be solely responsible for compliance with all obligations of disclosure under the relevant provisions of Part XV of the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, and any other applicable laws, rules or regulations relating to disclosure of interests in securities in Hong Kong or any other relevant countries, each as amended from time to time. You shall not be obliged to give notice of holdings to me/us in any form or by any time limit for such purpose save any notice or statement to be issued as expressly set out in these Terms or as required by the applicable laws, regulations, by-laws and rules of the appropriate Exchanges and/or Clearing Houses. I/We acknowledge that neither you nor any of your Group Company, your respective directors, officers or employees shall be liable for any of my/our loss, cost or expense from any failure or delay by me/us or any other person to disclose in accordance with any such obligation nor any delay or default in notification to me/us as to the carrying into effect of instructions and shall indemnify you for any loss, cost or expense arising from any such failure.
- (c) I/We undertake to you that I/we will not engage or attempt to engage, and that I/we have proper safeguards in place to prevent me/us from engaging, in any activity which may constitute market misconduct under the Securities and Futures Ordinance and further agree to inform you immediately if I/we become aware of any activity by any person that may result in me/us being involved in market misconduct.
- (d) I/We agree to provide to you and consent to your collection and processing of, any authorizations, waivers, forms, documentation and other information, relating to its status (or the status of its direct or indirect owners or accountholders) or otherwise required to be reported under FATCA ("FATCA Information"). I/We further consent to the disclosure, transfer and reporting of such FATCA Information to any relevant government or taxing authority, any of your Group Company, any of your sub-contractors, agents, service providers or associates or your Group Company, and any person making payments to you or any of your Group Company, including transfers to jurisdictions which do not have strict data protection or similar laws, to the extent that you reasonably determine that such disclosures, transfer or reporting is necessary or warranted to facilitate compliance with FATCA. I/We agree to inform you promptly, and in any event, within 30 days in writing if there are any changes or amendments to the information supplied to you from time to time. I/We warrant that each person whose FATCA Information (or has provided) to you has been notified of and agreed to, and has been given such other information as may be necessary to permit, the collection, processing, disclosure, transfer and reporting of their information as set out in this paragraph.
- (e) I/We acknowledge that you may take or refrain from taking any action you reasonably determine it is required by FATCA to take or refrain from taking, including without limitation closing, transferring or blocking Account(s).
- (f) I/We agree to provide all such information and documents as may be necessary to verify my/our identity and do all such acts and things as may be necessary to enable you to comply with the applicable Laws and Regulations. In particular, I/We:
  - (i) shall comply with all requests made by you, including the completion of a self-certification, for Financial Account Information to enable you to comply with its obligations pursuant to the applicable Laws and Regulations, including but not limited to AEOI and FATCA;
  - (ii) undertake to comply with all requests made by you for Financial Account Information to enable you to comply with your obligations, requirements or arrangements for disclosing or using Financial Account Information;
  - (iii) undertake to inform you promptly, any in any event, within 30 days in writing with required documentation (including a self-certification) if there are any changes in circumstances or any changes or additions to the Financial Account Information that may affect my/our tax residency status; and
  - (iv) expressly authorize you to make any reporting of the Financial Account Information as required under the applicable Laws and Regulations (including but not limited to AEOI and FATCA) and acknowledge that the Financial Account Information may be reported to domestic and foreign tax authorities, including but not limited to the U.S. Internal Revenue Service and the Inland Revenue Department of Hong Kong which may exchange tax information with the tax authorities of another jurisdiction(s) or jurisdiction(s) in which I/we may be resident for tax purposes pursuant to the legal provisions for exchange of Financial Account Information under the Inland Revenue Ordinance (Cap. 112) and the applicable Laws and Regulations.

I/We agree that you shall not be liable or responsible in anyway whatsoever and shall be held harmless against any loss, damage or withholding arising as a result of in connection with any delay or failure to process and application or transaction if such information and document requested by you have not been promptly provided by me/us to you.

#### 16. **Amendment**

You shall be entitled to add, amend or delete any of these Terms or any Additional Terms at any time and may give notice of any such additions, amendments or deletions ("Amendments") to me/us by post, e-mail, notification of the Amendments on your website or by such other means as you see fit at your absolute discretion. Such Amendments shall be deemed agreed and accepted by me/us (and the Terms hereof amended accordingly) where I/we continue to enter into transactions hereunder with you and/or operate the Account (including but not limited to the checking of the balance, depositing or withdrawing or transferring of funds or securities to or from the Account).

Whenever any laws, regulations, constitution, by-laws, rules, customs, usage, rulings and interpretations shall be enacted or amended or made in any manner or be inconsistent with any of the provisions hereof, the provision so affected shall be deemed to be so amended or suspended, as the case may be, by such laws, regulations, constitution, by-laws, rules, customs, usage, rulings and interpretations and the provisions so amended shall in all respects continue and be in full force and effect. These Terms constitute the whole and entire, binding understanding and agreement between you and us on the subject matter of the Account(s) and the services to be provided by you to us in relation thereto or otherwise hereunder.

#### 17. **Governing Law and Applicable Regulations**

##### 17.1 *Governing Law*

These Terms and the Additional Terms shall be governed by and construed in accordance with the laws of the [Hong Kong](#).

##### 17.2 *Jurisdiction*

I/We hereby submit to the exclusive jurisdiction of the courts of the Hong Kong in the event of any dispute arising out of these Terms or any Additional Terms. Such submission shall not prejudice your right to commence action under these Terms and/or any Additional Terms or to seek enforcement of any order or award against me/us in any other court of competent jurisdiction you deem appropriate. Where I am/we are an overseas person, I/We will appoint a person in the Hong Kong to accept service on my behalf and will provide you in writing with details of such person.

##### 17.3 *Customs*

Transactions effected by you on my/our behalf are subject to the laws, regulations, constitution, by-laws, rules, customs, usage, rulings and interpretations and transaction levies of the relevant market, exchange, clearing house or jurisdiction as applicable to you and as amended from time to time. All actions taken by you in accordance with such Applicable Laws and Regulations shall be binding on me/us.

##### 17.4 *Rules of SEHK*

In respect of securities transactions on SEHK:

- (a) the rules and regulations of the SEHK and HKSCC, in particular those rules which relate to trading and settlement, shall be binding on both me/us and you and the rules and regulations of the SEHK and the HKSCC will prevail in the event of any conflict between the said rules and regulations and these Terms and any Additional Terms;
- (b) every securities transaction executed on the SEHK will be subject to a transaction charge, the cost of which shall be borne by me/us;
- (c) every securities transaction executed on the SEHK will be subject to other levies the SEHK may impose from time to time; and
- (d) in the event of your default which results in my/our having incurred a loss as a result thereof, the liability of the Compensation Fund established under the Securities and Futures Ordinance of the Laws of the Hong Kong will be restricted to the extent provided for therein.

#### 18. **Language Version**

I/We confirm that I/we have read the English/Chinese version of these Terms and the Additional Terms and that the contents thereof have been fully explained to me/us in a language which I/we understand. In the event of discrepancy between the English version and the Chinese version of these Terms or any Additional Terms, the English version shall prevail.

## ADDITIONAL TERMS FOR SECURITIES TRADING

The following is a set of Additional Terms referred to in the General Terms and Conditions of Business which I/we have agreed to be bound by. I/We agree that my/our application to utilize and my/our use of your securities trading service will be subject to these Additional Terms and the General Terms and Conditions of Business.

### **1. Definitions and Interpretation**

Terms defined in the General Terms and Conditions of Business shall, unless the context otherwise requires, have the same meaning when used here.

### **2. Securities Account**

#### **2.1 Opening of Account**

I/We shall open and maintain a Securities Account with you for recording all my/our securities transactions made pursuant to these Additional Terms.

#### **2.2 Transfers of Securities into Account**

In respect of transfers of securities into the Securities Account, I/we shall arrange for and instruct the transfer of the securities from the transferring party to you at my/our costs and expenses. The securities will not be credited to the Securities Account until you have received the securities.

#### **2.3 Transfers of Securities out of Account**

In respect of transfers of securities out of the Securities Account, I/we will be responsible for procuring the intended recipient to receive the same from you and for all the costs and expenses in connection with the transfer. However, the securities may not be transferred out of the Securities Account when they are being processed for transfer or if I am/we are indebted to you.

#### **2.4 Right to deal with my/our Securities**

- (a) You are authorized, pursuant to section 6(3) of the Client Securities Rules, to dispose, or initiate a disposal by its associated entity, of any of my/our securities (and you shall have absolute discretion to determine which securities are to be disposed of) for the purpose of settling any liability owed by or on behalf of me/us to you, the associated entity or a third person.
- (b) Except as provided in (i) the settlement failure as stated in Clause 4.2 of the General Terms and Conditions of Business; (ii) any Event of Default as stated in Clause 9.2 of the General Terms and Conditions of Business; or (iii) Clause 2.4(a) above, you shall not, without my/our oral or written direction or standing authority under the Client Securities Rules, deposit, transfer, lend, pledge, re-pledge or otherwise deal with my/our securities in my/our cash account for any purpose.

### **3. Safekeeping of Securities**

#### **3.1 Safekeeping**

Any securities which are held by you for safekeeping may at my/our own risk and expense, at your discretion:

- (a) (in the case of registrable securities) be registered in my/our name or in the name of your associated entity or nominee; or
- (b) be deposited in safe custody in a designated account with your bankers or with any other institution which provides facilities for the safe custody of documents to the satisfaction of the SFC.

#### **3.2 Dividends**

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

#### **3.3 Losses of Securities**

If, in relation to any securities deposited with you which are not registered in my/our name, any loss is suffered by you arising therefrom, the Securities Account may be debited (or payment made by me/us as may be agreed) with the proportion of such loss equal to the proportion of the total number or amount of the relative securities which shall comprise securities held on my/our behalf, rounded up or down in such manner as you may reasonably determine. You shall not be liable for any such loss in the absence of fraud or wilful default on your part.

#### **3.4 Pooling of Securities**

Any securities deposited with you may, at your absolute discretion, either be treated as fungible and pooled like with like with the other securities held by your clients or specially allocated to the Securities Account. I/We will only be entitled to be returned and shall accept delivery of securities of the same company, class and denomination (or in the event of any change in class or denomination, securities of such equivalent class or denomination) as the securities originally deposited.

#### **3.5 Calls**

I/We shall duly and promptly pay all calls which may from time to time be made in respect of any unpaid moneys under any of the securities from time to time in the Securities Account and duly and promptly pay any other moneys which I/we may lawfully be required to pay in respect of any of the securities from time to time in the Securities Account. In default you may, but are not obliged to, make such payments on my/our behalf and any sums so paid by you shall be repayable by me/us on demand, together with any costs or expenses incurred by you as a result.

#### **3.6 Terms of Custody**

If the securities are registered in the name of your associated entity or nominee, the securities will be held by such associated entity or nominee on its standard terms and conditions as may from time to time be in force. You or your associated entity or nominee shall be under no responsibility to forward any notices, proxies or other documents or communications in respect of the securities to me/us. However, if you or your associated entity or nominee determines that any action is required in respect of such securities and I/we cannot be contacted or fail to give you punctual or adequate Instructions for such action, I/we hereby authorize you or your associated entity or nominee to act on my/our behalf in such manner as it may determine in its absolute discretion, including without limitation, exercising any voting rights in respect of securities of which I am/we are the beneficial owner but which are registered in the name of your associated entity or nominee and you and your associated entity or nominee shall not be liable, in the absence of gross negligence, fraud or wilful default, for such action it may take. I/We will indemnify you and your associated entity or nominee against all costs, charges and expenses that may be incurred by them in respect of securities held by it for safe-keeping on my/our behalf.

### **4. Client Money Standing Authority**

4.1 The Client Money Standing Authority covers money held or received by you in Hong Kong (including any interest derived from the holding of the money which does not belong to you) in one or more segregated account(s) on my/our behalf ("Monies").

4.2 I/We authorize you to, in your sole discretion and without having to provide me/us with any prior notice or to obtain any prior confirmation and/or direction from me/us, to:

- (a) combine or consolidate any or all segregated accounts of any name whatsoever and either individually or jointly with others, maintained by Kim Eng Securities (Hong Kong) Limited and Kim Eng Futures (Hong Kong) Limited and/or any member of Kim Eng (HK) Group for the purpose of satisfying my/our obligations or liabilities to you, whether such obligations or liabilities are actual or contingent, primary or collateral, secured or unsecured or joint or several;
- (b) transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by any member of Kim Eng (HK) Group;
- (c) transfer any sum of Monies interchangeable between any of the segregated accounts maintained at any time by any member of Kim Eng (HK) Group and any segregated accounts maintained with counter-broker (whether in Hong Kong or overseas) upon or before any instructions have been given, for the purpose of satisfying margin requirement and/or settlement requirement (if applicable);

- (d) keep my/our Monies with overseas clearing firm(s), broker(s) and financial institution(s) after trading to facilitate future trading or to transfer my/our Monies interchangeably between the segregated account(s) opened and maintained by you in Hong Kong and the segregated account(s) opened and maintained by you with any overseas clearing firm(s), broker(s) and financial institution(s) outside Hong Kong; and
- (e) convert my/our Monies into any other currency(ies) upon or before any instructions have been given, for the purpose of satisfying margin requirement and/or settlement requirement (if applicable).

4.3 I/We acknowledge and agree that you may do any of the things set out in Clause 4.2 without giving notice to me/us.

4.4 The Client Money Standing Authority is given without prejudice to other authorities or rights which you or any of your Group Companies may have in relation to dealing in Monies in the segregated accounts.

4.5 The Client Money Standing Authority shall be valid for a period of not more than 12 months from the date of these Additional Terms and will expire annually subject to renewal by you or deemed renewal under the Client Money Rules referred to in Clause 4.7.

4.6 The Client Money Standing Authority may be revoked by giving you written notice addressed to you at your address specified in the Client Information Statement or such other address which you may notify me/us in writing for this purpose. Such notice shall take effect upon the expiry of 7 days from the date of your actual receipt of such notice.

4.7 I/We understand that the Client Money Standing Authority shall be deemed to be renewed on a continuing basis without my/our written consent if you issue to me/us a written reminder at least 14 days prior to the expiry date of the Client Money Standing Authority, and I/we do not object to such deemed renewal before such expiry date.

## 5. Risk Disclosure Statement

I/We hereby acknowledge that you have explained the following Risk Disclosure Statements to me/us and I/we have read and fully understand the same:-

### ***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.

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

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

I/We 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.

I/We should seek independent professional advice if I am/we 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.

### ***Risk of Trading Nasdaq-Amex Securities at the Stock Exchange of Hong Kong Limited***

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

### ***Risk of Client Assets Received or Held Outside Hong Kong***

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

### ***Risk of Online Trading***

Transactions over the internet may be subject to interruption, transmission blackout, delayed transmission due to internet traffic or incorrect data transmission due to the public nature of the internet. There may also be a time lag in transmission of information, instruction and communication via the internet. This may subject instructions to non-execution, delays or error in execution or execution at prices different from those indicated on the internet.

### ***Risk of Trading on Exchanges other than the Main Board or the GEM of SEHK***

In the event that I/we wish to have transactions pursuant to this Agreement executed on Exchanges other than the SEHK, I/we acknowledge and recognize that, since such transactions will be subject to the rules and regulations of those Exchanges, and applicable local laws, and not those of the SEHK, I/we may have a markedly different level and type of protection in relation to those transactions compared to the level and type of protection afforded by the rules and regulations of the SEHK and Hong Kong law (and I/we, acknowledge and recognize, without limitation, that such transactions executed on exchanges other than the SEHK will not be subject to a right to claim under the compensation fund established under the Securities and Futures Ordinance where I/we suffer a pecuniary loss).

### ***Specific Risk Relating to Securities Denominated in Renminbi ("RMB")***

RMB securities are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuations in the exchange rate of RMB may result in losses in the event that I/we convert RMB into Hong Kong dollars ("HKD") or other foreign currencies.

Currently, RMB is not fully and freely convertible and conversion of RMB through banks is subject to a daily limit and other limitations as applicable from time to time. I/We should take note of the limitations and changes thereof as applicable from time to time and allow sufficient time for exchange of RMB from/to another currency if the RMB amount exceeds the daily limit.

I/We should open RMB bank accounts for money settlement purpose if I/we wish to receive payments (such as sales proceeds and dividends) in RMB via banks.

Any RMB conversion in relation to a RMB securities transaction shown in statement of trading confirmation is based on the prevailing exchange rate provided by the SEHK at 11:00am or other time as stipulated by the SEHK on the relevant trade day from time to time. However, actual RMB conversion upon settlement or on other conversion day will be based on an exchange rate determined by you as a principal according to the prevailing exchange rate.

If I/we provide a settlement sum in a currency other than RMB, you will convert the settlement sum to RMB at the exchange rate determined by you as a principal according to the prevailing exchange rate.

RMB securities will be traded and settled in RMB. However, all trading related fees (including stamp duty, SFC transaction levy and the Exchange trading fees) shall be payable to Inland Revenue Department, SFC and SEHK by you, as the case may be, on behalf of me/us in HKD. Of the settlement sum in RMB, you shall convert an amount equivalent to the trading related fees into HKD to settle the trading related fees. Any gains or loss arising from the currency exchange regarding the trading related fees shall be for the account of you instead of me/us. I/We shall not have any right to claim any gain arising from such currency conversion.

### ***Risk of providing an authority to hold mail or to direct mail to third parties***

If I/we provide you with an authority to hold mail or to direct mail to third parties, it is important for me/us to promptly collect in person all contract notes and statements of my/our account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

## ADDITIONAL TERMS FOR MARGIN SECURITIES TRADING

The following is a set of Additional Terms referred to in the General Terms and Conditions of Business which I/we have agreed to be bound by. I/We agree that my/our application to utilize and my/our use of your margin securities trading service will be subject to these Additional Terms, your Additional Terms for Securities Trading and the General Terms and Conditions of Business.

### **1. Definitions and Interpretation**

#### *1.1 Terms Defined in General Terms and Conditions of Business, etc*

Terms defined in the General Terms and Conditions of Business and the Additional Terms for Securities Trading shall, unless the context otherwise requires, have the same meaning when used here.

#### *1.2 Definitions*

In these Additional Terms, the following words and expressions shall have the following meaning:-

**"Acceptable Margin Value"** in respect of each security at any particular time, means such value (net of expenses) which you determine at your absolute discretion that may be obtained upon the sale thereof in the open market at the relevant time multiplied by such percentage as you may assign for such security and notify to me/us from time to time for the purpose of calculating its collateral value;

**"Credit Facilities"** means all or any of the credit facilities agreed to be made available or granted from time to time by you to me/us, including all amounts debited to the Margin Securities Account in accordance with these Additional Terms;

**"Margin Limit"** means such maximum aggregate principal amount of the Credit Facilities determined by you in your sole discretion and notified to me/us from time to time.

#### *1.3 Application of Additional Terms for Securities Trading*

The terms of your Additional Terms for Securities Trading shall apply to the margin securities trading service and my/our Margin Securities Account as if all references therein to "Securities Account" are to the "Margin Securities Account" referred to in these Additional Terms.

#### *1.4 Allocation of Orders*

If both a Securities Account and a Margin Securities Account are maintained by me/us at the same time, any Instruction for the purchase of securities shall, unless I/we specify otherwise in the Instruction, be for the Margin Securities Account, and any Instruction for the sale of securities shall, unless I/we specify otherwise in the Instruction, be for such of the Securities Account or Margin Securities Account which contain sufficient quantities of the securities sold and if both the Securities Account and the Margin Securities Account contain sufficient quantities of the securities sold, for the Margin Securities Account.

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

#### *Opening of Account*

I/We shall open and maintain a Margin Securities Account with you for recording all my/our securities transactions made pursuant to these Additional Terms.

### **3. Credit Facilities**

#### *3.1 Credit Facilities*

I/We shall be granted the Credit Facilities by you up to the Margin Limit. I/We will ensure that the debit balance outstanding at any time in my/our Margin Securities Account shall not be greater than the Margin Limit. If at any time the debit balance outstanding in my/our Margin Securities Account shall be greater than the Margin Limit, I/we shall immediately deposit and maintain or procure to be deposited and maintained with you such amount of cash so that after the addition such debit balance shall not be greater than the Margin Limit.

#### *3.2 Purpose of Credit Facilities*

The purpose of the Credit Facilities is to finance the purchase of such securities as may be acceptable to you by me/us through my/our Margin Securities Account from time to time.

#### *3.3 Increase/Decrease of Margin Limit, etc*

You shall be entitled, at your absolute discretion at any time by notice to me/us, to increase or decrease the Margin Limit, to cancel or terminate the Credit Facilities, to refuse making any advance under the Credit Facilities (whether or not the Margin Limit has been exceeded) or to demand immediate payment of all or any moneys and sums, whether principal, interest or otherwise, then owing in respect of the Credit Facilities or otherwise under these Additional Terms.

#### *3.4 Authorization to Debit*

I/We hereby irrevocably authorize and instruct you, at any time without prior notice to me/us, to debit the Margin Securities Account with:

- (a) all advances under the Credit Facilities required by you for purchasing securities on my/our behalf in accordance with my/our Instructions;
- (b) all transaction or brokerage commissions and custodian fees and all other monies and sums payable to you from time to time under the Terms and Conditions of Business and these Additional Terms; and
- (c) all other fees, levies, charges, disbursements, taxes and out-of-pocket expenses which you may incur on my/our behalf whether in connection with the purchase or sale of securities or otherwise pursuant to the Terms and Conditions of Business and these Additional Terms.

#### *3.5 Interest*

I/We will pay you interest on the outstanding amount of the Credit Facilities from time to time at such interest rate as you may advise me/us from time to time. Interest shall accrue from day to day on such basis as may be followed by general banking practice in Hong Kong. Interest accrued shall be debited from the Margin Securities Account on a monthly basis and shall be payable at any time upon any demand being made by you.

#### *3.6 Certificate of Indebtedness*

A certificate issued by you stating the amount at any particular time due and payable by me/us to you under the Credit Facilities or otherwise shall in the absence of manifest error be conclusive and binding against me/us.

### **4. Charge**

#### *4.1 Charge*

In consideration of your granting or continuing to make available the Credit Facilities to me/us, I/we, as beneficial owner or the agent of the beneficial owner, hereby charge, assign and release to you as continuing security for the punctual payment to you on the respective due dates of all amounts outstanding under the Credit Facilities and all other moneys and sums due or owing from me/us to you from time to time pursuant to the General Terms and Conditions and these Additional Terms all my/our rights, title and interest in and to the securities at any time hereafter and from time to time in my/our Securities Account (if any) and Margin Securities Account, together with all dividends or interest paid or payable on or in respect of any of such securities and all accretions thereto by way of bonus, distributions, options, rights or otherwise howsoever accruing or offered at any time hereafter (collectively the **"Charged Securities"**).

#### *4.2 Representations and Warranties*

I/We hereby represent and warrant to you that for so long as any sums are owing by me/us to you:

- (a) I/we will maintain unencumbered and absolute beneficial and legal title, or in the case where I am/we are not the beneficial owner thereof, my/our principal will maintain unencumbered and absolute beneficial title, to the Charged Securities (subject only to the charge created hereunder);
- (b) I/we shall deposit with you or to your order, all certificates, instruments and evidence of title to the Charged Securities, together, where appropriate, with all such necessary forms

- of transfer as you may from time to time require; and
- (c) I/we shall execute and deliver such further assignments, charges, authorities and other documents as you may from time to time require for perfecting your title to or for vesting or enabling you to vest the full benefit of the Charged Securities in your favour.

#### 4.3 *Further Documents*

I/We hereby irrevocably authorize you to do and execute any and all acts or things and documents as you may reasonably require in order to perfect the security given hereunder.

#### 4.4 *Continuing Security*

The security created by these Additional Terms is a continuing security and shall secure the payment and discharge of the ultimate balance of outstanding indebtedness owed to you from time to time notwithstanding my/our bankruptcy, insolvency, liquidation, winding up or incapacity or any change in my/our constitution or any party providing any security to you or any other person or any settlement of account or other matter whatsoever.

### 5. **Margin Cover**

#### 5.1 *Top-Up*

I/We shall at all times ensure that the aggregate Acceptable Margin Value of all the securities in my/our Margin Securities Account is not less than the outstanding amount of the Credit Facilities. If the aggregate Acceptable Margin Value of all the securities in my/our Margin Securities Account is less than the outstanding amount of the Credit Facilities, I/we shall immediately after such condition exists, whether or not I/we have received the aforesaid notice from you, deposit and maintain or procure to be deposited and maintained with you such amount of cash or additional securities as may be acceptable to you into the Margin Securities Account so that after the addition the aggregate Acceptable Margin Value of all the securities in the Margin Securities Account shall be not less than the outstanding amount of the Credit Facilities.

#### 5.2 *Sell Out*

- (a) If I/we shall fail to comply with the requirements under Clause 5.1, you may without demand, notice, legal process or other action sell, realise, redeem, liquidate or otherwise dispose of, as appropriate, such of the securities in the Securities Account (if any), the Margin Securities Account or any part thereof at the relevant market or by private contract, and on such terms as you in your absolute discretion think fit, free from all trusts, claims, rights of redemption and equities.
- (b) Any proceeds resulting from such sale, realisation, redemption, liquidation or disposal shall be applied firstly towards payment of all costs, charges, legal fees and expenses incurred in such sale or disposal, and secondly towards repayment of the outstanding amount of the Credit Facilities until the aggregate Acceptable Margin Value of all the securities in the Margin Securities Account shall be not less than the outstanding amount of the Credit Facilities.

### 6. **Power**

#### 6.1 *Sale of Securities*

You may, without further demand, legal process or any other action realise, dispose of or sell all or any securities in my/our Securities Account (if any) or Margin Securities Account at any time and in any way which you may deem expedient, free from all claims or other rights in or towards payment and discharge of any of my/our debts and liabilities to you if I/we shall fail to comply with the provisions of the General Terms and Conditions of Business or these Additional Terms, or shall fail to pay and discharge any debts and liabilities to you.

#### 6.2 *Losses Arising From Sale*

You shall have no responsibility, liability or obligation to me/us if you have sold, realised, redeemed, liquidated or disposed of more quantity of securities than is necessary to satisfy the requirement under these Additional Terms. I/We shall not have any right or claim against you in respect of any loss arising out of any such sale, realisation, redemption, liquidation or disposal or proposed sale, realisation, redemption, liquidation or disposal, however such loss may have been caused, and whether or not a better price could or might have been obtained by either deferring or advancing the date of such sale, realisation, redemption, liquidation, disposal or otherwise.

#### 6.3 *Voting Rights*

At any time after you become entitled to exercise your rights to dispose of or sell any securities in my/our Securities Account (if any) or Margin Securities Account in accordance with these Additional Terms and without any further consent or authority on my/our part, you may exercise at your absolute discretion (in my/our name or otherwise) in respect of any of the securities in the Securities Account (if any) or the Margin Securities Account any voting rights and any powers or rights which may be exercised by the person or persons in whose name or names such securities are registered or who is the holder thereof under the terms thereof or otherwise in such manner as it deems fit.

#### 6.4 *No Enquiries by Purchasers*

No purchaser or other person dealing with you or with your attorney or agent shall be concerned to enquire:

- (a) whether any power exercised or purported to be exercised by you have become exercisable;
- (b) whether any money remains due on this security;
- (c) as to the propriety or regularity of any of your actions; or
- (d) as to the application of any money paid to you.

#### 6.5 *Suspense Account*

You may place the proceeds of sale or realization of any securities pursuant to these Additional Terms to the credit of a suspense account with a view to preserving your rights to prove for the whole of your claim against me/us in the event of any proceedings in or analogous to bankruptcy, liquidation, winding up, composition or arrangement.

#### 6.6 *Client Securities Standing Authority*

I/We hereby authorize you and any of your associated entities (as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance) to:

- (a) apply any of my/our securities in the Securities Account or securities collateral in the Margin Securities Account pursuant to a securities borrowing and lending agreement;
- (b) deposit any of my/our securities collateral in the Margin Securities Account with an authorized institution as collateral for financial accommodation provided to you;
- (c) deposit any of my/our securities collateral in the Margin Securities Account with a recognized clearing house or another intermediary licensed or registered for dealing in securities as collateral for the discharge and satisfaction of your settlement obligations and liabilities.

The term of my/our consent contained in this Clause 6.6 shall be for a period of twelve months from the date on which I/we agree to be bound by these Additional Terms, and may be renewed or shall be deemed to be renewed upon its expiry date for a further period of twelve months in such manner as may be required by applicable laws, regulations and codes of conduct from time to time. I/We may withdraw my/our such consent by giving not less than seven (7) days' prior written notice to you but in such a case, you may terminate the Credit Facilities granted to me/us.

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

I/We hereby acknowledge that you have explained the following Risk Disclosure Statement to me/us and I/we have read and fully understand the same:-

#### ***Risk of Margin Trading***

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

#### ***Risk of Providing an Authority to Lend or Deposit Securities with Third Parties***

There is risk if I/we provide you with an authority that allows you to apply my/our securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge my/our securities collateral for financial accommodation or deposit my/our securities collateral as collateral for the discharge and satisfaction of your settlement obligations and liabilities.

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

not apply.

Additionally, my/our authority may be deemed to be renewed (i.e. without my/our written consent) if you issue me/us a reminder at least 14 days prior to the expiry of the authority, and I/we do not object to such deemed renewal before the expiry date of my/our then existing authority.

I am/We are not required by any law to sign these authorities. But an authority may be required by you, for example, to facilitate margin lending to me/us or to allow my/our securities or securities collateral to be lent to or deposited as collateral with third parties. You should explain to me/us the purposes for which one of these authorities is to be used.

If I/we sign one of these authorities and my/our securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on my/our securities or securities collateral. Although you are responsible to me/us for my/our securities or securities collateral lent or deposited under my/our authority, a default by you could result in the loss of my/our securities or securities collateral.

A cash account not involving securities borrowing and lending is available from you. If I/we do not require margin facilities or do not wish my/our securities or securities collateral to be lent or pledged, do not give the above authorities and ask to open this type of cash account.



## ADDITIONAL TERMS FOR COMMODITIES TRADING

The following is a set of Additional Terms referred to in the General Terms and Conditions of Business which I/we have agreed to be bound by. I/We agree that my/our application to utilize and my/our use of your commodities trading service will be subject to these Additional Terms and the General Terms and Conditions of Business.

### 1. Definitions and Interpretation

#### 1.1 Terms Defined in General Terms and Conditions of Business, etc

Terms defined in the General Terms and Conditions of Business shall, unless the context otherwise requires, have the same meaning when used here.

#### 1.2 Definitions

In these Additional Terms, the following words and expressions shall have the following meaning: -

"**Commodity**" means any item and includes, without limitation, agricultural commodities, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), or other financial contracts, energy, right or authority, and shall where the case requires include a Futures/Options Contract in respect of any of the above and in each case whether or not the item is capable of being delivered;

"**Exchange Contract**" means a contract for a Commodity approved by SFC and HKFE for trading on one of the markets from time to time established and operated by HKFE which may result in a Futures Contract and/or an Option Contract;

"**Futures Contract**" or "**Futures**" means a contract executed on any commodity, futures or options exchange, the effect of which is that:-

- (a) one party agrees to deliver to the other party at an agreed future time an agreed Commodity or quantity of a Commodity at an agreed price; or
- (b) the parties will make an adjustment between them at an agreed future time according to whether the agreed Commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making the contract, the difference being determined in accordance with the rules of the commodity, futures or options exchange in which that contract is made;

"**HKFE**" means the Hong Kong Futures Exchange Limited;

"**Option Contract**" or "**Option**" means a contract executed between one party (in this definition called the "first party") and another party (in this definition called the "second party") on any commodity, futures or options exchange under which:-

- (a) the first party grants the second party the right, but not the obligation, to buy an agreed Commodity, or quantity of a Commodity, from the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to buy:-
  - (i) the first party is obliged to deliver the Commodity at the agreed price;
  - (ii) the second party receives a payment referable to the amount (if any) by which the Commodity is worth more than the agreed price, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made; or
- (b) the first party grants to the second party the right, but not the obligation, to sell an agreed Commodity, or quantity of a Commodity, to the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to sell:-
  - (i) the first party is obliged to take delivery of the Commodity at the agreed price; or
  - (ii) the second party receives a payment referable to the amount (if any) by which the agreed price is worth more than the Commodity, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made;

A contract falling within sub-paragraph (a) being a "Call Option" and a contract falling within sub-paragraph (b) being a "Put Option";

"**Margin**" means such collateral which may be cash, securities and/or guarantees acceptable to you in such amount, for such value and in such form as may be determined and required by you to be placed with you as a security for the performance by me/us of any Futures Contract or Option Contract and/or of any of my/our obligations under the General Terms and Conditions and these Additional Terms;

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

"**Variation Adjustments**" means the amount payable to you by me/us, calculated on a daily basis, on the closing market price at the end of each day in respect of each open Futures Contract and/or Option Contract in the my/our Commodities Account.

### 2. Commodities Account

#### Opening of Commodities Account

I/We shall open and maintain a Commodities Account with you for recording all my/our Commodities trading transactions made pursuant to these Additional Terms.

### 3. Single and Continuous Agreement

The General Terms and Conditions of Business together with these Additional Terms shall be continuous and shall cover all Commodities Accounts which I/we may open with you from time to time with respect to the subject matter of these Additional Terms. Unless otherwise agreed, each Futures and Options transaction shall be governed by the General Terms and Conditions of Business, these Additional Terms and the relevant confirmation. Each confirmation shall be supplemental to and form a part of the General Terms and Conditions of Business and these Additional Terms and shall be subject to the terms of General Terms and Conditions of Business and these Additional Terms. At all times, General Terms and Conditions of Business, these Additional Terms and all confirmations shall constitute the single and only agreement between me/us and you with respect to the subject matter of these Additional Terms.

### 4. Margin

#### 4.1 Deposit of Margin

I/We hereby agree to deposit and maintain such Margin and meet immediately on demand all Margin calls and or demands for Variation Adjustments thereto and provide you with such guarantees and other security in such amount, form and within such time and on such terms as you may from time to time designate in relation to the Commodities Account. You shall be entitled to refuse to execute any Instruction for the purpose of Futures Contracts or Option Contracts for me/us unless and until the Margin required by you has been deposited and maintained by me/us.

#### 4.2 Margin Calls

I/We shall immediately upon demand by you provide you with such additional Margin as you may determine and require from time to time. No previous Margin requirement shall limit your right to vary Margin requirements at any later time and changes in Margin requirements (increase or decrease) will apply to existing Futures/Option Contracts as well as those entered into after the date of such changes. Any failure by me/us to meet immediately on demand any Margin calls shall entitle you to close out any or all open Futures/Option Contracts. A demand shall be deemed to have been made when you despatch a letter to such effect or a confirmation of transaction, statement or other document containing such a demand to me/us or when you attempt to contact me by phone, e-mail or any other channel for such purposes, whether or not I/we can be contacted.

#### 4.3 Transfer of Margin to Exchange

You may from time to time, without prior notice to me/us, in your absolute discretion, transfer all or any part of the Margin or any other amounts held for my/our account to any account of an exchange, clearing house or broker to enable you to pay any margin or such other sums of money by whatever name called demanded or required by such exchange, clearing house or broker in connection with Futures or Option transactions executed by you for me/us.

#### 4.4 Interest Accrued on Margin

Any interest, dividends or other benefits accrued or to be accrued or derived or to be derived from the Margin shall not form part of the Margin.

#### 4.5 Value of Margin

The value of any Margin at any time determined by you shall be final, conclusive and binding on me/us.

4.6 *Failure to Meet Margin Calls*

I/We shall be liable for any consequence arising out of or in connection with my/our failure to meet immediately on demand any calls for Margin, additional Margin and/or demands for Variation Adjustments.

4.7 *Application of Monies and Property*

Without prejudice and in addition to any of your other rights and remedies hereunder, I/we hereby irrevocably authorize you, without prior notice to me/us, to apply all or any part of any monies or other property held for my/our account by you in any account of any nature whatsoever including, without limitation, the Commodities Account:

- (a) in or towards the provision of any Margin or additional Margin required by you pursuant to Clauses 4.1 and 4.2; and/or
- (b) in or towards satisfaction of any of your obligations or liabilities to any person insofar as such obligations or liabilities arise in connection with or incidental to any Futures/Option Contracts entered into by you for and on my/our behalf; and/or
- (c) in or towards payment of monies properly required to meet commissions, brokerages, levies or other proper charges and fees relating to any Futures/Options Contracts entered into by you for and on my/our behalf;

notwithstanding that any such applications may result in my/our being required by you to provide additional Margin.

**5. Settlement**

5.1 *Delivery of Commodity*

Subject to Clause 5.3, in respect of each open Futures/Option Contract for the Commodities Account which remains subsisting on the maturity date for settlement, you and me/us shall each have an obligation to make or take delivery (as the case may be) of the Commodity the subject matter of the Futures/Option Contract on the maturity date, provided that where, according to the rules of the relevant Exchange, Clearing House and/or market, the outstanding obligations of the buyer and seller of an open Futures/Option Contract shall be satisfied solely by cash settlement based on a difference in price or value, you or me/us (as the case may be) shall settle the open Futures/Option Contract by paying the relevant difference to the other on the maturity date of the relevant Futures/Option Contract. I/We shall take all necessary actions to enable me/us to effect due settlement of each open Futures/Option Contract on my/our behalf in accordance with the rules, regulations and requirements of the relevant exchange, clearing house and/or market.

5.2 *Closing Out of Outstanding Contracts*

Subject to the terms of the General Terms and Conditions of Business, these Additional Terms and to the rules, regulations and requirements of the relevant Exchange, Clearing House and/or market, I/we may, at any time before the last trading day of the Futures/Option Contract, request you to close out the same. Any amount payable by me/us arising out of the closing out of any Futures/Option Contract shall become immediately due and payable to you upon closing out.

5.3 *Failure to Receive Payment or Delivery*

If you shall for any reason whatsoever fail to receive payment of any part of any amount or to receive delivery of any part of any quantity of any Commodity due to be paid or delivered to me/us in respect of any Futures/Option Contract entered into by you for and on my/our behalf on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant exchange, clearing house and/or Applicable Laws and Regulations, your obligations to make payment or to deliver any Commodity to me/us in respect of such Futures/Option Contract shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such quantity of such commodity as is equal to such payment or such quantity as is actually received by you in respect thereof.

5.4 *Action Against Exchanges*

You may in your absolute discretion take any actions whatsoever against any Exchange, Clearing House and/or any other person in respect of any failure by such Exchange, Clearing House and/or other person to make any payment or to deliver any amount of any Commodity in respect of any Futures/Options Contract referred to in Clause 5.1, provided that if any such action is taken by you, I/we shall fully indemnify you on demand in respect of all costs and expenses incurred by you in connection with the taking of such actions.

5.5 *Price of Futures/Option Contracts*

Any statement or confirmation signed by any of your authorized signatory stating the price or value at which any Futures/Option Contract is entered into or closed out, or the exchange rate applicable in any currency conversion, or the amount owing by me/us to you at any given time, shall (unless and until the contrary is established) be binding on me/us as to the particulars stated.

5.6 *Certificate of Title*

I/We acknowledge that due to the implementation of the Central Clearing and Settlement System, you are not obliged to produce and/or deliver to me/us actual certificates or documents of title for any Commodities relating to Futures Contracts and/or Option Contracts entered into by you on my/our behalf.

5.7 *Exercise of Option*

If I/we wish to exercise an Option pursuant to any Option Contract, I/we should give an Instruction to such effect to you (subject to the rules and regulations of the relevant exchange on which the Option Contract is traded or entered into) no later than such time limit as may be specified by you from time to time before the cut-off date for the tender of exercise instructions prescribed by the writer of the Option or the relevant exchange or clearing house (whichever prescribes the earliest cut-off date). Such Instruction shall only be considered valid when accompanied:

- (a) in the case of an Option for the sale of an agreed Commodity, with the underlying Commodity or document(s) of title required for making delivery; and
  - (b) in the case of an Option for the purchase of an agreed Commodity, with sufficient immediately available funds to take delivery of the Commodity.
- Unless specifically instructed by me/us and subject to the terms of these Additional Terms, I/we shall be deemed to have elected not to exercise an Option pursuant to an Option Contract.

**6. Closing Out**

6.1 *Action to be Taken upon Events of Default*

Without prejudice to your rights under the General Terms and Conditions of Business, you shall have the right, without notice and in your absolute discretion and sole judgement, to take such action as you may consider necessary or desirable to comply with or to perform, cancel or satisfy any of your obligations to me/us or any of our or your obligations to the relevant exchange and/or clearing house, as the case may be, in respect of any outstanding Futures Contract or Option Contract (including closing out and/or performing any and all such outstanding contracts) and may for such purpose buy or sell in any manner whatsoever the Commodity underlying any outstanding contract and/or apply any Margin and/or enforce any security held by you and apply the proceeds thereof in such manner as you may, in your absolute discretion, determine if any of the events of default as set out in the General Terms and Conditions of Business shall occur and all sums expended and liabilities incurred by you thereby shall be paid or reimbursed by me/us to you on demand.

6.2 *Consequences*

On the exercise of your rights under Clause 6.1 above, all amounts owing to you hereunder shall become immediately payable and you shall not be obliged to deliver to me/us any of the underlying Commodity or any money due to me/us in respect of any Futures Contract or Option Contract until all sums due from and liabilities of me/us to you in respect of any such contract or otherwise howsoever in accordance with the terms of the General Terms and Conditions of Business or these Additional Terms are satisfied or discharged to your satisfaction.

6.3 *Losses Arising Out of Closing Out*

I/We shall be liable for all losses arising out of the closing out of my/our open positions by you as aforesaid and shall indemnify you for all claims, demands, actions proceedings, damages, losses, costs and expenses (including legal cost) suffered or incurred by you arising out of my/our failure to meet our Margin calls pursuant to these Additional Terms.

**7. Provisions prescribed by the SFC Code of Conduct**

Without prejudice and in addition to any other provisions of the General Terms and Conditions of Business and these Additional Terms, all transactions entered into in the HKFE shall be subject to the provisions of this Clause which are prescribed by the Code of Conduct for Persons Licensed by or Registered with the SFC and which shall constitute, and be construed as part of, these Additional Terms and in case of any inconsistency between the other provisions of the General Terms and Conditions of Business or these Additional Terms and the provisions set out in this Clause, the provisions set out in this Clause shall prevail:-

- (a) every Exchange Contract shall be subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the Securities and Futures Ordinance, the cost of both of which shall be borne by me/us;

- (b) in the event that I/we suffer pecuniary loss by reason of your default, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the Securities and Futures Ordinance and will be subject to the monetary limits specified in the Securities and Futures Ordinance and accordingly there can be no assurance that any pecuniary loss sustained by me/us by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all;
- (c) transactions related to exchange traded futures and options contracts shall be subject to the rules of the relevant markets and exchanges, and the Rules, Regulations and Procedures of HKFE contain provisions requiring us, upon the request of HKFE or SFC, to disclose the name, the beneficial identity and such other information concerning me/us as HKFE or SFC may require, and I/we agree to provide such information concerning myself/ourselves as you may require in order for you to comply with the Rules, Regulations and Procedures of HKFE and the Securities and Futures Ordinance, and in the event you fail to comply with the disclosure requirement under Rules 606(a) or 613(a) of the Rules of HKFE, the Chief Executive of HKFE may require the closing out of positions on my/our behalf or the imposition of a margin surcharge on my/our positions;
- (d) I/we acknowledge that I/we may have varying level and type of protection in relation to transactions on different markets and exchange;
- (e) I/we acknowledge that, subject to the provisions of the Securities and Futures Ordinance and any Applicable Law and Regulations, you may take the opposite position to my/our order in relation to any Futures Contract and/or Option Contract, whether on your own account or for the account of your associated company or other customers, provided that such trade is executed competitively on or through the facilities of the HKFE in accordance with the Rules, Regulations and Procedures of the HKFE or the facilities of any other commodity, futures or options exchange in accordance with the rules of such other exchange;
- (f) I/we acknowledge that the clearing house established and operated by HKFE may do all things necessary to transfer any open positions held by you on my/our behalf and any money and security standing to the credit of my/our Commodities Account to another exchange participant of HKFE in the event of your rights as an exchange participant of HKFE are suspended or revoked;
- (g) all monies, securities and other property received by you from me/us or from any other person (including a clearing house) for my/our account shall be held by you as trustee and segregated from your own assets. These assets so held by you shall not form part of your assets for insolvency or winding up purposes but shall be returned to me/us promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of your business or assets;
- (h) all monies, approved debt securities or approved securities received by you from me/us or from any other person (including the clearing house established and operated by HKFE) for my/our account shall be held by you in the manner specified under paragraphs 7 to 12 of Schedule 4 to the Code of Conduct for Persons Licensed by or Registered with SFC and I/we authorize you to apply any monies, approved debt securities or approved securities which I/we may pay to or deposit with you in the manner specified under paragraphs 14 to 15 of Schedule 4 to the Code of Conduct for Persons Licensed by or Registered with SFC. In particular, you may apply such monies, such approved debt securities or approved securities in or towards meeting your obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures Contracts and/or Option Contracts transacted on my/our behalf;
- (i) I/we acknowledge that in respect of any of your accounts maintained with the Clearing House established and operated by HKFE, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures Contracts and/or Option Contracts transacted on my/our behalf and whether or not money, approved debt securities or approved securities paid or deposited by me/us has been paid to or deposited with the clearing house, as between yourselves and the clearing house, you deal as principal and accordingly no such account is impressed with any trust or other equitable interest in my/our favour and monies, approved debt securities and approved securities paid to or deposited with the clearing house are thereby freed from the trust referred to paragraph (g) above;
- (j) in respect of all Futures Contracts and/or Option Contracts entered into by you on my/our behalf, I/we shall provide to you such margin or additional margin or demands for Variation Adjustments immediately upon demand. You may be required to report to HKFE and SFC particulars of all open positions in respect of which two successive margin calls and demands for Variation Adjustments are not met immediately upon demand, and you may require more margin or Variation Adjustments than that specified by HKFE and/or the clearing house and may close out open positions in respect of which any margin or additional margin calls and demands for Variation Adjustments are not met immediately;
- (k) I/we acknowledge that you are bound by the HKFE Rules which permit HKFE to take steps to limit the positions or require the closing out of contracts on my/our behalf if, in the opinion of HKFE, I am/we are accumulating positions which are or may be detrimental to any particular market or markets established and operated by HKFE or which are or may be capable of adversely affecting the fair and orderly operation of any market or markets established and operated by HKFE as the case may be;
- (l) you shall provide to me/us contract specifications, a full explanation of margin procedures and the circumstances under which my/our positions may be closed without my/our consent;
- (m) if I/we shall at any time open one or more accounts with exchange participants of HKFE other than yourselves for the purpose of carrying out transactions relating to Futures Contract or Option Contract and if the open positions in such accounts in aggregate amount to a "Large Open Position" as determined by the board of the HKFE, I/we shall report to you, or if required by you, HKFE immediately of such "Large Open Position" and provide you or HKFE (as the case may be) with such information as you or HKFE (as the case may be) may require in connection therewith (including my/our name and the ultimate beneficiary or in the case of a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate, including a beneficiary holding an interest through a nominee or trust) of such "Large Open Position" and also provide you or HKFE (as the case may be) with any other information as may be required by you or HKFE (as the case may be).

## 8. Risk Disclosure Statement

I/WE ACKNOWLEDGE THAT DUE TO THE VOLATILE NATURE OF COMMODITIES MARKETS, THE PURCHASE AND WRITING OF OPTIONS OVER COMMODITIES INVOLVES A HIGH DEGREE OF RISK.

### WARNING TO OPTION HOLDERS

SOME OPTIONS MAY ONLY BE EXERCISED ON ITS EXPIRY DAY (EUROPEAN-STYLE EXERCISE) AND OTHER OPTIONS MAY BE EXERCISED AT ANY TIME BEFORE EXPIRATION (AMERICAN-STYLE EXERCISE). I/WE UNDERSTAND THAT UPON EXERCISE SOME OPTIONS REQUIRE DELIVERY AND RECEIPT OF THE UNDERLYING COMMODITIES AND THAT OTHER OPTIONS REQUIRE A CASH PAYMENT.

AN OPTION IS A WASTING ASSET AND THERE IS A POSSIBILITY THAT AS AN OPTION HOLDER I/WE MAY SUFFER THE LOSS OF THE TOTAL PREMIUM PAID FOR THE OPTION. I/WE ACKNOWLEDGE THAT, AS AN OPTION HOLDER, IN ORDER TO REALISE A PROFIT IT WILL BE NECESSARY TO EITHER EXERCISE THE OPTION OR CLOSE THE LONG OPTION POSITION IN THE MARKET. UNDER SOME CIRCUMSTANCES IT MAY BE DIFFICULT TO TRADE THE OPTION DUE TO LACK OF LIQUIDITY IN THE MARKET. I/WE ACKNOWLEDGE THAT YOU HAVE NO OBLIGATION EITHER TO EXERCISE A VALUABLE OPTION IN THE ABSENCE OF MY/OUR INSTRUCTION OR TO GIVE TO ME/US PRIOR NOTICE OF THE EXPIRATION DATE OF THE OPTION.

### WARNING TO OPTION WRITERS

AS A WRITER OF AN OPTION I/WE MAY BE REQUIRED TO PAY ADDITIONAL MARGIN AT ANY TIME. I/WE ACKNOWLEDGE THAT AS AN OPTION WRITER, UNLIKE AN OPTION HOLDER, I/WE MAY BE LIABLE FOR UNLIMITED LOSSES BASED ON THE RISE OR FALL OF THE PRICE OF THE UNDERLYING COMMODITIES AND MY/OURS GAINS ARE LIMITED TO THE OPTION PREMIUM.

ADDITIONALLY, WRITERS OF AMERICAN-STYLE CALL (PUT) OPTIONS MAY BE REQUIRED AT ANY TIME BEFORE EXPIRY TO DELIVER (PAY FOR) THE UNDERLYING SECURITIES TO THE FULL VALUE OF THE STRIKE PRICE MULTIPLIED BY THE NUMBER OF UNDERLYING COMMODITIES. I/WE RECOGNISE THAT THIS OBLIGATION MAY BE WHOLLY DISPROPORTIONATE TO THE VALUE OF PREMIUM RECEIVED AT THE TIME THE OPTIONS WERE WRITTEN AND MAY BE REQUIRED AT SHORT NOTICE.

#### 8.1 Risk of trading Futures and Options

- (a) The risk of loss in trading futures contracts or options is substantial. In some circumstances, I/we may sustain losses in excess of my/our initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. I/We may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, my/our position may be liquidated. I/We will remain liable for any resulting deficit in my/our account. I/We should therefore study and understand futures contracts and options before I/we trade and carefully consider whether such trading is suitable in the light of my/our own financial position and investment objectives. If I/we trade options I/we should inform myself/ourselves of exercise and expiration procedures and my/our rights and obligations upon exercise or expiry.
- (b) This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, myself/ourselves should undertake such transactions only if I/we understand the nature of the contracts (and contractual relationships) into which I am/we are entering and the extent of my/our exposure to risk. Trading in futures and options is not suitable for many members of the public. I/We should carefully consider whether trading is appropriate for me/us in light of my/our experience, objectives, financial resources and other relevant circumstances.

#### 8.2 Effect of 'Leverage' or 'Gearing' of Futures

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds I/we have deposited or will have to deposit: this may work against me/us as well as for me/us. I/We may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain my/our position. If the market moves against my/our position or margin levels are increased, I/we may be called upon to pay substantial additional funds on short notice to maintain my/our position. If I/we fail to comply with a request for additional funds within the time prescribed, my/our position may be liquidated at a loss and I/we will be liable for any resulting deficit.

#### 8.3 Risk-reducing Orders or Strategies of Futures

The placing of certain orders (e.g. "stop-loss" orders, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

#### 8.4 *Variable Degree of Risk of Options*

- (a) Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. I/We should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.
- (b) The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin. If the purchased options expire worthless, I/we will suffer a total loss of my/our investment which will consist of the option premium plus transaction costs. If I am/we are contemplating purchasing deep-out-of-the-money options, I/we should be aware that the chance of such options becoming profitable ordinarily is remote.
- (c) Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin. If the option is 'covered' by the seller holding a corresponding position in the underlying interest or a futures or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.
- (d) Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction cost. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

### 9. **Additional Risks Common to Futures and Options**

#### 9.1 *Terms and Conditions of Contracts*

I/We should ask the firm with which I/we deal about the terms and conditions of the specific futures or options which I am/we are trading and associated obligations (e.g., the circumstances under I/we may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

#### 9.2 *Suspension or Restriction of Trading and Pricing Relationships*

- (a) Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If I/we have sold options, this may increase the risk of loss.
- (b) Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

#### 9.3 *Deposited Cash and Property*

I/We should familiarize myself/ourselves with the protections given to money or other property I/we deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which I/we may recover my/our money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as my/our own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### 9.4 *Commission and Other Charges*

Before I/we begin to trade, I/we should obtain a clear explanation of all commission, fees and other charges for which I/we will be liable. These charges will affect my/our net profit (if any) or increase my/our loss.

#### 9.5 *Transaction in Other Jurisdictions*

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

#### 9.6 *Currency Risks*

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in my/our own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

#### 9.7 *Trading Facilities*

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

#### 9.8 *Electronic Trading*

Trading on an electronic trading system may differ from trading on other electronic trading systems. If I/we undertake transactions on an electronic trading system, I/we will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that my/our order is either not executed according to my/our instructions or is not executed at all.

#### 9.9 *Off-exchange Transactions*

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which I/we deal may be acting as my/our counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before I/we undertake such transactions, I/we should familiarize myself/ourselves with applicable rules and attendant risks.

### 10. **General**

I/We represent and warrant to you that the Commodities Account maintained with you is not an omnibus account.

## Disclaimer and Other Information

### 1. Disclaimer

#### 1.1 *DISCLAIMER delivered pursuant to the Relevant Provisions of the regulations for trading Futures Contracts on Stock Indices developed by Hang Seng Data Services Limited*

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

#### 1.2 *DISCLAIMER delivered pursuant to Regulation 024(a) of the Regulations for trading Option Contracts on Stock Indices developed by Hang Seng Data Services Limited*

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

#### 1.3 *DISCLAIMER delivered pursuant to Circular Ref CIR/LEGAL/980141 issued by the Hong Kong Futures Exchange Limited dated 8<sup>th</sup> May 2000.*

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

### 2. Other Information

#### 2.1 *Summary of Prescribed Limits and Reporting Level applicable to client's accounts*

Certain prescribed limits and reporting level set by the Securities and Futures Commission ("SFC") under the Securities and Futures (Contracts Limits and Reportable Positions) Rules ("the Rules") made pursuant to Section 35 (1) of the Securities and Futures Ordinance will directly affect my/our Account(s) – these are summarized below. I/We understand and acknowledge that failure to comply with such limits or to report may constitute a criminal offence under the Securities and Futures Ordinance and the Rules.

#### 2.2 *SFC Prescribed Limits*

Under these limits, each of Kim Eng Futures (Hong Kong) Limited and me/us is prohibited from entering into, holding or controlling more than a specified number of open contracts in any one contract month, unless the excess is expressly authorised by SFC, HKFE or SEHK (as the case may be) under the Rules.

#### 2.3 *SFC Reporting Level*

Under these requirements, each of Kim Eng Futures (Hong Kong) Limited and me/us is prohibited from holding or controlling more than a specified number of open contracts in any one contract month or expiry month unless the position held or controlled is reported to the HKFE, SEHK and/or other recognized exchange pursuant to the Rules.

#### 2.4 *Direct Application of the Rules to Clients*

The SFC's prescribed limits and reporting level apply to Kim Eng Futures (Hong Kong) Limited for its own account and separately and directly to me/us. I/We using more than one participant of the HKFE continue to be subject to the SFC's prescribed limits and reporting level. I/We understand and acknowledge that I/we are therefore required to report to the HKFE a position which exceeds the prescribed net long or short contracts reporting level and the specific positions held through each participant of the HKFE. A sample of the reporting form is available from Kim Eng Futures (Hong Kong) Limited on request.

#### 2.5 *HKFE's Large Open Position Report Procedures*

The HKFE has also set large open position limits in a number of markets operated by the HKFE. In particular, I/We understand and acknowledge that I/we shall have direct reporting obligations to the HKFE where I/we hold or control, in aggregate, open positions equal to or more than the number of futures contracts and/or options contracts specified by HKFE from time to time, whether directly or through my/our associate, and whether through one or more participants of the HKFE, in which event I/we shall be required to file a Large Open Position Report with the HKFE. For the purposes of the HKFE Rules, large open position means the number of open Futures Contracts and/or Options Contracts in a particular futures contract month or option series in a particular market determined by the Board (as defined in the HKFE Rules) to be a Large Open Position pursuant to Rules 628 of the HKFE Rules. This is similar to the concept of "reportable position" prescribed in the Rules. A sample of the reporting form is available from Kim Eng Futures (Hong Kong) Limited on request.

Please refer to the website of Hong Kong Exchanges and Clearing Limited ([http://www.hkex.com.hk/eng/market/dv\\_tradinfo/lop.htm](http://www.hkex.com.hk/eng/market/dv_tradinfo/lop.htm)) for a schedule of the prescribed limits and reporting level for some of the corresponding Futures Contract or Options Contract under the HKFE Rules (which forms an integral part of this Additional Terms and is subject to change from time to time without prior notice). A copy of the schedule is available from Kim Eng Futures (Hong Kong) Limited on request.



## ADDITIONAL TERMS FOR ELECTRONIC TRADING

The following is a set of Additional Terms referred to in the General Terms and Conditions of Business which I/We (the Client or Customer herein) have agreed to bound by. I/We agree that my/our application to utilize your (i.e. Kim Eng Securities (Hong Kong) Limited and Kim Eng Futures (Hong Kong) Limited "KEHK") KEHK Electronic Trade (as hereinafter defined) will be subject to these Additional Terms and the General Terms and Conditions of Business.

### 1. **Electronic Trading System**

1.1 I/We agree that for the purpose of facilitating trading in Securities or other financial products on the internet through an electronic trading system, I/We shall be permitted access to and use of the system provided by you (KEHK) and/or any other relevant party (such system hereafter referred to as "KEHK Electronic Trade") which shall enable me/us to give electronic instructions to KEHK and to obtain quotations and other information via the internet using/through the KEHK Electronic Trade platform/portal.

1.2 I/We shall be issued a unique User Name and unique Password by you or such other form of approved user identification (the "ID") to provide access and use by me/us to KEHK Electronic Trade for the purpose of trading in Securities or other financial and investment products. I/We shall be the sole authorised and exclusive person using the ID and shall be fully responsible for the use protection and confidentiality of the ID as well as all transactions executed through the ID. You shall not be responsible for any loss, damage, cost and expense in respect of or in connection with my/our failure to maintain the confidentiality of the ID or arising from any unauthorised access of KEHK Electronic Trade. Any use of KEHK Electronic Trade by me/us shall be in accordance with and subject to these Additional Terms. You reserve the right to amend, modify, suspend or terminate the operation of KEHK Electronic Trade at any time for any reason whatsoever and in any manner it deems fit, without giving any prior notice thereof to me/us and without being responsible in any way for any loss or damage whatsoever resulting therefrom.

### 2. **Access and Use**

2.1 I/We agree that for the purpose of trading in Securities or other products through KEHK Electronic Trade, I/We (if so required by you) shall maintain at all times a deposit (which shall not bear interest) with you, the quantum of which shall be determined by you from time to time at your discretion. Without prejudice to your other rights and powers, you shall be entitled to apply the said deposit or any part thereof towards payment of any indebtedness owing by me/us to you. The trading in Securities or other products through KEHK Electronic Trade shall be subject to:

- (a) such conditions requirements trading limits or other restrictions as may be imposed by you from time to time and whether or not prior notification thereof has been given to me/us;
- (b) rules and regulations of SEHK or any other relevant securities exchange in Hong Kong or elsewhere for the time being in force and as may be modified or amended from time to time; and
- (c) these Additional Terms (as may be modified or amended from time to time).

2.2 You **reserve the right to suspend or terminate my/our access and use of KEHK Electronic Trade** and/or impose such conditions or directions in relation thereto from time to time as it deems fit without giving any reasons or prior notice to me/us and without being responsible in any way for any loss or damage whatsoever resulting therefrom. I/We accept that access and use of KEHK Electronic Trade will not necessarily be free from faults, errors, delays or defects in KEHK Electronic Trade's applications systems design and engineering.

2.3 I/We shall use KEHK Electronic Trade strictly in accordance with these Additional Terms, and **I/We shall not in any way permit, enable or cause any person (including me/us) to:-**

- (a) gain unauthorised access or use of KEHK Electronic Trade;
  - (b) make any modifications, adjustments or alterations to any information or services available on KEHK Electronic Trade;
  - (c) tamper, restrict or otherwise interfere with any part, function or operation of KEHK Electronic Trade;
  - (d) use the ID or any equipment/software in a manner inconsistent with these Additional Terms or detrimental to the functions of KEHK Electronic Trade;
  - (e) access, use, store, modify or redistribute in any manner any information material or data obtained from KEHK Electronic Trade whether through any other system equipment or software linked to my/our computer or otherwise; or
  - (f) cause any failure, interruption, error, defect in, misuse of, impairment or corruption any part of KEHK Electronic Trade or any information or services provided therein;
- and I/We shall be liable for and fully indemnify you from and against any and all actions, charges, losses, damages, demands, liability, claims, costs (including legal costs on a full indemnity basis), expenses and/or consequences in respect of or in connection with any breach of the foregoing.

2.4 If in your sole opinion, any failure, interruption, error, defect in, misuse of, impairment or corruption of KEHK Electronic Trade is or has been or is likely to be caused by any of my/our equipment or software, you may:

- (a) check and inspect my/our equipment and software, and
- (b) require me/us to disconnect, cease the use of, upgrade and/or modify the same at my/our own cost.

2.5 I/We recognise that the use of KEHK Electronic Trade may involve the electronic transmission of information that may be considered personal financial information, including but not limited to the identity, the number of shares traded and the net price for such shares. I/We hereby consent to the transmission by electronic means of such information through KEHK Electronic Trade; such consent shall be effective at all times of my/our access and/or use of KEHK Electronic Trade.

2.6 While KEHK has taken professional care and attention in the provision of KEHK Electronic Trade services hereunder, KEHK does not warrant nor guarantee expressly or otherwise that KEHK Electronic Trade and services provided thereunder are suitable or fit for any particular financial investment or other purpose or is of merchantable quality in relation to such purpose(s).

### 3. **Instructions and Verification**

I/We am/are fully responsible for any **instructions received through KEHK Electronic Trade by you under my/our ID and the instructions shall be deemed to have been given by me/us** notwithstanding that it may have been given by a third party with or without my/our authority. You shall be under no obligation to effect any such instructions and is entitled to refuse to carry out the same without giving a reason for such refusal. You shall not be responsible for any order not being executed through KEHK Electronic Trade for whatever reason. I/We accept that quoted prices may change prior to the trade's execution and **not all orders will be executed in chronological sequence with the orders being placed**. Any instructions or orders given by me/us shall be deemed to be given or made at the time and in the format received by you (regardless of the circumstances prevailing at the relevant time and without further enquiry by KEHK Electronic Trade as to the genuity of instructions and/or the authority or identity of the person giving the same), and may be carried out by you without further verification from me/us. **Any acknowledgment or notification given by you on KEHK Electronic Trade shall be deemed to have been received by me/us and I/We shall be bound thereby notwithstanding that such acknowledgment or notification may not have actually been received by me/us for any reason whatsoever**. If any instruction received by you are, or is regarded by you in good faith to be, ambiguous, contradictory or conflicting, you may either disregard such instruction (in whole or in part) or carry out or execute such instruction (in whole or in part) in accordance to your interpretation of such instruction in good faith without further reference or consultation with me/us.

### 4. **Order Routing and Execution**

4.1 I/We may transmit orders to you through the use of KEHK Electronic Trade and in accordance with all relevant procedures.

4.2 Without prejudice to Clause 3, I/we shall be fully responsible and liable for any orders placed with you, and transactions entered into, through the use of KEHK Electronic Trade accessed using the ID. In particular (but without limitation) I/we shall be bound by such orders notwithstanding any typographical or keystroke errors made when such orders are placed, any corruption or distortion of orders which may occur when such orders are transmitted through KEHK Electronic Trade, or that such orders may exceed any position or transaction limits or restrictions (whether imposed by the relevant exchange, you or otherwise). You shall, notwithstanding that any of such orders may be deemed as being that of yours vis-à-vis any relevant exchange, not be obliged to review, detect, correct or stop any of such orders in any way.

4.3 I/We acknowledge that the placement of an order through KEHK Electronic Trade, including a market order, does not guarantee receipt, acceptance or execution of the order.

4.4 Without prejudice to Clause 3, the cancellation or modification of an order pursuant to my/our request is not guaranteed. The order will be cancelled or modified only if my/our request for cancellation or modification is duly received and the order is successfully cancelled or modified before it is executed.

4.5 I/We accept that quoted prices may change prior to the trade's execution and not all orders will be executed in chronological sequence with the orders being placed. Any instructions or orders given by me/us shall be deemed to be given or made at the time and in the format received by you. I/We shall not be entitled to presume an order as having been executed, cancelled or modified until it has received a notification from you confirming the same. Any such notification shall be deemed to have been received by me/us when the same is issued by you and I/We shall be bound thereby.

### 5. **Information Providers and Intellectual Property**

- 5.1 I/We shall on demand pay such fees and other costs as may be prescribed by you or the Information Provider for subscribing to or use of any information data or other services provided on any IP's website through KEHK Electronic Trade. You shall not be responsible in any way for any act omission default breach or neglect of the Information Provider, nor for the content accuracy timeliness or completeness of any information data or other services provided by the Information Provider through KEHK Electronic Trade.
- 5.2 You shall not be responsible in the event I am / we are unable to access or use any information data or other services of the Information Provider on KEHK Electronic Trade, or if the same is in any manner delayed suspended terminated corrupted or faulty.
- 5.3 I/We may only download and print the information or data or other services provided by you or the Information Provider (the "Content") for my/our personal use provided that I/We also retain unaltered all copyright and other proprietary notices contained in the Content. I/We shall not reproduce, retransmit, disseminate, sell distribute publish broadcast circulate or commercially exploit the Content in any manner without your consent or the Information Provider's consent as the case may be, or use the same for any unlawful or unauthorised purpose. I/We shall fully indemnify you against all loss, damage, cost and expense in respect of or in connection with any breach of the foregoing. I/We agree to comply with any request by you or the Information Provider to protect their respective copyrights, other intellectual property rights or moral rights, whether statutory or otherwise howsoever arising in the Content.
- 5.4 The trade and service marks of your displayed on KEHK Electronic Trade are the sole and exclusive property of yours and/or other relevant parties, including any Information Provider. No right or licence is given for any reproduction or use of any such trade and service marks.
- 5.5 The information provided on KEHK Electronic Trade shall not constitute professional advice from you nor should it be relied upon as such in relation to any investment decision trading activities of or orders placed by me/us who shall at all times rely on my/our own assessment and judgment in respect of any investment decision or proposed transaction. You make no warranty or representation, express or implied, as to the information on KEHK Electronic Trade, or as to its content accuracy completeness timeliness or otherwise. The availability of information on KEHK Electronic Trade should not be taken in any way as an inducement to trade or a solicitation for orders.
- 6. Indemnity**
- 6.1 For the avoidance of doubt, it is agreed and confirmed you shall not be liable to me/us in any way for any loss, damage or expense suffered or incurred by me/us arising from this agreement and/or use of KEHK Electronic Trade.
- 6.2 I/We agree to indemnify and hold you harmless from and against any and all claims, demands, actions, losses, damages, liability, or costs, charges, counsel fees, and expenses of any nature ("Losses") arising from or occasioned by or in relation to
- (a) my/our improper, unlawful, unauthorized or negligent use of KEHK Electronic Trade;
  - (b) any inaccuracy, error, or delay in, or omission of any data, information, or message or the transmission or delivery of any such data, information, or message; or
  - (c) any Losses arising from or occasioned by or in relation to any inaccuracy, error, delay, omission, the non-performance of or the interruption of any such data, information, or message, due to any negligent act or omission by any disseminating party any "force majeure" event (i.e. events beyond the reasonable control of any disseminating party including but not limited to floods, extraordinary weather conditions, earthquakes, or other acts of God, fire, war, acts of terrorism, insurrections, riots, labor disputes, accidents, actions of government, communications, power failures, the malfunction of any equipment or software) or any other cause beyond the reasonable control of any disseminating party.
- 7. Exclusion of Liability**
- 7.1 Without prejudice to the generality of the other Clauses in these Additional Terms and in addition to the same, you (KEHK) shall not be liable to me/us or to any third party for any loss damage liability claim cost or expense whatsoever and howsoever caused or arising from the following (including any act default or omission of any of your or Information Provider's servants, agents or independent contractors):-
- (a) the reliance or use of the information or trading and other services provided through KEHK Electronic Trade;
  - (b) any interruption, interference, delay, suspension, malfunction, breakdown, operator error, bugs, virus or loss of use of any of the services provided through KEHK Electronic Trade;
  - (c) any failure of any computer hardware, application software or other software utilized in relation to the provision of the services on KEHK Electronic Trade whether of yours, SEHK, HKSCC, or any Information Provider;
  - (d) any cause over which you do not have control including but not limited to any government restriction, exchange ruling, suspension of trading, war, strike, industrial action, civil commotion, the failure of any electronic or mechanical equipment, internet service provider, telephone or other communication systems lines or devices, public utility systems, unauthorised access or theft (including theft of passwords, codes or log-in sequences);
  - (e) any direct or indirect consequential or incidental loss or damage of whatever nature and howsoever arising from or in connection with any delay failure neglect or omission to carry out or execute any orders or instructions given by me/us through KEHK Electronic Trade notwithstanding that the orders or instructions were received by KEHK Electronic Trade;
  - (f) any inaccuracy, error, delay in or omission of any information or transmission or delivery of information;
  - (g) any delay, failure, error, omission which may ensue from the maintenance of the KEHK Electronic Trade system infrastructure from time to time; or
  - (h) the failure of any electronic protective measures, including filters and anti-virus software, whether for the protection of the integrity of the KEHK Electronic Trade system or the filtering out of inappropriate orders for execution or howsoever otherwise.
- 8. Services Provided by Third Parties**
- 8.1 You may from time to time provide internet hyperlinks in KEHK Electronic Trade to internet webpages or services provided by third parties. You may also from time to time permit third parties to make available their services to me/us through KEHK Electronic Trade. I/We hereby acknowledge that such webpages or services provided by third parties are beyond your control and that you neither endorse nor recommend to me/us any such webpages or services and accordingly, I/we agree that any access or use of such websites or services by me/us shall be wholly at my/our own risk.
- 9. Equipment requirements**
- 9.1 If new or different versions of the web browser or other software necessary for the operation of KEHK Electronic Trade are available, you reserve the right not to support any prior version of the web browser or other software. If I/we fail to upgrade the web browser, obtain a supported web browser or to use a supported version of any other software as required by you, you may reject instructions sent by me/us.
- 9.2 You reserve the right to change the type or versions or specifications of any hardware or equipment that I/we may be required to use for the use of KEHK Electronic Trade, and in the event I/we fail to obtain the necessary hardware or equipment to use KEHK Electronic Trade, you may reject instructions sent by me/us.
- 10. Termination**
- 10.1 The provision of KEHK Electronic Trade to me/us may be terminated by you in its sole and absolute discretion without giving any reason at any time and without giving prior notice to me/us and without incurring any liability whatsoever. Without prejudice to the generality of the foregoing, you shall be entitled (but shall not be obliged) to terminate the provision of KEHK Electronic Trade based on any grounds or reasons which will justify the termination or closing of any of my/our accounts with you.
- 10.2 For the avoidance of doubt, my/our obligation to pay all fees, costs, charges, expenses and amounts accrued up to (and including) the date of termination shall be and remain enforceable and shall survive any termination of this agreement and any termination of my/our use of KEHK Electronic Trade hereunder.
- 11. Disclosure of Information**
- 11.1 I/We agree that you may without incurring any liability whatsoever, divulge or reveal to third parties any information whatsoever regarding me/us or any of my/our account(s) maintained with you for such purposes as you may deems fit, including:
- (a) in order to link any of my/our accounts maintained with you;
  - (b) where you have entered into an agreement with another party, whether in Hong Kong or otherwise, to provide any service (including services available via KEHK Electronic Trade). In this case, you will provide that party with information about my/our accounts, transactions, transfers or bill payments, and my/our communications with you in order to



- carry out instructions;
- (c) where it is necessary for completing transactions, transfers or bill payments or otherwise carrying out instructions;
- (d) in order to market or promote any of your services or products;
- (e) in order to verify the existence and conditions of an account for a third party, such as a credit bureau, a payee, or any holder of a check issued by me/us or on my/our behalf through KEHK Electronic Trade; or
- (f) in order to comply with laws, government agency rules or orders, court orders, subpoenas or other legal process or in order to give information to any government agency or official having legal authority to request such information.

11.2 For the avoidance of doubt, I/we agree that you shall not be liable for any loss or damage that I/we may incur as a result of the negligence, act or omission of any third party referred to in Clause 7.1 above.

## 12. Notification By Client

12.1 I/We shall promptly notify you and in any event within 7 days:-

- (a) of any failure to receive an appropriate response that an instruction initiated by me/us through KEHK Electronic Trade has been received and/or executed;
- (b) of any receipt of a confirmation of an instruction that I/We did not place or an inaccurate or conflicting report, account statement or information relating to my/our account;
- (c) of any discrepancy between any information or report produced or made available to me/us by KEHK Electronic Trade on any medium (including but not limited to electronic means), or in my/our portfolio, or an information source, and any other such report or confirmation of a trade or order;
- (d) if there is a discrepancy in the account balance, security positions or order status reported to me/us through KEHK Electronic Trade;
- (e) if there is any other type of discrepancy or suspicious or unexplained occurrence relating to my/our KEHK Electronic Trade account.

## 13. Fees and expenses

13.1 Without prejudice to Clause 5.1 above, I/we shall pay you such subscription fees and other costs, charges, expenses and interest for the use of KEHK Electronic Trade at such rate as may be determined by you from time to time and notified to me/us. You further reserve the right to recover from me/us any additional, special or out-of-pocket expenses incurred on my/our behalf pursuant to my/our instructions.

13.2 All other agreements between me/us and you for the payment of fees, costs, charges, expenses and interest shall continue to be in force and shall be in addition to and shall not be affected by these Additional Terms for the payment of fees, costs, charges, expenses and interest in connection with the use of KEHK Electronic Trade.

## 14. Risk of internet trading

14.1 I/We accept and understand that I/we may be exposed to and suffer risks associated with the KEHK Electronic Trade system, including the failure of hardware, software systems and system failure with internet service providers. The result of any system failure may include situations where my/our order will not be executed according to my/our instructions or will not be executed at all.

14.2 I/We accept and agree to the risk that messages sent over the internet may be delayed due to internet overloads, bottlenecks or for other reasons. You shall not be responsible for any consequences of these delays, including without limitation delays in transmission of instructions/orders to the place of execution or the transmission of reports of execution to me/us due to any failure of communication facilities or any other delays beyond your reasonable control.

14.3 Communications over the internet may be subject to transmission blackouts, interruptions, interceptions, or incorrect data transmissions due to the public nature of the internet or for other reasons that are beyond your control. Messages sent over the internet cannot be guaranteed to be completely secure. I/We accept and agree to bear the risk of any delay, loss, diversion, alternation, corruption or virus infection of any messages/instructions either sent to or received from your systems. You shall not be responsible for any losses or damages incurred or suffered as a result thereof.

## Additional Risk associated with Derivative Products / Structured Investment Products

### **A. Some Risks Associated with Structured Investment Products**

- 1. Issuer Default Risk**

Investors will be considered as unsecured creditors and will have no preferential claims to any assets held by a structured product issuer in the event that the structured investment product issuer become insolvent and defaults on the listed product issued by it. Investors should therefore pay close attention to the financial strength and credit worthiness of structured investment product issuers.
- 2. Uncollateralised Product Risk**

Since uncollateralized structured investment products are not asset backed, therefore, if the structured investment product issuer defaults, investors may lose their entire investment. Investors should check with the listing document of the structured investment product to determine if the structured investment product is uncollateralized.
- 3. Gearing Risk**

Structured investment product is leveraged and its values can change rapidly according to the gearing ratio relative to its underlying assets. In the worst scenario, value of structured investment product can drop to zero resulting in a total loss of initial investment.
- 4. Expiry Considerations**

Structured investment product is worthless when expired. Investors should bear in mind of the expiry time horizon of the structured investment product when they formulate their trading strategy.
- 5. Extraordinary Price Movements**

Price of structured investment product may be different (i.e. higher or lower) from its theoretical price due to outside factors such as market supply and demand.
- 6. Foreign Exchange Risk**

Structured investment product not denominated in Hong Kong dollar is subjected to exchange rate risk. The price of structured investment product can be adversely affected by the currency rate fluctuation on the value of its underlying assets.
- 7. Liquidity Risk**

Structured investment product issuer need to appoint a liquidity provider according to the requirements of Hong Kong Stock Exchange. The liquidity provider is responsible to provide two way quotes to facilitate the trading of the structured investment product. Investors may not able to trade the structured investment product if its liquidity provider is default or ceased to fulfill its role until a new liquidity provider has been assigned.

### **B. Some Additional Risks Involved in Trading Derivative Warrants**

Derivative warrants are an instrument that gives an investor the right, but not the obligation, to “buy” or “sell” an underlying asset at a pre-set price (also known as the exercise price) within a certain time period following a valid exercise. They may be bought and sold prior to expiry in the market. For derivative warrants traded in Hong Kong, they are usually settled at expiry in cash.

In some markets, derivative warrants may be exercised at or prior to expiry by purchase or sale of the underlying asset. Derivative warrants may be issued in American or European styles. Holders of American-style derivative warrants may exercise at any time prior to expiry while holders of European-style derivative warrants may only exercise on the expiry date. Derivative warrants can be issued over a range of assets, including stocks, stock indices, currencies, commodities, or a basket of securities. They are issued by a third party, usually an investment bank, independent of the issuer of the underlying assets. Derivative warrants traded in Hong Kong normally have an initial life of six months to two years and when trading in the market each derivative warrant is likely to have a unique expiry date.

Derivative warrant trading involves high risks and is not suitable for every investor. Investor should understand and consider the following risks before trading in derivative warrants.

- 1. Issuer Risk :** Derivative warrant holders are unsecured creditors of the issuer and they have no preferential claim to any assets an issuer may hold.
- 2. Gearing Risk :** Although derivative warrants often cost less than the price of the underlying assets, a derivative warrant may change in value to a much greater extent than the underlying assets. Although potential return on derivative warrants may be higher than that on the underlying assets, it should be noted that in the worst case the value of derivative warrants may fall to zero and holders may lose their entire investment amount.
- 3. Limited Life :** Unlike stocks, derivative warrants have an expiry date and therefore a limited life. Unless the derivative warrants are in-the-money, they become worthless at expiration.
- 4. Time Decay :** So long as other factors remain unchanged, the value of derivative warrants will decrease over time. Therefore, derivative warrants should never be viewed as products that are bought and held as long term investments.
- 5. 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. This is particularly the case when a derivative warrant issue is almost sold out and when there are further issues of an existing derivative warrant.
- 6. Turnover :** High turnover should not be regarded as an indication that a derivative warrant’s price will go up. The price of a derivative warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.

### **C. Some Additional Risks Involved in Trading CBBCs**

Callable Bull/Bear Contracts (CBBCs) are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBCs are issued by third parties, usually investment banks, independent of stock exchanges and of the underlying assets.

In Hong Kong, CBBCs may be issued with a lifespan of 3 months to 5 years and are settled in cash only. During a CBBC’s lifespan, it will be called by the issuer when the price of the underlying asset reaches a level (known as the “Call Price”) specified in the listing document. If the Call Price is reached before expiry, the CBBC will expire early and the trading of the CBBC will be terminated immediately.

- 1. Mandatory Call :** A CBBC will be called by the issuer when the price of the underlying asset hits the Call Price. Payoff for Category N CBBC will be zero when they expire early. When Category R CBBC expire early the holder may receive a small amount of Residual Value payment, but there may be no Residual Value payment in adverse situations. Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and investors will not be able to profit from the bounce-back.
- 2. Gearing Effects:** Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater compared with that of the underlying asset. When the underlying asset price is closer to the CBBC Call price, the risk for the CBBC being called is higher. Theoretically, the CBBC gearing ratio will be higher, reflecting the risk of being called.
- 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 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

4. **Liquidity:** Although CBBC have liquidity providers, there is no guarantee that investors will be able to buy/sell CBBC at their target prices any time they wish.
5. **Funding Costs:** Different issuers adopt different formulas in calculating CBBC funding cost. When a CBBC is called, the CBBC holders (investors) will lose the funding cost for the full period since the funding cost is built into the CBBC price upfront at launch even though with the MCE, the actual period of funding for the CBBC turns out to be shorter.
6. **Movement with underlying asset:** The price of a CBBC tends to follow closely the price of its underlying asset, yet in some situations it may not. Prices of CBBC are affected by a number of factors, such as its own demand and supply, funding costs and time to expiry. And, the delta for a particular CBBC may not always be close to one, especially when the price of the underlying asset is close to the Call Price.
7. **Trading close to 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 trading will terminate as a result.
8. **Overseas underlying assets** CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. Besides, Investors 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.

#### **D. Some Risks Associated with Exchange Traded Funds (ETFs)**

Exchange Traded Funds (ETFs) are passively managed open-ended funds traded like stocks on the exchanges. In Hong Kong, all listed ETFs are authorized by the Securities and Futures Commission as collective investment schemes. ETFs track, replicate or correspond to the performance of the underlying benchmarks (e.g. an index, specific segment of a market, bonds or commodities) and offer investors an indirect access to a wide range of underlying market themes. By investing in an ETF, investor can replicate (although not 100%) the performance of the underlying strategy without actually owning the constituents that comprise the strategy. ETFs may or may not pay dividend to their holders depending on the dividend policy of individual ETFs.

##### 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 goal, but in general they do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

##### 2. Tracking errors

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

##### 3. Trading at discount or premium

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

##### 4. Foreign exchange risk

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

##### 5. Liquidity risk

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

##### 6. Counterparty risk involved in ETFs with different replication strategies

###### (a) Full replication and representative sampling strategies

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

###### (b) Synthetic replication strategies

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

###### i. Swap-based ETFs

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets.

Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

###### ii. Derivative embedded ETFs

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

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

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

It is important that investors understand and critically assess the implications arising due to different ETF structures and characteristics.

#### **E. Risk involved in trading equity linked instruments (ELIs)**

Equity Linked Instruments (ELI) are structured products which are marketed to investors who want to earn a higher interest rate than the rate on an ordinary time deposit and accept the risk of repayment in the form of the underlying shares or losing some or all of their investment. When an investor purchases an ELI, he is indirectly writing an option on the underlying shares. If the market moves as the investor expected, he earns a fixed return from his investment which is derived mainly from the premium received on writing the option. If the market moves against the investor's view, he may lose some or all of his investment or receive shares worth less than the initial investment.

##### 1. Exposure to equity market

Investors are exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. Investors must also be

prepared to accept the risk of receiving the underlying shares or a payment less than their original investment.

2. Possibilities of losing investment

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

3. Price adjustment

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

4. Interest rates

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

5. Potential yield

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

**F. Risk Involved in trading Stock Options**

A stock option is a financial contract based on single underlying stock which is traded on an exchange and cleared through its clearing house. The two major types of option contracts are call option and put option. A call option buyer has the right (but not obligated) to buy the underlying stock at the strike price (i.e. pre-determined price) on or before the expiry day, while a call option seller (also known as the writer) has the obligation to sell the underlying stock at the strike price upon exercise on or before the expiry day.

A put option buyer has the right (but not obligated) to sell the underlying stock at the strike price on or before the expiry day, while a put option seller has the obligation to buy the underlying stock at the strike price upon exercise on or before the expiry day.

1. Variable degree of risk : Transaction in stock options carries a high degree of risk. Purchasers and sellers of stock options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Investors should calculate the extent to which the value of the stock option must increase for investors' position to become profitable, taking into account the premium and all transaction costs. The purchaser of stock option may offset or exercise the stock option or allow the stock option to expire. The exercise of a stock option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the purchased stock options expire worthless, the purchaser will suffer a total loss of the purchaser's investment which will consist of the stock option premium plus transaction costs. If investors are contemplating purchasing deep-out-of-the-money stock options, investors should be aware that the chance of such stock options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") a stock option generally entails considerably greater risk than purchasing a stock option. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the stock option and the seller will be obligated to either settle the stock option in cash or to acquire or deliver the underlying interest. If the stock option is "covered" by the seller holding a corresponding position in the underlying interest or another stock option, the risk may be reduced. If the stock option is not "covered" (also known as "naked"), the risk of loss can be unlimited. Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

2. Terms and conditions of stock option contracts : Investors should ask the firm with which investors deal about the terms and conditions of the specific stock option which investors are trading and associated obligations (e.g. expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an options) may be modified by the exchange or clearing house to reflect changes in the underlying interest.
3. Suspension or restriction of trading and pricing relationships : Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If investors have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the option may not exist. This can occur when, for example, the interest underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair value".

**G. Risk Involved in Trading Debt Securities**

Debt securities include bonds and notes which represent loans to an entity (such as a government or corporation) in which the entity promises to repay the bondholders or note-holders the total amount borrowed. That repayment in most cases is made on maturity although some loans are repayable in installments. Unlike shareholders, holders of bonds and notes are not owners of an entity but its creditors. In return for the loan, the entity will usually compensate the bondholders or note-holders with interest payments during the life of the bond or note. The interest rate on bonds and notes can be a fixed or floating rate.

1. This is NOT a principal protected investment. The price of this product may fall in value rapidly and investors may suffer a total loss of their initial investment. Besides, The rate of return of this product cannot be estimated precisely
2. There are many factors that affect the market value and the rate of return of the debt securities, including but not limited to market risk, credit risk, liquidity risk, interest rate risk, exchange rate risk, index risk, intermediary risk, corporate action /extraordinary events.

*In light of the risks, an investor should not engage in trading in derivatives unless the investor understands the nature of the transactions into which the investor is entering and the extent of the investor's exposure to risk. An investor should carefully consider whether trading in derivatives is appropriate for him in light of the investor's investment experience, objectives, risk appetite, financial resources and other relevant circumstances.*

*If in doubt, investors are strongly advised to seek independent and professional advice from legal, tax, financial and other professional advisers. Whilst care has been taken in the preparation of this document, no responsibility is accepted for the completeness, adequacy or accuracy of its contents. To learn more, you may visit the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>) and the Securities and Futures Commission of Hong Kong (<http://www.sfc.hk>).*

## NOTICE TO CLIENTS RELATING TO THE PERSONAL DATA (PRIVACY) ORDINANCE

This Notice is issued by Kim Eng Securities (Hong Kong) Limited and Kim Eng Futures (Hong Kong) Limited together with their subsidiaries, affiliates, associated and related companies (collectively referred to hereinafter as "the **Kim Eng (HK) Group**") to set out their policies and practices in relation to the collection of personal data from individual clients and other persons and the purposes of such collection.

### 1. Importance of Data Collection

In compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ("PDPO"), this notice sets out how Kim Eng (HK) Group may collect, use and transfer personal data from me/us, persons providing a guarantee or security to secure my/our liabilities or other relevant persons relating thereto; and also how I/we may access my/our personal data and my/our correction rights. This Notice applies to all products and services provided or managed by Kim Eng (HK) Group (including but not limiting to where Kim Eng (HK) Group acts as the investment advisor).

- (a) Kim Eng (HK) Group may collect and/or hold (including but not limited to via documentation or telephone recording system), for the purposes as stated in this Notice, my/our personal data. Personal data may comprise of information (including but not limited to my/our name, contact information, residential and correspondence address, phone number, fax number, email address, date of birth, nationality, Hong Kong identity card number, travel document information, gender, employment and occupation record, family, educational background, investment appetite and experience, financial information, transaction records, behavior and pattern, bank account information, demographic information or identifier(s) that are held in a cookie or processor serial number that is combined with other personal information) (collectively, "**Personal Data**"). Data may also be generated or combined with other information available to Kim Eng (HK) Group or any member of Malayan Banking Berhad ("**Maybank Group**" means Malayan Banking Berhad, its affiliates, subsidiaries and associated entities (together or individually) and "member of the Maybank Group" has the same meaning)
- (b) If I/we fail to supply or if Kim Eng (HK) Group is unable to collect such data, it may result in Kim Eng (HK) Group being unable to offer or continue its services, open or continue the account(s), establish or continue financing facilities, establish or maintain the business relationship between client and Kim Eng (HK) Group in the ordinary course of business or comply with any laws, regulations or guidelines issued by regulatory or other authorities.
- (c) Kim Eng (HK) Group may at any time conduct credit enquiries on me/us and to verify the information I/We provide to Kim Eng (HK) Group through, including but not limited to, my/our bankers, brokers and any credit agency.

### 2. Purposes of Data Collection and Usage

The personal data relating to me/us, any person providing a guarantee or security to secure my/our liabilities or any other person whose data are being held by the Kim Eng (HK) Group may be used by Kim Eng (HK) Group or any member of the MayBank Group or the recipient thereof for the following purposes:-

- (a) opening, administering and continuation of my/our account;
- (b) the daily operation of the credit facilities or services provided to me/us;
- (c) making lending and credit analysis and decisions;
- (d) conducting credit checks;
- (e) ensuring ongoing credit worthiness of the client;
- (f) assisting other financial institutions to conduct credit checks and collect debts;
- (g) designing financial services or related products for my/our use;
- (h) marketing financial services or related products;
- (i) determining the amount of indebtedness owed to or by me/us;
- (j) collecting amounts outstanding from me/us and those providing security for my/our obligations;
- (k) meeting the requirements to make disclosure under any laws, rules or regulations applicable to any member of Kim Eng (HK) Group;
- (l) enabling an actual or proposed assignee of any member of Kim Eng (HK) Group, or participant or sub-participant or transferee of the rights of any member of Kim Eng (HK) Group in respect of the client to evaluate the transaction intended to be the subject of the assignment, participation or sub-participation;
- (m) maintaining my/our credit history (whether or not there exists any relationship between me/us and Kim Eng (HK) Group or the recipient of the data) for present and future reference;
- (n) meeting the requirements to make disclosure under any laws, regulations or rules binding on Kim Eng (HK) Group or any rules, codes, guidelines or directions issued by such government, regulatory or other authorities with which Kim Eng (HK) Group is expected to comply (including but not limited to the laws, regulations and international agreements for the implementation of AEOI and FATCA, including, where applicable, for the purpose of assisting Kim Eng (HK) Group and/or any investment vehicle that Kim Eng (HK) Group provides services to in obtaining any exemption, reduction or refund of any withholding or other taxes imposed by any taxing authority or other government agency;
- (o) use by the directors, trustee, investment managers, investment advisors, administrators, custodians, auditors, registrar, financial advisors, brokers of any investment products that are managed or operated by Kim Eng (HK) Group (including but not limited to processing of subscription applications);
- (p) facilitating the daily operations of the investment products or services managed, operated or provided by Kim Eng (HK) Group;
- (q) creating and maintaining Kim Eng (HK) Group's customer or potential customer profile and segregation and business model and performing risk management;
- (r) providing customer services (including but not limited to communicating with me/us via telephone, mail, e-mail, facsimile or any other means of communications);
- (s) preventing, detecting or reporting any crime or any fraudulent or dishonest behaviour, or any other purpose relating thereto;
- (t) complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within Kim Eng (HK) Group or any member of Maybank Group and/or any other use of data and information in accordance with any programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities;
- (u) meeting the requirements of the Hong Kong Exchanges and Clearing Limited, the Securities and Futures Commission, any relevant exchange, any government, law enforcement or other regulatory authority, body or entity under any applicable laws, rules, regulations, codes, guidelines or directions to which Kim Eng (HK) Group is subject; and
- (v) purposes ancillary or relating to items (a) to (u) above.

### 3. Data Confidentiality

Data held by Kim Eng (HK) Group relating to me/us will be kept confidential but Kim Eng (HK) Group and the recipient thereof may provide such information to:-

- (a) any agent, contractor or third party service provider who provides administrative, telecommunication, computer, payment or securities clearing or other services to the Group Company in connection with the operation of Kim Eng (HK) Group's business;
- (b) any other person under a duty of confidentiality to Kim Eng (HK) Group which has undertaken to keep such information confidential;
- (c) any bank or financial institution (whether in Hong Kong or otherwise) with which I/We have or propose to have dealings;
- (d) the drawee bank by providing a copy of cheque which may contain information about the payee;
- (e) a person making any payment into my/our account (by providing a copy of a deposit confirmation slip which may contain my/our name);
- (f) any bank or financial institution with which I/We have dealings or propose to have dealings; any credit reference agencies, and, in the event of default, debt collection agencies;
- (g) any party giving or proposing to give a guarantee or third party security to guarantee or secure the clients' obligations;
- (h) any legal, accounting or professional person, firm or body;
- (i) any person or entity to whom the relevant Group company is under an obligation or otherwise required to make disclosure under the requirements of any law binding on or applying to the relevant Group Company, or any disclosure under and for the purposes of any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers with which the relevant Group company is expected to comply, or any disclosure pursuant to any contractual or other commitment of the relevant Group company with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers, all of which may be within or outside the Hong Kong Special Administrative Region and may be existing, currently and in the future;
- (j) any actual or proposed assignee of any member of the Group or participant or sub-participant or transferee of the rights of the Group in respect of the client;
- (k) any direct or indirect holding company of Kim Eng (HK) Group or any subsidiary or affiliates of Kim Eng (HK) Group and such holding company members and/or Group Companies; and
- (l) the Hong Kong Exchanges and Clearing Limited, the Securities and Futures Commission, any relevant exchange, any government, law enforcement or other regulatory authority, body or entity under any domestic and foreign applicable laws and regulations (including but not limited AEOI and FATCA), rules, codes, guidelines or directions to which Kim Eng (HK) Group (and where applicable, any investment vehicle that Kim Eng (HK) Group provides services to) is subject.

### 4. Transfer of Data Outside Hong Kong

Kim Eng (HK) Group may from time to time transfer my/our data to any member of the Maybank Group outside Hong Kong for different purposes including processing, storage or otherwise administering.

### 5. AEOI and FATCA

Under AEOI and FATCA, financial institutions including Kim Eng (HK) Group are required to identify account holders and controlling persons of certain entity account holders who are reportable foreign tax residents and report their Personal Data (including but not limited to their name, address, jurisdiction(s) of tax residence, tax identification number in that jurisdiction(s), and account balance

and income information) to the local tax authority where the financial institution operates or directly to the U.S. Internal Revenue Service. The local tax authority will provide this information to the tax authority of the reportable foreign tax resident's country of tax residence on a regular, annual basis. Without limiting the generality of this Privacy Policy, Kim Eng (HK) Group may transmit Personal Data to the Hong Kong Inland Revenue Department or any other relevant domestic or foreign tax authority for transfer to the tax authority of another jurisdiction. Kim Eng (HK) Group may transmit Personal Data to the U.S. Internal Revenue Service.

#### **6. Direct Marketing**

I understand if I/we do not wish Kim Eng (HK) Group to use or provide to other persons my/our data for use in direct marketing, I/We may exercise my/our opt-out right by notifying Kim Eng (HK) Group at the below address.

#### **7. Retention Period**

After closure of account/termination of service, Kim Eng (HK) Group shall continue to hold data relating to the client(s) for a period of 7 years or such other period as prescribed by applicable laws and regulations.

#### **8. The Client's rights**

Under and in accordance with the terms of the Personal Data (Privacy) Ordinance (Cap 486), any person whose data are being held by Kim Eng (HK) Group has the right to: -

- (a) check whether Kim Eng (HK) Group holds data about him/her and has the right of access to such data;
- (b) require Kim Eng (HK) Group to correct any data relating to him/her which is inaccurate;
- (c) ascertain Kim Eng (HK) Group's policies and practices in relation to data and to be informed of the kind of personal data held by Kim Eng (HK) Group;
- (d) in relation to consumer credit, request to be informed which items of data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the making of an access and correction request to the relevant credit reference agency or debt collection agency.

In accordance with the terms of the Personal Data (Privacy) Ordinance, Kim Eng (HK) Group has the right to charge a reasonable fee for the processing of any data access request.

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

The Data Protection Officer  
Legal and Compliance Department  
Kim Eng Securities (Hong Kong) Limited/  
Kim Eng Futures (Hong Kong) Limited  
28/F, Lee Garden Three,  
1 Sunning Road, Causeway Bay, Hong  
Kong

Any right conferred under the Personal Data (Privacy) Ordinance shall only apply to individuals.

Kim Eng (HK) Group reserves the right, at any time and without prior notice, to add to, change, update or modify this Notice, simply by notifying me/us of such change, update or modification. If Kim Eng (HK) Group decides to change this Notice, those changes will be notified to me/us either on Kim Eng (HK) Group's website or in writing so that I/we are aware of the change, update or modification. Any such change, update or modification will be effective immediately upon posting.

This Notice is prepared in both English and Chinese and in the event of inconsistency, the English text of this Notice shall prevail.

Kim Eng Securities (Hong Kong) Limited                      Kim Eng Futures (Hong Kong) Limited

*Remark: In case of discrepancy between the English version and the Chinese version, the English version shall prevail.*

## INFORMATION FOR CLIENTS

### 1. Margin Control Policy of Kim Eng Securities (Hong Kong) Limited

#### (a) Credit Facility

Margin clients will be granted Credit Facilities up to the Margin Limit and the margin client has to ensure that the debit balance outstanding in the margin account will not exceed the Margin Limit. If at any time the debit balance outstanding in the Margin account exceeds the Margin Limit, the margin client has to immediately deposit cash with Kim Eng Securities (Hong Kong) Limited so that after the addition such debit balance shall not be greater than the Margin Limit.

#### (b) Margin Call

Margin client has to ensure that the outstanding amount of the Credit Facilities in the margin account at all times will not be greater than the Acceptable Margin Value of all the securities in the margin account. The Acceptable Margin Value is the discounted value of the securities in the margin account which will be decided upon and fixed by Kim Eng Securities (Hong Kong) Limited from time to time and at Kim Eng Securities (Hong Kong) Limited's sole discretion.

If the outstanding amount of the Credit Facilities is greater than the Acceptable Margin Value, the margin client shall immediately after such condition exists, whether or not the margin client has received a notice from Kim Eng Securities (Hong Kong) Limited, deposit such amount of cash or securities acceptable to Kim Eng Securities (Hong Kong) Limited so that after the deposit, the aggregate Acceptable Margin Value of all the securities in the margin account shall not be less than the outstanding amount of the Credit Facilities. If the margin client fails to deposit sufficient amount of cash or securities acceptable to Kim Eng Securities (Hong Kong) Limited, Kim Eng Securities (Hong Kong) Limited may without demand sell the securities in the margin account to reduce the outstanding amount of the Credit facilities until the aggregate Acceptable Margin Value of all the securities in the margin account shall not be less than the outstanding amount of the Credit Facilities.

In general, the Acceptable Margin Value is set out as follows:

<u>Type of Securities</u>	<u>Acceptable margin value %</u>
Selected blue chips	70%
Other Blue chips and selected H shares	60%
Hang Seng China Enterprise	50%
Selected stocks with market Capitalization > HK\$2.5 billion	50%
Other Selected stocks	30%

The above stock grading criteria is applicable to diversified portfolio and stock grading for single stock account will be considered on a case by case basis. Clients should check with the Account Executives of the Acceptable Margin Value of a particular stock.

### 2. Margin Control Policy of Kim Eng Futures (Hong Kong) Limited

- a. Stock index futures and options are traded for future delivery. They are traded on margin which is a sum of money normally related to the value of each lot put up by the client as a performance bond or a good faith deposit to guarantee his performance of contractual obligations.
- b. The Hong Kong Futures Exchange Limited ("Futures Exchange") from time to time establishes minimum initial and maintenance margin requirement level for all products traded through its facilities. No Future/Options business can be transacted for any client until and unless KIM ENG FUTURES (HONG KONG) LIMITED ("KEF") has received from client adequate collateral to cover that client's expected trading liabilities, minimum margins and variation adjustment.
- c. Clients with a margin account should therefore be aware that this type of account is valued on a daily basis and he may be liable for daily margin and variation adjustment payments. Such requirements are adopted because should the margin requirement on deposit fall below the initial margin requirement level, Futures Exchange rules require that the account be remargined to the initial margin requirement level. Client is required to maintain the initial margin and maintenance margin level required from Futures Exchange. KEF may demand from his client a higher level of margin and variation adjustment as KEF deems appropriate.
- d. All margin requirements must be settled in cash. For this purpose, a cheque received by KEF in good faith which KEF has no reason for suspecting that it will not be honoured on first presentation may be treated as cash.
- e. KEF under no circumstances can extend any credit or give any rebate of any kind to the clients for the purpose of circumventing or evading margin requirement and/or demands for variation adjustment.
- f. KEF may make a demand to the client for additional funds because of adverse price movement on an open futures position and KEF will monitor continuously clients' ability to meet any margin call and/or demand for variation adjustment.
- g. In the event that any margin or demand for variation adjustment is not paid within the time specified at the time of such call (or if no time is specified at such call within 24 hours of such calls) KEF shall be entitled to close out some or all of the client's open positions at the discretion of KEF without the Client's consent. KEF reserves the right to close out client's open position immediately when circumstances render such action.
- h. Any margin calls or demands for variation adjustment may be communicated to the client at the address, telephone, telefax or telex number given by the client as in the Client Information Statement or at such other address, telephone, telefax or telex number in Hong Kong (unless otherwise agreed by KEF in writing) as the client shall hereafter notify KEF in writing.
- i. Provided
  - (i) If by messenger, it shall be deemed communicated if it is left at the Client's address, whether actually received by the client or not;
  - (ii) If by mail, it shall be deemed communicated when deposited in the mail, whether actually received by the client or not;
  - (iii) If by telex or by telefax, it shall be deemed communicated within 5 minutes of transmission by a telex or telefax operator whether actually received by the client or not;
  - (iv) If by telephone, it shall be deemed communicated if a message is left with an answering machine or device or any person who answers the call.
- j. KEF has the right to choose the mode of communication so transmitted.
- k. In the event that any client fails to meet two successive margin calls or demands for variation adjustment, KEF shall forthwith notify the Futures Exchange of such failure, together with details of the account number and (where relevant) the number of exchange contracts in respect of which default has been made and the market in which they were transacted. If required by the Futures Exchange, KEF shall also forthwith notify the Futures Exchange further information including the name and beneficial identity of the relevant client.
- l. In the event as stated in Clauses 2(g) and/or 2(k) above, KEF shall have the right to :
  - (i) sell any or all securities and other property in the account of the client whether carried individually or jointly with others;
  - (ii) buy any or all securities and other property which may be short in such accounts;
  - (iii) cancel any open orders and to close any or all outstanding contracts and liquidate any of the client's account; and
  - (iv) sell or set off and apply any other property which KEF may hold for the client.

*Remark: In case of discrepancy or conflicts between the English version and the Chinese version of this document, the English version shall prevail.*

## **RISKS ASSOCIATED WITH TRADING IN SECURITIES VIA SHANGHAI-HONG KONG STOCK CONNECT AND SHENZHEN-HONG KONG STOCK CONNECT**

This Risk Disclosure Statement is issued by you in relation to the risk associated with trading in securities via the Shanghai-Hong Kong Stock Connect (“SSE-HK Connect”) and Shenzhen-Hong Kong Stock Connect (“SZSE-HK Connect”). Please refer to “Chinese Connect-Supplemental Terms and Conditions” for more details.

I/We acknowledge that I/we understand and have assessed the risks relating to SSE-HK Connect and SZSE-HK Connect including but not limited to those set out in this Risk Disclosure Statement and I/we agree to accept those risks.

This Risk Disclosure Statement may be amended or supplemented from time to time. However, you do not represent that the information set out in this Risk Disclosure Statement is up-to-date, accurate or complete, nor undertake to update it from time to time. For further information, I/we may refer to the information published from time to time on your websites, HKSCC, SFC, China Securities Regulatory Commission (CSRC), Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE).

Trading in securities via SSE-HK Connect and SZSE-HK Connect will be subject to some of the following key risks:

### 1. Not protected by Investor Compensation Fund

Investors should note that none of northbound or southbound trading under SSE-HK Connect or SZSE-HK Connect will be covered by Hong Kong’s Investor Compensation Fund. Hong Kong’s Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

As far as southbound trading is concerned, since Mainland China securities brokers are neither licensees nor registered institutions with the SFC and they are not regulated by the SFC, the Investor Compensation Fund will not cover southbound trading via SSE-HK Connect or SZSE-HK Connect.

As for northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong’s recognised securities market (The Stock Exchange of Hong Kong Limited, “SEHK”) and recognised futures market (Hong Kong Futures Exchange Limited, “HKFE”).

Since default matters in northbound trading via SSE-HK Connect or SZSE-HK Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund, the functions of China Securities Investor Protection Fund (“CSIPF”) include “indemnifying creditors as required by China’s relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation” or “other functions approved by the State Council”. As far as Hong Kong investors participating in northbound trading are concerned, since they are carrying out northbound trading through securities brokers in Hong Kong and these brokers are not Mainland China brokers, therefore they are not protected by CSIPF on the Mainland China.

### 2. Quotas used up

If the northbound daily quota of SSE-HK Connect/SZSE-HK Connect is used up, i.e. the daily quota balance of SSE-HK Connect/SZSE-HK Connect drops to zero or the daily quota is exceeded during a continuous auction session (or closing call auction for SZSE), no further buy orders will be accepted for the remainder of the day while sell orders will still be accepted. Buying services will be resumed on the next trading day. Buy orders already accepted will not be affected by the daily quota being used up and will remain on the order book of SSE or SZSE unless otherwise cancelled by the relevant brokers.

If the used up of northbound daily quota happens during the opening call auction session, new buy orders will be rejected. However, as order cancellation is common during opening call auction, the northbound daily quota balance may resume to a positive level before the end of the opening call auction. When that happens, SEHK will again accept northbound buy orders.

### 3. Trading day and trading hours

SSE-HK Connect and SZSE-HK Connect will only operate on days when both Mainland China and Hong Kong markets are open for trading and when banking services in both Mainland China and Hong Kong markets are available on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but Hong Kong investors cannot carry out any securities trading. Investors should take note of the days SSE-HK Connect and SZSE-HK Connect are open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in securities during the time when SSE-HK Connect or SZSE-HK Connect is closed.

In addition, there is difference in trading hours between Mainland China and Hong Kong markets. Trading hours for A-shares under SSE-HK Connect and SZSE-HK Connect are different from Hong Kong and investors shall beware of such difference.

### 4. Restrictions on selling imposed by front-end monitoring

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

### 5. The recalling of eligible stocks

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

### 6. Mainland China market risks

#### (a) Market volatility risk

The Mainland China stock market is relatively volatile as it is mostly made up of retail investors who tend to be speculative and susceptible to the central government policies and news.

#### (b) 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.

#### (c) Currency risk

Hong Kong investors will expose to the risk of RMB exchange rate movements if they have to convert HKD into RMB for trading in Shanghai and Shenzhen A-shares. The conversion also incurs costs.

Movements in the RMB exchange rate will affect the profits and debts of the Mainland China listed companies. Such effects will be more significant to those export-oriented companies and companies having debts denominated in currencies other than RMB.

#### (d) Policy risk

Central government’s economic and financial policies will affect the performance of investment market. Investors 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.

### 7. Risks relating to ChiNext Board of SZSE

Generally, stocks listed on ChiNext Board of SZSE contain higher risk than those listed on Main Board.

#### (a) Regulatory Risks

The rules and guidance on listing, trading, disclosure and other matters of SZSE ChiNext vary much from those of the SZSE main board and SME board. For example, on the listing requirements, a shorter track record period and lower net profit, revenue and operating cash flow requirements will apply for company seeking IPO and listing on the ChiNext market. ChiNext companies may also have a lower post-IPO total share capital than main board and SME board companies. For details of the listing requirements on the ChiNext market, the SZSE main board and SME board, please visit SZSE website.



Besides, ChiNext market adopts disclosure rules that substantially vary from those of the 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' websites. If investors continue to check information through the usual disclosure channels for main board and SME boards, they may miss out some important information disclosed by ChiNext companies. Therefore, investors are advised to closely monitor announcements and risk alerts of ChiNext companies, be aware of market risks, and comply with relevant rules and regulations while trading in the ChiNext market.

(b) Delisting risks

The delisting standards of the ChiNext market are different from those of the SZSE main board and SME board. There are more situations that will lead to the delisting of ChiNext companies.

ChiNext companies have greater exposure to the risk of being delisted, and such delisting process may be speeded up.

In addition, the shares of ChiNext companies may be delisted immediately after SZSE determines its delisting. Investors will not be able to trade in delisted shares, and may lose all the invested capital in this case.

(c) Operating risks

ChiNext companies are generally in an early stage of development and have a shorter history. They are usually smaller in scale, have less stable operations, and are less resilient against market risks and industry risks. Although they may have higher growth potential and leverage more on technical innovations, their future performance particularly those without a profit track record is susceptible to great uncertainty.

(d) High Share Price Volatility

The share prices of ChiNext companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. ChiNext companies with low public float may be vulnerable to manipulations by major shareholders. The unstable financial result also adds the difficulty to the company valuations.

(e) Technical Risks

It is uncertain whether a ChiNext company is able to convert its technical innovations into physical products or services. When the industry is experiencing rapid technological development and replacement, its product may be obsolete and may not survive in the market.

(In case of any discrepancy between the English and the Chinese versions, the English version shall prevail.)

IN WITNESS OF WHICH I/We have executed and signed this Client Master Agreement together with Additional Terms (where applicable to the relevant Account(s) I am/We are /will be opening) the day and year first above written

EXECUTED AND SIGNED BY \_\_\_\_\_

DATE \_\_\_\_\_

ACCOUNT NUMBER \_\_\_\_\_

