



混沌天成國際證券期貨有限公司  
CIF SECURITIES FUTURES LIMITED

(CE number: BMV833)

Business Address: Suites 1108-11, 11/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

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## Securities and Futures

## Client Agreement

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English version

Effective from 9<sup>th</sup> February 2022

## SECURITIES AND FUTURES CLIENT AGREEMENT

THIS AGREEMENT, effective immediately upon Party 2 signed the Account Opening Application Form, is entered into BETWEEN:

(A) **CIF SECURITIES FUTURES LIMITED** and whose registered office is at Suites 1108-11, 11/F., ICBC Tower, 3 Garden Road, Central, HK. (hereinafter referred to as "CIF" or "Company"); and

(B) The party whose name, address and details are set out in the Account Opening Application Form (here in after referred to as the "Client").

CIF is licensed and registered with:

(1) Securities and Futures Commission ("SFC") as a Licensed Corporation, CE number BMV833 for **CIF SECURITIES FUTURES LIMITED** to carry on the regulated activities of dealing in securities and futures contract.

In consideration of CIF accepting to open a Securities and/or Futures trading account(s) and operating such account in the Client's name and on the Client's behalf, for the purpose of and in connection with the sale and purchase of Securities and/or Futures.

The Client hereby agree to abide by the following terms and conditions.

**NOW IT IS HEREBY AGREED** as follows:

### 1. DEFINITIONS AND INTERPRETATION

**1.1 In this Agreement, the following terms shall bear the following meanings:**

**Account**, means the dealing account now or in the future opened in the name of Client with, and operated and maintained by, CIF from time to time for use in connection with Client's purchase, sale or exchange of, or the trading or dealing in Securities, Commodities, Futures Contracts and/or Option Contracts pursuant to this Agreement.

**Account Opening Application Form**, means "Securities and Futures Account Opening Form".

**Agreement** means this Securities and Futures Client Agreement and its appendices as amended or supplemented from time to time.

**Access Codes** means the combination of a Password and an Account Number to gain an access to CIF's Electronic Trading Services (ETS).

**Account Number** means a serial number assigned by CIF to be used as Client's personal identification when opening the Account.

**Authorized Person**, means the person or any of the persons set out in the Account Opening Application Form as having authority to operate and issue Instruction in relation to the Account or any such person or persons as Client may from time to time notify to CIF in writing as being authorized to operate the Account and issue such Instruction.

**Beneficial Identity**, in relation to Client, means the ultimate beneficiary of the Account or, where Client is a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate, and includes a beneficiary who holding an interest through a nominee or trust.

**CCASS** means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

**CCP** means a central counterparty clearing organization which agreed by CIF.

**CHAOS Group** means CIF's holding company (as defined in the Companies Ordinance of Hong Kong) or any of CIF's subsidiaries or subsidiaries (as defined in the Companies Ordinance of Hong Kong) of such holding company.

**ChinaClear** refer to China Securities Depository and Clearing.

Corporation Limited

**ChiNext** refer to stocks listed on the ChiNext Board of SZSE which are eligible for trading under the Northbound Shenzhen Connect Trading Link.

**Client** means the individual or corporate whose name and details are set out in the Account Opening Application Form and with whom CIF has entered into this Agreement, and includes, in the case of an individual, his personal representatives, and in the case of a partnership, each partner, and in the case of corporate, the authorized person(s) thereof as at the date of this Agreement

and all future partners thereof and their respective personal representatives.

**Client's Bank**, means the banks which Client has an account with, details of which are set out in Account Opening Application Form.

**Client Group Company**, means Client and (where Client is an individual or a partnership) any corporation, which is controlled by Client, and (where Client is a company) any company, which is the holding company or subsidiary, or a subsidiary of holding company, of Client. A person is in control of a corporation; if:

(i) it is in accordance with such person's directions or Instruction that the directors of the corporation or of another corporation of which it is a subsidiary are accustomed to act; or

(ii) such person, either alone or with any associate, is entitled to exercise, or control the exercise of more than 33% of the voting power at general meetings of the corporation or of another corporation of which it is a subsidiary.

**COMEX**, means Commodity Exchange Inc., a wholly owned subsidiary of NYMEX.

**COMEX Rules**, means those rules of COMEX which govern the trading and clearing of NYMEX Contracts on NYMEX ACCESS which are set out in the HKFE Rules part 3 of Schedule 4 (except on the extent that the application of those rules has been qualified in that part of the Schedule) and the applicable procedures (all as amended from time to time).

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

**Compensation Fund** means the compensation fund established pursuant to the Ordinance.

**Connect Market** means SSE's market or SZSE's market.

**CSC** means China Stock Connect.

**CSRC** means China Securities Regulatory Commission.

**Dormant account** means (i) the account holder has not initiated a transaction with regard to the account or any other account held by the account holder in the previous three years;

(ii) the account holder has not communicated with the Company regarding the account or any other account held by the account holder in the previous six years; or

(iii) the account is treated as a dormant account under the normal operating procedures.

**Electronic Trading Service (ETS)** means the software, systems and other facilities, including, but not limited to, CIF SHK Webster, telephone, facsimile, electronic mail and other devices provided by CIF under this Agreement, which enables Client to give electronic Instruction and to obtain information services provided by CIF.

**Futures Contract** means a contract executed on any exchange the effect of which is that:

(i) 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

(ii) the parties agree to make an adjustment between them at an agreed future time according to whether an 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 of the contract, the difference being determined in accordance with the rules of the exchange in which that contract is made.

**HKFE** means the Hong Kong Futures Exchange Limited.

**HKFE Clearing House** means the HKFE Clearing Corporation Limited, or such other body appointed by or established and operated by HKFE to provide clearing services to its members in respect of Commodities, Futures Contracts, and/or Option Contracts.

**HKFE Rules** means the rules, regulations and procedures of the HKFE as revised, amended or substituted from time to time.

**Holding company and subsidiary** shall have the respective meanings ascribed thereto by section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

**Instruction** means any instruction (including any subsequent amendment or cancellation thereof accepted by you) Client may give for the trading or dealing in Commodities, Futures Contracts and/or Option Contracts, whether verbally, through the

electronic trading service or in such other manner as CIF may permit.

**Margin** means the amount of cash in any currency, or (with the prior approval of the HKFE or the exchange on which the relevant Commodities, Futures Contracts and/or Option Contracts are traded) other collateral or security which CIF may demand from Client from time to time pursuant to paragraph 7 and 8 hereof in respect of dealings in Commodities, Futures Contracts and/or Option Contracts for the Account.

**Northbound** means the trading of SSE Securities or SZSE Securities by Hong Kong and overseas investors through the relevant Trading Link.

**NYMEX** means New York Mercantile Exchange.

**NYMEX ACCESS** means the automated electronic trading system operated by NYMEX for the trading of certain NYMEX Contracts.

**NYMEX Contracts** means the Futures Contracts and Option Contracts, which may, from time to time, be traded on NYMEX ACCESS and which are specified in the HKFE Rules parts 1 and 2 of Schedule 4.

**NYMEX Rules** means those rules of NYMEX governing the trading and clearing of NYMEX Contracts on NYMEX ACCESS which are set out in the HKFE Rules part 3 of Schedule 4 (except to the extent that the application of those rules has been qualified in that part of the Schedule) and the applicable procedures (all as amended from time to time) and the COMEX Rules.

**Omnibus Account** means an account opened with CIF by Client in respect of which CIF is notified that the account is to be operated for a customer, or a number of customers, of Client and not Client himself.

**Option Contract** means a contract pursuant to which one party grants to the other party a right (but not the obligation), exercisable by the latter party on or before a specified date, to acquire or (as the case may be) to dispose of a specified quantity of a Commodity or Futures Contract at an agreed price.

**Ordinance** means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**OTP** means a one-time password to access the Electronic Trading Account. The OTP is a two factor authentication and will be automatically sent to client's registered mobile phone number via short message service (SMS) or registered email address via email while logging-in.

**Password** means Client's unique personal password used in conjunction with the Account Number to gain access to the CIF's Electronic Trading Services.

**Professional Investor** means a person falling under the definition of "professional investor" in Part 1 of Schedule 1 to the Securities and Futures Ordinance.

**Securities** means (a) securities as defined in SFO; and/or (b) any shares, stocks, debentures, loan stocks, money, bonds, notes, unit trusts, certificates of deposit or other commercial paper or securities or other similar instruments of any kind whatever or howsoever, of or issued by any bodies, whether incorporated or unincorporated, or any government authority for the time being traded in a Market and acceptable to CIF and may include, in the absolute discretion of CIF, (i) rights, options or interests (whether described as units or otherwise) in or in respect of any of the foregoing; (ii) certificates of interest or participation in, or temporary or interim certificates for, receipts for or warrants to subscribe to or purchase, any of the foregoing; or (iii) any instruments commonly known as securities.

**SEHK** means Hong Kong Exchanges and Clearing Limited.

**SFC** means the Securities and Futures Commission established under the SFO that has the powers and functions of regulator and has jurisdiction over the Hong Kong Exchange under the Ordinance.

**SSE** means the Shanghai Stock Exchange.

**SZSE** means the Shenzhen Stock Exchange.

**U.S. person** means any natural person who is a citizen of or resident in the United States; a corporation, partnership or other business organization organized or incorporated under the laws of the United States or any political subdivision thereof, any estate or trust which is administered by an executor or trustee who is a U.S. person or the income of which is subject to U.S. federal income taxation regardless of its source; any account (other than any estate or trust) held by a dealer or fiduciary for the benefit of a U.S. person and any partnership or corporation organized and incorporated under the laws of any foreign jurisdiction which

was formed by a U.S. person principally for the purpose of investing in Securities not registered under the United States Securities Act of 1933. "U.S. person" shall not include any branch or agency of a United States bank or insurance company that is operating outside the United States for valid business reasons as a locally regulated branch or agency engaged in the banking or insurance business and not formed primarily for the purpose of investing in Securities not registered under the United States Securities Act of 1933. For the purposes of this definition, the "United States" includes the United States of America, its states, territories and possessions and the District of Columbia.

## 2. THE ACCOUNT

- 2.1 **Accurate Information.** Client confirms that the information provided in the Account Opening Application Form or Online Account Opening Application is true, complete and accurate in all respects and that CIF is entitled to rely on all such information until CIF receives written notice from an Authorized Person of any change.
- 2.2 **Credit Inquiries.** Client hereby authorizes CIF to conduct from time to time personal/credit enquiries or checks on Client to ascertain Client's financial situation, investment experience and investment objectives and to verify the information Client have provided.
- 2.3 **Ultimate Beneficiary owner(s) of the Account.** Unless otherwise advised, Client is trading on Client's own account and that no one other than Client has any interest in the Securities, Commodities, Futures Contracts and/or Option Contracts, monies or property comprised in or held for the Account. Should the ownership or beneficiary interests have changed, Client agrees to inform and notify CIF in writing immediately.
- 2.4 **Related account with employees of CIF.** Client agree that you are not related to or associated with any employees of CIF. If, after the date on which the Account Agreement becomes effective, you become related to or associated with any employees of CIF, you will promptly notify us in writing of the existence and nature of such association.
- 2.5 **Omnibus Account.** Unless otherwise advised, Client's own Account is not an Omnibus Account.
- 2.6 **Personal Data Protection.** CIF will keep information relating to Client's Account confidential. Client has read and fully understand and accept that CIF may provide data received from Client to the following persons and/or for the following purposes: (a) any nominees in whose name Securities or other assets may be registered; (b) any contractor, agent or service provider which provides administrative, data processing, financial, computer, telecommunication, payment or securities clearing, financial, professional or other services to CIF or to any other person to whom data is passed; (c) any person with whom CIF enter into or propose to enter into Transaction on Client's behalf or Account, or persons representing the same; (d) any assignee, transferee, participant, sub-participant, delegate, successor or person to whom this Agreement is novated; (e) governmental, regulatory or other bodies or institutions, whether as required by law or otherwise; (f) giving effect to Client's orders relating to Transactions or otherwise, and carrying out Client's other Instruction; (g) providing services in connection with the Account, whether the services are provided by or through any other person; (h) conducting credit inquiries or checks on Client and ascertaining Client's financial situation and investment objectives, and enabling or assisting any other person so to do; (i) observing any legal, regulatory or other requirements to which any other persons may be subject; and (j) other purposes related or incidental to any one or more of the above.
- 2.7 **Power of Attorney.** Client agrees to and hereby irrevocably appoints CIF with full power as Client's true and lawful attorney in fact, to the fullest extent permitted by law, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument, which CIF deem necessary or advisable to accomplish the purposes of this Agreement.

- 2.8 **Material Change.** CIF and Client agree to notify each other forthwith of any material changes in the information supplied in the Account Opening Application Form and in this Agreement. Any change to the particulars as are set out in the Account Opening Application Form shall not be effective with respect to the operation of the Account unless CIF is notified of such change in writing pursuant to paragraph 17.1 below.
- 2.9 **Genuine Signature.** The signature of Client, Client's authorized signatory, director, secretary or partner (as the case may be), and the signature of each of the Authorized Persons as they appear in the Account Opening Application Form and Agreement hereof are the genuine signatures of the individuals concerned. For Clients of Online Account Opening, the Specimen Signature for the initial deposit in the "Deposit Notification Form" should prevail.

### 3. JOINT ACCOUNTS

- 3.1 Where Client consists of more than one person, any reference herein to "Client" includes any such persons, and liabilities and obligations of each of them hereunder shall be joint and several, and each of Clients shall have authority to exercise all his rights, powers and discretions hereunder and generally to deal with CIF as if each of them alone were Account holder, without notice to the other; and CIF may follow the Instruction of any of them concerning the Account and shall not be obliged to inquire into or see to the application of any monies as between the joint Account holders.

### 4. PROVISIONS PRESCRIBED BY THE SEHK and HKFE RULES

Without prejudice and in addition to any other provisions of the Agreement, all transactions entered into on SEHK and HKFE (the HKEx) shall be subject to the provisions of the Clauses which are prescribed by the HKEx Rules, and which shall constitute, and be construed as, part of the Agreement:

- 4.1 **Compensation Fund.** In respect of all transactions with the HKEx Contract shall be subject to the charge of a transaction and investor compensation levies pursuant to the Ordinance, the cost of both of which shall be borne by Client.
- 4.2 **Valid Claim and Claim Limit.** Client understands that if Client suffers pecuniary loss by reason of CIF's default, the liability of the Compensation Fund will be restricted to valid claims as provided for in the Ordinance and will be subject to the monetary limits specified in the Ordinance and accordingly there can be no assurance that any pecuniary loss sustained by reason of such a default will be recouped from the Compensation Fund in full, in part or at all.
- 4.3 **Conflicts of Interests.** CIF or any member within the CHAOS Group may act in any capacity for any other person to execute transactions in Securities, Commodities, Futures Contracts and/or Option Contracts as well as acting for Client, whether in the same transaction or otherwise. CIF or any member of the CHAOS Group, and any of its or their respective directors, officers and employees, may from time to time trade on its or their own account on any Exchange. Subject to the provisions of the Ordinance and any applicable law, CIF or any member of the CHAOS Group may take the same or opposite position to Client's order in relation to any Securities, Commodities, Futures Contracts and/or Option Contracts, whether for its own account or for the account of other of CIF's clients, provided that such trade is executed competitively on or through the facilities of the HKEx or of such other exchange in accordance with the applicable exchange rules, regulations and procedures.
- 4.4 **Dealings Outside HKEx.** If Client wishes to deal in any Securities, Future Contract or Option Contract in markets other than those organized by the HKEx, such transactions will be subject to the rules and regulations of those markets and not those of the HKEx with the result that Client may have a markedly different level and type of protection in relation to those transactions as compared to the level and type of protection afforded by the HKEx Rules.

- 4.5 **Custody of Funds.** All monies, approved debt securities and other property that CIF receives from Client or from any other person (including the HKSCC, SECH, HKCC and any other clearing house) for the Account shall be held by CIF as trustee, segregated from its own assets and be paid into a Segregated Bank Account as defined in Securities and Futures Ordinance as soon as practicable and in any event within two bank trading days after its receipt, and that all monies, approved client's property so held by CIF shall not form part of its assets for insolvency or winding up purposes but shall be returned to Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of CIF's business and assets.

CIF shall be entitled and is hereby authorized to hold any monies held by CIF on behalf of the Client whether for the Account or otherwise, in a bank account whether situated in Hong Kong or not. The Client acknowledges that any monies deposited by it with CIF in respect of transactions on exchanges in the United States of America will be transferred to a bank situated in the United States of America. CIF confirms that any such bank has, or will have, acknowledged that:

- all money standing to the credit of the account is held by CIF as trustee and the bank is not entitled to combine the account with any other account or to exercise any right of set-off or counterclaim against monies in such account in respect of any liability owed by CIF to such bank; and
- the title of the account sufficiently distinguishes it from any account containing monies that belong to CIF. The Client acknowledges and agrees that, except insofar as CIF is obliged to do so under the rules and regulations of any regulatory authority or other body to whose jurisdiction CIF is subject, if a bank, broker, exchange, clearing house or other person to whom CIF has paid all or part of the Client's money in accordance with the operation and maintenance of the Account hereunder, fails to discharge its obligations to CIF in respect of such monies, CIF shall not be liable, and shall not be obliged to render performance, to the Client in respect thereof.

- 4.6 **Authorization to Appropriate Funds.** Any monies received by CIF from Client or from any other person (including the Clearing House) for the Account are held in the manner specified Schedule 3 and Schedule 4 of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("Code of Conduct") and Client authorizes CIF to apply any such monies in the manner under Schedule 3 and Schedule 4 of Code of Conduct. In particular, CIF may apply such monies in or towards meeting CIF's obligations to any party insofar as such obligations arise in connection with or incidental to any Securities, Futures Contracts and/or Option Contracts transacted on Client's behalf.

- 4.7 **Position Limits.** Client is bound by Rule 629-633 of the HKFE Rules which permits the chief executive from time to time appointed by the board of directors of HKFE (or such of HKFE's staff as the chief executive may from time to time designate pursuant to the HKFE Rules) to take steps to limit the positions or require the closing out of contracts of clients who, in the opinion of such chief executive (or such other designated person as the case may be), are accumulating positions which are or may be detrimental or capable of adversely affecting the fair and orderly operation of any of the markets operated by HKFE pursuant to the HKFE Rules.

- 4.8 **Prescribed Limits and Reportable Large Open Position.** CIF at any time in its sole discretion or as required by the relevant rules and regulations, may limit the number of positions, which the Client may maintain or acquire through CIF. The Client agrees not to exceed the position limits established by the HKFE or any contract market, whether acting alone or with others, and to promptly advise CIF if the Client is required to file any reports on positions. Except for the Hang Seng Index ("HSI") futures contract, HSI options contract, Mini-HSI futures contract and Mini-HSI options contract, Schedule 1 of Securities & Futures (Contracts Limits and Mini-HSI options contract are calculated on a net basis for all contract months combined. In order to facilitate the HKFE in monitoring market activities, the Rules requires a person holding a Reportable Position to notify the recognized exchange company of that reportable position in writing. Reportable Positions for futures contracts

are specified in Schedule 1 of the Rules. Similar to the Prescribed Limits, the Reportable Positions for futures contracts are calculated based on the number of contracts held or controlled for a contract month.

4.9 **NYMEX Contracts.** Client acknowledges that if CIF enters into a transaction for NYMEX Contracts on NYMEX ACCESS for the account of Client: (i) the transactions are subject to the NYMEX Rules; and (ii) if Client is dealing in NYMEX Contracts for the benefit of another person. Client shall ensure that in its agreement with that other person there shall be a provision to the effect of sub-paragraph (i) and sub-paragraph (ii) of this Clause.

4.10 **Stamp Duty Collection.** Clients shall pay to the Hong Kong Exchange in the manner and in accordance with the Operation Procedures for Stamp Duty Collection ("Operation Procedures") as prescribed by the Hong Kong Exchange from time to time the stamp duty chargeable under the Stamp Duty Ordinance on each and every contract note issued in respect of all transactions recognized by the Exchange. CIF may withholding and/or making payment of tax or duties payable in respect of cash, Securities or futures contracts in the Securities or Futures Account.

## 5. INSTRUCTIONS AND TRANSACTIONS

5.1 **Agents.** CIF will act as Client's agent in effecting Transactions unless CIF indicates (in the contract note for the relevant Transaction or otherwise) that CIF is acting as principal. Unless otherwise disclosed to Client orally or in writing, CIF and its directors and employees will carry out Instruction and effect transactions for the Account as agent for Client and not as principal. Unless otherwise proved to the contrary, Client acknowledges that any sale or purchase of Securities, Commodities, Futures Contracts and/or Option Contracts effected by CIF pursuant to Client's Instruction or any Authorized Person on behalf of Client as aforesaid will not result from the selection or advice in the selection of such Securities, Commodities, Futures Contracts and/or Option Contracts by CIF.

5.2 **Executing brokers.** CIF may instruct executing brokers and overseas brokers and dealers (including Associates of CIF) in its absolute discretion deem fit to execute any Transactions and acknowledges that the terms of business of such executing brokers and overseas brokers and dealers and the applicable Rules of any relevant exchange and/or Clearing System on and through which such Transactions are executed and settled shall apply to such Transactions.

5.3 **Instruction.** Any one of the Authorized Persons is hereby authorized by Client to give Instruction in relation to the Account on behalf of Client and Client hereby undertakes with CIF from time to time and at all times to ratify and confirm any Instruction whatsoever given or purported to be given by any of the Authorized Persons for and on behalf of Client including without limitation any Instruction which may be given and purported to be given between the revocation. Client hereby agrees that any Instruction given and purported to be given by any of the Authorized Persons for and on behalf of Client after revocation by Client of his authority shall be valid and effectual in favor of CIF if at the time of the receipt of such Instruction CIF does not have actual notice of such revocation.

5.4 **Reliance on Instruction.** The Instruction, notices or other communications (whether given orally or in writing) of the Authorized Person or (where there is more than one) of any one of the Authorized Persons, shall be a full, sufficient and immediate authority for CIF. CIF may, at its absolute discretion, rely upon and act in accordance with any Instruction, notices or other communications which may be given or made or purported to be given or made by telephone or in writing, and which it believes to have emanated from Client or an Authorized Person for and on behalf of Client. CIF shall not be under any duty to verify the identity or authority of the persons giving or making or purporting to give or make the Instruction, notices or communications. CIF shall be entitled (but not bound) to act on or take such steps in connection with or in reliance upon such Instruction, notices or communications as CIF may consider appropriate regardless of the nature of the transaction or agreement or the value, type and quantity of Securities, Commodities, Futures Contracts and/or Option



Contracts involved and notwithstanding any error or misunderstanding, whether apparent or actual, in the terms of such Instruction, notices or communications. All Instruction or orders whether made by telephone, cable, facsimile transmission, internet transmission, electronic mail, mail, orally or otherwise are transmitted at Client's risks.

- 5.5 **Orders are for Good for the Day.** Unless Client gives specific Instruction to CIF to the contrary and which Instruction are accepted in writing by CIF, Client acknowledges that all orders, Instruction or requests in relation to the Account are good for the day only and that they will lapse at the end of the official trading day of the exchange or market in respect of which they are given.
- 5.6 **Delays in Making Prices.** The prices of Securities, Commodities, Futures Contracts and/or Option Contracts changed frequently, there may, on occasions, be a delay in making prices or in dealing at any specific time or "at best" or "at market". Client agrees in any event to accept and be bound by dealings which take place on his/her/their behalf and agrees that CIF shall not be under any liability for any loss arising by reason of CIF failing or being unable to comply with any terms of an order of Client or for any loss incurred as a result of transactions carried out or effected pursuant to this Agreement unless due to the willful default of any of CIF's employees or agents.
- 5.7 **Voice recording.** CIF may use voice-recording procedures in connection with any communications with Client or in order to record or verify Instruction from any Authorized Person. Any voice recording made by CIF shall constitute conclusive evidence of the communications so recorded.
- 5.8 **Third Party Instruction.** Client understand that CIF will not accept any third party Instruction, unless Client have formally execute and deliver a valid power of attorney which expressly authorizes a named specific party to emit trade Instruction on Client's behalf. Client further agree to indemnify CIF from any disputes, losses and other claims arising from the execution of any unauthorized third party Instruction transmitted on Client's behalf. Should Client decide to employ a third party to relate trade Instruction, Client agrees to supply CIF with an accurate and truthful identification and personal information about the designated third party. Client also understand those personal information will be made available to Hong Kong regulators and other government agencies, including but not limited to the SFC, Exchanges, Independent Commission Against Corruption (ICAC) and so forth.
- 5.9 **Order Cancellations.** Client may amend or cancel Client's Instruction that has been previously transmitted. Client agrees that CIF is not obligated to accept such amendment or cancellation. Instruction may only be amended or cancelled prior to the execution. Client shall accept full responsibilities for the Transactions, partial or full, executed prior to the processing of Client's amendment and/or cancellation request.
- 5.10 **Order Refusal.** CIF shall be entitled, at its absolute discretion, to refuse to accept any such Instruction and shall not be obliged to give any reasons for any such refusal. If CIF refuses to accept any Instructions, it shall not liable to the Client for any loss however arising.
- 5.11 **Independent Judgment.** Client understand that no representations or warranties have been given or implied by CIF as to the value, merits or suitability for Client to enter into any Securities, Commodities transactions, Futures Contracts and/or Option Contracts pursuant to this Agreement or otherwise. Client further acknowledges and agrees that Client shall retain full responsibility for all trading decisions in relation to the Account and CIF is responsible only for the execution, clearing and carrying out of transactions for the Account in accordance with Client 's Instruction and does not act as Client's investment adviser, that CIF has no responsibilities or obligations regarding any conduct, actions, representations or statements of any introducing firm, broker or any third party in connection with transactions carried out for the Account.

- 5.12 **No Guarantee of Executions.** Client acknowledges the fact that extraordinary events/technical difficulties may prevent or otherwise hinder the execution of Client's Instruction. Client agrees that CIF will not be liable for any loss, actual or projected, resulted, directly or indirectly, from government actions, price variations, exchange/market restrictions, equipment, communication and systems failure and breakdowns, unauthorized access or trade Instruction, and other physical and technical restraints and conditions beyond CIF's control.
- 5.13 **Inside Trading is prohibited.** It is unlawful to distribute, disseminate and act upon any non-public information to make a profit or to avoid a loss. Client confirm that Client is aware of such practice are unlawful. Client agrees not to engage in the said and other unlawful practices and to take full responsibility for the consequences.
- 5.14 **Short Selling.** Client acknowledges that CIF will not accept an instruction to sell for short account on behalf of the Client. CIF shall not be responsible to Client for identifying whether or not an instruction is to sell for short account. Client undertakes that prior to execution of such an order, it will provide CIF such documentary evidence relating to the relevant Securities borrowing transaction e.g. the lender's confirmation. Client should report a short position reporting submissions through the Short Position Reporting Service of the SFC Online Services Portal.
- 5.15 **Restrictions on Trading.** Client agree that CIF may, in CIF's sole discretion and without giving Client any prior notice, prohibit or restrict my ability to trade or deal in Securities, Commodities, Futures Contracts and/or Option Contracts through Client's Account for cause. Client agrees that CIF is not liable for any losses and/or damages, actual or hypothetical, as a result of such restrictions.
- 5.16 **Transaction in foreign currency.** In the event that Client instructs CIF to enter into any Securities, Commodities transactions, Futures Contracts and/or Option Contracts which are effected in a foreign currency, (i) any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for Client's account and at Client's risk; (ii) Margin shall be recorded in such currency or currencies and in such amounts as CIF may in CIF 's sole discretion elect; and (iii) CIF is authorized to convert funds in the Account into and from such foreign currency at a rate of exchange determined by CIF; in its sole discretion, on the basis of the then prevailing money market rates. If, for any purpose, the Client is required to convert any amount due to CIF into a currency other than that in which it would otherwise have been due, the Client shall pay CIF such additional amounts as are necessary to ensure that, when received and reconverted, CIF will receive the full amount in the original currency as it would have received had no such conversion taken place.
- 5.17 Unless the Client gives CIF specific instructions to the contrary, all instructions given by the Client, which may be executed on more than one exchange may be executed on such exchange(s) as CIF may, in its absolute discretion, determine.
- 5.18 The Client acknowledges that (a) any market recommendations and information communicated to the Client by CIF do not constitute an offer to sell or the solicitation of any offer to buy any Securities, Commodity Contracts and/or Option Contracts; (b) such recommendations and information, although based upon information obtained from sources believed by CIF to be reliable, may be incomplete and may not be verified; and (c) CIF makes no representation, warranty or guaranty as to, and shall not be responsible for, the accuracy or completeness of any information or trading recommendation furnished to the Client . The Client understands that CIF's officers, directors, affiliates, stockholders, employees or representatives may have a position in and may intend to buy or sell Securities, commodities or Futures Contracts which are the subject of market recommendations furnished to the Client, and that the market position of any such officer, director, affiliate, stockholder, employee or representative may or may not be consistent with the recommendations furnished to the Client by CIF. CIF makes no representation, warranty or guaranty with respect to tax consequences of the Client's transactions.

5.19 This consent is being provided in order to comply with exchange rules regarding cross trade procedures and the execution of trades in which a floor broker or brokerage firm may be directly or indirectly involved as a principal to a transaction on any exchange that, from time to time, adopts rules requiring customer consent for these transactions. The Client hereby consents that CIF, its agents, or floor brokers handling CIF orders may, without prior notice, execute the Client's orders in which CIF its directors, officers, employees, agents or the floor broker, may directly or indirectly, become the buyer to the Client's sell order or the seller to the Client's buy order, provided that such executions are made in accordance with exchange rules and any applicable provisions or regulations of the any exchanges. This consent shall be continuous and remain in effect until revoked in writing by the Client.

5.20 **Option Trading.** The Client understands that some exchanges and clearing houses have established cut-off times for the tender of exercise instructions and that an option will become worthless if instructions are not delivered before such expiration time. The Client also understands that certain exchanges and clearing houses automatically will exercise some "in-the-money" options unless instructed otherwise. The Client acknowledges full responsibility for taking action either to exercise or to prevent the exercise of an option contract, as the case may be; CIF is not required to take any action with respect to an option contract, including without limitation any action to exercise a valuable option prior to its expiration date or to prevent the automatic exercise of an option, except upon the Client's express instructions. The Client further understands that CIF has established exercise cut-off times, which may be different from the times established by exchanges and clearing houses.

5.21 The Client understands that (i) all short option positions are subject to assignment at any time, including positions established on the same day that exercises are assigned, and (ii) exercise assignment notices are allocated randomly from among all CIF customers' short option positions, which are subject to exercise. A more detailed description of CIF's allocation procedure is available upon request.

## 6. COMMISSION AND CHARGES

6.1 **Commission.** In consideration of CIF carrying out or entering into transactions in Securities, Commodities, Futures Contracts and/or Option Contracts on Client's behalf or for the Account, Client agrees to pay CIF commissions at such rate or rates and on such basis as it may from time to time have notified Client, whether orally or in writing, as being the rate or rates applicable to the Account provided that such commissions shall at all times be no less than the minimum, if any, as may be specified by any exchange from time to time.

6.2 **Levies and Charges.** Every transaction executed on any exchange shall be subject to any levies or charges that such exchange may from time to time impose. CIF is authorized to collect from Client any such levies in accordance with the rules prescribed by such exchange from time to time. With respect to transactions executed on the HKFE, CIF is authorized to collect from Client for every contract the charge of a Compensation Fund levy and a levy pursuant to the SFCO. The costs of these shall be borne by Client and CIF is authorized to collect from these from Client.

## 7. TERMS OF MARGIN FOR COMMODITIES, FUTURES CONTRACTS AND OPTION CONTRACTS

7.1 Client agrees to pay and maintain with CIF on demand such Margin as CIF may require or demand from Client from time to time in CIF 's absolute discretion to enable it to comply with the margin, or variation adjustment requirements imposed by any exchange or clearing house and/or to protect itself against any loss or risk of loss on present, future or contemplated transactions in respect of the Account, together with such documents as CIF may require to enable it to exercise its rights in connection therewith. CIF may require Margin that exceeds the amount of any margin or variation adjustment required

by any exchange, clearing house or broker, and it may change such requirements from time to time without prior notice to Client.

7.2 CIF may from time to time, without prior notice to Client, in its absolute discretion, transfer all or any part of the Margin related to Futures Contract or any other amounts held by it for Futures Client's account to any account of an exchange, clearing house or broker to enable CIF to pay any margin or variation adjustment demanded or required by such exchange, clearing house or broker. More details available in Section 16.7.

7.3 All amounts (including Margin) payable by Client in connection with this Agreement shall be due on demand and in the currency of CIF's choice subject only to any restrictions which may be imposed by the relevant exchange, clearing house or broker on which the relevant Commodities transactions, Futures Contracts and/or Option Contracts were executed. Demands for Margin must be met within 12 hours or such shorter period as CIF may in its absolute discretion determine to be necessary and notify to Client. Client acknowledges that CIF may be required to report to the HKFE particulars of all Client's open positions in respect of which Client has failed to meet two successive Margin calls or demands for variation adjustment within the period specified by CIF, and that CIF may close out any open positions in respect of which any Margin calls or demands for variation adjustment have not been met.

7.4 The Client shall provide to and maintain with CIF margin in such amounts and in such form as CIF, in its sole discretion, from time to time may determine. Such margin requirements established by CIF may exceed the margin required of CIF by an exchange, clearing house or broker. CIF may change margin requirements in its sole discretion at any time. If CIF determines that additional margin is required, the Client agrees to deposit with CIF such additional margin when and as required and determined by CIF, and will promptly meet all margin calls in such manner as CIF shall designate in its sole discretion. No previous margin shall establish any precedent. CIF shall not be liable to the Client for the loss of any margin deposits, which is the direct or indirect result of the bankruptcy, insolvency, liquidation, receivership, custodianship or assignment for the benefit of creditors of any bank, another clearing broker, clearing organization or similar entity.

## 8. ADDITIONAL MARGIN REQUIREMENT OR DEMANDS FOR VARIATION ADJUSTMENT

8.1 Client agrees to provide to and maintain with CIF such margin together with such guarantees and other security in such form and amount and on such terms as CIF may in its absolute discretion require from time to time. Such margin requirements established by CIF may exceed any margin requirements prescribed by any exchange or clearing house or broker. CIF may change margin requirements in its sole discretion and at any time without prior notice to Client. If CIF determines that additional margin is required, Client agrees to deposit with CIF such additional margin forthwith upon demand.

8.2 In respect of all Commodities, Futures Contracts and/or Option Contracts entered into CIF on behalf of Client, Client shall provide to CIF such margin or additional margin or demands for variation adjustment or as CIF may in its absolute discretion require immediately upon demand. Such calls for margin or additional margin requirements or demands for variation adjustment by CIF may exceed any margin requirements or variation adjustments prescribed by HKEF and may be changed by CIF with immediate effect without prior notice to Client. CIF is obliged to report to HKEF particulars of all Open Contracts in respect of which Client has failed on two successive occasions to meet a demand for margin or additional margin or variation adjustments as provided in this paragraph and CIF may close out Client Open Contracts in respect of which any demand for margin or additional margin or variation adjustments or has not been met.

## 9. TERMS OF MARGIN FOR MARGIN SECURITIES ACCOUNT

9.1 Client should signed a Margin Securities Trading Account Opening Form and for the Client to conduct margin trading ("Margin Account") and CIF agrees to grant credit facilities ("Facility") to Client at Client's request for the Client's transactions. Where any conflict arises between the Securities Account and the provisions of this terms, the provisions of the latter shall prevail.

9.1.1 **Margin Facility.** The Facility is extended to the Client in accordance with the provisions set out in this Schedule, any fee and charges advised from CIF to the Client and in the Securities Trading Account (collectively known as "Margin Facility Terms"). The Client agrees to use the Facility in connection with the acquisition or holding of Securities by CIF for the Client.

9.1.2 **Credit Limit.** Subject to Clause 9.1.3 below, CIF may grant the Client Facility of such amount up to the Credit Limit as may be notified to Client from time to time. The Credit Limit available Client and the Margin Ratio may be varied by notice by CIF from time to time. Notwithstanding the credit limit as notified to the Client, CIF may at its discretion extend Facility to the Client in excess of the Credit Limit and the Client agrees that the Client shall be liable to repay the full amount of any Facility given by CIF in accordance with Clause 9.1.1.

CIF is instructed and authorized by the Client to draw on the Facility to settle any amounts due to CIF or its Associates in respect of the Client's purchase of Securities, margin maintenance obligations for any positions required by CIF or its Associates, or payment of any commission or other costs and expenses owing to CIF or its Associates.

9.1.3 CIF will not at any time be obliged to provide any Facility to the Client. Client understands that CIF may not provide any Facility to the Client if any of the following circumstances should arise:

- (i) Client is in default of any provisions of this Agreement; or
- (ii) In the opinion of CIF there is or has been a material adverse change in the Client's financial condition or in the financial condition of any other person which might adversely affect the Client's ability to discharge the Client's liabilities or perform the Client's obligations under the Agreement; or
- (iii) Making an advance would cause the applicable Credit Limit to be exceeded; or
- (iv) CIF is its absolute discretion considers it prudent or desirable for its protection not to do so.

#### 9.1.4 **Margin Call**

Client shall on demand from CIF make payments of deposits or margin in monies, Securities and/or other assets in such amount and in such form into a designated account and within such time as specified by CIF (referred to as a "Margin Call"), as CIF in its absolute discretion determines necessary to provide adequate security in respect of Facility. For the purpose of Margin Call, CIF shall use its best endeavours to contact the Client promptly by phone on the telephone numbers indicated by the Client on the Account Opening Form and/or by sending to the Client a Margin Call notice by post, fax, email or otherwise. Client agrees that it shall be deemed properly notified of the Margin Call even if CIF fails to contact it by phone or the Client fails to receive the written notice.

#### 9.1.5 **Margin Interest**

Client agrees to pay interest on a daily basis on the amount of the Facility extended to the Client. The interest rate shall be at a rate equivalent to 3% above the prime rate as HSBC's Current Hong Kong Dollar Best Lending Rate. Such interest charges may be deducted by CIF from the Margin Account or any other account of the Client with CIF or its Associates.

#### 9.1.6 **Events of default**

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

- (a) Client fails or refuses to pay or settle any outstanding amount, money, fund, purchase price or other payment, liabilities, obligation or indebtedness becoming due or payable under the Agreement or any other agreement with CIF;
- (b) Client violates or fails to perform on a timely basis any term, undertaking, agreement, covenant or condition on its part to be performed under the Agreement;
- (c) Client has not provided any margin (initial, maintenance or additional) or adjustments (variation or otherwise) when the same become due or payable under the Agreement, or has failed or refused to comply with any request, call or demand made by CIF pursuant to the Agreement;
- (d) Breach, refusal, failure or default of or by the Client in complying with, fulfilling, performing or observing any terms or conditions of the Agreement or any other agreement with CIF;
- (e) Any representation or warranty made in the Agreement or in any document delivered to CIF or any of the CIF Group's companies being or becoming incomplete, untrue or incorrect;
- (f) Any consent or authorization required by the Client to enter into the Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (g) The filing or commencement of a petition or application in bankruptcy, liquidation or winding up, petition or application for the appointment of a receiver, or the commencement of other similar proceedings against the Client;
- (h) The Lien or any security created or any part thereof respectively in relation to the indebtedness, obligations or Liabilities under the Agreement and/or the Loan Agreement being avoided or discontinued;
- (i) Client takes advantage of any bankruptcy, liquidation, reorganization, moratorium, insolvency or similar law or makes or proposes to make any arrangements or compositions for the benefit of any of the Client's creditors, or is the subject of any order, judgment or decree entered by any court providing for the winding up, reorganization, liquidation or appointment of a liquidator, trustee in bankruptcy or receiver of the Client or a substantial part of the Client's business or assets;
- (j) Client becomes insolvent or dissolved for any reason whatsoever, merges or becomes consolidated with any non-affiliated party, or sells all or a substantial portion of the Client's business or assets;
- (k) The death, liquidation or judicial declaration of incompetence of the Client;
- (l) Any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter herein contained or the Retained Properties, the Collateral or any part thereof or against CIF in connection with any matter herein contained or the Retained Properties, the Collateral or any part thereof; and
- (m) The occurrence of any event which, in the sole and subjective opinion of CIF, may or shall jeopardize, prejudice or affect any of the rights, interests or benefits of CIF or any of the CIF Group's companies.

## 9.2 Charge

Client, as beneficial owner, charges in favour of CIF by way of first fixed charge all the Client's respective rights, title, benefits and interests in and to all Collateral as a continuing security ("Charge") for the payment and satisfaction on demand of all monies and liabilities (absolute or contingent) and performance of all obligations under the Margin Facility Terms which are now or at any time hereafter may be due, owing or incurred from or by the Client to CIF or its Associates, or for which the Client may be or become liable to CIF or its Associates on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name style or firm) together with interest from the date of demand to the date of repayment, and any commission, legal and other costs, charges and expenses as they appear in the records of CIF or its Associates.

The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owing by the Client to CIF and/or its Associates and notwithstanding the closing of any of the Client's accounts with CIF and which are subsequently reopened or the subsequent opening of any account by the Client either alone or jointly with others and shall extend to cover all or any sum of monies which shall for the time being constitute the balance due from the Client to CIF or its Associates on any account or otherwise.

#### 9.2.1 Ownership of the Collateral

Client represents and warrants that the Collateral is legally and beneficially owned by the Client, that the Client is entitled to deposit the Collateral with CIF or its Associates, that the same is and will remain free from any lien, charge or encumbrance of any kind, and any stocks, shares and other securities comprised in the Collateral are and will be fully paid up.

#### 9.2.2 Enforcement of Charge

Until the Charge becomes enforceable, (i) CIF will have the right, subject only to giving the Client notice, to exercise rights relating to the Collateral to protect the value of the Collateral; and (ii) except as otherwise provided in this Margin Client Agreement, the Client may direct the exercise of other rights attaching to, or connected with, the Collateral, but not in any manner which is inconsistent with the Client's obligations under the Margin Facility Terms, or which in any way may prejudice CIF 's rights in relation to the Collateral.

#### 9.2.3 Withdrawal of the Collateral

For so long as there exists any indebtedness to CIF on the Client's part, CIF shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral and the Client shall not without the prior written consent of CIF be entitled to withdraw any Collateral in part or in whole from the Client's Account.

#### 9.2.4 Release of the Collateral

Upon irrevocable payment in full of all sums which may be or become payable under the Cash Client Agreement and the full performance of the Client's obligations under the Margin Facility Terms, CIF will at the Client's request and expense release to the Client all the rights, title and interests of CIF in the Collateral and will give such Instructions and directions as the Client may require in order to perfect such release.

#### 9.2.4 Repledging of the Collateral

Client understands and agrees that CIF shall be entitled to deposit any of the securities collateral in any authorized financial institution or intermediaries licensed for securities margin financing as collateral for financial accommodation provided to margin clients.

### 9.3 Termination of Facility

9.3.1 The Facility is repayable on demand and may be varied or terminated in the absolute discretion of CIF. In particular the Facility will be terminated upon the occurrence of any one or more of the following events:

- (a) the withdrawal or non-renewal of the Client's authorization to CIF as required by section 7 of the Securities and Futures (Client Securities) Rules (Cap.571H of the laws of Hong Kong); or
- (b) any termination in accordance with Clauses 9.1.6 of the Securities Trading Account, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Facility. Upon termination of the Facility, any outstanding indebtedness by the Client shall forthwith be repaid to CIF.

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

#### 9.4 Security Unaffected

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

- (a) any other security, guarantee or indemnity now or hereafter held by CIF or its Associates under or in respect of the Margin Facility Terms or any other liabilities;
- (b) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including, except to the extent of the relevant variation, amendment, waiver or release, the Charge);
- (c) the enforcement or absence of enforcement or release by CIF or its Associates of any security, guarantee or indemnity or other document (including the Charge);
- (d) any time, indulgence, waiver or consent given to the Client or any other person whether by CIF or its Associates;
- (e) the making or absence of any demand for payment of any sum payable under the Margin Facility Terms made on the Client whether by CIF or any other person;
- (f) the insolvency, bankruptcy, death or insanity of the Client;
- (g) any amalgamation, merger or reconstruction that may be effected by CIF with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of CIF to any other person;
- (h) the existence of any claim, set-off or other right which the Client may have at any time against CIF or any other person;
- (i) any arrangement or compromise entered into by CIF with the Client or any other person;
- (j) the illegality, invalidity or unenforceability of, or any defect in, any provision of any document relating to the Facility or any security, guarantee or indemnity (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever;
- (k) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or any other thing done or omitted or neglected to be done by CIF or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the Margin Facility Terms.

## 10. PAYMENTS AND REMISSION OF MONIES

10.1 Client shall pay CIF forthwith upon demand by CIF at any time the full amount of all losses, debit balances and deficiencies resulting from any transaction between Client and CIF, or from the operation of Client's Account. Payment shall be made in such currencies as CIF may prescribe from time to time.

10.2 Without prejudice to Client's obligation to effect payment on demand, each payment (whether by way of direct payment, transfer, debit or credit) to be made by Client to CIF in relation to the Agreement shall be not later than the close of business (Hong Kong time) on the date on which payment is required to be made.

10.3 Without prejudice to any other provisions in this Agreement, Client agrees and authorizes Client's Bank and any other member of the CIF Group which clients hold accounts with, to execute a direct debit mandate, as the case may be, to



transfer to the Account monies which may from time to time be required for the purpose of meeting demands for Margin or variation adjustments and any transaction costs or other liability of Client in respect of the Account.

10.4 Subject to the deduction of all amounts which CIF is entitled to deduct under the HKFE Rules, the rules of any other exchanges or clearing houses, applicable laws and regulations and/or this Agreement, any Margin required as referred to in paragraph 8 and 9 above and subject to the prior discharge in full of all sums or liabilities actual or contingent owed by Client or any Client Group Company to CIF or any other member of the CIF Group, CIF shall as soon as practicable after receiving a demand in writing from an Authorized Person remit to Client all or part of the monies forming part of the Account and/or the proceeds of sale of any Securities, Commodities, Futures Contracts and/or Option Contracts All monies payable by CIF to Client shall be transferred by CIF to the bank account specified by Client on the Account Opening Application Form or in such other manner as may be agreed between the parties from time to time. All monies paid as aforesaid to Client's specified bank account shall be deemed good discharge of CIF's obligation to make payment to Client.

10.5 Client confirms that unless an Authorized Person is also Client, Authorized Person or Authorized Third Party shall only have authority in placing trade orders on behalf of Client in relation to this Agreement. No Authorized Person or Third Party shall be authorized to instruct or direct CIF to transfer or debit any money or property from the Account to any other account the holder of which is or includes an authorized third party, and Client hereby agrees that if CIF receives any Instruction or directions to such effect from any authorized third party, CIF is expressly authorized not to act on or carry out any such Instruction or directions unless CIF has received notice in writing to the contrary from Client.

## 11. INTEREST

11.1 CIF may retain for its own use any benefit it may derive from cash for the time being in its hands as part of the Account, and Client agrees that no interest will accrue to Client upon any amounts which may be held by CIF to Client's credit, unless there is an agreement to the contrary between the parties hereto.

11.2 Client undertakes to pay interest on all overdue amounts owing by him to CIF at any time (after as well as before any judgment) at such rate as may be specified from time to time by CIF or failing any such specification at a rate equivalent to 10% above the prime rate as HSBC's Current Hong Kong Dollar Best Lending Rate and such interest shall be payable on the last day of each calendar month or forthwith upon any demand being made by CIF.

11.3 All Leverage Foreign Exchange Contracts will generate rollover credit or debit amount of your open position(s) and such amount will be reflected in the balance of your account after maintenance hours.

## 12. SETTLEMENT

### 12.1 Securities Trading Settlement

Unless otherwise agreed or where CIF is already holding cash or Securities on Client's behalf to settle a Transaction in Securities, Client will, by such time as CIF has notified to Client in relation to the relevant Transaction in Securities:

- (i) pay CIF cleared funds or deliver Securities to CIF in deliverable form; or
- (ii) otherwise ensure that CIF has received such funds or Securities, equivalent to the sum or the number of Securities required to settle such transaction in Securities.

If the Client fails to do so, CIF will be entitled, in its absolute discretion:

- (i) in the case of a purchase or subscription Transaction in Securities, to sell the purchased or subscribed Securities; or
- (ii) in the case of a sale Transaction in Securities, to borrow and/or purchase securities in order to settle the Transaction in Securities, or, in addition or as an alternative to (i) or (ii) above, to have recourse to its rights of combination and set-off as set out in Clause 16.1 in order to settle the Transactions in Securities.

#### 12.1.1 Safekeeping of Securities

Any Securities held by CIF for safekeeping pursuant to these Terms may, at CIF' discretion and subject to applicable laws and regulations:

- (i) in the case of registerable securities) be registered in the name of the Client or in the name of CIF or its Associate; or
- (ii) be deposited in safe custody in a designated account of CIF with a bank or other institutions which provides facilities for the safe custody of Securities and documents relating thereto. In the case of securities in Hong Kong, such institution shall be acceptable to the Securities and Futures Commission as a provider of safe custody services.

#### 12.1.2 Delivery of dividends

CIF will pay all dividends, distributions, interest, coupons or benefits relating to the Securities of Client into the Securities Account. If the Securities in respect of which the dividend, interest, coupons or distribution or other benefit accrues form part of a larger holding of identical Securities held by CIF for clients, then Client shall be entitled to the share and proportion of such dividend, distribution, interest, coupons or benefit arising on the larger holding as equals the share or proportion of Client's holding of Securities to the total larger holding of those Securities.

### 12.2 Futures Contracts and Option Contracts Trading Settlement

12.2.1 Client accepts that every transaction effected for the Account contemplates actual performance in accord niche its terms and actual amount, including delivery and receipt of any Commodities, buy and sell any Futures Contracts and/or Option Contracts and payment for them.

12.2.2 Subject to the terms of this Agreement and to the rules, regulations and requirements of the relevant exchange and/or clearing house, Client may, at any time before the last trading day of a contract or transaction in relation to the Account, request CIF to close out or in the case of an Option Contract, exercise (providing exercise is then possible) the matching Option Contract. Any amount (including, without limitation, any amount payable by CIF to the relevant exchange and/or clearing house and/or CIF's brokers or agents) payable by Client arising out of the closing out of any contract or transaction or the exercise of any Option Contract shall become immediately due and payable to CIF upon the closing out or exercise.

12.2.3 To exercise an option pursuant to an Option Contract effected for the Account, Client shall (subject to the rules and regulations of the relevant exchange on which the Option Contract is traded or entered into) deliver to CIF a notice of exercise no later than such time limit as may be specified by CIF from time to time before the cut-off date for the tender of exercise Instruction prescribed by the writer of the option or the relevant exchange or clearing house (whichever prescribes the earliest cut-off date). Such notice shall Only only be considered valid when accompanied:

- (i) in the case of a put option, with the underlying Commodity or document(s) of title needed for making delivery; and
- (ii) in the case of a call option, with sufficient immediately available funds to take delivery of the Commodity.

Unless specifically instructed by Client and subject to the terms of this Agreement, CIF shall not have any responsibility whatsoever to tender any exercise Instruction on behalf of Client in respect of any Option Contract whether on or before the relevant cut-off date applicable to the Option Contract.

12.2.4 If CIF or another broker (as the case may be) shall for any reason whatsoever and howsoever fail to receive payment of all or any amount, or to receive delivery of all or any part of any amount of any Commodity (whether from the relevant exchange, clearing house and/or any other person), due to be paid or delivered to Client in respect of any transaction in relation to the Account on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant exchange and/or clearing house and/or any applicable laws, CIF's obligations to make payment or to deliver any Commodity to Client in respect of such transaction 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 the CIF in respect thereof.

12.2.5 CIF may in its absolute discretion but shall not be bound to act on any instruction from Client to take any action whatsoever or howsoever against any exchange, clearing house, other broker and/or any other person in respect of any failure by such exchange, clearing house, other brokers and/or other person to make any payment or to deliver any amount of any Commodity in respect of any transaction executed in relation to the Account as referred to in paragraph 12.2.4 above, provided that if any such action is taken by CIF, Client shall fully indemnify and keep CIF indemnified on demand in respect of all costs, claims, demands, damages, fees and expenses arising out of, or in connection with, the taking of such action.

12.1.6 The Client accepts that every transaction effected for the Account contemplates actual performance in accordance with its terms, including delivery and receipt of any Commodities and payment for them. Notwithstanding this and subject to Clause 12.2.4 above, in respect of each open position in relation to the Account which remains subsisting on the maturity date for its settlement, neither CIF nor the Client shall have any obligation to make or take delivery (as the case may be) of the Commodity the subject matter of the transaction on the maturity date, if, according to the rules or usual practice of the relevant exchange, the outstanding obligations of the buyer and seller of such open position shall be satisfied solely by cash settlement based on a difference in price or value, in which case CIF or the Client (as the case may be) shall settle or close the open position by paying the relevant difference on the maturity date thereof. The Client shall take all necessary actions to enable CIF to effect due settlement of each transaction effected for the Account in accordance with the rules, regulations and requirements of the relevant exchange and/or clearing house.

12.1.7 To exercise an option pursuant to an Option Contract effected for the Account, the Client shall (subject to the rules and regulations of the relevant exchange on which the Option Contract is traded or entered into) delivered to CIF a notice of exercise no later than such time limit as may be specified by CIF 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 notice shall only be considered valid when accompanied: (i) in the case of a put option, with the underlying Commodity or document(s) of title needed for making delivery; (ii) in the case of a call option, with sufficient immediately available funds to take delivery of the Commodity. CIF may (but shall not be obliged to) treat an Option Contract as abandoned if the Client fails to act in accordance with the provisions of this Clause 5.2. Unless specifically instructed by the Client and subject to the terms of this Agreement, CIF shall not have any responsibility whatsoever to tender any exercise instructions on behalf of the Client in respect of any Option Contract whether on or before the relevant cut-off date applicable to the Option Contract.

## 13 SECURITY

- 13.1 Client as beneficial owner hereby charges any and all Securities, Commodities, Futures Contracts and/or Option Contracts, monies and other property held or carried in the Account or to be acquired by him in relation to the Account to and in favor of CIF free from any encumbrances as continuing security for Client's performance and observance of his obligations under this Agreement, for the discharge of all monies and liabilities (whatever actual or contingent) which are now or at any time hereafter may be due, owing or incurred from or by Client or by any Client Group Company to CIF or any other member of the CHAOS Group in connection with the Account or otherwise and the payment of all costs, charges and expenses incurred by CIF or any member of the CHAOS Group in the exercise or enforcement of the charge hereby created.
- 13.2 Client agrees to do all such things and execute all such documents which CIF shall from time to time consider necessary or desirable in connection with the implementation, execution and enforcement of any of the terms of this Agreement or with a view to perfecting or improving any security created in favor of CIF hereunder including without limitation the execution by Client of an irrevocable power of attorney appointing CIF to be his lawful attorney (with full power to appoint substitutes and to sub-delegate) to do all such acts and things and execute all such documents on Client's behalf as CIF shall in its absolute discretion consider necessary or appropriate.
- 13.3 At the request of CIF, Client shall grant or shall procure that such persons as are acceptable to CIF shall grant further security in terms satisfactory to CIF in respect of any of the obligations of Client under this Agreement.

#### 14 Investor Compensation Fund

- 14.1 In the event that CIF commits a default as defined in Part XII of the SFO and the Client thereby suffers a pecuniary loss, the Client understands that the right to claim under the Investor Compensation Fund established under Part XII of the SFO will be restricted to the extent provided for therein.
- 14.2 Notwithstanding the aforesaid, the Client fully understands that the right to claim under the Investor Compensation Fund as mentioned in Clause 14.1 will not be applicable to any Instructions or Transactions in Foreign Jurisdiction.

#### 15 UNILATERAL CLOSING OUT

15.1 **If any of following events shall happen or occur:**

- (i) Client's failure to provide Margin when called upon to do so; or to make or take delivery of any Commodity when required under any transaction for the Account, or to pay any purchase price or other payment when due under any transaction for the Account, or to perform or observe any of his obligations under this Agreement;
- (ii) In the case of an individual client only, upon the death of Client;
- (iii) An order is made by a competent court, or a petition is presented or a resolution passed for the bankruptcy, winding up, or dissolution of Client, or a receiver, trustee or similar official is appointed over Client's assets or undertaking, or any attachment or sequestration is levied against the Account or any other account of Client with any member in the CHAOS Group or any third party asserting any claim on any monies or property comprised in the Account, or any injunction, prohibition order or similar order is declared on any of Client's assets, or execution, distress or similar process is levied against any of Client's assets;
- (iv) Any representation or warranty made by Client in this Agreement or in any certificate, statement or other document delivered by Client to CIF pursuant to this Agreement being or becoming incorrect in any material respect;

- (v) Client being in breach of any applicable law, rules or regulations in the jurisdiction in, or the rules and regulations of any exchange or clearing house on which CIF, its brokers or agents conduct dealings on Client's behalf or for the Account;
- (vi) Any consent, authorization or resolution required by Client to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect; and
- (vii) occurrence of any event which, in the sole opinion of CIF, might put in jeopardy CIF's rights with respect to the credit balance on the Account or any other rights of CIF under this Agreement or which may adversely affect the due performance of Client's obligations under this Agreement. Then, without prejudice to any other rights or remedies, which CIF may have, CIF shall be entitled or is hereby authorized (but is not obliged) to take one or more of the following actions:
  - (a) Sell, buy or close out (without recourse) any or all Securities, Commodities, Futures Contracts and/or Option Contracts and other property held or carried for Client or the Account (including any or all those subject to the charge referred to in paragraph 13 above) as CIF shall consider appropriate;
  - (b) Cancel any or all-open or outstanding orders or contracts or any other commitments made pursuant to Instruction from Client;
  - (c) Borrow or buy any property whatsoever found necessary by CIF or required to make delivery against any sale (including a short sale) effected pursuant to Instruction from Client;
  - (d) Exercise any options (put or call) arising from any Option Contracts held by CIF pursuant to Instruction from Client;
  - (e) Call upon any security, which may have been issued in favor of CIF as security for obligations of Client hereunder;
  - (f) Exercise its right of set-off and transfer of funds conferred by this Agreement or otherwise;
  - (g) Immediately terminate this Agreement forthwith.

15.2 **Forthwith upon the occurrence of any event of default:**

all amounts owing by Client to CIF shall become immediately payable, and interest will accrue at the rate provided in paragraph 11. 2 above on the amount outstanding from time to time; and

the further performance by CIF of any of its outstanding obligations to Client under this Agreement (whether for the payment of money or otherwise) shall be conditional upon Client having fully discharged all his obligations to CIF under this Agreement.

15.3 Without prejudice to the generality of paragraph 15.1(a) to (g), CIF shall be entitled to appropriate to itself or sell, buy, close out or dispose of any Securities, Commodities, Futures Contracts and/or Option Contracts charged to CIF under paragraph 13 at the current market price thereof to any member of the CIF Group without being in any way responsible for any loss occasioned thereby however arising and without being accountable for any profit made by CIF and/or any member of the CIF Group.

15.4 Any monies realized pursuant to this paragraph 15.1 may be placed and kept to the credit of a suspense account for so long as CIF or the relevant member of the CIF Group may in its absolute discretion determine without any obligation in

the meantime to apply the same or any part thereof in or towards discharge of any monies or liabilities due to or incurred by Client or any Client Group Company to CIF or any other member of the CIF Group.

- 15.5 If CIF exercises any of its rights under paragraph 15.1, it may apply the proceeds of any sale first in payment of all its costs and expenses incurred in connection therewith (including legal costs), secondly in settlement of any liabilities which Client may owe to CIF and any liabilities which any Client Group Company may owe to CIF or any other member of the CIF Group (in such manner and such order of priority as CIF and the relevant member(s) of the CIF Group shall determine between themselves, which shall be binding on Client) and thirdly, the balance (if any) shall be returned to Client. If such proceeds are insufficient to meet such liabilities, Client shall on demand (notwithstanding that the payment date or other date originally stipulated for settlement may not then have arrived) pay CIF and indemnify and hold CIF harmless against any differences or deficiencies arising there from or in the Account together with interest thereon and all professional costs and expenses (including legal and other professional advisers' fees) incurred by CIF in connection on therewith.

## 16 SET-OFF AND COMBINATION OF ACCOUNTS

- 16.1 Notwithstanding anything contained in this Agreement or in any other agreement between any member of the CIF Group and Client or any Client Group Company, but subject to any applicable law, rules and regulations, and in particular, Rule 623 of the HKFE Rules, Client (for himself and as agent on behalf of any Client Group Company) hereby irrevocably directs and authorizes CIF (for itself and as agent on behalf of any member of the CIF Group) to set-off, withhold, apply and/or transfer (as the case may be) any Securities, Commodities, Futures Contracts and/or Option Contracts receivables or monies held in or for the Account or any other account with CIF or any other member of the CIF Group in whole or partial payment of any sum or liability (of whatever nature whether primary, collateral, several or joint (including any liability or sum required to meet demands for Margin or margin requirements) or in other currencies and whether or not in connection with the Account) owed by Client or any Client Group Company to CIF or any other member of the CIF Group.
- 16.2 Without prejudice to the generality of paragraph 16.1, but subject to any applicable law, rules and regulations, and in particulars Rule 623 of the HKFE Rules, if Client or any Client Group Company has more than one account with CIF, Client (for himself and as agent on behalf of any Client Group Company) hereby irrevocably agrees that CIF may at any time and without notice to Client or any Client Group Company, combine, consolidate or merge all or any of such accounts and set-off or transfer any sum or sums standing to the credit of any one or more of such accounts in or towards satisfaction of any obligations or liabilities of whatsoever nature to CIF in respect of any other accounts.
- 16.3 The rights of set-off hereby conferred are in addition and without prejudice to any general right of set-off arising by law or any other rights granted to CIF under this Agreement or any lien or other security now or hereafter held by CIF .
- 16.4 In the event of (a) the dissolution or liquidation of the Client, (b) the filing of a petition in bankruptcy, or a petition for the appoint of a receiver, by or against the Client, (c) the filing of any attachment against any of the Client's accounts carried by CIF , (d) insufficient margin or CIF 's determination that any collateral deposited to protect one or more accounts of the Client is inadequate, regardless of current market quotations, to secure the account, or (e) any other circumstances or developments that CIF deems to require action necessary for its protection, CIF is hereby authorized, according to its judgment and in its sole discretion, to take one or more or any portion of the following actions: (1) satisfy any obligation the Client may have to CIF, either directly or by way of guaranty or suretyship, out of any of the Client's funds or property in the custody or control of CIF; (2) Sell any or all commodity contracts, commodities, or securities held or carried for the Client or to purchase any or all commodity contracts, commodities or securities held or carried as a short position for the Client; and (3) cancel any or all outstanding orders, contracts, or any other commitments made on behalf of the Client. Any of the above actions may be taken without demand for margin or additional margin, without prior notice of sale or

purchase or other notice or advertisement to the Client, and regardless of whether the ownership interests shall be solely shall be solely the Client's or held jointly with others. In liquidating the Client's long or short positions, CIF in its sole discretion, may sell or purchase in the same contract month or initiate new long or short positions in order to establish a spread or straddle which in CIF's judgment may be necessary or advisable to protect existing positions in the Client's account.

Any sales or purchases hereunder may be made according to CIF's judgment and at its sole discretion on any exchange or other market where such business is then usually transacted or at public auction or at private sale, and CIF may purchase the whole or any part thereof free from any right of redemption. It is understood that, in all cases, a prior demand, call, or notice of the time and place of a sale or purchase shall not be considered a waiver of CIF's right to sell or buy without demand or notice as herein provided. The Client at all times shall be liable for the payment of any debit balance of the Client upon demand by CIF and shall be liable for any deficiency remaining in the Client's account(s) in the event of the liquidation thereof in whole or in part by CIF or by the Client. In the event the proceeds realized pursuant to this authorization are insufficient for the payment of all liabilities of the Client due to CIF, the Client promptly shall pay, upon demand, the deficit and all unpaid liabilities, together with interest thereon and all costs of collection including reasonable attorney's fees, with respect to any account of the Client, the Client agrees to be liable therefor.

16.5 Liquidating instructions on open positions maturing in a current delivery month must be given to CIF at least five (5) business days prior to the first notice day in the case of long positions and, in the case of short positions, at least five (5) business days prior to the last trading day. Alternatively, sufficient funds to take delivery or the necessary delivery documents must be delivered to CIF within the same periods described above. If neither instructions, funds, nor documents are received, CIF, without notice may, either liquidate the Client's position or make or receive delivery on behalf of the Client upon such terms and by such methods which CIF deems feasible.

16.6 If at any time the Client fails to deliver to CIF any property previously sold by CIF on the Client's behalf or fails to deliver property, securities or financial instruments in compliance with commodity contracts, or CIF shall deem it necessary (whether by reason of the requirements of any exchange, clearing house, or otherwise) to replace any securities, commodity contracts, financial instruments, or other property delivered by CIF for the account of the Client with other property of like or equivalent kind or amount, the Client authorizes CIF in its judgment to borrow or to buy any property necessary to make delivery or to replace any such property necessary to make delivery thereof or to replace any such party to whom delivery is to be made. CIF may subsequently repay any borrowing therefor with property purchased or otherwise acquired for the account of the Client. The Client shall pay CIF for any cost, loss and damage from the foregoing (including consequential damages, penalties, and fines) which CIF may be required to incur or which CIF may sustain from its inability to borrow or buy any such property.

16.7 **Standing Authority of Client Money/ Securities or Securities Collateral ("Standing Authority")**

16.7.1 The Client Money/ Securities or Securities Collateral Standing Authority covers money held or received by the Company in Hong Kong (including any interest derived from the holding of the money) / Securities or Securities Collateral in one or more segregated account(s) on the Client's behalf.

16.7.2 The Client authorizes the Company to:

(a) combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by the Company or any of the Company's Group Companies and the Company may transfer any sum of Client Money/ Securities or Securities Collateral to and between such segregated account(s) of the Client to satisfy the Client's obligations or

liabilities to the Company or any of the Company's Group Companies, or for financial accommodation whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several;

(b) transfer any sum of Client money interchangeably from time to time between any of the segregated accounts maintained at any time with the Company or any of the Company's Group Companies;

(c) transfer any Securities from time to time between CIF and an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities on the Client's behalf;

(d) transfer any Securities Collateral between CIF and authorized financial institution or an intermediary licensed for securities margin financing as collateral for financial accommodation provided to margin clients;

(e) deal with Client Money/ Securities or Securities Collateral from time to time in accordance with Client's oral instructions whereas CIF is under no duty to verify the identity or authority that emanates such instructions;

(f) required in order to meet the client's obligations to meet settlement or Initial margin requirements in respect of dealing in securities or futures contracts carried out by any Exchange(s) or counterparties on behalf of the client. CIF may transfer a part of or whole Client Money/ Securities or Securities Collateral from Client's segregated account(s) to counterparties' segregated account(s) prior to any open positions according to the trading preference of Client; and

(g) where any combination or consolidation of accounts or transfer of Monies referred to in this Clause 16 requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange (as determined by CIF and binding in all respects upon Client) utilized by CIF in CIF 's normal course of business for such currencies at the time of the combination or consolidation. The Client acknowledges and agrees that the Company may do any of the things mentioned in this Clause 16 without giving the Client notice. The Client Money Standing Authority is given without prejudice to other authorities or rights which the Company or any of the Company's Group Companies may have in relation to dealing in Monies in the segregated accounts.

**16.7.3 Period of Standing Authority:** Where Client is not a Professional Investor, the Standing Authority shall be valid for a period of 12 months from the date of this Agreement, subject to renewal by Client or deemed renewal under Clause 16.7.5. Where Client is a Professional Investor, the Standing Authority shall be valid from the date of this Agreement until the Standing Authority is revoked in accordance with Clause 16.7.4.

**16.7.4 Revoke of Standing Authority:** The Client Money Standing Authority may be revoked by giving the Company written notice addressed to CIF at the CIF s address specified in this Agreement or such other address which CIF may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of the Company's actual receipt of such notice.

**16.7.5 Renewal of Standing Authority:** The Client understands that the Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if CIF issues the Client a written reminder at least 14 days prior to the expiry date of the Standing Authority, and the Client does not object to such deemed renewal before such expiry date. The Client noted that the expiry date of the Standing Authority was standardized on 31<sup>st</sup> December every year.

**16.7.6 The Standing Authority Renewal Confirmation:** CIF will give a written Confirmation of the Standing Authority Renewal within 7 days of the effective date thereof.



## 17 NOTICE AND COMMUNICATIONS

- 17.1 **Mode of Delivery.** All notice and communications from CIF to Client or any Authorized Person under this Agreement may be sent and delivered by personal delivery, postal mail, telegraph, facsimile, electronic mail or other electronic transmission to the address, facsimile number, electronic mail address in the Account Opening Application Form or as notified to CIF in writing from time to time by at least seven (7) days' advance notice. All notices and other communications shall be deemed to be given (i) at the time of dispatch or transmission if delivered personally, by facsimile transmission or telephone; or (ii) 24 hours after dispatch if sent by post, whichever shall be the first to occur; provided that any notice or other communication to be given to CIF shall be effective only when received by CIF. Unless otherwise agreed by CIF, any Instruction or directions to be given by Client or any Authorized Person to CIF in relation to any dealings in Securities, Commodities, Futures Contracts and/or Option Contracts for or in respect of the Account shall be given orally or by telephone to the telephone number of CIF as is set out in this Agreement or otherwise as notified to Client from time to time. Any other communication or notice to be given by Client or any Authorized Person to CIF in connection with the Account or this Agreement may be personally delivered, sent by prepaid post, facsimile transmission or by telephone to the address or facsimile or telephone number of CIF (as the case may be) set out in this Agreement or otherwise as notified to Client from time to time.
- 17.2 **Presumption of Receipt.** All communications so sent whether by messenger, mail, telegraph, facsimile, electronic mail or otherwise, shall be deemed delivered and received, unless otherwise notified to CIF by Client. It is Client's responsibility to ensure the Account correctness and accuracy and to contact CIF immediately with any discrepancies.
- 17.3 **Responsibility to Retrieve and Review Communications.** Client agree to check regularly Client's mailbox, electronic mailbox, facsimile machine and other sources of facilities through which Client receive communication from CIF. CIF will not be responsible for any losses that arise from Client's failure, delay or negligence to check such sources or facilities.
- 17.4 **Monitoring and Recording of Telephone Conversations and Electronic Mails.** For the protection of Client and CIF, and as a tool to detect and rectify misunderstandings, Client agrees and authorizes CIF, at CIF's discretion and without further prior notice, to monitor and record any or all telephone conversations and any electronic communications between CIF and Client. Any voice recording made by CIF shall constitute conclusive evidence of the communication so recorded.
- 17.5 **Confirmation and Account Statements.** In respect of every transaction of sale, purchase or exchange of Securities, Commodities, Futures Contracts and/or Option Contracts entered into by CIF for the Account in Hong Kong, CIF will (unless otherwise provided by the Ordinance) make out a contract note or statement which will contain all the necessary information required by the Ordinance, and shall deliver the contract note or statement to Client within the time limit specified in the Ordinance. In respect of all other transactions, CIF will as soon as practicable after effecting such transactions, confirm the essential features of the transactions to Client either orally or in writing.
- 17.6 CIF will provide Client with a statement of account in relation to the transactions and dealings, which CIF has entered into in relation to the Account by electronic mail on a monthly basis. A paper statement service annual fee of HK\$20 will be charged when Client requested to receive a mailed paper statement. The fee will be directly debited from each relevant account in the first quarter of the year. CIF will not provide Client with a monthly statement of Account at any time during a monthly accounting period, which the Client has an account balance that is nil; or the Account was treated as a dormant account.

The contract notes, statements of account and any confirmations in writing of execution of transactions for the Account which CIF sends to Client shall be conclusive in respect of all information set out therein, and shall be deemed to have been

accepted by Client, in the case of delivery by telegraph, facsimile, electronic mail or other electronic transmission, if not objected to by Client in writing, within 24 hours after delivery to Client, and in the case of delivery in person or by postal mail, within 5 business days after posting thereof to Client .

- 17.7 **Undelivered or Returned Mails.** Client agrees to keep Client's Account information up to date, and to notify CIF of any changes within forty-eight (48) hours. Client understands, for the security and integrity of Client's Account, that CIF may temporarily or permanently disable or restrict Client's Account, if and when the mails become undeliverable or are returned as a result of Client's failure to provide, update and/or notify CIF with most current and accurate Account information.
- 17.8 CIF shall not be held responsible for delays in the transmission or execution of orders due to a breakdown or failure or transmission or communication facilities, or for any other cause beyond CIF's control.
- 17.9 The Client acknowledges that CIF is not responsible for the conduct, representations and statements of the introducing broker or its associated persons in the handling of the Client's account. The Client agrees to waive any claims against CIF, and to indemnify and hold CIF harmless, for any actions or omissions of the introducing broker or its associated persons.

## 18 ELECTRONIC TRADING SERVICE

- 18.1 **Electronic Trading Service.** Client understands that the Electronic Trading Service (ETS) is a semi-automated facility, which enables Client to send electronic Instruction and receive information services. Client agrees to use the ETS only in accordance with the terms of this Agreement. Any additional services offered through the ETS in the future shall only be used by Client in accordance with the terms of this Agreement.
- 18.2 **Authorized Access.** Client shall be the only authorized user of the Electronic Trading Service for Client's Account. Client shall be responsible for the confidentiality and use of the Access Codes. Client acknowledges and agrees that Client shall be solely responsible for all Instruction entered through the Electronic Trading Service using the Access Codes and neither CIF nor CIF's directors, officers or employees shall have any liability to Client, or to any other person whose claim may arise through Client, for any claims with respect to the handling, mishandling or loss of any Instruction.
- 18.3 **Two-factor authentication.** Client is required to enter a one-time password (OTP) to access the online trading service. The OTP will be automatically sent to your registered mobile phone number via short message service (SMS) or email address via email.
- 18.4 **Safeguard of Password, OTP and Account Number.** For the protection of the integrity of Client's Account, Client will have a password and OTP to access Client's Account. Client acknowledges, represents and warrants that Client is the sole and exclusive owner(s) and authorized user(s) of such password and OTP. Client should change the Internet Trading password regularly. Keep it confidential and hard to guess. Client accepts the full responsibility for monitoring and safeguarding the integrity and security of Client's password, OTP and Account number. Client will immediately notify CIF in writing, if Client becomes aware of any loss, theft or unauthorized use of Client's password, OTP and/or Account number. In the absence of such notification, CIF are not liable for any consequential damage in connection therewith.
- 18.5 **Proprietary System.** Client acknowledges that the ETS is proprietary to CIF. Client warrants and undertakes that Client shall not, and shall not attempt to, tamper with, modify, de-compile, reverse engineer or otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the ETS. Client acknowledges that CIF may take legal action against Client, if Client at any time breach this warranty and undertaking or if CIF at any time reasonably suspect that Client has

breached the same. Client undertakes to notify CIF immediately if Client becomes aware that any of the actions described above in this paragraph is being perpetrated by any other person.

- 18.6 **Responsibility to Notify Errors.** Client further acknowledges and agrees that, as a condition of using the Electronic Trading Service to give Instruction, Client shall immediately notify CIF if: (a) an Instruction in respect of the Account has been placed through the ETS and Client has not received an order number; (b) an Instruction in respect of the Account has been placed through the ETS and Client has not received an accurate acknowledgement of the Instruction or of its execution, whether by hard copy or via electronic or verbal means; (c) Client has received acknowledgement, whether by hard copy, electronic or verbal means, of a Transaction which Client did not originate or instruct; and/or (d) Client become aware of any unauthorized use of the Account No. and/or Password.
- 18.7 **Alternative Trading Facilities.** Client agrees that should Client experience any problems in reaching CIF through the ETS or vice versa, Client shall attempt to use an alternative method or device, as CIF may make available, to communicate with CIF to place Client's orders and to inform CIF of the difficulty Client may experience. Client acknowledges that CIF gives no express or implied warranties (including but not limited to warranties of merchantability, functionality or fitness for a particular use) with respect to trade or trade related services. Client agrees that CIF shall not be responsible to Client for any losses, costs, expenses, damages or claims which Client may suffer as a result of any disruption, malfunction or other suspension of CIF's service beyond CIF's control.
- 18.8 **Third Party Market Data.** Client understands that the Electronic Trading Services may provide, for informational purpose only data about price quotation and information published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time price quotation and information for the relevant investments. Client understands that whilst CIF believes such data to be reliable, it has no independent basis to verify or contradict the accuracy or completeness of the information provided. Client understands that no recommendation or endorsement from CIF shall be inferred from the data provided with respect to any investments.
- 18.9 **No Guarantee of Accuracy or Timeliness of Information.** Client acknowledges that the quote service available at the ETS is provided by a third party provider appointed by CIF from time to time. Client understands that information provided in the Electronic Trading Services is on an "as is", "as available" basis and CIF does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of such information.

## 19 GENERAL PROVISIONS

- 19.1 **Entire Understanding.** This Agreement, together with all other written agreements, existing or subsequent, between CIF and Client related to Client's Account and terms contained on statements and confirmations sent to CIF, contains the entire understanding between and binding upon CIF and Client concerning the subject matter of this agreement and in connection with the opening and operation of the Account, and no provisions of this Agreement shall operate to remove, exclude or restrict any rights of Client or obligations of CIF under Hong Kong law.
- 19.2 **Severability.** If any provision of this Agreement shall be held to be invalid or unenforceable by any court or regulatory agency or body, such invalidity or unenforceability shall attach only to such provision. The validity of the remaining provisions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision were not contained here. Time shall be of the essence in relation to all matters arising under this Agreement. Where Client consists of more than one person, the liability of each of the person shall be joint and several and references to the persons shall be construed, as the context requires, to any or each of the persons. CIF shall be entitled to deal

separately with any of the persons including the discharge of any liabilities to any extent without affecting the liabilities of the other persons.

- 19.3 **Presumption of Authorization.** Every Transaction indicated or referred to in any notice, statement, confirmation or other communication and every statement of Account shall be deemed and treated as authorized and correct and as ratified and confirmed by Client unless CIF shall receive from Client written notice to the contrary within five (5) days after the date after such notice, statement, confirmation or other communication is deemed to have been received by Client.
- 19.4 **Duty to Notify.** Client shall inform CIF within twenty-four (24) hours of the possession or knowledge of information, if Client acts as intermediary for or effected a Transaction on behalf of someone other than Client as an ultimate beneficiary owner(s); and if Client notices any discrepancies and/or error with regard to and in connection with any Client's Account information, Transactions, settlements and fund transfers. Client agrees that Client's failure to notify of such discrepancy and/or error in a prompt manner (no later than seven (7) calendar days) would exonerate CIF and CIF's agents from any claims, liabilities or damages resulted from those discrepancies and/or errors.
- 19.5 **Amendment.** To the extent permitted by law, CIF may from time to time amend any of the terms and conditions of this Agreement by notifying Client and such amendments shall come into effect immediately upon Client's deemed receipt of CIF's notice. Client acknowledges and agrees that if Client does not accept any amendments as notified by CIF from time to time, Client shall have the right to terminate this Agreement in accordance with termination clause under this Agreement. Client further agrees that any amendments shall be deemed to be accepted by Client, should Client continue to effectuate Transaction(s) in Client's Account without expressly communicate Client's objections to such amendments prior to the Transaction(s).
- 19.6 **Waiver.** The rights, remedies, powers and privileges of CIF in accordance with the terms of this Agreement are cumulative and not exclusive of any rights or remedies provided by law. No time, indulgence or forbearance granted by CIF under this Agreement shall operate to waive any of its rights hereunder nor shall any single or partial exercise of CIF 's rights under this Agreement preclude any other or further exercise of such rights.
- 19.7 **Assignment.** Client shall not be entitled to assign, transfer or otherwise dispose of any of his rights or obligations under this Agreement without the prior written consent of CIF. CIF shall have the right to assign, transfer or otherwise dispose of all or any of its rights or obligations to any member of the CIF Group or to any other person as it thinks fit in its absolute discretion.
- 19.8 **Succession.** All the provisions of this Agreement shall survive any changes or successions in the CIF 's business and shall be binding, where Client is a Client, upon its successors, where Client is a partnership upon the partners and their personal representatives and where Client is an individual, upon his personal representatives.
- 19.9 **Termination.** Either party hereto may terminate this Agreement at any time by written notice to the other party provided that such termination shall not affect:
- (i) the validity of any act performed by CIF prior to such termination, which shall be binding on Client;
  - (ii) the rights and liabilities of either party arising out of or in connection with any open positions at the time of such termination, whether as to Margin, commissions or payments of any nature, indemnity or otherwise whatsoever or however in accordance with the terms of this Agreement, until all such open positions have been closed out or settlement and/or delivery has been effected and all such liabilities fully discharged;

- (iii) any warranties, representations, undertakings and indemnities given by Client under or pursuant to this Agreement, all of which shall survive such termination.

19.10 **English/Chinese Version.** Client confirms that Client has read the English/Chinese version of this agreement and that the contents of this Agreement have been fully explained to Client in a language, which Client understands, and that Client accepts this Agreement in its entirety. In the event that there is inconsistency between the English version and the Chinese version of this Agreement, the English version shall prevail.

19.11 **Descriptive Headings.** The heading of each provision hereof is for descriptive purposes only. They shall not be deemed to modify, qualify or otherwise substitute for any of the rights or obligations set forth in each of the provisions thereof contained in this Agreement.

19.12 **Indemnification.** Neither CIF nor of its directors, employees or agents shall be liable to Client for any loss or damage suffered by Client arising out of or in connection with (i) CIF failing to perform any of its obligations under this Agreement or otherwise as the broker of Client due to any reasons beyond CIF 's control; or (ii) CIF acting or relying on any Instruction given by Client; or (iii) any act or omission of CIF or its directors, employees or agents in relation to the Account unless, in the case of only, such loss or damage results from the fraud, negligence or willful default of CIF or its directors, employees or agents. Client agrees to indemnify and keep CIF and any of its directors, employees or agents fully indemnified from and against all costs, claims, liabilities and expenses (including legal costs) arising out of or in connection with the lawful performance of CIF 's duties or the exercise of CIF 's discretions in relation to the Account or pursuant to this Agreement or arising out of or in connection with any breach by Client of his obligations to CIF or of any of the terms of this Agreement. Further, Client agrees to do such things and acts as are necessary, or in CIF 's opinion, as is desirable, to ratify or confirm any thing or act done by CIF as Client's agent or on his behalf pursuant to this Agreement. All costs, charges, levies, fees and expenses incurred by CIF its agents or brokers in connection with any transactions entered into for or in relation to the Account shall be paid and borne by Client.

Client agrees that all sums payable by Client in connection with this Agreement shall be exclusive of all taxes, duties, imposts and fiscal charges of any nature (whether of Hong Kong or otherwise). If any such taxes, duties or imposts is required by any applicable law to be withheld or deducted from such payments, the amount payable by Client shall be increased to the extent necessary to ensure that, after the making of any such withholding or deduction, CIF shall receive on the due date a net sum equal to what it would have received or retained had no withholding or deduction been made or required.

## 20 U.S. Foreign Account Tax Compliance Act (FATCA)

20.1 **FATCA documentation requirement.** Customers should provide all of the FATCA documentation requirement during account opening. Documents may include US tax forms (also referred to as withholding certificates or W forms) or self-declarations of FATCA status. For the full list of documents required, please also refer to the IRS website. If a change in circumstances makes any information on documentation for FATCA incorrect, customers must inform CIF within 14 days of the change and provide a new documentary evidence.

20.2 **Report information to the IRS or to the local tax authority.** The information reported to the IRS or to the local tax authority will depend on the FATCA status of the customer. For those clients who are the U.S. persons, their personal nature (for example, Name, Address, US Taxpayer Identification Number), and of a financial nature (e.g. Account number, Account balance/Value) will be reported to the IRS or to the local tax authority.

**20.3 Tax Withholding Authorization.** Client hereby authorizes CIF shall have the full authority to withhold any part of all assets in Client's account (in cash or other forms) or sell the assets in the account to produce withholdable payments if:

- (i) The Client do not provide CIF with the information or documents requested in a timely manner or if any information or documents provided are not up-to-date, accurate or completed such that CIF is unable to ensure its ongoing compliance or adherence with the requirements under FATCA;
- (ii) The FATCA status of Client is identified as recalcitrant or non-participating foreign financial institutions;
- (iv) There is no reliable evidence to treat Client as exempted from withholding requirement under FATCA or other relevant regulations;
- (v) The withholding is required by competent regulatory or governmental authorities in the relevant jurisdiction; or;
- (vi) The withholding is otherwise necessary or appropriate for the compliance of the requirements under FATCA and other related laws, regulations, codes and rules.

The Client further acknowledges and agrees that CIF shall not be liable to the Client for any losses or damages which it may suffer as a result of the withholding, deduction and/or liquidations as mentioned above.

## 21 CLIENT IDENTITY DISCLOSURES

**21.1 Assistance to Hong Kong Regulators.** Client acknowledges that all transactions for the Account shall be subject to the Rules, the Regulations and the Procedures of the HKEx, HKFE or the Commission these Rules contain provisions required CIF, upon the request of the HKEx, HKFE or the Commission, to disclose the name, Beneficial Identity and such other information concerning Client as the HKEx, HKFE or the Commission may require. Client agrees to provide such information concerning Client as CIF may require in order for CIF to comply with the Rules, the Regulations, the Procedures of the HKEx, HKFE and the Ordinance.

**21.2 Assistance to Global Force on Tax.** Client acknowledges that all transactions for the Account shall be subject to the Rules, the Regulations and the Procedures of the U.S. Foreign Account Tax Compliance Act (FATCA) and the Inland Revenue (Amendment) (No. 3) Ordinance 2016 and these Rules contain provisions required CIF, upon the request of the U.S. Internal Revenue Service (the "IRS") or the Hon Kong Inland Revenue Department, to disclose including but not limited to the name, residence address, date of birth, nationality, jurisdiction of residence and the Taxpayer Identification Number. Also such other financial information concerning Client including but not limited to interest, dividends, account balance or value, income from certain types of insurance products, proceeds from the sale of financial assets and other income arising from or paid to the account in respect of the Accounts.

**21.3 Consent under the Hong Kong Investor Identification Regime (HKIDR) and Over-the-counter Securities Transactions Reporting Regime (OTCR).** Client acknowledge and agree that CIF may collect, store, process, use, disclose and transfer personal data relating to clients (including your CID and BCAN(s)) as required for us to provide services to clients in relation to securities listed or traded on the Stock Exchange of Hong Kong (SEHK) and for complying with the rules and requirements of SEHK and the Securities and Futures Commission (SFC) in effect from time to time. Without limiting the foregoing, this includes - (a) disclosing and transferring your personal data (including CID and BCAN(s)) to SEHK and/or the SFC in accordance with the rules and requirements of SEHK and the SFC in effect from time to time; (b) allowing SEHK to: (i) collect, store, process and use client's personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange of SEHK; and (ii) disclose and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and (iii) use such information for conducting analysis for the purposes of market oversight; and (c) allowing the SFC to: (i) collect, store,

process and use client's personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements. Client also agree that despite any subsequent purported withdrawal of consent by clients, client's personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent. Failure to provide CIF with client's personal data or consent as described above may mean that CIF will not, or will no longer be able to, as the case may be, carry out client's trading instructions or provide clients with securities related services (other than to sell, transfer out or withdraw your existing holdings of securities, if any).

21.4 **Authorization to Disclose.** Client acknowledges that CIF may be required to disclose information in relation to the Account or Client to any governmental, regulatory or other bodies, authorities or institutions pursuant to the HKEx, HKFE Rules, the rules or regulations of other exchanges or clearing houses on which CIF or its brokers or agents enter into transactions in relation to the Account or pursuant to any applicable law. Client hereby irrevocably authorizes CIF, without further notice to or consent from Client, to disclose to the relevant bodies, authorities or all such information (including the name and the Beneficial Identity of Client, any equities, open positions held on behalf of Client and the financial position of Client for the time being as may be known to CIF) and to provide them with all such documents which are in CIF 's possession, in each case, as may be requested or required by such bodies, authorities or institutions (whether or not such request or requirement is enforceable). Client shall not in any way hold CIF liable for any consequences arising out of such disclosure, and Client shall on demand reimburse CIF of all costs and expenses (if any) incurred by it in complying with such request or requirement for disclosure.

21.5 **Disclosure to CIF Group.** Notwithstanding any express or implied duty of confidentiality owed by CIF to Client, Client hereby acknowledges and irrevocably authorizes each member of the CIF Group, without further notice to or consent from Client to disclose any information relating to Client and/ or Client's account relationship and/or Client's business with any member of the CIF Group and/or the Account or any other accounts that Client has with any member of the CIF Group as any member of the CIF Group shall in its discretion consider appropriate to any or all of (i) any member of the CIF Group; (ii) any actual or proposed assignee of any rights and obligations of any member of the CIF Group; or participant or sub-participant in or transferee of any of its rights in relation to Client; (iii) any office/branch of any member of the CIF Group; (iv) any agent, contractor, third party service provider or representative of any member of the CIF Group under a duty of confidentiality in respect of such information to any member of the CIF Group; (v) any person when required to do so pursuant to subpoena or other court process issued out of any applicable jurisdiction and (vi) any person when otherwise required to do so in accordance with the laws of any applicable jurisdiction. Client also agrees and acknowledges that any member of the CIF Group may transfer any of the above information to any party to whom it is authorized to disclose the same referred to above notwithstanding that such party's principal place of business is outside of Client's country of residence (if an individual) or establishment/in Client (if a Client or association), or that such information following disclosure will be collected, held, processed or used by such party in whole or part outside of Client's country of residence (if an individual) or establishment/in Client (if a Client or association).

## 22 PERSONAL INFORMATION COLLECTION STATEMENT

22.1 This Statement is provided to the Customer as an individual Customer of CIF in accordance with the requirements of Hong Kong Personal Data (Privacy) Ordinance (the "Ordinance"). Terms defined in this statement has the same meaning as in the Client Agreement.

### 22.2 DISCLOSURE OBLIGATION

Unless otherwise stated the Customer must supply the personal data requested on the Customer Information Form to CIF. If the Customer does not supply this data, it will not be possible for the Customer to open an account with the Company as the Company will not have sufficient information to open and administer the account.

### 22.3 USE OF PERSONAL DATA

#### 22.2.1 USERS

All personal data concerning the Customer (whether provided by the Customer or any other person, and whether provided before or after the date the Customer receives the Client Agreement containing this information) may be used by the following companies or persons (each, a "USER"):

- (a) CIF and/or any of its Associates (the "CIF Group");
- (b) any director, officer or employee of the CIF Group;
- (c) any person (such as lawyers, advisers, nominee, custodian etc) authorized by the CIF Group when carrying out the Customer's Instructions and/or the business of the CIF Group;
- (d) any actual or proposed assignee of any rights and obligations of the CIF Group in relation to the Customer; and
- (e) any governmental, regulatory or other bodies or institutions, whether as required by law or regulations applicable to any member of the CIF Group.

#### 22.2.2 PURPOSES

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

- (a) carrying out new or existing client verification and credit checking procedures and assisting other financial institutions to do so;
- (b) ongoing Account administration and services in connection with the customer's account, including the collection of amounts due, enforcement of security, charge or other rights and interests ;
- (c) designing further products and services or marketing a CIF Group product to the Customer.
- (d) transferring of such data to any place outside Hong Kong;
- (e) comparison with the Customer's personal data (irrespective of the purposes and sources for which such data were collected, and whether collected by a User or any other person) for the purpose of :
  - (A) credit checking;
  - (B) data verification; and/or
  - (C) otherwise producing or verifying data which may be used for the purpose of taking such action that a User or any other person may consider appropriate (including action that may relate to the rights, obligations or interest of the Customer or any other person);



- (f) providing on the terms of any other agreements and services relating to the Customer;
- (g) any purpose relating to or in connection with compliance with any law, regulation, court order or order of any regulatory body;  
and
- (h) any other purpose relating to the execution of the Customer's Instructions or in connection with the business or dealings of the CIF Group.

22.3 **RIGHTS OF ACCESS AND CORRECTION.** The Customer has the right to have access to and correction of the Customer's personal data as set out in the Ordinance. In general, and subject to certain exemptions, the Customer is entitled to:

- (a) enquire whether CIF holds personal data in relation to the Customer;
- (b) request access to the Customer's personal data within a reasonable time, at a fee which is not excessive, in a reasonable manner and in a form that is intelligible;
- (c) request the correction of the Customer's personal data; and
- (d) be given reasons if a request for access or correction is refused, and object to any such refusal.

22.4 **CONTACT PERSON.** If the Customer wishes to request access to and/or correction of personal data concerning the Customer, the Customer should address the request to the Personal Data Protection Officer or other responsible person of the Company

22.5 **General Data Protection Regulation (GDPR).** If the Customer is protected under the new regulatory framework for data protection in the European Union (EU) – General Data Protection Regulation 2016 (GDPR) should complete an additional "Collecting Personal Data Consent Form" and read the booklet and the related guidance materials published by the European Commission.

## 23 APPLICABLE RULES AND REGULATIONS

23.1 **Laws and rules.** All transactions for the Account shall be subject to the terms and conditions of this Agreement, all applicable laws, rules and regulations, and the constitution, rules, regulations, procedures, by-laws, customs and usages of the HKFE, or of such other exchanges, Counterparties or markets (and their respective clearing houses, if any) in which CIF or its agents are dealing on Client's behalf or for the Account (whether in Hong Kong or elsewhere). The rules of such exchanges and clearing houses shall be binding on CIF and Client in respect of transactions concluded on Client's Instruction, and these rules contain provisions requiring CIF in certain circumstances to disclose Client's name, Beneficial Identity and sure other information concerning Client.

23.2 **Legally Binding.** Client hereby agrees that this Agreement (including the terms of the Electronic Trading Service) and all the terms herein shall be binding upon Client and Client's heirs, estate, executors, representatives, successors and assignees. All actions taken by CIF in accordance with such laws, rules and regulations shall be binding on Client. The trading in Securities, Commodities, Futures Contracts and/or Option Contracts by Client does not and will not violate any law, rules or regulations to which Client am/are subject or bound;

23.3 **Hong Kong Jurisdiction.** This Client Agreement and all rights, obligations and liabilities under it should be governed by and construed in accordance with the laws of the Hong Kong SAR.

## 24 CHINA CONNECT: SHANGHAI AND SHENZHEN CONNECT TERMS AND CONDITIONS

24.1 **Investor Eligibility.** Except ChiNext Stocks of Shenzhen Stock Exchange which may only be traded by institutional professional investors in the initial stage, Hong Kong and overseas investors are allowed to trade any Connect Securities through Shanghai and Shenzhen Connect. Relevant funds used by the Client for the purpose of trading in China Connect Securities should be permitted under PRC laws and regulations to be placed in an offshore account.

24.2 **Eligible Securities for Northbound Trading under Shanghai Connect.** Under Shanghai Connect, SSE Securities that are eligible for trading by Hong Kong and overseas investors include all the constituent stocks of the SSE 180 Index and the SSE 380 Index, and all the SSE-listed A shares that are not included as constituent stocks of the relevant indices but which have corresponding H shares listed on SEHK, except the following:

- (a) SSE-listed shares which are not traded in RMB; and
- (b) SSE-listed shares which are under risk alert.

Investors will only be allowed to sell but restricted from buying such SSE Securities if:

- (a) such securities subsequently cease to be a constituent stock of the relevant indices; and/or
- (b) they are subsequently placed under risk alert; and/or
- (c) the corresponding H shares of such securities are subsequently delisted from SEHK, as the case may be.

24.3 **Eligible Securities for Northbound Trading under Shenzhen Connect.** Under Shenzhen Connect, SZSE Securities that are eligible for trading by Hong Kong and overseas investors include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalization of not less than RMB 6 billion, and all the SZSE-listed A shares which have corresponding H shares listed on SEHK, except the following:

- (a) SZSE-listed shares which are not traded in RMB; and
- (b) SZSE-listed shares which are under risk alert 3 or under delisting arrangement.

Investors will only be allowed to sell but restricted from buying such SZSE Securities if:

- (a) such securities subsequently cease to be a constituent stock of the relevant indices; and/or
- (b) such securities are, based on any subsequent periodic review, determined to have a market capitalization of less than RMB 6 billion; and/or
- (c) they are subsequently placed under risk alert; and/or
- (d) the corresponding H shares of such securities are subsequently delisted from SEHK, as the case may be.

24.4 **Daily Quota.** The Daily Quota limits the maximum net buy value of cross-boundary trades under each of Shanghai and Shenzhen connect each day. The Northbound Daily Quota is set at RMB 52 billion for each of Shanghai Connect and Shenzhen Connect, and the Southbound Daily Quota is set at RMB 42 billion for each of Shanghai Connect and Shenzhen Connect. The daily quota is subject to the update from the HKEx from time to time.

24.5 **Trading Currency.** Hong Kong and overseas investors trade and settle SSE and SZSE Securities in RMB only. Mainland investors trade SEHK Securities in HKD only and settle the trades with ChinaClear or its clearing participants in RMB.

24.6 **Order Types.** For Northbound trading, only limit orders (i.e. orders which can be matched at the specified price or a better price) will be accepted for SSE Securities and SZSE Securities throughout the day. For Southbound trading, only at-auction limit orders will be accepted during the pre-opening session and only enhanced limit orders will be accepted during the continuous trading session.

- 24.7 **Price Limit.** For SSE Securities, there is a general price limit of  $\pm 10\%$  (and  $\pm 5\%$  for stocks under special treatment (i.e. ST and \*ST stocks) under risk alert) based on previous closing price. All orders input for SSE Securities must be at or within the price limit. Any order with a price beyond the price limit will be rejected by SSE. The upper and lower price limit will remain the same intra-day. The same price limit arrangement applies to SZSE Securities. Stocks traded on SZSE's ChiNext Market are also subject to a  $\pm 10\%$  price limit based on the previous closing price.
- 24.8 **Dynamic Price Check.** To prevent mischievous behavior towards the use of the Northbound quota, SEHK has put in place a dynamic price checking for buy orders. Buy orders with input prices lower than the current best bid (or last traded price in the absence of current best bid, or previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected by CSC. During Opening Call Auction, the current bid (or previous closing price in the absence of the current bid) will be used for checking. During Closing Call Auction, the current bid (or last traded price in the absence of the current bid) will be used for checking. Dynamic price checking will be applied throughout the trading day, from the 5-minute input period before the start of Opening Call Auction until market close. SEHK has set the dynamic price checking at 3% during the initial phase and may be adjusted from time to time subject to market conditions.
- 24.9 **Stock Code, Board Lot/Odd Lot, Order Size and Tick Size.** The stock codes of SSE and SZSE Securities are 6 digits and investors should use SSE and SZSE stock codes when placing orders. All SSE and SZSE Securities are subject to the same trading board lot size, which is 100 shares (buy orders must be in board lots). Odd lot trading is only available for sell orders and all odd lots should be sold in one single order. It is common that a board lot buy order may be matched with different odd lot sell orders, resulting in odd lot trades. It should be noted that unlike Hong Kong, board lot and odd lot orders are both matched on the same platform on SSE and SZSE, and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB 0.01.
- 24.10 **No Day (Turnaround) Trading.** Day trading is not allowed for both Connect Markets. Therefore, Hong Kong and overseas investors buying SSE and SZSE Securities on T-day can only sell the shares on and after T+1 (see also Pre-trade Checking).
- 24.11 **Block Trades.** For Northbound trading, block trade facility is not available
- 24.12 **Manual Trades.** For Northbound trading, there is no manual trade facility.
- 24.13 **Non-trade Transfer.** As stipulated in Article 11 of the CSRC Stock Connect Rules, transfers of SSE Securities should only be conducted on SSE and off-exchange trading is not allowed unless otherwise permitted. The same non-trade transfer restriction and exceptions applies to Shenzhen Connect.
- 24.14 **Shareholding Restrictions on SSE and SZSE Securities.** Under current PRC rules, a single foreign investor's shareholding in a listed company (regardless of the channels through which shares in such listed company are held, including through QFII, RQFII and Shanghai and Shenzhen Connect) is not allowed to exceed 10% of the company's total issued shares, while all foreign investors' shareholding in the A shares of a listed company is not allowed to exceed 30% of its total issued shares.
- 24.15 **Disclosure Obligations.** According to the Law of the PRC on Securities, when an investor holds or controls up to 5% of the issued shares of a Mainland listed company, the investor is required to report in writing to the CSRC and the relevant exchange, and inform the listed company within three working days. The investor is not allowed to continue purchasing or selling shares in that listed company during those three days.

For such investor, every time a change in his shareholding reaches 5%, he is required to make disclosure (in the same manner as mentioned above) within three working days. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not buy or sell the shares in the relevant Mainland listed company.

If a change in shareholding of the investor is less than 5% but results in the shares held or controlled by him falling below 5% of the relevant Mainland listed company, the investor is required to disclose the information within three working days.

**24.16 Clearing and Settlement Cycle.** Northbound trades executed under Shanghai and Shenzhen Connect will follow the settlement cycles of the Shanghai and Shenzhen markets. Both markets adopt the same settlement cycle – stock settlement on T day, and money settlement on T+1 day.

**24.17 Depository Services.** Since Connect Securities are issued in scripless form, physical deposits and withdrawals of SSE and SZSE Securities into/from the CCASS Depository are not available.

**24.18 Fees and Levies.** Under Shanghai and Shenzhen Connect, Hong Kong and overseas investors will be subject to the following fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland authority when they trade and settle SSE Securities and SZSE Securities, include but not limited to Handling Fee, Securities Management Fee, Transfer Fee and Stamp Duty. Certain existing CCASS fees still apply, including stock settlement fee for settlement instructions and money settlement fee.

Dividend tax will be withheld by issuers of Connect Securities and ChinaClear upon dividend payment.

**24.19 Covered Short Selling.** Naked short selling is prohibited for Northbound trading. Covered short selling of Connect Securities is allowed subject to the following requirements:

(a) Only eligible Connect Securities (Short Selling Security) can be short sold. The List of Eligible SSE Securities for Short Selling has been published on the HKEX website and the list is compiled by reference to SSE's list of eligible stocks for short selling for the SSE market excluding SSE Securities which are eligible for only sell orders. The List of Eligible SZSE Securities for Short Selling has been published on the HKEX website and the list is compiled by reference to SZSE's list of eligible stocks for short selling for the SZSE market excluding SZSE Securities which are for only sell orders;

(b) CCEPs can input short selling orders during the opening call auction session, continuous auction sessions as well as closing call auction session on each CSC trading day;

(c) CCEPs are required to flag the short selling orders when inputting them into the system;

(d) Short selling orders must be submitted in multiples of 100 shares;

(e) Short selling orders are subject to the following price restrictions:

(i) Short selling orders are subject to a tick rule: the input price of a short selling order must not be lower than the most recent execution price (or the previous closing price if there have been no executed trades on a given day) of the relevant Short Selling Security;

(ii) As required by each of SSE and SZSE, in respect of the relevant Connect Market, where shares in any Short Selling Security borrowed for short selling remain outstanding and have not yet been returned, CCEPs and their relevant clients are required to comply with the price requirement in (i) above in respect of any instructions for the sale of that Short Selling Security, except for those instructions that exceed the number of the outstanding and unreturned shares;

(iii) SEHK may impose additional price restriction to block the input of Short Selling orders at an artificially high price which has the effect of artificially using up the Short Selling Ratio limits (see (f) below). This additional price restriction is not applicable currently;

(f) For each Short Selling Security, there are quantity restrictions (i.e. Short Selling Ratio limits) for short selling and the calculation of which is based on HKSCC's holding of that security in the omnibus account maintained in ChinaClear (i.e. the number of shares of that Short Selling Security held by all Northbound investors through CCASS as of the beginning of a CSC trading day) as follows:

(i) Daily limit: 1%;

(ii) Cumulative limit: 5% for any period of 10 consecutive CSC trading days.

Both the daily and cumulative limits will be rounded to the nearest 2 decimal places. The daily limit usage will be calculated in real time throughout the CSC trading day. Any short selling order, if executed, that will cause the daily limit or the cumulative limit for a Short Selling Security to be exceeded during the course of a CSC trading day will be rejected. The cumulative limit will be calculated at the end of each CSC trading day.

**24.20 General meetings arrangement.** SH Northbound Trading and SZ Northbound Trading investors will not be able to attend general meetings in person or by means of proxy, as opposed to what they can do in Hong Kong if they hold Hong Kong stocks.

**24.21 Personal information/other client information.**

(a) tag each of customers' orders submitted to the China Stock Connect System ("CSC") with a Broker-to-Client Assigned Number ("BCAN") that is unique to customer or the BCAN that is assigned to customer's joint account with CIF, as appropriate; and

(b) provide to the Stock Exchange of Hong Kong Limited ("SEHK") the assigned BCAN and such identification information ("Client Identification Data" or "CID") relating to customer as the SEHK may request from time to time under the Rules of the Exchange.

**24.22 Collect, store, use, disclose and transfer of Client Information.**

Client acknowledge and consent CIF may collect, store, use, disclose and transfer Client Information relating to customer as required as part of the SH Northbound Trading and SZ Northbound Trading Service, including as follows:

(a) to disclose and transfer customer's BCAN and CID to the SEHK and the relevant SEHK Subsidiaries from time to time, including by indicating customer's BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;

(b) to allow each of the SEHK and the relevant SEHK Subsidiaries to: (i) collect, use and store customer's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;

(c) to allow the relevant China Connect Clearing House to: (i) collect, use and store customer's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the SEHK and the relevant SEHK Subsidiary; (ii) use customer's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and

(d) to allow the relevant China Connect Market Operator to: (i) collect, use and store customer's BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the

China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

By instructing CIF in respect of any transaction relating to China Connect Securities, customer acknowledge and agree that CIF may use customer's Client Information for the purposes of complying with the requirements of the SEHK and its rules as in force from time to time in connection with the SH Northbound Trading and SZ Northbound Trading. Customer also acknowledge that despite any subsequent purported withdrawal of consent by customer, the Client Information may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

Consequences of failing to provide Client Information or Consent Failure to provide the Bank with customer's Client Information or consent as described above may mean that CIF will not, or no longer be able, as the case may be, to carry out customer's trading instructions or provide customer with the SH Northbound Trading and SZ Northbound Trading Service.

Customer confirm that all information given to CIF for the purpose of your accounts , suitability assessment, and every transaction is valid, true, complete, accurate and up-to-date. Customer must promptly notify CIF of any material change to that information.

#### 24.23 Arrangement under severe weather conditions.

If the typhoon signal no.8 is announced after Shanghai SSE or SZSE market opens, clients can only cancel orders and enquire transaction order status via Electronic Trading System. Also CIF shall have the right to cancel client's orders without prior notice in case of contingency such as hoisting of Typhoon Signal No 8. Also, if SSE or SZSE suspends SH Northbound Trading or SZ Northbound Trading due to severe weather conditions, customers will not be able to trade A shares.

If the aforesaid provisions of Shanghai Connect and Shenzhen Connect are inconsistent with the rules and regulations of HKEx, SSE and SZSE, the rules and regulation of HKEx, SSE and SZSE shall prevail.

## SECURITIES AND FUTURES

### RISK DISCLOSURE AND DISCLAIMER STATEMENTS

#### A. RISK OF SECURITIES TRADING

I/We acknowledge that 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.

#### B. RISK OF TRADING FUTURES AND OPTIONS

I/We acknowledge that 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 order, 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.

#### C. RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

I/We acknowledge that the 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/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.

#### D. RISK OF MARGIN TRADING

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

#### E. RISK OF SHORT SELLING

Short selling transaction involves infinitive risk. You may face margin calls and unlimited loss. Also, Lender has the right to request you to return the stocks. You should buy back the stocks in any market conditions.

#### F. RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED

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

#### G. RISKS INVOLVED IN TRADING CALLABLE BULL/BEAR CONTRACTS ("CBBC")

##### Mandatory call

CBBC are not suitable for all types of investors and investors should consider their risk appetite prior to trading. In any case, one should not trade in CBBC unless he/she understands the nature of the product and is prepared to lose the total amount invested since a CBBC will be called by the issuer when the price of the underlying asset hits the Call Price and trading in that CBBC will expire early. 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. Brokers may charge their clients a service fee for the collection of the Residual Value payment from the respective issuers.

In general, the larger the buffer between the Call Price and the Spot Price of the underlying asset, the lower the probability of the CBBC being called since the underlying asset of that CBBC would have to experience a larger movement in the price before the CBBC will be called. However at the same time, the larger the buffer, the lower the leverage effect will be.

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.

Besides, the Mandatory Call Event (MCE) of a CBBC with overseas assets as underlying may be triggered outside the Exchange's trading hours.

##### 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. Investors may suffer higher losses in percentage terms if they expect the price of the underlying asset to move one way but it moves in the opposite direction.



#### Limited life

A CBBC has a limited life, as denoted by the fixed expiry date, with a lifespan of 3 months to 5 years. 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.

#### Movement with underlying asset

Although the price of a CBBC tends to follow closely the price of its underlying asset, but in some situations it may not (i.e. delta may not always be close to one). Prices of CBBC are affected by a number of factors, including its own demand and supply, funding costs and time to expiry. Moreover, the delta for a particular CBBC may not always be close to one, in particular when the price of the underlying asset is

#### 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.

#### Funding costs

The issue price of a CBBC includes funding costs and issuers will specify the formula for calculating the funding costs of their CBBC at launch in the listing documents. Since the funding costs for each CBBC issue may be different as it includes the issuer's financing /stock borrowing costs after adjustment for expected ordinary dividend of the stock (if the underlying is a Hong Kong stock since the CBBC will not be adjusted for ordinary dividend) plus the issuer's profit margin, investors are advised to compare the funding costs of different issuers for CBBC with similar underlying assets and terms. The funding costs will gradually be reduced over time along with the CBBC in the secondary market as the CBBC moves towards expiry. In general, the longer the duration of the CBBC, the higher the total funding costs will be since it is similar to investors borrowing for a longer tenure to trade in the underlying asset. 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. In any case, investors should note that the funding costs of a CBBC after launch may vary during its life and the Liquidity Provider is not obliged to provide a quote for the CBBC based on the theoretical calculation of the funding costs for that CBBC at launch.

#### Trading of CBBC 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.

However, the trade inputted by the investor may still be executed and confirmed by the investors after the MCE since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE (i.e. Post MCE Trades) will not be recognized and will be cancelled. Therefore, investors should be aware of the risk and ought to apply special caution when the CBBC is trading close to the Call Price.

Issuers will announce the exact call time within 1 hour after the trigger of MCE, and HKEx will also send the list of Post MCE Trades to the relevant Exchange Participants (brokers) who in turn will inform their clients accordingly. For avoidance of doubt on whether their trades have been cancelled (i.e. whether they are Post MCE Trades), the investors may check with their brokers.

#### CBBC with overseas underlying assets

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. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets which are affected by various factors.

Besides, CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. In such case, the CBBC will be terminated from trading on the Exchange in the next trading session or soon after the issuer has notified the Exchange about the occurrence of the MCE. There will be no automatic suspension of the CBBC by AMS/3. For Category R CBBC, valuation of the residual value will be determined on the valuation day according to the terms in the listing documents

## H. RISKS INVOLVED IN TRADING DERIVATIVE

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

### Issuer Risk

Derivative warrant holders are unsecured creditors of an issuer and have no preferential claim to any assets an issuer may hold. Therefore, investors are exposed to credit risk in respect of the issuer.

### Gearing Risk

Although derivative warrants may cost a fraction of the price of the underlying assets, a derivative warrant may change in value more or less rapidly than the underlying asset. In the worst case the value of the derivative warrants falls to zero and holders lose their entire purchase price.

### 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.

### Time Decay

One should be aware that other factors being equal 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.

### Volatility

Other factors being equal an increase in the volatility of the underlying asset should lead to a higher warrant price and a decrease in volatility lead to a lower derivative warrant price.

### Market Forces

In addition to the basic factors that determine the theoretical price of a derivative warrant, derivative warrant prices are also affected by all other prevailing market forces including the demand for and supply of the derivative warrants. Supply and demand forces may be greatest when a derivative warrant issue is almost sold out and when issuers make further issues of an existing derivative warrant issue.

## I. RISKS INVOLVED IN TRADING EXCHANGE TRADED FUNDS ("ETFs")

### Market risk

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

### Tracking errors

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

### Trading at discount 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.

### 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.

### 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.

## J. COUNTERPARTY RISK INVOLVED IN ETFs WITH DIFFERENT REPLICATION STRATEGIES

### 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.

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

### Total return swaps

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.

### 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.

## K. SPECIFIC RISKS RELATING TO SECURITIES TRADING THROUGH SHANGHAI-HONG KONG & SHENZHEN-HONG KONG STOCK CONNECT

### Not protected by Investor Compensation Fund

Client should note that any Northbound or Southbound trading under Shanghai-Hong Kong & Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. 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 brokers, they are not protected by China Securities Investor Protection Fund on the Mainland.

### Quotas used up

When the respective aggregate quota balance for Northbound and Southbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been

accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the situation of aggregate quota balance, buying transactions will be resumed on the following trading day.

#### Difference in trading day and trading hours

Client should note that, due to differences in public holidays between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be differences in trading days and trading hours in the three markets. Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot trade A-shares. The Customer should take note of the days and the hours which Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect is open for business and decide according to his own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect is not trading.

#### The recalling of eligible stocks and trading restrictions

A stock which is on the list of eligible stocks for trading via Shanghai-Hong Kong or Shenzhen-Hong Kong Stock Connect may be recalled from the list for various reasons and, in such event, the stock can only be sold but cannot be bought. This may affect the investment portfolio or strategies of the Customer. The Customer should therefore pay close attention to the list of eligible stocks as provided and updated from time to time by Shanghai Stock Exchange (“SSE”), Shenzhen Stock Exchange (“SZSE”) and Hong Kong Exchanges and Clearing Limited (“HKEx”).

Under the following circumstances, purchase of A shares via Northbound trading will be suspended temporarily (but sale is permitted): (i) the A-shares cease to be constituent stocks of the relevant indices; (ii) the A-shares are put under “risk alert”; and/or (iii) the corresponding H shares of the A-shares cease to be traded on SEHK. The Customer should also note that such A-shares may be subject to the restriction of price fluctuation limits.

#### Transaction costs

In addition to paying trading fees and stamp duties in connection with trading of A-shares, the Customer carrying out Northbound trading via Shanghai-Hong Kong or Shenzhen-Hong Kong Stock Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from stock transfers, which may be levied by the relevant authorities.

#### Mainland China's laws and regulations, foreign shareholding restrictions and disclosure obligations

Under Shanghai-Hong Kong Stock Connect and or Shenzhen-Hong Kong Stock Connect, A-share listed companies and trading thereof are subject to the laws and regulations and disclosure obligations of the A-share market. Any changes in relevant laws or regulations may affect share prices. The Customer should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The Customer may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in A-shares. The Customer himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests.

Under the current Mainland rules, when an investor holds up to 5% of the shares of a company listed on SSE and SZSE, the investor is required to disclose his interest within three working days during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland laws.

According to existing Mainland practices, Hong Kong and overseas investors as beneficial owners of A-shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot appoint proxies to attend shareholders' meetings on their behalf.

#### Currency risks

Northbound investments via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be traded and settled in Renmibi. If the Customer invests in A-shares with a local currency other than RMB, the Customer will be exposed to a currency risk due to the need for the conversion of the local currency into RMB. During the conversion, the Customer will also incur currency conversion costs. Even if the price of the RMB asset remains unchanged, the Customer will still incur an exchange

loss if RMB depreciates during the process of currency conversion.

If the Customer invests in A-shares without converting the local currency which he holds, into RMB and this results in a RMB debit balance of his account, our Company will charge debit interest on that outstanding balance. (Please refer Section 11.2 of this Client's Agreement).

The above summary only covers part of the risks related to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and any above mentioned laws, rules and regulations are subject to change from time to time. The Customer should visit the website of HKEx for updates and details for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

#### Difference in language

I/We confirm and understand that the Shanghai Stock Exchange and Shenzhen Stock Exchange are currently publishing company documents in Simplified Chinese and no English version are available.

### L. BITCOIN FUTURES CONTRACTS INVESTMENT RISK

#### Fluctuation of Bitcoin prices

Bitcoin futures contracts are a derivative product and do not suitable to all investors. There may not be a complete correlation between the value of Bitcoin and the price of futures contracts. Bitcoin prices are extremely high volatility. Bitcoin futures contract prices also fluctuate significantly. I/we may lose most or all of their investment. Therefore, I/we should seriously consider whether I/we can bear the risk of investing in Bitcoin futures contracts.

#### Trading hour and temporary suspension of trading

I/we will not be able to buy or sell Bitcoin futures contracts outside the trading hours. When the price fluctuations of Chicago Mercantile Exchange (CME) Bitcoin futures contracts (compared to the previous trading day) reach 7% and 13%, temporary suspension of trading will be implement, and the transaction price must not exceed 20% above or below the reference price. The Chicago Board Options Exchange (CBOE) Bitcoin futures contract is not subject to price restrictions, but it when the price increase or decrease by 10%, The Bitcoin futures contract will suspend trading for 2 minutes. If the increase or decrease at the next 10%, the Bitcoin futures contract will suspend trading for 5 minutes.

### M. ADDITIONAL RISK DISCLOSURE ON FUTURES AND OPTIONS TRADING

I/We acknowledge that 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, I/we should undertake such transactions only if I/we understand the nature of the contracts (and contractual relationships) into which I/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.

#### 1. Effect of Leverage

Transactions in futures carry a high degree of risk. The amount of initial futures 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 you have deposited or will have to deposit: this may work against me/we. I/we may sustain a total loss of initial futures margin funds and any additional funds deposited with the licensed or registered person to maintain my/our position. If the market moves against my/our position or futures margin levels are increased, I/we may be called upon to pay substantial additional funds on short notice to maintain your 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.

#### 2. Risk-reducing orders or strategies

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.

### 3. Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (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 my/our position to become profitable, taking into account the premium and all transaction costs.

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 (see the section on Futures above). 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/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.

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 (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, 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.

## N. ADDITIONAL RISK

### 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/we are trading and associated obligations (e.g. the circumstances under which 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.

### 2. 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 I/we have sold options, this may increase the risk of loss.

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".

### 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.

#### 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.

#### 5. Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose I/we 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 regulator authorities or markets in other jurisdictions where my/our 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 I/we start to trade.

#### 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.

#### 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 firm with which I/we deal for details in this respect.

#### 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. Off-exchange/ Indirect Clearing transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange/ Indirect Clearing transactions. The firm with which I/we deal may be acting as my/our counterparty to the transaction. I 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/ Indirect Clearing may be less regulated or subject to a separate regulator regime. Before I/we undertake such transactions, I/we should familiarise myself/ourselves with

applicable rules and attendant risks.

#### 10. Risk of Client assets received or held outside Hong Kong

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

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

If I/We provide the licensed or registered person with an authority 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.

#### 12. Risk of providing an authority to repledge your securities collateral etc.

There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities. If your securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

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

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

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

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

#### O. INTRODUCING BROKERS DISCLOSURE & RISK

CIF AND INTRODUCING BROKERS ARE WHOLLY SEPARATE AND INDEPENDENT FROM ONE ANOTHER. THE AGREEMENT BETWEEN CIF AND INTRODUCING BROKERS DO NOT ESTABLISH A JOINT VENTURE OR PARTNERSHIP AND INTRODUCING BROKERS ARE NOT AN AGENT OR EMPLOYEE OF CIF.

1. CIF does not control, and cannot endorse or vouch for the accuracy or completeness of any information or advice Client may have received or may receive in the future from Introducing Broker ("IB") or from any other person not employed by CIF regarding Futures Contracts and/or Option Contracts trading or the risks involved in such trading.



2. CIF provides risk disclosure information to all new Clients when they open accounts. Client should read that information carefully, and should not rely on any information to the contrary from any other source.
3. Client acknowledges that no promises have been made by CIF or any individual associated with CIF regarding future profits or losses in Client's account. Client understands that Futures Contracts and/or Option Contracts is very risky, and that many people lose money trading.
4. Client understands and acknowledges that CIF may compensate IB for introducing Client to CIF and that such compensation may be on a per-trade basis or other basis. Such compensation to the IB may require the Customer to incur a mark-up, above and beyond the ordinary spread generally provided by CIF. Further, the Client has a right to be informed of the precise nature of such remuneration.
5. CIF does not endorse or vouch for the services provided by the IB. Since Referring Broker is not an employee or agent of CIF, it is the account holder's responsibility to perform necessary due diligence on the IB prior to using any of their services.
6. Client understands and agrees that if Client's account with CIF is introduced by IB that IB may be provided access to certain personal information about Client as well as certain information concerning trading activity in Client's CIF account. IB shall not have the right to enter into any trades on Client's CIF account unless specifically authorized by Client through execution of a limited power of attorney granting IB authority to make trading decisions for Client's account.

#### P. RISKS OF USING ELECTRONIC TRADING SERVICES

##### 1. Protection of client login passwords

Client acknowledges and agrees that The Internet Trading Services are for the sole and exclusive use by you. You shall not use or knowingly allow any other person to use the Services for or in connection with any illegal purpose or activity. You shall exercise reasonable care and diligence in keeping its Customer ID and Password in secrecy. Under no circumstances shall the Client disclose its Customer ID and Password to any other person. You should also change the Internet Trading password regularly. Keep it confidential and hard to guess. You shall bear the risks of its Customer ID and Password being used by unauthorised persons or for unauthorised purposes.

##### 2. The internet or other electronic telecommunications media unreliability

The internet or other electronic telecommunications media are, due to unpredictable transmission congestion and other reasons, an inherently unreliable medium of communication and that such unreliability is beyond the Company's control. There may also be delays or outages in our on-line services system due to the necessity of system upgrades or changes or some other possible causes. As a result of such unreliability, transactions conducted over the internet or via other electronic or telecommunications media are subject to possible failure or delays in the transmission and receipt of instructions for any or all transactions in securities or other information, and/or possible failure or delays of execution or execution at prices different from those prevailing at the time when your instructions were given.

##### 3. Prompt notification

Client will receive notification (eg, via email, SMS or other push notifications) promptly after certain client activities have taken place in your internet trading accounts. These activities include:

- (a) System login;
- (b) Password reset;

(c) Trade execution

(d) Fund transfer to third party accounts unless these have been registered with the Company for fund transfer purposes prior to the transfer; and

(e) Changes to client and account-related information.

If you choose not to receive such notification, please understand the risks involved in doing so. Such as if your Internet trading ID and password being stolen by fraudsters, you cannot confirm the transaction as genuine in real-time.

#### 4. System failure Risk

There are risks associated with the system, including the failure of hardware and/or software, and that the result of any such system failure may be that the Client's instruction for any of all transactions is not executed.

#### 5. Unable to cancel an order instruction

Client acknowledges and agrees that there are risks of transmission interruption, distortion, omission or blackout, interception of instructions for any or all as well as of misunderstanding or errors in any communication.

Client acknowledges and agrees that it is not usually be possible to cancel an instruction for any or all transactions in securities, futures and options after it has been given. All instructions given, as understood and acted on by the Company in good faith, shall be irrevocable and binding on the Client whether given by the Client or by any other person purporting to be the Client. The Company shall be under no duty to verify the identity or authority of the person giving any such instruction or the authenticity of such instruction apart from verifying the Customer ID and Password submitted.

#### 6. Market data may not be accurate, complete and timely

Client acknowledges and agrees that information and data provided through the internet trading services relating to the market information and data has been obtained from any exchanges and markets and from other third party service providers. Owing to market volatility, possible delay in data transmission process and other reasons, the information and data may not be accurate, complete, timely and in correct sequence. Thus, the Client acknowledges and agrees that any reliance on such information and data may lead to incorrect investment decisions and/or other actions. The Client shall verify any Information and determine independently market prices and rates for trading purposes before relying or acting on it.

## Q. DISCLAIMER

### 1. Hong Kong Exchange Disclaimer

Stock indices and other proprietary products upon which contracts traded on the Futures Exchange may be based may from time to time be developed by the Futures Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Futures Exchange. THE HKFE Taiwan index and such other indices or proprietary products as may from time to time be developed by the Futures Exchange (the "HK Exchange Indices") are the property of the Futures Exchange. The process of compilation and computation of each of the HK Exchange Indices is and will be the exclusive property of and proprietary to the Futures Exchange. The process and basis of compilation and computation of the HK Exchange Indices may at any time be changed or altered by the Futures Exchange without notice and the Futures Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the HK Exchange Indices as the Futures Exchange may designate be conducted by reference to an alternative index to be calculated. The Futures Exchange does not warrant or represent or guarantee to any Exchange Participant or any third party the accuracy or completeness of any of the HK 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 HK Exchange Indices is given or may be implied. Further, no responsibility

or liability whatsoever is accepted by the Futures Exchange in respect of the use of any of the HK Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruption, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Futures Exchange or any other person or persons appointed by the Futures Exchange to compile and compute any of the HK Exchange Indices in the compilation and computation of any of the HK Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any Exchange Participant or any third party dealing with futures and options contracts based on any of the HK Exchange Indices.

No claims, actions or legal proceedings may be brought by any Exchange Participant or any third party against the Futures Exchange in connection with or arising out of matters referred to in this disclaimer. Any Exchange Participant or any third party engages in transactions in futures and options contracts based on any of the HK Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Futures Exchange in respect of such transactions.

## 2. HKFE Disclaimer

Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (the "Exchange") may be based 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 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, change 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 or contracts based on any of the Exchange Indices. No claims, action 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.

## 3. Stock index futures and options

HSI Services Limited ("HSI") currently publishes, compiles and computes a number of stock indices and publish, compile and compute such additional stock indices at the request of Hang Seng Data Services Limited ("HSDS ")from time to time (collectively "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. HIS has granted to the HKFE by way of licence the use of the Hang Seng Index and 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 an in connection with the creation, marketing and trading of options contracts and

futures contracts based on such indices respectively and may from time to time grant to the HKFE corresponding use of any other Hang Seng indices for the purposes of an in connection with options contracts and futures contracts based on such other Hang Seng Indices (collectively "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 HKFE may at any time require that trading in and settlement of such of the Contracts as the HKFE may designate be conducted by reference to an alternative index or alternative indices to be calculated. Neither the HKFE nor HSDS nor HSI warrants or represents or guarantees to any member of the HKFE 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 warrant 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 HKFE, 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 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 of the HKFE or any third party dealing with the Contracts or any of them. No claims, actions or legal proceedings may be brought by any member of the HKFE or any third party against the HKFE and/or HSDS and/or HSI in connection with or arising out of matters referred to in this disclaimer. Any member of the HKFE or any third party deals in the Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the HKFE, HSDS and/or HIS Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, change 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 or contracts based on any of the Exchange Indices. No claims, action 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.

#### 4. Shanghai and Shenzhen Connect Market Data Disclaimer

Shanghai Stock Exchange, Shenzhen Stock Exchange and its subsidiaries, the Stock Exchange of Hong Kong Limited, its holding company and/or any subsidiaries of such holding company, HKEx Information Services Limited, its holding companies and/or any subsidiaries of such holding companies endeavour to ensure the accuracy and reliability of the information provided but do not guarantee its accuracy or reliability and accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions.

#### 5. Amendments to the Risk Disclosure Statement

This Risk Disclosure Statement will be revised or supplemented from time to time and clients need to follow the revised or supplemented version.

End of the Client Agreement