

## 帳戶協議

# Account Agreements

招銀國際證券有限公司 (「招銀證券」)

CMB International Securities Limited (“CMBIS”)

(CE 編號：AUZ441)

招銀國際環球市場有限公司 (「招銀環球市場」)

CMB International Global Markets Limited (“CMBIGM”)

(CE 編號：AAF 261)

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## SECTION I Cash Client's Agreement

THIS AGREEMENT is made between the following parties and effective upon acceptance of the Client's Account opening application or commencement of the provision of services to the Client, whichever is earlier:

**Company:** (i) **CMB INTERNATIONAL SECURITIES LIMITED** (CE No. AUZ441), being a Licensed Corporation authorised to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities pursuant to the Securities and Futures Ordinance Cap. 571 and an Exchange Participant of the SEHK, whose registered office address is located at 45-46/F, Champion Tower, 3 Garden Road, Central, Hong Kong ( "**CMBIS**" );  
(ii) **CMB INTERNATIONAL GLOBAL MARKETS LIMITED** (CE No. AAF261), being a Licensed Corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities pursuant to the Securities and Futures Ordinance Cap. 571 and an Exchange Participant of the SEHK, whose registered address is located at 45-46/F, Champion Tower, 3 Garden Road, Central, Hong Kong ( "**CMBIGM**" );

CMBIS and CMBIGM are referred to individually, or as the context may require, collectively as the "Company" .

and

**Client:** The client who receives related services from the Company or holds the relevant Account(s).

### WHEREAS

- (1) The Client is desirous of opening one or more Account(s) with the Company from time to time for the purpose of conducting any Transaction or receiving other services; and
- (2) Subject to the Company approval, the Company will open and maintain such Account(s) and may act as an agent for the Client to conduct any Transaction on the Client's behalf or enter into any Transaction with the Client on a principal-to-principal basis subject to the terms and conditions of the Agreement.

NOW IT IS HEREBY AGREED as follows:-

### 1. Definition

- 1.1. In the Agreement, unless the context requires otherwise, the following expressions shall have the following meanings:

"**Access Codes**" means together the Password and the Login Name (or any of them);

"**Account(s)**" means any account of whatsoever nature opened and maintained in the name of the Client with the Company in accordance with the Agreement or other agreement or document, including Securities Account, Margin Account (if any), Stock Options Account (if any) and sub-accounts (if any) as the case may be;

"**Account Opening Form**" or "**Client Information Form**" means the account opening form and/or the client information form for the Account(s) including the declaration, information, notes and statements thereto to be completed and signed by the Client and, as the context requires, any amendments and supplements made thereto from time to time;

"**Acknowledgment by Client**" means the acknowledgment by Client including the information for trading, procedure for funds deposit and withdrawal, procedure for transferring funds from or to any Account(s) and other information in respect of the Account(s), as from time to time amended or supplemented;

"**Agreement**" means the written agreement between the Client and the Company regarding the opening, maintenance and operation of the Account(s) as amended from time to time, including the Client Information Form, the Trading Account Terms, Acknowledgment by Client and such other documents referred to therein or added thereto, and any other agreement (written or verbal) in respect of the Account(s) entered into by the Client to or with the Company;

"**Allotted Securities**" means securities that are allotted pursuant to an IPO;

"**Applicable Laws and Regulations**" means:

- (a) all applicable laws, rules and regulations in Hong Kong;
- (b) rules, guidelines and code of practices of any Authority in Hong Kong (including the Regulators);
- (c) the Market Rules;
- (d) the memorandum and articles of association of SEHK, SEHK Rules, Clearing Rules in Hong Kong and the customs, usages, rulings and procedures of SEHK;
- (e) the constitution of the relevant Foreign Stock Exchange, the relevant Foreign SE Rules, the Clearing Rules in the relevant Foreign Jurisdiction and the Market (and their respective Clearing House, if any) and the customs, usages, rulings and procedures of

- the relevant Foreign Stock Exchange, where the instructions and Transactions are executed, performed, cleared or settled;
- (f) any laws, rules and regulations in any competent Foreign Jurisdiction (including the relevant Foreign Securities Laws where the instructions and Transactions are executed, performed, cleared or settled);
  - (g) rules, guidelines and code of practices of any Authority in any competent Foreign Jurisdiction (including but not limited to Foreign Securities Laws, the Foreign Account Tax Compliance Act, U.S. Internal Revenue Code of 1986, the United States Treasury Regulations or other guidance issued under the foregoing, any associated intergovernmental agreement, any similar or associated non-U.S. law or any agreement, undertaking or obligations, or any policies or directions);
  - (h) the rules, regulations, procedures, guidelines and internal policies of the Company from time to time in force; and
  - (i) the Applicable Requirements;

**"Applicable Requirements"** means the relevant laws, rules, regulations, policies, interpretations, guidelines, requirements and other regulatory documents promulgated by Authority of Hong Kong and PRC from time to time including the Stock Connect Rules and any other relevant requirements and/or restrictions of any Authority as may be published and/or amended from time to time;

**"Authorised Person"** means the person(s) appointed by the Client as agent of the Client, who may be authorised to do including issuing instructions on behalf of the Client in relation to the Account(s) and/or Transaction, and initially the persons specified as such in the Account Opening Form and such other person as appointed by the Client in substitution therefor or in addition thereto from time to time by board resolution(s) or other means acceptable to the Company (which shall only be effective upon approval by the Company);

**"Authority"** means supranational, governmental, quasi-governmental, regulatory, administrative, law enforcement or supervisory body, entity, department, office, institution, agency, stock exchange, clearing house, banking commission, tax authority, or any other authority, body, entity, department, office or institution or court or tribunal;

**"Business Day"** means (a) a day on which SEHKg is open for business of dealing in securities; and (b) in respect of Transactions on a Foreign Stock Exchange, a day on which such Foreign Stock Exchange is open for the business of dealing in securities;

**"Business Hours"** means the period during which on a Business Day the Company will be opened for trading as the Company may prescribe from time to time;

**"ChinaClear"** means China Securities Depository and Clearing Corporation Limited;

**"China Connect Authorities"** means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate Stock Connect and activities relating to Stock Connect, including without limitation the Regulators, HKSCC, the relevant SEHK subsidiar(ies), the relevant China Connect Market(s), ChinaClear, SAFE, SAT and other PRC local tax bureau, the SFC, the Hong Kong Inland Revenue Department and any other regulator, exchange, clearing system, agency or authority with jurisdiction, authority or responsibility in respect of Stock Connect (including, without limitation, any tax or other authority that may impose or levy any form of tax, duty, fine or penalty on or in respect of any China Connect Securities under any applicable law or regulation), and **"China Connect Authority"** means any one of them;

**"China Connect Market"** means SSE or SZSE as applicable;

**"China Connect Securities"** means SSE Securities or SZSE Securities as applicable;

**"ChiNext/STAR Shares"** means any securities listed on the ChiNext Board of the SZSE and/or STAR Board of the SSE which may be traded by Hong Kong and international investors under Stock Connect;

**"Clearing House"** means, as the case may be, (a) in relation to SEHK, HKSCC; and/or (b) in relation to a Foreign Stock Exchange, the relevant foreign clearing house providing similar services of HKSCC to such Foreign Stock Exchange in that Foreign Jurisdiction;

**"Clearing Rules"** means, as the case may be, (a) the general rules, operational procedures and other applicable rules, procedures and regulations of the Central Clearing and Settlement System operated by HKSCC from time to time in force; and/or (b) the rules, procedures and regulations of the relevant foreign clearing system, from time to time in force;

**"Client Money Rules"** means the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong) as amended from time to time;

**"Client Securities Rules"** means the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong) as amended from time to time;

**"CMBI Group"** means the Company, its subsidiary, ultimate holding company, holding company and fellow subsidiaries of such holding companies, including but not limited to CMB International Capital Limited, CMB International Futures Limited, CMB International Asset Management Limited, CMB International Securities Limited, CMB International Global Markets Limited, CMB International

Financial Markets Limited and CMB International Finance Limited; and “CMBI Group Member” means each or any one of them;

“CMBI Mail” means the secure messaging facility operated by the Company for the delivery and receipt of confirmation, statement and other notices;

“CMBI Website” means [www.cmbi.com.hk](http://www.cmbi.com.hk) and such other websites provided or operated by CMBI Group or its agent from time to time;

“Electronic Trading Services” means, as the case may be, (a) the internet trading service and facilities, including CMBI Website, provided or operated by CMBI Group which enables the Client to give electronic instructions to conduct any Transaction; (b) trading service and facilities provided by CMBI Group through the telecommunications and/or wireless transmission system and facilities, including the Mobile Site or otherwise and/or (c) information services including CMBI Mail, and “Electronic Trading Facilities” shall mean the platform, system or other facilities provided by the Company or CMBI Group Member for the Electronic Trading Services;

“Exchange” means, as the case may be, SEHK and/or the relevant Foreign Stock Exchange or the relevant over-the-counter market;

“FINRA” means Financial Industry Regulatory Authority, Inc;

“Foreign Jurisdiction” means a country, territory or jurisdiction outside Hong Kong;

“Foreign SE Rules” means the rules, regulations, bylaws and procedures of or made by the Foreign Stock Exchange, and any amendments, supplements, variations or modifications thereto from time to time in force;

“Foreign Securities Laws” means the relevant laws, legislations, rules and regulations of the relevant Foreign Jurisdiction relating to the Transactions;

“Foreign Stock Exchange” means a stock or securities exchange which is permitted to operate in a Foreign Jurisdiction by the law of that Foreign Jurisdiction including, where the context so requires, its agents, nominees, representatives, officers and employees;

“HKSCC” means the Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

“Instruction” means any instruction or order communicated by the Client or the Authorised Person in whatever means (including oral, phone, fax, email, internet or any electronic means or any written form) to the Company in accordance with the Agreement;

“IPO” means a public offer of securities in respect of a new listing and/or issue of such securities on an Exchange;

“Lien” has the meaning ascribed thereto under Clause 15.1 of the Cash Client’s Agreement;

“Login Name” means the Client’s personal identification used in conjunction with the Password to gain access to the Electronic Trading Services, and to CMBI Mail and any other services offered by the Company;

“Margin Account(s)” has the meaning ascribed thereto in the Margin Client’s Agreement;

“Market” means any stock, securities or other exchange (including SEHK), market, over-the-counter market, responsible association of dealers or corporation, whether within or outside Hong Kong, so dealing in securities as to provide a market for securities;

“Market Rules” means the constitution, rules, regulations, by-laws, customs, usages, rulings and procedures of or made by the Market, and any amendments, supplements, variations or modifications thereto from time to time;

“Mobile Site” means the website or mobile application provided or operated by CMBI Group or its agent which shall be accessed by phone, whether mobile, portable or otherwise;

“Offer Securities” means the securities offered by an issuer for (a) subscription in an IPO; or (b) purchase in a Placing;

“Password” means the Client’s personal password(s) used in conjunction with the Login Name to gain access to the Electronic Trading Services and to CMBI Mail and any other services offered by the Company;

“Placing” means a placing and/or selected/restricted offering of securities;

“PRC” means People’s Republic of China excluding, for the purposes of this Agreement only, Hong Kong, Macau and Taiwan;

**"Proceedings"** means any **pending**, or completed action, suit, arbitration or proceedings, or any inquiry, hearing or investigation, whether civil, criminal, administrative, investigative or other, including appeal;

**"Regulators"** means SEHK and/or SFC and/or Hong Kong Monetary Authority and/or NYSE and/or FINRA and/or SEC any other regulatory or supervisory corporation, organisation or body in Hong Kong having jurisdiction or regulatory or supervisory power or authority over the Transactions and/or any regulatory or supervisory corporation, organisation or body in a foreign jurisdiction having jurisdiction or regulatory or supervisory power or authority over the Transactions;

**"Retained Properties"** means all securities (and all the Client's interest, title, rights, powers, benefits thereto, thereof and therein) which are now or will in future be deposited with, held in or transferred into the Securities Account and any other Account(s) by, for or attributable to the Client for any purpose whatsoever, and/or which are or will be deposited with or transferred to the Company by, for or attributable to the Client for any purpose whatsoever, and/or which have been or will be purchased, acquired or held by the Company on behalf of the Client for any purpose whatsoever all respectively together with all further or other securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, monies, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all moneys or funds received in connection with transfer, disposal or trading thereof; and/or all the Client's properties, assets, monies, funds, receivables, sums, title, interests, powers, options, benefits and rights of, to and in the Securities Account and any other Account(s);

**"SAFE"** means the State Administration of Foreign Exchange of PRC;

**"SAT"** means the State Administration of Taxation of PRC;

**"SEC"** means the U.S. Securities and Exchange Commission;

**"Section I" or "Cash Client's Agreement"** means the terms and conditions in Section I of the Trading Account Terms headed "Cash Client's Agreement", as from time to time amended and supplemented;

**"Section II" or "Margin Client's Agreement"** means the terms and conditions in Section II of the Trading Account Terms headed "Margin Client's Agreement", as from time to time amended and supplemented;

**"Section III" or "E-Statement Service Agreement"** means the terms and conditions in Section III of the Trading Account Terms headed "E-Statement Service Agreement", as from time to time amended and supplemented;

**"Section IV" or "Electronic Trading Services Agreement"** means the terms and conditions in Section IV of the Trading Account Terms headed "Electronic Trading Services Agreement", as from time to time amended and supplemented;

**"Section V" or "Pre-IPO Trading Agreement"** means the terms and conditions in Section V of the Trading Account Terms headed "Pre-IPO Trading Agreement", as from time to time amended and supplemented;

**"Section VI" or "Stock Options Trading Agreement"** means the terms and conditions in Section VI of the Trading Account Terms headed "Stock Options Trading Agreement", as from time to time amended and supplemented;

**"Securities" or "Securities"** means (a) securities as defined in Securities and Futures Ordinance; 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 body, whether corporate or unincorporate, or any government authority for the time being traded in a Market and acceptable to the Company and may include, in the absolute discretion of the Company, (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;

**"Securities Account(s)"** means one or more cash securities accounts maintained by the Client with the Company from time to time for conducting any Transaction in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with the Company in accordance with the Agreement or other agreement or document;

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

**"SEHK"** means The Stock Exchange of Hong Kong Limited, including, where the context so requires, its agents, nominees, representatives, officers and employees;

**"SEHK Rules"** means the rules, regulations and procedures of or made by SEHK, and any amendments, supplements, variations or modifications thereto from time to time in force;

“SFC” means the Securities and Futures Commission of Hong Kong;

“SFC Code of Conduct” means Code of Conduct for Personal Licensed by or Registered with the SFC as amended and substituted from time to time;

“Shanghai-Hong Kong Stock Connect” means a securities trading and clearing links programme developed or to be developed by SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SSE;

“Shenzhen-Hong Kong Stock Connect” means a securities trading and clearing links programme developed or to be developed by SEHK, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SZSE;

“SSE” means the Shanghai Stock Exchange;

“SSE Listing Rules” means the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Stocks on the STAR Board as amended, supplemented, modified and/or varied from time to time;

“SSE Rules” means the Trading Rules of the Shanghai Stock Exchange;

“SSE Securities” means any securities listed on the SSE which may be traded by Hong Kong and international investors under Stock Connect. For the avoidance of doubt, SSE Securities shall include STAR Shares;

“Standing Authority” has the meaning ascribed thereto under the Client Money Rules and the Client Securities Rules;

“Standing Order(s)” means instruction(s) given by the Client from time to time to take specified action when the conditions forming part of such instructions are met and the Client has requested the Company to carry out such instruction during Business Hours if the relevant conditions are met;

“Stock Connect” means Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such other securities trading and clearing links programme developed or to be developed between SEHK and a trading platform in PRC as applicable;

“Stock Connect Rules” means, in the context of Stock Connect, any laws, rules, regulations, policies, interpretations, guidelines, requirements or other regulatory documents promulgated, published or applied by any China Connect Authority in relation to the relevant market from time to time in respect of Stock Connect or any activities arising from Stock Connect;

“Stock Options Account(s)” has the meaning ascribed thereto in the Stock Options Trading Agreement;

“Severe Weather” refers to the scenario where a typhoon signal No. 8 or above or a black rainstorm warning is issued by the Hong Kong Observatory, or an extreme conditions announcement is made by the HKSAR Government;

“Severe Weather Trading” refers to the maintenance of normal operations of the Hong Kong securities and derivatives markets during severe weather conditions;

“SZSE” means the Shenzhen Stock Exchange;

“SZSE Listing Rules” means the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange and the Rules Governing the Listing of Stocks on the ChiNext Board as amended, supplemented, modified and/or varied from time to time;

“SZSE Rules” means the Trading Rules of the Shenzhen Stock Exchange;

“SZSE Securities” means any securities listed on the SZSE which may be traded by Hong Kong and international investors under Stock Connect. For the avoidance of doubt, SZSE Securities shall include ChiNext Shares;

“Trading Account Terms” means these terms and conditions for the Account(s) as from time to time amended and supplemented;

“Transaction” means any transaction, purchase, investment, sale, trading, exchange, acquisition, holding, deposit, transfer, disposal, clearing, settlement or dealing in, of and with any securities and generally dealing in any and all kinds of securities including holding securities (irrespective of whether it falls under the definition of “dealing in securities” as defined under schedule 5 of the Securities and Futures Ordinance);

“NYSE” means the New York Stock Exchange.



1.2 In the Agreement, unless the context otherwise requested,

- (1) Words and expressions defined in the Securities and Futures Ordinance, the Client Money Rules and the Client Securities Rules shall have the same meanings in the Agreement;
- (2) references to the “Client”, wherever used, shall in the case where the Client(s) is/are individual(s) include the Client(s) and his/their respective executors and administrators and in the case where the Client is a sole proprietorship firm include the sole proprietor and his executors and administrators and his/their successors in the business and in the case of a partnership firm include the partners who are the partners of the firm at the time when the Client’s said Account(s) is/are being maintained and their respective executors and administrators and any other person or persons who shall at any time hereafter be or have been a partner of and in the firm and his or their respective executors and administrators and the successors to such partnership business and where the Client is a company include such company and its successors;
- (3) references to clauses, sub-clauses and schedule unless otherwise stated are to clauses and sub-clauses of, and the schedule to, the Agreement;
- (4) the headings to the clauses are for convenience only and do not affect their interpretation and construction; “include(s)” and “including” mean respectively “include(s) but not limited to” and “including but not limited to”;
- (5) references to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force; words importing the singular include the plural and vice versa;
- (6) words importing person include bodies corporate or unincorporate or other entity; words importing gender include every gender and the neuter gender;
- (7) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the parties shall continue after the termination of the Agreement or suspension of any Account(s), such provision shall survive such termination or suspension.

## 2. Applicable Rules and Regulations

- 2.1. All instructions and Transactions for the Account(s) shall be subject to (i) the Agreement, (ii) the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of SEHK, or such other Exchange(s) and the HKSCC or such other Clearing House and of the laws of Hong Kong and other places in which the Company is dealing on the Client’s behalf, as amended from time to time. If there shall be any conflict or inconsistency between (i) and (ii), the Company may, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action to ensure compliance with (ii).
- 2.2. The SEHK Rules and the Clearing Rules, in particular those rules which relate to trading and settlement, shall be binding on both the Company and the Client in respect of Transactions concluded on the instructions of the Client.
- 2.3. The Agreement shall be subject to the SFC Code of Conduct. In the event of any conflict between the SFC Code of Conduct and the terms and conditions of the Agreement, the SFC Code of Conduct shall prevail.

## 3. Services

- 3.1. The Client hereby instructs and authorizes the Company to open and maintain in its book one or more Account(s) in the name of the Client for the purpose of effecting any Transaction including purchasing, investing in, selling, safekeeping, exchanging or otherwise disposing of and generally dealing in and with all kinds of securities in accordance with the terms and conditions of the Agreement from time to time. The Client further agrees to be bound by this Agreement upon opening of any Account and/or using of the Company’s related services. Where any conflict or inconsistency arises amongst any provisions of the Cash Client’s Agreement and the Margin Client’s Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.
- 3.2. The Company may (at its sole discretion and election) enter into Transaction with the Client on a principal-to-principal basis or act as the Client’s agent to effect Transactions on the Client’s behalf. For the avoidance of doubt, the Client is not entitled to request the Company to effect a Transaction as principal or the Client’s agent specifically nor to claim against the Company for any compensation due to any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with the Company’s decision or election to act as principal or the Client’s agent in any Transaction (whether such decision is against the Client’s instruction or wish or otherwise). In any event, nothing herein contained shall constitute the Company as trustee for the Client or a partnership between the Company and the Client. The Client shall make its own judgments and decisions independently without reliance on the Company or any of the CMBI Group in its decision in relation to dealing in Securities or any Transactions. Unless otherwise indicated by the Company in writing or specified in the Agreement (in the contract note for the relevant transaction or otherwise), the Company shall act as agent for the Client in effecting transactions pursuant to the Agreement. If, as between the Client and a third party, the Client acts as an agent, regardless of whether or not the Client identifies that principal to the Company, then unless the Company expressly accepts in writing the Client’s status as agent, the Client shall, as between the Client and the Company be regarded as the sole principal to the Company and the Company shall have no privity of contract relationship or responsibilities to the third party.
- 3.3. All transactions for the Account(s) may be effected by the Company directly on any Exchange where the Company is authorised to deal in securities, or, at its option, on any Exchanges indirectly through any other broker which the Company may, at its discretion, decide to appoint.
- 3.4. Where any securities are held in the Company’s name, the name of any associated entity of the Company or the name of any nominee





of the Company in accordance with Clause 10.1 of the Cash Client' s Agreement, the Company will not attend any meeting or exercise any voting or other rights including the completion of proxies unless the Company considers that it has received sufficient written instructions from the Client or other relevant clients holding the same securities. The Client further acknowledges that, where the Company is acting for more than one client in the same securities, the Company may not be able to separately provide instruction or vote on each client' s behalf. The Company is entitled (but not obliged) to vote and take such actions that it deems suitable or desirable in its absolute discretion. Nothing in the Agreement shall in any way impose on the Company any duty to inform the Client or to take any action with regards the attendance of meetings and to vote at any meetings. The Company has no duty in respect of notices, communications, voting, proxies and other documents relating to the securities received by the Company or to send such documents or to give any notice of the receipt of such documents to the Client. The Company has the right to charge the Client for its services in taking any action pursuant to the Client' s instruction.

- 3.5. If services are to be provided by the Company to the Client in relation to derivative products, including options, the Company shall provide to the Client upon reasonable request product specifications and any prospectus or other offering document covering such products, as required by Applicable Laws and Regulations.

#### 4. Client Instructions

- 4.1. The Company is hereby authorised to act upon the instructions of the Client to effect any Transaction including deposit, purchase and/or sell securities for the Account(s) and otherwise deal with securities, receivable or monies held in or for the Account(s) subject to the Client Money Rules and the Client Securities Rules.
- 4.2. The Client will operate the Account(s) by giving orders himself or if the Client will operate the Account(s) by appointing an Authorised Person, then the Client will provide the Company with the name and address of the person appointed, to be accompanied by an appointment in writing and the Client shall be bound by Clause 4A of the Cash Client' s Agreement.
- 4.3. All instructions shall be given by the Client or the Authorised Person orally either in person or by telephone, or in writing, delivered by post, by hand, by e-mail to CMBI Mail or otherwise, or by facsimile transmission or through any of the Electronic Trading Services in accordance with the provisions in the Electronic Trading Services Agreement or by any other means acceptable to the Company. All orders and instructions given by telephone, in writing or otherwise will only be valid and effective if received by the Company within the Business Hours on a Business Day and before the relevant cut-off time as determined by the Company.
- 4.4. The Company shall be entitled to rely on any instructions, directions, notices or other communication which the Company reasonably believes to be from the Client or the Authorised Person and the Client shall be bound by such communication. The Company shall not be under any duty and obligations to verify the identity or authority of the person giving or making or purporting to give or make the instructions, directions, notices or other communications. The Company shall be entitled to treat such instructions, directions, notices or other communication as fully authorised by and absolutely and conclusively binding upon the Client and the Company shall be entitled ( but not bound) to act on or take such steps in connection with or in reliance upon such instructions, directions, notices or other communication as the Company may consider appropriate regardless of the nature of the transaction or agreement or the value, type and quantity of securities involved and notwithstanding any error whether apparent or actual, in the terms of such instructions, directions, notices or other communication. The Client agrees to indemnify the Company and hold the Company harmless from and against all losses, costs and expenses (including legal costs) reasonably and properly incurred by the Company in reliance thereupon. The Company shall be entitled to treat an instruction given as provided in this Clause as fully authorised by and binding upon the Client. The Company shall be entitled (but not bound) to act on or take such steps in connection with or in reliance upon such instruction as the Company may in good faith consider appropriate, notwithstanding any error or misunderstanding or lack of clarity in the terms of such instruction. The Client recognises and accepts the risks in giving instructions by telephone or Electronic Trading Services including the risk of any instruction being unauthorised or given by an unauthorised person. The Client accepts the risks in full if the Client chooses to give instructions by such means. The Client understands that the Company is unable to know whether someone other than the Client has given or entered, or is giving or entering, instructions using the Client' s name or the Client' s Login Name and Password. The Client shall not permit or allow any other person to have access to the Account(s) for any purpose. The Client shall be responsible for the confidentiality and use of, and any order given or entered with, the Client' s name or the Client' s user Login Name and Password. The Client shall remain responsible for all instructions using the Client' s name or the Client' s Login Name and Password.
- 4.5. The Company may record all telephone conversations with the Client in order to verify the instructions of the Client. The Client agrees to accept that the Company may use the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 4.6. Notwithstanding anything herein contained, the Company shall be entitled, at its absolute discretion, to act on any of the Client' s instructions and/or to refuse to accept any instruction for sale or purchase of securities and/or any Transaction and shall not be obliged to give any reason for such refusal. In particular and without prejudice to Clause 6.1 of the Cash Client' s Agreement, the Company may refuse to act on an instruction of the Client if at the time of such instruction, there are insufficient securities or, as the case may be, monies in the Account(s) in order to effect settlement of the relevant transaction on the due settlement date. The Company shall not, in any circumstances, be liable (including liability for negligence) in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with its not accepting, carrying out, executing, entering into, effecting or acting on such instructions and/or Transactions or omitting to give notice therefor.
- 4.7. Once the Client has given an instruction, it may not be cancelled, varied or amended without the Company' s written consent.
- 4.8. The Client acknowledges and accepts that it may not be possible to cancel, vary or amend an instruction. Any attempt to cancel, vary



or amend an instruction is simply a request to cancel or modify. The Company shall not be obliged to act on any instruction for cancellation, variation or amendment of any instruction already given to the Company. The Company is not responsible for or liable to the Client for any loss or expense suffered or incurred by the Client if the original instruction has already been completed, or in the opinion of the Company, the Company has insufficient time or is unable to act on such instructions to cancel, vary or amend the original instruction. The Client further acknowledges and accepts that attempts to cancel, vary or amend an instruction can result in an over-execution of the instruction, or the execution of duplicate or repeated instructions, and the Client shall be responsible for all such executions. If an instruction cannot be partially or wholly executed, the Company shall be under no obligation to notify the Client immediately. Instructions in relation to purchase or sale of securities may be partially executed if the instructions cannot be fully executed.

- 4.9. By reason of physical restraints on the Exchange, Clearing House or Market and rapid changes in the prices of securities that frequently take place, there may, on occasions, be a delay in quoting prices or in dealing. The Company may not after using reasonable endeavors be able to trade at the prices quoted at any specific time. The Company is not liable for any loss arising by reason of its failing, or being unable, to comply with any terms of the Client's instructions. Where the Company is unable after using reasonable endeavors to execute any instruction in full, the Company is entitled to effect partial performance only without prior reference to the Client's confirmation. The Client shall in any event accept and be bound by the outcome when any request to execute orders is made. Unless otherwise agreed, the Company may deem the unexecuted orders to have been cancelled automatically (to the extent not executed if executed in part).
- 4.10. Any day order for purchase or sale of securities placed by the Company at the request of the Client that has not been executed before the close of business of the relevant Exchange or such other expiration date required by the relevant Exchange or such other later time as the Client and the Company may agree shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).
- 4.11. The Company may, for the purpose of carrying out any instruction given by the Client, contract with or otherwise deal with or through an execution broker, third party broker-dealer or any other agent, including any person or party associated in any manner with the Company, on such terms and conditions as the Company may in its absolute discretion determine. The Client agrees that such transactions shall be bound by such terms and conditions.
- 4.12. The Company may decline to act on instructions from the Client to effect any order which, in the Company's sole judgment, is an order for short selling any securities.
- 4.13. The Client acknowledges that due to the trading practices of the Exchanges or other markets in which transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by transactions executed by the Company following instructions given by the Client.
- 4.14. The Client acknowledges that, when the Company carries out the Client's instruction to subscribe for or purchase a product, the Company may be required to enter into such subscription or purchase in the capacity of principal, agent and/or nominee. The Client understands that any information provided by the Client to the Company will be relied upon by relevant parties during the subscription process for the purpose of determining the eligibility of the Company and/or the Client to own any economic interest in their respective capacity. Where the Company makes any representations, warranties and undertakings on behalf of an investor of the product (whether as principal, agent and/or nominee), the Client agrees that the Client shall be deemed to have made the same representations, warranties and undertakings to the Company and/or such other relevant parties as the context may require and shall take full responsibility of the transactions as if the Client is the direct subscriber or purchaser that enters the related agreements. The Client further acknowledges and agrees that the Company may at the same time act as delegates or agent of the product issuers, other brokers or distributors in the transactions, provided that any conflicts of interest is managed in accordance with applicable regulatory requirements.
- 4.15. The Client shall, to the fullest extent permitted by Applicable Laws and Regulations, indemnify the Company, its directors, officers, delegates, agents, employees, nominees, correspondents, representatives or affiliates, relevant issuers and other parties (including any non-defaulting subscribers) in relation to a subscription or purchase against any losses, claims, damages or liabilities to which any of them may become subject in any action, Proceedings or investigation arising out of or based upon any false representation or warranty (or deemed representation or warranty) made by the Client, or breach or failure by the Client to comply with any covenant or agreement in any document in connection with the offering of the economic interests.
- 4.16. Subject to Applicable Laws and Regulations and market requirements, the Company may in its absolute discretion determine the priority in the execution of its client's orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another client in relation to the execution of any order received by the Company. The Client is an independent third party not connected with, an associate of, or acting in concert with any director, chief executive, substantial shareholder of CMBI Group. The Client does not hold any interest in CMBI Group.
- 4.17. If the issuer or counterparty with which the Company places an order for carrying out the client's instruction fail to deliver the securities to the Company for settlement, the Client agrees that the the Company may choose to cancel or unwind the trade and, provided that the Company has received the total consideration paid to the issuer or the counterparty (as the case may be), credit the Account(s) of the Client with the consideration so received without interest. The Company shall have no liability to the Client for any losses or damages caused by such failure of the issuer or the counterparty.
- 4.18. The Company will execute all the Client's Instructions and orders and hold the securities in accordance with Applicable Laws and Regulations. For the implementation arrangement of Severe Weather Trading, the Company will adopt, so far as reasonably practicable, remote operations to perform limited securities trading services under Severe Weather (unavailable services scope and/or services channels will be based on the latest announcement by the Company) and take all reasonable steps to execute Client orders. Some services may be temporarily suspended or postponed, depending on the severity of the weather conditions. The Company does not



guarantee a level of service similar to that of regular trading days. As securities settlement will proceed as usual under the arrangement of Severe Weather Trading, the Client shall monitor its Account status and ensure there are sufficient funds to fulfil any settlement and margin calls obligations. The Company shall not be held liable for any damages, losses, expenses, or other liabilities whatsoever arising in connection with any failure of performance, error, omission, interruption, defect, suspension, or delay in transactions or services provided by the Company under the arrangement of Severe Weather Trading. The Client shall be responsible to stay updated on the latest announcements on the website of the Stock Exchange of Hong Kong.

#### 4A. Authorised Person

- 4A.1 The Client authorises the Authorised Person to represent the Client in all matters in relation to all instructions and Transactions, in particular, to give instructions and execute all agreements, directions, notices and documents in relation to the Agreement and the Account(s) and its operation. All such instructions, Transactions, agreements, directions, notices and documents shall be absolutely and conclusively binding on the Client. The Client agrees that the Company is entitled to act on such instructions until the Client notifies the Company in writing that the authority of the Authorised Person has been revoked or varied.
- 4A.2 The Client undertakes with the Company from time to time and at all times to ratify and confirm any instructions whatsoever given or purported to be given by the Authorised Person including any instructions which may be given or purported to be given between the revocation of the authority of the Authorised Person and the actual receipt of notice of such revocation by the Company. The Client agrees that any instructions given or purported to be given by the Authorised Person after revocation of the Authorised Person's authority (but before the actual receipt of notice of such revocation by the Company) shall be absolutely and conclusively binding on the Client, and shall be valid and effectual in favour of the Company.
- 4A.3 The Authorised Person is appointed by the Client as agent and shall have full authority to act on behalf of the Client under the Agreement as if he were the Client himself, and shall have the authority to give good and valid receipt to any payment, monies, funds, securities, properties or assets comprised in the Account(s) made or given to the Authorised Person. All instructions given by the Authorised Person shall be and be deemed to be the instructions given by the Client and all acts, omissions, default or breach by the Authorised Person (whether with or without the instructions or consent of the Client) shall be and be deemed to be the acts, omissions, default or breach by the Client. The Company shall not be in any way liable to the Client or any other parties for the acts, omissions, default or breach by the Authorised Person (whether with or without the instructions or consent of the Client). In the Agreement, the expression "Client" shall, where the context permits, include the Authorised Person.

#### 5. Trading Decisions

- 5.1 Without prejudice to any rights or obligations arising under Clause 17 of the Cash Client's Agreement, the Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Account(s), which are made on the basis of the Client's own judgment and analysis, and the Company is responsible only for the execution, clearing, and carrying out of Transactions in the Account(s); that the Company has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account(s) or any Transaction therein; and any advice or information by the Company, its directors, employees or agents, whether or not solicited, is provided to the Client for the Client's information and reference only and shall not constitute an offer to enter into any Transaction or be taken by the Client or any person as soliciting the sale of or recommending any financial product to the Client and the Company shall be under no liability whatsoever in respect of such advice or information.

#### 6. Transaction Settlement

- 6.1 Unless otherwise agreed, in respect of each Transaction executed on the Client's behalf, unless the Company is already holding cash or securities on the Client's behalf to settle the Transaction, the Client will, by the settlement date or payment date and at such place and before such time as required or the Company has notified the Client, pay the Company or such relevant parties cleared funds or deliver to it securities which are fully paid with valid and good title and in deliverable form.
- 6.2 Unless otherwise agreed, the Client agrees that should the Client fail to make such payment or delivery of securities by the due date as mentioned in Clause 6.1 above, the Company is hereby authorised to, in its absolute discretion determine:
- (a) in the case of a purchase transaction, to charge any Account(s) for the costs thereof, to transfer or sell any such purchased securities to satisfy the Client's obligations to the Company at a price as the Company or its agent shall in its absolute discretion determine, and to credit any Account(s) for the proceeds thereof; or
  - (b) in the case of a sale transaction, to borrow and/or purchase such securities at a price as the Company or its agent shall in its absolute discretion determine, charge any Account(s) for the cost thereof, deliver the securities to satisfy the Client's obligations to the Company, and credit any Account(s) with the payment received for delivery.
- 6.3 The Client hereby acknowledges that the Client shall be responsible to the Company for any loss, costs, fees and expenses incurred by the Company, on a full indemnity basis, in connection with the Client's failure to meet his obligations by the due date as described in Clause 6.1 above. The Client irrevocably authorises the Company to transfer, debit or deduct any money in the Account(s) so as to pay, discharge, satisfy all liabilities, whether actual or contingent, present or future, due, owing or incurred from or by the Client to CMBI Group, including the outstanding purchase monies, fees, charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement or other agreements.



## 7 Commissions and Expenses

- 7.1 All Transactions executed in pursuance of the instructions of the Client on the Exchanges shall be subject to a transaction levy and any other levies that the relevant Exchange from time to time may impose. The Company is authorised to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
- 7.2 The Client shall on demand pay the Company, its nominee or its agent commissions on purchase, sale and other Transactions or services for the Account(s) at such rate as the Company may from time to time have notified him, together with all stamp duties, bank charges, transfer fees, interest, custodial expenses and other expenses in respect of or connected with the Account(s) or any transaction or services thereof or any securities therein.
- 7.3 The Company shall, at its absolute discretion, be entitled to solicit, accept and retain any benefit in connection with any Transaction effected with any person for the Client pursuant to the terms and subject to the conditions of the Agreement, including any commissions, rebates or similar payments received in connection therewith, and rebates from standard commissions charges by other brokers or agents, subject to the rules of any applicable Markets and Exchange including the SFC Code of Conduct, through which such Transactions are executed and settled provided always that:-
- (a) the Company and/or its nominee may enter into soft commission arrangements with brokers through which Transactions are executed for the Client. The Company and/or its nominee will enter into such an arrangement only where the goods or services are of demonstrable benefit to the clients of the Company and/or its nominee as applicable. In allocating business to the broker concerned the Company and/or its nominee is under an obligation to ensure that the quality of Transaction execution is consistent with best execution standards and that brokerage rates are not in excess of customary full-service rates. For this purpose, such goods and services may include: research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications; and
  - (b) the Company and/or its nominee may receive cash or money rebates on Transactions executed for the Account. Such rebates will be retained by the Company and/or its nominee for its own account absolutely with prior disclosure to Client. If the Company and/or its nominee retains such rebates it is under an obligation to ensure that brokerage rates are not in excess of customary full service rates.
- 7.4 The Company shall also, at its absolute discretion, be entitled to offer any benefit in connection with any Transaction effected with any person for the Client pursuant to the terms and subject to the conditions of the Agreement, including any benefit relating to commissions or similar payments in connection therewith, provided that the Company has to satisfy itself that such person who receives the said benefit is mindful of the requirements of Code 13 of the SFC Code of Conduct if required by Applicable Laws and Regulations.

## 8 Interest

- 8.1 Unless otherwise indicated, the Client undertakes to pay interest to the Company in respect of any debit balance on the Account(s) or any amount otherwise owing to the Company at any time at such rate as may be specified from time to time by the Company in its absolute discretion or failing any such specification at a rate equivalent to three per cent per annum above the best lending rate for the relevant currency quoted by such bank selected by the Company in its absolute discretion from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by the Company.

## 9 Currencies in Transactions

- 9.1 The Account(s) shall be in Hong Kong Dollars or such other currencies as the Company may agree from time to time and in the event that the Client instructs the Company to effect any sale or purchase of securities in a currency other than Hong Kong Dollars, any profit or loss arising as a result of fluctuation in the exchange rate of the relevant currencies will be for the account and risk of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by the Company under the Agreement may be effected by Company in such manner and at such time as it may in its absolute discretion decide. The Company reserves the right at any time to refuse to accept any instructions in relation to any currency conversion (whether from Hong Kong dollars to a foreign currency or vice versa, or from a foreign currency to another foreign currency).
- 9.2 All payments to be made by the Client to the Company in a currency other than Hong Kong Dollars shall be in freely transferable and immediately available funds clear of any taxes, charges or payments of any nature when received by the Company. The Client authorises the Company to debit any Account(s) for any expenses incurred in effecting any currency conversion (whether from Hong Kong dollars to a foreign currency or vice versa, or from a foreign currency to another foreign currency).

## 10 Securities in the Account(s)

- 10.1 The Client specifically authorizes the Company, in respect of all securities deposited by the Client with the Company or purchased or acquired by the Company on behalf of the Client, and held by the Company for safe keeping, to register the same in the name of an associated entity of the Company or in the Client's name, or deposit in safe custody in a segregated account which is designated as

- a trust account or client account and established and maintained in Hong Kong by the Company or an associated entity of the Company with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 10.2 Any securities held by the Company, any associated entity of the Company, banker, institution, custodian or intermediary pursuant to Clause 10.1 above or otherwise shall be at the sole risk of the Client (including not not limited to credit default risks), and unless mandatory under Applicable Laws and Regulations, the Company and the relevant associated entity, banker, institution, custodian and intermediary shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 10.3 If in relation to any securities deposited with the Company which are not registered in the Client' s name, any dividends or other distributions or benefits accrue in respect of such securities, the Account(s) shall be credited (or payment made to the Client as may be agreed) with the proportion of such benefit equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 10.4 If in relation to any securities deposited with the Company but which are not registered in the name of the Client, and loss is suffered by the Company, the Account(s) may be debited (or payment made by the Client as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 10.5 The Company is authorised, pursuant to section 6(3) of the Client Securities Rules, to dispose or initiate a disposal by the Company or its associated entity of any of the Client' s securities or securities collateral (and the Company shall have absolute discretion to determine which securities or securities collateral are to be disposed of) for the purpose of settling any liability owed by or on behalf of the Client to the Company, the associated entity or a third person, including other CMBI Group Member. Without prejudice to the foregoing, the Client hereby directs and authorizes the Company to transfer all securities or securities collateral in any Account to any other Account held by the Client with the Company, including without limitation transfer any securities or securities collateral between the Client' s respective Account(s) held with the Company and other CMBI Group Member, in order to satisfy the Client' s settlement obligations and other liabilities to the Company, its associated entity or a third person, including other CMBI Group Member. The Company' s obligations to deliver, to hold in safe custody or otherwise or to register in the Client' s name, securities purchased or acquired by the Company on the Client' s behalf shall be satisfied by the delivery, the holding or registration in the name of the Client or the Client' s nominee of securities of the same class, denomination and nominal amount as, and rank pari passu with, those originally deposited with, transferred to or acquired by the Company on the Client' s behalf (subject always to any capital reorganization which may have may have occurred in the meantime) and the Company shall not be bound to deliver or return securities which are identical with such securities in terms of number, class denomination, nominal amount and rights attached thereto.

## 11 Monies in the Account(s)

- 11.1 The Company shall be entitled to deposit all monies held in the Account(s) and all monies received for or on the account of the Client with one or more segregated account(s) in Hong Kong, each of which shall be designated as a trust account or client account, at one or more authorised financial institution(s) or any other person approved by the SFC for the purposes of section 4 of the Client Money Rules. Without prejudice to any provision of the Agreement, the Client hereby directs and authorizes the Company to use or transfer any sum of monies from or to such segregated account(s) to satisfy and/or set off the Client's obligations or liabilities to the Company, other CMBI Group Members or in relation to any Transactions, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several. Unless otherwise agreed between the Client and the Company, any interest accrued on such monies shall belong to the Company absolutely.
- 11.2 All losses, damages and risks, including without limitation any credit and default risks, that are associated with any monies and securities, in or relating to the Account or any Transaction, being deposited or held by the Company, an associated entity or other CMBI Group Member (whether or not held in their names, a trust account or other manners) in or with any bank, financial institution, custodian and/or intermediary shall be wholly borne by the Client.

## 12 New Listings

- 12.1 In the event that the Client requests and authorizes the Company to apply for subscription or purchase of Offer Securities in respect of a new listing and/or issue of Offer Securities on the Exchange as his agent and for his benefit of any other person, the Client hereby warrants to and for the Company' s benefit that the Company has authority to make such application on the Client' s behalf.
- 12.2 The Client shall familiarize himself and comply with all the terms and conditions governing the Offer Securities of the new listing and/or issue and the application for such Offer Securities set out in any prospectus and/or offering document and the application form or any other relevant document in respect of such new listing and/or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with the Company.
- 12.3 The Client hereby gives to the Company all the representations, warranties and undertakings which an applicant for subscription or purchase of Offer Securities in a new listing and/or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant securities, the SEHK or any other relevant Regulator or person).
- 12.4 The Client hereby further declares and warrants, and authorizes the Company to disclose and warrant to SEHK on any application form (or otherwise) and to any other person as appropriate, that any such application made by the Company as his agent is the only application made, and the only application intended to be made, by the Client or on the Client' s behalf, to benefit the Client or the person for whose benefit the Client is applying. The Client acknowledges and accepts that the aforesaid declaration and warranty will be relied upon by the Company and by the issuer, sponsors, underwriters or placing agents of the relevant securities, SEHK or any other relevant Regulator or person in respect of any application made by the Company as the Client' s agent.





- 12.5 The Client acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in securities and in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 12.6 The Client recognizes and understands that the legal, regulatory requirements and market practice in respect of applications for securities may vary from time to time as may the requirements of any particular new listing or issue of Offer Securities. The Client undertakes to provide to the Company such information and take such additional steps and makes such additional representations, warranties and undertakings may be required in accordance with such legal, regulatory requirements and market practice as the Company may in the Company's absolute discretion determine from time to time.
- 12.7 In relation to a bulk application to be made by the Company or the Company's agent on the Company's own account and/or on behalf of the Client and /or the Company's other client, the Client acknowledges and agrees:
- (1) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and neither the Company nor the Company's agent shall, in the absence of fraud, negligence or willful default, be liable to the Client or any other person in consequence to such rejection; and
  - (2) to indemnify the Company in accordance with Clause 19 of the Cash Client's Agreement if such bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to other persons affected by such breach or other factors.

### 13 Event of Default

- 13.1 Any one of the following events shall constitute an event of default ( "Event of Default" ):
- (1) the Client's failure to pay any deposits or any other sums payable to the Company or CMBI Group, submit to the Company any documents, or deliver any securities to the Company hereunder, when called upon to do so or on due date;
  - (2) default by the Client in the due performance of any of the terms of the Agreement, any deeds or agreements with the CMBI Group, any obligations in favour of CMBI Group, terms of any Transaction, or in the observance of any applicable laws and regulations, (including but not limited to any by-laws, rules and regulations of the appropriate Exchange and/or Clearing Houses);
  - (3) the filing of a petition in bankruptcy, winding up or the commencement of other analogous Proceedings against the Client;
  - (4) the death or legal incapacity of the Client or, for joint account, the death or legal incapacity of any joint account holders;
  - (5) the levy or enforcement of any attachment, execution or other process against the Client;
  - (6) any representation or warranty made by the Client to the Company in the Agreement or in any document being or becoming incorrect or misleading;
  - (7) any consent, authorization or board resolution required by the Client (being a corporation or a partnership) to enter into the Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
  - (8) the occurrence of any event which, in the sole opinion of the Company, might jeopardize any of its rights under the Agreement or subject the Company to any risk in relation to legal and regulatory compliance (including without limitation risks concerning know-your-client obligations, money laundering and terrorist financing activities);
  - (9) the Company has made at least two attempts to demand from the Client any sums of monies, but for whatever reason, has not been able to communicate directly with the Client;
  - (10) the receipt by the Company of notice of any dispute as to the validity of any order or instruction from the Client;
  - (11) any third party asserts a claim, right or interest in respect of any monies or funds in any Account(s);
  - (12) any adverse change (in the sole and subjective opinion of the Company) in the corporate structure, business, assets, financial condition, and general condition or prospects of the Client; and
  - (13) at any time when the Company shall, in its sole discretion, consider it necessary for the protection of the Company.
- 13.2 If an Event of Default (in the sole and subjective judgment of the Company) occurs, then all amounts owing by the Client to the Company shall become immediately payable on demand, and the further performance by the Company of any of its outstanding obligations to the Client under the Agreement (whether for payment of money or otherwise) shall be conditional upon the Client having fully discharged all its obligations under the Agreement and other agreements with CMBI Group, and without prejudice to any other rights or remedies that the Company may have against the Client and without further notice to the Client, the Company shall be entitled to, at its absolute discretion:
- (1) immediately close the Account(s);
  - (2) terminate all or any part of the Agreement;
  - (3) cancel any or all outstanding orders or any other commitments made on behalf of the Client;
  - (4) subject to Clause 10.5 of the Cash Client's Agreement, sell, liquidate or dispose of any or all securities held for or on behalf of the Client and to apply the proceeds thereof and any cash deposits to settle any or all outstanding balance owing to the Company, CMBI Group Member and/or a third party;
  - (5) combine, consolidate and set-off any or all Account(s) of the Client in accordance with Clause 15 of the Cash Client's Agreement; and/or
  - (6) take or not to take any actions, or do or not to do any acts, matters or things as the Company shall think fit.
- 13.3 In the event of any sale, liquidation or disposal pursuant to this Clause or Clause 15 (Rights of Set-off and Lien):
- (1) the Company shall not be responsible for any loss occasioned thereby howsoever arising if the Company has already used



- reasonable endeavors to sell, liquidate or dispose of the securities or any part thereof at the then available market price;
  - (2) the Company will exercise its own judgment in determining the time to sell, liquidate or dispose of the securities and the Company shall not be responsible for any loss occasioned thereby;
  - (3) the Company shall be entitled to appropriate to itself or sell, liquidate or dispose of the securities at the current price to any CMBI Group Member or third party without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by the Company and/or any CMBI Group Member; and
  - (4) the Client undertakes to pay the Company any deficiency if the net proceeds of sale, liquidation or disposal shall be insufficient to cover all the outstanding balances owing by the Client to the Company, any CMBI Group Member or a third party.
- 13.4 In the event of termination of suspension of any Account(s), such termination or suspension shall be without prejudice to the accrued rights and obligations of the Client contained in any provision hereof which shall remain in full force and effect and shall be enforceable notwithstanding such termination or suspension.

#### 14 Proceeds of Sale

- 14.1 Subject to Clauses 10.5 of the Cash Client' s Agreement, the proceeds of sale, disposal or liquidation of the Account(s) made under Clause 13 above (or Clause 8 of the Margin Client' s Agreement) shall be applied in the following order of priority (or other order of priority determined by the Company) and any residue shall be paid to the Client or to his/its order:
- (1) payment of all costs, charges, Legal Fees (as defined in Clause 19.8 of the Cash Client' s Agreement) and expenses including stamp duty, commission and brokerage incurred by the Company in transferring and/or selling all or any of the securities or properties in the Account(s) and/or in perfecting title thereto;
  - (2) payment of all interest due; and
  - (3) payments of all monies and liabilities due or owed by the Client to the Company, any CMBI Group Member and other third parties, and whether due to any Transaction or otherwise.
- 14.2 Subject to the Client Money Rules, any dividends, interest or other payments which may be received or receivable by the Company in respect of any of the securities may be applied by the Company as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen and notwithstanding that subsequent to the execution of the Agreement the Company may have paid the said dividends, interest or other payments to the Client.

#### 15 Rights of Set-off and Lien

- 15.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which the Company may be entitled under law or the Agreement, all Retained Properties, securities, receivable, monies (in any currency) and other property of the Client (whether individually or jointly with others) held by or in the possession of the Company at any time shall be subject to general lien (the "Lien" ) in favor of the Company and the CMBI Group as continuing security to set off and discharge all of the Client' s obligations, arising from the business of dealing in securities or otherwise, to the Company and any CMBI Group Member including (i) the due and punctual performance and fulfillment of all obligations or liabilities of the Client under the Agreement and Transactions, and (ii) the payment, repayment, satisfaction and/or discharge on demand of the monies, funds, indebtedness, obligations and liabilities (whether past, present or future, or whether absolute or contingent) which are now or at any time hereafter shall be due, owing or incurred from or by the Client to or in favour of the Company and the CMBI Group under or pursuant to the Agreement and other agreement with the CMBI Group, or any other agreement or document, or 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 thereon and legal costs and expenses of the Company and the CMBI Group.
- 15.2 In addition and without prejudice to any general liens or other similar rights which the Company may be entitled under law or the Agreement and subject to Applicable Laws and Regulations, including, the Client Money Rules and the Client Securities Rules, the Company for itself and as agent for any CMBI Group Member, at any time without notice to the Client, may combine or consolidate any or all accounts, of any nature whatsoever and either individually or jointly with others, with the Company or any CMBI Group Member, and the Company may set off or transfer any monies (in any currency), securities or other property in any such accounts to satisfy obligations or liabilities of the Client to the Company or any CMBI Group Member or in relation to any Transaction, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.
- 15.3 Without limiting or modifying the general provisions of the Agreement and subject to Applicable Laws and Regulations, including, the Client Money Rule and the Client Securities Rules, the Company may, without notice, transfer all or any sum or properties interchangeably between any of the accounts maintained at any time by the Client with the Company and any CMBI Group Member.
- 15.4 The Client shall not, without the Company' s prior written consent, assign, transfer, mortgage, pledge, charge, or create or permit to arise or exist any lien, security or other form of encumbrances of any nature on or over any Retained Properties or his right, title, interest and claim in or to any properties or investment products held by the Company for the account of the Client. The Client further agrees to charge by way of first priority fixed charge the Retained Properties and all securities, monies and other assets maintained at the Securities Account(s), including all related right, title and interest, in favour of the Company (both as trustee for the CMBI Group and for the Company itself) (the "Charge" ) as continuing security for the payment and discharge of all its obligations and liabilities owed to the Company and/or any CMBI Group Member. The Client irrevocably authorises the Company to do all such acts and execute all such documents on the Client' s behalf as the Company deems necessary to perfect, complete or obtain the benefits of such security. To such extent that such Retained Properties and securities, monies and other assets have not been charged by way of fixed charge under these Trading Account Terms, they shall be charged by way of first floating charge to the Company (both as trustee for the CMBI



Group and for the Company itself) as continuing security for the payment and discharge of all its obligations and liabilities owned to the Company and any CMBI Group Member.

- 15.5 At any time as the Company shall determine appropriate and/or upon the occurrence (in the sole and subjective judgment of the Company) of any Event of Default, the Lien and the Charge shall be immediately enforceable and the Company, without prejudice to any of the rights or powers of the Company under the Agreement or other documents, shall have the right, without notice to the Client, to: (a) appropriate, pay, deduct, transfer or set-off the whole or any part of any funds or monies comprised in the Retained Properties and at any time and from time to time in or towards payment, satisfaction or discharge of any money, fund, indebtedness, obligation or liability secured by the Lien and/or the Charge, and/or (b) sell, dispose of, liquidate, transfer, trade or deal with (and the Company is authorised to do all such things necessary in connection with such sale, disposal, liquidation, transfer, trading or dealing) the Retained Properties or any part thereof (to be selected by the Company in its absolute discretion) at any time and from time to time either together or in parcels and either by dealings through any Market or by public or private means or in such other manner and for such consideration (whether payable or deliverable immediately or by instalments and whether for cash or other valuable consideration or both) and on such terms and conditions as the Company shall think fit in its absolute discretion without being in any way liable to the Client for any loss occasioned thereby however arising. Without limiting the generality of the foregoing, the Company is hereby specifically authorised to dispose of, liquidate, transfer, trade and/or deal with the Account(s) and all securities comprised in the Retained Properties or held in the Account(s) without notice to the Client.

## 16 Disclaimer

- 16.1 Neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any direct, indirect or consequential loss, expense or damages suffered by the Client as a result of: -
- (1) the Company and/or its agent acting or relying on any instruction whether or not such instruction was given following any recommendation, advice or opinion given by the Company, its agent and/or any of their respective directors, employees or agents; or
  - (2) the Company's and/or its agent's delay or failure to perform or execute the instruction or their respective obligations hereunder by the following reasons: (i) any disruption, breakdown, malfunction or failure of transmission, communication or computer facilities (including the Electronic Trading Facilities and Client's system), (ii) any postal or other strikes or similar industrial action, (iii) any disruption, closure, breakdown or failure of any relevant Exchange and/or Market and/or Clearing House and/or clearing system and/or broker and/or any other person or firm or company whatsoever, (iv) any prevailing Market conditions, or (v) any action of government, governmental agency, any relevant Exchange, Market and/or Clearing House; and/or (c) any default negligence act omission conduct misconduct breach and/or deeds of/by (i) the Company's agent; and (ii) executing brokers, agents, custodians, nominees, overseas brokers and dealers that are not branches or associates of the Company.
- 16.2 Without limiting the generality of Clause 16.1 above, neither the Company nor any of its directors, employees or agents shall have any liability whatsoever for any direct, indirect or consequential loss, expense or damages suffered by the Client (including losses and liabilities resulting from Transactions executed by any brokers or dealers) unless due to fraud or willful default on the part of the Company.

## 17 Suitability

- 17.1 If the Company solicits the sale of or recommend any financial product (including but not limited to virtual assets in conducting any virtual asset dealing activities) to the Client, to the extent required by Applicable Laws and Regulations, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of the Agreement or any other document the Company may ask the Client to sign and no statement the Company may ask the Client to make derogates from this Clause.
- 17.2 For the purposes of Clause 17.1 above, the Client acknowledges and understands that: -
- (1) the Company will only take into account circumstances relating to the Client which the Client has disclosed to the Company or that the Company should reasonably be aware of;
  - (2) the Company may or may not take into account other investments which are held by the Client;
  - (3) the Company makes no representation and does not guarantee the outcome or performance of any investment made by the Client;
  - (4) if the Client does not provide the Company with the up-to-date financial situation, investment experience and investment objectives, the Company's ability to assess the suitability of any solicitation or recommendation may be affected;
  - (5) the Company may make available to the Client general information or general explanations about investments and investment strategies (including market views, research and/or investment ideas which are widely available to the Company's customers) whether prepared by the Company or others. Unless expressly acknowledged by the Company in writing, none of this information is personalised or in any way tailored to reflect the Client's particular financial situation, investment experience or investment objectives;
  - (6) where the Client instructs the Company to enter into a Transaction, the Client does so on the basis that: (i) the Client has carefully considered any information provided by the Company (whether tailor made or not) in connection with any Transaction (including explanations of the risks and features of Transactions); (ii) the Client is satisfied with the information provided by the Company (if any) in connection with the Transaction (including explanations of its risks and features); and (iii) the Client had





- the opportunity to ask questions and seek independent advice;
- (7) the Client must promptly notify the Company if the Client does not understand any information provided by the Company (whether tailor made or not);
- (8) subject to and save as otherwise required by Applicable Laws and Regulations, the Company does not accept any responsibility for the performance or monitoring of the Client's investments unless agreed with the Company in writing; and
- (9) subject to and save as otherwise required by Applicable Laws and Regulations, the Company will not advise the Client on an ongoing basis on the making and/or disposal of investments in the Account(s) unless agreed with the Company in writing.
- 17.3 Unless the Company expressly agrees in writing to the contrary, no representation or warranty, express or implied, is given by the Company as to the value or suitability for the Client of any Transaction entered into by the Client.
- 17.4 The Client hereby acknowledges that any information communicated to the Client by the Company, although obtained from sources believed by the Company to be reliable, has not been independently verified by the Company and may be incomplete, inaccurate or changed without notice to the Client. The Client acknowledges that any such information is provided by the Company to the Client for its information and reference only and is not intended as investment advice or for trading or other purposes. The Company makes no representation, warranty or guarantee with respect to the sequence, accuracy, truth, reliability, adequacy, timeliness, completeness or correctness of such information. The Company shall have no responsibility or liability whatsoever in respect of any information given, or views expressed by them or any of their directors, officers, employees or agents to the Client, whether or not such information or views are expressed at the request of the Client.
- 17.5 The Client shall make its own judgment and independent decision with respect to any Transaction which he enters. The Company is not obliged to give any investment advice or recommendation to the Client, and any comment, information, communication or explanation which may be provided by any representatives of the Company shall not be treated or relied upon by the Client as investment advice or recommendation to enter into any Transaction, unless the Company has expressly agreed otherwise. The Client understands that the Company may purchase or sell, have a position in the securities or financial instruments which are the subject of information furnished to the Client, and that the positions or Transactions of the Company may or may not be consistent with the information furnished to the Client by the Company. Any information communication or explanation from the Company to the Client in respect of any instruction or Transaction under the Agreement shall not be regarded as investment advice or recommendation to enter into any Transaction under the Agreement.

## 18 Client's Representations and Warranties

- 18.1 The Client hereby represents and warrants to the Company on a continuing basis that:
- (1) the Client is not an officer or employee of the SFC, any Clearing House, Market, Exchange, board of trade, or by any corporation of which any Exchange owns a majority of the share capital, or (unless written consent to such trading is filed with the Company) employed by a member of any Exchange or by a firm registered on any Exchange;
  - (2) (in case of a corporation) it is validly incorporated and existing under the laws of its country of incorporation and has full power and capacity to enter into and perform its obligations hereunder; its entry into the Agreement has been duly authorised by its governing body and is in accordance with the memorandum and articles of association or by-laws as the case may be of the Client;
  - (3) neither the signing, delivery or performance of the Agreement nor any instructions given hereunder will contravene or constitute a default under any existing applicable law, statute, ordinance, rule or regulation or judgment or cause to be exceeded any limit by which the Client or any of the Client's asset is bound;
  - (4) save as otherwise disclosed to the Company in writing, all Transactions to be effected under the Agreement are for the benefit of the Client and no other party has any interest therein;
  - (5) subject to any security interest of any CMBI Group Member created pursuant to any agreement between the Client and such CMBI Group Member, all securities provided by the Client for selling or crediting into the Account(s) are fully paid with valid and good title and whose legal and beneficial titles are owned by the Client;
  - (6) the information contained in the Client Information Form or other information supplied by or on behalf of the Client to the Company in connection with the Account(s) is complete, true and correct. The Company is entitled to rely on such information until written notice from the Client of any changes therein has been received by the Company;
  - (7) all necessary consents, approvals or authorisations which may be required for the execution of the Agreement and for the carrying out of any Transaction on any Market have been obtained and are in full force and effect;
  - (8) the Client has the authority and power and legal capacity to open the Account(s) and to perform its obligations under the Agreement and the Agreement constitute valid and legally binding obligations of the Client;
  - (9) the Agreement will constitute legal, valid and binding obligations of the Client in accordance with the terms therein;
  - (10) the Client has determined that trading in securities is appropriate for the Client, is prudent in all respects, and does not and will not violate any statute, rule, regulation, judgment, or decree, agreement or undertaking to which the Client is subject or bound;
  - (11) the Client is not carrying on any money laundering or terrorist financing activities. The Transactions are not relating to or in connection with any money laundering or terrorist financing activities. The monies, investment or securities, property and assets in the Account(s) does not arise out of, relating to or in connection with money laundering or terrorist financing activities;
  - (12) (for corporate Client) the financial statement and accounts of the Client supplied to the Company has been prepared in accordance with accounting policies consistently applied, and present a true, fair and accurate view on the operation of the Client for the relevant accounting period and the financial position of the Client at the end of such accounting period; and
  - (13) (for corporate Client) the certified copies of resolutions provided by the Client to the Company with the Agreement were duly

passed at a meeting of its directors duly convened and held on or prior to the date of the Client Information Form in accordance with its constitutional documents and were entered in its minutes book and are in full force and effect.

- 18.2 If the Client effects transactions for the account of his clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with any client of the Client, the Client hereby agrees that, in relation to a transaction where the Company has received an enquiry from any Regulator, the following provisions shall apply;
- (1) Subject to as provided below, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact detail of the client for whose account the Transaction was effect and (so far as known to the Client) of the person or entity (legal or otherwise) ultimately responsible for originating the instruction to effect the relevant Transaction and the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the relevant Transaction and/or bear its commercial or economic risk. The Client shall also inform the Regulators of the identity, address, occupation and contact detail of any third party (if different from the client/the ultimate beneficiary) who originated the Transaction.
  - (2)
    - (i) If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of the person(s) who, on behalf of the scheme, account or trust, instructed the Client to effect the Transaction.
    - (ii) If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform the Company when his discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client's investment discretion has been overridden, the Client shall immediately upon request by the Company (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction.
    - (iii) If the Client is an investment manager for any collective investment scheme, discretionary account or discretionary trust and in respect of a particular transaction the discretion of the Client or its officers or employees has been overridden, the Client shall, as soon as practicable, inform the Company when his discretion to invest on behalf of the beneficiary of such scheme, account or trust has been overridden. In case where the Client's investment discretion has been overridden, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the relevant Transaction.
  - (3) If the Client is aware that his client is acting as intermediary for its underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the Transaction was effected, the Client confirms that:
    - (i) the Client has arrangements in place with his client which entitle the Client to obtain the information set out in sub-clause 18.2(1) and/or 18.2(2) above from his client immediately upon request or procure that it be so obtained; and
    - (ii) the Client will, upon request from the Company in relation to a Transaction, promptly request the information set out in sub-clauses 18.2(1) and/or 18.2(2) above from his client on whose instructions the Transaction was effected, and provide the information to the Regulators as soon as it is received from his client or procure that it be so provided.
  - (4) The above terms shall continue in effect notwithstanding the termination of the Agreement.
- 18.3 The Client confirms that, where necessary, it has obtained all relevant consents or waivers from its clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected and (where appropriate) complied with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) or similar laws in foreign jurisdiction such that it is able to release information to the Regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such Transaction, and (if different from the Client/ultimate beneficiary) of the person(s) who originated the Transaction.
- 18.4 For any intermediary in a jurisdiction with client secrecy laws, the Client confirms that agreements have been entered into by the Client's ultimate clients that waive the benefit of the secrecy laws in respect of providing the client identity information to the Regulators; and such agreements are binding under the relevant law.
- 18.5 The Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by the Company for the performance or implementation of the Agreement or any part thereof including the execution by the Client of an irrevocable power of attorney appointing the Company as the lawful attorney of the Client to do and execute all such acts, deeds, documents or things on behalf of the Client as the Company considers necessary or desirable in connection with such implementation and enforcement. The Client agrees to do such acts and things and to execute such documents as are necessary or are in the reasonable opinion of the Company desirable to ratify or confirm anything done by the Company, its nominee, subsidiary or associated company, or any other entity instructed by any of them in the proper exercise of any right or power conferred by the Agreement or any agreement entered into pursuant to the Agreement or relating to the Account.
- 18.6 The Client must give prior notification to the Company when a sale order relates to securities which the Client does not own i.e. where it involves short selling (including where the Client has borrowed stock for the purposes of the sale). The Client acknowledges and agrees that no short selling orders will be accepted by the Company unless the Client provides the Company with such confirmation, documentary evidence and assurance as the Company in the Company's opinion considers necessary to show that the Client has a presently exercisable and unconditional right to vest such securities in the purchaser before placing any short selling order, and, where the securities have been borrowed to cover the sale, that the lender has the securities available to lend to the Client.
- 18.7 The Client agrees not to pledge or charge any securities or monies forming part of any Account(s) without the prior consent of the



Company, or to sell, grant an option over, or otherwise deal in any securities or monies forming part of the Account(s).

- 18.8 The Company and the Client undertake to inform each other of any material change to the information provided in accordance with the Agreement. In particular, the Company and the Client agree that:
- (1) the Company will notify the Client of any material change to its licensing or registration status and its business, the nature of services provided or fees charged by the Company to the Client; and
  - (2) the Client will notify the Company of any change of name and, address and identification documents and provide supporting documents as reasonably required by the Company.
- 18.9 The Client agrees and undertakes to report any loss or theft of the Client's Login Name and/or Password, or any unauthorised access to the Account(s) immediately.

#### 18A. Client's Responsibility for Disclosure of Interests

- 18A.1 The Client's attention is drawn to the provisions of the Securities and Futures Ordinance and the obligations therein to disclose certain shareholdings including corporate and family interests. Other disclosure obligations may arise under legislation of other jurisdictions or the rules and regulations of a Market.
- 18A.2 The Company acts as a licensed corporation and is not responsible for advising the Client of any such obligations generally or any obligation that may arise from any instruction or which has arisen as a result of any Transaction or from any holding or otherwise. Such obligations of disclosure are personal obligations of the Client. The Company shall not be obliged to give notice of holdings of the Client in any form or by any time limit for such purpose save any notice or statement to be issued as expressly set out in the Agreement. The Company shall not be liable for any loss, cost or expense of the Client from any failure or delay by the Client or any other person to disclose in accordance with any such obligation nor any delay or default in notification to the Client as to the carrying into effect of any instructions and without prejudice to Clause 19 below, the Client shall indemnify the Company for any loss, cost or expense arising from any such failure, delay or default.

#### 19 Liabilities

- 19.1 Neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any loss, expense or damage suffered by the Client as a result of:
- (1) the Company acting or relying on any instruction given by the Client whether or not such instruction was given following any recommendation, advice or opinion given by the Company or by any of its directors, employees or agents; or
  - (2) any condition or circumstances which are beyond the reasonable control or anticipation of the Company, its directors, officers, employees and agents, including but not limited to any delays in the transmission of orders due to disruption, breakdown, failure, unauthorised use of Access Codes, prevailing fast market conditions, governmental agency or Exchange actions, theft, riot, war (whether declared or not), Severe Weather, earthquakes and strikes; or
  - (3) the Company exercising any or all of its rights conferred by the terms of the Agreement; or
  - (4) any conversion of one currency to another pursuant to, in relation to or arising from the Agreement.
- 19.2 Without limiting the generality of Clause 19.1 above, neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for and loss, expenses or damage suffered by the Client arising out of or alleged to arise out of or in connection with any inconvenience, delay or loss of use of the Electronic Trading Services or any delay or alleged delay in acting or any failure to act on any instruction given by the Client to the Company, even if the Company has been advised of the possibility of any costs, claims, damage.
- 19.3 The Client undertakes to indemnify and keep indemnified the Company and its directors, officers, delegates, agents, employees, nominees, correspondents or representatives ( "**Indemnified Persons**" ) in respect of any costs, claim, demands, liabilities, obligations, penalties, damages and expenses, penalties, actions, judgments, suits and costs whatsoever which may be reasonably and properly suffered or incurred by the Indemnified Persons directly or indirectly arising out of or in connection with:
- (1) any Transaction entered into by the Company as agent on behalf of the Client or otherwise whatsoever or howsoever arising out of anything done or omitted to be done by the Company in accordance with the terms of the Agreement or pursuant to any Client's instruction or communication;
  - (2) the performance or exercise of their duties or discretion under the Agreement arising out of or in connection with the default or breach by the Client of any provision of the Agreement or any of the Client's obligations to the Company, whether by act or omission of the Client;
  - (3) any representation or warranty by the Client becoming untrue or inaccurate, including any costs incurred by any of the Indemnified Persons in the collection of debts owed by the Client to any of the Indemnified Persons;
  - (4) any non-compliance of the Applicable Laws and Regulations in relation to the Client and/or any Account(s);
  - (5) any act or omission of the Authorised Person; and/or a purchaser or any other person by reason of any defect in the title of the Client to the securities. The Client also agrees to pay promptly to the Company, on demand, all damages, costs and expenses (including legal expenses on a full indemnity basis) reasonably and properly incurred by the Company in the enforcement of any of the provisions of the Agreement or in relation to a Transaction;
  - (6) any action and/or Proceedings instituted or participated in by the Company against the relevant product issuers or third parties for and on behalf of the Client (whether in the Company's capacity as Representative (as defined in Clause 19.6 below) or in other capacity.
- 19.4 The Client further agrees that the Company is entitled to withhold, retain or deduct such portion from the Client's assets in the



possession or control of the Company or such amount(s) from any Account(s) as the Company determines to be sufficient to cover any amount which may be owed by the Client under this Clause 19.

- 19.5 The Client undertakes to assist the Company in any Proceedings or investigations arising in any matter out of or in connection with the compliance with the requirements under the Applicable Laws and Regulations. In such case, the Company will notify the Client when the Company becomes aware of such Proceedings to the extent permissible under the Applicable Laws and Regulations.
- 19.6 The Client agrees and acknowledges that the Company has no liability with respect to the performance or monitoring of investment under any Transaction; save as required by Applicable Laws and Regulation or as agreed by the Company in writing. In the event there is any dispute arising out of or in connection with any Transaction conducted by the Company acting as agent, nominee, representative, trustee and/or intermediary (as the case maybe) for the Client ( "**Representative**" ), unless otherwise agreed, the Company shall not be obliged to institute or participate in any actions or Proceedings against the relevant product issuers or other third parties for or on behalf of the Client . The Company shall be entitled, in its sole and absolute discretion, and to the extent permitted by Applicable Laws and Regulations, to refuse to institute or participate in any such actions or Proceedings and shall not be obliged to give any reason for such refusal.
- 19.7 Without limiting the generality of Clause 19.6 above, the Client is advised to and shall seek its own independent legal advice and rely solely on its legal counsel with respect to any dispute or Proceedings. Any comment, information, communication or explanation which may be provided by any representatives of the Company shall not be treated or relied upon by the Client as legal advice.
- 19.8 Without prejudice to any rights or obligations of the Company' s arising under Clause 19.6 above, in the event at the written request of the Client, and the Company in its sole and absolute discretion consents to institute or participate in any actions or Proceedings against the relevant product issuers or third parties for and on behalf of the Client (whether in its capacity as Representative or in other capacity), the Client hereby acknowledges, undertakes and agrees:
- (1) to delegate all of its rights to the Company to the extent that the Company shall have full authority to act for and on behalf of the Client or as Representative and have full discretion to make any action or Proceedings related decisions;
  - (2) to pay upfront legal and other professional fees and disbursements ( "**Legal Fees**" ) to the Company prior to the commencement of and during any actions or Proceedings at the written request of the Company. The upfront payment of Legal Fees shall be a condition precedent which shall be satisfied by the Client prior to the commencement of actions or Proceedings, save and except as otherwise agreed by the Company in writing. The amount of upfront Legal Fees shall be determined by the Company in its absolute discretion as appropriate, having due regard to the nature and circumstances of the dispute, action and/or Proceedings. For the avoidance of doubt, the Client shall pay promptly to the Company, on demand, all Legal Fees and expenses on a full indemnity basis in accordance with sub-clause 19.3(6) above. If there are more than one client, each relevant client shall pay, in such proportion or as determined by the Company in its absolute discretion, all upfront and subsequent Legal Fees and expenses to the Company from time to time during the process of actions or Proceedings;
  - (3) where the Company is acting for more than one client for the same dispute, action or Proceedings, it is possible that the Company may not be able to separately act on each client' s behalf, in which case the Client authorizes the Company to (i) take such actions or inactions and may, but shall not be bound to, act based on the majority instruction (i.e., over 50% of voting) received from the relevant underlying clients, and (ii) in the absence of instruction from such majority, take such actions or inactions in the Company' s absolute discretion, having due regard to the best interest of all stakeholders as a whole. The Company shall not be bound and shall not be held liable for the consequences of exercising its discretion or taking any such action or Proceedings, and may do so without having regard to the effect of such action or Proceedings on individual underlying client; and
  - (4) to indemnify and hold the Company and Indemnified Persons harmless in accordance with this Clause 19. The Company shall not be held liable for any adverse outcomes or damages arising from the actions or Proceedings. The Company shall be indemnified, secured and/or prefunded to its satisfaction by the Client against all liabilities to which the Company may render itself liable and/or which it may incur by taking any such action or Proceedings.
- 19.9 The liability of each of CMBIS and CMBIGM under the Agreement shall be several (and not joint, or joint and several). If the Client has opened accounts with both CMBIS and CMBIGM, the Client is deemed to have entered into two agreements separately with CMBIS and CMBIGM. The separate agreements are produced in the form of a single document for convenience only.
- 19.10 Neither CMBIS and CMBIGM shall be liable for any loss or damages directly or indirectly sustained by the Client due to any failure to take or delay in taking any action by CMBIS or CMBIGM as a direct or indirect result of restrictions, emergency procedure or trading suspension by any government authorities, Regulators, exchanges, clearing houses or other markets, malfunctions of systems, failures of transmissions, civil disorders, strikes, cyber attacks, acts or threatened acts of terrorism, natural disaster, fire, war (whether declared or not) or other circumstances beyond their reasonable control.
- 19.11 The Client shall continue to be bound by this Clause 19 despite the Client ceasing to be the holder of any Account(s).
- 19.12 The above terms shall continue to take effect notwithstanding the termination of the Agreement.

## 20 Confirmations and Statement

- 20.1 Reports, written confirmations, statements of the Client' s Account(s), notices, and any other communications may be transmitted to the Client (who, in the case of a joint account without nominating a person therefore, will be deemed for these purposes to be the Client whose name first appears in the Agreement) at the address, telephone, fax or telex number given in the Client Information Form,

or at such other address, telephone, fax or telex number as the Client hereafter shall notify the Company in writing; and all communications so transmitted, whether by mail, telegraph, telephone, messenger or otherwise, shall be deemed transmitted when telephoned, when deposited in the mail, or when received by a transmitting agent, whether actually received by the Client or not.

- 20.2 Written confirmation of the execution of the Client' s orders and statements of the Client' s Account(s) shall be conclusive and deemed to be accepted if not objected to in writing by the Client directed to the address stated in the Agreement (or such other address communicated in writing by the Company) within 2 days after transmittal thereof to the Client, by mail or otherwise.
- 20.3 Any notice or other communications including, but not limited to, written confirmations and statements of the Client' s Account(s) delivered to the Client by Company under the Agreement if by electronic devices through CMBI Mail or otherwise shall be deemed made or given upon transmission of the message to the Client.
- 20.4 Where applicable the Client can access account information via the CMBI Website, the Client hereby consents to accept the posting of such information on the CMBI Website as delivery of confirmation and account statements in lieu of postal mail or electronic mail. The Client may revoke this consent at any time upon written notice to the Company.
- 20.5 Unless otherwise specified in the Agreement, any notice to be made or given by the Client to the Company under the Agreement shall be in writing.
- 20.6 Without prejudice to the other provisions of the Agreement, any letter, notice, documents or other communication from the Client to the Company shall take effect only on actual receipt and actual notice of the same by the Company.

#### 20A. Client Information

- 20A.1 The Client shall provide such information as the Company may from time to time request, such information shall include financial data concerning the Client at the Client' s own costs. Failure to supply such information may result in the Company being unable to open or continue the Account(s) or establish, continue or provide services in relation to the Transactions.
- 20A.2 The Client authorises the Company to disclose, provide or transmit to its agent all or any part of the information provided by the Client to the Company for the purpose of effecting the relevant Transaction as instructed by the Client.
- 20A.3 The Client agrees to promptly (a) furnish appropriate financial statements to the Company; (b) disclose to the Company any material change in the financial position of the Client; (c) furnish such other information concerning the Client as the Company may reasonably request; (d) notify the Company in writing if any of the representations contained in the Agreement cease to be true, accurate and correct in any respects and (e) notify the Company of the occurrence of any Event of Default upon its occurrence.

#### 20B. Use of Client' s Information

- 20B.1 The Client acknowledges that the Applicable Laws and Regulations on which the Company enters into Transactions with or for and on behalf of the Client may require the disclosure of information relating to the Client and/or the Account(s). The Client hereby irrevocably authorises the Company, without notice or consent from the Client, to disclose to and provide the relevant Authorities with all such information and documents of the Clients as may be required for such purpose, including the name and identity of the Client or the ultimate beneficial owner of the Account(s), and the financial position of the Client as may be known to the Company. The Client shall not hold the Company liable for any consequences arising from such disclosure, and the Client shall reimburse the Company on demand for all costs and expenses (including legal costs) incurred by the Company in complying with requests for such disclosure.
- 20B.2 The Company will keep information relating to the Client and the Account(s) confidential, but is authorised to use such information for the following purposes including: (a) the daily operation of the Account(s) and the services provided to the Client; (b) conducting credit enquiries on the Client; (c) ensuring ongoing credit worthiness of the Client; (d) designing and marketing services or related products; (e) collection of amounts outstanding from the Client and those providing security for the Client' s obligations; (f) make disclosure under the requirements of any laws binding on the Company; and (g) purposes relating thereto. The Company may provide any such information to the following persons including (i) its auditors, legal advisers, brokers or dealers instructed by the Company on behalf of the Client, (ii) the SEHK or any regulatory bodies, (iii) any Market in which Securities are traded for the Account, (iv) any Authority (including the Regulators) to comply with their requirements or requests for information, (v) any employee, agent, contractor, sub-contractor or third party service provider who provides administrative, telecommunications, computer, payment, clearing or other services to the Company in connection with the operation of its business; and (vi) any other person under a duty of confidentiality to the Company. The Company shall not be liable in any way to the Client for any disclosure made pursuant to this Clause. The Client agrees to be bound by Schedule 1, and to the use of the Client' s personal data or other information in the manner specified therein.
- 20B.3 Under and in accordance with the Personal Data (Privacy) Ordinance, any individual: (a) has the right to check whether the Company holds data about him and the right of access to such data; (b) has the right to require the Company to correct any data relating to him which is inaccurate; and (c) has the right to ascertain the Company' s policies and practices in relation to data and to be informed of the kind of personal data held by the Company.
- 20B.4 The Company may, whether during the continuance or after the termination of the Agreement or suspension of any Account(s), without notice to the Client, disclose to the CMBI Group or any agent, or to any actual or proposed assignee or participant or sub-participant or transferee of any of the Company' s rights or obligations under the Agreement, any information relating to the Client.
- 20B.5 The Company intends to use and/or transfer the Client' s data to the CMBI Group for direct marketing purpose and the Company requires the consent (including an indication of no objection) of the Client. For the aforesaid purpose, consent is hereby given by the Client on such use and transfer. The Client' s name, contact details, financial background and statistical data held by the Company from time to time may be used by the Company in direct marketing of: (i) financial services and investment products; (ii) related promotional schemes; (iii) financial and investment advices; or (iv) promotional and marketing events of the Company for the aforesaid





services or products until the Company receive Client' s objection or requirement to cease such use or transfer through the prescribed channel.

20B.6 The Company may collect, store, process, use, disclose and transfer personal data (including client identification data ( "CID" , as described in the SFC Code of Conduct) and Broker-to-Client Assigned Number ( "BCAN(s)" )) as required for the Company to provide services to the Client in relation to securities listed or traded on the SEHK and for complying with the rules and requirements of SEHK and the SFC in effect from time to time. Without limiting the foregoing, this includes:-

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

The Client further agrees that despite any subsequent purported withdrawal of consent by the Client, the 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 the Company with the Client' s personal data or consent as described above may mean that the Company will not, or will no longer be able to, as the case may be, carry out any trading instructions or provide the Client with securities related services (other than to sell, transfer out or withdraw the Client' s existing holdings of securities, if any).

## 20C. Authorisation

20C.1 The Client irrevocably and unconditionally directs, instructs and authorises the Company to, from time to time, do the following acts and things in or towards the total or partial satisfaction, payment or discharge of any monies, indebtedness, outstanding amounts, obligations or liabilities incurred, owing, due or payable by or from the Client to or in favour of the Company or any CMBI Group Member:

- (a) to sell, purchase, enter into, make, dispose of, deal with, trade, transfer, liquidate, clear or settle all or any securities and/or positions in the Account(s);
- (b) to sell, purchase, deal with, trade, dispose of, realise, transfer in or out all or any securities, properties or assets in the Account(s); and
- (c) to deliver, transfer, debit, deduct or pay from any Account(s) such receivables, monies or funds as the Company shall direct or determine.

20C.2 The Client agrees and accepts that all the acts, things and matters done or made by the Company pursuant to this Clause 20C shall be and be treated and deemed the acts, things, and matters done or made by the Client, and shall be absolutely binding on the Client in all respects and for all purposes.

## 21 Amendment

21.1 The Company shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to the Agreement. The revised Agreement will be notified to the Client by written notice and/or posted at the "Forms Download" column and/or other relevant pages of CMBI Website. The Client should visit the CMBI Website from time to time for obtaining the latest version of the Agreement and read the terms thereof. Such amendment, deletion, substitution or addition shall be deemed as effective and incorporated herein (and shall form part of the Agreement) on the date of notification and/or publication of such amendment . The Client may raise written objection within fourteen (14) Business Days after the notice to the Client and/or publication of such amendment at the CMBI Website, whichever is earlier, failing which it shall be deemed an acceptance of such amendment, deletion, substitution or addition.

## 22 Joint Clients

22.1 Where the Client consists of more than one person (a "Joint Client" ):

- (1) the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;
- (2) the Company shall be entitled to, but shall not be obliged to, act on instructions or requests from any of them;
- (3) each of them shall be bound though any other Joint Client or any other person intended to be bound is not, for whatever reason, so bound;
- (4) the Company shall be entitled to deal separately with any of the Joint Client on any matter including the discharge of any liability to any extent without affecting the liability of any others;
- (5) the Joint Clients have entered into the Agreement with a right of survivorship;
- (6) the Company shall be under no duties whatsoever (including any duty to inquire into or see to) in respect of the application of

- any monies or properties between the Joint Clients;
- (7) the Company shall be entitled to deal separately with any of the Joint Clients on any matter including the release or discharge of any one or more of the Joint Clients from liability under the Agreement or compound with, accept compositions from, or make any other arrangement with, any of such persons without, in consequence, releasing or discharging or otherwise prejudicing or affecting its rights and remedies against any other Joint Clients;
  - (8) each of the Joint Clients shall, in favour of the Company, waive the right of proof in competition with the Company in the bankruptcy or insolvency of any of the Joint Clients and none of the Joint Clients shall take from any other Joint Client(s) any counter-security without prior written consent from the Company;
  - (9) the discharge, satisfaction or performance of any liability, obligation or indebtedness under the Agreement by the Company in favour of or for the benefit of any of the Joint Clients shall be and be deemed to be full and sufficient discharge, satisfaction or performance of such liability, obligation or indebtedness in favour of or for the benefit of any or all of the Joint Clients. The payment of money or fund by the Company towards or in favour of any of the Joint Clients shall be and be deemed to be full and sufficient discharge, satisfaction or performance of such payment of money or fund towards or in favour of any or all of the Joint Clients;
  - (10) the Agreement shall not be affected by the death, incapacity or dissolution of any Joint Client;
  - (11) termination of the Agreement pursuant to the terms herein by any one or more of the Joint Clients or his or their personal representatives shall not affect the continuing liability of the other Joint Clients;
  - (12) the Company shall have a lien on the property (including the Account(s)) of each Joint Client. The Company's lien shall be additional to the rights and remedies of the Company pursuant to the Agreement;
  - (13) the Joint Clients have authorised the Company to accept instructions given by any one or more of the Joint Clients ( "Such Person" ) to the Company (including verbal instructions and written instructions). Such Person will have the authority to handle the operation of the Account(s) and exercise all rights, powers and discretion pursuant to the Agreement on behalf of any of the Joint Clients. The Company may follow the instructions given by Such Person and will not be required to give notice to, or obtain authorisation from, any one or more of the Joint Clients in respect of such instructions. The Company will have an absolute discretion to determine whether or not to accept the relevant instructions and the Company will not be liable as such for any loss whatsoever incurred as a result of accepting or not accepting the instructions. Any act, conduct, instructions, directions, decisions and/or authorisations of any of the Joint Clients shall be jointly and severally binding on the other Joint Clients;
  - (14) any of the Joint Clients is not entitled to claim or assert interest, benefit, ownership or title to any particular or specific securities, property and/or assets in the Account(s) separately or independently with any other Joint Clients;
  - (15) each of the Joint Clients shall be bound by the Agreement regardless of the arrangement or agreement among the Joint Clients and notwithstanding the Agreement may be invalid or unenforceable against any one or more of the Joint Clients (whether or not the deficiency is known to the Company).
- 22.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), the Agreement shall not be terminated and the interest in the Account(s) of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by the Company against such deceased Client's estate. The surviving Joint Client(s) shall give the Company written notice immediately upon any of them becoming aware of any such death.

## 23 Possibilities of Conflict of Interest

- 23.1 The Company and its directors, officers or employees may trade on its/their own account or on the account of any CMBI Group Member subject to any applicable regulatory requirements.
- 23.2 The Company may buy, sell, hold or deal in any securities or take the opposite position to the Client's order whether it is on the Company's own account or on behalf of its other clients.
- 23.3 The Company may match the Client's orders with those of other clients.
- 23.4 The Company may effect transactions in securities where the Company or any CMBI Group Member has a position in the securities or is involved with those securities as underwriter, sponsor or otherwise.
- 23.5 In any of the above-mentioned events the Company shall not be obliged to account for any profits or benefits obtained. In the absence of fraud or willful misconduct on the part of the Company, the Company shall not be liable to the Client for any claims against the Company, or any of its nominees, subsidiaries or associated companies in relation to any Transaction referred to in this Clause including any claims to the effect that the Company, any of its nominees, subsidiaries or associated companies shall account to the Client for any emoluments, commissions, profits or any other benefits whatsoever earned or received by the Company, any of its nominees, subsidiaries or associated companies in relation to any such Transactions.

## 24 Termination of Agreement

- 24.1 Without prejudice to Clauses 13, 18.2 and 19 of the Cash Client's Agreement, the Agreement shall continue in effect until terminated by either party giving not less than seven (7) days (being days on which banks in Hong Kong are open for general business (other than a Saturday or Sunday)) prior written notice to the other. The Company shall have the rights to suspend the Account(s) and/or all or any part of the services at any time without giving prior notice or any reasons.
- 24.2 Service of notice of termination by the Client pursuant to Clause 24.1 of the Cash Client's Agreement shall not affect any Transaction



entered into by the Company pursuant to the Agreement before the notice has actually been received by the Company. Notwithstanding any notice of termination, the Company shall continue to have the rights to deal with the Account(s), including any securities and monies therein, in accordance with the Agreement until the Company is satisfied that all the Client's liabilities and obligations to the Company, CMBI Group or any third party have been fully discharged.

- 24.3 Termination of the Agreement shall not affect any outstanding orders or any legal rights or obligations which may already have arisen.
- 24.4 Upon termination of the Agreement or suspension of any Account(s) under Clause 24.1 above, all amounts due or owing by the Client to the Company under the Agreement shall become immediately due and payable. The Company shall cease to have any obligation to effect any Transaction on behalf of the Client in accordance with the provisions of the Agreement, notwithstanding any instructions to the contrary.
- 24.5 As soon as practicable after termination of the Agreement or suspension of any Account(s), the Company shall have the power to sell, realise, redeem, liquidate or otherwise dispose of all or part of the Client's securities for such consideration and in such manner as the Company shall in its absolute discretion consider necessary to satisfy first, all costs, charges, fees and expenses (including legal expenses) incurred by the Company in such sale, realisation, redemption, dissolution or other disposal and all other monies and sums due or owing and other liabilities accrued or accruing due to the Company and outstanding (whether actual or contingent, present or future or otherwise) under the Agreement and second, all other liabilities owing or due to the Company, its nominees, subsidiary, other associated company or any CMBI Group Member, at the Client's sole risk and cost and without incurring any liability on the part of the Company for any loss or damage incurred by the Client.
- 24.6 All securities not realised or disposed of together with any relevant documents of title in the Company's possession shall be delivered to the Client at the Client's sole risk and expense. The Company shall have no liability for any loss or damage incurred by the Client arising from such delivery. Without prejudice to the foregoing, if the Client shall fail to take such delivery, the Company may charge a monthly maintenance fee to be notified by the Company to the Client. Payment of such fees (if any) will be automatically deducted from any Account(s). If there is any deficit after application of the sale proceeds pursuant to Clause 24.5 above, the Client shall immediately pay to the Company an amount equal to such deficit together with the Company's cost of funding such deficit and interest as determined by the Company from time to time up to the date of actual receipt of full payment by the Company.

## 25 General provisions

- 25.1 Each of the provisions of the Agreement is severable and distinct from the others and, if one or more or any part of such provisions is or becomes illegal, invalid or unenforceable, the remaining provisions shall not be affected in any way. In the event that any provision would be invalid if part of the wordings thereof were not deleted, the provision shall apply as if the relevant wordings were deleted.
- 25.2 This Agreement constitutes a legally binding agreement of the Client (and where the Client acting as agent, jointly with its principal(s)) once the Client signs the related account opening documents, give to the Company any instructions or accept from the Company any services in relation to the Account. CMBIS and CMBIGM shall be severally and not jointly liable for their respective performance, acts and omissions under this Agreement. The provisions of the Agreement shall be binding on and enure to the benefit of the successors, assigns and personal representative (where applicable) of each party hereto provided that the Client may not assign, transfer, charge or otherwise dispose of any of the Client's rights or obligations hereunder without the prior written consent of the Company. The Company may assign all or a part only of its rights and obligations under the Agreement to any person without the prior consent or approval of the Client.
- 25.3 The Client hereby authorizes the Company to conduct a credit enquiry (or a personal credit enquiry in case of an individual client) or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client. The Company may by prior written notice to the Client assign and/or transfer all or part of the Company's rights, benefits and obligations under this Agreement and under any unsettled transactions to CMBIS and/or CMBIGM without obtaining the Client's further instruction.
- 25.4 In the event that the Client, its Account or assets, in the view of the Company, is subject to any sanctions or policies, or may violate or has violated any Applicable Laws or Regulations, the Company shall have the right and be entitled to, freeze or suspend operation of the Account and deal with the securities, monies and other assets in the Account in its sole and absolute discretion.
- 25.5 Nothing herein contained shall place the Company under any duty to disclose to the Client any fact or thing which comes to its notice in the course of acting in any capacity for any other person or in its own capacity.
- 25.6 Whenever the Company deals with the Client, it will always be on the basis that only the Client is the Company's client and is acting as principal in all respects and so, if the Client acts on behalf of another person, whether or not the Client identifies him to the Company, he will not be the Company's client and the Company does not and will not have or accept in any circumstances whatsoever any responsible towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from Transactions effected pursuant to and in accordance with the Agreement in connection with or on behalf of any such person.
- 25.7 Whilst the Client expects the Company to keep confidential all matters relating to the Account(s), the Client hereby expressly agrees that the Company may make such disclosure of all matters relating to the Account(s) as may be required under any laws, orders, lawful requests or regulations of any relevant market, banking or governmental Authority without further consent from or notification to the Client.
- 25.8 Time shall in all respects be of essence in the performance of all of the Client's obligations under the Agreement.
- 25.9 A failure or delay in exercising any right, power or privilege in respect of the Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.
- 25.10 The Client hereby declares that he has read the English/Chinese version of the Agreement and that the contents of the Agreement





have been fully explained to him by the Company in language that the Client understands and that the Client accepts and agrees to be bound by the Agreement.

- 25.11 In the event of any difference in interpretation or meaning between the Chinese and English versions of the Agreement, the Client and the Company agree that the English version shall prevail.
- 25.12 The Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) shall not apply to the Agreement and unless specifically herein provided no person other than the parties hereto shall have any rights under it nor shall it be enforceable by any person other than the parties hereto.
- 25.13 The Agreement supersedes all prior engagements, arrangements, agreements and contracts whether oral or in writing whatsoever made by the Company. No warranties or representations express or implied are or have been made or given by the Company or by anybody on its behalf relating to the subject of the Agreement prior to the entering hereof. If any such warranty or representation express or implied has been made the same is withdrawn or deemed to have been withdrawn immediately before the Company entering into the Agreement. However, the Agreement does and will not supersede any prior engagements, arrangements, agreements and contracts whether oral or in writing whatsoever and whether past, present or future made by the Client with or in favour of the Company, and does and will not affect or prejudice any or all the liabilities, obligations or indebtedness (whether oral or in writing whatsoever and whether past, present or future) of the Client to the Company.
- 25.14 Except as provided in the Agreement, the rights, powers, remedies and privileges in the Agreement are cumulative and not exclusive of any right, powers, remedies and privileges provided by law.
- 25.15 Neither of the parties hereto shall be liable for any loss sustained by the other, directly or indirectly, if either party is prevented from acting as a direct or indirect result of government restrictions, the imposition of emergency procedures or suspension of trading by any relevant Exchange, Clearing House or Market, act of god, government act, government restrictions, the imposition of emergency procedures, civil disorder, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.
- 25.16 The Agreement and all rights, obligations and liabilities shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region.
- 25.17 The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with the Agreement (including any dispute regarding the existence, validity or termination of the Agreement) (a "**Dispute**").
- 25.18 The parties hereto agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly the Client will not argue to the contrary.
- 25.19 Clauses 25.17 and 25.18 are for the benefit of the Company only. As a result, the Company shall not be prevented from taking Proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Company may take concurrent Proceedings in any number of jurisdictions.
- 25.20 Without prejudice to Clause 25.19, the Company may, at its sole option and in its absolute discretion, decide and choose to settle any Dispute by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Clause, and the Client will not argue to the contrary. The appointing authority shall be Hong Kong International Arbitration Centre. The place of arbitration shall be in Hong Kong at Hong Kong International Arbitration Centre (HKIAC). There shall be only one arbitrator. The language to be used in the arbitral proceedings shall be English.

## 26 Confirmation

- 26.1 The Client confirms that it has read the Agreement (including the Client Information Form) and the risk disclosure statements, that it has already been invited and advised by the Company to seek independent legal advice on the Agreement (including the Client Information Form) and the risk disclosure statements, that the contents of the Agreement (including the Client Information Form) and the risk disclosure statements have been fully explained to the Client in a language which the Client understands, and that the Client fully confirms, accepts, understands, and agrees to be bound by, the Agreement (including the Client Information Form) and the risk disclosure statements.

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## SECTION II Margin Client' s Agreement

The Margin Client' s Agreement is additional and supplemental to the Cash Client' s Agreement. All transactions, purchase, investment, sale, trading, exchange, acquisition, holding, deposit, transfer, disposal, clearing, settlement or dealing in, of and with all kinds of securities effected, conducted, carried on and entered into by the Client with and through the Company or its agent for or on the Margin Account, the Credit Facilities and the Margin Account opened and maintained by the Client with the Company shall be subject to and upon the Agreement. The provisions of the Cash Client' s Agreement shall also be applicable to Margin Account. Where any conflict or inconsistency arises amongst any provision of the Margin Client' s Agreement and the Cash Client' s Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

### 1. Definition Interpretation

1.1. In this Margin Client' s Agreement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Cash Client' s Agreement. In addition, the following expressions shall have the following meanings:

**"Collateral"** means (i) all and any monies, assets or funds standing to the credit of the Margin Account(s) from time to time; (ii) all funds held by the Company for or on account of the Client from time to time; and (iii) all interest (if any) accruing on such funds; and and/or such other monies or assets of the Client charged to the Company upon the terms and conditions contained in the Agreement;

**"Credit Facilities"** means all or any of the general credit facilities, advances, margin, loans or credit facilities made available, provided or granted by or agreed to be made available, provided or granted by the Company under and pursuant to the Agreement and the Loan Agreement from time to time;

**"Event of Default"** has the meaning ascribed thereto under Clause 8 of the Margin Client' s Agreement;

**"GMSLA"** means the Global Master Securities Lending Agreement (which includes the 2000 version, 2010 version, 2018 version, and/or any other version(s) as may be published by the International Securities Lending Association from time to time);

**"Lender"** means the Company, and/or such other company as the Company may from time to time add and notify the Client, as the case may be, who enter(s) or will enter into the Loan Agreement with the Client;

**"Liabilities"** means all monies, liabilities and obligations, whether actual or contingent, present or future, due, owing or incurred from or by the Client to the Company, its nominees, subsidiary or other associated company in connection with the Account and/or the Agreement or for which the Client may otherwise be or become liable to the Lender or the Company on any account or in any manner or currency whatsoever (whether alone or jointly with any other person and in whatever name, style or form), together with interest from the date of demand to the date of payment, legal costs and all other costs, charges and expenses incurred by the Lender or the Company, their nominees, subsidiary or other associated company in connection with the recovery or attempted recovery of such monies, liabilities and obligations;

**"Loan Agreement"** means (a) the agreement made between the Client and the Lender and constituted by the Account Opening Form, Trading Account Terms and such other documents referred to therein or added thereto (including any amendment or supplement made thereto from time to time), and/or (b) any other margin, GMSLA, loan or credit facility agreement (as the case may be) made or to be made by the Company and/or the Client, as amended or supplemented from time to time, whereby, subject to the terms and conditions thereof, the Company has agreed to make available, provide or grant Credit Facilities to the Client for the purposes stated therein;

**"Margin"** means deposits, collateral and margin (including, initial margin and additional margin) being an amount equal to the applicable percentage (as notified by the Company to the Client from time to time) of the current market value of the Client's securities held or purchased by the Company on the Client's behalf, as determined by the Company from time to time;

**"Margin Account(s)"** means one or more margin accounts (including sub-accounts) provided with margin facilities maintained by the Client with the Company from time to time for conducting any Transaction in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with the Company in accordance with the Agreement or other agreement or document and such other documents referred to therein or added thereto, and any other agreement (written or verbal) in respect of the Account(s) entered into by the Client to or with the Company;

**"Standing Order(s)"** means instruction(s) given by the Client from time to time to take specified action when the conditions forming part of such instructions are met and the Client has requested the Company to carry out such instruction during Business Hours if the relevant conditions are met.



- 1.2. Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to “**Retained Properties**” as defined in Section I shall be construed as references to include Collateral.
- 1.3. In the event that the Client requests and authorizes the Company to apply for securities in respect of a new listing and/or issue of securities on the Exchange, the definition of “Collateral” shall be construed to include the following:

“all Allotted Securities and all monies in relation to the application for Offer Securities which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the Company or nominees, including those monies and securities that shall come into the possession, custody or control of the Company from time to time in relation to the aforesaid application (which shall include any additional or substituted securities and all dividends, distributions or interest paid or payable, rights, interests, monies, entitlements, other payments or property accruing or offered at any time by way of redemption, bonus, preference, options or otherwise in respect of any such securities or additional or substituted securities)” .
2. **Services**
  - 2.1 In addition to clause 3 of the Cash Client’ s Agreement, if services are to be provided by the Company to the Client in relation to derivative products, including options, the Company shall provide to the Client upon request product specifications and any prospectus or other offering document covering such products and, where applicable and supplemental to Clause 4 below, an explanation of margin procedures and the circumstances under which the Client’ s positions may be closed.
  - 2.2 The margin trading services are not available for Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect.
- 2A. **Credit Facilities**
  - 2A.1 Where the Lender grants any Credit Facilities to the Client, the Credit Facilities shall be revolving and shall be secured by the Collateral up to such extent (subject to the restrictions under any Applicable Laws and Regulations) as may be determined by the Lender (in its absolute and subjective discretion) from time to time provided that the Lender shall have the right to review such extent with reference to the financial position of the Client and such other relevant factors.
  - 2A.2 The Client further acknowledges and agrees to abide by the terms and conditions of the Loan Agreement and the provisions of any other agreement made with the Lender and/or the Company from time to time in relation to the granting and maintenance of such Credit Facilities.
  - 2A.3 The Lender shall have the absolute discretion to determine the value of the Collateral required to be provided by the Client, and/or to determine, amend or alter the principal amount and other terms of the Credit Facilities from time to time and/or to refuse to make any advance under the Credit Facilities (whether or not the existing facility limit has been exceeded) and/or to terminate and require immediate repayment of the Credit Facilities at any time. At all times, the amount outstanding under the Credit Facilities shall not exceed such extent as prescribed by the Lender in its absolute discretion.
  - 2A.4 Notwithstanding any of the terms and conditions in the Agreement or the Loan Agreement, (i) the Credit Facilities are repayable on demand and may be varied or terminated in the absolute discretion of the Lender; and (ii) the Lender will not at any time be obliged to make any advances to the Client.
  - 2A.5 Without prejudice to the above, the Lender shall be under no obligation to make any advances to the Client under the Credit Facilities, if any of the following circumstances apply: -
    - (a) if the Client is in default of any of the provisions of the Agreement, the Loan Agreement, or any other letter, agreement or document entered into between the Client and the Lender;
    - (b) if in the opinion of the Company, there is or has been a material adverse change in the Client’ s financial condition or in the financial condition of any person which might adversely affect the Client’ s ability to discharge the Liabilities or perform its obligations under the Agreement, the Loan Agreement, or any other letter, agreement or document entered into between the Client and the Lender;
    - (c) if making an advance to the Client would cause any applicable limit as prescribed by the Lender to be exceeded; or
    - (d) if the Company in its absolute discretion considers it prudent or desirable for the protection of the Lender.
  - 2A.6 The Company is instructed and authorised by the Client to draw on the Credit Facilities to settle any Liabilities, whether in respect of any Transaction, margin maintenance obligations for any positions as required by the Company, or payment of any commission or other costs and expenses owing to the Lender.
  - 2A.7 For so long as any Liabilities remain outstanding, or any monies, liabilities or obligations owed to any CMBI Group or Transaction counterparties remain outstanding , the Company shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral or any other monies and/or the Securities held by the Company for the account of the Client; and the Client shall not (without the prior consent of the Company) be entitled to withdraw any Collateral, monies and/or Securities in part or in whole from the Account.
  - 2A.8 The Credit Facilities may be terminated by the Company upon the occurrence of any one or more of the following events:
    - (a) the revocation of the Client’ s Standing Authority as provided under Schedule 2 or required by the Company; or
    - (b) the non-renewal of such Standing Authority upon its expiry or when called upon to do so; or
    - (c) any termination in accordance with Section I or II, and any notice of termination for that purpose shall be deemed to be a notice of termination of the Credit Facilities.Upon termination of the Credit Facilities, any outstanding Liabilities shall forthwith be repaid.

### 3. **Trading Decisions and Instructions**

- 3.1 Without prejudice to any rights or obligations arising under the Agreement, the Client acknowledges and agrees that the Client retains full responsibility for all trading decisions, Transactions and instructions in relation to the Account(s), which are made on the basis of the Client's own judgment and analysis, and the Company is responsible only for the execution, clearing, and carrying out of instructions and/or Transactions in relation to the Account(s); that the Company has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account(s) or any transaction therein.

#### 4. Margin

- 4.1 The Client agrees to provide and maintain such Margin in the Margin Account(s) and shall on demand pay such additional Margin by means of cash, securities or in such form and/or amounts and within such time as may be determined by the Company or relevant third parties to be payable by the Client or by the Company on the Client's behalf in respect of such Margin or any other payment in connection with any Transaction on the Client's behalf (or entered into with the Client) (as the case may be) under the terms of the Agreement (the **"Margin Requirement"**). Such Margin Requirement demanded or required by the Company may exceed any margin requirement prescribed by any Exchange or Clearing House or agent or broker. All funds provided by the Client as Margin shall be cleared funds and all securities provided by the Client as Margin shall be securities to which the Client has valid and unencumbered title. No previous Margin Requirement shall establish any precedent. Change on Margin Requirement shall apply to existing positions as well as to new positions after the date of such change.
- 4.2 Calls or demands for Margin Requirement must be met or satisfied by the Client forthwith upon demand by the Company. The time for payment of any Margin is of the essence and if no other time is stipulated by the Company when making a demand then the Client is required to immediately comply with such demand). The Client also agrees to pay immediately in full and on demand any amount owing with respect to any of the Account(s). All initial and subsequent deposits and payments for Margin and other purposes shall be made in cleared funds and in such currency and in such amounts as the Company may in its sole discretion require. The Client shall on demand reimburse the Company for all costs and expenses incurred by it in connection with the trading, dealing or Transactions effected in relation to the Margin Account(s) and/or pay or settle any outstanding amount under the Margin Account(s).
- 4.3 For the avoidance of doubt, failure by the Client to meet margin calls made by the Company by the time prescribed by the Company or otherwise or any other accounts payable hereunder shall give the Company the right (without prejudice to other rights) to close the Account(s) and/or to close out any position in the Account(s) (as the case may be) without notice to and/or consent by the Client and to dispose of any or all securities held for or on behalf of the Client and to apply the proceeds and any cash deposit(s) to pay the Company all outstanding balances owing to the Company and any CMBI Group Members. Any monies remaining after that application shall be refunded to the Client.
- 4.4 The Company shall be entitled to revise Margin Requirement from time to time in its absolute discretion. The Client shall be granted financial accommodation of up to such percentage as may be agreed from time to time of the market value of the Collateral maintained with the Company. No previous Margin Requirement shall establish a precedent and revised requirements once established shall apply to existing positions as well as to the new positions in the contracts affected by such revision.
- 4.5 Notwithstanding Clauses 4.1 and 4.2 of the Margin Client's Agreement, in the event that it is, in the sole opinion of the Company, impracticable for the Company to make demands for additional Margin pursuant to Clause 4.1 of the Margin Client's Agreement, including, if the impracticability is due to (i) the Client not being contactable or for any reasons does not respond after attempt to contact is made by the Company for such demands, or (ii) a change or development involving a prospective change:
- (1) in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of the Company likely to result in a material or adverse fluctuation in the stock market, currency market, commodities or futures market in Hong Kong and/or overseas; or
  - (2) which is or may be of a material adverse nature affecting the condition or operations of the Client,
- the Company shall be deemed to have made margin calls for such form and/or amounts as the Company may determine and such Margin shall become immediately due and payable by the Client.
- 4.6 Nothing in the Agreement shall be construed as taking away or affecting any lawful claim, lien or other rights and remedies which the Company may have in respect of any money held in any bank account pursuant to clause 11 of the Cash Client's Agreement and Clause 7 of the Margin Client's Agreement or in respect of any money received or paid into such bank account.
- 4.7 For the avoidance of doubt, if a debit balance arises on any of the Client's Account(s), the Company shall not be, nor shall the Company be deemed to be, obliged to make available or continue to make available any financial accommodation. In particular, but without limitation, the fact that the Company permits a debit balance to arise in any Account(s) so debited shall not imply any obligation on the part of the Company to advance monies or incur any obligation on the Client's behalf on any subsequent occasion, but without prejudice to the obligations of the Client in respect of any debit balance which the Company does permit to arise.
- 4.8 The Client agrees that any securities, monies and other assets deposited with, or otherwise provided by or on behalf of the Client to, the Company shall be Collateral in favour of the Company. The Client further agrees to charge by way of first priority fixed charge the Collateral and all securities, monies and other assets maintained at the Securities Account(s), including all related right, title and interest, in favour of the Company (both as trustee for the CMBI Group and for the Company itself) as continuing security for the payment and discharge of all its obligations and liabilities owned to the Company or the CMBI Group. The Client irrevocably authorises the Company to do all such acts and execute all such documents on the Client's behalf as the Company deems necessary to perfect, complete or obtain the benefits of such security. To such extent that such Collateral and securities, monies and other assets have not been charged by way of fixed charge under these Trading Account Terms, they shall be charged by way of first floating charge to the



- Company (both as trustee for the CMBI Group and for the Company itself) as continuing security for the payment and discharge of all its obligations and liabilities owed to the Company and any CMBI Group Member.
- 4.9 All Margin (additional or otherwise) provided and maintained by the Client pursuant to Clause 4.1 of the Margin Client' s Agreement, and all monies and securities of the Client which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the Company shall form part of the Collateral as a continuing security in favour of the Company and the CMBI Group for the payment and satisfaction of all liabilities, whether actual or contingent, present or future, due, owing or incurred from or by the Client to the Company and the CMBI Group under and pursuant to the Agreement.
- 4.10 The Company is not liable to pay interest on the monies or funds paid to or received by the Company in respect of the Margin Account(s) whether on deposit or however described. The Company is entitled to retain for its own benefit any interest or other realised income or increase in value earned or received in respect of such monies or funds. The Company is entitled to charge and the Client agrees to pay interest to the Company in respect of any deficit of the Margin Account(s) or any monies or funds otherwise owing to the Company at any time at such rates and on such other terms as the Company announced in the CMBI Website and/or notifies the Client from time to time. Interest shall be payable on the last day of each calendar month or forthwith upon demand by the Company.
- 4.11 The Client shall monitor the Margin Account(s) so that at all times the Margin Account(s) shall contain a sufficient account balance to meet the Margin Requirement. The Company may reject any instruction or order of the Client if the Client does not have a sufficient account balance to meet the Margin Requirement and may delay the processing of any instruction or order while determining the correct margin status of the Margin Account(s). The Client shall maintain, without notice or demand from the Company, a sufficient account balance at all times so as to continuously meet the Margin Requirement. The Client must at all times satisfy whatever Margin Requirement calculated or demanded by the Company.
- 4.12 The Company has no obligation to notify the Client of any failure to meet the Margin Requirement prior to the Company exercising its rights, powers, discretion and remedies under the Agreement. The Client understands and accepts that the Company may not always issue call or demand on Margin Requirement, that the Company generally may not credit the Margin Account(s) to meet any deficiency on Margin Requirement, and that the Company is authorised to exercise any of its rights under clause 13 and clause 15 of the Cash Client' s Agreement and Clause 8 of the Margin Client' s Agreement in order to satisfy Margin Requirement without prior notice to the Client.
- 4.13 Without prejudice and in addition to the terms and conditions herein, in the event that the balance of a Margin Account has zero equity or is in deficit at any time, or the Margin Account does not have a sufficient account balance to meet Margin Requirement, the Company shall have the right, in its sole discretion, but not the obligation, to exercise any of its rights under clause 13 and clause 15 of the Cash Client' s Agreement and Clause 8 of the Margin Client' s Agreement at any time and in such manner and in any Market as the Company deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to the Company, any deficiency in the Margin Account(s) that arises from such exercise of rights or remain after such exercise of rights. The Company shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such exercise of rights (or if the Company experiences a delay in exercising, or does not exercise such rights). Notwithstanding anything stated in the Agreement, the Client acknowledges and agrees that in certain circumstances or for certain securities products, the Company may not be able to issue a margin call or issue the margin call in time, and that it is possible that the Company (or the relevant third parties) may liquidate the related Securities and Collateral or exercise its rights under this Agreement without a margin call being issued at all in order to fulfill such Margin Requirement.
- 4.14 The Client expressly waives and relinquishes any rights to receive prior notice or demand from the Company and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of the Company' s right to exercise any of its rights under clause 13 and clause 15 of the Cash Client' s Agreement and Clause 8 of the Margin Client' s Agreement. The Client understands that, in the event that the Company exercise such rights, the Client shall have no right or opportunity to determine the manner of exercising such rights by the Company. The Company may, in its absolute and sole discretion, exercise such rights on any Exchange or Market, and the Company or its associated company may take the other side of any closing out, liquidating or settlement transaction. In the event that the Company exercises such rights, such exercise of rights shall establish the amount of the Client' s gain or loss and indebtedness to the Company, if any. The Client shall reimburse and hold the Company harmless for all actions, omissions, costs, expenses, fees (including, legal costs), penalties, losses, claims or liabilities associated with any exercise of such rights by the Company. The Client shall be liable to and responsible for all resulting losses, notwithstanding the Company' s delay in or failure to exercise such rights. If the Company executes an order for which the Client did not have sufficient funds, the Company has the right, without notice to the Client, to liquidate the Transaction and the Client shall be responsible for any loss as a result of such liquidation, including any costs, and shall not be entitled to any profit that results from such liquidation.
- 4.15 The Client irrevocably and unconditionally authorises the Company to transfer, debit or deduct any money in the Margin Account(s) and/or the Account(s) so as to pay, discharge, satisfy the Client' s indebtedness, obligations and liabilities to the Company arising from, incurred under and relating to the Agreement, including the outstanding purchase monies, fees (including market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Margin Account(s) to be applied against the Margin Requirement. The Company may exercise any of its rights under clause 13 and clause 15 of the Cash Client' s Agreement and Clause 8 of the Margin Client' s Agreement if deduction of commissions, fees or other charges causes the Margin Account(s) to have an insufficient balance to satisfy the Margin Requirement.
- 4.16 The Client agrees to satisfy any call or demand for Margin Requirement issued by the Company by immediately depositing cleared funds in the Margin Account(s) to pay, in full, the under-margined open position.
- 4.17 The Company shall also have the right to exercise any of its rights under clause 13 and clause 15 of the Cash Client' s Agreement and Clause 8 of the Margin Client' s Agreement without prior notice to the Client in the same manner as provided above: (a) if any dispute





arises concerning any trading or Transaction of the Client; (b) upon the Client' s failure to timely discharge the liabilities, whether actual or contingent, present or future, due, owing or incurred from or by the Client to CMBI Group under and pursuant to the Agreement; (c) upon the Client' s insolvency or filing of a petition in bankruptcy or for protection from creditors; (d) upon the appointment of a receiver, or (e) whenever the Company, in its absolute and sole discretion, deems necessary or advisable for the protection of the Company.

## 5. Securities Borrowing & Lending

- 5.1 The Company shall be permitted to borrow or lend securities in accordance with applicable securities borrowing & lending regulations issued by SEHK or the Clearing Rules (as the case may be) and, where the securities borrowing relates to Hong Kong stock, with Applicable Laws and Regulations, the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) and the relevant stamp duty interpretation and practice notes.

## 6. Securities in the Account(s)

- 6.1 The Client specifically authorizes the Company, in respect of all securities and Collateral deposited with, or otherwise provided by or on behalf of the Client to the Company, to:
- (1) deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Company or associated entity for the purpose of holding Collateral of the Company with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities;
  - (2) deposit in an account in the name of the Company or associated entity (as the case may be) with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities; or
  - (3) register in the name of the Client on whose behalf the Collateral has been received, the Company or the associated entity.
- 6.2 Any securities and Collateral held by the Company, any associated entity of the Company, banker, institution, custodian or intermediary pursuant to clause 10 of the Cash Client' s Agreement and Clause 6.1 of the Margin Client' s Agreement or otherwise shall be at the sole risk of the Client, and the Company and the relevant associated entity, banker, institution, custodian and intermediary shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 6.3 The Client authorizes the Company to apply any of the Client' s securities and/or Collateral pursuant to a GMSLA and/or other securities borrowing and lending agreement(s) in accordance with the Client Securities Rules, and has provided the Company a standing authority to repledge the Client' s securities. Without limiting the generality of the foregoing, the Client acknowledges and agrees that the Company may pledge, re-pledge, hypothecate or re-hypothecate, either separately or together with the securities of the Company' s other clients, all securities that the Client, now or in the future, carry, hold or maintain in the Margin Account(s). The Client agrees that the securities held in the Margin Account(s), now or in the future, may be borrowed by the Company or by others. The Client agrees that the Company may receive and retain and the Client will not be entitled to certain benefits (including, but not limited to, interest on such loans, cash or other collateral in return for lending out the securities). The Client acknowledges that, in certain circumstances, such borrowings could limit the Client' s ability to exercise voting rights or receive dividends, in whole or in part, with respect to the securities lent. In the event that the Company applies securities or Collateral in accordance with of this Clause, the Company may either:
- (1) act as principal in entering into a GMSLA or other securities borrowing and lending agreement(s) with any person for the purposes of on-lending the Client' s securities or collateral. The Client authorizes the Company to use or lend to itself, its affiliates or on-lend to other financial institutions, such securities or collateral in the Client' s account under the above agreements for the Company' s own purpose and for financial accommodation provided to the Client; or
  - (2) act as the Client' s agent in entering into a GMSLA and/or other securities borrowing and lending agreement(s) with any person on such terms as the Company thinks fit, provided that (subject to any other written agreement between the Company and the Client):
    - (i) the Company agrees to pay to the Client such fee, if any, as is set out in accordance with written agreement with the Client;
    - (ii) the Client' s rights of dividends or other distributions or benefits in relation to any securities deposited with the Company shall, subject to the GMSLA or other securities borrowing and lending agreements, continue to apply; while the Client' s rights in clause 10.3 of the Cash Client' s Agreement cease to apply; and
    - (iii) the Company shall not be liable to the Client for any fee, dividend, distribution or other payment or return of any securities or Collateral lent if an event of default occurred in relation to the borrower of such securities or Collateral.
- 6.4 The Transactions and assets booked under the Margin Account(s) shall not be co-mingled with those booked under the Securities Account(s) except as expressly provided for in the Agreement.

## 7. Monies in the Account(s) and Interest

- 7.1 The Company shall be entitled to deposit all monies held in the Account(s) and all monies received for or on the account of the Client with one or more segregated account(s) in Hong Kong, each of which shall be designated as a trust account or client account, at one or more authorised financial institution(s) or any other person approved by the SFC for the purposes of section 4 of the Client Money Rules. Without prejudice to any provision of the Agreement, the Company shall be entitled to transfer all monies in any Account to



any other Account(s) held by the Client with the Company, and the Client hereby directs and authorizes the Company to use or transfer any sum of monies from or to such Account(s) and/or segregated account(s) to satisfy and/or set off the Client's obligations or liabilities to the Company, other CMBI Group Members or in relation to any Transactions, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several. Unless otherwise agreed between the Client and the Company, any interest accrued on such monies shall belong to the Company absolutely.

- 7.2 Unless otherwise indicated, the Client undertakes to pay interest to the Company in respect of any debit balance on the Margin Account(s) or any amount otherwise owing to the Company at any time compounded at such rate as may be specified from time to time by the Company in its absolute discretion or failing any such specification at a rate equivalent to three per cent per annum above the best lending rate for the relevant currency quoted by such bank selected by the Company in its absolute discretion from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by the Company.
- 7.3 All losses, damages and risks, including without limitation any credit and default risks, that are associated with any monies and Collateral, in or relating to the Account or any Transaction, being deposited or held by the Company, an associated entity or other CMBI Group Member (whether or not held in their names, a trust account or other manners) in or with any Exchange, bank, financial institution, custodian and/or intermediary shall be wholly borne by the Client.

## 8. Event of Default

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

- (1) the Client's failure to pay any deposits, Margins (initial, maintenance or additional) or adjustments (variation or otherwise) or any other sums payable to the Company or CMBI Group or submit to the Company any documents or deliver any securities to the Company hereunder or has failed or refused to comply with any request, call or demand, when called upon to do so or on due date;
- (2) default by the Client in the due performance of any of the terms of the Agreement, terms of any Transaction, any deeds or agreements with the CMBI Group, any obligations in favour of CMBI Group, or in the observance of any applicable laws and regulations (including but not limited to any by-laws, rules and regulations of the appropriate Exchanges and/or Clearing Houses);
- (3) any representation or warranty made by the Client to the Company in the Agreement or in any document being or becoming incorrect or misleading;
- (4) any consent, authorisation or board resolution required by the Client (being a corporation or a partnership) to enter into the Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (5) the levy or enforcement of any attachment, execution or other process against the Client;
- (6) the occurrence of any event which, in the sole opinion of the Company, might jeopardize any of its rights under the Agreement or subject the Company to any risk in relation to legal and regulatory compliance (including without limitation risks concerning know-your-client obligations, money laundering and terrorist financing activities) ;
- (7) the Company has made attempt to demand from the Client any Margin, but, for whatever reason, has not been able to communicate directly with the Client;
- (8) the receipt by the Company of notice of any dispute as to the validity of any order or instruction from the Client;
- (9) the continued performance of the Agreement becomes illegal or claim by any government Authority to be illegal;
- (10) the filing of a petition in bankruptcy, winding up or the commencement of other analogous Proceedings against the Client;
- (11) the death of the Client or, in the case of joint account, the death of any joint account holders (in each case being an individual); and
- (12) any event described under clause 13.1 of the Cash Client' s Agreement.

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

- (1) cancel any or all outstanding orders or any other commitments made on behalf of the Client;
- (2) immediately close the Account(s);
- (3) terminate all or any part of the Agreement;
- (4) close any or all contracts between the Company and the Client, cover any short position of the Client through the purchase of securities on the relevant Exchange(s) or liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
- (5) sell, liquidate or dispose of any or all securities and other property held for or and on behalf of the Client and to apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to the Company, CMBI Group Member and/or a third party;
- (6) combine, consolidate and set-off any or all accounts of the Client in accordance with clause 15 of the Cash Client' s Agreement; and/or
- (7) take or not to take any actions, or do any acts, matters or things as the Company shall think fit.

8.3 In the event of any sale, liquidation or disposal pursuant to this Clause:



- (1) The Company will exercise its own judgement in determining the time to sell, liquidate or dispose of the securities or any part thereof and the Company shall not be responsible for any loss occasioned thereby;
- (2) The Company shall be entitled to appropriate to itself or sell, liquidate or dispose of the securities or any part thereof at the current price to any CMBI Group Member or third party without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by the Company and/or any CMBI Group Member;
- (3) the Client undertakes to pay to the Company any deficiency if the net proceeds of sale or net proceeds of liquidation shall be insufficient to cover all the outstanding balances owing by the Client to the Company, any CMBI Group Member or a third party; and
- (4) The Company shall not be responsible for any loss occasioned thereby howsoever arising if the Company has already used reasonable endeavors to sell or dispose of the securities or any part thereof at the then available market price.

## 9. Amendment and Termination

- 9.1 Notwithstanding the other provisions of the Agreement, the Client shall have no right to terminate the Agreement if the Client has open positions or outstanding liabilities or obligations.

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## SECTION III E-Statement Service Agreement

The E-Statement Service Agreement is additional and supplemental to the Agreement. The E-Statement Service (as defined below) to be provided by the Company, under which the Client shall receive statements of the relevant Account via CMBI Mail, shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of the E-Statement Service Agreement and any provision of Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

### 1. Definition Interpretation

- 1.1. In this E-Statement Service Agreement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Cash Client' s Agreement. In addition, the following expressions shall have the following meanings:

**"Client' s System"** means all hardware and software system used by the Client in gaining access to Electronic Trading Facilities and/or E-Statement Service (including, any computer, modem, mobile phone and any program installed therein);

**"E-Statement "** has the meaning ascribed thereto under Clause 3.2 of the E-Statement Service Agreement ;

**"E-Statement Service"** means the services provided under Clause 3 of the E-Statement Service Agreement;

**"relevant Account"** means the Account in relation to which the Company has agreed to provide E-Statement Service.

### 2. Client' s System

- 2.1. The Client shall be solely responsible for making available at the Client' s own costs and risks the Client' s System to receive the E-Statement, and to support the Client' s use of, the E-Statement Service.
- 2.2. The Client declares that the Client is the owner of or is otherwise authorised to use the Client's System for the purposes stated in Clause 2.1 above.
- 2.3. The Client shall at the Client's own costs and expenses ensure that the Client's System is compatible with and properly connected to the system of the Company at all times and shall at the like costs and expenses maintain the Client's System in good operating conditions.
- 2.4. The Company shall not be responsible for any matter caused by the fault, failure or malfunctioning of the Client' s System.
- 2.5. The Client shall only use the Client's System in Hong Kong or other jurisdiction where the E-Statement Service may lawfully be provided by the Company and used by the Client.

### 3. E-Statement Service

- 3.1. The Client shall abide by any and all laws, rules, regulations and official issuances applicable to the E-Statement Service, now existing or which may hereafter be enacted, issued or enforced, as well as such other terms and conditions governing the use of other facilities, benefits or services which the Company may from time to time make available to the Client in connection with the E-Statement Service.
- 3.2. The Client consents to use the E-Statement Service, and understands that the E-Statement Service means that the Company will send to the Client statements of the relevant Account through the medium of CMBI Mail or other electronic means accessed via the Client' s computer terminal ( **"E-Statement"** ) and the Client shall no longer receive hard copies of the statements of the relevant Account by post.
- 3.3. The E-Statement Service is offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when the E-Statement Service may be lawfully offered and processed under the Applicable Laws and Regulations.
- 3.4. The Client understands that the E-Statement Service shall only be available to clients with telecommunication equipment/computer terminal acceptable to the Company.
- 3.5. The Client understands that the E-Statement Service may without notice to the Client be suspended for any reason including any breakdown, maintenance, modification, expansion and/or enhancement work initiated by the Company' s system or by the internet service provider(s) concerned in relation to their network. The Client agrees that the Company will not assume any liability or responsibility for any such suspensions.
- 3.6. The Company shall use reasonable effort to ensure that the E-Statement Service is secure and cannot be accessed by unauthorised third parties. However, the Client acknowledges that the Company does not warrant the security, secrecy or confidentiality of any information transmitted through any applicable telecommunication channel, internet service provider, network system or such other equivalent system in any jurisdiction.
- 3.7. The Client understands that the Company is unable to know whether someone other than the Client has access to the E-Statement using the user name and/or password of the Client' s E-mail address. The Client shall not permit or allow any other person to have access to the Client' s E-mail address for any purpose. The Client shall be responsible for the confidentiality and use of user name and password of the Client' s E-mail address.
- 3.8. The Client agrees to notify the Company in writing (or in such manner as the Company may from time to time prescribe) of any change



in the particulars provided to the Company including the Client' s E-mail address(es) and the Client shall notify the Company forthwith upon the disconnection or suspension of any of the Client' s E-mail address(es) provided to the Company.

- 3.9. The Company and/or any of the Company' s relevant service provider(s) will not assume any liability or responsibility for any failure or delay in transmitting information to the Client or for any error or inaccuracy in such information unless it results from any willful default on the part of the Company or such service provider. In particular, the Company and/or any such service provider shall not assume any liability or responsibility for consequences arising from any cause or in connection with: (a) use of E-Statement Service and/or access to any information or data through E-Statement Service as a result of such use by the Client or any other person whether or not authorised; (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing E-Statement Service, in transmitting information or data relating to E-Statement Service (whether or not within the control of the Company) including failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorised access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law); and (c) transmission, posting and/or storage of any information and/or data relating to the Client and/or E-Statement Service through or in any system, equipment or instrument of any communication network provider; and (d) act of god, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party' s control.

#### 4. Cancellation

- 4.1. The Client understands that the cancellation of use of the E-Statement Service may be effected by the Company or the Client in accordance with Clauses 4.2 and 4.3 of the E-Statement Service Agreement.
- 4.2. The Company reserves the right to cancel the Client' s enrollment to the E-Statement Service. The Company shall, prior to canceling the Client' s enrollment in to the E-Statements Service, give reasonable notice to the Client of such cancellation through electronic or paper document.
- 4.3. The Client may cancel its enrollment to the E-Statement Service by giving the Company at least fourteen (14) Business Days' prior written notice. The aforesaid prior written notice shall be a valid and effective prior written notice only and only if such notice shall be actually received by the Company and the effective date for cancellation of the E-Statement Service stated therein shall be at least seven (7) Business Days after the date of receipt of such notice by the Company.
- 4.4. The Company reserves the right to suspend or terminate the E-Statement Service at any time without giving any prior notice and reason.

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## SECTION IV Electronic Trading Services Agreement

The Electronic Trading Services Agreement is additional and supplemental to the Agreement. The Electronic Trading Facilities to be provided by the Company shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of the Electronic Trading Services Agreement and any provision of Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

### 1. Definition Interpretation

- 1.1. In this Electronic Trading Services Agreement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Cash Client' s Agreement. In addition, the following expressions shall have the following meanings:

**"Client' s System"** means all hardware and software system used by the Client in gaining access to Electronic Trading Facilities and/or E-Statement Service (including, any computer, modem, mobile phone and any program installed therein);

**"Device"** means any device (including any digital or electronic certificate or encrypted software), equipment, phone, machine or computer provided, whether mobile, fixed, portable or otherwise (whether by the Company or not) to or otherwise employed by the Client for giving Instruction;

**"information"** means all kinds of information including messages, news, quotes, report, computer programs, software, images, illustrations, presentation, opinion, configuration, text and other materials;

**"Instruction"** means any instruction or order communicated by the Client or the Authorised Person to the Company through Electronic Trading Facilities (a) for Transactions; and/or (b) to check the portfolio and fund position in the relevant Account;

**"relevant Account"** means the Account in relation to which the Company has agreed to provide Electronic Trading Facilities.

### 2. Client' s System

- 2.1. The Client shall be solely responsible for making available at the Client' s own costs and risks the Client' s System to gain access to, and support the Client' s use of, Electronic Trading Facilities by using the Device.
- 2.2. The Client declares that the Client is the owner of or is otherwise authorised to use the Client's System for gaining access to Electronic Trading Facilities.
- 2.3. The Client shall at the Client's own costs and expenses ensure that the Client's System and Device are compatible with and properly connected to the system of the Company at all times and shall at the like costs and expenses maintain the Client's System in good operating conditions.
- 2.4. The Company shall not be responsible for any matter caused by the fault, failure or malfunctioning of the Client' s System.
- 2.5. The Client shall only use the Client's System in Hong Kong or other foreign jurisdiction where Electronic Trading Facilities may lawfully be provided by the Company, and/or its agent and used by the Client.

### 3. Scope of Electronic Trading Facilities

- 3.1. The Client consents to use Electronic Trading Facilities as a medium of communication with the Company and to transmit or receive information, data and documents between the Company and the Client. All Instructions/orders communicated to the Company through Electronic Trading Facilities shall be deemed to be sent by the Client. The Instructions shall be carried out by the Company and/or its agent on the terms and conditions governing the relevant Account.
- 3.2. Electronic Trading Facilities are offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when they may be lawfully offered and processed under the Applicable Laws and Regulations.
- 3.3. The Company has the sole discretion to determine and vary the scope and manner of availability of Electronic Trading Facilities to be provided from time to time, and to prescribe and change the normal service hours for Electronic Trading Facilities and any daily cut-off time for any type of Transactions.
- 3.4. Any Instruction received by the Company after the prescribed daily cut-off time shall not be executed until the next processing day for Instruction of that kind.
- 3.5. The Company shall not be deemed to have received or have executed the Instructions unless so stated in the Company regular statements of the relevant Account and/or confirmation of execution given by the Company online and/or other means of advice. The Client agrees and acknowledges that it is the Client' s sole responsibility to keep records of such statement, confirmation and/or advice given by the Company, and save for manifest error or unless proved to the contrary by the Client to the Company' s satisfaction, the Company' s record shall be deemed as conclusive and binding.
- 3.6. Without prejudice to any provision of the Electronic Trading Services Agreement or other terms and conditions governing the relevant Account, the Client agrees that the Client is under a duty to promptly check and verify the contents of each of the Company' s regular



statements of the relevant Account and/or confirmation of execution given by the Company online and/or other means of advice, and report to the Company any discrepancies in writing within seven (7) days from the date such statements, confirmation and/or advice was sent. If the Client fails to do so, the Client shall not be entitled to dispute any discrepancies in such statements, confirmation and/or advice and accepts such statements, confirmation and/or advice as final and conclusive and the same shall be binding on the Client for all purposes.

- 3.7. Without prejudice to any provision of the Electronic Trading Services Agreement or other terms and conditions governing the relevant Account, such confirmation of execution given by the Company online and/or other means of advice shall be deemed received by the Client after transmission by the Company. For the avoidance of doubt, the Client agrees that it is the Client's duty to notify the Company immediately if the Client does not receive the Company's regular statements of the relevant Account or such online confirmation and/or other means of advice given by the Company in respect of any Transactions within the time usually required for receipt of similar statements, confirmation and/or advice.
- 3.8. Without prejudice to any provision of the terms and conditions governing the relevant Account which relate to communication or notice by or from the Company and the right of the Company to use any way or method of communication, for the purposes of Electronic Trading Facilities, each notice and communication from the Company to the Client sent by post to the last known address of the Client on the Company's record shall be deemed to have been duly delivered to the Client twenty-four (24) hours after it has been posted and if sent by electronic mail ( "E-mail" ) or facsimile to the E-mail address or facsimile number provided by the Client respectively, upon it being sent unless it is otherwise shown to the contrary in the Company's internal records. For the avoidance of doubt any notice given by the Company to the Client shall be deemed to have been duly delivered by the posting of such notice on the CMBI Website or Mobile Site.
- 3.9. Notwithstanding any provision in the Electronic Trading Services Agreement, the Company shall have the right exercisable at their sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client, to suspend or terminate the Electronic Trading Services or the use of any Electronic Trading Facilities, or, to limit, vary, suspend or terminate the Client's access to Electronic Trading Facilities or any function thereunder or to any information or data from any information or service provider or any part of it, or to set limit on any Instruction that can be given and any Transaction that can be entered pursuant thereto, for any reason whatsoever, including any unauthorised use of any of the service, information, data, or any user identification or account number.
- 3.10. The Client understands and acknowledges that Electronic Trading Facilities are provided as an additional service in relation to Transactions effected, conducted, carried on and entered into by the Client with and through the Company, and shall not be considered as a substitute for other method(s) of giving instructions for such Transactions. In the event that Electronic Trading Facilities are not available for any reason whatsoever (whether or not within the control of the Company), the Client shall have no claim whatsoever against the Company for inability to use Electronic Trading Facilities and shall use other available means to give instructions for such Transactions.
- 3.11. Without prejudice to the generality of the foregoing, the Company shall be entitled to terminate or suspend Electronic Trading Facilities provided to the Client if: -
  - (a) the Client commits any material breach of the Agreement and/or any other terms and conditions governing the relevant Account,
  - (b) the provision and/or maintenance of Electronic Trading Facilities to the Client shall be illegal or otherwise prohibited by law; or
  - (c) the Company's records show that the relevant Account has become dormant for such period prescribed by the Company.
- 3.12. The Client may request the Company in writing or via Electronic Trading Facilities to change the Password from time to time. The issuance or assignment of a new Password shall not be regarded as the commencement or creation of a new agreement between the Client and the Company in respect of Electronic Trading Facilities.

#### 4. Limitation on Electronic Trading Facilities

- 4.1. The CMBI Website, Mobile Site and/or Electronic Trading Facilities are intended to be offered in jurisdictions where and when they may be lawfully offered.
- 4.2. The Client may reside in jurisdictions in which use of the CMBI Website, Mobile Site and/or Electronic Trading Facilities are unlawful, prohibited or in any way restricted. CMBI Group shall not be liable for any use of Electronic Trading Facilities in such jurisdictions. The Client acknowledges and agrees to check and observe all relevant restrictions which may apply to it.

#### 5. CMBI Website and Mobile Site

- 5.1. The Client acknowledges that the Company may operate the CMBI Website and Mobile Site to facilitate the provision of Electronic Trading Facilities to the Client. The CMBI Website and Mobile Site are made available to the Client in the Company's discretion and the use of the CMBI Website and/or Mobile Site by the Client is subject to such terms and conditions as imposed and from time to time amended by the Company. The Company will notify the Client such terms and conditions and the amendments thereto, which shall be deemed duly notified to the Client by posting the same on the CMBI Website and/or Mobile Site and/or mailing or sending the same to the Client, as determined at the Company's sole discretion. The Electronic Trading Facilities and related transactions may be subject to requirements from Applicable Laws and Regulations and additional terms and conditions of other vendors and services providers which the Company may agree in its absolute discretion, and the Client agrees to comply with and be bound by such requirements and terms and conditions.
- 5.2. The Client acknowledges that all information and data posted on the CMBI Website and/or Mobile Site or otherwise made available



on or through Electronic Trading Facilities, the CMBI Website and/or Mobile Site are provided on an “AS IS” and “AS AVAILABLE” basis. The Company expressly disclaims all warranties of any kind, whether express or by implication, including the implied warranties of merchantability, fitness for a particular purpose and non-infringement of any third party right. Such information and data (whether supplied by the Company or any third party) are for reference only and shall not in any circumstances be binding or intended for any Transaction, or regarded or used by the Client as professional or investment advice or a basis for making any Transaction decision, or any other purposes. The Client shall seek independent professional advice where necessary.

- 5.3. The Client acknowledges and agrees that any material, data and/or software downloaded or otherwise obtained from or through the use of the CMBI Website and/or Mobile Site is done at the Client’s own discretion and risk. The Client undertakes to take all necessary precautions, including data backup and software testing, before using such software. The Company shall not be liable in any way to any damage to the Client’s System or loss of data that may result from the download and/or use of such material, data or software (in particular, in respect of loss and damage due to computer virus or software malfunction).
- 5.4. Any hyperlinks from the CMBI Website and/or Mobile Site to other websites are for information purpose and convenience only. The Company accepts no liability for any loss or damage arising directly or indirectly (including incidental, consequential and special loss) from the accuracy, sequence, truth, reliability, adequacy, timeliness, completeness or otherwise of the information or loss arising directly or indirectly from defects within such websites. The inclusion of hyperlinks does not imply any endorsement by the Company of any materials on such websites.
- 5.5. The Client acknowledges and agrees that, in addition to this Electronic Trading Services Agreement, the Company has absolute discretion to impose from time to time other terms and conditions in respect of the use of Electronic Trading Facilities which terms will not be contained herein but may at the Company’s discretion be posted on the CMBI Website and/or Mobile Site and/or mailed or sent to the Client, as the case may be, and which shall be binding on the Client. The Company has absolute discretion at any time to amend or vary such terms and conditions and/or this Electronic Trading Services Agreement which amendment or variation shall be deemed duly notified to the Client by posting the same on the CMBI Website and/or Mobile Site and/or mailing or sending the same to the Client, as determined at the Company’s discretion. If the Client does not accept any amendment to such terms and conditions and/or this Electronic Trading Services Agreement proposed by the Company, the Client shall (a) cease using Electronic Trading Facilities; and (b) terminate Electronic Trading Facilities by giving not less than fourteen (14) Business Days written notice to the Company (which shall only be effective after the actual receipt of such written notice by the Company) provided that all rights and obligations accrued to the parties hereto prior to such termination shall not be affected. The Client shall be deemed to have accepted the terms and conditions as amended or varied once the Client uses or continues to use Electronic Trading Facilities after the relevant terms and conditions become effective.
- 5.6. The Client acknowledges and agrees that the internet is, due to unpredictable traffic congestion or any other reasons, an inherently unreliable medium of communication and that such unreliability is beyond the control of the Company and the Company does not make any warranty as to the results that may be obtained from the use of the CMBI Website and/or Mobile Site or as to the accuracy or reliability of any information obtained through the CMBI Website and/or Mobile Site or that defects in the software available on the CMBI Website and/or Mobile Site will be corrected.

## 6. User Identification

- 6.1. The Client acknowledges that only the Client will be the authorised user of Electronic Trading Facilities in relation to the relevant Account and the Client may be required to use various identification and Access Codes, including Password, Login Name and other identification to access the service (together referred to below as “user identification”).
- 6.2. The Company is authorised (but not obligated) in its absolute discretion to act on any Instruction received in relation to the relevant Account without any duty or liability to verify the identity or authority of the person giving the Instruction or the validity and/or authenticity of such Instruction once the correct user identification of the Client has been inputted. The Client acknowledges and agrees that the Client shall be solely responsible for all Instructions entered through the Electronic Trading Facilities using the user identification and all Transactions entered pursuant thereto (whether or not such Instructions were actually given by the Client) and neither the Company nor its directors, officers, employees or agents shall have any liability to the Client, or to any other person whose claim may arise through the Client for any claims with respect to the handling or loss of any Instruction.
- 6.3. The Client shall be solely responsible for all costs and losses, whether directly or indirectly, arising out of or in connection with any unauthorised use of the Client’s user identification. The Client shall also have duty to notify the Company immediately of the Client’s becoming aware of any loss, theft or unauthorised use of the Client’s user identification.

## 7. Client’s Responsibilities

The Client undertakes that: -

- (a) the Client shall be responsible for the confidentiality, application and proper use at all times of the Client’s user identification, and shall take such action or do such act, matter or thing as is necessary including the following: -
  - (1) not to disclose the user identification to any other person or permit any other person to gain access to Electronic Trading Facilities;
  - (2) not to send the user identification via E-mail;
  - (3) not to disclose the user identification to anyone who claims to represent the Company or holds out as the Company’s employee or authorised representative in any circumstance (it is not necessary for the Company’s employee to know the user identification);



- (4) to destroy the original printed copy of the Password (if any);
- (5) to change the initial Password when the Client first uses Electronic Trading Facilities and to change the Password periodically;
- (6) to promptly log out from Electronic Trading Facilities once the Client has finished using Electronic Trading Facilities; and
- (7) not to leave the Client's System unattended while using Electronic Trading Facilities.
- (b) the Client shall not use or attempt to use Electronic Trading Facilities for any purpose other than it was permitted by the Company;
- (c) the Client shall as soon as practicable report to the Company any loss or unauthorised disclosure of the user identification by phone and confirm in writing thereafter within twenty-four (24) hours or such other period as the Company may prescribe from time to time;
- (d) the Client agrees and acknowledges that it shall be fully responsible for any accidental or unauthorised disclosure of the user identification to any other person;
- (e) the Client shall not, and shall not attempt to tamper with, modify, decompile, disassemble, reverse-engineer, damage, alter or gain unauthorised access to any part of Electronic Trading Facilities, the CMBI Website, Mobile Site and/or any software comprised in them;
- (f) the Client undertakes to notify the Company immediately if the Client becomes aware of any of the actions described in subparagraph (e) above is being perpetrated by any other person; and
- (g) the Client undertakes that should it experience any problems (whether technical or otherwise) in accessing to and/or using the Electronic Trading Facilities, it shall attempt to use an alternative method to communicate with the Company for the purpose of executing any Instruction or Transaction and inform the Company of such problem.

## 8. Third Party Information

- 8.1. The Client acknowledges that any information and data provided through Electronic Trading Facilities relating to securities and/or commodities and/or exchange contracts and/or futures/options contracts and/or Markets has been obtained from Exchanges and Markets and from other third party information or service providers appointed by the Company from time to time and that such information and data are or may be protected by copyright and other intellectual property laws, and are provided for the Client's personal non-commercial use only, and the Client shall not: -
- (a) download, reproduce, duplicate, provide, transmit, retransmit, disseminate, sell, transfer, disclose, assign, convey, lease, sub-license, share, loan, distribute, publish, broadcast, cablecast, circulate or commercially exploit any such information or data in any way without the consent of the Company or such information or service providers;
  - (b) remove, obliterate, erase, relocate or modify in any way any such information or data including any trademark or copyright notice; or
  - (c) incorporate or combine any such information or data with any other programs.
- 8.2. The Client acknowledges that the real-time quote service and the message alert service (to receive message alert when the prices of such securities and/or commodities and/or exchange contracts and/or futures/options contracts as specified by the Client reach a preset target price) that may be available through the Electronic Trading Facilities is provided by a third party appointed by the Company from time to time. The Client agrees that the Company shall not be responsible for any losses the Client or any other person may suffer for the failure of sending out the message alert and/or as a result of relying on any real time quote on prices of securities and/or commodities and/or exchange contracts and/or futures/options contracts, and/or any information which may be available to the Client through the Electronic Trading Facilities.
- 8.3. Neither the Company nor any information or service provider or any third party warrants, represents or guarantees the accuracy, reliability, adequacy, timeliness and completeness of any information or data provided through Electronic Trading Facilities and/or the CMBI Website and/or Mobile Site or whether any such information or data is fit for any purpose. The Company and all such information or service providers expressly disclaim all liabilities whatsoever arising from or in connection with any reliance on any such information or data.

## 9. Intellectual Property

All proprietary and copyright and other intellectual property rights in or subsisting in Electronic Trading Facilities, the CMBI Website and the Mobile Site, are the exclusive property of CMBI Group or the relevant information or service providers. No right, title or interest other than the right to access Electronic Trading Facilities and/or the CMBI Website and/or Mobile Site subject to the Agreement is conveyed or transferred to the Client. The Client shall not make any representation or do any act which may be taken to indicate that the Client has any such right, title or interest.

## 10. Limitation of Liabilities

- 10.1. The Company shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with:
- (a) use of Electronic Trading Facilities and/or access to any information or data through Electronic Trading Facilities and/or the CMBI Website and/or the Mobile Site as a result of such use by the Client or any other person whether or not authorised;
  - (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing Electronic Trading





Facilities, in transmitting Instructions or information or data relating to Electronic Trading Facilities or in connecting with the CMBI Website and/or the Mobile Site (whether or not within the control of the Company) including failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorised access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law);

- (c) transmission, posting and/or storage of any information and/or data relating to the Client, Electronic Trading Facilities and/or Transactions conducted by the Client in relation or pursuant to the Electronic Trading Facilities through or in any system, equipment or instrument of any communication network provider; and
  - (d) act of god, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond the Company's control.
- 10.2. The Company shall not in any circumstance and in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the Electronic Trading Facilities irrespective of how such loss may be caused.

## 11. Indemnity

- 11.1. Without prejudice to any other provision hereof and/or the Agreement, and unless due to the willful default of the Company, the Client shall fully indemnify and keep indemnified the Company and CMBI Group Member, their associated company, officers, employees and agents against all liabilities, claims, demand, losses, damages, costs, charges and expenses of any kind (including legal costs) on a full indemnity basis which may be incurred and all actions or Proceedings which may be brought by or against the Company and CMBI Group arising from, in connection with or otherwise as a result of the provision of Electronic Trading Facilities and/or the CMBI Website and/or the Mobile Site and/or access to the information or data thereon and/or the exercise or preservation of the Company's powers and rights the Company may have.
- 11.2. In any event, the Company shall not be liable for the Client's failure in observing the above obligations and the Client shall fully indemnify the Company in respect of any direct or indirect loss or cost of whatsoever nature that the Company may suffer or incur as a result thereof. For the avoidance of doubt, it is the responsibility of the Client to take its own initiative to contact the Company to check the status of any Instructions given through Electronic Trading Facilities.
- 11.3. If the Client gives any Instruction to the Company outside Hong Kong, the Client agrees to ensure and represent that such Instruction will have been given in compliance with any Applicable Laws and Regulations of the relevant jurisdiction from which the Instruction is given, and the Client agrees that, when in doubt, the Client shall consult its legal advisers and other professionals of the relevant jurisdiction. The Client accepts that there may be taxes or charges payable to relevant Authority in respect to any Instruction given outside Hong Kong, and the Client agrees to pay such taxes or charges.

## 12. Charges and Expenses

- 12.1. The Client shall pay all subscription, service and use fees, if any, that the Company may charge from time to time for the use of Electronic Trading Facilities. If the Client fails to pay any sum due and payable by the Client to the Company arising out of the use of Electronic Trading Facilities, without prejudice to clause 19 of the Cash Client's Agreement, the Client shall be liable to indemnify the Company, on a full indemnity basis, for all costs and expenses (including legal costs) incurred by the Company in recovering such sum. The Company is entitled at any time and without giving notice or obtaining consent from the Client, to set-off or transfer any credit balance in any Accounts towards satisfaction of any indebtedness or liabilities by the Client to the Company arising out of the use of Electronic Trading Facilities.
- 12.2. The Client irrevocably authorises the Company to (but the Company is not obliged to) withdraw or otherwise deduct such sums of money, including any related costs and expenses, from any Account (regardless of there being a debit balances, credit balances or otherwise in the said Account) as shall be necessary to complete any Transactions.

## 13. No Warranty

The Company does not in any way warrant that (a) any services provided in connection with or any of the Client's use of the Electronic Trading Facilities and/or the CMBI Website and/or the Mobile Site will be free of errors, interception or interruption; or that (b) the information, data, or other materials provided, used or accessible in connection with the Electronic Trading Facilities and/or the CMBI Website and/or the Mobile Site will be free of viruses, disabling devices or other contaminants. The Client acknowledges that the Company's internal records of the relevant Account, related Transactions and information shall be conclusive save for obvious error or unless the contrary is established by the Client to the Company's satisfaction. For the avoidance of doubt, the Company may use such updated information as may be available at the time of executing any Instructions for any Transactions, and such Transactions shall be binding on the Client notwithstanding different information may have been quoted by the Company via the Electronic Trading Facilities and/or the CMBI Website and/or the Mobile Site.



**14. Joint Account**

Where the Client is a joint account holder of the relevant Account, all joint account holders of the relevant Account agree to assume all liabilities and obligations of the Client under the Agreement on a joint and several basis and all Transactions effected by the Company pursuant to the Agreement shall be binding on all joint account holders in all aspects.

**15. Disclosure**

Immediately upon request by the Company, the Client shall inform the Company, or other Regulators as directed by the Company, of the identity, address, occupation and contact details of the person for whom the Transaction was effected by the Client and of the person with the ultimate beneficial interest in the Transaction. The Client shall also inform the Company, or the Regulators as directed by the Company, of the identity, address, occupation and contact details of any third party who originated the Transaction.

**16. Third Party Service**

- 16.1. The Client agrees that the Company may accept from any other third party engaged in any Transaction or providing any services in respect of the Electronic Trading Facilities, the CMBI Website and/or the Mobile Site any rebate or allowance of any fee, brokerage or commission or the likes payable in respect thereof and the Company shall be entitled to retain any profit or other benefit arising by way of fees, brokerage, commissions, rebate, perquisites, or otherwise obtained or received by them in connection with or arising whether directly or indirectly from the Electronic Trading Facilities and/or the CMBI Website and/or the Mobile Site.
- 16.2. The Client agrees to the disclosing, transferring or otherwise making available of all personal data and other information relating to the Client and the Account to any other third party engaged in any Transaction or providing any service in respect of the Electronic Trading Facilities, the CMBI Website and/or the Mobile Site and the Client's Transactions and dealings with the aforesaid among any one or more of the aforesaid and their subsidiaries, group members and agents thereof whether in or outside Hong Kong relating to or for the purpose of providing the Electronic Trading Facilities and all related services.

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## SECTION V Pre-IPO Trading Agreement

The Pre-IPO Trading Agreement is additional and supplemental to the Agreement. All Pre-Listing Trading effected, conducted, carried on and entered into by the Client with and through the Company and the Pre-Listing Trading Agent for or on the Account(s) shall be subject to and upon the Agreement. Where any conflict or inconsistency arises between any provision of the Pre-IPO Trading Agreement and any provision of Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

### 1. Definition Interpretation

- 1.1. In this Pre-IPO Trading Agreement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Agreement. In addition, the following expressions shall have the following meanings:

“Automated Trading Services” has the meaning as defined in the SFO;

“Pre-Listing Trading” means any transaction, trading or agreement to purchase, invest in, sell, acquire, clear, settle or otherwise dispose of any Allotted Securities and generally dealing in Allotted Securities prior to their official listing on SEHK;

“Pre-Listing Trading Agent” means any agent appointed, engaged and instructed by the Company for executing, effecting, trading, implementing, clearing and/or settling the instructions and Pre-Listing Trading on behalf of the Client;

“Pre-Listing Trading Platform” means the platform via which the Pre-Listing Trading Agent provides Automated Trading Services for the purpose of Pre-Listing Trading;

“Trading Day” means, in respect of any Allotted Securities, the day immediately prior to their official listing on SEHK; and

“Pre-Listing Trading Session” means the trading hours as determined by the Pre-Listing Trading Agent from time to time.

- 1.2. Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to (i) “Securities” in Section I shall be construed as references to include the Allotted Securities; (ii) the Company’s agent in Section I shall be construed as references to include Pre-Listing Trading Agent; and (iii) “Transactions” in Section I shall be construed as references to include Pre-Listing Trading.

### 2. Pre-Listing Trading

- 2.1. The Company shall act as the Client’s agent to conduct Pre-Listing Trading. All Pre-Listing Trading may only be conducted in the Pre-Listing Trading Session on the Trading Day.
- 2.2. Notwithstanding anything contained in the Agreement, the Client acknowledges that Pre-Listing Trading Agent shall have the sole and absolute right exercisable at its sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client: -
- (a) to vary the trading hours of the Pre-Listing Trading Session;
  - (b) to limit or suspend Pre-Listing Trading on any Trading Day; and/or
  - (c) to set any limit on any instruction or order that can be given for Pre-Listing Trading,
- for any reason whatsoever, and the Company shall not be liable to the Client as a result of any action or omission taken by Pre-Listing Trading Agent.
- 2.3. Subject to Clause 2.5 and Clause 5.2, all instructions for Pre-Listing Trading accepted by the Company will be executed and effected through Pre-Listing Trading Agent via the Pre-Listing Trading Platform.
- 2.4. At the end of the Pre-Listing Trading Session, all instructions for Pre-Listing Trading which remain wholly or partly unexecuted shall be canceled.
- 2.5. Notwithstanding Clause 2.3, if, in respect of any Allotted Securities, there is any postponement or cancellation of their official listing on SEHK or alteration to the terms and conditions of the IPO of such Allotted Securities, all instructions for Pre-Listing Trading in such Allotted Securities will be cancelled automatically and will not be executed or effected. The Company shall not, in any circumstances, be liable in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with its or Pre-Listing Trading Agent’s not accepting, carrying out, executing or effecting such instructions or omitting to give notice therefor.
- 2.6. If a typhoon signal No.8 or above or black rainstorm warning is hoisted or issued in Hong Kong on any Trading Day, Pre-Listing Trading Agent may, in its sole and absolute discretion:
- (a) determine that the trading hours of the Pre-Listing Trading Session on such Trading Day will commence and end as usual;
  - (b) vary the trading hours of the Pre-Listing Trading Session on such Trading Day; or
  - (c) limit or suspend Pre-Listing Trading on such Trading Day,
- and the Company shall not, in any circumstances, be liable in any way to the Client for any loss, damages, expenses or loss of profit



whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with its or Pre-Listing Trading Agent' s actions taken pursuant to Clause 2.6.

- 2.7. **The performance of the Company' s obligations under this Pre-IPO Trading Agreement and the related Transactions are subject to requirements of all Applicable Laws and Regulations. The Company shall have the rights to take any action or inaction to comply with such requirements in its absolute discretion.**

### 3. Settlement

- 3.1. The Client shall deliver to the Company Allotted Securities which are fully paid with valid and good title and in deliverable form for delivery against sales or pay the Company cleared funds for the payment of Allotted Securities purchased, by such time as the Company has notified the Client. Any failure by the Client to do so shall entitle the Company, without further notice or demand, to forthwith: -
- (a) borrow and/or buy the Allotted Securities required for delivery at a price as the Company shall in its absolute discretion determine, charge any Account for the cost thereof, deliver the Allotted Securities to satisfy the Client' s obligations, and credit any Account with the payment received for delivery; or
  - (b) accept delivery of the Allotted Securities, charge any Account for the payment to satisfy the Client' s obligations, transfer and/or sell the Allotted Securities at a price as the Company shall in its absolute discretion determine, and credit any Account for the proceeds thereof,
- or, in addition or as an alternative to (a) or (b) above, to have recourse to its rights of combination and set-off as set out in the Agreement in order to settle the Pre-Listing Trading.
- 3.2. Without prejudice to Clause 3.1, before the purchase of any Allotted Securities, unless otherwise agreed between the Client and the Company in writing, Client agrees and undertakes to pay an initial deposit regarding an instruction for purchase of Allotted Securities, such initial deposit to be in such amount as agreed between the Client and the Company in writing from time to time.
- 3.3. The Client shall be liable for any deficit in the Account(s) resulting from losses and any cost or expense (including legal costs) incurred by the Company, on a full indemnity basis, related to the purchase and sale of Allotted Securities pursuant to Clause 3.1.
- 3.4. The Client acknowledges and accepts all Pre-Listing Trading are over-the-counter Transactions, which are exposed to counterparty risk if the counterparty fails to meet its settlement obligations.
- 3.5. Notwithstanding Clause 3.4, the Company makes no representation, warranty or guarantee with respect to the settlement of any instructions for Pre-Listing Trading accepted by the Company. There may be circumstances where the Company and/or Pre-Listing Trading Agent consider inappropriate to take any action to avoid any settlement failure of such instructions, in which case: -
- (a) where the Client is the purchaser of Allotted Securities, the Client should only be entitled to the refund of the cleared funds paid (in full but without interest) for such purchase;
  - (b) where the Client is the seller of Allotted Securities, the Client should only be entitled to the return of the Allotted Securities delivered for such sale;

and the Client shall bear all losses and expenses resulting from the counterparty's failure to meet its settlement obligations. The Company shall not, in any circumstances, be liable in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out of (directly or indirectly) or in connection with, any settlement failure of such instructions.

### 4. Client's Representations, Undertakings and Warranties

The Client represents and warrants that: -

- (a) the Client will be the ultimate originator of all Pre-Listing Trading and is dealing on its own account;
- (b) the Client will not be conducting any Pre-Listing Trading for the account of any other persons; and
- (c) the Client has or will have good and unencumbered title as beneficial owner to all Allotted Securities which the Client instructs the Company to sell or otherwise dispose of in accordance with the Agreement and that no one other than the Client has any interest in the relevant Allotted Securities.

### 5. Limitation of Liabilities

- 5.1. The Company shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with: (a) any interruption, interception, suspension, delay, loss, unavailability, mutilation, breakdown, disruption or other failure of the Pre-Listing Trading Platform ; and (b) Act of God, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond the Company' s control.
- 5.2. In the event of any suspension, breakdown or disruption of the Pre-Listing Trading Platform referred in Clause 5.1, the Company shall have the sole and absolute right and discretion to cancel any instructions for Pre-Listing Trading, and the Client shall have no claim whatsoever against the Company arising from any of the foregoing.
- 5.3. The Company shall not in any circumstances or in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the foregoing irrespective of how such loss may be caused.

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## SECTION VI Stock Options Trading Agreement

The Stock Options Trading Agreement (the “**Agreement**”) is additional and supplemental to the Cash Client’s Agreement, Margin Client’s Agreement and/or other relevant trading account agreements (together, the “**Account Agreements**” and each an “**Account Agreement**”) between the Company and the Client. All transactions effected, conducted, carried on and entered into by the Client with and through the Company or its agent for or on the Stock Options Account and the Exchange Traded Options Business (as defined below) to be provided by the Company to the Client shall be subject to the Agreement. **By entering into any Stock Options Trading or related transactions, the Client agrees (or shall be deemed to have agreed) to the Agreement.** Where any conflict or inconsistency arises between any provision of the Stock Options Trading Agreement and any provision of the Account Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

### 1. Definition

1.1. In this Stock Options Trading Agreement, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the SEHK Rules (including the Options Trading Rules, the Operational Trading Procedures and the Operational Clearing Procedures) and the Account Agreement. In addition, the following expressions shall have the following meanings:

“**Client Offset Claim Account**” means the client offset claim account established and maintained by HKFE Clearing Corporation Limited upon the request of its participant. The Client Offset Claim Account is for recording positions of individual clients of the participant which are of an offset nature;

“**DCASS**” means the Derivatives Clearing and Settlement System operated by SECH and HKFE Clearing Corporation Limited;

“**Exchange Traded Option Business**” has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

“**Client Contract**” has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

“**Commodity**” means (a) a property as defined in the Securities and Futures Ordinance, and/or (b) a commodity as defined in HKFE Rules, and/or (c) any items, interests, rights and properties, agricultural products, assets, goods, things, commodities, oil, lands, securities, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), products, ratings, references, derivatives, or other financial contracts, energy, physical assets, right or authority, and/or (d) any other items or descriptions as announced by the Company as commodity for the purpose of the Agreement from time to time, and shall where the case requires include a F/O Contract in respect of any of the above and in each case whether or not any of the above is capable of being delivered, and “**Commodities**” shall be construed accordingly;

“**Contract**” has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

“**Exchange Contract**” means, as the case may be, (a) an Exchange Contract as defined in HKFE Rules, and/or (b) a contract for a Commodity approved by the relevant foreign futures exchange for trading on a Market and which may result in a F/O Contract;

“**F/O Contract**” means, as the case may be, (a) a Futures/Options Contract or F/O Contract as defined in HKFE Rules, and/or (b) a Futures Contract and/or an Option Contract;

“**Foreign Futures Laws**” means the relevant laws, legislations, rules and regulations of the relevant Foreign Jurisdiction relating to the futures transactions;

“**Foreign FE Rules**” means the rules, regulations, bylaws and procedures of or made by the foreign futures exchange, and any amendments, supplements, variations or modifications thereto from time to time in force;

“**Futures Contract**” means (a) a futures contract as defined in SFO, and/or (b) a Futures Contract or future as defined in HKFE Rules, and/or (c) a futures contract as defined in or deemed or ascribed as such in the relevant Foreign Futures Laws and/or the relevant Foreign FE Rules and/or relevant Clearing Rules, and/or (d) 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 will make an adjustment between them at an agreed future time according to whether the agreed Commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making of the contract, the difference being determined in accordance with the rules of the Exchange in which the contract is made;



"HKFE" means Hong Kong Futures Exchange Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

"HKFE Rules" means the rules, regulations and procedures of or made by HKFE, and any amendments, supplements, variations or modifications thereto from time to time in force;

"Operational Clearing Procedures" means the Operational Clearing Procedures for Options Trading Exchange Participants of SEOCH as from time to time in force and as amended and supplemented from time to time;

"Option Contract" has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

"Options Exchange Participant" has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

"Options System" has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

"Operational Trading Procedures" means the Operational Trading Procedures for Options Trading Exchange Participants of SEHK as from time to time in force and as amended and supplemented from time to time;

"Options Trading Rules" means the Options Trading Rules of SEHK as from time to time in force and as amended and supplemented from time to time;

"Premium" has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

"SEOCH" means The SEHK Options Clearing House Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

"SEHK Rules" means the rules, regulations and procedures of or made by SEHK, and any amendments, supplements, variations or modifications thereto from time to time in force;

"Standard Contract" has the meanings ascribed thereto under the Rules and Regulations of the Exchange and the Options Trading Rules;

"Stock Options Account" means any stock options account opened and maintained in the name of the Client with the Company for conducting transactions in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with the Company in accordance with the Agreement or other agreement or document; and

"Stock Options Trading" means the purchase, trading, dealing, closing, exercise, settlement and discharge of long stock options transactions, and the writing of stock options through the Stock Options Account or otherwise creating any short open position.

- 1.2. Where it is necessary for the true construction or interpretation of any provision of the Agreement, all references to (i) **Account(s)** in Section I shall be construed to include Stock Options Account; (ii) **"Securities"** in Section I shall be construed as references to include Contracts; and (iii) **"Clearing Rules"** in Section I shall be construed as references to include the clearing rules of SEOCH as from time to time in force.

## 2. Law and Rules

- 2.1. All Exchange Traded Options Business shall be effected in accordance with all Applicable Laws and Regulations applying to the Company, including but not limited to the SEHK Rules, the Options Trading Rules, the Operational Trading Procedures, the Operational Clearing Procedures, the Clearing Rules and the rules of HKSCC, and Clearing House Procedures for Futures/Options Contracts Traded on the Automated Trading System of the Exchange. In particular, SEOCH has authority under such Applicable Laws and Regulations to make adjustments to the terms of contracts, and the Company shall notify the Client of any such adjustments which affect Client Contracts to which the Client is a party. The Client agrees that all actions taken by the Company, by SEHK, by SEOCH or by HKSCC in accordance with the Applicable Laws and Regulations shall be binding on the Client.
- 2.2. The Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between the Company and the Client, and that all Client's client contracts shall be created, exercised, settled and discharged in accordance with the Applicable Laws and Regulations.



### 3. Instructions and Dealing Practice

- 3.1. The Company is hereby authorised to act upon the instructions to create, exercise, settle and/or discharge Options Contracts for the Stock Options Account and otherwise deal with any margin, collateral, securities, Premium, Options Contracts, receivables or monies held in or for the Stock Options Account subject to the Client Money Rules and Client Securities Rules.
- 3.2. The Client acknowledges and consents that the Company shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account in DCASS.

### 4. Options Contracts

- 4.1. The Client hereby confirms that the Stock Options Account is operated solely for the Client's account and benefit, and not for the benefit of any other person. In respect of all Options Contracts effected on the instructions, the Client shall pay the Company, within the time period notified by the Company, Premium, the Company's commission and any other charges, and applicable levies imposed by SEHK, as have been notified to the Client. If no time period is specified by the Company, then the Client is required to comply with such demand before expiry of two hours from the time of making the demand (or within such shorter time required or notified by the Company from time to time if the Company requires the Client to do so). The Company may require the Client to make arrangements for payment of Premium, the Company's commission and any other charges, and/or applicable levies imposed by SEHK in advance of accepting instructions or may impose other requirements from time to time for the payment of the above items as the Company in its absolute discretion thinks fit. The Company may deduct such Premium, commissions, charges and levies from the Stock Options Account or any Account.
- 4.2. The Company will provide product specifications for Options Contracts to the Client upon request. However, the Company may from time to time place limits on the open positions or delivery obligations that the Client may have without notice to the Client.
- 4.3. The Client acknowledges that:
  - (a) the Company may be required to close out or give-up Client's Options Contracts to comply with position limits imposed by SEHK;
  - (b) if the Company goes into default, the default procedures of SEHK may result in Client Contracts being closed out or given-up, or replaced by Client's Option Contracts between the Client and other Options Exchange Participant(s); and
  - (c) where there is a change in the capital structure or composition of the issuer of the underlying securities of an option class or in any other exceptional circumstances, SEOCH may make adjustments to the terms and conditions of that option class as are, in its opinion, necessary and desirable to ensure that all parties to Contracts comprised in open positions in that option class are treated fairly. The Client hereby acknowledges and agrees that all such adjustments shall be binding on the Client.
- 4.4. On exercise of a Client Contract by or against the Client, the Client shall perform the Client's delivery obligations under the relevant contract, in accordance with the Standard Contract and as notified by the Company. The Client may on or before 4:00 p.m. on the date of maturity of the Client Contract (or such earlier time(s) as required by the Company or the terms of the Contract), notify the Company to exercise his rights under the Client Contract. Because the maturity date for different products is different, the Client should decide on his own when and whether he should exercise the Client Contract or not, the Company has no responsibility to inform the Client what to do on or before the maturity date, and the Client should bear his own loss and consequences.
- 4.5. The Client acknowledges that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time. The Client may instruct the Company to override such an **"automatically generated exercise instruction"** before the System Closure on the expiry day in accordance with the Operational Clearing Procedures.
- 4.6. The Client acknowledges that the Company may, at the Client's request, agree to the Client Contracts between the Company and the Client being replaced, in accordance with the Applicable Laws and Regulations, by Client Contracts between the Client and other Options Exchange Participant(s). The Company may take such actions it deems appropriate and the Client agrees to take such actions as required by the Company to comply with any such Client Contracts and Applicable Laws and Regulations.
- 4.7. The Client acknowledges that, although all Options Contracts are to be executed on SEHK, the Client and the Company shall contract as principals under Client Contracts.
- 4.8. In respect of the Client's short positions, in cases where the Client Contract is validly exercised (including cases pursuant to Clause 4.9 below) the Client shall fulfill his obligations under the relevant Client Contract before the required deadline (by 3:15 p.m. on the Business Day following the day of exercise in respect of Options Contracts listed in Hong Kong), or as amended or notified by the Company from time to time. In default thereof, without prejudice to other rights or remedies that the Company may have against the Client, the Company may without demand or notice cover any liability of the Client under any short positions or deal with the same in the manner deemed most appropriate by the Company. The Client agrees that the Client will be responsible for all the expenses of the Company in connection with the above and that the Company will not be liable for any loss that may thereby be incurred.
- 4.9. The Client understands and agrees that in accordance with the Options Trading Rules and Clearing Rules, SEOCH may randomly select any Options Trading Exchange Participant to exercise a Client Contract in a short open position in which case, that Options Trading Exchange Participant shall randomly select a Client Contract from among all Client Contracts comprised in short open positions of clients in the same option series as that Client Contract. The Client Contract so selected shall, by operation of the Agreement and the Options Trading Rules and Clearing Rules, for all purposes be treated as having been validly exercised at the time of such selection. The Company shall notify the Client of the details of such exercise as soon as possible.
- 4.10. Delivery obligation shall arise when a Client Contract is validly exercised. On exercise of a Client Contract by or against the Client, the Client will perform its delivery obligations under the relevant Contract in accordance with the Standard Contract and as the Client has



been notified by the Company.

- 4.11. The Client hereby acknowledges that the Client shall be responsible to the Company for any losses, costs, fees and expenses (including legal costs) incurred by the Company (on an indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in this Clause 4. The Client agrees to indemnify the Company, its employees and agents, against all losses and expenses resulting from breach of the Client's obligations under this Agreement, including costs reasonably incurred in collecting debts from the clients, and in closing the Stock Options Account.

## 5. Margin

- 5.1. The Client agrees to provide and maintain such margin in the Stock Options Account (the "**Margin**") in cash, securities and/or other assets in such form and amount and on such terms as the Company, execution broker or relevant third parties may in its absolute discretion require from time to time as security for the Client's obligations under the Agreement. The amounts required by way of Margin by the Company should not be less than, but may exceed the amounts as may be required by the Applicable Laws and Regulations in respect of the Client's open positions and delivery obligations, and may exceed 100% depending upon the product and market conditions. The Company may change any Margin in its sole discretion and at any time without prior notice to the Client. If the Company determines that additional Margin is required, the Client agrees to make payment to and/or deposit with the Company such additional Margin forthwith upon demand. All funds provided by the Client as Margin shall be cleared funds and all securities provided by the Client as Margin shall be securities to which the Client has valid and unencumbered title. No previous Margin shall establish any precedent. Change on Margin shall apply to open or existing positions as well as to new positions after the date of such change.
- 5.2. If the Company accepts securities by way of Margin, the Client shall on request provide the Company with such authority as the Company may require under the Applicable Laws and Regulations to authorise the Company to deliver such securities, directly or through an Options Exchange Participant, to SEIOCH or applicable Clearing House as SEIOCH or applicable Clearing House's collateral in respect of Exchange Traded Options Business resulting from the instructions; and the Company does not have any further authority from the Client to borrow or lend the Client's securities or otherwise part with possession (except to the Client or on the instructions) of any of the Client's securities for any other purpose.
- 5.3. Without prejudice to Clauses 5.5 to 5.12 hereto, calls or demands for Margin must be met or satisfied by the Client forthwith upon demand by the Company. The Client shall on demand put the Company in funds or monies or arrange for the Company to be put in funds or monies in time to enable the Company to discharge any liability incurred or to be incurred in connection with transactions effected in relation to the Stock Options Account. The Client shall on demand reimburse the Company for all costs and expenses incurred by it in connection with the transactions effected in relation to the Stock Options Account and/or pay or settle any outstanding amount under the Stock Options Account. Notwithstanding anything stated in the Agreement, the Client acknowledges and agrees that in certain circumstances or for certain securities products, the Company may not be able to issue a margin call or issue the margin call in time, and that it is possible that the Company (or the relevant third parties) may liquidate the related Securities and Collateral or exercise its rights under this Agreement without a margin call being issued at all in order to fulfill such Margin Requirement.
- 5.4. The Company is not liable to pay interest on the monies or funds paid to or received by the Company in respect of the Stock Options Account whether on deposit or however described. The Company is entitled to retain for its own benefit any interest or other realised income or increase in value earned or received in respect of such monies or funds. The Company is entitled to charge and the Client agrees to pay interest to the Company in respect of any deficit in the Stock Options Account or any monies or funds otherwise owing to the Company at any time at such rates and on such other terms as the Company announced in the CMBI Website and/or notifies the Client from time to time. Interest shall be payable on the last day of each calendar month or forthwith upon demand by the Company.
- 5.5. The Client shall monitor the Stock Options Account so that at all times the Stock Options Account shall contain a sufficient account balance to meet the Margin. The Company may reject any instruction or order of the Client if the Client does not have a sufficient account balance to meet the Margin and may delay the processing of any instruction or order while determining the correct margin status of the Stock Options Account. The Client shall maintain, without notice or demand from the Company, a sufficient account balance at all times so as to continuously meet the Margin. The Client must at all times satisfy whatever Margin calculated by the Company. If the Client has multiple Accounts or sub-accounts with the Company, at the Company's sole discretion the Company may treat such Accounts (and/or sub-accounts) either as separate or as one account for purposes of applying the Margin. The Client acknowledges that this may cause the total Margin to be higher than otherwise and could cause positions to be liquidated in one Account or sub-account notwithstanding excess equity in another Account or sub-account.
- 5.6. The Client will not rely on the Company to close or liquidate positions in Client's Account in the event the Account does not comply with Margin Requirements. The Client will not rely on the Company's liquidation rights and auto-liquidation systems (if applicable) to function as a stoploss order. The Client cannot assume that the Company's general policy to liquidate positions will prevent Client from losing more than the Client has deposited. Amongst other things, market prices may not rise or fall incrementally and the Company may not be able to close out a position at a price that would avoid losses greater than the Margin deposit. The Company may in its sole discretion delay or decide not to liquidate positions in an account with a Margin deficit and shall have no liability for any loss sustained by Client in connection with such delay of or forbearance from liquidation.
- 5.7. The Company has no obligation to notify the Client of any failure to meet the Margin prior to the Company exercising its rights, powers, discretion and remedies under the Agreement. The Client understands and accepts that the Company generally will not issue call or demand on the Margin, that the Company generally will not credit the Stock Options Account to meet any deficiency on the Margin, and that the Company is authorised to exercise any of its rights under (a) the Account Agreements and/or (b) Clause 7 of Stock Options





Trading Agreement in order to satisfy the Margin without prior notice to the Client.

- 5.8. In the event that the balance of the Stock Options Account has zero equity or is in deficit at any time, or the Stock Options Account does not have a sufficient account balance to meet the Margin, the Company shall have the right, in its sole discretion, but not the obligation, to exercise any of its rights under (a) the Account Agreements and/or (b) Clause 7 of Stock Options Trading Agreement at any time and in such manner and in any Market as the Company deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to the Company, any deficiency in the Stock Options Account that arises from such exercise of rights or remain after such exercise of rights. The Company shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such exercise of rights (or if the Company experiences a delay in exercising, or does not exercise such rights).
- 5.9. The Client expressly waives and relinquishes any rights to receive prior notice or demand from the Company and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of the Company's right to exercise any of its rights under (a) the Account Agreement and/or (b) Clause 7 of Stock Options Trading Agreement. The Client understands that, in the event that the Company exercise such rights, the Client shall have no right or opportunity to determine the manner of exercising such rights by the Company. The Company may, in its absolute and sole discretion, exercise such rights on any Exchange or Market, and the Company or its associated company may take the other side of any closing out, liquidating or settlement transaction. In the event that the Company exercise such rights, such exercise of rights shall establish the amount of the Client's gain or loss and indebtedness to the Company, if any. The Client shall reimburse and hold the Company harmless for all actions, omissions, costs, expenses, fees (including, legal costs), penalties, losses, claims or liabilities associated with any exercise of such rights by the Company. The Client shall be liable to and responsible for all resulting losses, notwithstanding the Company's delay in or failure to exercise such rights. If the Company executes an order for which the Client did not have sufficient funds, the Company has the right, without notice to the Client, to liquidate the transaction and the Client shall be responsible for any loss as a result of such liquidation, including any costs, and shall not be entitled to any profit that results from such liquidation.
- 5.10. The Client irrevocably and unconditionally authorises the Company to transfer, debit or deduct any money in the Stock Options Account and/or the Account so as to pay, discharge, satisfy the Client's indebtedness, obligations and Liabilities to the Company arising from, incurred under and relating to the Agreement, including the outstanding purchase monies, fees (including market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Stock Options Account to be applied against the Margin. The Company may exercise any of its rights under (a) the Account Agreement and/or (b) Clause 7 of Stock Options Trading Agreement if deduction of commissions, fees or other charges causes the Stock Options Account to have an insufficient balance to satisfy the Margin.
- 5.11. If the Company issues a call or demand for Margin to the Client, the Client must satisfy such call or demand immediately. The Client agrees to satisfy any call or demand for Margin issued by the Company by immediately depositing cleared funds in the Stock Options Account to pay, in full, the under-margined open position.
- 5.12. The Company shall also have the right to exercise any of its rights under (a) the Account Agreement and/or (b) Clause 7 of Stock Options Trading Agreement without prior notice to the Client in the same manner as provided above: (a) if any dispute arises concerning any trading or transaction of the Client; (b) upon the Client's failure to timely discharge the liabilities, whether actual or contingent, present or future, due, owing or incurred from or by the Client to CMBI Group; (c) upon the Client's insolvency or filing of a petition in bankruptcy or for protection from creditors; (d) upon the appointment of a receiver, or (e) whenever the Company, in its absolute and sole discretion, deems necessary or advisable for the protection of the Company.
- 5.13. Any failure by the Client to comply with this Clause 5 shall constitute an Event of Default under the Account Agreements.

## 6. Foreign Currency Transactions

If the Client gives instructions to the Company to enter into any Contract requiring a conversion from one currency to another, then: -

- (a) the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currency will be entirely for the account and risk of the Client;
- (b) all initial and subsequent deposits for Margin shall be made in such currency and in such amounts as the Company may require in its discretion; and
- (c) when such Options Contract is closed out, the Company shall debit or credit the Stock Options Account in such currency (as the Company may determine in its discretion) at such exchange rate as determined by the Company in its discretion.

## 7. Default

If the Client fails to comply with any of the Client's obligations and/or to meet the liabilities under the Agreement, including failure to provide Margin, or on the occurrence of any Event of Default (in the sole and subjective judgment of the Company), the Company, in addition to its rights and powers under the Account Agreement, shall be entitled at their absolute discretions, without further notice or demand and in addition to and without prejudice to any other rights or powers conferred under the Agreement and/or other agreement, to forthwith: -

- (a) decline to accept further instructions in respect of Exchange Traded Options Business;
- (b) close out some or all of the Client Contracts with the Company;
- (c) enter into Contracts, or into any transactions in securities, Commodities, Exchange Contracts, F/O Contracts, in order to settle obligations arising or to hedge the risks to which the Company is exposed in relation to the Client's failure;



- (d) sell, realise or otherwise dispose of the Margin (whole or any part thereof) in such manner and for such consideration as the Company may in its absolute discretion think fit, and the Company does not have the responsibility to explain to the Client how it exercises its discretion, and apply the proceeds thereof to discharge all or part of the liabilities; or
  - (e) if the amount of the Margin is not sufficient, the Client must immediately increase the amount of the Margin at the request of the Company, otherwise, the Company has the right to claim all the loss and damages against the Client.
- Any proceeds remaining after discharge of all the Client's liabilities to the Company shall be paid to the Client.

## 8. Closure of Positions

Without prejudice to the Company's rights under Clause 7 above, the Company may, without the Client's consent, close all or any of the Client's positions if the Company is of the opinion that there has been a change or development involving a prospective change:

- (a) in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of the Company likely to result in a material or adverse fluctuation in the stock market or stock options market in Hong Kong and/or overseas; or
- (b) which is or may be of a material adverse nature affecting the condition or operations of the Client.

## 9. System and Third-Party Execution Broker

- 9.1. The Client accept the related system and applications "as is" (whether they are provided by the Company or by any third party) and without warranties, express or implied, including but not limited to the implied warranties of merchantability or fitness for a particular use, purpose or application, timeliness, free from interruption, or any implied warranties arising from trade usage, course of dealing or course of performance. Under no circumstances shall the Company or the third party broker be liable for any punitive, indirect, incidental, special or consequential loss or damages, including loss of business, profits or goodwill. The Company and the third party broker shall not be liable to you by reasons of delays or interruptions of services or transmissions, or failure of performance of any system, applications or other services related to the US Stock Option Transactions.
- 9.2. The Client acknowledge that the Company may deposit money and securities related to your trade with third party broker. The Client will be exposed to credit risks of such third party broker and the Company will not be responsible for any defaults of such third party broker. The Client's securities or other properties may be lend, pledge, re-pledge, hypothecate or re-hypothecate, either separately or together with those of other clients.
- 9.3. The relevant Margin Requirements may be set and amended by the Company, the relevant third party broker, applicable exchange, regulator and/or clearing house from time to time. The Client should note that the Client may not be receiving any margin calls or margin alerts and all or any part of the Client's position may be liquidated without prior notice, especially in the event of sudden change of market conditions.

## 10. Language

In the event of any difference in interpretation or meaning between the Chinese and English versions of the Agreement, the English version shall prevail.

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## SECTION VII Addendum for SPAC Transactions

This Addendum is additional and supplemental to the Agreement. All transactions effected, conducted, carried on and entered into by the Client with and through the Company or its agent related to SPAC Securities (as defined below) to be provided by the Company to the Client shall be subject to this Addendum. By entering into any SPAC Securities transactions or maintaining any SPAC Securities in the Account(s), the Client agrees (or shall be deemed to have agreed) to this Addendum. Where any conflict or inconsistency arises between any provision of this Addendum and any provision of the Agreement, the provisions in this Addendum shall prevail.

CMBIS and CMBIGM are referred to individually, or as the context may require, collectively as the **"Company"**.

### 1. Definitions

1.1. In this Addendum, unless the context requires otherwise, words and expressions shall have the following meanings:

**"De-SPAC Target"** means the target of a De-SPAC Transaction;

**"De-SPAC Transaction"** means an acquisition of, or a business combination with, a De-SPAC Target by a SPAC that results in the listing of a Successor Company;

**"Listing Document"** means a prospectus, an offering circular or any equivalent document issued or proposed to be issued in connection with a listing;

**"PIPE"** means a third party investment, for the purposes of completing a De-SPAC Transaction, that has been committed prior to the De-SPAC announcement;

**"Professional Investor"** has the meaning ascribed to it under section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

**"Promoter Share"** means a share of a separate class to SPAC Shares issued by a SPAC exclusively to a SPAC Promoter at nominal consideration;

**"Promoter Warrant"** means a warrant of a separate class to SPAC Warrant issued exclusively to a SPAC Promoter;

**"SPAC"** means a special purpose acquisition company. A SPAC is a type of shell company that raises funds through its listing for the purpose of acquiring a De-SPAC Target (a De-SPAC Transaction) within a pre-defined time period after listing;

**"SPAC Share"** means a share of a SPAC that is not a Promoter Share;

**"SPAC Shareholder"** means the holder of SPAC Share;

**"SPAC Warrant"** means a warrant that provides the holder with the right to purchase a SPAC Share that is not a Promoter Warrant;

**"SPAC Promoter"** means a person who establishes a SPAC and/or beneficially owns Promoter Shares issued by a SPAC;

**"SPAC Securities"** means any of SPAC Shares or SPAC Warrants;

**"Successor Company"** means the listed issuer resulting from the completion of a De-SPAC Transaction;

1.2. Capitalized terms that are not otherwise defined in this Addendum shall have the same meaning in the Cash Client's Agreement and/or the Margin Client's Agreement, as applicable.

### 2. Representations, Warranties and Undertakings

2.1. The Client represents, warrants and undertakes that:

- (1) All SPAC Securities transactions shall be effected in accordance with all Applicable Laws and Regulations applying to the Company, including but not limited to the listing and trading rules of HKEx. The Client agrees that all actions taken by the Company or by HKEx in accordance with the Applicable Laws and Regulations shall be binding on the Client.
- (2) The Client and its underlying clients (where applicable) is capable of making and will make all the representations, warranties, undertakings and declarations required to be made by a purchaser or holder of the SPAC Securities under the terms and

conditions of the SPAC Securities and the Listing Documents. The Client confirms that all representations, confirmations and declarations made or to be made under the related documents by the Client and its indemis as a purchaser, holder or in other capacity are accurate and complete. The Client and its underlying clients have complied and will comply with all undertakings and selling restrictions under the relevant Listing Documents.

- (3) Trading of SPAC Securities is limited to a Professional Investor or other type of investors approved by HKEx and/or SFC ( “**Eligible SPAC Investor**” ). The Client confirms that it will trade SPAC Securities only when the Client is, and in the case where the Client is an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each such underlying client is, an Eligible SPAC Investor. The Client further represents and undertakes to examine, verify and ensure its underlying clients are Eligible SPAC Investors. If the Client or any underlying client or clients is not an Eligible SPAC Investor ( “**Non-Eligible SPAC Investors**” ), the Client hereby agrees and authorizes the Company, at any time, to facilitate the disposal, redemption, voting or otherwise dealing with such SPAC Securities of such Non-Eligible SPAC Investors in the Company’ s absolute discretion. The Client undertakes to indemnify and keep the Company indemnified in respect of any costs, claims, demands, damages and expenses whatsoever which may be suffered or incurred by the Company directly or indirectly arising out of or in connection with such SPAC Securities transactions entered into by the Company as agent on behalf of any Non-Eligible SPAC Investors. The Client also agrees to pay promptly to the Company, on demand, all damages, costs and expenses (including legal expenses on a full indemnity basis) reasonably and properly incurred by the Company in the enforcement of this provision.
  - (4) The Clients fully understands and agrees with the terms and conditions of the SPAC Securities and the content of the Listing Documents before subscribing for or trading any SPAC Securities, including without limitation accepting any risks (e.g. liquidity and volatility risks) associated with SPAC Securities.
  - (5) The Client understands and accepts the contents of the Listing Documents with respect to voting, redemption and liquidation rights of SPAC Shareholders and that the exercise of such rights may be subject to timing and other restrictions.
- 2.2. All representations and warranties shall be deemed to be repeated by the Client immediately before effecting and executing each SPAC Securities transaction.

### 3. Mandatory Unwinding

- 3.1. In the event the Company receives notice from HKEx or SFC requiring the Company to unwind any positions in relation to SPAC Securities, or where the Company determines in its sole discretion that any SPAC Securities transaction is not in compliance with applicable laws, regulations, listing rules, guidelines or other requirements of HKEx or SFC, the Company shall be entitled to serve notice ( “Mandatory Unwind Notice” ) to request the Client to unwind any position with respect to SPAC Securities within three days (or within such other time as specified by the Company in the Mandatory Unwind Notice). If such request is not complied with in a timely manner, the Client authorizes the Company to dispose, vote, redeem or otherwise deal with such relevant SPAC Securities on behalf of the Client at such price and on such terms and manners as the Company may determine in its sole and absolute discretion to be necessary to comply with any such laws, regulations, listing rules, guidelines or requirements.

### 4. Risks Disclosures – SPAC Securities

The risks related to SPAC Securities listed below or in the Listing Documents are not exhaustive. The Client should ensure all related risks are acceptable before investing into any SPAC Securities.

- 4.1. **Risk of Price Volatility** - As a SPAC has no operations, it is unable to report performance factors (e.g. revenue, profit / loss and cash flow) that investors would normally rely upon to determine the value of its shares. The share price of a SPAC is therefore likely to be driven by speculation, such as with respect to the potential outcome of the SPAC’ s efforts to find a suitable De-SPAC Target.
- 4.2. **Lack of Information** - A SPAC is subject to less stringent regulatory requirements during the IPO stage and it may result in a higher chance of misinformation. In-depth information disclosure that are usually required for traditional IPO may not be available for listing of SPAC. Since the SPAC has yet to identify a specific target business at the time of listing, investors may not be able to make full assessment on their investment.
- 4.3. **Uncertainty of De-SPAC Target** - The simpler route to listing for SPACs may incentivise companies that have not reached market standards and quality to take advantage of this quick access to public funding by circumventing the rigorous approval process normally required in a traditional IPO. Sponsors may be faced with time pressure to complete the De-SPAC Transaction within specified timeframe. It may result in the underperformance or failure of the combined business entity.
- 4.4. **Potential Conflict of Interest** - The sponsors may be financially motivated to proceed with the De-SPAC Transaction regardless of the quality of the De-SPAC Target as they are entitled to stake in the SPAC with a minimal investment upon the De-SPAC Transaction; and their interests may be potentially in conflict with SPAC Shareholder’ s interests.
- 4.5. **Dilution Risk** - The redemption feature of the SPAC creates uncertainty on the amount of funds available to the SPAC to complete an acquisition of De-SPAC Target and whether the sponsors can secure additional funds from the PIPE or other investors to complete such acquisition. The availability and costs of such additional funds highly depend on the market and economic conditions and it may have a dilution effect on the equity interest of the investors of the SPAC.
- 4.6. **Risk of Mandatory-Unwind** - As a result of implementing a Client Mandatory Unwind Notice, investors may suffer heavy losses on the investment in SPAC Securities.
- 4.7. **SPAC Warrant Risk** - The terms of SPAC Warrants may vary greatly across different SPACs. It is important for investors to review the



Listing Documents of the particular SPAC to understand the specific terms of the SPAC Warrants. A SPAC Warrant provides the holder with the right to purchase a SPAC Share (or a fraction of a SPAC Share) at a set exercise price at a set time. If an investor misses the notice of redemption and fails to exercise within the given period or the SPAC Warrants are forced to be exercised early, the SPAC Warrants held by the investor can become essentially worthless.

- 4.8. **Volatility of Warrants** - SPAC Warrants prior to a De-SPAC Transaction may experience higher price volatility than SPAC Shares soon after a SPAC is listed and this price volatility may increase gradually as the deadline for a De-SPAC Transaction approaches. If a SPAC is liquidated, investors will receive a pro rata amount of the funds held in the SPAC's trust account and their SPAC Warrants may become worthless.

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# Schedule 1-PERSONAL DATA PROTECTION STATEMENT

This Personal Information Collection Statement forms part of the Agreement and are additional and supplemental to Section I of the Trading Account Terms. Where any conflict or inconsistency arises between any provision of this Schedule 1 and any provision of the terms and conditions governing the Account(s), the Company has absolute discretion to determine which terms and conditions shall prevail.

In this Schedule 1, unless redefined herein or the context requires otherwise, words and expressions not otherwise defined herein shall have the same meanings as are given to them in the Cash Client's Agreement. This Schedule 1 is binding on you as a Client. The following information is brought to your attention in accordance with the Personal Data (Privacy) Ordinance (the "**Ordinance**"). Please read the following before you send us any personal data.

1. The Client understands that the Client may have been or may in future be requested to supply personal information from time to time to the Company relating to the Client in connection with various matters such as (i) the opening, operation and continuation of Account(s), (ii) the provision of dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or other financial services and credit facilities provided by the Company, and (iii) the provision of supplies or services, and in the carrying out of Transactions contemplated under the Agreement, further information shall or may be collected by the Company (all such information is referred to as "**Data**" in this Schedule 1.) Data may also be collected from the Client in the ordinary course of continuation of business relationship with the Client, for example, when the Client issues cheques to, deposit money in or give instructions to the Company.
2. The Client understands that a request for the Data on the "**Client Information Form**" or otherwise shall oblige the Client to complete the same, and any failure so to do may result in the Company being unable to open or continue the Account(s), or unable to effect Transactions under the Account(s).
3. Purpose of Collection/Use of Personal Data  
In submitting personal data to the CMBI Group, you agree that any such data may be collected/ used for the following purposes:
  - a. giving effect to your order relating to Transactions or otherwise, and carrying out your other instructions;
  - b. opening or maintaining accounts for you (or your principal) with any CMBI Group Member;
  - c. providing services in connection with any account maintained by you with the CMBI Group, whether the services are provided by or through any member of the CMBI Group or any other person;
  - d. conducting credit enquiries or checks on you and ascertaining your financial situation and investment objectives, and enabling or assisting any other person to do;
  - e. collection of amounts due, enforcement of security, charge or other rights and interests in favour of any member of the CMBI Group;
  - f. marketing existing and future services or products of any member of the CMBI Group;
  - g. forming part of the records of the persons or any member of the CMBI Group to whom the personal data may be passed;
  - h. observing any legal, regulatory or other requirements to which any members of the CMBI Group or any other persons may be subject;
  - i. opening and administering the Account(s);
  - j. verifying the data and information provided by the Client or any third party to the Company;
  - k. conducting credit checks, background checks and/or status checks on the Client;
  - l. ascertaining the Client's financial situation and investment objectives;
  - m. assisting other financial institutions to conduct credit checks and collect debts;
  - n. ensuring ongoing credit worthiness and good standing of the Client;
  - o. operating internal controls of the Company including but not limited to determining the amount of indebtedness owed to or by the Client;
  - p. for operational purposes, credit assessment, credit scoring or risk related models, statistical analysis (including but not limited to behaviour analysis and evaluation on overall relationship with the Company which includes using such Data to comply with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within the Company and/or any other use of Data and information in accordance with any group-wide programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities), whether on the Client or otherwise;
  - q. researching and/or designing dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or financial services and/or related products or services for the Client's use;
  - r. marketing dealing, securities brokerage, nominee, investment advisory, custody, asset management and/or financial services and/or related products or services;
  - s. where applicable, marketing reward, loyalty or privileges programmes and related services and products provided by the Company from time to time, and services and products offered by the Company's co-branding partners and entities with whom the Company provides affinity/co-branded services or products to the Client;
  - t. exercising the Company's rights and obligations, including but not limited to (i) collection of amounts outstanding from the Client or those providing security for any Client's obligations and (ii) enforcement of security, charges or other rights and interests against the Client or those providing security for any Client's obligations in favor of the Company;
  - u. enabling an actual or proposed assignee or transferee of all or any part of the Company's business and/or assets, or participant or sub-participant of the Company's rights in respect of loans/credit facilities relating to the Client, to evaluate the transaction intended to be the subject of the assignment, transfer, participation or sub-participation and enabling the actual assignee or transferee to use such data in the operation of the business or rights assigned;
  - v. customer services (including but not limited to communicating with Client via telephone, mail, e-mail, facsimile or any other



means of communications and providing references (status inquiries)) provided by the Company;

- w. preventing, detecting or reporting any crime or any fraudulent or dishonest behavior, or any other purpose relating thereto;
- x. other purposes related or incidental to any one or more of the above;
- y. discharging the responsibilities of capital market intermediary (CMI) and overall coordinator (OC) under any Applicable Laws and Regulations (including the SFC Code of Conduct) during the bookbuilding process of a share or debt offering transaction, for identifying and eliminating duplicated orders, inconsistencies and errors;
- z. any other lawful purposes disclosed in the CMBI Website from time to time.

#### 4. Transfer of Personal Data

- (1) Personal data held by the CMBI Group relating to a data subject will be kept confidential but, to the extent applicable and to the extent permitted by Applicable Laws and Regulations, CMBI Group may provide such data received from you to the following parties (whether within or outside Hong Kong):
  - a. any CMBI Group Member;
  - b. any nominees in whose name securities or other assets may be registered;
  - c. any contractor, agent or service provider which provides administrative, data processing, financial, computer, telecommunication, payment or securities clearing, financial, professional or other services to any CMBI Group Member or to any other person to whom data is passed;
  - d. any person with whom the CMBI Group enters into or proposes to enter into transaction on your behalf or account, or persons representing the same;
  - e. any assignee, transferee, participant, sub-participant, delegate or successor in respect of the data subject;
  - f. any capital market intermediary (CMI) and overall coordinator (OC) relevant to a share or debt offering transaction;
  - g. governmental, regulatory or other bodies or institutions, whether as required by law, regulations applicable to any member of the CMBI Group, or otherwise.
- (2) The Client agrees to allow the Company to disclose the Client' s data for the purposes and to the users and to use such data pursuant to this Schedule 1.
- (3) If the Client does not wish the Company to use or provide to other persons their data for use out of Hong Kong or the Client wishes to withdraw their consent previously given, please inform the Company of such decision by sending written notice to the Company. The Company shall then, without charge to the Client, ensure that the Client' s personal data will not be transferred outside of Hong Kong. The withdraw notice shall take effect upon the expiry of three (3) Business Days from the date of the Company' s actual receipt for such notice.

#### 5. Transmission of Personal Data

There may be instances where data subjects elect to provide personal data to the CMBI Group through electronic means (such as internet or voice recording system). Whilst the CMBI Group generally uses best effort to maintain the security and integrity of its systems, due to many unpredictable traffic or other reasons, electronic communication may not be a reliable medium of communication. Data subjects should aware of such weaknesses and communicate personal data through electronic means with caution.

#### 6. Other applicable Personal Data Statement

If personal data is collected in an application form of certain activity, such as seminar attendance or for employment, the personal data collection statement in such application form will supplement this Statement.

If you are a client of the CMBI Group, terms and conditions entered into between you and the CMBI Group shall apply in respect of the relevant account and will supplement this Statement. You understand that you may have been or may in future be requested to supply personal information from time to time to the CMBI Group, and in the carrying out of transactions contemplated under any agreements with the CMBI Group, further information shall or may be collected by the CMBI Group.

#### 7. Access and Correction of Personal Data

Under and in accordance with the terms of the Ordinance, you have the right to request access to and correction of information about you held by the CMBI Group. Any such request may be addressed to the Data Protection Officer of CMB International Capital Corporation Limited at the address of 45-46/F, Champion Tower, 3 Garden Rd, Central, Hong Kong. You understand that a fee shall be charged by the CMBI Group for any such request. You also understand that a request for the personal data on any request form or otherwise shall oblige you to complete the same, and any failure so to do may result in the CMBI Group being unable to provide services to you.

#### 8. PRC Personal Information Protection Law (PIPL)

PRC Clients should also refer to and make sure you are agreeable with CMBI Group' s PRC Client' s Personal Data Policy (中国内地客户隐私政策) as updated from time to time and accessible through our website <https://www.cmbi.com.hk/>

#### 9. Miscellaneous

The Company reserves the right, at any time and without prior notice, to add to, change, update or modify this Schedule 1. If the Company decides to amend or supplement this Schedule 1, those changes will be notified to the Client either on CMBI Website or in writing so that the Client is aware of the change, update or modification. Any such change, update or modification will be effective immediately upon posting.

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## Schedule 2-STANDING AUTHORITY

The following terms and conditions form part of the terms and conditions of the Agreement and are additional and supplemental to the Cash Client' s Agreement and Margin Client' s Agreement. Where any conflict or inconsistency arises between any provision of this Schedule 2 and any provision of the Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

### Part A – Standing Authority (Client Money)

1. In this Part A, all expressions defined in the Cash Client' s Agreement and Margin Client' s Agreement shall, where applicable, have the same meanings when used herein.
2. Pursuant to the Client Money Rules, the Client authorises and/or instructs the Company to deal, from time to time, with money held or received by the Company from time to time in Hong Kong or elsewhere (including any interest derived from the holding of the money which does not belong to the Company) in one or more segregated account(s) in Hong Kong or elsewhere on the Client's behalf ( "Monies" ), in the following manners: -
  - (a) combine or consolidate, or transfer any sum of Monies interchangeably to and between any or all segregated accounts in Hong Kong or elsewhere, of any nature whatsoever and either individually or jointly with others, maintained by the Company and/or CMB International Futures Limited ( "CMBIF" ), and
  - (b) transfer any sum of Monies to and between or make any payment from such segregated account(s), to set off, reduce and/or satisfy the Client's obligations or liabilities to the Company, CMBIF, any CMBI Group Member or in relation to any Transactions and/or dealing in futures and/or options contracts, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.
3. The Standing Authority given by the Client under this Part A shall remain valid for twelve (12) months commencing from the date of the said Standing Authority unless revoked by the Company giving not less than two (2) Business Days' prior notice in writing to Client, and/or Client giving not less than seven (7) Business Days' prior notice in writing to the Company. The Standing Authority shall be deemed to have been renewed for further periods of twelve (12) months upon expiry of each period of twelve (12) months on the same terms and conditions as specified in this Part A if the Company gives the Client a written notice at least fourteen (14) days prior to the expiry date, unless such renewal of Standing Authority is objected by the Client in accordance with the Client Money Rules.
4. Without prejudice to the Agreement, the Client undertakes to indemnify the Company against all costs, expenses, liabilities, losses or damages arising out of or suffered by the Company as a result of its acting in accordance with the Standing Authority given by the Client under this Part A.

### Part B – Standing Authority (Client Securities)

1. In this Part B, all expressions defined in the Cash Client' s Agreement and Margin Client' s Agreement shall, where applicable, have the same meanings when used herein. All references to securities collateral in this Part B shall include (a) Collateral (as defined in Section II); and (b) Margin (as defined in Section II and as defined in Section VI).
2. Pursuant to the Client Securities Rules, the Client authorises and/or instructs the Company to deal, from time to time, with the securities and/or securities collateral (as defined in the Securities and Futures Ordinance) received or held on his/her/its behalf in one or more of the following ways: -
  - (a) To apply any of the securities or securities collateral pursuant to a securities borrowing and lending agreement between the Client and the Company and/or between the Company and a third party, subject to compliance with the Client Securities Rules;
  - (b) subject to the Client Securities Rules regarding repledging limits, to deposit any of the securities collateral with an authorised financial institution as collateral for financial accommodation provided to the Company;
  - (c) To deposit any of the securities collateral with any clearing house recognised by the SFC or another intermediary licensed or registered for dealing in securities as collateral for the discharge and satisfaction of the Company' s settlement obligations and liabilities; and
  - (d) To apply or deposit any of the securities collateral in accordance with (a), (b) and/or (c) above if the Company provides financial accommodation to the Client in the course of dealing in securities and also provides financial accommodation to the Client in the course of any other regulated activity for which the Company is licensed or registered.

Pursuant to the Client Securities Rules, the Client authorises and/or instructs the Company to deal with and deposit any of the securities collateral received or held on his/her/its behalf with any clearing house recognised by the SFC or another intermediary licensed or registered for dealing in securities contracts as collateral for the discharge and satisfaction of the Company' s settlement obligations and liabilities.

3. The Client acknowledges, and confirms having been informed by the Company, that the Company has the practice of repledging the Client's securities and securities collateral. **The Client understands and acknowledges the risks to the Client associated with giving the Standing Authority given by the Client under this Part B, including the risks set out under the Risk Disclosure Statements in the Agreement.**
4. The Client also acknowledges that:
  - (a) the Client has been informed of the repledging practice of the Company and the Client has provided the Company with a standing authority to repledge the Client's securities or securities collateral.
  - (b) the Standing Authority given by the Client under this Part B shall not affect the Company's right to dispose or initiate a disposal by the Company or its associated entity of the Client's securities or securities collateral in settlement of any liability owed by or on behalf of the Client to the Company, the associated entity or a third person, including other CMBI Group Member.
5. The Client understands that a third party may have rights to the Client's securities, which the Company must satisfy before the Client's securities can be returned to the Client.
6. The Standing Authority given by the Client under this Part B shall remain valid for twelve (12) months commencing from the date of the said Standing Authority unless revoked by the Company giving not less than two (2) Business Days' prior notice in writing to Client, and/or Client giving not less than seven (7) Business Days' prior notice in writing to the Company. The Standing Authority shall be deemed to have been renewed for further periods of twelve (12) months upon expiry of each period of twelve (12) months on the same terms and conditions as specified in this Part B if the Company gives the Client a written notice at least fourteen (14) days prior to the expiry date, unless such renewal of standing authority is objected by the Client in accordance with the Client Securities Rules.
7. Without prejudice to the Agreement, the Client undertakes to indemnify the Company against all costs, expenses, liabilities, losses or damages arising out of or suffered by the Company as a result of their acting in accordance with the Standing Authority given by the Client under this Part B.

Notwithstanding anything stated above, any Standing Authority given by a Client who is a professional investor shall remain valid and not limited by the twelve (12) months duration. Such Standing Authority shall continue to be effective until terminated by either party serving at least fourteen (14) days' written notice.

The Company shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to this Schedule 2 as from time to time amended and supplemented. The revised terms will be notified to the Client by written notice and/or posted at the "Forms Download" column and/or other relevant pages of CMBI Website <https://www.cmbi.com.hk>. The Client should visit the CMBI Website from time to time for obtaining the latest version and read the terms thereof. Such amendment, deletion, substitution or addition shall be deemed as effective and incorporated herein on the date of such notification and/or publication of such amendment. The Client may raise written objection within fourteen (14) days after the notice to the Client and/or publication of such amendment at the CMBI Website whichever is earlier; failing which, it shall be deemed an acceptance of such amendment, deletion, substitution or addition.

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## Schedule 3-RISK DISCLOSURE STATEMENTS

The following terms and conditions form part of the terms and conditions of the Agreement and are additional and supplemental to the Cash Client' s Agreement and Margin Client' s Agreement. Where any conflict or inconsistency arises between any provision of this Schedule 3 and any provision of the Agreement, the Company has absolute discretion to determine which terms and conditions shall prevail.

The Client represents (which representation will be deemed to be repeated on each date that a Transaction is entered into) to the Company that these Risk Disclosure Statements have been fully explained to the Client and that the Client has been invited to seek independent legal and financial advice in relation to the matters as more particularly set out in these Risk Disclosure Statements. The Client further declares that the Client has carefully read these Risk Disclosure Statements and fully understands and accepts the content of the same and agrees to be bound by the same.

1. The Client acknowledges that the prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. This is a risk that the Client is prepared to accept.
2. If it is required to convert the funds of IPO and/or Placing from one currency into another currency, investors are exposed to exchange rate risk and may suffer loss as a result of the fluctuations in exchange rate. If the Offer Securities are denominated in foreign currency or in both Hong Kong Dollar and foreign currency, investors are exposed to exchange rate risk and may suffer loss as a result of the fluctuations in exchange rate.
3. The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in Client' s 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.
4. The Client acknowledges that 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. The Client acknowledges and understands that the Client 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. The Client acknowledges and understands that current information on GEM stocks may only be found on the internet website operate by SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers. This sub-clause does not purport to disclose all the risks and other significant aspects of GEM. The Client understands and acknowledges that he should undertake his own research and study on the trading of securities on GEM before commencing any trading activities, and that he should seek independent professional advice if he is uncertain of or has not understood any aspect of this sub-clause or the nature and risks involved in trading of GEM stocks.
5. The Client acknowledges that client assets received or held by the Company 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 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.
6. The Client also acknowledges that there are risks in leaving securities in the custody of the Company, its associated entities or its agent. For example, if the Company is holding the Client' s securities and becomes insolvent, the Client may experience significant delay in recovering securities. These are risks that the Client is prepared to accept.
7. If the Company commits a default as defined in Part XII of the Securities and Futures Ordinance and a qualifying client thereby suffers a pecuniary loss, the qualifying client shall have a right to claim under the compensation fund established under the Securities and Futures Ordinance, subject to the terms of the compensation fund from time to time. The qualifying client' s right to claim under the compensation fund shall be restricted to the extent provided for in the Securities and Futures Ordinance and its rules and regulations.
8. The Client also understands and acknowledges the following:
  - (1) 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. The Client' s 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.
  - (2) The Client acknowledges and accepts that if he undertakes transaction on an Electronic Trading System, he will be exposed to risks associated with the system including the failure of hardware and software, and that the result of any system failure may be that his order is either not executed according to his instructions or not executed at all.
9. The Client acknowledges and accepts that due to unpredictable traffic congestion and other reasons, electronic transmission may not be a reliable medium of communication, that Transactions conducted via electronic means are subject to delays in transmission and

receipt of his instructions or other information, delays in execution or execution of his instructions at price different from those prevailing at the time his instruction were given, transmission interruption or blackout, that there are risks of misunderstanding or errors in communication, and that it is also usually not possible to cancel an instruction after it has been given. The licensed or registered person shall not be responsible for any consequences of these delays, including delays in the transmission of instructions/orders to the place of execution or the transmission of reports of execution to Client due to any failure of communication facilities, or any other delays beyond the reasonable control of the licensed or registered person. Communications over the internet may be subject to transmission blackout, interruption, interception, or incorrect data transmission due to the public nature of the internet or other reasons that are beyond the licensed or registered person's control. Messages sent over the internet cannot be guaranteed to be completely secure. Client shall be aware of and bear the risk of any delay, loss, diversion, alteration, corruption or virus infection of any messages/instructions either sent to or received from the licensed or registered person's systems. The licensed or registered person shall not be responsible for any losses or damages incurred or suffered as a result thereof.

10. The Client acknowledges and accepts that if he provides the Company with an authority to hold mail or direct mail to third parties, it is important for the Client to promptly collect in person all contract notes and statement of his Account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.
11. The Client acknowledges and accepts that the securities under the Nasdaq-Amex Pilot Program ( "PP" ) are aimed at sophisticated investors. The Client understands and acknowledges that he should consult his dealer and become familiarised with the PP before trading in the PP securities and that the Client should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or GEM of SEHK.
12. In the event that the Client wishes to have Transactions pursuant to this Agreement executed on Exchange other than the SEHK, the Client acknowledges and recognizes that, since such Transactions will be subject to the rules and regulations of those Exchanges, and applicable local laws, and not those of the SEHK, the Client may have a markedly different level and type of protection in relation to those Transactions compared to the level and type of protection afforded by the rules and regulations of the SEHK and Hong Kong law and the Client acknowledges and recognizes, without limitation, that such Transactions executed on exchanges other than the SEHK will not be subject to a right to claim under the compensation fund established under the Securities and Futures Ordinance where the Client suffers a pecuniary loss.
13. The Client understands and acknowledges that the following risks associated with Derivative Warrants and Callable Bull/Bear Contracts ( "structured product" ) that traded on Exchanges:
  - (1) In the event that a structured product issuer becomes insolvent and defaults on their listed securities, the Client will be considered as unsecured creditor and will have no preferential claims to any assets held by the issuer. The Client should therefore pay close attention to the financial strength and credit worthiness of structured product issuers;
  - (2) Uncollateralised structured products are not asset backed. In the event of issuer bankruptcy, the Client can lose their entire investment. The Client should read the listing documents to determine if a product is uncollateralised;
  - (3) Structured products such as derivative warrants and callable bull/bear contracts are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. The Client should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment;
  - (4) Structured products have an expiry date after which the issue may become worthless. The Client should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy;
  - (5) The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price;
  - (6) The Client trading structured products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the structured product price;
  - (7) The SEHK requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, the Client may not be able to buy or sell the product until a new liquidity provider has been assigned;
  - (8) The Client further understands and acknowledges that the following additional risks involved in trading Derivative Warrants:
    - (i) All things being equal, the value of a derivative warrant will decay over time as it approaches its expiry date. The Client should therefore not view derivative warrants as long term investments.
    - (ii) Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. The Client should be aware of the underlying asset volatility;
    - (iii) 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;
  - (9) The Client also understands and acknowledges that the following additional risks involved in trading Callable Bull/Bear Contracts:
    - (i) The Client trading Callable Bull/Bear Contracts should be aware of their intraday "knockout" or mandatory call feature. A callable bull/bear contracts will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. The Client will only be entitled to the residual value of the terminated callable bull/bear

contracts as calculated by the product issuer in accordance with the listing documents. The Client should also note that the residual value can be zero.

- (ii) The issue price of a callable bull/bear contracts includes funding costs. Funding costs are gradually reduced over time as the callable bull/bear contracts moves towards expiry. The longer the duration of the callable bull/bear contracts, the higher the total funding costs. In the event that a callable bull/bear contracts is called, the Client will lose the funding costs for the entire lifespan of the callable bull/bear contracts. The formula for calculating the funding costs are stated in the listing documents.
- (10) The Client also understands and acknowledges that the following additional risks involved in trading in Shanghai and Shenzhen-Hong Kong Stock Connect and agrees to the below:
- (i) Investors should note that any Northbound or Southbound trading will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance. As far as Southbound trading is concerned, since Mainland securities brokers are neither licensees nor registered institutions with the SFC in Hong Kong and they are not regulated by the SFC, the Investor Compensation Fund will not cover Southbound trading. As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (SEHK) and recognised futures market (Hong Kong Futures Exchange Limited, HKFE). Since default matters in Northbound trading do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund. For further information on Hong Kong's Investor Compensation Fund, please refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, please consult the Public Register of Licensed Persons & Registered Institutions in the SFC website. On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund the functions of China Securities Investor Protection Fund (CSIPF) include **"indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory Commission (CSRC) and custodian operation"** or **"other functions approved by the State Council"**. As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, therefore they are not protected by CSIPF on the Mainland;
  - (ii) 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 aggregate quota balance situation, buying services will be resumed on the following trading day;
  - (iii) As mentioned above, it will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Investors should take note of the days open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when it is not trading;
  - (iv) For investors who usually keep their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers before the market opens on the day of selling (T day). If they fail to meet this deadline, they will not be able to sell those A-shares on T day;
  - (v) When a stock is recalled from the scope of eligible stocks for trading for above-mentioned reasons, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE and SEHK;
  - (vi) Hong Kong and overseas investor who holds a local currency other than RMB will be exposed to currency risk if he/she invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, you will also incur currency conversion costs. Even if the price of the RMB asset remains the same when you purchase it and when you redeem / sell it, you will still incur a loss when you convert the redemption / sale proceeds into local currency if RMB has depreciated;
  - (vii) No day trading is allowed in Northbound trading;
  - (viii) For the Northbound trading, pre-trade checking is in place so that a Client must have his/her shares transferred to the Company's corresponding CCASS account before the commencement of trading on a trading day if he/she intends to sell the shares during a trading day, unless other arrangement is in place;
  - (ix) All trade in Northbound trading must be conducted on SSE, i.e. no over-the-counter (OTC) or manual trades are allowed;
  - (x) Naked short selling is not allowed in Northbound trading
  - (xi) For the Northbound trading, foreign shareholding restriction (including the forced-sale arrangement) is in place and the Company should have the right to **"force-sell"** Client's shares upon receiving the forced-sale notification from SEHK;



- (xii) For the Northbound trading, investors should understand fully the Mainland rules and regulations in relation to short-swung profits, disclosure obligations and follow such rules and regulations accordingly;
- (xiii) The Company may have the right to cancel Client' s orders in case of contingency such as Severe Weather;
- (xiv) The Company may not be able to send in Client' s order cancellation requests in case of contingency such as when SEHK loses all its communication lines with SSE, etc and investors should still bear the settlement obligations if the orders are matched and executed;
- (xv) The Client must comply with SSE Rules and other applicable laws of PRC relating to Northbound trading;
- (xvi) The Company may forward the Client' s identity to SEHK which may on-forward to SSE for surveillance and investigation purposes;
- (xvii) If the SSE Rules are breached, or the disclosure and other obligations referred to in the SSE Listing Rules or SSE Rules is breached, SSE has the power to carry out an investigation, and may, through SEHK, require Company to provide relevant information and materials and to assist in its investigation;
- (xviii) SEHK may upon SSE' s request, require the Company to reject orders from the Client. Client needs to accept the risks concerned in Northbound trading, including but not limited to prohibition of trading SSE Securities, being liable or responsible for breaching the SSE Listing Rules, SSE Rules and other Applicable Laws and Regulations;
- (xix) SSE may request SEHK to require Company to issue warning statements (verbally or in writing) to their clients, and not to extend Northbound trading service to their clients;
- (xx) HKEx, SEHK, SEHK Subsidiary, SSE and SSE Subsidiary and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by Company, its clients or any third parties arising from or in connection with Northbound trading or the CSC.
- (xxi) Trading of ChiNext/STAR Shares is limited to institutional professional investor within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO or other types of investors that are permitted or approved by the China Connect Authorities to trade ChiNext/STAR Shares through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect ( "Eligible ChiNEXT/STAR Investor" ) The Client will trade ChiNext/STAR Shares only when the Client is, and in the case where the Client is an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each such underlying client is, an eligible ChiNext/STAR Investor as stated above. If the Client or any underlying client or clients is not an institutional professional investor ( "Non-Eligible ChiNext/STAR Investors" ), the Client hereby agrees and authorizes the Company, at any time, to facilitate the disposal of such ChiNext/STAR Shares of such Non-Eligible ChiNext/STAR Investors at the Company' s absolute discretion. The Client undertakes to indemnify and keep indemnified the Company in respect of any costs, claim, demands, damages and expenses whatsoever which may be suffered or incurred by the Company directly or indirectly arising out of or in connection with such ChiNext/STAR Shares transactions entered into by the Company as agent on behalf of any Non-Eligible ChiNext/STAR Investors. The Client also agrees to pay promptly to the Company, on demand, all damages, costs and expenses (including legal expenses on a full indemnity basis) reasonably and properly incurred by the Company in the enforcement of this provision.
- (xxii) ChiNext/STAR Shares involve a high investment risk. In particular, profitability and other financial requirements for listing on the ChiNext/STAR Board are less stringent than the Main Board and the SME Board of the SZSE or SSE. The Customer should make the decision to invest only after due and careful consideration. Companies listed on the ChiNext/STAR Board may include enterprises in the innovation and technology sector as well as other start-up and/or growth enterprises with smaller operating scale and share capital. Stock prices may also be more susceptible to manipulation due to fewer circulating shares. Accordingly, the ChiNext/STAR Shares may be very volatile and illiquid. In addition, current information on such companies may be limited and may not be widely available. It may be more common and easier for companies listed on the ChiNext/STAR Board to be delisted. The ChiNext/STAR Shares may become very illiquid after delisting. The Customer may suffer a total loss of its investment in the event of a delisting. The Customer should seek independent professional advice if the Customer is uncertain of or has not understood any aspect of these China Connect Securities Trading Risk Disclosures or the nature and risks involved in trading of ChiNext/STAR Shares.
- (xxiii) No margin trading services, short selling and stock borrowing lending services will be provided in Shenzhen-Hong Stock Connect and Shanghai-Hong Kong Stock Connect.

14. Access to the internet or other electronic medium may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons. Any communication through the internet or other electronic medium may be subject to interruption, transmission blackout, and delayed transmission due to unpredictable traffic congestion and other reasons beyond the licensed or registered person' s control. Internet is, due to technical limitation, an inherently unreliable medium of communication. As a result of such unreliability, there may be delays in the transmission and receipt of information. The statements may not be sent to the designed email address at all. Moreover, communications and personal data may be accessed by unauthorised third parties, and there are risks of misunderstanding or error in any communication and that such risks shall be absolutely borne by Client.
15. Some options may only be exercised on an expiry day (European-style exercise) and other options may be exercised at any time before expiration (American-style exercise). Client understands that upon exercise some options require delivery and receipt of the underlying security and that other options require a cash payment. An option is a wasting asset and there is a possibility that as an option holder Client may suffer the loss of the total premium paid for the option. Client acknowledges that, as an option holder, in order to realise a

profit it will be necessary to either exercise the option or close the long option position in the market. Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. Client acknowledges that the licensed or registered person has no obligation either to exercise a valuable option in the absence of Client's instruction or to give to Client prior notice of the expiration date of the option.

16. As a writer of an option Client may be required to pay additional margin at any time. Client acknowledges that as an option writer, unlike an option holder, it may be liable for unlimited losses based on the rise or fall of the price of the underlying security and its gains are limited to the option premium. Additionally, writers of American-style call (Put) options may be required at any time before expiry to deliver (pay for) the underlying securities to the full value of the strike price multiplied by the number of underlying securities. Client recognises that this obligation may be wholly disproportionate to the value of premium received at the time the options were written and may be required at short notice.
17. The Client also understands and acknowledges that the following additional risks involved in trading in trading of options:
  - (1) Client acknowledges that due to the volatile nature of securities markets, the purchase of options over securities involves a high degree of risk.
  - (2) The risk of loss in trading options is substantial. In some circumstances, Client may sustain losses in excess of Client's initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. Client may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, Client's position may be liquidated. Client will remain liable for any resulting deficit in Account. Client should therefore study and understand options before Client trade and carefully consider whether such trading is suitable in the light of Client's own financial position and investment objectives. If Client trades options Client should inform Client's self of exercise and expiration procedures and Client's rights and obligations upon exercise or expiry.
  - (3) This brief statement does not disclose all of the risks and other significant aspects of trading in options. In light of the risks, Client should undertake such Transactions only if Client understands the nature of the contracts (and contractual relationships) into which Client is entering and the extent of Client's exposure to risk. Trading in options is not suitable for many members of the public. Client should carefully consider whether trading is appropriate for Client in light of Client's experience, objectives, financial resources and other relevant circumstances.
  - (4) Client should ask the licensed or registered person about the terms and conditions of the specific futures or options which Client is trading and associated obligations (e.g. expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the Exchange or Clearing House to reflect changes in the underlying interest.
  - (5) 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 Client has sold options, this may increase the risk of loss. Normal pricing relationships between the underlying interest and the option may not exist. The absence of an underlying reference price may make it difficult to judge "fair value".
  - (6) Client should familiarise Client's self with the protections given to money or other property Client deposit for domestic and foreign Transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which Client may recover Client's money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as Client's own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.
  - (7) Before Client begins to trade, Client should obtain a clear explanation of all commission, fees and other charges for which Client will be liable. These charges will affect Client's net profit (if any) or increase Client's loss.
  - (8) Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose Client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before Client trades, Client should enquire about any rules relevant to Client's particular Transactions. Client's local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where Client's Transactions have been effected. Client should ask the licensed or registered person with which Client deals for details about the types of redress available in both Client's home jurisdiction and other relevant jurisdictions before Client starts to trade.
  - (9) In some jurisdictions, and only then in restricted circumstances, the licensed or registered person is permitted to effect off-exchange Transactions. The licensed or registered person with which Client deals may be acting as Client's counterparty to the Transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these Transactions may involve increased risks. Off-exchange Transactions may be less regulated or subject to a separate regulatory regime. Before Client undertakes such Transactions, Client should familiarise with applicable rules and attendant risks.
  - (10) Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Client should calculate the extent to which the value of the options must increase for Client's position to become profitable, taking into account the premium and all transaction costs.
  - (11) 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 purchased options expire worthless, Client will suffer a total loss of Client's investment which will consist of the option premium plus transaction costs. If Client is contemplating purchasing deep-out-of-the-money options, Client should be aware that the chance of such options becoming profitable ordinarily is remote.

- (12) 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 unfavourably. 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 "covered" by the seller holding a corresponding position in the underlying interest or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited
- (13) 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.

18. The Client also understands and acknowledges that the following additional risks involved in trading securities on Margin,:

- (1) The Client can lose more funds than the Client deposits in the Margin Account. A decline in the value of securities that are purchased on Margin may require the Client to provide additional funds to the Company or the Client must put up Margin to avoid the forced sale of those securities or other assets in the Account(s). The Company can force the sale of securities or other assets in the Account(s). If the equity in the Account falls below the maintenance Margin Requirements, or if the Company has higher requirements in its sole and absolute discretion, the Company can sell the securities or other assets in any of the Accounts held to cover the Margin deficiency. The Client also will be responsible for any shortfall in the Account after such a sale. The Company can sell the Client's securities or other assets without notification to the Client.
- (2) The Client is not entitled to choose which securities or other assets in the Account(s) are liquidated or sold to meet a margin call. The Company has the right to decide which positions to sell in order to protect its interests.
- (3) The Company can increase its Margin Requirements at any time and is not required to provide the Client with advanced written notice. Failure of the Client to maintain adequate Margin in the event of an increased margin rate generally will cause the Company to liquidate or sell securities in the Account(s).
- (4) The Client will pay interest on margin loan at the rates as announced on the CMBI Website or Mobile Site. These margin interest costs reduce the Client's return on investment.

19. The Client also understands and acknowledges that the following additional risks involved in trading in United States exchange-listed or over-the-counter (OTC) securities or derivatives:

- (1) The Client should understand the US rules applicable to trades in security or security-like instrument in markets governed by US laws before undertaking any such trading. US laws could apply to trading in US markets irrespective of the law applicable in the Client's home jurisdiction.
- (2) Many (but not all) stocks, bonds and options are listed and traded on the US stock exchanges. NASDAQ, which used to be an OTC market among dealers, has now also become a US exchange. For exchange-listed stocks, bonds and options, each exchange promulgates rules that supplement the rules of the US Securities & Exchange Commission ( "SEC" ) for the protection of individuals and institutions trading in the securities listed on the exchange.
- (3) OTC trading among dealers can continue in exchange-listed instruments and/or in instruments that are not exchange-listed. For securities that are not listed on any exchange, trading can continue through the OTC bulletin board or through the inter-dealer "pink sheets" that carry representative (not actual) dealer quotes. These facilities are outside of NASDAQ.
- (4) Options on securities are subject to SEC rules and the rules of any securities exchange on which the options are listed. Options on futures contracts on commodities like wheat or gold are governed by rules of the US Commodity Futures Trading Commission ( "CFTC" ). There are also commercial options, like options on real estate, that are governed neither by SEC nor CFTC rules.
- (5) When the Client intends to trade in US exchange-listed securities, OTC securities or derivatives (such as options or futures), the Client should understand the particular rules that govern the market in which the Client intends to trade. An investment in any of these instruments tends to increase the risk.
- (6) Market makers of OTC bulletin board are unable to use electronic means to interact with other dealers to execute trades. They must manually interact with the market, i.e., use standard phone lines to communicate with other dealers to execute trades. This may cause delays in the time it takes to interact with the market place. This, if coupled with increase in trade volume, may lead to wide price fluctuation in OTC bulletin board securities as well as lengthy delays in execution time. The Client should exercise extreme caution when placing market orders and fully understand the risks associated with trading in the OTC bulletin board.
- (7) Market data such as quotes, volume and market size may or may not be as up-to-date as expected with NASDAQ or listed securities.
- (8) As there may be far fewer market makers participating in the OTC securities markets, the liquidity in that security may be significantly less than those in the listed markets. As such, the Client may receive a partial execution or the order may not be executed at all. Additionally, the price received on a market order may be significantly different from the price quoted at the time of order entry. When fewer shares of a given security are being traded, larger spreads between bid and ask prices and volatile swings in price may result. In some cases, the liquidation of a position in an OTC security may not be possible within a reasonable period of time.



- (9) Issuers of OTC securities have no duty to provide any information to investors, maintain registration with the SEC or provide regular reports to investors. The Client is strongly advised to proceed with caution and thoroughly research companies before transacting in OTC equity securities. In some cases, issuers of OTC equity securities may have no obligation to provide information to investors and, in many cases, reliable information regarding issuers of OTC equity securities, their prospects, or the risks associated with the business of such issuers may not be available. As a result, it may be difficult to properly value investments in OTC equity securities. The Client should exercise additional care and perform thorough diligence before making any investment decision regarding an OTC equity security.
  - (10) The Company, at its sole discretion, may restrict the Client's ability to enter market orders and other order types in certain instances and require the Client to place limit orders to trade OTC equity securities. Some order types when used for OTC equity securities may trigger, route, or execute in a manner different than exchange-listed securities. The Company reserves the right to charge commissions or reject any order in any security (including but not limited to OTC equity securities).
20. The Client represents (which representation will be deemed to be repeated on each date that a Transaction is entered into) to the Company that this Clause have been fully explained to it and that it has been invited to seek independent legal and financial advice in relation to the matters as more particularly set out in this Clause. The Client further declares that the Client has carefully read this Clause and fully understands and accepts the content of the same and agrees to be bound by the same.
21. The Client acknowledges that the risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client's cash and any other assets deposited as collateral with the licensed or registered person. The Client understands that market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. The Client may be called upon at short notice to make additional Margin deposits or interest payments. The Client understands and accepts that if the required Margin deposits or interest payments are not made within the prescribed time, the Client's collateral may be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in his Account(s) and interest charged on his Account(s). The Client acknowledges that he should therefore carefully consider whether such a financing arrangement is suitable in light of his own financial position and investment objectives.
22. The Client acknowledges and accepts in the following risks in relation to stock borrowing and lending arrangement:
  - (1) **Loss of Proprietary Rights** If the Client lends any securities to the Company pursuant to a stock borrowing and lending arrangement, his rights, including any proprietary rights that he may have, in those securities may be replaced by an unsecured contractual claim for delivery of equivalent securities and subject to the terms of the arrangement. Despite the above, the Client shall continue to have market exposure (i.e. increase and decrease of price) inherent in the right of return of such loaned securities.
  - (2) **The Company Insolvency Risk** The Client understands that there is risk that in the event the Company is subject to insolvency or other similar Proceedings, the Client may become an unsecured creditor of the Company in respect of (i) the securities equivalent to the securities or securities collateral being borrowed by the Company, and (ii) any cash sum equal to such securities equivalent.
  - (3) **No Margin** The Client may be exposed to the credit risk of the Company for the duration of such securities loan transactions in respect of the market value of the relevant securities. No margin will be provided by the Company to you in respect of such exposure.
  - (4) **Loss of Voting Rights** As a result of the Client ceasing to have a proprietary interest in the loaned securities, it is possible the Client may not be entitled to exercise voting, consent or similar rights attached to the securities.
  - (5) **Manufactured Dividends** In the case of any distribution of interest, dividend or other income in the form of cash relating to any loaned securities, the Company will credit a payment to the Client's Account(s) (net of deduction or withholding for or on account of any taxes) by reference to such interest, dividend or income (a "manufactured dividend"). Where the Client receive or are credited with a manufactured dividend, the Client's tax treatment may differ from your tax treatment in respect of the original interest, dividend or other income in relation to those securities.
  - (6) **No obligation to account for any fees and profits that may be received by the Company and Conflicts** If the Client authorizes the Company to use any securities pursuant to a stock borrowing arrangement on principal basis, the Company will become the legal and beneficial owner of those securities, and the Company may, without limitation, lend those securities to a third party or an affiliate for its own purposes (including short selling which may not align with the interest of the Client), or deposit such loaned securities with a third party or affiliated financial institution as collateral for financial accommodation provided by the financial institution. The Company may be using or borrowing your securities as principal based on the arrangements that may not necessarily be the best available terms. Provided the Company reasonably believes that there would be no material detriment to your interest, or the Company has taken all reasonable steps to ensure fair treatment pursuant to the terms of the arrangement, the Company may enter into any transaction in its sole discretion with respect to the securities pursuant to which the Company has a material interest and places the Company in a position where its interest may conflict with its duty to the Client. The Company will be entitled to retain for its own account all fees, profits and other benefits received by the Company in connection with such transactions.
23. The Client also understands and acknowledges the following:
  - (1) There is a risk if the Client provides the Company with an authority that allows it to apply Client's securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge the Client's securities collateral for financial accommodation or deposit the Client's securities collateral as collateral for the discharge and satisfaction of its settlement obligations and

liabilities.

- (2) Unless the Client is a professional investor, the Client's authority must specify the period for which it is current and be limited to not more than 12 months. If the Client is a professional investor, these restrictions do not apply.
  - (3) Additionally, the Client's authority may be deemed to be renewed (i.e. without the Client's consent) if the Company issues the Client a reminder at least 14 days prior to the expiry of the authority, and the Client does not object to such deemed renewal before the expiry date of the then existing authority.
  - (4) The Client is not required by any law to sign the authorities referred to in clause 21(1) above. But an authority may be required by the Company, for example, to facilitate margin lending to the Client or to allow the Client's securities or securities collateral to be loaned to or deposited as collateral with third parties. The Company should explain to the Client the purposes for which one of these authorities is to be used.
  - (5) If the Client signs one of these authorities referred to in clause 21(1) above and the Client's securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on the Client's securities or securities collateral. Although the Company is responsible to the Client for the Client's securities or securities collateral lent or deposited under the authority, a default by it could result in the loss of Client's securities or securities collateral.
  - (6) A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If the Client does not require margin facilities or does not wish his securities or securities collateral to be lent or pledged, the Client should not sign the authorities referred to in clause 21(1) above and should ask to open this type of cash account.
24. The Client also acknowledges that there are risks in leaving securities in the custody of the Company, its associated entities or its agents. For example, if the Company is holding the Client's securities and becomes insolvent, the Client may experience significant delay in recovering securities. These are risks that the Client is prepared to accept.
25. The Client represents (which representation will be deemed to be repeated on each date that a Transaction is entered into) to the Company that this Clause have been fully explained to it and that it has been invited to seek independent legal and financial advice in relation to the matters as more particularly set out in this Clause. The Client further declares that the Client has carefully read this Clause and fully understands and accepts the content of the same and agrees to be bound by the same.

#### **RISK OF ENTERING INTO OVER-THE-COUNTER DERIVATIVE TRANSACTIONS WITH AN UNLICENSED PERSON**

26. If Client enter into over-the-counter derivative transactions with any affiliate of the Company ( "Client' s Counterparty" ), it is important for Client to note that Client' s Counterparty is not licensed by the SFC and hence is not subject to the conduct and prudential supervision by the SFC.
27. There may be occasions where Client' s Counterparty is regulated by a financial regulator (other than SFC) in Hong Kong or in a Foreign Jurisdiction. In such occasion, although Client' s Counterparty is regulated by another regulatory body, the regulation of such regulatory body may be different from the regulation of the SFC, and the protection that Client may receive under the regulation of that regulatory body might not be the same as the protection that Client would receive if Client' s Counterparty were licensed by the SFC.
28. There may be occasions where Client' s Counterparty is not regulated by any other financial regulator. In such occasion, Client should also note that Client' s Counterparty is not regulated by any other financial regulator and as such, Client may not receive any regulatory protection at all.
29. Client should cautiously consider whether it would be in Client' s best interest to enter into over-the-counter derivative transactions with Client' s Counterparty instead of a licensed corporation and seek independent professional advice when in doubt.

#### **EXPLANATION OF RISKS ASSOCIATED WITH EXCHANGE-TRADED DERIVATIVE PRODUCTS**

30. If Client wishes to trade exchange-traded derivative products mentioned below, Client should read carefully and understand fully the relevant risks associated with the products as mentioned herein.

#### **Common Types of Exchange-Traded Derivative Products and Relevant Risks**

##### **Derivative Warrants ( "DWs" )**

31. DWs are issued by third parties such as financial institutions and are generally divided into Calls and Puts. Holders of call warrants have the rights, but not obligation, to purchase from the warrant issuer a given amount of the underlying asset at a predetermined price (also known as the exercise price) within a certain time period. Conversely, holders of put warrants have the right, but not obligation, to sell to warrant issuer a given amount of the underlying asset at a predetermined price within a certain time period. DWs in Hong Kong are usually settled in cash when they are exercised at expiry and are likely to have an unique expiry date.
32. The time value of a DW decreases over time. All things being equal, the value of a DW will decrease over time as it approaches its expiry date. DWs are not principal protected and the price of DWs may fall in value as rapidly as they may rise and investors may not be able to get back the principal and may lose all the investment.



## Equity Warrants / Subscription Warrants

33. They are issued by a listed company and give holders the rights to buy the underlying shares of the company. They are either attached to new shares sold in initial public offerings, or distributed together with declared dividends, bonus shares or rights issues. Upon exercise, the underlying company will issue new shares and deliver them to the warrant holders.
34. The time value of an equity warrant decreases over time. All things being equal, the value of an equity warrant/subscription warrant will decrease over time as it approaches its expiry date. Investors may not be able to get back the principal and may lose all the investment.

## Callable Bull / Bear Contracts ( "CBBCs" )

35. CBBCs are a type of structured product that tracks the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset.
36. CBBCs have a call price and a mandatory call feature – For bull contracts, the call price must be either equal to or above the Strike Price. For bear contracts, the call price must be equal to or below the Strike Price. If the underlying asset's price reaches the Call Price at any time prior to expiry, the CBBCs will expire early. The issuer must call the CBBCs and trading of the CBBCs will be terminated immediately. Such an event is referred to as a mandatory call event ( "MCE" ). However, when the underlying asset of a CBBC is trading at a price close to its call price, the change in the value of CBBCs may be more volatile and disproportionate with the change in the value of the underlying asset.
37. There are two categories of CBBCs, namely Category N CBBC and Category R CBBC. A Category N CBBC refers to a CBBC where its call price is equal to its Strike Price, and the CBBC holder will not receive any cash payment once the price of the underlying asset reaches or goes beyond the call price. A Category R CBBC refers to a CBBC where its call price is different from its Strike Price, and the CBBC holder may receive a small amount of cash payment ( "Residual Value" ) upon the occurrence of an MCE but in the worst case, no Residual Value will be paid. CBBCs can be held until maturity (if not called before expiry) or sold on the HKEx (as defined below) before expiry. Investors should not trade in CBBCs unless he/she understands the nature of the product and is prepared to lose his/her total investment.
38. The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, investors will lose the funding costs for the entire lifespan of the CBBC. The formula for calculating the funding costs are stated in the listing documents.
39. 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 CBBCs are affected by a number of factors, including its own demand and supply, funding costs and time to expiry.

## Exchange Traded Funds ( "ETFs" )

40. ETFs are passively managed and open-ended funds. All listed ETFs on the HKEx securities market are authorised by the SFC as collective investment schemes. ETFs are designed to track the performance of their underlying benchmarks (e.g. an index, a commodity such as gold, etc) and offer investors an efficient way to obtain cost-effective exposure to a wide range of underlying market themes. Synthetic ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark.
41. Investors are exposed to the political, economic, currency and other risks related to the underlying asset pool or index or market that the ETF tracks. There may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market due to, for instance, failure of the tracking strategy, currency differences, fees and expenses. Where the underlying asset pool/index/market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETF in line with its net asset value (NAV) may be disrupted, causing the synthetic ETF to trade at a higher premium or discount to its NAV. Investors who buy an ETF at a premium may not be able to recover the premium in the event of the termination. Where a synthetic ETF invests in derivatives to replicate the index performance, customers are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivative issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of a synthetic ETF may have a "knock-on" effect on other derivative counterparties of the synthetic ETF). Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the synthetic ETF seeks to realize the collateral. A higher liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of the derivatives may result in losses.

## Rights Issue

42. For exercising and trading of the rights issue, investors have to pay attention to the deadline and other timelines. Rights issues that are not exercised will have no value upon expiry. But if investors decide to let the rights lapse, then investors will not need to take any action



unless investors want to sell the rights in the market. In that case, the rights must be sold during the specified trading period within the subscription period, after which they will become worthless. If investors pass up the rights, the shareholding in the expanded capital of the company will be diluted.

### Leveraged and Inverse Investment Product

43. Certain Products are collective investment scheme falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds (the “Code” ) in the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products. Certain Products may also be subject to additional Chapters of the Code. Certain Trust and Products are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The Leveraged Products will utilize leverage to achieve a daily return equivalent to (x) times the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Products in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage. The Inverse Products track the inverse daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Products. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

### Futures

44. Futures are financial contracts for underlying assets, such as stock, market index, currency or commodity. The underlying assets are bought or sold at an agreed price today, for a set date in the future.
45. Investors can trade futures on the HKEx. Investors can buy or sell them with a margin deposit, which only partly covers the value of the contract. Going into leverage can increase the size of their gain or loss. Trading futures can be risky as a broker can make a margin call. This means investors must put in more cash or securities to cover the shortfall of their margin deposit in case the price of the underlying asset moves against your view. The loss could be much more than their margin deposit.

46. Effect of “Leverage” or “Gearing”

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

47. 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.

### Options

48. Options are financial contracts that give the buyer the right to buy or sell an underlying asset (stock, market index, currency or commodity) from the seller at a set price within a certain time.
- Investors can trade options on the HKEx. The risks and returns of the option buyer and seller are different. If investors are the buyer, the maximum loss is the premium they pay to the seller. If investors are the seller, they get the premium. But they must also make a deposit as a guarantee to go ahead to buy or sell the underlying asset. Like futures trading, the option seller faces the risk of a margin call. Again, the loss for the seller could be much more than the premium.

49. General Major Risks Associated with Exchange-Traded Derivative Products (including but not limited to the following)

#### (A) Issuer default risk

In the event that an exchange-traded derivative product issuer becomes insolvent and defaults on their issued products, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of exchange-traded derivative product issuers. Since exchange-traded derivative products are not asset backed, in the event of issuer bankruptcy, investors can lose their entire investment.

#### (B) Gearing risk

Exchange-traded derivative products such as DWs, CBBCs and Leveraged and Inverse Investment Products are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of an exchange-traded derivative product may fall to zero resulting in a total loss of the initial investment.

**(C) Limited life**

Most of the exchange-traded derivative products have an expiry date after which the products may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

**(D) Extraordinary price movements**

The price of an exchange-traded derivative product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.

**(E) Foreign exchange risk**

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

**(F) Liquidity risk**

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

**(G) Volatility risk**

Prices of DWs and CBBs can increase or decrease in line with the implied volatility of underlying asset price. Investors should be aware of the underlying asset volatility.

**(H) Intraday investment risk**

Leveraged and Inverse Investment Products are normally rebalanced at day end. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than (x) times leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

**(I) Portfolio turnover risk**

Daily rebalancing of Leveraged and Inverse Investment Products' holdings causes a higher level of portfolio transactions than compared to the conventional ETFs. High levels of transactions increase brokerage and other transaction costs.

**(J) Difference in price limit risk**

Leveraged and Inverse Investment Products' investment objective is to provide investment results that closely correspond to (x) times the daily performance of the Index. Although the Index is an equity index, the Products will invest in Index Futures. For example, the daily price limit for individual stocks of the Index at present is +/- 30% while the daily price limit for Index Futures is +/- 20%. As such, should the Index' s daily price movement be greater than the price limit of the Index Futures, the Products may not be able to achieve its investment objective as the Index Futures are unable to deliver a return beyond their price limit.

**(K) Trading suspension risk**

During the suspension of trading of the Products, investors and potential investors cannot buy and sell units in the Stock Exchange. In terms of providing a fair and orderly market with regarding the interests of investors, the Exchange may suspend the units trading whenever it is appropriate. If the trading of units is suspended, the subscription and redemption of units may also be suspended.

**(L) Inverse performance risk**

Inverse Investment Products track the inverse daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Products. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

**(M) Inverse Product vs. short selling risk**

Investing in Inverse Investment Products is different from taking a short position. Because of rebalancing, the return profile of the Products is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Products may deviate from a short position.

**(N) Long term holding risk**

Some Products are not intended for holding longer than one day as the performance of the Products over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than (X) times the fall in the Index). The effect of compounding becomes more pronounced on the Product' s performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product' s performance from the inverse performance of the Index will increase, and the performance of the Products will generally be adversely affected. As a result of daily rebalancing, the Index' s volatility and the effects of compounding of each day' s return over time, it is even possible that the Products will lose money over time while the Index' s performance falls or is flat.

**(O) Futures contracts risks**

Some Products are futures based products. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Products. Exposures to futures contracts may lead to a high risk of significant loss by the Products. A “roll” occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product’s portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the higher price of the futures contract with a later expiration date) as the futures contracts approach expiry. There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Products from achieving its investment objective.

**(P) Passive investments risks**

Some Products are not “actively managed” and therefore the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances the Products will also decrease in value.

**Disclaimer**

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The information contained in this document regarding exchange -traded derivative products are based on the information available on the websites of The Securities and Futures Commission, the HKEx and the Hong Kong Monetary Authority, etc. For more detailed information regarding financial derivative products, you can refer to the websites of the SFC ([www.sfc.hk/sfc/html/EN](http://www.sfc.hk/sfc/html/EN)), the HKEx ([www.hkex.com.hk/eng/index.htm](http://www.hkex.com.hk/eng/index.htm)) and the HKMA ([www.info.gov.hk/hkma/](http://www.info.gov.hk/hkma/)).

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# Schedule 4-VIRTUAL ASSET KNOWLEDGE TRAINING

## Introduction of Virtual Assets

1. Virtual assets refers to digital representations of value which may be in the form of digital tokens (such as utility tokens, stablecoins or security- or asset-backed tokens) or any other virtual commodities, crypto assets or other assets of essentially the same nature (such as Non-Fungible Token (NFT)), irrespective of whether or not they amount to "securities" or "futures contracts" as defined under the Securities and Futures Ordinance (SFO), but excludes digital representations of fiat currencies issued by central banks.
2. VA-related products refers to investment products which:
  - Have a principal investment objective or strategy to invest in virtual assets;
  - Derive their value principally from the value and characteristics of virtual assets; or
  - Track or replicate the investment results or returns which closely match or correspond to virtual assets.
3. Except for institutional professional investors and qualified corporate professional investors, customers should be assessed whether they have sufficient knowledge of investing in virtual assets or VA-related products prior to effecting a transaction in VA-related products. If derivative features are involved, in addition, the customers should be also assessed whether they have sufficient knowledge of investing in derivative products or its relevant products.

## Common Types and Features of Virtual Assets

There are a variety of derivative instruments in the market, which can be divided into two basic types:

1. Virtual Currency/ Crypto Currency  
Cryptocurrency, also known as cryptographic currency, encrypted currency, and digital currency, e.g. Bitcoin, Ethereum, is an electronic currency formed through the application of blockchain technology, and uses cryptographic principles to verify transactions. Unlike currencies, cryptocurrencies need to be authenticated by a third party, for example, when using a credit card for online shopping, the transaction may subject to verification process requested by the bank). Cryptocurrencies are decentralized, the transactions will not be recorded in the bank, in which directly recorded on the blockchain system.
2. Security Tokens Offering  
STOs typically refer to specific offerings which are structured to have features of traditional securities offerings, and involve Security Tokens which are digital representations of ownership of assets (e.g. gold or real estate) or economic rights (e.g. a share of profits or revenue) utilizing blockchain technology. Security Tokens are normally offered to professional investors only.

## Applications of Virtual Assets and Regulatory Remits

### BACKGROUND

Public interest in virtual assets has grown exponentially around the world since the creation of the most widely-known digital token, Bitcoin, in 2008. Over 2,000 different digital tokens are currently traded around the world with an estimated total market capitalization of over US\$200 billion. In recent years, crypto-asset markets have grown significantly, with the Non-Fungible Tokens (NFT) issued by different institutions and individuals prompting a new wave of crypto-asset investment in recent years. There is also a growing demand for funds which invest in virtual assets.

### USE OF VIRTUAL ASSETS

Technology is transforming the landscape of the financial industry. Distributed ledger technology offers an anonymous way to digitally record ownership of virtual assets and facilitates peer-to-peer trading. A virtual asset is a digital representation of value, which is also known as "cryptocurrency", "crypto-asset" or "digital token". The polymorphous and evolving features of virtual assets mean that they may be, or claim to be, a means of payment, may confer a right to present or future earnings or enable a token holder to access a product or service, or a combination of any of these functions

### REGULATORY APPROACH

#### Current Regulatory Framework

1. Complex Product Regulation
  - Suitability
  - Information
  - Warning Statement
2. General Point of Sales Requirements
  - Suitability of Recommendation
  - Derivative Product Requirements
  - Due Diligence
3. Virtual Asset Knowledge

#### Unregulated/ Light-touch Regulated

1. Service Providers
  - Counterparty Risks
2. Spot Markets
  - Lack of Pricing Transparency
  - Potential Market Manipulation

- Relevant Experience in Education, Work or Trading
- Virtual Assets Training
- Net Worth

\*\* Clients should have sufficient net worth to be able to assume the risks and bear the potential losses of trading.

## Key Risk Associated with Virtual Assets

### RISKS ASSOCIATED WITH INVESTING IN VIRTUAL ASSETS

Virtual assets pose significant risks to investors. Some of these risks are inherent in the nature and characteristics of the virtual assets themselves and others stem from the operations of platforms or portfolio managers.

1. Valuation, volatility and liquidity  
Virtual assets are generally not backed by physical assets or guaranteed by the government. They have no intrinsic value. There are currently no generally accepted valuation principles governing certain types of virtual assets. Prices on the secondary market are driven by supply and demand and are short-term and volatile by nature. The volatility faced by investors may be further magnified where liquidity pools for virtual assets are small and fragmented.
2. Accounting and auditing  
Among the accounting profession, there are no agreed standards and practices for how an auditor can perform assurance procedures to obtain sufficient audit evidence for the existence and ownership of virtual assets, and ascertain the reasonableness of the valuations.
3. Cybersecurity and safe custody of assets  
Trading platform operators and portfolio managers may store clients' assets in hot wallets (i.e., online environments which provide an interface with the internet). These can be prone to hacking. Cyber-attacks resulting in the hacking of virtual assets trading platforms and thefts of virtual assets are common. Victims may have difficulty recovering losses from hackers or trading platforms, which can run to hundreds of millions of US dollars. Virtual asset funds face a unique challenge due to the limited availability of qualified custodian solutions. Available solutions may not be totally effective.
4. Market integrity  
Unlike regulated stock exchanges, the market for virtual assets is nascent and does not operate under a set of recognized and transparent rules. Outages are not uncommon, as are market manipulative and abusive activities, and these all result in investor losses.
5. Risk of money laundering and terrorist financing  
Virtual assets are generally transacted or held on an anonymous basis. In particular, platforms which allow conversions between fiat currencies and virtual assets are inherently susceptible to higher risks of money laundering and terrorist financing. Where criminal activities are involved, investors may not be able to get back their investments as a result of law enforcement action.
6. Conflicts of interest  
Virtual assets trading platform operators may act as agents for clients as well as principals. Virtual assets trading platforms may facilitate the initial distribution of virtual assets (e.g. initial coin offerings), facilitate secondary market trading, or both, as in a traditional exchange, alternative trading system or securities broker. If these operators are not under the purview of any regulator, it would be difficult to detect, monitor and manage conflicts of interest.
7. Fraud  
Virtual assets may be used as a means to defraud investors. Virtual assets trading platform operators or portfolio managers may not have conducted sufficient product due diligence before allowing a virtual asset to be traded on their platforms or investing in a virtual asset for their portfolios. As a result, investors may become victims of fraud and lose their investments.

### OTHER IMPORTANT DISCLOSURE

1. Virtual assets are highly risky and investors should exercise caution in relation to these products;
2. A virtual asset may or may not be considered as "property" under the law, and such legal uncertainty may affect the nature and enforceability of a client's interest in such virtual assets;
3. The offering documents or product information issued by the issuer have not been subject to scrutiny by any regulatory body;
4. The protection offered by the Investor Compensation Fund does not apply to transactions involving virtual assets (irrespective of the nature of the tokens);
5. A virtual asset is not legal tender, i.e. it is not backed by the government and authorities;
6. Transactions in virtual assets may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable;
7. The value of a virtual asset may be derived from the continued willingness of market participants to exchange fiat currencies for a virtual asset, which means that the value of a particular virtual asset may be completely and permanently lost should the market for that virtual asset disappear. There is no assurance that a person who accepts a virtual asset as payment today will continue to do so in the future;

8. The volatility and unpredictability of the price of a virtual asset relative to fiat currencies may result in significant losses over a short period of time;
9. Legislative and regulatory changes may adversely affect the use, storage, transfer, exchange and value of virtual assets;
10. Some virtual asset transactions may be deemed to be executed only when they are recorded and confirmed by an SFC-licensed platform, which may not necessarily be the time at which the client initiates the transaction;
11. The nature of virtual assets exposes them to an increased risk of fraud or cyberattack; and
12. The nature of virtual assets means that technological difficulties experienced by an SFC-licensed platform may prevent clients from dealing in their virtual assets.

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