



Margin Client's Agreement

THIS AGREEMENT is made between the following parties on the date of the **Client Information Form**

Party A : CMB INTERNATIONAL SECURITIES LIMITED (CE No. AUZ441) ,is 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 whose registered address is located at 45-46/F., Champion Tower, 3 Garden Road, Central, Hong Kong (the "Company"); and

Party B: The client with name, address and details information as stated in the **Client Information Form**

WHEREAS

- (1) The Client is desirous of opening one or more accounts (the "Account") with the Company from time to time for the purpose of trading in securities; and
- (2) The Company agrees that it will open and maintain such Account and act as an agent for the Client in purchase and sale of securities subject to the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:-

TERMS AND CONDITIONS

1. Definition Interpretation

1.1 In this 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 one or more margin accounts provided with margin facilities maintained by the Client with the Company from time to time for the purchase or sale of securities;

"**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 but not limited to the Account Opening Agreement, Client Information Form, the Terms and Conditions herein contained and any authority given by the Client to the Company with respect to the Account(s);

"**Company**" means CMB International Securities Limited (CMBIS);

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

"**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;

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

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

"**Client Money Standing Authority**" means the client money standing authority granted by the Client to the Company in the terms set out in Clause 14.1 as amended from time to time;

"**Client Securities Standing Authority**" means the standing authority granted by the Client to the Company in the terms set out in Clause 14.2 as amended from time to time;

"**CMBI Group**" means CMBI, its subsidiary, ultimate holding company, holding company and fellow subsidiary of such holding company, including but not limited to CMB International Capital Limited, CMB International Futures Limited, CMB International Asset Management Limited, CMB International Securities 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 confirmations, statements and other notices.

"**CMBI Website**" means [www.cmbi.com.hk] and such other websites as CMBI may from time to time add and notify the Client;

"**Electronic Trading Service**" means any facility provided by the Company which enables the Client to give electronic instructions to purchase, sell or otherwise deal with securities, and information services;

"**Password**" means the Client's personal password(s) used in conjunction with the Login Name to gain access to the Electronic Trading Service and to CMBI Mail and any other services offered by the Company;

"**Login Name**" means the Client's personal identification used in conjunction with the Password to gain access to the Electronic Trading Service, and to CMBI Mail and any other services offered by the Company;

"**Margin**" means deposits, collateral and margin (including, but without limitation to, 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;

"**Securities**" has the meaning ascribed thereto by the Securities and Futures Ordinance and, if the context so admits, shall include securities collateral;

"**Securities and Futures Ordinance**" 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;

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

"**SFC**" means the Securities and Futures Commission;

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

"**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; and

- 1.2 In this Agreement, unless the context otherwise requires, 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 this Agreement; 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; references to clauses and sub-clauses unless otherwise stated are to clauses and sub-clauses of this Agreement, and the headings to the clauses are for convenience only and do not affect their interpretation and construction.

2. Applicable Rules and Regulations

- 2.1 All transactions for the Account(s) shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of SEHK, or such other stock exchanges or markets or over-the-counter markets ("Exchange(s)") and the HKSCC or such other clearing houses in or outside Hong Kong ("Clearing House(s)") 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.

2.2 The Rules of SEHK and the HKSCC, 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 This 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 hereof, 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 purchasing, investing in, selling, exchanging or otherwise disposing of and generally dealing in and with all kinds of securities in accordance with the terms and conditions of this Agreement from time to time. Unless otherwise indicated by the Company or specified in this 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 this Agreement.

3.2 All transactions for the Account(s) may be effected by the Company directly on any Exchanges where the Company is authorized 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.

3.3 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 8.1, 8.2, the Company will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of the Client. Nothing in this 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 such meetings. The Company has no duty in respect of notices, communications, 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.

3.4 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 6 below, a full explanation of margin procedures and the circumstances under which the Client's positions may be closed without the Client's consent.

4. Trading Decisions and Client's Instructions

4.1 Without prejudice to any rights or obligations arising under clause 17, 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.

4.2 The Company is hereby authorized to act upon the instructions of the Client to deposit, purchase and/or sell securities for the Account(s) and otherwise deal with securities, receivables or monies held in or for the Account(s) subject to the Client Money Rules and the Client Securities Rules.

4.3 The Client will operate his Account(s) by giving orders himself or if the Client will operate

his Account by appointing another person to give orders on his behalf, then the Client will provide the Company with the name and address of the person appointed, to be accompanied by an appointment in writing.

- 4.4 All instructions shall be given by the Client orally either in person or by telephone, or in writing, delivered by post, by hand, by e-mail using CMBI Mail or otherwise, or by facsimile transmission or through any of the Electronic Services in accordance with the provisions of Clause 15 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.
- 4.5 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 a person authorized to act on the Client's behalf 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 authorized 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.
- 4.6 The Company may record all telephone conversations with the Client in order to verify the instructions of the Client. The Client agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 4.7 Notwithstanding anything herein contained, the Company shall be entitled, at its absolute discretion, to refuse to act on any of the Client's instructions from the Client and shall not be obliged to give any reason for such refusal. No failure on the part of the Company to execute any instruction or order given by the Client shall give rise to any claim by the Client against the Company.
- 4.8 By reason of physical restraints on the Exchanges 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.
- 4.9 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).
- 4.10 The Company may, for the purpose of carrying out any instruction given by the Client, contract with or otherwise deal with or through 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.
- 4.11 The Company may decline to act on any instructions from the Client to effect any order which, in the Company's sole judgement, is an order for short-selling any securities.

- 4.12 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.
- 4.13 Subject to applicable laws and regulations and market requirements, the Company may in its absolute discretion determine the priority in the execution of its clients' 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.
- 4.14 None of the Company's employees or representatives shall accept appointment by the Client as agent to operate the Client's Account unless a separate agreement is entered into in accordance with Code 7 of the SFC Code of Conduct.

5. Transaction Settlement

- 5.1 Unless otherwise agreed, in respect of each sale and purchase transaction executed on the Client's behalf, the Client will by the due date make payment to the Company against delivery of or credit to the Account(s) for purchased securities, or make good delivery of sold securities to the Company against payment, as the case may be.
- 5.2 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 5.1, the Company is hereby authorized to:
- (1) in the case of a purchase transaction, to transfer or sell any such purchased securities to satisfy the Client's obligations to the Company; or
 - (2) in the case of a sale transaction, to borrow and/or purchase such securities to satisfy the Client's obligations to the Company.
- 5.3 The Client hereby acknowledges that the Client shall be responsible to the Company for any loss, costs, fees and expenses incurred by the Company in connection with the Client's failure to meet his obligations by the due date as described in Clause 5.1.
- 5.4 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 of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by the Company under this Agreement may be effected by the Company in such manner and at such time as it may in its absolute discretion decide.
- 5.5 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.

6. Margin

- 6.1 The Client agrees to maintain such Margin 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 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 in securities on the Client's behalf (or entered into with the Client) (as the case may be) under the terms of this Agreement.
- 6.2 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 comply with such demand before the expiry of two hours from the time of making the demand (or more

quickly if required by the Company to do so). The Client also agrees to pay immediately in full and on demand any amount owing with respect to any of the Company's accounts. 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.

- 6.3 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. Any monies remaining after that application shall be refunded to the Client.
- 6.4 The Company shall be entitled to revise Margin requirements 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 requirements 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.
- 6.5 Notwithstanding Clauses 6.1 and 6.2, 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 6.1, including but without limitation, if the impracticality is due to 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.
- 6.6 Nothing in this 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 9 or in respect of any money received or paid into such bank account.
- 6.7 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.
- 6.8 The parties agree that any securities deposited with, or otherwise provided by or on behalf of the Client to, the Company shall be securities collateral in favour of the Company.

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 authorized 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 commissions on purchases, sales 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 this Agreement, including any commissions, rebates or similar payments received in connection therewith, and rebates from standard commissions charged by brokers or other agents to their clients. 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 this Agreement, including any benefit relating to commissions or similar payments in connection therewith.

8. Securities in the Account(s)

- 8.1 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 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 authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 8.2 The Client specifically authorizes the Company, in respect of all securities 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 securities collateral of the Company with an authorized 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 authorized 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 securities collateral has been received, the Company or the associated entity.
- 8.3 Any securities and securities collateral held by the Company, any associated entity of the Company, banker, institution, custodian or intermediary pursuant to Clauses 8.1 and 8.2 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.
- 8.4 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.
- 8.5 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.
- 8.6 The Company is authorized, pursuant to section 6(3) of the Client Securities Rules, to dispose, or initiate a disposal by 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.

8.7 Except as provided in Clauses 5.2 and 8.8 below, the Company shall not, without the Client's oral or written direction or standing authority under the Client Securities Rules, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of the Client's securities or securities collateral for any purpose.

8.8 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 Client's name 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 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.

9. Monies in the Account(s) and Interest

9.1 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 authorized financial institution(s) or any other person approved by the SFC for the purposes of section 4 of the Client Money Rules. Unless otherwise agreed between the Client and the Company, any interest accrued on such monies shall belong to the Company absolutely.

9.2 Unless otherwise indicated, the Client undertake 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 compounded at such rate as may be specified from time to time by the Company or failing any such specification at a rate equivalent to three per cent per annum above the best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited 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.

10. New Listings

10.1 In the event that the Client requests and authorises the Company to apply for securities in respect of a new listing and/or issue of securities on the Exchange as his agent and for his benefit or for the benefit of any other person, the Client hereby warrants to and for the Company's benefit that the Company have authority to make such application on the Client's behalf.

10.2 The Client shall familiarize himself and comply with all the terms and conditions governing the securities of the new listing and/or issue and the application for such new securities set out in any prospectus and/or offering document and the application form or any other relevant document in respect of such new listing and/or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with the Company.

10.3 The Client hereby gives to the Company all the representations, warranties and undertakings which an applicant for securities in a new listing and/or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant securities, the SEHK or any other relevant regulator or person).

10.4 The Client hereby further declares and warrants, and authorises 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.

- 10.5 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.
- 10.6 The Client recognises 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 securities. The Client undertakes to provide to the Company such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as the Company may in the Company's absolute discretion determine from time to time.
- 10.7 In relation to a bulk application to be made by the Company or the Company's agent on the Company's own account and/or on behalf of the Client and/or the Company's other clients, the Client acknowledges and agrees:
- (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 of such rejection; and
 - (2) to indemnify the Company in accordance with Clause 19 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.

11. Event of Default

- 11.1 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 or any other sums payable to the Company or submit to the Company any documents or deliver any securities to the Company hereunder, when called upon to do so or on due date;
 - (2) default by the Client in the due performance of any of the terms of this Agreement and the observance of any by-laws, rules and regulations of the appropriate Exchanges and/or Clearing Houses;
 - (3) any representation or warranty made by the Client to the Company in this 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 this 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 this Agreement;
 - (7) the Company has made at least two attempts 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 this 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; and
 - (11) the death of the Client (being an individual).
- 11.2 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 this 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, subject to Clause 8.6 and Clause 8.7, liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
- (5) subject to Clauses 8.6 and 8.7, 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; and
- (6) combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 13.

11.3 In the event of any sale or liquidation pursuant to this Clause:

- (1) The Company will exercise its own judgement in determining the time to sell 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 or dispose of the securities or any part thereof at the current price to any CMBI Group Member 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 undertake 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; 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.

12. Proceeds of Sale

12.1 Subject to Clauses 8.6 and 8.7, the proceeds of sale or liquidation of the Account(s) made under Clause 11 shall be applied in the following order of priority and any residue shall be paid to the Client or to his/its order:

- (1) payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly 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 monies and liabilities due, owing or incurred by the Client, to the Company;
- (3) payment of all monies and liabilities due, owing or incurred by the Client to any CMBI Group Member; or
- (4) payment of all interest due.

12.2 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 this Agreement the Company may have paid any of the said dividends, interest or other payments to the Client.

13. Rights of Set-off and Lien

13.1 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 this Agreement, all securities, receivables, monies (in any currency) and other property of the Client (held by the Client either individually or jointly with others) held by or in the possession of the Company at any

time shall be subject to a general lien in favor of the Company as continuing security to offset 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.

13.2 In addition and without prejudice to any general liens or other similar rights which the Company may be entitled under law or this Agreement and subject to applicable rules and regulations, including without limitation, 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, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.

13.3 Without limiting or modifying the general provisions of this Agreement and subject to applicable rules and regulations, including without limitation, the Client Money Rules 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.

14. Client's Standing Authority

14.1 The Client Money Standing Authority covers money held or received by the Company in Hong Kong (including any interest derived from the holding of the money which does not belong to the Company) in one or more segregated account(s) on the Client's behalf ("**Monies**"), the Client authorizes the Company to:

- (1) combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by the Company or any CMBI Group Member and the Company may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to the Company or any CMBI Group Member, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several; and
- (2) transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by the Company or any CMBI Group Member.

14.2 The Client Securities Standing Authority is in respect of the treatment of the Client's securities or securities collateral as set out below. The Client authorizes the Company to:

- (1) apply any of the Client's securities or securities collateral pursuant to a securities borrowing and lending agreement;
- (2) deposit any of the Client's securities collateral with an authorized financial institution as collateral for financial accommodation provided to the Company;
- (3) deposit any of the Client's securities collateral with HKSCC as collateral for the discharge and satisfaction of the Company's settlement obligations and liabilities. The Client understands that HKSCC will have a first fixed charge over the Client's securities to the extent of the Company's obligations and liabilities;
- (4) deposit any of the Client's securities collateral with any other recognized clearing house, 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
- (5) apply or deposit any of the Client's securities collateral in accordance with Clauses 14.2(1), 14.2(2), 14.2(3) and/or 14.2(4) 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.

14.3 The Client acknowledges and agrees that the Company may do any of the things set out in Clauses 14.1 and 14.2 without giving the Client notice.

14.4 The Client also acknowledges that:

- (1) the Client Money Standing Authority is given without prejudice to other authorities or rights which the Company or any CMBI Group Member may have in relation to dealing in Monies in the segregated accounts; and
 - (2) the Client Securities Standing Authority shall not affect the Company's right to dispose or initiate a disposal by the Company's 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.
- 14.5 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.
- 14.6 The Client understands that each of the Client Money Standing Authority and the Client Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if the Company issues the Client a written reminder at least 14 days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date. Each of the Client Money Standing Authority and the Client Securities Standing Authority is valid for a period of 12 months from the date of this Agreement, subject to renewal by the Client or deemed renewal under the Client Money Rules or Client Securities Rules.
- 14.7 Each of the Client Money Standing Authority and the Client Securities Standing Authority may be revoked by giving the Company written notice addressed to the Customer Service Department at the Company's address specified in the Account Opening Agreement or such other address which the Company may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of the Company's actual receipt of such notice.
- 15. Electronic Trading Services to the Client**
- 15.1 Unless otherwise specified, this Clause is made without prejudice and in addition to all the other provisions in this Agreement.
- 15.2 The Company may provide the Client with Electronic Services, and the Client hereby requests the provision of such services, upon the terms and conditions as embodied in this Agreement, as modified, amended or expanded by any notice, letter, publication or such other document as may be issued from time to time by the Company.
- 15.3 The Client may from time to time instruct the Company, acting as the Client's agent, to deposit, purchase and/or sell securities for the Account(s) or otherwise deal with securities, receivables or monies on behalf of the Client through the Electronic Services.
- 15.4 The Client agrees that the Client shall be the only authorised user of the Electronic Services under this Agreement. The Client shall be wholly and solely responsible for the confidentiality, security and use of the Access Codes issued to the Client by the Company.
- 15.5 The Client acknowledges and agrees that the Client shall be wholly and solely responsible for all instructions entered through the Electronic Services. The Client further acknowledges that the Electronic Services, CMBI Mail, the Company's website, and the software comprised in them, are proprietary to the Company. The Client undertakes and warrants that the Client shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer, damage, destroy or otherwise alter in any way, and shall not attempt to gain unauthorised access to, any part of the Electronic Services, CMBI Mail, the Company's website, and any of the software comprised in them. The Client agrees that the Company shall be entitled to close any or all of the Account(s) immediately without notice to the Client, and the Client acknowledges that the Company may take legal action against the Client, if the Client at any time breaches this warranty and undertaking or if the Company at any time reasonably suspects that the Client has breached the same. The Client undertakes to notify the Company immediately if the Client becomes aware that any of the actions described above in this paragraph is being perpetrated by any other person.

- 15.6 As and when the Company allows the Client to open an Account on-line with the Company, the Client agrees to return to the Company the hard copy of including the Client Information Form, and any related documents, applicable Risk Disclosure Statement and any authority given by the Client to the Company with respect to the Account(s) duly completed and executed.
- 15.7 Unless otherwise agreed between the Company and the Client, the Company will not execute any trading orders of the Client until there are sufficient cleared funds, securities or other assets acceptable to the Company in the Client's Account(s) to settle the Client's transactions and upon receipt of the documents as stated in Clause 15.6.
- 15.8 The Company will not be deemed to have received the Client's instructions or have executed the Client's orders unless and until the Client is in receipt of the Company's message acknowledging receipt or confirming execution of the Client's orders, either electronically or by hard copy.
- 15.9 The Client acknowledges and agrees that, as a condition of using the Electronic Services to give instructions, the Client shall immediately notify the Company if:
- (1) an instruction has been placed through the Electronic Services and the Client has not received an instruction number or has not received an accurate acknowledgement of the instruction or of its execution (whether by hard copy, electronic or verbal means);
 - (2) the Client has received acknowledgement (whether by hard copy, electronic or verbal means) of a transaction which the Client did not instruct or any similar conflict;
 - (3) the Client becomes aware of any of the acts stated in Clause 15.5 being done or attempted by any person;
 - (4) the Client becomes aware of any unauthorised use of the Client's Access Codes;
 - (5) the Client has difficulties with regard to the use of the Electronic Services.
- 15.10 The Client agrees to review every order before entering it as it may not be possible to cancel the Client's instructions once given.
- 15.11 The Client agrees that the Company shall not be liable for any loss or damage the Client or any other person may suffer as a result of using or attempting to use the Electronic Services unless such loss or damage are caused by willful default or gross negligence on the part of the Company. The Client further undertakes to indemnify the Company, on a full indemnity basis, on demand, for any loss or damage the Company may suffer as a result of the use of the Electronic Services, except to the extent that such loss or damage is outside the Client's control.
- 15.12 The Client acknowledges and agrees that if the mode of communication used by the Client in the course of the Electronic Services becomes temporarily unavailable, the Client can during such period continue to operate the relevant Account subject to the right of the Company to obtain such information regarding the verification of the Client's identity as it may from time to time think fit.
- 15.13 The Client acknowledges that Exchanges and certain associations may assert proprietary interests and rights over all market data they furnish to parties who disseminate such data and agrees not to do any act which would constitute any infringement or encroachment of such rights or interests. The Client also understands that the Company does not guarantee the timeliness, sequence, accuracy or completeness of market data or any market information (including any information provided to the Client through the Electronic Services). The Company shall not be liable in any way for any loss arising from or caused by:
- (1) any inaccuracy, error in or omission from any such data, information or message;
 - (2) any delay in the transmission or delivery thereof;
 - (3) any suspension or congestion in communication;
 - (4) any unavailability or interruption of any such data, message or information whether due to any act of the Company; or
 - (5) by any forces beyond the control of the Company.

16. Risk Disclosure Statements

- 16.1 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.
- 16.2 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.
- 16.3 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 he 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 operated 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.
- 16.4 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 he should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or GEM of SEHK.
- 16.5 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) If the Client's securities or securities collateral are received or held by the Company in Hong Kong, the above arrangement is allowed only if the Client consents in writing. Moreover, 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 16.5(2). 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 16.5(2) 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 16.5(2) above and should ask to open this type of cash account.
- 16.6 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.
- 16.7 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.
- 16.8 The Client acknowledges and accepts that if he undertakes transactions 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 is not executed at all.
- 16.9 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 prices different from those prevailing at the time his instructions were given, transmission interruption or blackout, that there are risks of misunderstanding or errors in communication, and that there is also usually not possible to cancel an instruction after it has been given.
- 16.10 The Client acknowledges and accepts that if he provides the Company with an authority to hold mail or to direct mail to third parties, it is important for the Client to promptly collect in person all contract notes and statements of his Account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.
- 16.11 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.
- 16.12 In the event that the Client wishes to have transactions pursuant to this Agreement executed on Exchanges other than the SEHK, the Client acknowledges and recognises 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 recognises, 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).

- 16.13 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 creditors 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 uncollateralized;
 - (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:
 - (1) 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.
 - (2) 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.and;
 - (9) The Client also understands and acknowledges that the following additional risks involved in trading Callable Bull/Bear Contracts:
 - (1) 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.
 - (2) 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:
 - (1) 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.

- (2) 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.
- (3) 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 the market is closed.
- (4) 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.
- (5) 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.
- (6) 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.

- (7) No day trading is allowed in Northbound trading
- (8) For the Northbound trading, pre-trade checking is in place so that a client must have his/her shares transferred to the EP'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;
- (9) All trade in Northbound trading must be conducted on SSE, i.e. no over-the-counter (OTC) or manual trades are allowed
- (10) Naked short selling is not allowed in Northbound trading
- (11) For the Northbound trading, foreign shareholding restriction (including the forced-sale arrangement) is in place and EPs should have the right to "force-sell" client's shares upon receiving the forced-sale notification from SEHK
- (12) For the Northbound trading, investors should understand fully the Mainland rules and regulations in relation to short-swing profits, disclosure obligations and follow such rules 18 and regulations accordingly
- (13) The Company may have the right to cancel client's orders in case of contingency such as hoisting of Typhoon Signal No 8 in Hong Kong
- (14) 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
- (15) The Client must comply with SSE Rules and other applicable laws of Mainland China relating to Northbound trading
- (16) The Company may forward the client's identity to SEHK which may on-forward to SSE for surveillance and investigation purposes
- (17) 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
- (18) 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
- (19) 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
- (20) 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.

17. Suitability

If we solicit the sale of or recommend any financial product to you, the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of this agreement or any other document we may ask you to sign and no statement we may ask you to make derogates from this clause.

18. Client's Representations and Warranties

- 18.1 The Client hereby represents and warrants to the Company on a continuing basis that:
- (1) (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 this Agreement has been duly authorized 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;

- (2) neither the signing, delivery or performance of this 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 assets is bound;
- (3) save as otherwise disclosed to the Company in writing, all transactions to be effected under this Agreement are for the benefit of the Client and no other party has any interest therein;
- (4) 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;
- (5) 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; and

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 clients of the Client, the Client hereby agrees that, in relation to a transaction where the Company has received an enquiry from SEHK and/or SFC ("Hong Kong Regulators"), 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 Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the client for whose account the transaction was effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the transaction. The Client shall also inform the Hong Kong Regulators of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the transaction.
- (2)
 - (a) 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 Hong Kong Regulators), inform the Hong Kong 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.
 - (b) 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 Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction.
 - (c) If the Client is a 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 Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the 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:

- (a) the Client has arrangements in place with his client which entitle the Client to obtain the information set out in sub-clauses 18.2.1 and/or 18.2.2 from his client immediately upon request or procure that it be so obtained; and
 - (b) 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 from his client on whose instructions the transaction was effected, and provide the information to the Hong Kong 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 this Agreement.
- 18.3. 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 this Agreement or any part thereof.
- 18.4. The Client must notify 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.
- 18.5. 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).
- 18.6. The Company and the Client undertake to inform each other of any material change to the information provided in this Agreement. In particular, the Company and the Client agree that:
- (1) the Company will notify the Client of any material change to its business which may affect the services provided by the Company to the Client; and
 - (2) the Client will notify the Company of any change of name and address and provide supporting documents as reasonably required by the Company.

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 or malfunction of transmission of communication facilities, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorised use of Access Codes, prevailing fast market conditions, governmental agency or exchange actions, theft, 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 this Agreement; or
 - (4) any conversion of one currency to another pursuant to, in relation to or arising from this 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 any loss, expense 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 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 such loss or damage.

- 19.3 The Client undertakes to indemnify and keep indemnified the Company in respect of any costs, claims, demands, damages and expenses whatsoever which may be reasonably and properly suffered or incurred by the Company directly or indirectly arising out of or in connection with 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 this Agreement or pursuant to any Client's instruction or communication. 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 this Agreement.
- 19.4 The Client undertakes to indemnify and keep indemnified the Company and its officers, employees and agents for any loss, cost, claim, liability or expense arising out of or connected with any breach by the Client of its obligations hereunder, including any costs reasonably and necessarily incurred by the Company in collecting any debts due to the Company or in connection with the closure of the Account(s).
- 19.5 The above terms shall continue to take effect notwithstanding the termination of this Agreement.

20. Confirmations and Statements

- 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 therefor, will be deemed for these purposes to be the Client whose name first appears in the Account Opening Agreement) at the address, telephone, fax or telex number given in the Account Opening Agreement or 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 Accounts shall be conclusive and deemed to be accepted if not objected to in writing by the Client directed to the address stated in the Account Opening 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 the Company under this 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 Facility, the Client hereby consents to accept the posting of such information on the CMBI Website Facility 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 CMBIS.

21. Joint Clients

- 21.1 Where the Client consists of more than one person:
- (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) each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound;
 - (3) the Company shall be entitled to, but shall not be obliged to, act on instructions or requests from any of them;
 - (4) the Company shall be entitled to deal separately with any of the Client on any matter including the discharge of any liability to any extent without affecting the liability of any others.
- 21.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this 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 Client(s) shall give the Company written notice immediately upon any of them becoming aware of any such death.

22. Possibilities of Conflict of Interest

- 22.1 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.
- 22.2 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.
- 22.3 The Company may match the Client's orders with those of other clients.
- 22.4 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.
- 22.5 In any of the above-mentioned events the Company shall not be obliged to account for any profits or benefits obtained.

23. Amendment and Termination

- 23.1 The Company shall have absolute rights to amend, delete or substitute any of the terms herein or add new terms to this Agreement. An amendment notice and the revised Agreement will be posted at "Download forms" column of CMBI Website. The Client should visit the CMBI Website from time to time for obtaining the latest 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 this Agreement) on the date of publication of such amendment notice. The Client may raise written objection within fourteen (14) Business Days after the publication of such amendment notice at the CMBI Website, failing which it shall be deemed an acceptance of such amendment, deletion, substitution or addition.
- 23.2 Without prejudice to Clauses 11, 18.2 and 19, this 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.
- 23.3 Service of notice of termination by the Client pursuant to Clause 19.1 shall not affect any transaction entered into by the Company pursuant to this Agreement before the notice has actually been received by the Company.
- 23.4 Termination of this Agreement shall not affect any outstanding orders or any legal rights or obligations which may already have arisen.
- 23.5 Notwithstanding Clause 23.2, the Client shall have no right to terminate this Agreement if

the Client has open positions or outstanding liabilities or obligations.

24. General Provisions

- 24.1 Each of the provisions of this Agreement is severable and distinct from the others and, if one or more 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.
- 24.2 The provisions of this Agreement shall be binding on and enure to the benefit of the successors, assigns and personal representatives (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 this Agreement to any person without the prior consent or approval of the Client.
- 24.3 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.
- 24.4 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.
- 24.5 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 responsibility 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 this Agreement in connection with or on behalf of any such person.
- 24.6 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.
- 24.7 Time shall in all respects be of essence in the performance of all of the Client's obligations under this Agreement.
- 24.8 A failure or delay in exercising any right, power or privilege in respect of this 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.
- 24.9 The Client hereby declares that he has read the English/Chinese version of this Agreement and that the contents of this Agreement have been fully explained to him by the Company in a language that the Client understands and that the Client accepts and agrees to be bound by this Agreement.
- 24.10 In the event of any difference in interpretation or meaning between the Chinese and English versions of this Agreement, the Client and the Company agree that the English version shall prevail.
- 24.11 This 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.

- 24.12 The Client hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising from or in connection with this Agreement.
- 24.13 At the sole option of the Company and in its absolute discretion, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled 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. 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. Any such arbitration shall be administered by HKIAC in accordance with HKIAC Procedures for Arbitration in force at the date of this Agreement including such additions to the UNCITRAL Arbitration Rules as are therein contained. The language to be used in the arbitral proceedings shall be English.

Schedule 1**PERSONAL DATA PROTECTION STATEMENT**

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, and in the carrying out of transactions contemplated under this Agreement, further information shall or may be collected by the Company (all such information is referred to as "Data" in this Schedule 1).
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, or unable to effect transactions under the Account.
3. The Client understands that the Company may provide the Data received from the Client to the following person:-
 - (a) any China Merchants Bank 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 the Data is passed;
 - (d) any person with whom the Company enters into or proposes to enter into transaction on the Client's behalf or account, or persons representing the same;
 - (e) any assignee, transferee, participant, sub-participant, delegate, successor or person to whom this Agreement is novated; and
 - (f) Governmental, regulatory or other bodies or institutions, whether as required by law, regulations applicable to any CMBI Group Member, or otherwise.
4. The Client understands that the purposes for which the Data provided by the Client from time to time may be used are:-
 - (a) Giving effect to the Client's orders relating to transactions or otherwise, and carrying out the Client's other instructions;
 - (b) Providing services in connection with the Account, whether the services are provided by or through any CMBI Group Member or any other person;
 - (c) Conducting credit enquiries or checks on the Client and ascertaining the Client's financial situation and investment objectives, and enabling or assisting any other person to do;
 - (d) Collection of amounts due, enforcement of security, charge or other rights and interests in favour of the Company and any CMBI Group Member;
 - (e) Marketing existing and future services or products of any CMBI Group Member;
 - (f) Forming part of the records of the persons or any CMBI Group Member to whom the Data may be passed;
 - (g) Observing any legal, regulatory or other requirements to which any CMBI Group Member or any other persons may be subject; and
 - (h) Other purposes related or incidental to any one or more of the above.
5. The Client understands that the Client may request a copy of such Data. The Client also understands that the Client may request the correction of the Data. Any such request may be addressed to the Data Protection Officer of CMBI at the address of 45/F., Champion Tower, 3 Garden Road, Central, Hong Kong. The Client understands that a fee shall be charged by the Company for any such request.