

Airstar Bank Limited

TERMS AND CONDITIONS FOR INVESTMENT SERVICES

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TERMS AND CONDITIONS FOR INVESTMENT SERVICES

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions: In these Terms, the following expressions, unless the context requires otherwise, shall have the following meanings:

"Account" means any one or more accounts of any nature, including without limitation the Investment Accounts and Margin Accounts, howsoever integrated or separated, from time to time opened and maintained in the name of the Client with the Bank through which the Client may obtain services and/or effect Transactions, as the same may be re-designated, re-numbered, re-located or otherwise modified from time to time;

"Account Opening Form" means any and all account opening forms, client information sheets and documents completed by the Client from time to time in such form as the Bank may prescribe or accept including any notes and statements relating to or accompanying any account opening form or document, as may be amended from time to time in accordance with the Agreement;

"Agreement" comprises these Terms, the appendices to these Terms, the Account Opening Form, and the Miscellaneous Documents;

"AMLO" means the Anti-Money Laundering and Counter- Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong);

"Applicable Regulations" means any law, regulation or order, or any rule, direction, guideline, code, practice, procedure or custom (whether or not having the force of law) of any regulatory authority, tax authority, governmental agency, Exchange, Clearing House, Clearance System or professional body in Hong Kong or elsewhere to which the Bank or such other person (as the case may be) is subject;

"Authorised Person(s)" means, in the case of an individual Client, the Client and any person specified as such in the Account Opening Form, or, in the case of a corporate Client, any person specified as such in the Account Opening Form, and in either case such other person(s) appointed in substitution therefor or in addition thereto and notified in writing to the Bank by the Client from time to time and such appointment shall be effective from the time of actual receipt of such notification by the Bank;

"Bank" or **"us"** or **"we"** means Airstar Bank Limited (CE No. BTU023), a company incorporated in Hong Kong and registered with the SFC to carry on types 1 (dealing in securities) and 4 (advising on securities) regulated activities, (for further particulars as well as the Bank's latest registration status, please refer to the Bank's website) and its successors and assigns including, where the context requires, its agents, nominees, representatives, officers and employees. **"Our"** shall be construed accordingly;

"Business Day" means a day (other than Saturday and Sunday and a day on which a black rainstorm warning or a number 8 or higher typhoon signal is hoisted at any time between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which the Bank is open for business in Hong Kong;

"**CCASS**" means the Central Clearing and Settlement System operated by HKSCC;

"**Clearance System**", in relation to any Market, means the clearance system (including CCASS, DCASS and OCASS) from time to time used in connection with Transactions in which Securities or Contracts are traded;

"**Clearing House**", in relation to any Market, means the entity (including HKSCC, SEOCH, OTC Clear and OTC Clearing Members) which provides clearing and/or settlement services from time to time for any Securities or Contracts traded;

"**Client**" or "**you**" means the person who has opened and maintains an Account (in its own name) in accordance with the provisions of these Terms, and shall include the Authorised Person(s) where the context permits. "Your" shall be construed accordingly. And:

- (a) In the case of an individual, the Client shall include the individual and its personal representatives, receivers or trustees whether in bankruptcy or otherwise;
- (b) in the case of a sole proprietorship, the Client shall include the sole proprietorship itself and its personal representatives, receivers or trustees whether in bankruptcy or otherwise and the successors to the business;
- (c) in the case of a partnership firm, the Client shall include all the partners of the partnership from time to time and their respective personal representatives, receivers or trustees whether in bankruptcy or otherwise and the successors to the business; and
- (d) in the case of a company, the Client shall include the company itself, its successors and assigns;

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

"**Charged Assets**" means:

- (a) all Investment Products, receivables, monies and any other property in the Accounts from time to time;
- (b) all other Investment Products, receivables, monies and property of the Client which are now or shall in the future come into the possession, custody or control of the Bank, its nominees or any member of the Bank for any purpose whatsoever;
- (c) all additional or substituted Investment Products;
- (d) all Security Assets (as defined in Appendix III); and
- (e) all dividends, distributions or interest paid or payable, rights, interests, monies, entitlements, other payments or property accruing or offered at any time by way of redemption, bonus, preference, option or otherwise on or in respect of any of the above;

"**Collateral**" means:

- (a) Encumbrance created by the Client under the Agreement; and

(b) other existing or future Encumbrance granted by the Client;

in favour of the Bank, its nominees and/or any member of the Group to secure the payment or discharge of the Liabilities.

"**Complex Products**" has the meaning given to it in the Code;

"**Contract**" means any option contracts howsoever described in Appendix V (Options Trading);

"**DCASS**" means the Derivatives Clearing and Settlement System operated by HKFE Clearing Corporation Limited and the SEOCH;

"**Deficit**" means the negative balance in any Account whatsoever and howsoever arising from time to time;

"**Dissolution**" of a person also includes the dissolution, winding-up, liquidation or bankruptcy of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled, or resident or carries on business or has assets and "dissolved" shall be construed accordingly;

"**Electronic Services**" means any computer or electronic services, systems or facilities (including without limitation the mobile application and the website of the Bank and algorithmic trading services) made available by the Bank for the purpose of providing its services to the Client, including without limitation such services that enable the Client to issue electronic Instructions for Transactions and to receive information and communications, whether in Hong Kong or elsewhere;

"**Encumbrance**" means any mortgage, charge, pledge, debenture, lien, assignment by way of security, financial lease, deferred purchase, sale- and-repurchase or sale-and-leaseback arrangement, hypothecation, retention of title by a vendor, third party right or interest, or other encumbrance or security interest of any kind given or arising in respect of any assets, or any arrangement the effect of which is to prefer any creditor or any agreement over any other creditor or agreement, and includes any agreement or obligation to create or grant any of the above;

"**ETF(s)**" means the exchange-traded fund(s);

"**Event of Default**" means any event described as such in the Agreement, including without limitation, any of the events listed in Clause 21.1 (Default);

"**Exchange**", in relation to any Market, means the exchange on which Investment Products are traded;

"**Exchange-traded Derivative Products**" means Complex Products which are derivative products traded on an exchange in Hong Kong or in a jurisdiction specified by the SFC from time to time;

"**FDRC**" means Financial Dispute Resolution Centre Limited;

"Fund" means any unit trust, investment fund, mutual fund or any other collective investment scheme distributed by or otherwise made available through the Bank;

"Group" means Airstar Bank Limited, its subsidiaries, affiliates and associated entities, and "member of the Group" shall be construed accordingly;

"GEM" means the Growth Enterprise Market of SEHK;

"HKD" means the lawful currency of Hong Kong;

"HKEx" means the Hong Kong Exchanges and Clearing Limited;

"HKSCC" means Hong Kong Securities Clearing Company Limited (a wholly-owned subsidiary of HKEx) and its successors and assigns including, where the context requires, its agents, nominees, representatives, officers and employees;

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC;

"Hong Kong Regulators" means the SEHK (including the relevant Clearing House), SFC, the Hong Kong Monetary Authority and/or any other regulator in Hong Kong having jurisdiction over the Bank or the Transactions;

"Instruction" means any authorisation, request, application, instruction or order (in whatever form and howsoever sent) given or transmitted to the Bank by the Client or any Authorised Person via whatever means (including but not limited to oral, phone, fax, email, internet or any other electronic means (including via the Electronic Services) or any written form) or which the Bank reasonably believes to be the authorisation, request, application, instruction or order of the Client or any Authorised Person, and includes any authorisation, request, application, instruction or order to revoke, ignore or vary any previous authorisation, request, application, instruction or order;

"Investor Compensation Fund" means the Investor Compensation Fund established under section 236 of the SFO;

"Investment Advisory Services" means any investment advisory or strategic asset allocation advice provided by the Bank to the Client from time to time in connection with any Investment Products;

"Investment Accounts" means the accounts opened and maintained by the Bank comprising of (i) current accounts designated for holding funds intended for settlement of the Transactions, receiving income, dividends and other payments in relation to any Investment Products, and payment of any fees and charges incurred in connection with the Transactions; (ii) accounts primarily for effecting and recording Securities Transactions effected by the Bank on the instructions of the Client, and for recording any Investment Products that are held on the Client's behalf; and (iii) accounts primarily for the purchase, subscription, switching, transfer, redemption or sale of any unit in any Fund. For the avoidance of doubt, a Margin Account is not an Investment Account.

"Investment Product" means Securities, Contracts and any other financial or investment product howsoever described;

"Liabilities" means all monies, indebtedness, liabilities and obligations, whether actual or contingent, present or future, primary or collateral, secured or unsecured, now or from time to time due, owing or incurred from or by the Client to the Bank, its nominees, or any member of the Group in connection with any Account or the Agreement or for which the Client may otherwise be or become liable to the Bank, its nominees or any member of the Group, in any manner or currency whatsoever (whether as principal debtor or surety and whether alone or jointly with any other person and in whatever name, capacity, style or form), including all pecuniary obligations arising out of currency, stock broking, securities margin trading and other financial transactions, together with interest (from the applicable due date or otherwise the date of demand up to and including the date on which the Bank receives actual and unconditional payment in full), legal costs and all other costs, charges and expenses incurred by the Bank, its nominees, or any member of the Group in connection with such monies, indebtedness, liabilities and/or obligations (including without limitation any foreign exchange losses and expenses incurred in the recovery or attempted recovery of such monies, indebtedness, liabilities and/or obligations or the enforcement of the Bank's rights and powers under the Agreement);

"Login Identifiers" means certain information which is used in conjunction with the Passwords in order to gain access to the Electronic Services;

"Monetary Benefits" means monetary benefits howsoever described, including any such monetary benefit set out in Clause 13 (Monetary and Non-monetary Benefits), and as may be more particularly set out by the Bank from time to time;

"Margin Account" means an accounts with the Bank primarily for effecting and recording Transactions effected by the Bank on the Instructions of the Client by utilising the Securities Margin Facilities (as defined in Appendix III (Securities Margin Trading Services)).

"Market" means over-the-counter market or any market for Investment Products provided by any Exchange, applicable association of dealers or corporation, whether within or outside Hong Kong;

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of the Client taken as a whole;
- (b) the ability of the Client to perform its obligations under the Agreement or any other agreement it has with the Bank or any member of the Group;
- (c) the validity, legality or enforceability of any such agreement, or the rights of the Bank under such agreements; or
- (d) the validity, legality or enforceability of any security granted by the Client under such agreements or the priority and ranking of any such security;

"Miscellaneous Documents" means the forms, letters, notices, statements, confirmations and other documents signed, accepted or given by the Client or the Bank to the other party

in connection with any matter arising from or contemplated by the Agreement, as may be from time to time amended or supplemented;

"Non-Exchange-traded Derivative Product" means any Complex Product which is not a derivative product traded on an exchange in Hong Kong or in a jurisdiction specified by the SFC from time to time;

"OCASS" means OTC Clearing and Settlement System developed by OTC Clear to support its clearing services;

"OTC Clear" means OTC Clearing Hong Kong Limited, a central counterparty established by HKEx for the purpose of providing clearing and settlement services for over-the-counter derivative transaction;

"OTC Clearing Member(s)" means OTC clearing member(s) who clear proprietary over-the-counter derivative transaction;

"Passwords" means the Client's password(s) and such other encryption and security measures used in conjunction with the Login Identifiers, in order to gain access to the Electronic Services;

"PDPO" means the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) together with all subsidiary legislation, rules, codes and guidelines made thereunder;

"PRC" means the People's Republic of China;

"Professional Investor" has the meaning given to it in section 1 of Part 1 of Schedule 1 to the SFO;

"Purchasing Power" has the meaning given to it in Clause 2.10 (Purchasing Power);

"Relevant Overseas Market" means any relevant stock exchange, trading centre or organised market outside of Hong Kong on which Securities available for trading of Securities are listed or traded;

"RMB" or **"Renminbi"** means the lawful currency of the PRC;

"Rules", in relation to any Market, means the general rules, operational procedures and other applicable rules, customs, practices, procedures and regulations of the relevant Exchange, Clearing House or Clearing System, as may be amended or supplemented from time to time;

"Securities" means (a) securities as defined in SFO or securities that are listed or traded in a U.S. Exchange; and (b) any shares, stocks, debentures, loan stocks, funds, bonds, unit trusts, over-the-counter derivatives, certificate of deposit or other commercial paper or securities or other similar instruments of any kind whatever or howsoever, including the American Depository Receipts, of or issued by any body, whether incorporated or unincorporated, or any government authority for the time being traded in a Market and acceptable to the Bank for the purposes of the Agreement and may include, in the absolute discretion of the Bank, (i) rights, options or interests (whether described as units or otherwise) in or in respect of any of the foregoing; (ii) certificates of interest or participation

in, or temporary or interim certificates for, receipts for or warrants to subscribe for or purchase, any of the foregoing; or (iii) any instruments commonly known as securities;

"Securities Transactions" means any Transaction effected by the Bank on the Instruction of the Client to purchase, invest in, subscribe for, sell, exchange or otherwise deal with or dispose of any Securities including holding Securities in the name of the Bank or the Bank's nominee;

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

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

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

"SFO" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) together with all subsidiary legislation, rules, codes and guidelines made thereunder;

"Terms" means these General Terms and Conditions for Investment Services as may be amended or supplemented from time to time;

"Trading Period" has the meaning given to it in Clause 5.5 (Trading Day);

"Transaction" means any transaction, dealing, agreement, action or service contemplated by, provided for, made, effected or conducted pursuant to the Agreement;

"U.S." means the United States of America;

"USD" means the lawful currency of the U.S.;

"U.S. Exchange" means a U.S. stock exchange, trading centre or organised market on which U.S. Securities available for U.S. Securities trading using the service provided by the Bank that are listed or traded, including but not limited to, NASDAQ, New York Stock Exchange (NYSE), NYSE American (AMEX), NYSE ARCA and BATS Global Exchange;

"U.S. person" includes any natural person who is a citizen of or resident in the United States; a corporation, partnership or other business organisation organised or incorporated under the laws of the United States or any political subdivision thereof, any estate or trust which is administered by an executor or trustee who is a U.S. person or the income of which is subject to U.S. federal income taxation regardless of its source; any account (other than any estate or trust) held by a dealer or fiduciary for the benefit of a U.S. person and any partnership or corporation organised and incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933. "U.S. person" shall not include any branch or agency of a United States bank or insurance company that is operating outside the United States for valid business reasons as a locally regulated branch

or agency engaged in the banking or insurance business and not formed primarily for the purpose of investing in securities not registered under the United States Securities Act of 1933. For the purposes of this definition, the "United States" includes the United States of America, its states, territories and possessions and the District of Columbia. We reserve the right to amend this definition of "U.S. Person" as may be necessary to conform to applicable law and authoritative interpretation of this term; and

"U.S. Securities" means Securities (including ETFs and American Depository Receipts) which are listed for quotation or quoted only on a Relevant Overseas Market that is a U.S. Exchange.

1.2 Interpretation: In these Terms and the Agreement:

- (a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";
- (b) "holding company" and "subsidiary" shall bear the respective meanings given by the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);
- (c) reference to a Clause, Sub-clause or Schedule is to a clause, sub-clause or schedule of these Terms and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information has been amended by subsequent notice to the Bank means the Account Opening Form as amended by such notice;
- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, supplemented, extended, codified or re-enacted;
- (e) reference to the masculine gender includes the feminine and neuter gender and reference to the singular includes the plural and vice versa and reference to a person includes an individual, a company, institution, firm, corporation, body corporate, government, state or state entity, association, partnership or other entity or body (whether incorporated or not and whether or not having separate legal personality) or any two or more of the foregoing;
- (f) the headings to the Clauses are for convenience only and do not affect their interpretation; and
- (g) the Appendices form an integral part of the Agreement and should, unless expressly stated otherwise, be read together with these Terms and other parts of the Agreement.

1.3 Contractual Relationship: The contractual relationship between the Client and the Bank (including all Accounts and Transactions) shall be governed by the Agreement.

1.4 Inconsistency: In case of any inconsistency, the terms shall prevail, insofar as a service, Investment Products, facility or Transaction is concerned, in the following order: (i) any form or document provided to or accepted by the Client in connection with it, (ii) any specific terms and conditions (including the relevant Appendix/Appendices) governing it,

(iii) these Terms; and (iv) any other general terms and conditions (including the Terms and Conditions of Use of Digital Banking Services) applicable to it.

- 1.5 Applicable Regulations: Apart from the Agreement, all services, products, facilities and Transactions shall be subject to any Applicable Regulations and Rules to the extent that they are applicable.

2. APPOINTMENT, SCOPE OF AGENCY AND AUTHORISATION

- 2.1 Account opening: The Client shall open and maintain the relevant Account(s), in the manner specified by the Bank from time to time, in order to effect Transactions.

- 2.2 Bank as Agent of Client: Unless otherwise stated in the Agreement or by the Bank, the Client appoints the Bank and the Bank agrees to act as the Client's agent to effect Transactions on its behalf. Nothing herein shall constitute the Bank as trustee or fiduciary for the Client or a joint venture or partnership between the Bank and the Client.

- 2.3 Bank as Principal when dealing with Clearing House: Unless otherwise stated in the Agreement or by the Bank, in respect of any account of the Bank or any member of the Group maintained with any Clearing House, whether or not such account is maintained wholly or partly in respect of any Transaction effected by the Bank on behalf of the Client and whether or not money paid by the Client has been paid to such Clearing House, as between the Bank or any member of the Group and such Clearing House, the Bank or member of the Group (as the case may be) deals as principal.

- 2.4 Bank's Right to Decline: Notwithstanding anything to the contrary, the Bank may, in its absolute discretion, decline to accept any Instruction without giving any reason and/or refuse to provide any or all of its services under the Agreement to the Client. The Bank shall not be liable to the Client for any loss whatsoever arising out of or in connection with its not accepting or acting on such Instruction or omitting to give notice of the non-acceptance of any Instruction, and the aforementioned refusal.

- 2.5 Delegation by Bank: The Bank may effect the Client's Transactions in such manner and through any member of the Group, members or participants of any Exchange or Clearing House, or brokers in the relevant Markets as the Bank may in its absolute discretion decide. The Bank may appoint any other person as its nominee, custodian, broker, depository agent or other agent for the purpose of or in connection with the provision of services to the Client and may delegate any of its duties under the Agreement to such person. All such third parties will be entitled to the full powers and discretions accorded to the Bank. The Bank is authorised by the Client to disclose any personal data and other information relating to the Client, its Authorised Persons, the Accounts and Transactions to any person appointed by the Bank pursuant to this Clause 2.5. To the maximum extent permitted by Applicable Regulations, the Bank shall not be liable to the Client for the acts, omissions or insolvency of such third parties. The Client acknowledges and accepts the risk of loss or failure in completion of Transactions in the event of the default or failure of such brokers, nominees or other agents in fulfilling their roles, or their winding up or cessation of business. The Client also acknowledges and agrees that to the maximum extent permitted by Applicable

Regulations, the Client is jointly and severally liable with the Bank to such brokers, nominees and other agents for all obligations to be performed by the Bank in respect of any Transactions conducted by us as agent for and on the Client's behalf.

- 2.6 Instructions given by Authorised Person(s): The Bank is authorised to accept Instructions in relation to the Agreement given or purportedly given by the Authorised Person(s), provided that settlement Instructions in respect of the transfer of cash and/or Securities to a third party must, unless otherwise agreed by the Bank or specified in the Agreement, be in writing and given in the manner specified in the Account Opening Form (if so specified) or as otherwise advised in writing and provided further that the Bank shall be entitled to at its sole and absolute discretion refuse to act for the Client in any particular Transaction for any reason whatsoever. Any appointment or change to the Authorised Person(s) shall be effective from time to time of actual receipt of the notification by the Bank. The Bank shall be entitled (but not obliged) to act on any Instructions given or purportedly given on the Client's behalf by the Authorised Person(s), and the Bank will not be responsible for any loss which the Client may incur as a result. The Bank shall not have any obligation to authenticate any Instruction given or purportedly given by or on the Client's behalf, or to verify the identity of the persons giving Instructions.
- 2.7 No duty to inquire into purpose or propriety: The Bank shall not be under any duty or obligation to inquire into the purpose, validity or propriety of any Instruction or order given or purported to be given by the Client or any Authorised Person(s) and it shall not be under any duty or obligation to see to the application of any funds paid out of any Account pursuant to the Agreement.
- 2.8 Power of attorney: The Client agrees to and hereby irrevocably appoints the Bank or any of the Bank's officers (from time to time duly appointed or authorised in writing by the Bank for the purposes of the Agreement and its certificate of such appointment shall be final and conclusive) with full power and authority as the Client's true and lawful attorney, to the fullest extent permitted by law, to act for and on the Client's behalf for the purpose of carrying out the provisions of the Agreement and taking any action and executing any document or instrument in the Client's name or in the Bank's own name which the Bank may deem necessary or desirable to accomplish the purposes of the Agreement, including without limitation the following purposes: (a) to execute any transfer or assurance in respect of the Charged Assets; (b) to perfect its title to any of the Charged Assets; (c) to ask, require, demand, receive, compound and give a good discharge for any and all monies and claim for monies due or becomes due under or arising out of the Charged Assets; (d) to give valid receipts, discharges and to endorse any cheques or other instruments or orders in connection with any of the Charged Assets; and (e) to file any claims or take any legal action or institute any proceedings which the Bank considers to be necessary or desirable to protect the security created under the Agreement. The Client declares that all and every receipt(s), deed(s), matter(s), and thing(s) which shall be given, made, executed or done by the attorney for the purposes of the Agreement shall be as good, valid and effectual to all intents and purposes as if the same had been (as the case may be) signed, sealed, delivered, given or made, executed, or done by the Client. The Client undertakes at all times to ratify

whatever the attorney shall lawfully do or cause to be done pursuant to or by virtue of the Agreement and power of attorney. No provision of these Terms, however, shall impose any obligation or duty on the Bank to exercise any of its rights or powers under this power of attorney.

- 2.9 Limits: The Bank may prescribe such limits in connection with any Account and the giving of any Instruction as the Bank may from time to time consider appropriate. Such limits include, without limitation, the maximum number of Transactions that may be made each day, the number and type of different Investment Products which may be dealt with in each Transaction, the minimum value or amount of Investment Products for a Transaction, limits on the price at which the Client can purchase or sell an Investment Product, position limits on open Contracts; fund redemption limits and the assigned Purchasing Power.
- 2.10 Purchasing Power: Purchasing Power is a mechanism that dictates the total value of Transactions that you can enter into and may apply differently to each Account or uniformly across all Accounts. The level of Purchasing Power is calculated by the Bank at its sole discretion and in accordance with such methodology as it may from time to time implement. For example, the methodology may take into account, amongst other things, the value of Investment Products, cash, collateral, margin, and other assets in the Accounts or otherwise held by the Bank or other third party for the benefit of the Client. The level of Purchasing Power as calculated by the Bank is final, conclusive and binding on the Client. The Bank makes no representations or warranties that the Purchasing Power displayed is accurate, timely or complete. The Client agrees that the Bank shall not be held liable for any losses or damages suffered by the Client as a result of its use or reliance on the indicated Purchasing Power.
- 2.11 Not a Discretionary Account: The Client acknowledges that the Bank does not exercise discretion with respect to making investment decisions and executing Transactions for the Client, unless the Bank otherwise notifies the Client, in which case, the Client may be required to enter into an agreement of discretionary account and a letter of authorisation and such other documents as the Bank may require. No act, omission, instruction, permission, tacit consent, approval, arrangement, or agreement of the Bank shall be construed as such.
- 2.12 Nature of Services: Save as otherwise agreed between the Bank and the Client, the Bank does not provide Investment Advisory Services and therefore does not assume any advisory duty of care or obligation in the solicitation and recommendation of any Investment Product other than to ensure reasonable suitability as set out in Clause 24.1 (General). Where the Bank makes available to the Client any advertisements, marketing or promotional materials, marketing information or other information relating to certain Investment Products, such action may or may not constitute any solicitation or recommendation of such Investment Products. The Client shall make own independent judgments without reliance on the Bank in entering into any Transactions. The Client shall obtain independent professional advice before taking, or refraining from taking, any action on the basis of such materials or information. The Client also acknowledges that:

- (a) any target or estimated return mentioned during the course of Investment Advisory Services shall not in any way represent any guarantee, projection or prediction in relation to the performance of any Investment Product;
- (b) there are risks involved with investment in any Investment Product; and
- (c) the Bank may, in its sole and absolute discretion, impose such fees from time to time with respect to the Investment Advisory Services.

3. STANDING AUTHORITIES

- 3.1 The Client acknowledges and confirms the authority given to the Bank under Schedule II (Standing Authorisation (Client Securities)) hereto.

4. INSTRUCTIONS

- 4.1 Giving Instructions: The Client and/or the Authorised Person(s) may give Instructions in relation to Transactions, Accounts or the Bank's services to the Bank via telephone, facsimile transmission, electronic means (including the Electronic Services) or other means of communication specified by the Bank from time to time. If an Instruction is given in writing, the signatures of the Client and/or Authorised Persons shall comply with the signing arrangement and conform to the specimen signatures provided to the Bank in the Account Opening Form (if provided) (the "Agreed Signing Arrangement"). In any event, the Client shall comply with such verification procedures and fulfil such other requirements as may be specified by the Bank from time to time. If Instructions are given by telephone or other means not accompanied by the signatures of the Client or Authorised Persons, the Bank is entitled to rely upon and act in accordance with such Instructions given by the Client or any one of the Authorised Persons singly and any Agreed Signing Arrangement will not apply.
- 4.2 Cut-off time: The Bank is entitled to prescribe any cut-off time for receiving Instructions in general or Instructions of any particular nature or type, which may differ from any usual cut-off/trading time in any Market or prescribed by any Exchange or Clearing House. The Client acknowledges and agrees that the Bank is not liable for the consequences of any refusal to accept or any delay or failure in effecting any Instruction which is received by the Bank after the applicable cut-off time.
- 4.3 Authorised Person(s): Any one of the Authorised Person(s) is authorised by the Client to give Instructions in relation to the Account on behalf of the Client and to sign on behalf of the Client all agreements and relevant documents relating to the Account and its operation until written notice to the contrary is actually received by the Bank from the Client. The Client undertakes with the Bank from time to time and at all times to ratify and confirm any Instructions or agreements or documents whatsoever given or signed or purported to be given or signed by any of the Authorised Person(s) for and on behalf of the Client including without limitation any Instructions which may be given or purported to be given or any agreements or documents which may be signed or purported to be signed by, any Authorised Person(s) between the revocation of the authority of any of the Authorised Person(s) and the actual receipt by the Bank of notice of such revocation. The Client agrees

that any Instructions given or purported to be given or any agreements or documents which may be signed or purported to be signed by any of the Authorised Person(s) for and on behalf of the Client after revocation by the Client of his authority shall be valid and effectual in favour of the Bank if at the time of the receipt of such Instructions or signed agreements or documents the Bank did not have actual notice of such revocation. All such documents and Instructions (whether oral or written) signed or given or purported to have been signed or given by any Authorised Person(s) shall be deemed to be within the power of such Authorised Person(s) and shall be absolutely and conclusively binding on the Client. The Client is responsible for ensuring that all Authorised Person(s) comply with the Agreement and in any event remains responsible for all Instructions, even if they are given by an Authorised Person or other third party.

- 4.4 **Bank's Reliance on Instructions:** The Bank shall be entitled to treat an Instruction given in accordance with these Terms as fully authorised by the Client. The Bank shall be entitled (but not bound) to act on or take such steps in connection with or in reliance upon such Instruction as the Bank may in good faith consider appropriate for the purpose of executing the Transaction in accordance with such Instruction (whether it be an Instruction to acquire, purchase, sell, transfer, dispose of or otherwise deal with Investment Products) and shall have authority to bind the Client to any agreement or other arrangement with the Bank or with any other person or to commit the Client to any other type of Transaction or arrangement whatsoever for the purpose of executing such Instruction, regardless of the nature of the Transaction or arrangement or the value, type and quantity of the Investment Products involved. Apart from verifying the signature of each of the Client and/or Authorised Persons (where an Instruction is signed by the Client and/or Authorised Person) against the Agreed Signing Arrangement or verifying the relevant designated number, password and/or any other information relating to the identity of the Client and/or any Authorised Persons (where an Instruction is given by any other means), the Bank shall have no obligation to verify the identity or authority of the person giving any Instruction by any means or the authenticity of such Instruction. The Bank shall be entitled to rely and act on Instructions believed by the Bank in good faith to be genuine and any Transaction effected by the Bank for the Client on that basis shall be absolutely and conclusively binding on the Client, whether or not the Instruction for such Transaction is made or authorised by the Client.
- 4.5 **Electronic Services:** The Bank may, from time to time and at its sole and absolute discretion, provide to the Client the Electronic Services in accordance with Clause 14 (Electronic Services).
- 4.6 **Risks with Electronic Communications:** The Client recognises the risks in giving Instructions by telephone, facsimile, electronic mail or other electronic means (including the Electronic Services) including the risk of any Instruction being unauthorised or given by an unauthorised person or intercepted by a third party. If the Client chooses to give Instructions by any electronic means, the Client accepts the risks in full and authorises the Bank to act on any Instruction received by it through such means. The Bank does not assume any responsibility for any delay, failure, error, interruption or suspension in the

transmission or communication of Instructions or information on prices or the mistaken communication of Instructions or information to any other party, or for any claim, liability or loss which the Client may suffer or incur as a result of the use of any particular means for giving or receiving Instructions or of the Bank acting on such Instructions, unless due to the gross negligence, fraud or wilful default of the Bank or any of its officers or employees and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely therefrom. The Bank will not be liable for any delay or failure in the transmission of orders due to breakdown or collapse of communication facilities or for any other delay or failure beyond the control of the Bank.

- 4.7 Cancelling or Amending Instructions: Once an Instruction is given by or on behalf of the Client, it may not be amended, rescinded or withdrawn unless the Bank agrees otherwise. In the case of full or partial execution of the Client's amended, rescinded or withdrawn Instruction, the Client agrees to accept full responsibility for the Transactions. The Bank shall not be obliged to act on any Instruction for cancellation, variation or amendment of any Instruction already given by or on behalf of the Client to the Bank nor be responsible or liable to the Client for any loss or expense suffered or incurred by the Client if the original Instruction has already been completed by the Bank in good faith or it is not reasonably practicable for the Bank to act on such Instruction to cancel, vary or amend the original Instruction.
- 4.8 No Responsibility to Procure Compliance as a Fiduciary: The Bank shall have no responsibility to procure compliance by the Client with any law or regulation governing the Client's conduct as a fiduciary (if applicable).
- 4.9 Priority: The Bank may in its sole discretion determine the priority in the execution of the Client's Instructions, and the Client has no claim of priority to any other client of the Bank.
- 4.10 Aggregating Orders: Subject to any Applicable Regulations, the Bank may without notice to the Client aggregate the Client's order with its own orders or with those of persons connected with the Bank or with those of other clients of the Bank. Such aggregation may on some occasions operate to the Client's disadvantage and on other occasions to the Client's advantage.
- 4.11 Giving Instructions Outside Hong Kong: If the Client gives any Instructions outside Hong Kong, the Client undertakes that such Instruction will be given in compliance with all Applicable Regulations of the foreign place, and when in doubt, the Client shall obtain independent legal advice. If the Client is domiciled outside Hong Kong, the Client confirms that it is allowed to deal with the Investment Products in Hong Kong under the Applicable Regulations, and the Bank has no duty to verify the same.

5. EXECUTING TRANSACTIONS

- 5.1 Instructing Brokers: The Client authorises the Bank to instruct such executing brokers, agents, custodians, nominees, overseas brokers and dealers (including branches or associates of the Bank) as the Bank may in its absolute discretion deem fit to execute any Transactions and acknowledges that the terms of business of such persons and the

applicable Rules of any relevant Exchange, Clearing House and/or Clearance System on and through which such Transactions are executed and settled shall apply to such Transactions. The Client understands and agrees that the Bank may, as a result of providing services to the Client under the Agreement or otherwise, owe obligations towards a third party arising from, or in connection with, the Client's Investment Products and the Charged Assets. Such third parties may have rights and entitlements in the Client's Investment Products and the Charged Assets, which can affect (a) the Bank's ability to discharge its obligations towards the Client in respect of such Investment Products and Charged Assets (for example, returning certain Investment Products or Charged Assets to the Client), and/or (b) the Client's ability to exercise any of its rights in respect of, or attached to, such Investment Products or Charged Assets (including without limitation its voting rights attached to stocks).

- 5.2 Relevant Laws: All Transactions executed by the Bank based on the Client's Instructions shall be effected in accordance with all Applicable Regulations and Rules applicable to the Bank and/or the Client. All actions taken by the Bank in accordance with Applicable Regulations and Rules shall be binding on the Client.
- 5.3 Execution of Instructions "at best" or "at market": The Client acknowledges that by reason of market conditions or physical restraints on any Market and rapid changes in the prices of Investment Products and/or fluctuation in currency exchange rates, on occasions and despite the reasonable endeavours of the Bank, executing brokers or dealers (whether in Hong Kong or elsewhere), the Bank may not be able to execute the Client's Instructions in full or at the specific prices or time specified by the Client or "at best" or "at market". The Bank shall not be liable if any Instruction is not performed in full due to market conditions or any other cause beyond the Bank's control, and the Client shall accept and be bound by dealings effected by the Bank.
- 5.4 Partial Performance of Order and Limit Order: Where the Bank or any persons instructed by the Bank are unable to perform any Instruction of the Client in full, the Bank or such persons are entitled to effect partial performance without prior reference to or consent from the Client. Without prejudice to the generality of the aforesaid, unless at the time of giving an Instruction with respect to Investment Products, the Client expressly instructs the Bank to immediately make the entire order public in the relevant Market (and the Bank accepts such an Instruction), the Bank is entitled not to do so having regard to the prevailing market conditions and market practice, in particular, where the Bank is of the reasonable view that the order is not immediately executable in full under the prevailing market conditions.
- 5.5 Trading Day: Unless the Client gives any specific Instruction to the Bank to the contrary (and the Bank accepts such an Instruction), the Client acknowledges that all Instructions received by the Bank on a trading day are valid for that trading day only (or such shorter or longer period as determined by the Bank from time to time) (the "Trading Period"), and that, to the extent any Instruction is unfulfilled, it will lapse at the close of the official trading hours on the last trading day (within the Trading Period) of the Market in respect of which they are given. A good-till-cancelled order remains a pending order until cancelled

by the Client. The order may be executed at any time prior to such cancellation, and the Client accepts full responsibility for the Transactions.

- 5.6 Interest: The Client shall pay interest on all overdue balances on any Account or any amount otherwise owing to the Bank at any time (including interest arising after a judgment debt is obtained against the Client) at such rates and on such other terms as the Bank notifies to the Client from time to time, or, failing such notification, at such rate determined by the Bank from time to time. Interest shall accrue on a daily basis from the applicable due date or otherwise the date of demand up to and including the date on which the Bank receives actual and unconditional payment in full. Overdue interest shall be compounded monthly and shall itself bear interest.
- 5.7 Recording and Tapes: The Client acknowledges that all telephone conversations between the Client and the Bank may be taped without an automatic tone warning device in order to, amongst other things, enable the Bank to verify the Instructions of the Client. The Client agrees that the recordings on relevant tapes or a transcript of the recording may be used as final and conclusive evidence of the contents of the Instructions.
- 5.8 Bank's Records are Conclusive: The Client acknowledges that the books, data and records of the Bank shall, in the absence of manifest error, be conclusive of the matter to which it relates and shall be conclusive evidence against the Client in all courts of law and for all purposes.
- 5.9 Personal Operation of Accounts: The Client acknowledges that it will personally (or through its Authorised Persons) operate any Account opened by the Bank for the Client in relation to the Agreement. In the event that the Client intends to appoint a third party to act in any way on behalf of the Client in relation to the Agreement, the Client shall appoint such third party by providing the Bank with such letter of authorisation or other form as prescribed by the Bank, the terms and conditions of which shall be in addition to and shall be deemed to form a part of the Agreement. The Client shall ensure that any appointed third party trading representative also promptly provides to the Bank a completed and signed client information statement as prescribed by the Bank.
- 5.10 Prices: The actual bid and offer prices of any Transaction shall be determined at the time when the Transaction is effected and any figures which may be quoted or provided to the Client by the Bank (some of which may have been provided to the Bank by its third party information or service providers and we are not obliged to translate such information or ensure that it is true and accurate where it is independently prepared by a third party) or its representatives at any time are for reference only and are not binding on the Bank or the Client. For the avoidance of doubt, the Bank is entitled to act on any Instruction of the Client to effect a Transaction even if the price of the underlying Investment Product has altered to the disadvantage of the Client between the time of receipt of such Instruction and the time at which the Bank or its agent actually effects the Transaction.
- 5.11 Title: The Bank has no obligation to examine or verify the validity of ownership or title of any Investment Products. The Client accepts full responsibility for ensuring that all Investment Products are acquired and held in accordance with Applicable Regulations. The

Bank does not guarantee or assume any liability for the rightful ownership of any Investment Products.

- 5.12 Indemnification: Without prejudice to Clauses 22.2 and 22.3, the Client agrees to indemnify the Bank and its officers and employees and any nominee or other agent, against any loss or liability that any of them may incur or suffer as a result of any of them acting on, or any delay or failure by any of them to act on, any Instruction given by you, unless caused by their fraud, wilful default or negligence.

6. SETTLEMENT

- 6.1 Settlement: Unless otherwise agreed or where the Bank is already holding sufficient Investment Products, cash or other assets on the Client's behalf to settle a Transaction, the Client shall, by such time, at such place, in such amounts and in such manner as the Bank may notify to the Client in relation to the relevant Transaction:

- (a) pay or provide to the Bank cleared funds or deliver to the Bank the relevant Investment Products in deliverable form required for settling that Transaction; and
- (b) ensure that the Bank will receive such cleared funds or deliverable Investment Products on the applicable settlement date or by such time as the Bank may notify to the Client for the purpose of settling that Transaction.

- 6.2 Client's Failure to Settle: If the Client fails to comply with Clause 6.1 (Settlement), the Bank shall be entitled, in its sole and absolute discretion, without prejudice to any other rights or remedies of the Bank and without further notice to or consent from the Client, for the purpose of settling any Transaction:

- (a) in the case of a Transaction for the purchase or subscription of Investment Products, to sell or transfer the Investment Products being the subject matter of such Transaction and/or sell or transfer any other Investment Products in any Account to satisfy the Client's settlement obligations, at a price the Bank believes to be reasonable and charge or debit any related costs, fees and expenses to any Account; or
- (b) in the case of a Transaction for the sale of Investment Products, to borrow and/or purchase Investment Products equivalent to the Investment Products being the subject matter of such Transaction to satisfy the Client's settlement obligations, at a price the Bank believes to be reasonable; and in addition or as an alternative to Clause 6.1 (Settlement), to have recourse to its rights of combination and set-off or any other rights under the Agreement.

- 6.3 Right to Not Execute Transaction: Notwithstanding any other provisions of the Agreement, the Bank is entitled, in its sole and absolute discretion and without giving reason, not to execute any Instruction for the:

- (a) purchase of Investment Products unless the Client has made available to the Bank cleared funds of an amount which is, in the opinion of the Bank, sufficient to settle the related purchase price, fees and expenses in connection with such purchase; and

(b) sale of Investment Products unless the Client has deposited the relevant Investment Products with the Bank to settle such sale.

6.4 Deficit: The Client shall be liable for any Deficit resulting from losses and any cost, fee or expense (including legal costs) incurred by the Bank, on a full indemnity basis, in relation to the purchase and/or sale of Investment Products pursuant to Clause 6.2 (Client's Failure to Settle).

6.5 Stock Borrowing and Lending: To facilitate due settlement by the Client, the Bank may, in its absolute discretion, lend Investment Products to the Client or borrow Investment Products for or on behalf of the Client, to settle the Client's sale Instructions. The Bank may also lend or borrow Investment Products to or from third parties (for the purposes of this clause only, a "Third Party") on the Client's behalf or for the Client's benefit, whether in the name of the Bank, a member of the Group or otherwise, upon such terms as the Bank may in its sole discretion decide. The Client shall indemnify the Bank and the members of the Group for any margins, guarantees, Securities or collateral maintenance and expenses as may be required under the aforementioned borrowing and lending arrangements. The Bank does not warrant or guarantee the availability or the continuing availability of any short selling facility. The Bank shall be entitled to, either at its own discretion or at the request of a Third Party, terminate any such lending and borrowing arrangements and immediately call for the delivery or return of the underlying Investment Products. The Client must comply with any demand calling for the delivery or return of the underlying Investment Products.

7. PAYMENTS AND WITHDRAWAL

7.1 Payments to the Client: All monies payable to the Client by the Bank shall be transferred to the Account designated by the Client in the Account Opening Form or, at the option of the Bank, by any other means, and such form of payment shall constitute a full discharge of the Bank's obligation to make such payments. The Account shall be in HKD, USD or such other currencies as the Bank may agree from time to time with the Client. The Client authorises and instructs the Bank to convert monies from one currency to another at the exchange rate obtained by the Bank on the relevant date and at the Client's risk and expense where (i) monies withdrawn from the Account (including for the purpose of settling any subscription are payable in a currency different from the currency in which such monies may be held in the Account, and (ii) monies deposited into the Account (including as a result of a redemption) are paid in a currency different from the currency in which such monies may be held in the Account. The Client further authorises the Bank to deduct from its Account any charges incurred by the Bank resulting from such conversion. The Bank reserves the right at any time to refuse to accept any instructions from the Client in relation to currency conversion.

7.2 Interest:

(a) The Bank holds the Client's money as banker in an account in the Client's name. The Securities and Futures (Client Money) Rules under the SFO do not apply. Accordingly, unless otherwise specified in these Terms or under any applicable depositor protection

legislation, the Client bears the Bank's full credit risk in respect of the money deposited with the Bank.

- (b) For deposits in any Account, the Client agrees and acknowledges that no interest will accrue before the proceeds of any deposits are actually received in the Account, regardless of whether an entry reflecting the deposit is made to such Account. In addition, once any money is retained or withheld by the Bank for the purpose of settlement, that retained or withheld money will not earn any interest regardless of whether an entry reflecting the retention or withdrawal is made to such Account. Even if a Transaction is disputed and the disputed amount is then returned to the Account, that disputed amount will not earn interest unless it is actually received and credited back to the Account.

- 7.3 Transactions Executed Outside Hong Kong: In respect of Transactions executed outside Hong Kong, the Client authorises and directs the Bank to pay into any trust account maintained by the Bank with any financial institution, which may or may not be a licensed bank, in or outside Hong Kong all amounts (less all brokerage and other proper charges accruing thereon) from time to time received by the Bank for and on behalf of the Client from the Transactions, notwithstanding that any such amounts may be reinvested in further Transactions for or on behalf of the Client.

8. STATEMENTS AND RECORDS

- 8.1 General: The Bank shall, in accordance with the Applicable Regulations, provide to the Client contract notes or other confirmations relating to any Transactions and statements of account relating to the relevant Accounts.
- 8.2 Monthly Statement: The Bank will also deliver a monthly statement in relation to the Accounts, unless there have been no Transactions in relation to a particular Account during a particular month and the Account has no outstanding balances or holds any positions or Investment Products.
- 8.3 Conclusive/Client to examine: The Client shall examine each statement (including daily statement and monthly statement) and record issued by the Bank. Contract notes, transaction confirmations and statements of account shall be conclusive of the matters stated therein (except in the case of manifest error) and shall be deemed to have been accepted by and binding on the Client unless the Bank has actually received from the Client notice in writing alleging any omission or error within 2 Business Days after the date of such contract note or transaction confirmation or statement of account. Thereafter, the Client shall not dispute the accuracy of such statement and shall be deemed to have waived such right to dispute.
- 8.4 Unilateral amendment: Notwithstanding anything to the contrary, the Bank may without prior notice to the Client unilaterally amend any such statement or record if it considers it to be appropriate to do so.
- 8.5 Non-receipt: In the event of (a) non-receipt of any statement of account or Transaction record from the Bank or (b) if the Client receives any confirmation but has not issued the

related Instruction, the Client shall notify the Bank in writing, in the case of (a) within 5 Business Days after the time when the statement or record would normally have been received in the ordinary course of business, or in the case of (b) immediately after it receives such confirmation.

- 8.6 Method of delivery: The Client consents to the Bank's issuance of contract notes, transaction confirmations, statements of accounts and other advices (collectively, "trade documents") in electronic form, and agrees to receive them by such means as specified by the Bank from time to time, including via electronic means (including via the Electronic Services). The Client may, by giving not less than 2 months' (or such shorter period as the Bank may accept) notice in writing to the Bank, revoke its consent to receive trade documents in electronic form and via electronic means (including via the Electronic Services).
- 8.7 Acknowledgments by Client: Where the Client consents to and accepts the receipt of trade documents via electronic means (including via the Electronic Services) (the "Access Service"), the Client acknowledges that it understands and accepts the following arrangements:
- (a) appropriate hardware and software, internet access and a specific email address, mobile phone number or other electronic address provided and designated by the Client for receiving email, SMS or other electronic notifications from the Bank are required for using the Access Service;
 - (b) internet, email, SMS and other electronic information services may be subject to certain IT risks and disruption;
 - (c) revocation of consent to the Access Service will be subject to the giving of such advance notice by the Client in the manner specified in Clause 8.6 (Method of Delivery); and
 - (d) the Client may be required to pay a reasonable charge for:
 - (i) obtaining a copy of any trade document that is no longer available for access and download via electronic means (including the Electronic Services); or
 - (ii) requesting the Bank to provide trade documents to it, in addition to the request for the Access Service, by other means.

9. FOREIGN CURRENCIES

- 9.1 Currency Conversion: Without prejudice to the generality of Clause 2.4 (Bank's right to decline), the Bank reserves the right to decline any Instruction of the Client to effect any sale or purchase of Investment Products requiring an exchange into or from one currency to another, or otherwise to refrain from effecting a currency exchange for other purposes (including for the purpose of effecting a dividend distribution), without giving any reason therefor. If the Bank accepts any Instruction of the Client to effect any such sale or purchase of Investment Products or effects any currency exchange for any other purpose, the costs of effecting the relevant currency exchange and any profit or loss arising as a result of

fluctuation in the exchange rate of the relevant currency will be entirely for the account of the Client. The Bank may convert monies in any Account into and from any currency at such rate of exchange as the Bank shall in its sole discretion determine as being the then prevailing money market rate. Such conversion may be made for the following purposes: (i) effecting any Instruction or Transaction, (ii) the calculation, settlement and recovery of any debit balance due or that may become due from the Client or credit balance owed to the Client, and (iii) for any other purpose relating to the Agreement.

- 9.2 RMB: Where a Transaction is denominated in RMB, the Client agrees and acknowledges:
- (a) the risk that RMB is subject to foreign exchange control and may be non-convertible; and
 - (b) that except otherwise stated by the Bank, Transactions denominated in RMB shall be settled in RMB.

10. SAFEKEEPING OF INVESTMENT PRODUCTS

- 10.1 General: The Client acknowledges and agrees that Investment Products from time to time acquired and/or held pursuant to the Agreement through or in a Clearance System shall be held subject to and in accordance with the Applicable Rules.

- 10.2 Safekeeping: Any Investment Products held by the Bank or the Bank's associated entity for safekeeping pursuant to the Agreement may, at the Bank's discretion and subject to the Applicable Regulations:

- (a) (in the case of registrable Investment Products) be registered in the name of the Client or in the name of the Bank or the Bank's nominee; or
- (b) be deposited in safe custody in a segregated account which is designated as a trust or client account and maintained in the relevant Market by the Bank with the Bank's associated entity or any other institution which is qualified for providing facilities for the safe custody of Investment Products and documents relating thereto;

and in either case, shall not form part of the assets of the Bank for insolvency or winding-up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the business or assets of the Bank.

- 10.3 Custodian: The Client appoints the Bank as custodian of all cash and Investment Products of the Client delivered to and accepted by the Bank or any of its sub-custodians or nominees subject to the Agreement. The Bank shall be entitled to deposit such cash or Investment Products with such other company or institution and on such terms as it may deem fit. Such cash or Investment Products may be co-mingled with those of other clients of the Bank (but not with cash or Investment Products held for the Bank's own account).

- 10.4 Co-mingling: The Client acknowledges and agrees that, where the Client's assets are pooled and held collectively with the assets of other persons, the Client's individual entitlements may not be identifiable by separate documents, records or evidence of

ownership or title, and the Client and such other persons may have to share any shortfall arising from a default of a company or an institution with which the assets are deposited.

- 10.5 Transfer to Client: Subject to Clause 10.7 (Full Discharge of Liabilities), the Bank shall as soon as reasonably practicable after having been required to do so by Instructions from the Client:
- (a) procure the registration of any Investment Products from time to time in the Account in the name of the Client or a person notified in writing by the Client to the Bank as being the nominee of the Client, or if so instructed, deliver the documents representing or evidencing the Investment Products to the Client or such nominee whereupon such Investment Products shall cease to be held in the Account; and
 - (b) transfer any sum specified in the Instructions of the Client from the Account to such bank account of the Client as the Client may advise and such transfer shall be deemed to be a good discharge of the Bank's obligation to make payment to the Client.
- 10.6 Delegation/Sub-Custodian: Subject to Applicable Regulations, the Bank is irrevocably authorised by the Client to appoint, in the manner specified in Clause 2.5 (Delegation by Bank), one or more custodians/sub-custodians, whether inside or outside Hong Kong, for any period of time, to perform the Bank's custodial and safe-keeping duties.
- 10.7 Full Discharge of Liabilities: The obligations of the Bank in Clause 10.5 (Transfer to Client) shall be subject to the other provisions of the Agreement and in particular Clause 16 (Charge) and to the right of the Bank to require a full discharge of all the Liabilities prior to any withdrawal by the Client. The Bank may, without notice to the Client, discharge any or all the Liabilities out of the monies standing to the credit of the Account prior to any registration or transfer in accordance with Clause 10.5 (Transfer to Client) or otherwise require payment thereof to be made by the Client prior to any registration or transfer pursuant to Clause 10.5 (Transfer to Client).
- 10.8 Voting Rights etc.: The Client hereby authorises the Bank to act on Instructions relating to the Client's Investment Products, including the exercise of voting and other rights attached to the Investment Products. Notwithstanding the aforesaid, the Bank may decline to act on any Instruction in its absolute discretion without giving any reason therefor. Nothing in the Agreement shall in any way impose on the Bank any duty to inform the Client or to take any action with regards to the attendance of meetings and to vote at such meetings. The Bank has no duty in respect of notices, communications, proxies and other documents relating to the Investment Products received by the Bank or to send such documents or to give any notice of the receipt of such documents to the Client unless otherwise required the Applicable Regulations. The Bank has the right to charge the Client for its services in taking any action pursuant to the Client's Instruction.
- 10.9 Dividends etc.: The Bank will pay all dividends, distributions, interest, coupons or benefits relating to the Investment Products of the Client into the relevant Account.
- 10.10 No Obligation to Notify or Exercise Rights: Without prejudice to the generality of Clause 10.8 (Voting Rights etc.), where the Client's Investment Products are registered in the name

of the Bank or any other person appointed by the Bank (but not otherwise), the Bank may but is not obliged to:

- (a) notify the Client of information, notices and other communications received by the Bank in relation to such Investment Products (but shall be under no obligation to forward the same to the Client in sufficient time for Instructions to be given to the Bank with regard to any matters referred to therein nor to investigate or participate or take any affirmative action except in accordance with specific Instructions from the Client (and such Instructions being accepted by the Bank) and upon such conditions, indemnity and provision for reasonable expenses as the Bank may require) and, in the absence of or delay in receiving specific Instructions from the Client, to refrain from acting and any default option in respect of the relevant matter shall apply; and
- (b) exercise, subscribe, take up or otherwise dispose of such rights or new issues in relation to the Client's Investment Products as the Bank may think fit which shall be binding on the Client unless the Bank has actually received prior Instructions to the contrary from the Client (and such Instructions being accepted by the Bank), except that the Bank will not exercise any action which may give rise to any obligation to disclose interest on the part of the Bank or its nominee in compliance with the Applicable Regulations.

10.11 Further Action: The Client authorises the Bank and its nominee to take all such actions as may be required to comply with any Applicable Regulations in providing custody services, including withholding and/or making payment of tax or duties payable in respect of cash or Investment Products in the Account. The Client acknowledges that neither the Bank nor its nominee shall be liable in respect of any call, instalment or other payment in relation to the Investment Products held by the Bank or its nominee.

10.12 Return of Investment Products: The Bank is entitled, upon termination of any safe custody services for whatever reasons, to return to the Client at the sole risk and expense of the Client all the assets held in custody, including returning to the Client the Investment Products which may not have the same serial number or identification as those originally deposited with or received by the Bank.

10.13 No Trusteeship: The provision of the safe custody services does not constitute the Bank a trustee of the Client or any of the Client's assets except where any such asset is registered in the name of the Bank or a nominee of the Bank in which case the Bank acts in the capacity of a bare trustee only. The Bank shall have no other obligations in respect of the Client's assets except those specified in the Agreement.

10.14 Client's Responsibilities: In the case of the transfer of any Investment Products, the Client will be responsible for arranging the relevant third party to deliver the Investment Products to the Client or to receive the Client's Investment Products, and that any handling, transfer or custodian fees and charges shall be solely for the account of the Client.

10.15 Same Class and Denomination: Any obligations of the Bank to deliver, to hold in safe custody or otherwise or to register in the name of the Client, Investment Products purchased

or acquired by it on behalf of the Client shall be satisfied by the delivery, the holding or registration in the name of the Client or its nominee of the Investment Products of the same class, denomination and nominal amounts with those originally deposited with, transferred to or acquired by the Bank on behalf of the Client.

- 10.16 **Client's Risk:** Investment Products deposited with or held by the Bank and/or its nominee(s) pursuant to the Agreement shall be at the Client's sole risk and the Bank shall be under no obligation to insure any of them against any kind of risk, which obligation shall be the Client's sole responsibility.
- 10.17 **Disposal:** The Bank is authorised, pursuant to Section 6(3) of the Securities and Futures (Client Securities) Rules (Cap. 571H of the Laws of Hong Kong), to dispose any of the Client's Securities or the Charged Assets (and the Bank shall have absolute discretion to determine which Securities or Charged Assets are to be disposed of) for the purpose of settling any liability owed by or on behalf of the Client to the Bank or a third person.

11. COMMISSIONS, CHARGES AND EXPENSES

- 11.1 **Commission and Charges:** The Client shall pay commissions, fees, charges, brokerage, markups or other remuneration for the Bank's services (including the provision of the Electronic Services) as specified by the Bank in the fee schedules provided by the Bank or otherwise notified to the Client from time to time. The Client agrees that fees expressed to be payable by the Client to a third party in a fee schedule or otherwise ("Third Party Fees") may be inclusive of administrative costs and other fees for the account of the Bank, members of the Group and/or other parties. The Client further agrees that the Bank shall be entitled to retain such proportion of the Third Party Fees as the Bank considers in its absolute discretion to be appropriate. For certain products the Bank may charge fees calculated based on various component factors and could be a blended rate and such fee model is not intended to be a direct pass-through of third-party fees and rebates. Such costs passed on to clients in the fee schedule may be greater than the costs paid by the Bank. If such fee model / blended rate results in a discrepancy, the Bank (and members of the Group) may retain any excess fees, but will not charge clients for any deficiency. The Bank reserves the right to revise its fee schedules and such other notices from time to time.
- 11.2 **Maintenance Fee:** The Bank may charge a monthly maintenance fee to be notified by the Bank to the Client on any Account with no trading activity for any length of time as specified by the Bank from time to time.
- 11.3 **Fees and Expenses:** The Client shall be liable on a full indemnity basis for all fees and expenses incurred by the Bank in connection with the Transactions, the Accounts and/or provision of its services including fees payable to any brokers, custodians, agents and nominees, stamp duties, transfer fees, registration fees, taxes, stock settlement fees, levies imposed by relevant Exchange, Clearing House or Market, interest and other handling costs or expenses.
- 11.4 **Handling charge for fund transfer:** The Client agrees that any administrative fee, remittance fee and correspondent bank charges that are payable regarding any fund transfer made by

the Client shall be borne by the Client. The Client further agrees that any payment made to the Bank or any fund transfer made by the Client to the Account must be net of all fees and charges. The Client authorises the Bank to pay any such charges on behalf of the Client (if required).

- 11.5 Deduction from the Account: The Bank is authorised by the Client, at any time without prior notice to the Client, to charge to or debit from any Account any commissions, fees, charges, brokerage, remuneration, taxes, withholdings, levies, duties and other costs and expenses payable by the Client.
- 11.6 Payment in Full: Payments by the Client shall be made to the Bank in the manner specified by the Bank in immediately available funds (or other funds determined by and acceptable to the Bank at its absolute discretion) on the due date, without any deduction, set-off, counterclaim, withholding or condition of any kind, and in such currency as the Bank may in its absolute discretion require, except that, if the Client is compelled by law to make such withholding, the sum payable by the Client shall be increased so that the net amount actually received by the Bank is the amount it would have received had there had been no withholding.

12. TAXES

- 12.1 Client's Responsibility: The Client is solely responsible for handling and fulfilling all tax issues, liabilities and obligations under all Applicable Regulations. The Client should seek independent professional tax advice from its own tax adviser and to determine its own tax position, liabilities and obligations. The Bank is not responsible for advising on or handling any of the Client's tax issues, liabilities or obligations.
- 12.2 Request for Information: Upon the Bank's reasonable request or where the Bank is required by the tax authority and/or any other authority of any relevant jurisdiction, the Client shall sign and file any form, certificate or document and provide such necessary information and assistance (including that which is related to the Common Reporting Standard) as the Bank may require.
- 12.3 FATCA: Without prejudice to Clause 12.2 (Request for Information), the Client undertakes to provide the Bank with information, documents and certificates as required by the Bank in order to meet obligations imposed by applicable inter-jurisdictional tax compliance rules. This includes, without limitation:
- (a) "FATCA", which means:
 - (i) sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (as amended) or any amended or successor version thereof;
 - (ii) any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with paragraph (i), including as entered into with the government of Hong Kong;

- (iii) agreements between the Bank and the Internal Revenue Service of the United States or other regulator or government agency pursuant to or in connection with paragraph (i);
 - (iv) any laws, rules, regulations, interpretations or practices adopted in the United States, Hong Kong or elsewhere pursuant to any of the foregoing; and
- (b) Tax information sharing arrangements, which means any local or foreign laws, regulations and rules including, without limitation, the obligations under FATCA and associated rules and regulations and other international exchange arrangements affecting the Bank.

12.4 U.S. tax:

- (a) To the extent the Client hold any U.S. securities, the Client must complete the Form W-8BEN and renew it every three years as required by the U.S. Internal Revenue Service. If you fail to complete or renew the Form W-8BEN the Client will not be able to use the Account or any platform operated by the Bank for U.S. Securities trading, including submitting any purchase order or transferring-in any Securities listed on any Relevant Overseas Markets in the U.S.
- (b) The U.S. tax system applies to every person holding investment products originating in the U.S. (e.g. U.S. Securities, mutual funds or bonds, etc.), regardless of whether they are a U.S. Person or not. This means that all investors who hold these investment products in their own name must pay the applicable U.S. tax. You should seek professional tax advice where appropriate.
- (c) The Client accepts that all the income, interest, proceeds and distributions arising from U.S. Securities of the Client will be subject to the maximum withholding tax rate (or any other withholding tax rate as we determine). In particular, you acknowledge and accept that the broker must withhold up to 30% of such U.S. sourced income, interest, proceeds and distributions paid to non-U.S. Persons.
- (d) The Bank and the broker do not offer tax relief service, i.e. tax treaty withholding tax rates are not offered, nor do the Bank and the broker represent or assist customers in applying for a waiver or exemption from withholding tax from the U.S. Taxation Office or any request for a refund due to any tax being over-withheld. The Client should seek professional tax advice, where appropriate.

12.5 Indemnity: Without limiting any other indemnity provided by the Client, the Client shall indemnify the Bank, the Group and their respective agents on demand against any liability, reasonable loss or expense (including taxes and levies) arising from the Client's Instructions, the Accounts or the Bank's provision of services to the Client, including as a result of any failure by the Client to comply with this Clause 12.

13. MONETARY AND NON-MONETARY BENEFITS

- 13.1 Monetary Benefits: The Client acknowledges that the Bank or any person connected with it (which includes members of the Group) may receive and retain Monetary Benefits whether from brokers, product issuers or other third parties.
- 13.2 Not Quantifiable: The Bank or persons connected with it (which include members of the Group) may receive and retain Monetary Benefits, in amounts that are not quantifiable prior to or at the point which a Transaction is entered into.
- 13.3 Non-monetary Benefits: The Client acknowledges and consents that the Bank or any person connected with it (which includes members of the Group) may receive and retain from brokers, product issuers or other third parties non-monetary benefits, including but not limited to, services, sponsorships, advertising, research and analysis, travel, accommodation and entertainment as the Bank or the connected person deems appropriate.
- 13.4 Independence: Unless otherwise stated in the Agreement or by the Bank, the Bank is a non-independent intermediary because:
- (a) it may receive fees, commissions, or other Monetary Benefits, provided by any party in relation to its distribution of any Investment Products to the Client; and
 - (b) it may have close links or other legal or economic relationships with product issuers, or receive any non-monetary benefits from any party, which are likely to impair its independence to favour any particular Investment Product, any class of Investment Products or any product issuer.

14. ELECTRONIC SERVICES

- 14.1 Electronic Services: The Bank may, from time to time and at its sole discretion, provide to the Client certain Electronic Services. This Clause 14 shall apply.
- 14.2 Correct Entry and Reliance: The Client agrees that the Bank is entitled to rely on the correct entry of the Login Identifiers and Passwords in order to ascertain whether any Instruction given to the Bank is that of the Client's and to act on that assumption. The Client shall be fully responsible and liable for the entry of all information through the Electronic Services and all Instructions given to the Bank through the use of the Electronic Services notwithstanding that such information or Instruction may have been given by a third party with or without authority to give such Instruction on behalf of the Client. The Client undertakes to notify the Bank immediately if it has any difficulties logging in using the Login Identifiers and Passwords.
- 14.3 Personal: The Client shall be the only authorised user of its Login Identifiers and Passwords. Any actions taken using the Client's Login Identifiers and Passwords will be deemed as actions authorised by the Client, and the Client accepts full responsibility for any consequences arising from unauthorised access or use.
- 14.4 Safe-keeping: The Client has the sole responsibility and shall be liable for the confidentiality, security and safe-keeping its Login Identifiers and Passwords. The Client

undertakes to notify the Bank immediately if the Client suspects there have been disclosure, loss, theft or unauthorised use of the Login Identifiers or Passwords.

- 14.5 Prohibitions: In using the Electronic Services, the Client shall not:
- (a) reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate, exploit (whether for commercial benefit or otherwise) the information and/or reports obtained from or through the Electronic Services in any manner whatsoever without the express written consent of the Bank and shall not use the information for any wrongful or illegal purpose or in contravention of Applicable Regulations;
 - (b) make any additions, modifications, adjustments or alterations to, tamper any part or corrupt any information or services available on or through the Electronic Services;
 - (c) permit any equipment or software to be linked to or communicate in any manner or be used in connection with any other service or system whereby any information and/or reports obtained from the Bank may be accessed, used, stored or redistributed by or through such other equipment or software; and/or
 - (d) use the facilities available under the Electronic Services otherwise than as stipulated under the Agreement or such other directions which may be issued by the Bank from time to time.
- 14.6 Suspension and Termination: The Bank may in its sole and absolute discretion, from time to time and without notice to the Client:
- (a) amend, modify, suspend or terminate the operation of the Electronic Services and/or the terms of use for such Electronic Services;
 - (b) suspend or terminate the access of the Client to or use of the Electronic Services; and/or
 - (c) deactivate the Login Identifiers and Passwords, and shall not be liable to the Client for any loss, damage, costs, charges or expenses which may be suffered by the Client consequent upon any of the above actions.
- 14.7 Inherent Vulnerabilities: The Client accepts and acknowledges that electronic systems and technologies, including the Electronic Services and such other systems and technologies used by the Bank, are inherently vulnerable to hacking, disruption, delay or failure. The Bank does not in any way warrant that the Electronic Services will be free of errors, interceptions or interruptions. The Client must maintain alternative arrangements for the giving of Instructions in the event that the Electronic Services are unavailable.
- 14.8 Limitation of Liability: The Bank shall not be liable to the Client for any loss, damage, costs, charges or expenses whatsoever and howsoever caused or arising from the use by the Client of the Electronic Services, including but not limited to:
- (a) the loss or unauthorised use of the Login Identifiers or Passwords;
 - (b) the unauthorised use of or access to the Electronic Services; or

- (c) any delay, fault, failure or loss of access to, or unavailability of the Electronic Services for whatever reason.

14.9 Intellectual Property

- (a) Unless otherwise stated, the Bank or certain other third parties (including without limitation brokers, partners or sponsors) (collectively the "Rights Holders") are the owner or the licensee of all intellectual property rights available through the Electronic Services, and in the material published on it. Those works are protected by copyright laws and treaties around the world. All such rights are reserved.
- (b) In utilising the Electronic Services, the Client agrees not to do anything that will violate, infringe, prejudice or in any way affect the Rights Holders' intellectual property rights, including without limitation all parts of the websites and software of the Bank ("IP Rights"), and shall take all necessary measures to preserve and protect these IP Rights. All IP Rights (whether by way of copyright or otherwise) in the information or reports available from or generated by the Electronic Services vest solely in and will remain the exclusive property of the relevant Rights Holders.
- (c) The Client shall not upload, post, reproduce, retransmit, disseminate, sell, publish, broadcast, circulate, exploit or distribute any information, software or other material available through the Electronic Services protected by copyright or other intellectual property right (as well as rights of publicity and privacy) without first obtaining the permission of the relevant Rights Holder, nor use the same or any part thereof other than for its own use or in the ordinary course of its own business.

15. LIEN

- 15.1 General Lien: Without prejudice to any other powers, authorities, rights and remedies granted to the Bank under the Agreement, and until all amounts owed to the Bank, its nominees and the Group have been paid or satisfied or discharged in full, the Bank has the right to retain and withhold by way of lien all money, Investment Products (including but not limited to any and all Investment Products acquired for or on behalf of the Client or in which the Client has an interest which are held for the Account) and other property of the Client held from time to time by the Bank, its nominees or any member of the Group, whether held for safe-keeping or otherwise, and whether pursuant to the Agreement or otherwise, and the Bank shall have the power to collect, sell or realise all or any part of such money, Investment Products and property at such price as the Bank may think fit and to apply the proceeds, after deduction of expenses, to satisfy any amount owed by the Client to the Bank, its nominees or any member of the Group. The Client shall upon the request of the Bank and at the Client's cost and expense execute all transfers and do all things necessary for vesting the legal title in such money, Investment Products and property to the Bank or any other person as the Bank may specify.
- 15.2 No Encumbrance: The Client shall not, without the Bank's prior written consent, assign, transfer, mortgage, pledge, charge, or create or permit to arise or exist any lien or other Encumbrances of any nature, or grant or purport to grant an option, on or over its right, title,

interest and claim in or to any money, Investment Products and/or other property held by the Bank for the account of the Client.

16. CHARGE

- 16.1 **Charge:** In consideration of the Bank's provision of services to the Client, the Client, as beneficial owner, hereby charges, in favour of the Bank, by way of first fixed charge all its rights, title, benefits, claims and interests, both present and future, in and to all of the Charged Assets, as a continuing security for the due and punctual payment and satisfaction of all the Liabilities and performance of all other obligations of the Client from time to time. If and insofar as the security created shall be ineffective as a first fixed charge for any reason, such security shall take effect as a first floating charge. Any floating charge created by this Clause 16.1 shall (in addition to and without prejudice to the circumstances in which the same shall occur under general law) automatically be converted into a specific fixed charge upon the occurrence of any Event of Default. Without prejudice to the aforesaid, the Bank may at any time and from time to time by notice in writing to the Client, convert any floating charge into a specific fixed charge as regards the whole or any part of the Charged Assets specified in such notice.
- 16.2 **No Liability:** The Bank and the Bank's nominee shall not be in any way responsible for any loss occasioned by any action taken for the purposes of enforcing the Collateral, howsoever such loss may have been caused or arisen, or whether or not a better price could or might have been obtained on such action, or whether such loss may be reduced or avoided by either deferring or advancing the date of taking such action.
- 16.3 **Loss and Accountability:** If the Bank appropriates, sells or disposes of the Charged Assets or any part thereof at the then current market price, whether to any member of the Group or other party, it shall not:
- (a) in any way responsible for any loss occasioned thereby howsoever arising; nor
 - (b) be accountable for any profit made by the Bank or any of its nominees or member of the Group, and the same shall not be treated as an absolute appropriation of or foreclosure on the Charged Assets to the exclusion of the Client and in extinguishment of its interests therein, unless the Bank shall otherwise notify the Client (whether before or after the relevant appropriation or foreclosure has been effected), in which event any such appropriation or foreclosure shall be treated as a sale of the Charged Assets at a fair market value and the Liabilities shall be reduced by an amount equivalent to the proceeds of such sale.
- 16.4 **Continuing Security:** The Collateral shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of the Liabilities and notwithstanding the closing of any of the Accounts and which are subsequently reopened or the subsequent opening of any Account by the Client either alone or jointly with others. Without prejudice to the foregoing, the Collateral shall subsist and continue to have full force and effect notwithstanding the termination of the Agreement until the Client has fully discharged all the Liabilities.

- 16.5 Rights Additional: The charge created in Clause 16.1 (Charge) shall be in addition to and shall not affect or be affected by any other security, guarantee or indemnity which the Bank may now or in the future hold or take in respect of the Liabilities and may be enforced by the Bank without prior recourse to any such other security, guarantee or indemnity.
- 16.6 Suspense Account: Any monies realised pursuant to the Collateral may be placed and kept to the credit of a suspense account opened by the Bank for so long as the Bank or its nominee may in its absolute discretion determine without any obligation in the meantime to apply the same or any part thereof in or towards discharge of the Liabilities.
- 16.7 Dissolution to have no Effect: The Collateral shall not be discharged by any amendment or variation to the Agreement or by the dissolution or insolvency of the Client. Where the Client is a firm and there is a dissolution, the Collateral shall apply to all indebtedness incurred in the firm's name to the Bank until receipt of actual notice of dissolution and, if the dissolution is by reason only of the introduction of one or more partners, the Collateral shall continue and, in addition to the debts and liabilities of the firm then dissolved, shall apply to the firm constituted with new partners as if there had been no change in the firm.
- 16.8 Client's Covenants: The Client covenants with the Bank that:
- (a) it will not create or permit to subsist any Encumbrance (other than any Encumbrance arising by operation of law) over or dispose of any Charged Assets or any Account, other than as provided for in the Agreement;
 - (b) the Client shall deposit with the Bank, or to its order, all certificates, instruments and evidence of title to the Charged Assets, together, where appropriate, with all such necessary forms of transfer as the Bank may from time to time require;
 - (c) the Client shall execute and deliver such further assignments, charges, authorities and other documents as the Bank may from time to time require for perfecting its title to or for vesting or enabling the Bank to vest the full benefit of the Charged Assets in its favour;
 - (d) the Client shall not withdraw or attempt to withdraw all or any part of the Charged Assets without the prior consent of the Bank; and
 - (e) the Client shall not take or omit to take any action which might prejudice the effectiveness of the Collateral.
- 16.9 No Restrictions: No restrictions imposed by any Applicable Regulations on any immediate or other power of sale, application of proceeds or on any other right or on the consolidation of mortgages or other Encumbrances shall apply to the Collateral, the Bank or to any other security given by the Client to the Bank.
- 16.10 Power of Attorney: The Client, by way of security, irrevocably appoints the Bank and any of its delegates or sub-delegates severally to be the Client's true and lawful attorney (with full power to appoint substitutes and to sub-delegate including power to authorise the person so appointed to make further appointments with regard to the Collateral) on behalf

and in the name of the Client or otherwise, to execute, seal, deliver, exercise and otherwise perfect and do all such agreements, acts and things which:

- (a) the Client could itself do in relation to the Collateral;
- (b) the Client is or may become obliged to do under the Collateral; and/or
- (c) otherwise may in the Bank's opinion be required or deemed proper or desirable for or in connection with the full exercise of all or any of the rights conferred by the Collateral and its rights to give full force and effect to the terms of the Collateral.

This power of attorney is coupled with an interest and is irrevocable and shall remain irrevocable as long as any of the Liabilities remains outstanding. The Client ratifies and confirms and agrees to ratify and confirm any agreement, act or thing which any attorney (or any substitute or sub-delegate) appointed under this Clause 16.10 may lawfully execute, seal, deliver, exercise or do.

- 16.11 No Avoidance: Any release, discharge or settlement of the Collateral shall be conditional upon no security, disposition, payment or discharge in respect of the Liabilities by the Client or any other person being avoided, reduced, ordered to be refunded or repaid for any reason and, if such conditions are not fulfilled, the Bank shall be entitled to enforce the Collateral as if such release, discharge or settlement had not occurred.
- 16.12 Reinstatement: If the Bank considers that an amount paid by the Client or any other person is capable of being avoided or otherwise set aside (on the liquidation of the Client or otherwise), then that amount shall not be considered to have been paid. Furthermore, the Bank may at its sole discretion concede or compromise any claim that any payment, security or other disposition is liable to be avoided, reduced or repaid.
- 16.13 Good Title: The Client represents and warrants that the Charged Assets are beneficially owned by the Client, that the Client has good right and title to deposit the Investment Products with the Bank, its nominees or members of the Group, that the same are and will remain free from any lien, charge or Encumbrance of any kind and are not nor shall they be subject to any option and any stocks, shares and other Investment Products comprised in the Collateral are and will be fully paid up.
- 16.14 Exercise of Rights: Until the Bank enforces any of its rights under any Collateral, (i) the Bank shall have the right, subject only to giving the Client notice, to exercise voting rights and other rights relating to the Charged Assets to protect the value of the Charged Assets; and (ii) except as otherwise provided in these Terms, the Client may direct the exercise of other rights attaching to, or connected with, the Charged Assets, but not in any manner which is inconsistent with the Client's obligations under the Agreement, or which in any way may prejudice the Bank's rights in relation to the Collateral.
- 16.15 Protection of Collateral: In the event that any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter contained in the Agreement or all or any part of the Collateral or against the Bank in connection with any matter contained in the Agreement or all or any part of the Collateral, the Bank shall be entitled to take such reasonable steps as it may deem necessary or

advisable including the withholding of payment or delivery to the Client of all or any part of any monies forming part of the Collateral and the cancellation or non-compliance with any orders or Instructions which the Client may have given or may give regarding all or any part of the Collateral. Nothing in this Clause 16.15 shall be construed as an obligation on the part of the Bank to take any steps in connection with any action, proceedings, claim or demand associated with the Agreement or Collateral.

- 16.16 Dividends: Any dividends, distributions, interests, monies, entitlements forming all or part of the Collateral which may be received by the Client shall be held by the Client in trust for the Bank and shall be paid over to the Bank on demand.
- 16.17 No Waiver and Invalidity: The Collateral shall not be affected by any failure by the Bank to take any security or by the invalidity, illegality or unenforceability of any security taken by the Bank or by any existing or future agreement by the Bank as to the application of any advances made or to be made to the Client.
- 16.18 Extension: Should any purported obligation or liability of the Client under the Agreement or any other agreement which, if valid or enforceable, would be secured by the charge created in Clause 16.1 (Charge), be or become wholly or in part invalid or unenforceable against the Client on any ground whatsoever, including any defect in or insufficiency or want of powers of the Client, or irregular or improper purported exercise of power, or breach or want of authority by any person purporting to act on behalf of the Client, or any legal limitation (whether under the Limitation Ordinance (Cap. 347 of the Laws of Hong Kong) or otherwise) or other incapacity, or any other fact or circumstances, whether or not known to the Bank, or if for any other reason whatsoever the Client is not or ceases to be legally liable to discharge any obligation or liability undertaken or purported to be undertaken in the Agreement or any other agreement, the charge created in Clause 16.1 (Charge) shall nevertheless extend to secure that obligation or liability or purported obligation or liability as if the same were wholly valid and enforceable.
- 16.19 Restructuring of Client: No change in the constitution of the Client nor of the persons or other entities for whose liabilities the Collateral may at any time stand as security shall affect the validity of or discharge the Collateral. If the Client is a partnership, and in the event of the dissolution of the firm, the Collateral shall apply to secure all the indebtedness and liabilities to the Bank incurred by the firm or in the firm's name until receipt by the Bank of actual notice of dissolution. If, however, the dissolution is by reason only of the introduction of a partner or a further partner or partners into the firm, the Collateral shall continue and, in addition to the debts and liabilities of the old firm, the definition of "Liabilities" shall apply to all monies and liabilities due or incurred from or by the new firm or firms thereby constituted as though there had been no change in the firm as previously constituted.
- 16.20 Collateral Not Effected: Without prejudice to the generality of the foregoing, neither the Collateral nor the amounts thereby secured will be affected in any way by:

- (a) any other security, guarantee or indemnity now or hereafter held by the Bank, its nominees or any member of the Group under or in respect of the Agreement or any other liabilities;
- (b) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document;
- (c) the enforcement or absence of enforcement or release by the Bank, its nominees or any member of the Group of any security, guarantee or indemnity or other document (including the charge created in Clause 16.1 (Charge));
- (d) any time, indulgence, waiver or consent given to the Client or any other person whether by the Bank, its nominees or any member of the Group;
- (e) the making or absence of any demand for payment of any sum payable under the Agreement made on the Client whether by the Bank or any other person;
- (f) the insolvency, bankruptcy, death or insanity of the Client;
- (g) any amalgamation, merger or reconstruction that may be effected by the Bank with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of the Bank to any other person;
- (h) the existence of any claim, set-off or other right which the Client may have at any time against the Bank or any other person;
- (i) any arrangement or compromise entered into by the Bank with the Client or any other person;
- (j) the illegality, invalidity or unenforceability of, or any defect in, any provision of the Agreement or any security, guarantee or indemnity (including the charge created in Clause 16.1 (Charge)) or any of the rights or obligations of any of the parties under or in connection with the Agreement or any security, guarantee or indemnity (including the charge created in Clause 16.1 (Charge)), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorised, executed or delivered by any person or for any other reason whatsoever;
- (k) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the good faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or
- (l) any other thing done or omitted or neglected to be done by the Bank or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the Agreement.

17. CLIENT'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Client makes the representations and warranties and gives the undertakings set out in this Clause for so long as the Client maintains any Account with the Bank and on the giving of each Instruction to the Bank.

- 17.1 **Corporate Client:** If the Client is a body corporate (whether incorporated or unincorporated), the Client represents and warrants that it is duly incorporated or constituted (as the case may be), and validly existing under the laws of its place of incorporation and has full power and legal capacity to enter into the Agreement and perform its obligations under the Agreement according to the terms of the constitutional document(s) by which the Client is established or constituted; and that the certified copy of resolutions provided by the Client to the Bank approving the execution of the Agreement were duly passed at a meeting of its directors or other officers (as the case may be) duly convened and held on or prior to the date of the Agreement in accordance with its constitutional documents and are in full force and effect.
- 17.2 **Personal Benefit:** Unless the Bank expressly permits otherwise, the Client is the person ultimately responsible for originating the Instruction in relation to each Transaction and stands to gain the commercial or economic benefit of each Transaction and/or bear its commercial or economic risk, and deals on its own account as principal and beneficial owner of the relevant Investment Products and Account and that no one other than the Client has any right or interest in the relevant Investment Products or Account.
- 17.3 **Capacity:** The Client has and will have full power and capacity to enter into, and perform its obligations pursuant to, the Agreement, any other agreement entered into with the Bank or any member of the Group, to open and operate each Account, to give Instructions, and effect each Transaction.
- 17.4 **True information:** The information provided by or on behalf of the Client in the Account Opening Form or otherwise in relation to the Agreement from time to time is true, complete and correct in all respects. The Client undertakes to inform the Bank immediately if there is any change to such information.
- 17.5 **Good Title:** The Client has unencumbered title as beneficial owner to all Investment Products and other assets which the Client delivers to the Bank (for any purposes whatsoever), instructs the Bank to sell or otherwise dispose of pursuant to the Agreement. The Bank has no obligation to examine or verify the title of any such Investment Products and assets, and the Bank will not be responsible for any defect with such title.
- 17.6 **Consents:** All necessary consents or authorisations which may be required by the Client for the signing of the Agreement, carrying out of any Transaction on any Market and performance of its obligations under the Agreement have been obtained and are in full force and effect.
- 17.7 **Valid and binding obligations:** The Agreement constitutes valid and legally binding obligations of the Client enforceable in accordance with its terms.

- 17.8 Application Regulations: The Agreement and its performance and the obligations contained in the Agreement do not and will not contravene any Applicable Regulations, any provisions of the Client's memorandum and articles of association or by-laws (where applicable), or constitute a breach or default under any agreement or arrangement by which the Client is bound.
- 17.9 Risk disclosure statements: The Client confirms it has been provided with a copy of the Agreement in a language of its choice (English or Chinese) and was invited to read the terms of the Agreement. The Client declares that it understands the contents of the Agreement in its entirety, has read and understood the relevant risk disclosure statements set out in Schedule I (Risk Disclosure Statements) or otherwise provided by the Bank to the Client, has been invited to ask questions and take independent advice if the Client wished, and accepts in full the risks relating to the relevant Investment Products and Transactions.
- 17.10 Client's Information: The Client shall, upon the Bank's request, provide the Bank with such information and documents relating to the identity of the Client and each Authorised Person, the Client's financial condition and source of funds or other related matters as the Bank may require from time to time for the purposes of opening, maintaining, operating and/or closing any Account. The Client agrees that the Bank may rely on information provided in the Account Opening Form until the Bank has received notice from the Client regarding any changes therein. The Client agrees to undertake to notify the Bank immediately of any change in the particulars of the Client, or any information provided to the Bank from time to time, or to update any Client's information in a timely manner if it is reasonably practicable. The Client shall promptly notify the Bank in writing of any material changes in the information provided by or on behalf of the Client pursuant to the Agreement or any agreement entered into pursuant to the Agreement or relating to any Account.
- 17.11 Further assurance: The Client undertakes to the Bank to do or execute any act, deed, document or thing which the Bank requires the Client to do being in the reasonable opinion of the Bank necessary or desirable in connection with the implementation and enforcement of the Agreement including the execution by the Client of an irrevocable power of attorney appointing the Bank as the lawful attorney of the Client to do and execute all such acts, deeds, documents or things on behalf of the Client.
- 17.12 Ratification: The Client agrees to do such acts and things and to execute such documents as are necessary or are in the reasonable opinion of the Bank desirable to ratify or confirm anything done by the Bank, its nominees or any member of the Group, or any other entity instructed by any of them in the proper exercise of any right or power conferred on any of them by the Agreement or any agreement entered into pursuant to the Agreement or relating to the Account.
- 17.13 Insolvency: If the Client is an individual, it has not been made bankrupt nor has a petition been presented to make it bankrupt nor has an individual voluntary arrangement or any interim order under the Bankruptcy Ordinance (Cap. 6 of the Laws of Hong Kong) been proposed or approved in respect of the Client. Where the Client is a corporate or partnership,

no order has been made, petition presented, resolution passed or meeting convened for the winding up, insolvency, dissolution, administration or other similar event of the Client.

- 17.14 U.S. Securities: (i) the Client is not and does not anticipate or expect to be a U.S. Person or a tax resident of the United States; and (ii) the gains from the Transactions are not effectively connected or related to any U.S. Person or any U.S. trade or business which you are engaged in or plan to engage in during the calendar year.

18. CLIENT'S INFORMATION, PERSONAL DATA AND DISCLOSURE

- 18.1 Provision of Information: The Client shall complete such procedures and provide such information in such manner and form(s) as required by the Bank at the time of opening an Account, and from time to time at the request of the Bank.

- 18.2 Further information: The Client agrees promptly upon reasonable request by the Bank (i) to furnish financial statements of the Client to the Bank; (ii) to disclose to the Bank any material change in the financial position of the Client; (iii) to furnish such other information (including personal information) concerning the Client as the Bank may reasonably request; (iv) to notify the Bank in writing if any of the representations or warranties given by the Client to the Bank in connection with the Agreement ceases to be true, complete, up-to-date or accurate in any respect; and (v) to notify the Bank in writing of an Event of Default upon its occurrence.

- 18.3 Disclosure in Compliance with Law: The Client acknowledges that the Applicable Regulations, regulatory authorities and/or the Exchanges of any relevant jurisdictions may require or request disclosure of personal and other information relating to the Client, its Authorised Persons and/or the Accounts. The Client irrevocably authorises the Bank and members of the Group, without notice or consent from the Client, to disclose and provide to the relevant authorities or persons (including the Hong Kong Regulators) all such information and documents relating to the Client, its Authorised Persons and/or the Accounts as may be required or requested by them pursuant to Applicable Regulations. Without prejudice to the generality of the aforesaid, the Client agrees that where the Bank has received an enquiry from any relevant regulatory authority, the Client shall, upon request by the Bank (which request shall include the contact details of the relevant regulatory authority), provide to the Bank or such regulatory authority directly any information relating to the Client and/or any ultimate beneficiary in compliance with such regulatory authority's request or demand and within such period specified by such regulatory authority or the Bank. The Client shall not hold the Bank or any member of the Group liable for any consequences arising from such disclosure, and the Client shall reimburse the Bank and the Group on demand for all costs and expenses (including legal costs on a full indemnity basis) incurred by the Bank or any member of the Group in complying with requests for such disclosure.

- 18.4 Disclosure generally: Subject to Clause 18.3 (Disclosure in Compliance with Law), the Bank will keep information relating to the Client and the Accounts confidential, but is authorised by the Client to disclose any such information (i) to any person as the Bank considers appropriate for conducting credit enquiries on the Client and/or to verify the

information provided, (ii) to the Bank's auditors, legal advisers or other professional advisers, or any brokers, dealers or other service providers appointed by the Bank, (iii) to any member of the Group, or the Bank's nominees and delegates, (iv) to any actual or potential assignee of all or any of the Bank's rights or obligations (whether under the Agreement or otherwise), (v) to any relevant market data service providers or Exchange to enable the Bank to comply with the licence agreement between it and relevant market data service providers or the Exchange relating to market data feeds, and (vi) in accordance with the Bank's privacy policy statement as amended by the Bank from time to time. The Bank shall not be liable to the Client for any consequences arising from any disclosure made pursuant to this Clause 18.4.

18.5 PDPO: The Client acknowledges that it has read and accepts in full the provisions in the Bank's privacy policy and personal information collection statement (including the use of its personal data in the manner specified in such statement), a copy of which is available on: https://www.airstarbank.com/pdf/Privacy_Policy_and_PICS_EN.pdf. The Client further understands that the Bank's privacy policy and personal information collection statement may be amended from time to time by the Bank. You are advised to check the latest version of the same available on the Bank's website on a regular basis.

18.6 Non-disclosure Requirements: If a non-disclosure, confidentiality, secrecy, data privacy or other similar Applicable Regulation imposes a non-disclosure obligation in relation to any information required to be disclosed or provided by the Client under the Agreement, but permits the Client to waive such a requirement or to seek consent to such disclosure, the waiver shall be deemed to have been given by the Client and the Client shall obtain such consent on a best efforts basis.

18.7 Certification Authority: Without prejudice to Clause 2.8 (Power of Attorney), the Client agrees to and hereby irrevocably appoints the Bank with full power and authority as the Client's true and lawful attorney, to the fullest extent permitted by Applicable Regulations, to act for and on the Client's behalf in connection with its application to the relevant certification authorities for e-certificates for the purpose of opening and/or maintaining the Account(s), including without limitation the taking of any action and the execution of any document or instrument in the Client's name or in the Bank's own name which the Bank deems necessary or desirable to comply with its legal and regulatory obligations, and the receipt, safekeeping, use and destruction of any private keys issued by such certification authorities to the Client.

19. CLIENT IDENTITY RULE AND SPECIFIED INTERMEDIARIES

19.1 Client Identity Rule

(a) The Client shall, immediately upon request by the Bank, inform the Bank of the identity, address, occupation and contact details of the person or entity (legal or otherwise) responsible for originating the instruction in relation to a Transaction and the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the Transaction and/or bear its commercial and economic risk.

- (b) In relation to a collective investment scheme or discretionary account, the "entity" referred to in paragraph (a) is the collective investment scheme or account, not those who hold a beneficial interest in that collective investment scheme or account (e.g. the unitholders of a unit trust).
- (c) If the Client effected the Transactions for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform the Bank when the Client's discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client's investment discretion has been overridden, the Client shall, immediately upon request by the Bank, inform the Bank of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the Transactions.
- (d) If the Client is aware that its client is acting as intermediary for its underlying clients, and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the transactions was effected, the Client confirms that:
 - i) it has arrangements in place with its client which entitle the Client to obtain the information set out in paragraphs (a) and (b) from its client immediately upon request or procure that it be so obtained; and
 - ii) it will, on request from the Bank in relation to a Transaction, promptly request the information set out in paragraphs (a) and (b) from the client on whose instructions the Transactions was effected, and provide the information to the Bank as soon as received from its client or procure that it be so provided)
- (e) The Client confirms that, where necessary, it has obtained all relevant consents or waivers from clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected to release information to the relevant regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such Transactions, and (if different from the client/ultimate beneficiary) of the person(s) who originated the Transactions.
- (f) The Client authorises the Bank to give the relevant regulators access to information set out in this Clause 19.1 upon such regulator's request.
- (g) This Clause 19.1 shall continue in effect notwithstanding the termination of the Agreement.

19.2 Specified Intermediaries

- (a) Where the Client is a "specified intermediary" within the meaning of section 18(3) of schedule 2 to the AMLO and agrees to be the intermediary of the Bank for the purpose of carrying out any relevant due diligence measures for the Bank pursuant to section 18(1)(a) of schedule 2 to the AMLO (the "Specified Intermediary"), the Client undertakes the following:

- (i) maintenance of internal policies, procedures and controls to comply with anti-money laundering/countering the financing of terrorist laws, regulations, and guidelines including performing ongoing monitoring of clients and their transactions;
 - (ii) performance and compliance of the client due diligence measures specified in section 2 of schedule 2 of the AMLO; and
 - (iii) provision without delay of any document, or a record of any data or information obtained in the course of carrying out client due diligence measures, upon request from overseas or local regulators or the Bank.
- (b) The Specified Intermediary acknowledges that the Bank relies on the Specified Intermediary to carry out the relevant client due diligence measures. The Specified Intermediary agrees to indemnify and hold the Bank harmless from and against all actual or contingent liabilities, claims, demands, losses, damages, taxes, costs, charges and expenses of any kind which may be incurred or suffered by the Bank in connection with or arising out of any action or inaction of the Specified Intermediary in carrying out its duty under this Clause 19.2.

19.3 Licenses and Authorisations: Where either or both of Clauses 19.1 (Client Identity Rule) or 19.2 (Specified Intermediaries) apply to the Client, then, for so long as the Client maintains any Account with the Bank and on the giving of each Instruction to the Bank, the Client represents and warrants that it is, if required under Applicable Regulations, properly licensed and has obtained all necessary authorisations and approvals to act as such an intermediary and to provide such services to its clients.

20. CLIENT'S OBLIGATIONS TO DISCLOSE CERTAIN INTERESTS

20.1 Disclosure: The Client acknowledges that it is the Client's sole responsibility to discharge any obligations imposed on the Client by any Applicable Regulations to disclose interests of any nature (whether personal, corporate, family or otherwise) to any applicable Exchanges, regulatory authorities or other persons. Attention is specifically drawn to the provisions of Part XIII and Part XV of the SFO, and the Securities and Futures (Contracts Limits and Reportable Positions) Rules (Cap. 571Y of the Laws of Hong Kong). The Client is reminded that the Client alone is responsible for complying or ensuring compliance with any duty or obligation which arises under the SFO mentioned, in respect of anything done, or which the Client requests to be done, on the Client's behalf by the Bank. The Client confirms that it is aware of the provisions contained in the SFO and that the Client at all times will observe, or ensure that they are observed, so as to ensure that no breach or infringement of the SFO is caused as a result of anything done or proposed to be done by the Bank acting on the Client's directions or Instructions.

20.2 No Responsibility to Advise: The Client acknowledges and agrees that the Bank is not responsible for advising the Client of any disclosure obligations whether arising generally or as a result of any Transaction effected by the Bank for the Client or of any holding of Investment Products or otherwise by or on behalf of the Client. Such obligations of

disclosure are personal obligations of the Client. The Bank shall not be obliged to give notice of holdings by or on behalf of the Client in any form or by any time limit save for any notice or statement to be issued by the Bank as expressly set out in the Agreement. The Bank shall not be liable for any loss, cost or expense of the Client arising from any failure or delay by the Client or any other person to disclose interests in accordance with any Applicable Regulations and the Client shall indemnify the Bank for any loss, cost or expense arising from any such failure, delay or default which may be suffered or incurred by the Bank.

- 20.3 U.S. person: The Client must advise the Bank promptly if it (a) is a U.S. person, or (b) acquires or holds any Investment Products beneficially owned by, or operates any Account for, a U.S. person or in violation of any Applicable Regulations. Where the Client is or becomes a U.S. Person, the Bank has the right to suspend or terminate any or all of its services provided to the Client under the Agreement with respect to any Investment Product. The Bank also has the right to suspend or terminate the relevant Account without further Instructions from the Client. The Bank is not liable for any losses, costs, fees or expenses of any kind the Client may incur or suffer in connection with such suspension or termination. Furthermore, the Bank has the right to make or handle any tax reporting in relation to such Investment Product on the Client's behalf.

21. RIGHTS AND REMEDIES OF THE BANK

- 21.1 Default: Each of the following events shall constitute an Event of Default:
- (a) the Client or any guarantor or security provider of the Client's obligations under the Agreement becomes bankrupt or insolvent by reason of its inability to pay its debts as they fall due, or enters into liquidation whether voluntarily or compulsorily, or a receiver is appointed for all or any part of its assets, or initiates or suffers the filing of a petition for its winding-up or similar action, or becomes (voluntarily or involuntarily) the subject of any equivalent or analogous procedures under any law;
 - (b) the Client (in the case of an individual) dies, or is judicially declared insane or incompetent, or (in the case of a company or partnership) is dissolved or enters into an arrangement or composition for the benefit of its creditors or ceases or threatens to cease to make payment of its debts;
 - (c) if, in the opinion of the Bank, the Client has breached any terms of the Agreement or any other agreement it has with the Bank or any member of the Group;
 - (d) the Client or any guarantor or security provider of the Client's obligations under the Agreement defaults in performing its obligations or liabilities whether or not in respect of any Transaction (including the failure to pay any sum due to the Bank);
 - (e) any information supplied, or any representation or warranty given by the Client to the Bank is or becomes incomplete or untrue in any aspect when made or repeated;
 - (f) any warrant or order of attachment or distress or equivalent or analogous order is issued, or any judgment is levied, enforced or executed, against any of the Client's assets or Account;

- (g) an encumbrancer takes possession or a receiver, trustee or other similar officer is appointed in respect of any part of the Client's undertaking, assets or revenues or a distress, execution or other process is levied or enforced or sued out upon or against any property of the Client and is not removed, discharged or paid out in full within 7 days; or
- (h) an administrator, liquidator or similar officer is appointed or an administration order made with respect to the Client or the whole or any part of the Client's assets or business;
- (i) there is, without the prior written consent of the Bank, a debit balance on any Account of the Client;
- (j) any breach by the Client of any Applicable Regulation, including any by-law, rule or regulation of any Exchange;
- (k) any consent, authorisation or board resolution required by the Client to enter into the Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (l) the occurrence of any event which, in the sole opinion of the Bank, might jeopardise any of the rights of the Bank under the Agreement, including the occurrence of any market conditions adverse to the Bank;
- (m) any event or series of events which, in the sole opinion of the Bank, has or is likely to have a Material Adverse Effect;
- (n) the Agreement or any part thereof is terminated pursuant to Clause 29 (Termination) or any other term of the Agreement;
- (o) the Client assigns, or purports to assign the whole or any part of the benefit of any part of the Agreement;
- (p) any security created or any part thereof in relation to the indebtedness, obligations or liabilities of the Client under the Agreement is or becomes avoided, discontinued, jeopardised or adversely affected, or there is any action commenced or any claim made by any person in respect of any asset or property comprised in such securities, or such assets and properties deteriorate, decline or depreciate in the market value thereof;
- (q) any third party asserts a claim, right or interest in respect of any monies, funds, Investment Products or other assets in any Account;
- (r) the Client sells all or a substantial portion of its business or assets;
- (s) there occurs any adverse change, in the Bank's sole and absolute opinion regarding the corporate structure, business, assets, financial or general condition or prospect of the Client;

- (t) the Client does not agree to the amendments made to the Agreement by the Bank under Clause 38.2 (Amendments), or the Bank and the Client are not able to resolve the objections raised by the Client under Clause 38.2 (Amendments);
- (u) it is or becomes unlawful for the Client to perform any of its obligations under any Investment Products and/or the Agreement or any other agreement with the Bank or any member of the Group;
- (v) it is or becomes illegal for the Bank to provide any of its services under the Agreement;
- (w) notwithstanding that an Event of Default has not occurred, the Bank considers it necessary for its own protection to exercise any power it may have had an Event of Default occurred; and
- (x) the Client's failure to meet its obligations for settlement of Transactions or to pay any other sum due to the Bank.

21.2 Remedies: Without prejudice to any other rights or remedies which the Bank may have, if any Event of Default has occurred in the Bank's reasonable judgement, then, without prior demand, call or notice to the Client:

- (a) all amounts owing by the Client to the Bank shall become immediately payable on demand, and interest will accrue, on the amounts outstanding from time to time in the manner specified in Clause 5.6 (Interest);
- (b) further performance by the Bank of any of its outstanding obligations to the Client under the Agreement (whether for payment of money or otherwise) shall be conditional upon the Client having fully discharged all its obligations to the Bank under the Agreement; and
- (c) the Bank shall be entitled at its absolute discretion, without further notice or demand to or consent from the Client, to at any time and in any manner:
 - (i) terminate all or any part of the Agreement;
 - (ii) enforce the Collateral;
 - (iii) close or suspend any or all of the Accounts;
 - (iv) appropriate, sell, realise, redeem, liquidate, transfer, set-off, dispose or otherwise deal with, in such manner as the Bank in its absolute discretion may determine and at the Client's sole risk and cost and without incurring any liability on the part of the Bank for any loss or damage incurred by the Client, all or part of any money, Charged Assets, Investment Products in any Account and other property of the Client held by the Bank;
 - (v) combine or consolidate any of the Client's accounts (of any nature) maintained with the Bank (including the Accounts), its nominees or any member of the Group; and set-off any liabilities and obligations owing by the Bank to the Client under the Agreement against any Liabilities of the Client (in each case, (without prejudice to Clause 31 (Combination, Consolidation and Set-Off)). The Bank is

authorised to purchase with the money standing to the credit of any such account any other currency as may be necessary to effect such set-off or application;

- (vi) suspend or terminate all or any of the Bank's services;
- (vii) cancel all or any open or unexecuted Instructions of the Client;
- (viii) close any or all Contracts between the Bank and the Client, and take delivery on behalf of the Client;
- (ix) exercise any Contracts held by the Bank on behalf of the Client;
- (x) revise, change, withdraw, stop or cancel any facilities, advances, credits or loans made or granted to the Client, or any part thereof respectively;
- (xi) demand payment, repayment, discharge, satisfaction, performance or fulfilment of the amount, interest, sum, monies or funds owing by the Client to the Bank or its any member of the Group;
- (xii) cancel any or all open orders or any other commitments made on the Client's behalf;
- (xiii) cover any short position through the purchase and/or borrowing of Investment Products;
- (xiv) where applicable, buy the Investment Products previously sold as a short sale in any Account;
- (xv) liquidate any long position with the Bank through the sale, realisation, redemption, transfer or disposal of Investment Products; and/or
- (xvi) close-out or liquidate any part or all of the Client's open positions in any Investment Product in any Account at any price or on any terms as the Bank shall determine in its absolute discretion.

21.3 Application of Proceeds: The Bank may at its absolute discretion apply the net proceeds (after deduction of all fees, costs and expenses incurred in connection with the exercise of the powers conferred upon it by the Agreement (including, without limitation, this Clause 21 (Rights and remedies of the Bank)) actually received by the Bank in satisfaction of the Client's then outstanding Liabilities in such order or manner as the Bank considers fit.

21.4 Absolute Discretion: The Bank shall have absolute discretion in all matters relating to the exercise of its rights conferred upon it by the Agreement (including, without limitation, this Clause 21 (Rights and remedies of the Bank)), and may appropriate, sell, realise, redeem, liquidate, transfer, set-off, dispose or otherwise deal with any Investment Products or other assets of the Client on a single or collective basis at any time and any manner as the Bank sees fit.

21.5 Deficit: The Client shall be liable for any Deficit that may exist after the Bank has exercised its rights under the Agreement, and any related cost and expense (including legal costs on a full indemnity basis) incurred by the Bank. The Client shall immediately pay to the Bank on demand an amount equal to such Deficit together with the Bank's cost of funding such

amount and interest at the rate determined by the Bank from time to time, from the date of demand up to and including the date on which the Bank receives actual and unconditional payment in full (after as well as before any judgment).

- 21.6 Debt Collection Agents: The Bank shall be entitled at any time and from time to time to employ debt collection agents to collect any sum due but unpaid by the Client in connection with the Agreement and in doing so, the Bank is authorised by the Client to disclose to such agents any or all personal and other information in relation to the Client, its Authorised Persons, the Accounts and the Transactions, and the Bank shall not be howsoever liable or responsible (whether in contract or tort) for such disclosure or for any default, negligence, act, conduct, misconduct and/or deeds of such agent(s). The Client shall indemnify and keep indemnified the Bank and its officers, employees and agents on a full indemnity basis against all reasonable costs and expenses which the Bank may reasonably incur in employing debt collecting agent(s) and in closing any Account.
- 21.7 Close Out: In terms of any close-out or liquidation of the Client's positions in Clause 21.2 (Remedies), or elsewhere in the Agreement:
- (a) the Bank shall not bear any liability of any related losses irrespective of the way of incurrence;
 - (b) the Bank is entitled to sell or dispose of securities or any part thereof to the Bank or any member of the Group, without any liability of any related losses irrespective of the way of incurrence or to make any account of the benefits obtained by the Bank and/or any member of the Group; and
 - (c) if the proceeds from the close-out are insufficient to make up for the amount owed by the Client to the Bank, the Client shall immediately pay all remaining amounts due or owing to the Bank.
- 21.8 Waiver: Any prior demand, notice or advertisement does not waive the Bank's right to take any of the actions referred to above in this Clause 21 without further demand, notice or advertisement. The Client undertakes to notify the Bank immediately in writing of the occurrence of any event which may constitute an Event of Default, although such notice or any failure to notify the Bank will not prevent an Event of Default from having occurred.

22. LIABILITIES AND INDEMNITIES

- 22.1 Exclusion of Liability: The Client agrees that neither the Bank nor the Group nor any of their respective directors, employees or agents shall be liable for any claims, suits, actions, proceedings, losses, damages, obligations, liabilities, costs, fees and expenses which the Client may incur (including those resulting from Transactions executed by any brokers and dealers appointed by the Bank, the exercise of any rights of any third party specified in Clause 5.1 (Instructing Brokers), or by reason of market conditions or other circumstances specified in Clause 5.3 (Execution of Instructions "at best" or "at market") or 30 (Force Majeure) hereof) arising out of or in connection with the Transactions or the Agreement, unless due to the gross negligence, fraud or wilful default of the Bank, a member of the Group or any of their respective directors, officers or employees. Without prejudice to the

generality of the above, the Bank shall not be liable for any taxes (including any withholding tax), duties, levies or imposts arising out of or in connection with any Transactions or the Agreement.

- 22.2 General Indemnity: The Client shall indemnify and keep indemnified the Bank and the Group and their respective directors, officers, employees and agents from and against any and all liabilities, obligations, losses, damages, penalties, actions, claims, proceedings, judgments, suits, costs, legal expenses (on a fully indemnity basis) and other expenses and disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Bank, any member of the Group or any of their respective directors, officers, employees and agents in connection with performing its services under the Agreement or as a result of the default or breach by the Client of its obligations under any provision of the Agreement, unless due to the gross negligence, fraud or wilful default of the Bank, a member of the Group or any of their respective directors, officers or employees and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely therefrom.
- 22.3 Further Indemnity: Without prejudice to the generality of Clause 22.2 (General Indemnity), (i) the Bank shall not be liable for, and (ii) the Client shall indemnify the Bank and the Group and their respective directors, officers, employees and agents, on demand at all times, from and against, any and all liabilities, obligations, losses damages, penalties, actions, claims, proceedings, judgments, suits, costs, legal expenses (on a full indemnity basis) and other expenses and disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Bank, any member of the Group or any of their respective directors, officers, employees and agents in connection with:
- (a) any claim by a purchaser or any other person by reason of any defect in the title of the Client to any Investment Products or other assets;
 - (b) any defect in ownership or title of any Investment Products purchased, sold, held or otherwise dealt with by the Bank on the Client's behalf;
 - (c) the Bank accepting, relying and/or acting on the Instructions referred to in Clause 2.6 (Instructions given by Authorised Person(s));
 - (d) the Bank acting upon any Instructions given or purported to be given by or on behalf of the Client by any means selected by the Client;
 - (e) the Bank acting on any Instruction to effect a Transaction in the circumstances described in Clause 5.10 (Prices);
 - (f) the Client's failure to meet its obligations for settlement of Transactions by the applicable settlement dates or to pay any other sum due to the Bank under the Agreement; and/or
 - (g) the exercise by the Bank of any of its rights and powers conferred by the Agreement, whether in relation to the timing or manner of the exercise of such rights or powers or otherwise;

- (h) any Application Loan (as defined in Appendix IV (Applications for New Listings)) and/or Application (as defined in Appendix IV (Applications for New Listings));
 - (i) collecting debts from the Client;
 - (j) closing the Accounts;
 - (k) any representation or warranty given by the Client being untrue; or
 - (l) Investment Products which are legally due to be but not yet credited to the relevant Account.
- 22.4 Reliability of Information: To the maximum extent permitted by Applicable Regulations, all information, whether prepared by the Bank or a third party service provider (such as market data and quotation services) provided to the Client under the Agreement, whether through electronic means (including the Electronic Services) or otherwise, are provided on an "as is" and "as available" basis and is for general information only. The Client agrees that while the Bank endeavours to ensure the accuracy and reliability of such information, the Bank does not warrant the accuracy, reliability, timeliness, completeness or correct sequencing of any such information and the Bank will not bear any liability for any loss arising from any inaccuracy, omission or incompleteness of the information or any reliance on such information.
- 22.5 Investor Compensation Fund: If the Bank or any of its officers, or employees fail to meet its obligations to the Client under the Agreement, the Client acknowledges and accepts that its right to claim compensation (i) under the Investor Compensation Fund established pursuant to the SFO is restricted to the extent provided in the SFO, and (ii) in any Market outside Hong Kong is subject to the Applicable Regulations in the relevant Market. The Client acknowledges that there is no guarantee that any loss sustained because of such default will be recouped from the Investor Compensation Fund in full, in part or at all. This clause does not apply to Securities traded on any Relevant Overseas Market, including U.S. Securities.
- 22.6 FDRC: The Client is advised of its right to refer a dispute to the FDRC where, in the reasonable opinion of the Client, the Bank has failed to remedy the Client's complaint in a reasonable period of time.
- 22.7 Tax: The Client is responsible for any applicable taxes payable or to be withheld in respect of any Investment Products or services provided hereunder in accordance with the maximum rate by law or any other rate as the Bank determines from time to time. The Bank or any of its nominees or member of the Group is not liable for any such taxes. If the Bank determines that any taxes in respect of any income, interest, proceeds, dividend or distribution credited to the Account should have been paid or withheld, the Bank is entitled to collect from the Client and the Client agrees to pay to the Bank the amount to be paid or withheld.
- 22.8 Unlawful Exclusion: Notwithstanding anything to the contrary in the Agreement, the Bank does not exclude or limit in any way its liability to the Client where it would be unlawful to do so.

23. BANK'S INTERESTS

- 23.1 Bank's Material Interests in a Transaction: When effecting any Transaction for the Client, the Bank, its nominees and/or members of the Group may have an interest, relationship or arrangement that is material in relation to the Transaction or the Investment Products concerned and, subject to any Applicable Regulations, neither the Bank nor its nominees nor any member of the Group are obliged to disclose to the Client such interest, relationship or arrangement (including the nature or extent thereof). The Client agrees that the Bank may, notwithstanding any such interest, relationship or arrangement, effect Transactions for the Client with or through any of its nominees or members of the Group, and the Bank or any of its nominees or members of the Group may:
- (a) be the counterparty as principal for its own account in respect of any Transactions effected for the Client;
 - (b) effect Transactions in circumstances where it has a position in the Investment Products or acts as underwriter, sponsor or otherwise of the relevant Investment Products;
 - (c) take the opposite position to the Client's orders whether the position is on the Bank's own account or on behalf of its other clients; or
 - (d) match the Client's orders with those of its other clients.
- 23.2 No Claim to Profit: In the absence of fraud or wilful misconduct on the part of the Bank or any of its nominees or a member of the Group, the Bank shall not be liable to the Client for any claims by the Client against the Bank or any of its nominees or any member of the Group in relation to any Transaction referred to in Clause 23.1 (Bank's Material Interest in a Transaction) including any claim to account for any emoluments, commissions, profits or any other benefits whatsoever earned or received by the Bank or any of its nominees or any member of the Group in connection with such Transaction.
- 23.3 Trading for own account: Nothing contained in the Agreement shall be deemed to prohibit or inhibit the Bank from (a) acting in any capacity for any other person, or (b) buying, holding or dealing in any Investment Products for its own account notwithstanding that similar Investment Products may be comprised in the Account, or (c) purchasing for the Account Investment Products held by the Bank for its own account or purchasing for the Bank's own account Investment Products forming part of the Account, provided that in each case the terms of such purchase are no less favourable to the Client than they would have been had the Transactions been entered into at arm's length at the time. The Client acknowledges that the Bank, its directors and/or employees may trade on its/ their own account or on the account of any member of the Group subject to any applicable regulatory requirements.
- 23.4 No duty to disclose: Nothing contained in the Agreement shall place the Bank 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 unless such disclosure is required by the Applicable Regulations.

- 23.5 Bank's other Interests: The Client consents that, without prior notice from the Bank, when the Bank executes sell or buy orders on behalf of the Client, on any Exchange or market anywhere in the world, the Bank, its directors, officers, employees, agents, and/or any floor broker may buy or sell for an account in which any such person has a direct or indirect interest, subject to the limitations and conditions, if any, contained in the constitution, rules, regulations, usages, rulings, and interpretations then in force of the Exchange or market upon which such buy or sell orders are executed, and subject to the limitations and conditions, if any, contained in any applicable regulations lawfully promulgated by such Exchange or market.
- 23.6 Potential Conflict: The Bank is, and certain members of the Group are or may be, engaged in the provision of a wide range of financial services and other related businesses. As a result, the Bank or the Group may have a material interest or an arrangement or a relationship of any type with another party which would involve a conflict with the Bank's duty owed to the Client. The Client acknowledges the existence of such potential conflict of interest and agrees that the Agreement will not preclude the Bank or the Group from conducting its/their businesses as aforesaid. The Bank shall take reasonable steps to ensure fair treatment for the Client in relation to any transactions involving potential conflict of interest. The Bank or the Group shall not be under any duty to disclose to the Client any fact or thing which comes to its knowledge or notice in the course of acting in any capacity for any other person or in its own capacity.

24. SUITABILITY

- 24.1 General: Where the Client enters into a transaction:
- (a) the Bank may have solicited the sale of or recommended to the Client the relevant Investment Products pursuant to Clause 24.2 (Transaction entered into with the Bank with solicitation of the sale or recommendation of Investment Products by the Bank); and/or
 - (b) the Client may have done so without solicitation or recommendation from the Bank or in circumstances where it is inconsistent with any solicitation, recommendation or advice from the Bank pursuant to Clauses 24.3 (Transactions (excluding transactions in Complex Products) entered into with the Bank without any solicitation or recommendation or which is inconsistent with any advice from the Bank) and 24.4 (Transactions entered into with the Bank in Complex Products, without any solicitation, advice or recommendation from the Bank or which is inconsistent with any advice from the Bank).
- 24.2 Transaction entered into with the Bank with solicitation of the sale or recommendation of Investment Products by the Bank
- (a) If the Bank solicits the sale of or recommends any Investment Products to the Client, such Investment Products must be reasonably suitable for the Client having regard to the financial situation, investment experience and investment objectives of the Client. No other provision in the Agreement or any other document that the Bank may ask

the Client to sign and no statement that the Bank may ask the Client to make derogates from this Clause 24.2(a).

- (b) Without derogating from Clause 24.2(a), before entering into a transaction in Investment Products solicited or recommended by the Bank, the Client accepts and agrees to the following, and the Bank shall be entitled to rely on the Client's acceptance of and agreement to the following:
 - (i) any information that the Client provides to the Bank, including for the purpose of assessing whether it would be suitable for the Client to deal in such Investment Products in accordance with Clause 24.2(a), is valid, true, complete, accurate and up-to-date;
 - (ii) if the circumstances relating to the Client or the Investment Products change, such Investment Products which the Bank initially solicited the sale of or recommended to the Client may no longer remain suitable to the Client;
 - (iii) the Bank bears no ongoing responsibility to ensure that such Investment Products which it has solicited or recommended remains suitable to the Client;
 - (iv) in order to make an informed investment decision, the Client would need to understand the nature, terms and risks of such Investment Products; and consider its own circumstances, including but not limited to the financial situation, ability to assume the risks of such investment products and bear the potential losses from trading in such investment products, investment experience and investment objectives of the Client; and
 - (v) where necessary, the Client shall seek independent professional advice about the Investment Products that the Client intends to deal in.

24.3 Transactions (excluding transactions in Complex Products) entered into with the Bank without any solicitation or recommendation or which is inconsistent with any advice from the Bank

For any transaction that the Client enters into with the Bank (excluding transactions in Complex Products) without any solicitation or recommendation or which is inconsistent with any advice from the Bank, before entering into such transaction, the Client accepts and agrees to the following, and the Bank shall be entitled to rely on the Client's acceptance of the following:

- (a) such transaction is entered into by the Client solely at its own risk and request of the Client and is based on its own judgment;
- (b) the Client is fully aware of and understands the nature, terms and risks of such transaction;
- (c) the Bank is not required to assess or advise on the suitability of such transaction for the Client;

- (d) the Client has considered its own circumstances, including but not limited to its financial situation, ability to assume the risks of such transaction and bear the potential losses from trading in such Investment Products, investment experience and investment objectives;
- (e) where necessary, the Client shall seek independent professional advice concerning such transaction;
- (f) the Bank does not provide advisory services to the Client and therefore does not assume any advisory duty of care or obligation in relation to such transaction; and
- (g) unless caused by the Bank's wilful misconduct or negligence, the Bank is not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by the Client or any other person with respect to any such transaction.

24.4 Transactions entered into with the Bank in Complex Products, without any solicitation, advice or recommendation from the Bank or which is inconsistent with any advice from the Bank

For any transaction that the Client will enter into with the Bank in a Complex Product, without any solicitation or recommendation from the Bank or which is inconsistent with any advice from the Bank, before entering into such transaction, the Client accepts and agrees to the following, and the Bank shall be entitled to rely on the Client's acceptance of the following:

- (a) such transaction is entered into by the Client at its own risk and request and is based on its own judgment;
- (b) any information that the Client provides to the Bank, including for the purpose of assessing whether any transaction in a Non-Exchange Traded Derivative Product would be suitable for the Client in accordance with the Code or any other regulatory requirement, is valid, true, complete, accurate and up-to-date;
- (c) the Client has considered its own circumstances, including but not limited to its financial situation, ability to assume the risks of such transaction and bear the potential losses from trading in such Complex Product, investment experience and investment objectives;
- (d) the Client is fully aware of and understands the nature, terms and risks of such transaction;
- (e) where necessary, the Client will seek independent professional advice concerning such transactions;
- (f) if circumstances relating to the Client or the Complex Product change, such Complex Product may no longer remain suitable for the Client, and the Bank has no ongoing responsibility to ensure that any Complex Product that the Client has transacted in remains suitable for it; and

- (g) the Bank owes and assumes no obligation whatsoever to ensure that any such transaction in an Exchange-Traded Derivative Product is suitable to the Client. Such limitation of the Bank's obligation or duty is subject to compliance with the Code and other Applicable Regulations.

24.5 Institutional Professional Investors

- (a) Clause 24.2(a) shall not apply to any Clients who are "Institutional Professional Investors". The term "Institutional Professional Investors" means Clients who are persons falling under paragraphs (a) to (i) of the definition of "professional investors" in section 1 of part 1 of Schedule 1 to the SFO, to whom the Bank is not required, under the law or under the Code, to assume or discharge any obligation for ensuring the suitability of any Investment Products or their recommendation or solicitation.
- (b) While the Bank may in fact provide some or all of the following services/information to Institutional Professional Investors, if the Client is an Institutional Professional Investor, the Client acknowledges and confirms that the Bank has no regulatory responsibility to do so:
 - (i) Information about Clients: the Bank is not required to establish the Client's financial situation, investment experience or investment objectives;
 - (ii) Suitability: the Bank is not required to ensure that a recommendation or solicitation is suitable for the Client;
 - (iii) Knowledge of derivatives: the Bank is not required to assess the Client's knowledge of derivatives and characterise the Client based on its knowledge of derivatives under the requirements of paragraph 5.1A of the Code;
 - (iv) Requirements regarding Complex Products: the Bank is not required to ensure that (i) a transaction in a Complex Product is suitable for the Client in all circumstances, (ii) sufficient information on the key nature, features and risks of a Complex Product is provided to the Client before entering into such transaction and (iii) warning statements in relation to the distribution of a Complex Product are provided to the Client in a clear and prominent manner, pursuant to the requirements under paragraph 5.5(a) of the Code;
 - (v) Risk disclosure statements: the Bank is not required to provide the Client with written risk warnings in respect of the risks involved in any transactions entered into with the Client, or to bring those risks to the Client's attention; and
 - (vi) Disclosure of sales related information: the Bank will not be subject to the requirements of paragraph 8.3A of the Code relating to disclosure of sales related information (applicable where the Bank distributes an investment product to the Client, in which case the Bank should disclose to the Client certain information prior to or at the point of entering into the relevant sale, such as (i) the Bank's capacity (whether as principal or agent) or (ii) the Bank's affiliation with the product issuer, etc.).

- (c) In the event of any inconsistency between any term of the Agreement and Clause 24.5(b), the latter shall prevail.

24.6 The Client agrees that merely providing marketing or promotional materials for general information purposes does not constitute an offer, recommendation or solicitation by the Bank to the Client. Nothing on the platform of the Bank is intended as, or should be interpreted as being, a recommendation or solicitation to purchase or sell Securities.

25. JOINT ACCOUNTS

25.1 Joint Accounts: If the Account is a joint account, i.e. the Account is in the name of more than one person or is in the name of oneself and on behalf of others (whether a partnership or otherwise):

- (a) the expression "Client" shall include each such person (a "Joint Client") and the liability of Joint Clients under the Agreement shall be joint and several;
- (b) any demand for payment on any one or more of the Joint Clients shall be treated as a valid demand on each and all of the Joint Clients;
- (c) the Bank may release or discharge any one or more of the Joint Clients from liability under the Agreement or compound with, accept compositions from, or make any other arrangement with, any of Joint Clients without releasing or discharging or otherwise prejudicing or affecting its rights and remedies against any other Joint Client;
- (d) the Agreement shall not be affected by the death, incapacity or dissolution of any Joint Client;
- (e) termination of the Agreement pursuant to Clause 29 (Termination) by any one or more of the Joint Clients or its or their personal representatives shall not affect the continuing liability of the other Joint Clients;
- (f) the Bank shall have a lien on the property of each Joint Client. The Bank's lien shall be additional to the rights and remedies of the Bank pursuant to the Agreement;
- (g) each of the Joint Clients singly and severally, without notice to the others, shall have the authority to give Instructions to the Bank or exercise all the rights, powers and discretions of the Client pursuant to the Agreement and generally to deal with the Bank on behalf of the other Joint Clients as if each of the Joint Clients alone was the sole Account holder and so as to bind all the Joint Clients. The Bank is authorised to act on the Instructions of any one of the Joint Clients and shall not be required to give notice to, or obtain authorisation from, the other Joint Clients in respect of such Instructions;
- (h) the Bank shall be under no duty whatsoever to inquire or monitor the application or disposition of any monies or properties in any Account by any of the Joint Clients;
- (i) the Joint Clients have entered into the Agreement as joint tenants with a right of survivorship and not as tenants-in-common;

- (j) in the event of death of any Joint Client, the deceased Joint Client's entire interest in the Account shall be vested in the surviving Joint Client(s) on the same terms as are set out in the Agreement but without releasing any liabilities incurred to the Bank prior to the Bank's actual receipt of the written notification of the death of the Joint Client and the Bank will be entitled to enforce its rights against the Joint Client's estate. The estate of the deceased Joint Client shall be liable and each surviving Joint Client(s) shall be liable, jointly and severally, to the Bank for any debt or loss in the Account arising from completion of Transactions instructed prior to the Bank's actual receipt of a written notice of such death. The estate of the deceased Joint Client or the surviving Joint Client(s) shall immediately notify the Bank in writing of the death of the relevant Joint Client and any changes in the identity of the Authorised Person(s) consequent upon such death. The Bank shall hold the Client's assets to the order of the surviving Joint Client(s) under the terms of the Agreement subject to the surviving Joint Client(s) producing and delivering to the satisfaction of the Bank evidence of death of the relevant Joint Client and evidence of compliance of all applicable requirements under law (including all obligations regarding payment or clearance of estate duty), and the Bank may take such steps and require such documents and/or indemnities as the Bank may reasonably specify to protect the interests of the Bank with respect to any tax, liability, penalty or loss under any applicable law;
- (k) each of the Joint Clients shall be bound by the Agreement regardless of the arrangement or agreement among the Joint Clients and notwithstanding that the Agreement may be invalid or unenforceable against any one or more of the Joint Clients (whether or not the defect is known to the Bank);
- (l) any notice or communication from the Client shall be effective on the Bank if given by any one of the Joint Clients to the Bank, and shall be effective on all Joint Clients if given by the Bank to any of the Joint Clients;
- (m) any payment made to any one of the Joint Clients shall be a valid and complete discharge of the Bank's obligations to each Joint Client regardless of whether such payment is made before or after the death of any one or more of such individuals.

26. U.S. PERSON

- 26.1 Where the Client is or becomes a U.S. Person, the Bank has the right to suspend or terminate the Client's use of the Account. The Bank is not liable for any losses, costs, fees or expenses of any kind the Client may incur or suffer in connection with any such suspension or termination.
- 26.2 If the Client becomes a U.S. Person, the Client agrees to notify the Bank in writing promptly. The Client understands that in such case the Bank may be obliged to cancel the Client's Account and/or orders, and sell the Client's Securities, and you authorise us to do so without further Instructions from the Client. The Client should transfer all his/her holdings in Securities within 30 days of becoming a U.S. Person (or any other period as the Bank determine).

27. ADDITIONAL TERMS AND CONDITION FOR TRADING U.S. SECURITIES

- 27.1 The Client acknowledges and accepts that the trading of U.S. Securities is subject to the laws and regulations of the U.S.
- 27.2 The Client acknowledges and accepts there are material risks in U.S. Securities trading, including but not limited to the risks set out under 'Risks of Trading U.S. Securities' in the Risk Disclosure Statement in Schedule I below, and you confirm that you accept all risks in trading U.S. Securities trading.
- 27.3 U.S. stock trading hours are from 9:30 a.m. to 4:00 p.m. Eastern Standard Time ("EST"), Monday to Friday. i.e. from 9:30 p.m. to 4:00 a.m. Hong Kong Time ("HKT") (summer trading hours) / 10:30 p.m. to 5:00 a.m. HKT (winter trading hours) of the following day. All "Day Orders" that have not been executed will be void on the same day after closing at 4:00 pm EST. The Bank does not currently support pre-and post-market sessions trading for U.S. Securities trading. U.S. Securities trading may be suspended due to special holidays or individual corporate activities without further notice to you.
- 27.4 The Bank provides delayed and real-time U.S. Securities quotes.
- 27.5 The Client agrees to fully comply with and be bound by any trading restrictions in connection with U.S. Securities, including but not limited to any trading restrictions imposed by U.S. Exchanges, the Bank or the broker from time to time.
- 27.6 The Client acknowledges and accepts that U.S. suspension of or restrictions on trading, market conditions and/or the operation of the rules of certain U.S. Exchanges may make it difficult or impossible to effect certain transactions or liquidate positions. In such cases, the Client may face a higher risk of loss.

28. SINGLE AND CONTINUOUS AGREEMENT

The Agreement and all its amendments shall be continuous, and shall apply to each and all of the Accounts and Transactions individually and collectively. The Client acknowledges that all Transactions executed by the Bank for the Client shall be executed by the Bank in reliance upon the representations and warranties given by the Client to the Bank in Clause 17 (Client's Representations, Warranties and Undertakings) hereof as if they were repeated before each such Transaction.

29. TERMINATION

- 29.1 Termination by notice: Without limiting or reducing our rights under this Agreement, either you or we may terminate this Agreement by giving to the other prior written notice of 30 days.
- 29.2 Termination upon Event of Default: The Bank may terminate the Agreement at any time with immediate effect upon the occurrence of an Event of Default.
- 29.3 Overriding right: Notwithstanding anything to the contrary, the Bank reserves the right, without giving any notice or reason, to suspend or terminate at any time the Agreement and

all or any of its services (including the Accounts). The Bank may also be required to do so at the request of a regulatory or other authority.

- 29.4 Effect of termination: Upon termination of the Agreement for any reason, all amounts due or owing by the Client to the Bank shall become immediately due and payable. The Bank shall cease to have any obligation to effect any Transaction on behalf of the Client and shall be entitled to cancel all or any unexecuted Instructions of the Client, notwithstanding any Instructions from the Client to the contrary. Termination shall not affect the actions taken by the Bank, its nominees, a member of the Group or any third party under the Agreement prior to the termination.
- 29.5 Return of Client Assets: Any cash proceeds and monies remaining after satisfaction of all Liabilities of the Client shall be returned to the Client as soon as practicable at the Client's sole risk and expense. Any Investment Products or other assets of the Client which are not realised or disposed of together with any relevant documents of title in the Bank's possession shall be delivered to the Client at the Client's sole risk and expense. The Bank shall have no liability for any loss or damage incurred by the Client arising from such return and delivery. The Client may, by notice to the Bank, elect to forfeit any such cash proceeds, monies, Investment Products and other assets.
- 29.6 Rights Accumulative: The suspension or termination of any of the Bank's services or the Agreement shall be without prejudice to the Bank's rights and remedies in respect of any obligations or liabilities of the Client including the Bank's right to settle any Transactions entered into or liabilities incurred by or on behalf of the Client under the Agreement prior to such suspension or termination, and shall not affect any of the rights of the Bank over any of the Client's property in the possession or control of the Bank whether the same be held for safe custody or otherwise and whether pursuant to the Agreement (in particular Clause 21 (Rights and Remedies of the Bank) or otherwise so long as there is any outstanding liability of the Client to the Bank.
- 29.7 Client's Continuing Obligations: Notwithstanding the suspension or termination of any of the Bank's services or the Agreement, the Client shall continue to be bound by the provisions of the Agreement to the extent that they relate to any obligations or liabilities which remain to be performed or discharged. Termination shall not terminate or affect any warranties, promises, statements, declarations, commitments, and indemnities made by the Client under the Agreement or in relation to any Investment Product.

30. FORCE MAJEURE

The Bank shall not be liable for any loss sustained by the Client, whether directly or indirectly, if it is prevented from acting as a direct or indirect result of any government restrictions, imposition of emergency procedures or suspension of trading by any relevant Exchange Clearing House or Market, civil disorder, acts or threatened acts of terrorism, natural disasters, war, strikes or other circumstances beyond its control.

31. COMBINATION, CONSOLIDATION AND SET-OFF

- 31.1 Combine and Consolidate Accounts: Without prejudice to any other right of the Bank or any member of the Group, whether under the Agreement or under any other agreement from time to time subsisting between the Bank or any member of the Group and the Client, the Bank may from time to time and without prior notice to the Client, set-off, transfer or apply, and the Client authorises each member of the Group to transfer or release to the Bank or the relevant other member of the Group upon request, all or any of the monies, Investment Products or other property in any account (whether or not in Hong Kong, and in whatever currency) which the Client maintains with the Bank or any other member of the Group, whether singly or jointly with any other person, and whether or not matured or subject to notice, in or towards discharging the Liabilities. When such combination, consolidation, set-off or transfer requires the conversion of one currency to another, such conversion shall be at a rate of exchange determined conclusively by the Bank on the basis of the then prevailing exchange rates in the relevant market. For the foregoing purposes, the Client authorises the Bank and members of the Group to share any and all data regarding such accounts with one another.
- 31.2 Withdrawal: Where the Client instructs the Bank to withdraw or transfer any monies, Investment Products or other property to the Client, the Bank may withdraw or transfer any such monies, Investment Products or other property from any Account with the Bank, its nominees or any member of the Group. The Client understands that such withdrawals or transfers may be subject to the Bank's policies and procedures, including any applicable fees or charges.

32. COMMUNICATIONS AND NOTICES

- 32.1 Communications to the Client (in writing): Unless otherwise specified in the Agreement, any communication or notice (including the document(s) in the litigation/arbitration/execution of the judicial procedure) to be made or given by the Bank to the Client shall be in writing and addressed to the Client's last known (provided by the Client) address and/or facsimile number and/or email address and/or mobile phone number for messaging services (as the case may be) and/or via electronic means (including via the Electronic Services), and shall be deemed to have been received by the Client (i) 72 hours after posting if delivered by mail, it being sufficient to prove that the communication or notice was properly addressed and posted, or (ii) immediately if delivered by facsimile, email, phone messaging services or via electronic means (including via the Electronic Services).
- 32.2 Communications to the Client (telephone): Unless otherwise specified in the Agreement, any communication or notice may also be given by the Bank to the Client by way of telephone, and shall be deemed to have been received by the Client immediately after the communication or notice is made over the telephone.
- 32.3 Communications to the Bank (in writing): Any communication or notice to be made or given by the Client to the Bank shall be in writing and addressed to the Bank's last known

address, facsimile number or email address, and shall be deemed to have been received by the Bank only upon its actual receipt and confirmation thereof.

32.4 Communications to the Bank (telephone): Unless otherwise specified in the Agreement, any communication or notice may also be given by the Client to the Bank by way of telephone, and shall be deemed to have been received by the Bank only after it confirms the same to the Client.

32.5 Telephone Recording: For the purpose of protecting the mutual interest of the Client and the Bank, the Bank may, without notice, record telephone conversations between it and the Client. These recordings may be used for quality assurance, training, or as evidence in the event of a dispute. The Client acknowledges and consents to such recording.

33. TIME OF THE ESSENCE

Time shall be of the essence in respect of the performance of all of the Client's obligations in connection with the Agreement. If any document sent by the Client to the Bank concerning the Account or any order made by the Bank is for any reason undated, the time and date as shown on the time chop of the Bank, as imprinted on such document at the time of its receipt by the Bank, shall be conclusive evidence of the date of such document. The Client agrees to take all necessary steps to ensure that all communications and submissions are timely and accurately dated.

34. AUTOMATIC POSTPONEMENT

The parties agree that if any day on which the Bank has agreed or is obliged to do, take or conduct any matter, action or Transaction (the "**Action Date**") shall fall on a day which is not a Business Day, the Action Date shall automatically be postponed to the next Business Day. The Client acknowledges that this postponement may affect any timelines or deadlines associated with the relevant actions or Transactions, and the Bank shall not be liable for any consequences arising from such postponement.

35. SEVERABILITY

Each of the provisions of the Agreement is severable and distinct from the others. Any provision of the Agreement which is illegal, invalid or unenforceable for any reason in any jurisdiction shall be ineffective only to the extent of such illegality, invalidity or unenforceability and shall not affect the legality, validity or enforceability of the remaining provisions or the legality, validity or enforceability of such provision in any other jurisdiction.

36. ASSIGNMENT

The Client shall not assign or transfer its rights and/or obligations under the Agreement or any Investment Product without the prior written consent of the Bank. The Bank may assign or transfer any of its rights and/or obligations under the Agreement without the prior consent of the Client.

37. SUCCESSORS AND ASSIGNS

37.1 Successors and Assigns: The Agreement shall ensure for the benefit of the Bank, its successors and assigns notwithstanding any absorption or amalgamation of the Bank by or with any other person. The Agreement shall be binding upon the Client and its heirs,

executors, administrators, personal representatives, successors and permitted assignees, as the case may be.

- 37.2 Survival: The Agreement shall survive any changes or succession in the Client's business and shall be binding in the case of a partnership or firm upon the partners jointly and severally and upon their personal representatives and in the case of an individual upon his personal representative, receiver or trustee whether in bankruptcy or otherwise.

38. MISCELLANEOUS PROVISIONS

- 38.1 Notification: The Bank shall notify the Client promptly of any material changes to the name, address, registration status, or licensing information relating to the Bank or the Bank's nature of services, remuneration including interest charges, fees and other charges provided in or in connection with the Agreement and the basis for such payment.

- 38.2 Amendments: The Bank may, at its sole and absolute discretion, amend, delete or substitute any of the terms of the Agreement or add new terms to the Agreement by notifying the Client and setting out such amendment, deletion, substitution or addition. These changes shall be deemed to have been incorporated in the Agreement and shall be binding on the Client upon the earlier of (a) the Client's continued use of any service provided under the Agreement or (b) 7 days from the date of such notice. If the Client does not agree to such changes, the Client must not use any services provided under the Agreement and shall raise its objections with the Bank in writing within 7 days from the date of such notice.

- 38.3 Complaints: Any complaint about the Bank shall be made in writing and addressed to the Bank. The Client agrees to provide the customer services officer with all such information as he may reasonably request to enable him to investigate the complaint.

- 38.4 Fraud: If the Client suspects that there has been any fraud or unauthorised access any of the Accounts, the Client shall notify the Bank immediately by calling its hotline:

(852) 3718 1818 or such other telephone numbers that the Bank notifies the Client from time to time.

- 38.5 English Version Prevails: In the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

- 38.6 Rights Accumulative: The rights, powers, remedies and privileges of either party under the Agreement are cumulative and not exclusive of any other rights, powers, remedies and privileges provided by law or otherwise.

39. SUBMISSION TO RULES AND REGULATIONS

- 39.1 General: Every Transaction executed on the relevant Exchange, Clearing House or Market will be subject to any transaction charges, taxes, levies or other fees imposed by such Exchange, Clearing House or Market from time to time which shall be borne by the Client.

- 39.2 Applicable Regulations: The Agreement shall be subject to the SFO and any other Applicable Regulations, whether in Hong Kong or otherwise.

- 39.3 SEHK: In respect of Transactions effected on SEHK:

- (a) the Rules of the SEHK, HKSCC and SEOCH shall be binding on the Client and the Bank and shall prevail in the event of any conflict between the Rules and the Agreement;
 - (b) every Transaction executed on the SEHK will be subject to a transaction charge which shall be borne by the Client; and
 - (c) every Transaction executed on the SEHK will be subject to other levies the SEHK may impose from time to time which shall be borne by the Client.
- 39.4 Over-the-Counter Derivative Transaction: In respect of over-the-counter derivative transactions, the Rules of OTC Clear shall be binding on the Client and the Bank (if applicable) and shall prevail in the event of any conflict between the Rules and the Agreement.
- 39.5 Foreign Markets: In respect of Transactions effected in any Market outside Hong Kong, the Rules of the relevant Exchange, Clearing House or Market shall be binding on the Client and the Bank and shall prevail in the event of any conflict between the Rules and the Agreement.
- 39.6 Duty to Report Immediately upon the happening of any material breach, infringement or non-compliance of market misconduct provisions set out in the Applicable Regulations that the Bank reasonably suspects may have been committed by the Client, the Bank has a duty to report to relevant authorities or persons (including the Hong Kong Regulators), giving particulars of the suspected breach, infringement or non-compliance and relevant information and documents. The Client shall not hold the Bank or the Group liable for any consequences arising from such reporting.

40. CONFIRMATION AND INDEPENDENT ADVICE

- 40.1 Confirmation: The Client confirms that it has read and understood the Agreement, and that the Client agrees to be bound by the Agreement. The Client shall be deemed to have agreed to the terms and conditions of the Agreement upon the Client's use of the services provided by the Bank.
- 40.2 Independent Advice: The Client Agrees that it is the Client's responsibility to seek independent advice (including legal advice) in respect of any Transaction from its own advisers as it considers appropriate. The Bank does not provide such advice, and the Client acknowledges that it has not relied, and will not rely, on any representations from the Bank in making its decisions regarding Transactions

41. INDULGENCE

- 41.1 Indulgence: No failure or delay on the Bank's part to exercise any power, right or remedy which the Bank may have shall operate as a waiver thereof. The Bank's failure to insist at any time upon strict compliance with the Agreement or with any of its terms or any continued course of such conduct on the Bank's part shall in no event constitute or be considered a waiver generally or specifically by the Bank of any of its rights or privileges unless such waiver is in writing and signed by the Bank.

41.2 Prior Demand: No prior tender, demand for original or additional margin or call of any kind from the Bank, or prior outstanding demand or call from the Bank, or notice of the time and place of such sale or purchase shall be considered a waiver of the Bank's right to sell, buy or close out any positions, or realise any Client's Investment Products or the Charged Assets, at any time as provided in the Agreement.

42. GOVERNING LAW, JURISDICTION AND DISPUTE RESOLUTION

42.1 Governing Law: The Agreement and all rights, obligations and liabilities of the parties shall be governed by and construed in accordance with the laws of Hong Kong, which includes but is not limited to any disputes arising out of or in connection with this Agreement, whether in contract, tort, or otherwise.

42.2 Jurisdiction: The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with the Agreement (including any dispute regarding the existence, validity or termination of the Agreement) (a "Dispute"). The parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly, no party will argue to the contrary. Notwithstanding the aforesaid, the Bank shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by Applicable Regulations, the Bank may take concurrent proceedings in any number of jurisdictions.

42.3 Notice of Legal Process: If the Client does not have a place of business or is not a resident in Hong Kong, the Client may be required by the Bank to appoint a person as the Client's process agent to receive and acknowledge on the Client's behalf service of any notice of legal process in Hong Kong. The Client agrees that any legal process shall be deemed to have been sufficiently served on it if delivered to such process agent at the address specified by the Client. If the Client is required to appoint a process agent, and for any reason any person ceases to act as process agent, the Client shall promptly appoint a successor process agent and notify the Bank in writing of such appointment. If the Client fails to give the details of its process agent, the Client irrevocably authorises the Bank to appoint the process agent on its behalf. The Bank shall promptly notify the Client of such appointment with the details of such agent in writing.

42.4 Rights of Third Parties: Nothing in the Agreement is intended to grant to any third party any right to enforce any term of the Agreement or to confer on any third party any benefits under the Agreement for the purposes of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong), except to the extent set out below:-

- (a) it is expressly stated otherwise in the Agreement;
- (b) a permitted successor to, or assignee of, such rights or benefits may enjoy and enforce the same; and
- (C) any member of the Group may enforce any term of and enjoy any benefit conferred upon it under the Agreement.

APPENDIX I: FUND SUBSCRIPTION SERVICES

This Appendix I applies to your use of Fund Subscription Services. It supplements, and should be read together with, these Terms and any other terms and conditions governing the Fund Subscription Services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1 Application and Definitions

1.1 In this Appendix, unless the otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein.

“Dealing Procedures” means any procedures agreed between the Bank and the Fund or the fund manager of the relevant Fund from time to time to govern the subscription, switching and redemption of Units therein and other incidental matters.

“Fund Subscription Services” means services provided by the Bank in connection with the purchase, subscription, switching, transfer, redemption or sale of any Unit in any Fund, and the dealing with any relating proceeds or monies in accordance with the Client’s instructions.

“Monetary Benefits” means, as the case may be, any monetary benefits and includes, where applicable, any trailer fees, being a share of the manager’s management fees, and a share of the manager’s performance fees, whether calculated or payable to it annually or otherwise periodically, as more particularly set out by the Bank on the Mobile App.

“Portfolio” means a portfolio of Funds selected by the Bank and made available through the Bank to the Client from time to time.

“Privacy Policy Statement” means the privacy principles and notice relating to the Personal Data (Privacy) Ordinance of the Bank in force from time to time.

“Savings Account” means a savings account with the Bank opened by a Client and maintained with the Bank.

“Units” means any shares or units in a Fund (including where such Fund is distributed or made available on a standalone basis or as part of a Portfolio).

For the avoidance of doubt, this Appendix shall apply to any transaction in any fractional holding in any Fund and references to “shares” and “units” shall be construed so as to include references to “fractional shares” and “fractional units”, respectively.

2 Scope of Fund Subscription Services

2.1 The Bank may (but is not obliged to) provide to the Client the Fund Subscription Services. Additional functions and services in connection with the Fund Subscription Services may be provided by the Bank to the Client from time to time, in which case additional terms and conditions may apply to the Fund Subscription Services which the Client should read and agree to before using those functions or services, please refer to the Bank’s website. The

Fund Subscription Services and any additional services in connection with the Fund Subscription Services shall be provided through the Account.

- 2.2 The Bank shall make available to the Client via electronic means (including via the Electronic Services), the offering documents, notices, communications or any other documents in connection with the relevant Funds or Portfolios. The Client consents to the use of such electronic means (including the Electronic Services) as a mode of delivery of the abovementioned documents.
- 2.3 The Client's relationship with the Bank, the operation of the Investment Account and Savings Account and the execution of all Transactions shall be subject at all times to Applicable Regulation. The Bank may take or refrain from taking any action whatsoever, and the Client shall do all things as required by the Bank, in order to procure or ensure compliance with Applicable Regulation.

3 Subscription and Redemption Applications and Payment

- 3.1 Any Instruction to subscribe for or purchase, redeem, sell or switch any Unit or Portfolio (whether in whole or in part) must be made electronically through the Bank's Mobile App or any manner as prescribed by the Bank, accompanied by any required documentation as may be required by the Bank from time to time.
- 3.2 All Instructions and the resulting transactions and payment in relation to the subscription, switching or redemption of Units shall be subject to the Dealing Procedures and/or any other requirements as prescribed by the Bank from time to time. The Bank is entitled, without reference to the Client and without giving any reason, either reject any Instruction that fails to comply with the Dealing Procedures or such other requirements of the Bank, or to execute such Instruction with such modifications to it as may be necessary to comply with the Dealing Procedures or such other requirements of the Bank from time to time. The Bank will not be responsible to the Client for any losses, damages, costs or expenses that the Client may suffer or incur arising from or in connection with any delay or failure in transmitting or effecting any Instruction to subscribe, purchase, switch, transfer, redeem, sell or otherwise deal with any Units or Portfolios in connection with exercising such discretion.
- 3.3 The Bank is authorised to act on any Instruction given or purportedly given by or on behalf of the Client. The Bank does not have any obligation to authenticate, verify the completeness and accuracy of any such Instruction or verify the identity of any person giving such Instruction. The Bank shall not be responsible for any loss which the Client may incur as a result. However, the Bank has absolute discretion to refuse to act upon any such Instruction without reason, and the Bank will not be responsible to the Client for any losses, damages, costs or expenses that the Client may suffer or incur arising from or in connection with any delay or failure in transmitting or effecting any Instructions to

subscribe, purchase, switch, transfer, redeem, sell or otherwise deal with any Units or Portfolios.

- 3.4 The Client's right to give Instructions via a particular channel shall at all times be subject to the discretion of the Bank. The Bank may at any time revoke the Client's right to give Instructions through a particular channel without prior notice. The Bank shall execute any Instructions placed by the Client by placing it with the relevant fund manager, Fund or product issuer upon receipt of the Instruction and payment of the purchase price, subscription monies or expenses payable by the Client to the Bank.
- 3.5 The Bank will effect any Instruction as soon as practicable, however, the execution of such Instruction may not coincide with the timeframe stipulated in the relevant offering documents of the Fund. The Client acknowledges that orders placed by the Client with the Bank may be aggregated and consolidated either daily or from time to time by the Bank together with orders placed by the Bank's other Clients for the purpose of placement of such orders by the Bank with the relevant fund manager, Fund or product issuer for execution.
- 3.6 Subject to the continuing operation of an Investment Account, an Instruction will generally be processed on the business day of receipt by the Bank of such Instruction if a valid and complete Instruction (together with all monies, required information and documents) is received by the Bank before the dealing cut off times for the relevant Fund as specified by the Bank in its sole and absolute discretion from time to time. If an Instruction (and monies) is received after this dealing cut off time or on a non-business day when a typhoon Signal No. 8 (or above) or black rainstorm warning has been issued in Hong Kong, execution maybe done on the next Dealing Day of the Fund in accordance with the terms of the offering documents of the relevant Fund (or as otherwise determined by the relevant fund manager, Fund or product issuer). The Client must specify the choice of the Fund or Portfolio (where appropriate) in order for the Instruction to be processed. The Bank reserves the right to delay or refuse to process or accept any Instruction, if in its reasonable opinion, there are grounds for doing so.
- 3.7 The actual bid price and offer price of a Fund shall be determined at the time when the transaction is effected and settled and any figures which may be quoted or provided to the Client by the Bank or its representatives at the time of Instruction (the "Quoted Price") are for reference only and are not binding on the Bank.
- 3.8 The Bank will determine the price for the redemption of the relevant Fund by the Client ("Client's Redemption Price") in different ways depending on the time at which the Client issues the redemption Instruction, and this will in turn determine the redemption amount received by the Client ("Client's Redemption Amount"):
- (a) If the Client issues a redemption Instruction before the relevant cut-off time (as may be specified by the Bank in its sole and absolute discretion) on a trading day, the

Client's Redemption Price will be calculated with reference to the price issued by the relevant Fund house on the previous trading day.

- (b) If the Client issues a redemption Instruction at or after the relevant cut-off time (as may be specified by the Bank in its sole and absolute discretion) on a trading day, the Client's Redemption Price will be calculated with reference to the price provided by the relevant Fund house to the Bank in the afternoon (although different Fund houses may have different settlement times) of that day (the "Settlement Price").

The calculation methods in sub-clauses (a) and (b) above only apply to trading days of the Fund. If the Client issues a redemption Instruction on a non-trading day of the Fund, such as Saturday, Sunday and public holidays, the Client's Redemption Amount will be calculated with reference to the Settlement Price of the previous trading day of the Fund.

3.9 The Client understands that when the redemption transaction of the relevant Fund is settled, the redemption amount received by the Bank from the Fund house (the "Actual Proceeds") may be different from the Client's Redemption Amount. If the Actual Proceeds:

- (a) exceed the Client's Redemption Amount, the Client agrees that the Bank shall retain the excess of the Client's Redemption Amount, as the handling fee for processing and arranging for the execution of such Instruction; or
- (b) are less than the Client's Redemption Amount, the Bank shall not recover such shortfall from the Client in any manner.

3.10 Because each Fund house has different operational arrangements, the calculation methods set out in clauses 3.8 to 3.9 above will need to be adjusted in accordance with such operational arrangements. The Client agrees the agreements between the Bank and the Fund houses shall be determinative of the applicable calculation method, and that the Bank has absolute discretion regarding such matters.

3.11 The Bank has no authority to accept Instructions (or applications) for subscription, switching or redemption of any Unit for and on behalf of any fund manager, Fund or product issuer. Receipt of such Instructions and the requisite payment and any other documentation by the Bank shall not amount to acceptance of the Instruction by the relevant fund manager, Fund or product issuer.

3.12 The Client acknowledges that any fund manager, Fund or product issuer who receives an Instruction from the Bank is not obliged to accept such order in part or whole. The Bank shall have no responsibility nor liability for ensuring that the relevant Fund manager, Fund or product issuer allots the Units or for any losses (including any loss of investment opportunity) which the Client may suffer or incur as a result of any refusal to accept or delay in accepting such Instruction by the fund manager, Fund or product issuer.

3.13 The Client acknowledges that (a) the purchase price, subscription monies or expenses payable by the Client to the Bank (or another person as specified by the Bank) in relation to each order to buy or subscribe for Units or Portfolios shall be debited from a Savings

Account designated by the Client; and (b) any redemption proceeds received by the Bank in relation to each order to sell, redeem or otherwise dispose of the Units (whether such Units are part of a Portfolio or not) shall, in any event, be paid to a Savings Account designated by the Client.

- 3.14 The Client further agrees that for purchases or subscriptions of Units or Portfolios, the Bank reserves the right to reject or delay the processing of any orders if there are insufficient funds in the Savings Account designated for payment or if cleared funds (free of any deductions or withholdings) are not received by such time as prescribed by the Bank.
- 3.15 The Bank is authorised to take such steps as it may consider expedient to enable it to provide Fund Subscription Services to the Client including the right to withhold and/or make payment of any taxes or duties payable on or in respect of the Units without any liability thereof and to disclose information about the Client, any Units or Portfolios held by the Client or any transactions in connection thereto in accordance with the Applicable Regulations or to any third party service providers or agents of the Bank, a fund manager, a Fund or product issuer (or its representatives) upon request.
- 3.16 The Client agrees to provide the Bank with such information, materials and documents in such manner and take such steps and by such time as prescribed by the Bank from time to time so as to enable the Bank to effect an Instruction, perform the Fund Subscription Services and/or to comply with any term of any document in respect of any Funds, Applicable Regulations and the applicable market practice.

4 Title and Registration of Investments

- 4.1 If the Client subscribes for Units in a Fund (including any Units in a Fund that forms a part of a Portfolio), the Units will be registered in the name of the Bank or jointly in the name of the Bank and in the Client's name, or in the Client's name only (as the case may be). The Bank will not be the beneficiary of any of your investments in a Fund.
- 4.2 No Unit certificates will be issued to the Client. The Client will be sent a confirmation of its subscription/acquisition (or disposal) of any Unit.
- 4.3 The Bank may not lend any Unit or title documents to any third party, and may not borrow against the security of any Unit or such documents, unless otherwise provided in the Agreement.

5 Reports and Voting

- 5.1 Subject to the requirements of the Applicable Regulations, the Bank and the custodian shall have no duty or obligation to exercise the voting rights or other elective rights of any Units subscribed or acquired, or received or held for the Client, except upon the prior written Instructions of the Client in such form and by such time as prescribed by the Bank from

time to time, and then only upon such terms, conditions, indemnities, fees and charges as agreed upon between the Bank and the Client.

- 5.2 In the absence of such Instructions and agreements, the Bank and the custodian shall be entitled to, but not obliged to, exercise the voting rights or other elective rights of any Fund (if any). Under such circumstance, the Client agrees that the Bank and the custodian may be exempted from any duty and obligation in respect of notification and delivery of any proxy or other document issued to the Client, unless otherwise provided in the Applicable Regulations.

6 Termination

- 6.1 Upon termination of the Investment Account with the Bank or termination of the Fund Subscription Services, the Client will be deemed to have given the Bank instructions to, at its discretion:

- (a) cause any Units then held by the custodian for the Investment Account to be redeemed or otherwise dealt with on the effective date of termination of the Investment Account, or if that day is not a Dealing Day or is after the latest time for dealing as specified in the offering document of such Fund, on the next Dealing Day ("Effective Date") and for the redemption or dealing proceeds thereof (after settling any outstanding liabilities, costs and expenses owed to the Bank or its nominees) to be remitted to the Client and/or settle any liability incurred by the Client, the Bank or any custodian;
- (b) cause any Units then held by the custodian for the account of the Client to be transferred by the custodian on the designated Effective Date by the Bank directly into the Client's name (if applicable); and
- (c) cancel any unexecuted transactions.

APPENDIX II: U.S. FRACTIONAL SHARES TRADING SERVICES

This Appendix II governs the Bank's provision of U.S. Fractional Shares Trading Services. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1 Definitions and Interpretation.

1.1 In this Appendix II, unless otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein.

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

"U.S. Fractional Shares" means the fractional portions (rather than the whole) of shares which are traded or listed on stock exchanges or markets in the U.S.; and

"U.S. Fractional Shares Trading Services" means the services provided by the Bank in relation to transactions for U.S. Fractional Shares.

2 Applicable Regulations

2.1 Applicable Rules and Regulations: All Instructions given for U.S. Fractional Shares Trading Services made or entered into by the Bank on behalf of the Client, shall be subject to, and the Client shall be bound by:

- (a) the Agreement;
- (b) applicable Bank's rules, regulations, procedures and policies constantly updated;
- (c) the Rules of the SEC, the clearing rules and the customs, usages, rulings and procedures of the SEC; and
- (d) all other Applicable Regulations.

2.2 Conflict: If there is any conflict or inconsistency between any provisions of the Agreement on one hand, and anything contained in paragraphs (b), (c) and (d) of Clause 2.1 of this Appendix on the other hand, the Bank may, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action, to ensure compliance with the same.

3 Capacity

3.1 Instructions regarding shares which are traded or listed on stock exchanges or markets in the U.S. will continue to be handled by the Bank in an agency capacity, save that, in respect

of the fractional portion, the Bank's execution broker will generally act as a counterparty and will execute that portion of a trade as principal or riskless principal.

- 3.2 The Client will be the beneficial owner of the U.S. Fractional Shares in their Account, and all U.S. Fractional Shares owned by the client will be segregated in the Bank's books and records in the same manner and to the same extent as whole shares.

4 Eligible Fractional Securities and Available Order Types

- 4.1 The Bank will only provide the U.S. Fractional Shares Trading Services in respect of a limited number of securities ("Eligible Fractional Shares").
- 4.2 The Bank may from time to time at its sole discretion adjust the list of Eligible Fractional Shares without notice to the Client. When a particular stock is removed from the list of Eligible Fractional Shares, the Client will be able to sell such stock but will no longer be able to buy such stock.
- 4.3 In the event the Client gives an Instruction for a share which is not an Eligible Fractional Share, the fractional portion may not be executed.
- 4.4 The Bank will only accept certain types of trading orders for U.S. Fractional Shares (e.g., market orders, limit orders, etc.).

5 Non-Withdrawable And Non-Transferable

- 5.1 U.S. Fractional Shares are non-withdrawable and non-transferable from or to another broker or custodian. However, the Client would be able to combine any U.S. Fractional Shares of the same securities into a whole share, provided that the security in question is an Eligible Fractional Security.
- 5.2 If the Client wants to transfer its holdings of U.S. shares in an Account to another broker or custodian, the corresponding U.S. Fractional Shares will need to be liquidated before transfer, which may have tax consequences and will result in fees and charges, following which the Client may transfer the remaining whole shares.

6 Shareholder Rights for U.S. Fractional Shares

- 6.1 Voting rights at general meetings:
 - 6.1.1 Shareholders of a company are generally entitled to a voting right, being the right to cast a vote on matters which are transacted at a meeting of the shareholders of the company ("Voting Rights"). However, holding U.S. Fractional Shares of a listed company ("Listed Bank") creates risks in respect of the Client's enjoyment of the Voting Rights. It may not always be permissible to fractionalise the Voting Rights, due to the laws of the Listed Bank's jurisdiction of incorporation and/or its constitutional documents (e.g. Articles of Association) or other operational limitations. In this scenario, the Voting Rights may lie with the Bank or a third party appointed by the Bank (such as the Bank's US custodian

broker). As a neutral party, the Bank or such other appointed third party will not be taking instructions from the Client or the other owners of the U.S. Fractional Shares in respect of the Voting Rights. Instead, the Bank will be taking, or will procure the relevant third party to take, one of the following courses of action:

- (a) where the relevant Listed Bank or our custodian broker has advised on a default option for the matter to be voted on at a meeting of the shareholders, the Bank will abstain from voting, such that the Voting Rights will be exercised in favour of the default option as prescribed by the relevant Listed Bank; or
- (b) where no default option has been advised, the Voting Rights will not be exercised and the Bank or the appointed third party will abstain from voting. Such abstaining may have adverse implications for the Client (e.g. the loss of the ability to vote in favour or against a proposed share allotment, tender offers or rights offerings).

6.1.2 By trading U.S. Fractional Shares, the Client accepts and acknowledges that the Client may not have any Voting Rights in respect of the U.S. Fractional Shares. The Client also consents to the manner in which the Voting Rights will be exercised by the Bank or the appointed third party, as outlined above.

6.2 Matters decided outside of general meetings:

6.2.1 Shareholders may also be asked to decide on matters outside of general meetings, which may take the form of correspondence sent by a company asking the shareholders to select a certain course of action, or to indicate consent to a certain matter (such bundle of rights, "Election Rights"). As with the Voting Rights, it may not always be permissible for Election Rights of a Listed Bank to be fractionalised due to the laws of the Listed Bank's jurisdiction of incorporation and/or its constitutional documents or other operational limitations. In this scenario, such rights may lie with the Bank or a third party appointed by the Bank (such as the Bank's US custodian broker). Where such correspondence is sent to the Bank or the appointed third party, the Bank will implement, or procure the appointed third party to implement, the same selecting mechanism applicable to Voting Rights, to the Election Rights. This may similarly have adverse implications for the Client (e.g. not being able to make any elections which are suitable for the Client).

6.3 Right to receive dividend payments:

6.3.1 Once a Listed Bank issues a dividend payment (whether in the form of cash or shares), the Bank will, in respect of the Client's U.S. Fractional Shares, arrange for a pro-rated share of the dividend payment to be paid to the Client.

6.3.2 The Bank is solely responsible for determining the amount of the pro-rated dividend payment payable to the Client and the Client will not have any redress against the Bank or the Listed Bank issuing the dividend in the event of any disputes. The Client agrees that the Bank's determination of the pro-rated dividend payable to the Client, which shall be based on the Bank's records as at the ex-dividend date of the Listed Bank, shall be conclusive in the absence of manifest error.

- 6.3.3 Dividend payment is subject to a minimum amount as prescribed by the Bank in its sole discretion. Where the pro-rated dividend to be paid to the Client is below the aforementioned standard, the client may not be able to receive such dividend.

7 Rounding and Restrictions

- 7.1 All fractional holdings will be rounded to four decimal places while the Client's cash balance is rounded to two decimal places. Rounding may affect the Client's ability to be credited for sale proceeds, cash dividends, share dividends and share splits.
- 7.2 For buy orders, the minimum amount of U.S. Fractional Shares asked and the minimum value of asked shares shall be subject to conditions and restrictions published on the Bank's website and platform.
- 7.3 The trading hours of U.S. Fractional Shares shall be the time as announced by the Bank from time to time on its website and platform.
- 7.4 Orders of U.S. Fractional Shares are only valid for the day on which it is made.
- 7.5 U.S. Fractional Shares shall not be lent for the purpose of short-selling, and any other arrangement or scheme of the Bank in relation to short-selling shall not apply to U.S. Fractional Shares.
- 7.6 The Client shall not be able to amend order amount of U.S. Fractional Shares, and orders for whole shares may not be able to be converted to orders for U.S. Fractional Shares.
- 7.7 The Bank may in its sole discretion apply or remove any kind of condition or restriction in relation to U.S. Fractional Shares. The conditions and restrictions published on the website or platform of the Bank shall prevail in case of any inconsistency.
- 7.8 The Bank may in its sole discretion reject any instruction or order by the Client in relation to U.S. Fractional Shares and shall not be liable to Client for any loss incurred by such rejection.

8 Risk Disclosures and Acknowledgement

The U.S Fractional Shares Trading Services present unique risks and has certain limitations that the Client should understand before using the same.

- 8.1 Orders to sell may be entered using a fractional share quantity (e.g., 2.525 shares). Orders to buy may use either a fractional quantity or a dollar value (e.g., \$250.00). Share quantities can be specified to four decimal places (e.g. .0001). Dollar value orders will be converted into share quantities for execution, likewise, to four decimal places. In all cases, when converting dollar-value orders into share quantities, the share quantities will be rounded down.
- 8.2 For a variety of reasons, including but not limited to this conversion convention, the actual amount of an executed dollar-value order may be different from the requested amount. The

actual amount of an executed order to buy a dollar value of a security may also be lower or higher than the amount requested due to the price movement of the shares in the market and/or fees and commissions charged by the Bank.

- 8.3 The Bank's U.S Fractional Shares Trading Services functionality only supports certain type of orders and securities. Because of this, fractional trading functionality order types are more restricted than if the Client was to buy or sell traditional whole share quantities.
- 8.4 The Bank's execution broker will seek best execution for all orders routed to it for handling and execution consistent with its obligations under applicable law, rules, and regulations, by executing the order at the prevailing "national best bid and offer" price, price limit specified by the Client in limit orders or the latest transaction price for whole shares (as the case may be). As such, there may be instances where the final execution prices of U.S Fractional Shares may be different from the prices quoted for whole shares.
- 8.5 Sales of less than a whole share may not be eligible for "price improvement." Additionally, because in certain situations price improvement on the U.S. Fractional Share component of an order will affect the execution price rather than the share quantity of an order, the effect of the improvement on a dollar-value order in those situations will be to increase or decrease the value of the order outside of what was requested.
- 8.6 During periods of heavy trading and/or wide price fluctuations, there may be delays in executing the Client's order and the U.S Fractional Shares Trading Services may not be available. In the event of a trading halt of a security, all trading of that security (including the fractional portions thereof) may be halted until trading resumes.

9 Miscellaneous Provisions

In the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

APPENDIX III: SECURITIES MARGIN TRADING SERVICES

This Appendix III governs the Bank's provision of services in relation to Margin Accounts. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1 Definitions and Interpretation

- 1.1 In this Appendix III, unless otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein.

"Additional Margin" means the amount of additional cash margin and Qualifying Securities which are or shall at any time hereafter be required by the Bank to be paid, deposited, transferred or caused to be transferred by the Client pursuant to Clause 7.2 or 7.4 below;

"Credit Limit" means the amount approved by the Bank for the Client's use under the Facility Terms, as notified and displayed to the Client via the Electronic Services or such other means designated by the Bank, which shall prevail over any prior indicative amounts and is subject to the Bank's final approval in its sole discretion;

"Facility Terms" means the specific terms applicable to the granting of credit/overdraft facilities for securities margin financing, including any Credit Limit, repayment arrangements and other terms, together with any schedules, supplemental terms and updates, as made available or notified by the Bank to the Client via the Electronic Services or such other means designated by the Bank (in each case as amended or replaced from time to time), whether generally applicable or specific to any Margined Contracts in Securities;

"Initial Margin" in relation to an instruction for Margined Contract in Securities, if applicable, means the amount of cash margin required to be paid by the Client, if any, before the Bank will accept such instruction for Margined Contract in Securities;

"Margin" means the Initial Margin and the Additional Margin (if any);

"Margined Contract in Securities" means any contract to purchase Securities to be effected by the Bank for the Client in respect of which the Client has paid part of the purchase price by means of Initial Margin and the outstanding balance of the purchase price is, or is to be, financed by the Bank by means of a drawing or drawings made by the Client on the Margin Account and/or the Settlement Account in accordance with this Appendix III;

"Margin Facility Outstanding" means the aggregate amount of the outstanding balance under the Credit Limit granted by the Bank to the Client under the Margin Account for the purpose of Margined Contracts in Securities less any amount standing to the credit of the Margin Account;

"Outstanding Liabilities" means the Margin Facility Outstanding and interest thereon and all other present and future obligations and liabilities (whether of principal or interest, actual or contingent, sole, joint and/or several) from time to time due or owing by the Client to the Bank (whether or not arising out of any Margined Contracts in Securities) and all expenses of reasonable amount and reasonably incurred by the Bank in connection with seeking to recover any of the above on a full indemnity basis;

"Pending Payable Trade Settlement Amount" means, in respect of any Margined Contract in Securities entered into by the Bank for the Client, the amount payable (but not yet settled at the relevant time) for the purchase of Securities (including stamp duty and other costs and expenses in relation thereto);

"Pending Receivable Trade Settlement Amount" means, in respect of any sale of Securities in accordance with Clause 9 below, the amount receivable (but not yet settled at the relevant time) for the sale of Securities;

"Pledge Ratio" means such credit facility ratio as designated by the Bank from time to time in its discretion as applicable to each type of Security Assets;

"Purchased Securities" means all Securities which have been or are now or may at any time be purchased by the Client pursuant to the Margined Contracts in Securities and charged in favour of the Bank as security;

"Qualifying Securities" means the Securities specified by the Bank from time to time to be acceptable to the Bank (without prior notice to the extent permissible under Applicable Regulations) as collateral for Margined Contracts in Securities and at any time placed or to be placed as collateral with the Bank or with such other Service Providers or custodians designated by the Bank;

"Related Rights" means:

- (a) all dividends, interest, distributions and other monies derived from Securities;
- (b) all stocks, shares, Securities, documents, rights, monies or property accruing or offered at any time (whether by way of redemption, bonus, preference, option rights or otherwise) to or in respect of any of the Securities or in substitution or exchange for or otherwise derived from any of the Securities; and
- (c) all dividends, interest, distributions and other monies derived from any such assets as is referred to in paragraph (b) above;

"Sale Proceeds" has the meaning ascribed to it in Clause 9.2 below;

"Security Assets Margin Value" means the total current market value of the Purchased Securities, the Qualifying Securities and any other eligible Securities in the Margin Account multiplied by their respective Pledge Ratios and such value shall be subject to any

limitation set by the Bank from time to time at its discretion without prior notice to the Client to the extent permissible under Applicable Regulations;

"**Security Level**" means the aggregate amount of the Security Assets Margin Value and the Pending Receivable Trade Settlement Amount less the Pending Payable Trade Settlement Amount and the Margin Facility Outstanding;

"**Securities Margin Facilities**" means the revolving credit facilities to be made available from time to time by the Bank to the Client subject to the provisions of the Agreement, and the specific terms agreed between the Bank and the Client from time to time and include all amounts debited to the Margin Account following the terms of the Agreement to finance, in whole or in part, the purchase price, duties, fees and expenses of any Securities Margin Trading;

"**Securities Margin Trading**" means trading in Margined Contract in Securities;

"**Securities Margin Trading Services**" means the services which may be provided by us to you in relation to Securities Margin Trading;

"**Service Provider**" means any custodian, sub-custodian, nominee, broker, dealer or other third party:

- (a) appointed or used by the Bank to assist the Bank, or to provide any of the services under the Agreement to the Client; and/or
- (b) receiving or holding the Client's Investment Products or the Security Assets, monies or other property, whether situated in Hong Kong or elsewhere; and

"**Settlement Account**" is an Account and has the specific function described in Clause 10.2 of this Appendix III.

1.2 For the purposes of this Appendix III, the Purchased Securities, the Qualifying Securities and their Related Rights shall collectively be referred to as the "**Security Assets**".

2 Margin Account and Securities Margin Trading Services

2.1 The Client shall open a Margin Account and a Settlement Account so that the Client can apply for overdraft facilities under the Securities Margin Trading Services before the Bank will effect Margined Contracts in Securities for the Client. If the Client does not require Securities Margin Trading Services, the Client should not ask the Bank to open a Margin Account.

2.2 The Margin Account shall be an Account against which the Client may, subject to the Bank's consent, from time to time make drawings for the purpose of enabling the Bank to effect Margined Contracts in Securities for the Client in accordance with this Appendix III, provided that the extent of any credit facility hereunder shall not exceed the Credit Limit and any credit limits as imposed under Applicable Regulations.

- 2.3 The facility limit of the Securities Margin Facilities shall be such amount as determined by the Bank from time to time. The Bank may, at its absolute discretion and at any time, give notice to the Client to increase or decrease the facility limit of the Securities Margin Facilities, to cancel or terminate the Securities Margin Facilities, to refuse to make any advance under the Securities Margin Facilities (whether or not its facility limit has been exceeded) and to demand immediate payment of all monies and sums, whether principal, interest or otherwise, then owing by the Client to the Bank in respect of the Securities Margin Facilities.
- 2.4 The Client acknowledges that money in the Settlement Account will not be regarded as a deposit under the Banking Ordinance (Cap 155 of the Laws of Hong Kong) and the Deposit Protection Scheme Ordinance (Cap 581 of the Laws of Hong Kong). The Client is not encouraged to transfer or deposit money into the Settlement Account other than for the purposes of fulfilling the duties and obligations under the Terms and this Appendix III.
- 2.5 The purpose of the Securities Margin Facilities is to facilitate the Client's acquisition of certain Securities and (where applicable) the continued holding of such Securities. The Client shall be responsible for using the Securities Margin Facilities for investing in eligible Securities in accordance with Applicable Regulations and not for any other purpose.
- 2.6 The Client hereby:
- 2.6.1 authorise the Bank to draw on any Securities Margin Facilities to settle any amounts due and owing to us in respect of any instructions for Margined Contracts in Securities executed on the Client's behalf;
- 2.6.2 agree to pay interests to us in respect of any debit balance on the Margin Account (including any drawings on any Securities Margin Facilities) and any amount otherwise owing to us at such rate as may be determined from time to time by us, and all relevant markups, fees, commissions and charges, which the Bank is entitled to charge pursuant to Clause 10 of this Appendix III; and
- 2.6.3 authorise the Bank to: (i) sell or dispose of any or all of the Security Assets, on such terms as we may determine in good faith and/or (ii) apply any credit balance in any of your accounts with us, in settlement of any liability (including but not limited to any Outstanding Liabilities) owed by or on your behalf to us.

3 Instructions for Margined Contracts in Securities

- 3.1 The Bank has the absolute right to determine or re-determine which type(s) or category(ies) of Securities the Client is allowed to acquire pursuant to Margined Contracts in Securities and the Bank shall provide the Client with information on such Securities as currently so allowed upon request of the Client, provided that the Bank may in its absolute discretion at any time and from time to time vary such type(s) or category(ies) of the Securities without prior notice to the Client to the extent permissible under Applicable Regulations.

- 3.2 The Client requests and authorises the Bank to act as the Client's agent generally for the purpose of communicating instructions received from or on behalf of the Client with respect to Margined Contracts in Securities to brokers or other Service Providers designated by the Bank at its discretion. The Bank may from time to time and in its absolute discretion but without any obligation carry out any instructions given by the Client in relation to Margined Contracts in Securities in any manner whatsoever including, without limitation, dealing directly or indirectly with counterparties to or other persons involved in each transaction, or dealing with or through brokers, or dealing with or through other persons wherever situate, and whether or not such parties are related to the Bank in any way. The Client acknowledges and agrees that the Client will make its own decision with respect to all Margined Contracts in Securities and will consider whether each Transaction is suitable for it in light of its financial situation, investment experience and investment objectives.
- 3.3 Instructions for Margined Contracts in Securities may, in the absolute discretion of the Bank, be partially executed if the instructions cannot be fully executed for whatever reason. If an order cannot be executed or fully executed, the Bank will endeavour to notify the Client within a reasonable time. The Bank is not obliged to accept or act upon any instruction for Margined Contracts in Securities and shall not be liable to the Client for any loss whatsoever arising out of or in connection with such non-acceptance or non-action except where such losses are direct losses as a result of bad faith, gross negligence, willful default or fraud of the Bank.
- 3.4 Unless the Client gives specific instructions to the Bank to the contrary, the Client acknowledges that all orders or requests are good for the day only and that to the extent unfulfilled they will lapse at the end of the official trading day of the Exchange on which the Securities in question are listed or traded.

4 Payment for Margined Contract in Securities

- 4.1 In respect of each Margined Contract in Securities proposed by the Client, the Bank shall have the absolute and unfettered right and authority, taken into account the available amount under the Credit Limit in the Margin Account and the value of any collateral and/or the Initial Margin available to secure the Client's obligations under the Securities Margin Facilities, to:
- 4.1.1 determine the amount of Initial Margin required to be paid by the Client (if any) and demand for payment thereof from the Client; and/or
 - 4.1.2 apply the Initial Margin paid by the Client (if any) in partial settlement of the purchase price and other sums payable by the Client pursuant to the relevant Margined Contract in Securities; and/or
 - 4.1.3 make drawing(s) on behalf of the Client against the Margin Account and/or the Settlement Account of the Client, without prior notice or reference to the Client to the extent permissible by Applicable Regulations, in such amount(s) so that

such drawings together with the Initial Margin paid by the Client (if any) shall be sufficient to fully settle the sum(s) payable by the Client under the relevant Margined Contract in Securities, and apply such sum(s) so drawn to discharge the sum(s) payable by the Client under the relevant Margined Contract in Securities, provided always that the Bank shall have the absolute right and discretion to determine whether or not to grant the credit facility or to effect any Margined Contract in Securities, irrespective of whether, as a consequence, the resulting Margin Facility Outstanding of the Margin Account of the Client will exceed the Credit Limit available in the Margin Account.

- 4.2 The Client shall pay the Initial Margin (if any) upon demand by the Bank pursuant to Clause 4.1.1 above and the Client hereby irrevocably and unconditionally authorises the Bank to debit and/or withhold the amount of the Initial Margin from the Settlement Account provided that the Bank may at its absolute discretion accept such other collateral in lieu of the Initial Margin demanded as the Bank may determine.

5 Effecting Margined Contracts in Securities

- 5.1 A Margined Contract in Securities will be effected by the Bank for the Client if (a) the Bank has informed the Client by whatever means of its determination to accept the Client's instruction to effect the Margined Contract in Securities for the Client and (b) the Initial Margin (if any) has been paid by the Client.
- 5.2 Without prejudice to Clause 5.1, the Bank is entitled to and has the sole and absolute discretion to decide whether to accept the Client's instruction to effect a Margined Contract in Securities for the Client without having first to check whether there is sufficient Initial Margin (including any collateral in addition to Initial Margin) and/or Credit Limit available on the Margin Account. If an order has been placed or given or a Transaction has been entered into by the Bank for the Client as a result of the Client's instruction for a Margined Contract in Securities and the Client has agreed to pay the amount of the Initial Margin determined by the Bank, but there is insufficient cash margin, collateral and/or available Credit Limit in the Margin Account to settle the purchase price and related fees of the relevant Margined Contract in Securities, the Bank is entitled (but not obliged) without giving any notice to the Client to the extent permissible by Applicable Regulations to cancel or reject the orders or to place any other orders or enter into any other transactions to set off the order so placed or given or cancelled/ rejected or the transaction so entered into.
- 5.3 Any loss, deficit or shortfall arising out of the events mentioned in Clause 5.2 above shall be entirely borne and paid by the Client. If there is any gain arising out of the events mentioned in Clause 5.2 above, such gain, after deducting all the costs and expenses incurred by the Bank in the events, shall be credited to the Margin Account of the Client. A certificate signed by any one of the Bank's officers as to the amount of the loss, deficit, shortfall, costs and expenses and the amount of gain shall be final and conclusive and binding on the Client.

6 Mortgage over Securities and Enforcement

- 6.1 As security for the due performance of the Client's obligations hereunder and the payment of the Outstanding Liabilities, the Client acknowledges the mortgage created under this Appendix III, and as sole beneficial owner mortgages and agrees to mortgage the Security Assets to the Bank as part of the security created in favour of the Bank under Clause 16 (CHARGE) of the Terms (and, without limitation, by way of first fixed charge).
- 6.2 The mortgage created under this Appendix III is a continuing security and shall not be discharged by any intermediate payment of the Outstanding Liabilities but shall secure the ultimate balance of the Outstanding Liabilities and shall not be discharged by any amendment to this Appendix III or by the insolvency or bankruptcy of the Client.
- 6.3 The Client undertakes to the Bank that:
- 6.3.1 it shall, if it has not already done so, immediately upon the execution of the Agreement, or if later, upon the Client or its Service Provider becoming entitled to any Security Assets, deposit them in accordance with this Clause 6;
 - 6.3.2 upon the Bank's request, it shall, in respect of the Security Assets held or to be held in the Central Clearing and Settlement System operated by the Hong Kong Securities Clearing Company Limited or other Clearing House, sign and deliver to the Bank or its Service Provider a letter of instruction (duly executed in blank) in the form provided by the Bank;
 - 6.3.3 the Securities deposited with the Bank pursuant to this Clause 6.3 will be accompanied by all bearer instruments and certificates or other evidence evidencing the Client's entitlement to those Securities and, in the case of Securities in certificated form, transfer forms and, if applicable, sold notes in respect of those Securities duly executed in blank by the Client or the legal owner of those Securities;
 - 6.3.4 it will pay all calls and make all other payments in respect of the Security Assets when due failing which the Bank may, if it thinks fit, make any such payments on behalf of the Client, in which event the Client shall immediately on demand from the Bank repay such amount paid by the Bank on its behalf under this paragraph with interest (at the rate accruing in respect of the Margin Facility Outstanding), and such amount is deemed to be included as part of the Outstanding Liabilities until actual repayment in full;
 - 6.3.5 it will not take any action which might prejudice the value of the Security Assets and/or the effectiveness of the mortgage created over the Security Assets; and
 - 6.3.6 it shall on demand by the Bank and at its costs promptly execute, do or perform or cause to be promptly executed, done or performed all such further acts, instruments and things as the Bank may require in order to provide the Bank

with perfected security interest and the full benefit of this Appendix III and to enable the Bank to exercise at all times all its rights hereunder.

- 6.4 Upon the occurrence of an Event of Default, the Bank may at its absolute discretion, without demand, notice, legal process or any other action with respect to the Client, realise, sell or otherwise dispose of all or some of the Security Assets, at any time and in any way which it deems expedient, free from any restrictions and claims.
- 6.5 At any time after the occurrence of an Event of Default and without any further consent or authority from the Client, the Bank and/or its Service Provider may:
- 6.5.1 exercise at its absolute discretion (in the name of the Client or otherwise), in respect of any of the Security Assets, any voting rights and any powers or rights which may be exercised by the person in whose name the Security Assets are registered or who is the holder or bearer of them;
 - 6.5.2 complete, date and put into effect any blank transfer form, sold note and/or other equivalent documentation relating to the transfer of the Security Assets, and procure the transfer of the Security Assets into the name of the Bank or its Service Provider or any other person; and
 - 6.5.3 in relation to the Security Assets held in the CCASS operated by the HKSCC or any other similar clearing and settlement system in other jurisdictions, complete, date and put into effect any letter of instruction or any other document required to perfect the security created over the Security Assets.
- 6.6 If the Bank takes any action referred to in Clause 6.5 above, the Bank will give notice of such action to the Client as soon as practicable afterwards.
- 6.7 No third person (including a purchaser) dealing with the Bank or its agents will be concerned to enquire:
- 6.7.1 whether the Outstanding Liabilities have become payable;
 - 6.7.2 whether any power which the Bank is purporting to exercise has become exercisable;
 - 6.7.3 whether any money remains due in respect of the Outstanding Liabilities; or
 - 6.7.4 how any money paid to the Bank is to be applied.
- 6.8 All monies received by the Bank in respect of the Security Assets after the security created over the Security Assets has become enforceable shall be applied by the Bank in or towards payment of the Outstanding Liabilities (or such part of them) in such order as the Bank sees fit.

7 Call for Additional Margin/Collateral Securities

- 7.1 The Client shall comply with such Margin policy as prescribed and notified to the Client by the Bank from time to time, including parameters applicable to Initial Margin and any time-based adjustments as the Bank may set for risk control purposes.
- 7.2 The Client shall maintain, at all times, sufficient Margin as the Bank may require from time to time such that the Security Level equals to such threshold to be set by the Bank. If at any time the Security Level falls below such threshold set by the Bank, the Client shall immediately (whether with or without demand by the Bank) procure the Security Level to reach such threshold set by the Bank by, including and not limited to, providing to the Bank Additional Margin or additional Qualifying Securities.
- 7.3 Any or all Additional Margins paid, provided or transferred by the Client to the Bank pursuant to Clause 7.2 shall be used by the Bank with or without prior notice or demand to the Client to discharge or satisfy the whole or any part of the Margin Facility Outstanding and interest thereon in such manner as the Bank may deem fit.
- 7.4 In the event that the Bank demands Additional Margin pursuant to Clause 7.2, such Additional Margin is due upon demand and unless additional Qualifying Securities of such value as acceptable to the Bank are offered by the Client and accepted by the Bank, the Additional Margin must be paid, provided or transferred by the Client to the Bank within such period as notified by the Bank from time to time.
- 7.5 If the Client fails to take such action as is required under Clause 7.2 (and within the time limit specified in relation thereto, if any), an Event of Default is deemed to have occurred.
- 7.6 If any Event of Default occurs, or if any circumstances arise which in the Bank's opinion might jeopardise the Bank's interests in relation to the Margin Account (whether or not the Bank has demanded for Additional Margin and whether the time to meet the demand has expired), any sums owing by the Client under the Margin Account will immediately become due and payable and the Bank is entitled (but is not obliged) to, in addition to its other rights hereunder:
- 7.6.1 appropriate and deduct from any account of the Client maintained with the Bank (whether matured or not and whether subject to notice or otherwise, including the Settlement Account) an amount equal to such Additional Margin so as to procure the Security Level to reach such threshold set by the Bank; and/or
- 7.6.2 enforce the security described in Clause 6 in accordance with the provisions under Clause 6.
- 7.7 For the purpose of Clause 7.2 and Clause 7.6, any demand by the Bank for cash cover, additional collateral or Additional Margin may be delivered via the Electronic Services and shall be deemed received in accordance with Clause 32 (COMMUNICATIONS AND NOTICES) of the Terms. Each and every demand so made by the Bank shall be independent of and additional to any or all former collateral or Additional Margins already given by the Client.

- 7.8 The Bank may specify additional terms, conditions, rules or requirements relating to Additional Margin and/or collateral as the Bank in its sole and absolute discretion determines from time to time.

8 Margin Facility Outstanding

- 8.1 Subject always to the Bank's right to appropriate any Additional Margin demanded under Clause 7.4 towards reduction of the Margin Facility Outstanding, the Margin Facility Outstanding together with accrued interest thereon shall be repayable by the Client upon demand by the Bank at any time.
- 8.2 Unless otherwise determined by the Bank, interest on the Margin Facility Outstanding shall accrue from day to day at such rate(s) and be computed on such basis and be payable in such manner as may be agreed between the Bank and the Client from time to time in accordance with the Facility Terms.

9 Sale of Securities

- 9.1 Subject to the consent of the Bank and on the condition that the Bank shall have the right to appropriate the proceeds of sale or any part thereof, the Client may, prior to the occurrence of any Event of Default, give instructions to the Bank to sell any Purchased Securities or Qualifying Securities. Subject to the Bank's right to appropriate the proceeds of sale or any part thereof, the Client may, prior to the occurrence of any Event of Default, give instructions to the Bank to sell any other Securities.
- 9.2 The Client hereby expressly agrees that any proceeds obtained from sale under Clause 9.1 above ("**Sale Proceeds**") shall first be applied to reduce the Margin Facility Outstanding. Until the Margin Facility Outstanding together with interest thereon has been repaid in full, the Client covenants not to withdraw or create any Encumbrance over the Sale Proceeds.
- 9.3 The Client further expressly agrees that, irrespective of whether any Event of Default has occurred and notwithstanding any instructions from the Client to the contrary, the Bank shall have the right, without prior notice to or consent from the Client, to apply any Sale Proceeds towards the reduction of the Margin Facility Outstanding and interest thereon.
- 9.4 The Bank may at its sole and absolute discretion release any Sale Proceeds into any other bank account of the Client whereupon they shall be deemed to have been released, and the Client may freely dispose of and deal with them, subject always to the Bank's other rights over the credit balance of such bank account.

10 Fees and Charges

- 10.1 The Client shall pay the Bank such markups, fees, commissions and charges as the Bank may from time to time prescribe in consideration for its Securities Margin Trading Services and all expenses paid or incurred by the Bank with respect to such Securities Margin Trading Services including without limitation, commissions, stamp duties, transfer fees, registration fees and transaction levies, trading fees wherever they are incurred and all other

costs pursuant to its Securities Margin Trading Services under the Agreement in accordance with Clause 11 (COMMISSIONS, CHARGES AND EXPENSES) of the Terms.

- 10.2 The Bank is authorised, without prior notice or demand, to apply monies in any Account designated by the Client as the Settlement Account in payment and settlement of all amounts payable in relation to any Margined Contracts in Securities, including without limitation the Bank's markups, fees, commissions, and charges and all expenses incurred by the Bank, and all other costs with respect to Margined Contracts in Securities or other dealings pursuant to the Agreement. In the event that the amounts in the Settlement Account are insufficient for any reason to pay all amounts payable in connection with the Margined Contracts in Securities, the Client agrees to pay the Bank on demand such amounts as are necessary to pay all amounts as are payable. For the avoidance of doubt, the Client agrees and acknowledges that no interest will accrue for any deposits in any Settlement Account.

11 Our right to debit your accounts; set-off and lien

- 11.1 In addition to and without limiting or reducing any of our rights in law or under any Agreement (including but without limitation to the Terms and this Appendix III), the Bank is entitled without prior notice to the Client to do the following (or any of them):

11.1.1 exercise a lien over all your property (including all securities in the Margin Account) in our possession or control from time to time for any purpose. We have the power to apply such property or sell such property and apply the net proceeds to satisfy any of your liabilities to us;

11.1.2 debit any amount payable by the Client to the Bank (including any fees, expenses or interest) from your Accounts maintained with us, irrespective of whether there are sufficient available funds, overdraft or other facilities in the relevant account. If any debit causes the relevant account to be overdrawn, the Client is liable to repay the outstanding amount to us on demand together with fees, expenses and interest accruing on the outstanding amount at such rate as the Bank may specify;

11.1.3 withhold, combine or consolidate the balance on your Accounts maintained with us and set off or transfer any money (in the form of credit balance or credit facility) standing to the credit of any account in or towards the settlement of any amount owing by you to us in connection with the services provided by the Bank or under the Agreement. The amounts owing by the Client (i) may be actual or contingent, present, future, or deferred, primary or collateral, (ii) may be owing by you solely or jointly with any other person, and (iii) may include fees, expenses or interest;

11.1.4 refuse to repay you any money in any currency standing to the credit of your Accounts maintained with us when due or on demand by you if and to the extent that such money is equal to or less than the amount owing by you to us. If we

exercise this right with respect to any money, such money will remain outstanding from us substantially on the terms and conditions in force immediately before we exercise this right or on such other terms as we may consider appropriate; and

11.1.5 where any such debit, withholding, combination or consolidation requires the conversion of one currency into another currency, such conversion will be calculated at the exchange rate as determined by the Bank.

11.2 If (a) an Account is credited in error; or (b) an Account is credited in anticipation of receiving funds where those funds are not received or the underlying funds transfer is reversed, we are entitled to reverse all or part of such credit including any interest accrued thereon, make the appropriate entry to the Account, and debit or demand immediate repayment of any loss, damage or expense incurred by us in connection therewith, as appropriate.

11.3 The Bank's rights under Clauses 11.1 and 11.2 will not be limited or reduced by your death or legal incapacity.

12 Payments to Margin Account

12.1 Subject to the provisions contained in Clause 9 above, the Bank shall credit to the Margin Account: (a) the Sale Proceeds after deduction of all related fees and expenses; and (b) all dividends and other distributions in respect of Margined Contracts in Securities held by the Bank or its Service Providers on behalf of the Client.

12.2 The Bank shall be entitled to convert any of the above amounts made to or received by the Bank into such currency (including the Hong Kong Dollars) as the Bank determines at its sole discretion for payment into the Margin Account in accordance with Clause 9 (FOREIGN CURRENCIES) of the Terms.

13 Brokers

13.1 The Client agrees that orders for Margined Contracts in Securities may be placed with or through broker(s) or other counterparty(ies), wherever situated, selected by the Bank in its absolute discretion for the Client's account and at the Client's risk. The Client acknowledges and agrees that the Bank and/or its Service Provider is entitled and authorised by the Client to receive from such brokers or counterparty(ies) a share of commissions or other amounts payable by the Client with respect to the Margined Contracts in Securities or other transactions effected by the Bank pursuant to the Agreement, whether by rebate or otherwise, without accounting to and/or informing the Client of the same subject to Applicable Regulations.

13.2 The brokers or counterparty(ies) mentioned above shall execute all orders at the current market price at the time of execution or according to the instructed execution price on the relevant Exchange or market and neither the Bank, the broker nor the said counterparty

represents to the Client that any order will be executed at any price previously quoted to the Client by way of an automated quotation system or otherwise. The Client acknowledges that any indicative data, quotes and/or other information provided by the Bank may be provided by, or based on information from, a third party and that the Bank is not responsible for the accuracy, completeness or otherwise of such information provided that the Bank has exercised reasonable care in relation to such data, quotes and/or information.

- 13.3 Any written confirmation sent by the Bank, any broker or any such counterparty shall be conclusive as to the price at which any particular order has been executed. The Client acknowledges that any oral statements given over the telephone as to the status of the Margin Account or any particular transaction is for information purposes only and shall not be binding on the Bank, any broker or counterparty.

14 No Client Dealings with or Liens Over Margin Account

The Client shall not sell, grant any option over or otherwise deal in any way with, nor grant, create or allow to exist an Encumbrance over the Margin Account.

15 Negative Pledge

The Client undertakes that during the continuance of the Agreement and so long as any sum remains outstanding hereunder, the Client shall not, without the Bank's prior written consent, create or permit to subsist any Encumbrance (other than security interest created in favour of the Bank) on all or any of the Security Assets and/or the Sale Proceeds.

16 Actions Regarding Securities; Voting; etc.

- 16.1 Neither the Bank nor its Service Providers will have any duty or responsibility to investigate or participate in or take any action whatsoever in connection with any meeting, voting, subscription, conversion or other rights of any Securities or any merger, consolidation, reorganization, receivership, bankruptcy or insolvency proceedings, compromise or arrangement or other process or similar action or the deposit of any Securities, except in accordance with written instructions from the Client and upon such conditions and indemnity and provision for expenses as the Bank or its Service Provider may require.

- 16.2 Neither the Bank nor its Service Provider will have any duty or responsibility in respect of forms of proxy received by the Bank or its Service Provider in respect of the Securities and the Bank or its Service Provider is not required to send any proxy form or give any notice of the receipt of any such proxy form to the Client unless otherwise required by Applicable Regulations.

17 Authority relating to the Holding of Security Assets

- 17.1 The Bank and its Service Provider are authorised (but not obliged) to do all or any of the following things in such manner and at such times as the Bank or its Service Provider may think fit in the Bank's or its Service Provider's absolute discretion (as the case may be):

- 17.1.1 to request payment of and receive all interest, dividends, bonuses, and other payments or distributions in respect of the Security Assets;
- 17.1.2 to surrender the Security Assets against receipt of the monies in such currency or currencies as the Bank sees fit;
- 17.1.3 to collect monies which are payable in respect of the Security Assets (in any currency);
- 17.1.4 to complete and deliver on the Client's behalf, as owner,
- 17.1.5 to comply with the provisions of any Applicable Regulations;
- 17.1.6 to take up such rights or new issues of shares or other securities in relation to the Security Assets, or to sell such rights, or to renounce the same;
- 17.1.7 to exchange the Security Assets in interim or temporary form for Security Assets in definitive form;
- 17.1.8 to dispose of the monies or any part of the monies as the Bank may collect or receive from time to time on the Client's behalf in relation to the Security Assets, including but not limited to the proceeds of sales of Security Assets or any part of the proceeds by payment of such proceeds to the credit of any of the Client's Account with the Bank or by the deposit thereof on the Client's behalf with the Bank. An acknowledgement of the receipt of any such monies by the Bank will be a valid and complete discharge to the Bank or its Service Provider for such monies, and the Bank or its Service Providers shall be deemed to have completely fulfilled all the obligations in respect of such monies.
- 17.1.9 to pay into a separate account all interest and dividends and all other monies which are unclaimed by the Client for 3 years after the same have become payable by the Bank to the Client, net of all deductions of the fees, charges and expenses referred to herein, and the holding of such monies shall not constitute the Bank or its Service Provider a trustee in respect of such monies for any person; and
- 17.1.10 to require the Client to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against the Client) at such rate (before and after judgment) and on such other terms determined by the Bank or its Service Provider in their absolute discretion, as the Bank or its Service Provider notifies the Client from time to time. Such interest shall be calculated on a daily basis and payable on the last day of each calendar month or on the Bank's demand.

APPENDIX IV: APPLICATIONS FOR NEW LISTINGS

This Appendix IV governs the Bank's provision of services in relation to Applications and Application Loans. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1. Definitions and Interpretation

1.1 In this Appendix IV, unless otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein.

"**Allotted Securities**" in respect of each Application, means all the Securities in relation to which the Application is accepted;

"**Application**" means any and each application to be made by the Bank or its nominee, as agent on behalf of the Client, for the subscription of the Offer Securities pursuant to Clause 2 (Application) of this Appendix;

"**Application Amount**" in respect of each Application, means an amount equal to the total value of the Offer Securities applied for in the Application plus all fees, charges and expenses payable by the Client in connection with the Application (including transaction levy, commission, account opening fee and such other fees where applicable);

"**Application Loan**" means any and each financing facility to be made available by the Bank to the Client in respect of an Application pursuant to Clause 7 (Application Financing) of this Appendix;

"**Handling Fee**" in respect of each Application Loan, means the amount of such handling fee in connection with the Application Loan as the Bank may from time to time notify the Client (if any);

"**Issuer**" means any company or other legal person whose Securities are offered for subscription on an Exchange;

"**Offer**" means any offer of Securities for subscription in a new issue or sale to the public by an Issuer;

"**Offer Securities**" in respect of an Offer, means the Securities offered by the Issuer for subscription to the public; and

"**Relevant Person**" in respect of an Offer, means the Issuer, sponsors, underwriters, placing agents, registrar, central depository, receiving bank and other intermediaries involved in such Offer, the SEHK, the SFC, the Clearing House, any other relevant regulators and/or persons.

2. Application

2.1 **Application:** The Client requests and authorises the Bank or its nominee, as agent on behalf of the Client, to make Application(s) from time to time subject to this Appendix and subject to agreement on the terms (including the following items) by the Client and the Bank in respect of the relevant Application:

- (a) the quantity of the Offer Securities;
 - (b) the name of the Issuer; and
 - (c) the Application Amount.
- 2.2 **Discretion to Refuse:** The Bank reserves the right, in its absolute discretion, to refuse to make any Application for any reason whatsoever, including (without limitation) if: (i) there are insufficient funds in the Client's Account at the relevant time for settling the Application Amount and Handling Fee or pre-arranged facilities for such purpose; (ii) the Client fails to provide the Bank with all information required by the Bank to complete the relevant Application; (iii) any information provided by the Client to the Bank is not true, correct, accurate and complete; (iv) where the Client is not permitted to make multiple Applications in relation to an Offer, the Bank suspects that the Client has made more than one Applications for subscription of Offer Securities; or (v) the Bank suspects that any representation and warranty made by the Client pursuant to the Agreement is untrue or inaccurate.
- 2.3 **Agent of the Client:** Where the Bank or its nominee submits an Application, it does so as the agent of the Client for the purpose of applying for the Offer Securities and, unless otherwise notified to the Client explicitly or through the offering documents of the Offer, neither the Bank nor its nominee (as the case may be) is the agent of the Issuer or other parties involved in the relevant Offer.
- 2.4 **Client as Principal:** The Client must apply for the Offer Securities as principal only. The Bank reserves the right not to process any Application by the Client if the Client is acting as agent, nominee or trustee for any other person.
- 2.5 **Application Requirements:** The Client must ensure that each Application complies with any minimum, maximum, denomination and/or other requirements (whether in respect of the quantity or value of the Offer Securities or the number of the Application) prescribed by the Issuer of the relevant Offer. Any Application which does not fully comply with all such requirements will not be processed by the Bank.
- 2.6 **Bulk Application:** Where an Application forms part of a bulk application made by the Bank or its nominee, whether on their own behalf or on behalf of their other clients, the Client acknowledges and agrees that:
- (i) such bulk application may be rejected for reasons which are unrelated to the Client and the Application, and neither the Bank nor its nominee shall, in the absence of fraud, gross negligence or wilful default on their part, be liable to the Client or any other person in consequence of such rejection;
 - (ii) it shall indemnify the Bank and its nominee against all losses, damages, costs, charges, expenses (including legal fees on a full indemnity basis), claims or demands which may be sustained or incurred by or made against the Bank or its nominee if such bulk application is rejected as a result of the Client's failure to comply with any of its obligations under the Agreement or otherwise in connection with the Application (including any representations and warranties given by the Client being

or becoming untrue) or any other factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to other persons affected by such failure or factors; and

(iii) in the event that the bulk application is only partially accepted, the Client agrees that the Bank or its nominee is entitled to distribute the Allotted Securities in the Bank or its nominee's absolute discretion, including distributing the Allotted Securities equally among the Bank and its nominee's clients under the bulk application and the Client shall not have any claim to the Allotted Securities or claim of priority to another client of the Bank or its nominee in relation to the bulk application.

2.7 **No Withdrawal:** The Client acknowledges and agrees that any Application, once submitted by the Bank or its nominee, as agent on behalf of the Client, or otherwise processed by the Bank or its nominee, might not be capable of being withdrawn, cancelled or modified.

2.8 **Fees:** The Client shall ensure that there are sufficient cleared funds in the Account to cover the Application Amount at the time the Application is made, and at all times thereafter until the same is debited from the Account or otherwise paid for the purposes of settling the Application.

3. **Responsibility of the Bank**

3.1 **No Endorsement:** The Bank and its nominee shall not have any liability in respect of, is not responsible for, has not, and shall not be deemed to have authorised, endorsed or verified the contents of any prospectus, offering document, application form(s) and/or other documents relating to any Offer.

3.2 **Not Investment Advisor:** Unless otherwise appointed as such in writing, the Bank and its nominee is not the investment adviser of the Client with respect to any Offer or Application and shall not be responsible for any loss which the Client may suffer as a result of any Application made. The Client confirms that each Application is made by the Client on its own judgment and at its sole risk.

3.3 **No Representations:** The Bank and its nominee makes no undertakings, warranties or representations as to the result of the allotment of the Offer Securities in any Offer and in any event the Bank and its nominee shall not be responsible for the result of the allotment or any rejection in full or in part of any Application for any reason.

4. **Notification and Approval**

4.1 **Approval of Applications:** The Issuer shall be solely responsible for approving or disapproving Applications and for announcing the results of allocation of the Offer Securities. The specific arrangements with regard to the announcement of results may differ from one Offer to another and the Client shall be responsible for ascertaining details of such arrangements by reviewing the relevant prospectus. The Bank or its nominee will notify the Client of the results of its Application in such manner as the Bank may consider appropriate. Neither the Bank nor the Issuer is obliged to inform you of any reason of why an Application is unsuccessful or only partially accepted, but the following factors may be

relevant:

- (i) there are insufficient funds in the Client's Account at the relevant time for settling the Application Amount and Handling Fee or pre-arranged facilities for such purpose;
- (ii) the Client fails to provide all necessary information for the relevant Application to be processed;
- (iii) any information provided by the Client in relation to the Application is not true, correct, accurate and complete; or
- (iv) the Client has made more than one application for subscription of Offer Securities.

4.2 **Disposal of Allotted Securities:** Unless the Bank or its nominee receives notice from the Client to the contrary and payment of all amounts owing by the Client to the Bank or its nominee in connection with any Application is made (within such time as the Bank or its nominee may specify in their notification of allotment to the Client (without prejudice to their right of repayment on demand or any other rights or remedies)), the Bank and its nominee is authorised but not obliged, without notice to or consent from the Client, to sell or otherwise dispose of any and all Allotted Securities in such manner and for such price or prices, free from any restrictions and claims and without being responsible for any loss, as they may think fit and apply the proceeds of such sale or disposal towards discharging any Liabilities in such order of priority as they may consider appropriate, including the costs incurred in connection with the sale or disposal of the Allotted Securities and all other costs incurred by the Bank and its nominee in connection with the Application, the Handling Fee, interest payable by the Client on the Application Loan, outstanding principal amount of the Application Loan, and the Application Amount, and the remaining amount (if any) shall be paid to the Client or to the Client's order. In the event of any Deficit after applying the proceeds of sale or disposal of the Allotted Securities, the Client shall make good and pay on demand to the Bank or its nominee such Deficit.

4.3 **Payment and Release:** If the Client gives any notice to the Bank or its nominee pursuant to Clause 4.2 (Disposal of Allotted Securities) of this Appendix, the Client shall pay to the Bank or its nominee at the time of giving such notice or otherwise on demand all amounts owing by the Client to the Bank or its nominee in connection with the relevant Application (including all fees, charges and expenses specified by any Relevant Person). The Bank is not obliged to release or procure its nominee to release to the Client the certificates relating to the Allotted Securities, or to procure the Allotted Securities to be credited to the Client's specified account, unless and until all amounts owing by the Client to the Bank and its nominee have been received in full by them to their satisfaction.

5. Refunds

5.1 **Unsuccessful Application:** If an Application is submitted but is wholly or partly unsuccessful, the Bank or its nominee will arrange for refund of the Application Amount (or the applicable balance as the case may be) on the refund date as announced by the Issuer in the same manner described in this Clause subject to Clauses 5.4 (Financing Fees) and

7.1 (Application Financing) of this Appendix.

- 5.2 **Lower Offer Price:** In the event that the offer price of the Offer Securities (as finally determined by the Issuer) is less than the Application Amount initially paid by the Client, the Bank or its nominee will arrange to refund the surplus of the Application Amount to the Client in accordance with the terms and conditions of the relevant Offer subject to Clauses 5.4 (Financing Fees) and 7 (Application Financing) of this Appendix.
- 5.3 **Fees:** Notwithstanding anything to the contrary, all Handling Fees and all other fees in connection with an Application are not refundable, even where the listing of the relevant Issuer is delayed or cancelled.
- 5.4 **Financing Fees:** Where the Bank has made available an Application Loan to the Client in connection with the Application, the Client irrevocably agrees and confirms that the Bank or its nominee (as the case may be) is authorised to apply any refund amount towards the settlement of any amount owing by the Client to the Bank in the manner specified in Clause 4.2 (Disposal of Allotted Securities) of this Appendix.

6. Client's Undertakings and Responsibilities

- 6.1 **Not Prohibited:** The Client warrants to and for the benefit of the Bank and its nominees that the Client is not a person prohibited by any Relevant Person or any Applicable Regulations from making the Application(s) or from owning the Offer Securities and that the Client makes each Application as principal and not on behalf of any person subject to such prohibition or any other person.
- 6.2 **Offering Documents:** With respect to each Application, the Client understands, and shall accept and comply with all the terms and conditions governing the relevant Offer as set out in the relevant application form, prospectus and/or offering document and any other relevant document in respect of such Offer. The Client agrees to be bound by such terms and conditions (and to give all representations, warranties, confirmations and undertakings as may be required) in respect of each Offer for which the Bank or its nominees makes an Application. The Client shall make the investment decision based on the prospectus and other offering documents in respect of the relevant Offer. The Bank has no obligation to provide such prospectus and other offering documents to the Client.
- 6.3 **Multiple Applications:** The Client represents and warrants to the Bank and its nominee that in respect of any Application (a) (where multiple Applications for subscription of Offer Securities are not permitted) the Client has not made and will not make, and has not procured and will not procure, more than one Application for subscription of Offer Securities whether for its own account or for the account of any other person, and (b) the Client has not been placed (whether for its own benefit or for the benefit of any other person) with any shares or warrants or interests which are of the same class or type as those applied for in the Application. The Client acknowledges that any breach by the Client of or any inaccuracy of the representation and warranty set out in this Clause may result in, in addition to the rejection of the Application, the rejection of other applications submitted by the Bank or its nominee on their own behalf or on behalf of their other clients. The Client

shall indemnify the Bank and its nominee on demand for all losses resulting from such breach or inaccuracy. The Client acknowledges and accepts that the representation and warranty set out in this Clause will be relied upon by the Bank, its nominee and the Relevant Persons in respect of the relevant Application.

6.4 **General Representations:** With respect to each Application, the Client represents and warrants to the Bank and its nominee that:

- (i) all information provided by or on behalf of the Client in respect of an Application is true, complete, accurate and correct in all respects. The Client undertakes to inform the Bank immediately if there is any change to such information;
- (ii) the Client is an independent third party and is not connected with or acting in concert with any directors, chief executive, substantial shareholders of the Issuer and/or any of their respective subsidiaries or an Associate of any of them, as such terms are defined in the Rules Governing the Listing of Securities on the SEHK. Further, the Client's subscription is not directly or indirectly financed or backed by any such persons;
- (iii) the Client does not hold any interests in the Issuer prior to the subscription of the Offer Securities; and
- (iv) the Client is not a U.S. Person and the Client's subscription would not require the Issuer and/or the Bank or its nominee to comply with any requirements under any law or regulation of any territory outside Hong Kong.

6.5 **Additional Representations:** In addition to the other representations, warranties and undertakings given or to be given by the Client to the Bank or its nominee in connection with each Application, the Client gives the Bank and its nominee all the representations, warranties and undertakings which an applicant for Offer Securities in respect of an Offer is required to give (whether to any or all of the Relevant Persons).

6.6 **Further Assurance:** The Client recognises and understands that the legal and regulatory requirements and market practice in respect of each Offer or Application may vary from time to time. The Client undertakes to provide to the Bank and its nominee such information, make such disclosure, take such steps and give such representations, warranties and undertakings as may be required of the Client in accordance with such legal and regulatory requirements and market practice as the Bank or its nominee may determine from time to time. The Client shall also comply with such requirements and practice.

6.7 **Bank's Representations:** Where the Bank or its nominee, as the case may be, is required, in respect of any Offer or Application, to give any undertakings, representations and warranties to any one or more of the Relevant Persons with respect to the Client or any other matters, the Bank and its nominee is authorised by the Client to give such undertakings, representations and warranties in reliance solely upon any corresponding undertakings, representations and warranties given by the Client to the Bank or its nominee. The Client shall be bound by all applicable announcements made by any Relevant Person and all Applicable Regulations governing each Offer and Application and the issue of the

Allotted Securities.

6.8 **Bank to Act on Behalf of Client:** Without prejudice to Clause 2.8 (Power of Attorney) of the Terms, the Client authorises the Bank and its nominee to execute all documents and to do all things necessary on behalf of the Client for the purposes of making any Application. The Client accepts all things done by the Bank and/or its nominee, as agent on behalf of the Client in connection with each Application. The Client shall accept the Offer Securities applied for in each Application or any lesser quantity allocated to the Bank or its nominee, as agent on behalf of the Client, pursuant to each Application. The Client indemnifies the Bank and its nominee against any loss or claim suffered or incurred by any of them in connection with each Application.

6.9 **Disclosure:** The Client authorises the Bank and its nominee to disclose to any Relevant Person all information relating to the Client and the relevant Application if disclosure is required by Applicable Regulations or is requested or required in connection with the relevant Offer or Application.

7. Application Financing

7.1 **Application Financing:** The Client may apply to and request that the Bank make available to the Client the Application Loan(s) for Application(s) from time to time subject to this Appendix and subject to agreement on the terms (including the following items) by the Client and the Bank in respect of the relevant Application:

- (a) the principal amount of the Application Loan;
- (b) the interest rate and default interest rate;
- (c) stamp duty and all other fees and charges; and
- (d) the Handling Fee.

7.2 **Bank's Absolute Discretion:** The provision and drawdown of any Application Loan is at the Bank's sole discretion and subject to the Agreement. The Bank may at any time refuse to make available the Application Loan without giving any reason.

7.3 **Margin:** In the event that the Client pays any amount to the Bank by way of margin for the Application, the Bank may pay such amount into the relevant Account of the Client and may apply such amount towards satisfaction of the Application Amount as and when payable. The Client agrees that any such margin actually received by the Bank shall be applied towards satisfaction of the Application Amount before any amount of the Application Loan is so applied.

7.4 **Fees and Expenses:** The Client will pay to the Bank on demand the Application Loan, interest thereon, the Handling Fee, all fees, charges and costs in connection with the Application Loan.

7.5 **Purpose of the Application Loan:** The Application Loan shall be used by the Client exclusively for the purpose of making the relevant Application. Notwithstanding that the Application is made by the Bank or its nominee, as agent on behalf of the Client, the Client

shall have no right, title, interest or claim of whatever nature in or to any amount of the Application Loan or to use the Application Loan for any purpose other than making the relevant Application.

- 7.6 **Drawdown:** If the Bank makes available an Application Loan to the Client, the Bank will credit the Application Loan amount to the relevant Account. Where any Application is to be made by the Bank's nominee, the Bank's nominee shall hold the amount of the relevant Application Loan on trust for the Bank at all times pending payment to or to the order of the Issuer.
- 7.7 **Interest:** The Client is required to pay interest on the Application Loan at the agreed interest rate from the date it is drawn down up to the repayment date as specified by the Bank. If the Issuer does not proceed with listing according to its predetermined schedule, interest will instead accrue up to the day on which the Bank or its nominee(s) receive the refunded amount from the Issuer, or the day on which the Application Loan is repaid in full, whichever is later.
- 7.8 **Repayment:** The Application Loan shall be repaid, together with all interest accrued thereon and any other amounts outstanding in full on the date as specified by the Bank.
- 7.9 **Default Interest:** Any amount payable by the Client under this Appendix, including interest accrued on such amounts, which are due and not repaid, shall bear default interest.
- 7.10 **Early Repayment:** Unless otherwise agreed by the Bank, the Client shall have no right to repay the Application Loan and any other related liabilities, in part or in full, prior to the refund date as specified in the relevant placing and public offer documents.
- 7.11 **Overriding Right:** Notwithstanding any other provisions in this Appendix, the Bank has the overriding right at any time to demand immediate repayment of any outstanding amount of any Application Loan and to cancel any Application Loan.
- 7.12 **Charge:** In consideration of the Bank making available an Application Loan to the Client and upon the allotment and issuance to the Bank its nominee, as agent on behalf of the Client, of the Allotted Securities pursuant to the relevant Application, the Client as beneficial owner hereby charges (by way of first fixed charge), assigns, mortgages and/or pledges and agrees to charge, assign, mortgage and/or pledge to the Bank all the Client's rights, title and interest in and to the Allotted Securities as a continuing security for the payment of all amounts payable by the Client to the Bank or its nominee in connection with the Application Loan and the Application and the performance of any other obligation of the Client to the Bank or its nominee. The security created by this charge shall extend to and cover any and all dividends, warrants, shares, stocks, rights, benefits, interest, distributions, accretions and other money and property accruing or offered at any time by way of substitution, redemption, bonus, preference, option or otherwise in respect of the Allotted Securities.
- 7.13 **Further Charge to Third Parties:** The Bank is authorised by the Client to charge, pledge or otherwise grant a security interest of any nature over any and all Allotted Securities, subject to the security constituted by Clause 7.12 (Charge) of this Appendix, in favour of

any third party as security for any credit facilities made by it to the Bank to finance the Bank's funding of all or part of the Application Loan.

- 7.14 **Further Security:** In consideration of the Bank making available an Application Loan to the Client, the Client as beneficial owner charges, assigns, mortgages and pledges and agrees to charge, assign, mortgage and pledge to the Bank by way of first fixed charge and release to the Bank all the Client's rights, title and interest in and to all sums from time to time standing to the credit of each Account maintained by the Client with the Bank (including any renewal or re-designation thereof) as a continuing security for the payment of all amounts payable by the Client to the Bank and its nominee in connection with the Application Loan and the Application.
- 7.15 **Nature of Security:** Each security constituted by Clauses 7.12 (Charge) and 7.14 (Further Security) of this Appendix is a continuing security and secures the ultimate balance of all indebtedness from time to time owing by the Client to the Bank notwithstanding any intermediate repayment or satisfaction of all or any of such indebtedness. Each security is in addition to, shall not be affected by and may be enforced despite the existence of any other security held by the Bank. Any restriction on the right of consolidating security interests shall not apply to any security constituted by Clause 7.12 (Charge) or 7.14 (Further Security) of this Appendix.
- 7.16 **Further Assurance:** The Client shall at its own cost and expense execute and sign all transfer documents, power of attorney, proxies and/or other documents and do all acts and things which the Bank or its nominee may require for perfecting the Bank or its nominee's title to the Allotted Securities or any of them and/or for vesting or enabling the Bank or its nominee to vest such Allotted Securities in the Bank's name or in the name of the Bank's nominee and/or any purchaser, or otherwise for the purpose of obtaining, presenting and enforcing the full benefit of the Collateral and/or rights and remedies conferred on the Bank by this Appendix. The Bank and its nominee shall be entitled to exercise all rights and powers that are conferred upon the Bank or its nominee by this Appendix including the right to sell the Allotted Securities.
- 7.17 **Application of Payments:** Any monies paid to the Bank or its nominee in respect of any Application Loan or Application may be applied in or towards satisfaction of the same or placed to the credit of such account as the Bank or its nominee may determine with a view to preserving its rights to prove for the full amount of indebtedness of the Client.

8. FINI Information

8.1 In this Clause 8:

"**FINI**" means "Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings;

"**FINI Information**" means any information, communication, instruction, confirmation, declaration, undertaking, forms, documents and other material submitted or provided by the

Bank (or by any service provider acting under the instruction of the Bank) through FINI (whether for itself or on behalf of another party); and

"**New Listing**" means a new listing which shall have its settlement process conducted on FINI.

- 8.2 Without prejudice to the Bank's privacy policy and personal information collection statement, the Client agrees to allow any Hong Kong Regulator to collect, store, use and transfer any FINI Information for the follow purposes:
- (a) to process applications, subscriptions and registration, and to provide services, in relation to any New Listing;
 - (b) to perform or discharge the functions of HKSCC, any relevant or related or affiliated party, and/or any company of which HKEx is the recognized exchange controller (as defined in the SFO);
 - (c) to perform or discharge the functions of the SFC under the SFO;
 - (d) to administer accounts of FINI subscribers and their access rights to FINI;
 - (e) to enable FINI subscribers to perform their user functions to facilitate the New Listing workflow in FINI;
 - (f) to conduct research and statistical analysis and other purposes set out in an Issuer's listing document in relation to a New Listing; or
 - (g) any other purpose otherwise directly relating to any of the above.

APPENDIX V: OPTIONS TRADING

This Appendix V governs the Bank's provision of services in relation to options trading. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1. Definitions and Interpretation

1.1 In this Appendix V, unless otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein:

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

"Exercise Price", sometimes referred to as the 'strike price', means the price per unit of the underlying Securities specified in the option contract at which the underlying Securities may be purchased or sold upon exercise of the option;

"Expiry Date" means the last day on which an option can be exercised. If the agreed Expiry Date is not a Business Day, the Expiry Date shall, unless specified otherwise, be the next following Business Day;

an option which is **"in-the-money"** means an option which has a positive Intrinsic Value. Specifically, an option that is traded on an Exchange in the U.S. is in-the-money if it has an Intrinsic Value of at least US\$0.01;

the **"Intrinsic Value"** of an option is the amount by which the value of the underlying Securities, as determined by the Bank, exceeds (in the case of a call option) or falls short of (in the case of a put option) the Exercise Price;

"Margin" means cash, Investment Products and or other assets as may be acceptable to the Bank, as security for the Client's obligations to the Bank under this Appendix;

"Premium" means the amount payable by a holder and payable to a writer of an option contract in respect of the writing of that option contract;

"SEHK Client Contract" has the meaning of "Client Contract" as defined in the SEHK Options Trading Rules;

"SEHK Contract" has the meaning of "Contract" as defined in the Options Trading Rules;

"SEHK Omnibus Account" has the meaning of "Omnibus Account" as defined in the Options Trading Rules;

"SEHK Options Contract" has the meaning of "Options Contract" as defined in the Options Trading Rules;

"SEHK Options System" means the Options Trading System and the Options Clearing System and any other facility provided by the SEHK or SEOCH for the transaction of SEHK Traded Options Business;

"**SEHK Options Trading Exchange Participant**" has the meaning of "**Options Trading Exchange Participant**" as defined in the Options Trading Rules of the SEHK;

"**SEHK Options Trading Rules**" means the Options Trading Rules of the SEHK, as may be amended or supplemented from time to time;

"**SEHK Standard Contract**" means the standard terms and conditions applicable to an SEHK Options Contract as specified by the SEHK from time to time as set out in the Sixth Schedule to the SEHK Options Trading Rules;

"**SEHK Traded Options Business**" has the meaning of "**Exchange Traded Options Business**" as defined in the Options Trading Rules; and

"**SEOCH Collateral**" has the meaning as defined in the Clearing Rules of the SEOCH.

2. Laws and Rules

- 2.1 **Subject to Laws etc.:** All option trading shall be subject to the laws, rules, regulations, customs and usage of the Exchange, Market and Clearing House (if any) where the option is traded. The Client shall not, whether alone or in concert with others, violate the position or exercise limits of which such Exchange, Market and Clearing House may establish from time to time. All actions taken by the Bank or such Exchange, Market or Clearing House shall be binding on the Client.
- 2.2 **Compliance with Law:** The Client shall abide by all Applicable Regulations of the relevant Exchange, Market and Clearing House regarding all option trading.
- 2.3 **Trading Restrictions:** An Exchange or any other relevant regulatory authority, government agency or professional body may in its discretion and from time to time restrict trading/transactions in particular options or exercise of options in the interests of helping maintain a fair and orderly market in option contracts and/or in the underlying Securities for the protection of investors.
- 2.4 **Restrictions on Abandonment/Exercise:** Notwithstanding anything to the contrary, the Bank may, at its sole discretion, restrict the Client's right to abandon/give-up or exercise an option. In particular:
- (a) in respect of any SEHK Options Contract, the Client cannot exercise the option before its Expiry Date or abandon such option unless an Instruction to such effect is given by the Client in writing and accepted by the Bank; and
 - (b) in respect of any option contract other than an SEHK Options Contract, the Client cannot abandon the option unless an Instruction to such effect is given by the Client in writing and accepted by the Bank.
- 2.5 **Cut-off Times:** The relevant Exchanges, Markets and Clearing Houses have established cut-off times for delivering exercise Instructions which shall be binding on the Client.
- 2.6 **Confidentiality:** The Bank will keep information relating to the Account confidential, but may provide any such information to the parties concerned according to the Bank's privacy policy statement and/or other applicable clauses of the Agreement and/or to the SFC, the

SEHK, the HKEx and any Exchange or any other relevant regulatory authority to comply with their requirements or requests for information.

- 2.7 **Limits:** The Bank may place limits on the open positions or delivery obligations that the Client may have at any time.

3. Options Trading

- 3.1 **Client's Benefit:** The Client confirms that (i) the Account is operated solely for the Client's account and benefit, and not for the benefit of any other person; or (ii) the Client has disclosed to the Bank in writing the name of the person(s) for whose benefit the Account is being operated; or (iii) in respect of SEHK Traded Options Business, the Client has requested the Bank to operate the Account as an SEHK Omnibus Account, and will immediately notify the Bank, on request, of the identity of any person(s) ultimately beneficially interested in the SEHK Options Contracts.
- 3.2 **Execution:** Subject to the cut-off times prescribed by the Bank and Clause 2.4 (Restrictions on Abandonment/Exercise) of this Appendix: exercise instructions may be accepted for same day execution on Business Days within the trading hours set by the Exchange where the option trading is executed; and on the Business Day preceding the Expiry Date for any particular option contract, the Bank will accept exercise instructions in accordance with the trading hours set by the Exchange where the option trading is executed.
- 3.3 **No Notice of Expiration:** The Bank is not obliged to give the Client prior notice of an option's Expiry Date, and the Client has the sole responsibility of taking action to exercise an option. The Client shall be aware of the trading hours and any non-trading day in place where the option is executed, so to ensure the option can be exercised in a timely manner. Where the Client does not provide the Bank with any exercise instructions by the prescribed time set by the relevant institutions and Exchanges (which the Bank is not obliged to notify), the Client shall waive and release the Bank, its officers, employees and agents from any and all claims of damage and loss suffered by the Client as a result of any option not being exercised.
- 3.4 **Underlying Securities:** The Bank is under no obligation to convey to the Client any information relating to the underlying Securities covered by the option or any Securities related thereto, or any information relating to the options, whether such information is then or thereafter known or available. It is the sole responsibility of the Client to exercise, in a proper and timely manner, any right, privilege or obligation of any put option or call option of the Client.
- 3.5 **Options in the Margin Account:** In the case of an option sold or written by the Client in the Margin Account:
- (a) with respect to a call option which if exercised against the Client will require delivery of Securities sold, the Client shall keep such Securities in the Margin Account until the expiration of the option period, and shall not sell or withdraw such Securities. If the option is exercised, the Bank may deliver such Securities to the purchaser without prior notice to the Client; and

- (b) with respect to any put option which if exercised against the Client will require payment for Securities purchased, the Client shall keep in the Margin Account sufficient funds for such payment until the expiration of the option period, and shall not withdraw such funds or utilise them for any other purpose. If the option is exercised, the Bank may use such funds for the purchase of such Securities without prior notice to the Client.
- 3.6 **Bank's Own Account:** The Bank and members of the Group may trade in options and the Securities underlying such options for their own account. Such trading may be conducted continuously on a daily basis, and may occur prior to, contemporaneously with, or subsequent to any option transaction effected for the Client's Account. In such trading, the Bank and members of the Group may take option positions or their underlying Securities which may be similar to or differ from (a) the positions which the Client may have in the Account or (b) Transactions which the Bank and members of the Group may recommend to the Client or (c) Transactions which the Bank and members of the Group may effect for the Client. The Client understands that such trading may adversely affect the Client's interests.
- 3.7 **Long Options and Expiration:** If the Client exercises a long option contract, the Client agrees to pay the full aggregate exercise price provided for by the option contract. Long options of the Client may expire and become worthless if the Client does not deliver the relevant Instructions by their corresponding exercise cut-off time, provided that each in-the-money long option will be automatically exercised at the expiry time on its Expiry Date. Therefore, if the Client does not wish for any such in-the-money open long option to be exercised, the Client must close its open position in respect of such option contract before the expiry time.
- 3.8 **Exercise Assignment Notices:** The Bank shall allocate exercise assignment notices for option contracts on a fair basis.
- 3.9 **Obligations under the Options Contract:** The client shall make each payment and delivery in accordance with each option contract to which it is a party, and perform all its obligations thereunder. The Client shall at all times bear the sole risk of complying with and the consequences of it complying with or failing to comply with all delivery obligations arising out of an option contract, specifically, if the Client's option position is exercised or assigned, it must take full responsibility of all corresponding obligations (including settlement obligations) and bear all resulting losses (if any).
- 4 Margin and Security**
- 4.1 **Security:** All Securities and funds held in any Account shall be charged pursuant to Clause 16 (Charge) of the Terms.
- 4.2 **Margin:** The Client agrees to provide the Bank with Margin. Such Margin should be paid or delivered as demanded by the Bank from time to time, and any failure by the Client to provide Margin in the manner requested by the Bank shall be an Event of Default. The amounts required by way of Margin should not be less than, but may exceed, the amounts

as may be required by Applicable Regulations (in particular, the Rules in respect of the Client's open positions and delivery obligations), and further Margin may be required to reflect changes in market value. In particular:

- (a) where the Client's SEHK Options Contract is in-the-money or close to being in-the-money (as determined by the Bank in its sole discretion) the Bank will, from time to time and without further notifying the Client, recalculate the Margin required (in anticipation of the exercise or automatic exercise of the SEHK Options Contract) and make further demands for Margin where necessary; and
- (b) where the client's option (other than an SEHK Options Contract) is in-the-money or close to being in-the-money (as determined by the Bank in its sole discretion), the Bank will, from time to time and without further notifying the Client, recalculate the Margin required (in anticipation of the exercise or automatic exercise of the option) and make further demands for Margin where necessary.

4.3 **Authority to Deliver:** The Client shall on request provide the Bank with such authority as the Bank may require under the Rules to authorise the Bank to deliver such Securities, directly or through another SEHK Options Trading Exchange Participant, to SEOCH as SEOCH Collateral in respect of SEHK Exchange Traded Options Business resulting from the Client's Instructions to the Bank or such other relevant persons as determined by the Bank in its sole discretion from time to time; and, in respect of options trading only, the Bank does not have any further authority from the Client to borrow or lend the Client's Securities or otherwise part with possession (except to the Client or on the Client's instructions) of any of the Client's Securities for any other purpose.

4.4 **Sufficient Assets at all times:** The Client must ensure that sufficient assets exist in the Account at the time when the Client gives an Instruction to trade an option contract, with the Client maintaining sufficient amount of assets throughout the life of the option until it expires or is exercised.

5 **Premium and Commission**

In respect of all option contracts effected on the Client's Instructions, the Client will pay the Bank, within the time period notified by the Bank, Premium, the Bank's commission and any other charges, and applicable levies imposed by the SEHK or the relevant Exchange, Market or Clearing House, as have been notified to the Client; and the Bank may deduct such Premium, commissions, charges and levies from any Account.

6 **Option Trading on SEHK**

Without prejudice, and in addition, to the other clauses in this Appendix, this Clause 6 shall apply when the Bank carries out SEHK Exchange Traded Options Business for or for the benefit of the Client.

6.1 **Options Officer:** The full name of the options officer or options representative (and his/her licensing and registration particulars) who is primarily responsible for the Client's affairs for the purpose of this Clause 6 is the person who is either stated as

such in the Account opening procedures, or is such other person that may otherwise be notified from time to time by the Bank to the Client.

- 6.2 **Applicable Rules:** All SEHK Traded Options Business shall be effected in accordance with the Rules applicable to the Bank, which include, but are not limited to, the SEHK Options Trading Rules, the Clearing Rules of SEOCH and the rules of the HKSCC; and in particular, SEOCH has authority under the Rules to make adjustments to the terms of SEHK Contracts, the Bank should notify the Client of any such adjustments which affect SEHK Client Contracts to which the Client is a party, and all actions taken by the Bank, by SEHK, by SEOCH or by HKSCC in accordance with such Rules shall be binding on the Client.
- 6.3 **SEHK Standard Contract:** The terms of the SEHK Standard Contract for the relevant options series shall apply to each SEHK Client Contract between the Bank and the Client, and that all SEHK Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.
- 6.4 **Close Out/Give-up:** The Client acknowledges that:
- (a) the Bank may be required to close out a SEHK Client Contract if the Bank is of the view that exercise of the option under such SEHK Client Contract will result in a short underlying position for the Client and the Client fails to close its position or open a sufficient underlying position at least 2 Business Days before the Expiry Date of such option;
 - (b) the Bank may be required to close out or give-up SEHK Client Contracts to comply with position limits imposed by SEHK; and
 - (c) if the Bank goes into default, the default procedures of SEHK may result in SEHK Client Contracts being closed out or given-up, or replaced by SEHK Client Contracts between the Client and another Options Exchange Participant (as defined in the SEHK Options Trading Rules).
- 6.5 **Change to Issuer:** Where there is a change in the capital structure or composition of the issuer of the underlying Securities of an option class or in any other exceptional circumstances, SEOCH may make adjustments to the terms and conditions of that option class as are, in its opinion, necessary and desirable to ensure that all parties to SEHK Contracts comprised in open positions in that option class are treated fairly. All such adjustments shall be binding on the Client.
- 6.6 **Replacement:** At the Client's request, the Bank may agree to the SEHK Client Contracts between itself and the Client being replaced, in accordance with the Rules and the Client's instructions, by SEHK Client Contracts between the Client and another SEHK Options Trading Exchange Participant.
- 6.7 **Obligations:** On exercise of a SEHK Client Contract by or against the Client, the Client shall perform the Client's delivery obligations under the relevant contract, in accordance with the SEHK Standard Contract and as the Client has been notified by the Bank.

- 6.8 **Principal:** Although all SEHK Options Contracts are to be exercised on the SEHK, the Client and the Bank shall contract as principals under SEHK Client Contracts.
- 6.9 **Product Specifications:** The Bank agrees to provide the Client, upon request, with the product specifications for SEHK Options Contracts.
- 6.10 **Investor Compensation Fund:** If the Bank fails to meet its obligations to the Client pursuant to this Appendix, the Client shall have a right to claim under the Investor Compensation Fund established under the SFO, subject to the terms of the Investor Compensation Fund from time to time.
- 6.11 **Bank's Business:** The Bank shall notify the Client of material changes in respect of the Bank's business which may affect the services the Bank provides to the Client pursuant to this Clause 6.
- 6.12 **Expiration of Long Options:** On the relevant Expiry Date and only on the Expiry Date, the SEHK Options System will automatically generate exercise instructions in respect of all open long options which are in-the-money by or above the percentage prescribed by SEOCH from time to time (currently at 1.5%). The Client may instruct the Bank to override such "automatically generated exercise instruction" before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH and the terms of this Appendix. If the Client does not wish for any such in-the-money long option to be exercised on the Expiry Date, the Client must close its open position in respect of such long option before the expiry time on the Expiry Date.
- 6.13 **Agreement:** The Client confirms that it has read and agrees to the terms of this Appendix, which have been explained to the Client in a language that the Client prefers.
- 6.14 **Position Reporting:** If the Client shall at any time open one or more accounts with members of the SEHK other than the Bank for the purpose of carrying out transactions relating to SEHK Options Contracts, and the Client's number of SEHK Options Contracts in aggregate exceed certain levels with respect to number, value or such other factors, each as determined by the SEHK, the Client shall immediately report the same to the Bank and provide the Bank with such information and such other information as the Bank may require in connection therewith. The Client confirms and acknowledges that the Bank is obliged to report the same as required by rules 439 and 440 of the SEHK Options Trading Rules and the Client consents to the release of such information by the Bank to the SEHK.
- 6.15 **Indemnity:** Without limiting any other indemnity provided by the Client, the Client agrees to indemnify the Bank and its employees and agents against all losses and expenses resulting from the Client's breach of any of its obligations under this Appendix, including costs reasonably incurred in collecting debts from the Client, and in closing the relevant Account.

7 **Default**

If the Client fails to comply with any of the Client's obligations and/or to meet the Liabilities, including failure to provide Margin, the Bank, without prejudice to any other rights the Bank may have, may:

- (a) decline to accept further instructions from the Client in respect of SEHK Exchange Traded Options Business or other option contracts;
- (b) close out, give-up or exercise some or all of the SEHK Client Contracts or other option contracts with the Bank;
- (c) enter into any option contracts, or into any transactions in Investment Products, in order to settle obligations arising or to hedge the risks to which the Bank is exposed in relation to the Client's failure; and
- (d) dispose of some or all of the Margin, and apply the proceeds thereof to discharge the Liabilities, and any proceeds remaining after discharge of all the Liabilities should be paid to the Client.

8 Risk Disclosure Statements

The Client has read and understood the risk disclosure statements set out in Schedule I (Risk Disclosure Statements) or otherwise provided by the Bank to the Client, and accepts in full the risks relating to options trading.

APPENDIX VI: SHORT-SELLING

This Appendix VI governs the Bank's provision of services in relation to short selling. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1. Definitions and Interpretations

1.1 In this Appendix VI, unless otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein:

"**Short Selling Order**", in the context of Securities traded on SEHK, has the meaning given to it under the SFO, and in all other cases, means an Instruction to sell any Investment Products for short account on behalf of the Client.

2. General Prohibition on short selling

Subject to the remainder of this Appendix and/or unless the Client is otherwise notified by the Bank, the Bank will not accept any Instruction for a Short Selling Order. In particular, in the context of Securities traded on SEHK, the Bank will not accept any Instruction for a Short Selling Order where the presently exercisable and unconditional right to vest the relevant Securities in the Client is by virtue of the Client having an option to acquire the Securities to which the Short Selling Order relates. The Bank shall not be responsible to the Client for identifying whether or not an Instruction is a Short Selling Order. The Client undertakes that it will not give any Instruction for a Short Selling Order unless permitted under this Appendix and will notify the Bank whenever any sale order relates to a Short Selling Order and such notification shall be given at the same time as notification of the sale order.

3. "Covered" Short selling order

The Client must inform the Bank where the Client places a "covered" Short Selling Order and the Bank shall at its sole and absolute discretion decide whether or not to accept such an Instruction. The Bank must have reasonable assurance that it will be able to borrow the relevant Investment Products for or on the Client's behalf to effect delivery of such Investment Products to the purchaser.

4. General Exceptions

4.1 **General Exception (SEHK):** Without prejudice to Clause 2 (General Prohibition on Short Selling) of this Appendix, in respect of each Short Selling Order to be transacted at or through SEHK upon the Client's Instruction (the same being accepted by the Bank), the Client declares that it understands the relevant provisions of sections 170 and 171 of the SFO and its related subsidiary legislation, and agrees to ensure that it and all other relevant persons shall comply with the same.

4.2 **Stock Borrowing and Lending Agreement (SEHK):** The Bank may effect an Instruction for a Short Selling Order at or through SEHK if the Bank is, in its sole discretion, satisfied that:

- (a) the Client has a presently exercisable and unconditional right to vest the relevant Securities in the purchaser of them by virtue of having under a securities borrowing and lending agreement;
 - (i) borrowed the relevant Securities; or
 - (ii) obtained a confirmation from the counterparty to the securities borrowing and lending agreement that the counterparty has the relevant Securities available to lend to the Client; and
 - (b) the Client has delivered to the Bank such assurance and documents relating to the securities borrowing and lending agreement as the Bank may in its sole discretion consider necessary or desirable.
- 4.3 **Eligibility (SEHK):** The Bank will not effect a Short Selling Order on the SEHK unless the underlying Securities is on the list of designated securities eligible for short selling, published and updated by the SEHK from time to time.
- 4.4 **Other Grounds:** The Bank may effect an Instruction for a Short Selling Order on such grounds, and subject to such other conditions, as it sees fit.
- 4.5 **Further assurance:** The Client shall, in respect of a Short Selling Order, deliver to the Bank such other information in such form, substance and within such time, as prescribed by Applicable Regulations and/or the Bank.
- 4.6 **Inability to borrow:** If the Bank is unable to borrow the relevant Investment Products to enable the Client to effect delivery on a Short Selling Order, or if the Bank is unable to re-borrow the relevant Investment Products in order to satisfy a re-call notice from the lender of such Investment Products, then the Bank may be subject to a buy-in pursuant to Applicable Regulations. The Bank shall not be liable for any losses, costs or expenses of the Client arising from such borrowing, re-borrowing or buy-in.
- 4.7 **Applicable Regulations:** The Client shall, in respect of all Short Selling Orders, comply with Applicable Regulations.

APPENDIX VII: OVERNIGHT U.S. STOCK TRADING SERVICES

This Appendix VII governs the Bank's provision of Overnight U.S. Stock Trading Services. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Bank, as they may be amended from time to time. It forms an integral part of the Agreement.

1. Definitions and Interpretations

1.1 In this Appendix VII, unless otherwise defined below, the terms defined in the Agreement shall have the same meaning when used herein:

"**ATS**" means an alternative trading system regulated by the SEC that can match buy and sell orders for NMS Products and other financial products that can be matched and traded by ATS Service Provider during Overnight Sessions;

"**ATS Service Provider**" means the service provider and operator of an ATS, as appointed by the Upstream US Broker from time to time;

"**Ex-dividend Date**" means the day a listed company decides to issue the dividends to the investors as long as the investors purchase the stock before this date and hold the stock until the dividends issuing date;

"**ETF**" means an exchange-traded fund registered with the SEC under the Investment Company Act of 1940;

"**Matched Orders**" has the meaning ascribed to it in Clause 3.4 (Matched Orders) of this Appendix;

"**NMS Products**" means any stock, class of stocks, ETF, funds or other financial products that can be matched and traded by ATS Service Provider (other than an option) for which transaction reports are collected, processed and made available pursuant to the U.S. national market system;

"**Overnight Session**" means trading hours outside of regular U.S. trading hours, as determined by the Bank from time to time. In most cases, this would be between 8:00PM Eastern Time and 4:00AM Eastern Time Sunday to Thursday, being days when the New York Stock Exchange trade reporting facility operates on the following morning;

"**Overnight U.S. Stock Trading Services**" means the services provided by the Bank in relation to Transactions for NMS Products during Overnight Sessions;

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

"**Taxes**" means all retrospective, present or future taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) NMS Products or cash, (ii) any Transactions effected for Overnight U.S. Stock Trading Services or (iii) you; and

"Upstream US Broker" means a broker dealer registered with the SEC appointed by the Bank from time to time for the acceptance of Matched Orders.

2. Applicable Regulations

- 2.1 **Applicable Rules and Regulations:** All Instructions given for Overnight U.S. Stock Trading Services and all Transactions for Overnight U.S. Stock Trading Services made or entered into by the Bank on behalf of the Client, shall be subject to, and the Client shall be bound by:
- (a) the Agreement;
 - (b) applicable Bank's rules, regulations, procedures and policies constantly updated;
 - (c) the memorandum and articles of association of the SEC, the Rules of the SEC, the clearing rules and the customs, usages, rulings and procedures of the SEC; and
 - (d) all other Applicable Regulations.
- 2.2 **Conflict:** If there is any conflict or inconsistency between any provisions of the Agreement on one hand, and anything contained in paragraphs (b), (c) and (d) of Clause 2.1 of this Appendix on the other hand, the Bank may, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action, to ensure compliance with the same.

3. Scope of Overnight U.S. Stock Trading Services

- 3.1 **Scope:** The Bank may (but is not obliged to) provide Overnight U.S. Stock Trading Services to the Client. Additional functions and services in connection with the Overnight U.S. Stock Trading Services may be provided by the Bank to the Client from time to time, in which case additional terms and conditions may apply, which the Client shall read and agree to before using those functions or services. The Overnight U.S. Stock Trading Services and any additional services in connection thereto shall be provided through the Account.
- 3.2 **NMS Products:** The Bank may, at its sole and absolute discretion from time to time, decide which NMS Products may be traded.
- 3.3 **Absolute Discretion:** Notwithstanding anything contained in this Appendix, the Bank may, at its sole discretion at any time, without notice or reference to the Client, and without any liability to the Client:
- (a) vary the trading hours of the Overnight Session;
 - (b) limit the availability of, or suspend (in whole or in part), the Overnight U.S. Stock Trading Services, regardless of any open or close position on any trading day;
 - (c) set any limit on any Instruction in relation to Overnight U.S. Stock Trading Services; and/or
 - (d) refuse to process or accept any Instruction in relation to Overnight U.S. Stock Trading Services.

- 3.4 **Matched Orders:** The Bank will use all reasonable efforts to execute and effect all Instructions for Overnight U.S. Stock Trading Services that are accepted by it, and recorded in and matched by the ATS Service Provider (the “Matched Orders”).
- 3.5 **Unmatched Orders:** Unless otherwise stated by the Bank, all Instructions for Overnight U.S. Stock Trading Services which remain wholly or partly unmatched by the end of the Overnight Session will be automatically cancelled and of no further effect.
- 3.6 **Prices:** The actual bid and offer prices of NMS Products shall be determined at the time when the Transaction for the NMS Products is effected. Any figures which may be quoted or provided to the Client by the Bank or its representatives at any other time are for reference only and are not binding on the Bank.
- 3.7 **Binding:** All Instructions for Overnight U.S. Stock Trading Services are conclusive and binding on the Client upon placement of any such Instruction, but are subject to final execution and acceptance by the Bank.

4 Limitation of liabilities

- 4.1 **Exclusion of Liability:** The Client agrees that none of the Bank, any member of the Group, the ATS Service Provider, the Upstream US Broker or any of their respective nominees, directors, employees or agents, shall be liable for any claims, suits, actions, proceedings, losses, damages, obligations, liabilities, costs, fees and expenses which the Client may incur arising out of or in connection with the Overnight U.S. Stock Trading Services or any of the following, unless due to the gross negligence, fraud or wilful default of such persons:
- (a) any interruption, interception, suspension, delay, loss, unavailability, breakdown, disruption or other failure of the ATS (for any reason whatsoever) including, without limitation, failure of any communication network or computer downtime, act or omission of any third party information or service providers, computer virus, unauthorised access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law);
 - (b) any errors or failures relating to transmission, posting and/or storage of any information and/or data relating to the Client, NMS Products and/or the Overnight U.S. Stock Trading Services conducted by the Client through or in any system, equipment or instrument of any communication network provider;
 - (c) any failure to settle the Matched Orders;
 - (d) the Bank not accepting, carrying out, executing or effecting the Client's Instructions for Overnight U.S. Stock Trading Services (or omitting to give notice therefor); and
 - (e) any action taken by the Bank pursuant to this Appendix, in particular Clause 3.3 (Absolute Discretion) of this Appendix.
- 4.2 **Unavailability of Upstream US Broker:** In the event of any unavailability of the

Upstream US Broker, the Bank:

- (a) will as soon as practicable notify the Client; and
- (b) shall have the sole and absolute discretion to (i) cancel any Instructions for Overnight U.S. Stock Trading Services (including the Matched Orders); and/or (ii) limit, vary, suspend or terminate the Overnight U.S. Stock Trading Services provided to the Client.

5. Settlement and Currency Conversion

As all Transactions for Overnight U.S. Stock Trading Services are effected and settled in USD, if we do not receive sufficient USD before settlement of a buy order to settle such purchase of NMS Products, settlement may be delayed and/or fail, and you may not acquire any title to, or become entitled to, sell or transfer the relevant NMS Stock. Where we hold any funds on your behalf, if there are insufficient USD funds to settle any NMS Stock buy order or other payment obligation in connection with an Instruction, then, without prejudice to clause 9.1 (Currency Conversion) of the Terms, you authorise us to convert any funds in any other currency which we hold on your behalf into USD for the purposes of settlement thereof.

6. Sale, Transfer and Disgorgement

- 6.1 **Forced-sale:** Where we receive a notice (a "Forced-sale Notice") from the Upstream US Broker and/or the ATS Service Provider, requiring us to sell and liquidate a specified number of NMS Products, we shall be entitled to issue a corresponding notice (a "Client Forced-sale Notice") to you requesting you to sell and liquidate any number of such NMS Products that you hold in your Account with us (as determined by us in our sole discretion) within the period specified by us, and you undertake to comply with any such Client Forced-sale Notice.
- 6.2 **Discretion pursuant to Forced-sale Notice:** In relation to any Forced-sale Notice, you authorise us to sell or arrange for the sale of such NMS Products on your behalf at such price and on such terms as we may determine in our absolute discretion if you fail to comply in a timely manner with a Client Forced-sale Notice.
- 6.3 **Recipient Agent:** Where NMS Products owned by you that are the subject of a Client Forced-sale Notice have been transferred from the holding of the cleaning participant that settled the relevant NMS Products buy order (the "Original CP") to another cleaning participant or custodian (the "Recipient Agent"), you authorise us to provide instructions to the Recipient Agent on your behalf to return the relevant NMS Products to the Original CP for sale and liquidation in accordance with all the requirement from the ATS Service Provider and/or the Upstream US Broker. You also undertake to inform the Recipient Agent of such authorisation and, where required, you undertake to instruct the Recipient Agent to act accordingly.
- 6.4 **Further Action:** In addition to the above, you authorise us to sell, transfer or carry out any other action in relation to NMS Products owned by you if we are instructed to do so by the ATS Service Provider and/or the Upstream US Broker or if we otherwise determine in our absolute discretion that it is necessary or desirable to do so in order to comply with any

Applicable Regulations.

- 6.5 **No Liability:** Neither we, the ATS Service Provider nor the Upstream US Broker shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by any party in respect of this Clause 6.

7. Taxation and Information

- 7.1 **Taxes:** You shall be responsible for paying all Taxes and complying with all filing or registration obligations relating to any NMS Products and any dividends or entitlements in respect of such NMS Products, in each case as may be required under by any Applicable Regulation, the ATS Service Provider and/or the Upstream US Broker.
- 7.2 **Further Information:** In the event we are required by the ATS Service Provider and/or the Upstream US Broker to pay any Taxes, we may notify you whenever necessary and request that you provide us with relevant information as we deem necessary to fulfil our obligations. You must provide to us, promptly on such request, such information and documents, including but not limited to costs of your purchase of the NMS Products, and your and/or any underlying beneficial owner's tax status or residence. We may withhold or deduct relevant Taxes from any amount due to you and you will remain liable for any shortfall.
- 7.3 **Non-Receipt of Information:** In the event we do not receive any requested information from you within a reasonable period of time to fulfil our obligations, we shall be forthwith entitled in our absolute discretion, without further notice or demand to you, to satisfy any obligation of us or you to pay or account for any amounts in respect of any Taxes by selling, realizing or otherwise dealing with, in such manner as we in our absolute discretion may determine, all or part of any property held by us for any purpose in any of your accounts held with us, and to apply the proceeds in reduction of all or part of your liability to any tax authority or us.
- 7.4 **Accuracy:** We shall have no responsibility to verify the accuracy of the information provided by you and are entitled to rely on such information to fulfil our obligations.
- 7.5 **Tax Relief:** We shall have no liability whatsoever for the lack of any tax relief, or any failure to obtain the benefit of any tax credit.

8. Termination

Without prejudice to any other terms of the Agreement, the Overnight U.S. Stock Trading Services may be terminated by either party upon not less than 7 days' written notice to the other. Notwithstanding the termination of the Overnight U.S. Stock Trading Services for any reason, Clauses 4 (Limitation of liabilities) and 6 (Sale, Transfer and Disgorgement) shall survive termination, and we shall in any event be entitled to retain such NMS Products and/or cash as we may in our sole discretion determine, in order to complete any Matched Orders required to be settled on your behalf.

9. Risk Disclosures and Acknowledgement

You shall be deemed to acknowledge the following by instructing us in respect of any transaction relating to Overnight U.S. Stock Trading Services.

- 9.1 **Risk Disclosure Statements:** You acknowledge that you have read and understood the risk disclosures, the obligations and other information set out in Schedule I (Risk Disclosure Statements) of the Agreement;
- 9.2 **Risk of Lower Liquidity:** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. There may be lower liquidity in Overnight Session as compared to U.S. regular trading hours. As a result, the Client's order may only be partially executed, or not at all;
- 9.3 **Risk of Higher Volatility:** Volatility refers to the changes in price that securities undergo when trading. There may be greater volatility in Overnight Session than in U.S. regular trading hours. As a result, the Client's order may only be partially executed, or not at all, or the Client may receive an inferior price when engaging in Overnight Session than the Client would during regular U.S. securities trading hours;
- 9.4 **Risk of Changing Prices:** The prices of securities traded in Overnight Session may not reflect the prices either at the end of U.S. regular trading hours, or upon the opening the next morning. As a result, the Client may receive an inferior price when engaging in Overnight Session than the Client would during U.S. regular trading hours;
- 9.5 **Risk of Dividends:** If the Client purchase a U.S. Stock during the Overnight Session, they will not be entitled to the dividend due to the trading period in the Overnight Session being on the Ex-dividend Date;
- 9.6 **Risk of Unlinked Markets:** Depending on the ATS system or the time of day, the prices displayed on an ATS system may not reflect the prices in other concurrently ATS systems dealing in the same securities. Accordingly, the Client may receive an inferior price in one ATS system than the Client would in another ATS system;
- 9.7 **Risk of News Announcements:** Normally, issuers make news announcements that may affect the price of their securities after U.S. regular trading hours. Similarly, important financial information is frequently announced outside of U.S. regular trading hours. In Overnight Session, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security;
- 9.8 **Risk of Wider Spreads:** The spread refers to the difference in price between what the Client can buy a security for and what the Client can sell it for. Lower liquidity and higher volatility in Overnight Session may result in wider than normal spreads for a particular security.
- 9.9 **Prohibition:** You acknowledge that there is a risk of prohibition from trading NMS Products via ATS and that your instructions to trade in Overnight Session may not be accepted.
- 9.10 **Investigations:** You acknowledge that we may (for the purpose of assisting the Upstream US Broker in its regulatory surveillance of the relevant trading Market and enforcement of the relevant rules), at the request of the Upstream US Broker, require you to provide information (including, without limitation, in relation to your identity, personal data and trading activity) in relation to you and any other persons with respect to any Matched

Orders placed or the transactions made or entered into by us on your or their behalf.

- 9.11 **Rejection and Cancellation:** You acknowledge and accept that the Upstream US Broker may, upon the ATS Service Provider's request, require us to reject and/or cancel any order made on your behalf.
- 9.12 By trading NMS Products related to ETF and/or other fund products, you confirm and have given full consideration about your investment goal, trading risks, inflation risks, relevant costs and expenses, and have carefully read through the material information and prospectus of the product.
- 9.13 By holding an NMS Product related to voting and/or foreclosure rights, you confirm that the Bank does not hold obligation and responsibility to assist you with relevant voting and foreclosing practices. You confirm that the Bank reserves the right of final decisions.
- 9.14 By trading on NMS Products, the Client is exposed to the credit, settlement, and other risks of the counterparty to the relevant OTC transactions. Settlement of the relevant Transactions is not guaranteed and the Client will be responsible for any losses or expenses resulting from the Client's and/or the counterparty's settlement failures or delays.
- 9.15 You should understand the US rules applicable to trades in security or security-like instrument in markets governed by US law before undertaking any NMS Product trading. US law could apply to trading in US markets irrespective of the law applicable in your home jurisdiction. You may bear additional costs and expenditure to comply with constantly updated US laws and regulations.

SCHEDULE I: RISK DISCLOSURE STATEMENTS

The Client should read these risk disclosure statements carefully. These statements form an integral part of the Agreement and the Account Opening Form. By executing the Account Opening Form, the Client acknowledges that it has received and read these statements in a language of its choice (English or Chinese) and confirms its understanding of the risks which may arise in connection with the investments and transactions relating to the Accounts. These risk disclosure statements do not disclose or purport to disclose all the risks and relevant considerations in connection with all the investments and transactions relating to the Accounts. The Client should refrain from making any investment or transaction unless the Client fully understands the risks involved and has obtained independent legal, tax, financial and other advice from its own advisers as it considers appropriate. The Bank is not, and shall not be deemed to be, the Client's financial advisor.

RISKS IN SECURITIES TRADING

1. The prices of securities (including but not limited to bonds or benefits of unit trust funds, mutual funds, or other collective investment schemes) fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
2. Any representation of past performance is not necessarily a guide to future performance.
3. Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.
4. Investments in emerging markets need careful and independent assessment by you of each investment and the risks (including without limitation sovereign risk, issuer risk, price risk, liquidity risk, legal and tax risks). Further, you should be aware that, while such investments can yield high gains, they can also be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to investors.
5. The Bank is entitled to act upon your instructions and you cannot assume that the Bank will warn you if your instructions are ill-timed or inadvisable for any reason or if the instructions are likely to cause you loss.
6. Before you make any investment, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

GEM stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid. You should make the decision to invest only after due and careful

consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. The principal means of information dissemination on the GEM stocks is publication on the internet website operated by SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers. Accordingly, you need to have access to up-to-date information on the GEM-listed companies as published on the aforementioned website operated by SEHK. You should seek independent professional advice if you are uncertain of or have not understood any aspect of these risk disclosure statements or the nature and risks involved in trading of GEM stocks. These risk disclosure statements do not purport to disclose all the risks and other significant aspects of the GEM stocks. You should undertake own research and study on the trading of securities on the GEM stocks before commencing any trading activities.

RISKS OF TRADING U.S. SECURITIES

In addition to the risks outlined in the previous section, the following is a summary of some (not all) of the risks of trading in U.S. Securities:

1. **Differences in regulatory regimes:** U.S. markets may be subject to different regulations and may operate differently from SEHK. For example, there may be different rules providing for the safekeeping of U.S. Securities held by custodian banks or depositories. This may affect the level of safeguards in place to ensure proper segregation and safekeeping of your U.S. Securities held overseas. U.S. markets may also have different periods for clearing and settling transactions. These may affect the information available to you regarding transaction prices and the time you have to settle your trade. U.S. Securities may not be subject to the same disclosure standards that apply to investment products listed for quotation or quoted on SEHK. Where disclosure is made, differences in accounting, auditing and financial reporting standards may also affect the quality and comparability of information provided. It may also be more difficult to locate up-to-date information.
2. **Differences in legal systems:** The laws of U.S. may prohibit or restrict the repatriation of funds from U.S., including capital, divestment proceeds, profits, dividends and interest arising from investments in U.S. Securities. There is no guarantee that the funds you have invested and the funds arising from your investment will be capable of being remitted. U.S. may also restrict the amount or type of investment products that foreign investors may purchase. This can affect the liquidity and prices of the U.S. Securities that you invest in.
3. **Different costs involved:** You may have to pay additional costs such as fees and any Broker's commissions for transactions in U.S. Securities. You may also have to pay a premium to trade certain U.S. Securities. Before you begin to trade U.S. Securities, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

4. **Tax implications:** There are tax implications in investing in U.S. Securities. For example, sale proceeds or the receipt of any dividends and other income may be subject to tax levies, duties or charges in U.S., in Hong Kong, or in both countries. The U.S. tax regime covers everyone holding U.S. based investments in his/her own name, regardless of whether the person is a U.S. citizen or permanent resident. In other words, all investors holding U.S. Securities of any form are required to pay a withholding tax on dividends gained. Any U.S. source income received by you through the Bank, including interests or dividends, is subject to the U.S. withholding tax. The broker is required to withhold a tax of up to 30% of any payment of the said income to a foreign person. The Bank does not offer tax relief service, i.e. tax treaty withholding tax rates are not offered, nor will Bank represent or assist you for any application filed with the U.S. Internal Revenue Service for reduction or exemption of the U.S. withholding tax or any request for a refund due to any tax being over-withheld.
5. **Counterparty and correspondent broker risks:** Transactions on U.S. markets are generally effected by the broker through the use of foreign brokers who have trading and/or clearing rights on those markets. All transactions that are executed upon your instructions with such counterparties and correspondent brokers are dependent on their respective due performance of their obligations. The insolvency or default of such counterparties and correspondent brokers may lead to positions being liquidated or closed out without your consent and/or may result in difficulties in recovering your U.S. Securities held overseas.
6. **Political, economic and social developments:** U.S. markets are influenced by the political, economic and social developments in U.S., which may be uncertain and may increase the risk of investing in U.S. Securities.
7. **Not protected by Investor Compensation Fund, SFO and related subsidiary legislation:** The Bank's Transactions executed on Relevant Overseas Markets and U.S. Securities will NOT be subject to a right to claim under the Investor Compensation Fund established under the SFO. There is a risk of your U.S. Securities not being protected if the custodian has credit problems or fails.
8. **Payment for order flow:** Orders for U.S. Securities that are National Market Stocks ("NMS") stocks are generally routed by the broker to select over the counter market makers ("Market Makers") for handling. The broker's agreements with the Market Makers provide the Broker payment for order flow from each Market Maker for trades executed with that Market Maker. The broker may also route orders to another broker, an alternative trading system ("ATS") (including an ATS operated by the Broker on which it executes its clients' orders against each other or one or more professional liquidity providers that send orders to the ATS), or exchange (each an "Away Route"), in which case the Broker may collect payment for order flow for trades executed at or through that Away Route. The

broker may also route orders for U.S. Securities that are US equity options to Market Makers for handling, and may collect payment for order flow for options trades executed through such Market Makers and/or trades executed at an Away Route. You authorise the Broker to receive and retain such payments from Market Makers and Away Routes, in whole or in part, for the Broker's own account and not yours, in consideration for services provided by the Broker to you. These practices do not alter the Bank's policy to require the broker to source the best terms available at the time of the order (taking into account, among other factors, price, transaction cost, volatility, market depth, quality of service, speed and efficiency) and seek to immediately execute the order electronically in order to achieve optimal execution, so as to enable the Bank to satisfy its best execution obligations under applicable law.

You should only trade in U.S. Securities if you understand and are comfortable with the extent of your exposure to the relevant risks. You should carefully consider whether such trading is suitable for you having regard to your investment experience, investment objectives, financial situation and risk tolerance. If you are in any doubt about the risks involved, you should seek independent professional advice.

RISKS OF BUY-AND-SELL OF NASDAQ SECURITIES IN SEHK

The securities traded under the Nasdaq-Amex Pilot Program (the“PP”) are aimed at sophisticated investors. You should consult the Bank and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise market of SEHK.

MARKET RISKS

ETFs are typically designed to track the performance of certain indices, market sectors, or group of assets such as stocks, bonds, or commodities. Investors are exposed to the political, economic, currency and other risks related to the ETF’s underlying index/assets it is tracking. Investment must be prepared to bear the risk of loss and volatility associated with the underlying index/asset.

TRACKING ERROR RISK

There may be disparity between the performance of the ETFs and the performance of the underlying index due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

TRADING AT DISCOUNTS OR PREMIUMS

Where the index/market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETFs in line with its net asset value (NAV) may be disrupted, causing the ETF to trade at a higher premium or discount to its NAV. Investors who buy an ETF at a premium may not be able to recover the premium in the event of termination.

RISKS OF IPO SUBSCRIPTION

Before making any investment decision, investors should read the prospectus for detailed information about the company and the proposed offering before deciding whether or not to invest in the securities concerned.

Submission of an application through this channel does not entitle investors to any advantage in the share allocation process, and in particular, it does not automatically make the application a valid or a successful application. The Bank, the listing company or the underwriters' representatives, or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

RISKS OF FOREIGN EXCHANGE

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

RISKS OF THE AUTHORISED THIRD PARTIES

There are substantial risks in allowing an authorised third party to trade or operate your account, and it is possible that instructions could be given by persons not properly authorised. You accept all of the risks of such an operation and irrevocably releases the Bank from all liabilities arising out of or in connection with such instructions, whether taken by the Bank or otherwise.

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

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

RISKS OF LEAVING MONEY OR OTHER PROPERTY IN THE CUSTODY OF THE BANK OR ITS NOMINEES OR AGENTS

You acknowledge that there are risks in leaving money or other property in the custody of the Bank or its nominees or agents. For example, if the Bank is holding your money or other property and becomes insolvent, you may experience significant delay in recovering the same. These are risks that you are prepared to accept.

RISKS OF RECEIVING OR HOLDING CLIENT ASSETS OUTSIDE HONG KONG

Client assets received or held by the Bank or its nominee(s) outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from

the SFO 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.

RISKS ASSOCIATED WITH ORDER PLACEMENT

(1) Market Orders

A market order is an instruction to execute your order at any price available in the market. A market order is not guaranteed a specific execution price and may execute at an undesirable price. If you would like greater control over the execution prices you receive, please submit your order using a limit order, which is an instruction to execute your order at or better than the specified limit price.

(2) Limit Order

A limit order is an order to buy or sell Securities at a specified price or better. The limit order ensures that if the order fills, it will not fill at a price less favourable than your limit price, but it does not guarantee a fill.

(3) Order Conversion and Designation

The broker may convert certain order types or apply conditions to certain customer orders in order to facilitate an execution. For example, the broker may simulate certain order types using "order designations". Simulated order types may be used in cases where an exchange does not offer an order type or in cases where the broker does not offer access to the "native" form of certain order types offered by an exchange. In addition, orders may be sent Immediate or Cancel, Fill-Or-Kill, All-Or-None, etc., in order to facilitate an immediate, automatic execution, consistent with the objectives of the client order. To protect client orders from significant and rapidly changing prices, the broker may simulate market orders on exchanges by establishing a price ceiling for a buy order or a price floor for a sell order at a percentage beyond the inside bid/ask. While this cap or floor is set at a level intended to balance the objectives of execution certainty and minimised price risk, there exists a possibility that an execution will be delayed or may not take place.

(4) Filters

The broker is required by exchanges and regulators to maintain "filters" in its systems that prevent executions at prices that might be deemed to be disruptive to an orderly market (or exchanges may have such filters in their systems). These filters may cause an otherwise marketable order not to be executed or to be delayed in execution, even if the client might want the order to be executed immediately at a certain price. In accordance with its regulatory obligations as a broker, the broker may also reject orders exceeding certain size thresholds, based upon factors including the normal volume in the product, the type of order, the marketability of

the order, and other factors which may affect the likelihood that the order could result in market disruption.

(5) Potential effects of high volumes and market volatility

High volumes of trading and price volatility may lead to wider market volatility and extreme market conditions. It is important that you understand the potential risks this presents, including:

- (i) Delay and price issues: High volumes of trading, either around the market open, market close or other times of day, may cause delays in execution (or associated reporting) and/or executions at prices significantly different than the market price quoted or displayed at the time of order entry.
- (ii) Changes to order handling and restrictions on order acceptance: Volatile or extreme market conditions may necessitate changes to the broker's order handling procedures and/or restrictions on the types of orders the broker will accept. The Bank and the Broker are not required to receive or accept orders from customers, particularly in circumstances where we believe that the associated compliance, legal, financial, credit or other risks are not acceptable. We may determine that it is necessary to change order handling procedures, or restrict or prohibit trading, to limit our and/or our customers' exposure to extraordinary market, financial or other risks. We may make these changes in our absolute discretion, without notice.

RISK OF ORDER SENT NEAR OPENING OF TRADING

Markets can be especially volatile near the opening of a trading session, with prices and available volume often changing rapidly and with data feeds from various markets potentially being slow or temporarily unavailable. We cannot guarantee that orders sent at or near the opening of trading necessarily will receive the best posted price. You may want to consider the use of limit orders at the open, although market orders should be used if certainty of getting a fill is of greater concern to you than fill price.

RISK OF SYSTEM AND COMPONENT DISRUPTION OR FAILURE

Securities trading through the Bank and the use by the broker of computer-based component systems for the order routing, execution, matching, registration or clearing of trades exposes you to risks associated with system and component disruption or failure. For example, Securities trading can be affected when the Bank or the broker's order-routing systems, or SEHK or any relevant overseas Markets' systems, are experiencing technical difficulties. Risks include possible delays or failures in:

- (1) availability of your connection to the Bank, and of Bank to the broker, and of the Broker to SEHK or the relevant overseas Market, including any authentication protocols and internet connectivity issues;
- (2) the operation of databases and internal transfers of data;
- (3) the provision of data feeds (accuracy of data and stability of data connections);
- (4) possible hardware failures;
- (5) usage loads, bandwidth limitations, and other bottlenecks inherent in computerised and networked architectures;
- (6) issues, disputes, or failures of third party vendors and other dependencies; and
- (7) other general risks inherent in computer-based operations.

There is no guarantee that the Bank or the broker's computer-based system will be available at all times. Any of the above, and other technical difficulties, could lead to delays or failures in order execution, incorrect order execution or other problems. In the event of such disruption or failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. Such disruption or failure may also result in loss of orders or order priority. You should maintain alternative trading arrangements in addition to your Account in case the Bank's or the broker's systems are unavailable for any reason.

RISK OF TRADING OPTIONS

The risk of loss in trading options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

RISK OF MARGIN TRADING

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

RISK OF TRADING NON-DERIVATIVE FUNDS AUTHORISED BY THE SFC UNDER THE CODE ON UNIT TRUSTS AND MUTUAL FUNDS

Risks are involved in investing in funds and unit trusts. The prices of funds and unit trusts fluctuate, sometimes dramatically. The price of funds and unit trusts 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 funds and unit trusts.

Unit trusts may be subject to various types of risks, including currency, volatility, interest rate, credit, downgrading, regulatory and political risks.

Past performance figures are not indicative of future performance. You should carefully read the offering documents for details before making any investment decision.

Investment in funds or unit trusts is different to placing monies on deposit with a bank. The funds or unit trusts are not deposits or other obligations of, or guaranteed by the Bank. The fund company or unit trust manager is under no obligation to redeem shares in any fund or unit trust at the price at which they were issued. In certain circumstances, your right to redeem or sell units in funds or unit trusts may be restricted. Although the Bank may not charge a fee for providing services relating to funds or unit trusts, the Bank will normally be paid a commission or rebate by the fund or unit trust manager.

Certain funds or unit trusts may invest in higher yielding securities rated lower than investment grade. Below investment grade securities, such as high yield debt securities, may be considered speculative and can include securities that are unrated or in default. Investment in these funds or unit trusts is accompanied by a higher degree of credit risk than is present in investment in higher rated, lower yielding securities.

Some funds or unit trusts in certain markets may be subject to a higher than usual risk of political or economic instability. The assets of and income from such funds or unit trusts may be affected unfavorably by fluctuations in currency rates, exchange control and fiscal regulations. As a result, the shares of these funds and unit trusts may be subject to substantial price volatility. Some markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those applicable in more advanced countries, and there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more advanced securities markets.

Investment returns not denominated in your home currency are exposed to exchange rate fluctuations. Rates of exchange may cause the value of investments to go up or down. Further, Hong Kong dollars ("HKD") is currently pegged to US dollars ("USD"), any depreciation of USD against other currencies may cause the value of units denominated in HKD to depreciate against such other currencies.

Investment in other funds may involve another layer of fees charged at the underlying fund level.

If you choose to invest in share classes with dividends/payouts, the fund may pay dividends/payouts out of capital or gross of expenses. Dividend/payout is not guaranteed and may result in capital erosion and reduction in net asset value. Payout paying classes may make payment out of capital over a long period of time, and may result in a substantial or complete capital erosion over the long term.

You should carefully consider prior to investing in funds or unit trusts, (i) the possible tax consequences, (ii) the legal requirements and (iii) any foreign exchange controls applicable under

the laws of the countries of your incorporation, citizenship, residence or domicile or to the purchase, sale, subscription, holding, conversion or disposal of units in funds or unit trusts.

The market for technology or technology-related funds or unit trusts can be highly volatile and in many cases their prices may reflect market speculation rather than the underlying economic value of such funds or unit trusts.

Capital-guaranteed or capital-preserved funds or unit trusts may be subject to terms and conditions. Redemption of units in the funds or unit trusts prior to fulfilling all the terms and conditions may be subject to market fluctuations or a redemption fee. Capital-guaranteed and capital-preserved funds or unit trusts are not guaranteed by the Bank.

RISK OF TRADING EXCHANGE TRADED FUNDS

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

In case of the transaction that is linked to the performance of an ETF, you should also note that the value of an interest in the ETF will generally decline in line with the decline of any securities which comprise the benchmark portfolio or the value of any benchmark index linked to the relevant ETF. Investment in the transaction linked to an ETF involves risks similar to those of investing in the equity securities traded on an exchange that comprise the benchmark portfolio or index to which the ETF is linked, such as market fluctuations caused by, amongst other things, economic and political developments, changes in interest rates and currency rates and market liquidity.

The performance of units in an ETF is unpredictable. It depends on financial, political, economic and other events as well as the ETF's earnings, market position, risk situation, shareholder structure and distribution policy. Although the ETF is traded on stock exchange, you should be aware that there may be no liquid trading market for the units of the ETF. There can be no assurance that active trading markets for units of the ETF will continue to develop, nor is there a certain basis for predicting the actual price levels at, or sizes in, which units may trade.

Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Although the investment strategy of an ETF is typically designed to replicate the movements in the benchmark index or the underlying asset pool to which the ETF is linked, there may be divergence between the performance of the ETF and the performance of the benchmark index or portfolio that the ETF is designed to track due to certain tracking errors as a result of a number of factors (or combination thereof). These contributing factors may include, but are not limited to, any failure of the tracking strategy, fees and expenses that are deducted from the ETF's returns, currency differences in the constituents that comprise the index or the underlying asset pool which the ETF is designed to track. In particular, where the benchmark index or market that the ETF tracks is subject to restricted market access, for instance, an emerging market index, the efficiency in the unit creation or redemption of units/interests in the ETF to keep the price of the ETF in line with its net asset value may be impeded or disrupted due to the lack of liquidity in its constituents, causing the ETF to trade at a higher premium or discount to its net asset value. There is no guarantee of the repayment of principal or that investment objective of the ETF will be met.

Whilst the net asset value of units in an ETF will reflect the market value of the ETF's portfolio, an ETF may be traded at a discount or premium to its Net Asset Value ("NAV"). This price discrepancy

is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

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

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

RISK OF TRADING REAL ESTATES INVESTMENT TRUSTS ON THE SEHK

A Real Estates Investment Trusts ("REIT") is a collective investment scheme that aims to deliver a source of recurrent income to investors through focused investment in a portfolio of income-generating properties such as shopping malls, offices, hotels and service apartments.

Investments in REITs will be subject to risks associated with the direct ownership of real estate. These risks include, among others, possible declines in the value of real estate, risks related to general and local economic conditions, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increases in competition, real estate taxes and transaction, operating and foreclosure expenses, changes in zoning laws, costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses, uninsured damages from natural disasters and acts of terrorism, limitations on and variations in rents; and changes in interest rates. Further, the underlying assets of REITs may be relatively illiquid.

The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established.

In general, investments in REITs may be subject to the following risks:

- **Investment risk:** A REIT is an investment product. There is no guaranteed return of investment in a REIT and you may suffer from substantial losses of capital. The distributions received from a REIT may not be sufficient to recoup his loss of investment capital.
- **Market risk:** Investments in real estate are subject to the risk of the general economic conditions. Any cyclical economic factors may cause fluctuations in occupancy and rental rates of the real estate held by a REIT. This will in turn adversely affect the income derived by a REIT from its real estate investment.
- **Concentration risk:** Where a REIT relies on a single property to generate all of its revenue, any circumstance that adversely affects the operations or business of that single property, or its attractiveness to tenants, may adversely affect the revenue generated and the REIT will not have income from other property to mitigate any ensuing loss arising from such circumstance. A concentration of investment in a single property causes the REIT to be highly susceptible to the relevant real estate market conditions.
- **Interest rate risk:** Fluctuations in interest rates may increase the interest costs incurred by a REIT in respect of its borrowings and may have an adverse effect on the level of activity in the property market. The financial position of the REIT and its ability to make

distributions may be adversely affected. Moreover, the trading price of the REIT units is likely to decline if there is an increase in interest rates.

- **Distribution risk:** The distributions of a REIT may be made out of capital. You should pay attention to the composition of distributions declared by a REIT (for example, the extent to which the distribution declared is composed of, and the types of, income and capital) as disclosed in the relevant results announcement and the financial reports of the REIT.

Where a REIT is to undertake property development and related activities, it may be subject to the following risks associated with property development:

- **Construction risk:** A REIT may be subject to various construction risks such as those associated with the pricing of the construction materials, sufficiency of construction expertise, quality and design of the construction works. There may also be delay in completing development projects.
- **Time delay risk:** Delay in construction projects may lead to increase in financing costs, as well as reduction and delay in revenue generation.
- **Financing risk:** A REIT may not be able to source and secure adequate financing to complete a development project. Increase in interest rates and liquidity shortage are examples of other financing risks that a REIT may be exposed to.
- **Planning permit risk:** A REIT may encounter delays in obtaining all necessary building approvals for development projects. Counterparty risk Cooperation with other parties to carry out development projects may involve various counterparty risks such as the risk of default by contractors in performing their obligations.
- **Market risk:** Market environment may change between the commencement of the property development project and by the time when the project is completed. A REIT may be subject to various market risks such as fluctuations in rental yield and property value.
- **Legal and regulatory risk:** A REIT may be involved in disputes with parties in development projects which may lead to construction claims and litigations. In addition, a REIT may need to revise the original property development plan as local legislation, rules and regulations relating to property development may change, leading to extra cost and time needed for completion.

Where a REIT is to invest in financial instruments, it may be subject to the following risks associated with investment in financial instruments.

- **Investments in equity securities:** The value of stocks will fluctuate in response to the activities and results of individual companies or as a result of general market and economic conditions.
- **Investments in debt securities:** The value of debt securities will fluctuate depending on market interest rates, liquidity considerations and the credit quality of the issuer. Increase in interest rates, decrease in liquidity and decline in the credit quality of the issuer will adversely impact the value of these investments.
- **Investments in property funds:** The value of property funds will fluctuate depending on the value of the underlying investments and general market and economic conditions. There is also no assurance that a property fund will achieve its investment objective and strategy. Depending on the nature of the funds, investments in property funds may also involve other risks including investment risk, market risk, concentration risk, interest rate risk,

country/regional risk, management risk, liquidity risk, currency risk and credit/counterparty risk.

RISK OF TRADING DERIVATIVE PRODUCTS ON SEHK

Uncollateralised derivative products are not asset backed. In the event of issuer bankruptcy, you can lose the entire investment. You should read the listing documents to determine if a product is uncollateralised.

Derivative products such as derivative warrants and callable bull/bear contracts ("CBBCs") are leveraged products and can change in value rapidly according to the gearing ratio relative to the underlying assets. You should be aware that the value of a derivative product may fall to zero resulting in a total loss of initial investment.

Derivative products such as derivative warrants and CBBCs have an expiry date after which the derivatives may become worthless. You should be aware of the expiry time and choose a product with an appropriate duration to suit for their investment strategy.

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

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

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

If all conditions remain unchanged, the value of derivative warrants and CBBCs will decay over time as it approaches its expiry date. Derivative warrants and CBBCs should therefore not be viewed as long term investments. Prices of derivative warrants and CBBCs can increase or decrease in line with the implied volatility of underlying asset prices.

Investors trading CBBCs should be aware of their intraday "knockout" or mandatory call feature. CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Investors should also note that the residual value can be zero. Once the CBBC is called, even though the price of the underlying asset bounces back, such CBBC will not be listed in the market for trading and investors will be able to profit from the bounce-back.

The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. The longer the duration of the CBBC, the higher the total funding costs. In the event that a CBBC is called, investors will lose the funding costs for the entire lifespan of the CBBC.

Derivative Products are imbedded with options. Transactions in options carry a high degree of risk. The risk of loss in trading options can be substantial. Prospective investor should have prior knowledge of, or experience in option markets. You should therefore carefully consider whether such trading is suitable in the light of my/our own financial position and investment objectives.

In the event that a derivative product issuer becomes insolvent and/or defaults, investors will be considered as unsecured and will have no preferential claims to any assets held by the issuer. You should therefore pay special attention to the financial strength and credit worthiness of the issuer.

The market price of derivative products is also affected by the same investments risk that affect the stock market, such as movements in domestic and international markets, the present and anticipated economic environment, investor sentiment, exchange rates, interest rates and fluctuation. An ETF may be exposed to the economic, political, currency, legal and other risks of specific sector or market or the index that ETF is seeking to replicate.

Inline Warrants are structured products. The payoff of an inline warrant depends on whether it is in-the-range or out-of-the-range at expiry. If the underlying asset price of an in-the-range inline warrant exhibits volatile or unidirectional movement (i.e. keep moving upwards or downwards), it will have a higher risk of falling out-of-the-range.

Inline warrants entitle the investors to receive a pre-determined fixed payment at expiry, depending on whether the underlying falls at or within (i.e. In-The-Range) or outside (i.e. Out-of-The-Range) the Upper and Lower Strikes at expiry. Profit potential for investors is capped by the pre-determined payment. Maximum loss for investors is limited to initial investment. Inline Warrants which are below or above the fixed pre-determined fixed payment may not be reflected the true value. Due to the minimum fixed payment at expiry, Inline Warrants are expected to trade at or above HK\$0.25.

Due to the pre-determined fixed maximum payment at expiry of HK\$1, an inline warrant should not be traded above HK\$1. Any trades executed at the price above HK\$1 shall not be recognised and will be cancelled by the Exchange.

You understand the nature and risks of trading derivative products and ensure that there are sufficient net assets to bear the risks and losses that may be incurred as a result of trading these derivatives.

RISK OF TRADING SYNTHETIC ETFS

Due to market accessibility, the efficiency in unit creation or redemption to keep the price of the synthetic ETF in line with its NAV may be disrupted, causing the synthetic ETF to trade at a higher premium or discount to its NAV. Such risks may have a negative impact on the potential return of the product. If an ETF adopts a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments, you should note that (i) by investing in financial derivative instruments, the ETF is exposed to the credit, potential contagion and concentration risks of the counterparties who issued the financial derivative instruments, and the market value of any collateral held by the ETF may have fallen substantially when the ETF seeks to realise such collateral; and (ii) the ETF may be exposed to higher liquidity risk if such financial derivative instruments do not have an active secondary market.

Synthetic ETF products may include different kinds of strategies, including but not limited to index tracking, replication strategy, leverage strategy, or any combination of derivatives with collateral requirements. You should refer to the respective ETF prospectus and be familiar with particular features and risks.

You are exposed to the political, economic, currency and other risks related to the synthetic ETF's underlying index.

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

(a) Swap-based ETFs

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets. Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honour their contractual commitments.

(b) Derivative embedded ETFs

ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers. Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honour their contractual commitments.

Synthetic ETFs invest in over-the-counter derivative issued by counterparties will subject to counterparty risk. Investors may suffer losses equal to the full value of the derivatives issued by the counterparty upon its default. Some synthetic ETFs invest in financial derivatives issued by a number of different counterparties in order to diversify the counterparty credit risk concentration. However, the more counterparties an ETF has, the higher the probability of the ETF being affected by a counterparty default. Where a synthetic ETF invests in derivatives to replicate the index performance, you are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index.

Potential contagion and concentration risks of the derivative issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of a synthetic ETF may have a "knock-on" effect on other derivative counterparties of the synthetic ETF). In the end, the loss you will suffer may be much higher than your expectation.

Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the synthetic ETF seeks to realise the collateral. Even where collateral is obtained by an ETF, the collateral may not be related to the assets traced by the synthetic ETF, investor is still subject to the counterparty risk if the collateral provider fails to fulfill its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

Higher liquidity risk is involved if a synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of the derivatives may result in losses.

There may be disparity between the performance of the synthetic ETF and the performance of the underlying index due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

Where the index/market that the synthetic ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the synthetic ETF in line with its NAV may be disrupted, causing the synthetic ETF to trade at a higher premium or discount to its NAV. Investors who buy a synthetic ETF at a premium may not be able to recover the premium in the event of termination.

The costs associated with the unwinding of the synthetic ETFs derivatives before maturity may vary depending on prevailing market conditions. Such costs may be significant, thus affecting the net asset value of the fund units. This may lead to substantial loss to investors. Therefore, if I/we redeem the fund units, or the synthetic ETF is terminated (for example, when the fund size drops to a very low level), the amount returned to me/us may be significantly lower than the fund's net asset value due to unwind the derivatives early before the expiration, it may cause me/us to sustain significant losses.

RISK OF TRADING FUTURES-BASED ETFS

Futures contracts are binding agreements that are made through futures exchanges to buy or sell the underlying assets at a specified time in the future. "Rollover" occurs when an existing futures contract is about to expire and is replaced with another futures contract representing the same underlying but with a later expiration date. When rolling futures contracts forward (i.e. selling near-term futures contracts and then buying longer-term futures contracts) in a situation where the prices of the longer-term futures contract are higher than that of the expiring current-month futures contract, a loss from rolling (i.e. a negative roll yield) may occur. Under such circumstances, the proceeds from selling the near-term futures contracts will not be sufficient to purchase the same number of futures contracts with a later expiration date which has a higher price. This may adversely affect the NAV of the futures-based ETF.

There is a statutory position limit restricting the holding of futures contracts traded on the recognised exchange to no more than a specific number of such futures contracts. If the holding of such futures contracts of a futures-based ETF grows to the limit, this may prevent the creation of units of the ETF due to the inability to acquire further futures contracts. This may lead to differences between the trading price and the NAV of the ETF units listed on the exchange.

Investment in futures-based ETFs is only suitable for those investors who are in a financial position to assume the risks involved in futures investments. Futures investments are subject to certain key risks including leverage, counterparty and liquidity risks. The price of future contracts can be highly volatile. NAV of a futures-based ETF may be adversely affected by the cost of rolling positions forward as such futures contracts approach expiry. A divergence between the trading price and the NAV of a futures-based ETF may occur when the creation of units of the ETF is prevented due to inability to acquire further futures contracts.

RISKS OF TRADING LEVERAGED AND INVERSE PRODUCTS ("L&I PRODUCTS")

L&I Products are derivative products traded on the stock exchange. L&I Products are structured as funds, but unlike conventional ETFs, they do not share the same characteristics and risks as conventional ETFs. They do not share the same characteristics and risks. Leveraged products structured as ETFs typically aim to deliver a return equivalent to a multiple of the underlying index return that they track. On the other hand, inverse products structured as ETFs typically aim to deliver the opposite of the return of the underlying index that they track. To produce the specified leveraged or inverse return, these ETFs have to rebalance their portfolios, typically on a daily basis. L&I Products are different from the buy-to-hold characteristics of conventional ETFs. L&I Products are designed as a trading tool for short-term market timing or hedging purposes, and are not intended for long-term investment. L&I Products are only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holdings on a daily basis; and the performance of L&I Products, when held overnight, may deviate from the underlying indices.

It is important that you understand and critically assess the implication arising due to different L&I Products' structures, characteristics and risks. Investments in L&I Products may be subject to the following risks:

- **Investment risk:** Trading L&I Products involves investment risk. L&I Products are not intended for all investors. There is no guarantee of repaying the principal amount.
- **Volatility risk:** Prices of L&I Products may be more volatile than conventional exchange traded funds because of using leverage and the rebalancing activities.
- **Long-term holding risk:** Investors should normally not hold L&I Products for longer than the rebalancing interval, which is typically one day. Daily rebalancing and the compounding effect will make the L&I Product's performance over a period longer than one day deviate in amount and possibly direction from the leveraged/inverse performance of the underlying index over the same period. The performance of the ETFs for periods longer than a single day may differ significantly from the performance of the index over the same period of time, especially in periods of volatility, when the leverage factor goes up, for inverse exposure and/or for longer holding periods. You should not expect the actual percentage of return for investing in the L&I Product to be equal to the multiple and/or the inverse multiple change in the underlying index for periods longer than one day.
- **Risk of rebalancing activities:** As a result of daily rebalancing, the underlying index's volatility and the effects of compounding of each day's return over time, it is possible that the leveraged product will lose money over time while the underlying index increases or is flat. Likewise, it is possible that the inverse product will lose money over time while the underlying index decreases or is flat. There is no assurance that L&I Products can rebalance their portfolios on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the rebalancing activities.
- **Liquidity risk:** Rebalancing typically takes place near the end of a trading day (shortly before the closing of the underlying market) to minimise tracking difference. The short interval of rebalancing may expose L&I Products more to market volatility and higher liquidity risk.
- **Intraday investment risk:** Leverage factors of L&I Products may change during a trading day when the market moves but it will not be rebalanced until day end. The L&I Product's return during a trading day may be greater or less than the leveraged/opposite return of the underlying index.
- **Portfolio turnover risk:** Daily rebalancing causes a higher levels of portfolio transaction when compared to conventional ETFs and thus increases brokerage and other transaction costs.
- **Correlation risk:** Fees, expenses, transactions cost as well as costs of using financial derivatives may reduce the correlation between the performance of the L&I Product and the leveraged/inverse performance of the underlying index on a daily basis.
- **Termination risk:** L&I Products must be terminated when all the market makers resign. Termination of the L&I Product should take place at about the same time when the resignation of the last market maker becomes effective. You should be aware of the risk of L&I Products termination.

- **Leverage risk (for leveraged products only):** Leveraged Products aim to obtain leveraged exposure to an index. The ETFs may be leveraged by borrowing, by entering into futures contracts and through the use of other financial derivatives. Whilst leveraging provides the ETFs with significantly more market exposure and hence an opportunity for greater total returns than it would have where no leveraging is being used, it also exposes the ETFs to a greater risk of loss arising from adverse movements in the index and a fall in the value of the index will trigger a greater and accelerated fall in the net asset value of the ETFs. The use of leverage and effects of compounding will magnify both gains and losses of leveraged products resulting from changes in the underlying index or, where the underlying index is denominated in a currency other than the leveraged product's base currency, from fluctuations in exchange rates.
- **Unconventional return pattern (for inverse products only):** Inverse products aim to deliver the opposite of the daily return of the underlying index. If the value of the underlying index increases for extended periods, or where the exchange rate of the underlying index denominated in a currency other than the inverse product's base currency rises for an extended period, inverse products can lose most or all of their value. There is no guarantee that the Inverse Product will achieve a high degree of inverse correlation to the index and therefore achieve its inverse leveraged investment objective. You may suffer significant or even total losses.
- **Inverse products vs short selling (for inverse products only):** Investing in inverse products is different from taking a short position. Because of rebalancing, the performance of inverse products may deviate from a short position in particular in a volatile market with frequent directional swings.
- **Credit and default risks (for swap-based L&I Products):** Investing in swap-based L&I Products are exposed to counterparty risk and default risk of the swap counterparty and may suffer significant losses if a swap counterparty fails to perform its obligations.
- **Risk of mandatory measures imposed by relevant parties**
Regarding the product's futures positions, relevant parties (such as clearing brokers, execution brokers, participating dealers and stock exchanges) may impose certain mandatory measures for risk management purpose under extreme market circumstances. These measures may include limiting the size and number of the product's futures positions and/or mandatory liquidation of part or all of the product's futures positions without advance notice to the product's manager. In response to such mandatory measures, the product manager may have to take corresponding actions in the best interest of the product's investors and in accordance with the product's constitutive documents, including suspension of creation of the product's units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the product. These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the NAV of the product. While the manager will endeavor to provide advance notice to investors regarding these actions to the extent possible, such advance notice may not be possible in some circumstances.

RISKS OF TRADING SINGLE-STOCK ETFs

Single-stock ETFs are complex investment products that pay positive or negative multiples of the market performance of the underlying security. These features are known as leveraged and inverse

exposures. A single-stock ETF differs from a more traditional ETF that combines multiple securities into a single fund to give an investor exposure to a market segment or asset class. Single-stock ETFs carry heightened risks because leveraged and inverse exposures can generate amplified or unexpected losses.

Instead of reflecting a basket of stocks, single-stock ETFs only track the performance of a single underlying security and typically are not designed to be held for more than one day. The value of a single-stock ETF resets daily, adding another layer of risk to an already risky and complex product. A single-stock ETF's value can diverge significantly from the underlying stock, especially if it is leveraged or inversely leveraged.

In addition to the Risks of trading L&I Products set out above, single-stock ETFs possess other risks, in particular:

- **Lack of diversification:** Single-stock ETFs track the performance of a single stock as opposed to a variety of stocks, which reduces diversification. But holding a single-stock ETF is not the same as holding the underlying stock, a traditional ETF, or a non-single stock leveraged ETF.
- **New products:** Single-stock ETFs are new to the retail investor market, and there is uncertainty as to how well they will perform over time.
- **Increased volatility:** Single-stock ETFs amplify the effect of price movements of the underlying individual stocks and may generate amplified or unexpected
- **Not long-term investments:** Single-stock ETFs aim to provide returns over extremely short time periods (in some cases even a single day). These short holding periods mean that single-stock ETFs are geared more towards traders, rather than not long-term investors. Returns on these funds over periods longer than one day may diverge significantly from the performance of the underlying stock because of daily rebalancing and the effects of compounding.
- **Rebalancing and compounding risks:** Returns on single-stock ETFs over periods longer than one day may diverge significantly from the performance of the underlying stock because of daily rebalancing and the effects of compounding.
- **Higher Fees:** Fees on single-stock ETFs can be meaningfully higher than the fees on traditional ETFs.
- **Capital losses:** You should understand that there is a risk you may lose your entire investment in a single-stock ETF. It can be risky to invest more than you can afford to loss.
- **Self-directed:** You should carefully read the prospectus for any single-stock ETF before investing to truly understand the risks associated with the product. Gains and losses can be magnified by the compounding inherent in the investment.
- **Tracking error:** Like any ETF, single-stock ETFs may experience tracking errors, which is a deviation between the ETF's performance and the performance of the underlying stock. This could occur due to fees, rebalancing, or other factors.
- **Concentration risk:** Unlike traditional ETFs, single-stock ETFs can't make up poor performance of one stock with the better performance of another.
- **Laws and regulations:** Single-stock ETFs can be subject to the applicable laws and regulations of the relevant overseas jurisdiction. These overseas laws and regulations may differ from the laws and regulations in Hong Kong.

RISK OF TRADING OVERSEAS SECURITIES

If an investment is made in any asset or issued by a party subject to foreign laws or if transactions are made on markets in other jurisdictions, including markets formally linked to a domestic market, recovery of the sums invested and any profits or gains may be reduced, delayed or prevented by exchange controls, debt moratorium or other actions imposed by the government or other official bodies. Before you trade you should enquire about any rules relevant to your particular transactions. Such markets may be subject to regulations which may offer different or diminished investor protection. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the transactions have been effected. You should obtain details about the different types of redress available in both your home jurisdiction and other relevant jurisdiction before starting to trade. The money received or held by the Bank for you in respect of overseas securities may not be protected deposit under the Deposit Protection Scheme in Hong Kong. Where overseas securities are not securities listed or traded on a recognized stock market (as defined under the SFO), or other markets currently prescribed by rules made under the SFO, they may not be covered by the Hong Kong Investor Compensation Fund.

Foreign securities may be subject to additional risks not generally associated with local securities, including fluctuations in exchange rates, foreign laws, taxes and government actions, and foreign market practices.

The value or income (if any) of foreign securities may be more volatile and could be adversely affected by changes in many factors. Your assets received or held by the Bank outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on your assets received or held in Hong Kong.

Your assets may be held or delivered for settlement to a custodian or broker or other service provider appointed in good faith by the Bank, or sub-custodians. Such persons are not under the control of the Bank, and the Bank accepts no liability for any default of any nature by such third party custodians or brokers, or arising from the transfer of your assets to any such third party for any purposes, and in the event of any such default you may suffer total or partial loss in respect of your investment. You should familiarise himself with the protections given to money or other property which the Bank deposits on your behalf for domestic and foreign transactions, particularly in the event of the insolvency or bankruptcy of a custodian or broker. The extent to which you may recover the money or property may be governed by specific legislation or local rules. In some jurisdictions, property which may be identified as yours will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Income or profit from trading in any investment may be subject to withholding tax or capital gains tax or other tax of the country of the issuer or the country in which such investments are traded. In particular, in the case of cash dividend and bonus issues, you may be subject to dividend withholding tax imposed by SAT or other relevant regulators. In such event, unless the issuer agrees to gross-up the income or profit received by you, you may only receive any payment or proceeds of sale or redemption of the investment less the withholding tax or capital gains tax or other tax, as required by the applicable laws. You may not be able to claim the benefits of a double income tax treaty or otherwise qualify for a reduction of withholding tax in respect of investments made through the Bank. The inability to claim the benefits of a double income tax treaty or otherwise qualify for reductions of withholding tax will increase the tax paid in respect of the investment compared to if such treaty qualification or withholding deduction were available.

Trading in overseas securities may be subject to additional fees and levies under the applicable law and from overseas regulators. The amounts of such fees and levies may change from time to time.

You may only receive any payment or proceeds of sale or redemption of the investment less such fees and levies.

From time to time, with or without notice, restrictions on the buying and selling of some or all overseas securities may be imposed on at the discretion of the Bank or the Bank's service providers, custodians, exchanges, regulators, governmental agencies or agents etc., without prior notice or disclosure of reasons. In general, the reasons may include but not be limited to compliance control, difficulty in share settlement, potentially unusual tax impact and limits on foreign share ownership.

RISKS OF TRADING OF PENNY STOCKS (APPLICABLE ONLY TO US EXCHANGE-LISTED SECURITIES)

Penny stocks are low-priced shares of small companies. Penny stocks may trade infrequently which means that it may be difficult to sell penny stock shares once you have them. Because it may also be difficult to find quotations for penny stocks, they may be impossible to accurately price. Investors in penny stock should be prepared for the possibility that they may lose their whole investment.

While penny stocks generally trade over-the-counter, they may also trade on US securities exchanges, facilities of US exchanges, or foreign exchanges. You should learn about the market in which the penny stock trades to determine how much demand there is for this stock and how difficult it will be to sell. You should be especially careful in respect of newly issued penny stock that has no established trading market.

The securities in question have not been approved or disapproved by the SEC. Moreover, the SEC has not passed upon the fairness or the merits of any such transaction nor upon the accuracy or adequacy of the information contained in any prospectus or any other information provided by an issuer or a broker or dealer in respect of penny stocks.

RISK RELATING TO TRADING IN US EXCHANGE-LISTED OR OVER-THE-COUNTER (OTC) SECURITIES OR DERIVATIVES

You should understand the US rules applicable to trades in security or security-like instrument in markets governed by US law before undertaking any such trading. US law could apply to trading in US markets irrespective of the law applicable in your home jurisdiction.

Many (but by no means all) stocks, bonds and options are listed and traded on US stock exchanges. NASDAQ, which used to be an OTC market among dealers, has now also become a US exchange. For exchange-listed stocks, bonds and options, each exchange promulgates rules that supplement the rules of the US Securities & Exchange Commission (“SEC”) for the protection of individuals and institutions trading in the securities listed on the exchange.

OTC trading among dealers can continue in exchange-listed instruments and in instruments that are not exchange-listed at all. For securities that are not listed on any exchange, trading can continue through the OTC bulletin board or through the inter-dealer “pink sheets” that carry representative (not actual) dealer quotes. These facilities are outside of NASDAQ.

Whether you are intending to trade in US exchange-listed securities, OTC securities or derivatives (such as options), you should understand the particular rules that govern the market in which you are intending trade. An investment in any of these instruments tends to increase the risk and the nature of markets in derivatives tends to increase the risk even further.

Market makers of OTC bulletin board are unable to use electronic means to interact with other dealers to execute trades. They must manually interact with the market, i.e. use standard phone lines

to communicate with other dealers to execute trades. This may cause delays in the time it takes to interact with the market place. This, if coupled with increase in trade volume, may lead to wide price fluctuation in OTC bulletin board securities as well as lengthy delays in execution time. You should exercise extreme caution when placing market orders and fully understand the risks associated with trading in OTC bulletin board.

Market data such as quotes, volume and market size may or may not be as up-to-date as expected with NASDAQ or listed securities.

As there may be far fewer market makers participating in OTC securities markets, the liquidity in that security may be significantly less than those in listed markets. As such, you may receive a partial execution or the order may not be executed at all. Additionally, the price received on a market order may be significantly different from the price quoted at the time of order entry. When fewer shares of a given security are being traded, larger spreads between bid and ask prices and volatile swings in price may result. In some cases, the liquidation of a position in an OTC security may not be possible within a reasonable period of time.

Issuers of OTC securities have no duty to provide any information to investors, maintain registration with the SEC or provide regular reports to investors.

INTEREST RATE RISK

If the Client's investments are interest rate-linked (such as bonds), the value of the investment can fall when interest rates rise. There is an inverse relationship between bond prices and bond yield, which means as bond prices go down, the yields go up (and vice versa). The price of a bond carries an interest rate risk because if interest rates rise, outstanding bonds will not remain competitive unless their yields and prices are adjusted to reflect the rise.

CURRENCY EXCHANGE RISKS

Currency exchange involves bid-ask spread.

EXCHANGE RATE RISK

The profit or loss in transactions in foreign currency denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency. Currency exchange rates are affected by a wide range of factors, including national and international financial and economic conditions and political and natural events. The effect of normal market force may at times be countered by intervention by central banks and other bodies. At times, exchange rates, and price linked to such rates, may rise or fall rapidly. The fluctuations in the exchange rate of a foreign currency may result in losses in the event that you convert HKD to any foreign currency or vice versa.

RMB CURRENCY RISK

RMB is currently not freely convertible and is subject to exchange controls and restrictions (which are subject to changes from time to time without notice). You should consider and understand the possible impact on your liquidity of RMB funds in advance. The fluctuation in the exchange rate of RMB may result in losses in the event that you convert RMB into other currencies. Onshore RMB and offshore RMB are traded in different and separate markets operating under different regulations

and independent liquidity pool with different exchange rates. Their exchange rate movements may deviate significantly from each other.

TRADING FACILITIES RISKS

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

RISKS OF ELECTRONIC TRADING

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

INTERNET/APP TRADING

Due to unpredictable traffic on the Internet/App, the public nature of the Internet/App and other reasons beyond the control of the Bank, there is a risk that communications over the Internet/App may be interrupted, delayed or accessed by unauthorised parties. Notwithstanding measures taken by the Bank to minimise this risk, the Bank accepts no responsibility for any loss which may be incurred by you as a result of interruptions or delays or unauthorised access. You should not place any instruction with the Bank over the Internet/App if you are not prepared to accept such risks.

Market data and other information made available to you through the Bank's service may be obtained by the Bank from the SEHK or other third parties. The SEHK endeavours to ensure the accuracy and reliability of the information provided but does not guarantee its accuracy or reliability and accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions. In addition, while the Bank believes market data or information provided by other third parties to be reliable, neither the Bank nor such third party guarantees the accuracy, completeness or timeliness of any such market data or information.

RISK OF PROVIDING SERVICES ELECTRONICALLY

Electronic transmission may not be a reliable medium of communication due to unforeseen traffic congestion and other reasons. Circumstances such as delays in the transmission and receipt of instructions or other information from you, delays in the execution of Instructions, or execution of your instructions at a different market price than the instructions given by you will occur during a transmission interruption. Moreover, communications and personal data may be obtained by unauthorised third parties, and in communication there will be misunderstanding or error risk, and these risks will be borne entirely by you. You acknowledge and agree that it is normally not possible to cancel an Instruction once it has been issued.

RISKS OF AFTER-HOURS TRADING

There are special characteristics and unique risks associated with trading in securities at times that are outside the ordinary trading hours for the exchange(s) upon which such securities are traded, including trading on overnight trading venues (in general, "**After-Hours Trading**" or "**Extended Hours Trading**"). The Client must familiarise themselves with these risks and determine whether

After-Hours Trading is appropriate for them in light of their objectives and experience. Clients are responsible for familiarizing themselves with the hours of the relevant markets upon which they trade and for determining when to place orders for particular securities, how they wish to direct those orders, and what types of orders to use. The Bank's offer of After-Hours Trading does not constitute a recommendation or conclusion that After-Hours Trading will be successful or appropriate for all customers or trades.

Some risks associated with After-Hours Trading are as follows:

Risk of Lower Liquidity. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

Risk of Higher Volatility. Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.

Risk of Changing Prices. The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

Risk of Unlinked Markets. Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

Risk of News Announcements. Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

Risk of Wider Bid-Ask Spreads. The bid-ask spread refers to the difference in price between what you can buy a security for (the "offer" or "ask") and what you can sell it for (the "bid"). Lower liquidity and higher volatility in extended hours trading may result in wider than normal bid-ask spreads for a particular security.

Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV"). For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals. Additionally, securities underlying the indexes or portfolios will not be regularly trading as they are during Regular Trading Hours, or may not be trading at all. This may cause prices during Extended Trading Hours to not reflect the prices of those securities when they open for trading.

Index Values. The Exchange will not report a value of an index underlying an index option trading during After-Hours Trading Hours, because the value of the underlying index will not be recalculated during or at the close of After-Hours Trading Hours.

Trade Date / Corporate Actions. The trade date for trades in US stocks executed during regular trading hours (i.e., 9:30 a.m. to 4:00 p.m. New York time) or during the extended trading hours session (i.e., 4:00 p.m. to 8:00 p.m. New York time) is the date on which the order was executed. However, the trade date for trades executed during the overnight trading session (i.e., 8:00 p.m. to 4:00 a.m. the following morning) is the date of the morning when the overnight session ends (even if the trade is executed before midnight). Thus, for example, if an account holder purchases a US stock on the day prior to the ex dividend date during the regular or extended hours sessions they will be entitled to receive the dividend, but if the purchase is made during the overnight session they will not be entitled to the dividend because the trade date for the overnight trade would be on the ex-dividend date.

After-Hours Trading Facilities. During After-Hours Trading, the Bank may provide quotations from and execute Client's trades through various Electronic Communications Networks ("ECNs"), exchanges or other trading systems (collectively "After-Hours Trading Facilities"). Quotations provided during After-Hours Trading may be different than quotations provided during exchange trading hours. Likewise, it is possible that the quotations displayed by the Bank from After-Hours Trading Facilities on which the Bank can execute Client trades may be less favorable than those on other After-Hours Trading Facilities to which the Bank does not have access. Last sale information provided by the Bank may not reflect the prices of the most recent trades on all of the various After-Hours Trading Facilities.

RISKS OF TRADING IN SPACS

We offer clients the ability to invest in special purpose acquisition companies ("SPACs"). Investing in SPACs involves risks that differ from investing in the stock of an operating company. You should carefully consider these special risks, some of which are described below, before making an investment decision.

A SPAC is a shell company that is formed to raise capital through an IPO, where that capital will be used to acquire a private company or business to be identified after the IPO. SPACs are formed by a sponsor or team that makes initial investments in the SPAC alongside outside investors. The sponsor generally has expertise in the industry sectors from which the target company will be selected and will manage the selection, financing and legal processes involved in acquiring the target company. However, there are also SPACs for which the sponsors do not identify an industry or a sector from which the SPAC will select an acquisition target. These SPACs may identify a merger target from a broader range of companies, but may have less expertise about the type of company/industry the SPAC may ultimately merge with.

You should carefully read the SPAC's prospectus as well as its reports filed with the Securities and Exchange Commission ("SEC"). It is important to understand the terms of your investment. SPACs are often structured similarly but it is important to understand the specific features of an individual SPAC, including: how the sponsor is compensated; the background of the management team; the terms of the trust account used to hold the SPAC's IPO proceeds; potential conflicts of interest with the SPAC sponsors; details about the initial business combination transaction; and underwriter fees

There will be different levels of risk depending on the specific details of a SPAC investment. Consider the following risks associated with SPACs:

Limited Information. In a traditional IPO, the company seeking to go public is typically required to provide disclosures and go through due diligence processes prior to launch. With a SPAC, there is less required disclosure, and investors may invest solely based on the reputation of the sponsors and management team.

Speculative investments. Investors in SPACs may become exposed to domestic or foreign companies and businesses of varying risk profiles and may encounter business models that focus on high risk, longshot type investments without concern for potential long-term risks. SPACs may focus on trendy sectors or business models that may be short-term fads instead of viable long-term businesses.

Fees and Sponsor Incentives. SPAC sponsors are generally compensated based on the difference between the SPAC's IPO price and the price that a target company may obtain if it opted for traditional IPO. When a SPAC raises money from public investors, the public investors typically pay at least a 5.5 percent investment banking fee and generally give the sponsors a 20 percent interest in the SPAC, and potentially other indirect fees. As a result, some market participants view SPACs as more expensive than traditional IPOs.

Conflicts of Interest and Fraud. The SPAC process relies heavily on underwriters and sponsors who are incentivised to identify an acquisition target. Investors should be aware of the potential for conflicts of interest between SPAC sponsors and SPAC shareholders since sponsors (given their heavily discounted interest in the SPAC's common stock) may profit when an acquisition is completed even if the acquisition proves unsuccessful for the investors. This also raises the risk of potential misuse of funds and potential fraud through misrepresentation or omissions regarding the prospects of the target company.

Trading Price. SPACs are typically priced at \$10 per unit during the IPO, but when these units begin trading their market prices may fluctuate—sometimes significantly—even before a merger target is identified. Given the fees mentioned above, buying at an elevated price can make it more difficult for investors to see a positive return on their investment after an acquisition is completed.

THE RISKS OF SHORTING

Risk and return are not equal

The disparity between risk and return is the inherent risk of shorting. Theoretically speaking, when an investor goes long a stock, the maximum loss is when the stock price drops to 0, that is, the loss ratio is 100% ; but when an investor goes short a stock, the stock price will continue to go up relative to the short price. There is no limit to the upside, so there is no limit to its potential loss, which may be 200% , 300% or even higher.

Time cost

Short selling must consider the time factor. On the one hand, because short-selling operations generate interest every day, the cumulative cost increases over time; on the other hand, the biggest uncertainty in short-selling also comes from time. If investors hold short positions for a long time, they may face rising stock prices. risk.

Interest rate risk

It should be noted that after the short order is placed, the short interest rate still changes. The final interest paid by the investor will be calculated based on the actual daily interest rate starting from settlement day (US Stock: T+1; HK Stock: T+2), and will be aggregated and settled on the third trading day of each month. No one can pre-determine the short interest rate. If the short-selling

congestion of individual stocks increases significantly during the period of holding a short position, resulting in a substantial increase in interest rates, investors need to bear the increased short-selling costs; in some cases, this may lead to a loss of short positions.

Recall and liquidation

In short operations, the relationship between short investors and lenders is not equal. The stock lender reserves the right to request the stock recall at any time. If a recall occurs, the brokerage firm will try to replace the previously borrowed stock with the stock borrowed from another lender. If the stock cannot be borrowed, a formal recall will be initiated. Recalls usually use volume weighted average price (VWAP) orders to close customers' short positions.

In addition, if the stock price continues to rise after the stock is borrowed, the margin requirement for the stock will also continue to increase. In the event of insufficient margin, a liquidation will be triggered. If a stock with a high proportion of short positions rises sharply, it is likely to cause many short investors to rush to close their positions within the same period of time, leading to further stock price increases.

Corporate actions

Certain corporate actions (such as mergers and acquisitions, acquisitions, dividends, etc.) may cause short-selling rates to increase. For example, when a company announces dividends, it usually leads to a decrease in the supply of stocks on the market, which may lead to an increase in securities lending rates.

Delisting and suspension

When a stock is delisted or suspended, investors may not be able to fill their short positions because the stock cannot be traded, and it will be terminated until the stock is delisted or the stock resumes trading. This process can last for days, months or even longer, especially when the company goes bankrupt and liquidates the longest. During this period, investors have to continue to pay securities lending fees based on the stock's delisting price or the closing price of the stock on the most recent trading day, which may be very high.

SCHEDULE II: STANDING AUTHORISATION (CLIENT SECURITIES)

IMPORTANT NOTICE: If the Client has any doubt concerning this document, the Client shall first seek independent legal advice before signing it.

Standing authority established under the Securities and Futures (Client Securities) Rules (Cap. 571H, Laws of Hong Kong) ("Client Securities Rules")

This standing authority is given by the Client to the Bank, with registered office at Suites 3201-07, 32/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

In consideration of the Bank agreeing to provide, or continue to provide, to the Client the Services (as defined in the Terms) and/or other related services, the Client hereby authorises the Bank to deal with the Securities (as defined below) from time to time received or held by or on behalf of the Bank in the following manner without further notice to or consent from the Client.

This authority covers securities which are now, or will be hereafter, held or received on the Client's behalf or in which the Client has a legal or equitable interest ("Securities"). The Client declares, undertakes and warrants that the Client has the absolute ownership of the Securities free from all liens, charges and encumbrances (save and except those that may be created under the Terms) during the continuance in force of this authority.

The Client hereby authorises the Bank:

- (a) to deposit any of the Securities with the HKSCC (as defined in the Terms) or any authorised financial institution, as collateral for the discharge and satisfaction of the Bank's clearing and settlement obligations and liabilities and the Client understands and agrees that HKSCC or the authorised financial institution will have a first fixed charge over the Securities to the extent of the Bank's obligations and liabilities;
- (b) as regards any action in connection with the Securities, which affects the Client as the owner of such Securities, to subscribe, take up or dispose of any rights, benefits, interests or entitlements arising from them or to deal or act in any manner in accordance with any instruction from the Client, whether the instruction is given in writing or by any other means (except that any applicable provisions in the constitutional and/or offering documents under which such Securities were issued, offered or sold shall always prevail and the Bank is authorised to deal or act or refrain from dealing or acting in accordance with such provisions despite any instruction from the Client) or, in the absence of or delay in receiving instruction from the Client, in such manner as the Bank considers appropriate to preserve the Client's interest;
- (c) to sell, dispose of or otherwise deal with any of the Client's Securities on prevailing market conditions if such sale, disposal or dealing is required by any applicable law, rule, regulation or order or any direction, guideline, notice or restriction (whether or not having the force of law)

issued by any competent authority, government agency, exchange or body or is otherwise for the protection of the Bank and the Client;

- (d) to deposit or transfer any of the Client's Securities with or to or interchangeably between any custodian(s) and/or Clearing House(s) (as defined in the Terms), whether in Hong Kong or elsewhere, upon such terms as may be agreed by the Bank but subject to applicable laws and regulations;
- (e) upon such terms as may be agreed by the Bank but subject to applicable laws and regulations, register or re-register any of the Client's Securities in the name of the Bank or any nominee appointed or agreed by the Bank (whether in Hong Kong or elsewhere) or cancel any such registration;
- (f) to deal with any of the Securities in such manners as the Bank considers appropriate to facilitate the provision of investment related services to the Client taking into account any legal or regulatory requirement or prevailing market practice applicable to the Bank from time to time; and
- (g) to do all acts and things which are necessary for or incidental to the performance of the above activities or any of them.

This authority shall not affect the Bank's right to dispose or initiate a disposal of the Securities in settlement of any liability owed by the Client or on the Client's behalf to the Bank or any group member of the Bank or a third person. Further, this authority is given in addition to and without prejudice to any other authority or right which the Bank or any group member of the Bank may, now or hereafter, have in relation to the Securities.

The Client understands and agrees that the Securities may be subject to the rights of a third party and the Bank must satisfy before the Securities can be returned to the Client.

The Bank may, at any time and from time to time, do any or more or all of the things set out above in the Bank's sole discretion and without giving the Client prior notice or obtaining the Client's prior confirmation and/or direction.

The Client hereby agrees to indemnify, and to keep indemnified, the Bank from and against all and any losses, damages, interests, costs, expenses, actions, demands, claims and/or proceedings of whatsoever nature which the Bank may incur, suffer and/or sustain as a consequence of any act and/or transaction done or undertaken pursuant to this authority.

This authority is valid for a period of 12 months, but subject to renewal or deemed renewal by the Client under the Client Securities Rules as stated below.

Where the Client has not been classified by the Bank as a "professional investor" under the Securities and Futures Ordinance, the Client understands that this authority shall be deemed to be renewed upon the same terms and conditions if the Bank issues a written confirmation of the renewal of the standing authority to the Client at least 14 days prior to the expiry date of the then effective authority, and the Client does not object in writing to such deemed renewal before the relevant expiry date.

Where the Client has been classified by the Bank as a "professional investor" under the Securities and Futures Ordinance, the Bank shall treat any such standing authority as continuing and it shall remain in effect unless and until specifically revoked by the Client in writing.

The Client acknowledges that this authority may be revoked by giving written notice to the Bank. Such notice of revocation shall take effect upon the expiry of two weeks from the date of the Bank's actual receipt of such notice and shall not affect any act or transaction done or undertaken by the Bank or any member of the group pursuant to or by virtue of this authority prior to such revocation taking effect.

The Client has read, understood and accepted the contents of this authority. The Client confirms that this authority has been explained by the Bank and the Client fully understands the contents of this authority and has sought, or has had the opportunity to seek, legal advice concerning its contents and effect.