



**新鴻基金融集團**  
**SUN HUNG KAI FINANCIAL**

**SHK ONLINE (SECURITIES) LIMITED**

**新鴻基科網（証券）有限公司**

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**CLIENT AGREEMENT AND SCHEDULES**

**客戶協議及附件**

**January 2017 Edition**

**二零一七年一月版**

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**SHK ONLINE (SECURITIES) LIMITED**

**新鴻基科網（証券）有限公司**

*Licensed under the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) to carry on Type 1  
(dealing in securities) regulated activity (CE Number: AAC483)*

根據《證券及期貨條例》（香港法例第571章）獲發牌進行第1類（證券交易）之受規管活動  
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此乃重要文件，懇請細閱。

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## 1. INTERPRETATION

### 1.1 In this Agreement:

- 1.1.1 **"Account"** means the securities trading account(s) (including, without limitation, stock options trading account and collective investment account) opened and maintained by SHKOS on behalf of Client pursuant to the Account Application and the terms of this Agreement;
  - 1.1.2 **"Account Application"** means the application submitted by Client to SHKOS in such form as required by SHKOS for the opening and maintaining of a securities trading account under the terms of this Agreement;
  - 1.1.3 **"Advice"** means a written or typed record (including facsimile or other electronic means from which it is possible to produce a hard copy) (a) confirming and setting out the particulars of any transaction executed by SHKOS on any Account, or (b) recording any other event (including without limitation receipts or withdrawals of assets) in relation to the Account, and containing such information as SHKOS shall consider appropriate;
  - 1.1.4 **"this Agreement"** means this Client Agreement and Schedules and Appendix(ces) (if any) and Supplement(s) (if any), the Account Application and any applicable schedule, appendices and supplements and/or other documents as specified in the Schedules or determined by SHKOS from time to time;
  - 1.1.5 **"Authorised Person"** means each of those persons specified as such in the Account Application, or subsequently appointed as such where notice of such appointment has been given to SHKOS pursuant to the terms of this Agreement provided that such notice shall not take effect until 5 days after the actual receipt by SHKOS of it;
  - 1.1.6 **"Authorised Third Party"** means each of those persons, if any, specified as such in the Account Application, or subsequently appointed as such and notice of such appointment has been given to SHKOS pursuant to the terms of this Agreement provided that such notice shall not take effect until 5 days after the actual receipt by SHKOS of it;
  - 1.1.7 **"CCASS"** means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
  - 1.1.8 **"Client"** means the person in whose name SHKOS has agreed to open and maintain the Account in accordance with the terms of this Agreement and shall in the case where Client: (i) is/are individual(s) include Client and Client's respective executors and administrators; (ii) is a sole proprietorship firm include the sole proprietor and Client's executors, administrators and successors in the business; (iii) is a partnership firm include the partners who are the partners of the firm at the time when the Account being maintained and any other person or persons who shall at any time hereafter be or have been a partner or partners of and in the firm and all the aforesaid partners' respective executors, administrators and the successors to such partnership business; and (iv) is a company include such company and its successors;
  - 1.1.9 **"ESCL"** means Everbright Securities Company Limited, a company incorporated in the People's Republic of China and listed on the Shanghai Stock Exchange (stock code:601788) and the Hong Kong Stock Exchange (stock code: 6178), which is a majority shareholder of SHKFL;
  - 1.1.10 **"ESCL Hong Kong Subsidiaries"** means China Everbright Securities (HK) Limited, China Everbright Forex & Futures (HK) Limited, China Everbright Capital Limited, China Everbright Research Limited, China Everbright Securities Asset Management Limited and other corporations licensed by the SFC which ESCL may establish or otherwise set up to operate business in Hong Kong from time to time.
  - 1.1.11 **"Event of Default"** means each of the events set out in clause 16.1;
  - 1.1.12 **"Exchange"** means The Stock Exchange of Hong Kong Limited and any other exchange, market or association of dealers in any part of the world on which securities are bought and sold;
  - 1.1.13 **"Facility"**, in respect of an Account, means any financial accommodation provided by SHKOS from time to time to facilitate the acquisition and holding of securities whether or not such securities are listed on an Exchange;
  - 1.1.14 **"Group"** means SHKOS, SHKFL, ESCL and each of SHKFL's and ESCL's subsidiaries and associated companies (for the avoidance of doubt, including but not limited to ESCL Hong Kong Subsidiaries), and a "member of the Group" shall be construed accordingly;
  - 1.1.15 **"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China;
  - 1.1.16 **"Laws"** means all laws, rules, regulations and regulatory requirements applying to SHKOS, and to other brokers and dealers instructed by SHKOS, including, where applicable, the rules of the relevant Exchange and its associated clearing house;
  - 1.1.17 **"Regulators"** means the SFC, the relevant Exchange, the relevant clearing house and any other regulator whether in Hong Kong or elsewhere;
  - 1.1.18 **"Regulatory Rules"** means the rules of the Regulators or other laws, rules, codes, guidelines, circulars and regulatory directions issued by the Regulators from time to time;
  - 1.1.19 **"securities"** means "securities" as defined in the Securities and Futures Ordinance and (if applicable) any interest in the collective investment scheme that is a registered scheme as defined in the Mandatory Provident Funds Schemes Ordinance (Cap.485 of the Laws of Hong Kong) or its constituent fund as defined in Section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap.485 sub. leg. A of the Laws of Hong Kong);
  - 1.1.20 **"Securities and Futures Ordinance"** means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
  - 1.1.21 **"SFC"** means the Securities and Futures Commission of Hong Kong;
  - 1.1.22 **"SHKFL"** means Sun Hung Kai Financial Limited, a company incorporated in Hong Kong, which is the holding company of SHKOS;
  - 1.1.23 **"SHKOS"** means SHK Online (Securities) Limited; and
  - 1.1.24 **"subsidiary"** bears the same meaning given to it under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (as amended from time to time).
- 1.1A For the purposes of this Agreement, two companies shall be taken to be associated companies if one is a subsidiary of the other, or both are subsidiaries of a third company, and "associated company" shall be construed accordingly.
- ### 1.2 In this Agreement:
- 1.2.1 the singular shall be deemed to include the plural and vice versa;

- 1.2.2 words importing any gender include every gender and references to persons include companies and corporation;
  - 1.2.3 where SHKOS or any member of the Group is given a discretion, such discretion shall be absolute and if exercised, to the fullest extent permitted by applicable laws, SHKOS or such member of the Group shall not incur any liability of whatsoever nature to Client or any other person and, unless otherwise stated, SHKOS or such member of the Group shall not be required to give reasons for its action, inaction or decision;
  - 1.2.4 the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;
  - 1.2.5 references to any statute, statutory provision or Regulatory Rule shall include a reference to that statute, provision or Regulatory Rule as from time to time amended, replaced, modified, extended or re-enacted;
  - 1.2.6 words not defined shall have the meanings ascribed to them in the Securities and Futures Ordinance or the regulations made thereunder unless the context requires otherwise;
  - 1.2.7 references in this Agreement to Clauses and Schedules are to clauses in and schedules to this Agreement;
  - 1.2.8 if there is any inconsistency between the Chinese and English versions of this Agreement, the English version shall apply and prevail;
  - 1.2.9 any reference in this Agreement to an ordinance or a provision of any Regulatory Rules shall be deemed to include such ordinance or provision as now or hereafter amended, replaced, modified, extended or re-enacted; and
  - 1.2.10 in the event of any inconsistency between any provision of this Agreements and any Laws, the latter shall prevail and SHKOS shall be entitled in its discretion to take or refuse to take any action or to demand that the Client shall take or refrain from taking any action to ensure compliance with the same. All actions taken by SHKOS in accordance with the Laws shall be binding on the Client.
- 1.3 Unless otherwise specified in this Agreement or by SHKOS in writing, any interest owed by Client to SHKOS in connection with this Agreement shall be calculated on the basis of a 365-day year or 366-day year (if the year in question is a leap year). Such basis may be changed by SHKOS in its absolute discretion, at any time and from time to time, without notice to or consent from Client unless such notice or consent is stated in this Agreement, or other written agreement by SHKOS, to be necessary.

## **2. ACCOUNT OPENING**

- 2.1 Client hereby instructs and authorises SHKOS to open and maintain securities trading account(s) (including, without limitation, stock options trading account and collective investment account) in the name of Client for purchasing, investing in, selling, exchanging or otherwise dealing in securities in Hong Kong or elsewhere, on the terms set out in this Agreement.

## **3. SHKOS' INFORMATION TO CLIENT**

- 3.1 SHKOS may, at Client's request, agree to deal in securities on Client's behalf, and to provide information, advice and/or recommendations (as the case may be) in relation to securities, which information advice and/or recommendations (as the case may be) must be reasonably suitable for Client having regard to Client's financial situation, investment experience and investment objectives to the extent as required by the Regulatory Rules.
- 3.2 SHKOS shall provide to Client upon request product specifications, any prospectus or other offering document covering securities which are derivative products in which Client wishes to consider dealing.
- 3.3 If SHKOS solicits the sale of or recommends any financial product to Client, the financial product must be reasonably suitable for Client having regard to Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document SHKOS may ask Client to sign and no statement SHKOS may ask Client to make derogates from this Clause. For the purpose of this Clause, "financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the Securities and Futures Ordinance. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.
- 3.4 Clause 3.3 (and the provision of information, advice and/or recommendations which must be reasonably suitable under Clause 3.1) shall not apply where Client is (i) an "Institutional Professional Investor" or (ii) a "Corporate Professional Investor" which meets the requirements under paragraphs 15.3A and 15.3B of the "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commissions" and accepts to be treated as a professional investor under the Regulatory Rules, in which case Client shall make its own judgment and decisions independently without reliance on SHKOS or any other member of the Group in its decisions in relation to dealing in securities.

## **4. CLIENT'S INSTRUCTIONS AND STANDING AUTHORITY**

- 4.1 Instructions given by Client shall be irrevocable and may be given in writing, verbally, by facsimile or other electronic means (including through the E-Service, as defined in the Sixth Schedule), but in any case at Client's own risk.
- 4.2 Unless Client gives specific instructions to the contrary, Client agrees and acknowledges that all orders and instructions are valid for the official trading day of the Exchange (in this Clause 4 referred to as "Trading Day") on which it is received. Any instruction received after the close of a Trading Day shall be treated as that of the next Trading Day and valid for the next Trading Day only.
- 4.3 For any instruction, the name of Client (or any of them in case where Client is more than one person unless otherwise stated in the Account Application), the name of Client's Authorised Person or Authorised Third Party (or the names of the Authorised Persons or Authorised Third Parties if the Account Application states that more than one Authorised Person or Authorised Third Party is required) where such instruction is given by the Client's Authorised Person(s) or Authorised Third Party(ies) and the number of the relevant account opened with SHKOS shall be quoted provided always that SHKOS may but shall not be under any duty to verify or ensure as to the identity of the or any person giving such instruction and SHKOS shall be entitled (but not be obliged) to act on the same and rely on its belief that such instruction emanates from Client, Client's Authorised Person(s) or Authorised Third Party(ies).
- 4.4 Client may grant to SHKOS the following standing authorities and once granted, Client agrees to be bound by the terms thereof:
  - 4.4.1 a standing authority pursuant to the Securities and Futures (Client Money) Rules (Cap. 571I of Laws of Hong Kong) as amended from time to time; and
  - 4.4.2 a standing authority pursuant to the Securities and Futures (Client Securities) Rules (Cap. 571H of Laws of Hong Kong) as amended from time to time and for the avoidance of doubt, securities borrowing and lending agreement stated in the standing authority shall include but not be limited to market standard repurchase agreement (such as global master repurchase agreement);
  - 4.4.3 such other lawfully agreed standing authority, as amended from time to time.

- 4.5 Subject to applicable laws, any instruction given or purportedly given by Client, its Authorised Person(s) or Authorised Third Party(ies) after;
- 4.5.1 the revocation by Client of its Authorised Person(s) or Authorised Third Party(ies)' that person's authority; or
- 4.5.2 the commencement of liquidation or bankruptcy (as the case may be) in respect of Client or the occurrence of any analogous event;
- shall continue to be valid and effective in SHKOS' favour until 5 days after the actual receipt by SHKOS of a written notice informing SHKOS of the occurrence of the relevant event from Client (in case of the said revocation) or in case of the said liquidation or bankruptcy, the liquidator, the trustee in bankruptcy or similar officer.
- 4.6 Any instruction given by Client's Authorised Person(s) or Authorised Third Party(ies), as the case may be, shall be deemed to be given by the Client. Client hereby agrees to accept full responsibility and shall not later challenge the instructions given by Client's Authorised Person(s) or Authorised Third Party(ies), as the case may be.

## **5. SHKOS' DISCRETION**

- 5.1 SHKOS shall be entitled to rely on and to act as it thinks fit in accordance with any instruction given or purportedly given by or on behalf of Client which SHKOS believes in good faith to have been given by the Client or its Authorised Person(s) or Authorised Third Party(ies). Notwithstanding the foregoing, SHKOS shall have discretion to reject such instruction. SHKOS shall be under no obligation either to act for the Client or upon any instruction or execute any transaction for or on behalf of the Client if there are insufficient funds in the Account, or if SHKOS believes that the acting or the execution might result in either SHKOS, any member of the Group or the Client contravening any Laws or Regulatory Rules or for any other reason. If SHKOS in its absolute discretion declines to act for the Client or act upon any instruction, or execute any transaction for or on behalf of the Client, SHKOS shall in its own discretion notify the Client accordingly, but SHKOS shall not in any circumstances whatsoever be liable in any way for any loss, damages, liability, cost, expense or whatsoever suffered or incurred by the Client arising in or in connection with the exercise of the above discretion by SHKOS.

## **6. EXECUTION OF ORDER**

- 6.1 SHKOS may, in carrying out Client's instructions, contract or otherwise deal with or through any broker for the purchase or sale of securities on any Exchange, or any person associated with SHKOS in any manner, on such terms as SHKOS may in its discretion determine.

## **7. ADVICE**

- 7.1 SHKOS may, and, if required by the Laws, shall, send to the address(es) (email address or otherwise) and/or other contact number(s) of Client on SHKOS' records an Advice (which may be in electronic format) after SHKOS has facilitated a transaction with or for the Account, or upon the occurrence of certain events of or movements in Client's Account, in accordance with the Laws in relation to the Advice:
- 7.1.1 Client agrees that it is its responsibility to ensure that it receives Advice in due time and to make enquiries with and obtain the same from SHKOS immediately if not duly received;
- 7.1.2 any purported discrepancy between the contents of any Advice and Client's instructions must be notified to SHKOS, orally or in writing in accordance with the notice provisions of this Agreement, within seven (7) days following the date of issue or re-issue of the Advice to Client; and
- 7.1.3 at the end of the period of seven (7) days, the contents of the Advice shall be conclusive evidence of the particulars set out therein without any further proof that the Advice and/or the transaction or event to which it relates are correct (subject to the right of SHKOS, which may be exercised by it at any time and from time to time, to adjust any entries in the Account and/or details in the Advice where they have been wrongly or mistakenly made by it), except for:
- 7.1.3.1 any alleged errors notified by Client to SHKOS in accordance with the notice provisions in this Agreement;
- 7.1.3.2 any payments made on forged or unauthorised endorsement;
- 7.1.3.3 any unauthorised transactions arising from forgery or fraud by any third party (including Client's employee, agent or servant) in relation to which SHKOS has failed to exercise reasonable care and skill;
- 7.1.3.4 any unauthorised transactions arising from forgery or fraud by any employee, agent or servant of SHKOS; and/or
- 7.1.3.5 any other unauthorised transaction arising from the default or gross negligence on the part of SHKOS or any of its employees, agents or servants.
- 7.1.4 SHKOS shall not be responsible for failures or delays in the transmission of offers or instructions due to a breakdown or failure of transmission of communication facilities, or to any other cause or causes beyond the reasonable control or anticipation of SHKOS.

## **8. SETTLEMENT**

- 8.1 Client shall pay to SHKOS in cleared funds any money required for the purchase of securities or shall deliver to SHKOS the certificates or documents of title or procure the transfer of securities held in CCASS required for the sale of securities (as the case may be), in each case at any time demanded by SHKOS (even if required to be paid and/or delivered earlier than the settlement date), and Client shall take all necessary action to enable due settlement and/or delivery in respect of such purchase and sale in accordance with the Laws. Should Client fail to do so, SHKOS is authorised:
- 8.1.1 in the case of a purchase transaction, to transfer or sell any such purchased securities to satisfy Client's obligations to SHKOS; or
- 8.1.2 in the case of a sale transaction, to borrow and/or purchase such sold securities to satisfy Client's obligations to SHKOS.
- 8.2 If SHKOS has to obtain securities which SHKOS has purchased on behalf of Client in the open market, following the failure of the selling broker to deliver on the settlement date, Client shall be responsible for any difference in prices and all incidental expenses in connection with such open market purchase.

## **9. SHORT SELLING**

- 9.1 Except for any security interest of SHKOS or any member of the Group, securities provided by Client for selling or crediting into the Account(s) are fully paid with valid and good title and whose legal and beneficial titles are owned by the Client. Client confirms and undertakes that it will give SHKOS information and/or assurances in relation to the ownership of the securities as SHKOS may require before the selling order is placed. Client must notify SHKOS when a sale order relates to securities which the Client does not own i.e. where it involves short selling (including where the Client has borrowed stock for the purposes of the sale). Client acknowledges and agrees that no short selling orders will be accepted by SHKOS unless Client provides SHKOS with such confirmation, documentary evidence and assurance as SHKOS in its opinion considers necessary to show that Client has a presently exercisable and unconditional right to vest such securities in the purchaser before placing any short selling order.

## 10. MARGIN TRADING

- 10.1 Subject to the terms and conditions as set out in the First Schedule, SHKOS may grant the Facility to the Client to conduct margin securities trading in respect of the Account.

## 11. INITIAL PUBLIC OFFERINGS

- 11.1 Where the Client requests SHKOS to apply on Client's behalf for securities in a new issue for listing on an Exchange, the Client hereby agrees to comply with the provisions contained in the Second Schedule.

## 12. FOREIGN CURRENCY TRANSACTIONS

In the event that Client directs SHKOS to enter into any transaction on an Exchange or other market on which such transactions are effected in a foreign currency:

- 12.1 any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the account and risk of Client;
- 12.2 all initial and subsequent deposits for margin purposes shall be made in such currency in such amounts as SHKOS may, at the sole discretion of SHKOS, require from time to time; and
- 12.3 when such a contract is liquidated SHKOS shall debit or credit the Account of Client in the currency in which such Account is denominated, at a rate of exchange determined conclusively by SHKOS on the basis of the then prevailing money market rates of exchange between such currencies.
- 12.4 In the event that SHKOS exercises any of its rights under this Agreement, including without limitation the combination or consolidation of the Accounts or the transfer of client money and such combination, consolidation or transfer or exercise of any other right requiring the conversion of one currency into another, the conversion shall be calculated at the spot rate of exchange (as conclusively determined by SHKOS) prevailing in such foreign exchange market as determined by SHKOS to be relevant on the date of such combination, consolidation, transfer or exercise of that right.
- 12.5 In the event that Client places an order for the sale or purchase of Renminbi-denominated securities, Client acknowledges and agrees that:
- (a) Renminbi is subject to capital controls and is not freely convertible, and therefore transactions involving Renminbi-denominated securities may involve substantial exchange risks;
  - (b) unless otherwise indicated by SHKOS, transactions of Renminbi-denominated securities will be settled in Renminbi; and
  - (c) if SHKOS is required to settle a transaction on behalf of Client by purchasing or selling Renminbi from or through the market, unless otherwise indicated by SHKOS, the exchange rate will be based on prevailing market rate or such rate as quoted by a licensed bank in Hong Kong.

## 13. SECURITIES IN THE ACCOUNT(S)

- 13.1 Client specifically authorises SHKOS, in respect of any of the securities (whether in Hong Kong or elsewhere) deposited by Client with SHKOS or purchased or acquired by SHKOS on behalf of Client, and held by SHKOS for safe keeping, to register the same in the name of SHKOS, any member of the Group or any nominee appointed or agreed by SHKOS (whether such nominee is a person in Hong Kong or elsewhere) or in Client's name, or deposit in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by SHKOS or any member of the Group with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities (in this Clause 13 referred to as "**Segregated Account for Securities**") or deposit with any overseas custodian or overseas clearing house subject to compliance with applicable Regulatory Rules.
- 13.2 Client specifically authorises SHKOS, in respect of any of the securities collateral (whether in Hong Kong or elsewhere) deposited with, or otherwise provided by or on behalf of Client to SHKOS, to:
- 13.2.1 deposit in a Segregated Account for Securities;
  - 13.2.2 deposit in an account in the name of SHKOS or any member of the Group (as the case may be) with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities;
  - 13.2.3 register in the name of Client on whose behalf the securities collateral has been received, SHKOS or any member of the Group or any nominee appointed or agreed by SHKOS (whether such nominee is a person in Hong Kong or elsewhere);
  - 13.2.4 deposit with any overseas custodian or overseas clearing house subject to compliance with applicable Regulatory Rules.
- 13.3 Any securities and securities collateral (whether in Hong Kong or elsewhere) held by SHKOS, any member of the Group, banker, institution, custodian, nominee, intermediary or any other person pursuant to this Clause 13 shall be at the sole risk of Client. SHKOS, any member of the Group and the relevant associated entity, banker, institution, custodian, nominee, intermediary and person shall be under no obligation to insure Client against any kind of risk, which obligation shall be the sole responsibility of Client.
- 13.4 If in relation to any securities deposited with SHKOS or any member of the Group or any other person pursuant to this Clause 13 but which are not registered in Client's name, any dividends or other distributions or benefits accrue in respect of such securities, the Account(s) shall be credited (or payment made to Client as may be agreed) with the proportion of such dividends, distributions or benefits equal to the proportion of the securities held on behalf of Client out of the total number or amount of such securities. In the event that the odd lot of such securities is not eligible for any such dividends, distributions or benefits, the odd lot held on behalf of Client will not be taken into account in the apportionment. Subject to applicable Laws and Regulatory Rules, SHKOS may retain, or otherwise dispose of, for its own account and benefit, any fractional shares entitlements to which Client may be entitled, and entitlements (in any form whatsoever) arising from any odd lot held on behalf of Client or from the aggregation of odd lots held on behalf of the clients of SHKOS (including Client). The foregoing shall not limit or prejudice, in any way, SHKOS' rights to reject Client's instructions under Clause 5 including, without limitation its right to reject Client's instructions in relation to the sale or purchase of any odd lot of any securities.
- 13.5 If in relation to any securities deposited with SHKOS or any member of the Group or any other person pursuant to this Clause 13 but which are not registered in the name of Client, and loss is suffered by SHKOS or any member of the Group, the Account(s) may be debited (or payment made by Client as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of Client out of the total number or amount of such securities.
- 13.6 Except as provided in this Agreement or otherwise allowed under the Laws, SHKOS shall not, without Client's oral or written direction or standing authority, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of Client's securities or securities collateral for any purpose.

- 13.7 SHKOS is authorised, in accordance with applicable Laws or pursuant to a lawfully agreed standing authority, to dispose of any of Client's securities or securities collateral (and SHKOS shall have absolute discretion to determine which securities or securities collateral are to be disposed of) for the purpose of settling any liability owed by or on behalf of Client to SHKOS.
- 13.8 The obligations of SHKOS (or any other person permitted under this Agreement) to deliver, to hold or to register in Client's name, any of Client's securities or securities collateral shall be satisfied by the delivery, the holding or registration in Client's name or Client's nominee of securities of the same class, denomination and nominal amount as, and rank *pari passu* with, those originally deposited with or transferred to SHKOS or any other person permitted under this Agreement or otherwise agreed by Client or acquired by SHKOS on Client's behalf ("Original Securities") (subject always to any capital reorganisation which may have occurred in the meantime) and SHKOS (or any other person permitted under this Agreement) shall not be bound to deliver or return securities which are identical with the Original Securities in terms of number, class denomination, nominal amount and rights attached thereto.
- 13.9 Where any securities are held in SHKOS' name, the name of any member of the Group or the name of any nominee appointed or agreed by SHKOS in accordance with this Clause 13, SHKOS or such member of the Group will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of Client. Nothing in this Agreement shall in any way impose on SHKOS or any member of the Group any duty to inform Client or to take any action with regards the attendance of meetings and to vote at such meetings. SHKOS or any member of the Group has no duty in respect of notices, communications, proxies and other documents, relating to the securities received by SHKOS or any member of the Group or to send such documents or to give any notice of the receipt of such documents to Client. SHKOS and/or any member of the Group has/have the right to charge Client for its/their respective services in taking or arranging custody of Client's securities or any action pursuant to Client's instruction.
- 13.10 For the avoidance of doubt, SHKOS, any member of the Group or any nominee appointed or agreed by SHKOS (whether such nominee is a person in Hong Kong or elsewhere) may hold any securities for Client in a place outside Hong Kong, subject to compliance with applicable Regulatory Rules.
- 13.11 Without prejudice and in addition to other rights and remedies of SHKOS and other members of the Group, SHKOS may, at any time and from time to time, dispose, or initiate a disposal by any relevant member of the Group, of any of the Client's securities (whether in Hong Kong or elsewhere) or securities collateral (whether in Hong Kong or elsewhere) in settlement of any liability owed by or on behalf of Client to SHKOS, such relevant member of the Group or a third person. SHKOS and such relevant member of the Group (if applicable) are authorised to do all things as necessary in connection with any such disposal without any liability for any resulting or associated loss or expense. Without prejudice to the foregoing, Client shall not make any claim against SHKOS and/or such relevant member of the Group (if applicable) concerning the manner or timing of such disposal.

#### **14. MONIES IN THE ACCOUNT(S)**

- 14.1 Subject to compliance with applicable Regulatory Rules, SHKOS shall be entitled to deposit or transfer any monies held in the Account(s) or received for or on the account of Client with or to or interchangeably between one or more segregated account(s) opened and maintained by SHKOS or any member of the Group in Hong Kong or elsewhere each of which shall be designated as a trust account or client account, at one or more authorised financial institution(s) and/or any other person approved by the SFC for the purposes of section 4 of the Securities and Futures (Client Money) Rules (Cap. 571I of Laws of Hong Kong) and/or any other person(s) overseas. Unless otherwise agreed between Client and SHKOS and to the extent permitted by the Laws, any interest accrued on such monies shall belong to SHKOS absolutely.

#### **15. COMMISSIONS, FEES AND CHARGES, LIENS, SET-OFF AND CONSOLIDATION**

- 15.1 In respect of every transaction or Account, Client shall pay to SHKOS forthwith on demand the applicable interest, levy, charge, premium, brokerage, commission, fee (including, without limitation, dormant/inactive account fee), cost and expense for the Account under this Agreement as advised to Client from time to time. The most up to date information and notice about interest, levy, charge, premium, brokerage, commission, fee, cost and expense in connection with the purchasing, investing in, selling, exchanging or otherwise dealing in any securities in the Account can be found on the website of SHKOS. Subject to applicable Laws, SHKOS may at any time and from time to time, in its absolute discretion, change any commission, fee and/or charge by notice to Client. Client acknowledges that he/she is expected to check the website of SHKOS or request updated information from SHKOS from time to time before dealing in any securities and Client agrees that any information or notice posted on the website of SHKOS from time to time shall be binding on Client and be sufficient advice for all purposes and intents. Subject to applicable Laws, the new commission, fee and/or charge shall be applicable on the effective date specified in such notice, whether the specified effective date is before or after the date of such notice.
- 15.2 Client shall pay or reimburse SHKOS forthwith on demand an amount equal to all commissions, brokerages, levies, fees, duties and taxes and all other charges and expenses incurred by SHKOS arising out of or in connection with any transaction effected by SHKOS as agent on behalf of Client or otherwise arising out of or in connection with the performance of the duties of SHKOS under this Agreement. For the collective investment account, Client understands that front-end fee (partly/fully as commission payable to SHKOS) is charged up to a maximum percentage of the investment amount stated on the prospectus or explanatory memorandum of the relevant fund. Certain funds may charge redemption fee, switch fee and/ or annual management fee, all or part of which may be payable to SHKOS by the relevant fund management company or its associated company. Detailed information of such fees can be found in the prospectus or explanatory memorandum of the relevant fund. In any event, the fees receivable by SHKOS will not exceed the maximum amount of such fees as set out in the prospectus or explanatory memorandum of the relevant fund. All or part of the fees received by SHKOS will be paid to the investment consultant serving Client's account as his/her commission.
- 15.3 Without prejudice to other provisions of this Clause 15, SHKOS may deduct any amount contemplated in Clauses 15.1 and 15.2 above from the Account.
- 15.4 Client shall be responsible to SHKOS for all losses and expenses resulting from Client's settlement failure, and shall be subject to such additional charges and interest therefor as SHKOS may determine.
- 15.5 Subject to applicable Laws, without limitation and in addition to any other rights and remedies of SHKOS and other members of the Group, Client agrees that:
- 15.5.1 without prejudice to any other provisions in this Agreement, SHKOS and the Group shall have a general lien over all or any part of any money or securities held by SHKOS or any member(s) of the Group for the discharge of Client's obligations to SHKOS, any member of the Group or a third person;
  - 15.5.2 SHKOS may at any time and from time to time without prior notice combine or consolidate all or any of Client's accounts with, and/ or apply Client's securities and/or other properties in or towards satisfaction of, any liabilities to SHKOS and/or other members of the Group;
  - 15.5.3 SHKOS may at any time and from time to time without prior notice set-off or transfer any sum in whatever currency standing to the credit of any of Client's accounts with SHKOS or other members of the Group in or towards satisfaction of any of Client's liabilities of whatever nature (including liabilities incurred as principal or surety and whether such liabilities be actual or contingent, primary or collateral, several or joint) to SHKOS and/or other members of the Group.

## 15.6 SHKOS may

- 15.6.1 without further disclosure to Client, receive, accept and retain for SHKOS's own account(s) and benefit absolutely from any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap.201 of the Laws of Hong Kong); and
  - 15.6.2 without further disclosure to Client, pay to any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap.201 of the Laws of Hong Kong).
- 15.7 Without prejudice to and in addition to other rights and remedies of SHKOS and other members of the Group, SHKOS shall be entitled but not be obliged (and is hereby authorised by Client), at its discretion and without notice to Client, to dispose of Client's securities and/or other properties for the purpose of settling any liability owed by Client to SHKOS for or in connection with:
- 15.7.1 dealing in securities which remains after SHKOS has disposed of all other assets designated as collateral for securing settlement of that liability,
  - 15.7.2 financial accommodation provided by SHKOS to Client which remains after SHKOS has disposed of all other assets designated as collateral for securing settlement of that liability; or
  - 15.7.3 maintaining the Account(s) which has/have been designated by SHKOS as inactive or dormant account(s).
- 15.8 Subject to applicable Laws and without prejudice to and in addition to any general lien and other rights and remedies entitled by SHKOS and/or other member(s) of the Group, at any time when Client is indebted to SHKOS or any member of the Group in any respect, SHKOS or any member of the Group shall be entitled but not be obliged (and Client irrevocably and unconditionally authorises SHKOS or any member of the Group), at its discretion and without prior notice to Client, at any time and from time to time:
- 15.8.1 to combine or consolidate all or any of Client's existing accounts with SHKOS or any member of the Group regardless of whether notice is required and the nature of the account (i.e. whether deposit, loan or any other nature); and
  - 15.8.2 to set-off or transfer any sum standing to the credit of any one or more of such accounts wherever they are situated, in order to satisfy Client's liabilities to SHKOS and/or any member of the Group on any other account or other respect whatsoever.
- 15.9 SHKOS and any member of the Group are authorised to do the above without notice and notwithstanding any settlement of account or other matter whatsoever. The liabilities referred to above include present or future, actual or contingent, primary or collateral, and several or joint. In addition, SHKOS shall have the right to sell such securities, investments and property and utilise the proceeds to offset and discharge all the obligations of Client without any prior notice to Client, whether as principal or as surety, to SHKOS and/or any member of the Group regardless of:
- 15.9.1 whether any other person is interested in, or whether SHKOS has made advances in connection with, such securities, investments or property; and
  - 15.9.2 the number of accounts Client may carry with SHKOS or any member of the Group.
- SHKOS is authorised to do all things as necessary in connection with such sale without any liability for any resulting loss. Without prejudice to the foregoing, Client shall not make any claim against SHKOS concerning the manner or timing of such sale.
- 15.10 Client agrees to pay interest on all overdue balances owing by Client to SHKOS and/or the relevant member(s) of the Group (after as well as before any judgment), SHKOS at such rate(s) from day to day as SHKOS and/or the relevant member(s) of the Group shall in its/their absolute discretion determine with reference to the prevailing market rate(s) from the date(s) of default up to the date(s) of actual payment, such interest to be payable on the last day of each calendar month or such other date(s) as determined by SHKOS and/or the relevant member(s) of the Group or forthwith upon any demand being made by SHKOS and/or the relevant member(s) of the Group. The aforesaid interest rate(s) may be changed by SHKOS and/or the relevant member(s) of the Group in its/their absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. If any interest rate calculated under this clause would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap.163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that SHKOS shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SHKOS and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this Clause 15.10 and Client undertakes to, immediately upon demand by SHKOS, do such act(s) and/or execute such document(s) as may be required by SHKOS at any time and from time to time in order to give full effect to each such debit.

## 16. DEFAULT

- 16.1 SHKOS shall be entitled to exercise their powers under clause 16.2 upon or at any time after the occurrence of any of the following Events of Default:
- 16.1.1 **Non-payment:** Client defaults in paying, further securing or satisfying on demand any monies or liabilities under this Agreement or any agreement between Client and any member of the Group;;
  - 16.1.2 **Breach of representation:** any statement, representation, warranty or undertaking made, repeated or deemed to have been repeated by Client in this Agreement or in any notice or other document delivered to SHKOS or any member of the Group in connection with this Agreement that is or proves to have been incorrect or misleading when made, repeated or deemed to have been repeated;
  - 16.1.3 **Breach of other obligations:** Client fails to perform or comply with any of its other obligations under this Agreement or any agreement between Client and any member of the Group and, if that failure is capable of remedy, does not remedy such failure to the satisfaction of SHKOS immediately following receipt of notice from SHKOS or any member of the Group requiring it to do so;
  - 16.1.4 **Winding-up, etc.:** where Client is a corporation:
    - 16.1.4.1 a petition is presented or an order is made or any effective resolution is passed or analogous proceedings are taken for the winding up of Client save for the purposes of an amalgamation, merger or reconstruction the terms whereof have previously been approved in writing by SHKOS; or
    - 16.1.4.2 Client convenes a meeting for the purpose of making, or proposes and/or enters into, any arrangement or composition for the benefit of its creditors; or



- 16.1.4.3 an encumbrancer takes possession or a Receiver or other similar officer is appointed of the whole or any part of the assets or the undertaking of Client, or a distress or execution is levied or enforced upon or sued out against any of the chattels or property of Client and is not discharged within thirty days of being levied; or
- 16.1.4.4 Client, without the consent in writing of SHKOS, stops payment to creditors generally or (if applicable) Client (otherwise than for the purpose of such an amalgamation, merger or reconstruction as is referred to in Clause 16.1.4.1 above) ceases or threatens to cease to carry on its business or any substantial part thereof or be deemed, for the purposes of Section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), to be unable to pay its debts or disposes or threatens to dispose of the whole or a substantial part of its undertaking or assets;
- 16.1.5 **Bankruptcy, etc.:** Bankruptcy proceedings are commenced in respect of Client where Client is an individual, or a bankruptcy order is made against Client or Client makes any composition or arrangement with Client's creditors, dies, becomes of unsound mind and/or insane;
- 16.1.6 **Material adverse change in Client's financial condition, etc.:** there occurs a material adverse change in Client's business, assets or financial condition which would, in the opinion of SHKOS, prevent or hinder or tend to prevent or hinder Client from performing in any material respect its obligations;
- 16.1.7 **Judgment or court order:** where Client is a partnership or a sole proprietorship, any of its partners or the sole proprietor shall have any judgment or order of Court made or any execution levied against his goods chattels or property, dies, becomes of unsound mind and/or insane;
- 16.1.8 **Incompetence, etc:** where the Client is an individual, a sole proprietor or a partnership, a judicial declaration of incompetence or mental incapacity is made in respect of the Client or any of the partners, or the Client or any of the partners dies;
- 16.1.9 **Unlawfulness:** where SHKOS in its sole opinion believes there may be a basis for suspicion that the Client has engaged or may be engaging in any market malpractice or any other activity which is prohibited by any Laws or Regulatory Rules or applicable terms and conditions of whatsoever nature; or it shall become unlawful for the Client to maintain the Account or to perform any of the Client's obligations under this Agreement; or any authorisation, consent, approval or licence necessary for the Client to continue the Account or to perform any of its obligation under this Agreement is withdrawn, restricted, revoked or otherwise ceases to be in full force and effect;
- 16.1.10 **Fraud, etc:** Client is convicted of an offence involving fraud, deception or dishonesty or any other serious criminal offence (other than a road traffic offence where a non-custodial sentence is imposed);
- 16.1.11 **Regulatory requirements:** in the discretion of SHKOS, the exercise by SHKOS of any powers conferred by Clause 16.2 is necessary for compliance with any Regulatory Rules;
- 16.1.12 **Suspension of the Account:** the Account or the trading of any securities or instruments in the Account is for whatsoever reason suspended;
- 16.1.13 **Illiquidity:** in the absolute opinion of SHKOS, there occurs market conditions (for example, illiquidity) or actions that may make it difficult or impossible to effect the relevant transactions or liquidate or offset the relevant positions; and
- 16.1.14 **Others:** in the sole discretion of SHKOS, when it regards it to be otherwise necessary or appropriate e.g. due to margin requirements or otherwise.
- 16.2 Upon or at any time following the occurrence of any of the Events of Default, all amounts owing by the Client to SHKOS shall become immediately payable on demand and SHKOS, without notice to the Client, may do any of the following in its discretion:
  - 16.2.1 terminate all or any part of this Agreement and close the Account, or otherwise suspend operation of the Account;
  - 16.2.2 immediately require Client to repay or discharge the Facility, if any;
  - 16.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;
  - 16.2.4 close any or all contracts between SHKOS and the Client, cover any short position of Client through the purchase of securities on the relevant Exchange(s) or, liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
  - 16.2.5 sell or otherwise dispose of the securities held for the Client to settle any liability owed by the Client to SHKOS which remains after SHKOS has disposed of all client collateral for securing the settlement of that liability; and
  - 16.2.6 combine or consolidate any or all accounts of the Client and exercise right of set-off in accordance with this Agreement.
- 16.3 In the event of any sale pursuant to Clause 16.2.5
  - 16.3.1 SHKOS shall not be responsible for any loss occasioned thereby howsoever arising if SHKOS has already used reasonable endeavours to sell or dispose of the securities or any part thereof at the then available market price;
  - 16.3.2 SHKOS shall be entitled to appropriate to itself or sell or dispose of the securities or any part thereof at the current price to SHKOS or any member of its Group without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by SHKOS and/or any member of its Group; and
  - 16.3.3 the Client undertakes to pay to SHKOS any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by Client to SHKOS.
- 16.4 Any proceeds of sale hereunder shall be applied in the following order of priority:
  - 16.4.1 in satisfaction of all costs, levies, charges, expenses and payments (including, without limitation, legal or other professional fees, stamp duty, commission and brokerage) incurred by SHKOS on a full indemnity basis;
  - 16.4.2 in or towards the satisfaction of the amount secured by this Agreement whether principal or interest or otherwise in such order as SHKOS may in its discretion decide;
  - 16.4.3 in or towards the satisfaction of any other amount owing to SHKOS or any member of the Group;

and the surplus if any shall be paid to Client or to its order. If there is any deficiency after the sale, Client shall pay such deficiency to SHKOS without the need for any demand.
- 16.5 Any dividends, interest or other payments which may be received or receivable by SHKOS in respect of the Margin Securities (as defined in the First Schedule) (less such reasonable charges as SHKOS may determine from time to time) may be applied by SHKOS as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen.
- 16.6 A declaration, determination or decision by an officer of SHKOS that the power of sale has become exercisable under this Clause 16 shall be conclusive evidence of that fact in favour of any purchaser or other person deriving title under the sale.

## 17. LIABILITY AND INDEMNITY

- 17.1 Client agrees that SHKOS or any member of the Group or any of their respective officers, employees or agents shall not have any liability whatsoever (other than those resulting from fraud, wilful default or a breach of Clause 3.3 on SHKOS' part) for any loss, expense or damage which Client may incur as a result of the performance or failure to perform this Agreement or as a result of any act or omission of any third party (whether or not appointed by SHKOS or any member of the Group) or howsoever arising out of any cause beyond the control of SHKOS or any member of the Group. Further, SHKOS or any member of the Group or any of their respective officers, employees or agents shall accept no liability as a result of compliance with any applicable Regulatory Rules. This Clause 17.1, however, shall not be construed as in any way binding any member of the Group to comply with any provision of this Agreement unless otherwise explicitly agreed by such member of the Group.
- 17.2 Client undertakes to indemnify and to keep indemnified SHKOS and its officers, employees and agents on a full indemnity basis from and against all losses, damages, interest costs, actions, demands, claims, proceedings, expenses, costs (including, without limitation, legal costs and costs reasonably incurred in collecting debts from Client) and liabilities and liabilities of whatsoever nature (other than those resulting from fraud or wilful default on SHKOS' part) incurred, suffered or sustained by or made or brought against or threatened to be made or brought against each or any of them SHKOS directly or indirectly arising out of or in connection with the performance of any act or the exercise of any right or discretion or any inaction taken or chosen by or for SHKOS and/or any member of the Group pursuant to this Agreement, or arising directly or indirectly from any act or omission by Client whether or not constituting a breach of any of its obligations under this Agreement or the occurrence of any Event of Default or directly or indirectly as a consequence of reliance by SHKOS or any of its officers, employees or agents on any representation stated in this Agreement or any information provided by or for Client SHKOS or directly or indirectly as a result of acting on by SHKOS or any of its officers, employees or agents any instruction, signature, instrument, notice, resolution, request, certificate, report or other document believed to be signed or given by the proper party(ies), whether the same is given verbally or in written form and whether the same is an original, facsimiled or electronic copy.
- 17.3 If any claim is made against SHKOS or Client in connection with this Agreement, SHKOS may, without prejudice to Clause 17.1 above, take any such steps at its sole discretion, including the withholding of payment or delivery to Client of any money or securities.
- 17.4 Client acknowledges that handling of Client's Account(s) by any person or party other than the Client must be properly documented as prescribed by SHKOS from time to time (for example, in relation to giving of trading instructions, by completion of the relevant prescribed form applicable to Authorised Person or Authorised Third Party, as the case may be). Discretionary handling of clients' accounts by SHKOS's representatives is generally not permitted by SHKOS policy (and that if exception is granted it must be properly documented in a further SHKOS discretionary account agreement with a power of attorney). Client covenants not to hold SHKOS responsible in any way, and shall indemnify SHKOS, for all and any loss, damage, interest, cost, action, demand, claim, liability, expense or proceeding of any nature whatsoever relating to or resulting from the Client's instruction, permission, acquiescence or approval to, or arrangement or understanding with, any SHKOS representative or any person or party other than the Client (whether explicit or tacit) to conduct discretionary trading on the Account or other handling in respect of the Client's Account(s) or Client's money.

## 18. DISCLOSURE OF INFORMATION

- 18.1 Client warrants and undertakes to SHKOS that all information provided by Client from time to time in, under or pursuant to this Agreement is and will be accurate, complete and up-to-date. Client shall notify SHKOS forthwith of any change to such information. SHKOS shall be entitled to rely fully on all such information for all purposes until SHKOS is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement, any change to any such information shall not take effect until five (5) days after the actual receipt by SHKOS of the relevant written notification or until such shorter period of time as may be agreed by SHKOS in writing.
- 18.2 SHKOS shall notify Client of any material change to the information relating to SHKOS provided in, under or pursuant to this Agreement.
- 18.3 Client shall immediately on demand by SHKOS at any time and from time to time supply to SHKOS such financial and/or other information in connection with the subject matter of this Agreement, Client and/or the compliance of any Laws or Regulatory Rules as SHKOS may reasonably require. Client agrees that SHKOS may conduct credit enquiries or check on Client for the purpose of ascertaining the financial situation of Client.
- 18.4 SHKOS may provide any information supplied by or relating to Client and/or any transaction and/or the Account to any Regulator or other person to comply with the lawful requirements or requests for information (whether such requirements and requests are mandatory or otherwise) or otherwise where in SHKOS' sole discretion, it deems it appropriate in the circumstances. Without limiting the foregoing, relevant information may be disclosed if there is reasonable ground for SHKOS to suspect that any Client may have committed a material breach or infringement of, or may not have complied with, any market misconduct provisions in Part XIII or XIV of the Securities and Futures Ordinance.
- 18.5 SHKOS is subject to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) which regulates the use of personal data concerning individuals. SHKOS' policies and practices relating to the use of personal data are set out in the Fifth Schedule to this Agreement.
- 18.6 Client represents and warrants to SHKOS that Client has taken all action necessary to authorise the disclosure to SHKOS and other persons permitted hereunder of all information (including, without limitation, personal data as defined in the Personal Data (Privacy) Ordinance, Cap.486 of the Laws of Hong Kong) from time to time provided to SHKOS by or for Client in, under or pursuant to this Agreement and the use of such information for the purpose of this Agreement and/or any transaction(s) contemplated hereunder and/or the Account. This representation and warranty are taken to be also made by Client on each date that any information is provided to SHKOS.
- 18.7 Notwithstanding other provisions in relation to the disclosure of information and tax-related arrangement under this Agreement, the Client hereby agrees to comply with the provisions contained in the Seventh Schedule. The powers, rights, discretions of SHKOS under the Seventh Schedule shall be without prejudice and in addition to the provisions in this Clause 18.

## 19. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 19.1 Client represents, warrants and undertakes to SHKOS (in this Clause 19, referred to as the "**Warranties**") that:
- 19.1.1 where Client is a corporation, it has been duly incorporated or established in accordance with all applicable laws and regulations and has the corporate power to enter into and perform this Agreement and has taken all necessary corporate and other action to authorise this Agreement upon these terms and conditions;
- 19.1.2 no consent or authority of any person (except, in the case of a corporate client, as already obtained as contemplated in Clause 19.1.1) is required for Client to enter into this Agreement including without limitation the power of borrowing and giving security over its assets, or as the case may be, Client has obtained all such necessary consent or authority (including without limitation, consent from its employer where applicable);
- 19.1.3 the entering into by Client of this Agreement or any trading or borrowing activity in connection with this Agreement will not place Client in breach of the terms of any other arrangement or document (including any constitutional documents such as Client's memorandum and articles of association if Client is a corporation and/or deed of trust if Client is a trustee or trust corporation), any staff dealing policies or rules of its employer (if any) or of any obligations under general law or imposed by Regulatory Rules; and Client undertakes to fully comply all relevant Laws, Regulatory Rules, terms, policies and rules;

- 19.1.4 Client has not taken any action nor has any step been taken or legal proceeding been started or threatened for the bankruptcy or liquidation of the Client. Nor has the Client entered into a compromise or scheme of arrangement with its creditors; and
- 19.1.5 Client acknowledges that it is Client's duty to ascertain Client's nationality, citizenship, domicile or similar status. Client undertakes not to deal in, purchase or subscribe for any securities or investments which by virtue of the Client's status or other characteristics Client is prohibited to deal in, purchase or subscribe. Client has taken all necessary professional advice including legal, accounting, estate planning or tax advice relating to its tax or other liability under any jurisdiction and Client has not relied in any way on SHKOS relating to any of Client's instructions or orders in respect of dealing in, purchase of or subscription in any securities or investments.
- 19.2 Client further warrants and represents to SHKOS that each of the Warranties is true, accurate and not misleading.
- 19.3 Client acknowledges that SHKOS has entered into this Agreement on the basis of, and in reliance on, the Warranties. The Warranties are deemed to be repeated on each day up to and including the termination of this Agreement.

## 20. NOMINEE ARRANGEMENTS

If any of Client's securities are registered in the name of a nominee for Client ("Nominee"), whether or not such Nominee is a member of the Group, Client agrees as follows:

- 20.1 the Nominee shall have no liability (in negligence or otherwise howsoever) for failure to forward to Client any notice, information or other communication in respect of any such securities;
- 20.2 the Nominee shall have full liberty to exercise or refrain from exercising any rights or to satisfy or refrain from satisfying any liabilities arising from or in connection with the holding of any such securities without the need to consult or notify Client beforehand and without being in any way liable therefor and Client shall indemnify the Nominee for all losses, costs, claims, liabilities and expenses incurred by the Nominee and arising directly or indirectly from any action taken or not taken by the Nominee in good faith;
- 20.3 to pay such fees, expenses and charges as the Nominee may from time to time prescribe in consideration of the nominee services, such fees, expenses and charges to be deducted as SHKOS sees fit from any monies standing to Client's credit in any account with SHKOS and/or any member of the Group and until payment the securities held by the Nominee are subject to a lien in favour of the Nominee for the amount(s) concerned and such lien shall be in addition and without prejudice to other rights of the Nominee;
- 20.4 the Nominee may act on the instructions of any one Authorised Person or Authorised Third Party; and
- 20.5 the Nominee is not bound to return to Client securities bearing identical serial numbers as any transferred to the Nominee.

## 21. MISCELLANEOUS

### 21.1 Governing law

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and Client hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong. This Agreement, all rights, obligations and liabilities under this Agreement and all transactions contemplated hereunder shall enure to the benefit of, and bind SHKOS, SHKOS' successors and assigns, whether by merger, consolidation or otherwise, as well as Client and the heirs, executors, administrators, legatees, successors, personal representatives and permitted assigns of Client.

### 21.2 Enforceability

If any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable Laws, the remaining provisions shall continue in full force and effect and if necessary, be so amended as shall be necessary to give effect to the spirit of this Agreement so far as possible.

### 21.3 SHKOS' role

Save as expressly provided in this Agreement, SHKOS shall act as an agent and not as a principal in relation to any transaction undertaken by SHKOS pursuant to this Agreement, except where SHKOS gives notice to Client to the contrary or required by the nature of the transaction initiated by Client.

### 21.4 SHKOS' right to report

Without prejudice to any right or obligation that SHKOS may have under the Laws, Client acknowledges that SHKOS shall have the right to report any suspected trading misconduct, other malpractice or irregularity and to disclose relevant information (without prejudice to Clause 18.4) to any Regulators, authorities or the issuer of the financial product concerned, and SHKOS may in its sole discretion suspend the operation of the Account or decline to act on any instruction without incurring any liability whatsoever to Client for any claim, loss, proceeding or expense howsoever related to SHKOS' suspension of the Account or its delay or refusal to act upon any instruction relating to the Account.

### 21.5 Client's obligation

- 21.5.1 Client undertakes to do and execute any act, deed, document or thing which SHKOS may require in connection with the implementation, execution and enforcement of the terms of this Agreement. Client irrevocably appoints SHKOS as its attorney to do and execute any act, deed, document and thing which it undertakes to do or execute under this Agreement but fails to do or execute upon the request of SHKOS.
- 21.5.2 If Client suspects that a fraud or an irregularity may have occurred with respect to the Account, it shall notify SHKOS of the same immediately by calling SHKOS' **Anti-Fraud Helpline at (852) 3920 2980** or such other telephone number as subsequently notified to Client by SHKOS in writing from time to time.

### 21.6 Joint account

- 21.6.1 Where the Account is a joint account, unless otherwise stated in the Account Application, SHKOS may accept instructions from any of the joint account holders, and each joint account holder agrees with the others to be jointly and severally liable for all obligations in connection with this Agreement. SHKOS has no obligation to inquire into the purpose or propriety of any instruction given or to see to the application of any funds delivered by Client or any or more of the joint account holders in respect of the Account. SHKOS shall be at liberty to release or discharge any of the joint account holders from his/her liability hereunder or to accept any proposition from or make other arrangements with any of the joint account holders without releasing or discharging the obligations of the other or others or otherwise prejudicing or affecting the rights and remedies of SHKOS against the other or others and none of the joint account holders nor shall this Agreement be released or discharged by the death of any one of them.

- 21.6.2 Any Advice, report, notice or communication given to any joint account holder in accordance with this Agreement shall be deemed to have been duly given to all joint account holders unless: (i) Client's correspondence address has been provided in the Account Application, in which case, any such Advice, report, notice or communication shall be sent to that correspondence address or such other correspondence address as subsequently notified to SHKOS in accordance with this Agreement; or (ii) Client has requested and SHKOS has accepted that all Advice shall be sent to the email addresses of all joint account holders, being the last notified email addresses on SHKOS' records and in such case, all Advice shall be so given. Any Advice, report, notice or communication given by SHKOS pursuant to the foregoing shall be deemed to have been received by all joint account holders and shall be binding on all of them.
- 21.6.3 The joint account holders each acknowledge and agree that if any one of them should die,
- 21.6.3.1 the surviving joint account holder(s) should immediately notify SHKOS in writing of the death;
- 21.6.3.2 SHKOS is to pay or deliver to or to the order of the surviving joint account holder(s) any moneys, investments, property, instruments and/or documents standing to the credit of or held for the Account, without prejudice to any right SHKOS may have in respect of the same arising out of any set-off, counterclaim, lien, charge, pledge or otherwise whatsoever or to any step which SHKOS may deem it desirable to take in view of any third party claims thereto and/or for protecting the interest of SHKOS and/or other member(s) of the Group and SHKOS shall be entitled to require the surviving joint account holder(s) to give and/or sign such document(s) as prescribed by SHKOS before releasing any money, investment, property, instrument or document to or to the order of such survivor(s); and
- 21.6.3.3 SHKOS shall not in any circumstances be liable in any way for any claim, loss, damages, liability, cost, expenses or whatsoever suffered or incurred by any person or entity (including, without limitation, the surviving joint account holder(s)), directly or indirectly, arising from or in connection with any action or inaction taken or chosen by SHKOS pursuant to Clause 21.6.3.2 or any breach of this Clause 21.6.3 by any of the joint account holders; and the joint account holders each agree to indemnify SHKOS against all claims, losses, damages, liabilities, costs, expenses and whatsoever suffered or incurred by SHKOS, directly or indirectly, arising from or in connection with any action or inaction taken or chosen by SHKOS pursuant to Clause 21.6.3.2 or any breach of this Clause 21.6.3 by any of the joint account holders.

## 21.7 Client's authorisation

Where Client has an account with another member of the Group and instructs SHKOS to obtain cash, securities and/or other property from such account, Client authorises SHKOS, on behalf of Client, to request such member of the Group to release such cash, securities and/or other property to SHKOS.

## 21.8 Telephone recording

SHKOS may record telephone conversations with Client and the contents of any such recording shall be final and conclusive evidence of the conversation concerned and its content.

## 21.9 Client's representation

Client acknowledges that SHKOS has offered to explain to Client the terms of this Agreement, and either Client has received such explanation or that Client fully understands the terms of this Agreement without the need for such explanation. Client acknowledges that Client has been advised, and has had the opportunity, to consult Client's own independent legal and other professional advisers.

## 21.10 Waiver

Save as expressly provided in this Agreement, no failure to exercise, or delay in exercising, on the part of any party hereto any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. No waiver by SHKOS shall be effective unless it is in writing. The rights and remedies of SHKOS are cumulative and not exclusive of any rights or remedies provided by the Laws.

## 21.11 Assignment

- 21.11.1 Client shall not assign, delegate, sub-contract, transfer or otherwise dispose of any rights or obligations under this Agreement to any person without SHKOS' previous written consent. Subject to the Laws, SHKOS may assign, sub-contract, delegate, transfer or otherwise dispose of any of its rights and obligations under this Agreement as SHKOS may see fit.
- 21.11.2 In the event that SHKOS consolidates, amalgamates, reorganises or transfers its business to another entity (including within the Group), SHKOS may assign any of the rights and obligations under this Agreement to such entity. SHKOS shall give Client notice which will specify a date upon which the assignment will become effective. This date will be at least ten (10) days after the date of the notice. Such assignment will have the effect of creating a novated agreement between Client and the entity to which such rights or obligations are assigned. Therefore, in such event, Client hereby consents for any future assignment of this Agreement by SHKOS.

## 21.12 Force majeure

In the event of war, terrorism, revolution, insurrection, restraint of rulers, military disturbances, riot, civil commotion, civil disobedience or other similar action involving any country, strike or lockout or stoppage or restraint of labour, seizure or confiscation of assets or other governmental action having a similar effect, any imposition of currency exchange control or restraint of capital movement or transmission by any government, any "Act of God", epidemic, pandemic, vandalism, disruption of the operation of any Exchange, breakdown of computer systems and/or communication facilities, or any other similar event outside the control of SHKOS which hinders or prevents the performance by SHKOS of its obligations under this Agreement (an "**event of force majeure**"), then SHKOS may, as an alternative to any performance otherwise required, at its absolute discretion either (a) postpone its performance until the event of force majeure no longer has such effect or (b) where any delivery or payment is required, provide or require a cash settlement based upon the prevailing price of a security or instrument relevant to such settlement on the second business day prior to the occurrence of the event of force majeure; such prevailing price being conclusively determined by SHKOS. SHKOS shall not be responsible or held liable for any loss suffered by Client arising out of or in connection with an event of force majeure. Client agrees to bear solely the risk of such event of force majeure.

## 21.13 Notice

- 21.13.1 Any Advice, report, notice or communication to be made or given to Client shall be in writing and may be sent by ordinary post to its address stated in the Account Application, or by facsimile transmission or electronic means (including through the E-Service, as defined in Sixth Schedule) to the fax number or e-mail address stated in the Account Application (or to such other address, fax number, or e-mail address as subsequently notified by Client in writing in accordance with this Clause 21.13). Any notification so given shall be deemed to have been received forty-eight (48) hours after dispatch if sent by post or at the time of transmission if given by facsimile or electronic means.
- 21.13.2 SHKOS may also give notice to Client by telephone on the telephone number given in the Account Application or on such other number as Client shall notify SHKOS in writing. All notifications so given to Client shall be deemed to have been received instantaneously if given by telephone.
- 21.13.3 In all cases if any notice or communication of whatsoever nature is given or delivered to SHKOS, it shall only be deemed to have been given or delivered to SHKOS on the day of actual receipt by it.

#### 21.14 Amendment and termination

- 21.14.1 SHKOS may, at its absolute discretion and without giving reasons, suspend or terminate the Account and at any time cease to act on Client's behalf. Upon termination or suspension of the Account, all monies owing from Client to SHKOS shall immediately become due and payable and Client shall immediately repay such monies to SHKOS.
- 21.14.2 Client agrees that the terms of this Agreement may be amended by SHKOS from time to time, at its discretion, by notice in writing from SHKOS to Client, in which event such terms and conditions as so amended shall apply with effect from the effective date specified in such notice, whether the specified effective date is before or after the date of such notice but subject to applicable Laws. Such amendments shall be deemed incorporated into and form part of this Agreement.
- 21.14.3 Either party may terminate this Agreement at any time by notice to the other provided that such termination shall not affect:
- 21.14.3.1 the rights or liabilities of either party arising prior to such termination;
- 21.14.3.2 the warranties, representations, undertakings and indemnities given by Client under this Agreement, all of which shall survive termination; and
- 21.14.3.3 any of the Client's obligations to SHKOS pursuant to this Agreement.
- 21.14.4 Termination of this Agreement shall not affect any action by SHKOS, or any of its agents or any third party permitted under this Agreement initiated prior to the date of termination or any indemnity or warranty given by Client under this Agreement.

#### 21.15 Time

Time shall, in all respects, be of the essence of the performance of all the obligations of Client under this Agreement and all transactions contemplated hereunder.

#### 21.16 Undertakings by Intermediary

If Client is an intermediary specified in section 18(3) (excluding section 18(3)(b)) under Part 2, Division 4 of Schedule 2 of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("Specified Intermediary") and operates and manages the Account for its own client(s) (whether on a discretionary or non-discretionary basis) or otherwise for the transaction(s) with its own client(s), Client agrees to the following terms:

- 21.16.1 Client confirms that it is a Specified Intermediary;
- 21.16.2 In respect of each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed, Client consents to be SHKOS's intermediary to carry out for SHKOS the customer due diligence ("CDD") measure(s) as stated in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("AMLO") and applicable regulatory requirements issued by the SFC from time to time and unless otherwise agreed by SHKOS in writing, Client shall carry out all the aforesaid CDD measures for SHKOS;
- 21.16.3 Client shall on request provide to SHKOS a copy of any document, or a record of any data or information, obtained by Client in the course of carrying out the aforesaid CDD measure(s) for SHKOS without delay;
- 21.16.4 In relation to each transaction it carries out for the Account, Client shall, if requested by SHKOS within a period of 6 years (beginning on the date on which the transaction is completed, regardless of whether any relevant Business Relationship (defined in section 1(1) under Part 1 of Schedule 2 of the AMLO) ends during that period) or such longer period of time as imposed by the SFC and notified by SHKOS to Client from time to time, provide to SHKOS a copy of any document, or a record of any data or information obtained by Client in the course of carrying out the aforesaid CDD measure(s) for SHKOS as soon as reasonably practicable after receiving the request;
- 21.16.5 In relation to each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed by Client, Client shall, if requested by SHKOS (i) during the continuance of the Business Relationship with the client or within a period of 6 years beginning on the date on which the relevant Business Relationship ends; or (ii) within such longer period of time as imposed by the SFC and notified by SHKOS to Client from time to time, provide to SHKOS a copy of any document, or a record of any data or information, obtained by Client in the course of carrying out the aforesaid CDD measure(s) for SHKOS as soon as reasonably practicable after receiving the request;
- 21.16.6 In relation to each transaction it carries out for the Account or in relation to each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed by Client, Client shall keep all the documents, records, data and information referred to in the above paragraphs of this Clause 21.16 for so long as the Business Relationship(s) with any relevant client(s) remain(s) subsisting (regardless of whether the Business Relationship(s) with any other relevant client(s) has/have already ended) and for a period of 6 years beginning on the date on which the relevant Business Relationship or the last relevant Business Relationship (if more than one client) ends. If a longer period of time is imposed by the SFC, all such documents, records, data and information shall be kept by Client for such longer period of time as notified by SHKOS to Client from time to time and Client must keep all such documents, records, data and information in accordance with the AMLO;
- 21.16.7 If Client is about to cease trading or does not wish to continue to act as SHKOS's intermediary to carry out the aforesaid CDD measure(s) for SHKOS, Client shall give SHKOS 60 days' written notice in advance and shall provide to SHKOS all the documents, records, data and information referred to in the above paragraphs of this Clause 21.16 without delay;
- 21.16.8 If SHKOS terminates its appointment of Client as its intermediary to carry out the aforesaid CDD measures(s) for SHKOS in respect of any client(s) of Client, Client shall immediately provide to SHKOS all the documents, records, data and information referred to in the above paragraphs of this Clause 21.16 and in respect of such client(s);
- 21.16.9 If there is any legal or regulatory requirement (other than those stated in the AMLO or issued by the SFC) in respect of the aforesaid CDD measure(s) carried out by Client for SHKOS and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 21.16 and/or the keeping of the same, Client shall also comply with such legal or regulatory requirement;
- 21.16.10 To the extent that any provisions of the AMLO, or of the regulatory requirements issued by the SFC from time to time, in respect of the aforesaid CDD measure(s) carried out by Client for SHKOS and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 21.16 and/or the keeping of any such documents, records, data and/or information are not expressly incorporated in this Agreement, the same shall be incorporated by reference in this Agreement. The provisions of the AMLO, and of the regulatory requirements issued by the SFC from time to time, in respect of the aforesaid CDD measure(s) carried out by Client for SHKOS and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 21.16 and/or the keeping of any such documents, records, data and/or information shall prevail over the provisions of this Clause 21.16. Notwithstanding anything in this Agreement or any other document, Client shall comply with all legal and regulatory requirements (as amended from time to time) in respect of the aforesaid CDD measure(s) carried out for SHKOS (including, without limitation, the relevant record-keeping requirements); however, nothing in the foregoing shall, in any way, affect any obligation of SHKOS stated in section 18(2) under Part 2, Division 4 of Schedule 2 of the AMLO; and

21.16.11 In this Clause 21.16, (i) words not defined shall have the meanings ascribed to them in the AMLO or applicable regulatory requirements issued by the SFC from time to time unless the context requires otherwise; and (ii) regulatory requirements issued by the SFC from time to time include, without limitation, the requirements contained in the Guideline on Anti-Money Laundering and Counter-Terrorist Financing.

#### 21.17 Additional undertakings

Without prejudice to Clause 21.16 above, SHKOS may take or omit to take any action which it, in its sole and absolute discretion, considers appropriate to take (a "**Compliance Action**") for the purpose of complying with the Applicable Laws and Compliance Rules, including preventing money laundering, terrorist financing or other crimes or the provision of financial and other services to any persons or entities which may be subject to sanctions (each such person or entity is referred to as a "**Sanctioned Party**"). Such Compliance Action may include without limitation:

- (a) declining the application or refusing to handle or process, or refusing to effect payment in connection with, any transaction contemplated in this Agreement on the ground of, or as a result of, a Compliance Action or if any person or entity relating to any related underlying transaction is a Sanctioned Party;
- (b) (if SHKOS becomes aware that any payment made to or at the request of Client contravenes the Compliance Rules) immediately recouping such payment from Client, irrespective of any other contrary agreement with Client;
- (c) the interception and investigation of any payment messages and other information or communications sent to or by Client or on Client's behalf via the systems of SHKOS; and
- (d) making further enquiries as to whether a name which might refer to a Sanctioned Party actually refers to that party.

SHKOS will not be liable for any loss (whether direct, indirect or consequential loss, including without limitation loss of profit or interest) or any damage suffered by Client or any party arising out of:

- (i) any delay or failure by SHKOS in processing any payment messages or other information or communication or any request from Client, or in performing any of its duties or other obligations in connection with any transaction, caused in whole or in part by any Compliance Action; or
- (ii) the exercise of any of SHKOS's rights under or any action taken or omission made by SHKOS pursuant to this section.

In this section:

"**Applicable Law**" means the legal requirements of any place or any jurisdiction that SHKOS operates in or such legal requirements are otherwise applicable on SHKOS; and

"**Compliance Rules**" means all regulations, sanction regimes, international guidance or procedures or rules of relevant regulatory or industry body that may be applicable to SHKOS.

## 22. CONTRACTS (RIGHTS OF THIRD PARTIES) ORDINANCE

Save for any member of the Group and any of their respective officers, employees or agents ("Qualified Third Parties"), a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any term of this Agreement. Notwithstanding anything to the contrary in this Agreement or in the Contracts (Rights of Third Parties) Ordinance:

- (a) the parties to this Agreement may terminate, rescind or agree any variation, waiver or settlement under this Agreement without the consent of any Qualified Third Parties; and
- (b) No Qualified Third Party who is not a party to this Agreement may enforce any right under this Clause without first obtaining the prior written consent of the relevant licensed corporation or company in the Group who is a contracting party to this Agreement.

# FIRST SCHEDULE

## MARGIN FINANCING

### 1. INTERPRETATION

- 1.1 In this First Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 **"Facility Letter"** means the letter from SHKOS to Client offering the Facility;
  - 1.1.2 **"Indebtedness"** means any obligation for the payment or repayment of money, whether actual or contingent;
  - 1.1.3 **"Liabilities"** means the aggregate of:
    - 1.1.3.1 all present and/or future actual and/or contingent Indebtedness or other liabilities (in whatever currency they may be expressed) of Client to SHKOS (whether incurred solely, severally or jointly with others and whether incurred as principal or surety) including (without limitation) all monies advanced on any current, loan or other account (whether existing or opened at any time after the date hereof), and all pecuniary obligations arising out of currency and other financial transactions; and
    - 1.1.3.2 any interest accrued in respect of the amounts and liabilities referred to in clause 1.1.3.1 above both before demand and from the date of demand to the date of payment, as well after as before judgment (whether any of the same shall have been capitalised or not); and
    - 1.1.3.3 all charges, commissions and legal and other expenses incurred in any manner whatsoever by SHKOS in relation to the said Indebtedness and liabilities or to this Agreement (including without limitation any foreign exchange losses and expenses incurred by SHKOS in enforcing or otherwise attempting to recover any such Indebtedness or liabilities) on a full indemnity basis;
  - 1.1.4 **"Margin Account"** means an Account which has the benefit of a Facility.
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this First Schedule, the provisions of this First Schedule shall prevail.
- Terms and expressions defined in this Agreement shall have the same meaning in this First Schedule unless the context otherwise requires. References to clauses in this First Schedule shall refer to clauses contained in this First Schedule, unless the context otherwise requires
- 1.3 The terms of the Facility Letter and any authorisation letter given by Client with respect to the Facility shall form part of this First Schedule.

### 2. MARGIN SECURITIES TRADING ACCOUNT

- 2.1 In consideration of SHKOS granting to Client the Facility, Client charges to SHKOS, by way of first fixed charge as a continuing security for the payment and satisfaction on demand of the Liabilities, all of Client's securities which are now or which shall at any time be deposited with, or come into the possession, custody or control of, SHKOS or any member of the Group or any nominee or custodian appointed or agreed by SHKOS, or with any person, to facilitate the provision of the Facility in respect of the Account, which shall include all dividends and other distributions made or payable in respect of such securities, and all securities (and the dividends and other distributions in respect thereof), rights, monies or property of whatever nature accruing to or offered at any time by way of redemption, bonus, preference, options, purchase consideration or otherwise in right or in respect of the aforesaid securities (the **"Margin Securities"**).
- 2.2 Client undertakes:
- 2.2.1 at all times to maintain the level of margin specified in the Facility Letter or any other level of margin determined by SHKOS from time to time (**"Margin"**), either by paying to SHKOS sufficient monies or by depositing (or procuring the deposit of) sufficient securities with SHKOS; and
  - 2.2.2 forthwith upon demand to pay to SHKOS such sum, in cleared funds, in cash and/or deliver to SHKOS such additional securities as additional or substituted security for the Liabilities;
- and, for the avoidance of doubt, any securities deposited with or delivered to SHKOS under this clause shall form part of the Margin Securities.
- 2.3 Any monies received by SHKOS from Client may be placed and kept to the credit of an interest bearing suspense account for so long as SHKOS thinks fit without any obligation in the meantime to apply the same or any part thereof in or towards discharge of any Liabilities. Notwithstanding any such payment, in the event of any proceedings in or analogous to bankruptcy, winding-up, liquidation, composition or arrangement, SHKOS may prove for and agree to accept any dividend or composition in respect of the whole or any part of such money and liabilities in the same manner as if this security had not been created.
- 2.4 Client shall pay to SHKOS on a monthly basis, in respect of the Liabilities, interest at the Normal Interest Rate specified in the Facility Letter but if any Event of Default occurs, the aforesaid Normal Interest Rate may be replaced with such Default Interest Rate as notified to Client by SHKOS and such replacement shall immediately become effective on the date of the occurrence of such Event of Default unless otherwise agreed in writing by SHKOS.
- 2.5 Notwithstanding any provisions of this Agreement, SHKOS may from time to time at its discretion, by written notice to Client, stipulate another interest rate replacing the Normal Interest Rate or Default Interest Rate, and such other rate shall apply as from the date of the notice or such later date specified in the notice. If any interest rate mentioned in this clause 2.5 or clause 2.4 above in this First Schedule would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap. 163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that SHKOS shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SHKOS and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this clause 2.5 or clause 2.4 above in this First Schedule and Client undertakes to, immediately upon demand by SHKOS, do such act(s) and/or execute such document(s) as may be required by SHKOS at any time and from time to time in order to give full effect to each such debit.
- 2.6 SHKOS is authorised on Client's behalf and in Client's name to:-
- 2.6.1 draw on the Facility or withdraw from any account maintained by Client with SHKOS such sums of money in payment of the purchase price for the securities purchased or purportedly purchased for Client as evidenced by the bought note issued in Client's name and at the same time deposit into any account maintained by Client with SHKOS the securities so purchased or purportedly purchased with money withdrawn from any such account. In addition, SHKOS may draw on the Facility or withdraw from any account maintained by Client with SHKOS such sums of money in payment of brokerage, fees, disbursements, charges and any other sums owed by Client in connection with the Margin Securities; and
  - 2.6.2 withdraw from any account maintained by Client with SHKOS such securities sold or purportedly sold for Client as evidenced by the sole note issued in Client's name and at the same time deposit into any account maintained by Client with SHKOS the sums of

money representing the net proceeds of sale of the securities so withdrawn and so sold or purportedly sold, or apply the same or any part thereof in or towards discharge of any Liabilities.

### **3. MARGIN SECURITIES**

- 3.1 If Client shall pay to SHKOS the whole of the amount of Liabilities without any deduction, SHKOS shall at any time after such payment has been so made, upon Client's request and cost, discharge the security created hereby provided always that upon discharge SHKOS shall not be bound to return securities bearing serial numbers identical with those deposited with or transferred to SHKOS so long as the securities returned are of the same class, denomination and nominal amount and rank pari passu with those originally deposited with or transferred to SHKOS (subject always to taking account of such events like any capital reorganisation which may have occurred in the meantime).
- 3.2 The security conferred on SHKOS is a continuing security and shall not be discharged by any intermediate payment or satisfaction of the whole or any part of the Liabilities, or by the closing of any Client's accounts with SHKOS (whether subsequently reopened or not and either alone or jointly with others).
- 3.3 The security hereby conferred on SHKOS is in addition to and without prejudice to any collateral or other securities which SHKOS may now or hereafter hold from or on account of Client nor shall such collateral or other security or any lien to which SHKOS may be otherwise entitled (including any security, charge or lien prior hereto) or the liability of any person or persons not parties hereto for all or any part of the monies and liabilities hereby secured be in any way prejudiced or affected hereby. SHKOS shall have full power at its discretion to deal with, exchange, release, modify or abstain from perfecting or enforcing any such securities or other guarantees or rights which it may now or hereafter have or to give time for payment or any indulgence to any other person or persons without discharging or in any way affecting Client's liabilities or the security created hereunder. All monies received by SHKOS from Client or any person or persons liable to pay the same may be applied by SHKOS to any account or any transactions to which the same may be applicable.
- 3.4 Client shall, during the continuance of this security, pay all payments due in respect of any of the Margin Securities but SHKOS may if SHKOS thinks fit, make such payments on Client's behalf. Any sums so paid by SHKOS shall be repayable forthwith by Client and pending such repayment, shall both carry interest at the applicable rate and be a charge on the Margin Securities.
- 3.5 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which SHKOS may be entitled under law or this Agreement, all securities, receivables, monies and other property of Client (held by Client either individually or jointly with others) held by or in the possession of SHKOS at any time shall be subject to a general lien in favour of SHKOS as continuing security to offset and discharge all of Client's obligations, arising from the business of dealing in securities, to SHKOS and any member of its Group.

### **4. ACKNOWLEDGEMENT**

Client acknowledges and accepts, for the avoidance of doubt, that SHKOS and any Group company may exercise and enforce any of the rights conferred by this Agreement subject to law, in respect of Indebtedness and Liabilities owed by Client as defined under this Schedule.

### **5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

Client represents, warrants and undertakes to SHKOS that no other person has any interest in the Margin Securities and undertakes not to sell, grant an option over or otherwise deal in any way with or create or allow to subsist a charge, pledge or other encumbrance over the Margin Securities other than pursuant to the terms of this Agreement.



## SECOND SCHEDULE

### INITIAL PUBLIC OFFERINGS

#### 1. INTERPRETATION

- 1.1 Terms and expressions defined in this Agreement shall have the same meaning in this Second Schedule unless the context otherwise requires. References to clauses in this Second Schedule shall refer to clauses contained in this Second Schedule, unless the context otherwise requires.
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this Second Schedule, the provisions of this Second Schedule shall prevail.

#### 2. INITIAL PUBLIC OFFERINGS

- 2.1 Client may request SHKOS to apply on Client's behalf for securities in a new issue for listing on an Exchange (an "**Application**") and the provisions of this Second Schedule shall apply.
  - 2.1.1 Client authorises SHKOS to complete such application form as may be required, and represents and warrants to SHKOS that all representations, warranties, confirmations and undertakings on the part of the applicant contained or incorporated in the application form are true and accurate in respect of Client.
  - 2.1.2 Client agrees to be bound by the terms of the new issue and Client hereby:
    - 2.1.2.1 warrants and undertakes that the Application shall be the only application made for Client's benefit in respect of the same issue of securities and that Client shall make no other application in that issue;
    - 2.1.2.2 authorises SHKOS to represent and warrant to the Exchange that no other application shall be made or shall be intended to be made by Client or for Client's benefit;
    - 2.1.2.3 acknowledges that SHKOS will rely on the above warranties, undertakings and authorisations in making the application;
    - 2.1.2.4 acknowledges that SHKOS accepts no responsibility to send Client the listing document which sets out the terms and conditions of the new issue of securities ("**Prospectus**"). By Client's application for subscriptions, Client confirms that Client has obtained such Prospectus from elsewhere, have read and understood the terms and conditions, and Client's application is not in breach of such terms and conditions. Client confirms that Client shall not request subscriptions for new issues of securities unless eligible to do so under the applicable securities legislation; and
    - 2.1.2.5 represents and warrants that he is not a connected person (as such term is defined in the Regulatory Rules) of the issuer of securities that are subject of the new issue.
- 2.1.3 Client may at the same time request SHKOS to provide a loan for the purpose of the Application (the "**Loan**"), and the following provisions shall apply:
  - 2.1.3.1 SHKOS has the discretion to accept or reject the request for the Loan.
  - 2.1.3.2 Upon acceptance of a request for a Loan, SHKOS shall provide a term sheet or other document(s) ("**Term Sheet**") to Client confirming the terms of the Loan as agreed between Client and SHKOS, which shall be conclusive and binding on Client.
  - 2.1.3.3 Prior to the provision of a Loan by SHKOS, Client shall provide to SHKOS a deposit for the Loan, which shall form part of the proceeds for the Application, in the amount and on or before such time as specified in the Term Sheet. Client authorises SHKOS to debit from any of his accounts with SHKOS an amount representing the deposit, provided that SHKOS may, at its discretion, require Client to pay sufficient monies to SHKOS for the deposit.
  - 2.1.3.4 Unless otherwise specified in the Term Sheet:
    - 2.1.3.4.1 the amount of the Loan shall be the total price of the securities applied for in the Application less the amount of deposit provided by Client pursuant to this clause 2.1.3;
    - 2.1.3.4.2 Client shall have no right to repay the Loan, in part or in full, prior to the date of repayment specified in the Term Sheet.
  - 2.1.3.5 The rate of interest applicable to the Loan shall be specified in the Term Sheet.
  - 2.1.3.6 Where SHKOS receives any refund in respect of an Application, SHKOS shall have the right, at its discretion, to apply the same or any part thereof in or towards the discharge of the Loan including any interest accrued thereon or to return the same or any part thereof to Client, whether before or after the date of repayment specified in the Term Sheet.
  - 2.1.3.7 In consideration of SHKOS granting to Client the Loan, Client charges to SHKOS, by way of fixed charge as a continuing security for the full repayment of the Loan and the accrued interest thereon, all the securities in or for the Account ("**Interest in the Account**"), which shall include, without limitation, all securities, all dividends and other distributions made or payable in respect of such securities, rights, monies or property of whatever nature accruing to or offered at any time by way of redemption, bonus, preference, options, purchase consideration or otherwise in right or in respect of the aforesaid securities and those securities acquired on behalf of Client by virtue of the Application in respect of which the Loan is provided. Subject to the Laws, Client authorises SHKOS, for so long as the security created hereby continues, at its discretion and without notice to Client, to dispose of such Interest in the Account in settlement of Client's liability to repay or discharge any financial accommodation provided by SHKOS. Upon full repayment of the Loan and the accrued Interest thereon, SHKOS shall discharge the security created hereby.
  - 2.1.3.8 SHKOS shall have the additional rights set out in the First Schedule as if the Loan is granted under a Facility.

# THIRD SCHEDULE

## SPECIAL RULES FOR OPTIONS TRADED ON THE STOCK EXCHANGE OF HONG KONG LIMITED

### 1. INTERPRETATION

- 1.1 In this Third Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 **"HKEx"** means Hong Kong Exchanges and Clearing Limited;
  - 1.1.2 **"HKSCC"** means Hong Kong Securities Clearing Company Limited;
  - 1.1.3 **"SEHK"** means The Stock Exchange of Hong Kong Limited;
  - 1.1.4 **"SEOCH"** means The SEHK Options Clearing House Limited;
  - 1.1.5 **"Options Account"** means an Account in respect of which Client deals in options contracts to which this Third Schedule applies;
  - 1.1.6 **"Options Trading Rules"** means the Options Trading Rules of the SEHK as amended from time to time;
  - 1.1.7 **"Margin"** means cash and/or securities and/or other assets as may be agreed from time to time, as security for Client's obligations to SHKOS under this Third Schedule.
- 1.2 Without prejudice to clause 1.3 below, terms and expressions defined in this Agreement shall have the same meaning in this Third Schedule unless the context otherwise requires.
- 1.3 Words and phrases not defined will have the meanings given to them in the Options Trading Rules and the Clearing Rules of SEOCH.
- 1.4 References to clauses in this Third Schedule shall refer to clauses contained in this Third Schedule, unless the context otherwise requires.
- 1.5 In the event of any inconsistency between the provisions of this Agreement and this Third Schedule, the provisions of this Third Schedule shall prevail.

### 2. SPECIAL RULES FOR OPTIONS TRADED ON SEHK

- 2.1 This Third Schedule only applies to options contracts made pursuant to Rule 513 of the Options Trading Rules incorporating the terms and conditions applicable to such options contracts as specified by the SEHK from time to time as set out in the Options Trading Rules, and an Account in respect of which Client deals in such options contracts.
- 2.2 SHKOS will keep information relating to an Options Account confidential, but may provide any such information to the SEHK, the SFC, Hong Kong Exchanges and Clearing Limited and SEOCH to comply with their respective requirements or requests for information.
- 2.3 Client confirms that:
- 2.3.1 Client is not employed by any other Options Exchange Participant of the SEHK, and no employee of any other Options Exchange Participant will have a beneficial interest in the Options Account; and either
  - 2.3.2 the Options Account is operated solely for Client's account and benefit, and not for the benefit of any other person; or
  - 2.3.3 Client has disclosed to SHKOS in writing the name(s) of the person(s) for whose benefit the Options Account is being operated; or
  - 2.3.4 Client has requested SHKOS to operate the Options Account as an Omnibus Account, and will immediately notify SHKOS, on request, of the identity of any person(s) ultimately beneficially interested in Client Contracts.
- 2.4 **Laws and rules**
- 2.4.1 All Exchange Traded Options Business shall be effected in accordance with all Regulatory Rules applying to SHKOS. These include, without limitation, the Options Trading Rules, the Clearing Rules of SEOCH and the rules of the HKSCC. In particular, SEOCH has authority under the Regulatory Rules to make adjustments to the terms of Contracts, and SHKOS shall notify Client of any such adjustments which affect Client Contracts to which Client is a party. All actions taken by SHKOS, by the SEHK, by SEOCH or by HKSCC in accordance with such Regulatory Rules shall be binding on Client.
  - 2.4.2 All the rights and authority of SHKOS or the members of the Group pursuant to this Third Schedule shall be subject to the Regulatory Rules but without limitation to any other rights and remedies which SHKOS or any member of the Group may have.
  - 2.4.3 Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between SHKOS and Client, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Regulatory Rules.
- 2.5 **Margin**
- 2.5.1 Client agrees to provide SHKOS with Margin, the form of which may be agreed from time to time, as security for Client's obligations to SHKOS under this Third Schedule. Such Margin shall be paid or delivered as demanded by SHKOS from time to time. The amounts required by way of Margin shall not be less than, but may exceed, the amounts as may be required by the Regulatory Rules in respect of Client's open positions and delivery obligations, and further Margin may be required to reflect changes in market value.
  - 2.5.2 If SHKOS accepts securities by way of Margin, Client will on request provide SHKOS with such authority as SHKOS may require under the Regulatory Rules to authorise SHKOS to deliver such securities, directly or through another Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from Client's instructions to SHKOS. Except as otherwise provided or unless otherwise authorised by Client, SHKOS does not have any further authority from Client to borrow or lend Client's securities or otherwise part with possession (except to Client or on Client's instructions) of any of Client's securities for any other purpose.
  - 2.5.3 If SHKOS has not received SEOCH Collateral due from Client promptly, SHKOS may treat Client as being in default. SHKOS may require Client to maintain SEOCH Collateral with SHKOS in advance of accepting instructions from Client or may impose other requirements for the collection of SEOCH Collateral as SHKOS thinks fit.
  - 2.5.4 SHKOS is authorised to deposit any cash balance in any of Client's Options Account with any licensed bank which SHKOS considers appropriate. SHKOS shall be entitled to retain any benefit resulting from such deposit.

## 2.6 Client Default

- 2.6.1 Without prejudice to clause 16 of this Agreement, if Client fails to comply with any of its obligations and/or to meet its liabilities under this Third Schedule, including but not limited to failure to provide Margin, and/or in any way commit default of Client's obligations under the Options Trading Rules, SHKOS may without prior notice to Client:
- 2.6.1.1 decline to accept further instructions from Client in respect of Exchange Traded Options Business;
  - 2.6.1.2 close out, give-up or exercise some or all of its Client Contracts with SHKOS;
  - 2.6.1.3 enter into Contracts, or into transactions in securities, futures or commodities, in order to settle obligations arising or to hedge the risks to which SHKOS is exposed in relation to Client's failure;
  - 2.6.1.4 dispose of Margin, and apply the proceeds thereof to discharge Client's liabilities to SHKOS; and/or
  - 2.6.1.5 dispose of any or all securities held for or on behalf of Client in order to set off any of its obligations and to exercise any rights of set off SHKOS may have in relation to Client.  
Any proceeds remaining after discharge of all Client's liabilities to SHKOS shall be paid to Client.
- 2.6.2 Client agrees to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against Client) at such rates and on such other terms as SHKOS has notified to Client from time to time. Client agrees that SHKOS shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with SHKOS and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this Clause 2.6.2 and Client undertakes to, immediately upon demand by SHKOS, do such act(s) and/or execute such document(s) as may be required by SHKOS at any time and from time to time in order to give full effect to each such debit.

## 2.7 Contracts

- 2.7.1 In respect of all Contracts effected on Client's instructions, Client will pay SHKOS, within the time period notified by SHKOS, Premium, SHKOS' commission and any other charges, and applicable levies imposed by the SEHK, as have been notified to Client. SHKOS may deduct such Premium, commissions, charges and levies from the Options Account.
- 2.7.2 SHKOS may place limits on the open positions or delivery obligations that Client may have at any time. Client acknowledges that:
- 2.7.2.1 SHKOS may be required to close out Client Contracts to comply with position limits imposed by the SEHK; and
  - 2.7.2.2 if SHKOS goes into default, the default procedures of the SEHK may result in Client Contracts being closed out, or replaced by Client Contracts between Client and another Options Exchange Participant of the SEHK.
- 2.7.3 At Client's request, SHKOS may agree to the Client Contracts between SHKOS and Client being replaced, in accordance with the Regulatory Rules, by Client Contracts between Client and another Options Exchange Participant of the SEHK.
- 2.7.4 On exercise of a Client Contract by or against Client, Client will perform its delivery obligations under the relevant contract, in accordance with the Standard Contract and as Client has been notified by SHKOS.
- 2.7.5 The Client shall be responsible for notifying the SEHK or other relevant Regulators in the event that Client holds a reportable position (as defined in the Securities and Futures (Contract Limits and Reportable Positions) Rules (Cap. 571Y of the Laws of Hong Kong) or other applicable rules or regulations).
- 2.7.6 **Client acknowledges that, subject to the provisions of the Securities and Futures Ordinance and any other laws, SHKOS may take the opposite position to Client's order in relation to any exchange traded options contract(s), whether on SHKOS' own account or for the account of any member of the Group or their respective officers, employees or representatives or other clients of SHKOS or any member of the Group, provided that the trading is executed competitively on or through the facilities of the SEHK in accordance with the rules, regulations and procedures of the SEHK or the facilities of any other commodity, futures or options exchange in accordance with the rules and regulations of such other exchange.**
- 2.7.7 Without prejudice to clause 16 of this Agreement, when SHKOS exercises any of SHKOS' rights:
- 2.7.7.1 under clauses 2.6.1 or 2.7.2 of this Third Schedule by closing or giving-up all or any positions in Client's Options Account; or
  - 2.7.7.2 under any other clauses in this Third Schedule by closing-out all or any positions or sale or purchase of commodities in any accounts which SHKOS or any member of the Group may carry on Client's behalf or maintain with Client,
  - 2.7.7.3 such closing or giving-up or closing out or sale or purchase (in this clause 2.7.7 referred to as "the transactions")
  - 2.7.7.4 may be made on any exchange or market where the transactions are usually transacted; or
  - 2.7.7.5 in such manner as shall be decided by SHKOS;
- Client agrees that in respect of the transactions, SHKOS shall not be liable for any resulting loss. Without prejudice to the foregoing, Client shall not make any claim against SHKOS concerning the manner or timing of the transactions. Client understands that in all cases, SHKOS has the right to exercise closing, closing out or giving up without demand or notice. A prior demand or call or notice of such closing or giving up shall not be considered as a waiver of SHKOS' above-mentioned rights.

## 2.8 General

- 2.8.1 Client acknowledges that, although all Options Contracts are to be executed on the SEHK, Client and SHKOS shall contract as principals under Client Contracts.
- 2.8.2 SHKOS agrees to provide Client, upon request, with (i) the product specifications for Options Contracts and any prospectus or other offering document covering such Options Contracts and (ii) the HKEx's booklet "Understanding Stock Options (and their Risks)".
- 2.8.3 If SHKOS fails to meet SHKOS' obligations to Client pursuant to this Third Schedule, Client shall have a right to claim under the Compensation Fund established under the Securities and Futures Ordinance, subject to the terms of the Compensation Fund from time to time.
- 2.8.4 Client understands that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time.
- 2.8.5 Client may instruct SHKOS to override an "automatically generated exercise instruction" referred to in clause 2.8.4 above before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH.

## 2.9 Others

SHKOS shall designate a representative to be primarily responsible for Client's affairs. Client shall be notified of the name of that representative and such particulars of the licence of that representative as required by the applicable Laws. SHKOS may, in its absolute discretion, at any time and from time to time, designate another representative of its to replace the first-mentioned representative and such replacement will be effective on such date as conclusively determined by SHKOS. Any information provided pursuant to this clause 2.9 shall form part of this Agreement.

## **FOURTH SCHEDULE**

### **CLIENT IDENTIFICATION**

#### **1. INTERPRETATION**

- 1.1 Terms and expressions defined in this Agreement shall have the same meaning in this Fourth Schedule unless the context otherwise requires. References to clauses in this Fourth Schedule shall refer to clauses contained in this Fourth Schedule, unless the context otherwise requires.
  - 1.2 In the event of any inconsistency between the provisions of this Agreement and this Fourth Schedule, the provisions of this Fourth Schedule shall prevail.
2. Client shall immediately upon SHKOS' request and within two (2) days (or such other time period as may be specified by SHKOS) provide to SHKOS and/or a Regulator information (including, without limitation, details of identity, address, occupation, contact details and/or in the case of a corporate entity, nature and scope of business activities, source of funds, business structure, shareholdings and other information) relating to the ultimate beneficial owner(s) of the Account and/or the person(s) ultimately responsible for the giving of instructions in relation to any transaction or in relation to any dealings with any securities or investments in the Account.
3. If Client operates the Account or effects any transaction for a collective investment scheme, discretionary account or trust, Client shall:
  - 3.1 immediately upon SHKOS' request and within two (2) days (or such other time period as may be specified by SHKOS) provide to SHKOS and/or a Regulator the name, address and contact details of such scheme, account or trust and, if applicable, the identity, address, occupation or business structure and contact details of the person who, on behalf of such scheme, account or trust, ultimately originated the instruction to Client to operate the Account and/or effect the transaction; and
  - 3.2 as soon as practicable, inform SHKOS when Client's discretion or power to operate the Account or to invest on behalf of such scheme, account or trust has been overridden, revoked or terminated. In such case, Client shall, immediately upon SHKOS' request and within the time specified by SHKOS, provide to SHKOS and/or a Regulator the identity, address, occupation and contact details of the person who has given such overriding instruction or notice of revocation or termination.
4. If Client does not know the information referred to in clauses 2 and 3 above, Client must confirm that:
  - 4.1 Client has arrangements in place which would entitle Client to obtain and provide to SHKOS and/or a Regulator upon its request all such information or to procure that such information be so obtained within two (2) days;
  - 4.2 Client shall, upon SHKOS' request, immediately obtain all such information from any relevant third party, and provide that information to SHKOS and/or a Regulator within two (2) days or such other time period as may be specified by SHKOS and/or the Regulators; and
  - 4.3 SHKOS may, pending receipt by it and/or by a Regulator of such information, or if such information is not received within two (2) days or such other the time period as may be specified by SHKOS and/or the Regulators, decide in its absolute discretion and at any time, not to act (even if such declining may result in any loss) or not to give effect to any of Client's instructions and/or to suspend or terminate the effecting of any transaction or the operation of the Account.
5. Client confirms that Client is not subject to any Regulatory Rules, or any law of any relevant jurisdiction, which prohibits Client's performance of the obligation under this Fourth Schedule or, if Client is subject to such Regulatory Rules and/or such law, that Client or Client's own customers, as the case may be, has or have waived the benefit of such Regulatory Rules and/or such law or consented in writing to the performance by Client of the obligations under this Fourth Schedule. Client confirms that such waivers are valid and binding under the laws of all relevant jurisdictions.
6. The Client's obligation to provide information under this Fourth Schedule shall continue in full force and effect notwithstanding the termination of this Agreement.

## **FIFTH SCHEDULE PERSONAL DATA**

### **1. INTERPRETATION**

- 1.1 Terms and expressions defined in this Agreement shall have the same meaning in this Fifth Schedule unless the context otherwise requires. References to clauses in this Fifth Schedule shall refer to clauses contained in this Fifth Schedule, unless the context otherwise requires.
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this Fifth Schedule, the provisions of this Fifth Schedule shall prevail.

2. From time to time, it shall be necessary for Client to supply SHKOS with data (including "personal data" as defined in the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong) as amended from time to time) in connection with the establishment or continuation of accounts or the provision of services by SHKOS and generally Client's relationship with SHKOS in Hong Kong. This may include but will not be limited to information obtained in relation to Client's identity (name, date of birth, passport/identity card number, address(es), marital status, education level and employment information), as well as information collected for the purposes of ascertaining Client's financial profile, risk appetite, income (including sources of income) and net worth. Failure to supply, or to allow SHKOS to use or disclose, such data may result in SHKOS being unable to provide, or continue to provide any of the above facilities or services to or for Client in Hong Kong or elsewhere.

3. The purposes for which data may be collected, used and/or disclosed by SHKOS (whether before or after the termination of Client's relationship with SHKOS) are set out as follows:

- 3.1 the processing of applications for, and daily operation of services provided to Client or to other persons for whom Client acts as guarantor or for whom Client provides third-party security;
- 3.2 customer relationship management (including but not limited to loyalty programs or privileges and rewards schemes);
- 3.3 conducting, seeking or obtaining credit checks, matching procedures, data verification, due diligence and risk management;
- 3.4 assisting other financial institutions to conduct credit checks and collect debts;
- 3.5 ensuring Client's or any surety's ongoing creditworthiness;
- 3.6 maintaining Client's or any surety's credit history for present and future reference;
- 3.7 improving, enhancing, designing or launching existing or new financial services or related products for Client's use (including, where appropriate, providing Client with financial advice);
- 3.8 if Client has consented (including an indication of no objection) to the use of Client's personal data for direct marketing purposes by members of the Group and/or entities outside the Group in the Account Application, or otherwise marketing the following goods, products, services and facilities:
  - 3.8.1 Financial services;
  - 3.8.2 Related investment products;
  - 3.8.3 Financial and investment advice;
  - 3.8.4 Client relationship management services;
  - 3.8.5 Client credit protection and maintenance services; or
  - 3.8.6 Any other related goods, products or services that SHKOS or a member of the Group may develop under paragraph 3.7 of this Fifth Schedule, unless Client instructs SHKOS otherwise, and seeking or obtaining the same;
- 3.9 determining the amount of indebtedness owed to or by Client or any surety;
- 3.10 collecting of amounts outstanding from Client or any surety;
- 3.11 meeting any requests or requirements to make disclosure under the Laws;
- 3.12 enabling an actual or proposed assignee of SHKOS in connection with merger, amalgamation, reconstruction or otherwise to evaluate the transaction intended to be the subject of the assignment;
- 3.13 any other purpose disclosed in the website(s) of SHKOS or a member of the Group from time to time;
- 3.14 commencing, defending or otherwise participating in any legal or administrative proceedings or inquiry before any court or competent authority;
- 3.15 satisfying any requirements under the codes on takeovers and mergers and share repurchases issued by the SFC (as amended from time to time) and/or any other applicable Laws and/or Regulatory Rules in relation to takeovers in Hong Kong and/or any part of the world;
- 3.16 seeking or obtaining administrative, telecommunications, computer, payment, debt collection or securities clearing, custodian, market data provision, audit, banking, financing, insurance, business consulting, outsourcing, or other services to SHKOS in connection with the operation of its business; and
- 3.17 any other lawful purpose directly or indirectly relating or incidental to any of the above.

4. Data held by SHKOS relating to Client, any surety and/or the Account shall be kept confidential but SHKOS may, at its sole discretion, provide such information to the following persons for direct marketing purposes (where consented (including an indication of no objection) by Client) or any other purposes permitted by this Fifth Schedule:

- 4.1 any agent, contractor or third party service provider (whether in Hong Kong or elsewhere) who provides administrative, telecommunications, computer, payment, debt collection or securities clearing, custodian, market data provision, audit, banking, financing, insurance, risk management, business consulting, outsourcing, customer relationship management, marketing or other services to SHKOS in connection with the operation of its business;
- 4.2 any branch or office of SHKOS or any member of the Group, whether in Hong Kong or elsewhere;
- 4.3 any person acting or proposing to act as surety;
- 4.4 any person under a duty of confidentiality to SHKOS (or any member of the Group) or who has undertaken to keep such information confidential;
- 4.5 any financial institution with which Client has or proposes to have dealings;

- 4.6 credit reference agencies and, in the event of default, to debt collection agencies;
  - 4.7 the drawee bank providing a copy of a paid cheque (which may contain information about the payee) to the drawer;
  - 4.8 any actual or proposed assignee or transferee of SHKOS;
  - 4.9 any person or entity who has established or proposes to establish any business relationship with SHKOS or the recipient of the data; and
  - 4.10 any person in accordance with the Laws or Regulatory Rules including through or pursuant to any rules, judgment, decision or ruling of the courts, arbitral tribunals, Financial Dispute Resolution Centre Limited, governmental, regulatory or other bodies or institutions, whether as required by the Laws and Regulatory Rules that are applicable to any member of the Group, or otherwise, or any company issuing a notice under section 329 of the Securities and Futures Ordinance.
5. Client agrees that data may be transferred overseas pursuant to the provisions of this Fifth Schedule.
  6. Client acknowledges and accepts the risks that the information disclosed pursuant to this Fifth Schedule may be subject to further disclosure by the recipient to other parties in accordance with the laws of the country in which the recipient is located. Such laws may be wider in scope and implemented under less restrictive terms than would otherwise be the case in Hong Kong due to difference in applicable laws and regulations.
  7. Client agrees to allow SHKOS to disclose Client's data for the purposes and to those persons as set out in this Fifth Schedule and to use such data pursuant to this Fifth Schedule.
  8. Where Client supplies SHKOS with any data (including personal data), Client represents and warrants to SHKOS that Client has taken all action necessary to authorise the disclosure of such data to SHKOS and the use by SHKOS of such data pursuant to this Agreement.
  9. Client may request to ascertain whether SHKOS holds Client's personal data and SHKOS's policies and practices in relation to personal data. Further, Client may request access to and correction of Client's personal data. Client also has the right to be informed about the kind of personal data held by SHKOS and which items of data SHKOS routinely discloses to credit reference agencies, and to be provided with further information to enable the making of a data access and correction request to the relevant credit reference agency. Any requests should be made in writing with fourteen (14)-day advance notice to the Data Privacy Officer, Sun Hung Kai Online (Securities) Limited, 28/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong or such other address as SHKOS may subsequently notify from time to time. SHKOS may charge a reasonable fee for processing any data access request.
  10. Where SHKOS grants any credit facilities to Client or to another person for whom Client acts as guarantor, in the event that Client or the borrower defaults in repayment for a period exceeding sixty (60) days or such other period as prescribed by the laws or the relevant Regulators from time to time, data (which has been provided by SHKOS to the relevant credit reference agency) may be retained by that credit reference agency until the earlier of the expiry of five (5) years from the date of final settlement of the amount in default and five (5) years from the date of Client's discharge from bankruptcy as notified to that credit reference agency. In the event of termination of the relevant account by full repayment and on condition that there has not been, within five (5) years immediately before account termination, any material default on that account, Client may instruct SHKOS to make a request to the relevant credit reference agency to delete from its database any account data relating to the terminated account but such instruction should be given within five (5) years after account termination.
  11. Without limiting the other provisions of this Fifth Schedule where Client applies for credit (including any loan, overdraft facility or any other kind of credit) to be granted to Client or to another person for whom Client acts as guarantor, the data which Client provides to SHKOS may be passed on to a credit reference agency or, in the event of a default, to a debt collection agency in accordance with the provisions of the code of practice on consumer credit data approved and issued under the Personal Data (Privacy) Ordinance as amended from time to time.
  12. For the purposes of this Fifth Schedule, if applicable, account data may include account general data (i.e. general particulars of the relevant account such as account opening date, repayment terms, whether Client as a borrower or guarantor, approved loan amount, repayment terms) and account repayment data (such as the amount repaid, outstanding balance of the loan, default data including the amount and number of days overdue).
  13. Without prejudice to the right of SHKOS to rely on grandfathering provision(s) or exemption(s) under the Personal Data (Privacy) Ordinance as amended from time to time or other applicable law, by consenting (including an indication of no objection) to the use of Client's personal data for direct marketing purposes by members of the Group in the Account Application, or otherwise Client agrees and consents that SHKOS may send by telephone, mail, email or other electronic means to Client from time to time direct marketing materials or messages relating to services or products which, in the opinion of SHKOS, Client may be interested in. Client agrees that to the extent permitted by Laws and the Regulatory Rules the consent herein shall constitute specific opt-in for the purpose of any applicable privacy rules or regulations. Notwithstanding this, Client may at any time request not to receive such direct marketing materials or messages from SHKOS if Client so requests in writing to SHKOS at this address: Data Privacy Officer, Sun Hung Kai Online (Securities) Limited, 28/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong or such other address as SHKOS may subsequently notify from time to time. Unless and until Client has so requested in writing, Client shall be deemed to be willing to receive any such information.
  14. The contents of this Schedule may be updated by SHKOS by giving written notice to Client at any time.

## SIXTH SCHEDULE

### The E-SERVICE

#### 1. INTERPRETATION

- 1.1 In this Sixth Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 **"Access Codes"** means together any Key File (if applicable), Password and the Login ID;
  - 1.1.2 **"E-service"** means the Internet or other facility provided by, and/or on behalf of, SHKOS which enables Client to give electronic Instructions in accordance with the terms of this Agreement, whether in Hong Kong or elsewhere, and to receive information and related services;
  - 1.1.3 **"Instruction"** means any offer or acceptance in relation to any Securities or, where applicable, any instruction in relation to the Account and "Instruct" shall be construed accordingly;
  - 1.1.4 **"Internet Trading Policy"** means the policy relating to the operation of the E-Service as amended from time to time;
  - 1.1.5 **"Key File"** means a computer file, disk or other device which contains a file code which may be used in conjunction with the Login ID and the Password to gain access to the E-Service;
  - 1.1.6 **"Login ID"** means personal identification used in conjunction with other Access Codes to gain access to the E-Service; and
  - 1.1.7 **"Password"** means Client's personal password, used in conjunction with other Access Codes to gain access to the E-Service.
- 1.2 Terms and expressions defined in this Agreement shall have the same meaning in this Sixth Schedule unless the context otherwise requires. References to clauses in this Sixth Schedule shall refer to clauses contained in this Sixth Schedule, unless the context otherwise requires.
- 1.3 In the event of any inconsistency between the provisions of this Agreement and this Sixth Schedule, the provisions of this Sixth Schedule shall prevail.
2. SHKOS may at its discretion provide Client with the E-Service on the terms of this Agreement, and the provisions of this Sixth Schedule apply if SHKOS provides Client with the E-Service. Client agrees to use the E-Service in accordance with the terms of this Agreement.
3. Client understands that the E-Service is a semi-automated facility which enables it to send electronic Instructions and receive information services. Client acknowledges that notwithstanding anything to the contrary contained herein or in any other document (written form or otherwise), SHKOS shall have the absolute discretion to determine the functions of E-Services available to Client and such functions may be changed by SHKOS at any time and from time to time without notice to or consent from Client and without assigning any reason therefor. Client further acknowledges receipt of the Access Codes and agrees to be the sole user of the Access Codes and not to disclose the Access Codes to any other person; and to be solely responsible for the confidentiality, use and protection of the Access Codes and all Instructions entered through the E-Service using the Access Codes. Client agrees that neither SHKOS nor SHKOS's directors, officers or employees shall have any liability to Client, or to any other person whose claim may or may not arise through Client, for any claims with respect to the handling, mishandling or loss of, or loss of confidentiality of, any Instruction.
4. SHKOS may, at any time and from time to time, block Client's access to and/or use of the E-Service (or any part thereof) without prior notice to or any consent from Client and without assigning any reason therefor.
5. Client shall forthwith notify SHKOS if:
- 5.1 An Instruction has been placed through the E-Service and Client has not received an accurate acknowledgment receipt of the Instruction (whether by hard copy, electronic or verbal means) within one working day of the Instruction and the aforesaid "working day" means a day when SHKOS opens for business in Hong Kong;
  - 5.2 Client has received notification (whether by hard copy, electronic or verbal means) of a transaction which Client did not Instruct;
  - 5.3 Client becomes aware of any apparent unauthorised use of any of Client's Access Codes;
  - 5.4 Client experiences any problems in accessing its Account through the E-Service; or
  - 5.5 Client loses, fails or is otherwise unable to adequately protect confidentiality of the Access Codes.
6. Any risk, including (without limitation) the risk of transmission error, transmission failure, delay, unauthorised access and unauthorised use, arising from or related to the access to and/or use of the E-Service by Client and/or any software or equipment for accessing and/or using the E-Service (whether provided by SHKOS or otherwise), is at the risk of Client. Client shall provide and maintain, at Client's own risk and cost, the connection equipment (including personal computers, mobile trading devices and modems) and services for accessing and using the E-Service. Client shall be solely responsible for preventing anything which may be harmful to any such equipment (including, without limitation, computer virus, malicious program or harmful component) from entering into any such equipment, whether or not it is originated from SHKOS's websites (including, without limitation, the Group's Website and the website comprising E-Service), whether maintained or provided by or on behalf of SHKOS, (together, the **"Websites"**) and, if applicable, whether or not originated from anything provided by SHKOS. Further, Client acknowledges that the Internet or other electronic medium (including E-Service or any part of the Websites) is an inherently unreliable medium of communication and that such unreliability is beyond SHKOS's control. Client further acknowledges that such unreliability may give rise to various consequences e.g. it may result in failure or delay in transmission of any Instruction or information or affect any function of E-Service or the timeliness, sequence, accuracy, adequacy or completeness of any Instruction or information transmitted or cause loss, or loss of confidentiality, of any Instruction or information transmitted or any transaction made on terms different from the relevant Instruction. Client understands that the aforesaid is not an exhaustive list of all consequences resulted from such unreliability. Client agrees that without limiting the generality of Clause 17.1 of this Agreement above, SHKOS shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with such unreliability or the public nature of the Internet or other electronic medium (including E-Service or any part of the Websites).
7. Client shall use information and materials available through the E-Service for its own needs and shall not resell to any third party or otherwise allow or permit any third party's access to or use of any such information or materials or otherwise deal with it/them in any way.
8. Client acknowledges that the E-Service, the Websites, information available via or on the E-Service and/or any part of the Websites and the software comprised in the E-Service and/or any part of the Websites are proprietary to SHKOS and/or its agents, partners or contractors. Client warrants and undertakes that it shall not, and shall not attempt to,
- (i) tamper with, modify, de-compile, reverse-engineer or otherwise alter in any way, or
  - (ii) gain unauthorised access to or make unauthorised use of,
- any part of the E-Service or any part of the Websites or any information available via or on the E-Service or any part of the Websites or any of the software comprised in the E-Service or any part of the Websites. Client acknowledges that SHKOS may take legal action against it, if Client at any time breaches this warranty and undertaking or if SHKOS at any time reasonably suspects that Client has breached the same. Client undertakes to notify SHKOS immediately if Client becomes aware that any action described in this clause 8 is being perpetrated or attempted by another person.

9. Client acknowledges that in providing the E-Service, SHKOS may use such authentication technologies as it deems appropriate. Client acknowledges that no authentication, verification or computer security technology is completely secure or safe and Client agrees to bear all risks of unauthorised access/use, hacking or identity theft.
10. Client understands that SHKOS shall be entitled to prepare the Internet Trading Policy (as amended from time to time) setting out the operation policy and procedures of the E-Service which shall be available on the Websites (or such part thereof as designated by SHKOS from time to time) and the terms of which shall be binding on Client in respect of its use of the E-Service. The Internet Trading Policy may be amended by SHKOS at any time and from time to time and each amended version shall be applicable on the effective date as specified in the relevant notice available on the Websites (or such part thereof as designated by SHKOS from time to time). In the event of inconsistencies between the terms of this Agreement and the Internet Trading Policy, the terms of this Agreement shall prevail.
11. Client acknowledges that the price quotation service (if any) available on any part of the Websites may be provided by a third party provider appointed by SHKOS from time to time. Client acknowledges and agrees that SHKOS shall not be responsible to Client or any other person for any losses, costs, expenses, damages, claims or liabilities of whatsoever nature which Client or such other person may suffer, directly or indirectly, as a result of or in connection with any aspect of such service including, without limitation, Client's or such other person's reliance on such service. Client shall use price quotation (if any) for its individual use only and shall not furnish such data to any other person or entity for any reason.
12. Client understands that any part of the Websites may provide, for informational purpose only, data regarding Securities and/or other investments published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant Securities or investment. Client understands that whilst SHKOS believes such data to be reliable, there is no independent basis for SHKOS to verify or contradict the accuracy or completeness of such data. Client understands that no recommendation or endorsement from SHKOS shall be inferred from such data.
13. Client acknowledges and agrees that SHKOS does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of any information provided by or via the E-Service or on or via the Websites (or any part thereof) and any such information is provided on an "as is", "as available" basis. SHKOS gives no express or implied warranties (including but not limited to warranties of merchantability or fitness for a particular use) with respect to such information. Further, Client acknowledges that SHKOS gives no express or implied warranties, representations or undertakings with respect to the prices available from or via E-Service at which Client may make offers in respect of Securities (including, without limitation, any warranty, representation or undertaking that such prices are real-time market quotes or best available market prices).
14. Client accepts the risks of receiving or gaining access to services and communication and conducting transactions via the E-Service or over the Internet or by other electronic means or facilities.
15. Client shall, forthwith upon SHKOS's demand from time to time, pay to SHKOS such applicable costs, charges, expenses, fees, taxes, levies, duties, brokerages, commissions and other applicable remuneration and payments in respect of any transaction via the E-Service and/or the provision to Client of the E-Service (or any part thereof) as notified in writing by SHKOS to Client from time to time.
16. Client consents that any document (including, without limitation, any Advice), information, notice or communication may be given or presented to or exchanged with Client electronically on, via or over the Internet, the E-Service and/or any part of the Websites. Any document (including, without limitation, any Advice), information, notice or communication so given or presented to or exchanged with Client as aforesaid shall be deemed to have received by it immediately upon despatch. However, all notices and communications given or delivered to SHKOS electronically on, via or over the Internet, the E-Service and/or any part of the Websites shall be deemed to have been given or delivered to SHKOS on the day of actual receipt by it.
17. Client agrees that should it experience any problems in accessing to and/or using the E-Service, it shall attempt to use the alternative method to communicate with SHKOS (whether or not for the purpose of any transaction) and inform SHKOS of the difficulty it is experiencing.
18. Client understands that each association/entity asserts a proprietary interest in all of the market data it furnishes to the parties who disseminate such data. Client also understands that no party guarantees the timeliness, sequence, adequacy, accuracy or completeness of market data or any other market information. Client agrees that neither SHKOS nor any disseminating party shall be liable in any way for any loss or damage arising from or caused by any inaccuracy, error or delay in or omission from any such data, information or related message, or the transmission or delivery of the same, or non-performance or interruption of any such data, message or information due to any negligent act of SHKOS or any disseminating party, or to any force majeure event, or any other cause beyond SHKOS's control or the reasonable control of any disseminating party.
19. Client acknowledges and agrees that there are risks of misunderstanding or errors in any communication (including any communication or Instruction via the E-Service) and that such risks shall be absolutely and solely borne by Client.
20. Client acknowledges and agrees that each Instruction once given cannot be revoked and if acted on by SHKOS, such Instruction shall be binding on Client. For the avoidance of doubt, any Instruction in relation to any Securities given via E-Service shall constitute an irrevocable offer which, if accepted by SHKOS, shall become a binding contract between SHKOS and Client. Notwithstanding anything to the contrary which may be contained in this Agreement or any other document, SHKOS may, at any time and from time to time, in its absolute discretion without notice and without giving any reason therefor, decline to accept any Instruction. Client acknowledges that without prejudice to the foregoing in this clause 20, any trade confirmation issued from or via E-Service shall be merely an acknowledgement of the receipt of the relevant Instruction.
21. Client understands that the order management engine used in processing Client's Instructions is, generally speaking, handled on a "First-In-First-Out" order and accordingly, SHKOS does not guarantee that any of Client's Instructions will be processed even though it may have been received.
22. If Client gives any Instruction to SHKOS outside Hong Kong, Client agrees to ensure and represent that such Instruction will have been given in compliance with any applicable law of the relevant jurisdiction from which such Instruction is given, and Client further agrees that it shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. Client accepts that there may be taxes and/or charges payable to relevant authorities in respect of any Instruction given outside Hong Kong, and Client agrees to pay such taxes and/or charges as applicable.
23. Without limiting the generality of Clause 17.1 of this Agreement above, Client agrees that SHKOS shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with:
  - 23.1 Client's access to and/or use of the Internet or other electronic medium (including E-Service or any part of the Websites) notwithstanding that such access and/or use is for accessing any website operated by SHKOS and/or on SHKOS's behalf and/or using any service provided by SHKOS and/or on SHKOS's behalf;
  - 23.2 any reliance on any information obtained via Client's use of the Internet or other electronic medium (including E-Service or any part of the Websites) notwithstanding that such information is obtained from any website operated by SHKOS and/or on SHKOS's behalf; and
  - 23.3 any other cause beyond SHKOS's control or anticipation including, without limitation, any delay in the transmission, receipt or execution of any Instruction due to a breakdown or failure of transmission of communication facilities.
24. Client agrees that notwithstanding anything to the contrary contained herein or in any other document, should there be any inconsistency between the information (including any document but not any Advice) available from or via the E-Service, the Websites, the Internet or other electronic medium (whether or not the same being available in accordance with this Agreement) and the information on SHKOS's records, the information on SHKOS's records shall prevail save for any manifest error and that SHKOS shall accept no liability as a result of the unreliable nature of the Internet or other electronic medium (including E-Service or any part of the Websites) or other reason beyond the control of SHKOS.



**25. Client understands and accepts the following risks in using the E-Service:**

**25.1 Risk in relation to the use of the Internet or other electronic medium**

- (a) The Internet or other electronic media (including without limitation, where applicable, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) is/are an inherently unreliable form(s) of communication, and that such unreliability is beyond SHKOS's control.
- (b) Transactions over the Internet or through other electronic media (including without limitation, where applicable, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption (including, without limitation, stoppage of price data feed), transmission blackout, delayed transmission due to data volume, incorrect data transmission due to the public nature of the Internet or other electronic media or loss of information or loss of confidentiality.
- (c) As a result of such unreliability, there may be time-lags or delays in the transmission of data and receipt of Instructions and Client has to solely bear any loss resulting from any such time-lag or delay.

**25.2 Risk of Electronic Trading System**

Trading on one electronic trading system may differ from trading on other electronic trading systems. If Client undertakes transactions on an electronic system, Client shall be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that in respect of Client's Instructions, there may be transmission error, failure or delay.

**25.3 Risk of Trading Facilities**

Electronic trading facilities are supported by computer-based component systems. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary: Client should ask the firm with which Client deals for details in this respect

Client understands and acknowledges that the risks above disclosed do not purport to disclose or discuss all of the risks associated with using E- Service and that Client should consult Client's own independent legal and other advisors prior to entering into any transaction via E-Service.

- 26.** Client consents and authorises SHKOS to deliver the Password to Client by email ("**Authorisation**") to the email address specified in the Account Application and agrees to bear all risks associated with such email delivery, including but not limited to the risks of transmission error, delay, unauthorised disclosure and unauthorised use. Client agrees that the Password will be deemed to have been received by Client immediately upon despatch. Client acknowledges that once the Password is deemed to be received by Client, Client shall be the sole user of the Password and be solely responsible for the confidentiality, protection and use of the Password as well as all instructions/offers placed by using the Password. SHKOS shall not have any liability to Client or any third party for any loss, damages, expense, cost, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with any such instruction/ offer and/or the handling, inaccurate or incomplete transmission, delay in transmission, loss or loss of confidentiality, or the same. Client agrees at all times on demand to indemnify and keep indemnified SHKOS from and against all liabilities, costs and expenses of any nature whatsoever reasonably incurred by it arising from or in any way related to its reliance and/or acting on this Authorisation (including any email address provided by Client). Client acknowledges that this Authorisation will become effective on the date of SHKOS's approval of sending the Password in accordance with the terms hereof, which approval may or may not be given by SHKOS in its absolute discretion.
- 27.** Client acknowledges and agrees that the fees set forth in the Websites (or any part thereof) appropriately reflect the allocation of risks set forth in this Agreement. Accordingly, based on the foregoing, Client acknowledges as reasonable the exclusions of warranties and limitations on liability set forth in this Agreement. As such, Client acknowledges and agrees that if any of the exclusions or limitation of warranties or liabilities set forth in this Agreement should be deemed to be invalid, ineffective or unenforceable, or in the event SHKOS is found liable for any claim arising out of or in connection with this Agreement or this Sixth Schedule, then, the entire collective liability of SHKOS and/or any member of the Group shall in no circumstance exceed two (2) times the amount of fees paid by Client to SHKOS in the month immediately preceding the act or omission or circumstance giving rise to a claim.
- 28.** All or any part of the E-Service (or any option permitted under all or any part of the E-Service) may be provided at the sole and absolute discretion of SHKOS either on an individual account basis or on the basis of all accounts maintained by Client with SHKOS. SHKOS shall have the right to send a notice by way of a letter, email or other electronic means to require Client to clarify or confirm its instructions relating to all or any part of the E-Service and/or any other service provided under the Agreement. Client shall have the duty to clarify or confirm its instruction as required by such notice. If SHKOS does not subsequently receive any express instruction in writing from Client correcting SHKOS's understanding of Client's instruction as stated in such notice by the response time limit stated in such notice, Client shall be deemed to have confirmed SHKOS's understanding of the relevant instruction of Client and/or the manner in which SHKOS handles or will handle Client's instruction as stated in such notice.

## SEVENTH SCHEDULE

### FOREIGN LAW REQUIREMENTS

#### 1. INTERPRETATION

##### 1.1 Definitions

In this Seventh Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:

**"Close-Out Amount"** means, unless otherwise specifically provided for in the transaction documentation applicable to a particular transaction or group of transactions, with respect to each terminated transaction, the amount of the losses or costs of SHKOS that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of SHKOS that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for SHKOS the economic equivalent of the material terms of that terminated transaction. Any Close-out Amount will be determined by SHKOS (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. Unpaid Amounts in respect of a terminated transaction and legal fees and out-of-pocket expenses are to be excluded in all determinations of Close-out Amounts. In determining a Close-out Amount, SHKOS may consider any relevant information, including, without limitation, quotations (either firm or indicative) for replacement transactions supplied by one or more third parties and market data in the relevant market. When it is commercially reasonable to do so, SHKOS may in addition consider in calculating a Close-out Amount any loss or cost (or gain) incurred in connection with its terminating, liquidating or re-establishing any hedge related to a terminated transaction. Commercially reasonable procedures used in determining a Close-out Amount may include the application of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by SHKOS in the regular course of its business in pricing or valuing transactions.

**"FATCA"** means

- (a) sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended) or any amended or successor version thereof;
- (b) any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with item (a) including as entered into by the government of Hong Kong;
- (c) agreements between SHKOS and the IRS or other regulator or government agency pursuant to or in connection with item (a); and
- (d) any laws, rules, regulations, interpretations or practices adopted in the U.S., Hong Kong or elsewhere pursuant to any of the foregoing.

**"Foreign Law Requirement"** means any obligation imposed on SHKOS pursuant to any future or present:

- (a) foreign laws (including foreign laws in respect of which SHKOS considers itself bound);
- (b) Hong Kong laws that implement Hong Kong's obligations under an agreement with a foreign government (including the government of the PRC) or regulator;
- (c) agreements entered into between SHKOS and a foreign government (including the government of the PRC) or regulator;
- (d) agreements entered into between SHKOS and any counterparty or between SHKOS and any issuer of securities or other investment products under or pursuant to or in connection with which SHKOS is required to comply with any foreign laws or any guidelines or guidance mentioned in item (e) below; or
- (e) guidelines or guidance issued by any legal, regulatory, government, tax or law enforcement body within or outside of Hong Kong in respect of items (a) to (c).

For the avoidance of doubt, this definition includes any obligation or requirement applying to SHKOS as amended or introduced from time to time, including pursuant to FATCA.

**"Government Authority"** means any government, government body, government agency or regulator, in or outside of Hong Kong, including the Inland Revenue Department of Hong Kong and the IRS.

**"Hong Kong"** means the Hong Kong Special Administrative Region of the PRC. "IRS" means the U.S. Internal Revenue Services.

**"PRC"** means the People's Republic of China (excluding Hong Kong, Macau and Taiwan).

**"Relevant Information"** means any information, document or certification given by or relating to Client, any Ultimate Owner, any authorised representatives of the Client, any Account with SHKOS or any transaction and shall include where the context permits identity information and personal data including Client's name, address, tax payer identification number, Account numbers, Account balances or value and any payments made in respect to the Accounts.

**"Ultimate Owner"** means any ultimate beneficial owner of any Account with SHKOS, the person ultimately responsible for giving of instructions of any transaction, any person who act on Client's behalf in receiving payment or any other person identified by SHKOS in its sole and absolute discretion as being connected with Client.

**"Unpaid Amounts"** mean any unpaid amounts and the value of unsettled transactions together with interest thereon as determined by SHKOS in good faith and a commercially reasonable manner.

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

- 1.2 Terms and expressions defined in this Agreement shall have the same meaning in this Seventh Schedule unless the context otherwise requires. References to clauses in this Seventh Schedule shall refer to clauses contained in this Seventh Schedule, unless the context otherwise requires.
- 1.3 In the event of any inconsistency between the provisions of this Agreement and this Seventh Schedule, the provisions of this Seventh Schedule shall prevail; provided, however, that this Seventh Schedule in no way seeks to limit any of SHKOS's rights under this Agreement and should be interpreted accordingly.

#### 2. UNDERTAKING TO PROVIDE INFORMATION

- 2.1 Client agrees that SHKOS may disclose Relevant Information to any person or Government Authority, whether or not established under Hong Kong law, as required under any Foreign Law Requirement (including but not limited to FATCA) as determined by SHKOS.
- 2.2 Client undertakes to provide SHKOS with information, documents and certifications as reasonably required by SHKOS in order to meet SHKOS's obligations under any Foreign Law Requirement (including but not limited to FATCA). Client acknowledges and agrees that this may include information, documents or certifications in connection with Client, its authorized representatives, or the Ultimate Owner.

- 2.3 Client will, promptly and from time to time, supply SHKOS with identity information and personal data in connection with the establishment or continuation of any Account with SHKOS or provision of services. Client further acknowledges that failure to supply Relevant Information may result in SHKOS being unable to effect a transaction, provide the services under this Agreement or operate or maintain any Account with SHKOS; or may result in SHKOS terminating the Account. It may also result in SHKOS having to withhold or deduct amounts as required under any Foreign Law Requirement (including but not limited to FATCA).
- 2.4 Client shall notify SHKOS forthwith of any change to the Relevant Information. SHKOS shall be entitled to rely fully on all such Relevant Information for all purposes until SHKOS is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement including this Seventh Schedule, any change to any such information shall not take effect until five (5) days after the actual receipt by SHKOS of the relevant written notification or until such shorter period of time as may be agreed by SHKOS in writing.
- 2.5 For the avoidance of doubt, to the extent that applicable non-disclosure, confidentiality, bank secrecy, data privacy or other law imposes non-disclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by Client for purposes of such law.

### 3. INDEMNITY

Without limiting any other indemnity provided by Client, Client will indemnify SHKOS and its directors, employees and representatives against any liability, reasonable loss or expense (including tax or levy) arising from Client's instructions, Account or the provision of a service to Client, including as a result of any failure by Client to comply with this Agreement, including this Seventh Schedule, Client or other agent of Client providing misleading or false information in respect of Client or any other person or matter in connection with this Agreement, unless SHKOS is guilty of wilful misconduct.

### 4. CONSENT TO DEDUCT, WITHHOLD AND BLOCK

- 4.1 Client acknowledges and agrees that notwithstanding any other provisions of this Agreement:
  - (a) any payments by SHKOS under this Agreement will be subject to taxes, levies, imposts, duties or other charges, withholding and/or deduction of a similar nature, at present or in the future, as required under any Foreign Law Requirement (including but not limited to FATCA), including but not limited to value added taxes, stamp duties, fines, penalties or interest payable in connection with any failure to pay or any delay in paying any of the above;
  - (b) any amount withheld under paragraph (a) above may be held in whatever Account or in whatever manner determined by SHKOS; and
  - (c) SHKOS is not liable for any gross up, loss or damage suffered as a result of the exercising of our rights under this Clause 4.1.
- 4.2 Client further acknowledges and agrees that
  - (a) SHKOS has the right to refuse to carry out any instruction or perform any service under this Agreement if such instruction or service, in SHKOS's opinion, is in contradiction with or constitutes a breach of any Foreign Law Requirement (including but not limited to FATCA) and/or SHKOS's policies in relation thereof;
  - (b) any transaction, payment or instruction under this Agreement may be delayed, blocked, transferred or terminated as required for SHKOS to meet its obligations including those under any Foreign Law Requirement (including but not limited to FATCA) as determined by SHKOS; and
  - (c) Client waives any rights to claim for any loss, damage, cost or expenses suffered as a result SHKOS exercising its rights under the Seventh Schedule.

### 5. TERMINATION

- 5.1 SHKOS may take such action that it deems in its sole discretion as appropriate, in respect of the Account, including without limitation suspending or closing the Account if Client fails to comply with any requirement of this Seventh Schedule in respect of any Foreign Law Requirement (including but not limited to FATCA), including failing to provide information, documents and supporting materials as required by SHKOS or closure is otherwise necessary or convenient for compliance with any Foreign Law Requirement (including but not limited to FATCA).
- 5.2 If SHKOS terminates the services under this Agreement and close the Account(s) of Client, then SHKOS shall have the right, by termination notice to Client, to designate a day not earlier than the day such termination notice is effective as a close-out date (the "**Close-Out Date**") and close out some or all of the outstanding transaction(s) in relation to the terminated Account(s) of Client at SHKOS's sole and absolute discretion. For the avoidance of doubt, when exercising its right to close out the transactions pursuant to this Clause 5, SHKOS is not liable for any losses or damages arising therefrom.
- 5.3 SHKOS shall calculate in good faith, with respect to such terminated transaction(s) as of the Close-Out Date or as soon thereafter as reasonably practicable, the early termination amount (the "**Early Termination Amount**") as follows:
  - (a) for each such terminated transaction or each group of such terminated transactions, calculate a Close-Out Amount;
  - (b) calculate the Early Termination Amount being an amount equal to (1) the sum of (A) the aggregate sum of the Close-Out Amount (whether positive or negative) for each terminated transaction, (B) the Unpaid Amounts owing to SHKOS and (C) any legal cost and out-of-pocket expenses incurred by SHKOS in good faith less (2) the Unpaid Amounts owing to Client; and
  - (c) if the Early Termination Amount is a positive number, Client will pay it to SHKOS; if the Early Termination Amount is a negative number, SHKOS will pay the absolute value of the Early Termination Amount to Client.

## RISK DISCLOSURE STATEMENTS

**This risk disclosure statement does not purport to disclose or discuss all of the risks, or other significant aspects, of conducting transactions or of the transactions conducted. In light of the risks involved, you (i.e. Client) should undertake a transaction only if you understand its nature, the contractual relationship into which you are entering, and the nature and extent of your exposure to risk. You should also consider whether a transaction is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. While SHK Online (Securities) Limited ("SHKOS") proposes to give this general risk warning, it is not acting as your financial advisor and you must not regard SHKOS as so acting. You should consult your own independent legal, tax or financial advisors prior to entering into any transaction.**

### RISK OF SECURITIES TRADING

1. The prices of securities fluctuate, sometimes dramatically, and that the price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
2. The price of securities, including without limitation, bonds, interests in unit trusts, mutual funds or other collective investment schemes fluctuates, sometimes dramatically, and may move up or down or even become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
3. Any representation of past performance is not necessarily a guide to future performance.
4. Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.
5. 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.
6. SHKOS is entitled to act upon your instructions and you cannot assume that SHKOS will warn you if your instructions are ill-timed or inadvisable for any reason or if the instructions are likely to cause you loss.
7. 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

Growth Enterprise Market ("GEM") stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast further 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.

Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited ("SEHK"). GEM companies are usually not required to issue paid announcements in gazetted newspapers.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

### RISKS OF TRADING RENMINBI SECURITIES OR INVESTING IN RENMINBI INVESTMENTS

#### 1. Exchange risks and Daily Conversion Limit, etc.

Renminbi (RMB) is currently not freely convertible and there may at any given time be limited availability of RMB outside Mainland China. There is conversion risk in RMB denominated securities, and daily or other limits may apply to conversion amounts. If converting to or from RMB in Hong Kong, you may have to allow sufficient time to avoid exceeding such limits. In addition, there is a liquidity risk associated with RMB denominated securities, especially if such securities do not have an active secondary market and their prices have large bid/offer spreads.

Investment in RMB denominated securities is subject to exchange rate risks. The value of the RMB against any other foreign currencies fluctuates and is affected by changes in Mainland China and international political and economic conditions and by many other factors. The value of RMB settlement amounts compared to other currencies will vary with the prevailing exchange rates in the market.

For RMB products which are not denominated in RMB or with underlying investments which are not RMB-denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).

#### 2. Limited availability of underlying investments denominated in RMB

For RMB products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in RMB outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the RMB products.

#### 3. Projected returns which are not guaranteed

If the RMB investment product is attached with a statement of illustrative return which is (partly) not guaranteed, you should pay particular attention to any disclosure relating to the return (or the part of the return, as the case may be) which is not guaranteed and the assumptions on which the illustrations are based, including, e.g., any future bonus or dividend declaration.

#### 4. Long term commitment to investment products

For RMB products which involve a long period of investment, you should pay particular attention to the fact that if you redeem your investment before the maturity date or during the lock-up period (if applicable), you may incur a significant loss of principal where the proceeds may be substantially lower than their invested amount. You should beware of the early surrender/withdrawal fees and charges, if any, as well as the loss of bonuses (where applicable) as a result of redemption before the maturity date or during the lock-up period.

#### 5. Credit risk of counterparties

You should pay particular attention to the credit risk of counterparties involved in the RMB products. To the extent that the RMB products may invest in RMB debt instruments not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a RMB product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the RMB product and result in substantial loss.

**6. Interest rate risk**

For RMB products which are, or may invest in, RMB debt instruments, you should pay attention to the fact that such instruments may be susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB products.

**7. Liquidity Risk**

You should pay attention to the liquidity risk associated with the RMB products, and where applicable, the possibility that the RMB products may suffer significant losses in liquidating the underlying investments, especially if such investments do not have an active secondary market and their prices have large bid/offer spreads.

**8. Possibility of not receiving RMB upon redemption**

For RMB products with a significant portion of non-RMB denominated underlying investments, you should pay attention to the possibility of not receiving the full amount in RMB upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of RMB in a timely manner due to the exchange controls and restrictions applicable to the currency.

**9. Additional risks associated with leveraged trading**

Prior to conducting leveraged trading of RMB products, you should make sure that you understand and accept the risks and the terms and conditions of the borrowing arrangement. Leveraging heightens the investment risk by magnifying prospective losses. You should pay attention to the circumstances under which you will be required to place additional margin deposits at short notice and that your collateral may be liquidated without your consent. You should beware of the risk that market conditions may make it impossible to execute contingent orders, such as “stop-loss” orders. In addition, you should be mindful of your exposure to interest rate risk, and in particular, your cost of borrowing may increase due to interest rate movements.”

**RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE SEHK**

The securities under the NASDAQ-Amex Pilot Program (“PP”) are aimed at sophisticated investors. You should consult SHKOS and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of the SEHK. You should only consider participating in the PP if you have sufficient means and resources to acquire and understand the relevant product and market information regarding the PP which is published on or distributed via the internet in English.

**RISKS OF TRADING IN EXCHANGE-TRADED STRUCTURED PRODUCTS (“Structured Products”) e.g. Derivative Warrants (“Warrants”), Callable Bull/Bear Contracts (“CBCB”)**

**1. Issuer default risk**

In the event that a Structured Product issuer becomes insolvent and defaults on their listed securities, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.

Note: “Issuers Credit Rating” showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBCBs section on the HKEx corporate website.

**2. Uncollateralised product risk**

Uncollateralised Structured Products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralised.

**3. Gearing risk**

Structured Products such as Warrants and CBCBs are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a Structured Product may fall to zero resulting in a total loss of the initial investment.

**4. Expiry considerations**

Structured Products have an expiry date after which the issue may become worthless. Investors should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.

**5. Extraordinary price movements**

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

**6. Foreign exchange risk**

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

**7. Liquidity risk**

The Exchange requires all Structured Product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned. There is no guarantee that investors will be able to buy or sell their Structured Products at their target price any time they wish.

**SOME ADDITIONAL RISKS INVOLVED IN TRADING WARRANTS**

**1. Time decay risk**

All things being equal, the value of a Warrant will decay over time as it approaches its expiry date. Warrants should therefore not be viewed as long term investments.

**2. Volatility risk**

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

### 3. Market Risk and Turnover

Other than basic factors that determine the theoretical price of a Warrant, Warrant price are also affected by all prevailing market forces including the demand for and supply of the Warrants. The market forces will be greatest when a Warrant issue is almost sold out and when issuers make further issues of an existing Warrant issue. High turnover should not be regarded as an indication the price of a Warrant will go up. The price of a Warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.

## SOME ADDITIONAL RISKS INVOLVED IN TRADING CBBCS

### 1. Mandatory call risk

Investors trading CBBCs should be aware of their intraday “knockout” or mandatory call feature. A 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.

### 2. Funding costs

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

### 3. Trading of CBBC Close to Call Price

When the underlying asset is trading close to the call price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result. However, the trade inputted by the investor may still be executed and confirmed by the Exchange participants after the Mandatory Call Event (“MCE”) since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE will not be recognised and cancelled. Therefore, investors should be aware of the risk and ought to apply special caution when the CBBC is trading close to the call price.

For more information on warrants and CBBCs, please visit the HKEx corporate website:

Derivative Warrants, Products & Services Section

(<http://www.hkex.com.hk/eng/prod/secprod/dwrc/dw.htm>)

Callable Bull/Bear Contracts, Products & Services Section

(<http://www.hkex.com.hk/eng/prod/secprod/cbbc/Intro.htm>)

## RISKS OF TRADING IN SYNTHETIC EXCHANGE TRADED FUNDS (“ETFs”)

Unlike traditional Exchange traded Funds (“ETFs”), Synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark’s performance. Investment in Synthetic ETFs involves high risk and is not suitable for every investor. Investors should understand and consider the following risks before trading Synthetic ETFs.

### Market Risk

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.

### Counterparty Risk

Where a Synthetic ETF invests in derivatives to replicate the index performance, investors are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivatives issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of Synthetic ETF may have a “knock-on” effect on other derivative counterparties of the Synthetic ETFs). 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.

### Liquidity Risk

There is no assurance that a liquid market exists for an ETF. A higher liquidity risk is involved if a Synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of derivatives may result in losses. Therefore, they can be more difficult costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

### 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 a Discount or Premium

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.

### Foreign exchange Risk

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

## RISKS OF TRADING IN LEVERAGED AND INVERSE PRODUCTS (“L&I PRODUCTS”)

L&I Products are issued in the form of Exchange traded Funds (“ETFs”) as a type of collective investment schemes but they are in fact derivative products.

Leveraged Products typically aim to deliver a daily return equivalent to a multiple of the underlying index return that they track. Inverse Products typically aim to deliver the opposite of the daily return of the underlying index that they track. In overseas markets, they are commonly known as Leveraged and/ or Inverse ETFs.

To produce the specified leveraged or inverse return, L&I Products have to rebalance their portfolios, typically on a daily basis. As such, they do not share the buy-to-hold characteristics of conventional ETFs. Investors should understand how the performance of L&I Products is likely to be affected when they are held for more than one trading day and its compounding effect. They should be aware that any small variation in the underlying index return may have a large effect on the value of the product you hold.

Investors should note the following salient features about L&I Products:

- It is not advisable to hold L&I Products for longer than the rebalancing interval, typically one day;
- 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.

The risk of loss in trading in L&I Products is substantial. In particular, they are not suitable for investors who are unfamiliar with the features and risks of L&I Products, as they are designed for daily investment results, and/or investors who are looking for a long-term investment and cannot actively monitor their holdings.

Therefore, L&I Products are normally not suitable for many members of the public who wish to invest in collective investment schemes or ETFs as a low risk exchange-listed product in order to diversify their investment risks. The regulatory authorities have, taking into account their special risk profile, prohibited and/or discouraged the use of margin finance for investment in L&I Products. Investors must carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Whilst they are listed, there is no assurance that a liquid market always exists for the L&I Products concerned. A higher liquidity risk is involved if the product involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of the products may result in losses. Therefore, they can be more difficult and costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

There may be disparity between the performance of the L&I Product concerned and the performance of the underlying indices due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

L&I Products may currently be traded, cleared and settled in Hong Kong dollars, Renminbi and/or US dollars. Investors trading 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 product price.

Like ETFs, the risk of L&I Products can include counterparty risk, market risk, tracking errors, trading at discount or premium, and liquidity risk.

The specific risks presented by L&I Products necessarily depend upon the terms of the issued product and your circumstances. In general, however, they all involve some combination of market risk, credit risk, funding risk and operational risk.

1. Market risk is the risk that the value of a transaction will be adversely affected by fluctuations in the level or volatility of or correlation or relationship between one or more market prices, rates or indices or other market factors or by illiquidity in the market for the relevant transaction or in a related market.
2. Credit risk is the risk that a counterparty will fail to perform its payment or other obligations when due.
3. Funding risk is the risk that, as a result of mismatches or delays in the timing of cash flows due from or to the counterparties in the relevant transaction in question or related hedging, trading, collateral or other transactions, the parties or a party to the relevant transactions will not have adequate cash available to fund current obligations.
4. Operational risk is the risk of loss arising from inadequacies in or failures of the issuer's and/or your internal systems and controls for monitoring and quantifying the risks and contractual obligations associated with the transaction in question, for recording and valuing the portfolio and related transactions, or for detecting human error, systems failure or management failure.

Although L&I Products are listed as ETFs, the Hong Kong Stock Exchange does not endorse any product or bear any responsibility and/or liability for any of their existence or performance.

You should therefore study and understand L&I Products before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives.

This brief statement does not disclose all of the risks and other significant aspects of trading in L&I Products. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. You should not construe this generic disclosure statement as business, legal, tax or accounting advice or as modifying applicable law. You should consult your own business, legal, tax and accounting advisers with respect to proposed L&I Product transactions and you should refrain from entering into any transaction unless you have fully understood the terms and risks of the transaction, including the extent of your potential risk of loss.

## **RISK OF TRADING IN STOCK OPTION(S) ("OPTION(S)")**

The risk of loss in trading in 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 understand 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.

This brief statement does not disclose all of the risks and other significant aspects of trading in options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### **1. Variable degree of risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks.

## Warning to option holders

- Some options may be exercised on an expiry day (European-Style Exercise) and other options may be exercised at any time before expiration (American-Style Exercise). I/We understand that upon exercise, some options require delivery and receipt of the underlying securities, and that other options require a cash payment.
- An option is a wasting asset and there is a possibility that as an option holder I/we may suffer the loss of the total premium paid for the option. I/We acknowledge that, as an option holder, in order to realise a profit it will be necessary to either exercise the option or close the long option position in the market. Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. I/We acknowledge that you have no obligation either to exercise a valuable option in the absence of my/our instruction, or to give to me/us prior notice of the expiration date of the option.

## Warning to option writers

- As a writer of an option I/we may be required to pay additional margin at any time. I/We acknowledge that as an option writer, unlike an option holder, I/we be liable for unlimited losses based on the rise or fall of the price of the underlying securities and my/our gains are limited to the option premium.
- Additionally, writers of American-Style Call (Put) Options may be required at any time before expiry to deliver (or pay for) the underlying securities to the full value of the strike price multiplied by the number of underlying securities. I/we recognise that this obligation may be wholly disproportionate to the value of premium received at the time the options were written and may be required at short notice.

You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the purchased options expire worthless, you understand that you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. You acknowledge that SHKOS has no obligation either to exercise a valuable option in the absence of your instruction, or to give to you prior notice of the expiration date of the option.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed; the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option, and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

### 2. Terms and conditions of contracts

You should ask SHKOS about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

### 3. Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. You acknowledge that if you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the option may not exist. The absence of an underlying reference price may make it difficult to judge "fair" value.

### 4. Deposited cash and property

You should familiarise yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

### 5. Commission and other charges

Before you begin to trade, 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. By commencing any trading activities with SHKOS, you acknowledge that you have been so informed by SHKOS.

### 6. Trading facilities

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. 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 understand that you should ask the firm with which you deal for details in this respect.

### 7. Electronic trading

Trading on an 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 your instructions or is not executed at all.

### 8. Transactions in other jurisdictions

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

### 9. Currency risks

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.



#### 10. Off-exchange transactions

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

### **RISK IN RELATION TO THE USE OF THE INTERNET OR OTHER ELECTRONIC MEDIUM**

Any communication or transaction via or information (including any document) transmitted via the Internet or other electronic medium involves risks and you understand and accept the following risks:

1. The internet or other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) are an inherently unreliable form of communication, and that such unreliability is beyond SHKOS' control.
2. Information (including any document) transmitted or communication or transactions over the internet or through other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption, transmission blackout, delayed transmission due to data volume or incorrect data transmission (including without limitation incorrect price quotation) or stoppage of price data feed due to the public nature of the Internet or other electronic media.
3. As a result of such unreliability, there may be time-lags or delays or failures or loss of data or loss of confidentiality in the transmission of data and receipt of instructions and instructions may be executed at prices different from those prevailing at the time the instructions were given.

### **RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.**

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

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

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

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

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

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

### **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 SHKOS. 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 IN RELATION TO AUTHORISED THIRD PARTY**

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 SHKOS from all liabilities arising out of or in connection with such instructions, whether taken by SHKOS or otherwise.

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

If you provide SHKOS 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 IN LEAVING MONEY OR OTHER PROPERTY IN THE CUSTODY OF SHKOS OR ITS NOMINEES OR AGENTS**

You acknowledge that there are risks in leaving money or other property in the custody of SHKOS or its nominees or agents. For example, if SHKOS 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 CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG**

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

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