

上海商業銀行  
SHANGHAI COMMERCIAL BANK

**TERMS AND CONDITIONS FOR  
SECURITIES SERVICES**

# **TERMS AND CONDITIONS FOR SECURITIES SERVICES**

## **PART 1 GENERAL TERMS AND CONDITIONS**

*The general terms and conditions set out below are not intended to be exhaustive and must be read together with the other provisions of the Master Agreement. In the case of inconsistency between the terms of this Part 1 and any other term or Part of the Master Agreement, such other term or Part shall prevail.*

### **1. DEFINITION AND INTERPRETATION**

1.1 In this Master Agreement, except where the context otherwise requires:

“Access Codes” means the Login ID, the Login Password and/ or the PIN, or where the context requires, a combination of any of them.

“Authorized Person or Authorized Representative” means the person or persons from time to time authorized to give instructions in relation to and otherwise operate the Designated Account(s).

“Agreed Signing Arrangement” means the signing arrangement of Authorized Person(s)/Representative(s) (together with his/her/their specimen signature(s)) stipulated by you and accepted by the Bank for or in connection with the operation of your account(s) maintained with the Bank whether it be the Master Account or the Designated Account(s) or (as the case may be) the provision of any Service by the Bank, subject to such changes as may be agreed by the Bank from time to time

“Bank” means Shanghai Commercial Bank Limited, its successors and assigns.

“Business Day” means a day other than Sundays, Saturdays or public holidays on which the Bank is open for business in Hong Kong.

“CCASS” means the Central Clearing and Settlement System established and operated by HKSCC.

“CCASS Depository” means such person appointed by HKSCC to perform the depository and custodian services in CCASS.

“CCASS Nominee” means the nominee company of HKSCC or such other person appointed by HKSCC to perform the nominee service in CCASS.

“Clearing Houses” means HKSCC or any other clearing houses in or outside of Hong Kong.

“Counter Trading Service” means any facility provided by the Bank from time to time under this Master Agreement which enables you to give instructions relating to any Transaction over the counter at any branch of the Bank.

“Derivative Product” means an over-the-counter financial contract whose value is designed to track the return on or is derived from currencies, interest rates, securities, bonds, money market instruments, metals and other commodities, financial instruments, reference indices or any other benchmark and includes, without limitation, warrants, options, equity-linked notes or other convertible securities.

“Derivative Transaction” means any transaction in Derivative Products entered into by you through the Bank as agent pursuant to this Master Agreement.

“Designated Account(s)” means your account(s) maintained with the Bank whether in the nature of savings or checking account(s) as (i) specified in the Account Mandate signed by you, or (ii) any other account(s) from time to time specified by you and accepted by the Bank, and “Hong Kong Dollar Designated Account” shall mean the Designated Account in Hong Kong dollars and “Foreign Currency Designated Account” shall mean the Designated Account in foreign currency.

“Electronic Trading Service” means any facility provided or to be provided by the Bank from time to time under this Master Agreement which enables you to give instructions relating to any Transaction via electronic or telecommunications media (including through the use of interactive television, systems, computers, machines, terminals or any other electronic or telecommunications devices as the Bank may from time to time determine and prescribe for the giving of instructions), and including the Internet Stock Trading Service and the Mobile Phone Trading Service.

“Eligible Securities” means such securities which is from time to time designated and accepted by HKSCC for deposit, clearance and settlement in CCASS.

“Exchange” means the HKSE or any other stock exchanges or markets or over-the-counter markets.

“Facilities” means the Counter Trading Service, the Electronic Trading Service, the Phone-in Trading Service or any other means or facilities as may be provided by the Bank from time to time which enables you to give instructions relating to Transactions to the Bank.

“Fund” means any unit trust, investment fund or mutual fund or other collective investment scheme in respect of which the Bank may from time to time agree to provide services to you as your agent in accordance with the provisions of Part 5.

“Fund Representative”, in respect of any Fund, means any manager, trustee, distributor, agent or representative of that Fund.

“HKMA” means the Hong Kong Monetary Authority.

“HKSCC” means the Hong Kong Securities Clearing Co. Ltd.

“HKSE” means The Stock Exchange of Hong Kong Limited.

“Hong Kong” means the Hong Kong Special Administrative Region of The People’s Republic of China.

“i-Banking Services” means the banking services or facilities provided or to be provided by the Bank to the Customer from time to time to enable the Customer to give Instructions to and communicate with the Bank via electronic or telecommunications media (including through the use of interactive television, computers, machines, terminals or any other electronic or telecommunications devices, including without limitation, the Internet, mobile phones, telephone or the Website online) for the purposes of carrying out banking, financial, securities, investment or other transactions or services, and (as the case may be) including e-Statement Service.

“Internet Stock Trading Service” means a service provided by the Bank which enables you to give instructions relating to any Transaction via the Internet.

“Login ID” means your personal identification used, in certain circumstances in conjunction with the Login Password, to gain access to the Electronic Trading Service.

“Login Password” means your personal password used, in certain circumstances in conjunction with the Login ID, to gain access to the Electronic Trading Service.

“Master Account” means your account maintained with the Bank and to be designated as such by you from time to time and accepted by the Bank

“Master Agreement” means the Securities Account Mandate, the Additional Mandate for Opening Securities Account (if applicable), the Terms and Conditions for Securities Services and the Circular to Customers relating to the Personal Data (Privacy) Ordinance, each as varied, amended or supplemented from time to time.

“Mobile Phone Trading Service” means a service provided or to be provided by the Bank in conjunction with mobile phone operators from time to time which enables you to give instructions relating to any Transaction via mobile phone.

“Parts” means the different parts into which the Terms and Conditions of the Master Agreement has been divided, including any additional parts that may from time to time be incorporated as part of the Terms and Conditions of the Master Agreement, in each case as varied, amended or supplemented from time to time.

“Person” includes any individual, company, firm, partnership, joint venture, association, organization or trust (in each case whether or not having a separate legal entity).

“Personal Identification Numbers” or “PIN” means your personal password(s), used to gain access to the Phone-in Trading Service.

“Phone-in Trading Service” means a service provided by the Bank which enables you to give instructions relating to any Transaction via telephone.

“Registered Securities” means Securities deposited by you with the Bank for safe custody and registered in the name of Shanghai Commercial Bank (Nominees) Ltd. or any other firm(s), company(ies) or institution(s) nominated by the Bank as the Bank’s nominee.

“Risk Disclosure Statements” means the risk disclosure statements contained in Part 7.

“Securities” means any share, stocks, debentures, warrants, options, loan stocks, funds, unit trusts, bonds, notes, equity-linked notes or derivative instruments or products (whether the underlying asset is securities, indices or other property) of or issued by any body, whether incorporated or unincorporated, or any government authority, whether or not traded on the HKSE or any other Exchanges, and acceptable to the Bank, and shall include, where the context permits, the Derivative Products and any other products acceptable to the Bank.

“Securities Account” means the account or accounts maintained with the Bank for the Transactions in accordance with this Master Agreement.

“Security Code” means a one-time password which is generated by a Security Device for using certain function(s) and/or feature(s) of i-Banking Services as specified by the Bank from time to time.

“Security Device” means any smartcard, token, electronic device, hardware or any other equipment issued by the Bank from time to time for generating Security Code(s).

“Services” means any or all of the services provided by the Bank pursuant to this Master Agreement and any other services agreed from time to time between you and the Bank.

“SFC” means the Hong Kong Securities and Futures Commission.

“Stock Broker” means any stock broker, underwriter, dealer or agent selected by the Bank for effecting or implementing any orders or instructions relating to the Transactions for you.

“Transactions” means any agreement to purchase, invest in, subscribe, sell, exchange or otherwise dispose of any kind of Securities and generally dealing in any and all kinds of Securities including but not limited to holding Securities in the name of the Bank’s nominee and any Derivative Transactions.

“Units” means shares or units of any class in a Fund.

“UTMF Code” means the SFC’s Code on Unit Trusts and Mutual Funds, as amended from time to time.

“Website” means the website operated by the Bank for provision of the Electronic Trading Service.

- 1.2 (a) In this Master Agreement, section or clause headings are inserted for reference only and shall not affect construction.
- (b) Words denoting the singular shall include the plural and vice versa and references to one gender shall include a reference to any other gender.
- (c) Unless the context otherwise requires, references to clauses and sub-clauses are to clauses and sub-clauses of this Master Agreement or, as the context shall require, the relevant Part.
- 1.3 THIS IS A LEGALLY BINDING AGREEMENT BETWEEN YOU AND THE BANK IN RESPECT OF ANY TRANSACTIONS EFFECTED BY THE BANK FOR YOU.

## 2. POWER AND RESPONSIBILITY

- 2.1 The Bank’s duties are limited to those expressly set out in this Master Agreement provided that nothing herein shall operate to remove, exclude or restrict any of your rights or the Bank’s obligations under applicable laws.
- 2.2 For all Transactions, unless otherwise indicated on the contract note or otherwise notified to you, the Bank is only acting as the agent for you and nothing in this Master Agreement shall constitute the Bank or the Bank’s nominee as trustee for you nor constitute a partnership between the Bank and you.
- 2.3 The Bank shall have the absolute and unfettered right and discretion at any time not to effect as your agent any Transaction provided that the Bank may not rely on this provision in respect of any failure to effect any Transaction due to negligence, wilful default or fraud on its part.
- 2.4 Save as herein specifically provided otherwise, all Transactions shall be subject to the prevailing market practice in Hong Kong or in any other places in which the Bank is dealing on your behalf therefor and the relevant provisions of the constitution, rules, regulation, bye-laws, orders, directions, practice notes, customs and usage of the HKSE or any other Exchanges and HKSCC or any other Clearing Houses and of the laws of Hong Kong or such other relevant places as amended from time to time. The Bank or its nominee may refrain from doing anything which would or might in the Bank’s opinion be contrary to any law or directive or otherwise render the Bank or its nominee liable to any person and may do anything which is in the Bank’s opinion necessary to comply with any such law or directive.
- 2.5 The Bank or its nominee may refrain from taking any step (or further step) to protect or enforce your rights under any Transaction effected by the Bank on your behalf or under the Registered Securities or the Eligible Securities or the Derivative Products until the Bank or its nominee has been indemnified and/or secured to the Bank’s reasonable satisfaction against any and all losses or liabilities (including legal fees on a solicitor and own client basis and other costs and expenses reasonably incurred by the Bank) which the Bank or its nominee would or might sustain or incur as a result.
- 2.6 The Bank or its nominee may rely on any communication or document which the Bank believes to be genuine on the face of it and the Bank is entitled to reject any document which, on the face of it, is not regular, valid and/or acceptable in accordance with prevailing market practice.
- 2.7 The Bank may perform any of its duties under this Master Agreement by or through its agent or nominee.
- 2.8 The Bank or its nominee shall not be responsible for the adequacy, accuracy or completeness of any representation, warranty, statement or information in any document or instrument relating to the Registered Securities, the Eligible Securities, the Derivative Products or Transactions or any notice or other document or instrument delivered to the Bank.
- 2.9 The Bank or its nominee shall not be under any obligation other than those for which express provisions are made herein and the Bank or its nominee shall not be liable for anything done or not done by it/them under or in connection with this Master Agreement save in case of negligence, wilful default or fraud on the part of the Bank or its nominee.
- 2.10 The Bank reserves the right to charge interest on all overdue balances owing by you to the Bank until actual payment in full by you at the rate to be determined by the Bank from time to time.
- 2.11 Except for Services provided to you by the Bank in the manner set out in Part 4 (Terms and Conditions for Non-Discretionary Investment Advisory Services) of the Terms and Conditions of this Master Agreement, you acknowledge and agree that:
- (a) the Bank does not act as an investment adviser or as any other adviser to you in relation to any Transaction that may be entered into pursuant to this Master Agreement;
- (b) the Bank has not made, and will not be deemed to have made, any representations or recommendations whatsoever and howsoever to you in respect of any Securities or any Transaction entered into by you through the Bank as agent.
- 2.12 You agree and confirm that:
- (a) you are not relying on any communication (whether written or oral) of the Bank as investment advice or as a recommendation to enter into the transactions contemplated therein, it being understood that any information and explanations relating to any Securities shall not be considered investment advice or a recommendation to enter into the relevant Transaction;
- (b) you are capable, on your own behalf or through independent professional advice, of assessing the merits of and understanding, and understand and accept, the provisions of this Master Agreement and that you are also capable of assuming, and are prepared to assume, the risks of the relevant Transactions contemplated herein;
- (c) you are acting on your own account and have reviewed and will review carefully your specific financial needs and investment objectives before entering into any Transaction through the Bank and that you have made your own independent decision to enter into the relevant transaction and as to the legality, suitability and appropriateness of the transaction based upon your own judgment and upon advice from such independent professional advisers as you have deemed necessary; and
- (d) you have evaluated for yourself and/or relied on the advice of such advisers as you have deemed necessary regarding the financial and market risks in, and the consequences of, entering into any Transaction through the Bank and any legal, regulatory, tax, accounting and

credit issues in connection with that Securities and any relevant legal, tax and exchange control regulations in force in the countries of your citizenship, residence and/or domicile.

- (e) Unless you give the Bank notice as hereinafter specified, the Bank may from time to time at its initiative provide you with market views, research products, investment ideas and/or advice with regard to specific investment through mailing, phone calling or whatever means as the Bank may consider appropriate. You are fully aware that you have the right to stop such services by giving the Bank not less than 10 days prior written notice.

### **3. AUTHORIZED PERSON (S) / REPRESENTATIVE(S)**

- 3.1 Subject to Clause 3.4 hereof the Authorized Person(s)/Representative(s) is/are hereby authorized to give to the Bank directions, orders or instructions of whatever nature relating to the Services. You acknowledge and agree that any instructions given or purported to be given to the Bank by the Authorized Person(s)/ Representative(s) shall at all times be binding on you regardless of whether any such person giving instructions has your actual authority to do so at the time of such instructions.
- 3.2 The Authorized Person(s)/Representative(s) shall have continuous authority to deal with the Bank in respect of any matter arising from this Master Agreement for Transactions unless the Bank shall have received from you: (a) your written instructions; and (b) in the case where you are a corporation, a certified true copy of the board resolution (which, in the case of a physical board meeting, shall be certified by the chairman of the relevant meeting and each other director(s) that form the necessary quorum of the meeting and, in the case of written resolutions, shall be certified by Chairman of the Board for the time being), revoking and/or varying any or all of such named Authorized Person(s)/Representative(s).
- 3.3 You hereby agree to ratify at any time hereafter all acts and deeds, directions, orders or instructions given by any or all of the Authorized Person(s)/Representative(s) and acknowledge that the same shall at all times be binding on you.
- 3.4 You hereby agree that directions, orders or instructions of whatever nature relating to Services given by you to the Bank shall be at all times binding upon you if they are given in accordance with the Agreed Signing Arrangement for the time being agreed and in force for the Master Account. The Bank is entitled to treat the Agreed Signing Arrangement therein as applying to all the Designated Account(s) specified in this Agreement notwithstanding the apparent discrepancy on the Agreed Signing Arrangement (if any) which may be found in different Designated Account(s). Further, the Bank does not have any duty to make enquiry with you on such discrepancy.

### **4. ACKNOWLEDGEMENT AND COVENANTS; REPRESENTATIONS AND WARRANTIES**

- 4.1 You hereby expressly waive any or all of your rights and/or remedies in law or equity that you may have against the Bank if they are inconsistent with the Bank's powers, rights and duties set out hereunder.
- 4.2 You shall reimburse the Bank in full with or without demand and without deduction or set-off all costs fees, commission, brokerage and expenses (including stamp duties, transaction levies of whatever nature or any other tax) reasonably incurred by the Bank for any Transaction and the Bank shall be entitled to debit the same to the Designated Account(s) or any account of yours with the Bank whether of savings, current, fixed deposit (matured or not yet matured) or deduct the same from the proceeds, if any, of the Transaction effected.
- 4.3 You undertake and agree to pay the Bank agency service charges/fees for transacting on your behalf Transactions and/or payment of subscription to new shares, warrants and options and/or the Bank's custodian charges/fees for safe keeping of Securities at such rates and in such manner as may be set out in the Bank's schedule of fees applicable from time to time. The Bank is hereby authorised to debit the same to the Designated Account(s) or any account of yours with the Bank whether of savings, current, fixed deposit (matured or not yet matured) before effecting payments to any agents or third parties. Any changes to such charges/fees payable set out in the schedule of fees shall (save for manifest error or as may be required by applicable laws, rules or regulations, including any codes or guidelines issued by the HKMA or the SFC) become effective and binding on you thirty (30) days after such changes have been notified to you, whether by posting on the Website or otherwise, and the Bank is hereby irrevocably authorized to debit the aforesaid charges/fees to the Designated Account(s) unless otherwise instructed by you and accepted by the Bank.
- 4.4 You shall upon request perform such acts and sign and execute all such agreements, proxies authorities or documents whatsoever as may be reasonably required by the Bank for the performance or implementation of the Bank's duties and/or the exercise of its rights under this Master Agreement.
- 4.5 You represent and warrant to the Bank that:
- (a) You have unencumbered and absolute beneficial title to all Securities deposited with the Bank whether for safe custody, selling or otherwise, which are free and clear of and not subject to any charge, lien, trust, negative pledge or other adverse interest and claim and all such Securities are regular, valid and acceptable in accordance with the prevailing market practice and you shall indemnify the Bank against all claims and liabilities, losses or damages which the Bank may suffer or sustain in handling such Securities.
- (b) All such Securities are fully paid and that there are no moneys or liabilities outstanding or payable in respect of such Securities.
- (c) The representations and warranties set out in this Clause 4.5 shall be deemed to have been repeated and given by you in respect of such further Securities deposited with the Bank on each and every subsequent occasion.
- 4.6 If any of the representations or warranties in Clauses 4.5(a) and 4.5(b) is untrue, then the Bank shall have the right to debit such Securities deposited and/or to require you to replace the Securities deposited. The Bank may at any time purchase replacement Securities and the cost and expenses reasonably incurred by the Bank of such purchase shall be borne by you.
- 4.7 You understand and acknowledge that the offering of Securities in Hong Kong may be subject to selling restrictions contained in the relevant offering document. You agree that you will observe the selling restrictions contained therein (to the extent applicable to you) and will not give any instructions to the Bank to effect any Transactions for and on your behalf in circumstances where such Transactions will be prohibited by the selling restrictions. If you are in any doubt, you should check with your local legal adviser, regulator or authority before giving the instructions.

### **5. FACILITIES**

- 5.1 All orders and instructions relating to the Registered Securities, Eligible Securities, Derivative Products or Transactions may be given by you verbally, in writing or through any of the Facilities, but in all cases in the manner prescribed by the Bank. You hereby consent to the use of electronic media for the purpose of your giving of orders, instructions to and other communications with the Bank. Where instructions are given in writing, it should be in such form and manner prescribed by the Bank from time to time and duly signed by you and will only be valid and effective if received by the Bank within the time prescribed by the Bank. Where such instructions are given on-line via the Electronic Trading Service, they shall be given by inputting the relevant data prescribed by the Bank and submitting to the Bank through the Website, provided that the Bank shall not be deemed to have received your instructions for Transactions or executed your orders unless and until you are in receipt of the Bank's acknowledgement or confirmation relating to the execution of orders either by e-mail or other electronic or other means as prescribed by the Bank from time to time (including, without limitation, posting on a section or sections of the Website specifically designated for access by you). You hereby irrevocably authorize the Bank to accept such electronic instructions and other communication from you as the original instruction or communication from you and you shall fully indemnify the Bank on demand against all losses, damages, interest, actions, demands, claims, proceedings whatsoever which the Bank may incur, suffer or sustain and all costs and expenses reasonably incurred by the Bank as a result of or arising from the Bank's acceptance, reliance on or acting upon those instructions or communication unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents.
- 5.2 You agree to use the Facilities in accordance with the terms of this Master Agreement and other terms and conditions to be specified by the Bank from time to time.

- 5.3 You acknowledge that the Access Codes and/or the Security Code shall be provided to you by the Bank upon your request and that you shall be the only authorized user of the Facilities under this Master Agreement. You further agree that you shall supply such Access Codes and/or the Security Code when giving instructions through the Facilities and that you authorize the Bank to act upon the instructions made using the Access Codes and/or the Security Code. Such instructions will only be carried out when the Access Codes and/or the Security Code have been verified as true and valid. You further acknowledge and agree that the Bank may use authentication technologies in connection with the Facilities. Notwithstanding the foregoing, the Bank is not obliged to check the accuracy or authenticity of any instruction which appears (or which the Bank believes) to be from you.
- 5.4 You agree to be responsible for the confidentiality, security and use of your Access Codes and/or the Security Code and undertake:
- not to disclose the Access Codes and/or the Security Code to any third party; and
  - not to write down or record the Access Codes and/or the Security Code in a way that could facilitate misuse or fraud.
- You understand that you shall be solely responsible for all instructions entered through the Facilities using the Access Codes and/or the Security Code (whether authorized by you or not and regardless of any other mandate instructions you may provide the Bank). Instructions provided by you electronically or telephonically shall be treated as if they have been made in writing and signed by you. All holders of a joint account are jointly and severally responsible to the Bank for any instructions given via the Electronic Trading Service or the Phone-in Trading Service, provided that the correct Access Codes and/or the Security Code are used. You shall be liable to the Bank for all losses and damages which the Bank may incur, suffer or sustain and all costs and expenses reasonably incurred or suffered by the Bank in connection with or resulting from any breach of the provisions in this Clause 5.4 as a direct or indirect consequence or any act or omission (whether intentional or otherwise) of you and/or your agents unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents.
- 5.5 You undertake to immediately notify the Bank of any loss, unauthorized disclosure or misuse of your Access Codes, the Security Device and/or the Security Code. Unless and until the Bank actually receive such notification, you shall have no claim whatsoever against the Bank. Unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents, you shall be liable to the Bank for all losses and damages reasonably incurred or suffered by the Bank in respect of any use of your Access Codes and/or the Security Code, whether authorized by you or not.
- 5.6 The Bank shall not be deemed to have received your instructions or executed your orders unless and until you are in receipt of the Bank's acknowledgement or confirmation relating to the execution of orders. You further acknowledge and agree that, as a condition of using the Facilities to give instructions, you shall immediately notify the Bank either orally or in writing if:
- an instruction has been placed through the Facilities and you have not received an order number;
  - an instruction has been placed through the Facilities and you have not received an acknowledgement or an accurate acknowledgment (whether through hard copy, electronic, or verbal means) of the instruction or of the execution; or
  - you have received acknowledgment (whether through hard copy, electronic, or verbal means) of an execution for an instruction which you did not place.
- If you notify the Bank verbally, such verbal instruction(s) has/have to be followed by written confirmation forthwith failing which, neither the Bank nor any of its authorized officers, employees, agents can or will have any responsibility or liability to you or to any other person whose claim may arise through you for any claims with respect to the handling, mishandling or loss of any instruction when any of the above events occur.
- 5.7 You further agree that the Bank shall not be liable for:
- any consequential, incidental, special, or indirect damage (including lost profits, trading losses and damages) that result from inconvenience, delay or loss through the use of the Facilities even if the Bank has been advised of the possibility of such damages; and
  - any losses resulting from a cause over which the Bank does not have direct control, including but not limited to the failure of electronic or mechanical equipment or communication lines, telephone or other interconnection problems (e.g. if you are unable to access your online service provider), unauthorized access, theft, operator errors, severe weather, earthquakes, floods and strikes or other labour problems.
- 5.8 You hereby release the Bank from all liabilities and hereby indemnify the Bank against all actions, suits, claims, demands, losses and liabilities and all reasonable costs and expenses incurred by the Bank howsoever arising in consequence of or in any way related to:
- the Bank acting upon or failing to act upon instructions through the Facilities whether or not these instructions shall have been made with the proper authority of you, save in the case of negligence, wilful default or fraud on the part of the Bank, the Bank's authorized officers, employees or agents;
  - the incorrectness of any information supplied by the Bank to you via telephone or other electronic means caused by the malfunction of any of the Bank's equipment save in the case of negligence, wilful default or fraud on the part of the Bank, the Bank's authorized officers, employees or agents;
  - the obtaining of access to information relating to you or other person if such access was gained by the use of your Access Codes and/or the Security Code;
  - your inability to give instruction through the Facilities caused by the delay or failure of communication network or any party providing such access.
- 5.9 The Bank may in its absolute discretion (but shall not be obliged to) act on instructions given or purporting to be given by you or on your behalf by telephone or letter or telegram or swift or fax message or other electronic means and will not incur any liability in consequence of the Bank acting or omitting to act on any such instruction should there be any error or ambiguity in any such instruction, save in the case of negligence, wilful default or fraud on the part of the Bank, the Bank's authorized officers, employees or agents.
- 5.10 The Bank may (but shall not be obliged to) act as aforesaid without inquiring as to the identity or authority of the person giving or purporting to give any instruction or the authenticity of any telephone or telex or fax or electronic message and may treat the same as fully authorized by and binding on you, regardless of the circumstances prevailing at the time of the instruction and notwithstanding any error, misunderstanding, lack of clarity, fraud, forgery or lack of authority in relation thereto, and without requiring further confirmation in any form, provided that the Bank's officer concerned believed the instruction to be genuine at the time it was given and there was at the relevant time no negligence or wilful default on the part of the Bank's officer.
- 5.11 The Bank may (but shall not be obliged to) monitor electronically or record any of your instructions or orders given through the Facilities. You agree to accept the contents of any such electronic records or recordings as final and conclusive evidence of the contents and are binding on you. You agree that they shall be admissible in court as evidence of the existence of the Transactions and communications and of the facts contained therein, to the extent permitted by applicable law.
- 5.12 You understand that the Bank offers various ways of accessing your Securities Account, including over the counter, telephone, mobile phone and on-line services via the Internet where you can opt for using Security Device and Security Code to logon the Internet Stock Trading Service and the Mobile Phone Trading Service and shall be bound by the Terms and Conditions of i-Banking Services and you consent to using such media for communication or transmission of data or information. You agree that should you experience any problems in reaching the Bank through any particular method, you will attempt to use alternate methods to communicate with the Bank.
- 5.13 Where you are using the Electronic Trading Service, you accept that the Bank may (but shall not be obliged to) send you trade confirmations of your Transactions through electronic posting of your account in lieu of printed confirmations, such information being freely accessible by you through the Website with the use of your Access Codes and/or the Security Code immediately after such posting by the Bank; or via other electronic media, and you consent to receiving such confirmations in electronic form. You shall print out such confirmations forthwith without delay to maintain your own records if necessary.
- 5.14 You acknowledge and agree that the Facilities, the Website and the software comprised therein are proprietary to the Bank and/or third party service providers. You warrant and undertake that you shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or

otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the Facilities, the Website or any of the software comprised therein. The Bank shall be entitled to suspend or terminate your Access Codes, the Security Device and/or the Security Code and/or close any or all of the Securities Accounts immediately without notice to you, and may take legal action against you, if you at any time breach this warranty and undertaking or if the Bank reasonably suspects that you have breached the same. You undertake to notify the Bank immediately if you become aware that any other person is doing any of the above.

- 5.15 The Facilities may provide, for information purpose only, data or information about Securities and other investments published or disseminated by third parties. You understand that the third parties may assert a proprietary interest in all of the data they furnish. You acknowledge that neither the Bank nor any third parties guarantee the timeliness, sequence, accuracy or completeness of such data or information. You further acknowledge that owing to market volatility and possible delay in the data-transmission process, data available through the Facilities may not be real-time market quotes for the relevant Securities and investment. You agree to hold harmless the Bank and such third parties, for:
- (a) any inaccuracy, error, or delay in, or distortion or omission of
    - (i) any such data, information, or message or
    - (ii) the transmission or delivery of any such data, information, or message; or
  - (b) any loss or damage and any reasonable costs and expenses arising from or occasioned by
    - (i) any such inaccuracy, error, delay, distortion or omission,
    - (ii) non-performance, or
    - (iii) interruption of any such data, information, or message, due either to any negligent act or omission by you or any third parties or any force majeure (as described in Clause 13.13).

## 6. THE WEBSITE

- 6.1 The Bank controls and maintains the Website from Hong Kong and the Bank makes no representation that the material and information contained in the Website is appropriate or available for use in other locations or jurisdictions.
- 6.2 The distribution of the Website's materials may be restricted by law in certain jurisdictions. It is your responsibility to find out what those restrictions are and observe them.
- 6.3 The information and material on the Website shall not be regarded as an offer, solicitation, invitation, advice or recommendation to buy or sell investments securities or any other instrument or bank product of the Bank or any other issuer.
- 6.4 Use of the products or services described at the Website may not be permitted in some countries and if in doubt, you should check with your local legal advisor, regulator or authority before requesting information. The Bank does not possess any licensing or regulatory status in any jurisdiction other than Hong Kong and the Bank will not offer any of its products or services described herein to persons or entities resident in countries where licensing or registration under their local law is required for its provision of such products or services.
- 6.5 Products and services are available only at the Bank's discretion, subject to the products and services individual contractual terms and conditions on which they are offered and such products and services may be withdrawn or amended at any time without notice. The full range of products or services may not be available in all locations.
- 6.6 The Bank may terminate your access to the Website and the use of the Electronic Trading Service (a) for cause at any time with immediate effect by notice to you at the time of such termination or as soon as practicable thereafter; or (b) with notice to you of not less than thirty (30) days (or such shorter period as the Bank may in its reasonable discretion determine if such termination is due to circumstances beyond the Bank's reasonable control).
- 6.7 The Bank reserves the right in its discretion to change any information or material contained on the Website and the provisions under which the Website is used provided that any change which affects fees and charges payable by you and/or your liabilities or obligations hereunder shall take effect only thirty (30) days after such change has been notified to you (whether by posting on the Website or otherwise).

## 7. INTELLECTUAL PROPERTY

- 7.1 The copyright of all contents of the Website including, but not limited to the text, graphics, links and sounds belong to the Bank and may not be copied, downloaded, distributed or published in any way without the Bank's prior written consent.
- 7.2 In relation to any information or materials which you submit to the Bank using the Website and/or via other electronic or telecommunications means, you grant to the Bank a worldwide royalty-free perpetual licence of the copyright and intellectual property rights in such information or materials for any purpose including, without limitation, the copying, transmission, distribution and publication thereof, unless restricted by applicable law. You agree that the Bank shall not be under any obligation of confidentiality to you regarding any such information or materials submitted to it using this Website and/or via other electronic or telecommunications means unless agreed otherwise in a separate direct contract between you and the Bank or as required by law.

## 8. DISCLOSURE AND RELEASE OF INFORMATION

- 8.1 To the extent permitted by law, you agree that any or all personal data relating to you collected by the Bank from time to time may be used and disclosed in accordance with the Notice to Customers relating to the Personal Data (Privacy) Ordinance contained in this Master Agreement.
- 8.2 You hereby expressly agree that the Bank, its nominee or Stock Broker may, if requested by the HKSE or such other regulatory or supervisory authority, provide details of any Transaction and/or any other information, documents, transactions relating thereto or therefor, in order to assist the HKSE or the relevant regulatory or supervisory authority with any investigation or enquiry being undertaken.

## 9. CLIENT IDENTIFICATION

- 9.1 If you effect Transactions for the account of your own client, you hereby agree that, in relation to a Transaction where the Bank has received an enquiry from any regulator in Hong Kong including the HKSE and the SFC ("**Hong Kong Regulators**"), the following provisions of this Clause 9 shall apply.
- 9.2 Subject as provided below, you shall, immediately upon request by the Bank, inform the Hong Kong Regulators of the identity, address, occupation and contact details ("**Relevant Particulars**") of the client for whose account the Transaction was effected and (so far as known to you) the person with the ultimate beneficial interest in the Transaction and/or any third party who originated the Transaction.
- 9.3 If you effected the Transaction for an investment fund or scheme or discretionary account or trust, you shall, immediately upon request by the Bank, inform the Hong Kong Regulators of the Relevant Particulars of the scheme, fund, account or trust and, if applicable, the person who, on behalf of such scheme, fund, account or trust, instructed you to effect the Transaction. In addition, you shall immediately inform the Bank when your discretion in respect of any Transaction effected for such scheme, fund, account or trust has been overridden and, upon request by the Bank, immediately inform the Hong Kong Regulators of the Relevant Particulars of the person(s) who gave the overriding instructions.
- 9.4 If you are aware that your client is acting as intermediary for its underlying clients ("**Ultimate Client**"), and you know the Relevant Particulars of the Ultimate Client, you confirm that:-
- (a) you have arrangements in place with your client which entitle you to obtain such information from your client immediately upon request; and
  - (b) it will, on request from the Bank, promptly request such information from the client on whose instructions the Transaction was effected, and provide the information to the Hong Kong Regulators immediately upon receipt.
- 9.5 You confirm that, where necessary, you have obtained all consents or waivers from your clients or other relevant persons, to release to the Hong Kong Regulators the information referred to in Clauses 9.2, 9.3 and 9.4 above.
- 9.6 The provisions of Clause 9 shall continue in effect notwithstanding the termination of this Master Agreement.

## 10. SET-OFF AND LIEN

- 10.1 In addition to any general lien or similar right to which the Bank as bankers may be entitled by law, the Bank may at any time, without prior notice to you:
- (a) (i) apply any credit balance (whether or not then due) in any currency to which you jointly or any one of you singly is/are at any time beneficially entitled on any account (whether current, saving, time, call or deposit accounts) at any of the Bank's branch or sub-branch wherever situated, and/or
  - (ii) set-off any of the Bank's liability to you or any one or more of you including but not limited to such of the Bank's liability (whether actual or contingent) under any Transaction then outstanding, in or towards satisfaction of all or any of your liabilities to the Bank hereunder or under any Transaction (whether actual or contingent) and for such purpose, the Bank may convert all or any part of such credit balance or liability to such other currencies at the applicable rate of exchange quoted and determined by the Bank as may be necessary to effect such application or set-off, and
  - (b) if any sum is due but unpaid hereunder or under any Transaction, retain all or any Securities (including the Registered Securities and/or Eligible Securities and/or Derivative Products), valuables or any other property whatever and wherever situate which may be deposited with or otherwise held by the Bank for or in your name jointly or any one of you singly whether for safe custody or otherwise and to sell the same or any part thereof at such price as the Bank shall determine whether by public auction, private treaty or tender and the Bank may engage such agent and broker therefore and apply the proceeds thereof to set-off any or any sums owing hereunder after first deducting all reasonable costs and expenses.

## 11. LIMITATION OF LIABILITY, INDEMNITY AND RATIFICATION

- 11.1 The Bank makes no representation or warranty of any kind, express, implied or statutory regarding the Electronic Trading Service and the Website or the information or materials contained or referred to in the Website or otherwise provided via the Electronic Trading Service. To the fullest extent permitted by law, the Bank hereby expressly excludes and disclaims any condition, representation, warranty or responsibility of any kind relating to the Electronic Trading Service and/or such information and materials, whether express or implied, by statute or otherwise, including without limitation any such condition, representation, warranty or responsibility regarding the title, fitness for a particular purpose, merchantability or standard of quality of the Electronic Trading Service and/or such information and materials, that they will be accurate or free of errors or omissions, that they will not infringe any third party rights, that they will be available and uninterrupted at any particular time, free of computer viruses, trojan horses, worms, software bombs or similar items or processes arising from your use of the Website, adhere to any particular performance standards or that any instruction to or information requested from the Website and/or via the Electronic Trading Service will be acted upon, delivered to or received by you in any time or at all.
- 11.2 The information and materials contained on the Website or otherwise provided via the Electronic Trading Service is provided for information only and should not be used as a basis for making business decisions. Any advice or information received via the Website or otherwise provided via the Electronic Trading Service should not be relied upon without consulting primary sources of information and obtaining specific professional advice. Unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents, the Bank accepts no liability for any loss or damage arising directly or indirectly from action taken, or not taken, in reliance on information or materials contained on the Website or otherwise provided via the Electronic Trading Service. In particular, no warranty is given that economic reporting information, materials or data is accurate, reliable or up to date.
- 11.3 To the fullest extent permitted by law, the Bank shall not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of the Website and the Electronic Trading Service including any loss, damage or expense arising from, but not limited to, any defect, error, fault, mistake or inaccuracy with the Website, its contents or the Electronic Trading Service, or due to any unavailability of the Website or any part thereof or any contents or the Electronic Trading Service where such loss or damage is caused by your negligence; by your failure to comply with this Master Agreement; or by any reason or circumstance beyond the Bank's reasonable control.
- 11.4 The Bank provides hyperlinks from the Website to other sites for information purposes only. Unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents, the Bank accepts no liability for any loss or damage arising from the accuracy or otherwise of information or materials contained in such sites or loss arising directly or indirectly from defects with such sites. The Bank's inclusion of hyperlinks to sites does not imply any endorsement by the Bank of the material on such sites.
- 11.5 The Bank does not guarantee that any communications from or to the Website and/or via other means will be sent to you or received by the Bank nor do the Bank warrants the privacy and/or security of such communications during transmission. The Bank will encrypt sensitive information such as personal information during transmission through the Internet (but not email messages as the Bank is unable to encrypt email messages).
- 11.6 You acknowledge that there are risks inherent in using the Electronic Trading Service but agree that the benefits justify these risks and you waive any claim you might have against the Bank because of:
- (a) any failure of systems or equipment (whether or not provided by the Bank) including telecommunications services and facilities save in the case of negligence, wilful default or fraud on the part of the Bank;
  - (b) the Bank's acceptance of any unauthorized instructions which appear (or which the Bank believes) to be from you, however, the Bank will verify the validity of your Access Codes and/or the Security Code;
  - (c) delays in the implementation of instructions from you to the extent that such was outside the Bank's reasonable control;
  - (d) delays in delivery or availability of, or failure to deliver or make available, any part of the Electronic Trading Service to the extent that such was outside the Bank's reasonable control;
  - (e) delays in despatch or delivery of, or failure to despatch or deliver, any notice or information provided or requested via the Electronic Trading Service or any inaccuracy, error or omission in or from any such notice or in or from any information contained in any such notice to the extent that such was outside the Bank's reasonable control;
  - (f) your failure to use the Electronic Trading Service in accordance with this Master Agreement or any relevant agreement between yourself and the Bank; or
  - (g) your reliance, use or otherwise acting upon any information or materials provided via the Electronic Trading Service.
- 11.7 You agree and accept that the Bank's liability for any particular incident or series of related incidences shall, in any event, not exceed the amount of direct damages suffered by you.
- 11.8 As a separate and independent obligation hereunder, you hereby undertake to indemnify the Bank and keep the Bank fully indemnified from and against all actions, suits, proceedings, claims, demands, losses, damages or liabilities of whatever nature which the Bank may suffer, incur or sustain and all reasonable costs, fees and expenses which the Bank may suffer, incur, or sustain whether actual or contingent by reason of or arising out of or on account of the Bank agreeing to act as your agent in transacting Transactions and/or to act as your custodian for the safe keeping of Securities and you shall pay to the Bank on demand all sums (whether actual or contingent) so suffered, incurred or sustained by the Bank (whose determination shall be conclusive and binding on you) together with interest accrued thereon from the date when the same were first paid or incurred by the Bank until actual payment in full by you at the rate to be determined by the Bank from time to time.
- 11.9 You hereby undertake to ratify and confirm everything which the Bank as your agent shall do or purport to do in right of this Master Agreement in transacting Transactions on your behalf.
- 11.10 Unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents, the Bank is not liable for any loss of or damage to or diminution in value of any of the Securities however arising while the same are in the possession, custody or control of the Bank or its agents and you agree to indemnify and hold the Bank and its agents harmless from and against any and all consequences which arise or result therefrom and shall reimburse the Bank upon demand for any payment, loss or damage which the Bank may make, suffer or

sustain by reason or on account thereof or otherwise in relation to or in connection with the Securities or anything lawfully done by the Bank or its agents.

## 12. EVENT OF DEFAULT

- 12.1 Any one of the following events shall constitute an event of default (“**Event of Default**”):
- (a) your failure to pay any deposits or any other sums payable to the Bank or submit to the Bank any documents or deliver any Securities to the Bank hereunder, when called upon to do so or on due date;
  - (b) default by you in the due performance of any of the terms of this Master Agreement;
  - (c) the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against you, or the levy or enforcement of any attachment, execution or other process against you;
  - (d) any representation or warranty made by you to the Bank in this Master Agreement or in any document being or becoming incorrect or misleading;
  - (e) any consent, authorization or board resolution required by you (being a corporation or a partnership) to enter into this Master Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect; and
  - (f) the occurrence of any event which, in the sole opinion of the Bank, might jeopardize any of its rights under this Master Agreement.
- 12.2 If an Event of Default occurs, without prejudice to any other rights or remedies that the Bank may have against you and without further notice to you, the Bank shall be entitled to:
- (a) immediately close the Securities Account;
  - (b) terminate all or any part of this Master Agreement;
  - (c) cancel any or all outstanding orders or any other commitments made on your behalf;
  - (d) close out any or all contracts for Transactions effected by the Bank on your behalf, cover any short position of you through the purchase of Securities on the HKSE or other Exchanges or liquidate any of your long position through the sale of Securities on the HKSE or other Exchanges;
  - (e) dispose of any or all Securities held for and on your behalf and to apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to the Bank; and
  - (f) combine, consolidate and set-off any or all your accounts in accordance with Clause 10.
- 12.3 In the event of any sale pursuant to this Clause 12:
- (a) the Bank shall not be responsible for any loss occasioned thereby howsoever arising if the Bank has already used reasonable endeavors to sell or dispose of the Securities or any part thereof at the then available market price;
  - (b) you undertake to pay to the Bank any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by you to the Bank.
- 12.4 The proceeds of sale or liquidation of the Securities Account made under this Clause 12 shall be applied in the following order of priority and any residue shall be paid to you:
- (a) payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly and reasonably incurred by the Bank in transferring and selling all or any of the Securities or properties in the Securities Account or in perfecting title thereto;
  - (b) payment of all interest due; and
  - (c) payment of all monies and liabilities due, owing or incurred by you, to the Bank.

## 13. MISCELLANEOUS

- 13.1 Account Statements:
- (a) Account statements will normally be sent to you monthly. No statement, however, will be sent for a Securities Account where no entries have been made for, and there is no account balance in the Securities Account at the end of, the relevant month. If you have conducted Transactions in any particular month or has an account balance at the end of any particular month but fail to receive the statement relating to that month within ten (10) Business Days after the end of that month, you shall be under a duty to immediately notify the Bank and request a copy thereof.
  - (b) If you do not notify the Bank in writing of any unauthorized transaction reflected in any account statement within ninety (90) days from the date of the relevant account statement, you shall be deemed to have waived any right to raise objections or pursue any remedies against the Bank in respect of such unauthorized transaction.
- 13.2 Conclusive statement: The Bank’s books and records regarding the quantity, type and particulars of the Securities (including the Registered Securities and/or Eligible Securities and/or Derivative Products, if any) in the account for Securities transactions of you with the Bank at any time shall be final and conclusive and binding on you, save for manifest error.
- 13.3 Rights cumulative, waivers: No delay or omission on the Bank’s part in exercising any right, power, privilege or remedy in respect of this Master Agreement shall impair such right, power, privilege or remedy, or be construed as a waiver of it, nor shall any single or partial exercise of any such right, power, privilege or remedy preclude any further exercise of it or the exercise of any other right, power, privilege or remedy. The rights, powers, privileges and remedies provided in this Master Agreement are cumulative and not exclusive of any rights, powers, privileges or remedies provided by law.
- 13.4 Joint accounts: Where the Securities Account is a joint account:
- (a) The obligations and liabilities where more than one has signed this Master Agreement shall be joint and several and any demand for payment made by the Bank to any one or more of you so jointly and severally liable hereunder shall be deemed to be demand made to all of you. The Bank is at liberty to release or discharge any one or more of you from liability under this Master Agreement or to compound with, accept compositions from or make any other arrangements with any such persons without in consequence releasing or discharging any other party to this Master Agreement or otherwise prejudicing or affecting your rights and remedies against any such other party.
  - (b) The Bank shall be entitled to, but shall not be obliged to, act on instructions or requests from any of you.
  - (c) Any notice hereunder to any one of you shall be deemed to be effective notice to all of you and references to you shall be construed, as the context requires, to any or all of you.
  - (d) On the death of any of you (being survived by any other), this Master Agreement shall not be terminated and the interest in the Securities Account(s) of the deceased will thereupon vest in and ensure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased shall be enforceable by the Bank against the deceased’s estate. The survivor(s) shall give the Bank written notice immediately upon any of you becoming aware of any such death.
  - (e) In case of a partnership, if any one or more of the partners ceasing to be a partner thereof by death, retirement, bankruptcy or otherwise, the Bank shall be entitled and is authorized to treat the surviving or continuing partners or partner for the time being as having full power to carry on the business of the partnership and to deal with any matter whatsoever concerning or arising from the Securities Account or (as the case may be) the Service and any transactions relating thereto as if there had been no change in the partnership and all transactions effected pursuant to the request or instruction of such surviving or continuing partners or partner shall be conclusively binding on all the partners and their respective estates and personal representatives, including any person who shall have ceased to be a partner.
- 13.5 Payment not subject to deduction: Except for foreign currency Transactions that shall be settled in foreign currency, all sums payable by you under this Master Agreement shall be paid to the Bank in Hong Kong and in Hong Kong Dollars or otherwise as the Bank may from time to time direct in full, free and clear of any present or future taxes, levies, imposts, duties, charges, fees or withholding and without set-off or counterclaim or any restriction, condition or deduction whatsoever. If you are compelled by law to make any deduction or withholding, you

shall promptly pay to the Bank such additional amount as will result in the net amount received by the Bank being equal to the full amount which would have been receivable had there been no deduction or withholding. Any additional amount paid under this Clause 13.5 shall not be treated as interest but as agreed compensation.

- 13.6 Attorney: Any director, manager or secretary of the Bank for the time being is hereby irrevocably appointed as your attorney, with full powers of substitution from time to time, to perform such and all of the foregoing acts and with power to sign and execute all documents in your name and on your behalf or as otherwise required in connection herewith.
- 13.7 Clauses severable: Each of the clauses and provisions of this Master Agreement is severable and distinct from the others and if at any time one or more of such clauses or provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- 13.8 Amendments: The Bank may in its absolute discretion vary, supplement or amend any of the terms of this Master Agreement or add new terms to this Master Agreement from time to time by: (a) sending to you a notice in writing setting out such amendments or supplement; (b) displaying such amendments or supplements on the Website; or (c) displaying such amendments or supplements in any of the Bank's branches or sub-branches. Such variation of this Master Agreement shall take effect thirty (30) days after the date of dispatch of the notification by the Bank to you or the first display of the amendments or supplements on the Website or the Bank's branches or sub-branches, whichever is the earliest.
- 13.9 Additional Services: The Bank may from time to time incorporate additional Part(s) to this Master Agreement for the provision of additional Services, by way of amendment to this Master Agreement pursuant to Clause 13.8. Such additional Part(s) shall be deemed to form part of this Master Agreement and shall take effect on the earlier of: (a) the amendment taking effect under Clause 13.8; and (b) the date on which you give instructions to the Bank in respect of such additional Services. The Bank may, as a condition of providing any additional Services request you to execute additional documentation in connection with this Master Agreement or the additional Services.
- 13.10 Material Changes: The Bank shall notify you of any material change to: (a) the name and address of the business of the Bank; (b) the registration status of the Bank with the SFC and the Bank's CE number; (c) the description of the nature of services provided by the Bank; or (d) the description of the remuneration payable to the Bank and the basis of such payment. You agree to notify the Bank in respect of any material changes to the information provided in this Master Agreement.
- 13.11 Variations in Fees and Charges: The Bank may vary the amount of fees or their basis of calculation upon 30 days' prior notice to you displayed or posted on the Bank's banking halls or in such other manner as the Bank sees fit. Such schedule of fees/charges shall be made available to you at any time upon your reasonable request or can be viewed on the Bank's website. Any fees, charges and/or commissions so imposed by the Bank shall be payable by you on demand. For the avoidance of doubt, the aforesaid 30 days' prior notice is not applicable in case where the variation of fees/charges is beyond the control of the Bank.
- 13.12 Termination: Without prejudice to Clause 12, this Master Agreement may be terminated by written notice given by the Bank or you at any time. Any such notice given by the Bank shall take effect thirty (30) days after delivery. Termination of this Master Agreement shall not affect any outstanding orders or any legal rights or obligations which may already have arisen. Notwithstanding the foregoing, you have no right to terminate this Master Agreement if you have open positions or outstanding liabilities or obligations.
- 13.13 Force Majeure: Neither of the parties to the Master Agreement shall be liable for any loss sustained by the other, directly or indirectly, if either party is prevented from acting as a direct or indirect result of government restrictions, the imposition of emergency procedure or suspension of trading by any relevant exchange, clearing house or other market, civil disorder, acts or threatened acts of terrorism, natural disaster, war strikes or other circumstances beyond the party's control.
- 13.14 Notices:
- (a) Any notice, request, certificate, demand or other communication to you in connection herewith is to be sent to any one of you (shall be deemed effectively sent to all of you if more than one) at your last known address or e-mail address according to the record of the Securities Account maintained with the Bank or such other address from time to time notified by you to the Bank or through other electronic means prescribed by the Bank (including, without limitation, posting on a section or sections of the Website specifically designated for access by you) in accordance with this Clause.
  - (b) All notices, requests, certificates, demands or other communication shall if delivered personally, be deemed to have been given at the time of such delivery dispatched by letter postage prepaid, be deemed to have been given forty-eight (48) hours after posting; if sent by telex, swift or facsimile, be deemed to have been given at the time of despatch; if sent by cable, be deemed to have been given twenty-four (24) hours after despatch and if sent by e-mail or other electronic means prescribed by the Bank, be deemed to have been given two (2) hours after being sent, provided no notification that the e-mail or electronic message has not reached its intended recipient has been received by the sender. If the notice, request, certificate, demand or other communication sent to you by the Bank via any of the above means was also posted on a section or sections of the Website specifically designated for access by you, it shall notwithstanding the aforesaid be deemed to have been given upon it being posted on the Website.
  - (c) Notwithstanding the foregoing sub-clauses but subject to Clause 6.7, all communications in connection herewith shall be deemed duly received by you if the Bank shall have put or displayed notice thereof at the banking halls of the Bank's head office or such of the Bank's branches as the Bank may determine at its absolute discretion for three consecutive Business Days and the Bank may, in its discretion, send a copy of such notice to you in accordance with the provisions of Clause 13.14(a) for reference.
- 13.15 Assignment:
- (a) With the prior written consent of the Bank, you may be entitled to assign, transfer or otherwise dispose of any of your rights or obligations under this Master Agreement. The Bank shall have the right to assign, transfer or otherwise dispose of all or any of its rights or obligations to any other person as it thinks fit in its absolute discretion.
  - (b) All the provisions of this Master Agreement and all instructions given to the Bank under this Master Agreement shall survive any changes or successions in the Bank's business and shall be binding upon your successors and permitted assigns.
- 13.16 Sub-Delegation: The Bank has absolute discretion to sub-delegate the performance of all or any of its obligations hereunder to any agents or third parties.
- 13.17 Governing language: In the event of any conflict between any provision of the English version of this Master Agreement and the corresponding provision of the Chinese version of this Master Agreement, the English version shall take precedence.
- 13.18 Contracts (Rights of Third Parties) Ordinance: A person who is not a party to this Master Agreement shall have no rights under the Contracts (Rights of Third Parties) Ordinance, Cap.623 of the Laws of Hong Kong to enforce or enjoy the benefit of any terms of this Master Agreement. The consent of any person who is not a party to this Master Agreement is not required to rescind or vary this Master Agreement.
- 13.19 Law and jurisdiction: This Master Agreement shall be governed by and interpreted in accordance with the laws of Hong Kong. You hereby irrevocably and unconditionally submit to the non-exclusive jurisdiction of the Hong Kong courts.

## PART 2 TERMS AND CONDITIONS FOR SECURITIES TRADING SERVICES

*The terms and conditions set out below are not intended to be exhaustive and must be read together with the other provisions of this Master Agreement, in particular (but not limited to) the General Terms and Conditions set out in Part 1. In the case of inconsistency between the terms of this Part 2 and any term of Part 1 of this Master Agreement, the terms of this Part 2 shall prevail.*

### 1. SECURITIES TRADING SERVICES

- 1.1 The Bank is hereby appointed and authorized to provide trading services in relation to Securities for you upon the terms and conditions contained herein.
- 1.2 The Bank shall have the absolute unfettered right and discretion to select which Stock Broker or nominee to be engaged for effecting or implementing your orders or instructions relating to Transactions whether or not the Bank shall have any interest (whether directly or indirectly) in such Stock Broker or nominee.
- 1.3 Any order or instruction given by the Bank to any Stock Broker or nominee may be given in your name or in the Bank's own name as the Bank may in its absolute unfettered discretion think fit and may be lumped together with instructions or orders of the Bank's other customers.
- 1.4 The Bank may engage any Stock Broker or nominee on any terms and conditions and subject to such exemptions as the Bank may in its absolute unfettered discretion determine and, save as may be required by applicable laws, rules and regulations (including without limitation any codes or guidelines issued by the HKMA or the SFC), the Bank shall not be required to disclose to you the terms and conditions of the Bank's contract with the Stock Broker or nominee and the same (where applicable) shall be binding on you.
- 1.5 The Bank shall be entitled without having to make any prior disclosure to you to accept and receive for the Bank's own use and benefit absolutely rebate, benefit, allowance of brokerage or commission and/or any other advantage for all transactions effected (including but not limited to any sale, purchase, subscription and/or dealing howsoever of Securities) for you from any Stock Broker engaged therefor.
- 1.6 Notwithstanding any other provisions hereof, you acknowledge that due to market conditions, orders or instructions may not be able to be effected or carried out by the Stock Broker and in case where only some but not all the orders or instructions for Transactions of the same company, class and denomination given by the Bank to the Stock Broker for the Bank's customers (including yourself) are effected, the Bank shall allocate such contracts so effected to you and the Bank's other customers on such fair and reasonable basis as may be determined by the Bank in its discretion.
- 1.7 You hereby expressly acknowledge and agree that due to market conditions, the Stock Broker concerned may not be able to obtain the best available price for you whether for selling or buying.

### 2. INSTRUCTIONS

- 2.1 All orders or instructions for effecting Transactions which are: (a) at the available market price, shall be at the price or prices obtainable by the Stock Broker at the stock market; and (b) at a set price or for a limit, shall be at the price set or at the limit and above for selling Securities and at the price set or at the limit and below for buying Securities; and the orders or instructions will not be effected if the foregoing conditions, as the case may be, cannot be attained.
- 2.2 Where an order or instruction with respect to Securities traded on any Exchange is placed, unless a duration of the order or instruction is specified, the order or instruction not executed or in case of partial execution, for such part thereof not executed shall automatically lapse and be of no effect by the end of the trading day of that Exchange on which the order or instruction is given. For the avoidance of doubt, any order or instruction received by the Bank after the end of a trading day of the relevant Exchange shall be carried forward for execution on the next trading day of that Exchange and the foregoing provisions of this Clause 2.2 shall apply accordingly. You acknowledge and agree that orders received by the Bank after the end of a trading day of the relevant Exchange may not be executed at the opening market price on the next trading day of that Exchange due to, among other reasons, the time it takes to process and execute the orders.
- 2.3 Whether pursuant to Clause 1.6 above or otherwise, orders or instructions for effecting Transactions of a specified quantity may be partially executed. Such portion executed shall be binding on and be accepted by you. If the duration of the order or instruction is not specified, the portion not executed shall automatically lapse and be of no effect as provided in Clause 2.2 above. If the duration of the order or instruction is specified, the portion not executed shall stay effective until the earlier of execution or expiry of the order or instruction or cancellation by you or such period as determined from time to time by the Bank.
- 2.4 If an order cannot be executed or wholly executed, the Bank shall be under no obligations to notify you immediately.
- 2.5 Immediately upon the receipt of an order or instruction for buying Securities (which includes application for new issue of Securities), the Bank shall be entitled to earmark or hold a sum against the credit balance and/or available pre-arranged over-draft facilities in the Designated Account(s) equal to one hundred percent of the full value of the purchase or subscription application ordered or in such lesser percentage as the Bank in its absolute and unfettered discretion thinks necessary until the actual receipt of the confirmation from the Stock Broker by the Bank that the order cannot be effected in full or where pursuant to Clause 1.6 above or otherwise, only part or parts of the orders or instructions of you is/are effected, or, where application for new issues are concerned, the application is not successful in its entirety or due to over-subscription of the new issue, only part of the application is successful then the Bank may release such sum earmarked or held by the Bank which are in excess of the cost of the Securities purchased or subscribed Provided Always That if the available fund and pre-arranged over-draft facilities in the Designated Account(s) is not sufficient to meet the aforesaid liabilities, the Bank shall be entitled not to entertain, carry out, effect or implement the orders or instructions concerned. You further agree to ensure that, at the time you give your instructions for buying Securities, there shall be sufficient cleared funds in the Designated Account(s) for settlement of the transaction. Notwithstanding the foregoing, the Bank may in its absolute and unfettered discretion proceed to carry out, effect or implement your instructions for buying Securities even though at the time you give your instructions, you do not have sufficient cleared funds in the Designated Account(s) for settlement of the transaction without further notice to you, in which case, you shall place sufficient cleared funds into the Designated Account(s) as soon as possible after your giving of the relevant instructions, for the purpose of settlement of the transaction. You agree that you are responsible for all your instructions for Transactions, including any instructions for buying Securities, the total purchase price of which exceed the amount of cleared funds in your Designated Account(s).
- 2.6 Immediately upon receipt of confirmation from the Stock Broker that your orders or instructions for buying Securities or subscribing for Securities have been effected or where the contract cannot be fully effected, immediately upon the Bank's allocation of the Securities to you pursuant to Clause 1.6 above or otherwise, the Bank shall be entitled to debit the entire amount payable for such purchase or subscription (including but not limited to the purchase price, all fees, commissions, stamp duty, tax or levy paid or payable and all other expenses reasonably incurred or to be incurred) from the Designated Account(s).
- 2.7 The Bank shall only be liable to debit funds from your Designated Account(s) where the buying order was made and the relevant scrip and/or documents for the Securities purchased upon the Bank's receipt of the same from the Stock Broker and unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents, the Bank shall not be liable for any delay or default of such agent(s) or broker(s).
- 2.8 With respect to Securities acquired or purchased by the Bank, you confirm that:
  - (a) for Securities other than Eligible Securities, the Bank is authorized to transfer such Securities upon receipt of the same into the name of the Bank's nominee or other institution(s) or agent(s) nominated by the Bank at its sole discretion for your account without prior notice to you and all costs and expenses reasonably incurred relating to such transfer and safe custody shall be borne and paid by you in full to the Bank; and
  - (b) for Eligible Securities, in the absence of your instruction to the contrary, the Bank is authorized to deposit all Eligible Securities (that remain in script form) acquired and to be acquired from time to time by the Bank for your account with the CCASS Depository.

- 2.9 Instructions for selling Securities on your behalf will, unless otherwise provided or accepted by the Bank (in its absolute unfettered discretion thinks fit), only be accepted if:
- (a) you or your Authorized Person(s)/Representative(s) have deposited or arranged for the relevant Securities to be deposited with or transferred to the Bank, and such instructions for Securities to be deposited or transferred have been executed; and/or
  - (b) you or your Authorized Person(s)/Representative(s) have duly signed or caused to be signed the instrument of transfer and sold notes or duly endorsed such other documents or evidence of title relating to such Securities as will enable the same to be freely transferred.

You further agree to ensure that, at the time you give your instructions for selling Securities, there shall be sufficient Securities in the Securities Account for settlement of the transaction. Short-selling is not allowed unless documents for securities borrowing or lending are presented by you for the Bank's examination and are satisfactory to the Bank.

- 2.10 Notwithstanding that you have not observed the provision of Clause 2.9, the Bank shall upon receipt of the instruction concerned be entitled to earmark or hold a sum against the credit balance and/or available pre-arranged credit in the Designated Account(s) not less than 100% or, any percentage of the value of the sale order (as estimated by the Bank in its absolute discretion) as may be agreed between the Bank and you, until (a) the Securities have been deposited or transferred to the Bank or its nominee; or (b) the actual receipt of the confirmation from the Bank's broker or agent that the order cannot be effected.
- 2.11 In effecting any order or instruction for selling Securities on your behalf, the Bank is authorized to appropriate, withdraw and/or apply the relevant quantity of the appropriate Securities from the pool of securities of you deposited with the Bank (including the Registered Securities and/or Eligible Securities, as the case may be) so as to enable the Bank to complete the sale of Securities as instructed.
- 2.12 The net proceeds of sale after deducting all brokerage, commission, stamp duty, levies imposed by any Exchange, other reasonable fees and expenses incurred in selling the relevant Securities as instructed shall first be applied towards payment and discharge (whether in full or partially) of all indebtedness (if any) due and owing to the Bank under this Master Agreement and the surplus (if any) shall be credited into the Designated Account(s).
- 2.13 The term "**Designated Account**" used in this Part shall mean: (a) with respect to Transactions effected in Hong Kong dollars, the Hong Kong Dollar Designated Account only and the Bank shall not be obliged to take into account any credit balance in the Foreign Currency Designated Account in performance of its duties under this Part; and (b) with respect to Transactions effected in any currency other than Hong Kong dollars, the Foreign Currency Designated Account only and the Bank shall not be obliged to take into account any credit balance in the Hong Kong Dollar Designated Account in performance of its duties under this Part.

### **3. SETTLEMENT**

- 3.1 Transactions completed by the Bank as agent for and on your behalf shall be settled two (2) trading days after your trade executes or such other time as determined by the Bank or the Exchange on which the Securities are traded or the relevant Clearing House (the "**Settlement Date**").
- 3.2 In compliance with Section 170(1) of the Securities and Futures Ordinance, and without limiting Clause 2.9, you undertake that at the time you place an order for the sale of Securities, you shall deliver the Securities to the Bank or otherwise settle such trade. If you fail to fulfill your settlement obligations by the Settlement Date, the Bank is authorized to execute on your behalf the purchase of such Securities as are necessary to satisfy your settlement obligations. You shall fully indemnify the Bank on demand against all losses, damages, interest, actions, demands, claims, proceedings whatsoever which the Bank may incur, suffer or sustain and all reasonable costs and expense which the Bank may incur as a result of effecting such a purchase and matters directly or indirectly relating thereto or otherwise to your default in performance of your settlement obligations.
- 3.3 Without limiting Clause 2.5, you undertake that at the time you place an order for the purchase of Securities, you shall make available to the Bank sufficient cleared funds to enable the Bank to fully satisfy on your behalf your settlement obligations in respect of such purchase. If you fail to fulfill your settlement obligations by the Settlement Date, the Bank is authorized to transfer or sell any securities in your account (including the purchased Securities) to satisfy your settlement obligations. You shall fully indemnify the Bank on demand against all losses, damages, interest, actions, demands, claims, proceedings whatsoever which the Bank may incur, suffer or sustain and all reasonable costs and expenses which the Bank may incur as a result of effecting such a sale and matters directly or indirectly relating thereto or otherwise to your default in performance of your settlement obligations.

## PART 3 TERMS AND CONDITIONS FOR CUSTODY SERVICES

*The terms and conditions set out below are not intended to be exhaustive and must be read together with the other provisions of this Master Agreement, in particular (but not limited to) the General Terms and Conditions set out in Part 1. In the case of inconsistency between the terms of this Part 3 and any term of Part 1 of this Master Agreement, the terms of this Part 3 shall prevail.*

### 1. CUSTODY SERVICES

- 1.1 The Bank is hereby appointed and authorized to perform custodian services for you upon the terms and conditions contained herein.
- 1.2 Subject to the provisions of the Securities and Futures Ordinance, you hereby authorize the Bank, in respect of all Securities deposited by you with the Bank or purchased or acquired by the Bank on your behalf, and held by the Bank for safe keeping or security or otherwise:
  - (a) to register the Securities in your name or in the name of the Bank or its nominee or a nominee designated by any Clearing Houses;
  - (b) to deposit the Securities for safe custody in a designated account with such bank, custodian or other institution as the Bank may in its absolute discretion decide; and/or
  - (c) with respect to Eligible Securities, to deposit such amount of Eligible Securities as the Bank in its absolute discretion determine in the CCASS Depository either in the form deposited or registered or re-issued in the name of HKSCC or in the name of the CCASS Nominee.
- 1.3 The Bank reserves the right to reject a deposit of Securities or not to accept a re-deposit of Securities.
- 1.4 With respect to Securities that are in your name or in the name of any third party, without limiting Clause 1.3, the Bank may not accept the deposit of such Securities unless such Securities are in registered form and registered in your name(s) or in the name of the CCASS or the relevant Clearing Houses and you shall provide to the Bank the documents of title relating to the Securities in registered form.
- 1.5 Unless otherwise agreed, you hereby authorized the Bank to collect on your behalf dividends, interest and other payments of income or capital in respect of the Securities deposited with the Bank and to take such action at your costs and expenses which the Bank or its nominee deems appropriate to effect such collection. The Bank shall credit the amount collected after deduction of all fees, costs and expenses reasonably incurred therewith into the Designated Account(s). Where the Securities form part of a larger holding of identical Securities held for clients of the Bank, you shall be entitled to a share of the benefits proportional to your share of the total holding.
- 1.6 With respect to Securities deposited with the Bank which are not in the Bank's name, you hereby authorize the Bank or its nominee, in the Bank's absolute discretion:
  - (a) to surrender any of the Securities against receipt of the monies payable at maturity or on redemption if called prior to maturity, provided that where the Securities are called for redemption prior to maturity the Bank or its nominee shall have no duty or responsibility to present the Securities for redemption, unless, after the call is made, requests in writing is given to the Bank by you so to do;
  - (b) where monies are payable in respect of any of the Securities in more than one currency, to collect them in the currency of the Designated Account(s) or such currency as the Bank may in its absolute discretion determine;
  - (c) if required by the laws governing the Securities or the laws governing the operation of the Bank or its nominee, to complete and deliver on your behalf as owner thereof any ownership certificates, declaration or information in connection with the Securities;
  - (d) to comply with the provisions of any law, regulation or order now or hereafter in force which purport to impose on a holder of any of the Securities a duty to take or refrain from taking any action in connection with any of the Securities payments or distributions or monies payable in respect of any of such Securities;
  - (e) to exchange any of the Securities in interim or temporary form for Securities in definitive form;
  - (f) to sell or dispose of fractional share to which you may be entitled for the Bank's own account and benefit absolutely;
  - (g) to take any action, exercise any rights or satisfy any liabilities arising in respect of the Securities as the Bank or its nominee considers advisable or expedient or if the Bank or its nominee considers that it should not be possible to obtain your instructions or if you have not responded to the Bank's request or that of its nominee for instructions within a reasonable period of time or if, in the opinion of the Bank or its nominee, it would involve undue delay or expense to obtain such instructions.
- 1.7 Subject to the rules and regulations of the Exchange on which the Securities are traded and/or the Clearing House with which the Securities are held (if applicable), you may withdraw Securities at any time by giving, in the case of Securities listed on the HKSE, at least three (3) Business Days' prior written notice, and in the case of any other Securities, at least ten (10) Business Days' prior written notice, to the Bank duly signed by the Authorized Person(s)/ Representative(s) provided always that:
  - (a) where any Securities are in the course of being processed for transfer to and registration in the name of the Bank's nominee or has been submitted for registration or reissue in the name of HKSCC or in the name of the CCASS Nominee or in the name of any other Clearing Houses or their nominees, you shall have no right to withdraw such Securities until the same have been received by the Bank's nominee after due registration or the same have become available for withdrawal from the CCASS Depository or the relevant Clearing Houses or their nominees; and
  - (b) where you are indebted to the Bank, you may not be permitted to effect any such withdrawal if the Bank determines in its discretion that any such withdrawal may affect or prejudice its rights against you in respect of such indebtedness; and
  - (c) the Bank shall have no duty or responsibility to return to you Securities bearing serial numbers identical with those delivered to the Bank so long as the Securities returned are of the same class, denomination and nominal amount and rank pari passu with those originally accepted by the Bank, subject always to any capital reorganization which may have occurred in the meantime; and
  - (d) in respect of withdrawal of Registered Securities of any class, the Registered Securities shall be in multiples of the lowest denomination (whether in board lots or otherwise) of Securities of that class and shall be effected at the place chosen by you and agreed by the Bank; and
  - (e) in respect of withdrawal of Eligible Securities, upon your request:
    - (i) the Eligible Securities may be withdrawn in registered form and, subject to availability of the type and quantity of certificates requested, you may elect to withdraw either new certificates or old certificates and the withdrawal of such certificates shall be in board lots or such other denominations as may be specified by HKSCC; or
    - (ii) the Eligible Securities may be withdrawn by transferring the Eligible Securities to an account of another CCASS participant, in which case you are deemed to have withdrawn the Eligible Securities upon execution by the Bank of such instructions for the Eligible Securities to be transferred and the Bank shall not be under any duty to ensure that such Eligible Securities have been received by the CCASS participant named by you or to confirm with such participant that the same is to hold the Eligible Securities to your order.

The delivery by the Bank of the Securities concerned to such person holding such delivery instructions shall absolutely discharge the Bank from all liabilities therefor Provided Always That notwithstanding the above, (a) you may instruct the Bank to sell the Securities concerned subject to the terms of this Master Agreement without producing any delivery instructions; and (b) the Bank reserves the right to request you to be personally present for withdrawal.
- 1.8 Except for circumstances set out in Clause 3, the Bank or its nominee shall have no duty or responsibility: (a) to forward notices and communications received to you or for any failure to inform you in sufficient time for instructions to be given to the Bank with regard to any matters referred to in any such notice or other communications; (b) to ascertain or inform you with respect to or for taking any action concerning right issues, calls, conversions, offers, redemption, dividends, coupons, payments or any similar matters; (c) to send proxies received by the Bank in respect of the Securities or give any notice of the receipt of such proxies to you.
- 1.9 Save as provided in Clause 2.1, the Bank or its nominee shall be entitled to act in the Bank's absolute discretion as regards attendance at meetings or voting in respect of any of the Securities or as regards any subscription, conversion or other rights in respect thereof or as regards any merger, consolidation, reorganization, receivership, bankruptcy or insolvency proceedings, compromise or arrangement or the deposit of

any of the Securities in connection therewith or otherwise, nor shall the Bank or its nominee be under any duty to investigate or participate therein or take any affirmative action in connection therewith except in accordance with written instructions from you and upon such conditions, indemnity and provision for expenses as the Bank may require.

- 1.10 You shall pay to the Bank on demand all custodian fees as the Bank may from time to time determine together with all costs, expenses and disbursements reasonably incurred by the Bank in connection with its performance of the duties hereunder.
- 1.11 You agree that Securities deposited with the Bank shall be at your sole risk save in respect of loss or damage suffered by you by reason of negligence, wilful default or fraud in the performance of the Bank's duties hereunder but in any event the Bank's liability shall be limited to the extent stated in Clause 11.7 of Part 1 of the Terms and Conditions of this Agreement.
- 1.12 The Bank or its nominee shall not be liable in respect of any loss or damage suffered by you including but not limited to any deduction (by way of taxation or otherwise) from any funds or payments received whether or not due to or arising out of the handling or dealing by the Bank or its nominee with the Securities or Transactions unless the loss or damage is due to the negligence, wilful default or fraud of the Bank, the Bank's authorized officers, employees, agents or its nominee.
- 1.13 You agree that: (a) with respect to any Transaction(s) effected in Hong Kong dollars, the term "**Designated Account(s)**" used in this Part shall mean the Hong Kong Dollar Designated Account(s); and (b) with respect to any Transaction(s) effected in any currency other than Hong Kong dollars, the term "**Designated Account(s)**" used in this Part shall mean the Foreign Currency Designated Account(s).

## 2. PROVISIONS RELATING TO SECURITIES LISTED ON THE HKSE

- 2.1 The provisions contained in this Clause 2 apply only with respect to Securities listed on the HKSE.
- 2.2 You may appoint the Bank or its nominee as proxies or representatives for the purpose of attending and voting at meetings of holder of Securities or other similar purposes and you may give instructions to the Bank with regard to the exercise of rights or entitlements accruing to such Securities or to participate in other actions, transactions or matters affecting such Securities. You may be notified of such rights, entitlements or in respect of any matter which affects the Securities to which you are entitled. The Bank is not obliged to act upon your instructions unless such instructions are given in writing to the Bank at least five (5) Business Days before the date of the relevant event and until the Bank or its nominees has been indemnified and/or secured to the Bank's reasonable satisfaction against any and all costs, expenses, or liabilities which the Bank or its nominee would or might incur as a result.
- 2.3 Where any rights issue arises with respect to any of the Securities, the following provisions shall apply:
- (a) The Bank or its nominee will within a reasonable time after receipt of the relevant rights issue documents notify you of the same.
- (b) If you shall fail to instruct the Bank within the time prescribed by the Bank to reply: (i) where the rights, warrants, options issue is not obligatory, it shall be conclusively deemed that you have irrevocably renounced all your rights and entitlements regarding such rights, warrants, options issue and the Bank is entitled to deal with such rights, warrants, options issue in the Bank's own right; (ii) where the rights, warrants, options issue is obligatory, the Bank is entitled at its absolute discretion either to realize part of the Registered Securities to raise sufficient moneys to pay for the subscription of such obligatory rights issue or to pay on your behalf for such subscription, the payment of which shall be an advance of money to you and secured by the Registered Securities and shall be repayable by you on demand, together with interest thereon at the rate and calculated in the manner as reasonably determined by the Bank and the Registered Securities shall stand charged to such payments as well.
- (c) If you shall instruct the Bank to take up the rights, warrants, options issue by subscribing the requisite shares or other securities, the Bank is not obliged to do so unless and until sufficient immediately available funds have been received by the Bank within the time limit as set out in Clause 2.3(b) above and in default thereof, the provisions of Clause 2.3(b) shall apply as if you have failed to instruct the Bank in time.
- (d) All shares allotted pursuant to the rights, warrants, options issue taken up by or on your behalf (but excluding those which you have renounced in the Bank's favour) shall form part of the Registered Securities or Eligible Securities.

## 3. HOLD MAIL AND DIRECT MAIL SERVICES

- 3.1 The Bank may, in its absolute discretion, provide hold mail or direct mail services to you. The Bank reserves the right to refuse the provision of such services in its absolute discretion without assigning any reasons for so doing.
- 3.2 Subject to Clause 3.1, you hereby instruct the Bank to collect, receive, collate and hold in accordance with your instructions all correspondence to you, including but not limited to, confirmation slips, contract notes, transaction advices, invoices, reports, vouchers, prospectuses, letters, statements, notices, communications and other documents relating to the Securities or the Securities Account (individually and collectively referred to as "**Correspondence**"). The Bank is hereby instructed to collect, receive, collate and hold the Correspondence as your agent. All Correspondence shall be deemed to have been received by you on the date the Bank receives the same.
- 3.3 The Bank shall retain all Correspondence until:
- (a) with respect to the provision of hold mail service, the Correspondence is collected by you or otherwise dealt with in accordance with Clause 3.5; or
- (b) with respect to the provision of direct mail service, the Correspondence is sent to you in the manner set out in Clause 3.6.
- The Bank shall not be obliged to inform you at any time of the receipt of any Correspondence nor to examine, verify, act or comment on or inform you of the contents thereof.
- 3.4 If you have instructed the Bank to provide hold mail services, you shall provide the Bank with written instructions regarding such collection including instructions as to:
- (a) the person(s) collecting the Correspondence on your behalf;
- (b) the method of verifying the identity of such person(s) (which must be a method of verification acceptable to the Bank); and
- (c) any other matters which the Bank may require in any specific case or generally.
- Other than as may be specified in such written instructions, the Bank shall not be obliged to inquire into the authority or identity of any person collecting the Correspondence on your behalf. You shall be deemed to have collected the Correspondence at the same time when your authorized person(s) collects the same from the Bank on your behalf.
- 3.5 If the Correspondence received by the Bank has not been collected by you or your authorized person(s) in any twelve (12) month period pursuant to Clause 3.4, the Bank may, in respect of the Correspondence received by the Bank in that twelve (12) month period, at its sole discretion:
- (a) send the Correspondence to you at the address last notified in writing by you to the Bank at your risk and expense. All Correspondence sent to you shall be considered to have been delivered upon posting if it is properly addressed, stamped and posted; or
- (b) destroy the Correspondence in such manner as the Bank sees fit without further notice to you.
- 3.6 If you have instructed the Bank to provide direct mail services, the Correspondence shall be sent at your risk and expense by registered post (and by air mail, if appropriate) addressed to you at the address last notified in writing by you to the Bank on the last Business Day of each calendar month. Any change of address shall only become effective upon receipt by the Bank of ten (10) Business Days' prior written notice. All Correspondence sent by the Bank to you shall be considered to have been delivered to you upon posting if it is properly addressed, stamped and posted.
- 3.7 You hereby acknowledge that in holding the Correspondence on your behalf, you may by the passing of time or otherwise forego certain rights or opportunities and may incur certain liabilities and additional expenses, penalties or losses with regard to the matters referred to in the Correspondence.
- 3.8 You hereby acknowledge and agree that the Bank shall be under no liability whatsoever arising from or in connection with the services contained in this Clause 3 including, but not limited to, liability for any loss (including loss of rights), damages, penalties, costs, expenses,

claims, actions, proceedings, demands or any delay in payment of any amount, exercise of any right or performance of any obligation notified or demanded under the Correspondence or any delay, error or omission in receiving, collecting, collating, posting, forwarding, delivery or disposal of, or the holding or loss of, such Correspondence, unless such liability results from the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents.

- 3.9 You shall pay to the Bank on demand all service fees as the Bank may from time to time determine for the provision of services under this Clause 3, together with all costs, expenses and disbursements reasonably incurred by the Bank in connection with its performance of the duties hereunder.
- 3.10 You hereby authorize and request the Bank, on your behalf and (if the Bank in its discretion considers appropriate) in your name, to give any and all instructions, sign any and all documents and generally to take any and all other action as the Bank may in its discretion deem necessary or desirable in order to cause the Correspondence to be directed to you by any branch of the Bank, or any other relevant parties. You hereby authorize the Bank to give written notice to all such parties should the Bank consider it appropriate to do so for the purpose of such redirection of the Correspondence or otherwise in connection with the performance of the Bank's services hereunder.

## **PART 4 TERMS AND CONDITIONS FOR NON-DISCRETIONARY INVESTMENT ADVISORY SERVICES**

*The terms and conditions set out below are not intended to be exhaustive and must be read together with the other provisions of this Master Agreement, in particular (but not limited to) the General Terms and Conditions set out in Part 1. In the case of inconsistency between the terms of this Part 4 and any term of Part 1 of this Master Agreement, the terms of this Part 4 shall prevail.*

### **1. APPOINTMENT AND FUNCTION OF THE BANK**

- 1.1 The Bank is hereby appointed as your investment adviser in relation to all Securities from time to time deposited or held in the relevant Securities Account designated by you and accepted by the Bank for advisory services under this Part 4, all monies from time to time deposited into the relevant Designated Account(s) specified by you and accepted by the Bank for advisory services under this Part 4 and all monies arising from the Securities held in the designated Securities Account (the **"Portfolio"**) upon the terms and conditions contained herein.
- 1.2 You hereby authorize the Bank to perform all or any of the following services:
  - (a) to act as your agent and on your behalf and in your name, to invest the monies comprised in the Portfolio, to buy and subscribe for Securities, and to exchange, sell and dispose of Securities comprised in the Portfolio, on a non-discretionary basis and, in each case, in accordance with your instructions;
  - (b) to select such Stock Brokers as the Bank shall from time to time think fit to execute your instructions and to deal with such Stock Brokers for your account; and
  - (c) to provide such other services as the Bank and you may agree from time to time.
- 1.3 The Bank may from time to time, at your request or at the Bank's initiative, provide you with market views, research products, investment ideas, advice with regard to specific investment and risk management opportunities, or investment recommendations (collectively, **"Investment Information"**), which you may, in exercising your own judgment, accept or disregard, in whole or in part. The Bank shall, in providing any Investment Information to you, have regard to the investment objectives and restrictions relating to the Portfolio [as agreed between you and the Bank from time to time].

### **2. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS**

- 2.1 You hereby represent to the Bank that you have or will have:
  - (a) sufficient knowledge, experience and understanding of financial and tax matters to render yourself capable of evaluating the Investment Information, the regulatory treatment of Transactions which you instruct the Bank to enter into, and such legal terms and conditions as the Bank might provide;
  - (b) the capability to make investment decisions about the material terms, conditions and risks of such Transactions as you may instruct the Bank to enter into, and about the suitability of such Transactions in light of your investment objectives; and
  - (c) the financial resources to absorb the risk of any loss that may be associated with the entry into of the Transaction or the purchase or sale of the Securities.
- 2.2 Each time you give an instruction to the Bank pursuant to this Master Agreement, you acknowledge that:
  - (a) the Portfolio is not managed, monitored or supervised by the Bank, and that it is your sole and exclusive responsibility to manage, supervise and monitor the Portfolio;
  - (b) you have independently made a decision, for your sole account and risk, to acquire or sell the Securities or engage in the Transaction subject to such instruction or to take action on the basis of Investment Information, after having examined such information relating to the Securities and the Transaction as you deem relevant and taking into account the suitability of the Securities and the Transaction for you;
  - (c) the Bank is under no obligation to update any Investment Information that may have been furnished to you. Events occurring after the Investment Information is given may render such Investment Information no longer current, and that there can be no assurance that the Securities will perform in accordance with such Investment Information; and
  - (d) Transactions that you instruct the Bank to enter into may be subject to any or all of the risks described in the risk disclosure statements as set out in Part 7.

### **3. PRODUCT SPECIFICATIONS**

- 3.1 If the Bank provides investment advice or other services to you in relation to any Derivative Products, including futures contracts and options, the Bank shall, upon your request and without breaching any of the laws or restrictions in doing so, provide you with the issuers' product specifications and any prospectus or other offering documents relating to such Derivative Products. You agree and confirm that the bank cannot and does not assume any liability for the accuracy or correctness of any information, whether in the relevant product specifications or otherwise, obtained or originated from third parties (including the issuer or counterparty of any securities or related derivative products) which may be provided to you.

### **4. FEES, COSTS AND EXPENSES**

- 4.1 You shall pay fees to the Bank for the provision of the non-discretionary investment advisory services set out herein as is advised to you upon the Bank agreeing to provide such services to you and as may be varied from time to time upon 30 days prior notice to you.
- 4.2 You agree to pay all costs and expenses (including all taxes, duties, levies, brokerage, commissions and fees) reasonably incurred by the Bank in the provision of the services set out herein and the management of the Portfolio and you agree to indemnify the Bank on demand against all liabilities, damages, claims, demands, actions or proceedings arising from or suffered or incurred by the Bank and all costs and expenses reasonably incurred by the Bank as a result of (a) the exercise of or failure to exercise, any of the Bank's rights or the performance of any of its duties under this Master Agreement, (b) its reliance on any information provided by you, (c) any dealings with the Portfolio by any person authorized to act in relation thereto or as a result of it acting in good faith on instructions given or purportedly given by any such person on your behalf, or (d) any attachment or other legal proceedings which may be levied against the Portfolio.
- 4.3 The Bank shall have a lien over the Portfolio for all amounts payable to it by you whether presently or in the future, actually or contingently and in whatever currency. The Bank may at any time (in such manner and on such terms as it sees fit and at your expense) apply the proceeds of the Portfolio (or any other amounts held for or payable to you) in or towards settlement of such amounts and may convert any sum from one currency to another for this purpose.
- 4.4 The indemnities expressly given to the Bank in this Master Agreement shall continue to be valid and binding on you notwithstanding the termination of the Master Agreement, and shall be in addition to and without prejudice to any other indemnity allowed by law.

### **5. LIABILITY OF THE BANK**

- 5.1 You hereby undertake to ratify and confirm at the Bank's request any act or thing lawfully done or caused to be done by the Bank in the proper performance of its duties hereunder.
- 5.2 Neither the Bank nor any of its officers and directors, employees, agents or representatives shall be liable for any loss of opportunity whereby the value of the Portfolio could have been increased, any decline in the value of the Portfolio, any error of fact or judgment or mistake of law or

for any loss arising out of any of the investments of the Portfolio or for any act or omission in the execution of this Master Agreement, except for fraud, wilful default or negligence in the performance of its duties hereunder.

- 5.3 The Bank shall not be liable or responsible for any act or omission of any professional advisors, brokers, dealers or agents or of any party contracted for or retained for the purposes hereof, unless the act or omission is due to the negligence, wilful default or fraud of the Bank, the Bank's authorized officers, employees or agents.

## PART 5 TERMS AND CONDITIONS FOR MUTUAL FUNDS SERVICES

*The terms and conditions set out below are not intended to be exhaustive and must be read together with the other provisions of this Master Agreement, in particular (but not limited to) the General Terms and Conditions set out in Part 1. In the case of inconsistency between the terms of this Part 5 and any term of Part 1 of this Master Agreement, the terms of this Part 5 shall prevail.*

### 1. SCOPE OF SERVICES

- 1.1 The Bank is hereby appointed as your agent for the purpose of carrying out your directions with respect to the holdings, subscription, purchase, switching, transfer, or redemption of Units, or in relation to any other instructions which you may wish or need to give to a Fund from time to time and which the Bank may agree to process, all in accordance with the terms of this Master Agreement, including the placing of any order or request on your behalf for subscription, purchase, switching and redemption of Units, and the transmission to the appropriate Fund Representative of the relevant documents and payments. The Bank may appoint and use sub-agents to carry out its responsibilities under this Master Agreement.
- 1.2 You hereby expressly agree and authorize the Bank to hold any Unit subscribed by or transferred to you pursuant to this Master Agreement, or to arrange for such Units to be held, in safe custody in accordance with the terms and conditions set out in this Master Agreement including, without limitation, the terms and conditions set out in Part 3.
- 1.3 You further authorize the Bank to switch, transfer, redeem or otherwise deal with any Unit held by the Bank or its nominee for your account upon your instructions. The Bank is expressly authorized by you to transmit your instructions to switch, transfer, redeem or otherwise deal with any of your Units so held for your account to the relevant Fund Representative(s) and to execute all necessary or related documents on your behalf.
- 1.4 In the event that you wish to subscribe, purchase, switch, transfer or redeem any Unit or to inquire and amend any particulars relating to your holding of Units, you agree that the Bank may on your instructions, make the necessary arrangements to do the same (including arranging for the transfer of funds from the Designated Account(s)) and to debit the Designated Account(s) for any charges, commissions, fees and any other cost involved, and/or to credit the Designated Account(s) with the proceeds of the redemption or transfer less any charges, commissions, fees and any other cost involved.
- 1.5 You acknowledge that any advice or confirmation of the execution of your instructions to subscribe, purchase, switch, transfer or redeem Units will be sent by the relevant Fund Representative to the Bank and or the Bank's nominee. The Bank shall either issue or cause its nominee to issue a separate statement to you.

### 2. INSTRUCTIONS

- 2.1 All instructions must be given by you to the Bank in clear and unambiguous terms and all dealings, transaction, and instructions shall be subject to the procedures between the Bank and the Fund Representative of the relevant Fund to govern the subscription, purchase, switching, transfer and redemption of Units therein and other incidental matters, including but not limited, to the dealing days and dealing deadlines applicable to the Fund (the "Procedure"). The Bank is not obliged to act in accordance with or respond to verbal instructions. All instructions for the subscription, purchase, switching, transfer or redemption of Units may be given by you in writing through any of the Facilities, but in all cases in the manner prescribed by the Bank. It shall be your sole responsibility to ensure that the information given in the application or request is complete and accurate in all respects. The Bank does not undertake to verify the completeness and accuracy of such information. The Bank does not accept any responsibility for any consequence or loss to you arising as a result of any error or omission in completing any application or request.
- 2.2 An instruction to subscribe for or purchase, switch, transfer or redeem Units will only be accepted by the Bank for handling upon receipt by the Bank of (a) the duly signed application or request in the form required by the Bank or, if the Bank so specifies, in the form required by the relevant Fund, and (b) in the case of a subscription or purchase, the receipt of payment, and (c) any other necessary materials or documentation.
- 2.3 The Bank is under no obligation at any time to accept any instruction and the Bank shall not be obliged to give any reason or any refusal to accept an instruction. However, once the Bank has accepted an instruction on your behalf, it may not be rescinded or withdrawn without the written consent of the Bank. You agree that the Bank shall not be obliged to act on any instruction for cancellation, variation or amendment of any instruction already given to the Bank and the Bank shall not be responsible or liable to you for any loss or expense suffered or incurred by you if the original instruction has already been completed or in the opinion of the Bank, the Bank has insufficient time or is unable to act on such instruction to cancel, vary or amend the original instruction.
- 2.4 You acknowledge and agree that instructions given to the Bank may, depending on prevailing conditions, fail to be executed, and you agree that all losses incurred as a result of such failure shall be borne by you other than any which arise from the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents. You further agree that the Bank shall not be liable for any loss incurred by reason of the manner or timing of execution of any instructions given by you. The Bank shall not be liable to you for any loss or damage due to any delay in the transmission or execution of instructions arising out of a breakdown or failure of communication facilities or any other cause beyond the Bank's reasonable control and anticipation.
- 2.5 The actual bid and offer prices for Transactions in Units will be determined by the Fund in accordance with the latest constitutive documents and offering documents of the Fund and the Procedures relating to the Fund. Any data that may be quoted by the Bank or its representatives at any time is for information only.
- 2.6 Without prejudice to Clause 2.3 above, the Bank shall be entitled in its absolute discretion to reject in whole or in part any instruction to redeem any Units if there are insufficient number or amount of such Units held in the name of the Bank or the Bank's nominee which are not subject to any charge, lien or other security interest in favour of any person including the Bank.

### 3. UNIT TRUSTS SAVINGS PLAN

- 3.1 The Bank has established a Unit Trusts Savings Plan to enable its customers to invest in Units of certain Funds at regular monthly intervals. The Bank reserves the discretion to accept or reject your application to enrol in the Unit Trusts Savings Plan. The Bank also reserves the discretion to include or exclude any Funds from the Unit Trusts Savings Plan without prior notice to you. The provisions of this Clause 3 shall apply if you enrol in the Bank's Unit Trusts Savings Plan.
- 3.2 You agree to make a monthly contribution of the amount specified in your application submitted to the Bank for the purchase of a Fund's Units under the Unit Trusts Savings Plan. Unless otherwise specified by the Bank, the minimum monthly contribution for each Fund under the Unit Trusts Savings Plan is HK\$1,000 (or such other amount as the Bank may prescribe from time to time by 30 days' prior notice to you).
- 3.3 No initial lump sum investment shall be required in respect of any Fund prior to your making monthly contributions, except otherwise required by the law and/or regulations in force from time to time.
- 3.4 You hereby authorize the Bank to debit the Designated Account(s) for all of your monthly contributions under the Unit Trusts Savings Plan. Payment for your monthly contributions shall be deducted from the Designated Account(s) on such day of each month as may be advised by the Bank from time to time. You undertake and agree to put the Designated Account(s) in funds prior to each payment date for your monthly contributions under the Unit Trusts Savings Plan. The Bank shall not be obliged to arrange for any investment by you for any month in which the Designated Account(s) do not have sufficient cleared funds to pay for your aggregate monthly contributions for that month.
- 3.5 The Bank shall have the right to terminate your participation in the Unit Trusts Savings Plan, whether in whole or in part by reference to specific Funds, without prior notice to you if:
  - (a) the Designated Account(s) do not have sufficient cleared funds for payment of your aggregate monthly contributions for two consecutive months; or

- (b) your holding of Units in any Fund falls below the specified minimum holding in respect of that Fund.
- 3.6 The Bank will normally invest your monthly contributions on the same Business Day following its receipt of such contribution from the Designated Account(s), or where such Business Day is not a dealing day for the relevant Fund, on the next Business Day which is a dealing day for such Fund. In the event that dealing in Units of the relevant Fund is suspended, the Bank shall apply your monthly contributions received by it towards the purchase of such Units for your account on the next available dealing day after the suspension is lifted. No interest will be payable by the Bank on any amount of your monthly contributions received and held by the Bank pending investment of the same. The actual price for the Units to be subscribed or purchased under the Unit Trusts Savings Plan shall be determined by the relevant Fund in accordance with the latest constitutive documents and offering documents of the Fund and the Procedures relating to the Fund.
- 3.7 Without prejudice to Clause 2.3, all instructions for (a) termination of your participation in the Unit Trusts Savings Plan, or (b) any variation or amendment to your current instructions with respect to your participation in the Unit Trusts Savings Plan must be received by the Bank at least one Business Day prior to the next monthly contribution date. The Bank shall be entitled to debit the Designated Account(s) for your monthly contributions for the month in accordance with your current instructions as appearing in the Bank's files if your instructions for the termination of your participation in the Unit Trusts Savings Plan or your instructions for any variation or amendment to your current instructions with respect to your participation in the Unit Trusts Savings Plan are received by the Bank less than one Business Day prior to the monthly contribution date for that month, and unless due to the negligence or wilful default of the Bank, the Bank's authorized officers, employees or agents, the Bank shall not be responsible or liable to you for any loss or expense suffered or incurred by you in connection therewith.

#### **4. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS**

- 4.1 You acknowledge that the Bank has no authority on behalf of any Fund to accept applications or requests for subscription, purchase, switching, transfer or redemption of Units and receipt of completed applications or requests, payments or the materials by the Bank shall not constitute acceptance of the application or request by the Bank or the Fund.
- 4.2 You acknowledge that the Funds are not deposits or other obligations of, or guaranteed by, the Bank or any of its affiliates.
- 4.3 You acknowledge that the Funds are subject to investment risks, including possible loss of the principal amount invested. You represent and warrant that you are fully aware of the risks involved in investing in the Funds and will obtain from either the Bank or the relevant Fund up-to-date versions of the applicable offering memorandum, prospectus or reports that might exist as of the date of any Transaction in Units.
- 4.4 You acknowledge that, except for any advice which may be provided to you by the Bank pursuant to Part 4, none of the representatives of the Bank is authorized on behalf of the Bank or any Fund to give any advice or representation concerning any Fund or any other investment. You acknowledge that, except for any advice which may be provided to you by the Bank pursuant to Part 4, you have not relied, and will not rely, upon any advice or representation which the Bank or its representative may be deemed or considered to have given. You agree to make an independent analysis and decision with respect to all dealing with the Funds.
- 4.5 You warrant that a Fund is not subscribed by or for the benefit of any resident of the United States or partnership or corporation or other entity organized under the laws of the United States, or any state, territory or possession thereof and undertakes to advise the Bank immediately upon your or the beneficiary commencing to reside in the United States or any of its territories, its possessions or other areas subject to its jurisdiction.
- 4.6 The Bank will normally be paid a commission by, or receive a discount or rebate from, the Fund or Fund Representative in connection with the issue of Units to you and other dealings with respect to any Fund. You acknowledge and agree that the Bank may retain for its benefits any commission, discount or rebate which it may receive in connection with the issues of Units and other dealings with respect to the Funds.
- 4.7 You represent that you have the requisite legal capacity, authority and power to enter into this Master Agreement and any transactions contemplated by this Master Agreement and that this Master Agreement constitutes and any future Transaction in Units will constitute your legally binding and enforceable obligation.
- 4.8 The Bank may, and if so requested by you, provide you with the Fund's product specification and any of their prospectus or other offering documents relating to such Funds. You agree and confirm that the Bank cannot and does not assume any liability for the accuracy or correctness of any information, whether in the relevant product specifications or otherwise, obtained or originated from third parties (including the issuer or counterparty of any securities or related derivative products) which may be provided to you.

## PART 6 TERMS AND CONDITIONS FOR DERIVATIVE PRODUCTS SERVICES

*The terms and conditions set out below are not intended to be exhaustive and must be read together with the other provisions of this Master Agreement, in particular (but not limited to) the General Terms and Conditions set out in Part 1. In the case of inconsistency between the terms of this Part 6 and any term of Part 1 of this Master Agreement, the terms of this Part 6 shall prevail. In addition, in relation to any Derivative Transactions, in the case of inconsistency between the terms of this Part 6 and the terms of Part 2, the terms in this Part 6 shall prevail.*

### 1. DERIVATIVE TRANSACTIONS

- 1.1 The Bank is hereby appointed and authorized to act as agent for and on your behalf to enter into Derivative Transactions upon the terms and conditions contained herein.
- 1.2 In relation to any Derivative Transaction, the Bank may and, if so requested by you, will make available to you a statement or summary setting out the specifications, the features and other details relating to the relevant Derivative Product (the **"Derivative Product Summary"**).
- 1.3 The entering into of any Derivative Transaction by you through the Bank pursuant to this Master Agreement is made on the basis that before entering into a Derivative Transaction, you will read the relevant Derivative Product Summary (if made available to you), and will fully understand the specifications, features and other relevant details of the Derivative Product as well as the risks involved.
- 1.4 You understand and acknowledge that Derivative Transactions may provide for settlement in cash or delivery of the underlying asset upon settlement on the settlement day (the **"Settlement Date"**).

### 2. INSTRUCTIONS

- 2.1 Immediately upon the receipt of an instruction for entry into of a Derivative Transaction which requires you to make a payment (the **"Transaction Value"**) at the time of entry into of the Derivative Transaction, the Bank shall be entitled to earmark or hold a sum against the credit balance and/or available pre-arranged over-draft facilities in the Designated Account(s) equal to one hundred percent of the transaction value of the Derivative Transaction or in such lesser percentage as the Bank in its absolute and unfettered discretion thinks necessary until the actual receipt of the confirmation from the counterparty to the Derivative Transaction by the Bank that the instruction cannot be effected, then the Bank may release such transaction value earmarked or held by the Bank Provided Always That if the available funds and pre-arranged over-draft facilities in the Designated Account(s) are not sufficient to meet the transaction value, the Bank shall be entitled not to entertain, carry out, effect or implement the instructions concerned. You further agree to ensure that, at the time you give your instructions for entry into of such Derivative Transaction, there shall be sufficient cleared funds in the Designated Account(s) for payment of such transaction value. Notwithstanding the foregoing, the Bank may in its absolute and unfettered discretion proceed to carry out, effect or implement your instructions for entry into of the Derivative Transaction even though at the time you give your instructions, you do not have sufficient cleared funds in the Designated Account(s) for payment of the transaction value without further notice to you, in which case, you shall place sufficient cleared funds into the Designated Account(s) as soon as possible after your giving of the relevant instructions, for the purpose of payment of the transaction value.
- 2.2 Instructions for entry into of Derivative Transactions in respect of which the Bank is or may be (whether pursuant to the service of a notice, the satisfaction of any condition(s) or otherwise) obliged to settle the Derivative Transactions in cash on the relevant Settlement Date on your behalf will, unless otherwise provided or accepted by the Bank (in its absolute and unfettered discretion), only be accepted if the available funds and pre-arranged over-draft facilities in the Designated Account(s) are sufficient to meet in full the settlement liabilities before the Bank enters into the relevant Derivative Transaction for and on your behalf. The Bank shall be entitled to earmark or hold such sum (or any lesser sum as the Bank may in its discretion determine) against the credit balance and/or available pre-arranged over-draft facilities in the Designated Account(s) for the period of subsistence of the delivery obligation under the relevant Derivative Transaction (or such other period as the Bank may in its discretion determine) until the actual receipt of the confirmation from the counterparty to the Derivative Transaction by the Bank that the transaction cannot be effected then the Bank may release such sum earmarked or held by the Bank. You further agree to ensure that, at the time you give your instructions for entering into any Derivative Transaction, there shall be sufficient funds and/or pre-arranged over-draft facilities in the Designated Account for settlement of the Derivative Transaction. Notwithstanding the foregoing, the Bank may in its absolute and unfettered discretion proceed to carry out, effect or implement your instructions even though at the time you give your instructions, you do not have sufficient cleared funds in the Designated Account(s) for settlement of the Derivative Transaction without further notice to you, in which case, you shall place sufficient cleared funds into the Designated Account(s) as soon as possible after your giving of the relevant instructions, for the purpose of settlement of the Derivative Transaction.
- 2.3 Instructions for entry into of Derivative Transactions in respect of certain underlying asset(s) under which the Bank is or may be (whether pursuant to the service of a notice, the satisfaction of any condition(s) or otherwise) obliged to physically deliver a specified quantity of such asset(s) on the relevant Settlement Date on your behalf will, unless otherwise provided or accepted by the Bank (in its absolute unfettered discretion thinks fit), only be accepted if:
  - (a) such asset(s) is already standing to the credit of your Securities Account at the time of receipt of your instructions; or
  - (b) you or your Authorized Person(s)/Representative(s) have deposited or arranged for the specified quantity of such asset(s) to be deposited with or transferred to the Bank before the Bank enters into the relevant Derivative Transaction for and on your behalf.

The Bank shall be entitled to earmark the specified quantity of such asset(s) standing to the credit of your Securities Account or otherwise deposited with the Bank for the period of subsistence of the delivery obligation under the relevant Derivative Transaction (or such other period as the Bank may in its discretion determine) during which you will not be permitted to sell, assign, transfer, dispose or otherwise deal with any such asset(s). You further agree to ensure that, at the time you give your instructions for entry into of such Derivative Transaction, there shall be sufficient quantity of such asset(s) in the Securities Account for settlement of the Derivative Transaction.

- 2.4 Whether or not you have complied with the provisions of Clause 2.3, the Bank shall upon receipt of the instruction concerned be entitled to earmark or hold a sum against the credit balance and/or available pre-arranged credit in the Designated Account(s) not less than 100%, or any percentage of the value of the specified quantity of such asset(s) (as estimated by the Bank in its absolute discretion) as may be agreed between the Bank and you, until (a) the specified quantity of such asset(s) have been deposited or transferred to the Bank and earmarked pursuant to Clause 2.3; or (b) the actual receipt of the confirmation from the Bank or its agent that the instructions cannot be effected.
- 2.5 Without prejudice to the foregoing, the Bank shall have the absolute and unfettered right and discretion at any time:
  - (a) not to accept your orders or instructions in respect of any Derivative Transactions without assigning any reason for so doing; and
  - (b) either to enter into a Derivative Transaction as a disclosed agent for and on your behalf, or to require you to enter into the Derivative Transaction directly as principal, in which case you shall execute all such documents in connection with such Derivative Transaction as the Bank may request.
- 2.6 The term **"Designated Account"** used in this Part shall mean: (a) with respect to Transactions effected in Hong Kong dollars, the Hong Kong Dollar Designated Account only and the Bank shall not be obliged to take into account any credit balance in the Foreign Currency Designated Account in performance of its duties under this Part; and (b) with respect to Transactions effected in any currency other than Hong Kong dollars, the Foreign Currency Designated Account only and the Bank shall not be obliged to take into account any credit balance in the Hong Kong Dollar Designated Account in performance of its duties under this Part.

### 3. CONFIRMATIONS

- 3.1 Each Derivative Transaction entered into by you through the Bank pursuant to this Master Agreement will be evidenced by a confirmation issued by the Bank as a record of the terms of the Derivative Transaction and which shall contain sufficient details for identifying the relevant Derivative Transaction (the **"Confirmation"**). The Confirmation constitutes a supplement to and forms an integral part of this Master

Agreement in respect of the relevant Derivative Transaction. In respect of a particular Derivative Transaction, in the event of any inconsistency between the provisions of the relevant Confirmation and this Master Agreement, the provisions of the relevant Confirmation shall prevail.

- 3.2 You undertake to carefully examine all Confirmations and acknowledge the correctness of such Confirmations by countersigning the duplicate copies thereof and return them to the Bank within [three (3)] Business Days of receipt of such Confirmations.
- 3.3 If you dispute the correctness of any Confirmation, you shall submit your objection in writing to the Bank together with all relevant evidence within [three (3)] Business Days of your receipt or deemed receipt of such Confirmation (or within such other period as may be specified by the Bank in the relevant Confirmation).
- 3.4 If the Bank does not receive any acknowledgement or objection from you within the time limit referred to in Clause 3.3, you are deemed to have acknowledged and accepted the correctness of such Confirmation and shall thereafter be estopped from denying the correctness of such Confirmation or any part thereof. The Bank shall be free from all claims in connection with any Derivative Transaction to which such Confirmation relates, notwithstanding any discrepancies, omissions or inaccuracies in such Confirmation whether as a result of forgery, fraud, lack of authority, negligence or otherwise by any person whatsoever.

#### **4. SETTLEMENT AND EXPIRATION OR REDEMPTION OF DERIVATIVE TRANSACTIONS**

4.1 With respect to Derivative Transactions that may expire unless appropriate action in connection with the redemption of the Derivative Transactions is taken on the Settlement Date, the following provisions shall apply:

- (a) It is your sole responsibility to familiarize yourself with the rights and terms of all Derivative Transactions and for taking appropriate action in connection with the redemption of the Derivative Transactions.
- (b) If you fail to instruct the Bank at least [3] Business Days before the Settlement Date: (1) where the redemption of the Derivative Transactions is not obligatory, it shall be conclusively deemed that you have irrevocably renounced all your rights and entitlements regarding the redemption of such Derivative Transactions and the Bank is entitled to deal with such Derivative Transactions in the Bank's own right; (2) where the redemption of the Derivative Transactions is obligatory, the Bank is entitled at its absolute discretion to transfer or sell any Securities in the Securities Account to satisfy your settlement obligations. You shall fully indemnify the Bank on demand against all losses, damages, interest, actions, demands, claims, proceedings whatsoever which the Bank may incur, suffer or sustain and all costs and expenses reasonably issued by the Bank as a result of effecting such a sale and matters directly or indirectly relating thereto or otherwise to your default in performance of your settlement obligations.
- (c) If you instruct the Bank at least [3] Business Days before the Settlement Date to take appropriate action for the redemption of the Derivative Transactions, the Bank is not obliged to do so unless and until sufficient immediate available funds have been received by the Bank at the time you give the instruction and in default thereof, the provisions of sub-clause (b) above shall apply as if you have failed to instruct the Bank in time.

4.2 With respect to Derivative Transactions that provide for settlement in cash or delivery of the underlying asset upon settlement on the Settlement Day, you undertake that:

- (a) where the Derivative Transaction provide for settlement in cash on the Settlement Date, you shall make available to the Bank sufficient cleared funds to enable the Bank to fully satisfy on your behalf your settlement obligations in respect of such Derivative Transaction before the Settlement Date. If you fail to fulfill your settlement obligations by the Settlement Date, the Bank is authorized to transfer or sell any Securities in the Securities Account to satisfy your settlement obligations. You shall fully indemnify the Bank on demand against all losses, damages, interest, actions, demands, claims, proceedings whatsoever which the Bank may incur, suffer or sustain and all costs and expenses reasonably incurred by the Bank as a result of effecting such a sale and matters directly or indirectly relating thereto or otherwise to your default in performance of your settlement obligations; and/or
- (b) where the Derivative Transaction provide for settlement by way of delivery of the underlying asset, you shall deliver the specified quantity of such asset(s) to the Bank or otherwise settle such trade before the Settlement Date. If you fail to fulfill your settlement obligations by the Settlement Date, the Bank is authorized to execute on your behalf the purchase of such asset(s) as are necessary to satisfy your settlement obligations. You shall fully indemnify the Bank on demand against all losses, damages, interest, actions, demands, claims, proceedings whatsoever which the Bank may incur, suffer or sustain and all costs and expenses reasonably incurred by the Bank as a result of effecting such a purchase and matters directly or indirectly relating thereto or otherwise to your default in performance of your settlement obligations. The Bank is also authorized to appropriate, withdraw and/or apply the relevant quantity of the appropriate asset(s) from the pool of asset(s) you deposited with the Bank so as to enable the Bank to settle the Derivative Transaction.

4.3 Without prejudice to the foregoing, unless the Bank agrees in the relevant Confirmation or otherwise in writing to you, the Bank is not obliged to notify you of any upcoming Settlement Dates from time to time or to take any action on your behalf. The Bank may impose such terms and conditions as it may deem appropriate for agreeing to notify you of any Settlement Dates from time to time or to take any action on your behalf in connection with any Derivative Transactions.

4.4 On the Settlement Date, the Bank shall be entitled to debit the entire amount payable for the Derivative Transaction (including but not limited to the purchase price, all fees, commissions, stamp duty, tax or levy incurred and all other expenses reasonably incurred) from the Designated Account(s).

4.5 The net proceeds of the Derivative Transaction after deducting all brokerage, commission, stamp duty and fees incurred and all other expenses reasonably incurred shall first be applied towards payment and discharge (whether in full or partially) of all indebtedness (if any) due and owing to the Bank under this Master Agreement and the surplus (if any) shall be credited into the Designated Account(s).

#### **5. ACKNOWLEDGEMENTS**

5.1 You agree that you are and remain responsible for all settlement and all other obligations arising in connection with any Derivative Transaction entered into pursuant to your instructions, regardless of the amount of cleared funds in your Designated Account(s). In addition, you agree that the Bank shall have the absolute and unfettered right and discretion at any time to close out any or all contracts relating to the Derivative Transactions effected by the Bank for and on your behalf, cover any short position of you through the purchase of the underlying assets on the HKSE or other relevant Exchanges or liquidate any of your long position through the sale of the Derivative Product on the HKSE or other relevant Exchanges, or take any other action as the Bank in its absolute discretion considers appropriate in relation to the relevant Derivative Transaction(s) if the Bank believes or suspects that you are or may be unable or unwilling to comply with any of your settlement or other obligations in respect of the Derivative Transaction(s).

5.2 You agree and confirm with the Bank that:

- (a) the Bank cannot and does not assume any liability for the accuracy or correctness of any information, whether in the relevant Derivative Product Summary or otherwise, obtained or originated from third parties (including the issuer of any Derivative Product or counterparty to any Derivative Transaction) which may be provided to you; and
- (b) you are not relying on any communication (whether written or oral) of the Bank as investment advice or as a recommendation to enter into the transactions contemplated therein, it being understood that the Derivative Product Summary and any information and explanations relating to any Derivative Product shall not be considered investment advice or a recommendation to enter into the relevant Derivative Transaction.

## **PART 7 RISK DISCLOSURE STATEMENTS**

*By requesting the Bank to provide the Services to you, you acknowledge and agree that you have read, fully understand and agree to the following risk disclosure statements.*

### **RISK OF SECURITIES TRADING**

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

### **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 future profitability. GEM stocks may be very volatile and illiquid. You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Current information on GEM stocks may only be found on the Internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers. 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.

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

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

### **RISK OF TRADING FUTURES AND OPTIONS**

The risk of loss in trading futures contracts or 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 futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

### **RISK IN RELATION TO ELECTRONIC TRADING SERVICE**

You acknowledge that the Internet or other electronic or telecommunications media are, due to unpredictable traffic congestion and other reasons, inherently unreliable media of communication and that transactions conducted over the Internet or via other electronic or telecommunications media are subject to (a) possible failure or delays in the transmission and receipt of instructions for any or all transactions in securities or other information, and (b) possible failure or delays of execution or execution at prices different from those prevailing at the time when your instructions were given. You acknowledge that there are risks associated with the system, including the failure of hardware and/or software, and that the result of any such system failure may be that your instruction for any or all transactions in securities is not executed. You acknowledge that there are risks of transmission interruption, distortion, omission or blackout, interception of instructions for any or all transactions in securities as well as of misunderstanding or errors in any communication. You acknowledge that it is not usually possible to cancel an instruction for any or all transactions in securities after it has been given. You accept all the above risks and other risks associated with conducting transactions in securities over the Internet or via other electronic or telecommunications media.

### **RISK OF TRADING DERIVATIVE PRODUCTS**

A derivative product incorporates a derivative element. Changes in market conditions may cause great changes in the value of such derivative. As a consequence, your related exposure to price or market risk may be significantly higher in connection with a derivative product than with other non-derivative financial instruments with which you may be familiar. Derivative Transactions are not suitable for many investors as they can be complex and carry with them substantial risk of loss. This notice does not purport to disclose or discuss all of the risks and other significant aspects of any derivative product or any derivative transaction entered into by you through the Bank as agent. You should, therefore, consult with your own legal, tax, financial and other relevant professional advisers prior to entering into any particular transaction. It is important for you to determine whether any transaction is suitable for you or (where applicable) your operations, business or organization in light of your own experience, circumstances, objectives and resources, and you should be aware that this is your sole responsibility. In the event that a derivative product issuer becomes insolvent and defaults on their listed securities, you will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Uncollateralized derivative products are not asset backed. In the event of issuer bankruptcy, you can lose your entire investment. Derivative products such as derivative warrants and callable bull/bear contracts (CBBCs) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. The value of a structured product may fall to zero resulting in a total loss of the initial investment. Derivative products have an expiry date after which the issue may become worthless. The price of a derivative product may not match its theoretical price due to outside influences. As a result, actual traded prices can be higher or lower than the theoretical price. Trading derivative products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. The exchange may require derivative product issuers to appoint a liquidity provider for each individual issue 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, you may not be able to buy or sell the product until a new liquidity provider has been assigned.

#### **• SOME ADDITIONAL RISKS INVOLVED IN TRADING DERIVATIVE WARRANTS**

Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price. You should be aware of the underlying asset volatility. All things being equal, the value of a derivative warrant will decay over time as it approaches its expiry date. Derivative warrants should therefore not be viewed as long term investments.

#### **• SOME ADDITIONAL RISKS INVOLVED IN TRADING CALLABLE BULL/BEAR CONTRACTS (CBBCS)**

CBBCs are not suitable for all types of investors. 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. You should be aware of the intraday "knockout" or mandatory call feature. A CBBC will be called by the issuer and ceased trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. Even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived. You will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. You should also note that the residual value can be zero. Payoff for Category N CBBC will be zero when they expire early. The holder of Category R CBBC may receive a small amount of residual value payment when they expire early, but there may be no residual value payment in adverse issuers. In general, the larger the buffer between the call price and the spot price of the underlying asset, the lower the probability of the CBBC being called and the lower the leverage effect will be. The issue price of a CBBC includes funding costs. Funding costs are gradually reduced over time as the CBBC moves towards expiry. In the event that a CBBC is called, you will lose

the funding cost for the entire lifespan of the CBBC. Although the price of a CBBC tends to follow closely the price of its underlying asset, but in some situations it may not. The trade inputted may still be executed and confirmed by you after the mandatory call event since there may be some time lapse between the mandatory call event time and suspension of the CBBC trading. Any trades executed after the mandatory call event will not be recognized and will be cancelled. Therefore, you should be aware of the risk and ought to apply special caution when the CBBC is trading close to the call price.

- **SOME ADDITIONAL RISKS INVOLVED IN TRADING EXCHANGED TRADED FUNDS (ETFs)**

ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets. ETF managers may use different strategies to achieve this goal, including full replication strategy, representative sampling strategy and synthetic replication strategies. An ETF may be traded at a discount or premium to its net asset value. This price discrepancy is caused by supply and demand factors. The performance between an ETF and its underlying index/assets may be disparate. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF managers' replication strategy. You must be prepared to bear the risk of loss and volatility associated with the underlying index/assets. ETFs utilising a synthetic replication strategy are subject to counterparty risk and may suffer losses if such counterparty default or fail to honour their obligations. Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

**RISK OF TRADING EQUITY-LINKED INSTRUMENTS**

The return component of Equity-Linked Instruments is based on the performance of a single equity security, a basket of equities securities, or an equity index. You may suffer capital loss should the price of the underlying shares go against your view. In extreme cases, you may lose your entire capital. The maximum return on investment is usually limited to a predetermined amount of cash as specified in the Equity-Linked Instruments. So even if your view of the direction of the underlying stock price is correct, you will not gain more than the specified amount. The return payable for the Equity-Linked Instruments is determined at a specified time on the valuation date, irrespective of the fluctuations in the underlying stock price before or after the specified time. Unlike traditional time deposits, there is no guarantee that you will get a return on your investment or any yield. There is also a possibility that note issuers default on their obligation in returning you the purchase principal or in selling you the underlying stocks. When you buy Equity-Linked Instruments for higher returns, you must be prepared to take higher risks. You should, therefore, consult with your own legal, tax, financial and other relevant professional advisers prior to entering into any particular transaction. It is important for you to determine whether any transaction is suitable for you or (where applicable) your operations, business or organisation in light of your own experience, circumstances, objectives and resources, and you should be aware that this is your sole responsibility.

**RISK OF TRADING FOREIGN SHARES**

You should only undertake trading of foreign shares if you understand the nature of foreign shares trading and the extent of your exposure to risks. You should carefully consider whether such transactions are suitable for you in light of your experience, objectives, financial resources, risk profile, and other relevant circumstances. You are also recommended to seek independent professional advice where necessary.

**RISK OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG**

Your assets received or held by us 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, your assets may not enjoy the same protection as that conferred on your assets received or held in Hong Kong.

**RISK OF SHARES OVERDRAFT FACILITIES (SOF)**

The risk of loss in financing a transaction by deposit of Securities as collateral is significant. You may sustain losses in excess of the aggregate value of the Securities deposited as collateral with the Bank. Market conditions may make it impossible to execute contingent orders, such as “**Stop-loss**” or “**Stop-limit**” orders. You may be called upon at short notice to provide the Bank with cash or other additional securities to settle the deficit or interest payment of the overdraft account. If the required deficit sum or interest payment is not made within the prescribed time, the Securities held in your Securities Account may be sold or disposed of without your consent. Moreover, you will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

**RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL**

If you provide the Bank with an authority to hold mail, 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.

**RISK OF INVESTMENT IN SHANGHAI AND SHENZHEN CONNECT**

Due to the differences between Shanghai/ Shenzhen & Hong Kong markets in terms of trading regulations, investment environment and investment products etc, investors have to face other potential risks in addition to the investment risks of trading in local markets. When investing through Shanghai and Shenzhen Connect, investors should grasp the basic knowledge of the Mainland stock market, understand the trading rules of the stock exchange and be fully aware of the investment risks arising from trading via Shanghai and Shenzhen Connect, and thus leading to rational investment. The following is only an overview of some of the potential risks related to Shanghai and Shenzhen Connect. Investors should have a comprehensive understanding of other potential risks prior to investment.

- **NOT PROTECTED BY INVESTOR COMPENSATION FUND**

Investors should note that any Northbound or Southbound trading under Shanghai and Shenzhen Connect will not be covered by Hong Kong's Investor Compensation Fund.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

As far as Southbound trading is concerned, since Mainland securities brokers are neither licensees nor registered institutions with the Securities and Futures Commission (SFC) in Hong Kong and they are not regulated by the SFC, the Investor Compensation Fund will not cover Southbound trading via Shanghai and Shenzhen Connect.

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (The Stock Exchange of Hong Kong Limited, SEHK) and recognised futures market (Hong Kong Futures Exchange Limited, HKFE). Since default matters in Northbound trading via Shanghai and Shenzhen Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund.

For further information on Hong Kong's Investor Compensation Fund, please refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, please consult the Public Register of Licensed Persons & Registered Institutions in the SFC website.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund, the functions of China Securities Investor Protection Fund include “indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory

Commission (CSRC) and custodian operation” or “other functions approved by the State Council”. As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, therefore they are not protected by CSIPF on the Mainland.

- **QUOTAS USED UP**

Once the daily quota has been used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted.

- **TRADING DAY**

Shanghai and Shenzhen Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Investors should take note of the days Shanghai and Shenzhen Connect are open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai and Shenzhen Connect is not trading.

- **RESTRICTIONS ON SELLING IMPOSED BY FRONT-END MONITORING**

For investors who usually keep their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers before the market opens on the day of selling (T day). If they fail to meet this deadline, they will not be able to sell those A-shares on T day.

- **RESTRICTIONS ON TRADING BY CLOSING CALL AUCTION**

Shenzhen Stock Exchange (SZSE) sets closing auction and will not accept order cancellation in this period. This may affect trading strategies of investors.

- **THE RECALLING OF ELIGIBLE STOCKS**

When a stock is recalled from the scope of eligible stocks for trading via Shanghai and Shenzhen Connect, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by Shanghai Stock Exchange (SSE), SZSE and SEHK.

- **CURRENCY RISKS**

Hong Kong and overseas investors who hold a local currency other than RMB will be exposed to currency risk if they invest in a RMB product due to the need for the conversion of the local currency into RMB. The conversion will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the investors purchase it and when they redeem / sell it, the investors will still incur a loss when they convert the redemption / sale proceeds into local currency if RMB has depreciated.

- **RISK OF TRANSACTION COSTS**

Owing to the difference of fee schedules between the listed Hong Kong shares and A-shares, investors should fully understand the charging arrangement and relevant duties prior to trading via Shanghai and Shenzhen Connect.

- **RISK OF THE CHINEXT MARKET AT SHENZHEN**

Listed companies in the ChiNext market are usually in their initial stage of development with smaller operating size and shorter operating history, less mature business model and weaker risk management capacity, and their businesses are usually subject to higher uncertainty and more fluctuations in their business results, therefore their resistance to market risks and stability may be lower.

In the ChiNext market, there are fewer circulating shares, so stock prices may be more easily manipulated and experience more fluctuation upon market speculation. The rules and regulations regarding securities in the ChiNext market are less strict in terms of share capital and profitability than those applicable to the main board market of the SZSE.