



## TERMS & CONDITIONS

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## **PART I – DEFINITIONS**

This section forms part of the Terms & Conditions and throughout the Terms & Conditions, the following terms shall bear the following meanings:

“Account”	Cash Account or Margin Account or Commodities Account or Stock Options Account or any other brokerage trading account opened by the Client with the Company through Offline Operation and/or Electronic Operation and/or any other means
“Account Form”	the account opening form which contains the particulars and other necessary information of the Client and the Account
“Applicant / Entrant”	Client of the Company under the Scheme
“Business Day(s)”	business day(s) (other than Saturday) on which banks are generally open for business in Hong Kong
“Cash Account”	the cash securities trading account otherwise opened by the Client with the Company through Offline Operation or Electronic Operation or any other means
“CCL”	Celestial Commodities Limited (CE Number: AAF 557), a limited company incorporated in Hong Kong with current principal place of business in Hong Kong and is a licensed corporation under the Securities and Futures Ordinance and an exchange participant of the Futures Exchange
“CFSG”	any member of the controlling group of the Company including the Company, its subsidiaries, its controlling company and the subsidiaries and associated companies of such controlling company
“Clearing House”	the clearing houses including the Hong Kong Securities Clearing Company Limited and the HKFE Clearing Corporation Limited and Hong Kong Exchanges and Clearing Limited and any other relevant bodies which are recognized by the Governing Rules to provide clearing and settlement service
“Client”	the client of the Company under the Account whose particulars are set out in the Account Form, including the Applicant / Entrant
“Closing Out”	in relation to any contract, the entering into of another contract of the same specification and for the same amount but of an opposite position in order to cancel the former contract and / or to crystallize the profit or loss on such former contract and the term “Close Out” shall be construed accordingly
“Collateral”	all Securities and variable assets acceptable by CSL which shall be maintained at or delivered to CSL by the Client as collateral under the Margin Account
“Commodities”	any item and includes, without limitation, agricultural commodities, metal, currencies, interest rates, indices (whether stock market or otherwise) or other financial contracts, energy, right or authority under any jurisdiction and shall where the case requires include a futures / options contract in respect of any of the above and in each case whether or not the item is capable of being delivered
“Commodities Account”	the commodities trading account otherwise opened by the Client with the Company through Offline Operation or Electronic Operation or any other means
“Company”	the company with which the Account is opened by the Client, and may mean any of CSL or CCL or any other relevant company
“CSC”	the China Stock Connect System for receiving and routing China Connect orders to a China Connect Market System for automatic matching and execution
“CSL”	Celestial Securities Limited (CE Number: AAF 532), a limited company incorporated in Hong Kong with current principal place of business in Hong Kong and is a licensed corporation under the Securities and Futures Ordinance and an exchange participant of the Stock Exchange
“Electronic Operation”	the electronic brokerage trading operated via Electronic Means by the Client under the Account

“Electronic Means”	including the Internet, electronic mail, mobile phone, personal digital assistant or any other electronic means of communication but also allowing non-electronic communication including verbal and written instructions and communication via facsimile
“Electronic Service”	the electronic facility through Electronic Means which enables the Client to give Instruction(s) and obtain information services provided by the Company for Electronic Operation
“Event of Default”	the event of default as described in clause 13 of the Standard Terms
“Formal Approval”	a confirmed grant of approval in writing given by the Director to the Applicant to enter Hong Kong and / or remain in Hong Kong pursuant to the Scheme
“Futures Exchange”	the Hong Kong Futures Exchange Limited
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Securities”	the Securities listed and traded on GEM
“GEM Statement”	the risk disclosure statement for dealings in GEM Securities as set out in Part IV as Risk Disclosure Statement for GEM Securities
“Governing Rules”	the rules of all regulatory bodies whether located in Hong Kong or under other jurisdiction governing the dealings of the Securities or Commodities or other instruments under the Account and the operation of the Account
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“H shares”	any securities issued by companies incorporated in the PRC and listed on the SEHK
“Instruction(s)”	the instruction(s) (i) for dealing in Securities or Commodities or other instruments in the Account, (ii) to transfer, deposit or withdraw funds or Securities or Commodities or other instruments into or out of the Account including transferring into or from any Client’s account with the CFSG, (iii) for the provision of Securities Margin Financing, and / or (iv) for any other act for the operation of the Account
“Margin Account”	the securities margin financing account otherwise opened by the Client with the Company through Offline Operation or Electronic Operation or any other means
“Margin Facility”	any Securities Margin Financing facility provided by CSL to the Client for the Margin Account
“Mainland investors”	include (a) individuals that possess Mainland ID documents; (b) holders of a joint account if one of the holders is considered as Mainland investor under (a); and (c) corporate or unincorporated entities which are registered in the Mainland
“Obligations”	all monies or Securities or Commodities or otherwise falling due and owed to the Company by the Client under the Account or owed by the Client under any other account maintained with the CFSG
“Offline Operation”	the traditional offline brokerage trading operated by the Client under the Account
“Omnibus Account”	the Account otherwise opened by any registered or licensed stock broker or exempted dealer or bank of any territory and operated on behalf of its client as indicated in the Account Form
“Pilot Program”	the Nasdaq – Amex Pilot Program for the trading of a number of Nasdaq – Amex listed Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“SAT”	the State Administration of Taxation of the PRC
“Scheme”	the Capital Investment Entrant Scheme
“Scheme Rules”	Rules for the Scheme published by the Director of Immigration
“Securities”	has the meaning given to that term in Schedule 1 of the Securities and Futures Ordinance
“Securities Margin Financing”	has the meaning given to that term in Schedule 1 of the Securities and Futures Ordinance
“SEHK”	The Stock Exchange of Hong Kong Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SFC”	the Securities and Futures Commission of Hong Kong
“Specified Financial Assets”	the assets including equities, debt securities, certificate of deposits, subordinated debt and eligible collective investment schemes as defined in the Scheme Rules
“SSE”	The Shanghai Stock Exchange
“SSE Securities”	securities listed on the SSE
“SZSE”	The Shenzhen Stock Exchange
“SZSE Securities”	securities listed on SZSE
“Standard Terms”	the terms and conditions as set out in Part II of this document and applicable to all client of any accounts opened with the Company
“China Stock Connect Rules”	the China Connect Service Special Rules as prescribed under the Rules and Regulations of SEHK, and any orders, directives, notices, circulars, codes, customs or usages and any other applicable rules in connection with the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, as amended from time to time.
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Stock Options Account”	the options trading account otherwise opened by the Client with the Company through Offline Operation or Electronic Operation or any other means
“Terms & Conditions”	this document of terms and conditions including this Part I, Part II, Part III, Part IV, Part V, Part VI, Part VII and Part VIII of this document as may be supplemented and amended from time to time, which shall apply to the operation of the Account and bind the Client
“Trading Limit”	the trading limit allowed for the Client's Transaction(s) under the Account in accordance with the Trading Policy or otherwise to be fixed by the Company, which limit is subject to change(s) by the Company from time to time
“Trading Policy”	the respective operation policy and procedures applicable to the operation of the Account for Cash Account or Margin Account or Commodities Account or Stock Options Account or any other brokerage trading account which policy shall be binding and determined by the Company from time to time and will be posted at the website of the Company or its holding company
“Transaction(s)”	the execution of Instruction(s)
“Working Day(s)”	a day other than a Sunday, a public holiday or a gale warning day or a black rainstorm warning day (as defined in section 7(2) of the Interpretation and General Clauses Ordinance (Cap.1 of the Laws of Hong Kong)
“AH Session”	After-hours trading session, a trading session after the close of the regular trading session (“R Session”), introduced by Hong Kong Futures Exchange (“HKFE”)

## **PART II – STANDARD TERMS**

The Standard Terms shall apply to all types of the Account and shall be binding on the Client.

### **1. The Account**

- 1.1 The Terms & Conditions and the Trading Policy shall apply to the operation of the Account.
- 1.2 If any conflict arises between the provisions under the Terms & Conditions and the Trading Policy, those of the former shall prevail.
- 1.3 If an Instruction is operated via Electronic Operation, the following provisions shall apply:-
  - (a) The Client shall be the only authorized user of the Electronic Service under the Account.
  - (b) The Client shall not attempt to tamper with, modify, decompile, reverse engineer and otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the Electronic Service.
  - (c) Risks associated with electronic or online devices, including delays or failure in the transmission, receipt or execution of Instructions due to breakdown or failure of transmission or traffic congestion of communications or any other cause(s) beyond the control or anticipation of the Company, may arise which may include a client's Instruction being executed before a client's revised or cancellation Instruction being validly placed and effected, delay in the execution of Instruction and / or price quoted being different from those prevailing at the time the Instruction is given and the Client shall be fully responsible for all such risks.
  - (d) All online quoted data and information provided by the Company or any other third party is for reference purpose only and the Company will not be liable for any inaccuracy thereof or any loss and damages whatsoever of the Client in reliance thereon.
  - (e) The Client confirms that it fully understands the operation of the Electronic Service and the Client agrees to review every Instruction before entering it. The Client further undertakes that all information supplied or to be supplied by it in connection with the Electronic Service were and would be true and correct. The Client shall indemnify the Company for any losses, damages, costs, expenses or claims which the Company may suffer arising from the Company's reliance on any of the information the Client has given through or in connection with the Electronic Service.
  - (f) The Company may, at its sole discretion, terminate the Electronic Service at any time without any prior notice or reason to the Client and the Company shall not be liable to the Client for any losses or damages which it may suffer as a result of the termination.
  - (g) The Client shall at all time maintain the required financial resources to be qualified for using the Electronic Service and shall maintain appropriate procedures to ensure that all relevant persons are both familiar with and comply with the rules of the market and have knowledge of and proficiency in the use of the order entry system of the Electronic Services in order to avoid any potential negative impact to market integrity.
  - (h) The Client acknowledges that all order status shall be updated upon receipt of the confirmation from the Company's counterbrokers (if applicable).
  - (i) The Client shall have proper contingency measures in place covering situations where error trades occur, trading halts, market closures and data recover. The contingency measures shall be established to the Company's satisfaction (if applicable).
- 1.4 If an Omnibus Account is opened by the Client, the Account shall be traded for and on behalf of its clients and the Client must be a registered / licensed stock broker / exempted dealer / bank in the territory where its clients were solicited and its registered license (if applicable) shall remain valid at all times when the Account remains valid and operative.
- 1.5 The Client and, as the case may be, its directors, officers, employees or agents shall keep confidential all access codes including passwords or otherwise for the operation of the Account and the use thereof and the Client shall be solely responsible for all Instructions placed and / or Transactions transacted at the Account through the use of such access codes.

- 1.6 The Client shall inform the Company of any change to the information given in the Account Form no later than 24 hours after such change has occurred.
- 1.7 The Company has the right to disclose the information in the Account Form or of the Account to (i) the Stock Exchange, the SFC, the Futures Exchange and any other regulatory bodies as may be requested or otherwise for compliance of the Governing Rules, or (ii) any member of the CFSG.
- 1.8 Upon request by the Company and / or regulatory bodies, the Client shall provide detailed information of the person or entity who is (a) effecting or originating the Instruction(s), (b) the beneficiary of the Account, (c) the beneficiary of any asset under the Account, within two Business Days, even after the termination of the Account.
- 1.9 The Client's statements or records sent to the Client by the Company shall, in the absence of manifest error reported by the Client to the Company within seven Business Days from the date of the record, be conclusive and binding on the Client.
- 1.10 The Company shall notify the Client in the event of material change to the operations of the Account and to the terms in the Terms & Conditions.
- 1.11 The Client warrants that the information supplied by or on behalf of the Client to the Company in connection with the opening of the Account, including the information contained in the Account Opening Information Form attached to the Terms and Conditions, is complete, true and correct and the Client agrees to indemnify the Company on demand for any losses, damages, costs, expenses or claims which the Company may suffer arising from the Company's reliance on any of the information the Client has given through any mean, including Electronic Service. Any contact details provided by the Client in the Account Form shall be deemed to be the authorized and valid communication channel between the Client and the Company.
- 1.12 The Client confirms that the Client has read and understood the terms and conditions, and agrees to be bound by them. The Client is invited to ask questions and the Client understands that he shall seek independent and professional advice if he is uncertain or do not understand any aspects of the Terms & Conditions.
- 1.13 All notices and communications to the Client may be effectively given by mailing the same by post addressed to the Client at any of the Client's business, residential or mailing addresses as it appears from time to time on the Company's records, or by delivering the same to the Client or to any such address, or by telex, facsimile, telephone or e-mail to any number or address notified to the Company from time to time for the purpose and shall be deemed to be received (a) on the second business day after such notice is mailed (in the case of post) and (b) when delivered (in the case of personal delivery), sent (in the case of telex) or communicated (in the case of telephone, facsimile transmission or e-mail), and that no such notice or communication needs to be signed on the Company's behalf. For the avoidance of doubt, if the Client shall fail to notify the Company of any change in addresses, the Company shall be entitled to send all notices and communications to the last known address of the Client.
- 1.14 Any Complaints or enquiries from Client could be directed to the Complaint Handling Officer by mailing the same by post addressed to the Company at 22/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong. The Company shall endeavour to resolve the issues internally with the Client, failing which the Client shall have the right to make complaints to the Financial Dispute Resolution Centre Ltd.

## **2. Laws and rules**

- 2.1 All Transactions under the Account shall be effected in accordance with all Governing Rules including rules and regulations of the Stock Exchange, the SFC, the Futures Exchange, the Clearing House and the laws of Hong Kong as amended from time to time. If a Transaction is executed outside Hong Kong, such Transaction may be subject to governance of governing bodies of other jurisdiction which may give the Client a markedly different level and type of protection for the Transaction otherwise afforded by the local rules.
- 2.2 Unless specified otherwise, all the Terms and Conditions shall be governed and construed by the laws of the Hong Kong Special Administrative Region.
- 2.3 The provision of services under this trading document is principally targeted for Hong Kong residents. Non-Hong Kong residents should ensure their legality and compliance under the laws and regulations of their relevant jurisdiction.

## **3. Transactions, charges, expenses and interest**



- 3.1 The Company acts as agent of the Client in effecting the Instruction(s) unless the Company indicates in the contract notes or otherwise as the principal.
- 3.2 For any Instruction placed or Transaction transacted, the Client shall observe and comply with the Trading Limit. If the Trading is exceeded, the Company may decline such Instruction and / or shall have the right to do any act to close the open position of the Transaction in question. The Company shall not be liable for any losses or damages caused to the Client as a result.
- 3.3 The Client shall pay out of the Account or otherwise, within the time period notified by the Company, commission, premium and all applicable levies, stamp duties, bank charges, transfer fees, interest and other necessary expenses or charges in respect of the Account or any Instruction or any Transaction or otherwise arising therefrom. The Company may deduct all such from the Account or otherwise of the Client without any prior notice.
- 3.4 The Client shall pay interest accrued on all overdue balances standing debit to the Account up to the date of payment at such rates and on such terms as required by the Company from time to time.
- 3.5 If conversion of currency is required for the operation of the Account, the exchange rate(s) shall be determined by the Company in its sole discretion with reference to the prevailing rate(s) in the foreign exchange market.
- 3.6 The Company shall have the right to demand any initial and subsequent deposits in such currency for such Transaction(s) at its sole discretion and to debit or credit any amount in relation to such Transaction(s) in the currency in which the Account is denominated.
- 3.7 The Client shall authorize the Company to accept any Instruction in written, facsimile or verbal form or through Electronic Means as the original instruction or communication from the Client. However, the Company shall have the sole discretion to insist Instructions from Client to be given, sent, delivered or communicated to the Company in a particular manner to an address or location as notified by the Company from time to time on a case by case basis. The Client shall also fully indemnify the Company on demand against all losses of the Company arising from the Company's reliance on such Instruction(s) or communications.
- 3.8 The Client shall accept facsimile or any Electronic Means (if provided by the Client) as a communication medium with the Company for data transmission and documentation. Subsequent request on paper copies of such information or documents shall be subject to payment of a handling fee amount of which to be determined by the Company from time to time.
- 3.9 For all Transaction(s) or Instruction(s) placed, all confirmation, reply or otherwise communicated by the Company to the Client verbally or through facsimile or Electronic Means on the day of such execution or Instruction shall be deemed authorized, correct, ratified or otherwise unless the Client duly informs the Company to the contrary within the day in question.
- 3.10 The Company has the right to consolidate and / or disaggregate an Instruction to purchase and / or sell with other similar instruction(s) placed by other clients of the Company provided that the execution price of the Instructions would not be less favorable than that otherwise could have been achieved if the Instruction is executed individually and in the event of insufficient Securities or Commodities (as the case may be) available to satisfy the consolidated purchase or sale order, the number of Securities or Commodities (as the case may be) actually purchased or disposed of shall be given to each individual instruction in the order in which those orders are received by the Company.
- 3.11 The Company has the right to electronically monitor or record all Instructions placed through telephone, Electronic Means or otherwise.
- 3.12 The Client shall be liable for any taxes, charges, tax reporting and other responsibilities to relevant authorities of whatsoever jurisdiction to which the Client shall be subject in respect of placing any Instruction(s) and / or any activities under the Account. The Company has the right to dispose of any assets held in the Account for the settlement of such liabilities on demand by such third party without any prior notice.
- 3.13 The Company has the right to direct the Instruction(s) to other brokers for execution for whatsoever reasons.
- 3.14 The Company shall provide contract notes and statements to the Client in accordance with the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules. All trades transacted in the AH Session shall be reported as T+1 trades in contract notes, daily and monthly statements of account

accordingly.

- 3.15 The Client agrees that the Company may transfer any sum of the Client's money interchangeable between any of the segregated accounts maintained at any time by any member of CFSG and any segregated accounts maintained with counter-broker (whether in Hong Kong or overseas) upon or before any instructions have been given, for the purpose of satisfying margin requirement and/or settlement requirement (if applicable).
- 3.16 The Client agrees that the Company may keep the Client's money with overseas clearing firm(s) or broker(s) after trading to facilitate future trading or to transfer the Client's money interchangeably between the segregated account(s) opened and maintained by the Company in Hong Kong and the segregated account(s) opened and maintained by the Company with any overseas clearing firm(s) or broker(s) outside Hong Kong.
- 3.17 The Client agrees that the Company may convert the Client's money into any other currency(ies) upon or before any instructions have been given, for the purpose of satisfying margin requirement and/or settlement requirement (if applicable).
- 3.18 The Client acknowledges he/she is aware of the requirement of Client Large Position Limits and his/her duty in relation to Large Open Position reporting in excess of the reporting level. For detailed requirements, please refer to the information as set out by the Stock Exchange ([HKEX - Large Open Positions and Position Limits](#)) from time to time."

#### **4. Own judgment**

- 4.1 The Client shall make its own independent judgment and decision with respect to each Instruction. The Company shall be under no liability whatsoever in respect of any information or suggestion given by any of the directors, officers, employees or agents of the Company irrespective of whether or not such information or suggestion is given at the Client's request.

#### **5. Investment Suitability**

- 5.1 If the Company solicits the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document the Company may ask the Client to sign and no statement the Client may ask the Client to make derogates from this Clause.

Note: "Financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.

#### **6. Compensation fund**

- 6.1 If the Client suffers pecuniary loss by reason of the Company's default, the Client's valid claims may be covered under the compensation fund established under the relevant Governing Rules, but subject to such monetary limits and terms provided thereunder and accordingly there can be no assurance that any of such pecuniary loss will be recouped from the compensation fund in full or in part or at all.

#### **7. Rebates**

- 7.1 The Company has the right to solicit, accept and retain for its own benefit any rebates, brokerage, commission, fee, benefit, discount and/or other advantage from any Transaction effected by the Company. Quantification of the value of the rebates shall be specified in each daily statement provided to the Client. The Company may also offer at its discretion any benefit or advantage to any person in connection with such Transaction.

#### **8. Payment on demand**

- 8.1 The Client shall pay to the Company all or part of its indebtedness under the Account when due or on demand by the Company.

#### **9. Personal data protection**

- 9.1 The Client shall read, understand and accept the provisions set out in notes relating to personal data

protection set out in Part V.

- 9.2 The Company may also disclose the personal data of the Client to any party other than those set out in Part V provided always that the Company shall have served request to the Client and receives no objection thereto from the Client.

## **10. Set-off and combination of accounts with the CFSG**

- 10.1 The Company may at any time, subject to further agreements and / or conditions between the Client, the Company and such members of the Company, if any, combine or consolidate all or any accounts of whatever type maintained by the Client with the Company or any member of the CFSG, including the Account, or to transfer or to allow any members of the CFSG to transfer any funds or assets (including any Collateral) from the Account to set off the Obligations provided that the available funds and / or assets (including any Collateral) in the Account are not less than the amount to be transferred out of the Account.

## **11. Directorship, employees and accredited persons**

- 11.1 The Client shall promptly notify the Company if (i) it is a director or employee or accredited person of an exchange participant of the Stock Exchange or the Futures Exchange, or a licensed or registered person of the SFC, or is acting as an intermediary for the Account or is otherwise associated therewith, or (ii) it is associated with any employee or accredited persons of any member of the CFSG.

## **12. Disclaimer / Force majeure**

- 12.1 The Company shall not be liable to the Client in any way in respect of the failure of obligations of any third party, including but not limited to the failure of the Company's nominee or foreign brokers or agents, or the Company's foreign broker's and agent's nominee provided that the Company shall notify the Client of the occurrence of the event as soon as it is reasonably practicable. The Company reserves the right to terminate or suspend the Account of the Client pending resolution of the failure of the third party or while the event continues to be subject to a long-stop.
- 12.2 All communications from the Company to the Client through verbal, written or facsimile form, or Electronic Means or otherwise authorized under the Account (other than via postage) shall be deemed received by the Client at the time of the message being sent out and the Client shall be liable for any consequence arising from any failure of such transmission.
- 12.3 The Company shall not be liable for any losses or for any failure to carry out the Client's Instructions arising from or resulting directly or indirectly from any government restriction, war, strike, natural disaster or any other events or circumstances or factors which are beyond the Company's reasonable control.

## **13. Power of attorney**

- 13.1 The Company shall have full power as the true and lawful attorney of the Client, as agent or principal (as the case maybe), to take any action and execute any instrument to accomplish the purposes of the Account or any Instruction, including but not limited to converting Client's monies from one currency into another currency in anticipation of trading of global securities, futures contracts or for settling margin deficits or for converting any remaining balance back into the original currency.
- 13.2 Transfer of Client's money to overseas clearing firm or broker

To facilitate trading, the Company shall, in its absolute discretion, transfer whole or part of the Client's money received or held by the Company (the "Monies") to overseas clearing firm(s) or broker(s) at any time the Company shall deem appropriate and necessary, without giving any prior notice to the Client. In certain occasions, the Company may transfer the Monies to overseas clearing firm(s) or broker(s) before the Client has placed any trading instruction(s) or upon receiving the trading instruction(s) from the Client, for the purpose of trading or meeting the settlement or margin requirement (if applicable) for the Client's overseas transaction(s). This is to ensure that the Client will have the required fund to conduct trading at any time and to avoid any delay caused as a result of transfer of funds.

- 13.3 Safe-keeping of Client's money with overseas clearing firm or broker

Cash remains in the Client's account after trading may continue to be held with the overseas clearing firm(s) or broker(s) in order to facilitate future trading. The Company shall have absolute discretion to decide the

time and the amount to be transferred (if any). The Monies may be transferred interchangeably between the segregated account(s) opened and maintained by the Company in Hong Kong and the segregated account(s) opened and maintained by the Company with any overseas clearing firm(s) or broker(s) outside Hong Kong.

For overseas futures trading, it is necessary to enter into foreign exchange contracts for the funds to be converted into another currencies at market rate on or before the date when the fund is required, in order to facilitate the purchase or to meet the settlement or margin requirement (if applicable) of the overseas futures contracts. The timing of the conversion shall be at the Company's sole discretion.

The Client's assets and Monies received or held by the overseas clearing firm(s) or broker(s) outside Hong Kong are subject to applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571). Accordingly, the Client's assets may not be subject to the same protection conferred on the Clients' assets held in Hong Kong.

The relevant changes will not affect the Client's rights and trading. The above authority of the Company is without prejudice to the Client's right to mandate the Company to handle the Client's money in a particular way. In the absence of express instruction from the Client, the Company shall be entitled to follow the above approach accordingly.

#### **14. Standing Authority under Securities and Futures (Client Money) Rules**

This Authority covers money held or received by you in Hong Kong (including any interest derived from the holding of the money which does not belong to you) in one or more segregated account(s) on my/our behalf (the "Monies").

Unless otherwise defined or the context requires otherwise, all the terms used in this Authority shall have the same meanings as in the Securities and Futures Ordinance and the Securities and Futures (Client Money) Rules as amended from time to time.

This Authority authorizes you to, in your sole discretion and without having to provide me/us with any prior notice or to obtain any prior confirmation and/or direction from me/us, to:

- (a) combine or consolidate any or all segregated accounts of any name whatsoever and either individually or jointly with others, maintained by Celestial Securities Limited, and/or Celestial Commodities Limited and/or any company(ies) within the group of companies (as defined in the Companies Ordinance) to which you belong ("CFSG") for the purpose of satisfying my/our obligations or liabilities to any member of the CFSG, whether such obligations or liabilities are actual or contingent, primary or collateral, secured or unsecured or joint or several;
- (b) transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by any member of CFSG;

This Authority is given without prejudice to other authorities or rights which CFSG may have in relation to dealing in the Monies in the segregated accounts.

This Authority is valid for a period of 12 months from the date of this letter. I/We understand that this Authority shall be deemed to be renewed on a continuing basis for another year without my/our written consent if you issue to me/us a written reminder at least 14 days prior to the expiry date of this Authority, and I/we do not object to such deemed renewal before such expiry date. This Authority may be revoked by me/us at any time by serving you a written notice to that effect. Such revocation shall not take effect until 2 business days subsequent to the actual receipt by you of such written notice and shall not affect any transactions undertaken by you pursuant to this Authority prior to such revocation taking effect.

I/We hereby agree to indemnify, and to keep indemnified, you and any companies within CFSG from and against any losses, liabilities, damages, interests, costs, expenses, actions, demands, claims or proceedings of whatsoever nature which they (or any of them) may incur, suffer and/or sustain as a consequence of any transaction undertaken in pursuance to this Authority.

## **15. Event of Default**

- 15.1 Any of the following events shall constitute an Event of Default :-
- a) the Client's failure to provide sufficient funds or Collateral to the Company's satisfaction from time to time, for any Transaction or for the Account when due;
  - b) the death, insolvency or liquidation of the Client, the filing of a petition for bankruptcy or winding-up or the commencement of other analogous proceedings against the Client;
  - c) the levying of attachment against the Account;
  - d) the Client's default in the due performance or observance of any term of this Terms & Conditions;
  - e) in the Company's absolute opinion, the occurrence of an adverse change in the assets or financial condition of the Client or the value of the Collateral (if applicable);
  - f) the termination of the Account or the objection of the Client to the Company's alteration of (i) any term of the Terms & Conditions or (ii) the operation of the Account;
  - g) the Client's failure to meet any of the Obligations.
- 15.2 If an Event of Default occurs, the Company will (without prejudice to the Company's rights against or remedies from the Client) be entitled to :-
- (a) cancel all outstanding Instruction(s);
  - (b) cancel all commitments made by the Company;
  - (c) liquidate or cover all position(s) in the Account by all means;
  - (d) close the Account;
  - (e) appropriate or apply or realize or take possession of the credit balance or asset or Collateral (as the case may be) under the Account to offset and discharge any of the Obligations;
  - (f) charge default interest and / or handling fee as determined by the Company from time to time.

## **16. Indemnity**

- 16.1 The Client shall indemnify the Company, its officers, employees and agents on demand against any losses, costs, damages, claims, liability, expenses or demands that the Company may suffer arising out of any act or breach of the Client under the Account, including costs reasonably incurred in collecting debts from the Client, and in closing the Account.

## **17. Decline of order / Termination**

- 17.1 The Company has the absolute discretion to refuse to effect any Instruction when Event of Default occurs or the Client fails to meet any of its obligations or requirement hereunder. The Company also has the sole discretion to terminate the Account in accordance with this clause and shall not be obliged to give any reason for such termination.
- 17.2 The Account may be terminated by written notice given by the Company or the Client provided that the Account shall not be deemed terminated by the Client until the Company accepts the Client's written notice of termination. Such termination shall not prejudice the Company's rights against or remedies from the Client for any debit balance to the Account and the interest accrued and to be accrued thereto.
- 17.3 To the extent permitted by law, the Company may from time to time amend any term of the Terms & Conditions by notice to the Client. If the Client does not accept such amendment, it shall have the right to terminate the Account in accordance with this clause.

## **18. Assignability**

- 18.1 All the rights and interests of the Client under the Terms & Conditions may not be assigned by the Client.
- 18.2 All the rights and interests of the Company under the Terms & Conditions may be assigned by the Company

to any member of the CFSG by giving five Business Days prior written notice to the Client.

**19. General**

- 19.1 If any provision of the Terms & Conditions shall be held to be invalid or unenforceable by any court or regulatory body, such invalidity or unenforceability shall not affect the validity of the remaining provisions of the Terms & Conditions.
- 19.2 Words denoting singular shall include plural and vice versa.
- 19.3 Reference to one gender shall include all genders and words denoting a subject shall include a person, firm, sole proprietor, partnership, syndicate and corporation or vice versa.
- 19.4 If the Client consists of more than one party:
- (a) all such parties thereto shall be jointly and severally liable as the Client to the Account and the Company shall not be under any obligation to inquire into or to authenticate any Instruction placed or Transaction transacted under Clause 3 given or purportedly given by one party on behalf of the Client.
  - (b) references to the Client contained hereof shall be construed, as the context requires, to any or each of them;
  - (c) the Client agrees to be bound by instructions given by any one of them to the Company;
  - (d) unless otherwise instructed in writing by all parties of the Client, in the event of the death of any one of them, the entire interest of the deceased in the Account opened with the Company shall be vested in the survivor(s). The liability of the survivor(s) shall be on the same Terms & Conditions as set out herein. The personal representative of the deceased shall remain so liable in respect of any Obligations incurred before or existing at the death of the deceased in respect of the Account. The surviving Client shall give the Company written notice immediately upon any of them becoming aware of any such death.
- 19.5 When an Account Form to which the Terms & Conditions apply is signed by the Client, the terms of the Terms & Conditions shall supersede all previous agreements and arrangements (if any) made between the Company and the Client in relation to the Account.
- 19.6 In the event that there is any inconsistency between the English version and the Chinese version of the Terms & Conditions, the English version shall prevail.

## **PART III – TERMS APPLICABLE TO RESPECTIVE ACCOUNTS**

### **Schedule A – Terms for Cash Account / Margin Account**

#### **1. Introduction**

- 1.1. This schedule is supplemental to the Standard Terms for Cash Account / Margin Account.

#### **2. Transaction**

- 2.1 The Client shall inform CSL if an Instruction placed involves short-selling where execution of which shall be subject to the Trading Policy from time to time.
- 2.2 The Client shall inform CSL before it places an Instruction in Securities of a company to which it is a connected person (as defined in the Rules Governing the Listing of Securities on the Stock Exchange).

#### **3. Securities and security over Securities and other assets**

- 3.1 Securities under the Cash Account / Margin Account will be registered in the name of the Client or in the name of or deposited with CSL, CSL's nominees, CSL's banker or any other institution providing custodian facilities.
- 3.2 CSL will credit any dividends or other benefits arising from the Securities received on behalf of the Client to the Cash Account / Margin Account.
- 3.3 Unless specific authority in writing is obtained from the Client, CSL will not deposit, lend or part with the possession of the Securities for loans or advances to CSL.
- 3.4 CSL has the right to hold all Securities in the Cash Account / Margin Account as a continuing security for the payment and / or discharge of the obligations of the Client arising from any Transaction. CSL has further right to dispose of all or part of Securities or asset held under the Cash Account / Margin Account for the settlement of any of the Obligations.

#### **4. General**

- 4.1 CSL has the right to retain for itself all interests accrued on any amount in any trust account or any account established by CSL for the Cash Account / Margin Account unless the Client is notified by CSL to the contrary at such rate and on such terms as determined by CSL from time to time.

#### **5. Pilot Programme for Trading US Securities**

The information contained herein is provided as an investor service and to promote interest in the securities market. It is not intended under any circumstances that such information will constitute an invitation to the public to acquire, dispose of or subscribe for any securities under the Pilot Programme.

Investors should only consider participating in the Pilot Programme if they have sufficient means and resources to acquire and understand the relevant product and market information regarding the Programme.

##### **5.1 Introduction**

Under the Pilot Programme introduced in May 2000, a number of global securities listed on the National Association of Securities Dealers Automatic Quotations (Nasdaq) and the American Stock Exchange (AMEX) (currently part of the New York Stock Exchange Group, Inc. (NYSE Group)) have been admitted to be traded on the stock market of Hong Kong (HK).

##### **5.2 Main Characteristics of Pilot Programme Securities**

- (a) Listed on Nasdaq or AMEX (currently NYSE);
- (b) May also include a number of exchange traded funds (ETFs);

- (c) Have no public offering in HK;
- (d) Not regulated as listings on the Stock Exchange's Main Board or on the Growth Enterprise Market (GEM);
- (e) Admitted into the Stock Exchange for trading only;
- (f) Trading of PP securities is regulated by HK law and Stock Exchange rules. In particular, the securities are subject to the market manipulation provisions of the Securities Ordinance;
- (g) In general, suspension and resumption of trading will follow that of the home market but the Hong Kong Securities and Futures Commission (SFC) and the Stock Exchange retain the right to suspend, halt trading and remove any security from trading;

### 5.3 Trading and Settlement Arrangement

- (a) **Trading currency:** PP securities are traded and settled either in HK dollars or in US dollars.
- (b) **Trading hours:** Refer to the latest trading hours.
- (c) **Stock codes:** Stock codes are beginning from 4331.
- (d) **Board lots:** Each board lot may range from 10 to 100 shares depending on the price of the securities at the time of admission to trading.
- (e) **Trading mechanism:** Trading will be carried out through the Stock Exchange's Automatic Order Matching and Execution System (AMS) under an order-driven and auto-matching mechanism. Designated market makers for PP securities may participate in AMS to provide two-way prices on the AMS order book.
- (f) **Trading spread:** Trading spread follows those of HK securities.
- (g) **Short selling:** PP securities are eligible for short selling with the tick rule.
- (h) **Settlement:** Settlement period is T+2 while the US settlement period is T+3. ITS may be applied to certain securities.
- (i) **CCASS rules:** All the latest Hong Kong Securities Clearing Company Limited (HKSCC) rules for clearing, settlement, custodian and nominee services apply to the PP securities.
- (j) **Trading by overseas investors:** Overseas investors should comply with the applicable regulatory restrictions in their country of domicile governing purchases or sale of overseas securities prior to trading the PP securities on the Stock Exchange.

### 5.4 Information Dissemination and Disclosure of Financial Information

- (a) Information / filings relating to the PP issuers may be obtained from multiple sources which may operate on a best endeavor basis.
- (b) Issuers' disclosure may be obtained from:-
  - (i) Issuers' websites, Nasdaq's website ([www.nasdaq.com](http://www.nasdaq.com)), Amex's website ([www.amex.com](http://www.amex.com)) (Note: Amex is currently part of NYSE Group and its website is [www.nyse.com](http://www.nyse.com)) and other third party websites;
  - (ii) EDGAR, the Electronic Data Gathering, Analysis and Retrieval system website ([www.sec.gov](http://www.sec.gov)), which contains all US issuers' filings to the US Securities and Exchange Commission. (Note: Similar to its US counterpart, the Stock Exchange is not in a position to verify the accuracy of the information disclosed; news reports and analysis reflect the views of its authors or commentators.)



- (iii) Investors who purchase PP securities on the Stock Exchange will receive issuers' documents from HKSCC via their brokers, or from HKSCC directly if they are Investor Participants when such documents are made available to HKSCC.
- (iv) Trading data of PP securities in HK:-
  - I. Market prices and turnover of the PP securities traded on the Stock Exchange can be accessed through brokers, newspapers and information service providers, which is similar to that of HK securities.
  - II. PP securities' US market data are available on the Nasdaq or Amex website (currently NYSE website).
  - III. PP securities' US market closing prices and turnovers are disseminated by the Stock Exchange to Exchange Participants and information vendors.

## 5.5 Share Registration and Other Services

- (a) Shareholders can transfer their securities in the US via brokers and HKSCC participants to HK for sale, and vice versa.
- (b) PP issuers do not have share registrar in HK and all PP securities in HK are held under HKSCC's account with the US Depository Trust Company (DTC). Owners of these PP securities in HK are not registered shareholders but have beneficial interest in the securities.
- (c) All owners of PP securities may request issuance of physical scrips, if available, indirectly through HKSCC. The issuance process normally takes much longer time than HK securities. HKSCC does not offer deposit service for PP securities and physical scrips of PP securities can only be deposited through brokers offering such services.
- (d) Beneficial owners of PP securities held under HKSCC participants can collect their dividends, if any, in either HK or US dollars, at their option. However, for dividend collection, HKSCC may require beneficial owners to declare whether they are US taxpayers, for reporting to the relevant US authorities.
- (e) As the Stock Exchange is not providing trading counters for warrants, rights or debt issues of PP securities, beneficial owners of these securities, if declared by the issuer, may transfer them to brokers or custodians who are DTC participants or sell or redeem them in the US market via HKSCC as part of its nominee service.

## **Schedule B – Terms for Margin Account Only**

### **1. Introduction**

- 1.1 This schedule is supplemental to the Standard Terms for Margin Account.

### **2. Standing Authority under Securities and Futures (Client Securities) Rules**

- 2.1 The Client authorizes CSL to do the following acts and things relating to the Margin Account on the Client's behalf and at the sole discretion of CSL:-
  - (a) to deposit into or transfer payment to and from the Margin Account whether to settle any outstanding payments to effect any set-off or for other purpose as CSL shall think fit;
  - (b) to draw on the Margin Account for any of its credit balance, including Collateral, for the settlement of any Obligations;
  - (c) to ask for and receive from the CFSG all information relating to the status of any Account maintained with the CFSG.

- 2.2 CSL shall have the right to do the following acts and things relating to the Margin Account at its sole discretion on the Client's behalf which, subject to the applicable law from time to time, shall be valid for a period of 12 months from the date of the signing of the Account Form:-
- (a) to withdraw or take possession of the Collateral and to pledge, charge, dispose of and realize all or part of the Collateral;
  - (b) to deposit any of its Collateral with an authorized financial institution or an intermediary licensed for dealing in securities as collateral for financial advancement provided to CSL;
  - (c) to transfer or lend any Collateral to any member of the CFSG on such terms and conditions as CSL may deem appropriate;

which right shall remain in full force and effect until the Client submit a written notice for not less than five Business Day(s) to CSL for its withdrawal thereof provided that such notice shall not be effective if there are any outstanding debt in the Margin Account. Additionally, Client's authority may be deemed to be renewed (i.e. without his written consent) if CSL issue the Client a reminder at least fourteen (14) days prior to the expiry of the authority, and the Client does not object to such deemed renewal before the expiry date of the then existing authority. If the right of CSL hereunder is revoked or is not renewed by the Client, CSL shall have the sole discretion to charge a higher margin interest rate to the Margin Account or cease to provide Securities Margin Financing to the Client.

### **3. Collateral**

- 3.1 The Client shall pay CSL and / or to deposit at all times sufficient Collateral as required by CSL from time to time for the procurement of the Margin Facility.
- 3.2 The Collateral must be free from any encumbrances other than that specified under the Margin Account which the Client is lawfully entitled to create security over in favor of CSL.
- 3.3 The Client may not, except with CSL's express written consent, create any form of encumbrance or security on or over any of the Collateral other than that specified under the Margin Account.
- 3.4 Collateral under the Margin Account will be registered in the name of or deposited with CSL, CSL's nominees, CSL's banker or any other institution providing custodian facilities or Securities Margin Financing.
- 3.5 CSL will credit any dividends or other benefits arising from the Collateral received on behalf of the Client to the Margin Account as Collateral.
- 3.6 CSL or its nominee may, at its sole discretion, exercise the voting rights attached to the Collateral and all powers given to trustees by sections 11(4) and (5) of the Trustee Ordinance of Hong Kong.
- 3.7 Upon any release of any part of the Collateral by CSL to the Client, it shall be sufficient if CSL releases to the Client the same class and relevant nominal amount of the Collateral (subject to any capital reorganization of the company to which the Collateral relates).
- 3.8 CSL has the right to hold all Collateral in the Margin Account as a continuing security for the payment and / or discharge of the obligations of the Client arising from any Instruction and / or Transaction. CSL has further right to dispose of all or part of Collateral or asset held under the Margin Account for the settlement of any of the Obligations.

### **4. Enforcement of Collateral**

- 4.1 CSL has the right without prior notice or consent from the Client, to dispose of or otherwise deal with any part of the Collateral at its absolute discretion when any amount in the Margin Account has become due and payable. In the event of any deficiency after the sale of the above Collateral, the Client shall make good and pay on demand to CSL such deficiency.
- 4.2 The proceeds of such enforcement shall be applied in the following order: (a) in payment of all costs,

charges, legal and other fees and expenses including stamp duty, commission and brokerage properly incurred in transferring or perfecting title of any part of the Collateral; (b) in payment of the interest for the time being accruing due; (c) towards the payment of the amount so due (other than the interest) under the Margin Account; (d) towards the payment of all or part of the amount due by the Client to any member(s) of the CFSG; and (e) the residue, if any, shall be paid to the Client or its order.

- 4.3 CSL may resort to other means of obtaining payment or securing performance as it thinks fit without affecting the security created herein.
- 4.4 CSL has the right to dispense with protest, notice of protest and notice of dishonor of any instruments associated with the Client's liabilities to CSL or the Collateral, whether upon inception, maturity, acceleration of maturity or otherwise, and any other notice and demand whatsoever, whether or not relating to such instruments.
- 4.5 Any forbearance or failure or delay by CSL in exercising any right in this clause shall not be deemed to be a waiver of such right and any single or partial exercise of any right hereunder shall not preclude the future exercise thereof.
- 4.6 The Client shall pay or reimburse CSL immediately upon demand all costs, charges and expenses incurred by CSL in connection with the enforcement of or the preservation of any of the rights of CSL under the Margin Account including but not limited to the legal fees and collection expenses incurred by CSL on a full indemnity basis.

## **5. Interest**

- 5.1 CSL may charge interest on the debit balance in the Margin Account on a daily basis at such rate permitted under the Money Lenders Ordinance.
- 5.2 CSL will notify the Client of any changes or amendments in respect of the arrangement of charge of interest set out in this clause. The arrangement set out shall be deemed to be accepted by the Client and shall be binding upon the Client until written objection is received from the Client.
- 5.3 CSL has the right to retain for itself all interests accrued on any amount in any trust account or any account established by CSL for the Margin Account unless the Client is notified by CSL to the contrary at such rate and terms as determined by CSL from time to time.

## **Schedule C – Terms for Commodities Account**

### **1. Introduction**

- 1.1 This schedule is supplemental to the Standard Terms for Commodities Account.
- 1.2 Celestial Commodities Limited is a Futures Commission Merchant. The registration number is CDC 000162.

### **2. Transactions**

- 2.1 In the case of any failure in delivering sufficient Commodities by the Client, CCL may borrow any Commodities necessary to make such delivery, and the Client shall indemnify and hold CCL harmless on demand against any losses or payment which CCL may sustain or be required to pay in relation thereof.
- 2.2 The Clearing House may do all things necessary to transfer any open positions held by CCL on behalf of the Client and any monies and assets standing to the credit of the Commodities Account with CCL to another exchange participant of the Futures Exchange in the event that the rights of CCL as an exchange participant are suspended or revoked.
- 2.3 CCL shall on request provide the Client with the contracts specifications of the products and the Trading Policy for the Client's reference.

- 2.4 All monies, approved debt securities and other asset received by CCL from the Client or from any other persons (including the Clearing House) for the Commodities Account will be held by CCL as trustee, segregated from its own assets. These assets so held by CCL shall not form part of its assets for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the business or assets of CCL.
- 2.5 CCL has the right to apply any monies or approved debt securities or approved securities or other asset which the Client may pay to or deposit with CCL in the manner specified in the Governing Rules and, in particular, CCL may apply such monies or approved debt securities or approved securities or other asset in or towards meeting the obligation of CCL to any party insofar as such obligation arise in connection with or incidental to futures / options business transacted on the behalf of the Client.
- 2.6 For the account maintained at the Clearing House by CCL on behalf of the Client, CCL is treated as the principal in relationship with the Clearing House and accordingly the account will not be impressed with any trust or other equitable interest in favour of the Client, any monies, approved debt securities, approved securities and other asset paid to or deposited with the Clearing House via CCL are thereby free from trust.
- 2.7 CCL is bound by the rules of the Futures Exchange which permit the Futures Exchange to take steps to limit the positions or require the closing out of contracts on behalf of the Client who in the opinion of the Futures Exchange are accumulating positions which are or may be capable of adversely affecting the fair and orderly operation of any market or markets as the case may be.
- 2.8 The Futures Exchange and the SFC may request CCL to disclose the name, beneficial identity and such other information concerning the Client and the Client shall, upon the request of CCL for the compliance thereof, provide the requested information to CCL.

### **3. Margin Requirement**

- 3.1 The Client shall maintain sufficient margin deposit at the Commodities Account as required by CCL at its sole discretion from time to time.
- 3.2 CCL has the right to require more margin or variation adjustment or interest rate cash adjustment than that required by the Futures Exchange and / or any relevant governing body. Pursuant to the Governing Rules, CCL may be required to report to the Futures Exchange and the SFC all related open positions thereof if any margin call or demand request is not duly met by the Client.

### **4. General**

- 4.1 Any provision under the Terms & Conditions and the Trading Policy will not operate to remove, exclude or restrict any rights of the Client or obligations of CCL under the Hong Kong law.
- 4.2 CCL has the right to retain for itself all interests accrued on any amount in any trust account or any account established by CCL for the Commodities Account unless the Client is notified by CCL to the contrary at such rate and on such terms as determined by CCL from time to time.

## **Schedule D – Terms for Cash Account opened under the Capital Investment Entrant Scheme**

### **1. Introduction**

- 1.1 This Schedule governs the Cash Account opened under the Scheme and is supplemental to the Standard Terms for Cash Account / Margin Account under Schedule A. Save and except Clause 1.1 hereunder, the terms of this Schedule are adopted from the Annex of the Rules for the Scheme.
- 1.2 The designated account of the Applicant / Entrant, opened with the Company and operated in accordance with the instruction of the Applicant / Entrant, shall only hold:

- (a) Specified Financial Assets;
  - (b) cash proceeds of sale or other realisation of Specified Financial Assets;
  - (c) cash transferred to the designated account by the Applicant / Entrant for investment in Specified Financial Assets; and
  - (d) cash representing cash dividends or interest accruing in the designated account.
- 1.3 All cash transferred to the designated account by the Applicant / Entrant and all cash proceeds of sale or other realisation of Specified Financial Assets shall be invested or re-invested in Specified Financial Assets in accordance with the Scheme Rules.
- 1.4 The Company shall notify the Director of Immigration (the "Director") in writing<sup>1</sup> within 7 working days of acquiring actual knowledge of any of the followings:-
- (a) the Applicant / Entrant has withdrawn any assets from the designated account (other than cash dividends or interest accruing in the designated account);
  - (b) any instruction from the Applicant / Entrant to withdraw any assets from the designated account (other than cash dividends or interest accruing in the designated account);
  - (c) the Applicant / Entrant has not re-invested the proceeds of sale or other realisation of Specified Financial Assets in further Specified Financial Assets within the following period (or such other period as may be provided by the Scheme Rules then in force):-
    - (i) no more than 14 days may elapse between the date of the contract for the sale of the asset being sold and the date of the contract for the purchase of the reinvestment asset;
    - (ii) in calculating the period mentioned in (i) above
      - I. "date of the contract" means the date on which the agreement (whether written or unwritten) comes into legal effect;
      - II. the first date referred to shall be excluded and the last date referred to shall be included;
      - III. if the first and / or last day of the period would otherwise be a Sunday, a public holiday, a gale warning day or a black rainstorm warning day, the first and / or last day shall instead be the next following working day and the period shall be extended accordingly;
  - (d) any instruction from the Applicant / Entrant to transfer the designated account or any assets in the designated account (other than cash dividends or interest accruing in the designated account) to any other financial intermediary or other person;
  - (e) (Except for any lien to secure payment or the Company's proper fees and expenses), the Applicant / Entrant has charged, assigned or created any interest in favour of a third party in any assets in the designated account (including cash dividends or interest accruing therefrom, if any, provided that these are still held in the designated account);
  - (f) the Applicant / Entrant has ceased to be the sole beneficial owner of all assets in the designated account (other than cash dividends or interest accruing in the designated account); and
  - (g) any instruction by the Applicant / Entrant to close the designated account.
- 1.5 Within 14 Working Days after the first anniversary of the grant of Formal Approval to the Applicant / Entrant to join the Scheme, and within 14 Working Days after each subsequent anniversary if the Company still operates the designated account at such anniversary, the Company shall:-
- (a) notify the Director in writing of the composition of the designated account at the relevant anniversary and the acquisition cost (exclusive of all dealing charges, commission and stamp duty) of the Specified Financial Assets held in the designated account at that date; and

- (b) confirm in writing to the Director that to the best of the Company's knowledge the Company has complied fully with the reporting obligations set out above in respect of the 12 month period immediately before the relevant anniversary, or notify the Director in writing of all matters which should have been reported in respect of that period.
- 1.6 The Company shall promptly answer all queries addressed to it by the Director concerning the designated account and supply such documents (whether copies or originals) concerning the designated account as the Director requests. The Applicant / Entrant irrevocably authorizes the Company to answer all such questions and provide such documents.
- 1.7 The Company shall, within 7 Working Days from the day it is made, supply to the Director<sup>2</sup> a copy of the contract between the Applicant / Entrant and the Company and shall, within 7 working days after every amendment or variation, supply a copy of such amendment or variation to such contract (but subject to the provisions of paragraph 1.9 below).
- 1.8 These provisions set out at paragraphs 1.2 to 1.9 shall prevail over any other provisions in the contract between the Applicant / Entrant and the Company in the event of any conflict or inconsistency between them.
- 1.9 The above provisions shall not be altered without the written consent of the Director.
- 1.10 Notwithstanding anything herein above contained, the Applicant / Entrant acknowledges and represents that the Company shall not be responsible for any losses and damages caused to the Applicant / Entrant due to any submission, late-submission and / or non-submission of notification or documents by the Company to the Director whatsoever circumstances.

#### **Schedule E - Terms for Stock Options Account**

##### **1. Introduction**

- 1.1 This schedule is supplemental to the Standard Terms for Stock Options Account.
- 1.2 In this schedule, words and expressions defined in the Options Trading Rules and the Clearing Rules (as defined in the Option Trading Rules of the Stock Exchange) have the same meanings when used herein.
- 1.3 Celestial Securities Limited is an Options Trading Exchange Participant.

##### **2. The Account**

- 2.1 The Client hereby authorises the Company to conduct a credit enquiry or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client and to pass any information about the Client and the Client's Exchange Traded Options Business to any other member of the CFSG.
- 2.2 The Client confirms that:
- (a) the Stock Options Account is operated solely for the Client's account and benefit, and not for the benefit of any other person; or
- (b) the Client has disclosed to the Company in writing the name of the person(s) for whose benefit the Stock Options Account is being operated; or
- (c) the Client has requested the Company to operate the Stock Options Account as an Omnibus Account, and will immediately notify the Company, on request, of the identity of any person(s) ultimately beneficially interested in Client Contracts.
- 2.3 The Company will keep information relating to the Client's Stock Options Account confidential, but may provide any such information to SFC, the Stock Exchange and Hong Kong Exchanges and Clearing Limited to comply with their requirements or requests for information.

- 2.4 The Client hereby further expressly agrees that the Company may, if requested by any member of the CFSG which the Client has an outstanding account, provides the name of the Client and details of all of the SEHK Options Clearing House Limited ("SEOCH") Collateral and all securities held by the Company for and on behalf of the Client.
- 2.5 (a) The Client shall not be employed by any other Options Member of the Exchange, and no employee of any other Options Member will have a beneficial interest in the Account; and either the Client agrees that if the Client is or become associated with any employee or agent of any Options Member / of the Stock Exchange, the Client shall promptly notify the Company of the existence and nature of such association and the Company may upon receipt of such notice, at the Company's absolute discretion, choose to terminate the Client's Account.
- (b) The Client shall not be a connected person (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) of the Company for the purchase or writing of or otherwise deal in the options in respect of the Company's securities unless the Client specifically notifies the Company to the contrary prior to the placing of such orders or Instructions.
- 2.6 The Client hereby authorizes the Company, upon received the Client's instruction given in accordance with the procedures as determined by the CFSG from time to time, to submit a claim with the SEHK Options Clearing House Ltd ("SEOCH") in respect of the Client open positions to the effect that SEOCH will circulate and collect margin in respect of such position on a portfolio basis.

### **3. Laws and Rules**

- 3.1 All Exchange Traded Options Business between the Client and the Company shall be effected in accordance with all laws, rules and regulatory directions ("Rules") applying to the Company which includes the Option Trading Rules of the Stock Exchange, the Clearing Rules of the SEOCH and the Rules of the Hong Kong Securities Clearing Company Limited ("HKSCC"). In particular, SEOCH has authority under the Rules to make adjustments to the terms of Contracts, and the Company shall notify the Client of any such adjustments which affect Client Contracts to which the Client is a party. All actions taken by the Company, by the Stock Exchange, by the SEOCH or by the HKSCC in accordance with such Rules shall be binding on the Client.
- 3.2 The Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between the Client and the Company, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.

### **4. Margin Requirement**

- 4.1 The Client agrees to provide the Company with cash and / or securities and / or other assets ("Margin") as may be agreed from time to time, as security for the Client's obligations to the Company under these Terms & Conditions. Such Margin shall be paid or delivered as demanded by the Company from time to time. The amounts required by way of Margin shall not be less than, but may exceed, the amounts as may be required by the Rules in respect of the Client's open positions and delivery obligations, and further Margin may be required to reflect changes in market value.
- 4.2 If the Company accepts securities by way of Margin, the Client will on request provide the Company with such authority as the Company may require under the Rules to authorise the Company to deliver such securities, directly or through another Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from the Client's instructions to the Company. The Company does not have any further authority from the Client to borrow or lend the Client's securities or otherwise part with possession (except to the Client or on the Client's instructions) or any of the Client's securities for any other purpose.

### **5. Client Default**

- 5.1 If the Client fails to fulfill any of the client's obligations and / or to meet the client's liabilities under these Terms and Conditions, including failure to provide Margin, without prejudice to any other rights the Company may have, the Company shall have the right, and the Client hereby authorises the Company:-
- (a) to decline to accept further instructions from the Client in respect of Exchange Traded Options Business;

- (b) to Close Out some or all of the Client's Client Contracts to which the Client is a party with the Company;
- (c) to enter into any Options Contracts for the purpose of hedging risks to which the Company are exposed to as a result of the Client's default; to make, on an exchange or otherwise, any contract for the sale, purchase or other acquisition or disposal of any securities, futures contracts or commodities for the purpose to discharge the obligations, or to hedge the risks to which the Company are exposed to, in relation to the Client's default;
- (d) to dispose of any or all of the Margin (other than cash) held for or on behalf of the Client and apply the proceeds thereof, plus any cash Margin held for or on behalf of the Client, to settle all outstanding balances of the Client owing to any member of the Company; and to dispose of any or all securities held for or on behalf of the Client in order to discharge any obligations and liabilities of the Client due to any member of the Company and to exercise any rights of set-off the Company may have in relation to the Client, and any remaining proceeds after the discharge of all the Client's liabilities to the Company should be returned to the Client.

5.2 If the Account is terminated, the Company shall have the right, at its absolute discretion, to take any action referred to in paragraph 5.1 above (as appropriate).

## **6. Contracts**

6.1 The Company may, at its absolute discretion, refuse to carry out any Instruction of the Client in respect of Exchange Traded Options Business or place limits on the position that may be held or exercised by the Client. In addition, the Client understands that subject to the Options Trading Rules and the Clearing Rules, the Company may be required to close or give-up Client Contracts as shall result in the Company complying with position limits prescribed by the Stock Exchange, or where the Company are in default, the default procedures of the Stock Exchange, and that the result of such could be the closing or give-up of one or more Client Contracts to which the Client is a party.

6.2 The Company may place limits on the open positions or delivery obligations that the Client may have at any time. The Client acknowledges that:

- (a) the Company may be required to Close Out Client Contracts to comply with position limits imposed by the Stock Exchange; and
- (b) if the Company goes into default, the default procedures of the Stock Exchange may result in Client Contracts being closed out, or replaced by Client Contracts between the Client and another Options Exchange Participant.

6.3 On exercise of a Client Contract by or against the Client, the Client will perform the Client's delivery obligations under the relevant contract, in accordance with the Standard Contract and as the Client has been notified by the Company.

6.4 At the Client's request, the Company may agree to the Client Contracts between the Company and the Client being replaced, in accordance with the Rules, by the Client Contracts between the Client and another Options Exchange Participant.

6.5 On the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time.

6.6 The Client may instruct the Company to override an "automatically generated exercise instruction" referred to in paragraph 6.5 above before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH.

6.7 In respect of all contracts effected on the client's instructions, the client will pay the Company, Premium, the commission and any other charges, and applicable levies imposed by Stock Exchange, as have been notified to the client: and the company may deduct such Premium, commission, charges and levies from the



option account.

- 6.8 The Client shall pay all the Client's indebtedness to the Company on demand or earlier when due and the Client agrees to pay interest on all overdue balances owing by the Client to the Company on demand or earlier when due (after as well as before any judgment), at such rate(s) as from time to time determined by the Company which shall not exceed a maximum rate notified by the Company from time to time.

**7. Authorization to deal with Client's Account with the CFSG**

- 7.1 The Company may, at any time without notice to the Client, combine or consolidate all or any of such Accounts as are for the time being opened and maintained by the Client with the Company or any other member of the CFSG including the Client's Account, for use in connection with the Exchange Traded Options Business, and the Company is hereby irrevocably authorized by the Client (without prejudice to the other authorities granted to the Company):-

- (a) to instruct any member of the CFSG and any bank, deposit-taking company or other person, firm or company with whom or which the Client may at any time maintain an account (a "**Deposit Holder**") to transfer on the Client's behalf any funds standing from time to time in any account maintained at any time by the Client with such member of the CFSG or Deposit Holder to any of the Client's Accounts with the Company or to any account maintained at any time by the Client with any other member of the CFSG;
- (b) to transfer any funds standing from time to time in any Account(s) maintained by the Client with the Company to any account maintained at any time by the Client with any other member of the CFSG;
- (c) to set-off or transfer any sum standing to the credit of any one or more such accounts maintained by the Client with any member of the CFSG and / or a Deposit Holder wherever suitable in or towards satisfaction of any of the Client's indebtedness, obligation or liability to the Company on any of the accounts or in any other respect whatsoever, whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint, secured or unsecured; and
- (d) to give any other member of the CFSG and any Deposit Holder notice of such authority,

and when such combination, consolidation, set-off or transfer requires the conversion of the currency into another, such conversion shall be calculated at such rate of exchange as conclusively determined by the Company prevailing in such foreign exchange market as the Company may, at the Company's absolute discretion, select on or about the date of the combination, consolidation, set-off or transfer. In respect of any payments by the Company to offset and discharge any of the Client's obligations to any other member of the CFSG, the Company shall not be concerned whether or not such obligations exist, provided that demand has been made on the Company by such member of the CFSG.

- 7.2 The Client may also appoint the Company as agent to pass on the Client's instructions to any other member of the CFSG to transfer, subject to the terms of the agreement between the Client and such member of the CFSG, available funds and / or Securities in the Client's account held with such member of the CFSG to the Client's accounts held with other member of the CFSG. The Client shall effect such appointment by notice to the Company in writing via mail, facsimile or in person (together with Client's signature).

- 7.3 The Client authorizes CSL to do the following acts and things relating to the Stock Options Account on the Client's behalf and at the sole discretion of CSL:-

- (a) The Client hereby authorizes the Company for a period of twelve months from the date of the account opening, in relation to all securities purchased or held for or on the Client's behalf, to deliver such securities as SEOCH Collateral in respect of Exchange Traded Options Business without prior notice to the Client.
- (b) The Client understands that such securities shall be subject to the liens of third parties and return of such securities to the Client may be subject to satisfaction of such liens.
- (c) Such delivery of securities is to be in accordance with the Options Trading Rules.

(d) The Company remains responsible to the Client for the securities delivered under this authorization.

## **8. Interest**

8.1 The Client authorizes the Company, at any time and at its absolute discretion, to withhold, withdraw, pay to it and retain for its own use and benefit absolutely, any and all sums or amounts at any time and from time to time earned, accrued, paid, credited or otherwise derived by way of interest or premium from the retention at any time and from time to time of (i) any amount in any trust account established by the Company under section 4 of the Securities and Futures (Client Money) Rules; and (ii) any amount at any time paid to or received or held by the Company or any of the Company's nominees, agents, representatives or bankers for the Client's Account in any other circumstances for any purpose or pursuant to any Transaction(s). The Client acknowledges that the Company shall notify the Client of any changes or amendments in respect of the foregoing arrangement. The Client shall notify the Company in writing within 4 Working Days from the date of the Client's deemed receipt of the notice if the Client does not agree or accept any of the proposed changes or amendments or policies setting out the basis upon which interest may be paid to or collected from the Client as set out in the Company's above mentioned notice. At the expiry of that period, the arrangement set out in the Company's notice shall be deemed to be agreed / accepted by the Client and shall be binding upon the Client.

## **9. Adjustment**

9.1 The Client acknowledges that where there is a change in the capital structure or composition of the issuer of the underlying security of an option class, or in other exceptional circumstances, SEOCH may make such adjustments to the terms and conditions of that option class as are, in its opinion, necessary or desirable to ensure that all parties to Contracts comprised in open positions in that option class are treated fairly. The Client agrees that all such adjustments shall be binding on the Client.

## **10. Cash Held for the Client**

10.1 Any cash held for the Client, other than cash received by the Company in respect of the Transactions and which is on-paid for settlement purposes or to the Client, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.

## **11. Client Identity Rules**

11.1 Without affecting any other provisions of these Terms and Conditions, in connection with any lawful request for information made to the Company by any regulator in Hong Kong including but not limited to the SFC and the Stock Exchange (the "Regulators") in respect of any transaction relating to the Account:-

- (a) the Client shall, within 2 Business Days, upon the Company's request, provide the Regulators with such information as may be required by it including but not limited to the identity, address, occupation, contact details and other identification particulars of (i) the party on whose account the transaction was effected (so far as known to the Client); (ii) the person who has the ultimate beneficial interest in the transaction; and (iii) any third party who originated the Transaction;
- (b) if the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall within 2 Business Days, upon the Company's request, inform the Regulators of the identity, address and contact details of the scheme, account or trust and, if applicable, the identity, address occupation and contact details of the person, who, on behalf of the scheme, account or trust, instructed the Client to effect the Transaction.

The Client shall inform the Company within 24 hours after the Client's discretion to invest on behalf of any scheme, trust or account has been overridden. In such event, the Client shall also inform the Regulators within 2 Business Days, upon the Company's request, of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the Transaction; and

- (c) if the Client is aware that the Client's client is acting as intermediary for its underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client for

whom the transaction was effected, the Client confirms that:

- (i) the Client has arrangements in place with the Client's client which entitle the Client to obtain the information set out in paragraphs (a) and / or (b) above from the Client's client immediately upon request or procure that it be so obtained; and
- (ii) the Client shall, upon the Company request in relation to a Transaction under the Account, promptly request the information set out in paragraphs (a) and / or (b) above from the Client's client on whose instructions the transaction was effected such that the information is provide to the regulators within 2 Business Days from the date of the request.

11.2 Without affecting any other provisions of these Terms and Conditions, in respect of any transaction relating to the Account, the Client shall, within 2 Business Days, upon request by the Regulators, directly provide the Regulators with such information as may be required by it including but not limited to the identity, address, occupation, contact details and other identification particulars of (i) the party on whose account the Transaction was effected (so far as known to the Clients); (ii) the person who has the ultimate beneficial interest in the Transaction; and (iii) any third party who originated the Transaction.

11.3 The Client confirms that neither the Client or its client is subject to any law which prohibits the performance by the Client of paragraph 11.1 or 11.2 above or, if the Client or its client is subject to such law, that the Client or its client, as the case may be, have waived the benefit of such law or consent in writing to the performance by the Client of these paragraphs.

## **12. General**

12.1 The Client acknowledges that although all Options Contracts are to be executed on the Stock Exchange, the Client and the Company shall contract as principals under Client Contracts.

12.2 The Company agrees to provide the Client, upon request, with the product specifications for Options Contracts.

12.3 The Company's failure to insist at any time on strict compliance with any of the Terms and Conditions or any continued course of such conduct on the Company's part shall in no event constitute or be considered as a waiver by the Company of any of its powers, rights, remedies or privileges.

## **PART IV – RESPECTIVE RISK DISCLOSURE STATEMENTS**

### **Schedule A – Risk Disclosure Statement for Securities for Cash Account / Margin Account**

1. 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. In addition to the normal risks associated with equity investing, international investments may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations.
2. There are risks in leaving securities in the Company's custody or the custody of the Company's nominee or agent or in authorizing the Company to deposit securities as collateral for loans or advances made to the Company or authorizing the Company to borrow or loan securities. Any securities placed with the Company's nominee or foreign brokers or agents, or the Company's foreign brokers' and agents' nominee are at Client's own risk.
3. The Securities under the Pilot Program are aimed at sophisticated investors. The Client should consult CSL and become familiarised with the Pilot Program before trading in the Securities under the Pilot Program. The Client should be aware that the Securities under the Pilot Program are not regulated as a primary or secondary listing on the main board of the Stock Exchange or the GEM.
4. Investors trading with assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Exchange rate fluctuations can change rapidly due to a variety of economic and political events and can adversely affect the asset value. Any profit or loss arising as a result of exchange rate fluctuations will be entirely for the Account and at the Client's risk.

### **Schedule B – Risk Disclosure Statement for GEM Securities for Cash Account / Margin Account**

1. GEM Securities 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 Securities may be very volatile and illiquid.
2. The Client should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.
3. Current information on GEM Securities may only be found on the Internet website operated by the Stock Exchange. Companies listed on GEM are usually not required to issue paid announcements in gazetted newspapers.
4. The Client should seek independent professional advice if it is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM Securities.

### **Schedule C – Risk Disclosure Statement for Margin Account**

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

financial position and investment objectives.

1. There is risk if the Client provides CSL with an authority that allows it to apply the Client's securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge the Client's securities collateral for financial accommodation or deposit the Client's securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.
2. If the Client's securities or securities collateral are received or held by CSL in Hong Kong, the above arrangement is allowed only if the Client consents in writing. Moreover, unless the Client is a professional investor, the Client's authority must specify the period for which it is current and be limited to not more than 12 months. If the Client is a professional investor, these restrictions do not apply.
3. Additionally, the Client's authority may be deemed to be renewed (i.e. without the Client's written consent) if CSL issues the Client a reminder at least 14 days prior to the expiry of the authority, and the Client do not object to such deemed renewal before the expiry date of the Client's then existing authority.
4. The Client is not required by any law to sign these authorities. But an authority may be required by CSL, for example, to facilitate margin lending to the Client or to allow the Client's securities or securities collateral to be lent to or deposited as collateral with third parties. CSL should explain to the Client the purposes for which one of these authorities is to be used.
5. If the Client signs one of these authorities and the Client's securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge over the Client's securities or securities collateral. Although CSL is responsible to the Client for securities or securities collateral lent or deposited under the Client's authority, a default by it could result in the loss of the Client's securities or securities collateral, which CSL is not in any way responsible for.
6. A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If the Client does not require margin facilities or does not wish the Client's securities or securities collateral to be lent or pledged, does not sign the above authorities and ask to open this type of cash account.

#### **Schedule D – Risk Disclosure Statement and Disclaimer for Commodities / Futures and Options Account**

1. Subject to the provision of SFO and any other applicable laws, rules and regulations, CCL may take the opposite position to the order of the Client in relation to any exchange traded futures contract and / or options contract, whether on its own account or for the account of its associated company or on behalf of its other clients, provided that such trade is executed competitively on or through the facilities of the Futures Exchange or any other relevant exchanges in accordance with any applicable rules and regulations.

#### **2. Risk Disclosure Statement for Futures and Options**

The risk of loss in trading futures contracts or options is substantial. In some circumstances, the Client may sustain losses in excess of its 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. The Client may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, the Client's position may be liquidated. The Client will remain liable for any resulting deficit in its account. The Client should therefore study and understand futures contracts and options before the Client trades and carefully considers whether such trading is suitable in the light of its own financial position and investment objectives. If the Client trades options it should inform itself of exercise and expiration procedures and its rights and obligations upon exercise or expiry.

The Risk Disclosure Statement stated herein does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, Client should undertake such Transaction(s) only if he / she understands the nature of the terms and conditions (and contractual relationships) into which he / she is entering and the extent of his / her exposure to risk. Trading in futures and options is not suitable for many

members of the public. Client should carefully consider whether trading is appropriate for him / her in light of his / her experience, objective, financial resources and other relevant circumstances.

### 3. Disclaimer

(a) For stock index futures and options

Hang Seng Indexes Company Limited ("HSIL") currently publishes, compiles and computes a number of stock indices and may publish, compile and compute such additional stock indices at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively "Hang Seng Indices"). The marks, names and processes of compilation and computation of the respective Hang Seng Indices are the exclusive property of and proprietary to HSDS. HSIL has granted to the Futures Exchange by way of licence the use of the Hang Seng Indices solely for the purposes of and in connection with the creation, marketing and trading of options contracts and futures contracts based on such indices respectively and may from time to time grant to the Futures Exchange corresponding use of any other Hang Seng Indices for the purposes of and in connection with options contracts and futures contracts based on such other Hang Seng Indices (collectively "Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indices and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Futures Exchange may at any time require that trading in and settlement of such of the Contracts as the Futures Exchange may designate be conducted by reference to an alternative index or alternative indices to be calculated. Neither the Futures Exchange nor HSDS nor HSIL warrants or represents or guarantees to any member of the Futures Exchange or any third party the accuracy or completeness of the Hang Seng Indices or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indices or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Futures Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indices or any of them for the purposes of and in connection with the Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indices or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the Futures Exchange or any third party dealing with the Contracts or any of them. No claims, actions or legal proceedings may be brought by any member of the Futures Exchange or any third party against the Futures Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any member of the Futures Exchange or any third party deals in the Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Futures Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any member of the Futures Exchange or any third party and HSIL and/or HSDS and must not be construed to have created such relationship.

(b) For Futures Exchange

Stock indices and other proprietary products upon which contracts traded on Futures Exchange may be based may from time to time be developed by the Futures Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Futures Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Futures Exchange ("Exchange Indices") are the property of the Futures Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Futures Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Futures Exchange without notice and the Futures Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Futures Exchange may designate be conducted by reference to an alternative index to be calculated. The Futures Exchange does not warrant or represent or guarantee to any member of the Futures Exchange or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind

whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Futures Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Futures Exchange or any other person or persons appointed by the Futures Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the Futures Exchange or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any member of the Futures Exchange or any third party against the Futures Exchange in connection with or arising out of matters referred to in this disclaimer. Any member of the Futures Exchange or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Futures Exchange in respect of such transactions.

#### **4. Additional Risk Disclosure for Futures and Options Trading**

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

##### **FUTURES**

###### **a) Effect of "Leverage" or "Gearing"**

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

###### **b) Risk-reducing orders or strategies**

The placing of certain orders (e.g. "stop-loss" orders, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

##### **OPTIONS**

###### **c) Variable degree of risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Client should calculate the extent to which the value of the options must increase for client's position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, client will suffer a total loss of client's investment which will consist of the option premium plus transaction costs. If client are contemplating purchasing deep-out-of-the-money

options, client should be aware that the chance of such options becoming profitable ordinarily is remote.

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

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

### **ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS**

d) Terms and conditions of contracts

Client should ask the firm with which client deal about the terms and conditions of the specific futures or options which client is trading and associated obligations (e.g. the circumstances under which client may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

e) Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and / or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or “circuit breakers”) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate / offset positions. If client has sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge “fair value”.

f) Deposited cash and property

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

g) Commission and other charges

Before client begin to trade, client should obtain a clear explanation of all commission, fees and other charges for which client will be liable. These charges will affect client’s net profit (if any) or increase client’s loss.

h) Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before client trade client should enquire about any rules relevant to client’s particular transactions. Client’s local regulatory authority will be unable to compel



the enforcement of the rules of regulatory authorities or markets in other jurisdictions where client's transactions have been effected. Client should ask the firm with which client deal for details about the types of redress available in both client's home jurisdiction and other relevant jurisdictions before client start to trade.

i) Currency risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in client's own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

j) Trading facilities

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

k) Electronic trading

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

l) Off-exchange transactions

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

## 5. Some additional risks with After-Hours Trading Session of HKFE

a) Liquidity risk

There may be lower liquidity in the after-hours trading session as compared to regular trading hours. In such event, investor's order may be left unfilled or partially filled.

b) Volatility risk

There may be greater volatility in the after-hours trading session as compared to regular trading hours. Greater volatility can lead to large profit and also lead to large loss or immediate financial losses. There is increased risk that investor's position will be forced to liquidated immediately, possibly causing losses that are unexpected. Therefore, investors must be prepared to bear the risk of loss.

c) Limited price movement

The maximum allowable movement in the price of futures contracts in the after-hours trading session shall be specified by the Futures Exchange from time to time. Investor may not be able to close or open position within the maximum allowable limit for stopping loss or taking profit respectively. In such event, investor's order may be left unfilled or partially filled.

## **Schedule E – Risk Disclosure Statement for Client Assets Received or Held Outside Hong Kong**

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

## **Schedule F – Risk Disclosure Statement for Stock Options Account**

The client acknowledges that due to the volatile nature of Securities markets, the purchase and writing of options over Securities involves a high degree of risk.

### **1. Warning to Option Holders**

The client understands that some Options may only be exercised on an expiry day (European-style exercise) and that other options may be exercised at any time before expiration (American-style exercise). The client understands that upon exercise, some Options require delivery and receipt of the underlying security and that other Options require a cash payment.

The client is aware that an Option is a wasting asset and there is a possibility that as an Option holder, the client may suffer the loss of the total premium paid for the Option. The client is aware that as an Option Holder, in order to realize a profit, it shall be necessary to either exercise the Option or close the long Option position in the market. Under some circumstances, it may be difficult to trade the Option due to lack of liquidity in the market. The client is also aware that the company has no obligation either to exercise a valuable Option in the absence of the client's instruction or to give to the client prior notice of the expiration date of the Option.

### **2. Warning to Option Writers**

As a writer of an option, the client may be required to pay additional margin at any time. The client is aware that as an Option writer, unlike an Option holder, the client may be liable for unlimited losses based on the rise or fall of the price of the underlying security and the client's gains are limited to the Option premium.

Additionally, writers of American-style call (put) Options may be required at any time before expiry to deliver (pay for) the underlying Securities to the full value of the strike price multiplied by the number of underlying Securities. The client recognizes that this obligation may be wholly disproportionate to the value of premium received at the time the Options were written and may be required at short notice.

## **Schedule G – Risk Disclosure Statement for using Electronic Service**

Electronic Means are, due to unpredictable traffic congestion and other reasons, an inherently unreliable medium of communication and that such unreliability is beyond the Company's control. As a result of such unreliability, there may be delays in the transmission and receipt of Instructions and other information and that this may result in delays in the execution of Instructions and / or the execution of Instructions at prices different from those prevailing at the time the Instructions are given.

## **Schedule H – Risk Disclosure Statement for Trade on / off an Exchange Derivative Products for Cash Account / Margin Account**

The following information is an extract from the HKEx website, a source that CSL believed to be reliable and accurate at the date indicated. CSL / HKEx do not guarantee its accuracy and accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions. Investor should refer to the full details, including the risk factors, of the relevant listing document or the prospectuses and other documents

issued by the issuers and consult their own legal, financial, tax, accounting and other professional advisors prior to making any decision.

## **1. Some Risks Associated with Exchange Traded Funds (ETFs)**

### **1.1 Market risk**

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

### **1.2 Tracking errors**

Tracking errors refer to the disparity in performance between an ETF and its underlying index / assets. 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 manager's replication strategy. (The common replication strategies include full replication / representative sampling and synthetic replication which are discussed in more detail below.)

### **1.3 Trading at discount or premium**

An ETF may be traded at a discount or premium to its Net Asset Value (NAV). This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.

### **1.4 Foreign exchange risk**

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

### **1.5 Liquidity risk**

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

### **1.6 Counterparty risk involved in ETFs with different replication strategies**

#### **(a) Full replication and representative sampling strategies**

An ETF using a full replication strategy generally aims to invest in all constituent stocks / assets in the same weightings as its benchmark. ETFs adopting a representative sampling strategy will invest in some, but not all of the relevant constituent stocks / assets. For ETFs that invest directly in the underlying assets rather than through synthetic instruments issued by third parties, counterparty risk tends to be less of concern.

#### **(b) Synthetic replication strategies**

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

##### **(i) Swap-based ETFs**

Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets. Swap-based ETFs are exposed to counterparty risk

of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

(ii) Derivative embedded ETFs

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

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.

It is important that investors understand and critically assess the implications arising due to different ETF structures and characteristics.

## **2. Some Risks Associated with Structured Products**

### **2.1 Issuer default risk**

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

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

### **2.2 Uncollateralised product risk**

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

### **2.3 Gearing risk**

Structured 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. Investors should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

### **2.4 Expiry considerations**

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

### **2.5 Extraordinary price movements**

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

### **2.6 Foreign exchange risk**

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

## 2.7 Liquidity risk

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

## 3. Some Additional Risks Involved in Trading Derivative Warrants

### 3.1 Time decay risk

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.

### 3.2 Volatility risk

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

## 4. Some Additional Risks Involved in Trading CBBCs

### 4.1 Mandatory call risk

Investors trading CBBCs should be aware of their intraday "knockout" or mandatory call feature. A CBBC will cease trading when the underlying asset value equals the mandatory call price / level as stated in the listing documents. Investors will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. Investors should also note that the residual value can be zero.

### 4.2 Funding costs

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

## **Schedule I – Some additional risks with Real Estate Investment Trust ("REITs")**

### 1. Investment risk

A REIT is an investment product. There is no guaranteed return of investment in a REIT and investor may suffer substantial losses of capital. Distributions received from a REIT may not be sufficient to recoup investment capital.

### 2. Market risk

Investments in real estate are subject to the risk of the general economic conditions. Any cyclical economic factors may cause fluctuations in occupancy and rental rates of the real estate held by a REIT. This will in turn adversely affect the income derived by a REIT from its real estate investment.

### 3. Concentration risk

Where a REIT relies on a single real estate to generate all of its revenue, any circumstance that adversely affects the operations or business of that single real estate, or its attractiveness to tenants, may adversely affect the revenue generated and the REIT will not have income from other real estate to mitigate any ensuing loss arising from such circumstance. A concentration of investment in a single real estate causes the REIT to be highly susceptible to relevant real estate market conditions.

#### 4. Interest rate risk

Fluctuations in interest rates may increase the interest costs incurred by a REIT in respect of its borrowings and may have an adverse effect on the level of activity in the property market. The financial position of the REIT and its ability to make distributions this may be adversely affected. Moreover, the trading price of the REIT units is likely to decline if there is an increase in interest rates.

#### 5. Distribution risk

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

### **Schedule J – Risk Disclosure Statement for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

The Risk Disclosure Statement for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is only an overview of some of the risks and does not purport to disclose all the risks and other significant aspects of trading in SSE Securities and/or SZSE Securities under Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. The Client should undertake its own research on the trading of SSE Securities and/or SZSE Securities under Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect before commencing any trading activities.

#### **1. Not protected by Investor Compensation Fund or the China Securities Investor Protection Fund in PRC (中國投資者保護基金)**

The Client should note that any Northbound trading under Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. 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 PRC brokers, they are not protected by the China Securities Investor Protection Fund in PRC.

#### **2. Differences in trading day and trading hours**

The Client should note that, due to differences in public holiday between Hong Kong and PRC or other reasons such as bad weather conditions, there may be differences in trading days and trading hours in the two markets. Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect will only operate on days when both Hong Kong and PRC markets are open for trading and when banks in both Hong Kong and PRC 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 trading in SSE Securities or SZSE Securities. The Client should take note of the days and the hours which Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect is/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 SSE Securities and/or SZSE Securities during the time when Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect is/are not trading.

#### **3. Restriction on day trading**

Unless SEHK otherwise determines, day (turnaround) trading is not permitted on the SSE and SZSE market. If the Client buys SSE Securities and/or SZSE Securities on T day, the Client may be able to sell the SSE Securities and/or SZSE Securities only on or after settlement has been completed (normally on T+1 day).

#### **4. Short selling**

In investing in SSE Securities and/or SZSE Securities via the Northbound trading, Hong Kong and overseas

investors are prohibited from naked short selling in SSE Securities and/or SZSE Securities. In selling SSE Securities and/or SZSE Securities via the Northbound trading, Hong Kong and overseas investors are not allowed to participate in any securities lending on the Mainland.

#### **5. Quotas used up**

When the respective aggregate quota balance for Northbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buying services may be resumed on the following trading day.

#### **6. Restrictions on selling imposed by front-end monitoring**

For Clients who keep their SSE Securities and/or SZSE Securities outside of CSL, if they want to sell certain SSE Securities and/or SZSE Securities they hold, they must transfer those SSE Securities and/or SZSE Securities to the accounts of CSL before the market opens on the day of selling (T day) or any cut-off time as specified by CSL in its sole discretion from time to time. If they fail to meet this deadline, they will not be able to sell those SSE Securities and/or SZSE Securities on T day.

#### **7. The recalling of eligible stocks and trading restrictions**

A stock may be recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect for various reasons, and in such event the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Client. The Client should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE, SZSE and SEHK.

#### **8. Transaction Costs**

Under Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, the Client will only be allowed to sell SSE Securities and/or SZSE Securities but restricted from further buying if: (i) the SSE Securities and/or SZSE Securities subsequently ceases to be a constituent stock of the relevant indices; (ii) the SSE Securities and/or SZSE Securities is/are subsequently under "risk alert"; and/or (iii) the corresponding H shares of the SSE Securities and/or SZSE Securities subsequently ceases to be traded on SEHK. The Client should also note that price fluctuation limit would be applicable to SSE Securities and/or SZSE Securities.

In addition to paying trading fees and stamp duties in connection with trading in SSE Securities and/or SZSE Securities, the Client carrying out Northbound trading via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which would be determined by the relevant authorities from time to time.

#### **9. Foreign shareholding restrictions**

The trading, acquisition, disposal and holding of securities under the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect are subject at all times to the applicable laws, including the foreign shareholding restrictions, which impose purchasing and holding limits. These limitations and restrictions may have the effect of restricting the Client's ability to purchase, subscribe for or hold any SSE Securities and/or SZSE Securities, or take up any entitlements in respect of SSE Securities and/or SZSE Securities, or requiring the Client to reduce its holdings in any of SSE Securities and/or SZSE Securities, whether generally or at a particular point of time, and whether by way of forced sale or otherwise, and notwithstanding that the Client's individual holding does not exceed such limitations or restrictions. As such, the Client may incur loss arising from such limitations, restrictions and/or forced sale.

## **10. Short swing profit rule**

Under PRC laws, rules and regulations, the "short swing profit rule" requires the Client to give up / return any profits made from purchases and sales in respect of Shanghai-Hong Kong Stock Connect Securities and/or Shenzhen-Hong Kong Stock Connect Securities of a particular PRC listed company if (a) the Client's shareholding in such PRC listed company exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. The Client (and the Client alone) must comply with the "short swing profit rule". CSL shall have no responsibility to alert the Client or otherwise assist the Client in complying with the "short swing profit rule".

## **11. Disclosure obligations**

The Client may be subject to PRC applicable laws in respect of disclosures of interest in SSE Securities and/or SZSE Securities, and may be restricted from acquiring or disposing of SSE Securities and/or SZSE Securities under the applicable laws. For example, in the event the Client's interest in SSE Securities and/or SZSE Securities crosses a stipulated threshold under the PRC applicable laws, the Client may be required to disclose its details and interest holding positions to PRC regulators, and may be restricted from further acquiring or disposing of, or from receiving proceeds or other returns from acquiring, holding or disposing of, such SSE Securities and/or SZSE Securities within a stipulated time frame or as prescribed by applicable laws from time to time. There is no guarantee that the Client may be exempt from the disclosure requirements and the relevant trading restrictions in respect of SSE Securities and/or SZSE Securities and the Client is solely responsible for compliance with such applicable laws. CSL is not obliged to determine, advise or assist the Client in any way in respect of the disclosure obligations or trading restrictions applicable to the Client under any applicable law.

## **12. SSE Securities, SZSE Securities and China Stock Connect Rules**

Clients must comply with SSE Rules, SZSE Rules and other applicable laws of PRC relating to Northbound trading. All Northbound trading must be conducted on SSE and/or SZSE. No over-the-counter (OTC) or manual trades are allowed. Clients need to accept the risks concerned in Northbound trading, including but not limited to prohibition of trading SSE Securities and/or SZSE Securities, being liable or responsible for breaching the SSE Listing Rules, SZSE Listing Rules, SSE Rules, SZSE Rules and other applicable laws and regulations.

CSL may not be able to send in Client's order cancellation requests in case of contingency such as when SEHK loses all its communication lines with SSE and/or SZSE. Clients should still bear the settlement obligations if the orders are matched and executed. CSL has the right to cancel client's orders in case of contingency such as hoisting of Typhoon No. 8 in Hong Kong. CSL may forward the Client's identity to SEHK which may on-forward to SSE and/or SZSE for surveillance and investigation purposes. If any of the SSE Rules, SZSE Rules, SSE Listing Rules, SZSE Listing Rules or any disclosure and other obligations contained therein is breached, any of SSE or SZSE has the power to carry out an investigation, and may, through SEHK, require CSL to provide relevant information and materials and to assist in its investigation. SEHK may upon request from SSE and/or SZSE, require CSL to reject orders from the Client. SSE and/or SZSE may request SEHK to require CSL to issue warning statements (verbally or in writing) to their Clients, and not to extend Northbound trading service to their Clients.

CSL, HKEx, SEHK, SEHK Subsidiary, SSE, SZSE, SSE Subsidiary, SZSE Subsidiary and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by Clients or any third parties arising from or in connection with Northbound trading or the CSC

## **13. Restriction on Mainland investors from Northbound trading under Stock Connect**

New Clients who are Mainland investors are restricted from buying SSE Securities and/or SZSE Securities via the Northbound trading. Only selling will be allowed.



For existing Mainland Clients who are registered to trade SSE Securities and/or SZSE Securities via the Northbound trading, they can still buy and sell SSE Securities and/or SZSE Securities via the Northbound trading until 23 July 2023 or any date specified by CSL.

#### **14. Assets held Overseas**

The Client's assets (including SSE Securities and/or SZSE Securities) received or held by CSL outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on the Client's assets received or held in Hong Kong.

#### **15. Currency Risk**

Northbound investments in the SSE Securities and/or SZSE Securities will be traded and settled in Renminbi. RMB may not be freely convertible and conversion may be subject to such exchange controls and restrictions that may be imposed from time to time. The Client's ability to remit or repatriate funds into the PRC or out of the PRC will be restricted by applicable laws. Should the conversion of RMB be subject to a daily limit, the Client may have to allow time for conversion of RMB from/to another currency of an amount exceeding the daily limit. There is no guarantee that the exchange rate of RMB will not depreciate.

If the Client holds a local currency other than RMB, the Client will be exposed to currency risk if the Client invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Client will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Client purchases it and when the Client redeems / sells it, the Client will still incur a loss when you convert the redemption / sale proceeds into local currency if RMB has depreciated.

#### **16. Taxation**

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

### **Schedule K – Risk Disclosure Statement for Mutual Fund**

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices or value of investment fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should read carefully and understand the relevant offering documents of the investment funds (including the fund details and full text of the risk factors stated therein) and risk disclosure statements of the relevant investment funds before making any investment decision. Investors should carefully consider whether an investment is suitable for them in view of their own investment objectives, investment experience, preferred investment tenor, financial situation, risk tolerance abilities, tax implications and other needs, etc., and should understand the nature, terms and risks of the investment products. Investors should obtain independent professional advice if they have concerns about their investment.

#### **1. Investment Risk/General Market Risk**

Fund is an investment. There is no guarantee of the repayment of principal. The instruments invested by the Fund may fall in value. The Fund invests in securities (eg. equities and bonds), and is exposed to various general trends and tendencies in the economic and political situations as well as securities markets and

investment sentiment, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in prices affecting the entire market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets. All these factors may adversely impact the net asset value of the Fund.

## **2. Company-specific Risk**

The Fund may invest in securities which may be affected by company-specific factors, such as the issuer's business situation. If a company-specific factor deteriorates, the price of the respective asset may drop significantly and for an extended period of time, possibly even without regard to an otherwise generally positive market trend. All these factors may adversely impact the net asset value of the Fund.

## **3. Creditworthiness Risk/Credit Rating Risk/Downgrading Risk**

The creditworthiness (ability to pay) of the issuer of an asset in particular of a debt security or money-market instrument held by a Fund may subsequently fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations. All these factors may adversely impact the net asset value of the Fund. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The interest-bearing securities held by the Fund may be downgraded and may fall in value. This will also lead to a fall in the net asset value of the Fund.

## **4. Interest Rate Risk**

To the extent that Fund invests in interest-bearing securities (eg. corporate bonds and government bonds), it is exposed to interest rate fluctuations. If market interest rates rise, the value of the interest-bearing assets held by the Fund may decline substantially. This applies to an even greater degree if Fund also holds interest-bearing securities with a longer time to maturity and a lower nominal interest rate. All these factors may adversely impact the net asset value of the Fund.

## **5. Default Risk**

The Fund is exposed to the credit and default risk of issuers of the debt securities that the Fund may invest in.

## **6. Currency Risk**

The Fund may hold assets denominated in foreign currencies other than its base currency and a class of shares of the Fund may be designated in a currency other than the base currency of the Fund. Accordingly, it is exposed to a currency risk if foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations. Any devaluation of the foreign currency against the base currency of the Fund would cause the value of the assets denominated in the foreign currency to fall.

## **7. RMB Risk**

The Fund may launch share classes denominated in offshore Chinese Renminbi. The Chinese Renminbi traded in Mainland China is not freely convertible and is subject to exchange controls, policies and restrictions imposed by the PRC authorities. Such policies may limit the depth of the Chinese Renminbi market available outside of Mainland China, and thereby may reduce the liquidity of the Fund. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. Furthermore although offshore Renminbi and onshore Renminbi are the same currency, they trade at different rates. Any divergence between offshore Renminbi and onshore Renminbi may adversely impact investors.

## **8. Specific Risks of Investing in High-Yield (Non-Investment Grade and Unrated) Investments and Convertible Bonds**

Investing in high-yield (non-investment grade and unrated) investments and convertible bonds are normally associated with higher volatility, greater risk of loss of principal and interest, increased creditworthiness and downgrading risk, default risk, interest rate risk, general market risk, and liquidity risk (for example, the asset cannot be sold or can only be sold at a significant discount to the purchase price), all of which may adversely impact the net asset value of the Fund. Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles

will be exposed to prepayment risk, equity movement and greater volatility than straight bond investments. The value of convertible bonds may be affected by the price movement of the underlying securities (i.e. equities), among other things. Convertible bonds may also have call provisions and other features which may give rise to the risk of a call. All these factors may adversely impact the net asset value of the Fund.

#### **9. Valuation Risk**

Valuation of the Fund assets may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Fund.

#### **10. Asset Allocation Risk**

The performance of the Fund is partially dependent on the success of the asset allocation strategy employed by the Fund. There is no assurance that the strategy employed by the Fund will be successful and therefore the investment objective of the Fund may not be achieved. The investments of the Fund may be periodically rebalanced and therefore the Fund may incur greater transaction costs than a Fund with static allocation strategy.

#### **11. Country and Region Risk**

If the Fund's investments focus in specific countries, which may increase the concentration risk. Consequently, the Fund is particularly susceptible to the adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events and risks of these countries, or of companies based and/or operating in these countries.

#### **12. Emerging Market Risk**

The Fund invests in emerging markets which involve increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, legal, economic, foreign exchange/control, liquidity, regulatory risks, settlement risks, custody risk and the likelihood of a high degree of volatility. The accounting, auditing and financial reporting standards may deviate substantially to the Fund's detriment. All these factors may adversely impact the net asset value of the Fund.

#### **13. Derivatives Risk**

The Fund may invest in derivatives (including certificates) which may expose the Fund to higher leverage, valuation, volatility, counterparty, liquidity, market and over the counter transaction risks, all of which may adversely impact the net asset value of the Fund. The leverage component of financial derivative instruments ("FDI") can result in a loss significantly greater than the amount invested in the FDI by the Fund. The Fund's use of FDI in efficient portfolio management (including for hedging) may become ineffective and/or cause the Fund to suffer significant losses.

#### **14. Risk related to Distribution out of Capital and Distribution effectively out of Capital**

The payment of distributions out of capital/distributions effectively out of capital represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. Any distributions involving payment of distributions out of the Fund's capital/distributions effectively out of the Fund's capital may result in an immediate decrease in the Net Asset Value per Share and may reduce the capital available for the Fund for future investment and capital growth. The distribution amount and NAV of any hedged share classes of the Fund may be adversely affected by differences in the interests rates of the reference currency of the hedged share classes and the base currency of the Fund, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

#### **15. Risks relating to securities lending transactions**

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

#### **16. Risks relating to repurchase agreements**

In the event of the failure of the counterparty with which collateral has been placed, the Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### **17. Risks relating to reverse repurchase agreements**

In the event of the failure of the counterparty with which cash has been placed, the Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realizing collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **Schedule L – Risk Disclosure Statement for Bond**

The price of bonds can and does fluctuate, sometimes dramatically. The price of a bond 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 of bonds. It is crucial to understand the specific forms and risks mentioned in the relevant offering documents (if applicable) before investing. Key risks include but are not limited to as stated on the next page:

#### **1. Credit Risk**

Investors assume credit risk of the Issuer and the Guarantor (if applicable). Any changes to the credit rating of them will affect the price and value of the bonds. Bonds are subject to the risk of the issuer defaulting on its obligations, i.e. An issuer fails to make principal and interest payments when due. The worst case such as bankruptcy of the Issuer/Guarantor will result in the loss of your entire investment. In addition, high-yield bonds are typically rated below investment grade or are unrated and such, are often subject to a higher risk of issuer default. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer.

#### **2. Liquidity Risk**

The bond may have limited liquidity and may not be actively traded and/or quoted by brokers in the market. As such,

- (i) The value of bond and/or indicative bid/offer price will depend on market liquidity and conditions and may not be available at all times;
- (ii) It may take a longer time or impossible to sell the bond to the market; and
- (iii) The executable sale price may be unfavourably different by large amounts from the indicative bid price quoted.

#### **3. Interest Rate Risk**

Bonds are more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise.

#### **4. Market Risk**

The value of investments may fluctuate due to changing political, legal, economic conditions and change in interest rate. This is common to all markets and asset classes. Investor may get back an amount substantially less than initially invested. In addition, high yield fixed income instruments will typically fall more in value than investment grade bonds during economic downturns; it is because (i) investors become more risk averse and (ii) default risk rises.

#### **5. Currency Risk**

For bonds denominated in a foreign currency, there may be an exchange loss when converting the redemption amount back to the local or base currency.

(For Product denominated in Renminbi (RMB) or with underlying assets that are denominated in RMB only):

Conversion between RMB and foreign currencies, including Hong Kong dollar, subject to PRC regulatory restrictions – RMB is currently not freely convertible and conversion of RMB through banks in Hong Kong is subject to certain restrictions such as daily conversion limit. The PRC government regulates conversion between RMB and foreign currency both in Hong Kong SAR and mainland China, which as a result may affect the liquidity.

Some bonds may contain special features and risks that warrant special attention. These include bonds:

**1. Risk associated with perpetual debentures**

Perpetual debenture does not have a maturity date, and the coupon payments pay-out depends on the viability of the issuer in the very long term, it may be deferred or even suspended subject to the terms and conditions of the issue. Furthermore perpetual debentures are often callable and/or subordinated, and bearer investment risk and/or subordinated bond risk, detailed below.

**2. Re-investment Risk of Callable Bond**

If the bond is callable in which the issuer may redeem the bond before maturity, it is subject to reinvestment risk. The yield received when re-investing the proceeds may be less favorable.

**3. Risk associated with subordinated debentures**

Holders of subordinated debentures will bear higher risks than holders of senior debentures of the issuer due to a lower priority of claim in event of the Issuer's liquidation. Subordinated debentures are unsecured and have lesser priority than that of an additional debt claim of the same asset. They usually have a lower credit rating than senior bonds. Investor's specific attention is drawn to the credit information of this product, including the respective credit rating of the Issuer, the debenture and/or the guarantor, as the case may be.

**4. Risk associated with variable coupon/ coupon deferral features**

If the bonds contain variable and/or deferral of interest payment terms and investors would face uncertainty over the amount and time of the interest payments to be received.

**5. Risk associated with extendable maturity date**

If the bonds contain extendable maturity dates terms and investors would not have a definite schedule of principal repayment.

**6. Risk associated with equity and bond investment**

That are convertible or exchangeable in nature and investors are subject to both equity and bond investment risk.

**7. Risk associated with contingent write down or loss absorption feature**

The bonds have contingent write down or loss absorption feature and the bonds may be written-off fully or partially or converted to common stock on the occurrence of a trigger event.

**Schedule M – Risk Disclosure Statement for Virtual Assets or Virtual Asset related products**

**1. Definitions and Interpretation**

1.1 In this Virtual Asset Products Risk Disclosure and Warning Statement, the following expressions, unless the context requires otherwise, shall have the following meanings:

"Airdrop" means the attempted distribution or distribution by a Virtual Asset Product network of any Virtual Asset Products to Virtual Asset Product addresses of a supported network;

"Confirmation" means a trade confirmation (or similar) relating to a Virtual Asset Transaction;

"Costs" includes costs, charges and expenses, including those in connection with networks or blockchains underlying a Virtual Asset Product and/or engagement of third-party service providers (on a full indemnity basis) such as legal advisers, trustees, or any agent, delegate, nominee or custodian appointed by us;

"Electronic Services" has the meaning given to it in the Terms and conditions;

"Exchange Traded Fund" ("ETF") means an open-ended collective investment scheme the shares or units of which are listed or traded on a recognised stock market;

"Fiat Currencies" means any asset that is (as reasonably determined by us):

(a) legal tender in a country or territory; and

(b) customarily used and accepted as a medium of exchange in its country or territory of issue;

"Fork" means changes in the operating rules of the underlying protocols of a Virtual Asset Product that may result in:

(a) more than one version of that Virtual Asset Product; and/or

(b) us holding an amount (which may be an identical amount) of Virtual Asset Products associated with each forked network,

in each case as determined by us;

"Terms and conditions" means our Terms and conditions, as may be amended or supplemented from time to time;

"Network Events" means any event (other than an Airdrop or Fork) in respect of the blockchain or the smart contract that underlies a Virtual Asset Product, which is beyond our control, and results in:

(a) loss of control or ownership by us or a third party of any amount of such Virtual Asset Product; or

(b) transaction records on the blockchain being altered, reversed or otherwise invalidated, whether by way of a fraudulent act or consensus, including any double spending attack, 51- percent attack, blockchain reorganisations, in each case, as determined by us;

"Virtual Asset Product" includes:

(a) digital representations of value which may be in the form of digital tokens (such as utility tokens, stablecoins or security-or asset-backed tokens) and any other virtual commodities, crypto assets and other assets of essentially the same nature, irrespective of whether or not they amount to "securities" or "futures contracts" as defined under the Securities and Futures Ordinance, but excludes digital representations of Fiat Currencies; and

(b) investment products which: (i) have a principal investment objective or strategy to invest in the assets described in sub-paragraph (a); (ii) derive their value principally from the value and characteristics of the assets described in sub-paragraph (a); or (iii) track or replicate the investment results or returns which closely match or correspond to the assets described in sub-paragraph (a),

in each case, as determined by us;

"Virtual Asset Instructions" means any instruction in relation to a Virtual Asset Transaction;

"Virtual Asset Services" means the services that we provide from time to time in relation to Virtual Asset Products;

"Virtual Asset Transaction" means a transaction for the acquisition or disposal of Virtual Asset Products by you that is initiated, negotiated and completed through the Virtual Asset Services; and

"We" or "us" has the same meaning given to it in the Terms and conditions.

1.2 References to "Virtual Asset Product" shall include both sub-paragraphs of the definition, unless the context requires otherwise. For example:

(a) where there is a reference to "derivative Virtual Asset Product", that reference shall be interpreted as the investment product referred to in sub-paragraph (b) of the definition; and

(b) where the reference is to an investment product's "underlying Virtual Asset Products", that reference shall be interpreted as the assets referred to in sub-paragraph (a) of the definition.

IMPORTANT: Trading in Virtual Asset Products and using the Virtual Asset Services involve risks, some of which are set out below. These risks, and additional risks arising either now or in the future, could result in the loss, failure or destruction of your assets, inability to receive any benefits available to you, other losses and termination of the Virtual Asset Services.

You must consider carefully whether the risks set out below, as well as all other applicable risks, are acceptable to you prior to any Virtual Asset Transaction.

You must seek professional advice regarding your particular situation before trading in Virtual Asset Products or using the Virtual Asset Services.

THE RISK OF LOSS IN TRANSACTIONS INVOLVING VIRTUAL ASSET PRODUCTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRANSACTIONS ARE SUITABLE FOR YOU IN LIGHT OF YOUR INVESTMENT OBJECTIVES, FINANCIAL CIRCUMSTANCES, YOUR TOLERANCE TO RISKS AND YOUR INVESTMENT EXPERIENCE. YOU SHOULD BE CAPABLE OF BEARING A FULL LOSS OF THE AMOUNTS INVESTED AS A RESULT OF OR IN CONNECTION WITH ANY VIRTUAL ASSET TRANSACTION AND ANY ADDITIONAL LOSS OVER AND ABOVE THE INITIAL AMOUNTS TRADED OR INVESTED THAT MAY BECOME DUE AND OWING BY YOU. IN CONSIDERING WHETHER TO TRADE OR INVEST, YOU SHOULD INFORM YOURSELF AND BE AWARE OF THE RISKS GENERALLY, AND IN PARTICULAR SHOULD NOTE THE FOLLOWING SPECIFIC RISK FACTORS WHICH MAY APPLY TO ANY GIVEN VIRTUAL ASSET TRANSACTION.

VIRTUAL ASSET PRODUCTS ARE GENERALLY AVAILABLE TO PROFESSIONAL INVESTORS ONLY. HOWEVER, THERE ARE A CERTAIN CLASS OF VIRTUAL ASSET PRODUCTS THAT ARE ALSO AVAILABLE TO RETAIL INVESTORS. GENERALLY SPEAKING, THESE MAY INCLUDE (I) VIRTUAL ASSET-RELATED DERIVATIVE PRODUCTS TRADED ON REGULATED EXCHANGES SPECIFIED BY THE SFC, AND (II) EXCHANGE-TRADED VIRTUAL ASSET DERIVATIVE FUNDS THAT ARE AUTHORISED OR APPROVED FOR OFFERING TO RETAIL INVESTORS BY THE RESPECTIVE REGULATOR IN A DESIGNATED JURISDICTION, WHERE (A) THE TRADING OF SUCH PRODUCTS IS GOVERNED BY CONVENTIONAL RULES, AND (B) PRICING TRANSPARENCY AND POTENTIAL MARKET MANIPULATION MAY BE LESS OF A CONCERN.

ANY PAST PERFORMANCE THAT IS PROVIDED IS NOT INDICATIVE OF FUTURE PERFORMANCE.

## **2. Transaction and Services Risks**

### **2.1 Risks of Virtual Asset Product trading**

The prices of Virtual Asset Products fluctuate, sometimes dramatically. The price of a Virtual Asset Product 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 Virtual Asset Products.

### **2.2 Nature of Virtual Asset Products**

Virtual Asset Products are not legal tender. They may not be backed by physical assets, nor backed or guaranteed by any government. As such, Virtual Asset Products are difficult to value, and they may not have intrinsic value at all. Some Virtual Asset Products may not circulate freely or widely, and may not be listed on any secondary markets.

Virtual Asset Products may or may not be considered as "property" under the law, and such legal uncertainty may affect the nature and enforceability of your interests in such Virtual Asset Product.

It might be difficult to verify ownership of Virtual Asset Products due to their decentralized nature. The absence of a central backing authority makes it difficult to establish clear ownership records, leading to complexities and potential disputes. Additionally, the pseudonymous nature of Virtual Asset Products transactions further complicates the process of verifying ownership.

Virtual Asset Products are generally a high-risk asset class. They may or may not be "securities" (as defined in the Securities and Futures Ordinance, Cap. 571). You should exercise caution in relation to the trading of Virtual Asset Products, and Virtual Asset Products themselves.

Transactions involving Virtual Asset Products are irrevocable. Lost or stolen Virtual Asset Products may be irretrievable. Once a transaction has been verified and recorded on a blockchain, lost or stolen Virtual Asset Products generally will not be reversible.

### **2.3 Reliance on distributed ledger technology**

Virtual Asset Products rely on various types of distributed ledger technology. Some of this technology is open-source software that is built upon experimental technology, namely blockchain. Risks arising from relying on such technology include the existence of technical flaws in the technology, targeting by malicious persons, majority-mining, consensus-based or other mining attacks, changes in the consensus protocol or algorithms, decreased community or miner support, rapid fluctuations in value of relevant Virtual Asset Products, the existence or development of competing networks, platforms and assets, flaws in the scripting language, disputes between developers, miners and/or users and regulatory action.

#### 2.4 Virtual Asset Products may be complex products

Virtual Asset Products are likely complex products by virtue of the fact that their terms, features and/or risks are not reasonably likely to be understood by a retail investor because of its complex structure, novelty and reliance on technological features. You should exercise caution in relation to any complex product.

#### 2.5 Volatility of Virtual Asset Products

The value of Virtual Asset Products may fluctuate significantly over a short period of time. The volatile and unpredictable fluctuations in price may result in significant losses over a short period of time.

Any Virtual Asset Product may decrease in value or lose all of its value due to various factors including discovery of wrongful conduct, market manipulation, change to the nature or properties of the Virtual Asset Product, governmental or regulatory activity, legislative changes, suspension or cessation of support for a Virtual Asset Products or other exchanges or service providers, public opinions, or other factors outside of our control. Technical advancements, as well as broader economic and political factors, may cause the value of Virtual Asset Products to change significantly over a short period of time.

#### 2.6 Market, liquidity and conversion risk

Where Virtual Asset Transactions are denominated in particular Virtual Asset Products or Fiat Currencies other than your primary reference asset, or where you convert Virtual Asset Products upon carrying out a Virtual Asset Transaction, there is a risk that if the exchange markets move against you, then upon maturity or any earlier dealing the net proceeds may be significantly less than the initial amount in your primary reference asset, and any income or gains may be entirely negated.

The value of a particular Virtual Asset Product may decline, or be completely and permanently lost should the market for that Virtual Asset Product disappear. There is no assurance that a market for a particular Virtual Asset Product will continue to do so in the future. This is because the value of a Virtual Asset Product may be derived, among other things, from the continued willingness of market participants to exchange that Virtual Asset Product.

There is the possibility for you to experience losses due to the inability to sell or convert assets into a preferred alternative asset immediately or in instances where conversion is possible but at a loss. Such liquidity risk in an asset may be caused by the absence of buyers, limited buy/sell activity or underdeveloped secondary markets. There is no assurance that a person who accepts a Virtual Asset Product as payment, will continue to do so in the future.

You may also suffer loss as a result of depreciation of the value of the currency paid as a result of foreign exchange controls imposed by the country issuing the foreign currency. Repayment or payment of amounts due to you may be delayed or prevented by exchange controls or other actions imposed by governmental or regulatory bodies over currencies which they control or regulate.

#### 2.7 No right under statutory protection schemes

You should be aware that:

2.7.1 Virtual Asset Transactions are not subject to a right to claim under the Investor Compensation Fund established under the SFO, unless the Virtual Asset Product is traded on the Hong Kong Exchanges and Clearing Limited; and

2.7.2 Virtual Asset Products and Fiat Currencies held in an Account are not protected deposits, and are not protected by the Deposit Protection Scheme in Hong Kong.

This means that Virtual Asset Transactions and Virtual Asset Products may have reduced level or type of protection compared to other products and asset classes afforded by the laws of Hong Kong.

#### 2.8 Commissions and fees



Before conducting any Virtual Asset Transaction, you should obtain details of all commissions, fees and Costs for which you will be liable. If any of the fees and Costs are not clear to you, you should request the fee and Costs that will be applicable in specific monetary terms before entering into a Virtual Asset Transaction. Depending on the Virtual Asset Services provided by us, such fees and Costs will be set out in the relevant Confirmation or otherwise recorded in your Account.

The commissions, fees and Costs you pay will vary depending on a variety of factors, including the nature of your relationship with us in relation to the relevant Virtual Asset Services, the transaction size, complexity and type of asset. Any fees or Costs applied may include execution charges (including commissions, commission equivalents, markups, markdowns and dealer spreads) and/or administrative costs.

For the above purpose:

- 2.8.1 "commission equivalents" means the amount charged by us for purchasing or selling Virtual Asset Products in certain riskless principal transactions (that is, transactions in which we, after having received an order to buy or sell from you, purchase or sell the Virtual Asset Products from another person to offset the Virtual Asset Transaction we entered into with you);
  - 2.8.2 a "markup" or "markdown" is the difference between the price charged to you and the prevailing market price, such difference being included in the quote or the price of the Virtual Asset Products; and the
  - 2.8.3 "spread" means the difference between the current purchase or bid price and the current ask or offer price. Such spread is also included in the quote or the price of the Virtual Asset Products, which may narrow or widen in response to the supply and demand levels of the Virtual Asset Products.
- 2.9 Risks of assets received or held outside Hong Kong

Virtual Asset Products and Fiat Currency received or held by us or on our behalf, outside Hong Kong, are subject to the laws of the relevant overseas jurisdictions, which may be different from the SFO and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on some of the assets received or held in Hong Kong.

#### 2.10 Risks relating to Authorised Persons

There are substantial risks in allowing another person to trade or operate an Account, and it is possible that Virtual Asset Instructions could be given by persons who are not properly authorised. You accept all of the risks of such an operation and irrevocably release us from all liabilities arising out of or in connection with such Virtual Asset Instructions.

#### 2.11 Suspension of Virtual Asset Transactions, Airdrops, Forks & Network Events

It may be difficult or impossible to liquidate a position in Virtual Asset Products under certain circumstances. Certain Airdrops, Forks or Network Events may occur rapidly and affect our ability to conduct a Virtual Asset Transaction. Information relating to such events may be difficult to ascertain ahead of time and may be subject to limited oversight by any third party who is capable of intervening to stabilise the network.

#### 2.12 Specific Risks regarding Virtual assets Exchange traded fund

Virtual assets ETF may include virtual asset futures ETF, virtual asset spot ETF and other similar virtual asset-related products which are generally only available to professional investors.

The following are additional specific risks associated with Virtual assets ETF:

- 2.12.1 Virtual assets ETF may have a less diversified portfolio and more volatile than other ETF investment vehicles, and may fluctuate substantially over short or long period of time;
- 2.12.2 The benchmark indexes being tracked by Virtual assets ETF has a limited performance history and may fail to track the global market price of the cryptocurrencies;
- 2.12.3 The price of underlying indexes is subject to volatility experienced by the constituent digital asset platforms;

- 2.12.4 The calculation and dissemination of the underlying indexes may be wrong or delayed due to system failures or errors of the computers or other facilities of the index administrators, data providers and/or the constituent digital asset platforms;
- 2.12.5 The value of your share in the Virtual assets ETF may be adversely affected by a variety of factors unrelated to the value of the cryptocurrencies, including but not limited to the payment of sponsor's fee and additional expenses of the trust, the reduction of the liquidity of the share, suspension of trading of cryptocurrencies, impracticability of delivery, disposal or evaluation of cryptocurrencies because of interruption in services of service providers to the trust or system failures;
- 2.12.6 Virtual assets ETF may suffer loss due to the failure of its counterparty. Virtual assets ETF, where applicable, is subject to legal risk, operational risk, liquidity risk of the counterparty and custody risk of the collateral;
- 2.12.7 Virtual assets ETF may be subject to management risk that the investment manager's strategy, and its implementation may not produce the intended results. There is no guarantee that a Virtual assets ETF can track the price of its underlying virtual asset;
- 2.12.8 Virtual assets ETF may involve investment in a single country or region which is subject to specific legal, political and economic risks of that country or region. Investing in non-Hong Kong Virtual assets ETF may involve special risks and consideration in accounting, disclosure, auditing, financial standards, investment and exchange control regulations, restrictions on the expatriation of the funds of the ETF and other government or political restrictions;
- 2.12.9 Virtual assets ETF may suffer loss due to employee collusion or fraud, physical loss including theft, damage of key material, security breach or hack, fraudulent transfer, operational errors or failure and bankruptcy of its service providers, including the trustee, sponsor, trust administrator, cash custodian, prime execution agent, cryptocurrency custodians; and
- 2.12.10 Virtual assets ETF may not have an active trading market and you may have to sell your share at a lower price at a time when no active market exist and suffer loss. The above risk factors are not exhaustive. For more risk disclosure regarding Virtual assets ETFs, you should refer to the "risk factors" in the prospectus of the Virtual asset ETFs.

### **3. CYBERSECURITY AND TECHNOLOGY-RELATED RISKS**

#### **3.1 Loss of private key is permanent and irreversible**

You alone are responsible for securing your private key in respect of any address with respect to Virtual Asset Products not received nor held by us or on our behalf.

Losing control of your private key may permanently and irreversibly deny you access to your Virtual Asset Products. Neither we nor any other person may be able to retrieve or protect your Virtual Asset Products not held by us or on our behalf. Once lost, you may not be able to transfer your Virtual Asset Product to any other address or wallet. You may not be able to realise any value or utility that the Virtual Asset Product may hold now or in future.

#### **3.2 Transactions irreversible**

The nature of Virtual Asset Transactions is that they are irreversible. This means accidental or fraudulent transactions in respect of Virtual Asset Products may not be recoverable.

#### **3.3 Forks and attacks**

Virtual Asset Products may be subject to Forks or attacks on the security, integrity or operation of the networks, including Network Events. Such events may affect the features, functions, operation, use or other properties of any Virtual Asset Product, network or platform.

The events may also severely impact the price or value, function and/or the name of any Virtual Asset Products, or even result in the shutdown of the network or platform associated with the Virtual Asset Product. Such events may be beyond our control, or to the extent we have any ability to impact such event, our decision or actions may not be in your interests.

#### **3.4 Cyber-attacks and fraudulent activity**

The Virtual Asset Services' technological reliance on the internet exposes you to an increased risk of fraud or cyber-attack. Virtual Asset Products, your Account, the Virtual Asset Services, and the Electronic Services may be targeted by malicious persons who may attempt to steal Virtual Asset Products or Fiat Currency, or otherwise intervene in a Virtual Asset Transaction or any of the Virtual Asset Services.

This includes (but is not limited to) interventions by way of:

- 3.4.1 distributed denial of service;
- 3.4.2 sybil attacks;
- 3.4.3 phishing;
- 3.4.4 social engineering;
- 3.4.5 hacking;
- 3.4.6 smurfing;
- 3.4.7 malware;
- 3.4.8 double spending;
- 3.4.9 majority-mining, consensus-based or other mining attacks;
- 3.4.10 misinformation campaigns;
- 3.4.11 Forks; and
- 3.4.12 spoofing.

Virtual Asset Products, your Account, the Virtual Asset Services and the Electronic Services may also be vulnerable to exploitation of vulnerabilities in smart contracts and other code, as well as to human error.

A limited amount of your Virtual Asset Products may be stored in hot wallets (i.e. online environments which provide an interface with the internet), which can be prone to hacking or cyber-attacks. Cyber-attacks resulting in the hacking of Virtual Asset Product trading platforms and thefts of Virtual Asset Products are common. Victims may have difficulty recovering losses from hackers or trading platforms. This could result in significant loss and/or other impacts that may materially affect your interests.

The above events may affect the features, functions, operation, use, access or other properties of the Virtual Asset Products, your Account, the Virtual Asset Services and the Electronic Services.

### 3.5 Targeting by malicious persons / unauthorised access

Malicious entities may target you in an attempt to steal any asset you may hold, or to claim any asset that you may have purchased. This may involve unauthorised access to an Account, your private keys, your addresses, your passwords, your email or social media accounts, your log-in details or access method for the Account, as well as unauthorised access to your computer, smartphone and any other devices that you may use. You alone are responsible for protecting yourself against such actions.

### 3.6 Cryptographic advancements

Developments in cryptographic technologies and techniques, including (but not limited to) the advancement of artificial intelligence and/or quantum computing, pose security risks to all cryptography-based systems including the Virtual Asset Products, your Account, any of our application programming interfaces ("APIs"), the Virtual Asset Services and the Electronic Services. Applying these technologies and techniques to the same may result in theft, loss, disappearance, destruction, devaluation or other compromises of the same.

### 3.7 Reliance on the internet and other technologies

Virtual Asset Transactions rely heavily on the internet and other technologies. However, the public nature of the internet means that either parts of the internet or the entire internet may be unreliable or unavailable at any given time. Further, interruption, delay, corruption or loss of data, the loss of confidentiality in the transmission of data, or the transmission of malware may occur when transmitting data via the internet and/or other technologies. The result

of the above may be that your Virtual Asset Transaction is not executed according to your Virtual Asset Instructions, at the desired time, or not at all.

No authentication, verification or computer security technology is completely secure or safe.

The internet or other electronic media (including without limitation electronic devices, services of third-party telecom service providers such as mobile phones or other handheld trading devices or interactive voice response systems) are an inherently unreliable form of communication, and such unreliability may be beyond our control.

Any information (including any document) transmitted, communications, or transactions made, over the internet or through other electronic media (including electronic devices, services of third party telecommunication service providers such as mobile phones or other handheld trading devices or interactive voice response systems) may be subject to interruption, transmission blackout, delayed transmission due to data volume, internet traffic, market volatility or incorrect data transmission (including incorrect price quotation) or stoppage of price data feed due to the public nature of the internet or other electronic media.

### 3.8 Risks relating to timing

A Virtual Asset Transaction is binding upon completion of the steps described in the Terms and Conditions. Following this, the Virtual Asset Transaction will not be reversed. There is a risk that the final binding Virtual Asset Transaction does not occur at the same time as Virtual Asset Instructions are provided. You may suffer loss due to the fact that a Virtual Asset Transaction is not carried out at the desired time.

## 4. SPECIFIC VIRTUAL ASSET SERVICES RISKS

### 4.1 Off-exchange transactions

Some of the Virtual Asset Services involve off-exchange transactions. Such transactions may involve increased risks since it may be difficult to liquidate an existing position, determine a fair price or assess exposure to risk. Off-exchange transactions are not as transparent as transactions conducted on any recognised exchange.

### 4.2 Counterparty risk

You are subject to our counterparty risk under a Virtual Asset Transaction. You should evaluate the comparative credit risk and undertake appropriate due diligence on both us and the applicable product before undertaking any Virtual Asset Transaction.

## 5. GENERAL RISK STATEMENTS

### 5.1 Jurisdiction risks

Residents, tax residents or persons having a relevant connection with certain jurisdictions are excluded from carrying out Virtual Asset Transactions. Changes in your place of domicile or the applicable laws and regulations may result in you violating any legal or regulatory requirements of your applicable jurisdiction.

You are responsible for ensuring that any Virtual Asset Transaction is, and remains lawful despite changes to applicable laws and regulations, your residence and circumstances.

### 5.2 Virtual Asset Product issuer risks

We do not issue Virtual Asset Products. Virtual Asset Products are issued by third parties. You should read the applicable terms, information and risk disclosures provided by the applicable issuers carefully before entering into a Virtual Asset Transaction.

No offering document, term or product information provided by the applicable issuer has been subject to regulatory approval, unless expressly stated otherwise. You should exercise caution in respect of any issuance or offer of such assets.

For any Virtual Asset Products that have been authorised by a regulator, authorisation does not imply any official recommendation or endorsement of the asset by the regulator, nor does it guarantee the commercial merits of the asset or its performance.

### 5.3 Tax treatment and accounting

Some Virtual Asset Transactions may be subject to the tax laws and regulations in an applicable jurisdiction. The tax treatment and accounting of Virtual Asset Products is a largely untested area of law and practice that is subject to changes. Tax treatment of Virtual Asset Products may vary amongst jurisdictions. We may receive queries, notices, requests or summons from tax authorities and as a result may be required to furnish certain information about the Virtual Asset Transaction.

Among the accounting profession, there are no agreed standards and practices for how an auditor can perform assurance procedures to obtain sufficient audit evidence for the existence and ownership of the Virtual Asset Products, and ascertain the reasonableness of the valuations.

If you are unsure about the tax implications of your Virtual Asset Transactions, you should seek independent professional advice before carrying out a Virtual Asset Transaction.

#### 5.4 Inflation Risk

Virtual Asset Products may, either because of the inherent design of the Virtual Asset Product or through Forks, Airdrops or Network Events, not be a fixed supply of assets. Where additional Virtual Asset Products are created, their price may decline due to inflationary effects of the increased amount of total Virtual Asset Products available.

#### 5.5 Concentration risk

At any point in time, one or more persons may directly or indirectly control significant portions of the total supply of any particular Virtual Asset Product. Acting individually or in concert, these holders may have significant influence, and may be able to influence or cause Forks or Network Events which may have a detrimental effect on price, value or functionality of the Virtual Asset Products. This increases the risk of any potential market manipulation. Persons who have the ability to cause the happening of a Network Event may make decisions that are not in your best interest as a holder of Virtual Asset Products.

#### 5.6 Country risk

If a transaction is made in any Virtual Asset Product issued by a party subject to foreign laws or transactions made on markets in other jurisdictions, including markets formally linked to a domestic market, recovery of the sums invested and any profits or gains may be reduced, delayed or prevented by exchange controls, debt moratorium or other actions imposed by the government or other official bodies. Before you conduct any Virtual Asset Transactions, you should satisfy yourself about any rules or laws relevant to those particular Virtual Asset Transactions.

Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should obtain independent advice about the different types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade. If your country of residence imposes restrictions on Virtual Asset Transactions, we may be required to discontinue your access to the Account, and may not be permitted to transfer Virtual Asset Products back to you or permit you to transfer Virtual Asset Products from the Account to yourself or others, until such time as the regulatory environment permits us to do so.

#### 5.7 Regulatory uncertainty

All Virtual Asset Transactions are potentially exposed to legal and regulatory risks. Presently, most trading, lending and other dealing platforms and custodians of Virtual Asset Products are unregulated and may affect the value of Virtual Asset Products. The legal and regulatory treatment of some of the Virtual Asset Products may also change. Regulation of Virtual Asset Products is unsettled and rapidly changing. Legal and regulatory treatment varies according to the jurisdiction. The effect of regulatory and legal risk is that any Virtual Asset Product may decrease in value or lose all of its value due to legal or regulatory change. This may affect the value or potential profit of a Virtual Asset Transaction.

We may cancel or modify your Virtual Asset Transaction, restrict or suspend the access to an Account or any of the Virtual Asset Services to comply with applicable laws and regulations, or otherwise act in accordance with the Terms and conditions.

We recommend that you obtain independent legal, tax and financial advice and that you continue to monitor the legal and regulatory position in respect of your Virtual Asset Products and Virtual Asset Transactions.

#### 5.8 Conflicts of interest

We or other Virtual Asset Product trading service providers may be acting as agents for you as well as acting as principals against you. We or other relevant service providers may facilitate the initial distribution of Virtual Asset Products (such as, initial coin offerings), secondary market trading, or both, in manners similar to a traditional exchange, alternative trading system or securities broker. If these operations are not under the purview of any regulator, it would be difficult to detect, monitor and manage conflicts of interest.

#### 5.9 New risks

As Virtual Asset Products are still a developing asset, you may be able to invest in new types of Virtual Asset Products. There may also be opportunities for you to invest via more complex transaction strategies. There may be increased and new risks that arise from such investments.

## **PART V - NOTES RELATING TO THE PERSONAL DATA (PRIVACY) ORDINANCE OF HONG KONG**

1. The Client may have or may in future be requested to supply personal information to the Company relating to the Client, and in the carrying out of Transactions, further information shall or may be collected by the Company (all such information is referred to as "data" in this Part).
2. Request for data on the Account Form or otherwise shall oblige the Client to complete the same, and any failure so to do may result in the Company being unable to open or continue the Account, or unable to effect Instructions.
3. The Company may provide data received from the Client to the following persons:-
  - (a) any other member of the CFSG;
  - (b) any nominee in whose name Securities or other asset may be registered;
  - (c) any contractor, agent or service provider which provides administrative, data processing, financial, computer, telecommunications, payment or securities clearing, financial, professional or other services to any member of the CFSG or to any other person to whom data is passed;
  - (d) any person making any payment into the Client's account (deposit confirmation provided to the person making the payment may contain Client's information);
  - (e) any person with whom the Company enters into or proposes to enter into transaction on the Client's behalf, or persons representing the same;
  - (f) the drawer bank providing a copy of a paid cheque (which may contain information about the payee) to the drawer;
  - (g) any assignee, transferee, participant, sub-participant, delegate, successor or person to whom the Account is transferred;
  - (h) any business partner of any member of the CFSG;
  - (i) governmental, regulatory or other bodies or institutions, whether as required by law, regulations applicable to any member of the CFSG, or otherwise;
  - (j) credit reference agencies and, in the event of default, debt collection agencies;
  - (k) any party giving or proposing to give a guarantee or third party security to guarantee or secure the Client's obligations;
  - (l) any financial institution and merchant acquiring company with which the Client has or proposes to have dealings; and
  - (m) any other person under a duty of confidentiality to the Company.
4. The purposes for which the data provided by the Client from time to time may be used are:-
  - (a) operating, maintaining, and providing services and credit facilities to Clients;
  - (b) processing application from the Client (including assessing the merits and/or suitability of the Client's application(s)) for the establishment of facilities, products and services;
  - (c) enforcement of the Client's obligations, to the Company or any other member of the CFSG, including without limitation the collection of amounts outstanding from the Client and those providing security for the Client's obligations;
  - (d) creating and maintaining the Company's credit scoring models;
  - (e) maintaining credit history of the Client for present and future reference;
  - (f) giving effect to the Instructions, and carrying out the Client's other instructions;
  - (g) providing services in connection with the Account, whether the services are provided by or through, any member of the CFSG or any other person;
  - (h) conducting credit inquiries or checks on the Client and ascertaining the Client's identity, financial situation and investment objectives, and enabling or assisting any other person so to do;
  - (i) ensuring ongoing credit worthiness of Clients;
  - (j) collection of amounts due, enforcement of security, charge or other rights and interests in favour of any member of the CFSG;
  - (k) determining the amount of indebtedness owed to or by Clients;
  - (l) marketing existing and future services or products of any member of the CFSG or any of its business partners (in respect of which the Company may or may not be remunerated), and the Company requires the Client's consent (which includes an indication of no objection) for that purpose. In this connection, please note that:
    - (i) the name, contact details, products and services portfolio information, transaction pattern and behaviour, financial background and demographic data of the Client held by the Company from time to time may be used by the Company in direct marketing;
    - (ii) the following classes of services, products and subjects may be marketed:
      - a. financial, insurance, investment services, securities, investment and related services and products;

- b. reward, loyalty or privileges programmes and related services and products;
  - c. services and products offered by the Company's co-branding partners (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be); and
  - d. donations and contributions for charitable and/or non-profit making purposes;
- (iii) the above services, products and subjects may be provided or (in the case of donations and contributions) solicited by the Company and/or:
- a. any member of the CFSG;
  - b. third party financial institutions, insurers, credit card companies, securities and investment services providers;
  - c. third party reward, loyalty, co-branding or privileges programme providers;
  - d. co-branding partners of the Company and/or any member of the CFSG (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be); and
  - e. charitable or non-profit making organisations;
- (iv) in addition to marketing the above services, products and subjects itself, the Company also intends to provide the data described in paragraph (l)(i) above to any of the persons described in paragraph (l)(iii) above for use by them in marketing those services, products and subjects, and the Company requires the Client's written consent (which includes an indication of no objection) for that purpose;
- (v) the Company may receive money or other property in return for providing the data to the other persons in paragraph (l)(iv) above and, when requesting the Client's consent or no objection as described in paragraph (l)(iv) above, the Company will inform the Client if it will receive any money or other property in return for providing the data to the other persons.
- (m) designing financial, insurance, securities and investment services or related products for the Client's use;
- (n) forming part of the records of the persons or members of the CFSG to whom the data may be passed;
- (o) any actual or proposed assignment or transfer of the shares of CFSG;
- (p) in connection with the Company or any member of the CFSG defending or responding to any legal, governmental, or regulatory or quasi-governmental related matter, action or proceeding;
- (q) in connection with the Company or any member of the CFSG making or investigating an insurance claim or responding to any insurance related matter, action or proceeding;
- (r) organizing and delivering seminars for the Client;
- (s) meeting or complying with any obligations, requirements or arrangements for disclosing and using data that apply to the Company or any member of the CFSG or that it is expected to comply according to:
- (i) any law or regulation binding on or applying to it within or outside the Hong Kong existing currently and in the future (e.g. the Inland Revenue Ordinance and its provisions including those concerning automatic exchange of financial account information or the Foreign Account Tax Compliance Act of the United States ("FATCA"));
  - (ii) any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers within or outside Hong Kong existing currently and in the future (e.g. guidelines or guidance given or issued by the Inland Revenue Department including those concerning automatic exchange of financial account information or any guideline or guidance concerning the FATCA);
  - (iii) any present or future contractual or other commitment with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers that is assumed by or imposed on the Company or any member of the CFSG by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other authority, or self-regulatory or industry bodies or associations;
- (t) meeting or complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within the CFSG and/or any other use of data and information in accordance with any group-wide programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities;
- (u) other purposes relating or incidental to any one or more of the above.

5. The Client may request a copy of such data or the correction of the data. Any such request may be addressed to the personal data officer of the Company at its business office from time to time. The Company may charge the Client a fee for any such request.

6. The Company may from time to time access the personal and account information or records of the Client held by the credit reference agency for the purpose of reviewing any of the following matters in relation to the existing credit facilities granted to the Client or a third party whose obligations are guaranteed by the Client:



- (a) an increase in the credit amount;
  - (b) the curtailing of credit (including the cancellation of credit or a decrease in the credit amount); and
  - (c) the putting in place or the implementation of a scheme of arrangement with the Client or the third party.
7. The Company has the right to charge a reasonable fee for the processing of any data access request.
8. With the consent of the Client as indicated in the declaration contained on the Account Form, member of the CFSG may use certain personal data and contact details to distribute to the Client information about other services or products of any member of the CFSG. The Client may in writing request, without charge to the Client, the CFSG to cease to use the data for direct marketing purpose. Written request could be directed to the Personal Data Officer by post to 22/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong or by email at [hotline@cfsg.com.hk](mailto:hotline@cfsg.com.hk).

**PART VI - NOTES RELATING TO THE COMMON REPORTING STANDARD (CRS) AND THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)**

**1. Definition**

In this part, the following terms shall bear the following meanings:

“Account Holder” means the person listed or identified as the holder of a financial account by the Financial Institution that maintains the account. This is regardless of whether such person is a flow-through Entity. Thus, for example, if a trust or an estate is listed as the holder or owner of a financial account, the trust or estate is the Account Holder, rather than the trustee or the trust’s owners or beneficiaries. Similarly, if a partnership is listed as the holder or owner of a financial account, the partnership is the Account Holder, rather than the partners in the partnership. A person, other than a Financial Institution, holding a financial account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, intermediary, or legal guardian, is not treated as the Account Holder. In these circumstances that other person is the Account Holder. For example in the case of a parent/child relationship where the parent is acting as a legal guardian, the child is regarded as the Account Holder. With respect to a jointly held account, each joint holder is treated as an Account Holder.

“CRS” means the Common Reporting Standard. It is new information – gathering and reporting requirement for financial institutions in participating countries or jurisdictions (such as Hong Kong), to help fight against tax evasion and protect the integrity of tax systems.

“FATCA” means:

The Foreign Account Tax Compliance Act and includes:

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

“Foreign Law Requirement” means:

Any obligation imposed on the Company and/or any of the CFSG pursuant to any future or present:

- (i) foreign laws, rules and/or guidelines (including any foreign laws, rules and guidelines in respect of which the Company and/or the CFSG in its/their absolute discretion considers itself/ themselves to be bound by); and
- (ii) foreign laws that the Company and/or the CFSG is/are subject to as a result of the agreement with the Hong Kong government and for the avoidance of doubt, shall include any obligation or requirement that the Company and/or the CFSG is/are subject to pursuant to CRS/FATCA.

“IRD” means the Inland Revenue Department of the Government of the Hong Kong Special Administrative Region

“IRS” means the U.S. Inland Revenue Department

“Self-certification” means a formal declaration that the Account Holder makes in connection with his/her/its tax residence. For accounts opened before 1 January 2017, the Company is required to identify the Account Holder’s tax residency based on existing account information. The Company may ask the Account Holder to provide a self-certification and/or additional information to confirm his/her/its tax residency. For new accounts opened on or after 1 January 2017, the Company is required to obtain a self-certification to establish the Client’s tax residency.

“Tax residency” means the Client’s tax residency is the country where the Client is resident/registered for tax purpose. Each country has its own rules for defining tax residence.

“TIN” means Jurisdiction of Residence and Taxpayer Identification Number or its Functional Equivalent. A TIN is a unique combination of letters or numbers assigned by a jurisdiction to an individual or an Entity and used to identify the individual or Entity for the purposes of administering the tax laws of such jurisdiction. Some jurisdictions do not issue a TIN. However, these jurisdictions often utilise some other high integrity number with an equivalent level of identification (a “functional equivalent”). Examples of that type of number include: (a) (for individuals) a social security/insurance number, citizen/personal identification/service code/number, and resident registration number; (b) (for Entities) a Business/company registration code/number.

“U.S.” means the United States of America

## **2. Client's undertaking to provide information**

- 2.1 The Client acknowledges and agrees to provide the Company with any and all information, document and supporting materials (the "information") that the Company shall in its sole and absolute discretion considers necessary in order for the Company and/or any members of the CFSG, to comply with Hong Kong Law and/or the Foreign Law Requirement. For the avoidance of doubt, the Information shall include those related to the Client and any relevant third parties, which shall include but not limited to:
- (a) the ultimate beneficial owner of the Account;
  - (b) the person with control of the Account as an attorney;
  - (c) the person who receive payments/stocks from the Account; and
  - (d) any other person identified by the Company in its sole and absolute discretion to be connected with the Client in any respect.
- 2.2 The Client further acknowledges and agrees that its obligation to disclose the Information to the Company shall be an ongoing obligation. The Client shall disclose the Information to the Company at Account opening, and shall notify the Company of any changes to the Information forthwith without delay.
- 2.3 The Client acknowledges and agrees to provide the completed Self-certification form(s) and/or further information, if needed, to the Company and/or the CFSG under the Hong Kong Inland Revenue Ordinance, and agrees that it is the Client's sole responsibility to seek independent legal and / or tax advice on any such legal and / or tax consequences (in all applicable jurisdictions) before making this self-certification. The Client acknowledges and confirms that neither the Company and the CFSG nor anyone on the behalf of the Company and the CFSG has given the Client any legal and / or tax advice in that regard.
- 2.4 If any change in circumstances which affects the tax residency status or causes the information in self-certification to become incorrect, the Client represents, warrants a suitably updated self-certification form within 30 calendar days of such change in circumstances.

## **3. Disclosure of Client's information**

- 3.1 The Client acknowledges and agrees that, under certain circumstances (including if the Company does not receive a valid Self-certification from the Client) or when so requested by the IRD or IRS, the Company may be obliged to disclose, report or share such information of the Client to any person, entity, government body, agency or regulator (within or outside Hong Kong) as the Company shall in its absolute discretion deems appropriate or necessary, in order to comply with the Hong Kong Law and/or Foreign Law Requirement. In such cases, the Company and/or the CFSG are/is usually under a duty of secrecy and will not be able to notify the Client or seek his/her/its consent in relation to such release of information. In addition, the Client acknowledges and agrees that such information and information regarding the Account Holder and any reportable account(s) may be reported by the Company and the CFSG to IRD and exchanged with the tax authorities of another jurisdictions in which the Account holder and/or any other person connected with the Account holder may be resident for tax purpose, pursuant to the legal provisions for exchange of financial account information provided under the Hong Kong Inland Revenue Ordinance (Cap.112). The Company shall not be liable to the Client for the use of such information by the third party.
- 3.2 The Client acknowledges and agrees that the information mentioned in Clause 3.1 above shall include, but not limited to, account number of Client's Account(s), amount of interest or dividends paid or credited to Client's Account(s), the account balance or value, the name, address, place of birth, date of birth, jurisdiction(s) of tax residence, taxpayer identification number(s) (TINs) and social security number or employer identification number or taxpayer identification number (when appropriate) of the Client, and such other information as may be required by the IRD, IRS or other relevant authorities in compliance with Hong Kong Law and/or Foreign Law Requirement.
- 3.3 The Client represents, warrants and confirms that the Information from time to time provided to the Company and/or the CFSG is/are, and shall remain true, complete and accurate throughout the term of the Terms & Conditions.

## **4. Consent to deduct and withhold**

- 4.1 The Client acknowledges and agrees that notwithstanding any other provisions of the Terms & Conditions:
- (i) Any amount in the Account(s) may be subject to withholding and deduction as the Company shall, at its sole discretion, consider necessary;
  - (ii) Any sum that may be payable by the Company to the Client shall be subject to all applicable laws and

regulations, any withholding tax requirements, foreign exchange restriction or control;

- 4.2 The monies so withheld by the Company pursuant to this Clause 4 could be held by the Company in whatever manner as the Company shall at its sole and absolute discretion thinks fit.
- 4.3 The Client acknowledges and agrees that the Company shall have the full authority and for the purpose of complying with its obligations under Hong Kong Law and/or the Foreign Law Requirement to (i) sell, liquidate and/or otherwise dispose in any manner and at such prices and on such terms and conditions as the Company considers fit, all or any part of the assets in the Client's Account in order to produce sufficient funds for the Company; and (ii) prohibit the Client from effecting any transaction in the Account or any account(s) that the Client maintains with the CFSG, for such period as the Company deems necessary.
- 4.4 The Client further acknowledges and agrees that neither the Company nor the CFSG shall be liable to the Client for any losses or damages which it may suffer as a result of the withholding, deduction and/or liquidation as mentioned in clauses 4.1 and 4.2 above.

## **5. Indemnity**

- 5.1 Without prejudice to any other indemnities provided by the Client to the Company and/or the CFSG under any other parts of the Terms & Conditions, the Client agrees to indemnify the Company, the CFSG and any of its officers, employees and agents on demand against all losses, costs, damages, claims, liabilities, expenses or demands (including but not limited to any taxes, interest or penalties imposed pursuant to CRS or FATCA) that the Company, the CFSG and any of its officers, employees and agents may suffer as a result of the Client's failure to comply with its obligations under the Terms & Conditions.
- 5.2 The Client acknowledges that the Company and/or the CFSG may suffer loss or incur damage if the information on the Self-certification form is or proves to be false or misleading when made. The Client agrees to indemnify the Company and/or the CFSG on demand for all such loss and damage.
- 5.3 The Client acknowledges and agrees that the Company shall be entitled to withhold, retain or deduct such portion of monies from the Client's Account (or any accounts that the Client maintains with the CFSG) as the Company shall at its sole and absolute discretion deem sufficient to cover any amount which may be owed by the Client under Clause 5.1 above.
- 5.4 The Client agrees that the indemnities given herein shall continue to be valid and effective notwithstanding the termination of the Account.
- 5.5 The Company and the CFSG endeavor to ensure the accuracy and reliability of the information in this part provided but do not guarantee its accuracy or reliability and do not accept any liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions.

## **6. Refusal Account Opening/ Termination of Account**

The Client acknowledges that without limitation to the rights conferred on the Company under Clause 4 of this Part VI and any relevant terms in the Terms & Conditions, the Company shall have the right to refuse the Account opening, suspend the Account, transfer any arrangements, or terminate all or any of the Client's accounts or the agreements or arrangements entered into between the Client and the Company at any time without having to give any reason or notice if the Client fails to comply with any of its obligations under CRS/FATCA or this Part VI (e.g. any information the Client needs to provide is missing or invalid or incomplete or does not match ;or if the document is signed by Attorney-in-Fact or other agent and required documentation is not provided to verify authority), and the Company shall not be liable to the Client for any losses or damages which it may suffer as a result of such suspension or termination.

**WARNING:** It is an offence under section 80(2E) of the Inland Revenue Ordinance (Cap.112) if any person, in making a self-certification, makes a statement that is misleading, false or incorrect in a material particular AND knows, or is reckless as to whether, the statement is misleading, false or incorrect in a material particular. A person who commits the offence is liable on conviction to a fine at level 3 (i.e. \$10,000).

**PART VII - UNDERTAKING BY INSTITUTIONAL CLIENT REGARDING ACCESS TO HONG KONG AND/OR FOREIGN MARKETS STOCK TRADING**

In this part, the following term(s) shall bear the following meanings:

"Institutional Client" means clients of the CFSG which are financial institutions or financial services providers authorized by the Monetary Authority or licensed by the Securities and Futures Commission, but excludes those financial institutions which only carry on Type 10 regulated activity (i.e. provision of credit rating services) under the Securities and Futures Ordinance (Cap. 571).

1. The CFSG is required to operate in compliance with the laws and regulations of various jurisdictions. In order to comply with these laws and regulations, the Institutional Client of CFSG hereby agrees to undertake the following: -
  - (a) Immediately upon request by the CFSG, the relevant regulators and/or corresponding agents, disclose its account holders' personal information including but not limited to identity, address, occupation and contact details;
  - (b) Obtain the necessary consents and waivers from your account holders in respect of any disclosure of information to the CFSG for the purposes of fulfilling information requests from relevant regulators and/or corresponding agents;
  - (c) Ensure that the funds remitted via the Institutional Client to invest in the relevant market through CFSG comes from permitted sources only (including but not limited to, funds from China or Taiwan are not allowed to trade in Taiwan securities);
  - (d) Acknowledge that limits may be placed by the CFSG on the Institutional Client's eligible clients to prevent them from increasing their shareholding to what is permitted by any applicable law;
  - (e) Abide by the laws and regulations stipulated by all relevant jurisdictions and regulatory authorities;
  - (f) Indemnify the CFSG against any loss, cost, claim liability or expense that may be suffered or incurred arising out of or in connection with these undertakings; and
  - (g) Whenever there are changes to any relevant laws or regulations, the Institutional Client will on a continuing basis, comply with such laws and regulations.
2. The Institutional Client represents and warrants on a continuing basis, with respect of any sub-accounts opened with the CFSG, that: -
  - (a) the Institutional Client has performed due diligence on each sub-account client as required by the relevant laws, rules and regulations;
  - (b) any ultimate beneficiary of such sub-accounts shall not be an individual/retail client (if applicable);
  - (c) each sub-account represents different funds/underlying beneficiaries; and
  - (d) each standard settlement instruction is provided by and for the same ultimate beneficiaries of such sub-account.

The Institutional Client will notify the CFSG immediately should such representation and warranty cease to be true and correct.

3. Due to the existence of burdensome taxing regulations in the United States of America, Australia, Canada and Finland (the "**Defined Countries**"), the CFSG does not allow nationals, citizens or tax residents of those countries from trading in their respective local market. As such, the CFSG requires its Institutional Client to further undertake the following in respect of the Defined Countries: -
  - (a) Ensure that the Company's client who are trading or investing in foreign products of the Defined Countries through the CFSG are not nationals, citizens, tax residents or domiciled in the jurisdiction of the relevant market.
4. The Institutional Client understands that failure to comply with undertakings listed above may result in the termination of its access to Hong Kong and/or foreign market stock trading or the termination of its account.

**PART VIII – NOTES RELATING TO THE HONG KONG INVESTOR IDENTIFICATION REGIME (HKIDR), OVER-THE-COUNTER SECURITIES TRANSACTIONS REPORTING REGIME (OTCR) AND STOCK CONNECT NORTHBOUND TRADING**

1. The Client acknowledges and agrees that in providing securities related services or Stock Connect Northbound Trading Service to the Client, the Company will be required to:
  - (i) tag each of the Client's orders submitted to the China Stock Connect System ("CSC") with a Broker-to-Client Assigned Number ("BCAN") that is unique to the Client or the BCAN that is assigned to the Client's joint account with the Company, as appropriate; and
  - (ii) provide to The Stock Exchange of Hong Kong Limited ("SEHK") the Client's assigned BCAN and such identification information ("Client Identification Data" or "CID") relating to the Client as SEHK may request from time to time under the Rules of the Exchange.
  
2. Without limitation to any notification the Company has given the Client or consent which the Company have obtained from the Client in respect of the processing of the Client's personal data in connection with the Client's account and the Company services to the Client, the Client acknowledge and agree that the Company may collect, store, use, disclose and transfer personal data relating to the Client as required for the Company to provide services to the Client in relation to securities listed or traded on SEHK, for complying with the rules and requirements of SEHK and the Securities and Futures Commission ("SFC") in effect from time to time, and/or as part of the Company Stock Connect Northbound Trading Service. Without limiting the foregoing, this includes: -
  - (a) disclosing and transferring the Client's personal data (including CID and BCAN(s)) to SEHK and/or the SFC in accordance with the rules and requirements of SEHK and the SFC in effect from time to time;
  - (b) allowing SEHK to: (i) collect, store, process and use the Client's personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange of SEHK; and (ii) disclose and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and (iii) use such information for conducting analysis for the purposes of market oversight;
  - (c) allowing the SFC to: (i) collect, store, process and use the Client's personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements;
  - (d) to disclose and transfer the Client's BCAN and CID to SEHK and the relevant subsidiaries established by SEHK under Stock Connect ("SEHK Subsidiaries") from time to time, including by indicating the Client's BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
  - (e) to allow each of SEHK and the relevant SEHK Subsidiaries to: (i) collect, use and store the Client's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via Hong Kong Exchanges and Clearing Limited) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (f) and (g) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
  - (f) to allow the relevant China Connect Clearing House to: (i) collect, use and store the Client's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, SEHK and the relevant SEHK Subsidiaries; (ii) use The Client's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
  - (g) to allow the relevant China Connect Market Operator to: (i) collect, use and store The Client's BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

By instructing the Company in respect of any transaction relating to China Connect Securities, The Client acknowledges and agrees that the Company may use the Client's personal data for the purposes of complying with the requirements of SEHK and its rules as in force from time to time in connection with the Stock Connect Northbound Trading. The Client also acknowledge and agree that despite any subsequent purported withdrawal of consent by the Client, the Client personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

3. **Consequences of failing to provide Personal Data or Consent**  
Failure to provide the Company with the Client's personal data or consent as described above may mean that the Company will not, or will no longer be able to, as the case may be, carry out the Client's trading instructions or provide the Client with the Company's Stock Connect Northbound Trading Service or securities related services (other than to sell, transfer out or withdraw the Client's existing holdings of securities, if any).