

**WELL LINK INTERNATIONAL SECURITIES LIMITED  
SECURITIES ACCOUNT AGREEMENT**

## Table of Content

SECURITIES ACCOUNT GENERAL TERMS AND CONDITIONS .....	1
1. Interpretation .....	2
2. Services .....	3
3. Authority .....	4
4. Trading Recommendations.....	5
5. Dealing Practice.....	5
6. Short Selling .....	7
7. New Listing of Securities .....	7
8. Safekeeping and Disposal of Securities.....	7
9. Payments .....	8
10. Transaction Notices and Reports.....	8
11. Commissions, Charges and Interest .....	9
12. Instructions .....	9
13. Conflict of Interest.....	10
14. Representations Warranties and Undertakings.....	10
15. Set-Off, Lien and Combination of Accounts.....	10
16. Electronic Service.....	11
17. Events of Default.....	11
18. Termination and Suspension .....	13
19. Notice and Communications .....	13
20. Assignment.....	13
21. Liability and Indemnity .....	14
22. Joint and Several Liability and Successors.....	14
23. Amendments.....	14
24. Client Identity Rule .....	15
25. Currency .....	15
26. Client Money Standing Authority .....	15
27. Confidentiality.....	16
28. Governing Law and Jurisdiction .....	16
29. Process Agent.....	16
30. General .....	17
31. Risk Disclosure and Disclaimer and Derivative Products.....	17
32. Language .....	18
33. Execution.....	18
SCHEDULE I: Additional Provisions for Northbound Securities Trading Services under the China Stock Connect.....	19
1. General .....	20
2. Definitions .....	20
3. Eligible Securities.....	21
4. Eligible Investors.....	22
5. Instructions .....	22
6. Trading Restrictions .....	23
7. Trading Currency.....	24
8. Disclosure Obligations for China Connect Securities .....	24
9. Fees and Levies .....	25
10. Disclosure of Information.....	25

SCHEDULE II: Additional Provisions for Securities Margin Account and for Incorporating into the Securities Margin Account Agreement .....	26
1. Definitions .....	27
2. Margin Facility .....	27
3. Margin .....	28
4. Charge .....	28
5. Power of Attorney .....	29
6. Disposal of Collateral .....	29
7. Termination of Facility .....	29
8. Security Unaffected .....	29
9. Client Securities Standing Authority .....	30
10. Representations Warranties and Undertakings .....	30
11. Notification of Change .....	31
SCHEDULE III: Terms and Conditions of Electronic Service .....	32
1. Interpretation .....	33
2. Using Electronic Service .....	33
3. Provision of Information .....	35
4. Intellectual Property Rights .....	35
5. Limitation of Liability and Indemnification .....	36
6. Suspension or Termination of Electronic Service .....	37
7. Risk Disclosure .....	37
8. Direct Market Access Services and Algorithmic Trading System .....	37
9. IPO (Initial Public Offering) / Bond Subscription Service .....	38
10. Charges and Expenses .....	38
11. General .....	38
SCHEDULE IV: RISK DISCLOSURE STATEMENTS .....	39
1. General Risks for Securities Dealing .....	40
2. Specific Risks Relating to Securities Trading Through Shanghai-Hong Kong Stock Connect and Shenzhen- Hong Kong Stock Connect .....	43
3. Risks of Trading Stock Options .....	45
4. Risks Involved in Trading Debt Securities .....	47
5. Risks of Trading Warrants .....	49
6. Derivative Risks .....	51
7. Specific Risks Relating to US Listed Securities Trading .....	55
8. Risks involved in Trading Mutual Fund .....	56
9. Risks of entering into Virtual Assets Related Products .....	58
SCHEDULE V: PERSONAL DATA PRIVACY STATEMENT .....	60
1. Supply of Data .....	61
2. Purposes .....	61
3. Transfer of Data .....	61
4. Use of Personal Data in Direct Marketing .....	62
5. Rights of Access and Correction .....	62
6. Personal Information Collection Statement under Hong Kong Investor Identification Regime (HKIDR) and Over-the-counter Securities Transactions Reporting Regime (OTCR) .....	62
7. Others .....	63

SCHEDULE VI: Additional Provisions for US Securities Trading Services .....	64
1. General .....	65
2. Definitions .....	65
3. Securities Available for Trading .....	65
4. Eligible Investors .....	66
5. Instructions .....	66
6. Trading Restrictions .....	67
7. Trading Currency.....	67
8. Disclosure Obligations for US Listed Securities .....	67
9. Fees and Levies .....	67
10. Disclosure of Information.....	68
11. Disclaimer .....	68
SCHEDULE VII: Additional Provisions for Futures Contracts and Options Contracts Trading Services .....	69
1. General .....	70
2. Definitions .....	70
3. Margin .....	71
4. Transactions.....	71
5. Liquidation of Accounts .....	72
6. Provisions Prescribed by the "Code of Conduct for Persons Licensed by or Registered with the SFC" .....	73
7. Position Reporting Requirements, Exchange Traded Stock Options and Large Position Reporting .....	74
8. Standing Authority under Securities and Futures (Client Money) Rules .....	74
9. Risk Disclosure Statements and Disclaimers for Dealing in Futures Contracts and Options Contracts .....	74
10. Disclosure of Information.....	77
SCHEDULE VIII: Additional Provisions for Fund Subscription Services.....	78
1. General .....	79
2. Definitions .....	79
3. Scope of Fund Subscription Services .....	79
4. Subscription and Redemption Applications and Payment.....	80
5. Title and Registration of Investments.....	81
6. Reports and Voting.....	81
7. Termination .....	82
SCHEDULE IX: Additional Provisions for Stock Options Trading .....	83
1. Definitions and Interpretation .....	84
2. Laws and Rules .....	84
3. Options Trading .....	85
4. Margin and Security .....	86
5. Premium and Commission.....	86
6. Option Trading on SEHK .....	86
7. Default .....	88
8. Risk Disclosure Statements .....	88



# SECURITIES ACCOUNT GENERAL TERMS AND CONDITIONS

PLEASE READ THIS AGREEMENT CAREFULLY AND THOROUGHLY BEFORE YOU SIGN THE SECURITIES/FUTURES TRADING ACCOUNT OPENING APPLICATION FORM PHYSICALLY OR ELECTRONICALLY (hereafter referred to as "SECURITIES ACCOUNT APPLICATION FORM" or "ACCOUNT OPENING FORM") INDICATING YOUR AGREEMENT TO BE BOUND BY THE TERMS AND CONDITIONS CONTAINED HEREIN AND IN ANY EVENT BEFORE YOU USE ANY PART OF THE SERVICES (AS DEFINED BELOW).

## SECURITIES ACCOUNT AGREEMENT

### This Agreement is made Between:

- (1) The party(ies) whose name(s), address(es) and details are set out in the Client Information/Details and undersigned on the Client Acknowledgment/Declaration (which form part of this agreement) in the Account Opening Form (the "Client"); and
- (2) WELL LINK INTERNATIONAL SECURITIES Limited, a company incorporated in Hong Kong, licensed to carry on regulated activities No.1, 2, 4 and 5 under the Securities and Futures Ordinance (CE No.: ACH191) with its registered office at Room 13-15, 11/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong ("WLIS" or the "Company").

on the date of signing of the Account Opening Form by the Client indicating its acceptance to enter into this Agreement with the Company and consent to be bound by the provisions hereof.

### NOW IT IS HEREBY AGREED as follows:

#### 1. 1. Interpretation

1.1 In this Agreement, unless the context requires otherwise, the following expressions shall have the following meanings:

"**Account**" means such account(s) where the Client for the purpose of securities, futures or options trading has now or hereafter opened any cash account or margin account with WLIS applied for by the Client.

"**Affiliate**" means, with respect of any specific person or entity, any other person or entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with that specified person or entity.

"**Agreement**" means this Securities Account Agreement, including the various Schedules attached hereto, and other written agreement between WLIS and the Client regarding the opening, maintenance and operation of the Account, including (but not limited to) the Client Information Form and the Securities Account Application Form and any authority given by the Client to WLIS with respect to the Account as originally executed or may thereafter be amended or supplemented from time to time.

"**Associated Entity**" has the meaning ascribed thereto in the SFO.

"**Authorised Institution**" has the meaning ascribed thereto in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

"**Authorised Person**" means in relation to a corporate Client, an Authorised Signer or a Trading Representative of the Client from time to time and in relation to an individual Client the individual authorised by the Client to operate the Account and otherwise give Instruction to WLIS with respect to the Account under a Power of Attorney which is still valid (certified true copy of which has already been provided to WLIS) subject to completion of the checking verification and other procedures in connection with anti-money laundering and counter-terrorist financing with respect to such individual by WLIS.

"**Business Day**" means any day on which SEHK opens for trading other than Saturdays, Sundays, Hong Kong public holidays and any other day declared by SEHK to be a non-business day.

"**Charged Property**" shall have the meaning ascribed to it under Clause 15.2.

"**Clearing House**" means HKSCC in relation to SEHK and HKCC in relation to HKFE and, in relation to any other Exchange, the clearing house providing services similar to those of HKSCC or HKCC to such Exchange.

"**Correspondent Agent**" means any member or participant of an Exchange and/or Clearing House of which WLIS may not be a member or participant who, as WLIS's agent, enters into a Transaction on such Exchange and/or clears the same, as the case may be.

"**Client Information Form**" means the form containing the name(s), address(es) and other details of the Client and the Client's declaration and acknowledgment signed by the Client.

"**Electronic Service**" means the electronic trading facility provided by WLIS through an electronic system (whether or not provided by WLIS and including but without limitation to Sponsored Access System, Internet trading system, algorithmic trading system, direct market access service system and WLIS's proprietary direct brokerage system), which enables the Client via electronic hardware device (whether or not provided by WLIS) to give electronic Instructions to purchase, sell and otherwise deal in Securities and to obtain quotations in relation to such transactions and other information via electronic hardware device.

"**Exchange**" means HKEX or the SEHK and HKFE and any exchange through which foreign securities, futures contracts or options contracts are traded.

"**Financial Product**" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO.

"**Foreign Stock Exchange**" means a stock exchange which is permitted to operate in a country or territory outside Hong Kong by the law of that country or territory or, any Over-The-Counter markets.

"**Funds**" means unit trusts, mutual funds and other collective investment schemes of similar nature.

"**Hong Kong**" means the Hong Kong Special Administrative Region of The People's Republic of China.

"**HKSCC**" means The Hong Kong Securities Clearing Company Limited.

"**Instructions**" means any instruction or orders communicated by the Client or its Authorised Persons to WLIS.

"**Investor Compensation**" means the Compensation Fund established pursuant to the Securities and Futures Ordinance Fund.

"**Oral Instruction Operating Arrangements**" means in relation to a corporate Client or a Client consisting of more than one individual the

latest authorised operating arrangements with respect to oral instructions of the Client for the purpose of operating the Account from time to time according to the record of WLIS where the initial Oral Instruction Operating Arrangements are set out in the Client Information Form provided that where the Client comprises more than one individual all the parties that may give instructions under such authorised operating arrangements are parties constituting the Client.

“**Securities**” means shares, stocks, debentures, warrants, loan stocks, Funds, bonds, notes and commercial paper of any description whatsoever and wheresoever of or issued by anybody (whether incorporated or unincorporated) or any government or local government authority and includes

- (a) rights, options, or interests (whether described as units or otherwise) in or for the shares, stocks, debentures, warrants, loan stocks, Funds, bonds, or notes;
- (b) certificates of interest or participation in or temporary or interim certificates for, receipts for, or warrants to subscribe to or purchase, the shares, stocks, debentures, warrants, loan stocks, Funds, bonds or notes;
- (c) options on stock indices; and
- (d) instruments commonly known as securities.

“**SFC**” means The Securities and Futures Commission.

“**SEHK**” means The Stock Exchange of Hong Kong Limited and includes its successors, assigns and any resulting or surviving entity into or with which it may consolidate, amalgamate or merge.

“**Services**” means the services referred to in Clause 2 which may be provided by WLIS to the Client in relation to Securities.

“**Transactions**” means any transactions concerning the purchase, subscription, sale, exchange or other disposal and/or dealings in any and all kinds of Securities, Futures and Options Contract including (but not limited to) safe-keeping of Securities and the provision of nominee or custodian service therefor and other transactions effected under or pursuant to this Agreement.

“**Macau**” refers to the Macao Special Administrative Region of the People's Republic of China.

- 1.2 Where the Client has now or hereafter opened any securities cash account with WLIS applied for, in so far as such securities cash account is concerned, this Agreement is also termed Securities Cash Account Agreement. Where the Client has now or hereafter opened any securities margin account with WLIS applied for, in so far as such securities margin account is concerned this Agreement is also termed Securities Margin Account Agreement. Accordingly, where the Client has now or hereafter opened both a securities cash account and a securities margin account with WLIS, the relationship between the two parties shall be governed by both the Securities Cash Account Agreement and the Securities Margin Account Agreement.
- 1.3 Where the Client intends to authorize WLIS or any person employed by WLIS who is also a licensed representative under the SFO to effect transactions for the Client under the Account without the Client’s specific authorisation, the Client will have to enter into a Discretionary Account Agreement with WLIS and such Account shall be designated as discretionary account. The Client acknowledges that provision of the service of discretionary account to the Client is subject to internal approval of WLIS and due signing of all documents required by WLIS.
- 1.4 Where the Account is a securities margin account, the provisions in Schedule II shall additionally be applicable and shall be incorporated into and form part of the Securities Margin Account Agreement between WLIS and the Client.
- 1.5 In this Agreement, unless the context does not permit or otherwise provided,
  - (a) reference to any party shall include that party’s successors in title, permitted assigns and permitted transferees;
  - (b) reference to any agreement, instrument or deed is a reference to that agreement, instrument or deed as amended, novated, supplemented, restated or replaced from time to time;
  - (c) “including” or “includes” means including or includes without limitation;
  - (d) a “person” includes any individual person, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
  - (e) a “regulation” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (f) a provision of law is a reference to that provision as amended or re-enacted;
  - (g) any reference to any time of a day shall be such time according to Hong Kong time;
  - (h) a “Clause” or a “Schedule” is a reference to a clause of or a schedule to this Agreement;
  - (i) words importing the plural shall include the singular and vice versa; and
  - (j) words importing any gender shall include all genders.

## 2. Services

- 2.1 WLIS may (but is not obliged to) provide all or any of the following services to the Client in connection with Securities:
  - (a) to hold or to arrange for Securities to be held in safe custody and to register Securities in such name(s) as it shall think fit and where appropriate in the name of the Client or WLIS's nominee in compliance with all applicable laws, rules and regulations;
  - (b) to purchase or subscribe for any type of securities or other investments in accordance with Instructions following availability of the funds and/or financing required for such purpose;
  - (c) to sell or otherwise dispose of Securities and to deal with the proceeds and to enter into any agreement or instrument on behalf of the Client in connection with Securities, in each case either in accordance with Instructions or pursuant to the provisions of this Agreement;
  - (d) to deliver the documents of title and any other instruments relating to Securities (which are not charged to WLIS hereunder or which



- W LIS has agreed to be delivered) to the Client or to the order of the Client in accordance with Instructions at the Client's risk;
- (e) to request, collect, receive and make payments or distributions attributable to Securities arising from any call, subscription, offer, acquisition, ownership, exchange, conversion, redemption, disposal or other dealing and to take any action as regards any merger, consolidation, reorganisation, receivership, bankruptcy or insolvency proceedings, compromise or arrangement;
  - (f) to provide financial information and data relating to any market or investments; and
  - (g) to provide such other services relating to Securities as W LIS and the Client may from time to time agree.
- 2.2 W LIS shall be entitled (but not obliged) without prior notice to or consent from the Client to take such steps as it may consider expedient to enable it to provide the Services and exercise its powers under this Agreement including, without limitation, the following:
- (a) to comply with any law, regulation, order, directive, notice or request of any competent authority, government agency, exchange or body (whether or not having the force of law) requiring W LIS to take or refrain from action (including without limitation, requiring W LIS to provide identity details and/or other information relating to the Client and/or the Account);
  - (b) on behalf of the Client, to withhold and/or to make payment of any taxes or duties payable on or in respect of Securities;
  - (c) where Securities are registered in the name of W LIS or any other person appointed by it (but not otherwise) to notify the Client of information, notices and other communications received by W LIS in relation to such Securities (but shall be under no obligation to forward the same to the Client in sufficient time for Instructions to be given to W LIS with regard to any matters referred to therein nor to investigate or participate to take any affirmative action except in accordance with written Instructions from the Client and upon such conditions, indemnity and provision for expenses as W LIS may require);
  - (d) to commingle Securities with the property of other persons and to hold Securities on commingled custody;
  - (e) to return to the Client Securities which may not have the same serial number or identification as those originally deposited with or received by W LIS;
  - (f) to act on the opinion or advice of its legal advisers, accountants, brokers or other professional advisers but without liability for any acts or omissions on their part;
  - (g) not to accept Securities for deposit or to return to the Client any of the Securities without giving any reason or prior notice;
  - (h) to participate in and comply with the rules and regulations of any organisation which regulates the conduct of financial service and/or securities business and any depository or system which provides central clearing, settlement and similar facilities in respect of securities and hold the Securities in any central depository or system on such terms as such depository or system may customarily operate but in each case, without W LIS incurring liability for any acts or omissions on the part of the operator or manager of any such organisation, depository or system; and
  - (i) generally to do all acts and things which are necessary for or incidental to the provision of the Services.
- 2.3 Where any Securities are held in W LIS's name or the name of any nominee of W LIS unless W LIS receives an Instruction (which shall be deemed to include the default option specified in any notification and request for Instructions) W LIS will not attend any meeting or exercise any voting or other rights including the completion of proxies.
- 2.4 W LIS is authorised to disclose any information it has concerning the Client, its Account, any Securities and the Services to any other person appointed by it in connection with the Services, and to any government bodies and/or regulatory authorities (whether within or outside Hong Kong), or to such other persons (whether within or outside Hong Kong) in compliance with the relevant laws, rules and regulations.
- 2.5 W LIS shall be entitled to act in accordance with its regular business practice and procedures and will only accept Instructions insofar as it is (in W LIS's opinion) practicable and reasonable to do so and W LIS reserves the right to prescribe any conditions subject to which it accepts any Instruction or to refuse to act on any Instruction, if in its opinion, there are reasonable grounds for doing so.
- 2.6 The Client acknowledges that due to market conditions, physical restraints on any exchange and rapid changes in the prices of Securities and/or fluctuation in the exchange rates of currencies, Instructions relating to sale and purchase of Securities at any specific time or price may not be able to be performed by W LIS. W LIS shall be under no obligation to notify the Client immediately if any Instruction given by the Client is not performed or is only partially performed, and if the Client requires confirmation in this regard, the Client should contact W LIS subsequently. W LIS shall not have any liability whatsoever if any Instruction given by the Client is not performed or is only partially performed due to market conditions or any other cause beyond its reasonable control.
- 2.7 W LIS shall be under no duty to investigate, participate in or take affirmative action concerning proxies received, attendance at meetings and voting except in accordance with Instructions. W LIS shall be entitled to charge the Client for taking any action pursuant to the Client's Instructions. In the absence of such Instructions, W LIS shall not be precluded from acting in its discretion as regards such proxies, attendance and voting except that W LIS shall have no such discretion insofar as, and to the extent that Securities comprise any ordinary or other class of shares carrying voting rights at general meetings of any company listed on a stock exchange.
- 2.8 In providing the Services, W LIS will maintain records in compliance with all applicable laws, rules and regulations.
- 3. Authority**
- 3.1 W LIS is authorised to open and operate an Account and effect Transactions as an agent on behalf of the Client pursuant to this Agreement unless W LIS indicates in writing otherwise for the relevant Transactions.
- 3.2 The Client (in the case of a corporation) authorises the Authorised Persons to have full authority to represent the Client in all matters in relation to all Transactions with W LIS in accordance with the Signing Instructions or Oral Instruction Operating Arrangements (as relevant) and in the

case of Authorised Signer(s) to sign on the Client's behalf all agreements and documents relating to operation of the Account and the Transactions in accordance with the Signing Instructions. All such documents, instructions or orders which, if given or signed by the relevant Authorised Persons in accordance with the Signing Instructions or Oral Instruction Operating Arrangements (as relevant) shall be absolutely and conclusively binding on the Client.

- 3.3 If the Client is an individual who wishes to appoint an Authorised Person, the Client shall in addition to completing the Client Information Form, furnish to WLIS a duly executed power of attorney or other similar instrument of appointment in a form prescribed by or acceptable to WLIS and documents and information required by WLIS for completion of the checking verification and other procedures in connection with anti-money laundering and counter-terrorist financing with respect to such Authorised Person by WLIS.
- 3.4 The Client authorises WLIS to instruct such Correspondent Agent as WLIS may in its absolute discretion deem fit to execute Transactions and acknowledges that the terms of business of such Correspondent Agent and the rules of any Exchange and Clearing House on and through which such Transactions are executed and settled shall apply to such Transactions and shall be binding on the Clients.
- 3.5 The Client authorises WLIS to deal with money and Securities held or received by WLIS in the Account on behalf of the Client in accordance with the provisions of any Standing Authority (Client Money) and Standing Authority (Client Securities) as may from time to time be given by the Client to WLIS or renewed or deemed to be renewed.
- 3.6 The Client acknowledges that
- (a) whereby the Client signed the Declaration section in the Securities Account Application Form or the Client Information Form (including Electronic Version as the case may be) to confirm whom has read, understood and agree to be bounded by the General Terms and Conditions and all relevant Schedule(s) of this Agreement, WLIS in accordance to the relevant Standing Authority (Client Securities) provisions is authorized by the Client for the following instructions from WLIS, in order to obtain financial accommodation from WLIS without notifying the Client:
    - i. use any securities purchased or held by the Client in WLIS or held on behalf of the Client from time to time, as well as the Securities collateral deposited by the Client in any accounts opened at WLIS and any other collateral approved by WLIS ("the Securities");
    - ii. deposit any such securities of the Client in an authorized financial institution as collateral for the financial accommodation provided by WLIS; or
    - iii. depositing any such securities of the Client in a recognized clearing house or another intermediary who is licensed or registered to conduct securities transactions as a way to release and settle the WLIS's obligation of settlement and WLIS's legal liability;
    - iv. to authorize WLIS to pool such securities of the Clients with the Securities of others and deposit them as collateral for loans or advances.
  - (b) as a result, the Securities of the Client may therefore be subject to the rights of a third party and WLIS must fully compensate for these rights before returning the Client with their Securities, which may increase the Client's risk exposure on such securities.

#### **4. Trading Recommendations**

- 4.1 The Client acknowledges and agrees that
- (a) the Client retains full responsibility for all trading decisions in connection with the account and unless otherwise agreed between the Client and WLIS in writing, WLIS is responsible only for the execution, clearing, and carrying out of transactions in the Account on the terms and conditions of this Agreement;
  - (b) WLIS has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account or any transaction therein; and
  - (c) any view expressed or information provided by WLIS, its directors, officers, employees or agents, whether or not solicited shall not constitute an offer to enter into a transaction or investment advice and to the extent permitted by applicable law WLIS shall be under no liability whatsoever in respect of such view or information and the Client should independently and without reliance on WLIS make its own judgments;
  - (d) WLIS has emphasized to the Client to assess and seek independent professional advice regarding suitability, profitability, tax, legal or accounting consequences of any Transactions before effecting or giving Instruction for effecting any Transaction and WLIS shall also not be responsible to the Client with respect to the same; and
- 4.2 If WLIS solicits the sale of or recommends any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the financial situation, investment experience and investment objectives of the Client. No other provision of this agreement or any other document WLIS may ask the Client to sign and no statement WLIS may ask the Client to make derogates from this clause.

#### **5. Dealing Practice**

- 5.1 Any day order for purchase or sale of Securities placed by the Client that has not been executed before the close of trading hours of the relevant Exchange or such other expiration date required by the Exchange or such other later time as the Client and WLIS may agree shall be deemed to have been cancelled automatically.
- 5.2 The Client authorises WLIS, at any time and at WLIS's absolute discretion, for the purpose of obtaining a better execution price and/or reducing the volume of instructions, to consolidate and/or disaggregate the Client's Instructions to purchase and/or sell Securities on the Client's behalf with similar instructions received from WLIS's other Clients, provided that such consolidation or disaggregation shall not result in the execution

of the Instructions at a price less favourable than could have been achieved had the Instructions been executed individually, and provided further that, in the event of there being insufficient Securities available to satisfy purchase orders so consolidated, the number of Securities actually purchased shall be given to each individual Instruction in the order in which those orders were received by WLIS.

- 5.3 The Client acknowledges that due to the trading practices of the Exchange or other markets in which Transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "of market" and the Client agrees in any event to be bound by Transactions executed by WLIS following Instructions given by the Client.
- 5.4 Subject to applicable laws and regulations and market requirements, WLIS may in its absolute discretion determine the priority in the execution of its Clients' orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another Client in relation to the execution of any order received by WLIS.
- 5.5 Unless otherwise agreed, in respect of each Transaction, unless WLIS is already holding cash or Securities on the Client's behalf to settle the Transactions, the Client shall pay WLIS cleared funds (including payment in a currency other than Hong Kong dollars) or deliver to WLIS Securities which are fully paid with valid and good title and in deliverable form by such time as WLIS has notified the Client in relation to the Transactions. The Client shall be responsible to WLIS for any losses and expenses resulting from the Client's settlement failures.
- 5.6 The Account shall be in Hong Kong dollars or such other currencies as WLIS may agree from time to time with the Client. In the event that the Client instructs WLIS to effect any Transactions in a currency other than Hong Kong dollars, any profit or loss arising as a result of fluctuation in the exchange rate of the relevant currencies will be for the account of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by WLIS under this Agreement may be effected by WLIS in such manner and at such time as it may in its absolute discretion decide.
- 5.7 The Client acknowledges that telephone calls or other forms of communication between the Client and WLIS may be recorded or otherwise electronically monitored without any warning messages and that the record may be used as final and conclusive evidence of the Instructions in case of disputes. The Client agrees that WLIS has full right in owning and using such records.
- 5.8 If WLIS engages the service of Correspondent Agent, WLIS shall be entitled to accept and keep, for its own account, any commission or rebate which WLIS may receive in respect of any business WLIS has introduced to the Correspondent Agent in respect of the Transactions effected in accordance with Instructions from the Client.
- 5.9 The Client acknowledges the following:
- (a) all transactions for the Account shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of SEHK, or such other Exchanges or over-the-counter markets and HKSCC or such other Clearing Houses in or outside Hong Kong and of the laws of Hong Kong and other places in which WLIS is dealing on the Client's behalf, as amended from time to time;
  - (b) the Rules of SEHK and HKSCC, in particular those rules which relate to trading and settlement, shall be binding on both the Client and WLIS in respect of transactions concluded on the instructions of the Client.
- 5.10 The Client acknowledges and agrees that:
- (a) the price of Securities and the income from them (if applicable) can and does fluctuate and any individual Security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities;
  - (b) the actual bid and offer prices of any Transaction will be determined at the time when such Transaction is effected and any figures which may have been quoted by WLIS or its representatives at any time for the purpose of such Transaction are indicative only;
  - (c) prices of Securities listed on the Hong Kong Stock Exchange are provided by SEHK and prices of Funds are provided by the related fund houses. While WLIS and its market information providers endeavour to ensure the accuracy and reliability of the prices quoted, no guarantee as to their accuracy is given and to the extent permitted by applicable law, no liability (whether in tort or contract or otherwise) is accepted for any loss or damages arising from any inaccuracies or omissions;
  - (d) any price of any Security quoted by WLIS in response to any enquiry by the Client is for reference only and shall not be binding on WLIS or any of its market information providers. WLIS shall be entitled to act on any Instruction for the sale and purchase of any Security even if the price of such Security has altered to the disadvantages of the Client between the time of WLIS's receipt of such Instruction and the time at which WLIS or its agent completes any such sale or purchase.
- 5.11 If the Client has obtained quotes of the prices of any Securities from WLIS, it shall not:
- (a) disseminate such quotes (or any part thereof) to any other person;
  - (b) use or permit the use of such quotes (or any part thereof) for any illegal purpose;
  - (c) use such quotes (or any part thereof) other than for the Client's own use; or
  - (d) use such quotes (or any part thereof) in relation to any trading or dealing of Securities otherwise than through WLIS.

## **6. Short Selling**

- 6.1 The Client acknowledges that applicable laws and regulations may prohibit WLIS from placing a sale order on the Client's behalf when the order relates to Securities which the Client does not own ("Short Sell Order"). The Client undertakes that:
- (a) prior to placing a Short Sell Order, it will have entered into an effective securities borrowing arrangement or other form of cover acceptable to WLIS which will ensure that the Securities in question will be delivered on the designated settlement date; and
  - (b) prior to execution of such an order, it will provide WLIS such documentary assurance that any such order is covered as WLIS shall specify.
- 6.2 The Client acknowledges that WLIS has the right to request delivery of a copy of documentary evidence relating to the relevant securities borrowing transaction e.g. the lender's confirmation.
- 6.3 The Client acknowledges that WLIS will not accept an Instruction to sell the Securities which is a Short Sell Order unless the Client has provided the documentary assurance as required by WLIS. WLIS shall not be responsible to the Client for identifying whether or not an Instruction is a Short Sell Order, and the Client undertakes to inform WLIS expressly that a sale is a short sale at the time of giving the Instructions to effect that sale.

## **7. New Listing of Securities**

- 7.1 In the event that the Client requests and authorises WLIS to apply for Securities in respect of a new listing and/or issue of Securities on the Exchange as its agent and for its benefit or for the benefit of any other person, the Client hereby warrants to and for WLIS's benefit that WLIS has authority to make such application on the Client's behalf.
- 7.2 The Client shall familiarise himself and comply with all the terms and conditions governing the new listing and/or issue of Securities and the application for such new Securities set out in any prospectus and/or offering document and the application form or any other relevant document in respect of such new listing and/or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with WLIS.
- 7.3 The Client hereby gives WLIS all the representations, warranties and undertakings which an applicant for Securities in a new listing and/or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person).
- 7.4 The Client hereby further declares and warrants, and authorises WLIS to disclose and warrant to the Exchange on any application form (or otherwise) and to any other person as appropriate, that any such application made by WLIS as its agent is the only application made, and the only application intended to be made, by the Client or on the Client's behalf, to benefit the Client or the person for whose benefit the Client is applying. The Client acknowledges and accepts that the aforesaid declaration and warranty will be relied upon by WLIS and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person in respect of any application made by WLIS as the Client's agent.
- 7.5 In relation to Clause 7.4 above, the Client acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in Securities and in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 7.6 The Client recognizes and understands that the legal, regulatory requirements and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Client undertakes to provide WLIS such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as WLIS may in WLIS's absolute discretion determine from time to time.
- 7.7 In relation to a bulk application to be made by WLIS or WLIS's agent on WLIS's own account and/or on behalf of the Client and/or WLIS's other clients, the Client acknowledges and agrees:
- (a) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and to the extent permitted by applicable law, neither WLIS nor WLIS's agent shall, in the absence of fraud, gross negligence or wilful default, be liable to the Client or any other person in consequence of such rejection; and
  - (b) to indemnify WLIS in accordance with Clause 21.2 of the Agreement if such bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client.
- The Client acknowledges that the Client may also be liable in damages to other persons affected by such breach or other factors.

## **8. Safekeeping and Disposal of Securities**

- 8.1 The Client appoints WLIS to act as custodian for the Client to provide custody of Client's Securities. The Client agrees not to pledge, charge, sell, grant an option or otherwise deal in any Securities or money forming part of any Account without the prior written consent of WLIS.

- 8.2 Any Securities held by WLIS for safekeeping on behalf of the Client may, at WLIS's discretion:-
- (a) (in the case of registrable Securities) be registered in the name of the Client or in the name of WLIS's Associated Entity; or
  - (b) deposited in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by WLIS or an Associated Entity of WLIS for the purpose of holding client securities of WLIS with an Authorised Institution, an approved custodian or another intermediary licensed for dealing in securities.
- 8.3 Where Securities are held by WLIS for safekeeping pursuant to this Clause 8, WLIS shall itself, and shall procure any nominee or custodian appointed by it to:
- (a) collect and credit any dividends or other benefits arising in respect of such Securities to the Account or make payment to the Client as agreed with the Client. Where the Securities form part of a larger holding of identical Securities held for WLIS's clients, the Client is entitled to the same share of the benefits arising on the holding as the Client's share of the total holding. Where the dividend is distributed either in the form of cash dividend or other forms, WLIS is authorised to elect and receive on behalf of the Client cash dividend in the absence of contrary prior written Instruction from the Client; and
  - (b) comply with any directions received from the Client as to the exercise of any voting or other rights attaching to or conferring on such Securities provided that if any payment or expense is required to be made or incurred in connection with such exercise, neither WLIS nor its nominee shall be required to comply with any directions received from the Client unless and until it receives all amounts necessary to fund such exercise.
- 8.4 WLIS and its nominee are not bound to redeliver to the Client the identical Securities received from or for the Client but may redeliver to the Client, at the office of WLIS at which the Account is kept, Securities of like quantity, type and description.
- 8.5 Securities held by WLIS for safekeeping pursuant to Clause 8.3 are held by WLIS at the sole risk of the Client and to the extent permitted by applicable law WLIS shall not be responsible for or liable in respect of any loss or damage suffered by the Client in connection herewith unless such loss or damage has been caused as a direct consequence of a gross act of negligence fraud or wilful misconduct on the part of WLIS. WLIS shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 8.6 The Client shall give not less than seven (7) Business Days' prior written notice to WLIS to withdraw any or all of the Securities deposited by the Client with WLIS provided always that:
- (a) withdrawal of any class of Securities shall be in multiples of its lowest denomination (whether in board lots or otherwise) and shall be effected at such location as may be prescribed by WLIS from time to time as notified to the Client;
  - (b) the Client is not indebted to WLIS unless WLIS has specifically agreed to such withdrawal; and
  - (c) the Securities to be withdrawn are not subject to any lien exercised by WLIS; and
  - (d) WLIS's obligation to re-deliver the scrips and/or documents upon withdrawal of the relevant Securities shall be subject to WLIS's receipt of such scrips and/or documents from the relevant party(ies) with whom WLIS has deposited the relevant Securities pursuant to Clause 8.2.

## **9. Payments**

- 9.1 All payments pursuant to this Agreement or otherwise in connection with any Transaction shall be made in immediately available funds (or other funds determined by and acceptable to WLIS at its absolute discretion) in such currency as WLIS may in its absolute discretion require, on the due date of such payment and be exclusive of any deductions or withholding.
- 9.2 If the Client defaults in the payment on the due date of any sum due hereunder to WLIS, the Client shall on demand pay interest. Likewise, the Client shall pay interest on all debit balances on the Account (including any amount otherwise owing to WLIS at any time) at such rates and on such other terms as WLIS notifies the Client from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by WLIS. Overdue interest shall be compounded monthly and shall itself bear interest, or calculated on the basis which is from time to time notified to the Client by WLIS. The Client will, in addition, reimburse WLIS on demand for all expenses which may be incurred by WLIS in protecting any of its rights, or in suing for or recovering any sum due to it in respect of any Transaction effected by for the Client.

## **10. Transaction Notices and Reports**

- 10.1 WLIS will report to the Client execution of Transactions by sending to the Client a copy of any contract note, transaction confirmation and statement of account as required by applicable laws, rules and regulations. WLIS may also report to the Client execution of Transactions (a) promptly by telephone calls or facsimile or other means as agreed and/or (b) by delivering to the Client electronic statement. In addition, WLIS will comply with any legal and/or regulatory requirements regarding provision of monthly statements of account to the Client.
- 10.2 The Client shall have a duty to examine any contract note, transaction confirmation, statement of account provided by WLIS to the Client carefully and thoroughly and to notify WLIS in writing of any alleged error or irregularity therein within 48 hours or such other period of time as may be specified by WLIS generally or in any particular case, after the date of receipt of such contract note, transaction confirmation or statement of account. The Client agrees that WLIS is not liable for any damages or market fluctuations resulting from any delay in reporting an error to WLIS. In the absence of a manifest error, the contract notes, the transaction confirmations and the statements of account shall be

conclusive and the Client shall be deemed to have waived any such error and WLIS will be released from all claims by the Client in connection with the contract notes, transaction confirmations and statements of account or any action taken or not taken by WLIS regarding the Account. In the case that there is an overpayment of money to the Account, the Client agrees to notify WLIS as soon as it is aware of the overpayment and agrees not to remove (or if it is removed, to return) the money.

## **11. 11. Commissions, Charges and Interest**

- 11.1 WLIS is authorised to deduct WLIS's commissions and charges in connection with any Transactions effected with any person for the Client (as notified to the Client from time to time), all applicable levies, fees imposed by the Exchange or Clearing House or any relevant foreign exchange, brokerage, stamp duty, bank charges, transfer fees, interest and nominee or custodial expenses immediately when due.
- 11.2 WLIS shall deposit all monies held in the Account and all monies received for or on the account of the Client into one or more segregated account(s) in Hong Kong, each of which shall be designated as a trust account or client account, at one or more Authorised Institution(s) or as otherwise permitted by the SFC for the purposes of the Securities and Futures (Client Money) Rules.
- 11.3 Subject to such deduction which WLIS may make pursuant to clause 11.1 and the applicable laws and regulations, any interest accrued on the credit balance in the Account and any trust account of the Client shall belong to WLIS.
- 11.4 Without prejudice to any other rights and remedies available to WLIS, WLIS may charge a half-yearly maintenance fee of such amount in such currency as WLIS may determine from time to time on any dormant Account if there is no trading activity under such Account for six months or more. Payment of such fees will be automatically deducted from the Account.
- 11.5 The Client shall pay interest on all debit balances on the Account (including any amount otherwise owing to WLIS anytime) at such rates and on such other terms as WLIS notifies the Client from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by WLIS. Overdue interest shall be compounded monthly and shall itself bear interest.

## **12. 12. Instructions**

- 12.1 All Instructions shall be given by the Client orally either in person or by telephone, or in writing, delivered by hand, by post or by facsimile transmission or through Electronic Service in accordance with Clause 16 provided that where the Client is a corporation written Instruction must be signed by its Authorised Signer(s) in accordance with the Signing Instructions and oral Instruction must be given by the Trading Representative(s) in accordance with the Oral Instruction Operating Arrangements and where the Client is an individual, both oral and written instructions may be given by the Client personally and written instructions may be given by his Authorised Person and where the Client comprises more than one individual (each a "Joint Holder"), both oral and written instruction may be given by the Joint Holder(s) in accordance with the Oral Instruction Operating Arrangements and Signing Instructions respectively.
- 12.2 WLIS may refuse to enter in its record
  - (a) a party as an Authorised Signer or a Trading Representative of the Client (where the Client is a corporation) if WLIS has not received original or certified true copy (with the certification made by a director of the Client or a lawyer qualified to practise Hong Kong law or the law of the place of incorporation of the Client or a notary public) of Board resolutions of the Client in form and substance to the reasonable satisfaction of WLIS appointing the party as Authorised Signer or Trading Representative (as the case may be) and checking verification and other procedures in connection with anti-money laundering and counter-terrorist financing with respect to the proposed new Authorised Signer or Trading Representative have not been completed or WLIS finds the results of completion of such procedures not satisfactory;
  - (b) signing arrangements for operating the Account and giving Instruction in relation to the Account to WLIS as Signing Instructions if WLIS has not received in the case where the Client is a corporation original or certified true copy (with the certification made by a director of the Client or a lawyer qualified to practise Hong Kong law or the law of the place of incorporation of the Client or a notary public) of Board resolutions of the Client in form and substance to the reasonable satisfaction of WLIS approving the adoption of such signing arrangements and in the case where the Client comprises more than one individual instructions duly signed by all such individuals setting out such signing arrangements in form and substance to the reasonable satisfaction of WLIS;
  - (c) oral instruction arrangements for operating the Account and giving Instruction in relation to the Account to WLIS if WLIS has not received in the case where the Client is a corporation original or certified true copy (with the certification made by a director of the Client or a lawyer qualified to practise Hong Kong law or the law of the place of incorporation of the Client or a notary public) of Board resolutions of the Client in form and substance to the reasonable satisfaction of WLIS approving the adoption of such oral instruction arrangements and in the case where the Client comprises more than one individual instructions duly signed by all such individuals setting out such oral instruction arrangements in form and substance to the reasonable satisfaction of WLIS;
  - (d) a party as the Authorised Person of the Client (where the Client is an individual) if WLIS has not received Power of Attorney duly signed by the Client that remains valid and subsisting proving to the reasonable satisfaction of WLIS the authority from the Client to such party to operate the Account and otherwise give Instructions in relation to the Account to WLIS for and on behalf of the Client.
- 12.3 The Client acknowledges and agrees that any Instructions given or purported to be given by any means to WLIS by the Client or by any Authorised Person in accordance with the Signing Instructions or the Oral Instruction Operating Arrangements (as applicable) which are acted on or relied on by WLIS shall at all times be irrevocable and bind the Client, whether or not such Instructions are in fact given or authorised by the Client. So long as WLIS has verified and finds in the case where written Instruction is given that based on the specimen signatures of

the Authorised Signers (where the Client is a corporation) or of the Client or his Authorised Person (where the Client is an individual) or the Joint Holders (where the Client comprises more than one individual) the written Instruction appears to be signed by an Authorised Signer (where the Client is a corporation) or the Client or his Authorised Person (where the Client is an individual) or the Joint Holder(s) in accordance with the Signing Instructions and in the case where Instruction is given orally that based on the response to the identification verification questions raised to the one giving Instruction orally such party appears to be a Trading Representative (where the Client is a corporation) or the Client or a Joint Holder (where the Client comprises more than one individual) , WLIS shall not have any further duty to enquire about or verify the identity or authority of the person giving Instruction to WLIS.

- 12.4 The Client acknowledges that once an Instruction has been made it may not be possible to cancel or change the Instruction.
- 12.5 WLIS will not without reasonable ground or mala fide refuse to act for the Client or otherwise follow the Instructions of the Client or its Authorised Person(s) or given by the Joint Holder(s) in accordance with the Signing Instructions or the Oral Instruction Operating Arrangements.

### **13. 13. Conflict of Interest**

- 13.1 WLIS and its directors, officers or employees may trade on its/their own account or on the account of any of its or their Associates.
- 13.2 WLIS is authorised to buy, sell, hold or deal in any Securities or take the opposite position to the Client's order whether it is on WLIS's own account or on behalf of any of its Associates or its other Clients.
- 13.3 WLIS is authorised to match the Client's orders with those of its other Clients.
- 13.4 WLIS is authorised to effect Transactions where WLIS or any of its Associates has a position in the Securities concerned or is involved with those Securities as underwriter, sponsor or otherwise.
- 13.5 The Client acknowledges and accepts that WLIS and any of its Associates may have interests, or may owe duties to other Clients who have interests, which may conflict with the interests of the Client. WLIS shall take all reasonable steps to ensure that the Client receives fair treatment in the event of any actual or potential conflict arising.
- 13.6 In respect of any of the transactions or matters mentioned in this Clause 13, WLIS and its directors, officers and employees shall not be obliged to account for any profits or benefits obtained.

### **14. 14. Representations Warranties and Undertakings**

- 14.1 The Client represents and warrants to WLIS the following:
- (a) the information provided by the Client to WLIS, whether in the Client Information Form, the Securities Account Application Form or otherwise is true, accurate and complete and not misleading in any respect and WLIS is entitled to rely on such information until WLIS has received notice in writing from the Client of any changes therein;
  - (b) (in the case of a corporation)
    - (i) the Client is validly incorporated and existing under the laws of its place of incorporation and has full power and capacity to enter into and perform its obligations hereunder;
    - (ii) the Client's entry into of this Agreement has been duly authorised by its governing body and does not breach its Articles of Association (and the Memorandum of Association also if the Client has the same) or other constitutional documents (as applicable);
  - (c) all necessary consents or authorisation which may be required for the Client's entering into and performance of this Agreement have been obtained and are in full force and effect;
  - (d) the Client has the authority and legal capacity to enter into and perform its obligations under this Agreement and this Agreement constitutes valid and legally binding obligations of the Client in accordance with its terms;
  - (e) the Client is not resident in a jurisdiction where there is any restriction on purchase of Securities by the Client. If the Client becomes resident in any such jurisdiction the Client shall inform WLIS immediately and will if so required by WLIS sell or redeem any such restricted Securities.

The above representations and warranties shall be deemed to be repeated immediately before each Instruction is given or executed.

- 14.2 The Client undertakes that
- (a) it will notify WLIS in writing of any change in the information mentioned in Clause 14.1(a) above;
  - (b) when purchasing or dealing in any Securities it will ensure that the Client is not subject to and is not acting on behalf of any person who is subject to any prohibition against the purchase of or dealing in any Security.

### **15. 15. Set-Off, Lien and Combination of Accounts**

- 15.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which WLIS may be entitled under the applicable law or this Agreement, to the extent permitted by applicable law,

- (a) all Securities, receivables, monies and other property of the Client (held by the Client either individually or jointly with others) held by or in the possession of WLIS at any time shall be subject to a general lien in favour of WLIS as continuing security, and
  - (b) WLIS may as the Client's agent take such measures as it may in its sole discretion deem necessary to sell, dispose of or otherwise realise all such property, to offset and discharge all of the Client's obligations, arising from the Transactions, to WLIS and its Associates.
- 15.2 The Client as beneficial owner hereby charges in favour of WLIS and any of its Associates by way of first fixed charge, to the extent permitted by applicable law, all Securities, receivables, monies and other property of the Client (held by the Client either individually or jointly with others) held by or in the possession of WLIS at any time, including any and all rights, title and interest, present and future, therein (collectively called "Charged Property") as continuing security for all of the liabilities and obligations due, owing or incurred towards WLIS or its Associates of whatever nature from time to time and the Client by this Agreement assigns and releases to WLIS and any of its Associates all such Securities, receivables, monies and other property as aforesaid. If and to the extent any charge created as aforesaid is ineffective as a fixed charge for any reason, then such charge shall take effect as a first floating charge. In respect of any asset forming part of the Charged Property which is not for the time being effectively charged to WLIS and its Associates by way of fixed charge, WLIS and any of its Associates may at any time by notice in writing to the Client, to the extent permitted by applicable law, convert the floating charge hereby created into a fixed charge as regards any Charged Property specified in the notice. If the Client without the prior written consent of WLIS or any of its Associates creates, incurs or permits to arise or subsist any encumbrance over the Charged Property or attempts or takes any steps so to do, or a bankruptcy or winding-up petition is presented against the Client or a receiver appointed to all or any part of either of the Client's property or of the Client's business, or the Client makes arrangement or composition with the Client's creditors generally (collectively, "Crystallisation Event"), the floating charge hereby created shall automatically, without notice, be converted into a fixed charge as regards the Charged Property thereby affected immediately before the Crystallisation Event. Without limitation to the above, subject to applicable laws and regulations, in the event of the Client's failure to pay any indebtedness or outstanding amount due, owing or incurred to WLIS or any of its Associates when due or on demand by WLIS or any of its Associates, or an order is made or petition presented or resolution passed for the bankruptcy, winding-up or dissolution of the Client, or the Client is declared incompetent or dies or upon the occurrence of any Event of Default, WLIS shall be entitled to sell or, as the case may be, the relevant WLIS's Associate shall be entitled to direct WLIS to sell, at the absolute discretion of the relevant company both as to manner and time of sale and consideration, any of the Charged Property whether or not held on loan for consumption and whether or not the delivery of any property comprised in the Charged Property shall have been required pursuant to any instruction from the Client or any Authorised Person and to deduct from the sale proceeds such amount as is necessary to discharge the indebtedness or outstanding amount and pay the same to WLIS or any of its Associates. For this purpose, a certificate issued by WLIS or any of its Associates certifying the amount of indebtedness or outstanding amount due to it by the Client at any time and that the Client has failed to pay the same to it shall be final, conclusive and binding on the Client.
- 15.3 In addition and without prejudice to any general liens or other similar rights which WLIS may be entitled under law or this Agreement, to the extent permitted by applicable law,
- (a) WLIS for itself and as agent for any of its Associates, at any time without notice to the Client, may combine or consolidate any or all accounts, of any nature whatsoever and either individually or jointly with others, with WLIS or any of its Associates; and
  - (b) WLIS may set off or transfer any monies, Securities or other property in any such accounts to satisfy obligations or liabilities of the Client to WLIS or any of its Associates, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.
- 15.4 Without limiting or modifying the general provisions of this Agreement, WLIS may, to the extent permitted by applicable law, without notice, transfer all or any such or properties inter changeably between any Accounts and any other accounts of its Associates.
- 15.5 The Client agrees to give WLIS an authorisation pursuant to Rule 21(2) of the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) to
- (a) set off against each other any amount receivable from, and amount payable to the Client where such amounts arise from the purchase and sale of Securities by the Client on a cash-against-delivery basis;
  - (b) dispose of Securities held for the Client for the purpose of settling any of the amounts payable by the Client to WLIS.

## **16. 16. Electronic Service**

- 16.1 The Client agrees and undertakes that in respect of any use by the Client of the Electronic Service offered by WLIS from time to time, the Client will fully comply with and observe this Agreement and the Terms and Conditions of Electronic Service as set out in Schedule III.
- 16.2 WLIS may in its absolute discretion impose restrictions on the types of orders and the range of prices for such orders, which can be placed through the Electronic Service and the types of Securities and markets which can be covered by Electronic Service.
- 16.3 The Client agrees to pay, if it elects to use the Electronic Service, all subscription, service and user fees, if any, that WLIS charges for the Electronic Service.

## **17. 17. Events of Default**

- 17.1 The following events shall be Events of Default (each an "Event of Default") for the purposes of this Agreement:
- (a) the Client (including any Joint Holder in the case where the Client comprises more than one individual) fails to duly and punctually



observe or perform any of the undertakings, duties and obligations of the Client (including any Joint Holder in the case where the Client comprises more than one individual) under or otherwise any provision of any agreement, contract or other binding document (including but without limitation to this Agreement) the Client (including any Joint Holder in the case where the Client comprises more than one individual) or any of its Group Companies has entered into with WLIS or any Group Company of WLIS ;

- (b) default by the Client in the observance of any laws, by-laws, rules and/or regulations of Hong Kong or elsewhere (including but not limited to the Stock Connect Rules) ;
- (c) the Client (in the case of an individual) dies, or is judicially declared insane or incompetent, or has filed a petition for his bankruptcy (or his bankruptcy has been petitioned by a third party) or, (in the case of a corporation) is insolvent or has commenced procedures for its voluntary winding-up (or its winding-up has been petitioned by a third party) or enters into an arrangement or composition for the benefit of its creditors or ceases or threatens to cease to make payment of its debts;
- (d) an encumbrancer takes possession or a receiver, trustee or other similar officer is appointed in respect of any part of the Client's undertaking, assets or revenues or a distress, execution or other process is levied or enforced or sued out upon or against any property of the Client and is not removed, discharged or paid out in full within 7 days;
- (e) an administrator, liquidator or similar officer is appointed or an administration order made with respect to the Client or the whole or any part of the Client's assets or business;
- (f) there shall, without the prior written consent of WLIS, be a debit balance on any Account of the Client with WLIS;
- (g) any representation or warranty made by the Client to WLIS in this Agreement, the Client Information Form, the Securities Account Application Form or in any other document is or becomes incorrect or misleading;
- (h) any consent, authorisation or board resolution required by the Client (being a corporation) to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (i) performance of this Agreement, any other agreement, contract or other binding document (including but without limitation to the Securities Account Application Form) the Client has entered into with WLIS or any Group Company of WLIS becomes illegal or is claimed by any government authority to be illegal; and
- (j) the occurrence of any event which, in the sole reasonable opinion of WLIS, might jeopardise any of WLIS's rights under this Agreement.

17.2 Without prejudice to any other rights or remedies which WLIS may have, if any of the Events of Default shall occur,

- (a) all amounts due or owing by the Client to WLIS under this Agreement shall become immediately due and payable;
- (b) WLIS shall not, pending remedy thereof, be obliged to pay over any sum or deliver any assets held by way of security to the Client in respect of any Transaction;
- (c) without prior demand, call or notice to the Client, WLIS shall be entitled to
  - (i) immediately close the Account;
  - (ii) terminate all or any part of this Agreement;
  - (iii) cancel any or all outstanding orders or any other commitments made on behalf of the Client;
  - (iv) suspend performance of any of its obligations to the Client howsoever arising, including the payment of any sum or sums of money then due or which might thereafter become due and cancellation of all outstanding orders or contracts, until such time as the Client has fully complied with all its obligations to WLIS or the Event of Default has been remedied to WLIS's satisfaction;
  - (v) dispose of any or all Securities held for or on behalf of the Client and apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to WLIS or its Associates including all costs, charges, legal fees and expenses like stamp duty, commission and brokerage properly incurred by WLIS in transferring or selling all or any of the Securities or properties in the Account or in perfecting title thereto;
  - (vi) close any or all contracts between WLIS and the Client as WLIS considers necessary or desirable, cover any short position of the Client through the purchase of Securities on the relevant Exchange(s) or liquidate any long positions of the Client through the sale of Securities on the relevant Exchange and take such other steps as WLIS may consider necessary to protect its interests (but in no circumstances shall WLIS be under any obligation to exercise any of such rights or, if it does exercise any of such rights, to do so at a time or in a manner beneficial to the Client) ;
  - (vii) borrow or buy any Securities required for delivery in respect of any sale effected for the Client;
  - (viii) subject to applicable laws, rules and regulations, sell or subpledge any securities, financial instruments, documents or other property held by WLIS under this Agreement as it may deem appropriate in order to discharge any obligations of the Client to WLIS; and
  - (ix) combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 15.

17.3 In the event of any sale pursuant to Clause 17.2,

- (a) WLIS shall not be responsible for any loss occasioned thereby howsoever arising if WLIS has used reasonable endeavours to sell or dispose of the Securities or any part thereof at the then available market price;
- (b) to the extent permitted by applicable law, WLIS shall be entitled to keep for itself or sell or dispose of the Securities or any part thereof at the available market price to any person at its discretion without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by WLIS and/or any of the Associates; and
- (c) the Client agrees to pay to WLIS any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by the Client to WLIS.

17.4 Any demand, call or notice given by WLIS to the Client prior to WLIS's exercise of any rights under Clause 17.2 shall not be construed as a waiver of WLIS's right to exercise its rights thereunder without prior notice.

## **18. 18. Termination and Suspension**

- 18.1 Either party may terminate this Agreement at any time by giving the other party no less than 5 Business Days' notice in writing.
- 18.2 WLIS may also terminate this Agreement upon the occurrence of any one or more of the following events:
- (a) the withdrawal or non-renewal upon expiry (or when called upon to do so) of the Standing Authority (Client Securities) given by the Client to WLIS;
  - (b) the withdrawal of the Client's appointment of WLIS as the Client's custodian under Clause 8.1; or
  - (c) where the Client no longer maintains any Account with WLIS or where WLIS no longer provides any services to the Client by virtue of Clause 18.6.
- 18.3 Termination under this Clause is without prejudice to any other provisions of this Agreement and shall not affect:
- (a) any Transactions entered into by WLIS pursuant to this Agreement before the termination;
  - (b) any accrued rights or liabilities of any of the parties to this Agreement which may already have arisen;
  - (c) any warranties, representations, undertakings and indemnities given by the Client;
  - (d) any rights of WLIS over any of the Client's property in the possession or control of WLIS whether the same be held for safe custody, margin or otherwise and whether pursuant to this Agreement or otherwise so long as there are any outstanding liabilities of the Client to WLIS; and
  - (e) the rights or liabilities of either party to this Agreement arising out of or in connection with any outstanding orders or open contracts at the time of such termination whether as to margin, commissions, expenses, indemnity or otherwise whatsoever or howsoever in accordance with the terms of this Agreement until all such contracts have been closed out or settlement and/or delivery has been effected and all such liabilities have been fully discharged. In the event the notice of termination from the Client is actually received by WLIS beyond the notice period mentioned in clause 18.1, service of notice of termination by the Client shall not affect any Transaction entered into pursuant to the Agreement before the expiration of one (1) Business Day after the actual receipt of by WLIS of the termination notice. Notwithstanding anything in the Agreement, WLIS may at its full discretion, reasonably exercised, to immediately cease or refuse to carry out or execute any order or orders of the Client (a) upon receipt of a termination notice from the Client and/ or (b) upon issuance of a termination notice by WLIS to the Client; as the case may be, both notwithstanding that the notice period in clause 18.1 has not expired.
- 18.4 Upon termination of this Agreement under this Clause, all amounts due or owing by the Client to WLIS under this Agreement shall become immediately due and payable. WLIS shall cease to have any obligations to purchase or sell Securities on behalf of the Client in accordance with the provisions of this Agreement, notwithstanding any instructions from the Client to the contrary.
- 18.5 WLIS may suspend the services to the Client in relation to or under the Account without prior notice
- (a) where the Account has recorded no trading activity for a continuous period of 12 months;
  - (b) in the event of system failure, force majeure, suspicion of money laundering terrorist financing and/or other illegal activities through the Transactions and/or the use of the Account; and/or
  - (c) where requirements of court orders, applicable laws and regulations, regulatory authorities, investigation by any competent authority or WLIS for legal and regulatory compliance purpose warrant such suspension.
- 18.6 WLIS may terminate the services to the Client in relation to or under the Account without prior notice where the Account has recorded no trading activity for a continuous period of 18 months.

## **19. 19. Notice and Communications**

- 19.1 Unless otherwise provided in these Terms, notices given by either party to the other under these Terms shall be in writing and sent to the other party's last known address, telex number or fax number (as the case may be), and shall be deemed to be in force if:
- (i) if by post, two (2) days (in the case of local mail) or seven (7) days (in the case of international mail) after posting (if the notice is properly addressed and properly posted);
  - (ii) in the case of facsimile, on the date of transmission when the machine sending the facsimile prints a transmission report indicating that the facsimile has been sent in full to the recipient's facsimile number;
  - (iii) if delivered by hand, it shall be deemed to be effective on the date of delivery.

## **20. 20. Assignment**

- 20.1 The Client may not assign any rights under this Agreement without the prior written consent of WLIS. Where applicable, the Client's rights arising under each Transaction shall be subject to all rights, liabilities and obligations arising out of the application of this Agreement to every other Transaction entered into by the Client with WLIS.
- 20.2 The Client agrees that WLIS may transfer and assign its rights and obligations under this Agreement without the Client's consent.

## **21. 21. Liability and Indemnity**

- 21.1 WLIS will use all reasonable endeavours to comply with and carry out Instructions given by the Client and accepted by WLIS concerning the Account or Transactions but to the extent permitted by applicable law neither WLIS nor any of its directors, employees or agents (save where it has been established that they or any of them have acted fraudulently or in wilful default or are grossly negligent) shall have any liability whatsoever (whether in contract, tort or otherwise) for any loss, expenses or damages suffered by the Client as a result of:
- (a) any inability, failure or delay on the part of WLIS to comply with or carry out any such Instruction or any ambiguity or defect in any such Instruction; or
  - (b) WLIS in good faith acting or relying on any Instruction given by the Client, whether or not such Instruction was given following any recommendation, advice or opinion given by WLIS or any Associate or by any of its or their directors, employees or agents; or
  - (c) WLIS failing to perform its obligations hereunder by reason of any cause beyond its control, including any governmental or regulatory restriction, closure of or ruling by any Exchange (or any division thereof), suspension of trading, breakdown or failure of transmission or communication or computer facilities, postal or other strikes or similar industrial action, or the failure of any Exchange, Clearing House, Correspondent Agent, other company or person whatsoever to perform its obligations; or
  - (d) any Exchange, Clearing House, Correspondent Agent or other company ceasing for any reason to recognize the existence or validity of Transactions entered into by WLIS on behalf of the Client, or failing to perform or close out any such contract provided that such cessation or failure shall not affect the Client's obligations hereunder in respect of any such contracts or other obligations or liabilities of the Client arising therefrom; or
  - (e) the mis-understanding or mis-interpretation of any Instruction given or placed verbally or electronically, or delays or errors in transmission owing to electronic traffic congestion or any other causes, or any mechanical failure, malfunction, suspension or termination of the continued operation or availability and mechanical failure or inadequacy of WLIS's telephone or telecommunication system or installation in connection with the receipt and processing of Instructions transmitted by telecommunication devices and all other related equipment, facilities and Service.
- 21.2 The Client agrees to fully indemnify and keep indemnified WLIS (as trustee for itself and the other Indemnified Persons) and its Associates and its Correspondent Agents and their directors, officers, employees and agents ("Indemnified Persons") against any loss, cost, claim, liability or expense, including legal fees, that may be suffered or incurred by any and/or all of the Indemnified Persons, arising out of or in connection with any Transactions, or otherwise arising out of any action or omission by WLIS in accordance with the terms of this Agreement, or arising out of any Event of Default, or arising out of any breach by the Client of any of its obligations under this Agreement, including any costs reasonably incurred by WLIS in collecting any debts due to WLIS or any unpaid deficiency in the Account, in enforcing the rights of WLIS hereunder or in connection with the closure of the Account, and any penalty charged to WLIS by any Exchange and/or Clearing House.

## **22. 22. Joint and Several Liability and Successors**

- 22.1 Where the Client comprises two or more individuals:
- (a) the Account shall be owned by the individuals as joint tenants with the right of survivorship and each such individual shall be jointly and severally liable for all obligations and liabilities of the Client under this Agreement and in respect of the Account;
  - (b) without prejudice to WLIS's right to require written Instructions from all such individuals at its discretion WLIS may accept Instructions given in manner specified by all of them in writing irrespective of whether or not the Instructions are given by all such individuals and subject to the aforesaid WLIS may give receipts to and for all purposes deal with any one of such individuals without notice to the other individual(s) and WLIS is not responsible for determining the purposes or propriety of an Instruction given in the said manner or for the disposition of payments or deliveries among such individuals;
  - (c) WLIS is authorised to make payment relating to the Account to any one of them in such form and manner and to such extent as any one or more of such individuals shall request or as WLIS shall in its sole discretion determine at any time and from time to time regardless of whether such payment is made before or after the death of any one or more of such individuals;
  - (d) any notice and communication sent to one such person shall be deemed to be a notice to all persons holding the account; subject to the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), when any such person After the death of the person (while any other such person is still alive), this agreement shall not be terminated, and the rights and interests in the account of the deceased shall vest in the surviving person (if all persons are deceased, upon presentation of the last surviving person) after probate or letter of administration, the legal representative of the last surviving person is granted, but any liabilities incurred by the deceased may also be enforced by WLIS against the estate of the deceased client. Surviving clients must notify WLIS in writing immediately upon learning of any such death;
- 22.2 This Agreement shall be binding on the Client's heirs, executors, administrators, personal representatives, successors and assigns, as the case may be.

## **23. 23. Amendments**

- 23.1 The Client agrees that WLIS may amend the terms of this Agreement (including but without limitation to introducing additional terms and conditions) at any time and from time to time by giving the Client reasonable notice of the changes in writing which may be given by display in the office of WLIS, posting on WLIS's website or other means as WLIS thinks fit. Any amendment to this Agreement shall take effect on expiry of such notice period and the Client will be deemed to have accepted the amendment and the amendment shall be binding on the Client if after the effective date of the amendment the Client does not terminate the Account or if there is still any liability owing by the Client to WLIS in respect of the Account.

#### **24. 24. Client Identity Rule**

- 24.1 If the Client effects Transactions in Securities listed on SEHK, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with its clients, the Client hereby agrees that, in relation to such transaction where WLIS has received an enquiry from SEHK and/or the SFC and/or any other relevant regulatory or supervisory authority, exchange or clearing house (the “Hong Kong regulators”) , the following provisions in this Clause 24 shall apply.
- 24.2 Subject as provided below, the Client shall, immediately upon request by WLIS (which request shall include the relevant contact details of the Hong Kong regulators), inform the Hong Kong regulators of its identity, address, occupation and contact details and (so far as known to the Client) of the person with the ultimate beneficial interest in the relevant transaction. The Client shall also inform the Hong Kong regulators of the identity, address, occupation and contact details of any other party (if different from the Client or the ultimate beneficiary) who originated the relevant transactions. Further, the Client shall also disclose to the Hong Kong regulators and/or WLIS details of the instruction(s).
- 24.3 If the Client effected the transactions for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by WLIS (which request shall include the relevant contact details of the Hong Kong regulators), inform the Hong Kong 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 transactions.
- 24.4 If the Client effected the transactions for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform WLIS when the Client’s discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client’s investment discretion has been overridden, the Client shall, immediately upon request by WLIS (which request shall include the relevant contact details of the Hong Kong regulators) , inform the Hong Kong regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the transactions.
- 24.5 If the Client is a collective investment scheme, discretionary account or discretionary trust and in respect of a particular transaction the discretion of the Client or its officers or employees has been overridden, the Client shall, as soon as practicable, inform WLIS when the Client’s discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client’s investment discretion has been overridden, the Client shall, immediately upon request by WLIS (which request shall include the relevant contact details of the Hong Kong regulators) , inform the Hong Kong regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the transactions.

#### **25. 25. Currency**

- 25.1 WLIS may, without prior notice to the Client, make any currency conversions it considers necessary or desirable for the purposes of complying with its obligations or exercising its rights under this Agreement. Any such conversions shall be effected by it in such manner and at such rates as it may at its discretion determine having due regard to the prevailing rates for freely convertible currencies.
- 25.2 All foreign currency exchange risk arising from any Transaction or from compliance by WLIS with its obligations or exercise by it of its rights under this Agreement shall be borne by the Client.

#### **26. 26. Client Money Standing Authority**

- 26.1 The Client Money Standing Authority covers money held or received by WLIS in Hong Kong (including any interest derived from the holding of the money) in one or more segregated account(s) on the Client’s behalf (“Monies”).
- 26.2 In regards to 《Standing Authority for Fund Withdrawal》 , the Client authorizes WLIS for fund withdrawal from any independently opened cash securities account/margin securities account/futures account/internet trading account of the Client at WLIS in accordance to the Securities and Futures (Client Money) Rules, and deposit into the bank account(s) designated by the Client without any prior notice or confirmation and/or instructions obtained from the Client.
- 26.3 Regarding 《Standing Authority for Internal Transfer of Fund and Securities》 , the Client authorizes WLIS for unrestricted transfer of all or part of the fund and securities in between any independently opened cash securities account/margin account/futures account/internet trading account of the Client at WLIS in accordance with the Securities and Futures (Client Money) and (Client Securities) Rules, without giving the Client any notice or obtaining confirmation and/or instructions from the Client in advance.
- 26.4 In order to fully utilize the services provided by WLIS, including access to trading in different investment products in different jurisdictions, and in multiple currencies, where WLIS may lend money in one currency, which is secured by collateral held by WLIS in another currency and, to the extent that the Client account(s) may from time to time hold cash credit balances deposited in Hong Kong (in Hong Kong dollars and/or Chinese Yuan Renminbi and/or US dollar) and simultaneous cash debit balances in any other currency or currencies, the Client authorizes WLIS to:
- (1) transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time with WLIS, WLIS’s Associates and its agent broker(s) and/or clearing agent(s) in Hong Kong or outside of Hong Kong (in Macau or in the jurisdiction of WLIS’s Associates), and to maintain such Monies (or their currency equivalents) in accordance with the rules and regulations governing

the custody of client money in that jurisdiction; and/or

- (2) combine or consolidate or net off any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by WLIS, its Associates and its agent broker(s) and/or clearing agent(s) from time to time and WLIS may transfer any sum of Monies or rolling balance to and between such segregated account(s) of the Client to satisfy the Client's obligations or liabilities to WLIS, its Associates and its agent broker(s) and/or clearing agent(s), whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several; and when such sum of Monies or rolling balance are being transferred to make up the short margin amount to avoid forced liquidation, the Client may not have the opportunity to decide whether to continue bearing the market risk by holding onto their investment position or to stop loss by settling their investment position.

- 26.5 The Client acknowledges and agrees that WLIS may do any of the things mentioned in Clause 26.4 without giving the Client notice.
- 26.6 The Client Money Standing Authority is given without prejudice to other authorities or rights which WLIS, its Associates and its agent broker(s) and/or clearing agent(s) may have in relation to dealing in Monies in the segregated account.
- 26.7 The Client Money Standing Authority shall be valid for a period of 12 months from the date of this Agreement, subject to renewal by the Client or deemed renewal under the Client Money Rules as referred to in Clause 26.10.
- 26.8 The Client Money Standing Authority may be revoked by giving WLIS written notice addressed to WLIS at WLIS address specified in the Agreement or such other address which WLIS may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of WLIS's actual receipt of such notice.
- 26.9 The Client understands that the Client Money Standing authority shall be deemed to be renewed on a continuing basis without the Client's written consent if WLIS issues the Client a written reminder at least 14 days prior to the expiry date of the Client Money Standing Authority, and the Client does not object to such deemed renewal before such expiry date.

## **27. 27. Confidentiality**

- 27.1 WLIS will keep information relating to the Account confidential but may without any consent from or notification to the Client disclose any such information pursuant to court orders and provide any such information to the Exchange, SFC or any other authorities (including overseas regulatory authorities, governmental agencies and organisations) to comply with their requirements or requests for information and to any Associates, professional advisers, auditors, third party service providers of WLIS on a need basis.
- 27.2 Where the Client is an individual, WLIS is subject to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), which regulates the use of personal data concerning individuals. WLIS's policies and practices relating to personal data are set out in Schedule V to this Agreement and the Client declares that it fully understands and accepts the provisions in Schedule V.

## **28. 28. Governing Law and Jurisdiction**

- 28.1 This Agreement and all rights, obligations and liabilities hereunder shall be governed by and construed in and may be enforced in accordance with Hong Kong law. The Client agrees to submit to the non-exclusive jurisdiction of the Hong Kong courts.
- 28.2 At the sole option of the Company and in its absolute discretion, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Clause. The appointing authority shall be Hong Kong International Arbitration Centre. The place of arbitration shall be in Hong Kong at Hong Kong International Arbitration Centre (HKIAC). There shall be only one arbitrator. The language to be used in the arbitral proceedings shall be English.

## **29. 29. Process Agent**

- 29.1 Without prejudice to any other mode of service allowed under any relevant law, if the Client is an individual who does not have any address in Hong Kong or is a company incorporated outside Hong Kong and has not been registered with the Hong Kong Companies Registry,
  - (a) the Client irrevocably appoints the party named as its process agent in the form as specified by WLIS for such purpose as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Agreement and/or the Account;
  - (b) agrees that such service shall be deemed completed on delivery to the Client's process agent at its Hong Kong address last known to WLIS and any service of any legal process on the process agent shall constitute sufficient service on the Client for the purpose of legal proceedings in the Hong Kong courts and failure by such process agent to notify the Client of the process will not invalidate the proceedings concerned;
  - (c) irrevocably agrees that if for any reason, any process agent of the Client ceases to be able to act as such or no longer has an address in Hong Kong, the Client will forthwith appoint a substitute process agent acceptable to WLIS and deliver to WLIS a copy of the new agent's acceptance of that appointment within 7 days of such appointment; and
  - (d) undertakes to promptly notify WLIS in writing of any change in the Hong Kong address of its process agent.
- 29.2 Any change in the Hong Kong address of the Client's process agent shall be deemed to be not known to WLIS until the expiration of five (5) Business Days after the receipt by WLIS of any written notification of the change from the Client.

### **30. 30. General**

- 30.1 Each term of this Agreement is severable and distinct from the others. If any term in this Agreement is inconsistent with any present or future law, rule or regulation of the Exchange, the Clearing House or any authority having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified such that the inconsistency is removed. In all other respects, this Agreement shall continue and remain in full force and effect.
- 30.2 Time shall in all respects be of essence in the performance of all of the Client's obligations under this Agreement.
- 30.3 A failure or delay in exercising any right, power or privilege in respect of this Agreement by WLIS will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.
- 30.4 The Client acknowledges and agrees that the legality, validity and enforceability of this Agreement and the provisions and Schedule(s) of this Agreement will not be affected whatsoever in the event of any misspelling and/or typographical errors.
- 30.5 The terms of this Agreement shall be subject to Market Requirements and nothing in this Agreement shall remove, exclude or restrict any rights of the Client and any obligations of WLIS under Market Requirements.
- 30.6 The Client agrees to pay any taxes, duties, impositions or charges payable to any relevant authorities in (whether or not in Hong Kong) in respect of any Transaction and the holding of any assets in the Account at any time. Without limiting the generality of any other provisions in this Agreement, the Client specifically agrees to fully indemnify and keep indemnified WLIS (as trustee for itself and other Indemnified Persons) against any loss, cost, claim, liability or expense, including legal fees, that may be suffered or incurred by any and/or all of the Indemnified Persons, arising out of or in connection with any breach by the Client of this Clause 30.6.
- 30.7 The Client agrees and accepts that in no circumstances will WLIS, its Associates or their respective nominees, custodians and/or agents be under any obligation or responsibility to apply for, or assist in the application for, any tax refund, tax concession, tax differences reclaim, preferential tax treatment or the like, including any tax credit for refund or a reduced tax rate or preferential tax treatment on interest, dividend, or any other distribution, proceeds or gains from any investment or transaction and/or any tax differences reclaim as a result of any change of law, nationality, domicile or tax residency (collectively, "Tax Reclaim Arrangement") that may be available to the Client. The Client agrees and accepts that none of WLIS, its Associates or their respective nominees, custodians and/or agents shall be held liable for the loss of Tax Reclaim Arrangement or any other losses, damages, costs and/or expenses incurred or suffered by the Client in this regard. The Client further acknowledges and agrees that any assistance provided by WLIS or its Associates is purely voluntary and does not and shall not create any expectation of future or additional assistance to the Client to obtain the benefit of any Tax Reclaim Arrangement.
- 30.8 WLIS reserves the right to charge an administrative fee for the provision of information concerning the Account in response to request for the same by any director or member of the governing body of the Client where the Client is a corporation and any individual comprising the Client where the Client comprises more than one individual.
- 30.9 The Contracts (Rights of Third Parties) Ordinance, Cap 623, shall not apply to this Agreement and unless specifically provided herein, no person other than the parties to this Agreement shall have any rights under it nor shall it be enforceable by any person other than the parties to it.

### **31. 31. Risk Disclosure and Disclaimer and Derivative Products**

- 31.1 The Client declares and acknowledges that Schedule IV the Risk Disclosure Statements have been fully explained to the Client in a language the Client understands and chooses and the Client has been invited to read the risk disclosure statements, to ask questions and seek independent legal and financial advice if the Client wishes. The Client further declares that the Client has carefully and thoroughly read Schedule IV the Risk Disclosure Statements and fully understands and accepts the contents of and agrees to be bound by the same.
- 31.2 The Client represents, warrants and undertakes to WLIS that if the Client gives Instructions for effecting transactions involving any derivative product under the Account,
- (a) it fully understands the nature, features and risks of the derivative product and is willing to bear such risks;
  - (b) has sufficient net worth to be able to assume the risks and bear the potential losses of trading in the product; and
  - (c) has thoroughly and independently considered the risks involved, its investment objectives, financial needs and commitments and its own circumstances before giving the Instructions, whether or not the Client has trading experience with respect to such or any derivative product.
- 31.3 If services are to be provided by WLIS to the Client in relation to derivative products, WLIS shall provide to the Client upon request product specifications and any prospectus or other offering document covering such products and a full explanation of margin procedures and the circumstances under which the Client's positions may be closed without the Client's consent.

**32. 32. Language**

32.1 The Client acknowledges the following:

- (a) this Agreement is written in the English language and the Chinese version is its translation;
- (b) the English language version is the only binding version and will prevail in the event of any inconsistency or conflict with the Chinese translation;
- (c) the Chinese translation is provided for convenience only and by signing the Securities Account Application Form accepting and agreeing to be bound by this Agreement, the Client will be bound by the English version of this Agreement;
- (d) whilst every effort has been made by WLIS to provide an accurate Chinese translation of this Agreement, WLIS makes no warranty or representation regarding the accuracy or reliability of the Chinese translation; and
- (e) WLIS has alerted the Client that if the Client is in any doubt as to the meaning of the English version of this Agreement or the accuracy of its Chinese translation, the Client should seek independent advice before signing the Securities Account Application Form.

32.2 The Client agrees that to the extent permitted by applicable law, WLIS shall not be liable for any inaccuracy or inconsistency between the English language version of this Agreement and its Chinese translation.

**33. 33. Execution**

33.1 The Client's signing of the Declaration and Acknowledgment in the Securities Account Application Form, whether in physical form or electronic means, constitute execution of this agreement by the Client, indicating that the Client's acceptance and consent to be bound by all the provisions contained in this Agreement, which the Client have fully read, understood, acknowledged and agreed (among other things) to abide by all the statements and contents of this agreement, and that the Client is willing to accept all terms and conditions associated with any part of the service under any circumstances as defined therein. The signing page of the said Declaration and Acknowledgment also form part of this Agreement regardless of whether the Client's execution was under seal or not.

**SCHEDULE I: Additional Provisions for Northbound Securities Trading Services under the China Stock Connect**



### 34. 1. General

- 1.1 This Schedule I applies to Clients who use WLIS's Services in relation to foreign Securities traded under the China Stock Connect unless where the parties otherwise agree.
- 1.2 This Schedule I is in addition to and subject to the main body of this Agreement, as amended from time to time. In the event of conflict or inconsistency between the provisions in the main body of this Agreement and the provisions in this Schedule I, the latter shall prevail in respect of Northbound securities trading Services under the China Stock Connect.
- 1.3 The Client shall read, understand and accept the risk disclosure statements contained in Schedule IV (in particular Section 2 to Schedule IV), and seek independent advice as needed.
- 1.4 All Transactions conducted under the China Stock Connect and all China Connect Securities (as defined below) are subject to the China Connect Rules (as defined below) and the Applicable Regulations (as defined below) which may be subject to change from time to time. All actions taken by WLIS in accordance therewith shall be binding on the Client. The Client acknowledges and agrees that unless otherwise permitted by the China Connect Rules and the Applicable Regulations, all Northbound Transactions executed via the China Stock Connect must be conducted on the China Connect Market (as defined below) and that no over-the-counter or manual trades are permitted. Any default by the Client in the observance of any such applicable laws, by-laws, rules and/or regulations shall constitute an Event of Default.
- 1.5 The Client acknowledges and agrees that if the Client is in breach or fails to comply with any China Connect Rules, the SSE Listing Rules, the SZSE Listing Rules, the SSE Rules, the SZSE Rules or any Applicable Regulations (as the case may be), the Client may be liable to regulatory investigations and the relevant legal consequences. In such an event, the China Connect Authorities (as defined below) has the power to carry out an investigation, and may, through the SEHK or the relevant SEHK Subsidiary (as defined below) or any other China Connect Authorities, require WLIS to provide relevant information and materials including but not limited to the information and personal data of the Client and/or Ultimate Owner (as defined below) to assist in its investigation. The Client acknowledges and consents to WLIS providing, if so required by the SEHK at the request of the China Connect Authorities (for the purpose of assisting them in their regulatory surveillance of the market(s) operated by them under the China Stock Connect and enforcement of the China Connect Rules and as part of the regulatory cooperation arrangement between the SEHK, the SEHK Subsidiaries and the China Connect Market(s)), information and personal data concerning the Client and/or Ultimate Owner with respect to any Instruction or Transaction made or entered into by WLIS under the China Stock Connect on the Client's behalf. The Client further acknowledges and consents to the disclosure, transfer and provision of such relevant information and personal data by the SEHK (whether directly or through the relevant SEHK Subsidiary) to the China Connect Authorities upon request by the China Connect Authorities. The Client acknowledges that the SEHK has the power not to extend trading services under the China Stock Connect to the Client, and the power to require WLIS not to accept Instructions from the Client, if it is found that WLIS or any of WLIS's Clients has or may have committed any abnormal trading conduct set out in or fails to comply with any China Connect Rules, the SSE Listing Rules, the SZSE Listing Rules, the SSE Rules, the SZSE Rules or any other Applicable Regulations (as the case may be). The Client shall be liable and responsible for any breach by the Client thereof.
- 1.6 This Schedule and Section 2 of Schedule IV highlight only certain key features applicable to China Stock Connect as of the date hereof. WLIS is not liable for any inaccuracies or misstatements in the information set out in this Schedule and Section 2 of Schedule IV. This Schedule and Section 2 of Schedule IV do not purport to cover all the rules, requirements and features relating to China Stock Connect and all Applicable Regulations. The Client shall be fully responsible for understanding and at all times complying with all Applicable Regulations as amended from time to time and for any consequences, risks, losses or costs of Northbound trading. WLIS will not, and does not intend to, advise the Client on any of the Applicable Regulations. The Client is advised to refer to the SEHK website and the SFC website relating to China Stock Connect as updated from time to time and other relevant sources for detailed information.

### 35. 2. Definitions

- 2.1 Words or phrases defined in Clause 1.1 of the main body of this Agreement shall have the same meanings as in this Schedule I, save as otherwise expressly provided in this Schedule I.
- 2.2 For the purposes of Schedule I, the following terms shall have the following meanings:

**Applicable Regulations** means any law, regulation or order, or any rule, direction, guideline, code, notice or restriction (whether or not having the force of law) issued by any exchange, regulatory authority, government agency (including tax authority), or other organisation (in each case, whether within or outside Hong Kong) which is applicable to the Client and/or WLIS or any Related Person from time to time including, without limitation, the China Connect Rules.

**CCASS** means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK and/or any system established for the purpose of China Stock Connect.

**ChinaClear** means China Securities Depository and Clearing Corporation Limited.

**CSRC** means the China Securities Regulatory Commission of the PRC.

**China Connect Authorities** means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Stock Connect and activities relating to China Stock Connect, including without limitation the Regulators, HKSCC, the relevant SEHK Subsidiar(ies), the relevant China Connect Market(s), ChinaClear, SAFE, SAT and other PRC local tax bureau, the SFC, the Hong Kong Inland Revenue Department and any other regulator, exchange, clearing system, agency or authority with jurisdiction, authority or responsibility in respect of China Stock Connect (including, without limitation, any tax or other authority that may impose or levy any form of tax, duty, fine or penalty on or in respect of any China Connect Securities under any applicable law or regulation); and "**China Connect Authority**" means

any one of them.

**China Connect Market** means a stock market in the PRC acceptable to SEHK and included in the list of China Connect Markets which are eligible for China Stock Connect trading, which includes the SSE, SZSE and such other stock market(s) which WLIS may otherwise notify the Client from time to time.

**China Connect Rules** means any laws, rules, regulations, policies or guidelines published or applied by any China Connect Authority from time to time in respect of China Stock Connect or any activities arising from China Stock Connect.

**China Connect Securities** means any SSE Securities, SZSE Securities and/or any other securities listed on the relevant China Connect Market which may be eligible for trading on China Stock Connect.

**China Connect Trading Days** means the days on which investors are allowed to conduct Northbound trade on the relevant China Connect Market under the China Stock Connect, as prescribed by the China Connect Rules, from time to time.

**China Stock Connect** means the Shanghai Hong Kong Stock Connect, the Shenzhen Hong Kong Stock Connect and/or any other securities trading and clearing links programme developed or to be developed by SEHK, the relevant China Connect Market(s), HKSCC and ChinaClear for the establishment of mutual market access between SEHK and the relevant China Connect Market(s) (as the case may be).

**ChiNext Shares** means any securities listed on the ChiNext Board of the SZSE which may be traded by Hong Kong and international investors under China Stock Connect.

**Daily Quota** has the meaning ascribed to it in Clause 5.1.

**Eligible ChiNext Investors** means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO or other types of investors that are permitted or approved by the China Connect Authorities to trade ChiNext Shares through Shenzhen Hong Kong Stock Connect.

**Foreign Shareholding Restrictions** has the meaning ascribed to it in Clause 5.1.

**PRC** means the People's Republic of China, and shall not include Hong Kong, the Macau Special Administrative Region and Taiwan.

**Regulator** means SEHK, SFC, SSE, SZSE, CSRC, any governmental authority and/or such other regulator, government, government authority, Exchange, Clearing House or settlement system in any jurisdiction.

**Related Person** means (i) any Associates of WLIS or (ii) any director, officer, employee or agent of WLIS.

**RMB / CNY** means Renminbi, the lawful currency of the PRC.

**SAFE** means the State Administration of Foreign Exchange of the PRC.

**SAT** means the State Administration of Taxation of the PRC.

**SEHK Stock Connect Rules** means the China Connect Service Special Rules as prescribed under the Rules and Regulations of The Stock Exchange of Hong Kong Limited and any regulations, orders, directives, notices, circulars, codes, customs or usages and any other applicable rules in connection with the China Stock Connect, as amended from time to time.

**SEHK Subsidiary** means a wholly-owned subsidiary of the SEHK duly authorised as an automated trading services provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service referred to in Rule 1403(1) of the Rules and Regulations of The Stock Exchange of Hong Kong Limited.

**Shanghai Hong Kong Stock Connect** means a securities trading and clearing links programme developed or to be developed by SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SSE.

**Shenzhen Hong Kong Stock Connect** means a securities trading and clearing links programme developed or to be developed by SEHK, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SZSE.

**SSE** means the Shanghai Stock Exchange.

**SSE Listing Rules** means the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange as amended, supplemented, modified and/or varied from time to time.

**SSE Rules** means the Trading Rules of the Shanghai Stock Exchange.

**SSE Securities** means any securities listed on the SSE which may be traded by Hong Kong and international investors under China Stock Connect.

**SZSE** means the Shenzhen Stock Exchange.

**SZSE Listing Rules** means the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange and the Rules Governing the Listing of Stocks on the ChiNext Board as amended, supplemented, modified and/or varied from time to time.

**SZSE Rules** means the Trading Rules of the Shenzhen Stock Exchange.

**SZSE Securities** means any securities listed on the SZSE which may be traded by Hong Kong and international investors under China Stock Connect. For the avoidance of doubt, SZSE Securities shall include ChiNext Shares.

**Ultimate Owner** means any person or entity referred to in Rule 537 of the Rules and Regulations of the Stock Exchange of Hong Kong Limited.

### 36. 3. Eligible Securities

3.1 The Client acknowledges that the Client will only be able to trade on the China Connect Securities as prescribed by the China Connect Rules, any other Applicable Regulations, and/or other regulations as stipulated by WLIS in its sole discretion from time to time. The Client further acknowledges that apart from China Connect Securities, the Client may not be able to trade other securities listed on the China Connect Markets, or subscribe for shares or other types of securities from initial public offerings on the China Connect Markets.

3.2 The Client acknowledges that the China Connect Rules may impose restrictions on the acquisition, disposal and/or holding of any China Connect Securities or any entitlements thereof at any time, and there may be instances where the Client will not be able to acquire, hold or dispose of China Connect Securities or any entitlements thereof due to changes in the status of the China Connect Securities, the suspension or closure (whether temporary or permanent) of the China Stock Connect, other reasons prescribed under the China Connect Rules, any Applicable Regulations and/or other regulations as stipulated by WLIS in its sole discretion at any specific time. The Client is required to observe and comply with the same in respect of the acquisition, disposal and/or holding of any China Connect Securities from time to time.

3.3 WLIS and its Associates shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to acquire, dispose of or hold

any China Connect Securities; any shares or other types of Securities from an issuer of China Connect Securities as entitlement securities; or any other types of Securities in any circumstances.

- 3.4 WLIS shall be under no duty to investigate, participate in or take affirmative action concerning proxies received, attendance at meetings and voting in respect of China Connect Securities, except in accordance with Instructions from the Client and upon acceptance by WLIS of such Instructions. WLIS shall be entitled to charge the Client for taking any action pursuant to the Client's Instructions.
- 3.5 The Client acknowledges that margin trading in China Connect Securities (including SSE Securities and SZSE Securities) via the China Stock Connect, and the type(s) or category(ies) of China Connect Securities available for margin trading, are subject to the China Connect Rules, any other relevant regulations, and/or stipulations by WLIS in its sole discretion from time to time, including but not limited to the Securities Margin Account Agreement and any other terms as may be agreed by WLIS from time to time. Margin trading is confined to those China Connect Securities that are within the list of eligible China Connect Securities for margin trading published by the SEHK from time to time. The China Connect Market(s) and/or the SEHK may suspend margin trading activities in respect of any eligible China Connect Securities exceeding the margin trading threshold prescribed by the China Connect Markets from time to time, in which case and unless otherwise permitted by applicable law, any Instruction to acquire such China Connect Securities must be fully funded by the Client. Where abnormal margin trading activities occur, the SEHK and/or the relevant SEHK Subsidiary may reject any Instruction which in its judgment contravenes any China Connect Rules or Applicable Regulations, require WLIS to stop accepting Instructions from or acting for the Client, and/or take other enforcement action. WLIS shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to conduct margin trading in China Connect Securities in any circumstances.

#### **37. 4. Eligible Investors**

- 4.1 As Northbound trading is available only to Hong Kong and overseas investors, the Client makes the representations set out in Clause 4.2 below.
- 4.2 The Client represents and undertakes on a continuing basis, including without limitation on the first date that this Schedule is effective and on each date that the Client places an order or gives an instruction in respect of China Connect Securities under this Schedule, that:
- 4.2.1 (where the Client is an individual) he is not a PRC citizen, resident or domiciled in the PRC and his authorized persons and/or agents with authority to give Northbound trading instructions with respect to China Connect Securities are not PRC citizens resident or domiciled in the PRC;
- 4.2.2 (where the Client is a body corporate) it is not a legal entity incorporated or registered in the PRC;
- 4.2.3 (where the Client is a personal investment company) it is not a legal entity incorporated or registered in the PRC and its authorized persons and/or agents with authority to give Northbound trading instructions with respect to China Connect Securities and beneficial owners are not PRC citizens, resident or domiciled in the PRC;
- 4.2.4 (where the Client is a corporate trustee) it is not a legal entity incorporated or registered in the PRC and its authorized persons and/or agents with authority to give Northbound trading instructions with respect to China Connect Securities and the settlor of the underlying trust are not PRC citizens, resident or domiciled in the PRC; and
- 4.2.5 the Client will trade ChiNext Shares only when the Client is, and in the case where the Client is an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each such underlying client is, an Eligible ChiNext Investor.

#### **38. 5. Instructions**

- 5.1 Instructions may only be given by the Client during such time or times as determined by WLIS, which may be amended, varied or restricted from time to time.
- 5.2 All Instructions for effecting Transactions in respect of China Connect Securities shall be subject to such conditions (including conditions on the type, size, and specified price of the China Connect Securities) as may be prescribed by the China Connect Rules, any other Applicable Regulations, and/or other regulations as stipulated by WLIS in its sole discretion from time to time. WLIS shall have absolute discretion on the acceptance of any Instructions. In particular, WLIS shall not be obliged to act on any Instruction and is authorised to reject or cancel any Instructions where WLIS considers in its sole discretion:
- (a) the Instruction for sale is in respect of China Connect Securities which are the subject of relevant Instruction(s) for purchase on the same China Connect Trading Day;
- (b) the Instruction does not fulfil the conditions as prescribed by the China Connect Rules, any Applicable Regulations and/or other regulations as stipulated by WLIS in its sole discretion from time to time;
- (c) the Instruction is not in compliance with or restricted under the China Connect Rules and Applicable Regulations (such as due to regulations on price limits for orders input for China Connect Securities);
- (d) trading in China Connect Securities is suspended or not available through the China Stock Connect due to reasons beyond the control of WLIS, such as the balance of the Daily Quota, Foreign Shareholding Restrictions and/or changes thereto, severe weather conditions, or other force majeure events;
- (e) the execution of the Instructions, in whole or in part, will result in the non-compliance by the Client or WLIS or any of its Associates of any China Connect Rules or any Applicable Regulations.
- 5.3 The Client acknowledges and agrees that an Instruction in respect of China Connect Securities may be fully executed, partially executed, or

unexecuted. Unless the duration of the Instruction is specified by the Client and accepted by WLIS, a day order for purchase or sale of China Connect Securities not executed or in case of partial execution, of such part thereof not executed, at the end of the China Connect Trading Day shall be deemed to have been cancelled automatically.

- 5.4 Any Instructions received by WLIS after the end of a China Connect Trading Day shall be treated as an Instruction given to WLIS on the next relevant China Connect Trading Day.
- 5.5 The Client acknowledges and accepts that once an Instruction is given, the Instruction cannot be cancelled, varied or amended unless specifically accepted by WLIS. The Client further acknowledges and accepts that WLIS may not be able to send in the Client's Instructions for cancellation of orders in cases of contingency, such as when the SEHK loses all communication lines with the China Connect Authorities and/or other regulators. WLIS shall not be obliged to act on any Instruction to cancel, vary or amend an Instruction already given to WLIS, nor shall WLIS be responsible or liable to the Client for any loss or expense suffered or incurred by the Client where the original Instruction has already been carried out. The Client agrees that it shall continue to bear the settlement obligations where any original Instruction has already been carried out.
- 5.6 The Client acknowledges and accepts such disposal arrangement as prescribed by the China Connect Rules, the Applicable Regulations and/or other regulations as stipulated by WLIS in its sole discretion from time to time. WLIS shall not be obliged to act on any Instructions to dispose of China Connect Securities that the Client has purchased on the same China Connect Trading Day.
- 5.7 The Client agrees to ensure that, at the time the Client gives Instruction for buying or selling China Connect Securities, there shall be:
- (a) in the case of buying China Connect Securities, sufficient and available cleared RMB funds in the Account to meet the purchase price and stamp duties, levies, commissions and all other transaction-related costs, reasonable charges and expenses for buying the China Connect Securities; or
  - (b) in the case of selling China Connect Securities, sufficient and available China Connect Securities in the Account as required under the China Connect Rules or the Applicable Regulations.
- 5.8 Unless otherwise agreed by WLIS, Instructions for buying or selling China Connect Securities on the Client's behalf will only be accepted by WLIS if:
- (a) in the case of buying China Connect Securities, the Client has sufficient cleared and available RMB funds in the Account to meet the purchase price and stamp duties, levies, commissions and all other transaction-related costs, reasonable charges and expenses for buying the China Connect Securities; or
  - (b) in the case of selling China Connect Securities, the Client has sufficient and available China Connect Securities in the Account as required under the China Connect Rules or the other Applicable Regulations.
- 5.9 The Client acknowledges that the delivery of China Connect Securities or cash to the Client upon settlement of a Transaction may be delayed as a result of public holidays in Hong Kong or PRC, or other reasons beyond the control of WLIS, and WLIS shall not be liable for such delay or any interest thereon (if any). Where there is any such delay or default in delivery, WLIS may, but has no obligation to, complete settlement of the Transaction for the Client until the China Connect Securities or cash for settlement is actually received by WLIS or the third party service provider(s). Where any China Connect Securities or cash for any Transaction is paid, delivered or credited to the Account but WLIS or the third party service provider(s) has not actually received the same from the counterparty to the Transaction, WLIS may demand, and the Client agrees to pay or return, such amounts or China Connect Securities previously paid, delivered or credited to the Account, and the Client hereby authorises WLIS to debit from the Account any such China Connect Securities or amounts or amounts equivalent. For a purchase Transaction, the Client shall not be entitled to withdraw all or any part of the relevant cash or monies in the Account until the purchase Transaction is completed. For a sale Transaction, the Client shall not be entitled to withdraw or in any way deal with or any part of the relevant China Connect Securities until completion of the sale Transaction.
- 5.10 The Client acknowledges and accepts the risk that the Client's Instructions to trade in China Connect Securities may not be accepted by WLIS or any China Connect Authorities. WLIS and its Associates shall not be liable to the Client for any loss whatsoever and howsoever (including without limitation, as a result of any corporate action of any company which may have an impact on any stock price) arising out of or in connection with the execution of, partial execution of, or failure to execute any Instruction unless such liability is directly caused by the gross negligence or wilful misconduct of WLIS. The Client acknowledges that market conditions and restrictions on the days on which trading in China Connect Securities is permitted under the China Connect Rules, the Applicable Regulations and any other relevant regulations may make it impossible to execute an Instruction.

## 39. 6. Trading Restrictions

- 6.1 The Client acknowledges that trading under the China Stock Connect will be subject to a daily maximum cross-boundary investment quota ("**Daily Quota**"), and certain foreign shareholding restrictions ("**Foreign Shareholding Restrictions**"). The Client accepts that the Client will not be permitted to buy China Connect Securities if the purchase of China Connect Securities under the China Stock Connect is suspended or otherwise rejected by virtue of any quota or Foreign Shareholding Restrictions as prescribed by the China Connect Rules and the Applicable Regulations from time to time. WLIS and its Associates shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to buy any China Connect Securities.
- 6.2 The Client undertakes to provide WLIS timely and accurate information relating to any restrictions on the sale or transfer of any China Connect

Securities held in the Account. In respect of any orders to sell or transfer China Connect Securities, the Client shall upon request provide WLIS with any necessary documents to the satisfaction of WLIS to satisfy any and all legal transfer requirements under the relevant regulations. The Client shall be responsible for and shall reimburse WLIS for any delays, expenses, losses and damages incurred by WLIS that are associated with compliance or failure to comply with any of the relevant regulations concerning such sale or transfer.

- 6.3 The Client expressly authorises WLIS and its third party service providers or agents to deal with/or apply any of the China Connect Securities and money held in the Account to comply with any obligations as prescribed under the China Connect Rules and any Applicable Regulations from time to time. WLIS reserves the right to and is expressly authorised by the Client to (i) cancel and reverse any purchase or sale Instructions for China Connect Securities; and (ii) to sell or dispose of any China Connect Securities if so required:
- (a) by any China Connect Authority pursuant to any regulation, which includes but is not limited to the circumstances where the cancellation and reversal or the sale or disposal of China Connect Securities is required to maintain the balance of the Daily Quota, or Foreign Shareholding Restrictions;
  - (b) to comply with any regulation; and/or
  - (c) by the applicable terms of business or agreement or arrangement between WLIS and any third party service providers. The Client shall be solely responsible for all losses, costs and expenses incurred or suffered by reason of, or arising from or in connection with such cancellation, reversal, sale or disposal. The Client acknowledges that it shall observe the relevant regulations including but not limited to the publicly available information regarding balances of the Daily Quota and/or Foreign Shareholding Restrictions as prescribed by the China Connect Rules and the Applicable Regulations from time to time.
- 6.4 The Client acknowledges and accepts that stock borrowing and lending of China Connect Securities (including SSE Securities and SZSE Securities) is subject to the China Connect Rules and the Applicable Regulations, and shall only be conducted for the following purposes:
- (a) (in respect of SSE Securities and SZSE Securities) for the purpose of short selling in accordance with the SEHK Stock Connect Rules provided that the stock loan period (inclusive of the date of stock loan and stock return) does not exceed one calendar month;
  - (b) (in respect of SSE Securities and SZSE Securities) for the purpose of enabling the Client to sell SSE Securities and/or SZSE Securities (as the case may be) held by the Client but which have not been transferred to the relevant HKSCC clearing stock account in time to meet the pre-trade checking requirements set out in the SEHK Stock Connect Rules, provided that the stock loan period does not exceed one day and is non-renewable; and
  - (c) (in respect of SSE Securities, SZSE Securities and other China Connect Securities) for such purposes as the SEHK, the SSE or the SZSE (as the case may be) or the relevant China Connect Market may specify from time to time.
- 6.5 The Client acknowledges and accepts that short selling of any China Connect Securities (including SSE Securities and SZSE Securities) is subject to the China Connect Rules and any other Applicable Regulations and shall only be conducted in respect of China Connect Securities included in the list of eligible China Connect Securities for short selling published by the SEHK from time to time and must not exceed the limit(s) set by the SEHK in respect of the relevant China Connect Securities for each Stock Connect Trading Day and for a rolling period of time specified by the SEHK from time to time.

#### **40. 7. Trading Currency**

- 7.1 China Connect Securities are traded and settled in RMB / CNY or any other currencies as prescribed by the China Connect Rules, the Applicable Regulations and/or any other regulations as stipulated by WLIS in its sole discretion from time to time. The Client shall maintain sufficient amount of trading currency in the Account for the purpose of settlement of trades.
- 7.2 Subject to the relevant regulations, WLIS shall be entitled (but not obliged) to convert any amount of Hong Kong dollars or any other currencies into RMB for settlement or partial settlement of orders for a Transaction at such exchange rate as WLIS may from time to time in its absolute discretion deem appropriate. WLIS shall be entitled to charge and deduct from the Account all costs and expenses incurred by it in effecting such conversion.
- 7.3 The Client understands that under the relevant regulations, there may exist restrictions or limitations on remittance or repatriation of funds, including but not limited to lock-up periods of capital, and limitations on the amount and frequency of withdrawals of capital gains, dividends, interests and other income derived from the invested capital through WLIS. WLIS and its Associates shall not be liable for the Client's inability, or any delay or restriction on the Client's ability, to remit or repatriate any or all of such funds. To the extent that the Client's request to remit or repatriate funds cannot be met in full and/or at the time of the Client's request, WLIS's decision as to the extent and time by which the Client's request to remit or repatriate can be met shall be binding and conclusive on the Client.

#### **41. 8. Disclosure Obligations for China Connect Securities**

- 8.1 The Client agrees that the Client is solely responsible for compliance with all notifications (including tax notifications), filings, returns, reports and other relevant regulations in connection with its interests in China Connect Securities as prescribed by the China Connect Rules and the Applicable Regulations from time to time, and for the monitoring of its interest holding positions in China Connect Securities in order to comply with any such regulations. The Client also agrees to do such things and provide such information as WLIS may require to ensure compliance with the relevant regulations.
- 8.2 The Client acknowledges and agrees that it may be subject to restrictions on trading (including restrictions on the retention of proceeds from

trading) in China Connect Securities as a result of its interests in China Connect Securities. The Client agrees that WLIS or its Associates shall not be 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 regulations.

**42. 9. Fees and Levies**

- 9.1 The Client accepts that the Client will be subject to certain fees and levies in the acquisition, disposal or holding of, or receipt of entitlements (including cash dividend and bonus issues) from, China Connect Securities, including but not limited to fees, levies, taxes and stamp duty imposed by any China Connect Authorities or any Applicable Regulations, as prescribed by the China Connect Rules, the Applicable Regulations and/or any other regulations as stipulated by WLIS in its sole discretion from time to time.
- 9.2 WLIS shall not be liable for any such fees, levies, taxes and/or stamp duty payable in respect of the China Connect Securities. The Client agrees to pay and reimburse WLIS for, and expressly authorises WLIS to withhold, charge and/or deduct from the Account, any such fees, levies, taxes and/or stamp duty, which may be collected in RMB, as required by the relevant regulations.
- 9.3 Subject to the relevant regulations, WLIS shall be entitled to convert any currency into Hong Kong dollars, RMB and/or any other currency (if applicable) for payment of any fees and levies at such exchange rate as WLIS may from time to time in its absolute discretion deem appropriate. WLIS shall be entitled, in its sole discretion, to withhold, charge and/or deduct from the Account all costs and expenses incurred by it in effecting such conversion.
- 9.4 The Client agrees that WLIS has no obligation to seek or claim any reduction, relief, refund, or otherwise reclaim any amount from any China Connect Authority or from any third party service provider and has no obligation to credit any amount in respect of an amount deducted or withheld in connection with the China Connect Securities. Any amount so deducted or withheld is not refundable to the Client by WLIS or the third party service provider.
- 9.5 The Client agrees and acknowledges that WLIS has no obligation to gross-up, true-up, or make whole the Client for any fee, levy, tax, stamp duty, or any other liability, payment or deduction made to the Client or the Account in connection with the China Connect Securities or any Transactions relating to the China Connect Securities, the Account, or WLIS's compliance with the relevant regulations.

**43. 10. Disclosure of Information**

- 10.1 The Client agrees that its data may be transferred to any place outside Hong Kong, whether for the processing, holding or use of such data outside Hong Kong.
- 10.2 The Client authorises WLIS to disclose any information that it has concerning the Client, the Account and any SSE Securities, SZSE Securities, monies or other assets held in the Account: (a) to any broker, custodian, clearing agent, correspondent agent or other third party service provider(s) (whether within or outside Hong Kong) appointed by WLIS in connection with the Northbound Securities Trading Services provided hereunder; (b) upon request, to any Regulator (whether within or outside Hong Kong); or (c) to such other persons (whether within or outside Hong Kong) in compliance with the relevant regulations.
- 10.3 The Client undertakes to provide such information as WLIS may request from time to time in order for WLIS and/or its brokers, custodians or third party service provider(s) to provide the Northbound securities trading services hereunder, or for WLIS and/or such brokers, custodians or third party service provider(s) to comply with the relevant regulations or to respond to requests from any Regulator.

**SCHEDULE II: Additional Provisions for Securities Margin Account and for  
Incorporating into the Securities Margin Account Agreement**

Where the Account in the main body of this Agreement refers to or is a securities margin account,

- (A) the provisions contained in this Schedule II shall be applicable and form part of the Agreement and hence the Securities Margin Account Agreement mentioned in Clause 1.2 of the main body of this Agreement; and
- (B) in the event of conflict or inconsistency between the provisions in the main body of this Agreement and the provisions in this Schedule II, the latter shall prevail.

#### 44. 1. Definitions

1.1 The following definition shall also be included in Clause 1.1 of the main body of this Agreement:

“**Collateral**” means all monies and Securities of the Client which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by WLIS, its Associates or nominees, or transferred to or held by any other person in circumstances where WLIS accepts as security for the Client’s obligations under this Agreement. The Collateral shall include those monies and Securities that shall come into the possession, custody or control of WLIS or its Associates from time to time for any purpose whatsoever (which shall include any additional or substituted securities and all dividends or interest paid or payable, rights, interest, monies or property accruing or offering at any time by way of redemption, bonus, preference, options or otherwise on or in respect of any such securities or additional or substituted securities); and

“**Margin**” means deposits, collateral and margin (including, but without limitation to, initial margin and additional margin) being an amount equal to the applicable percentage (as notified by WLIS to the Client from time to time) of the current market value of the Client’s securities held or purchased by WLIS on the Client’s behalf, as determined by WLIS from time to time.

#### 45. 2. Margin Facility

2.1 The Account is capable of conducting margin trading and WLIS agrees to grant credit facilities (“Facility”) to the Client at the Client’s request for Transactions under the Account in accordance with the provisions set out in this Agreement, any facility letter from WLIS to the Client and such other agreement, document terms and conditions as may be specified by WLIS from time to time (collectively called “Margin Facility Terms”).

2.2 WLIS may grant the Client Facility of such amount up to a limited percentage as may be notified to the Client from time to time (“Margin Ratio”) of the mark-to-market value of the Collateral. The Client shall from time to time upon WLIS’s request promptly and duly execute and deliver any and all such further instruments and documents as WLIS may deem necessary or desirable for the purpose of obtaining the full benefit of the Margin Facility Terms and of the rights and powers granted under the same.

2.3 WLIS is instructed and authorised by the Client to draw on the Facility to settle any amounts due to WLIS or its Associates in respect of the Client’s purchase of Securities, margin maintenance obligations for any options positions required by WLIS or its Associates, or payment of any commission or other costs and expenses owing to WLIS or its Associates.

2.4 WLIS will not at any time be obliged to provide any Facility to the Client. In particular, the Client understands that WLIS may not provide any Facility to the Client if any of the following circumstances should arise:-

- (a) if the Client is in default of any provisions of this Agreement; or
- (b) in the opinion of WLIS there is or has been a material adverse change in the Client’s financial condition or in the financial condition of any person which might adversely affect the Client’s ability to discharge the Client’s liabilities or perform the Client’s obligations under this Agreement; or
- (c) making an advance would cause the applicable Margin Ratio to be exceeded; or
- (d) WLIS in its absolute discretion considers it prudent or desirable for its protection not to do so.

2.5 For so long as there exists any indebtedness to WLIS on the Client’s part, WLIS shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the Collateral and the Client shall not without the prior written consent of WLIS be entitled to withdraw any Collaterals in part or in whole from the Client’s Account.

2.6 The Client shall on demand from WLIS make payments of deposits or margin in monies, Securities and/or other Collateral in such amount and in such form and within such time as may be specified by WLIS as WLIS in its absolute discretion determines necessary to provide adequate security in respect of the Facility. Any payments to be paid by the Client shall be made into a designated account of WLIS before 12:00 noon on the due date in same day funds.

2.7 Any failure by the Client to comply with Clause 2.6 in this Schedule II will constitute an Event of Default under the main body of the Securities Account Agreement.

2.8 The Client agrees to pay interest on a daily basis on the amount of credit extended to the Client, at the rates notified to the Client by WLIS from time to time. Such interest charges may to the extent permitted by applicable law be deducted by WLIS from the Account or any other account of the Client with WLIS or its Associates.



**46. 3. Margin**

- 3.1 The Client agrees to maintain such Margin and shall on demand pay such additional Margin by means of cash, securities or in such form and/or amounts and within such time as may be determined by WLIS to be payable by the Client or by WLIS on the Client's behalf in respect of such Margin or any other payment in connection with any Transaction under the terms of this Agreement.
- 3.2 Without limiting the generality of the main body of this Agreement, the time for payment of any Margin is of the essence. The Client also agrees to pay immediately in full and on demand any amount owing with respect to any of the Client's accounts with WLIS. All initial and subsequent deposits and payments for Margin and other purposes shall be made in cleared funds and in such currency and in such amounts as WLIS may in its sole discretion require.
- 3.3 Notwithstanding Clause 3.1, in the event that it is, in the sole opinion of WLIS, impracticable for WLIS to make demands for additional Margin pursuant to Clause 3.1, including but without limitation, if the impracticability is due to a change or development involving a prospective change:
- 3.3.1 in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of WLIS likely to result in a material or adverse fluctuation in the stock market, currency market, commodities or futures market in Hong Kong and/or overseas; or
  - 3.3.2 which is or may be of a material adverse nature affecting the condition or operations of the Client, WLIS shall be deemed to have made Margin calls for such form and/or amounts as WLIS may determine and such Margin shall become immediately due and payable by the Client.
- 3.4 WLIS shall be entitled to revise the Margin requirements from time to time in its absolute discretion. The Client shall be granted financial accommodation of up to such percentage as may be agreed from time to time of the market value of the collateral maintained with WLIS. No previous Margin requirements shall establish a precedent and revised requirements once established shall apply to existing positions as well as to the new positions in the contracts affected by such revision.
- 3.5 For the avoidance of doubt, failure by the Client to meet Margin calls made by WLIS by the time prescribed by WLIS or otherwise or any other accounts payable hereunder shall give WLIS the right (without prejudice to other rights) to close the Account and/or to close out any position in the Account (as the case may be) without notice to the Client and to dispose of any or all Securities held for or on behalf of the Client and to apply the proceeds and any cash deposit(s) to pay WLIS all outstanding balances owing to WLIS any monies remaining after that application shall be refunded to the Client.
- 3.6 Nothing in this Agreement shall be construed as taking away or affecting any lawful claim, lien or other rights and remedies which WLIS may have in respect of any money held in any bank account pursuant to the main body of this Agreement or in respect of any money received or paid into such bank account.
- 3.7 For the avoidance of doubt, if a debit balance arises on any of the accounts the Client has with WLIS or any of its Group Companies, WLIS shall not be, nor shall WLIS be deemed to be, obliged to make available or continue to make available any financial accommodation to the Client. In particular, but without limitation, the fact that WLIS permits a debit balance to arise in any account of the Client with WLIS shall not imply any obligation on the part of WLIS to advance monies or incur any obligation on the Client's behalf on any subsequent occasion, but without prejudice to the obligations of the Client in respect of any debit balance which WLIS does permit to arise.

**47. 4. Charge**

- 4.1 The Client, as beneficial owner, charges in favour of WLIS by way of first fixed charge all the Client's respective rights, title, benefits and interests in and to all Collateral as a continuing security ("Charge") for the payment and satisfaction on demand of all monies and liabilities absolute or contingent and performance of all obligations under the Margin Facility Terms which are now or at any time hereafter may be due, owing or incurred from or by the Client to WLIS, or for which the Client may be or become liable to WLIS on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name style or form) together with interest from the date of demand to the date of repayment, and any commission, legal and other costs, charges and expenses as they appear in the records of WLIS.
- 4.2 The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owing by the Client to WLIS and notwithstanding the closing of any of the Client's accounts with WLIS and which are subsequently reopened or the subsequent opening of any account by the Client either alone or jointly with others and shall extend to cover all or any sum of monies which shall for the time being constitute the balance due from the Client to WLIS on any account or otherwise.
- 4.3
- (a) Subject to Clauses 4.3(b) and 4.3(c) of this Schedule II, upon irrevocable payment in full of all sums which may be or become payable under this Agreement and the full performance of the Client's obligations under the Margin Facility Terms, WLIS will at the Client's request and expense release the Charge in respect of the Collateral and will at the Client's expense give such instructions and directions as the Client may reasonably require in order to perfect such release.
  - (b) If WLIS considers that any amount paid to or recovered by WLIS by or from the Client and/or any guarantor or security provider in respect of any of the obligations of the Client to WLIS is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the security constituted hereunder shall continue and such amount shall not be considered to have been irrevocably paid.
  - (c) Any settlement, discharge or release hereunder in relation to the Client or all or any part of the Charge shall be conditional upon no security or payment by the Client and/or the said guarantor or security provider in respect of the Client's obligations to WLIS being

avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws of general application or any similar event or for any other reason and shall in the event of any such avoidance or reduction or similar event be void.

4.4 Until the Charge becomes enforceable,

- (a) WLIS will have the right, subject only to giving the Client notice, to exercise voting rights and other rights relating to the Collateral to protect the value of the Collateral; and
- (b) except as otherwise provided in this Agreement, the Client may direct the exercise of other rights attaching to, or connected with, the Collateral, but not in any manner which is inconsistent with the Client's obligations under the Margin Facility Terms, or which in any way may prejudice WLIS's rights in relation to the Collateral.

#### **48. 5. Power of Attorney**

5.1 The Client by way of security irrevocably appoints WLIS to be the Client's attorney (with full power of substitution and delegation) on the Client's behalf and in the Client's name to do all acts and things and to sign, seal, execute, deliver, perfect and do all deeds, instruments, documents acts and things which may be required for carrying out any obligation imposed on the Client by or pursuant to the Margin Facility Terms and generally for enabling the limitation):

- (a) to execute any transfer or assurance in respect of any of the Collateral;
- (b) to perfect its title to any of the Collateral;
- (c) to ask, require, demand, receive, compound and give a good discharge for any and all monies and claims for monies due or to become due under or arising out of any of the Collateral;
- (d) to give valid receipts and discharges and to endorse any cheques or other instruments or orders in connection with any of the Collateral; and
- (e) generally to file any claims or take any lawful action or institute any proceedings which it considers to be necessary or advisable to protect the security created under the Margin Facility Terms.

5.2 The Client shall ratify and confirm all things done and all documents executed by any attorney of the Client under Clause 5.1 of this Schedule II in the exercise or purported exercise of all or any of his powers in accordance with the terms of this Agreement and all documents, acts and things and all transactions entered into by WLIS in the exercise or purported exercise of its powers under this Agreement.

#### **49. 6. Disposal of Collateral**

6.1 The Client agrees that in the event of any sale pursuant to this Agreement or the Margin Facility Terms, any Collateral will be sold or disposed of in the absolute discretion of WLIS and upon any sale by WLIS, a declaration made by an officer of WLIS that the power of sale has become exercisable shall be conclusive evidence of the fact in favour of any purchaser or other person deriving title to any of the Collateral under the sale and no person dealing with WLIS or its nominees shall be concerned to enquire into the circumstances of the sale.

#### **50. 7. Termination of Facility**

7.1 The Facility is repayable on demand and may be varied or terminated in the absolute discretion of WLIS. In particular the Facility will be terminated upon the occurrence of any one or more of the following events:-

- (a) the withdrawal of the Client's authorisation to WLIS as contained in the said Standing Authority (Client Securities), or
- (b) the non-renewal of such authorisation in favour of WLIS upon expiry or when called upon to do so; or
- (c) any termination in accordance with Clause(s) 17.2(c)(ii) and/or 18 of the main body of this Agreement and any notice of termination for that purpose shall be deemed to be a notice of termination of the Facility.

7.2 Upon termination of the Facility, any outstanding indebtedness by the Client shall forthwith be repaid to WLIS.

7.3 Repayment of all or any of the loan amounts owed to WLIS will not of itself constitute cancellation or termination of the Margin Facility Terms.

#### **51. 8. Security Unaffected**

8.1 Without prejudice to the generality of the foregoing, neither the Charge nor the amounts thereby secured will be affected in any way by:-

- (a) any other security, guarantee or indemnity now or hereafter held by WLIS or its Associates or in respect of the Margin Facility Terms or any other liabilities;
- (b) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document;
- (c) the enforcement or absence of enforcement or release by WLIS or its Associates of any security, guarantee or indemnity or other document (including the Charge);
- (d) any time, indulgence, waiver or consent given to the Client or any other person whether by WLIS or its Associates;
- (e) the making or absence of any demand for payment of any sum payable under the Margin Facility Terms made on the Client whether by WLIS or any other person;
- (f) the insolvency, bankruptcy, winding up, death or insanity of the Client;
- (g) any amalgamation, merger or reconstruction that may be effected by WLIS with any other person or any sale or transfer of the whole or

- any part of the undertaking, property or assets of WLIS to any other person;
- (h) the existence of any claim, set-off or other right which the Client may have at any time against WLIS or any other person;
- (i) any arrangement or compromise entered into by WLIS with the Client or any other person;
- (j) the illegality, invalidity or unenforceability of, or any defect in, any provision of any document relating to the Facility or any security, guarantee or indemnity (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorised, executed or delivered by any person or for any other reason whatsoever;
- (k) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or any other thing done or omitted or neglected to be done by WLIS or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the Margin Facility Terms;
- (l) any other thing done or omitted or neglected to be done by WLIS or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under this Agreement.

## **52. 9. Client Securities Standing Authority**

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

- (1) apply any of the Client's securities or securities collateral pursuant to a securities borrowing and lending agreement;
- (2) deposit any of the Client's securities collateral with an authorized financial institution as collateral for financial accommodation provided to WLIS;
- (3) deposit any of the Client's securities collateral with HKSCC as collateral for the discharge and satisfaction of WLIS's settlement obligations and liabilities. The Client understands that HKSCC will have a first fixed charge over the Client's securities to the extent of WLIS's obligations and liabilities;
- (4) deposit any of the Client's securities collateral with any other recognized clearing house, or another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of WLIS's settlement obligations and liabilities; and
- (5) apply or deposit any of the Client's securities collateral in accordance with Clauses 9.1(1), 9.1(2), 9.1(3) and/or 9.1(4) above if WLIS provides financial accommodation to the Client in the course of dealing in securities and also provides financial accommodation to the Client in the course of any other regulated activity for which WLIS is licensed or registered.

9.2 The Client acknowledges and agrees that WLIS may do any of the things set out in Clauses 9.1 and 9.2 without giving the Client notice.

9.3 The Client also acknowledges that the Client Securities Standing Authority shall not affect WLIS's right to dispose or initiate a disposal by WLIS's associated entity of the Client's securities or securities collateral in settlement of any liability owed by or on behalf of the Client to WLIS, the associated entity or a third person.

9.4 The Client understands that a third party may have rights to the Client's securities, which WLIS must satisfy before the Client's securities can be returned to the Client.

9.5 The Client understands that each of the Client Money Standing Authority and the Client Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if WLIS issues the Client a written reminder at least 14 days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date. Each of the Client Money Standing Authority and the Client Securities Standing Authority is valid for a period of 12 months from the date of this Agreement, subject to renewal by the Client or deemed renewal under the Client Money Rules or Client Securities Rules.

9.6 Each of the Client Money Standing Authority and the Client Securities Standing Authority may be revoked by giving WLIS written notice addressed to the Client Service Department at WLIS's address specified in the Account Opening Form or such other address which WLIS may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of WLIS's actual receipt of such notice.

## **53. 10 Representations Warranties and Undertakings**

10.1 The Client represents, warrants and undertakes that:

- (a) the Client is the sole legal and beneficial owner of the Collateral and has good right to deposit the Collateral with WLIS or its Associates;
- (b) the Collateral are and will remain free from any lien, charge or encumbrance of any kind and are not nor shall they be subject to any options;
- (c) any stocks, shares and other securities comprised in the Collateral are and will be fully paid up;
- (d) the Client's grant of the Charge to WLIS does not require the prior consent of any party and will not result in the breach of any obligation of the Client, whether contractually or otherwise.

The above representations, warranties and undertakings shall be deemed to be repeated immediately before each Instruction is given or executed.

10.2 The Client hereby undertakes and agrees that the Client shall

- (a) at any time and from time to time, execute and deliver such further charges, authorities and other documents (including where applicable documents for effecting registration of the security created hereunder with any applicable registry or authority) as WLIS may from time to time require for perfecting its title to or for vesting or enabling WLIS to vest the full benefit of the security under Clause 4 in this Schedule II in its favour; and
- (b) obtain and maintain in full force and effect all governmental and other approvals, authorities, licences and consents required in connection with the security to WLIS under the said Clause 4 and to do or cause to be done all other acts and things necessary or desirable for the performance of all the obligations of the Client pursuant to this Agreement.

**54. 11. Notification of Change**

11.1 For the purpose of the main body of this Agreement, the information of any material change of which is to be notified by WLIS to the Client includes the Margin Facility Terms and the arrangements under Clauses 2 and 3 of this Schedule II.

## **SCHEDULE III: Terms and Conditions of Electronic Service**

Where the Client has in writing requested WELL LINK INTERNATIONAL SECURITIES Limited (“WLIS”) to provide or applied to WLIS for the use of Electronic Service, the Client shall have agreed to and otherwise shall be deemed to have agreed to these terms and conditions. In any event, where WLIS makes available its Electronic Service to the Client for use, this is done on and subject to these terms and conditions, which shall be binding on both the Client and WLIS.

This Schedule III is in addition to and subject to the main body of the Securities Account Agreement, as amended from time to time.

## 55. 1. Interpretation

1.1 Unless otherwise provided, capitalised expressions used in these terms and conditions have the same meaning as ascribed to those expressions under the Securities Account Agreement.

1.2 In these terms and conditions, the following expressions shall, unless the context requires otherwise, have the following meanings:

“**Instruction Acknowledgement**” in relation to an Instruction, whether to buy or sell Securities (as applicable) or to amend or cancel another prior Instruction, means an acknowledgement by WLIS of receipt of those Instructions.

“**Login ID**” means the Client’s identification, used in conjunction with the Password, to gain access to the Electronic Service.

“**Electronic Service**” means the electronic trading facility provided by WLIS through an electronic system (whether or not provided by WLIS and including but without limitation to Sponsored Access System, Internet trading system, algorithmic trading system, direct market access service system and WLIS’s proprietary direct brokerage system), which enables the Client via electronic hardware device (whether or not provided by WLIS) to give electronic Instructions to purchase, sell and otherwise deal in Securities and to obtain quotations in relation to such transactions and other information via electronic hardware device;

“**Information**” means any transaction data, bid and ask quotations and other information relating to Securities and the Securities markets;

“**Password**” means the Client’s password used in conjunction with the Login ID, to gain access to the Electronic Service.

“**Sponsored Access System**” means a front-end order routing facility provided to the Client by a third party selected by the Client, which third party has arranged with WLIS for the execution and/or clearance of orders placed through such facility.

1.3 “Transaction Notices and Reports” and “Notice and Communications” referred to in Clauses 10 and 19 of the Securities Account Agreement respectively may be sent solely by means of Electronic Service if the Client so consents and such consent can be given initially as indicated in the Securities Account Application Form or subsequently by Electronic Service.

## 56. 2. Using Electronic Service

2.1 Use of the Electronic Service by the Client shall be subject to these terms and conditions, the Securities Account Agreement, the specific terms and conditions that are from time to time applicable to the type of Electronic Service in question, the representations, warranties, undertakings, declarations, confirmations and agreement given by the Client to WLIS in relation to the use of the Electronic Service (whether generic or service specific), any relevant user guide or manual from time to time issued or provided by WLIS, any activation procedures and security measures as WLIS may from time to time prescribe, applicable legal and regulatory requirements, rules and regulations of the relevant exchange and self-regulatory organizations (“SROs”), disclosures, disclaimers, any restrictions and requirements from time to time notified by WLIS to the Client in writing (whether or not through electronic means and whether or not imposed by reason of restrictions and requirements imposed by third parties like the regulators, licensors, business partners of WLIS). The Client irrevocably undertakes to observe and comply with and be bound by the aforesaid in this Clause 2.1.

2.2 Where a particular type of Electronic Service involves the use of Login ID, Password(s) and/or security questions for the purpose of access thereto,

(a) the Client shall be responsible for the confidentiality and use of its Login ID, Password(s) and answers to the security questions and shall keep the same secure and secret and not disclose the same to any other party (including but without limitation to WLIS’s staff and the Police) where the Client is an individual and to any party (including but without limitation to WLIS’s staff and the Police) not having been authorized by the Board of Directors of the Client to use the Electronic Service for and on behalf of the Client where the Client is a corporation;

(b) the Client shall change the Password(s) frequently or procure its authorized users of the Electronic Service to change the Password(s) frequently;

(c) the Client shall and where relevant shall procure its authorized users to avoid choosing number and expressions that relate to the Client’s personal data (the personal data of the Client’s personnel where the Client is a corporation) like telephone number, name as Password or a part thereof and using the same Password for accessing online services provided by other parties;

(d) (i) in the event that the Client would like to record its Login ID, Password and/or answers to security questions, it shall exercise prudence and care in choosing the manner this is done with a view to avoiding unauthorized disclosure of or access to and identification by unauthorized third party of such confidential information, for instance, the Client should never write down the Login ID, Password and answers to security questions on any device for accessing the Electronic Service or on anything usually kept with or near it and should not write down or record the Login ID, Password and answers to security questions without disguising them;

(ii) where the Client is a corporation, it shall procure its authorized users of the Electronic Service to observe and comply with Clause 2.2(d)(i) above;

(e) if the Client becomes aware of or reasonably suspects any loss or unauthorized disclosure of or access to its Login ID, Password and/or answers to security questions, the Client shall immediately cease using the Electronic Service and report the same to WLIS by phone and

confirm in writing thereafter within 24 hours or such other period as WLIS may prescribe from time to time.

- 2.3 The Electronic Service is available to the Client on a non-exclusive and non-transferable basis. Where the Client is an individual, the Client shall use the Electronic Service personally by himself or herself. Where the Client is a corporation, the Client shall procure that the Electronic Service will not be used for and on behalf of the Client by any party which has not been authorized by the Board of Directors of the Client to do so and where the type of Electronic Service concerned involves notification by the Client of such user(s) as authorized by the Board to WLIS, use of such Electronic Service for and on behalf of the Client shall only be done by such authorized user(s) as notified to WLIS.
- 2.4 The Client shall logoff the Electronic Service immediately following completion of each Electronic Service session.
- 2.5 After logging on the Electronic Service, the Client shall not leave the device or equipment used to logon the Electronic Service before logoff.
- 2.6 After logging on the Electronic Service through Internet, the Client must logoff before accessing other websites.
- 2.7 The Client shall provide WLIS with a e-mail address, promptly notify WLIS of any change to the e-mail address and accepts electronic communications from WLIS at the e-mail address the Client provides to WLIS. The Client acknowledges WLIS's notification that WLIS and its agents/business partners will never ask for sensitive account information of the Client by e-mail and that the Client should be cautious of the possibility of fraudulent e-mails or websites pretending to be from WLIS and should not disclose their personal or sensitive information to any persons failing to prove their identities or any doubtful websites
- 2.8 The Client acknowledges that the Electronic Service is provided using such hardware information storage and support and other arrangements with WLIS or with third party service provider as WLIS considers necessary and appropriate.
- 2.9 The Client shall avoid accessing the Electronic Service through public or shared computers and shall keep the device it uses for accessing the Electronic Service secure and secret. For instance, the Client shall ensure that his personal computer for accessing the Electronic Service is securely configured and is adequately protected from computer viruses and malicious programs (say by installing personal firewall and regularly updating the anti-virus software used).
- 2.10 Where WLIS provides the device or equipment for using the Electronic Service, the Client's use of such device or equipment shall be for the sole purpose of using the Electronic Service and the Client shall handle such device or equipment with care and shall not cause damage to such device or equipment.
- 2.11 Where the device or equipment for using the Electronic Service is not provided by WLIS, the Client shall for the purpose of using the Electronic Service only deploy device or equipment that is compatible with such use or as recommended by WLIS, shall not deploy device or equipment affected by virus and shall arrange for the software or programme or the version recommended by WLIS to be installed.
- 2.12 The Client should avoid accessing WLIS's transactional electronic trading webpage through hyperlinks embedded in e-mails unless the Client has verified the genuineness of the website such as the validity of the digital certificate of the website.
- 2.13 Where the Client uses a Sponsored Access System, the Client shall be responsible for obtaining any equipment or service needed for access to and use of the Sponsored Access System.
- 2.14 If the Client becomes aware of or reasonably suspects any technical or security failure in connection with the Electronic Service, the Client shall immediately cease using the Electronic Service and report the same to WLIS by phone and confirm in writing thereafter within 24 hours or such other period as WLIS may prescribe from time to time.
- 2.15 Upon receipt of any report to WLIS under Clause 2.2(e) or Clause 2.14, WLIS shall cancel or suspend the Client's Login ID, Password(s) and/or answers to security questions as soon as reasonably practicable and save as otherwise provided under the applicable law, the Client shall be responsible for all acts or omissions of any person using or accessing the Electronic Service with the Client's Login ID, Password(s) and/or answers to security questions before such cancellation or suspension and any Instructions given involving the use of the Client's Login ID, Password(s) and/or answers to security questions before such cancellation or suspension shall be deemed to be given by the Client and in the form received by WLIS.
- 2.16 WLIS may for security reason or any other reasonable cause in its own discretion terminate, revoke, suspend, modify or change any or all of Client's Login ID and/or suspend the Electronic Service (say where an incorrect Login ID and/or Password are entered on more than 3 occasions) at any time with or without prior notice.
- 2.17 If the Client experiences any problems in accessing the Electronic Service, he may use other methods to communicate with WLIS and inform WLIS of the difficulty which he is experiencing. The Client expressly agrees that WLIS may communicate with or give notice to the Client via the Electronic Service or by other electronic means or facilities and that any such notice or communication delivered to the Client by WLIS by electronic devices through the Electronic Service or otherwise shall be deemed to have been received at the time of transmission of the message to the Client.
- 2.18 Where any security device in connection with the Electronic Service is provided by WLIS to the Client, the Client should keep such security device in safe custody, shall not lend the same to others or use or attempt to use the same otherwise than in connection with the use of Electronic Service.

- 2.19 WLIS shall not be deemed to have received any Instruction until the Client receives an Instruction Acknowledgment. The Client's receipt of an Instruction Acknowledgment is not a guarantee that its Instructions will be executed. If the Client does not receive an Instruction Acknowledgment within 5 minutes following its entering Instructions into the Electronic Service, or if the Client receives an Instruction Acknowledgment with any error, the Client is responsible for immediately contacting WLIS. The Client further agrees that non-receipt by it of the Instruction Acknowledgment does not necessarily mean its Instructions will not be executed. In the event that the Client receives confirmation from WLIS that the Instructions have been executed but this is not reflected in the Instruction Acknowledgment, the Client shall still be responsible for settling the trade.
- 2.20 Without limiting the generality of the foregoing, the Client acknowledges and agrees that it may not be possible to amend or cancel an Instruction after it has been given through the Electronic Service and that an Instruction may only be amended or cancelled if it has not been executed by WLIS. In such circumstances WLIS will use its reasonable efforts to amend or cancel the Instruction but, notwithstanding any receipt by the Client of an Instruction Acknowledgment in relation to the amendment or cancellation, there is no guarantee that the amendment or cancellation will occur, and if the amendment or cancellation does not occur, the Client shall remain liable for the original Instruction.
- 2.21 For the avoidance of doubt, the Client acknowledges that WLIS has no responsibility for incorrect transmission of Instructions or failure or delay in WLIS's receipt of Instructions transmitted, in so far as the same is not caused by or otherwise attributable to WLIS.
- 2.22 WLIS shall be entitled to execute any Instruction it receives according to its terms without looking into the reasonableness of the Instructions.
- 2.23 The Client acknowledges and agrees that price, quantity and other data in connection with an Instruction transmitted electronically to the Client is sent for information purposes only, and binding transaction terms and conditions appear only on WLIS's standard trade confirmation.
- 2.24 If the Electronic Service offered by WLIS implements and maintains order size, position, market value, currency, or similar trading or credit limits, the Client shall not knowingly or negligently alter or circumvent, or seek to alter or circumvent such limits but shall be responsible for monitoring and abiding by such limits.

### **57. 3. Provision of Information**

- 3.1 WLIS may convey to the Client by Electronic Service Information. The Client may be charged a fee for the information in accordance with WLIS's fee schedule. WLIS obtains Information from the Exchange and markets and from third parties that transmit Information (collectively referred to as the "Information Providers").
- 3.2 The Information is the property of WLIS, the Information Providers or others and is protected by copyright and applicable laws and regulations relating to trademarks and other intellectual property rights (as relevant). The Client does not have and does not receive any copyright or other intellectual property rights with respect to the Electronic Service. The Client shall not use the Information or any part thereof other than for its own use or in the ordinary course of its own business.
- 3.3 The Client agrees not to:
- (a) reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit the Information for any illegal purposes or in any manners without the express written consent of WLIS and the relevant Information Provider(s);
  - (b) use the Information for any unlawful purpose;
  - (c) use the Information or any part thereof to establish, maintain or provide or to assist in establishing, maintaining or providing a trading floor or dealing service for trading in any Securities; and
  - (d) disseminate the Information to third parties.
- 3.4 The Client agrees to comply with reasonable written requests by WLIS to protect the Information Providers' and WLIS's respective rights in the Information and the Electronic Service.
- 3.5 The Client shall comply with such reasonable directions as WLIS may give from time to time concerning permitted use of the Information.
- 3.6 If the Client becomes aware of any violation of the proprietary rights in the Electronic Service of WLIS and of any relevant third party service provider, the Client shall promptly notify WLIS in writing.
- 3.7 The Client shall comply in a timely manner with WLIS's requests for information, documents and other materials to the extent necessary or beneficial to ensure compliance with any applicable legal and/or regulatory requirements and the Client consents to provision by WLIS of such information or documents to any regulatory authority, exchange as WLIS deems necessary or appropriate. For instance, in the case where WLIS has entered into a licensing agreement with HKEX Information Services Limited ("EXIS"), the Client authorises WLIS to provide information on the Electronic Service supplied to the Client hereunder to EXIS, to enable WLIS to comply with its obligations under the license agreement between EXIS and WLIS relating to market datafeeds.

### **58. 4. Intellectual Property Rights**

- 4.1 The Client acknowledges that the Electronic Service, and the software comprised in it, is proprietary to WLIS. The Client warrants and undertakes that it shall not and shall not attempt to tamper with, modify, decompile, reverse engineer or otherwise alter in any way, and shall



not attempt to gain unauthorised access to, any part of the Electronic Service or any of the software comprised in it. The Client agrees that WLIS shall be entitled to terminate the availability of Electronic Service to the Client if at any time the Client breaches, or if WLIS at any time reasonably suspects that the Client has breached this warranty and undertaking.

- 4.2 The Client acknowledges that the Information or market data made available to it through the Electronic Service may be proprietary to third parties and the Client agrees that it will not upload, post, reproduce or distribute any information, software or other material protected by copyright or other intellectual property right (as well as rights of publicity and privacy) without first obtaining the permission of the owner of such rights.

## **59. 5. Limitation of Liability and Indemnification**

- 5.1 To the extent permitted by applicable law, none of WLIS, its Correspondent Agents and the Information Providers shall be responsible for any losses, costs, expenses or liabilities suffered by the Client resulting from circumstances beyond its/their reasonable control including, without limitation:
- (a) delays, failure or inaccuracies in communications to or from WLIS through telephone, electronic or other systems that are not under the control of WLIS, its Correspondent Agents or Information Providers;
  - (b) delays, inaccuracies or omissions in or unavailability of research, analysis, market data and other Information prepared by third parties;
  - (c) unauthorised access to communications systems, including unauthorized use of the Client's Login ID and/or Password; and
  - (d) wars of military action, government restrictions, labour disputes or closure of or disruption to orderly trading on any market or exchange, severe weather conditions and acts of God.
- 5.2 The Client agrees to defend, indemnify and hold WLIS, its Correspondent Agents and the Information Providers harmless from and against any and all claims, losses, liability, costs and expenses (including but not limited to attorneys' fees) arising from the Client's violation of these terms and conditions, applicable laws, rules or regulations, or any third party's rights, including but not limited to infringement of any copyright, violation of any proprietary right and invasion of any privacy rights. This obligation will survive the termination of Electronic Service to the Client.
- 5.3 WLIS shall not by virtue of provision of Electronic Service be deemed to provide investment advice to manage money or to act as a fiduciary on behalf of the Client or with respect to any account.
- 5.4 WLIS is not responsible for advising the Client of any disclosure obligations whether arising generally or as a result of any transaction effected by WLIS in accordance with any Instruction or of any holding of Securities by or on behalf of the Client. Such obligations of disclosure are personal obligations of the Client. WLIS shall not be obliged to give notice of holdings by or on behalf of the Client in any form or by any time limit save for any notice or statement required to be issued by WLIS pursuant to legal and/or regulatory requirements.
- 5.5 The Client acknowledges that it will be subject to potential prosecution under applicable laws for illegal activities conducted through the Electronic Service and that WLIS, the regulatory authorities and/or SROs may monitor all Client activities so as to detect any improper activity relating to Clients' transactions or business effected based on any Instruction and the Client shall permit (subject to reasonable confidentiality restrictions) WLIS and any relevant regulatory authorities and/or SROs to have reasonable access to WLIS's premises at reasonable times and on reasonable notice to inspect any equipment and connections used by the Client in connection with any Instruction. The Client acknowledges that if WLIS, any regulatory authority or any SRO detects or suspects improper activity (or any activity harmful to the integrity of the markets) through the Client's use of Electronic Service or if required by any applicable legal and/or regulatory requirement or WLIS's internal rules or policies, or if WLIS deems it necessary for its protection, or if WLIS regards the Client to have materially breached these terms and conditions or any terms and conditions relevant to the transaction covered by an Instruction, the Client's access to the Electronic Services may be limited, augmented, or terminated at any time, and the Client may be prohibited from giving Instructions or otherwise accessing the market.
- 5.6 To the extent permitted by applicable law, no warranties, express or implied, representations or promises, have been made or are given by WLIS, its Associates, their respective directors, officers, employees and agents and/or any of their vendors, licensors or other third party content providers (collectively, "Provider Parties" and individually, a "Provider Party") to the Client or any other person regarding or related in any manner to the systems, equipment or market data used in or in connection with the Electronic Service.
- 5.7 To the extent permitted by applicable law, the Provider Parties shall not be liable for any delay or failure to perform obligations and any losses, damages or costs resulting therefrom unless such is directly caused by the Provider Parties' gross negligence or wilful default or fraud.
- 5.8 To the extent permitted by applicable law, the Provider Parties shall not be held responsible for any undesirable consequences resulting whether directly or indirectly from any uncontrollable events including but not limited to government restrictions, imposition of emergency procedures, exchange ruling, third party conduct, suspension of trading, war, strike, market conditions, civil disorder, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond the Provider Parties' control whatsoever, including any errors, deficiencies or electronic data problems, computations, output, operations and other functions of any equipment and related software of Provider Parties.
- 5.9 To the maximum extent permitted by applicable law, in no event shall any Provider Party have any liability to the Client or any third party for any losses, damages, liabilities, judgments, awards, fines, penalties, settlements, costs or other expenses (including reasonable legal costs, attorneys' fees and disbursements) (collectively, "Losses") whatsoever arising in any manner out of, or in connection with, these terms and conditions, their performance or breach, or incident to the Client's or any third party's use of (or any inability to use) the systems, the equipment or any market data in connection with the Electronic Service.

- 5.10 To the extent permitted by applicable law, no Provider Party shall be liable to the Client for:
- (a) any error by the Client in inputting an order,
  - (b) any error occurring on a market exchange or other execution venue,
  - (c) the rejection of any order by the systems used in connection with the Electronic Service for any reason whatsoever; or
  - (d) any error by any other cause outside the direct control of any Provider Party.
- 5.11 The Client acknowledges that for the market data or other information the Client obtains through the Electronic Service which is originated from any exchange, such exchanges, their holding companies, affiliates and/or subsidiaries do not guarantee the accuracy or reliability of such market data or information and will accept no liability to the Client (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions in connection with such market data or information.
- 5.12 The Client shall, at its own expense, defend, indemnify and hold harmless any Provider Party and WLIS from and against any Losses arising out of or related to
- (a) the use of (or inability to use) the systems, equipment, market data or any other information in connection with the Electronic Service by or with the authority of the Client or involving the use of the Client's Login ID, Password(s) and/or answers to the security questions before the making of any report to WLIS under Clause 2.2(e) or Clause 2.14; and
  - (b) any material breach by the Client of any provision of these terms and conditions, except in each case to the extent such Losses are due to wilful misconduct gross negligence or fraud of any Provider Party or WLIS.

## **60. 6. Suspension or Termination of Electronic Service**

- 6.1 WLIS reserves the right to suspend or terminate the Client's access to the Electronic Service or any part thereof in its sole discretion, without notice and without limitation, for any reason whatsoever, including but not limited to the unauthorised use of the Client's Login ID and/or Password, breach of these terms and conditions or the Securities Account Agreement, discontinuance of WLIS's access to any Information from any Information Provider or termination of one or more agreements between WLIS and the Information Providers, maintenance and upgrading of the systems for Electronic Service by WLIS.
- 6.2 In the event of suspension or termination as mentioned in Clause 6.1 above, each of the Information Providers and WLIS shall have no liability to the Client; provided, however, that if the termination is not solely caused by or due to any fault on the part of the Client (whether directly or indirectly) or its authorised users WLIS will refund the pro rata portion of any fee that may have been paid by the Client for the portion of the Electronic Service not furnished to the Client as at the date of such termination.

## **61. 7. Risk Disclosure**

- 7.1 The Client acknowledges and accepts the risks of using the Electronic Service, which include at least the following:
- (a) If the Client undertakes transactions via Electronic Service, it will be exposed to risks associated with the Electronic Service system, including the failure of hardware and software, and the result of any system failure may be that its orders are either not executed according to its Instructions or are not executed at all;
  - (b) Due to unpredictable suspension or traffic congestion in communication and other reasons, Electronic Service may not be reliable and transactions conducted via Electronic Service are subject to the risk of delays in transmission and receipt of the Client's Instructions or other Information, delays in execution or execution of its Instructions at prices different from those prevailing at the time its Instructions were given, transmission interruption or blackout. There are also the risks of hacking, misunderstanding or errors in communication, and it may not be possible to cancel an Instruction after it has been given.
- 7.2 WLIS accepts no responsibility for any loss which may be incurred by the Client as a result of such interruptions or delays or hacking by third parties. The Client should not place any Instruction with WLIS through the Electronic Service if the Client is not prepared to accept any of the above-mentioned risks.
- 7.3 Market data and other Information made available to the Client through the Electronic Service may be obtained by WLIS from third parties. While WLIS believes such market data or information to be reliable, neither WLIS nor any such third party guarantees the accuracy, completeness or timeliness of any such market data or Information. For instance, for the market data or other information the Client obtains through the Electronic Service which is originated from any exchange, such exchanges, their holding companies, affiliates and/or subsidiaries do not guarantee the accuracy or reliability of such market data or information and to the extent permitted by applicable law will accept no liability to the Client (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions in connection with such market data or information.

## **62. 8. Direct Market Access Services and Algorithmic Trading System**

- 8.1 The Client agrees and undertakes with WLIS that
- (a) for so long as it uses direct market access ("DMA") services provided by WLIS:
    - (i) it has appropriate arrangements in place to ensure that its users are proficient and competent in using the system for the DMA

services;

(ii) it understands and has the ability to comply with applicable regulatory requirements; and

(iii) it has in place adequate arrangements to monitor the orders entered through the DMA services.

(b) for so long as it sub-delegates the DMA services to another person, the Client:

(i) may only sub-delegate the DMA services to another person if the Client is a licensed or registered person with the SFC, an overseas securities or futures dealer or an overseas bank subject to regulatory supervision;

(ii) shall seek WLIS's prior written consent before any sub-delegation of WLIS's DMA services and trading algorithms;

(iii) shall inform WLIS any existing arrangement to sub-delegate WLIS's DMA connection and trading algorithms to any third party;

(iv) shall confirm with WLIS prior to any sub-delegation the orders of the person that the Client is sub-delegating will flow through the Client's systems and will be subject to appropriate risk management and supervisory controls, and such person meets the requirements set out in Clause 8.1 (a)(i)-(iii) and a written agreement is in place between the Client and such person setting out the terms of the DMA services being sub-delegated; and

(v) shall promptly inform WLIS in writing if any sub-delegation ceases in the future.

(c) for so long as the Client uses the algorithmic trading system provided by WLIS, the Client has a good understanding of:

(i) the operation of the algorithmic trading system and trading algorithms; and

(ii) the compliance and regulatory issues which may arise from the use of the algorithmic trading system and trading algorithms.

### **63. 9. IPO (Initial Public Offering) / Bond Subscription Service**

9.1 Prior to the use of WLIS's IPO/Bond Subscription Service, Clients shall understand and comply with all applicable laws and restrictions in relation to the public offering of relevant securities/bond, as well as the associated Listing Rules and all the contents and terms specified within the prospectus of the securities/bond offering. WLIS will not be held responsible for any violation by the Client and WLIS reserves the rights in deciding whether to accept or reject the Client's use of its IPO /Bond Subscription Service and such decision shall remain final.

9.2 All contents or information provided for or on display regarding the subscription of IPO/Bond (including but not limited to the application method, announcement date and timetable) shall be subjected to the prospectus, the listed company and the announcement of the Hong Kong Stock Exchange. WLIS will not be held responsible in any event for omissions, inaccuracy or accuracy of the relevant information. WELL LINK INTERNATIONAL SECURITIES reserves the rights to close IPO margin or cash subscription applications early subject to overall subscription response or/and its own operational consideration without prior notice.

9.3 WLIS may offer margin facility at different margin ratio or not at all for different IPO/Bond Subscription Applications, in accordance to the merits of each individual stock, as well as the market conditions and WLIS's own operational consideration at the time. The number of days chargeable for margin interests is subjected to the latest official public announcement. Once the Client's IPO subscription application had been confirmed, no subsequent changes or cancellation would be accepted, as such no refund of the relevant handling fee nor margin interest charges are payable to the Client under any circumstances. The clients shall bear all the consequences and indemnify WLIS for all loss incurred by the use of WLIS's IPO / Bond Subscription Service.

9.4 The allocation of shares/bonds to the Client is subject to the announcement of the listed company, for which the Client must accept the allocated quantity. If the value of the allocated shares/bond exceeds the Client's paid deposit, the client must make up the shortfall amount on the day of announcement or as immediately as possible following the announcement by depositing the required funding in full into WLIS's designated bank accounts. WLIS reserves the rights to liquidate the Client's collateral shares/bond to recover any amount due without making prior notice to the Client, any loss incurred will be fully borne by the Client and the interests charged for the arrears will be subjected to the Client's securities trading account's established interests rate.

9.5 . If Client's IPO/Bond Subscription Application is rejected or under any circumstances not being allocated with any shares/bond as a result of submitting duplicated applications, WLIS shall not be in any event responsible.

### **64. 10. Charges and Expenses**

10.1 Client shall pay to WLIS mutually agreed upon commissions, mark-ups and mark-downs for the execution of, or in connection with, Client's orders as well as all service and other fee, if any, that WLIS may charge from time to time for the use of the Electronic Service. Client will also be liable to pay any fees, charges and expenses charged by exchanges or other third parties for market data provided hereunder.

### **65. 11. General**

11.1 In the event of any dispute between the Parties, the Client agrees that the records of WLIS (including electronic records) shall prevail.

11.2 Client agrees that each transaction Client executes through the Electronic Service is also subject to any other agreement between Client and WLIS that applies to the relevant transaction ("Securities Account Agreement/Client Agreement"). If there is a conflict between the terms of this Agreement and the terms of the Securities Account Agreement/Client Agreement, the terms of this Agreement will prevail regarding the Electronic Service, except otherwise agreed in writing by both parties.

## **SCHEDULE IV: RISK DISCLOSURE STATEMENTS**

**Before making investment decisions, investors should carefully consider whether investment products/ services are suitable in light of their financial position, investment objectives and experiences, risk tolerance and other relevant circumstances. Meanwhile, investors should also read any related offering document and to understand the risks associated with investment products/ services.**

## **1. General Risks for Securities Dealing**

### **1.1 Risk of Securities Trading**

1.1.1 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.

### **1.2 Risk of Trading Growth Enterprise Market stocks**

1.2.1 Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

1.2.2 You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

### **1.3 Risk of Trading Nasdaq-Amex Securities at The Stock Exchange of Hong Kong Limited**

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

### **1.4 Risk of Trading Renminbi (RMB) Securities Listed in Hong Kong (“HK RMB Securities”)**

1.4.1 HK RMB Securities is a relatively new type of investment product in Hong Kong and an active secondary market might not be available. As such, investors of HK RMB Securities may not be able to sell their investments in HK RMB Securities on a timely basis, or may have to sell at a substantial discount in order to find a buyer. By trading in HK RMB Securities, investors are exposed to exchange rate risk. Fluctuation in conversion rate and conversion spread may have negative impact on the return on investment in HK RMB Securities. RMB is currently not freely convertible. Foreign exchange controls imposed by the PRC government may have negative impact on the liquidity of RMB securities traded in Hong Kong. RMB equities exposed to the mainland China market are particularly subject to risks that may arise from the relevant market/industry/sector in mainland China.

### **1.5 Risk of Trading of Foreign Securities, including B Shares Listed in the People’s Republic of China**

1.5.1 Securities that are foreign listed securities and are held outside Hong Kong are subject to the applicable laws and regulations or the relevant overseas jurisdiction that may be different from the SFO and the rules made thereunder in Hong Kong. Consequently, such securities may not enjoy the same protection as that conferred on securities received or held in Hong Kong. You should only undertake trading of foreign securities if you understand the nature of foreign securities trading and the extent of your exposure to risks. In particular, foreign securities trading is not regulated by The Stock Exchange of Hong Kong Limited and will not be covered by the Compensation Fund despite the fact that WLIS is an exchange participant of The Stock Exchange of Hong Kong Limited.

1.5.2 You should carefully consider whether such trading is appropriate for you in light of your experience, risk profile and other relevant circumstances and seek independent professional advice if you are in doubt.

### **1.6 Risks of Client Assets Received or Held Outside Hong Kong**

1.6.1 Client assets which are received or held by us outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the SFO and the rules made thereunder. Consequently, such assets may not enjoy the same protection as the protection conferred on those assets which are received or held in Hong Kong.

### **1.7 Risk of Providing an Authority to Lend, Deposit or Repledge Your Securities with Third Parties**

1.7.1 There is risk if you provide us with an authority that allows us to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the

discharge and satisfaction of our settlement obligations and liabilities. If your securities or securities collateral are received or held by us in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply. Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if we issue you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority. You are not required by any law to sign these authorities. But an authority may be required by us, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. We should explain to you the purposes for which one of these authorities is to be used. If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although we are responsible to you for your securities or securities collateral lent or deposited under your authority, a default by us could result in the loss of your securities or securities collateral. A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

## **1.8 Risk of Margin Financing**

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

## **1.9 Transactions in Other Jurisdictions**

1.9.1 Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should seek professional advice applicable to the local jurisdiction before you start to trade.

## **1.10 Currency Risks**

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

## **1.11 Risk of using the Electronic Services under the On-line Trading Agreement**

1.11.1 If you undertake transactions via Electronic Services, you will be exposed to risks associated with the Electronic Services system including the failure of hardware and software, and the result of any system failure may be that your order is either not executed according to your instructions or is not executed at all;

1.11.2 Due to unpredictable traffic congestion and other reasons, Electronic Services may not be reliable and Transactions conducted via Electronic Services may be subject to delays in transmission and receipt of your Instructions or other Information, delays in execution or execution of your Instructions at prices different from those prevailing at the time your Instructions were given, transmission interruption or blackout. There are risks of misunderstanding or errors in communications, and it is also usually not possible to cancel an Instruction after it has been given. WLIS accepts no responsibility for any loss which may be incurred by the Client as a result of such interruptions or delays or access by third parties. You should not place any Instruction with us via Electronic Services if you are not prepared to accept the risk of such interruptions or delays; and

1.11.3 Market data and other Information made available to the Client through our Electronic Service may be obtained by WLIS from third parties. While the Company believes such market data or information to be reliable, neither the Company nor such third parties guarantees the accuracy, completeness or timeliness of any such market data or information.

## **1.12. Commission and other Charges**

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

## **1.13 Off-exchange Transactions**

1.13.1 In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. We may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less

regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

#### **1.14 Risk of Providing an Authority to Hold Mail or to direct mail to third parties**

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

#### **1.15 Market Risk**

1.15.1 Market risk, or systematic risk, stems from the economic, geographical, political, social or other factors of the relevant market, and is affected by variables that are related to the entire market. For example, if one invests in a financial product listed in Hong Kong, this investment will be subject to the systematic risk related to the entire Hong Kong market. When any event affects the systematic risk of the market, all financial products will be impacted either in the form of a rise or fall in the prices. This will apply whether investors hold one single financial product or a diversified portfolio of financial products in that market. As long as they keep their holdings, they cannot avoid being exposed to the systematic risk of the market. You should be aware that market risk cannot be eliminated, no matter how they diversify their holdings. You should seek professional advice as you think appropriate or necessary to manage (but not eliminate) market risk, and you should be careful about investing too much into a single market.

#### **1.16 Emerging Markets Risk**

1.16.1 Special risks may be associated with transactions and investment in financial products of or related to issuers and counterparties established under the laws of, based or principally engaged in, business in emerging markets countries ("Emerging Markets Products"). Emerging markets countries include all countries where financial markets are less well developed than in the countries such as those of the Organisation for Economic Cooperation and Development (the "OECD").

1.16.2 The risks associated with Emerging Markets Products may arise because, among other things, there are political and economic uncertainties that are greater than in OECD countries. Additionally, some of the emerging markets countries do not have fully developed or clear legal, judicial, regulatory or settlement infrastructures, and the accounting standards may differ markedly. The markets may be far less liquid or transparent than in OECD countries. There may be other special risks and the foregoing is not intended to be a thorough and exhaustive description of all possible risks.

1.16.3 Transactions in Emerging Markets Products should be made only by investors with sufficient ability to appreciate the special risks, and the resources to bear any losses that may be incurred in such markets. Before making any investment in an Emerging Markets Product, you should independently satisfy yourself that you (and, if applicable, your client) understand and appreciate the significance of the relevant risks, and that such an investment is appropriate and suitable for you (or, if applicable, your client) in light of your or their objectives, experience, financial and operational resources and other relevant circumstances. You should also ensure that you (and, if applicable, your client) fully understand the nature of the transaction, the contractual relationship into which one is entering and the nature and extent of your or their exposure to risk of loss.

## **2. Specific Risks Relating to Securities Trading Through Shanghai-Hong Kong Stock Connect and Shenzhen- Hong Kong Stock Connect**

### **2.1 General Risks**

#### **2.1.1 Currency Risks**

2.1.1.1 Northbound investments via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be traded and settled in Renmibi. If the Client invests in A-shares with a local currency other than RMB, the Client will be exposed to a currency risk 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 unchanged, the Client will still incur an exchange loss if RMB depreciates during the process of currency conversion.

2.1.1.2 If the Client invests in A-shares without converting the local currency which he holds, into RMB and this results in a RMB debit balance of his account, our Company will charge debit interest on that outstanding balance. (Please refer to the notice on our Company's website for information of the debit interest rate).

#### **2.1.2 Quotas Used Up**

2.1.2.1 Once the daily quota for Northbound and Southbound trading 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.

#### **2.1.3 Difference in Trading Day and Trading Hours**

2.1.3.1 The Client should note that, due to differences in public holidays between Hong Kong and Mainland China 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 Shenzhen-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot trade A-shares. The Client should take note of the days and the hours which Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is open for trading and decide according to his own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect/ Shenzhen-Hong Kong Stock Connect is not trading.

#### **2.1.4 Restrictions on Selling Imposed by Front-end Monitoring**

2.1.4.1 For the Client who deposits his A-shares with securities companies other than WLIS, if he wishes to sell certain A-shares he holds, he must transfer such A-shares to his account with BS Securities before the day of selling (T day). If he fails to meet this deadline, he will not be able to sell such A-shares on T day.

#### **2.1.5 The Recalling of Eligible Stocks and Trading Restrictions**

2.1.5.1 A stock which is on the list of eligible stocks for trading via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect may be recalled from the list for various reasons and, in such event, the stock can only be sold but cannot be 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 updated from time to time by Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE") and Hong Kong Exchanges and Clearing Limited ("HKEx").

2.1.5.2 Under the following circumstances, purchase of A shares via Northbound trading will be suspended temporarily (but sale is permitted): (i) the A-shares cease to be constituent stocks of the relevant indices; (ii) the A-shares are put under "risk alert"; and/or (iii) the corresponding H shares of the A-shares cease to be traded on SEHK. The Client should also note that such A-shares may be subject to the restriction of price fluctuation limits.

#### **2.1.6 Transaction Costs**

2.1.6.1 In addition to paying trading fees and stamp duties in connection with trading of A-shares, the Client carrying out Northbound trading via Shanghai-Hong Kong Stock Connect and 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 may be levied by the relevant authorities.

#### **2.1.7 Mainland China's laws and regulations, foreign shareholding restrictions and disclosure obligations**

2.1.7.1 Under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, A-share listed companies and trading thereof are subject to the laws and regulations and disclosure obligations of the A-share market. Any changes in relevant laws or regulations may affect share prices. The Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The Client may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in A-shares. The Client himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests.



2.1.7.2 Under the current Mainland rules, when an investor holds up to 5% of the shares of a company listed on SSE or SZSE, the investor is required to disclose his interest within three working days during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland laws.

2.1.7.3 According to existing Mainland practices, Hong Kong and overseas investors as beneficial owners of A-shares traded via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot appoint proxies to attend shareholders' meetings on their behalf.

## **2.2 RISKS FOR SZSE CHINEXT MARKET**

### **2.2.1 Regulatory Risks**

2.2.1.1 The rules and guidance on listing, trading, disclosure and other matters of SZSE ChiNext vary much from those of the SZSE main board and SME board. For example, on the listing requirements, a shorter track record period and lower net profit, revenue and operating cash flow requirements will apply for company seeking IPO and listing on the ChiNext market. ChiNext companies may also have a lower post-IPO total share capital than main board and SME board companies. For details of the listing requirements on the ChiNext market, the SZSE main board and SME board, please visit SZSE website.

2.2.1.2 Besides, ChiNext market adopts disclosure rules that substantially vary from those of the main board and SME board. For example, ad hoc reports of ChiNext companies are only required to be published on a CSRC designated website and on the issuers' websites. If investors continue to check information through the usual disclosure channels for main board and SME boards, they may miss out some important information disclosed by ChiNext companies. Therefore, investors are advised to closely monitor announcements and risk alerts of ChiNext companies, be aware of market risks, and comply with relevant rules and regulations while trading in the ChiNext market.

### **2.2.2 Delisting Risks**

2.2.2.1 The delisting standards of the ChiNext market are different from those of the SZSE main board and SME board. There are more situations that will lead to the delisting of ChiNext companies. ChiNext companies have greater exposure to the risk of being delisted, and such delisting process may be speeded up.

2.2.2.2 In addition, the shares of ChiNext companies may be delisted immediately after SZSE determines its delisting. Investors will not be able to trade in delisted shares, and may lose all the invested capital in this case.

### **2.2.3 Operating Risks**

2.2.3.1 ChiNext companies are generally in an early stage of development and have a shorter history. They are usually smaller in scale, have less stable operations, and are less resilient against market risks and industry risks. Although they may have higher growth potential and leverage more on technical innovations, their future performance particularly those without a profit track record is susceptible to great uncertainty.

### **2.2.4 High Share Price Volatility**

2.2.4.1 The share prices of ChiNext companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. ChiNext companies with low public float may be vulnerable to manipulations by major shareholders. The unstable financial result also adds the difficulty to the company valuations.

### **2.2.5 Technical Risks**

2.2.5.1 It is uncertain whether a ChiNext company is able to convert its technical innovations into physical products or services. When the industry is experiencing rapid technological development and replacement, its product may be obsolete and may not survive in the market.

**The above summary only covers part of the risks related to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and any above mentioned laws, rules and regulations are subject to change from time to time. The Client should visit the website of HKEx for updates and details for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.**

**If the aforesaid provisions are inconsistent with the rules and regulations of HKEx, SZSE and SSE, the rules and regulation of HKEx, SZSE and SSE shall prevail.**

### **3. Risks of Trading Stock Options**

#### **3.1 STOCK OPTIONS**

Stock Options is a contract that involves two parties, a buyer and a seller. An option's buyer has the right, but not the obligation, to buy according to a "call" option from, or sell according to a "put" option to the seller the specified underlying assets. Option contracts are for an agreed quantity of an underlying asset, price, and future period. If the buyer (or holder) exercises his right, the option's seller (or writer) has to settle according to the contract's specifications. An option holder is described as having a long position, while an option writer has a short position.

#### **3.2 Risks of Stock Options trading**

##### **3.2.1 Variable Degree of Risk**

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

3.2.1.2 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. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

3.2.1.3 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. 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.

3.2.1.4 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.

##### **3.2.2 Terms and Conditions of the Contract**

3.2.2.1 You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you 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.

##### **3.2.3 Suspension or Restriction of Trading and Pricing Relationships**

3.2.3.1 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 you have sold options, this may increase the risk of loss.

3.2.3.2 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".

##### **3.2.4 Risk of Margin Trading**

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

##### **3.2.5 Trading Risks**

3.2.5.1 The risk of loss in trading options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to

execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of the exercise and expiration procedures and your rights and obligations upon exercise or expiry.

### **3.2.6 Deposited Cash and Property**

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

## **4. Risks Involved in Trading Debt Securities**

### **4.1 Debt Securities**

- 4.1.1 Debt securities is an instrument issued for a predetermined period of time with the purpose of raising capital by borrowing and generally involves a promise to repay the principal and interest on specified dates. This kind of debt instrument may also be called as bills or notes and these names are used interchangeably in the market. Debt securities include bonds and notes which represent loans to an entity (such as a government or corporation) in which the entity promises to repay the bondholders or note-holders the total amount borrowed. That repayment in most cases is made on maturity although some loans are repayable in installments. Unlike shareholders, holders of bonds and notes are not owners of an entity but its creditors. In return for the loan, the entity will usually compensate the bondholders or note-holders with interest payments during the life of the bond or note. The interest rate on bonds and notes can be a fixed or floating rate.
- 4.1.2 Debt securities is NOT a principal protected investment. The price of this product may fall in value rapidly and investors may suffer a total loss of their initial investment. Before entering into any transaction, you are advised to carefully read the Offering Circular, discuss with your own investment advisor or other appropriate professional to understand the possible risks and benefits of the transaction if needed. You should also take reasonable steps to assess the risks and appropriateness of the transaction in the light of your own risk, financial situation, objectives, investment tenor and circumstances.

### **4.2 The Risks**

Please be informed of the risks of investing in bonds. Main risks include but not limited to as stated below.

#### **4.2.1 Credit Risk**

- 4.2.1.1 The credit ratings assigned by credit rating agencies are not a guarantee of the credit reliability of the issuer and the guarantor (if applicable). If the issuer and the guarantor (if applicable) are unable to perform its obligations under the bond, become insolvent or breach any of its obligations under the bond, or the issuer and the guarantor (if applicable) file for or are filed for bankruptcy procedures or reorganization of debt plans or similar procedures to avoid bankruptcy may cause the issuer to fail to pay interest or principal as scheduled. In the worst case, investors may lose all investment amount.

#### **4.2.2 Interest Rate Risk**

- 4.2.2.1 The price of a fixed rate bond will drop when the interest rate rises. If the bond to be sold before matures, the bond price may be less than the purchase price.

#### **4.2.3 Exchange Rate Risk**

- 4.2.3.1 Exchange rate risk exists if the bond is dominated in foreign currency.

#### **4.2.4 Liquidity Risk**

- 4.2.4.1 If you try to sell your bonds before maturity, it may be difficult or impossible to find a buyer, or the sale price may be much lower than the amount you had invested.

#### **4.2.5 Reinvestment Risk**

- 4.2.5.1 For callable bonds, if the issuer redeems the bonds before the maturity date, and you reinvest the recovered principal in other bonds with similar risk feature, the return may be lower than the original bond investment.

#### **4.2.6 Event Risk**

- 4.2.6.1 Events, including but not limited to issuers' mergers and acquisitions, issuing new bonds to raise capital for corporate restructuring activities, capital restructuring, etc., may weaken the issuer's ability to redeem your bonds.

#### **4.2.7 Medium to Long Term Investment Risk**

- 4.2.7.1 Medium to Long Term Investment - Bond is mainly for medium to long term investment, not for short term speculation. You should be prepared to invest your funds in Bond for the full investment tenor; you could lose part or all of your investment if you choose to sell Bond prior to maturity.

#### **4.2.8 The Risk of RMB Bonds**

- 4.2.8.1 If investors choose to invest in RMB bonds, please note that RMB is subject to exchange rate risks and that RMB is currently not a freely convertible currency. The conversion of RMB through or by banks in Hong Kong is subject to certain RMB policies or other restrictions and relevant Hong Kong regulatory requirements.

#### **4.2.9 Applicable to Callable Bond**

4.2.9.1 When the issuer exercises the redemption right before the maturity, investors will face the reinvestment risk.

#### **4.2.10 Applicable to Perpetual Bond**

4.2.10.1 There is no maturity date, and the coupon may be postponed or even suspended according to the issuance terms and condition. The coupon payment depends on the viability of the issuer in the very long term.

#### **4.2.11 Applicable to Subordinated Bond**

4.2.11.1 Investors holding this bond bear higher risk than senior bond holders, because once the issuer is liquidated, the priority of claims for subordinated bonds will be lower.

#### **4.2.12 Applicable to extendable Bond**

4.2.12.1 Investors would not have a definite schedule of principal repayment.

#### **4.2.13 Applicable to exchangeable Bond**

4.2.13.1 Investors must bear the investment risks of both stocks and bonds.

#### **4.2.14 Applicable to Convertible (including Contingent Convertible) Bond**

4.2.14.1 Investors must bear the investment risks of both stocks and bonds. When a trigger event occurs, this bond may be written off in whole or in part, or converted into ordinary shares.

#### **4.2.15 Applicable to Bond with Non-viability Loss Absorption feature (e.g. Bail-in)**

4.2.15.1 For bonds with non-viability loss absorption feature, when a trigger event occurs, the bond may be written off in whole or in part, or converted into ordinary shares.

#### **4.2.16 Applicable to Bond with Variable and/or Deferral of Interest Payment Terms**

4.2.16.1 Investors would face uncertainty over the amount of coupon and time of the interest payments to be received.

## **5. Risks of Trading Warrants**

### **5.1 WARRANTS**

5.1.1 Warrants are an instrument which gives investors the right - but not the obligation - to buy or sell the Warrants' underlying asset at a pre-set price on or before a specified date. There are two main types of warrants, namely, subscription warrants and derivative warrants.

#### **5.1(a) SUBSCRIPTION WARRANTS**

5.1(a).1 Subscription warrants are issued by a listed company and give holders the rights to buy the underlying shares of such company. They are either attached to new shares sold in initial public offerings, or distributed together with declared dividends, bonus shares or rights issues. Subscription warrants are valid between 1 and 5 years. Upon exercise, the underlying company will issue new shares and deliver them to the warrant holders.

#### **5.1(b) DERIVATIVE WARRANTS**

5.1(b).1 Derivative warrants are issued by financial institutions. Unlike subscription warrants which must be call warrants, derivative warrants can be call or put warrants. Most of the derivative warrants in the market have a shorter life, ranging from 6 months to 2 years normally, although the current Listing Rules allow a maximum life of 5 years.

5.1(b).2 Derivative warrants can be linked with a single stock, a basket of stocks, an index, a currency, a commodity or a futures contract (e.g. oil futures). They can be settled by cash or physical delivery, which must be specified by the issuers at launch. However, basket 1, index warrants and warrants on stocks listed overseas are settled by cash only.

5.1(b).3 In exercising a call derivative warrant on a single stock with physical settlement, the issuer will deliver the underlying shares to the warrant holder. This does not involve the issuance of new shares by the underlying listed company as in the case of subscription warrants.

5.1(b).4 Furthermore, every derivative warrant has a designated liquidity provider to help improve the liquidity of the instrument in the market. Such a requirement does not apply to subscription warrants.

## **5.2 The Risks**

### **5.2.1 Issuer risk**

5.2.1.1 Derivative warrant holders are unsecured creditors of the issuer and they have no preferential claim to any assets an issuer may hold.

### **5.2.2 Gearing risk**

5.2.2.1 Although derivative warrants often cost less than the price of the underlying assets, a derivative warrant may change in value to a much greater extent than the underlying assets. Although potential return on derivative warrants may be higher than that on the underlying assets, it should be noted that in the worst case the value of derivative warrants may fall to zero and holders may lose their entire investment amount.

### **5.2.3 Limited life**

5.2.3.1 Unlike stocks, derivative warrants have an expiry date and therefore a limited life. Unless the derivative warrants are in-the-money, they become worthless at expiration.

### **5.2.4 Time decay**

5.2.4.1 So long as other factors remain unchanged, the value of derivative warrants will decrease over time. Therefore, derivative warrants should never be viewed as products that are bought and held as long term investments.

### **5.2.5 Market forces**

5.2.5.1 In addition to the basic factors that determine the theoretical price of a derivative warrant, derivative warrant prices are also affected by the demand for and supply of the derivative warrants. This is particularly the case when a derivative warrant issue is almost sold out and when there are further issues of an existing derivative warrant.

### **5.2.6 Turnover**

5.2.6.1 High turnover should not be regarded as an indication that a derivative warrant's price will go up. The price of a derivative warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.

### **5.2.7 Volatility**

5.2.7.1 Other factors being equal an increase in the volatility of the underlying asset should lead to a higher warrant price and a decrease in volatility

lead to a lower derivative warrant price.

## **6. Derivative Risks**

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

### **6.1 CALLABLE BULL/BEAR CONTRACTS (CBBC)**

CBBC track the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBC are issued by a third party, usually an investment bank, independent of The Stock Exchange of Hong Kong Limited and of the underlying asset.

CBBC are issued with the condition that during their lifespan they will be called by the issuers when the price of the underlying asset reaches a level (known as the “Call Price”) specified in the listing document. If the Call Price is reached before expiry, the CBBC will expire early and the trading of that CBBC will be terminated immediately. The specified expiry date from the listing document will no longer be valid. CBBC may be issued with a lifespan of three months to five years and are settled in cash only.

#### **6.1.1 The Risks**

##### **6.1.1.1 Mandatory call**

6.1.1.1.1 A CBBC will be called by the issuer when the price of the underlying asset hits the Call Price and that CBBC will expire early. Payoff for Category N CBBC will be zero when they expire early. When Category R CBBC expire early the holder may receive a small amount of Residual Value payment, but there may be no Residual Value payment in adverse situations. Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and investors will not be able to profit from the bounce-back.

##### **6.1.1.2 Gearing effects**

6.1.1.2.1 Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater compared with that of the underlying asset. Investors may suffer higher losses in percentage terms if they expect the price of the underlying asset to move one way but it moves in the opposite direction.

##### **6.1.1.3 Limited life**

6.1.1.3.1 A CBBC has a limited lifespan of three months to five years. The life of a CBBC may be shorter if called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying asset from time to time and may become worthless after expiry and in certain cases, even before the normal expiry if the CBBC has been called early.

##### **6.1.1.4 Liquidity**

6.1.1.4.1 Although CBBC have liquidity providers, there is no guarantee that investors will be able to buy/sell CBBC at their target prices any time they wish.

##### **6.1.1.5 Funding Costs**

6.1.1.5.1 The issue price of a CBBC includes funding costs charged upfront for the entire period from launch to normal expiry. When a CBBC is called, the CBBC holders (investors) will lose the funding cost for the remaining period even though the actual period of funding for the CBBC turns out to be shorter. Further, the funding costs of a CBBC after launch may vary during its life.

##### **6.1.1.6 Movement with underlying assets**

6.1.1.6.1 Although the price changes of a CBBC tends to follow closely the price changes of its underlying asset, in some situations it may not (i.e. delta may not always be close to one). Prices of CBBC are affected by a number of factors, including its own demand and supply, funding costs and time to expiry.

##### **6.1.1.7 Trading of CBBC close to Call Price**

6.1.1.7.1 When the underlying asset is trading close to the Call Price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result.

6.1.1.7.2 However, the trade inputted by the investor may still be executed and confirmed by the investors after the MCE since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE will not be recognized and cancelled.



### **6.1.1.8 Overseas underlying assets**

6.1.1.8.1 CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. Besides, Investors trading CBBC with overseas underlying assets are exposed to an exchange rate risk as the price and cash settlement amount of the CBBC are converted from a foreign currency into Hong Kong dollars.

## **6.2 LISTED EQUITY LINKED INSTRUMENTS (ELI)**

### **6.2.1 The Nature**

6.2.1.1 ELI are structured products which can be listed on The Stock Exchange of Hong Kong Limited under Chapter 15A of the Main Board Listing Rules. They are marketed to retail and institutional investors who want to earn a higher interest rate than the rate on an ordinary time deposit and accept the risk of repayment in the form of the underlying shares or losing some or all of their investment.

6.2.1.2 ELI are traded in board lots and the minimum trading unit is one board lot. One board lot of ELI equals one board lot of its underlying security or its multiples. The duration of an ELI ranges from 28 days to two years. ELI are traded scripless in Hong Kong dollars and odd lots are settled in cash. Investors should note that short selling of ELI is prohibited.

6.2.1.3 An ELI's investment returns are often linked to the performance of their underlying stock(s). But for the purpose of increasing the overall return from that of plain-vanilla ELIs, some issuers may include additional features, such as early call, knock-in and daily accrual coupon. These features may affect the return of the ELIs in different ways.

### **6.2.2 The Risks**

#### **6.2.2.1 Exposure to equity market**

6.2.2.1.1 Investors are exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. Investors must also be prepared to accept the risk of receiving the underlying shares or a payment less than their original investment.

#### **6.2.2.2 Possibilities of losing investment**

6.2.2.2.1 Investors may lose part or all of their investment if the price of the underlying security moves against their investment view.

#### **6.2.2.3 Price adjustment**

6.2.2.3.1 Investors should note that any dividend payment on the underlying security may affect its price and the payback of the ELI at expiry due to ex-dividend pricing. Investors should also note that issuers may make adjustments to the ELI due to corporate actions on the underlying security.

#### **6.2.2.4 Interest rates**

6.2.2.4.1 While most ELI offer a yield that is potentially higher than the interest on fixed deposits and traditional bonds, the return on investment is limited to the potential yield of the ELI.

#### **6.2.2.5 Potential yield**

6.2.2.5.1 Investors should consult their brokers on fees and charges related to the purchase and sale of ELI and payment / delivery at expiry. The potential yields disseminated by HKEx have not taken fees and charges into consideration.

## **6.3 EXCHANGE TRADED FUND**

### **6.3.1 The Nature**

6.3.1.1 An index tracking exchange traded fund (ETF) is traded on an exchange. Its principal objective is to track, replicate or correspond to the performance of an underlying index. The index can be on a stock market, a specific segment of a stock market or a group of stock markets in a region or elsewhere in the world. It can also be on bonds or commodities.

6.3.1.2 Synthetic ETF is a kind of ETF, which fund managers adopt synthetic replication through investing in financial derivative instruments, such as swaps and performance-linked notes, to replicate the index performance.

### **6.3.2 The Risks**

#### **6.3.2.1 Market risks**

6.3.2.1.1 An ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the index and the market

that it is tracking.

### **6.3.2.2 Credit/Counterparty risk**

6.3.2.2.1 Investors in an ETF that uses synthetic replication are also exposed to the credit risk of the counterparty that provides the fund with indirect access to the market or index. If the fund buys a structured note that replicates the index performance, it is subject to the credit risk of the note issuer.

6.3.2.2.2 Due to restricted market access and limited investment quotas, some ETFs using synthetic replication have limited scope to diversify their counterparty exposure and have to rely on buying structured notes from just one or a few counterparties.

6.3.2.2.3 Some ETFs adopting synthetic replication by buying structured notes use collateral and/or their own securities portfolio to reduce their exposure to the note counterparties. However, investors should also take notice of counterparty risk for collateral security that falls outside the scope.

### **6.3.2.3 Tracking error**

6.3.2.3.1 The disparity between the performance of an ETF and performance of its underlying index. Tracking error may arise due to various factors. These include failure of the ETF's tracking strategy, the impact of fees and expenses, or corporate actions.

### **6.3.2.4 Trading at discount or premium**

6.3.2.4.1 Since the trading price of an ETF is also determined by the supply and demand of the market, the ETF may trade at a price higher or lower than its NAV.

### **6.3.2.5 Liquidity risk**

6.3.2.5.1 It is not guaranteed that a liquid market exists for an ETF. A higher liquidity risk is involved if an ETF uses financial derivative instruments, which are not actively traded in the secondary market and whose price transparency is not as easily accessible as securities. This may result in a bigger spread. And, they are also susceptible to more price fluctuations and have a higher volatility. Hence, they can be more difficult and costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

## **6.4 LEVERAGED AND INVERSE PRODUCTS (L&I Products)**

Leveraged and inverse products (L&I Products) are derivative products traded on the SEHK. L&I Products are structured as funds, but unlike conventional funds, they are not intended for holding longer than one day and are designed for short term trading or hedging. Leveraged products aim to deliver a daily return equivalent to a multiple of the underlying index return e.g. two times of what the underlying index does. Inverse products aim to deliver the opposite of the daily return of the underlying index. The inverse product goes down when the underlying index moves upwards, and the inverse product goes up when the underlying index moves downwards. To produce the specified leveraged or inverse return, these products have to rebalance their portfolios, typically on a daily basis.

L&I Products are not intended for holding longer than one day as their return over a longer period may deviate from and may be uncorrelated of the multiple (in the case of leveraged products) or the opposite (in the case of inverse products) of the return of the underlying index over the period.

The risk disclosure statement does not purport to disclose all the risks of L&I Products. The risks of investing in different L&I Products vary due to the difference in product structure, you should read the key facts statement and the prospectus carefully in order to understand the risks involved in a specific L&I product before making an investment decision.

### **6.4.1 Risks of Leveraged and inverse products (L&I Products)**

#### **6.4.1.1 Investment Risk**

6.4.1.1.1 Trading L&I Products involves investment risks and are not intended for all investors. There is no guarantee of repaying the principal amount.

#### **6.4.1.2 Volatility Risk**

6.4.1.2.1 Prices of L&I Products may be more volatile than conventional exchange traded funds (ETFs) because of using leverage and the rebalancing activities.

#### **6.4.1.3 Unlike conventional ETFs**

6.4.1.3.1 L&I Products are different from conventional ETFs. They do not share the same characteristics and risks as conventional ETFs.

#### **6.4.1.4 Long-term holding risk**

6.4.1.4.1 L&I Products are not intended for holding longer than the rebalancing interval, typically one day. Daily rebalancing and the compounding effect will make the L&I product's performance over a period longer than one day deviate in amount and possibly direction from the leveraged/inverse performance of the underlying index over the same period. The deviation becomes more pronounced in a volatile market.

As a result of daily rebalancing, the underlying index's volatility and the effects of compounding of each day's return over time, it is possible that the leveraged product will lose money over time while the underlying index increases or is flat. Likewise, it is possible that the inverse product will lose money over time while the underlying index decreases or is flat.

#### **6.4.1.5 Risk of rebalancing activities**

6.4.1.5.1 There is no assurance that L&I Products can rebalance their portfolios on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the rebalancing activities.

#### **6.4.1.6 Liquidity Risk**

6.4.1.6.1 Rebalancing typically takes place near the end of a trading day (shortly before the close of the underlying market) to minimize tracking difference. The short interval of rebalancing may expose L&I Products more to market volatility and higher risk.

#### **6.4.1.7 Intraday investment risk**

6.4.1.7.1 Leverage factor of L&I Products may change during a trading day when the market moves but it will not be rebalanced until day end. The L&I Product's return during a trading day may be greater or less than the leveraged/opposite return of the underlying index.

#### **6.4.1.8 Portfolio turnover risk**

6.4.1.8.1 Daily rebalancing causes higher levels of portfolio transaction when compared to conventional ETFs, and thus increases brokerage and other transaction costs.

#### **6.4.1.9 Correlation risk**

6.4.1.9.1 Fees, expenses, transactions costs of using financial derivatives may reduce the correlation between the performance of the L&I Product and the leveraged/inverse performance of the underlying index on a daily basis.

#### **6.4.1.10 Termination risk**

6.4.1.10.1 L&I Products must be terminated when all the market makers resign. Termination of the L&I Product should take place at about the same time when the resignation of the last market maker becomes effective.

#### **6.4.1.11 Leverage risk (for leveraged products only)**

6.4.1.11.1 The use of leverage will magnify both gains and losses of leveraged products.

#### **6.4.1.12 Unconventional return pattern (for inverse products only)**

6.4.1.12.1 Inverse products aim to deliver the opposite of the daily return of the underlying index. If the value of the underlying index increases for extended periods, inverse products can lose most or all of their value.

#### **6.4.1.13 Inverse products vs short selling (for inverse products only)**

6.4.1.13.1 Investing in inverse products is different from taking a short position. Because of rebalancing, the performance of inverse products may deviate from a short position in particular in a volatile market with frequent directional swings.

## **7. Specific Risks Relating to US Listed Securities Trading**

### **7.1. Currency risks**

7.1.1 US listed securities will be traded and settled in USD. If the Client invests in US securities with a local currency other than USD, the Client will be exposed to a currency risk due to the need for the conversion of the local currency into USD. During the conversion, the Client will also incur currency conversion costs. Even if the price of the USD asset remains unchanged, the Client will still incur an exchange loss if USD depreciates during the process of currency conversion.

7.1.2 If the Client invests in US securities without converting the local currency which he holds, into USD and this results in a USD debit balance of his account, the Client will be charged debit interest on that outstanding balance. (Please refer to the notice on our Company's website for information of the debit interest rate).

### **7.2 Not protected by Investor Compensation Fund**

7.2.1 The Client should note that pecuniary losses in relation to securities traded on the US market is not be covered by the Investor Compensation Fund set up by the Investor Compensation Company Limited in Hong Kong.

### **7.3 Difference in trading day and trading hours**

7.3.1 The Client should note that, due to time difference and differences in public holidays between Hong Kong and United States or other reasons such as bad weather conditions, there are differences in trading days and trading hours in the two markets. The Client should take note of the days and the hours which US securities markets are open for trading and decide according to his own risk tolerance capability whether or not to take on the risks arising therefrom.

### **7.4 Transaction costs**

7.4.1 In addition to the regular trading fees and commissions payable in connection with the trading of US securities, the Client should also take into account of any other charges that may be applicable such as custody fee for American depositary receipts ("ADR"), dividend tax, etc.

### **7.5 United States laws and regulations and disclosure obligations**

7.5.1 US listed companies and trading are subject to the laws and regulations and disclosure obligations of the US securities market. Any changes in relevant laws or regulations may affect share prices. The Client should also take note of the relevant laws and regulations applicable to US securities dealing. The Client may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in US securities. The Client himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests.

## **8. Risks involved in Trading Mutual Fund**

### **8.1 Mutual Fund**

8.1.1 A mutual fund is an investment that pools money from investors who have consistent investment objective and invests the money in stocks, bonds or other securities. Mutual Funds are managed by professional managers, and the investment managers are responsible for selecting and managing the securities held in the fund while the investors could share the fund's income, expenses and other gains or losses that the fund makes based on its investments, in proportion to the shares they own.

8.1.2 The following Risk Disclosure Statement may not disclose all the risks involved. Client should not invest in the Mutual Funds unless fully understand and is willing to assume the risks associated with it. Client should consider carefully whether Mutual Funds is suitable for oneself in light of your experience, objectives, financial position and other relevant circumstances. The performance of the Mutual Fund will be affected by a number of risk factors, including but not limited to the following, Client should read the relevant offering document carefully for further fund details including risk factors.

### **8.2 The Risks**

#### **8.2.1 Market Risk**

8.2.1.1 The Fund's investments are subject to the risks inherent in all securities i.e. the value of holdings may fall as well as rise. In addition, the Fund may be subject to investment holding limits imposed on investors by certain markets in which the Fund invests. Investment involves risks. Past performance is no guide to future performance of the funds.

#### **8.2.2 Not a Time Deposit**

8.2.2.1 The Investment Product is not equivalent to time deposit and is not protected by the Deposit Protection Scheme in Hong Kong.

#### **8.2.3 Exchange rate risk**

8.2.3.1 Investors bear the risks of any exchange rate fluctuations. These may create a gain/loss of capital in terms of local currency.

#### **8.2.4 Liquidity risk**

8.2.4.1 Liquidity risk exists when particular investments are difficult to purchase or sell. A Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Funds with principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

#### **8.2.5 Event Risk**

8.2.5.1 The product credit rating might be downgraded if there are some major event happen to the issuer.

#### **8.2.6 Political, Economic and Social Risk**

8.2.6.1 All financial markets may at times be adversely affected by changes in political, economic and social conditions.

#### **8.2.7 Legal, Tax and Regulatory Risk**

8.2.7.1 Legal, tax and regulatory changes could occur during the term of the Fund which may adversely affect it. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the Fund and the investors may be subject could differ materially from current requirements and may materially and adversely affect the Fund and the investors.

#### **8.2.8 Emerging Market Risk**

8.2.8.1 The fund invests in emerging markets. There may be higher volatility and liquidity risks than investing in developed markets. Investment in emerging markets involves above-average investment risks, for example, possible fluctuations in foreign exchange rates and political and economic uncertainties. It is possible that clients may lose the entire investment.

#### **8.2.9 Concentration Risk**

8.2.9.1 This Fund is highly specialised. Even though the portfolio is well diversified in terms of the number of holdings, investors should be aware that this Fund is likely to be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the sectors in which it invests.

#### **8.2.10 Equity-related Risks**

8.2.10.1 The value of invested stocks may fluctuate due to the activities and results of individual companies, general market and economic conditions or other events.

#### **8.2.11 Bond-related Risks**

8.2.11.1 Bond Fund investment involves credit and default risks. In the event of bankruptcy or default of the issuer, the fund may suffer losses. Investment in bonds involves interest rate risk. The value of the bond may fall if the market interest rate rises. Investment in unrated or non-investment grade bonds will involve higher credit, default, volatility and liquidity risks. Adverse events or market conditions may have negative impact on the prices of fund.

#### **8.2.12 Derivatives Risk (Applicable to fund classified as Derivative Fund by the Bank)**

8.2.12.1 The fund may use derivatives extensively for investment purposes, and will involve market volatility risk, credit risk, counterparty risk, liquidity risk, valuation risk, leverage risk as well as the default risks of the derivatives' issuers. The fund may therefore suffer significant loss.

#### **8.2.13 Suspension of Share Dealings Risk**

8.2.13.1 Investors are reminded that in certain circumstances their right to redeem or switch Shares may be suspended. Clientss should read the relevant offering document carefully for further fund details including risk factors.

#### **8.2.14 Changes in investment policy**

8.2.14.1 The manager of a fund typically has the authority to alter its investment policy within certain parameters (set out in its constitutional document) by amending the fund's prospectus. This could represent a fairly significant change in the nature and risk profile of the fund from the one in which you originally invested.

## **9. Risks of entering into Virtual Assets Related Products**

Virtual assets or virtual asset-related products (“VA-related Products”) pose significant risks to investors. Some of these risks are inherent in the nature and characteristics of the virtual assets themselves and others stem from the operations of platforms or portfolio managers. Client must consider carefully whether the risks set out below, as well as all other applicable risks, are acceptable to the Client prior to any transaction on virtual assets related products.

### **9.1 Liquidity, Volatility and Valuation**

9.1.1 Virtual assets are generally not backed by any physical assets or guaranteed by the government. They have no intrinsic value. Some of the virtual assets may not circulate freely or widely, and may not be listed on any secondary markets. There may be lack of secondary markets for investors to trade virtual assets or VA-related Products. There may not have any generally accepted valuation principles governing certain types of virtual assets.

The value of the virtual assets or VA-related Products may fluctuate significantly over a short period of time. This means there is a high risk that the price of virtual assets or VA-related Products may move up or down, and may become valueless. Investor will lose some or all of your money. Any virtual asset 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, governmental or regulatory activity, legislative amendment, suspension or cessation of support for a virtual assets/ VA-related Products or other exchanges or service providers, public opinions, or other factors outside of our control.

Prices on the secondary market are driven by supply and demand and are short-term and volatile by nature. The volatility faced by investors may be further magnified where liquidity pools for virtual assets are small and fragmented.

### **9.2 Cybersecurity and Safe Custody of Assets**

9.2.1 Trading platform operators and portfolio managers may store clients' assets in hot wallets (ie, online environments which provide an interface with the internet). These can be prone to hacking. Cyber-attacks resulting in the hacking of virtual asset trading platforms and thefts of virtual assets are common. Victims may have difficulty recovering losses from hackers or trading platforms, which can run to hundreds of millions of Hong Kong dollars. Virtual asset funds face a unique challenge due to the limited availability of qualified custodian. Available solutions may not be totally effective.

Transactions involving virtual assets are irrevocable. Lost or stolen virtual assets may be irretrievable. Once a transaction has been verified and recorded on a blockchain, loss or stolen virtual assets generally will not be reversible.

### **9.3 Market Integrity**

9.3.1 Unlike regulated stock exchanges, the market for virtual assets is nascent and may not operate under a set of recognised and transparent rules. Outages are not uncommon, as are market manipulative and abusive activities, and these all result in investor losses.

### **9.4 Conflicts of Interest**

9.4.1 Virtual asset trading platform operators may act as agents for clients as well as principals. Virtual asset trading platforms may facilitate the initial distribution of virtual assets (e.g., initial coin offerings), facilitate secondary market trading, or both, as in a traditional exchange, alternative trading system or securities broker. If these operators are not under the purview of any regulator, it would be difficult to detect, monitor and manage conflicts of interest and has a risk of price manipulation on trading, lending or other dealing platforms.

### **9.5 Inadequate and Inconsistent Regulation**

9.5.1 Virtual assets/ VA-related Products may not be subject to regulations associated with a regulated financial product, including, but not limit to, licensing requirement, audit, trade reporting requirements, anti-money laundering rules, market manipulation rules, market integrity principle. The markets for virtual assets/ VA-related Products are therefore especially susceptible to manipulation and fraud which can have a negative impact on the price of virtual assets/ VA-related products. Among the accounting profession body, there may not be an agreed standards and practices for auditor to perform assurance and valuation procedures to obtain sufficient audit evidence for the existence and ownership of virtual assets, and ascertain the reasonableness of the valuations.

### **9.6 Fraud**

9.6.1 Virtual assets may be used as a means to defraud investors. Virtual asset trading platform operators or portfolio managers may not have conducted sufficient product due diligence before allowing virtual assets to be traded on their platforms or investing in a virtual asset for their portfolios. As a result, investors may become victims of fraud and lose their investments.

### **9.7 Absence of Robust Regulations and Protection on Virtual Assets/ VA-related Products**

9.7.1 Not only virtual assets itself, trading, lending, dealing platforms and custodians of virtual assets may be unregulated in some countries. There may not have any guarantees and safeguards provided by Government or regulatory bodies. New unforeseen risks may arise from investing in

new types of virtual assets or investing in new market participants' complex transaction strategies products.

Moreover, there may be an absence of a robust regulatory system for virtual assets/ VA-related Products. Global regulatory bodies may face difficulties on developing a robust regulatory system for virtual assets/VA-related Products due to the continuing evolution and development of virtual assets/ VA-related Products.

## **9.8 Virtual Assets/ VA-related Products Contain Default Risks and/or Counterparty Risks**

9.8.1 Default risk could come from the issuer's failure to make payments as agreed. At time of market downturn, an issuer may default due to their inability to fulfil their commitments. Counterparty risk refers to the failure of the trading party in fulfilling their financial contractual obligations.

## **9.9 Additional Risks of Entering into Virtual Asset Futures Contracts**

9.9.1 The prices of the virtual assets which underlie these futures contracts fluctuate, sometimes dramatically. This may be due to insufficient liquidity. The difficulty in valuing the underlying virtual assets will in turn pose significant challenges for investors in reliably valuing virtual asset futures contracts.

Investors are exposed to amplified risks due to the highly leveraged nature of futures contracts. Moreover, the complexities and inherent risks of virtual assets and/or virtual asset futures contracts are likely to be difficult for the average investor to understand. From time to time, there have been reports of market manipulative and abusive activities on platforms offering or trading virtual asset futures contracts. Such platforms may not have clear and fair trading rules.

Some platforms have been criticised by investors for changing their trading rules during the life of futures contracts, for instance, halting trades or rolling back transactions and causing significant losses to investors.

As VA-related Product is a relatively new class of asset, there may be additional risk which have not been identified and mentioned. Due to volatility and unknown risk nature, the Customer should only invest in VA-related Products if the Customer are prepared to accept the risk of losing all the monies they have invested in VA-related Products.



## **SCHEDULE V: PERSONAL DATA PRIVACY STATEMENT**

## 1. Supply of Data

- 1.1 From time to time, it may be necessary for an individual or other parties relating to that individual (e.g. a company of which the individual is a director) to provide WELL LINK INTERNATIONAL SECURITIES Limited (“WLIS”) personal data (e.g. name, address, particulars of identification document, employer, income, assets, investment risk profile) in connection with or for the purpose of opening or continuation of any account with WLIS by or WLIS’s provision or continuation of service (including but without limitation to securities brokerage, nominee and custodian service) or credit facilities to such individual (whether solely or jointly with any other party) or any other party or compliance with any legal and/or regulatory requirements. Failure to supply such data may result in WLIS being unable to open or continue the account for or provide or continue the service or credit facilities to the said individual and/or other relevant party(ies) or comply with legal and/or regulatory requirements.
- 1.2 It is also the case that data are collected from WLIS’s Clients (“Clients”) in the ordinary course of the continuation of the business relationship between such Clients and WLIS.

## 2. Purposes

- 2.1 The purposes for which data relating to an individual may be used are as follows:
- (a) the daily operation of the services and facilities provided to Clients and otherwise of WLIS’s business, e.g. considering account opening application, investment risk profile assessment, execution of Clients’ instructions, ongoing account administration, including collection of amounts due, enforcement of security and guarantee;
  - (b) carrying out new or existing client identity verification;
  - (c) conducting credit checks (including without limitation upon an application for credit facilities and upon periodic or special reviews of the credit);
  - (d) assisting other institutions (whether or not a member of the group of companies to which WLIS belongs (the “Group”)) to carry out new or existing client identity verification, conduct credit checks and collect debts;
  - (e) ensuring ongoing credit worthiness of Clients, guarantors and security providers;
  - (f) designing financial services or related products for Clients’ use;
  - (g) marketing services, products and other subjects as described in paragraph 4 below;
  - (h) determining the amount of indebtedness owed to or by Clients;
  - (i) collection of amounts outstanding from Clients and those providing security or guarantee for Clients’ obligations;
  - (j) transferring such data to any place outside Hong Kong for the purpose of certain process or work involved in the provision of services to Clients, including, without limitation, the outsourcing to an overseas service provider of certain functions or work process in connection with the provision of services to Clients;
  - (k) matching and comparison of individuals’ data (irrespective of the sources from which such data was collected, and whether collected by WLIS or any other person) for the purposes of:
    - (i) credit checking;
    - (ii) data verification; and/or
    - (iii) otherwise producing or verifying data which may be used for the purpose of taking adverse action against the individuals or any other person as permitted by applicable laws, rules and regulations;
  - (l) any purpose relating to or in connection with compliance by WLIS or other Group members with any applicable law rule, regulation, court order or order of any regulatory, supervisory, governmental or other body or exchange or clearing house, Foreign Account Tax Compliance Act and the related subsequent amendments, and any tax requirements under relevant law;
  - (m) purpose in connection with the business or dealings of WLIS and the Group, e.g. enabling an actual or proposed assignee of WLIS in respect of a transaction or an actual or proposed purchaser of shares in WLIS or WLIS’s business or an actual or proposed participant or sub-participant or transferee of WLIS’s rights in respect of any Client to evaluate the assignment, acquisition or transaction concerned and purpose in connection with corporate restructuring of the Group; and
  - (n) purposes relating or ancillary to any of (a) to (m) above.

## 3. Transfer of Data

- 3.1 Personal data held by WLIS (whether or not provided by the individual to whom such personal data relates) will be kept confidential but WLIS may provide such data to the following parties (whether within or outside Hong Kong) for the purposes set out in paragraph (2):
- (a) any agent, contractor or third party service provider, professional adviser, auditor (whether or not in Hong Kong) which provides administrative, credit information, telecommunications, computer, payment, securities clearing, printing, legal, audit or other services to WLIS in connection with the operation of its business;
  - (b) credit reference agencies, and, in the event of default, debt collection agencies;
  - (c) any party (including but without limitation to any governmental, regulatory, supervisory or other bodies or institutions or exchange or clearing house) to which WLIS is pursuant to any legal and/or regulatory requirement and/or order of any court, regulatory, supervisory, governmental or other body or exchange or clearing house under an obligation to make disclosure;
  - (d) any actual or proposed assignee of WLIS, purchaser of shares in WLIS or its business and participant or sub-participant or transferee of WLIS’s rights in respect of any Client;
  - (e) other Group members (whether in Hong Kong or otherwise);
  - (f) any director, officer or employee of the Group;
  - (g) financial institutions with which Clients have or propose to have dealings;
  - (h) financiers and potential financiers of the Group;
  - (i) business partners of WLIS;

- (j) any other party under a duty of confidentiality to WLIS;
  - (k) the parties listed in paragraph 4.4;
  - (l) external service providers (including but not limited to mailing houses, telecommunications companies, telemarketing and direct sales agents, call centres, data processing companies and information technology companies) that WLIS engages for the purposes set out in paragraph (2)(g);
  - (m) any party with the Client's express or implied consent;
  - (n) any party where WLIS's interests require disclosure; and
  - (o) any person where the public interest requires disclosure.
- Such information may be transferred to a place outside Hong Kong.

#### **4. Use of Personal Data in Direct Marketing**

- 4.1 WLIS intends to use the personal data it holds in direct marketing.
- 4.2 The name, contact details, products and other service portfolio information, transaction pattern and behaviour, financial background and demographic data of the Clients and other individuals held by WLIS may from time to time be used by WLIS in direct marketing.
- 4.3 In connection with paragraph 4.2 above, the following classes of services, products and subjects may be marketed:
- (a) financial, securities, commodities, investment, insurance, banking and related services and products;
  - (b) reward, loyalty, privileges or co-branding programmes and related services and products;
  - (c) services and products offered by WLIS's co-branding partners (the names of such co-branding partners will be provided during the application for the relevant services and products, as the case may be); and
  - (d) donations and contributions for charitable and/or non-profit making purposes.
- 4.4 The above services, products and subjects may be provided by or (in the case of donations and contributions) solicited by WLIS and/or:
- (a) other Group members;
  - (b) third party financial institutions, insurers, credit card companies, securities and investment services providers;
  - (c) third party reward, loyalty, privileges or co-branding programme providers;
  - (d) co-branding partners of the Group members (the names of such co-branding partners will be provided during the application for the relevant services and products, as the case may be); and
  - (e) charitable or non-profit making organisations.
- 4.5 In addition to marketing the above services, products and subjects itself, WLIS also intends to provide the personal data described in paragraph 4.2 above to all or any of the persons described in paragraph 4.4 above (in respect of which WLIS may or may not be remunerated) for use by them in marketing those services, products and subjects, and WLIS requires the written consent (which includes an indication of no objection) from the Clients and other relevant individuals to whom the personal data relate for that purpose.
- 4.6 WLIS may receive money or other property in return for providing the personal data to other persons as mentioned in paragraph 4.5 above and, when requesting consent or no objection from the Clients or individuals in respect of whom WLIS holds personal data, WLIS will inform such Clients and individuals if it will receive any money or other property in return for providing the personal data to the other persons.
- 4.7 If any Client or any other individual does not wish WLIS to use or provide his/or her personal data to other persons for use in direct marketing as described above, the Client or such other individual may exercise his/her opt-out right by notifying WLIS in writing by using the contact information set out in paragraph 5.3 below and WLIS will cease to use an individual's personal data for direct marketing purposes without charge if such individual so requests.

#### **5. Rights of Access and Correction**

- 5.1 Under and in accordance with the terms of the PDPO, any individual has the right:
- (a) to check whether WLIS holds personal data about him/her and of access to such data;
  - (b) to require WLIS to correct any personal data relating to him which is inaccurate;
  - (c) to ascertain WLIS's policies and practices in relation to personal data and to be informed of the kind of personal data held by WLIS.
- 5.2 In accordance with the provisions of the PDPO, WLIS has the right to charge a reasonable fee for the processing of any data access request.
- 5.3 The person to whom requests for access to personal data or correction of personal data or for information regarding policies and practices and kinds of personal data held by WLIS are to be addressed as follows: The Data Protection Officer  
Unit 13-15, 11/F, China Merchants Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

#### **6. Personal Information Collection Statement under Hong Kong Investor Identification Regime (HKIDR) and Over-the-counter Securities Transactions Reporting Regime (OTCR)**

- 6.1 The Client acknowledges and agrees that WELL LINK INTERNATIONAL SECURITIES Limited (the "Company") may collect, store, process, use, disclose and transfer personal data relating to the Client (including the Client's CID and BCAN(s)) as required for the Company

to provide services to the Client in relation to securities listed or traded on the Stock Exchange of Hong Kong (SEHK) and for complying with the rules and requirements of SEHK and the Securities and Futures Commission (SFC) in effect from time to time. 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; and
- (d) providing BCAN to Hong Kong Securities Clearing Company Limited (HKSCC) allowing HKSCC to: (i) retrieve from SEHK (which is allowed to disclose and transfer to HKSCC), process and store the Client's CID and transfer the Client's CID to the issuer's share registrar to enable HKSCC and/ or the issuer's share registrar to verify that the Client has not made any duplicate applications for the relevant share subscription and to facilitate IPO balloting and IPO settlement; and (ii) process and store the Client's CID and transfer the Client's CID to the issuer, the issuer's share registrar, the SFC, SEHK and any other party involved in the IPO for the purposes of processing the Client's application for the relevant share subscription or any other purpose set out in the IPO issuer's prospectus.

- 6.2 The Client also agrees that despite any subsequent purported withdrawal of consent by the Client, the Client's personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent.
- 6.3 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 securities related services (other than to sell, transfer out or withdraw the Client's existing holdings of securities, if any).

[NOTE]: "BCAN" means a "Broker-to-Client Assigned Number", being a unique identification code in the format prescribed by SEHK, generated by a relevant licensed or registered person in accordance with SEHK's requirements. "CID" means the "Client Identification Data", the following information in relation to a client to whom a BCAN is assigned: (i) the full name of the client as shown in the client's identity document; (ii) the issuing country or jurisdiction of the identity document; (iii) the identity document type; and (iv) the identity document number.

## **7. Others**

- 7.1 Nothing in this Notice shall limit the rights of an individual under the PDPO.
- 7.2 Other Group members, to which WLIS may transfer personal data as mentioned in item (e) of paragraph 3 above, may adopt the same or similar principles and policies regarding personal data as set out in this Notice.

## **SCHEDULE VI: Additional Provisions for US Securities Trading Services**

## 66. 1. General

- 1.1 This Schedule VI applies to Clients who use WLIS's Services in relation to US Listed Securities (as defined below) trading unless where the parties otherwise agree.
- 1.2 This Schedule VI is in addition to and subject to the main body of this Agreement, as amended from time to time. In the event of conflict or inconsistency between the provisions in the main body of this Agreement and the provisions in this Schedule VI, the latter shall prevail in respect of US Listed Securities trading Services.
- 1.3 The Client shall read, understand and accept the risk disclosure statements contained in Schedule IV (in particular Section 7 to Schedule IV), and seek independent advice as needed.
- 1.4 The Client acknowledges and agrees that if the Client is in breach or fails to comply with any rules governing US Listed Securities trading or any Applicable Regulations (as defined below), the Client may be liable to regulatory investigations and the relevant legal consequences. In such an event, US SEC (as defined below) has the power to carry out an investigation, and may, through the Third-party Broker (as defined below), require WLIS to provide relevant information and materials including but not limited to the information and personal data of the Client and/or Ultimate Owner (as defined below) to assist in its investigation. The Client acknowledges and consents to WLIS providing, if so required by the Third-party Brokers at the request of US SEC, information and personal data concerning the Client and/or Ultimate Owner with respect to any Instruction or Transaction made or entered into by WLIS through the Third-party Brokers on the Client's behalf. The Client further acknowledges and consents to the disclosure, transfer and provision of such relevant information and personal data by the third-party Brokers to US SEC upon request by US SEC. The Client acknowledges that Third-party Brokers has the power not to extend US Listed Securities trading services to the Client, and the power to require WLIS not to accept the Client's Instructions on US Listed Securities trading through the Third-party Brokers, if it is found that WLIS or any of WLIS's Clients has or may have committed any abnormal trading conduct set out in or fails to comply with any rules governing US Listed Securities trading or any other Applicable Regulations (as the case may be). The Client shall be liable and responsible for any breach by the Client thereof.
- 1.5 This Schedule and Section 7 of Schedule IV highlight only certain key features applicable to US Listed Securities trading as of the date hereof. WLIS is not liable for any inaccuracies or misstatements in the information set out in this Schedule and Section 7 of Schedule IV. This Schedule and Section 7 of Schedule IV do not purport to cover all the rules, requirements and features relating to US Listed Securities trading and all Applicable Regulations. The Client shall be fully responsible for understanding and at all times complying with all Applicable Regulations as amended from time to time and for any consequences, risks, losses or costs of US Listed Securities trading. WLIS will not, and does not intend to, advise the Client on any of the Applicable Regulations. The Client is advised to refer to US SEC website as updated from time to time and other relevant sources for detailed information.

## 67. 2. Definitions

- 2.1 Words or phrases defined in Clause 1.1 of the main body of this Agreement shall have the same meanings as in this Schedule VI, save as otherwise expressly provided in this Schedule VI.
- 2.2 For the purposes of Schedule VI, the following terms shall have the following meanings:

**"US Listed Securities"** means stocks and exchange traded funds ("ETF") listed on specified security exchange markets of United States (18 market centres for securities trading including The New York Stock Exchange ("NYSE"), National Association of Securities Dealers Automated Quotations ("NASDAQ"), Chicago Stock Exchange ("CHX")).

**"Applicable Regulations"** means any law, regulation or order, or any rule, direction, guideline, code, notice or restriction (whether or not having the force of law) issued by any exchange, regulatory authority, government agency (including tax authority), or other organisation (in each case, whether within or outside Hong Kong) which is applicable to the Client and/or WLIS or any Related Person from time to time including, without limitation, the rules governing US Listed Securities.

**"US SEC"** means United States Securities and Exchange Commission, established under Securities Exchange Act of 1934, an independent agency of United States federal government, the supreme regulatory body of US securities industry.

**"Third-party Brokers"** refer to independent third-party brokers that provide trade transaction execution and clearing services.

**"Third-party Brokerage Trading Platform"** means an electronic trading platform provided by a third-party brokerage.

## 68. 3. Securities Available for Trading

- 3.1 The Client acknowledges that the Client will only be able to trade on the US Listed Securities as prescribed by the rules governing US Listed Securities trading, any other Applicable Regulations, and/or other regulations as stipulated by the Third-party broker and WLIS in their sole discretion from time to time. The Client further acknowledges that apart from the US Listed Securities, the Client may not be able to trade other securities listed on the US security exchange markets, or subscribe for shares or other types of securities from initial public offerings on the US security exchange markets.
- 3.2 The Client acknowledges that the rules governing US Listed Securities trading may impose restrictions on the acquisition, disposal and/or holding of any US Listed Securities or any entitlements thereof at any time, and there may be instances where the Client will not be able to acquire, hold or dispose of US Listed Securities or any entitlements thereof due to changes in the status of the US Listed Securities, other reasons prescribed under the rules governing US Listed Securities trading, any Applicable Regulations and/or other regulations as stipulated by the Third-party Brokers and WLIS in their sole discretion at any specific time. The Client is required to observe and comply with the same

in respect of the acquisition, disposal and/or holding of any US Listed Securities from time to time.

- 3.3 WLIS and its Associates shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to acquire, dispose of or hold any US Listed Securities; any shares or other types of Securities from an issuer of US Listed Securities as entitlement securities; or any other types of Securities in any circumstances.
- 3.4 The Client acknowledges that margin trading in US Listed Securities and the type(s) or category(ies) of the US Listed Securities available for margin trading, are subject to the rules governing US Listed Securities trading, any other relevant regulations, and/or stipulations by the Third-party Brokers and WLIS in their sole discretion from time to time, including but not limited to the Securities Margin Account Agreement and any other terms as may be agreed by the Third-party Brokers and WLIS from time to time. WLIS shall not be liable for the Client's inability, or delay or restriction in the Client's ability, to conduct margin trading in China Connect Securities in any circumstances.

**69. 4. Eligible Investors**

- 4.1 Prior to the trading of the securities listed at the US security exchange markets, the Client is required to declare and confirm whom is not a citizen or a tax resident of the United States and can provide valid identification documents, such as Hong Kong permanent resident ID card or passport. If there is any change of such status, client must inform WLIS in writing. In any event, the Client shall be liable for the tax payable to the United States if any. The Client shall complete, wherever applicable, the relevant forms or certificates (such as the Form W-8BEN, W-8IMY, W-8ECI or W-8EXP) for submission to the United States by WLIS or its agent.

**70. 5. Instructions**

- 5.1 Instructions may only be given by the Client during such time or times as determined by WLIS, which may be amended, varied or restricted from time to time. WLIS shall execute Client Instructions as agent, unless otherwise confirmed. WLIS can execute Client Instructions as principal. WLIS may use Third-party brokers, or an affiliate, to execute instructions, and that broker or affiliate shall have the benefit of all WLIS's rights hereunder. WLIS may decline any Client instruction, or terminate Client's use of WLIS's services at any time in WLIS's discretion.
- 5.2 All Instructions for effecting Transactions in respect of US Listed Securities shall be subject to such conditions (including conditions on the type, size, and specified price of the US Listed Securities) as may be prescribed by the rules governing US Listed Securities trading, any other Applicable Regulations, and/or other regulations as stipulated by the Third-party Brokers and WLIS in their sole discretion from time to time. the Third-party Brokers Trading Platform shall have absolute discretion on the acceptance of any Instructions.
- 5.3 The Client acknowledges and agrees that an Instruction in respect of US Listed Securities may be fully executed, partially executed, or unexecuted. Unless the duration of the Instruction is specified by the Client and accepted by the Third-party Brokers and WLIS, a day order for purchase or sale of the US Listed Securities not executed or in case of partial execution, of such part thereof not executed, at the end of the US Listed Securities Trading Day shall be deemed to have been cancelled automatically.
- 5.4 Any Instructions given by the Client after the end of a US Listed Securities Trading Day shall be treated as an Instruction given on the next relevant US Listed Securities Trading Day.
- 5.5 The Client acknowledges and accepts WLIS may not be able to send in the Client's Instructions for cancellation of orders in cases of contingency, such as when the Third-party Brokers loses all communication lines with the US securities exchange markets. WLIS shall not be responsible or liable to the Client for any loss or expense suffered or incurred by the Client where the original Instruction has already been carried out. The Client agrees that it shall continue to bear the settlement obligations where any original Instruction has already been carried out.
- 5.6 The Client acknowledges and accepts such disposal arrangement as prescribed by the rules governing US Listed Securities trading, the Applicable Regulations and/or other regulations as stipulated by the Third-party Brokers and WLIS in their sole discretion from time to time.
- 5.7 The Client agrees to ensure that, at the time the Client gives Instruction for buying or selling US Listed Securities, there shall be:
- (a) in the case of buying US Listed Securities, sufficient and available cleared USD funds in the Account to meet the purchase price and stamp duties, levies, commissions and all other transaction-related costs, reasonable charges and expenses for buying the US Listed Securities; or
  - (b) in the case of selling US Listed Securities, sufficient and available US Listed Securities in the Account as required under the rules governing US Listed Securities trading or the Applicable Regulations.
- 5.8 Unless otherwise agreed by WLIS, Instructions for buying or selling US Listed Securities on the Client's behalf will only be accepted by WLIS if:
- (a) in the case of buying US Listed Securities, the Client has sufficient cleared and available USD funds in the Account to meet the purchase price and stamp duties, levies, commissions and all other transaction-related costs, reasonable charges and expenses for buying the US Listed Securities; or
  - (b) in the case of selling US Listed Securities, the Client has sufficient and available US Listed Securities in the Account as required under

the rules governing US Listed Securities trading or the other Applicable Regulations.

5.9 The Client acknowledges that the delivery of US Listed Securities or cash to the Client upon settlement of a Transaction may be delayed as a result of public holidays in Hong Kong or US, or other reasons beyond the control of WLIS, and WLIS shall not be liable for such delay or any interest thereon (if any). Where there is any such delay or default in delivery, WLIS may, but has no obligation to, complete settlement of the Transaction for the Client until the US Listed Securities or cash for settlement is actually received by WLIS or the third party service provider(s). Where any US Listed Securities or cash for any Transaction is paid, delivered or credited to the Account but WLIS or the third party service provider(s) has not actually received the same from the counterparty to the Transaction, WLIS may demand, and the Client agrees to pay or return, such amounts or the US Listed Securities previously paid, delivered or credited to the Account, and the Client hereby authorises WLIS to debit from the Account any such US Listed Securities or amounts or amounts equivalent. For a purchase Transaction, the Client shall not be entitled to withdraw all or any part of the relevant cash or monies in the Account until the purchase Transaction is completed. For a sale Transaction, the Client shall not be entitled to withdraw or in any way deal with or any part of the relevant US Listed Securities until completion of the sale Transaction.

5.10 The Client acknowledges and accepts the risk that the Client's Instructions to trade in US Listed Securities may not be accepted by WLIS or the Third-party Brokers. WLIS and its Associates shall not be liable to the Client for any loss whatsoever and howsoever (including without limitation, as a result of any corporate action of any company which may have an impact on any stock price) arising out of or in connection with the execution of, partial execution of, or failure to execute any Instruction unless such liability is directly caused by the gross negligence or wilful misconduct of WLIS. The Client acknowledges that market conditions and restrictions on the days on which trading in US Listed Securities is permitted under the rules governing US Listed Securities, the Applicable Regulations and any other relevant regulations may make it impossible to execute an Instruction.

#### **71. 6. Trading Restrictions**

6.1 The Client undertakes to provide WLIS timely and accurate information relating to any restrictions on the sale or transfer of any US Listed Securities held in the Account. In respect of any orders to sell or transfer US Listed Securities, the Client shall upon request provide WLIS with any necessary documents to the satisfaction of WLIS to satisfy any and all legal transfer requirements under the relevant regulations. The Client shall be responsible for and shall reimburse WLIS for any delays, expenses, losses and damages incurred by WLIS that are associated with compliance or failure to comply with any of the relevant regulations concerning such sale or transfer.

6.2 The Client expressly authorises WLIS and its third party service providers or agents to deal with/or apply any of the US Listed Securities and money held in the Account to comply with any obligations as prescribed under the rules governing US Listed Securities and any Applicable Regulations from time to time. WLIS reserves the right to and is expressly authorised by the Client to (i) cancel and reverse any purchase or sale Instructions for US Listed Securities; and (ii) to sell or dispose of any US Listed Securities if so required to comply with any regulation:

#### **72. 7. Trading Currency**

7.1 US Listed Securities are traded and settled in USD. The Client shall maintain sufficient amount of trading currency in the Account for the purpose of settlement of trades, if WLIS is requested to handle the money exchange for the settlement, all relevant fund will be calculated at the exchange rate determined from time to time by WLIS.

7.2 Subject to the relevant regulations, WLIS shall be entitled (but not obliged) to convert any amount of Hong Kong dollars or any other currencies into USD for settlement or partial settlement of orders for a Transaction at such exchange rate as WLIS may from time to time in its absolute discretion deem appropriate. WLIS shall be entitled to charge and deduct from the Account all costs and expenses incurred by it in effecting such conversion.

#### **73. 8. Disclosure Obligations for US Listed Securities**

8.1 The Client agrees that the Client is solely responsible for compliance with all notifications (including tax notifications), filings, returns, reports and other relevant regulations in connection with its interests in US Listed Securities as prescribed by the rules governing US Listed Securities and the Applicable Regulations from time to time, and for the monitoring of its interest holding positions in US Listed Securities in order to comply with any such regulations. The Client also agrees to do such things and provide such information as WLIS may require to ensure compliance with the relevant regulations.

8.2 The Client acknowledges and agrees that it may be subject to restrictions on trading (including restrictions on the retention of proceeds from trading) in US Listed Securities as a result of its interests in US Listed Securities. The Client agrees that WLIS or its Associates shall not be 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 regulations.

#### **74. 9. Fees and Levies**

9.1 The Client accepts that the Client will be subject to certain fees and levies in the acquisition, disposal or holding of, or receipt of entitlements (including cash dividend and bonus issues) from, US Listed Securities, including but not limited to fees, levies, taxes and stamp duty imposed by any US SEC or any Applicable Regulations, as prescribed by the rules governing US Listed Securities, the Applicable Regulations and/or any other regulations as stipulated by WLIS in its sole discretion from time to time.



- 9.2 WLIS shall not be liable for any such fees, levies, taxes and/or stamp duty payable in respect of the US Listed Securities. The Client agrees to pay and reimburse WLIS for, and expressly authorises WLIS to withhold, charge and/or deduct from the Account, any such fees, levies, taxes and/or stamp duty, which may be collected in USD, as required by the relevant regulations.
- 9.3 Subject to the relevant regulations, WLIS shall be entitled to convert any currency into Hong Kong dollars, USD and/or any other currency (if applicable) for payment of any fees and levies at such exchange rate as WLIS may from time to time in its absolute discretion deem appropriate. WLIS shall be entitled, in its sole discretion, to withhold, charge and/or deduct from the Account all costs and expenses incurred by it in effecting such conversion.
- 9.4 The Client agrees that WLIS has no obligation to seek or claim any reduction, relief, refund, or otherwise reclaim any amount from Third Party Brokers or from any third party service provider and has no obligation to credit any amount in respect of an amount deducted or withheld in connection with the US Listed Securities. Any amount so deducted or withheld is not refundable to the Client by WLIS or the third party service provider.
- 9.5 The Client agrees and acknowledges that WLIS has no obligation to gross-up, true-up, or make whole the Client for any fee, levy, tax, stamp duty, or any other liability, payment or deduction made to the Client or the Account in connection with the US Listed Securities or any Transactions relating to the US Listed Securities, the Account, or WLIS's compliance with the relevant regulations.

**75. 10. Disclosure of Information**

- 10.1 The Client agrees whose data may be transferred to any place outside Hong Kong, whether for the purpose of processing, holding or use of such data outside Hong Kong.
- 10.2 The Client authorises WLIS to disclose any information that it has concerning the Client, the Account and any US Listed Securities, monies or other assets held in the Account: (a) to any broker, custodian, clearing agent, correspondent agent or Third Party Brokers and other third party service provider(s) (whether within or outside Hong Kong) appointed by WLIS in connection with the US securities Trading Services provided hereunder; or (b) to such other persons (whether within or outside Hong Kong) in compliance with the relevant regulations.
- 10.3 The Client undertakes to provide such information as WLIS may request from time to time in order for WLIS and/or its brokers, custodians or third party service provider(s) to provide the US securities Trading Services hereunder, or for WLIS and/or such brokers, custodians or third party service provider(s) to comply with the relevant regulations.

**76. 11. Disclaimer**

- 11.1 The Client acknowledges that since WLIS engages the Third-party Broker as the clearing broker for trade order execution, clearing, settlement and custody of US Listed Securities, WLIS will not be held liable to the Client for any legal liabilities in relation to such services or any default caused directly or indirectly by the Third-party Broker.
- 11.2 The Client acknowledges his responsibility for knowing the terms of any securities, options, warrants or other products in his account, including upcoming corporate actions (e.g., tender offers, reorganizations, stock splits, etc.). WLIS has no obligation to notify the Client of deadlines or required actions or dates of meetings, nor is WLIS obligated to take any action without specific written instructions sent by the Client to WLIS.
- 11.3 In no event will any member of WLIS be liable or have any responsibility for damages of any kind, whether direct, indirect, special, consequential or incidental, resulting from connect or use of, or inability to connect or use, the Third-party Broker Trading Platform, including (without limitation) damages resulting from the act or omission of any third party, even if any member of WLIS has been advised of the possibility thereof.

**SCHEDULE VII: Additional Provisions for Futures Contracts and Options Contracts  
Trading Services**

## 77. 1. General

- 1.1 This Schedule VII applies to Clients who use WLIS's Services in relation to Futures Contracts and Options Contracts (as defined below) trading unless where the parties otherwise agree.
- 1.2 This Schedule VII is in addition to and subject to the main body of this Agreement, as amended from time to time. In the event of conflict or inconsistency between the provisions in the main body of this Agreement and the provisions in this Schedule VII, the latter shall prevail in respect of Futures Contracts and Options Contracts trading Services.
- 1.3 The Client shall read, understand and accept the risk disclosure statements contained in Schedule VII, section 9 in particular "Risk Disclosure Statements and Disclaimer Regarding Futures Contracts and Option Contracts Trading", and seek independent advice as needed.
- 1.4 The Client is desirous of opening one or more non-discretionary account(s) with WLIS as the Client may decide from time to time for the purpose of entering into contracts of all kinds for futures and options trading.
- 1.5 WLIS agrees that it will from time to time at the request of the Client and at its discretion allow the Client to open one or more non-discretionary account(s) with WLIS and will maintain such account or account(s) to be designated by name(s), number(s) or otherwise for the Client for the purpose of futures and options contract trading.
- 1.6 The terms and conditions of such Transaction shall be subject to, and be in accordance with the contract specifications required by the HKFE or such other relevant Exchange and the procedures, constitutive documents, rules and regulations of the HKFE or such other relevant Exchange, and will be recorded by a Combined Statement of Account & Contract Note, regardless of whether or not such terms and conditions (including any product or contract specifications and any prospectus or offering documents covering such products which shall be provided to the Client upon the Client's request) were given to the Client prior to such Transaction was entered into. Such Combined Statement of Account & Contract Note shall be, in the absence of any manifest error, evidence of the binding terms and conditions of such Transaction.
- 1.7 A Transaction is legally binding on the Client at the time when such Transaction is entered into by the Client or by WLIS on behalf of the Client.
- 1.8 In the event of any inconsistency between the terms and conditions in Combined Statement of Account & Contract Notes and this Agreement, Combined Statement of Account & Contract Note shall prevail. The Combined Statement of Account & Contract Note will be issued by WLIS to the Client in accordance with Clause 10 "Transaction Notices and Reports" of the General Terms and Conditions of this Agreement. Any delay or failure in delivering a Combined Statement of Account & Contract Note will not affect the validity of such Transaction.

## 78. 2. Definitions

- 2.1 Words or phrases defined in Clause 1.1 of the main body of this Agreement shall have the same meanings as in this Schedule VII, save as otherwise expressly provided in this Schedule VII.
- 2.2 For the purposes of this Schedule VII, the following terms shall have the following meanings:

**"Account"** means such account(s) where the Client for the purpose of securities, futures or options trading has now or hereafter opened any cash account or margin account with WLIS applied for by the Client.

**"Affiliate"** means, with respect of any specific person or entity, any other person or entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with that specified person or entity.

**"Clearing House"** means HKSCC in relation to SEHK and HKCC in relation to HKFE and, in relation to any other Exchange, the clearing house providing services similar to those of HKSCC or HKCC to such Exchange.

**"Closing Out"** means, in relation to any contract, the entering into another contract of the same specification and for the same amount, but of an opposite direction in order to cancel out the former contract and/or to crystallize the profit and loss on such former contract. The term "Close Out" shall be construed accordingly.

**"Commodity"** means any item and includes, without limitation, agricultural commodities, energy, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), or other financial contract, right or authority and shall, where the case requires, include Futures or Options Contract in respect of any of the above and in each case whether or not the item is cash or physically settled.

**"Exchange"** means HKEX or the SEHK and HKFE and any exchange through which foreign securities, futures contracts or options contracts are traded.

**"Exchange Contract"** means a contract for Commodity approved by SFC and the HKFE for trading on one of the markets from time to time established and operated by the HKFE which may result in a Futures Contract and/or an Options Contract.

**"Exchange Traded Options"** means stock options which are approved by SEHK to trade on its trading system subject to the applicable regulations of SEHK.

**"Futures Contract"** or **"Futures"** means a contract executed on any commodity, futures or options Exchange or any over the counter Transaction in connection with any such Futures Contract, the effect of which is that:

- (a) one party agrees to deliver to the other party at an agreed future time an agreed Commodity or quantity of a Commodity at an agreed price; or
- (b) the parties will make an adjustment between them at an agreed future time according to whether the agreed Commodity is worth more or less, as the case may be, stands higher or lower at that time than a level agreed at the time of entering into the contract, the difference being determined in accordance with the rules of the commodity, futures or options Exchange in which that contract is made.

“**Investor Compensation**” means the Compensation Fund established pursuant to the SFO Fund.

“**Options Contract**” or “**Options**” means a contract executed between one party (in this definition called the “first party”) and another party (in this definition called the “second party”) on any commodity, futures or options Exchange or any over the counter Transaction in connection with any such Options Contract, under which:

(i) the first party grants the second party the right, but not the obligation, to buy an agreed Commodity, or quantity of a Commodity, from the first party at an agreed price on or before an agreed future date or on an agreed future date, as the case may be, and, in the event that the second party exercises his right to buy:

(a) the first party is obliged to deliver the Commodity at the agreed price; or

(b) the second party receives a payment referable to the amount (if any) by which the Commodity is worth more than this Agreement price, such payment being determined in accordance with the rules of the commodity, futures or options Exchange in which the contract is made; or

(ii) the first party grants the second party the right, but not the obligation, to sell an agreed Commodity, or quantity of a Commodity, to the first party at an agreed price on or before an agreed future date, as the case may be, and, in the event that the second party exercises his right to sell:

(a) the first party is obliged to take delivery of the Commodity at the agreed price; or

(b) the second party receives a payment referable to the amount (if any) by which the agreed price is worth more than the Commodity, such payment being determined in accordance with the rules of the commodity, futures or options Exchange in which the contract is made; a contract falling within sub-paragraph (i) above being a “Call Option”, and a contract falling within sub-paragraph (ii) above being a “Put Option”.

“**HKEX**” means Hong Kong Exchanges and Clearing Limited.

“**HKFE**” means Hong Kong Futures Exchange Limited.

“**HKCC**” means HKFE Clearing Corporation Limited.

“**SFO**” means Securities and Futures Ordinance.

“**SEOCH**” means The SEHK Options Clearing House Limited.

“**Variation Adjustments**” means the amount payable to WLIS by the Client, calculated on a daily basis on the closing market price at the end of each day in respect of each open Futures Contract and/or Options Contract in the Client’s Account(s).

### **79. 3. Margin**

3.1 The Client agrees to provide WLIS with Margin as security for the Client’s obligations to WLIS under this Schedule. Such Margin shall be paid or delivered on demand within such time as WLIS may determine and require from time to time and at any time before executing any Instruction. WLIS shall be entitled to refuse to execute any Instruction for the purchase of Futures or Options Contracts for the Client unless and until the Margin required by WLIS has been deposited and is being maintained by the Client.

3.2 Upon WLIS’s request, the Client shall deposit and maintain such additional Margin within such time as WLIS may determine and require. No previous Margin requirement shall limit WLIS’s right to vary the Margin requirement at any later time. Changes in Margin requirement will apply to all existing open Futures and Options Contracts and new Futures and Options Contracts after the effective date of such requirement as advised by WLIS.

3.3 WLIS may, from time to time, without prior notice to the Client and in WLIS’s absolute discretion, transfer all or any part of the Margin or any other amounts held for the Client’s account to any account of an Exchange, Clearing House, Correspondent Agent or broker to enable WLIS to pay any margin or such other sums of money by whatever name called demanded or required by such Exchange, Clearing House or broker in connection with Futures or Options transactions executed by WLIS for the Client.

3.4 Any interest, dividends or other benefits accrued or to be accrued to or derived or to be derived from the Margin (if any) shall not form part of the Margin.

3.5 The value of any Margin at any time determined by WLIS shall be final, conclusive and binding on the Client.

### **80. 4. Transactions**

4.1 WLIS shall, upon the Client’s request, provide to the Client product specifications and any prospectus or other offering document covering such products.

4.2 The Client agrees that any Futures or Options Contracts entered into by WLIS for the Client are subject to the Applicable Laws and Regulations, and the constitution, rules, regulations, practices, customs, usages, rulings and interpretation of the relevant Exchange, Clearing House or market. As such, if WLIS are required by any of the aforesaid to amend the terms and conditions of any Transaction, WLIS may, without prior notice to or approval from the Client, take such action as WLIS may in its absolute discretion consider appropriate to comply with the same or to mitigate or avoid losses, and all such actions shall be binding on the Client.

4.3 Any Transaction entered into by WLIS for the Client is made with the understanding that the Client will be required to take or make physical delivery of the underlying Commodity. In respect of open positions involving physical delivery maturing in a current future month, the Client shall, at least five Business Days prior to the first notice day in case of long positions, and at least five Business Days prior to the last trading day in case of short positions, either give Instructions to WLIS to Close Out the same or deliver to WLIS all monies, Securities, financial instruments, documents and other property deliverable by the Client under such Transactions in order to enable due settlement of such contracts

by WLIS in accordance with the rules of the applicable Exchange or Clearing House. If the Client fails to provide us with the same as aforesaid, WLIS may without notice to, or prior consent from the Client, either Close Out the relevant contracts or make or receive delivery on the Client's behalf upon such terms and by such methods as WLIS may in its absolute discretion determine. The Client shall keep WLIS indemnified immediately upon demand in respect of all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs) on a fully indemnity basis suffered or incurred by WLIS as a result of any action taken by WLIS and any liability whatsoever in connection with any delivery, exercise or settlement effected pursuant to the terms of this Clause.

- 4.4 If WLIS or its Correspondent Agent (as the case may be) shall for any reason whatsoever and howsoever fail to receive payment of all or any part of any amount or delivery of all or any part of any Commodity (whether from the relevant Exchange and/or Clearing House and/or any other person) due to be paid or delivered to the Client in respect of any Futures or Options Contract entered into by WLIS on the Client's behalf on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant Exchange, Clearing House and/or any Applicable Laws and Regulations, WLIS's obligations to make payment or to deliver any Commodity to the Client in respect of such Futures or Options Contracts shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such amount of such Commodity as is equal to such payment or such amount as is actually received by WLIS in respect thereof.
- 4.5 The Client acknowledges that due to the implementation of the Central Clearing and Settlement System, WLIS is not obliged to produce and/or deliver to the Client actual certificates or documents of title for any Commodities relating to Futures and/or Options Contracts entered into by WLIS on behalf of the Client.
- 4.6 If the Client wishes to exercise an Option pursuant to any Options Contract, the Client should give an Instruction to such effect to WLIS (subject to the rules and regulations of the relevant Exchange on which the Options Contract is traded or entered into) no later than such time limit as may be specified by WLIS from time to time before the cut-off date for the tender of exercise instructions prescribed by the writer of the Option or the relevant Exchange or Clearing House (whichever prescribes the earliest cut-off date). Such Instruction shall only be considered valid when accompanies:
- (a) in the case of an Option for the sale of an agreed Commodity, with the underlying Commodity or document(s) of title required for making delivery; and
  - (b) in the case of an Option for the purchase of an agreed Commodity, with sufficient immediately available funds to take delivery of the Commodity.
- Unless specifically instructed by the Client and subject to the terms of this Schedule and this Agreement, the Client shall be deemed to have elected not to exercise an Option pursuant to an Options Contract.

## **81. 5. Liquidation of Accounts**

- 5.1 WLIS shall have the right, without prior notice to or consent from the Client, and in WLIS's absolute discretion and sole judgment, to take such action as WLIS may consider necessary or desirable to comply with or to perform, cancel or satisfy any of WLIS's obligation to the Client or any of the obligations of WLIS or the Client to a relevant Exchange and/or Clearing House and/or Correspondent Agent, as the case may be, in respect of any outstanding Futures or Options Contracts (including Closing Out and/or performing any and all such outstanding contracts) and may for such purpose buy or sell in any manner whatsoever (including from or to any Affiliate) the Commodity underlying any outstanding contract and/or apply any Margin and/or enforce any security held by WLIS and apply the proceeds thereof in such manner as WLIS may, in its absolute discretion, determine if:
- (a) WLIS in its sole discretion, consider it necessary for its protection because of margin requirements or otherwise;
  - (b) WLIS is under an obligation to comply with any requirement imposed by any relevant Exchange and/or Clearing House and/or WLIS's Correspondent Agents or any Applicable Laws and Regulations;
  - (c) the Client fails to perform on a timely basis any term, covenant or condition on the Client's part to be performed under this Agreement from time to time or this Schedule, including the Client's failure to deposit and maintain such Margin within such time as may be required by WLIS;
  - (d) the Client deceased or, in the case of a company or body corporate, become dissolved for any reason whatsoever or merge or become consolidated with any non-affiliated party or sell all or a substantial portion of the Client's business or assets;
  - (e) a petition in bankruptcy, or a petition for the appointment of a receiver, is filed by or against the Client, or the Client takes advantage of any bankruptcy, reorganization, moratorium insolvency or similar law or make or propose to make any arrangement or composition for the benefit of any of the Client's creditors, or are the subject of any order, judgment or decree entered by any court providing for the winding up, reorganization, liquidation or appointment of a liquidator, trustee or receiver of the Client or a substantial part of the Client's business or assets; or
  - (f) any third party asserts a claim in respect of any monies or other assets in any of the Client's Accounts, and all sums expended and liabilities incurred by WLIS thereby shall be paid or reimbursed by the Client to WLIS immediately on demand.
- 5.2 On the exercise of WLIS's rights under Clause 5.1 of this Schedule, all amounts owing to WLIS hereunder shall become immediately payable and WLIS shall not be obliged to deliver to the Client any amount of the underlying Commodity or any money due to the Client in respect of any Futures or Options Contract until all sums due from and liabilities of the Client to WLIS in respect of any such contract or otherwise howsoever in accordance with the terms of this Agreement or this Schedule are satisfied or discharged to WLIS's satisfaction.
- 5.3 The Client shall be liable for all losses arising out of the Closing Out of the Client's open positions by WLIS as aforesaid and shall indemnify WLIS immediately upon demand for all claims, demands, actions proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs) on a fully indemnity basis suffered or incurred by WLIS and any liability whatsoever arising out of the Client's failure to meet Margin calls pursuant to this Schedule.

**82. 6. Provisions Prescribed by the "Code of Conduct for Persons Licensed by or Registered with the SFC"**

Without prejudice and in addition to any other provisions of this Agreement of this Schedule, all Transactions entered into HKFE shall be subject to the provisions of this Clause which are prescribed by the "Code of Conduct for Persons Licensed by or Registered with the SFC" and which shall constitute, and be construed as part of, this Schedule and in case of any inconsistency between the other provisions of this Agreement or this Schedule and the provisions set out in this Clause, the provisions set out in this Clause shall prevail.

(a) prior to the provision of Services by WLIS under this Schedule, where applicable, the category of exchange participant under which WLIS are licensed, the particulars of every license (including the CE number) maintained by WLIS pursuant to the SFO or any other regulatory provisions, and the full name of the employee primarily responsible for the Client's affairs and particulars of the license maintained by such employee (including the CE number) pursuant to the SFO or any other regulatory provisions shall be provided to the Client;

(b) every Exchange Contract shall be subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the SFO, the cost of both of which shall be borne by the Client;

(c) in the event that the Client suffers pecuniary loss by reason of our default, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and the relevant subsidiary legislation and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation – Compensation Limits) Rules and accordingly there can be no assurance that any pecuniary loss sustained by the Client by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all;

(d) any transactions related to Exchange Contract shall be subject to the rules of the relevant markets and exchanges, and the rules, regulations and procedures of HKFE contain provisions requiring WLIS, upon the request of the HKFE or the SFC, to disclose the name, the beneficial identity and such other information concerning the Client as the HKFE or the SFC may require, and the Client agrees to provide such information concerning itself as WLIS may require in order for WLIS to comply with the rules, regulations and procedures of HKFE and the SFO, and in the event WLIS fails to comply with the disclosure requirement under Rules 606(a) or 613(a) of the Rules of the HKFE, the Chief Executive of the HKFE may require the Closing Out of position on behalf of the Client or the imposition of a Margin surcharge on the Client's positions;

(e) the Client acknowledges that it may have varying levels and types of protection in relation to transactions on different markets and exchanges;

(f) the Client acknowledges that, subject to the provisions of the SFO and any Applicable Laws and Regulations, WLIS may take the opposite position to the Client's order in relation to any Futures and/or Options Contract, whether on WLIS's own account or for the account of any Affiliate or WLIS's Correspondent Agents or WLIS's other clients, provided that such trade is executed competitively on or through the facilities of the HKFE in accordance with the rules, regulations and procedures of the HKFE or the facilities of any other commodity, futures or options exchange in accordance with the rules of such other Exchange;

(g) the Client acknowledges that the Clearing House established and operated by the HKFE may do all things necessary to transfer any open positions held by WLIS or its Correspondent Agents on behalf of WLIS's Clients and any money and security standing to the credit of the Client's Account to another exchange participant of the HKFE in the event of WLIS's Correspondent Agent's rights as an exchange participant of the HKFE are suspended or revoked;

(h) all monies, securities and other property received by WLIS from its Client or from any other person (including a Clearing House) for its Client's account shall be held by WLIS as trustee and segregated from WLIS's own assets. These assets so held by WLIS shall not form part of WLIS's assets for insolvency or winding up purposes but shall be returned to its Client immediately upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of our business or assets;

(i) all monies, approved debt Securities or approved Securities received by WLIS from its Client or from any other person (including the Clearing House established and operated by the HKFE) for its Client's account shall be held by WLIS in the manner specified under paragraphs 7 to 12 of Schedule 4 of the Code of Conduct with SFC and the Client authorized WLIS to apply any monies, approved debt Securities or approved Securities which the Client may pay to or deposit with WLIS in the manner specified under paragraphs 14 to 15 of Schedule 4 of the Code of Conduct with SFC. In particular, WLIS may apply such monies, such approved debt Securities or approved Securities in or towards meeting WLIS's obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures and/or Options Contracts transacted on behalf of its Client;

(j) the Client acknowledges that in respect of any of WLIS's Correspondent Agent's accounts maintained with the Clearing House established and operated by the HKFE, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures and/or Options Contracts transacted on behalf of WLIS's Client and whether or not money, approved debt Securities or approved Securities paid or deposited by the Client has been paid to 'WLIS's Correspondent Agent and deposited with the Clearing House, as between WLIS's Correspondent Agent and the Clearing House, WLIS's Correspondent Agent deal as principal and accordingly no such account is impressed with any trust or other equitable interest in the Client's favour and monies, approved debt Securities and approved Securities paid to or deposited with the Clearing House are thereby freed from the trust referred to in paragraph (h) above;

(k) in respect of all Futures and/or Options Contracts entered into by WLIS on its Client's behalf, the Client shall provide to WLIS such Margin or additional Margin or demands for Variation Adjustments immediately upon demand. WLIS and/or its Correspondent Agent may be required to report to the HKFE and the SFC particulars of all open positions in respect of which two (2) successive Margin calls and demands for

Variation Adjustments are not met within the period specified by WLIS and/or its Correspondent Agent, and WLIS and/or its Correspondent Agent may require more Margin or Variation Adjustments than that specified by the HKFE and/or the Clearing House and may Close Out open positions in respect of which any Margin calls and/or additional Margin calls and demands for Variation Adjustments are not met within the period specified by WLIS or at the time of making such call(s) or demand(s);

(l) the Client acknowledges that WLIS are bound by the Rules of HKFE which permit the HKFE to take steps to limit the positions or require the Closing Out of contracts on behalf of its Clients who in the opinion of the HKFE, are accumulating positions which are or may be detrimental to any particular Market or Markets, established and operated by the HKFE or which are or may be capable of adversely affecting the fair and orderly operation of any Market or Markets established and operated by the HKFE (as the case may be);

(m) WLIS shall provide to the Clients contract specifications, a full explanation of Margin procedures and the circumstances under which the positions of the Clients may be Closed without its consent;

(n) if the Client shall at any time open one or more accounts other than the account(s) with WLIS for the purpose of carrying out transactions relating to Futures or Options Contracts and if the open positions in such accounts in aggregate amount to a Large Open Position as determined by the board of the HKFE, the Client shall report to WLIS, or if required by WLIS, the HKFE immediately of such Large Open Position and provide WLIS or the HKFE (as the case may be) with such information as WLIS or the HKFE (as the case may be) may require in connection therewith (including the name of the Client and the ultimate beneficiary or in the case of a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate, including a beneficiary holding an interest through a nominee or trust) of such Large Open Position and also provide us or the HKFE (as the case may be).

### **83. 7. Position Reporting Requirements, Exchange Traded Stock Options and Large Position Reporting**

7.1 The Client agrees to fully comply with position reporting requirements and large position reporting requirements that may be in force from time to time. Details of the position reporting requirements and large position reporting requirements can be provided upon request or available via the website of the Exchange. It is the Client's responsibility to be aware of such requirements as may apply from time to time.

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

Without prejudice to any other right or remedy available to WLIS, the Client hereby agrees to give the standing authority to WLIS to authorize WLIS to deal with money held or received by WLIS in Hong Kong (including any interest derived from the holding of the money which does not belong to WLIS (if any)) in one or more segregated account(s) on behalf of its Client ("Monies").

Unless otherwise defined, all the terms used in this clause shall have the same meanings as in the SFO and the Securities and Futures (Client Money) Rules as amended from time to time. This clause authorises WLIS to:

1. combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by WLIS and/or its affiliates or Associates and its agent broker(s) and/or clearing agent(s) from time to time and the Client may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to WLIS and/or its affiliates or Associates and its agent broker(s) and/or clearing agent(s) whether such obligations and liabilities are actual, contingent, primary or collateral, secured or unsecured, or joint or several. When such sum of Monies are being transferred to make up the short margin amount to avoid forced liquidation, the Client may not have the opportunity to decide whether to continue bearing the market risk by holding onto their investment position or to stop loss by settling their investment position. And

2. transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by WLIS and/or its affiliates or Associates and its agent broker(s) and/or clearing agent(s).

WLIS may do any of these things without giving notice to its Client. This authority is given to WLIS in consideration of its agreeing to continue to maintain securities cash and/or margin account(s) for its Client and to WLIS in consideration of WLIS agreeing to continue to maintain futures account(s) for its Client. This authority is given without prejudice to other authorities or rights which WLIS may have in relation to dealing in Monies in the segregated accounts. This authority is valid for a period of 12 months from the approval date of the opening of the Futures Account.

This authority may be revoked by giving WLIS written notice addressed specified above and such notice shall take effect upon the expiry of 7 Business Days from the date of WLIS's actual receipt of such notice. The Client shall understand that this authority shall be deemed to be renewed on a continuing basis without its written consent if WLIS issue to it a written reminder at least 14 days prior to the expiry date of this authority, and the Client do not object to such deemed renewal before such expiry date.

### **85. 9. Risk Disclosure Statements and Disclaimers for Dealing in Futures Contracts and Options Contracts**

The Client acknowledges to have read and fully understood the risks of trading futures contracts and options contracts as well as the relevant disclaimers as follow:

Risks of Trading Futures Contracts and Options Contracts

The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may

make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position(s) may be liquidated. However you will remain liable for any resulting deficit in your account. Therefore you should therefore agree study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

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 you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you 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.

c) Variable degree of risk

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

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

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. 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

a) Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you 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.

b) 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 you have 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”.

c) Deposited cash and property

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



d) Commission and other charges

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

e) Transactions in other jurisdictions

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

f) Currency risks

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

g) Trading facilities

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

h) Electronic trading

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

i) Off-exchange transactions

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

#### DISCLAIMERS in General

DISCLAIMER delivered pursuant to the relevant provisions of the regulations for trading Futures and Options Contract based on existing & subsequent indices developed by the Hong Kong Futures Exchange Limited. Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited ("Exchange") may be based from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other Indices or proprietary products as from time to time be developed by the Exchange ("Exchange Indices") are the property of the Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of the proprietary to the Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the 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 Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any Participant 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 relating to any of the Exchange Indices is given or may be implied. Further no responsibility or liability whatsoever is accepted by the 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 Exchange or any other person or persons appointed by the 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 Participant 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 Participant or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party engages in transactions in futures and options contracts based on any of the Exchange Participant 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 Exchange in respect of such transactions.

#### DISCLAIMER in Relation to Trading of Stock Index Futures Contracts

Hang Seng Indexes Company Limited ("HSIL") currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively, the "Hang Seng Indexes"). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS, HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, "Futures Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indexes 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 Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted

by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant of any third party the accuracy or completeness of the Hang Seng Indexes 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 Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures 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 Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

#### DISCLAIMER in Relation to Trading of Stock Index Option Contracts

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the “Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS, HSIL has granted to the Exchange by way of license the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of option contracts based on any of the Hang Seng Indexes respectively (collectively, the “Option Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes 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 Exchange may at any time require that trading in and settlement of such of the Option Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant of any third party the accuracy or completeness of the Hang Seng Indexes 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 Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Option 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 Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Option Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Option Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

#### **86. 10. Disclosure of Information**

- 10.1 The Client agrees that its data may be transferred to any place outside Hong Kong, whether for the processing, holding or use of such data outside Hong Kong.
- 10.2 The Client authorises WLIS to disclose any information that it has concerning the Client, the Account and any Futures and Options Contracts, monies or other assets held in the Account: (a) to any broker, custodian, correspondent agent or other third party service provider(s) (whether within or outside Hong Kong) appointed by WLIS in connection with the Futures and Options Contract Trading Services provided hereunder; (b) upon request, to any Regulator (whether within or outside Hong Kong); or (c) to such other persons (whether within or outside Hong Kong) in compliance with the relevant regulations.
- 10.3 The Client undertakes to provide such information as WLIS may request from time to time in order for WLIS and/or its brokers, custodians, correspondent agent or third party service provider(s) to provide the Futures and Options Contract Trading Services hereunder, or for WLIS and/or such brokers, custodians, correspondent agent or third party service provider(s) to comply with the relevant regulations or to respond to requests from any Regulator.

## **SCHEDULE VIII: Additional Provisions for Fund Subscription Services**

## 1. General

This Schedule VIII governs WELL LINK INTERNATIONAL SECURITIES Limited's ("WLIS" or the "Company") provision of Fund Subscription Services. It supplements, and should be read together with, the Terms and any other terms and conditions governing the services provided by the Company, as they may be amended from time to time. It forms an integral part of the Agreement

In this Schedule VIII, unless the context requires otherwise, the terms defined in the Agreement shall have the same meaning when used herein.

## 2. Definitions

- 2.1 **"Fund"** means any unit trust, investment fund, mutual fund or any other collective investment scheme distributed by or otherwise made available through the Company.
- 2.2 **"Fund Account"** means an Account with the Company primarily for the purchase, subscription, switching, transfer, redemption or sale of any unit in any Fund, and dealing with any related proceeds or moneys as the Client may from time to time instruct the Company to effect.
- 2.3 **"Dealing Procedures"** means any procedures agreed between the Company and the Fund or the fund manager of the relevant Fund from time to time to govern the subscription, switching and redemption of Units therein and other incidental matters.
- 2.4 **"Fund Subscription Services"** means services provided by the Company in connection with the purchase, subscription, switching, transfer, redemption or sale of any Unit in any Fund, and the dealing with any relating proceeds or moneys in accordance with the Client's instructions.
- 2.5 **"Portfolio"** means a portfolio of Funds selected by relevant Fund house and made available through the Company to the Client from time to time.
- 2.6 **"Units"** means any shares or units in a Fund (including where such Fund is distributed or made available on a standalone basis or as part of a Portfolio).

For the avoidance of doubt, this Schedule VIII shall apply to any transaction in any fractional holding in any Fund and references to **"shares"** and **"units"** shall be construed so as to include references to **"fractional shares"** and **"fractional units"**, respectively.

## 3. Scope of Fund Subscription Services

- 3.1 The Company may (but is not obliged to) provide to the Client the Fund Subscription Services. Additional functions and services in connection with the Fund Subscription Services may be provided by the Company to the Client from time to time, in which case additional terms and conditions may apply which the Client should read and agree to before using those functions or services. The Fund Subscription Services and any additional services in connection with the Fund Subscription Services shall be provided through the Fund Account and/or the Securities Account.
- 3.2 Where the Client enters into a Transaction:
- (a) (the Company may have solicited the sale of or recommended to the Client the relevant Fund or Portfolio, in which case clause 4.2 (Trading Recommendation) of the Securities Account General Terms and Conditions shall apply; and/or
  - (b) the Client may have entered into such Transaction with the Company, without or in circumstances where it is inconsistent with any solicitation, recommendation or advice from the Company, in which case clause 4.1 (Trading Recommendation) of the Securities Account General Terms and Conditions shall apply.
- 3.3 The Company shall make available to the Client via electronic means (including via the Electronic Services), the offering documents, notices, communications or any other documents in connection with the relevant Funds or Portfolios. The Client consents to the use of such electronic means (including the Electronic Services) as a mode of delivery of the abovementioned documents.
- 3.4 If the Client make a deposit for subscription to the selected Fund and pays a one-time subscription amount, the Company will One-Time Subscription Amount immediately after the Client completes the subscription process. The Company will not release the One-Time Subscription Amount, issue a subscription Instruction to the Fund house, and arrange settlement until the Fund house is open for subscription. For the avoidance of doubt, the One-Time Subscription Amount so frozen will not be included in the Client's Purchasing Power, nor will it be used by the Company to offset the Client's debts.
- 3.5 If the Client chooses to make repeated deposits of a designated amount for regular subscription to the selected Fund and authorises the Company to make repeated payments of an established subscription amount ("Recurring Subscription Amount") to the Fund house within a specified period, the Company will freeze the Recurring Subscription Amount immediately after the Client completes the subscription process. The Company will not release the Recurring Subscription Amount, issue a subscription Instruction to the Fund house, and arrange settlement until the Fund house is open for subscription. For the avoidance of doubt, the Recurring Subscription Amount so frozen will not be included in the Client's Purchasing Power, nor will it be used by the Company to offset the Client's debts.

3.6 If the currency of the Fund to be purchased by the Client differs from the currency of the One-Time Subscription Amount or the Recurring Subscription Amount, the Company will in its absolute discretion to decide in such manner and at such time as it may to convert the One-Time Subscription Amount or the Recurring Subscription Amount into the currency required for subscription to the Fund at the exchange rate on the date of release thereof in accordance with clause 5.6 (Dealing Practice) of the Securities Account General Terms and Conditions. The Client authorises the Company to convert any other funds held on behalf of the Client into the equivalent currency required for subscription and settlement and to transfer such amount to the Fund house.

#### **4. Subscription and Redemption Applications and Payment**

4.1 Any Instruction to subscribe for or purchase, redeem, sell or switch any Unit or Portfolio (whether in whole or in part) must be made electronically through the Company's mobile application or any manner as prescribed by the Company, accompanied by any required documentation as may be required by the Company from time to time.

4.2 All Instructions and the resulting transactions and payment in relation to the subscription, switching or redemption of Units shall be subject to the Dealing Procedures and/or any other requirements as prescribed by the Company from time to time. The Company is entitled, without reference to the Client and without giving any reason, either ignore any Instruction that fails to comply with the Dealing Procedures or such other requirements of the Company, or to execute such Instruction with such modifications to it as may be necessary to comply with the Dealing Procedures or such other requirements of the Company from time to time. For instance, should the Client place an Instruction to redeem any Units and, as a result of such Instruction, there will remain a balance of 0.0001 Unit or less (or any other fractional Unit as determined by the Company from time to time) following the execution of such Instruction ("Remaining Fractional Units"), the Client hereby authorises the Company to redeem any Remaining Fractional Units on behalf of the Client, which transaction shall be deemed to be a part of the original Instruction. The Company will not be responsible to the Client for any losses, damages, costs or expenses that the Client may suffer or incur arising from or in connection with any delay or failure in transmitting or effecting any Instruction to subscribe, purchase, switch, transfer, redeem, sell or otherwise deal with any Units or Portfolios in connection with exercising such discretion.

4.3 The Company is authorised to act on any Instruction given or purportedly given by or on behalf of the Client. The Company does not have any obligation to authenticate, verify the completeness and accuracy of any such Instruction or verify the identity of any person giving such Instruction.

4.4 The Company shall be entitled to rely and act on any such Instruction which the Company in good faith believes to be genuine, and shall not be responsible for any loss which the Client may incur as a result. However, the Company has absolute discretion to refuse to act upon any such Instruction without reason, and the Company will not be responsible to the Client for any losses, damages, costs or expenses that the Client may suffer or incur arising from or in connection with any delay or failure in transmitting or effecting any Instructions to subscribe, purchase, switch, transfer, redeem, sell or otherwise deal with any Units or Portfolios.

4.5 The Client's right to give Instructions via a particular channel shall at all times be subject to the discretion of the Company. The Company may at any time revoke the Client's right to give Instructions through a particular channel without prior notice. The Company shall execute any Instructions placed by the Client or any Authorised Person by placing it with the relevant fund manager, Fund or product issuer upon receipt of the Instruction and payment of the purchase price, subscription moneys or expenses payable by the Client to the Company.

4.6 The Company will effect any Instruction as soon as practicable, however, the execution of such Instruction may not coincide with the timeframe stipulated in the relevant offering documents of the Fund. The Client acknowledges that orders placed by the Client with the Company may be aggregated and consolidated either daily or from time to time by the Company together with orders placed by the Company's other clients for the purpose of placement of such orders by the Company with the relevant fund manager, Fund or product issuer for execution.

4.7 Subject to the continuing operation of an Account, an Instruction will generally be processed on the day of receipt by the Company of such Instruction if a valid and complete Instruction (together with all monies, required information and documents) is received by the Company before the dealing cut off times for the relevant Fund as specified by the Company in its sole and absolute discretion from time to time. If an Instruction (and monies) is received after this dealing cut off time or on a day when a typhoon Signal No. 8 (or above) or black rainstorm warning has been issued in Hong Kong, execution will be done usually on the next dealing date of the Fund in accordance with the terms of the offering documents of the Fund (or as otherwise determined by the relevant fund manager, Fund or product issuer). The Client must specify the choice of the Fund or Portfolio (where appropriate) in order for the Instruction to be processed. The Company reserves the right to delay or refuse to process or accept any Instruction, if in its reasonable opinion, there are grounds for doing so.

4.8 The Client agrees that, in respect of any redemption of fund, the actual bid price (the "Actual Bid Price") and offer price of the Relevant Fund may be higher or lower than the Quoted Price and shall be determined at the time when the transaction is effected and settled, any figures which may be quoted or provided to the Client by the Company or its representatives at the time of Instruction (the "Quoted Price") are for reference only and are not binding on the Company.

4.9 After the Client issues the redemption instruction, the redemption amount received by the Client ("Client's Redemption Amount") is calculated in reference to the Relevant Fund's Redemption Price ("Fund's Redemption Price") determined by the Relevant Fund.

(a) If the Client issues a redemption Instruction before 2 p.m. on a trading day, the Fund's Redemption Price will be the price provided by the Relevant Fund house in the afternoon (although different Fund houses may have different settlement times) of that day (the "Settlement Price").

(b) If the Client issues a redemption Instruction at or after 2 p.m. on a trading day. The Fund's Redemption Price will be calculated with reference to the Settlement Price provided by the Relevant Fund house to the Company in the afternoon (although different Fund houses may

have different settlement times) of the next trading day.

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

- 4.10 The Client understands that when the redemption transaction of the Relevant Fund is settled, the redemption amount received by the Company from the Fund house (the "Actual Proceeds") may be different from the Client's Redemption Amount. If the Actual Proceeds exceed the Client's Redemption Amount, the Client agrees that the Company shall retain the redemption proceeds in excess of the Client's Redemption Amount, as a handling fee for processing and arranging for the execution of such Instruction.
- 4.11 The Company has no authority to accept Instructions (or applications) for subscription, switching or redemption of any Unit for and on behalf of any fund manager, Fund or product issuer. Receipt of such Instructions and the requisite payment and any other documentation by the Company shall not amount to acceptance of the Instruction by the relevant fund manager, Fund or product issuer.
- 4.12 The Client acknowledges that any fund manager, Fund or product issuer who receives an Instruction from the Company is not obliged to accept such order in part or whole. The Company shall have no responsibility nor liability for ensuring that the relevant Fund manager, Fund or product issuer allots the Units or for any losses (including any loss of investment opportunity) which the Client may suffer or incur as a result of any refusal to accept or delay in accepting such Instruction by the fund manager, Fund or product issuer.
- 4.13 The Client acknowledges that (a) the purchase price, subscription moneys or expenses payable by the Client to the Company (or another person as specified by the Company) in relation to each order to buy or subscribe for Units or Portfolios shall be debited from an Account designated by the Client (or otherwise directed by the Company from time to time); and (b) any redemption proceeds received by the Company in relation to each order to sell, redeem or otherwise dispose of the Units (whether such Units are part of a Portfolio or not) shall, in any event, be paid or credited to an Account designated by the Client and agreed by the Company in accordance with the settlement periods stipulated in the offering documents of the relevant Funds (or otherwise determined by the Fund manager, Fund or product issuer from time to time).
- 4.14 If at any time there is insufficient balance in the Account that the Client has elected (or otherwise directed by the Company from time to time) to make the required payments under Clause 4.13(a) of this Schedule VIII (for example, the Client has designated the Securities Account to make such payments), the Client irrevocably directs and authorises the Company to, without prior notice to the Client, set-off or transfer any sum standing to the credit of the Client's other Account (for example, the Fund Account), towards the satisfaction of any payments to be made under Clause 4.13(a) of this Schedule VIII.
- 4.15 The Client further agrees that for purchases or subscriptions of Units or Portfolios, the Company reserves the right to reject or delay the processing of any orders if there are insufficient funds in the Account designated for payment or if cleared funds (free of any deductions or withholdings) are not received by such time as prescribed by the Company.
- 4.16 The Company is authorised to take such steps as it may consider expedient to enable it to provide Fund Subscription Services to the Client including the right to withhold and/or make payment of any taxes or duties payable on or in respect of the Units without any liability thereof and to disclose information about the Client (including your authorised persons and beneficiaries), any Units or Portfolios held by the Client or any transactions in connection thereto in accordance with the Applicable Regulations or to any member or affiliate of the Company's Group, any third party service providers or agents of the Company, a fund manager, a Fund or product issuer (or its representatives) upon request.
- 4.17 The Client agrees to (and shall procure that any Authorised Person to) provide the Company with such information, materials and documents in such manner and take such steps and by such time as prescribed by the Company from time to time so as to enable the Company, its nominees or any member or affiliate of the Company Group to effect an Instruction, perform the Fund Subscription Services and/or to comply with any term of any document in respect of any Funds, Applicable Regulations and the applicable market practice.

## **5. Title and Registration of Investments**

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

## **6. Reports and Voting**

- 6.1 Subject to the requirements of the Applicable Regulations, the Company and the custodian shall have no duty or obligation to exercise the voting rights or other elective rights of any Units subscribed or acquired, or received or held for the Client, except upon the prior written Instructions of the Client or any Authorised Person in such form and by such time as prescribed by the Company from time to time, and then only upon such terms, conditions, indemnities, fees and charges as agreed upon between the Company and the Client.
- 6.2 In the absence of such Instructions and agreements, the Company and the custodian shall be entitled to, but not obliged to, exercise the voting

rights or other elective rights of any Fund (if any). Under such circumstance, the Client agrees that the Company and the custodian may be exempted from any duty and obligation in respect of notification and delivery of any proxy or other document issued to the Client, unless otherwise provided in the Applicable Regulations.

## **7. Termination**

7.1 Upon termination of the Account with the Company or termination of the Fund Subscription Services, the Client or any Authorised Person will be deemed to have given the Company instructions to, at its discretion:

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

**SCHEDULE IX: Additional Provisions for Stock Options Trading**



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

## 1. Definitions and Interpretation

1.1 In this Schedule IX, the following expressions, unless the context requires otherwise, shall have the following meanings:

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

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

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

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

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

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

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

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

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

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

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

"SEHK Options System" means the Options Trading System and the Options Clearing System and any other facility provided by the SEHK or

SEOCH for the transaction of SEHK Traded Options Business;

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

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

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

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

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

## 2. Laws and Rules

2.1 Subject to Laws etc.: All option trading shall be subject to the laws, rules, regulations, customs and usage of the Exchange, Market and Clearing House (if any) where the option is traded. The Client shall not, whether alone or in concert with others, violate the position or exercise limits of which such Exchange, Market and Clearing House may establish from time to time. All actions taken by the Company or such Exchange, Market or Clearing House shall be binding on the Client.

2.2 Compliance with Law: The Client shall abide by all Applicable Regulations of the relevant Exchange, Market and Clearing House regarding all option trading.

2.3 Trading Restrictions: An Exchange or any other relevant regulatory authority, government agency or professional body may in its discretion and from time to time restrict trading/transactions in particular options or exercise of options in the interests of helping maintain a fair and orderly market in option contracts and/or in the underlying Securities for the protection of investors.

2.4 Restrictions on Abandonment/Exercise: Notwithstanding anything to the contrary, the Company may, at its sole discretion, restrict the Client's right to abandon/give-up or exercise an option. In particular:

- a) in respect of any SEHK Options Contract, the Client cannot exercise the option before its Expiry Date or abandon such option unless an Instruction to such effect is given by the Client in writing and accepted by the Company; or the SEHK may decide from time to time to exercise or impose restrictions on the number and type of relevant contracts in one or more option classes or option series at any time or for any period, and
- b) in respect of any option contract other than an SEHK Options Contract, the Client cannot abandon the option unless an

Instruction to such effect is given by the Client in writing and accepted by the Company.

2.5 Cut-off Times: The relevant Exchanges, Markets and Clearing Houses have established cut-off times for delivering exercise Instructions which shall be binding on the Client.

2.6 Confidentiality: The Company will keep information relating to the Account confidential, but may provide any such information to the parties concerned according to the Company's Personal Data Privacy Policy statement and/or other applicable clauses of the Agreement and/or to the SFC, the SEHK, the HKEx and any Exchange or any other relevant regulatory authority to comply with their requirements or requests for information.

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

### 3. Options Trading

3.1 Client's Benefit: The Client confirms that (i) the Account is operated solely for the Client's account and benefit, and not for the benefit of any other person; or (ii) the Client has disclosed to the Company in writing the name of the person(s) for whose benefit the Account is being operated; or (iii) in respect of SEHK Traded Options Business, the Client has requested the Company to operate the Account as an SEHK Omnibus Account, and will immediately notify the Company, on request, of the identity of any person(s) ultimately beneficially interested in the SEHK Options Contracts.

3.2 Execution: Subject to the cut-off times prescribed by the Company and Clause 2.4 (Restrictions on Abandonment/Exercise) of this Schedule IX: exercise instructions may be accepted for same day execution on Business Days within the trading hours set by the Exchange where the option trading is executed; and on the Business Day preceding the Expiry Date for any particular option contract, the Company will accept exercise instructions in accordance with the trading hours set by the Exchange where the option trading is executed.

3.3 No Notice of Expiration: The Company is not obliged to give the Client prior notice of an option's Expiry Date, and the Client has the sole responsibility of taking action to exercise an option. The Client shall be aware of the trading hours and any non-trading day in place where the option is executed, so to ensure the option can be exercised in a timely manner. Where the Client does not provide the Company with any exercise instructions by the prescribed time set by the relevant institutions and Exchanges (which the Company is not obliged to notify), the Client shall waive and release the Company, its officers, employees and agents from any and all claims of damage and loss suffered by the Client as a result of any option not being exercised.

3.4 Underlying Securities: The Company is under no obligation to convey to the Client any information relating to the underlying Securities covered by the option or any Securities related thereto, or any information relating to the options, whether such information is then or thereafter known or available. It is the sole responsibility of the Client to exercise, in a proper and timely manner, any right, privilege or obligation of any put option or call option of the Client.

3.5 Options in the Securities Account: In the case of an option sold or written by the Client in the Securities Account:

- a) with respect to a call option which if exercised against the Client will require delivery of Securities sold, the Client shall keep such Securities in the Securities Account until the expiration of the option period, and shall not sell or withdraw such Securities. If the option is exercised, the Company may deliver such Securities to the purchaser without prior notice to the Client;

In addition, if the option is exercised before the ex-date, the Client will be required to buy back the Securities within 30 minutes after the market opens on the ex-dividend date and pays for the relevant stock dividends, which shall be deducted from the Securities Account. If the Client's option position is being exercised against and yet the Securities Account does not have or does not have enough securities for delivery, the Company has the right to forcefully buy back the Securities on behalf of the Client at any time, at any price to fulfill the settlement obligation without prior notice to the Client. Clients are responsible for all trade transaction-related costs including trade commissions and applicable fees and levies. and

- b) with respect to any put option which if exercised against the Client will require payment for Securities purchased, the Client shall keep in the Securities Account sufficient funds for such payment until the expiration of the option period, and shall not withdraw such funds or utilize them for any other purpose. If the option is exercised, the Company may use such funds for the purchase of such Securities without prior notice to the Client.

In addition, any option which if exercised against the Client and yet the Securities Account does not have enough funds to buy back the Securities at the exercise price, the Company has the right to forcefully sell any Securities positions of equal value in the Securities Account on behalf of the Client at any time, at any price and the sell proceeds are subject to settlement obligations without prior notice to the Client. The Client is responsible for all losses (if any) that may result therefrom, as well as trade transaction-related fees including trade commissions and applicable fees and levies.

3.6 Company's Own Account: The Company and members of its group may trade in options and the Securities underlying such options for their own account. Such trading may be conducted continuously on a daily basis, and may occur prior to, contemporaneously with, or subsequent to any option transaction effected for the Client's Account. In such trading, the Company and members of its group may take option positions or their underlying Securities which may be similar to or differ from (a) the positions which the Client may have in the Account or (b) Transactions which the Company and members of its group may recommend to the Client or (c) Transactions which the Company and members of its group may effect for the Client. The Client understands that such trading may adversely affect the Client's interests.

3.7 Long Options and Expiration: Long option positions may expire and become worthless. If the Client fails to deliver relevant instructions to the Company before the corresponding exercise cut off time, each in-the-money long option will be automatically expired on the its Expiry Date. Therefore, if the Client wishes to execute a long option contract or exercise any such in-the-money open long option, the Client must obtain confirmation of receipt by the Company before 4:00 p.m. on the Expiry Date (the "Exercise Deadline") regarding the Client's instructions for the exercise of options, and the Client must ensure that there are sufficient funds in the Securities Account to pay in full the execution prices and fees specified in the option contract. If the Client does not wish to exercise any such in-the-money long option, the Client may choose to close its open position in respect of such option before the expiry time.

3.8 Exercise Assignment Notices: The Company shall allocate exercise assignment notices for option contracts on a fair basis.

3.9 Obligations under the Options Contract: The client shall make each payment and delivery in accordance with each option contract to which it is a party, and perform all its obligations thereunder. The Client shall at all times bear the sole risk of complying with and the consequences of it complying with or failing to comply with all delivery obligations arising out of an option contract, specifically, if the Client's option position is exercised or assigned, it must take full responsibility of all corresponding obligations (including settlement obligations) and bear all resulting losses (if any).

#### **4. Margin and Security**

4.1 Security: All Securities and funds held in any Account shall be charged pursuant to Clause 15.2 of the general terms and conditions and 《SCHEDULE II Additional Provisions for Securities Account and for Incorporating into the Securities Account Agreement》 of the SECURITIES ACCOUNT AGREEMENT, Clause 4 (Charge) of the Terms.

4.2 Margin: The Client agrees to provide the Company with Margin. Such Margin should be paid or delivered as demanded by the Company from time to time, and any failure by the Client to provide Margin in the manner requested by the Company shall be an Event of Default. The amounts required by way of Margin should not be less than, but may exceed, the amounts as may be required by Applicable Regulations (in particular, the Rules in respect of the Client's open positions and delivery obligations), and further Margin may be required to reflect changes in market value. In particular:

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

4.3 Authority to Deliver: The Client shall on request provide the Company with such authority as the Company may require under the Rules to authorize the Company to deliver such Securities, directly or through another SEHK Options Trading Exchange Participant, to SEOCH as SEOCH Collateral in respect of SEHK Exchange Traded Options Business resulting from the Client's Instructions to the Company or such other relevant persons as determined by the Company in its sole discretion from time to time; and, in respect of options trading only, 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) of any of the Client's Securities for any other purpose.

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

#### **5. Premium and Commission**

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

#### **6. Option Trading on SEHK**

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

6.1 Options Representative: The full name of the options representative (and his/her licensing and registration particulars) who is primarily responsible for the Client's affairs for the purpose of this Clause 6 is the person who is either stated as such in the Account opening procedures, or is such other person that may otherwise be notified from time to time by the Company to the Client.

6.2 Applicable Rules: All SEHK Traded Options Business shall be effected in accordance with the Rules applicable to the Company, which include, but are not limited to, the SEHK Options Trading Rules, the Clearing Rules of SEOCH and the rules of the HKSCC; and in particular, SEOCH has authority under the Rules to make adjustments to the terms of SEHK Contracts, the Company should notify the Client of any such adjustments which

affect SEHK. Client Contracts to which the Client is a party, and all actions taken by the Company, by SEHK, by SEOCH or by HKSCC in accordance with such Rules shall be binding on the Client.

6.3 SEHK Standard Contract: The terms of the SEHK Standard Contract for the relevant options series shall apply to each SEHK Client Contract between the Company and the Client, and that all SEHK Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.

6.4 Close Out/Give-up: The Client acknowledges that:

- a) the Company may be required to close out a SEHK Client Contract if the Company is of the view that exercise of the option under such SEHK Client Contract will result in a short underlying position for the Client and the Client fails to close its position or open a sufficient underlying position at least 2 Business Days before the Expiry Date of such option;
- b) the Company may be required to close out or give-up SEHK Client Contracts to comply with position limits imposed by SEHK; and
- c) if the Company goes into default, the default procedures of SEHK may result in SEHK Client Contracts being closed out or given-up, or replaced by SEHK Client Contracts between the Client and another Options Exchange Participant (as defined in the SEHK Options Trading Rules).

6.5 Change to Issuer: Where there is a change in the capital structure or composition of the issuer of the underlying Securities of an option class or in any other exceptional circumstances, SEOCH may make adjustments to the terms and conditions of that option class as are, in its opinion, necessary and desirable to ensure that all parties to SEHK Contracts comprised in open positions in that option class are treated fairly. All such adjustments shall be binding on the Client.

6.6 Replacement: At the Client's request, the Company may agree to the SEHK Client Contracts between itself and the Client being replaced, in accordance with the Rules and the Client's instructions, by SEHK Client Contracts between the Client and another SEHK Options Trading Exchange Participant.

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

6.8 Principal: Although all SEHK Options Contracts are to be exercised on the SEHK, the Client and the Company shall contract as principals under SEHK Client Contracts.

6.9 Product Specifications: The Company agrees to provide the Client, upon request, with the product specifications for SEHK Options Contracts.

6.10 Investor Compensation Fund: If the Company fails to meet its obligations to the Client pursuant to this Schedule IX, the Client shall have a right to claim under the Investor Compensation Fund established under the SFO, subject to the terms of the Investor Compensation Fund from time to time.

6.11 Company's Business: The Company shall notify the Client of material changes in respect of the Company's business which may affect the services the Company provides to the Client pursuant to this Clause 6.

6.12 Expiration of Long Options: On the relevant Expiry Date and only on the Expiry Date, the SEHK Options System will automatically generate exercise instructions in respect of all open long options which are in-the-money by or above the percentage prescribed by SEOCH from time to time (currently at 1.5%). However, the Company will replace these "automatically generated exercise instructions" before the System Closure on the Expiry Date in accordance with the Operational Clearing Procedures of SEOCH and the terms of this Schedule IX, meaning "No automatic exercise". If the Client wishes to exercise an such in-the-money long option on the Expiry Date, the Client must obtain confirmation of receipt by the Company before 4:00 p.m. on the Expiry Date (the "Exercise Deadline").

6.13 Agreement: The Client confirms that it has read and agrees to the terms of this Schedule IX, which have been explained to the Client in a language that the Client prefers.

6.14 Position Reporting: If the Client shall at any time open one or more accounts with members of the SEHK other than the Company for the purpose of carrying out transactions relating to SEHK Options Contracts, and the Client's number of SEHK Options Contracts in aggregate exceed certain levels with respect to number, value or such other factors, each as determined by the SEHK, the Client shall immediately report the same to the Company and provide the Company with such information and such other information as the Company may require in connection therewith. The Client confirms and acknowledges that the Company is obliged to report the same as required by rules 439 and 440 of the SEHK Options Trading Rules and the Client consents to the release of such information by the Company to the SEHK.

6.15 Indemnity: Without limiting any other indemnity provided by the Client, the Client agrees to indemnify the Company and its employees and agents against all losses and expenses resulting from the Client's breach of any of its obligations under this Appendix, including costs reasonably incurred in collecting debts from the Client, and in closing the relevant Account.

## 7. Default

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

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

and any proceeds remaining after discharge of all the Liabilities should be paid to the Client.

#### **8. Risk Disclosure Statements**

The Client has read and understood the risk disclosure statements and disclaimers set out in additional provisions of the SECURITIES ACCOUNT AGREEMENT relevant to options trading, or otherwise provided by the Company to the Client, and accepts in full the risks relating to options trading.