



**Core Pacific - Yamaichi International (H.K.) Limited (“CPYI”)**

**Core Pacific - Yamaichi Futures (H.K.) Limited (“CPYF”)**

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## **TERMS AND CONDITIONS FOR TRADING ACCOUNTS**

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## SECTION I – GENERAL TERMS AND CONDITIONS

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This Section is applicable to all types of Accounts. All transactions and dealing effected, conducted, carried on and entered into by the Client with and through CPYI and/or CPYF, where applicable, for or on the Account, and the Account opened and maintained by the Client with CPYI and/or CPYF shall be subject to and upon the terms and conditions of this Section.

### 1. **DEFINITIONS**

1.1 In these Terms, unless the context requires otherwise:

“**Account**” means the Securities Account and/or the Futures Account, as the case may be;

“**Account Opening Form**” means the Account Opening Form including the declaration, information, statements and notes thereto or, as the context requires, any amendments made thereto from time to time, to be completed and signed by the Client;

“**Agreement**” means the agreement made between the Client on the one part and CPYI and/or CPYF on the other part and constituted by the Account Opening Form, these Terms and such other documents referred to therein or added thereto (including any amendment made thereto from time to time);

“**Applicable Requirements**” means the relevant laws, rules, regulations, policies, interpretations, guidelines, requirements and other regulatory documents promulgated by relevant governmental or regulatory bodies of Hong Kong and Mainland China from time to time including the Stock Connect Rules and any other relevant requirements and/or restrictions of any governmental or regulatory body, exchange or clearing house as may be published and/or amended from time to time;

“**Broker**” means CPYI and/or CPYF, whichever applicable, as selected by the Client in the Account Opening Form with whom to maintain Account(s);

“**Cash Account(s)**” means the cash Securities trading account(s) which the Client established with the Broker to govern the purchase and sale of Securities effected by the Broker;

“**Clearing House**” means the Hong Kong Securities Clearing Company Limited and/or HKFE Clearing Corporation Limited and/or other relevant clearing house;

“**Client**” means the person or persons who have signed the Account Opening Form and where the Account(s) is opened by more than one person means all of such persons collectively and any personal representative or successor in title thereof and any permitted assign thereof;

“**commodity**” or “**commodities**” means any item and includes, without limitation, agricultural commodities, metals, currencies, interest rates, indices (whether stock market or otherwise), or other financial contracts, energy, right or authority, and shall where the case requires include a Futures/Options Contract in respect of any of the above and in each case whether or not the item is capable of being delivered;

“**Companies Ordinance**” means the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);

“**CPY Group**” means Core Pacific – Yamaichi Group of Companies including CPYI, CPYF, and where the context admits, their respective successors in title and assigns;

“**DCASS**” means the Derivatives Clearing and Settlement System operated by the HKFE Clearing Corporation Limited and The SEHK Options Clearing House Limited;

“**Exchange**” means the Stock Exchange and/or any other relevant stock exchange;

“**Futures/Options Contract(s)**” means Futures Contract(s) and/or Options Contract(s) as the case may be;

“**Futures Contract**” means a contract executed on any commodity, futures or options exchange, the effect of which is that;

- (i) 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
- (ii) the parties will make an adjustment between them at an agreed future time according to whether the agreed commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making the contract, the difference being determined in accordance with the rules of the commodity, futures or options exchange in which that contract is made;

“**Futures Account**” means the commodities futures trading account which the Client established with CPYF to govern the purchase and sale of Futures/Options Contracts effected by CPYF;

“**Futures Exchange**” means Hong Kong Futures Exchange Limited and/or any other relevant futures exchange;;

“**Futures Rules**” means the Rules Regulations and Procedures of the Futures Exchange, as amended from time to time;

“**GEM Listing Rules**” means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange as amended from time to time;

“**holding company**” has the meaning attributed to it in section 2 of the Companies Ordinance;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**institutional professional investor**” 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 Securities and Futures Ordinance;

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“**Investor Compensation Fund**” means the investor compensation fund established pursuant to the Securities and Futures Ordinance.

“**IPO Loan**” means financial assistance to finance subscriptions for IPO Shares;

“**IPO Shares**” means shares in companies that are being brought to the market by way of new issue;

“**Listing Rules**” means the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;

“**Margin Account**” means the margin Securities trading account(s) which the Client established with the Broker to govern the purchase and sale of Securities effected by the Broker and in respect of which the Broker provides the Client with the Credit Facilities (as defined in Section III);

“**Options Contract**” means a contract executed between one party (the “**first party**”) and another party (the “**second party**”) on any commodity, futures or options exchange under which the first party grants the second party the right, but not the obligation, to buy/to sell an agreed commodity, or quantity of a commodity, from/to 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/to sell:

- (i) the first party is obliged to deliver/to take delivery of the commodity at the agreed price; or
- (ii) the second party receives a payment referable to the amount (if any) by which the commodity is worth more than the agreed price/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;

“**professional investor**” has the same meaning as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance;

“**SPAC Share**” has the same meaning as in Chapter 18B of the Main Board Listing Rules of SEHK;

“**SPAC Warrant**” has the same meaning as in Chapter 18B of the Main Board Listing Rules of SEHK;

“**Special Purpose Acquisition Company**” or “**SPAC**” has the same meaning as in Chapter 1 of the Main Board Listing Rules of SEHK;

“**Securities**” means all kinds of instruments commonly known as securities, including, but not limited to, shares, stocks, debentures, loan stocks, unit trusts, mutual funds, warrants, bonds or notes of, or issued by, any body, whether incorporated or unincorporated, or of any government or local government authority, and rights to and options in respect of Securities, and securities as defined in the Securities and Futures Ordinance as the Broker may at its absolute discretion from time to time offer to deal in;

“**Securities Account**” means the Cash Account(s) and the Margin Account(s);

“**Securities and Futures Ordinance**” means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

“**SEHK**” means The Stock Exchange of Hong Kong Limited;

“**Settlement Account**” means the bank account (s) nominated by the Client as the settlement bank account(s) in the Account Opening Form;

“**SFC**” means the Securities and Futures Commission established under Part II of the Securities and Futures Ordinance;

“**SFC Code**” means the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission in force from time to time;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**subsidiary**” has the meaning attributed to it in section 2 of the Companies Ordinance;

“**these Terms**” means these terms and conditions comprising all the Sections of this document as from time to time amended or supplemented including where applicable, the Account Opening Form and, where applicable, notice of authorised account signatories; and

“**Transaction**” means any transaction in Securities effected by the Broker on the Client's instruction.

1.2 In these Terms, unless the context otherwise requires:

- (a) reference to a statute or statutory provision includes a reference to it as amended, extended, replaced, substituted or re-enacted from time to time and shall include any subordinate legislation made under the relevant statute or statutory provision;
- (b) reference to a Section, Paragraph or Part is to a section, paragraph or part of these Terms respectively and reference to the Account Opening Form is to the Account Opening Form as completed by or on behalf of the Client and where such information provided in the Account Opening Form has been amended by subsequent notice to or by CPYI and/or CPYF means the Account Opening Form as amended by such notice;
- (c) words importing the singular shall include the plural and vice versa, words importing one gender shall include every gender and references to a person shall include an individual and body corporate or unincorporate; and
- (d) reference to "transaction" means any transaction or instruction of any nature whatsoever.

## 2. INFORMATION FOR THE ACCOUNT

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- 2.1 Each relevant member of CPY Group will keep information relating to the Account confidential, but may provide any such information to parties set out in the Section headed Personal Data Privacy Information, including but not limited to the Exchange, the SFC, and other regulatory bodies to comply with their requirements or requests for information or to any other group member, subsidiaries or affiliates or their agents engaged to provide services to them in their normal course of business or to such other persons as provided for in the Section headed Personal Data Privacy Information. The members of CPY Group shall not be liable in any way to the Client for any disclosure made pursuant to this Paragraph 2.1.
- 2.2 Where the Client is an individual, the Client agrees to be bound by the Section headed Personal Data Privacy Information and to the collection and use of his/her personal data in the manner specified in the Section headed Personal Data Privacy Information. This includes but is not limited to the provision that the Client expressly agrees to give and to be bound by the “Additional Client Consent on Collection, Storage, Use, Processing, Disclosure and Transfer of Personal Data for provision of services in relation to securities listed or traded on the Stock Exchange of Hong Kong and for complying with the rules and requirements of SEHK and the Securities and Futures Commission (SFC) in effect from time to time” as set out in the Section headed Personal Data Privacy Information.

### 3. LAWS AND RULES

All transactions with the Broker and/or CPYF under these Terms shall be subject to any laws, rules, regulations, bye-laws, customs and usages from time to time in force or applicable in the relevant markets or exchanges on which Securities or Futures/Options Contracts are traded and all laws, rules, regulations and orders of any governmental or regulatory authorities that may be applicable from time to time. This includes the rules of the Exchange, the Futures Exchange, other relevant futures exchanges and of the Clearing House. All actions taken by the Broker and/or CPYF in accordance with such laws, rules and directions shall be binding on the Client.

### 4. REMUNERATION

On all transactions, the Client will pay the Broker and/or CPYF commissions notified to the Client, as well as applicable levies imposed by the Exchange, the Futures Exchange or the SFC, and all applicable stamp duties. The Broker and/or CPYF may deduct such commissions, other charges, levies and duties from the relevant Account.

### 5. INDEMNITY

The Client hereby irrevocably agrees to indemnify and keep indemnified each of CPYI and/or CPYF and its directors, officers, employees and agents (collectively, the "**Indemnified Parties**") against any and all actions, claims, liabilities, losses, damages, costs and expenses whatsoever which any Indemnified Party may suffer or incur or which may be instituted against any Indemnified Party, arising out of any act or omission of any Indemnified Party or otherwise in connection with these Terms (unless due to the proven gross negligence or wilful default of such Indemnified Party) or arising out of or otherwise connected with the breach by the Client of any of his obligations hereunder.

### 6. CLIENT IDENTITY RULE

If the Client effects transactions for the account of his clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with his clients, the Client hereby agrees that, in relation to a transaction where any member of CPY Group has received an enquiry from the Exchange, the Futures Exchange, other relevant futures exchanges, the SFC and/or other regulators (the "**Regulators**"), the following provisions shall apply:

- (a) Subject to as provided below, the Client shall, immediately upon request by CPYI and/or CPYF (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of his client for whose account the transaction was effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the transaction. The Client shall also inform the Regulators of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the transaction.
- (b) If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by CPYI and/or CPYF (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address and contact details of the scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person who, on behalf of the scheme, account or trust, instructed the Client to effect the transaction.
- (c) If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform CPYI and/or CPYF 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 CPYI and/or CPYF (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the transaction.
- (d) If the Client is aware that his client is acting as intermediary for its underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the transaction was effected, the Client confirms that:
- (i) the Client has arrangements in place with his client which entitle him to obtain the information set out in Paragraph (a), (b) and/or (c) above from his client immediately upon request or procure that it be so obtained; and
- (ii) the Client will, upon request from the Broker and/or CPYF in relation to a transaction, promptly request the information set out in Paragraph (a), (b) and/or (c) above from his client on whose instructions the transaction was effected, and provide the information to the Regulators as soon as received from his client or procure that it be so provided.

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- (e) The Client confirms that, where necessary, it has obtained all relevant consents or waivers from clients, collective investment schemes, discretionary accounts or discretionary trusts for whose account transactions may be effected to release information to the Regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with the ultimate beneficial interest in any such transactions, and (if different from the client/ultimate beneficiary) of the person(s) who originated the transactions.

### 7. CREDIT CHECK

The Client hereby authorises CPYI and/or CPYF to conduct a credit enquiry or other checks as deemed appropriate by CPYI and/or CPYF on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client.

### 8. TRANSACTIONS EFFECTED THROUGH OTHER PARTIES

8.1 The Client acknowledges that any of CPYI and/or CPYF may, subject to applicable laws and regulations, effect transactions for the Client or delegate the performance of all or any part of its obligations hereunder to with or through or arrange transactions to be effected by an affiliate of any of CPYI and/or CPYF or any other third party (collectively the “**Third Parties**”) without prior notice to the Client. Without limiting the generality of the aforesaid, transactions may be effected by such Third Parties for and on behalf of any of CPYI and/or CPYF as nominee and/or agent of the Client (whether by omnibus accounts or otherwise).

8.2 CPYI and/or CPYF or such affiliate of CPYI and/or CPYF may, subject to applicable laws and regulations, have a material interest in the transactions effected for the Client, in particular, CPYI and/or CPYF and/or its affiliate may:

- (a) effect transactions with the Client as principal for its or such affiliate's own account;
- (b) effect transactions in Securities where the Broker and/or CPYF or such affiliate has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise; or
- (c) match the Client orders with those of other clients,

and CPYI and/or CPYF or such affiliate shall not be obliged to disclose any profits or benefits so received. Where CPYI and/or CPYF has a material interest in a transaction with or for the Client or a relationship which gives rise to an actual or potential conflict of interests in relation to such transaction, CPYI and/or CPYF shall not advise, nor deal (in the exercise of discretion), in relation to the transaction unless it has fairly disclosed that material interest to the Client (either orally or in writing), and has taken all reasonable steps to ensure fair treatment of the Client. Further, where CPYI and/or CPYF effects any transaction with the Client as principal for CPYI and/or CPYF own account, CPYI and/or CPYF shall inform the Client of this fact.

8.3 It is hereby expressly agreed that, any nominee holding Securities as custodian or otherwise and any party to whom any of CPYI and/or CPYF had delegated its duties pursuant to Paragraph 8, may, subject to applicable laws and regulations, receive and retain for its own benefit all commissions, rebates or other fees arising out of its acting for the Client in effecting any transaction or otherwise howsoever dealing in the Securities pursuant to these Terms.

### 9. SAFEKEEPING OF SECURITIES

9.1 Any Securities which are held by the Broker for safekeeping may, at the Broker's discretion:

- (a) be 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 with the Broker's bankers or with any other institution approved by the SFC as being suitable for safe custody of the Securities and securities collateral or with any other person licensed for dealing in securities; or
- (b) (in the case of registrable Securities) be registered in the Client's name or in the name of any associated entity (as that term is defined in the Securities and Futures Ordinance) of the Broker.

9.2 Where Securities are not registered in the Client's name, any dividends or other benefits arising in respect of such Securities shall, when received by the Broker's nominee, be credited to the Client's Account or paid or transferred to the Client, as agreed with the Broker. Where the Securities form part of a larger holding of identical Securities held for the Broker's clients, the Client shall be entitled to the same share of the benefits arising on the holding as the Client's share of the total holding.

9.3 If, in relation to any Securities deposited with the Broker but which are not registered in the name of the Client, any loss is suffered by the Broker arising therefrom, the relevant Account may be debited (or payment made by the Client as may be agreed) with the proportion of such loss equal to the proportion of the total number or amount of relative Securities which shall comprise Securities held on behalf of the Client.

### 10. VALIDITY OF INSTRUCTIONS

10.1 Unless otherwise specifically agreed between the Broker and the Client, all instructions given by the Client for sale or purchase of Securities for any of the Securities Accounts shall only be valid for the day for which such instructions are given and any instructions which remain unexecuted at the end of the official trading day of the relevant exchange for whatever reason shall be deemed to have been cancelled automatically.

10.2 Unless otherwise agreed between the Broker and the Client, where any instructions (other than any instructions given in accordance with the manner as permitted by any other provisions of these Terms, inclusive of instructions made in accordance with Paragraph 10.1 of this Section) made by the Client to the Broker regarding any actions which the Client wishes the Broker to take in connection with the Account are made by facsimile, the Broker has the absolute unfettered discretion to consider such instructions to be valid and could rely thereon and carry out such actions on behalf of the Client, where such reliance is hereby acknowledged by the Client in full.

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- 10.3 Notwithstanding any provisions in these Terms, the Client shall not place any order or give any instruction to buy SPAC Shares and/or SPAC Warrants for its own or for its client unless the Client is a professional investor when acting on its own and in the case where the Client is acting on behalf of its client, the Client is reasonably satisfied that such client is a professional investor.
- 10.4 In respect of the pending, settled or unsettled positions resulting from any instruction of the Client to transact SPAC Shares and/or SPAC Warrants, the Client authorises CPYI to amend, unwind or cancel any pending, settled or unsettled position of the Client in SPAC Shares and/or SPAC Warrants or to sell or arrange for the sale of any quantity of SPAC Shares and/or SPAC Warrants held on the Client's behalf at such price and on such terms as CPYI may determine in its absolute discretion if:
- (a) CPYI receives an instruction directly or indirectly from the Stock Exchange or other regulatory bodies in connection thereto;
  - (b) CPYI is of the view that the Client is in breach or may be in breach of any Applicable Requirements; or
  - (c) CPYI has held on the Client's behalf such SPAC Shares and/or SPAC Warrants for a period longer than CPYI's prescribed period as notified to the Client from time to time.

### 11. CONFIRMATION OF RECORDS

Each member of CPY Group will send a written confirmation to the Client in accordance with Paragraph 25 of this Section promptly following execution of an instruction and a monthly statement of the Account. Such written confirmations and monthly statements of the relevant Accounts shall be conclusive and deemed to be accepted by the Client if not objected to by notice in writing by the Client within such time as is stipulated in the relevant confirmation from the relevant member of CPY Group. The Client shall be deemed to have waived any alleged errors or omissions in the absence of such notification.

### 12. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Client hereby warrants, represents and undertakes to each member of CPY Group that:

- (a) the Client is signing the Account Opening Form as principal and is not trading on behalf of any other person unless the relevant member of CPY Group is notified otherwise in writing and that such warranties, representations and undertakings are to continue for so long as the Agreement remains subsisting;
- (b) the Account Opening Form has been validly executed by the Client, and the Account Opening Form, these Terms and all documents signed by the Client constitute a valid and legally binding agreement on the Client enforceable in accordance with its terms;
- (c) these Terms and performance of the obligations of the Client contained herein do not and will not:
  - (i) contravene any existing applicable law, rule, regulation or any judgment, decree or permit or any constitutive documents to which the Client is subject; or
  - (ii) conflict with or result in any breach of the terms of or constitute any default under any agreement or other instrument to which the Client is a party or is subject or by which any of his property is bound;
- (d) the Client is the beneficial owner of the Securities or commodities under the relevant Accounts free from any lien, charge, equity or encumbrance save as created by or under these Terms;
- (e) unless otherwise disclosed in the Account Opening Form as amended from time to time or otherwise notified in writing to the relevant member of CPY Group, the Client is ultimately responsible for originating all instructions in relation to any transaction in any of the Client's Accounts and is the sole owner of all beneficial interests comprised in any of the Client's Accounts;
- (f) the information provided in the Account Opening Form or otherwise given by the Client or on the Client's behalf to any member of CPY Group is true, accurate, correct, complete and not misleading in all respects on which the relevant member of CPY Group is entitled to fully rely on such information and representation for all purposes;
- (g) where the Client is a body corporate, it is duly incorporated and validly existing and in good standing under the laws of its country of incorporation and has full power and capacity to enter into and perform its obligations hereunder; its signing of the Account Opening Form has been duly authorised by its governing body and is in accordance with the Memorandum and Articles of Association or by-laws as the case may be of the Client; there is no order granted or petition presented or resolution passed for its winding up or dissolution;
- (h) where the Client is an individual, he/she is legally capable of entering into and performing all the obligations under these Terms and that he/she has attained the age of 18 and is of sound mind, legal competence and is not a bankrupt; and
- (i) the Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by the relevant member of CPY Group for the performance or implementation of these Terms or any part thereof.

### 13. TERMINATION AND EVENTS OF DEFAULT

- 13.1 These Terms as applicable to each of the Accounts shall continue in force unless either party hereto notifies the other party hereto by not less than one (1) week's prior written notice of its intention to terminate the Agreement, specifying which Accounts that party wishes to terminate.
- 13.2 Any revocation/termination, however, shall not affect any transactions entered into by CPYI and/or CPYF pursuant to these Terms or the continued operation of these Terms on other Accounts not terminated before written notice of the revocation/termination has been actually received by CPYI and/or CPYF or any rights of CPYI and/or CPYF hereunder existing at such time and all obligations of the

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Client to CPYI, and/or CPYF hereunder shall remain in full force and effect and shall be enforceable by CPYI and/or CPYF notwithstanding such revocation/termination.

- 13.3 CPYI and/or CPYF may, also by giving notice in writing to the Client at any time on the occurrence in the sole opinion of CPYI and/or CPYF of any of the following events of default (the “**Events of Default**”), terminate any of the Accounts and the Sections of these Terms which affect those Accounts immediately:
- (a) any breach of these Terms by the Client; or
  - (b) any failure by the Client or any of them to pay monies of whatever nature when due under these Terms, to pay any purchase monies when due, or to pay when due any other monies payable by the Client to CPYI and/or CPYF of whatever nature; or
  - (c) the death, insolvency or liquidation of the Client, the filing of a petition in bankruptcy or winding up or the commencement of any analogous proceedings against the Client or any of them (where in respect of this Paragraph 13.3(c), the term “Account” will be interpreted specifically and exceptionally to include Margin Accounts); or
  - (d) the levying of any attachment against any of the Accounts or any of the Securities; or
  - (e) any dispute or proceedings between any of the persons making up the Client where there is more than one; or
  - (f) any other matter or event including any regulatory requirement which in the opinion of CPYI and/or CPYF renders termination necessary or advisable in the interests of CPY Group.
- 13.4 In respect of the Margin Account(s), if the Client commits a default in payment on demand of the deposits or margins or any other sums payable to the Broker hereunder, on the due date therefor, the Broker may terminate the Margin Account(s) without notice to the Client and sell or dispose of any or all Securities held for or on behalf of the Client in any manner and for such consideration as the Broker may think fit and apply the proceeds thereof and any cash deposit(s) to pay to the Broker all outstanding balances owing to the Broker. Any monies remaining after such application of proceeds shall be refunded to the Client. The Client shall not have any right or claim against the Broker in respect of, and the Broker shall not in any way be responsible for, any loss arising out of such disposal howsoever such loss may have been caused and whether or not a better price could or might have been obtained.

### 14. **CONSEQUENCES ON TERMINATION AND EVENTS OF DEFAULT**

Without affecting any other rights CPYI and/or CPYF may have in the Agreement or any other agreements, on termination of the Agreement as applicable to any or all of the Accounts pursuant to Paragraph 13 of this Section, or on the occurrence of any of the Events of Default referred to in (a) to (f) of Paragraph 13.3, CPYI and/or CPYF may at their discretion, without notice to the Client:

- (a) cancel any outstanding instruction(s); and/or
- (b) close any outstanding contracts entered into on behalf of or with the Client; and/or
- (d) amend, unwind or cancel any settled position within such period as the Exchange, the Futures Exchange, the SFC, the competent court, or any other regulatory or law enforcement bodies may specify; and/or
- (d) consolidate all or any of the Accounts held by the Client with CPYI and/or CPYF; and/or
- (e) demand the Client to repay to CPYI and/or CPYF any amounts due or owing to CPYI and/or CPYF; and/or
- (f) dispose of any Securities, collateral, or futures margin as CPYI and/or CPYF may determine to satisfy any outstanding obligations of the Client to CPYI and/or CPYF; and/or
- (g) take such actions or measures as CPYI and/or CPYF will think fit and appropriate to remedy or rectify any breach of the Terms or to prevent any further breach of the Terms; and/or
- (h) take such actions as CPYI and/or CPYF will think fit and appropriate.

### 15. **CONSOLIDATION OF ORDERS**

CPYI and/or CPYF has the right to consolidate and/or disaggregate an instruction to purchase and/or sell with other similar instruction(s) placed by other clients of CPYI and/or CPYF provided that the execution price of the instructions would not be less favourable than that which could otherwise have been achieved if the instruction is executed individually and in the event of insufficient Securities or commodities (as the case may be) available to satisfy the consolidated purchase or sell order, the number of Securities or commodities (as the case may be) actually purchased or sold shall be given to each individual instruction in the order in which those orders were received by CPYI and/or CPYF.

### 16. **SET-OFF AND TRANSFER**

- 16.1 Any member of CPY Group may, at any time and with written notice to the Client, notwithstanding any settlement of account or other matter whatsoever, combine or consolidate all or any of the Client's Accounts with any member of CPY Group or any of its branch offices and set-off or transfer: (i) any sum standing to the credit of any one or more of such accounts; or (ii) any Securities or other assets or rights in any such accounts, in or towards satisfaction of any of the Client's indebtedness, obligations or liabilities to CPYI and/or CPYF on any other accounts with CPYI and/or CPYF or otherwise pursuant to these Terms or in any other respect whatsoever, whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint and secured or unsecured. Where any such set-off, consolidation, combination or transfer requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange conclusively determined by CPYI and/or CPYF to be applicable.



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## SECTION I – GENERAL TERMS AND CONDITIONS

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16.2 For the purpose of exercising the right of set-off or of discharging any liabilities under Paragraph 16.1, the Broker may sell or dispose of any of the Securities, receivables or monies from time to time held in or for the account of the Securities Account or any other account with the Broker. The Broker shall be under no duty to the Client as to the price obtained in respect of any such sale or disposal.

### 17. **NO LIABILITY**

17.1 CPYI and/or CPYF shall not be under any liability whatsoever to the Client for any loss or damage howsoever suffered or incurred by the Client which arises directly or indirectly from the performance by CPYI and/or CPYF of its obligations under these Terms unless such loss or damage is proven to be directly caused by the gross negligence or wilful default of CPYI and/or CPYF.

17.2 The Client shall indemnify CPYI and/or CPYF from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, legal expenses and other expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, gross negligence or wilful default on the part of CPYI and/or CPYF) which may be imposed on, incurred by or asserted against CPYI and/or CPYF (or any of its directors, officers, delegates, agents, employees, nominees, correspondents or representatives) in performing its services under these Terms or resulting from the default or breach by the Client of any provision of, or any of the Client's obligations under these Terms, save where the same were caused by CPYI and/or CPYF or the relevant person's own fraud, gross negligence or wilful default.

17.3 The Client shall further indemnify the Broker against any claim which may be made against the Broker by a purchaser or any other person by reason of any defect in the title of the Client to the Securities.

### 18. **OWN DECISION**

18.1 The Client agrees and acknowledges that the Client shall make the Client's own judgements and decisions independently with respect to each transaction dealing with Securities or Futures/Options Contracts or commodities. Subject to Paragraph 18.2 below, CPYI and/or CPYF shall be under no liability whatsoever in respect of any information or suggestion rendered by any of its directors, officers, employees or agents irrespective of whether or not such suggestion was given at the Client's request save that CPYI and/or CPYF would ensure the suitability of any recommendation or solicitation for that Client is reasonable.

18.2 If CPYI and/or CPYF solicit the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document CPYI and/or CPYF may ask the Client to sign and no statement CPYI and/or CPYF may ask the Client to make derogates from this Paragraph 18.2.

### 19. **NOT CONNECTED**

The Client warrants, represents and undertakes to each of CPYI and CPYF that the Client is not a connected person (as defined in the Listing Rules and/or GEM Listing Rules as the case may be) of the company(ies) the Securities of which the Client shall place instructions with each of CPYI and CPYF for the purchase or disposal of or otherwise deal in such Securities and/or Futures/Options Contract (as applicable) unless the Client specifically notifies each of CPYI and CPYF to the contrary prior to the placing of such instructions.

### 20. **CURRENCY CONVERSION**

In the event that the Client directs CPYI and/or CPYF to enter into any transactions for Securities and/or Futures/Options Contracts and/or commodities (as applicable) on an exchange or market on which such transactions are effected in a currency other than the currency in which the relevant Account is denominated:

- (a) the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rates between the relevant currencies will be entirely for the account and risk of the Client;
- (b) all initial and subsequent deposits for Collateral (for the Margin Account) or Futures Margin (for the Futures Account) purposes shall be made in such currency and in such amounts as CPYI and/or CPYF may, in its sole discretion, from time to time designate. If upon agreement by CPYI and/or CPYF, any such deposit is made in a currency other than that as CPYI and/or CPYF may designate as aforesaid, CPYI and/or CPYF may determine a rate of exchange to be the then prevailing market rate of exchange between the relevant currencies for such deposit and such determination shall be binding on the Client; and
- (c) when such transactions in Securities and/or Futures/Options Contracts and/or commodities are closed out or otherwise liquidated, CPYI and/or CPYF shall debit or credit the relevant Accounts in the currency in which the relevant Accounts are denominated at a rate of exchange determined by CPYI and/or CPYF to be the then prevailing market rate of exchange between the relevant currencies and such determination shall be binding on the Client.

### 21. **SETTLEMENT ACCOUNT**

21.1 The Client hereby authorises CPYI and/or CPYF to deposit, transfer or pay all or any part of the proceeds of sale or moneys payable to the Client under these Terms into the Settlement Account.

21.2 The Client unconditionally and irrevocably agrees and declares that deposit, transfer or pay all or any part of the proceeds of sale or moneys into the Settlement Account shall be deemed as valid and sufficient payment of the whole of the said money by CPYI and/or CPYF to the Client under the Agreement in all respects and for all purposes, and be deemed as valid and sufficient release and discharge of all liabilities and obligations of CPYI and/or CPYF in respect of the payment of the whole of the said money to the Client under the Agreement in all respects and for all purposes.

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## SECTION I – GENERAL TERMS AND CONDITIONS

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- 21.3 Without prejudice to Paragraph 21.2, the Client unconditionally and irrevocably agrees and declares that the transfer, remittance or payment of moneys out from the bank account of CPYI and/or CPYF to the Settlement Account or to any intermediary bank, agent bank for further forward transfer, remittance or payment of said moneys to the Settlement Account, whether inside or outside Hong Kong, shall be deemed as valid and sufficient payment of the whole of the said money by CPYI and/or CPYF to the Client under the Agreement in all respects and for all purposes.
- 21.4 Without prejudice to Paragraphs 21.2 and 21.3, the Client unconditionally and irrevocably agrees and declares that if the Settlement Account is a bank account of an oversea bank, CPYI and/or CPYF shall not be responsible for :-
- (a) any transfer, remittance, clearance and settlement risks involved in the transfer, remittance, clearance and settlement of money between banks, whether inside or outside Hong Kong; or
  - (b) any default, negligence, delay, loss and damages by any of the banks involved in the transfer, remittance, clearance and settlement of money between banks, whether inside or outside Hong Kong.
- 22. INCENTIVES**
- Members of CPY Group may from time to time be offered with arrangements whereby members of CPY Group and/or their employees and/or agents are offered cash or money rebates or soft dollar arrangement or other incentives in whatever form and nature by issuers, other brokers or other third parties in relation to transactions effected by CPY Group for the Client (collectively the “**Incentives**”). The Client, notwithstanding any provision to the contrary in these Terms, agrees and gives consent to the acceptance of the Incentives by the relevant member(s) of CPY Group and/or their employees and/or agents (as the case may be ) with which the Client established an Account or Accounts (as the case may be).
- 23. JOINT CLIENTS**
- 23.1 Where the Client consists of more than one person:
- (a) the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;
  - (b) CPYI and/or CPYF shall be entitled to, but shall not be obliged to, act on instructions or requests from any of them; and
  - (c) CPYI and/or CPYF shall be entitled to deal separately with any of the Client on any matter including the discharge of any liability to any extent without affecting the liability of any others.
- 23.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), the Agreement shall not be terminated and the interest in the Account(s) (where in respect of this Paragraph 23, the term “Account” will be interpreted specifically and exceptionally to include Margin Accounts) of the deceased will thereupon vest in and enure for the benefit of the surviving person(s) provided that any liabilities incurred by the deceased Client shall be enforceable by CPYI and/or CPYF against such deceased Client’s estate. The surviving person(s) shall give CPYI and/or CPYF written notice immediately upon any of them becoming aware of any such death.
- 23.3 Where the Client consists of more than one person, in the bankruptcy of any of the person constituting the Client, the Agreement shall not be terminated and the interest in the Account(s) (where in respect of this Paragraph 23, the term “Account” will be interpreted specifically and exceptionally to include Margin Accounts) of the bankrupted person will thereupon vest in and enure for the benefit of the other person(s) constituting the Client provided that any liabilities incurred by the bankrupt shall be enforceable by CPYI and/or CPYF against such bankrupted person’s assets available according to bankruptcy processes. The other person(s) constituting the Client shall give CPYI and/or CPYF written notice immediately upon any of them becoming aware of any such bankruptcy.
- 24. GENERAL**
- 24.1 (a) Unless the Broker and/or CPYF expressly indicates (in the contract note or other documents for the relevant transactions under these Terms or otherwise) that the Broker and/or CPYF is acting as principal, the Broker and/or CPYF will act as the Client’s agent in effecting transactions under these Terms. Nothing herein contained shall constitute CPYI and/or CPYF as trustee for the Client or a partnership between CPYI and/or CPYF and the Client.
- (b) Notwithstanding that CPYI and/or CPYF is acting as the Client’s agent in effecting any transaction, CPYI and/or CPYF may, in its absolute discretion, decline to accept instructions for any transaction without giving any reason therefor. CPYI and/or CPYF shall not be liable to the Client for any loss whatsoever arising out of or in connection with its not accepting or acting on such instructions or omitting to give notice of the non-acceptance of any instructions.
- (c) Where the Client is approved by the Broker to engage in margin trading, the Client will be subject to the further terms and conditions set out in Section III – Terms and Conditions for Securities Margin Trading. However, nothing herein requires the Broker to provide such other facilities. Where pursuant to these additional facilities, liabilities arise, then, in addition to any rights which the Broker may have, the Securities held hereunder shall be subject to the charge herein as security or collateral therefor (without the need for any other documentation signed by the Client) and the same applies to all liabilities howsoever arising.
- 24.2 All Securities held for the Client’s Account shall be subject to a general lien in the favour of CPYI and/or CPYF (as applicable), for the performance of the Client’s obligations to CPYI and/or CPYF (as applicable) arising in respect of dealing in Securities or dealing in Futures Contracts (as the case may be) for the Client.
- 24.3 The Client confirms that he has read the English or Chinese version of these Terms and that the contents of these Terms have been fully explained to him in a language which he understands, and that the Client agrees to these Terms. The Client is aware that in the event of any conflict between any provisions of the English version and the Chinese version of these Terms, the English version prevails. Where the Client has read the Chinese version of these Terms, the Client waives his right to obtain the English version of the same and acknowledges that the English version is available on the website of CPY Group.

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## SECTION I – GENERAL TERMS AND CONDITIONS

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- 24.4 These Terms are governed by, and may be enforced in accordance with, the laws of Hong Kong and the Client hereby irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of any member of CPY Group to take proceedings against the Client in the courts of any other competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.
- 24.5 Save for amendments to Terms governing the use of the personal data of the Client that do not fall within the Terms with earlier express consent from the Client, any member of CPY Group with whom the Client holds an Account may amend these Terms by giving the Client not less than 21 days prior notice of the change in writing. Such amendment shall be binding on the Client if the Client continues to maintain the Account on or after the effective date of amendment. The Client is hereby reminded of his right to terminate the Agreement under Paragraph 13 of this Section.
- 24.6 The Client acknowledges that telephone calls between the Client and any member of CPY Group may be taped or otherwise recorded and agrees that the tape or recording may be used in evidence of the contents of the call.
- 24.7 Where the Client comprises more than one person, the agreements and liabilities of the Client herein contained or implied are joint and several agreements and liabilities of each such person and, as the context may require, words and phrases herein denoting the singular include the plural. Any notice hereunder to any one such person shall be deemed effective notice to all such persons.
- 24.8 These Terms shall be binding on the Client's heirs, executors, administrators, personal representatives, successors and assignees, as the case may be.
- 24.9 The Client hereby undertakes to notify CPYI and/or CPYF in the event of any material change to any of the information (in particular as specified in paragraphs 6.2(a) of the SFC Code) provided in the Account Opening Form. Each relevant member of CPY Group will notify the Client of material changes in respect of its business which may affect the services any of them provided to the Client (in particular as specified in paragraphs 6.2 (b), (d), (e) and (f) of the SFC Code).
- 23.10 Each of the terms and conditions in these Terms is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- 24.11 In the event that any member of CPY Group commits a default as defined in Part XII of the Securities and Futures Ordinance and the Client thereby suffers a pecuniary loss, the Client understands that the right to claim under the Investor Compensation Fund established under Part XII of the Securities and Futures Ordinance will be restricted to the extent provided for therein. Accordingly, there can be no assurance that any pecuniary loss suffered 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.
- 24.12 If any member of CPY Group (as applicable) solicit the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the financial situation, investment experience and investment objectives of the Client. No other provision of these Terms or any other document that CPY Group may ask the Client to sign and no statement CPY Group may ask the client to make derogates from this Clause.

### **25. SECURITIES AND FUTURES (CLIENT MONEY) RULES**

- 25.1 For the purpose of Rule 6 of the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance, the Client hereby agrees that the CPYI and/or CPYF shall be entitled to pay/transfer any money of the Client (a) into any account(s) maintained by the Client with any of CPYI and/or CPYF for the purpose of satisfying any margin requirements or any amount due under any Account; and/or (b) into a segregated account of any of CPYI and/or CPYF to hold on behalf of the Client, via the Client's written authorization to CPYI and/or CPYF, which written authorization may take the form of a standing authority.
- 25.2 For the purpose of Paragraph 25.1 and for the avoidance of doubt, the term "segregated account" shall carry the meaning as ascribed to it in the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance, as extended to include any segregated account that is established and maintained with any financial institutions within Hong King and/or in any jurisdictions.
- 25.3 For the purpose of Rule 5 of the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance, the Client hereby agrees that the Broker shall be entitled to retain for its own benefit all sums derived by way of interest on all amounts held in the Cash Account or the Margin Account for or on account of the Client and shall be entitled to pay such sums out of the Cash Account or the Margin Account within one business day after:
- (a) the interest is credited to the Cash Account or Margin Account; or
  - (b) CPYI becomes aware that the interest has been credited to the Cash Account or Margin Account,
- whichever is the later.

### **26. NEW LISTING OF SECURITIES**

- 26.1 In the event that the Client requests and authorizes CPYI to apply for securities in respect of a new listing and/or issue of securities on the Exchange as his agent and for his benefit or for the benefit of any other person, the Client hereby warrants to and for CPYI's benefit that CPYI has authority to make such application on the Client's behalf.
- 26.2 The Client shall familiarise himself and comply with all the terms and conditions governing the securities of the new listing and/or issue and the application for such new securities set out in any prospectus and/or offering document and the application form or any other

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## SECTION I – GENERAL TERMS AND CONDITIONS

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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 CPYI.

- 26.3 The Client hereby gives to CPYI 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 SEHK or any other relevant regulator or person).
- 26.4 The Client hereby further declares and warrants, and authorises CPYI to disclose and warrant to SEHK on any application form (or otherwise) and to any other person as appropriate, that any such application made by CPYI as his 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 CPYI and by the issuer, sponsors, underwriters or placing agents of the relevant securities, SEHK or any other relevant regulator or person in respect of any application made by CPYI as the Client's agent.
- 26.5 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.
- 26.6 The Client recognises 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 to CPYI 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 CPYI may in CPYI's absolute discretion determine from time to time.
- 26.7 In relation to a bulk application to be made by CPYI or CPYI's agent on CPYI's own account and/or behalf of the Client and/or CPYI'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 neither CPYI nor CPYI's agent shall, in the absence of fraud, negligence or wilful default, be liable to the Client or any other person in consequence of such rejection; and
  - (b) to indemnify CPYI 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.
- 26.8 CPYI, on receipt of a request from the Client to apply for IPO shares, may provide an IPO Loan. As continuing security for the due and punctual payment by the Client of all principal, interest and other sums owed by the Client to CPYI in respect of the IPO Loan, the Client as beneficial owner hereby charges by way of first legal charge the IPO Shares to CPYI until full payment made to CPYI of the IPO Loan by the Client; and hereby expressly authorises CPYI to receive and apply all sums of whatever nature received by CPYI (or CPYI's nominees) in respect of any part of the changed shares towards payment of the IPO Loan in such manner and at such time as CPYI may determine.

### 27. NOTICE

- 27.1 Subject to Paragraph 25.2 below, other than any instructions given in accordance with the manner as permitted by any other provisions of these Terms, any notice or communication to be made or given by the Client to CPYI and/or CPYF and vice versa shall be in writing and made or given by mail (airmail if international) or telex or facsimile and shall be deemed effective on: (i) the date two days (if local) or seven days (if international) after posting if delivered by mail, it being sufficient to prove that the notice or communication was properly addressed and posted; or (ii) the next business day following the day on which it was dispatched if delivered by telex; or (iii) the date of transmission if transmitted by facsimile, whichever shall first occur. Such notices and communications shall be addressed:
- (a) if to the Client, to the address and facsimile number as set out in the Account Opening Form or to such other address as the Client shall notify in writing from time to time;
  - (b) if to CPYI and/or CPYF, to:

Core Pacific-Yamaichi Group of Companies  
Room 1101, 11/F China Resources Building,  
26 Harbour Road,  
Wanchai, Hong Kong.

Facsimile:(852) 2877 2517

Telex: 73747 YAMAH HX

or to such other address or telex or facsimile number as either party hereto may hereafter notify the other party hereto Provided That if given to the Client, it can also be given to the process agent (if any) nominated under the Account Opening Form.

- 27.2 Notices and other communications delivered to the Client through the CPYe Services shall be deemed to have been personally delivered to the Client when they are sent.
- 27.3 Where such method is specified in the Account Opening Form, the Client hereby consents to the use of the Internet by CPYI and/or CPYF to communicate or transmit data or documentation to the Client.

### 28. ASSIGNMENT

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## SECTION I – GENERAL TERMS AND CONDITIONS

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Subject to applicable laws and regulations, the Client hereby expressly agrees that any member of CPY Group may assign any of its rights hereunder to any other members of CPY Group or to any other third party without the prior consent of the Client, provided that notice of such assignment is given to the Client.

**29. ENTIRE AGREEMENT**

Without prejudice to any additional terms and conditions that are deemed to have been accepted by and binding on the Client, the Account Opening Form and these Terms and the documents referred to therein constitute the entire agreement, and supersedes any previous agreement between the Client and any member of CPY Group in relation to the subject matter of the Account Opening Form and these Terms. Provided That this Paragraph 27 shall not exclude or limit any liability which any party may have in respect of any agreements, representations or warranties made at any time prior to execution of the Account Opening Form in relation to the subject matter of the Account Opening Form and these Terms made or given fraudulently or dishonestly in circumstances where there has been wilful concealment.

**30. THIRD PARTY RIGHTS**

30.1 Subject to Paragraph 29.3, a person who is not a party to these Terms has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) (the “**Third Parties Ordinance**”) to enforce or to enjoy the benefit of any term of these Terms.

30.2 Notwithstanding any provisions in these Terms, the consent of any person who is not a party to these Terms is not required to rescind or vary these Terms at any time.

30.3 Any director, officer, employee, affiliate or agent of any member of CPY Group may, by virtue of the Third Parties Ordinance, rely on any provision of these Terms (including without limitation any indemnity, limitation or exclusion of liability) which expressly confers rights or benefits on that person.

*Note: An amalgamation of CPYI and Core Pacific – Yamaichi Securities (H.K.) Limited (a previously wholly owned subsidiary of CPYI) has, pursuant to Section 680(1) of the Companies Ordinance, taken place and become effective on 1 July 2016, with CPYI continuing as the amalgamated company.*

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## SECTION II – TERMS AND CONDITIONS FOR SECURITIES CASH TRADING

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This Section is additional and supplemental to the Section headed General Terms and Conditions of these Terms. All transactions and dealing in Securities effected, conducted, carried on and entered into by the Client with and through the Broker for or on the Cash Account, and the Cash Account opened and maintained by the Client with the Broker shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of these Terms. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of these Terms, the provision of this Section shall prevail.

Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

### 1. SHORT SELLING FACILITIES

The Client shall notify the Broker when a sale order relates to Securities which the Client does not own (i.e. a short sale).

### 2. TRANSACTIONS

2.1 Unless otherwise agreed, or unless the Broker is already holding cash or Securities on the Client's behalf to settle a Transaction, the Client will:

- (a) pay the Broker cleared funds or deliver to the Broker Securities in deliverable form; or
- (b) otherwise ensure that the Broker has received such funds or Securities on the due date or by such time as the Broker has notified to the Client in relation to that Transaction.

If the Client fails to do so, the Broker may (in addition to any other rights, powers and remedies), without further notice:

- (i) in the case of a purchase Transaction, sell the purchased Securities; or
- (ii) in the case of a sale Transaction, borrow and/or purchase Securities in order to settle the Transaction;

or, in addition or as an alternative to (i) or (ii) above, the Broker shall have recourse to its rights of combination and set-off as set out in Paragraph 16 of Section I in order to settle the Transaction.

2.2 The Client hereby acknowledges and agrees that the Client will on demand by the Broker indemnify and keep indemnified the Broker against any and all losses, costs, fees and expenses in connection with the Client's failure to meet the Client's obligations by the settlement dates as described above.

2.3 The Client may from time to time instruct the Broker to effect transactions in Securities for the Cash Account, and the Broker shall be entitled but not bound to act on such instructions. The Client may give instructions to effect transactions in Securities or for settlement (including the transfer or withdrawal of funds and/or Securities) orally, in writing or through any electronic means as approved by the Broker from time to time and must quote the Cash Account's name, number or such other forms of identification as the Broker may designate. Where the Broker designates additional terms and conditions (or any amendments thereto) to apply to certain means by which the Client may give such instruction (to such extent as the Broker may designate), such terms and conditions (or amendments) shall be deemed to have been accepted by and binding on the Client if the Client gives any such instructions by such means after being informed of such terms and conditions (or amendments). The Client's instructions shall be irrevocable unless the Broker expressly agrees otherwise and shall only be effective upon actual receipt by the Broker.

2.4 The Client authorises the Broker to instruct overseas brokers and dealers to execute transactions in overseas Securities, and acknowledges that the terms of business of such overseas brokers and dealers shall apply to such transactions, provided that the Broker shall be authorised, subject to applicable laws and rules regarding such transactions, to charge the Client such service fees for arranging such transactions as the Broker shall determine from time to time.

2.5 If any of the Client's instructions to effect transactions in Securities are accepted by the Broker, the Broker shall use reasonable endeavours to execute the transaction in accordance with those instructions. Due to physical or technical restraints and price fluctuations, the Broker may not be able to execute the Client's instructions in full or at the prices quoted at any specific time or "at best" or "at market". The Client hereby agrees to be bound by the outcome when the Client gives any instructions to effect transactions in Securities and the Broker shall incur no liability for failing or being unable to comply with any of the Client's instructions, unless due to its gross negligence or wilful default.

2.6 In the case of a purchase Transaction, if the selling broker fails to deliver on the settlement date and the Broker has to purchase Securities to settle the Transaction, the Client shall not be responsible to the Broker for the costs of such purchase.

2.7 The Client is aware that the Broker may, with respect to all its clients, elect to set-off, on a client-by-client basis, any amount receivable from, and amount payable to, a client where such amounts arise from the purchase and sale of securities by the client on a cash-against-delivery basis. In relation thereto, the Client hereby authorizes the Broker to set-off such amounts against each other and dispose of securities held for the Client for the purpose of settling any of the amounts payable by the Client to the Broker.

### 3. INTEREST CHARGED

The Client will pay interest on all moneys (including overdue interest) owing to the Broker (after as well as before any judgment), at such rate(s) as demanded by the Broker. Such interest shall be charged from the due date until payment in full is made and shall be payable on the last day of each calendar month or upon any demand being made by the Broker, whichever is earlier. The rate shall, in the case of amounts arising in respect of Transactions on the Stock Exchange, not exceed Hong Kong prime rate (as quoted by The Hongkong and Shanghai Banking Corporation Limited) plus 6 per cent, or the cost of funds to the Broker (i.e. the interest rate charged by the Broker's

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**SECTION II – TERMS AND CONDITIONS FOR SECURITIES CASH TRADING**

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bankers), whichever is higher. For all other amounts, the rate shall be such percentage over the cost of funds to the Broker in respect of the relevant amounts as the Broker may notify the Client from time to time.

**4. NO REPRESENTATION OR WARRANTY**

Unless the Broker otherwise agrees in writing to the contrary, the Broker is not obliged to make or imply nor does it make or imply any representation or warranty as to the value or merit for the Client of any Securities purchased by the Client.

**5. CASH HELD FOR THE CLIENT**

Any cash held for the Client in respect of the Cash Account, other than cash received by the Broker in respect of Transactions and which is on-paid for settlement purposes or to the Client, or for other proper charges under these Terms or any other applicable rules and laws, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time. Unless otherwise agreed between the Client and CPYI, CPYI is entitled to retain any interest accrued on Client's monies held by CPYI.

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## SECTION III – TERMS AND CONDITIONS FOR SECURITIES MARGIN TRADING

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This Section is additional and supplemental to the Section headed General Terms and Conditions of these Terms. All transactions and dealing in Securities effected, conducted, carried on and entered into by the Client with and through the Broker for or on the Margin Account, and the Margin Account opened and maintained by the Client with the Broker shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of these Terms. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of these Terms, the provision of this Section shall prevail.

### 1. DEFINITIONS

1.1 Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

1.2 In this Section, unless the context requires otherwise, the following words and expressions shall have the following meanings:

“**Charge**” means the charge over the Collateral constituted by Paragraph 6.1;

“**Collateral**” means such monies or assets of the Client charged to the Broker as continuing security for the Credit Facilities granted by the Broker and for performance of all obligations of the Client to the Broker from time to time hereunder including, without limitation, the Charged Securities (as defined in Paragraph 6.1); and

“**Credit Facilities**” means all or any of the credit facilities agreed to be made available or granted from time to time by the Broker to the Client, including all amounts debited to the Margin Account in accordance with these Terms.

### 2. SHORT SELLING FACILITIES

The Client hereby undertakes to inform the Broker when a sell order is in respect of Securities which the Client does not own (i.e. a short sale).

### 3. TRANSACTIONS

3.1 The Client may from time to time instruct the Broker to effect transactions in Securities for the Margin Account, and the Broker shall be entitled but not bound to act on such instructions. The Client may give instructions to effect transactions in Securities or for settlement (including the transfer or withdrawal of funds and/or Securities) orally, in writing or through any electronic means as approved by the Broker from time to time and must quote the Margin Account’s name, number or such other forms of identification as the Broker may designate. Where the Broker designates additional terms and conditions (or any amendments thereto) to apply to certain means by which the Client may give such instruction (to such extent as the Broker may designate), such terms and conditions (or amendments) shall be deemed to have been accepted by and binding on the Client if the Client gives any such instructions by such means after being informed of such terms and conditions (or amendments). The Client’s instructions shall be irrevocable unless the Broker expressly agrees otherwise and shall only be effective upon actual receipt by the Broker.

3.2 Unless otherwise agreed between the Client and the Broker, the Client agrees that when the Broker has executed a purchase or sale Transaction on the Client’s behalf, the Client will by the due settlement date make payment to the Broker against delivery of or credit to the Client’s Margin Account for purchased Securities, or make good delivery of sold Securities to the Broker against payment, as the case may be.

3.3 Unless otherwise agreed between the Client and the Broker, the Client agrees that should the Client fail to make such payment or good delivery of Securities by the due date under Paragraph 3.2, the Broker is hereby authorised to:

(a) in the case of a purchase Transaction, transfer or sell any such purchased Securities to satisfy the Client’s obligations to the Broker; or

(b) in the case of a sale Transaction, borrow and/or purchase such sold Securities to satisfy the Client’s obligations to the Broker.

3.4 The Client hereby acknowledges and agrees that the Client will on demand by the Broker indemnify and keep indemnified the Broker against any and all losses, costs, fees and expenses in connection with the Client’s failure to meet the Client’s obligations by the settlement dates as described above.

3.5 Notwithstanding the other provisions herein, in the event that the Broker has to obtain Securities, which the Broker has purchased on behalf of the Client, in the open market following the failure of the selling broker to deliver on the settlement date, the Client shall not be responsible to the Broker for the costs of such purchase.

3.6 The Client authorises the Broker to instruct overseas brokers and dealers to execute transactions in overseas Securities, and acknowledges that the terms of business of such overseas brokers and dealers shall apply to such transactions, provided that the Broker shall be authorised, subject to applicable laws and rules regarding such transactions, to charge the Client such service fees for arranging such transactions as the Broker shall determine from time to time.

3.7 If any of the Client’s instructions to effect transactions in Securities are accepted by the Broker, the Broker shall use reasonable endeavours to execute the transactions in accordance with those instructions. Due to physical or technical restraints and price fluctuations, the Broker may not be able to execute the Client’s instructions in full or at the prices quoted at any specific time or “at best” or “at market”. The Client hereby agrees to be bound by the outcome when the Client gives any instructions to effect transactions in Securities and the Broker shall incur no liability for failing or being unable to comply with any of the Client’s instructions, unless due to its gross negligence or wilful default.



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### SECTION III – TERMS AND CONDITIONS FOR SECURITIES MARGIN TRADING

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#### 4. CREDIT FACILITIES

- 4.1 The Client shall be granted Credit Facilities from the Broker up to a maximum aggregate principal amount determined by the Broker in its sole discretion and notified to the Client from time to time. The Client shall from time to time ensure that the debit balance outstanding in his account shall not be greater than the Credit Facilities granted to him.
- 4.2 The Client shall on demand from the Broker make payments of deposits or margins in cash, Securities or otherwise in amounts as determined by the Broker or which may be required by the rules of any exchange or market of which the Broker is a member. Without prejudice to other rights that the Broker may have under these Terms, the Broker may decline to accept any instruction to effect transactions in Securities for the Margin Account without any notice to the Client unless and until the foregoing is duly performed by the Client.
- 4.3 Failure to comply with Paragraph 4.2 above shall constitute a default under these Terms and the Broker will, without prejudice to any other rights under these Terms or in law, have the right, and without notice or demand, to terminate the Credit Facilities, close the Margin Account, dispose of the Securities and/or Collateral, cancel the Client's open orders for transactions and/or borrow or buy any Securities required for delivery in respect of any transaction effected for the Client. The proceeds of such transactions shall be applied to reduce the liabilities incurred herein and any outstanding liabilities shall be immediately due and payable by the Client to the Broker.
- 4.4 For the avoidance of doubt, the Client hereby expressly acknowledges that where any liabilities arise pursuant to the Margin Account, then the Securities held by the Broker under these Terms shall be subject to the charge set out in these Terms as security or collateral therefor (without the need for any other documentation signed by the Client) and the same applies to all liabilities howsoever arising herein.
- 4.5 The Client hereby irrevocably authorises and instructs the Broker, at any time without prior notice to the Client, to debit the Margin Account with:
- (a) all advances under the Credit Facilities required by the Broker for purchasing Securities on the Client's behalf in accordance with the terms hereof;
  - (b) all transactions, brokerage commissions and custodian fees and all other monies and sums payable to the Broker from time to time under these Terms; and
  - (c) all other fees, levies, charges, disbursements, taxes and out-of-pocket expenses which the Broker may incur on the Client's behalf whether in connection with the purchase or sale of Securities or otherwise pursuant to these Terms.
- 4.6 For so long as there exists any amount outstanding to the Broker under the Margin Account, the Broker shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the monies in the Margin Account and/or Securities held by the Broker.
- 4.7 In general, the Broker has different maximum margin financing ratios for different kinds of Securities. However, the margin financing ratio of each particular Security is subject to change at the sole discretion of the Broker without prior notice to the Client.

#### 5. CASH HELD FOR THE CLIENT

Any cash held for the Client in connection with the Margin Account, other than cash received by the Broker in respect of Transactions and which is on paid for settlement purposes or which is used to reduce any outstanding balance in the Margin Account or any other Accounts or paid to the Client in accordance with his instructions, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.

#### 6. CHARGE

- 6.1 In consideration of the Broker granting or continuing to make available the Credit Facilities to the Client, the Client, as beneficial owner hereby charges, assigns, releases and pledges to the Broker as continuing security for the punctual payment to the Broker on the respective due dates of all amounts outstanding under the Credit Facilities and all other moneys and sums due or owing from the Client to the Broker from time to time pursuant to these Terms (collectively, the "**Liabilities**"):
- (a) all his rights, title and interest in and to the Securities (together with all rights and benefits attaching thereto and accruing thereon) which shall at any time hereafter and from time to time be purchased or held by the Broker or its nominees for or on account of the Client pursuant to the terms hereof, together with all dividends or interest paid or payable on or in respect of any of such Securities and all accretions thereto by way of bonus, distributions, options, rights or otherwise howsoever accruing or offered at any time hereafter (collectively the "**Charged Securities**"); and
  - (b) all and any funds standing to the credit of the Margin Account and all funds held by the Broker for or on account of the Client from time to time.
- 6.2 The Client hereby represents and warrants to the Broker that for so long as any sums are owing by the Client to the Broker:
- (a) the Client has and will maintain unencumbered an absolute beneficial and legal title to the Charged Securities (subject only to the Charge);
  - (b) the Client shall deposit with the Broker, or to its order, all certificates, instruments and evidence of title to the Charged Securities, together, where appropriate, with all such necessary forms of transfer as the Broker may from time to time require; and

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### SECTION III – TERMS AND CONDITIONS FOR SECURITIES MARGIN TRADING

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- (c) the Client shall execute and deliver such further assignments, charges, authorities and other documents as the Broker may from time to time require for perfecting its title to or for vesting or enabling the Broker to vest the full benefit of the Collateral in its favour.
- 6.3 If at any time the "**Acceptable Value**" of Securities, which for the purposes of these Terms shall mean the discounted market value of the Collateral (to be determined by the Broker at its discretion), shall be less than the total debit balance outstanding in the Margin Account, the Client shall forthwith transfer or otherwise deposit with the Broker additional Securities to be charged in favour of the Broker pursuant to the terms hereof to form part of the Charged Securities or, alternatively, deposit cash in the Margin Account to reduce the aggregate amount outstanding under the Credit Facilities to such a level that the Acceptable Value of Securities is equal to or more than such total debit balance.
- 6.4 If the Client fails to comply with any demand by the Broker for payment of any Liabilities, fails to pay any or all of the Liabilities when due, fails to perform any of its obligations under these Terms, is in breach of any of the terms or conditions of these Terms or is dissolved, or on the occurrence of any of the Events of Default referred to in the Section headed General Terms and Conditions, then:-
- (a) the Charge shall be immediately enforceable; and
- (b) the Broker (or where appropriate the Broker's nominee) may, without notice to the Client:-
- (i) appropriate, transfer or set-off the whole or any part of any monies comprised in the Charged Securities in or towards payment or discharge of any of the Liabilities; and/or
- (ii) sell or dispose of the Charged Securities or any part thereof either together or in parcels or in such other manner and for such consideration (whether payable or deliverable immediately or by installments) as the Broker may think fit.
- 6.5 The Broker and the Broker's nominee shall not be in any way responsible for any loss occasioned by any action taken pursuant to Paragraph 6.4, howsoever such loss may have been caused or arisen, and whether or not a better price could or might have been obtained on such action, by either deferring or advancing the date of taking such action.
- 6.6 Without prejudice to the generality of Paragraph 6.4, the Broker (or, where appropriate, the Broker's nominee) shall be entitled to appropriate to the Broker or sell or dispose of the Charged Securities or any part thereof at the current market price thereof to any subsidiary, affiliated or associated company of the Broker without being:-
- (a) in any way responsible for any loss occasioned thereby howsoever arising; and
- (b) accountable for any profit made by the Broker (or, where appropriate, the Broker's nominee as its agent) and/or any subsidiary, affiliated or associated company of the Broker;
- and the same shall not be treated as an absolute appropriation of or foreclosure on the Charged Securities to the exclusion of the Client and in extinguishment of its interests therein, unless the Broker shall otherwise notify the Client (whether before or after the relevant appropriation or foreclosure has been effected), in which latter event any such appropriation or foreclosure shall be treated as a sale of the Charged Securities at a fair market value and the Liabilities shall be reduced by an equivalent amount.
- 6.7 If there is any deficiency arising after the sale or disposal of Charged Securities, the Client hereby undertakes to make good and pay on demand to the Broker such deficiency.
- 6.8 The amounts realised by the exercise or enforcement of the Charge shall be applied against the Liabilities in such order of priority as the Broker may in its absolute discretion determine.
- 6.9 The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of the Liabilities. Without prejudice to the foregoing, the Charge shall subsist and continue to have full force and effect after the termination of these Terms until the Client has fully discharged all Liabilities.
- 6.10 The Charge shall be in addition to and shall not affect or be affected by any other encumbrance, guarantee or indemnity which the Broker may now or in the future hold or take in respect of the Liabilities and may be enforced by the Broker without prior recourse to any such other encumbrance guarantee or indemnity.
- 6.11 Any monies realised pursuant to the Charge may be placed and kept to the credit of a suspense account for so long as the Broker or its nominee may in its absolute discretion determine without any obligation in the meantime to apply the same or any part thereof in or towards discharge of the Liabilities.
- 6.12 The Charge shall not be discharged by any amendment or variation to these Terms or by the dissolution or insolvency of the Client. Where the Client is a firm and there is a dissolution, the Charge shall apply to all indebtedness incurred in the firm's name until receipt of actual notice of dissolution and, if the dissolution is by reason only of the introduction of one or more partners, the Charge shall continue and, in addition to the debts and liabilities of the firm then dissolved, the Charge shall apply to the firm constituted with new partners as if there had been no change in the firm.
- 6.13 The Client covenants with the Broker that it will not create or permit to subsist any encumbrance (other than any encumbrance arising by operation of law) over any Charged Securities or the Securities Account or dispose of any Charged Securities, other than as provided for in these Terms.
- 7. CLIENT CONSENT TO LEND SECURITIES**
- 7.1 The Broker hereby notifies the Client that the Broker has the practice of repledging Securities collateral provided to the Broker by its customers to other financial institutions as collateral or security for financial accommodation or facilities provided to the Broker. The

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### SECTION III – TERMS AND CONDITIONS FOR SECURITIES MARGIN TRADING

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Broker will comply with all the applicable laws and regulatory requirements imposed on the Broker in respect of repledging of Securities collateral carried out by the Broker.

7.2 The Client hereby gives consent to the Broker to lend or deposit as security for any loans or advances made to the Broker, or otherwise part possession for any purpose any Securities owned by the Client held in the Margin Account.

7.3 The Client agrees that the consent under Paragraph 7.2 above shall be for a period of **not exceeding** 12 months and either: (a) may be renewed by the Client's written consent on the anniversary of the date on which such consent was granted / **expiry date of authority**; or (b) will be deemed to be renewed automatically (i.e. without the Client's written consent) if any member of CPY Group issues the Client a reminder at least 14 days prior to the expiry of the authority, and the Client does not object to such deemed renewal before the expiry date of the Client's then existing authority, in each instance for a further **period of not exceeding** 12 months.

#### **8. INTEREST CHARGED**

The Client will pay interest on all moneys (including overdue interest) owing to the Broker (after as well as before any judgement), at such rate(s) as demanded by the Broker. Such interest shall be charged on the due date until payment in full is made and shall be payable on the last day of each calendar month or upon any demand being made by the Broker, whichever is the earlier. The rate shall, in the case of amounts arising in respect of Transactions on the Stock Exchange, not exceed Hong Kong prime rate (as quoted by The Hongkong and Shanghai Banking Corporation Limited) plus 6 per cent, or the cost of funds to the Broker (i.e. the interest rate charged by the Broker's bankers), whichever is higher. For all other amounts, the rate shall be such percentage over the cost of funds to the Broker in respect of the relevant amounts as the Broker may notify the Client from time to time.

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## SECTION IV – TERMS AND CONDITIONS FOR STOCK OPTIONS TRADING

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This Section is additional and supplemental to the Sections headed General Terms and Conditions, Terms and Conditions for Securities Cash Trading and Terms and Conditions for Securities Margin Trading of these Terms. The Stock Options Trading effected, conducted, carried on and entered into by the Client with and through the Broker for and on the Securities Account shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions and, where applicable, the Sections headed Terms and Conditions for Securities Cash Trading and Terms and Conditions for Securities Margin Trading of these Terms. The Broker shall provide Exchange Traded Options Business to the Client subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions and, where applicable, the Sections headed Terms and Conditions for Securities Cash Trading and Terms and Conditions for Securities Margin Trading of these Terms. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Sections headed General Terms and Conditions, Terms and Conditions for Securities Cash Trading or Terms and Conditions for Securities Margin Trading of these Terms, the provision of this Section shall prevail.

### 1. **DEFINITIONS**

- 1.1 Words and expressions defined in the Sections headed General Terms and Conditions and Terms, Conditions for Securities Cash Trading and Terms and Conditions for Securities Margin Trading of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.
- 1.2 Words and expressions defined in the Options Trading Rules shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.
- 1.3 In this Section, unless the context requires otherwise, the following words and expressions shall have the following meanings:
- “**Stock Options Trading**” means the purchase, trading, dealing, closing, exercise, settlement and discharge of long option transactions, and the writing of options through the Securities Account or otherwise creating any short open position;
- “**Client Contract**” has the meaning as defined in the Options Trading Rules which means a contract validly made at the time when an order in respect of an option series is matched by the Options System with another order in respect of that option series and incorporates the terms and conditions of the Standard Contract for a particular option series.
- “**Options Trading Rules**” means the Options Trading Rules of the Stock Exchange in force from time to time; and
- “**SEOCH**” means the SEHK Options Clearing House Limited.

### 2. **LAWS AND RULES**

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

### 3. **COLLATERAL**

- 3.1 The Client agrees to provide the Broker with cash and/or Securities and/or other assets (the “**Collateral**”) as may be agreed from time to time, as security for the Client’s obligations to the Broker under this Section. Such Collateral shall be paid or delivered to the Broker immediately upon demand by the Broker from time to time. The amounts required by way of Collateral shall not be less than, but may exceed, the amounts as may be required by the Laws and Rules in respect of the Client’s open positions and delivery obligations.
- 3.2 Further Collateral may be required by the Broker to reflect changes in market value from time to time. Upon demand by the Broker, the Client shall forthwith provide or otherwise deposit with the Broker such further Collateral as required by the Broker.
- 3.3 The Client shall on request provide the Broker with such authority as the Broker may require under the Laws and Rules to authorize the Broker to deliver such Securities, directly or through an Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from the Client’s instructions to the Broker; and the Broker 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. **DEFAULT OF CLIENT**

- 4.1 If the Client fails to comply with any of the Client’s obligations and/or to meet the Client’s liabilities under this Section, including failure to provide Collateral, or on the occurrence of any of the Events of Default referred to in the Section headed General Terms and Conditions, the Broker, in addition to its rights and powers the Broker shall have under Paragraph 14 of the Section headed General Terms and Conditions, may at its discretion, without notice to the Client, to:
- (a) decline to accept further instruction from the Client in respect of Exchange Traded Options Business;
  - (b) close out some or all the Client’s Client Contracts with the Broker;
  - (c) enter into Contracts, or into transactions in Securities, Futures/Options Contract, in order to settle obligations arising or to hedge the risks to which the Broker is exposed in relation to the Client’s default; or

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## SECTION IV – TERMS AND CONDITIONS FOR STOCK OPTIONS TRADING

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- (d) sell or dispose of Collateral (or any part thereof) in such manner and for such consideration (whether payable or deliverable immediately or by instalments) as the Broker may think fit, and apply the proceeds thereof to discharge the Client's liabilities to the Broker.
- 4.2 If there is any deficiency arising after the sale or disposal of the Collateral, the Client hereby agrees to make good and pay on demand to the Broker such deficiency. Any proceeds remaining after discharge of all the Client's liabilities to the Broker shall be paid to the Client.
- 4.3 The Broker and the Broker's nominee shall not be in any way responsible for any loss occasioned by any action taken pursuant to Paragraph 4.1, howsoever such loss may have been caused or arisen, and whether or not a better price could or might have been obtained on such action, by either deferring or advancing the date of taking such action.
- 4.4 The Client agrees to pay interest on all overdue balances in the Securities Account (including interest arising after a judgement debt is obtained against the Client) at such rates and on such other terms as the Broker may have notified the Client from time to time.

### **5. CONTRACTS**

- 5.1 In respect of all Options Contracts effected on the Client's instructions, the Client will pay the Broker, within the time period notified by the Broker, Premium, the Broker's commission and any other charges, and applicable levies imposed by the Stock Exchange, as have been notified to the Client. The Broker may deduct such Premium, commissions, charges and levies from the Securities Account or any other account of the Client with the Broker or any subsidiary, affiliated or associated company of the Broker.
- 5.2 The Broker may from time to time place limits on the open positions or delivery obligations that the Client may have without notice to the Client.
- 5.3 The Client acknowledges that:
- (a) the Broker may close out Client Contracts to comply with position limits imposed by the Stock Exchange;
- (b) if the Broker goes into default, the default procedures of the Stock Exchange may result in Client Contracts being closed out, or replaced by Client Contracts between the Client and another Options Exchange Participant.
- 5.4 On exercise of a Client Contract by or against the Client, the Client shall perform the Client's delivery obligations under the relevant contract, in accordance with the Standard Contract and as notified by the Broker.
- 5.5 The Client acknowledges that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time. The Client may instruct the Broker to override such an "automatically generated exercise instruction" before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH.
- 5.6 The Client acknowledges that the Broker may, at the Client's request, agree to the Client Contracts between the Broker and the Client being replaced, in accordance with the Laws and Rules by Client Contracts between the Client and another Options Exchange Participant.
- 5.7 The Client acknowledges that, although all Options Contracts are to be executed on the Stock Exchange, the Client and the Broker shall contract as principals under Client Contracts.

### **6. MISCELLANEOUS PROVISIONS**

- 6.1 The Client confirms that:
- (a) the Securities Account is operated solely for the Client's Account and benefit, and not for the benefit of any other person; or
- (b) the Client has disclosed to the Broker in writing the name of the person(s) for whose benefit the Securities Account is being operated; or
- (c) the Client has requested the Broker to operate the Securities Account as an Omnibus Account, and will immediately notify the Broker, on request, of the identity of any person(s) ultimately beneficially interested in Client Contracts.
- 6.2 The Broker shall provide the Client, upon request, with the product specifications for Options Contracts.

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## SECTION V – TERMS AND CONDITIONS FOR COMMODITIES FUTURES TRADING

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This Section is additional and supplemental to the Section headed General Terms and Conditions of these Terms. All transactions of and dealing in Futures/Options Contracts effected, conducted, carried on and entered into by the Client with and through CPYF for and on the Futures Account, and the Futures Account opened and maintained by the Client with CPYF shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of these Terms. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of these Terms, the provision of this Section shall prevail.

### 1. DEFINITIONS

1.1 Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

1.2 In this Section, unless the context requires otherwise, the following words and expressions shall have the following meanings:

“**Associated Company**” shall include any company or companies in which CPYI and/or CPYF beneficially owns 20% or more of the equity share capital or in respect of which CPYI and/or CPYF is/are entitled to appoint one or more directors or, any company which is a subsidiary of the holding company of CPYI and/or CPYF;

“**Beneficial Identity**” means the ultimate beneficiary of any account of the Client 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 and includes a beneficiary holding an interest through a nominee or trust;

“**Contract Specifications**” means those terms and conditions of an Exchange Contract as from time to time specified by the Futures Exchange pursuant to the relevant Regulations (as defined in the Futures Rules);

“**Exchange Contract(s)**” means a contract for a commodity approved by the SFC and the Futures Exchange for trading on any of the markets from time to time established and operated by the Futures Exchange pursuant to the Futures Rules and which may result in a Futures/Options Contract;

“**Futures Margin**” means such monies in such currency and such other property or collateral as security or guarantee for the performance of the Client's obligations hereunder as CPYF may from time to time demand in its absolute discretion from the Client by way of margin or variation adjustment in relation to Futures/Options Contract; and

“**Omnibus Account(s)**” means the Futures Account(s) from time to time opened with and maintained by CPYF in the name of the Client in respect of which CPYF is notified by the Client that the Futures Account(s) is/are to be operated for a customer, or a number of customers of the Client and not the Client.

1.3 The Client acknowledges that CPYF is required upon the request of the Futures Exchange, other relevant exchanges, the SFC or other relevant regulators, to disclose the name, Beneficial Identity and such other information concerning the Client as the Futures Exchange, other relevant exchanges, the SFC or other relevant regulators may require. The Client agrees to provide such information concerning the Client as CPYF may require in order for CPYF to comply with such requirement.

1.4 All transactions related to Exchange Contracts shall be subject to the Futures Rules and rules of any other relevant markets or exchanges. All transactions under this Section relating to the business of dealing in Futures/Options Contracts executed in markets other than those operated by the Futures Exchange will be subject to the laws, rules and regulations of those markets from time to time in force. The Client may have a varying level and type of protection in relation to transactions on different markets and exchanges.

### 2. ORDERS AND INSTRUCTIONS AND DEALING PRACTICE

2.1 The Client hereby authorises CPYF to sell and/or purchase Futures/Options Contracts for and on behalf of the Client pursuant to his instructions given in accordance with Paragraph 2.2 of this Section.

2.2 The Client may give instructions to effect transactions or transfer or withdrawal of funds in the Futures Account orally, in writing or through any electronic means as approved by CPYF from time to time and must quote the Futures Account's name, number or other forms of identification as CPYF may designate. Where CPYF designates additional terms and conditions (or any amendments thereto) to apply to certain means by which the Client may give such instructions (to such extent as CPYF may designate), such terms and conditions (or amendments) shall be deemed to have been accepted by and binding on the Client if the Client gives any such instructions by such means after being informed of such terms and conditions (or amendments). The Client's instructions shall be irrevocable unless CPYF expressly agrees otherwise and shall only be effective upon actual receipt by CPYF.

2.3 CPYF may in its absolute discretion and without assigning any reason therefor refuse to act for the Client in any particular transaction or decline to accept any instructions from the Client, whether in relation to the entering into or closing out of any Futures/Options Contracts or the exercise of any of the Client's rights thereunder. In such event, CPYF will notify the Client accordingly, but CPYF shall not in any circumstances whatsoever be liable in any way for any losses, loss of profits or gains, damages, liabilities, costs or expenses suffered or incurred by the Client howsoever arising out of or in connection with CPYF declining to act on the Client's instructions or omitting so to notify the Client.

2.4 The Client acknowledges and agrees that general market conditions and the nature of trading in Futures/Options Contracts or the physical restraints on the Futures Exchange may make it impossible or impracticable for CPYF to carry out his instructions, or to conclude a transaction on behalf of the Client at the prices quoted by the Client at any specific time. CPYF shall not be under any obligations or liabilities whatsoever in respect of any delay or failure to enter into Futures/Options Contracts as specified in the Client's instructions.

2.5 The Client acknowledges and agrees that, without prior notice from CPYF, when CPYF executes an instruction on behalf of the Client to purchase or sell Futures/Options Contracts, CPYF, CPYF's directors, officers, employees and agents may execute such instruction for an account in which any such person has a direct or indirect interest, subject to the limitations and conditions, if any, contained in the

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**SECTION V – TERMS AND CONDITIONS FOR COMMODITIES FUTURES TRADING**

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- constitution, rules, regulations, customs, usages, rulings, and interpretations then in force of the relevant exchanges or markets upon which such instruction is executed, and subject to the limitations and conditions, if any, contained in any applicable regulations lawfully promulgated by such exchanges or markets.
- 2.6 The Client authorizes CPYF, if and as CPYF considers necessary, to instruct other or oversea brokers and dealers to execute Futures/Options Contracts in markets other than those operated by the Futures Exchange, and acknowledges that the terms of business of such brokers and dealers shall apply to such transactions, provided that CPYF shall be authorized, subject to applicable laws and rules regarding such transactions, to charge the Client such service fees for arranging such transactions as CPYF shall determine from time to time.
- 2.7 CPYF shall be entitled to rely on any instructions, directions, notices or other communication given or purported to be given by the Client and the Client shall be bound by all such communications. The Client agrees to indemnify CPYF and hold CPYF harmless from and against all losses, costs and expenses (including legal costs on full indemnity basis) suffered or incurred by CPYF in reliance thereupon.
- 2.8 After any Futures/Options Contract has been entered into by CPYF on behalf of the Client, CPYF will notify the Client of the details of such Futures/Options Contract in such form, containing such details and provided to the Client within such time limit as CPYF may determine.
- 2.9 If any of the Client's instructions to execute Futures/Options Contracts is accepted by CPYF, CPYF shall use reasonable endeavours to execute Futures/Options Contracts in accordance with those instructions. Where CPYF is unable after using reasonable endeavours to execute any instruction in full, it is entitled to effect partial performance only without prior reference to the Client's confirmation. The Client shall accept and be bound by the outcome of any performance, partial performance or non-performance when the Client's request to execute an order is made.
- 2.10 Any day order for the purchase or sale of the commodities placed by CPYF at the request of the Client that has not been executed in full before the close of business of the Futures Exchange or such other expiration date required by the Futures Exchange or such other later time as the Client and CPYF may agree shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).
- 2.11 The Client acknowledges that due to the trading practices of the Futures Exchange in which transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by transactions executed by CPYF following instructions given by the Client and that CPYF shall not be under any liability for any loss incurred as a result of transactions which take place in the circumstances contemplated in this Paragraph 2.11.
- 2.12 CPYF shall have no obligation to provide the Client with information with respect to any position of the Client and (except as directed by the Client) no obligation to but shall have the right set out in this Section to close any position in any Account CPYF may carry on behalf of the Client.
- 2.13 CPYF may, wherever CPYF considers it necessary, sell any commodities or other properties belonging to the Client or in which the Client has an interest, cancel any open orders for the purchase and sale of any Commodity, with or without notice to the Client, and CPYF may borrow or buy any Commodity required to make delivery against any sale, including a short sale effected for the Client. Such sale or purchase may be public or private and may be made without advertising or notice to the Client and in such manner as CPYF may purchase the Commodities or other properties free of any right of redemption. The Client agrees that in respect of such sale, CPYF shall have no liability for any loss and damage thereby incurred and without prejudice to the foregoing, the Client will not make any claim against CPYF concerning the manner of sale or time thereof. The proceeds of such transactions are to be applied to reduce the indebtedness of the Client to CPYF, if any.
- 2.14 The Client accepts that each Futures/Options Contract transacted by CPYF on the instructions of the Client contemplates actual performance in accordance with its terms and, as between the Client and CPYF, shall be deemed to contain obligations on the Client and CPYF to make settlement of such Futures/Options Contract and/or to take or make delivery of the commodity (if physical delivery is possible) the subject matter of such Futures/Options Contract, as the case may be.
- 2.15 If the Client fails to provide CPYF with instructions to close out any Futures/Options Contract or deliver to CPYF all monies, Securities, financial instruments, documents and other properties deliverable by the Client under such Futures/Options Contract in order to enable due settlement of the same by CPYF in accordance with the rules of the Futures Exchange or Clearing House, CPYF may without notice to the Client either close out such Futures/Options Contract or take or make delivery of the relevant Commodity on behalf of the Client upon such terms and by such methods as CPYF may in its absolute discretion determine. The Client hereby undertakes to indemnify and keep CPYF fully indemnified in respect of all losses, damages, claims, penalties, fines, taxes, costs and expenses incurred or suffered by CPYF as a result of or in connection with any action taken by CPYF pursuant to the provisions of this Paragraph 12.15.
- 2.16 In case of the sale of any commodity or other properties by CPYF at the direction of the Client and the inability of CPYF to deliver the same to the purchaser by reason of the Client's failure to supply CPYF therewith, then and in such event, the Client authorises CPYF to buy or borrow any commodity or other properties necessary to make delivery thereof, and the Client hereby agrees to guarantee and hold CPYF harmless against any loss and damage which CPYF may sustain thereby, any premiums which CPYF may be required to pay and for any loss which CPYF may sustain by reason of the inability of CPYF to buy or borrow the relevant commodity or other properties sold.
- 2.17 The Client shall forthwith upon request by CPYF supply to CPYF in relation to any Futures/Options Contract entered into by CPYF on behalf of the Client such information in relation to the settlement, delivery and/or (in the case of an Options Contract) exercise of any such Futures/Options Contract which has not been closed out, or as the case may be, exercised, as CPYF may request.
- 2.18 The Client shall be entitled, but CPYF shall not be bound to act on any instruction from the Client, to take any action whatsoever or howsoever against any futures exchange, Clearing House and/or any other person in respect of any failure by such futures exchange, Clearing House and/or other person to make any payment or to deliver any commodity in respect of any Futures/Options Contract entered into by CPYF on behalf of the Client provided that if any such action is taken by CPYF, the Client shall fully indemnify CPYF in respect of all costs, claims, demands, damages and expenses arising out of or in connection with the taking of such action.

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## SECTION V – TERMS AND CONDITIONS FOR COMMODITIES FUTURES TRADING

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2.19 The Client acknowledges and consents that the Broker shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account in DCASS.

### **3. FUTURES MARGIN**

3.1 The Client hereby agrees to maintain such Futures Margin and meet immediately on demand all Futures Margin calls and/or demands for variation adjustment thereto and provide CPYF with such guarantees and other security in such amount, form and within such time and on such terms as CPYF may from time to time designate in relation to the Futures Account. The Client acknowledges and agrees that CPYF may be required to report to the Futures Exchange, other relevant exchanges, the SFC and/or other relevant regulatory bodies particulars of all open positions in respect of which two successive Futures Margin calls and/or demands for variation adjustment are not met within the period specified by CPYF from time to time and notified to the Client. Further, CPYF may require additional Futures Margin or variation adjustment other than that specified by the Futures Exchange, other relevant exchanges and/or the Clearing House and may close out open positions in respect of which any Futures Margin calls and/or demands for variation adjustment are not met.

3.2 The Client shall immediately upon demand by CPYF provide CPYF with such additional Futures Margin as CPYF may determine and require from time to time. No previous Futures Margin requirement shall limit CPYF's right to vary Futures Margin requirements at any later time and changes in Futures Margin requirements (increase or decrease) will apply to existing Futures/Options Contracts as well as those entered into after the date of such changes. Any failure by the Client to meet immediately on demand any Futures Margin calls shall entitle CPYF to refuse to execute the Client's instructions, close out any or all open Futures/Options Contracts of the Client. Futures Margin required by CPYF may exceed the margin requirements prescribed by the Futures Exchange or the Clearing House.

3.3 The Client shall be liable for any consequence arising from or in connection with his failure to meet immediately on demand any calls for Futures Margin, additional Futures Margin and/or demands for variation adjustment.

3.4 Without prejudice and in addition to any other rights and remedies of CPYF hereunder, the Client hereby irrevocably authorises CPYF, without prior notice to the Client, to apply all or any part of any monies or other property held for the account of the Client by CPYF in any account of any nature whatsoever including, without limitation, the Futures Account:

- (a) in or towards the provision of any Futures Margin or additional Futures Margin required by CPYF pursuant to Paragraphs 3.1 and 3.2 of this Section; and/or
- (b) in or towards satisfaction of any obligations or liabilities of CPYF to any person insofar as such obligations or liabilities arise in connection with or incidental to any Futures/Options Contracts entered into by CPYF for and on behalf of the Client; and/or
- (c) in or towards payment of monies properly required to meet commissions, brokerages, levies or other proper charges and fees relating to any Futures/Options Contracts entered into by CPYF for and on behalf of the Client,

notwithstanding that any such applications may result in the Client being required by CPYF to provide additional Futures Margin.

### **4. OPERATION OF ACCOUNT AND SETTLEMENT**

4.1 The Client hereby agrees to pay immediately on demand any amount owing with respect to the Futures Account. Against a position in any Futures/Options Contract, prior to the maturity thereof, the Client will give CPYF instructions to cover or furnish CPYF with all necessary delivery documents, and in default thereof, CPYF may without demand or notice to the Client, cover the liability in the manner deemed most appropriate by CPYF, or if an instruction cannot be executed under prevailing market conditions, CPYF may take any other action as it shall deem appropriate. The Client understands that he will be responsible for all costs or expenses incurred or suffered by CPYF in connection with the above and that CPYF will not be liable for any losses or liabilities thereby incurred.

4.2 The Client hereby agrees that he shall be liable for all losses and liabilities whether or not the Futures Account is liquidated and for any debts and deficiencies in the Futures Account including all debts and deficiencies resulting from a liquidation of the Futures Account.

4.3 Subject to Paragraph 4.7, in respect of each open Futures/Options Contract for the Futures Account which remains subsisting on the maturity date for settlement, CPYF and the Client shall each have an obligation to make or take delivery (as the case may be) of the commodity the subject matter of the Futures/Options Contract on the maturity date, provided that where, according to the rules of the Futures Exchange and/or Clearing House and/or the relevant exchange and/or clearing house, the outstanding obligations of the buyer and seller of an open Futures/Options Contract shall be satisfied solely by cash settlement based on a difference in price or value, CPYF or the Client (as the case may be) shall settle the open Futures/Options Contract by paying the relevant difference to the other on the maturity date of the relevant Futures/Options Contract. The Client shall take all necessary actions to enable CPYF to effect due settlement of each open Futures/Options Contract on behalf of the Client in accordance with the rules, regulations and requirements of the Futures Exchange and/or Clearing House and/or the relevant exchange and/or clearing house and/or market.

4.4 Subject to the terms of this Section and to the rules, regulations and requirements of the Futures Exchange and/or Clearing House and/or the relevant exchange and/or clearing house and/or market, the Client may, at any time before the last trading day of the Futures/Options Contract, request CPYF to close out the same. Any amount payable by the Client arising out of the closing out of any Futures/Options Contract shall become immediately due and payable to CPYF upon closing out.

4.5 CPYF may, for the purpose of carrying out any instruction given by the Client, contract with or otherwise deal with or through any other agent, including any person or party associated in any manner with CPYF or any Associate, on such terms and conditions as CPYF may in its absolute discretion determine. CPYF shall not be liable to the Client for the acts and omissions of any such agent.

4.6 If any relevant Exchange, Clearing House and/or agent on which or through whom any Contract has been entered into by CPYF on behalf of the Client requires any alteration in any terms and conditions of any such Contract, CPYF may take such actions on behalf of the Client



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as CPYF may in its absolute discretion consider necessary or desirable to comply therewith or as a result thereof or mitigate loss thereunder, and all such actions shall be binding upon the Client.

- 4.7 If CPYF shall for any reason whatsoever fail to receive payment of any part of any amount or to receive delivery of any part of any quantity of any commodity due to be paid or delivered to the Client in respect of any Futures/Options Contract entered into by CPYF for and on behalf of the Client on the due date for payment or delivery thereof in accordance with the rules and regulations of the Futures Exchange and/or Clearing House and/or the relevant exchange and/or clearing house, CPYF's obligations to make payment or to deliver any commodity to the Client in respect of such Futures/Options Contract shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such quantity of such commodity as is equal to such payment or such quantity as is actually received by CPYF in respect thereof.
- 4.8 CPYF may in its absolute discretion take any actions whatsoever against any exchange, clearing house and/or any other person in respect of any failure by such exchange, clearing house and/or other person to make any payment or to deliver any amount of any commodity in respect of any Futures/Options Contract referred to in Paragraph 4.7, provided that if any such action is taken by CPYF, the Client shall fully indemnify CPYF on demand in respect of all costs and expenses incurred by CPYF in connection with the taking of such actions.
- 4.9 Any statement or confirmation signed by any authorised signatory of CPYF stating the price or value at which any Futures/Options Contract is entered into or closed out, or the exchange rate applicable in any currency conversion, or the amount owing by the Client to CPYF at any given time, shall (unless and until the contrary is established) be binding on the Client as to the particulars stated.

### 5. SECURITY AND RIGHT OVER ACCOUNT

- 5.1. Without prejudice and in addition to any general lien, right of set-off or similar right to which CPYF may be entitled by law, all of the Client's interest in any monies, Futures/Options Contracts, or other property in the possession or control of CPYF or the Associated Company, or standing to the credit of the Futures Account (either individually or jointly with others) at any time and for any purpose including, without limitation, safe-keeping, collection or otherwise, shall be subject to a general lien in favour of CPYF. CPYF shall have the right to sell such property (and CPYF is hereby authorised by the Client to do all such things and acts and execute all such documents and deeds as may be necessary in connection with such sale) and utilise the proceeds to set-off and discharge all or any of the liabilities and obligations of the Client due or owing to CPYF under this Section.
- 5.2 Until all the Client's liabilities (actual or contingent, present or future, joint or several) owing to CPYF are fully discharged, the Client shall not be permitted to make any withdrawal or transfer from the Futures Account, or demand repayment of or otherwise deal with any balance standing to the credit of the Client in the Futures Account or any monies or other property deposited as Futures Margin, and CPYF shall not be required to repay any such amount, except that the Client may make such withdrawals or transfers from the Futures Margin or the Futures Account which will not directly or indirectly reduce the value of the Futures Margin below the amount of Futures Margin for the time being required for the Futures Account as CPYF may designate.
- 5.3 Until all of the Client's liabilities to CPYF howsoever incurred have been fully discharged, the Client shall have no right to make or permit any assignment, charge, mortgage or other encumbrance to arise or subsist in respect of the Futures Margin or any amount which may at any time be standing to his credit in the Futures Account.
- 5.4 The Client hereby irrevocably and unconditionally acknowledges and warrants to CPYF, with the intent that this warranty shall apply on a continuing basis, that the Client is the sole beneficial owner of the Futures Margin free from any mortgage, pledge, charge, lien or any other form of encumbrance or security interest of any kind whatsoever and howsoever arising on or over the Futures Margin.
- 5.5 Without prejudice to and in addition to Paragraph 5.1, the Client as beneficial owner hereby charges in favour of CPYF or its Associated Company by way of first fixed charge all Securities, commodities or other property, including the Futures Margin, from time to time deposited by or on behalf of the Client with CPYF or purchased for or otherwise being held in or by or under the order or control of CPYF for any Futures Account or any other account whatsoever (collectively the "**Charged Property**") as continuing security for all of the Client's indebtedness, obligations and liabilities due, owing or incurred towards CPYF and its Associated Company of whatever nature and from time to time and the Client hereby assigns and releases to CPYF and its Associated Company the Charged Property. In the event of the occurrence of any event of default specified in in Paragraph 8.1, CPYF shall be entitled to sell, or as the case may be, the relevant Associated Company shall be entitled to direct CPYF to sell, at the absolute discretion of the relevant company as to manner and time of sale and consideration and other terms and conditions (but without being in any way responsible or liable for any loss and damage occasioned thereby and howsoever arising), any of the Charged Property and to deduct from the sale proceeds such amount as is necessary to pay, discharge and satisfy the liabilities, indebtedness due and owing to CPYF and the relevant Associated Company, whether such obligations and liabilities are present or future, actual or contingent, primary or collateral, secured or unsecured, or joint or several.
- 5.6 CPYF shall be entitled, for itself or as agent for any Associated Company, notwithstanding any settlement of account or other matter whatsoever, at any time or from time to time and without notice to the Client, to combine and/or consolidate all or any of the accounts of the Client (including the Futures Account) with CPYF and any Associated Company (of whatever nature and whether held individually or jointly with others) and offset or transfer any money, Securities or other property standing to the credit of any one or more of such accounts in or towards satisfaction of any of the Client's indebtedness, obligations or liabilities to CPYF and/or any Associated Company, on any other accounts (including the Futures Account), whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint and secured or unsecured. Where such set-off, consolidation, combination or transfer requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange conclusively determined by CPYF to be applicable.
- 5.7 In light that CPYF is an exchange participant of Futures Exchange and should therefore segregate the Clients' Futures Exchange Trade ledger accounts and Non- Futures Exchange Trade ledger accounts and any other ledger accounts so that, except by actual cash payments or approved debt securities transfers, credit balances on any given type of trade account may not be used to offset debit balances, or to meet margin requirements or demands for variation adjustment on any other type of trade account, the Client hereby irrevocably authorize and approve CPYF to effect for any cash payments or debt securities transfers so that credit balances on any given type of trade account of the Client could be used to offset debit balances, or to meet margin requirements or demands for variation adjustment on any other type

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of trade account of the Client. In this regard, the Client irrevocably agrees and acknowledges that where any such cash payments or debt securities transfers require the conversion of one currency into another, the same is approved of and agreed to by the Client and that such conversion shall be calculated at the rate of exchange conclusively determined by CPYF to be applicable.

5.8 For the purpose of this Section, a certificate issued by CPYF or any Associated Company certifying the amount of outstanding indebtedness due to it at any time shall, save for manifest error, be final, conclusive and binding on the Client.

5.9 The provisions of this Paragraph 5 shall be without prejudice to any rights to which CPYF may be entitled to by law.

### **PAYMENT**

6.1 The Client shall pay to CPYF forthwith upon demand by CPYF at any time the full amount of all losses, debit balances and deficiencies resulting from any transaction between the Client and CPYF, or from the operation of the Futures Account. Payment shall be made in such currencies as CPYF may designate from time to time.

6.2 Without prejudice to the Client's obligations to effect payment on demand, each payment (whether by way of direct payment, transfer, debit or credit) to be made by the Client to CPYF in relation to this Section shall be made not later than 3:00 p.m. (Hong Kong time) on the date on which payment is required to be made.

6.3 The Client shall also pay default interest on any amount overdue, at the rate from time to time prescribed by CPYF and notified to the Client, from the due date until the date of payment thereof in full, together with all costs and expenses (including all legal costs and expenses on a full indemnity basis) incurred by CPYF in connection with the recovery of such sums or the exercise by CPYF of any of its rights hereunder against the Client.

6.4 Each payment by the Client shall be made in full in immediately available funds, free and clear of and without deductions for any present or future taxes, levies, imposts or other withholdings of any nature whatsoever.

6.5 No payment to CPYF, whether under any judgment or order of court or otherwise, shall discharge the Client's liabilities or obligations to CPYF until CPYF has received unconditional and irrevocable payment in full in the relevant currency. To the extent that the amount of any such payment shall, on actual conversion into the relevant currency, fall short of such obligations or liabilities expressed in the relevant currency, the Client shall indemnify CPYF fully on demand for the amount of the shortfall.

### **COMMISSION AND EXPENSES**

7.1 The Client shall pay to CPYF such remuneration, commissions, brokerages and any other fees and charges as may be specified by CPYF from time to time and notified to the Client in respect of any services provided by CPYF under this Section or such other services as may be agreed with the Client. These may be changed by CPYF at any time by notice to the Client.

7.2 The Client shall in addition pay or reimburse CPYF forthwith on demand all commissions, brokerages, levies, fees, duties and taxes and all other charges and expenses incurred by CPYF arising out of or in connection with any Futures/Options Contract entered into by CPYF on behalf of the Client or otherwise arising out of or in connection with the performance of any of CPYF's obligations or duties under this Section.

### **DEFAULT**

8.1 CPYF shall be entitled to exercise its powers under Paragraph 8.2 upon or at any time after the occurrence of any of the following events:

- (a) the Client fails to pay on demand or when due any sum (in particular, any Futures Margin), or fails to perform any of his other obligations under the Agreement or commits any breach of the Agreement;
- (b) the Client fails to make payment in respect of any loan, guarantee, indemnity or other indebtedness or obligation for borrowed money on the due date for payment, or any such loan, guarantee, indemnity or other indebtedness or obligation for borrowed money becomes, or is declared, or becomes capable of being declared, due prematurely for any reason;
- (c) any information supplied by the Client to CPYF, whether in the Account Opening Form or otherwise, or any warranty, representation or undertaking made by the Client in connection with the Agreement or in any document delivered to CPYF, is incorrect or misleading in any material respect;
- (d) any attachment, sequestration, execution, distress or similar process is levied against any assets of the Client, or any injunction, prohibition order or similar order is declared on any of his assets;
- (e) where the Client dies or is declared incompetent or incapable;
- (f) it shall become unlawful for the Client to maintain the Futures Account or to perform any of his obligations under this Section, or any authorisation, consent, approval or licence necessary for the Client to continue the Futures Account or to perform any of his obligations under this Section shall be revoked or otherwise cease to be effective;
- (g) there occurs a material adverse change in the business, assets or general condition of the Client which, in the opinion of CPYF, may adversely affect the due performance by the Client of his obligations under this Section;
- (h) whenever CPYF determines that its exercise of any powers conferred by Paragraph 8.2 is necessary for its protection or for compliance with any rules, regulations or requirements of the Futures Exchange, the Clearing House or any relevant exchange, clearing house or market;

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- (i) a petition is presented or a resolution passed for the winding-up, dissolution or bankruptcy of the Client, or for the appointment of a receiver, administrator, liquidator or similar official, or for any other relief under any bankruptcy or insolvency law.
  - (j) any security created or any part thereof in relation to the indebtedness, obligations or liabilities under the Agreement being avoided, discontinued, jeopardised or adversely affected, or there is any action commenced or any claim made by any person in respect of any asset or property comprised in such security, or such assets and properties deteriorate, decline or depreciate in the market value thereof;
  - (k) the occurrence of any event which, in the sole opinion of CPYF, might jeopardize any of its rights, interests or benefits of CPYF under the Agreement; or
  - (l) whenever in CPYF's sole discretion CPYF shall consider it necessary for the protection of CPYF or any Associated Company, because of Futures Margin requirements, procedures or otherwise.
- 8.2 Upon or at any time after the occurrence of any of the events specified in Paragraph 8.1, CPYF shall forthwith be entitled, without notice to the Client and notwithstanding any prior Futures Margin call has been made, to do any of the following things in its absolute discretion:
- (a) close out, perform or maintain any open Futures/Options Contract in the Futures Account and, for this purpose, make or take delivery of the underlying commodity in respect of any such Futures/Options Contract, sell Futures/Options Contract, initiate new long or short positions or do a combination or any of the foregoing;
  - (b) cancel any outstanding instructions or refuse to accept any instructions for the purchase and/or sale of Futures/Options Contracts for and on behalf of the Client;
  - (c) borrow or purchase any commodity required to make delivery on behalf of the Client;
  - (d) exercise any options (put or call) arising from any Options Contract held by CPYF for and on behalf of the Client;
  - (e) dispose of Futures Margin; or
  - (f) satisfy any obligations or liability of the Client to CPYF (either directly or by way of guarantee or other security) by selling, realising or otherwise dealing with, in such manner as CPYF in its absolute discretion may determine, all or part of any monies or property held by CPYF for any purpose in any account of the Client maintained with CPYF, and to apply the net proceeds thereof in discharge of all or part of any liabilities or obligations of the Client to CPYF.
- 8.3 Forthwith upon the occurrence of any events specified in Paragraph 8.1, all amounts owing by the Client to CPYF hereunder shall become immediately payable on demand, and interest will accrue at the rate provided in Paragraph 6.3 on the amount outstanding from time to time.
- 8.4 Forthwith upon the occurrence of any events specified in Paragraph 8.1, CPYF shall not be obliged to perform any of its obligations to the Client under this Section (whether for the payment of monies or otherwise) unless and until the Client has fully discharged all his obligations to CPYF under this Section.
- 8.5 CPYF shall have absolute discretion to choose which (if not all) open Futures/Options Contract to close out or (in respect of Options Contracts) to tender exercise instructions, and may sell any security on a single or collective basis. The Client hereby waives all claims and demands (if any) against CPYF in respect of any losses howsoever caused (except solely due to the wilful default or gross negligence of CPYF), as a result of the exercise by CPYF of the powers conferred hereunder. The Client hereby acknowledges and agrees that:
- (a) nothing in Paragraph 8.2 shall impose any obligations on CPYF to close out any open Futures/Options Contract or in respect of Options Contract exercise any options on behalf of the Client; and
  - (b) in view of the frequent and rapid changes in spot and future prices, CPYF is not under any obligations to assess price movement or market trend in exercising its powers under Paragraph 8.2 (in particular, in determining the timing for the exercise of such powers), nor to limit or mitigate any losses which the Client may incur or suffer as a result of the market position moving against the Client, and the market condition may render it impossible or impracticable to close out any of his open position within any given time.
- 8.6 CPYF may at its absolute discretion apply the net proceeds (after deduction of all fees, costs and expenses incurred in connection with the exercise of the powers conferred on CPYF by this Paragraph 8) actually received by CPYF pursuant to the exercise of powers under this Paragraph 8 in reduction of the Client's then outstanding obligations to CPYF in such order or manner as CPYF sees fit. In the event that there are proceeds remaining after discharge of all the Client's liabilities to CPYF, such remaining proceeds should be paid to the Client.
- 8.7 In the event that any of the events set out in Paragraph 8.1 shall occur then the Agreement may be terminated by CPYF forthwith without notice to the Client. Any such termination shall be without prejudice to the accrued rights and obligations of the parties contained in any provisions of the Agreement which shall remain in full force and effect and shall be enforceable notwithstanding such termination.
- 8.8 The Client shall be liable for any debit or deficiencies that may exist in the Futures Account after CPYF has exercised all or any combination of its rights in Paragraph 8.2, and for any losses, costs or expenses (including legal costs) and liabilities suffered or incurred by CPYF howsoever arising from or in connection with such exercise on a full indemnity basis.

**9. LIABILITY AND INDEMNITY**

- 9.1 Neither CPYF nor any of its directors, officers, employees or agents shall be under any liability or obligation whatsoever (whether in contract, tort or otherwise) for any losses, expenses or damages directly or indirectly suffered or incurred by the Client or in the case of Omnibus Accounts, the persons from whom the Client receives instructions as a result of:
- (a) CPYF's inability to obtain the Client's instructions despite reasonable endeavours having been made; or
  - (b) any delay or failure by CPYF to perform any of its obligations and duties hereunder by reason of any cause beyond CPYF's reasonable control or anticipation, including any governmental or regulatory restrictions, closure of any exchange or market, breakdown or failure of transmission or communication or computer facilities, strikes or similar industrial action, or the delay or failure of any relevant exchange, clearing house or market or any other person to perform their respective obligations and duties; or
  - (c) any relevant exchange, clearing house or market ceasing for any reason to recognise the existence or validity of any Futures/Options Contract entered into by CPYF for and on behalf of the Client, or failing to perform or close out any Futures/Options Contract, provided that such cessation or failure shall not affect any of the Client's obligations hereunder in respect of any Futures/Options Contract or other obligations or liabilities of the Client arising therefrom.
- 9.2 The Client shall fully indemnify on demand CPYF, any other person appointed by it as agent or nominee and their respective directors, officers and employees against all liabilities, claims, demands, costs, expenses and damages of any kind which may be suffered or incurred by any of them and all claims, actions or proceedings which may be brought by or against them by any person including, without limitation, the persons from whom the Client receives instructions in the case of Omnibus Accounts, directly or indirectly arising out of or in connection with any Futures/Options Contract entered into by CPYF for and on behalf of the Client or otherwise howsoever arising out of or in connection with the performance of this Section by CPYF and/or the exercise of the powers and rights of CPYF under this Section or arising out of any non-performance by the Client of any of his obligations under this Section, unless such liabilities, claims or damages is caused solely by the wilful default or gross negligence of CPYF, any other person appointed by it as agent or nominee or their respective directors, officers or employees.
- 9.3 The Client shall fully reimburse CPYF on demand all charges, costs and expenses incurred by CPYF or by its agents or nominees arising out of or in connection with enforcing or obtaining payment from or securing the performance, observance or satisfaction, as the case may be, by CPYF of any liabilities or obligations of the Client, or the exercise of any powers conferred on CPYF by this Section, or the perfection, protection, enforcement or preservation of any of the powers or rights created in favour of CPYF in this Section.
- 9.4 The Client shall be liable for all losses whether or not the Futures Account is liquidated and for any debts and deficiencies in any Futures Account including all debts and deficiencies resulting from a liquidation of the Futures Account. The Client shall pay CPYF forthwith upon demand by CPYF at any time the amount of all losses, debit balances and deficiencies resulting from any transaction between the Client and CPYF, or from the operation of the Futures Account.

**10. OMNIBUS ACCOUNTS**

- 10.1 In the Client's dealings with the person(s) from whom the Client receives instructions with respect to the Omnibus Account, the Client shall comply with and enforce the Futures Margin and variation adjustment requirements and procedures as stipulated in the Futures Rules and the rules of the Clearing House as though the Client were a member of the Futures Exchange and as though the person(s) for whose account or benefit such instructions are given were "Clients" (as defined in the Futures Rules).
- 10.2 The Client shall cause Exchange Contracts to be entered into in fulfilment of such instructions, so that there shall, in no circumstances, be any dealing with the instructions in a manner which constitutes unlawful dealing in differences in market quotations of commodities or in a manner which constitutes or involves betting, wagering, gaming or gambling with respect to such items.
- 10.3 The Client shall impose the requirements of Paragraphs 10.1 and 10.2 above and of this Paragraph 10.3 upon, and ensure that they are complied with by, the person(s) from whom the Client receives instructions and ensure that such requirements are complied with by all persons through whom instructions pass with respect to the Omnibus Account as if each in turn was the "Client" (as defined in the Futures Rules) for whom the Omnibus Account was carried.
- 10.4 Where the Client maintains an Omnibus Account and instructs CPYF to execute Futures / Options Contract transactions in markets other than those operated by the Futures Exchange, Paragraphs 10.1, 10.2 and 10.3 of this Section (and the relevant definitions) shall apply mutatis mutandis to such Futures / Options Contract transactions.
- 10.5 The Client shall keep CPYF informed regarding its financial standing and shall immediately report to CPYF any information that indicates that it is insolvent, or threatened with insolvency or guilty of any irregularities or practices affecting the good name of the Futures Exchange.
- 10.6 The Client will disclose to CPYF before dealing and/or trading in any futures business details of persons who are ultimately beneficially interested in the Omnibus Account and those persons or entities who are ultimately responsible for originating the instruction in relation to a transaction or such other information as the Regulators may require from time to time. The Client acknowledges that in the event that it fails to comply with this disclosure requirement, the Regulators may require CPYF to close out any or all of the open contracts held by CPYF on behalf of the Client or request the Clearing House to effect such closing out on behalf of CPYF, or the Regulators may impose such Futures Margin surcharge on any or all of the positions held by CPYF on behalf of the Client as the Regulators think fit.
- 10.7 The Client hereby agrees to submit to the supervision of CPYF to the same degree of supervision as if CPYF were the Futures Exchange and the Client were an exchange participant of Hong Kong Futures Exchange Limited and to supply all information and do all acts to enable and facilitate CPYF to comply with all the requirements of the relevant Regulators and Clearing Houses for the operation of the Omnibus Account by CPYF.

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**SECTION V – TERMS AND CONDITIONS FOR COMMODITIES FUTURES TRADING**

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- 10.8 For the avoidance of doubt, the Client shall maintain separate Futures Margin requirements for each of its customers, and in no case may it offset or net any of its customers' positions against those of another customer for Futures Margin purposes.
- 10.9 The Client hereby agrees to immediately notify CPYF in writing when the Futures Account ceases to be an Omnibus Account; such cessation shall not affect any liability whatsoever of the Client to CPYF under the Agreement prior to the receipt by CPYF of the written notice of such cessation.
- 11. OTHER PRESCRIBED PROVISIONS**
- 11.1 Every Exchange Contract shall be subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the Securities and Futures Ordinance, the cost of both of which shall be borne by the Client.
- 11.2 **CPYF may, subject to the provisions of the Securities and Futures Ordinance and any applicable law, take the opposite position to the Client's order in relation to any exchange traded futures and options contracts, whether on CPYF's own account or for the account of its Associated Company or other clients provided that such trade is executed competitively on or through the facilities of Futures Exchange in accordance with its rules or the facilities of any other commodity, futures or options exchange in accordance with the rules and regulations of such other exchange.**
- 11.3 The Client acknowledges that the Clearing House may do all things necessary to transfer any open positions held by CPYF on behalf of the Client and any money and security standing to the credit of the Futures Account with CPYF to another exchange participant of the Futures Exchange in the event the rights of CPYF as an exchange participant of the Futures Exchange are suspended or revoked.
- 11.4 All money and other property received by CPYF from the Client or from any other person (including the Clearing House) for the account of the Client shall be held by CPYF as trustee and segregated from CPYF's own assets. These assets so held by CPYF shall not form part of the assets of CPYF for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the CPYF's business or assets.
- 11.5 Any monies, approved debt securities or approved securities received by CPYF from the Client or from any other person (including the Clearing House) are held in the manner specified under paragraphs 7 to 12 of Schedule 4 to the SFC Code and the Client hereby authorises CPYF to apply any such monies, approved debt securities or approved securities which the Client may pay to CPYF in the manner specified in Paragraphs 14 to 15 of Schedule 4 of the SFC Code and, in particular, that CPYF may apply such monies, approved debt securities or approved securities in or towards meeting CPYF's obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures/Options Contracts transacted on the Client's behalf.
- 11.6 The Client hereby acknowledges that in respect of any account of CPYF maintained with the Clearing House, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures/Options Contracts transacted on behalf of the Client, and whether or not monies, approved debt securities or approved securities paid or deposited by the Client has been paid to or deposited with the Clearing House, as between CPYF and the Clearing House, CPYF deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of the Client 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 11.4 above.
- 11.7 The Client acknowledges that CPYF is bound by the Futures Rules which permits the Futures Exchange to take steps to limit the positions or require the closing out of contracts on behalf of such clients who, in the opinion of the Futures Exchange, are accumulating positions which are or may be detrimental to any of the markets from time to time established and operated by the Futures Exchange pursuant to the Futures Rules or which are or may be capable of adversely affecting the fair and orderly operation of any such market.
- 11.8 For the avoidance of doubt, the Client hereby confirms and agrees that CPYF is permitted to retain money representing interest on money received from or for the account of the Client in relation to the business of dealing in the Futures/Options Contract and money paid or reimbursed to CPYF by the Clearing House in respect of the business of dealing in the Contracts transacted by CPYF on the instructions of the Client.
- 11.9 CPYF is required in certain circumstances to disclose the name and beneficial identity of the Client and such other information concerning the Client as required by the Regulators. The Client agrees to provide such information concerning the Client as CPYF may require in order for CPYF to comply with this requirement, and that in the event that CPYF fails to comply with the disclosure requirement under Rule 606(a) or Rule 613(a) of the Futures Rules, the Futures Exchange may require the closing out of positions on behalf of the Client or the imposition of a margin surcharge on positions of the Client.
- 11.10 CPYF shall provide to the Client Contract Specifications upon request, a full explanation of Futures Margin procedures and the circumstances under which the Client's positions may be closed out without the Client's consent.

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## SECTION VI – TERMS AND CONDITIONS FOR ELECTRONIC TRADING SERVICES

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The CPYe Services is subject to and upon the terms and conditions of this Section.

### 1. **DEFINITIONS**

1.1 Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

1.2 In this Section, unless the context requires otherwise, the following words and expressions shall have the following meanings:

“**Access Code**” means together the PIN and the Account No.;

“**Account No.**” means the account number of the relevant Account(s), used in conjunction with the PIN to gain access to the CPYe Services;

“**CPY**” means the Broker and/or CPYF, as the case may be;

“**CPYe Services**” means the mobile phone/Touch Tone/Internet/other electronic trading service and facility provided by CPY under this Section so as to enable the Client to trade Securities and/or Futures/Options Contract(s) through CPY and give electronic instructions to purchase, sell and otherwise deal with Securities and/or Futures/Options Contract(s) through the Client's relevant Account(s);

“**ECSP**” means the electronic communication services provider of the CPYe Services as engaged by CPY from time to time;

“**Instruction**” means any instruction given through the CPYe Services for the buying or selling of or otherwise dealing in any Securities and/or Futures/Options Contract(s) and any instruction to check the portfolio and fund position in the relevant Account(s); and

“**PIN**” means the Client's personal identification number, which may be changed by the Client at any time, used when instructing CPY in the CPYe Services.

### 2. **TRADING SERVICES**

2.1 The Client understands that the CPYe Services is a facility operated through mobile phone, Touch Tone phone and Internet which enables the Client to send Instructions and send or receive other information relating to any Instructions in respect of any of the Client's Account(s), provided that the Client shall provide the Access Code on each occasion the Client requires access to the CPYe Services.

2.2 The Client shall be the only authorised user of the CPYe Services. The Client shall be responsible for the confidentiality, use and application of the Access Code. The Client acknowledges and agrees that the Client shall be solely responsible for all Instructions entered through the CPYe Services using the PIN as received by CPY and neither CPY nor CPY's directors, officers, employees or agents shall have any liability to the Client, or to any other person whose claim may arise through the Client for any claims with respect to the handling or loss of any Instruction.

2.3 The Client acknowledges that the CPYe Service is proprietary to CPY. The Client warrants and undertakes that the Client shall not, and/or shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way, and shall not, and/or shall not attempt to gain unauthorised access to, any part of the CPYe Services. The Client undertakes to notify CPY immediately if the Client becomes aware that any of the actions described above in this Paragraph is being perpetrated by any other person.

2.4 In any event, CPY shall not be liable for the Client's failure in observing the aforesaid obligations and the Client shall fully indemnify CPY in respect of any direct or indirect loss or cost of whatsoever nature that CPY may suffer or incur as a result thereof.

2.5 The Client acknowledges that CPY offers the Client two ways of accessing the CPYe Services, namely through the internet and by telephone. The Client agrees that should the Client experience any problems in reaching CPY through either method the Client will use the alternative method to communicate with CPY and inform CPY of the difficulty the Client is experiencing.

2.6 The Client acknowledges that the real-time quote service and the message alert service (that is, to receive message alert when the prices of such Securities and/or Futures/Options Contract(s) as specified by the Client reach a preset target price) that may be available through the CPYe Services is provided by a third party appointed by CPY from time to time. The Client agrees that CPY shall not be responsible for any losses the Client or any other person may suffer for the failure of sending out the message alert and/or as a result of relying on any real time quote on prices of Securities and/or Futures/Options Contract(s) which may be available to the Client through the CPYe Services.

### 3. **IMPORTANT NOTICE**

CPY reserves the right to impose subscription fees/charges for using the CPYe Services. The Client understands and agrees that for every electronic message sent through a mobile phone, ECSP or any other mobile phone network provider as the case may be, will charge a service fee to the sender.

### 4. **INSTRUCTIONS**

4.1 The Client shall submit Instructions to CPY through the CPYe Services provided by CPY and CPY shall so far as it considers reasonably practicable sell and/or purchase Securities and/or Futures/Options Contract(s) in accordance with those Instructions as received, provided always that CPY shall have an absolute discretion to accept or reject any Instructions. These Instructions shall be carried out by CPY on the terms and conditions governing the relevant Account(s).

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## SECTION VI – TERMS AND CONDITIONS FOR ELECTRONIC TRADING SERVICES

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- 4.2 The Client understands that each participating exchange or association asserts a proprietary interest in all of the market data it furnishes to the parties who disseminate such data. The Client also understands that no party guarantees the timeliness, sequence, accuracy or completeness of market data or any other market information. Neither CPY nor any disseminating party shall be liable in any way for any loss or damage arising from or caused by any inaccuracy, error, delay or failure in transmission, or omission from any such data, information or message for any reasons whatsoever.
- 4.3 Unless otherwise agreed between CPY and the Client, CPY will not execute any trading orders of the Client until there are sufficient cleared funds, Securities or other assets acceptable to CPY in the relevant Account(s) to settle the Client's transactions.
- 4.4 Instructions sent by the Client will be treated as a valid and final electronic record by CPY when CPY has sent an acknowledgement of receipt of the Instruction to the Client (“**Acknowledgement**”).
- 4.5 The Client acknowledges and agrees that, as a condition of using the CPYe Services to give Instructions, the Client shall immediately notify CPY if:
- (a) an Instruction has been placed through the CPYe Services but the Client has not received an instruction number or has not received an accurate Acknowledgement or any acknowledgement of its execution (whether by hard copy, electronic or verbal means);
  - (b) the Client has received acknowledgement (whether by hard copy, electronic or verbal means) of a transaction which the Client did not instruct;
  - (c) the Client becomes aware of any of the acts stated in Paragraph 2.3 being done or attempted by any person;
  - (d) the Client becomes aware of any unauthorised use of the Client's Access Code; or
  - (e) the Client has difficulties with regard to the use of the CPYe Services.
- 4.6 The Client agrees to review every order before entering it as it may not be possible to cancel the Instructions once given.
- 4.7 The Client acknowledges and agrees that the CPYe Services is, due to unpredictable transmission congestion and other reasons, an inherently unreliable medium of communication and that such unreliability is beyond CPY's control. The Client acknowledges that, as a result of such unreliability, there may be delays, technical errors and failure and/or incompleteness in the transmission and receipt of Instructions and other information and that this may result in delays and/or incompleteness in the execution of Instructions and/or the execution of Instructions at prices different from those prevailing at the time the Instructions were given. The Client further acknowledges and agrees that there are risks of misunderstanding or errors or incompleteness in any communication and that such risks shall be absolutely borne by the Client. The Client acknowledges and agrees that it will not usually be possible to cancel an Instruction after it has been given.

### **5. OTHERS**

- 5.1 The Client agrees that CPY and its directors, officers, employees and agents shall not be liable for any delay or failure to perform any of CPY's obligations hereunder or for any losses caused directly or indirectly by any condition or circumstances over which CPY, its directors, officers, employees or agents do not have absolute control, including but not limited to government restrictions, exchange or market rulings, suspension of trading, failure of electronic or mechanical equipment or communication lines, telephone or other interconnect problems, power supply problems, unauthorised access, theft, war (whether declared or not), severe weather, earthquakes and strikes.
- 5.2 The Client acknowledges and agrees that if the mode of communication used by the Client in the course of the CPYe Services becomes temporarily unavailable, the Client can operate the relevant Account through other mode of communication or facility subject to the right of CPY to obtain sufficient information for the purpose of verifying the Client's identity as it may think fit.

### **6. DECLARATION**

- 6.1 The Client agrees that CPY may accept from ECSP or any other third party engaged in any transaction or providing any services in respect of the CPYe Services any rebate or allowance of any fee, brokerage or commission or the likes payable in respect thereof and CPY shall be entitled to retain any profit or other benefit arising by way of fees, brokerage, commissions, rebate, perquisites, or otherwise obtained or received by them in connection with or arising whether directly or indirectly from the CPYe Services.
- 6.2 The Client agrees to the disclosing, transferring or otherwise making available to ECSP or any other third party engaged in any transaction or providing any service in respect of the CPYe Services of all personal data of the Client, all information relating to the Client and the Client's Account(s) maintained with CPY, and all information relating to the Client's transactions and dealings with any third parties and their subsidiaries, group members and agents thereof whether in or outside Hong Kong relating to or for the purposes of providing the CPYe Services and all related services.
- 6.3 The Client agrees that CPY shall not have any liability or responsibility of whatsoever nature in respect of the CPYe Services under any circumstances, including but without limitation:
- (a) any failure or delay in transmission of information to and/or from the Client's telecommunication equipment;
  - (b) any failure or delay in the processing of the Client's requests or instructions and/or the returning of the responses to the Client's requests or instructions executed using the CPYe Services;
  - (c) any error or inaccuracy in such requests, responses, or generally such information or the transmission thereof;

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**SECTION VI – TERMS AND CONDITIONS FOR ELECTRONIC TRADING SERVICES**

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- (d) any consequences arising from any cause beyond the reasonable control of CPY; or
- (e) any consequences arising from using or attempting to use the CPYe Services,

unless the aforesaid is directly caused by the gross negligence or wilful default of CPY, as the case may be.

6.4 The Client hereby declares and confirms that the Client understands and agrees that, in addition to the terms and conditions applicable to and governing the use of the CPYe Services, it is the Client's primary responsibility to immediately contact CPY through the Client's respective account executives, or the hotline of the e-financial services department by telephone or any other means in the event that:

- (a) the Client does not receive any response of whatsoever nature to any request or Instruction that the Client may have executed or attempted to execute on any one or more of the Client's Accounts maintained with CPY using the CPYe Services within the designated time (as shall be specified by CPY from time to time) of the execution of such requests or instructions to confirm the status of the related transactions and unless otherwise notified to the Client, the aforementioned designated time shall be the office hours of CPY; or
- (b) the Client has received a confirmation (no matter by means of hard copies, electronic means or verbal confirmation) relating to any Instructions or request not given by the Client; or such confirmation being inconsistent with the Instructions and/or request given by the Client; or
- (c) the Client becomes aware that his PIN has been used by any person other than the Client; or
- (d) the Client needs to check order status when the Client's Instruction for dealing in Securities and/or Futures/Options Contract(s) is placed through Touch Tone system because Touch Tone system cannot actively provide order status to the Client.

In any event, CPY shall not be liable for the Client's failure in observing the above obligations and the Client shall fully indemnify CPY in respect of any direct or indirect loss or cost of whatsoever nature that CPY may suffer or incur as a result thereof. For the avoidance of doubt, it is the responsibility of the Client to take its own initiative to contact CPY to check the status of any Instructions given through the CPYe Services.

6.5 The Client further undertakes to indemnify CPY, on a full indemnity basis, on demand, for any loss or damage CPY may suffer as a result of the use of the CPYe Services, except to the extent that such loss or damage is outside the Client's control.

6.6 The Client understands and acknowledges that the CPY's records on Instructions actually received and responses actually sent shall be binding, final and conclusive unless and until the contrary is judicially established.



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## SECTION VII – GUARANTEE

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This Section sets out the agreement, undertakings, terms and conditions of the guarantee given by the Guarantor (as defined, described and referred to in the Account Opening Form).

### 1. **DEFINITIONS**

1.1 Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

1.2 In this Guarantee, unless the context requires otherwise, the following words and expressions shall have the following meanings:

“**Associated Company**” shall include any company or companies in which CPYI and/or CPYF beneficially owns 20% or more of the equity share capital or in respect of which CPYI and/or CPYF is/are entitled to appoint one or more directors or, any company which is a subsidiary of the holding company of CPYI and/or CPYF;

“**Collateral Instruments**” means notes, bills of exchange, certificates of deposit and other negotiable and non-negotiable instruments, guarantees, indemnities and other assurances against financial loss and any other documents or instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for, any indebtedness or liabilities of the Client or any other person liable and includes any document granting or evidencing a security interest of any kind;

“**Encumbrance**” means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement or security interest or other encumbrance of any kind securing any obligation of any person or any type of preferential arrangement (including without limitation title transfer and/or retention arrangements with similar effect);

“**Guarantee**” means the guarantee given by the Guarantor on the terms and conditions of this Section;

“**Guaranteed Liabilities**” means all monies, obligations and liabilities covenanted to be paid or performed by the Client at any time under the Agreement, including the monies, obligations and liabilities specified in Paragraphs 2.1 and 2.2 of this Section;

“**Incapacity**” in relation to a person, means the death, bankruptcy, unsoundness of mind, insolvency, liquidation, dissolution, winding up, administration, receivership, amalgamation, reconstruction or other incapacity of that person whatsoever (and, in the case of a partnership, includes the termination or change in the composition of the partnership);

“**Indebtedness**” means any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent; and

“**Taxes**” includes all present and future income and other taxes, levies, imposts, deductions, charges, fees and withholdings together with interest thereon and penalties with respect thereto, if any.

### 2. **UNLIMITED GUARANTEE AND INDEMNITY**

2.1 In consideration of the relevant member of CPY Group making/or continuing loans or advances to, or otherwise giving credit or granting financing facilities or accommodation or granting time to the Client for so long as it may think fit, the Guarantor hereby unconditionally and irrevocably guarantees, by way of continuing obligation as primary obligor and not merely as surety, to pay to the relevant member of CPY Group on demand all moneys and discharge all obligations and liabilities now or hereafter due, owing or incurred by the Client to the relevant member of CPY Group when the same become due for payment or discharge whether by acceleration or otherwise, and whether such moneys, obligations or liabilities are express or implied, present, future or contingent, joint or several incurred as principal or surety, originally owing to the relevant member of CPY Group or purchased or otherwise acquired by it, denominated in Hong Kong dollars or in any other currency, or incurred on any margin account or in any other manner whatsoever. Such liabilities shall, without limitation, include all liabilities arising from the issue, acceptance, endorsement, confirmation or discount of any negotiable or non-negotiable instruments, documentary or other credits, bonds, guarantees, indemnities or other instruments of any kinds, and interest (after as well as before judgment) to date of payment at such rates and upon such terms as may from time to time be agreed, commission, fees and other charges and all legal and other costs, charges and expenses on a full and unqualified indemnity basis which may be incurred by the relevant member of CPY Group in relation to any such moneys, obligations or liabilities or generally in respect of the Client or the Guarantor. All payments under this Guarantee shall be made in immediately available funds, without set-off or counterclaim and free and clear of any deduction or withholding whatsoever.

2.2 The Guarantor agrees to pay interest on each amount demanded of it under this Guarantee from the date of such demand until payment (after as well as before judgment) at the rate of 6 per cent per annum above the prime rate for the time being of The Hongkong and Shanghai Banking Corporation Limited in relation to the currency in which the Guaranteed Liabilities are denominated calculated on a day to day basis. Such interest shall be compounded monthly in the event of it not being paid when demanded but without prejudice to the relevant member of CPY Group's right to require payment of such interest.

2.3 As a separate and independent stipulation, the Guarantor agrees that if any purported obligation or liability of the Client which would have been the subject of this Guarantee had it been valid and enforceable is not or ceases to be valid or enforceable against the Client on any ground whatsoever whether or not known to the relevant member of CPY Group (including without limitation, any irregular exercise or absence of any corporate power or lack of authority of, or breach of duty by; any person purporting to act on behalf of the Client or any legal or other limitation of the Client) the Guarantor shall nevertheless be liable to the relevant member of CPY Group in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Guarantor were the principal debtor in respect thereof. The Guarantor hereby agrees to keep the relevant member of CPY Group fully indemnified on demand against all damages, losses, costs and expenses arising from any failure of the Client to perform or discharge any such purported obligation or liability.

2.4 The liability of the Guarantor shall not be affected nor shall this Guarantee be discharged or reduced by reason of:

(a) the Incapacity or any change in the name, style or constitution of the Client or any other person liable;

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## SECTION VII – GUARANTEE

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- (b) the relevant member of CPY Group granting any time, indulgence or concession to, or compounding with, discharging, releasing or varying the liability of, the Client or any other person liable or renewing, determining, varying or increasing any accommodation, facility or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from the Client or any other person liable;
  - (c) any variation to the terms of the Agreement;
  - (d) any release, discharge, compromise or other arrangement given to or made with the Client;
  - (e) any act or omission which would not have discharged or affected the liability of the Guarantor had it been a principal debtor instead of a guarantor or by anything done or omitted which but for this provision might operate to exonerate the Guarantor; or
  - (f) the relevant member of CPY Group obtaining a judgment against the Client or any other person for the payment of all or any of the Guaranteed Liabilities.
- 2.5 This Guarantee shall:
- (a) secure the ultimate balance from time to time owing to the relevant member of CPY Group by the Client and shall, subject to Paragraph 9, be a continuing security, notwithstanding any settlement of account or other matter whatsoever (including, without limitation, any restriction of any exchange upon which the Client's orders are executed or any contrary provision in any agreement now or hereafter existing between the Client and the relevant member of CPY Group);
  - (b) be separate from, independent of and in addition to any present or future Collateral Instrument, right or remedy held by or available to the relevant member of CPY Group;
  - (c) not be in any way prejudiced or affected by the existence of any such Collateral Instrument, rights or remedies or by the same becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the relevant member of CPY Group dealing with, exchanging, varying or failing to perfect or enforce any of the same or giving time for payment or indulgence or compounding with any other person liable; and
  - (d) not oblige the relevant member of CPY Group to enforce any such Collateral Instrument or to take any other steps or proceedings before enforcing this Guarantee.
- 2.6 Any release, discharge or settlement between the Guarantor and the relevant member of CPY Group shall be conditional upon no security, disposition or payment to the relevant member of CPY Group by the Client or any other person liable being void, set aside or ordered to be refunded pursuant to any enactment or law relating to bankruptcy, liquidation, administration or insolvency or for any other reason whatsoever.
- 2.7 Where any discharge (whether in respect of any amounts hereby guaranteed, this Guarantee, or any security therefor or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is voided or must be repaid on bankruptcy, liquidation, administration or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue as if there had been no such discharge or arrangement, and the relevant member of CPY Group shall be entitled to concede or compromise any claim that any such payment, security or other disposition is liable to be voided or to be repaid.
- 2.8 Without prejudice to Paragraph 2.4 of this Section, this Guarantee shall be binding upon and enforceable against the executors, personal representatives, administrators, successors and assigns of the Guarantor and the Incapacity, death, bankruptcy, insanity, liquidation, administration, change in the constitution, retirement or death of any partner or the introduction of any partner or the introduction of any further partner or other incapacity of the Guarantor (as the case may be) shall not terminate liability hereunder. The estate, successors or assigns of the Guarantor shall also continue to be liable with respect to any losses which may be incurred in liquidating any assets standing to the credit of any accounts with the relevant member of CPY Group during a reasonable time subsequent to the actual receipt of such notice.
- 2.9 CPY Group shall not be obliged to make any claim or demand on the Client or to resort to any Collateral Instrument or other means of payment now or hereafter held by or available to it before enforcing this Guarantee and no action taken or omitted by the relevant member of CPY Group in connection with any such Collateral Instrument or other means of payment shall discharge, reduce, prejudice or affect the liability of the Guarantor under this Guarantee nor shall the relevant member of CPY Group be obliged to apply any money or other property received or recovered in consequence of any enforcement or realisation of any such Collateral Instrument or other means of payment in reduction of the Guaranteed Liabilities.
- 2.10 Until all the Guaranteed Liabilities have been paid, discharged or satisfied in full (and notwithstanding payment of a dividend in any liquidation or bankruptcy or under any compromise or arrangement) the Guarantor agrees that, without the prior written consent of the relevant member of CPY Group, it will not:
- (a) exercise its rights of subrogation, reimbursement and indemnity against the Client or any other person liable;
  - (b) demand or accept repayment in whole or in part of any indebtedness now or hereafter due to the Guarantor from the Client or from any other person liable or demand or accept any Collateral Instrument in respect of the same or dispose of the same;
  - (c) take any step to enforce any right or claim against the Client or any other person liable in respect of any Guaranteed Liabilities; or
  - (d) claim any set-off or counterclaim against the Client or any other person liable or claim or prove in competition with the relevant member of CPY Group in the bankruptcy or liquidation of the Client or any other person liable or have the benefit of, or share in, any payment from or composition with, the Client or any other person liable or any other Collateral Instrument

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## SECTION VII – GUARANTEE

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now or hereafter held by the relevant member of CPY Group for any Guaranteed Liabilities or for the obligations or liabilities of any other person liable but so that, if so directed by the relevant member of CPY Group, it will prove for the whole or any part of its claim in the liquidation or bankruptcy of the Client or any other person liable on terms that the benefit of such proof and of all money received by it in respect thereof shall be held on trust for the relevant member of CPY Group and applied in or towards discharge of the Guaranteed Liabilities in such manner as the relevant member of CPY Group shall deem appropriate, but it is agreed that nothing in this sub paragraph shall be deemed to constitute a charge on the assets of the Guarantor.

- 2.11 If this Guarantee ceases to be continuing for any reason whatsoever the relevant member of CPY Group may nevertheless continue any account of the Client or open one or more new accounts and the liability of the Guarantor under this Guarantee shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such account.
- 2.12 Any statement of account of the Client, signed as correct by an officer of the relevant member of CPY Group, showing the amount of the Guaranteed Liabilities shall, in the absence of manifest error, be binding and conclusive on and against the Guarantor.
- 2.13 The Guarantor warrants that it has not taken or received, and undertakes that until all the Guaranteed Liabilities have been paid or discharged in full, it will not take or receive, the benefit of any security from the Client or any other person in respect of its obligations under this Guarantee. If, contrary to this Paragraph or Paragraph 2.10, the Guarantor takes or receives the benefit of any security or receives or recovers any money or other property, such security, money or other property shall be held on trust for the relevant member of CPY Group and shall be delivered to the relevant member of CPY Group on demand.
- 2.14 Any money received in connection with this Guarantee (whether before or after any Incapacity of the Client or the Guarantor) may be placed to the credit of a suspense account with a view to preserving the rights of the relevant member of CPY Group to prove for the whole of its claims against the Client or any other person liable or may be applied in or towards satisfaction of such of the Guaranteed Liabilities as the relevant member of CPY Group may from time to time conclusively determine in its absolute discretion. Amounts standing to the credit of a suspense account hereunder will bear interest at the prevailing rate(s) for deposit accounts (as quoted by The Hongkong and Shanghai Banking Corporation Limited).
- 2.15 The relevant member of CPY Group shall be entitled to retain this Guarantee after as well as before the payment or discharge of all the Guaranteed Liabilities for such period as the relevant member of CPY Group may determine.
- 2.16 The Guarantor agrees to reimburse the relevant member of CPY Group on demand for all legal and other costs, charges and expenses on a full and unqualified indemnity basis which may be incurred by the relevant member of CPY Group in relation to the enforcement of this Guarantee against the Guarantor.

### **3. REPRESENTATIONS AND WARRANTIES**

For so long as any Guaranteed Liabilities remain outstanding, the Guarantor hereby warrants, represents and undertakes to the relevant member of CPY Group that:

- (a) the terms and conditions of this Guarantee constitute a valid and legally binding agreement on the Guarantor and this Guarantee is enforceable in accordance with its terms;
- (b) this Guarantee, its execution, delivery and its performance and the obligations contained herein do not and will not:
- (i) contravene any law, statute, ordinance, rule or regulation or any judgment, decree or permit to which the Guarantor is subject; and/or
  - (ii) conflict with or result in any breach of the terms of or constitute any default under any agreement or other instrument to which the Guarantor is a party or is subject or by which any of the Guarantor's assets is bound and will not result in the creation or imposition of any encumbrance or security interest of any kind on any of its assets pursuant to the provisions of any such mortgage, agreement or instrument;
- (c) the Guarantor is not in default of any agreement or instrument binding on the Guarantor or affecting the guarantee hereby given or involved in any material litigation, arbitration, administrative or other proceedings, whether current, pending or threatened save for those disclosed to the relevant member of CPY Group in writing as at the date hereof;
- (d) all action, conditions and things required by any applicable law to be taken, fulfilled or done (including the obtaining of any necessary authority or consents) in order:
- (i) to enable the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations hereunder;
  - (ii) to ensure that those obligations are legally binding and enforceable as against the Guarantor; and
  - (iii) to make this Guarantee admissible in evidence in the courts of Hong Kong,
- have been properly taken, fulfilled and done;
- (e) neither the Guarantor nor any of its assets is entitled to any immunity or privilege from any suit, execution, attachment or other legal process or from any set-off and the Guarantor's entry into this Guarantee constitutes its legal and binding obligation;

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## SECTION VII – GUARANTEE

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- (f) the obligations of the Guarantor under this Guarantee are direct, general and unconditional obligations of the Guarantor and rank at least *pari passu* with all other present and future unsecured and unsubordinated Indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by laws and not by contract;
- (g) no Taxes are imposed by withholding or otherwise on any payment to be made by the Guarantor under this Guarantee or are imposed on or by virtue of the execution or delivery by the Guarantor of this Guarantee or any document or instrument to be executed or delivered under this Guarantee;
- (h) (applicable if the Guarantor is a corporation) the Guarantor is duly incorporated and validly existing under the laws of its country of incorporation and the Guarantor has power to execute, deliver and perform its obligations under this Guarantee;
- (i) (applicable if the Guarantor is a corporation) all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of this Guarantee and no limitation on the powers of the Guarantor to borrow or give guarantees will be exceeded as a result of this Guarantee;
- (j) (applicable if the Guarantor is a corporation) the financial statements of the Guarantor delivered to the relevant member of CPY Group have been prepared in accordance with generally acceptable accounting principles and practices which have been consistently applied and present fairly and accurately the financial position of the Guarantor for the period mentioned in the relevant financial statements;
- (k) the representations and warranties herein contained are as at the date hereof true and correct in every respect; and
- (l) on and as of each day from the date of this Guarantee until all the Guaranteed Liabilities have been paid, discharged or satisfied in full, the Guarantor shall be deemed to repeat the representations and warranties herein contained as if made with reference to the facts and circumstances existing on each such day.

### 4. UNDERTAKINGS

- 4.1 The undertakings in this Section shall (including but without limitation to the undertakings in this Paragraph 4) remain in full force so long as any of the Guaranteed Liabilities is or may be outstanding.
- 4.2 The Guarantor will deliver to the relevant member of CPY Group promptly upon request such information as to the Guarantor's business affairs and financial condition as the relevant member of CPY Group may in its sole and absolute discretion deem necessary from time to time.
- 4.3 The Guarantor will obtain and promptly renew from time to time all consents, licences, approvals and authorisations as may be required under any applicable law or regulation for the making, performance, validity and enforceability of this Guarantee and shall at all times comply with the terms thereof.
- 4.4 The Guarantor will not, either in a single transaction or in a series of transactions whether related or not voluntarily or involuntarily, sell, convey transfer or otherwise dispose of all or a substantial part of its assets without the prior written consent of the relevant member of CPY Group.
- 4.5 The Guarantor will procure that no guarantee or other assurance whatsoever against financial loss which has been granted by the Guarantor remains outstanding except those which have been disclosed in writing to the relevant member of CPY Group at the date hereof.
- 4.6 All payments by the Guarantor under or in connection with this Guarantee shall be made in full without set-off or counterclaim, free and clear of and without deduction for or on account of all Taxes, if any. All Taxes in respect of this Guarantee and payments thereunder shall be for the account of and shall be paid by the Guarantor for his own account prior to the date on which penalties attach thereto. If the Guarantor is compelled by law to make payment subject to any Taxes, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the relevant member of CPY Group receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and if the relevant member of CPY Group does not actually receive for its own benefit on the due date a net amount equal to the full amount provided for hereunder, the Guarantor will indemnify the relevant member of CPY Group in respect of all such Taxes and any losses or costs incurred by the relevant member of CPY Group by reason of any failure of the Guarantor to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Guarantor shall promptly deliver to the relevant member of CPY Group any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.
- 4.7 The Guarantor will promptly execute and do, and procure such other persons as the relevant member of CPY Group may specify to promptly execute or do, all such assurances, acts, deeds and things as the relevant member of CPY Group may from time to time reasonably require, for protecting or perfecting the security herein and the exercise of all powers, authorities and discretion vested in the relevant member of CPY Group hereunder.
- 4.8 The Guarantor will promptly inform the relevant member of CPY Group of any occurrence of which it becomes aware which might adversely affect its ability to perform its obligations under this Guarantee.
- 4.9 The Guarantor will ensure that its obligations under this Guarantee shall at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated Indebtedness with the exception of any obligations which are mandatorily preferred by law and not by contract.
- 4.10 The Guarantor undertakes that, from the date of this Guarantee and so long as any monies are owing under this Guarantee, it will not, without the prior written consent of the relevant member of CPY Group:

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## SECTION VII – GUARANTEE

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- (a) permit any Encumbrance by the Guarantor to subsist, arise or be created or extended over all or any part of its present or future undertakings, assets, rights or revenues to secure any present or future Indebtedness of the Guarantor or any other person; or
- (b) merge or consolidate with any other company or person; or
- (c) sell, transfer, lend or otherwise dispose of or cease to exercise direct control over any part of its present or future undertaking, assets, rights or revenues (otherwise than by transfers, sales or disposals for full consideration in the ordinary course of trading) whether by one or a series of transactions related or not.

### **5. GENERAL GUARANTEE PROVISIONS**

- 5.1 Each of the terms and conditions in this Guarantee is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- 5.2 Neither this Guarantee nor any interests or obligations in or under this Guarantee may be transferred or assigned by the Guarantor without the prior written consent of the relevant member of CPY Group. The relevant member of CPY Group may assign or transfer its interest herein to any person.
- 5.3 All payments made under this Guarantee shall be made in the same currency in which the relevant liabilities of the Guarantor are denominated and the Guarantor will indemnify the relevant member of CPY Group against all losses (including losses flowing from fluctuations in rates of exchange) to the relevant member of CPY Group as a result of payment in any other currency or as a result of any order, proof or claim being expressed or payable in a different currency. Any amount due from the Guarantor under this Paragraph 5.3 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Guarantee and the term “rate of exchange” includes any premium and costs of exchange payable in connection with the relevant currency exchange.
- 5.4 No failure or delay on the part of the relevant member of CPY Group to exercise any power, right or remedy under this Guarantee shall operate as a waiver thereof, nor shall any single or partial exercise or waiver of any such power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.
- 5.5 For the avoidance of doubt and without prejudice to the other provisions of this Guarantee, this Guarantee shall remain binding on the Guarantor and its successors in title and its assignees or transferees notwithstanding any change in the constitution of the relevant member of CPY Group or its absorption in, or amalgamation with, or the acquisition of all or part of its undertaking or assets by, any other person, or any reconstruction or reorganisation of any kind, to the intent that this Guarantee shall remain valid and effective in all respects in favour of any assignee, transferee or other successor in title of the relevant member of CPY Group in the same manner as if such assignee, transferee or other successor in title had been named in this Guarantee as a party instead of, or in addition to, the relevant member of CPY Group. The Guarantor agrees that any person in favour of whom an assignment or a transfer is made shall be entitled to the benefit of this Guarantee.
- 5.6 The relevant member of CPY Group may disclose to a prospective assignee or transferee or to any other person who may propose entering into contractual relations with the relevant member of CPY Group in relation to this Guarantee such information about the Guarantor as the relevant member of CPY Group shall consider appropriate.
- 5.7 CPY Group is entitled to employ debt collecting agent(s) to collect any sum due under this Guarantee.
- 5.8 Where the Guarantor is an individual, the Guarantor agrees to be bound by the Section headed Personal Data Privacy Information and to the use of his/her personal data in the manner specified in that Section.

### **6. JOINT AND SEVERAL LIABILITY**

- 6.1 If this Guarantee is signed as guarantor by more than one person or is signed by one person for himself and on behalf of other persons (whether such person is signing on behalf of himself, of a partnership or otherwise) the expression the "Guarantor" shall include all such persons and the liability of the Guarantor under this Guarantee shall be the joint and several liability of all such persons and any demand for payment by the relevant member of CPY Group on any one or more of such persons so jointly and severally liable shall be deemed to be a demand made to all such persons.
- 6.2 Each person who shall have as guarantor executed agrees to be bound by this Guarantee notwithstanding that any other person intended to execute or to be bound by this Guarantee may not do so or may not be effectually bound and notwithstanding that this Guarantee may be determined or be become invalid or unenforceable against any other person, whether or not the deficiency is known to the relevant member of CPY Group.
- 6.3 The relevant member of CPY Group shall be entitled to without any notice or consent of the other Guarantor release or discharge any one or more of the Guarantors from each of their obligations and/or liabilities hereunder or any part thereof or to accept or enter into any settlement or compromise or composition or make any other arrangements with or grant any time, indulgence, waiver or accommodation to any one or more of the Guarantors without discharging, releasing or affecting the liabilities and obligations of the other(s) of them.

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## SECTION VII – GUARANTEE

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### 7. SET-OFF AND LIEN

- 7.1 Without prejudice and in addition to any general lien, right of set-off or similar right to which the relevant member of CPY Group may be entitled by law, all of the Guarantor's interest in any monies or Securities held by the relevant member of CPY Group for any purpose or carried by the relevant member of CPY Group in any account for the Guarantor, either individually or jointly with others or which may be in the possession of the relevant member of CPY Group or in the possession of any Associated Company, at any time and for any purpose including safe-keeping, shall be subject to a general lien in favour of the relevant member of CPY Group. The relevant member of CPY Group shall also have the right to sell such Securities (and the relevant member of CPY Group is authorised to do all such things as it shall deem necessary in connection with such sale) and utilise the proceeds to offset and discharge all of the obligations of the Guarantor to the relevant member of CPY Group or to any Associated Company, regardless of whether any other person is interested in or the relevant member of CPY Group has made advances in connection with such Securities, and irrespective of the number of accounts the Guarantor may carry with the relevant member of CPY Group.
- 7.2 The Guarantor shall duly and promptly pay all calls which may from time to time be made in respect of any unpaid monies under any of the Securities and duly and promptly pay any other moneys which the Guarantor may lawfully be required to pay in respect of any of the Securities. In default the relevant member of CPY Group may, if the relevant member of CPY Group thinks fit, make such payments on the Guarantor's behalf and any sums so paid by the relevant member of CPY Group shall be repayable by the Guarantor on demand, together with any costs or expenses incurred by the relevant member of CPY Group as a result.
- 7.3 The relevant member of CPY Group shall be entitled at any time without notice to combine and/or consolidate all or any of the Guarantor's accounts with the relevant member of CPY Group and/or its Associated Companies. In respect of any payments by the relevant member of CPY Group to offset and discharge any obligations of the Guarantor to any such Associated Company, the relevant member of CPY Group shall not be concerned as to whether or not such obligations exist, provided demand has been made on the relevant member of CPY Group or the Guarantor by such Associated Company.
- 7.4 Without limiting or modifying the general provisions of this Guarantee, the relevant member of CPY Group is hereby specifically authorised to transfer any sum or sums among the different accounts that the Guarantor has with the relevant member of CPY Group and with any of its Associated Companies, to set off any amount at any time owing to the relevant member of CPY Group or any Associated Company from the Guarantor under or in respect of, any contract or otherwise against any amount owing by the relevant member of CPY Group or any Associated Company to the Guarantor under any contract or otherwise or against any moneys at any time standing to the credit of the Guarantor in any account with any of the relevant member of CPY Group or any of its Associated Companies, to convert currencies (at current market rates as determined by the relevant member of CPY Group at its sole discretion) into an appropriate currency for the purposes of set off. Any security guarantee or indemnity given to the relevant member of CPY Group or any of its Associated Companies shall extend to an amount owing from the Guarantor after any exercise of such set off.

### 8. WAIVER

The Guarantor waives any right to require proceedings against the Client or to require the filing of any claim against the Client with a court or receiver to realise or enforce security or guarantee in respect of the Guaranteed Liabilities or Collateral Instruments, prior to enforcement of this Guarantee.

### 9. DETERMINATION

The Guarantor or any one or more of the persons for the time being constituting the Guarantor or any survivor of such persons or the personal representatives of the Guarantor or of any one or more of such persons may at any time give the relevant member of CPY Group notice in writing to determine this Guarantee with effect from the date (the "**Termination Date**") specified in such notice being a date falling not less than six calendar months after such notice shall actually have been received by the relevant member of CPY Group. Notwithstanding the giving of any such notice, the liability of the Guarantor under the Guarantee shall continue in full force and effect in relation to:

- (a) all Guaranteed Liabilities which shall have become due at the Termination Date; and
- (b) all Guaranteed Liabilities which may become due, owing or incurred by the Client to the relevant member of CPY Group pursuant to any transaction, dealing commitment or other engagement entered into or effected either: (i) prior to the Termination Date; or (ii) on or after the Termination Date pursuant to any commitment, expressed or implied, assumed or undertaken by the relevant member of CPY Group to the Client prior to the Termination Date.

### 10. JURISDICTION AND LAW

This Guarantee and all rights, obligations and liabilities hereunder shall be governed by and construed in accordance with the laws of Hong Kong and the Guarantor hereby irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of the relevant member of CPY Group to take proceedings against the Guarantor in the courts of any other competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

### 11. NOTICES AND OTHER MATTERS

- 11.1 Other than any notice given in accordance with Paragraph 9 of this Section, any notice or communications to be made or given by the Guarantor to the relevant member of CPY Group or to CPY Group and vice versa shall be in writing delivered personally or made or given by mail (airmail if international) or telex or facsimile and shall be deemed to have been received when delivered personally or two

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## SECTION VII – GUARANTEE

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days (if local) or seven days (if international) after posting if delivered by mail, it being sufficient to prove that the notice or communication was properly addressed and posted or the next business day following the day on which it was dispatched if delivered by telex or the date of transmission if transmitted by facsimile, whichever shall first occur. Such notice and communication shall be addressed:

- (a) If to the Guarantor, to the address and facsimile number as set out in the Account Opening Form or to the process agent (if any) nominated by the Guarantor or to such other address as the Guarantor shall notify in writing from time to time.
- (b) If to CPYI and/or CPYF, to

Core Pacific-Yamaichi Group of Companies  
Room 1101, 11/F China Resources Building,  
26 Harbour Road,  
Wanchai, Hong Kong.

Facsimile: (852) 2877 2517

Telex: 73747 YAMAH HX

or to such other address or telex or facsimile number as CPYI and/or CPYF may hereafter notify the Guarantor.

- 11.2 The Guarantor hereby irrevocably appoints the person named in the Account Opening Form as its process agent to accept service of process in Hong Kong in any legal action or proceedings arising out of this Guarantee, service upon whom shall be deemed completed whether or not forwarded to or received by the Guarantor. If such process agent ceases to be able to act as such or to have an address in Hong Kong, the Guarantor irrevocably agrees to appoint a new process agent in Hong Kong and to deliver to the relevant member of CPY Group within 30 days a copy of a written acceptance of appointment by the process agent. Nothing in the Guarantee shall affect the right to serve process in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

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## SECTION VIII - RISK DISCLOSURE STATEMENTS AND DISCLAIMERS

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By requesting the relevant member of CPY Group to provide the Client with the services as outlined under the Agreement, the Client has read, fully understand and agree to the following risk disclosure statements and disclaimers:-

Words and expressions defined in all other Sections of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

### PART A – RISK DISCLOSURE STATEMENTS FOR CASH ACCOUNT AND MARGIN ACCOUNT

#### 1. RISK OF SECURITIES TRADING

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

The Client also acknowledges that there are risks in leaving Securities in the custody of the Broker or in authorising the Broker to lend the client's Securities to or deposit them with certain third parties (e.g. as collateral for loans or advances made to the Broker) under the Securities and Futures Ordinance and related rules. The Client understands that this is allowed only if he consents in writing, which consent must specify the period for which it is current and cannot exceed 12 months if he is not a professional investor. The Client also understands that he is not required by any law to sign these authorities.

#### 2. RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

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

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

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

The Client should seek independent professional advice if the Client is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

#### 3. RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE

The Securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. The Client should consult a licensed or registered person and become familiarised with the PP before trading in the PP Securities. The Client should be aware that the PP Securities are not regulated as a primary or secondary listing on the Main Board or GEM of the Stock Exchange.

### PART B – RISK DISCLOSURE STATEMENTS FOR MARGIN ACCOUNT

#### 1. RISK OF MARGIN TRADING

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

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

There is risk if the Client provides any member of CPY Group with an authority that allows it to apply the Client's Securities or Securities collateral pursuant to a Securities borrowing and lending agreement, repledge the Client's Securities collateral for financial accommodation or deposit the Client's Securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

If the Client's Securities or Securities collateral are received or held by CPY Group in Hong Kong, the above arrangement is allowed only if the Client consents in writing. Moreover, unless the Client is a professional investor, the Client's authority must specify the period for which it is current and be limited to not more than 12 months. If the Client is a professional investor, these restrictions do not apply.

Additionally, the Client's authority may be deemed to be renewed (i.e. without the Client's written consent) if CPY Group issues the Client a reminder at least 14 days prior to the expiry of the authority, and the Client does not object to such deemed renewal before the expiry date of the Client's then existing authority.

The Client is not required by any law to sign these authorities. But an authority may be required by CPY Group, for example, to facilitate margin lending to the Client or to allow the Client's Securities or Securities collateral to be lent to or deposited as collateral with third parties. CPY Group should explain to the Client the purposes for which one of these authorities is to be used.

If the Client signs one of these authorities and the Client's Securities or Securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on the Client's Securities or Securities collateral. Although CPY Group is responsible to the



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## SECTION VIII - RISK DISCLOSURE STATEMENTS AND DISCLAIMERS

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Client for the Client's Securities or Securities collateral lent or deposited under the Client's authority, a default by it could result in the loss of the Client's Securities and Securities collateral.

A cash account not involving Securities borrowing and lending is available from CPY Group. If the Client does not require margin facilities or does not wish the Client's Securities or Securities collateral to be lent or pledged, the Client should not sign the above authorities and ask to open this type of cash account.

### PART C – RISK DISCLOSURE STATEMENT AND DISCLAIMERS FOR FUTURES ACCOUNT AND OPTIONS TRADING

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

#### 1. RISK OF TRADING FUTURES AND OPTIONS

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

#### 2. FUTURES CONTRACTS

##### 2.1 Effect of "Leverage" or "Gearing"

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

##### 2.2 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.

#### 3. OPTIONS CONTRACTS

##### 3.1 Variable degree of risk

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

The purchaser of Options Contracts may offset or exercise the Options Contracts or allow the Options Contracts to expire. The exercise of an Options Contract results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the Options Contracts is on a Futures Contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures Contracts above). If the purchased Options Contracts expire worthless, the Client will suffer a total loss of the Client's investment which will consist of the option premium plus transaction costs. If the Client is contemplating purchasing deep-out-of-the-money Options Contracts, the Client should be aware that the chance of such Options Contracts becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an Options Contract generally entails considerably greater risk than purchasing Options Contracts. 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 Options Contract and the seller will be obligated to either settle the Options Contract in cash or to acquire or deliver the underlying interest. If the Options Contract is on a Futures Contract, the seller will acquire a position in a Futures Contract with associated liabilities for margin (see the section on Futures Contracts above). If the Options Contract is "covered" by the seller holding a corresponding position in the underlying interest or a Futures Contract or another Options Contract, the risk may be reduced. If the Options Contract 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 Options Contract is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

**4. ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS****4.1 Terms and conditions of contracts**

The Client should ask the Broker and/or CPYF about the terms and conditions of the specific Futures/Options Contracts which the Client is trading and associated obligations (e.g. the circumstances under which the Client may become obliged to make or take delivery of the underlying interest of a Futures Contract and, in respect of Options Contracts, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an Options Contract) may be modified by the Exchange, Futures Exchange or Clearing House to reflect changes in the underlying interest.

**4.2 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 the Client has sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the Futures Contracts, and the underlying interest and the Options Contracts may not exist. This can occur when, for example, the Futures Contract underlying the Option Contract is subject to price limits while the Option Contract is not. The absence of an underlying reference price may make it difficult to judge "fair value".

**4.3 Deposited cash and property**

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

**4.4 Commission and other charges**

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

**4.5 Transactions in other jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before the Client trades the Client should enquire about any rules relevant to the Client's particular transactions. The Client's local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the Client's transactions have been effected. The Client should ask the Broker and/or CPYF for details about the types of redress available in both the Client's home jurisdiction and other relevant jurisdictions before the Client starts to trade.

**4.6 Currency risks**

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

**4.7 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. The Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house, the Broker and/or CPYF. Such limits may vary: the Client should ask the Broker and/or CPYF for details in this respect.

**4.8 Electronic trading**

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

**4.9 Off-exchange transactions**

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

**5. HONG KONG EXCHANGE DISCLAIMER**

Stock indices and other proprietary products upon which contracts traded on the Futures Exchange may be based may from time to time be developed by the Futures Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Futures Exchange. The HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Futures Exchange (the "HK Exchange Indices") are the property of the Futures Exchange. The process of compilation and computation of each of the HK Exchange Indices is and will be the exclusive property of and proprietary to the Futures Exchange. The process and basis of compilation

and computation of the HK Exchange Indices may at any time be changed or altered by the Futures Exchange without notice and the Futures Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the HK Exchange Indices as the Futures Exchange may designate be conducted by reference to an alternative index to be calculated. The Futures Exchange does not warrant or represent or guarantee to any Exchange Participant or any third party the accuracy or completeness of any of the HK 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 HK Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Futures Exchange in respect of the use of any of the HK Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruption, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Futures Exchange or any other person or persons appointed by the Futures Exchange to compile and compute any of the HK Exchange Indices in the compilation and computation of any of the HK Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any Exchange Participant or any third party dealing with futures and options contracts based on any of the HK Exchange Indices. No claims, actions or legal proceedings may be brought by any Exchange Participant or any third party against the Futures Exchange in connection with or arising out of matters referred to in this disclaimer. Any Exchange Participant or any third party engages in transactions in futures and options contracts based on any of the HK Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Futures Exchange in respect of such transactions.

**6. DISCLAIMER - HANG SENG 100 FUTURES AND OPTIONS**

HSI Services Limited ("HSI") currently publishes, compiles and computes a number of stock indices and may publish, compile and compute such additional stock indices at the request of Hang Seng Data Services Limited ("HSDS") from time to time (collectively, the "Hang Seng Indices"). The marks, names and processes of compilation and computation of the respective Hang Seng Indices are the exclusive property of and proprietary to HSDS. HSI has granted to the Futures Exchange by way of licence the use of the Hang Seng Index and the four Sub-indices of the Hang Seng Index, the Hang Seng China-Affiliated Corporations Index and the Hang Seng China Enterprises Index solely for the purposes of and in connection with the creation, marketing and trading of futures contracts and options contracts based on such indices respectively and may from time to time grant to the Futures Exchange corresponding use of any other Hang Seng Indices for the purposes of and in connection with futures contracts and options contracts based on such other Hang Seng Indices (collectively, "HSI Futures/Options Contracts"). The process and basis of compilation and computation of any of the Hang Seng Indices and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI without notice and the Futures Exchange may at any time require that trading in and settlement of such of the HSI Futures/Options Contracts as the Futures Exchange may designate be conducted by reference to an alternative index or alternative indices to be calculated. Neither the Futures Exchange nor HSDS nor HSI warrants or represents or guarantees to any Exchange Participant or any third party the accuracy or completeness of the Hang Seng Indices or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indices or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Futures Exchange, HSDS or HSI in respect of the use of the Hang Seng Indices or any of them for the purposes of and in connection with the HSI Futures/Options 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 HSI in the compilation and computation of the Hang Seng Indices or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any Exchange Participant or any third party dealing with the HSI Futures/Options Contracts or any of them. No claims, actions or legal proceedings may be brought by any Exchange Participant or any third party against the Futures Exchange and/or HSDS and/or HSI in connection with or arising out of matters referred to in this disclaimer. Any Exchange Participant or any third party deals in the HSI Futures/Options Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Futures Exchange, HSDS and/or HSI.

**PART D – RISK DISCLOSURE STATEMENTS FOR ALL TYPES OF ACCOUNTS**

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

If the Client provides any member of CPY Group with an authority to hold mail or to direct mail to third parties, it is important for the Client to promptly collect in person all contract notes and statements of the Client's account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

**2. RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG**

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

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## SECTION IX –PERSONAL DATA PRIVACY INFORMATION

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Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

### **Privacy Policy and Personal Information Collection Statement**

This Statement is, except where separate and distinctive statements are provided, applicable to the Core Pacific-Yamaichi Financial Group Limited 's group of companies (together hereinafter the "Group"), including but not limited to Core Pacific-Yamaichi International (H.K.) Limited, Core-Pacific-Yamaichi International (H.K.) Nominees Limited, Core Pacific-Yamaichi Futures (H.K.) Limited, Core Pacific-Yamaichi Wealth Management Limited, Core Pacific-Yamaichi Asset Management Limited, Core Pacific-Yamaichi Capital Limited and Core Pacific-Yamaichi Commercial Factoring (H.K.) Holding Limited. Accordingly, references to "we", "us", or "our company" shall mean, as the case may be, the relevant company within the Group. This Statement is applicable to all our websites, including but not limited to our websites at <http://www.cpy.com.hk> and <http://www.cpywmg.com.hk>.

Please note that this Statement may be amended from time to time without prior notice. You are advised to check the latest version on a regular basis. If there is any inconsistency or conflict between the English and Chinese versions of this Statement, the English version shall prevail.

### **I. Privacy Policy Statement**

#### **Our Pledge**

We are committed to safeguarding the privacy of individuals with respect to your personal data. We assure that our policies and practices, and those adopted by our affiliated and/or associated companies and agents in relation to the collection, use, retention, disclosure, transfer, security and access of your personal data comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486) (the "Ordinance") under the laws of Hong Kong, as well as the relevant code of practice and guidance issued by the Office of the Privacy Commissioner for Personal Data, Hong Kong. The meaning of the term "personal data" adopted in this Statement is defined in the Ordinance.

Where our operations are subject to privacy legislation other than that of Hong Kong (such as due to our carrying out of operational functions outside of Hong Kong), this Statement shall apply so far as it is consistent with such local legislation.

#### **Collection of Personal Data**

At times, you may be required to give your personal data and/or survey data including, but not limited to, your name, gender, age, date of birth, identity document number and/or its copy, telephone number, fax number, home address and/or its proof, email address, credit card information, bank account number and etc. Whilst some of the above requested data are optional (and the furnishing of which are subject to your voluntary choice), the refusal to provide certain requested data may render us unable to handle any application, or may deny you access to certain parts of our websites, or may otherwise defeat the objectives of your visit. If you are under the age of 18, consent from your parent or guardian is required before you give us any personal data and/or survey data.

When you provide us your personal data and/or survey data, they would be deemed to be correct, complete and not misleading. We shall not be liable for any losses or damages in relation to or arising from the incorrectness or incompleteness of the personal data and/or survey data provided by you to us from time to time.

We may collect your personal data from third parties such as providers of payment or custodian services for the purpose of handling deposit or withdrawal of your assets through us or for organizing activities and events enrolled by you through third parties.

Information relating to your use, purchase or order of our services and/or products, such as call/connection time, duration, origin and destination, may be automatically collected for our accurate reporting and administration of your accounts.

Some of our websites may disclose non-personally identifiable aggregate statistics relating to our visitors to advertisers. Some of our websites may collect aggregate information about our visitors, e.g. statistics on the number of visits. This type of data may include, but is not limited to, the browser type and version, operating system, IP address and/or domain name.

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## SECTION IX –PERSONAL DATA PRIVACY INFORMATION

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Cookies used (if any) in any part of our websites will not be deployed for collecting personal data. For your information, Cookies are small computer files that can be stored in web surfers' computers for the purposes of obtaining configuration information and analyzing web surfers' viewing habits. They can save you from registering again when re-visiting a website and are commonly used to track your preferences in relation to the subject matter of the website. You may refuse to accept Cookies by modifying the relevant Internet options or browsing preferences of your computer system, but to do so you may not be able to utilize or activate certain available functions in our websites. Our websites may bar users who do not accept Cookies.

Calls between you and our managers/officers/staff/agents/representatives (including our Customer Service) may be recorded for, including but not limited to, regulatory compliance, audit compliance, staff training, service quality control and contractual clarification purposes.

### **Accuracy of Personal Data**

Your application for the use, purchase, subscription or order of any of our services and/or products may be subject to, including but not limited to, credit assessments, verification of your personal details and etc.. If we regard results of such checking as unsatisfactory, we will not enter into any agreements, arrangements or engagements with you. In some instances, data provided by you will be validated by using generally accepted practice or against our pre-existing data, or we may require you to show the original documentation before the data may be used, such as personal identifiers and/or proof of address.

### **Use of Personal Data Collected**

Specific purposes for which your personal data may be used are set out in our "Personal Information Collection Statement" set out in Part II below (particularly those contained in points 1. through to 8. in the first paragraph of Part II below).

### **Data Access and Correction**

Under the Ordinance, you have the right to:

1. Check whether we hold any of your personal data;
2. Access your personal data held by us;
3. Request us to correct any inaccurate personal data held by us; and
4. Ascertain our policies and practices established (from time to time) in relation to personal data and the types of personal data held by us.

If you want to access and/or correct your personal data which you have given us via application form, internet or other means, or if you want to ascertain our policies and practices in relation to personal data and the kind of your personal data held by us, please contact our Data Protection Officer in writing, we will respond within 40 days after receiving the request. We may charge you a reasonable fee for each personal data access. However, such fee will be waived if the data access is made for the purpose of correcting your personal data.

### **Security of Personal Data**

We use various encryption techniques to transmit via the Internet your personal data, which can only be accessed by our authorized personnel. Given the operational nature of the Internet, we cannot guarantee that the transmission is 100% secure. Please, however, refer to our "Security Statement" in Part III below for details on the steps that we have taken to ensure that any personal data collected by us via our websites is safe and secure to avoid third party's unauthorized interference.

### **Internal Guidelines on Record Retention and Access to Personal Data**

Our staff are required to strictly adhere to our Internal Guidelines on Record Retention and Access to Personal Data. Physical records containing personal data are securely stored in locked areas when not in use. Access to such physical and/or computer records is strictly controlled and requires management approval for each access. Approvals for access to customers' personal data are granted only on a "need to know" basis. Where we

retain, use and/or transmit customers' personal data, we have put in place adequate measures to protect it from accidental and/or unauthorized disclosure, modifications, loss and/or destruction.

#### **Retention of Personal Data**

If you are a customer of ours, your personal data which you have given us via application form, internet or other means, during the subscription period of our services and/or products will be retained for a reasonable period after termination of your subscription. We will erase any unnecessary personal data from our system in accordance with our internal policy.

#### **On-line Services**

We may promote on-line stores or service providers or product providers operated by third party merchants on our website. If you want to use or order any services and/or products from them, please note that once the information that you provided is transferred to the relevant merchant, it will be beyond our control and thus outside the scope of protection afforded by us.

#### **II. Personal Information Collection Statement**

As a customer of our company, or a visitor or user of our websites, it may be necessary for you to provide us with your personal data when you apply to us and/or continue to subscribe with us for any services and/or products. If your personal data is incomplete or incorrect, we may not be able to provide or continue to provide the services and/or products to you. We shall keep your personal data confidential at all times. Our policies and practices with respect to the collection, use, retention, disclosure, transfer, security and access of personal data will be in accordance with requirements under the Ordinance and this Statement. We may use the personal data provided by you for the following purposes and for other purposes as shall be agreed between you and us or required by law from time to time:

1. Processing of your application for the use, purchase, subscription or order of any services and/or products, and provisioning of the services and/or products, service your account and/or carry out your instruction;
2. Subject to your consent, we may use your personal data (which may include name, gender, telephone number, fax number, postal address, email address and/or month and year of birth) for marketing the services and/or products (restricted to insurance, reinsurance, banking, mortgage referral, credit card, property development, retailing, securities and investment (inclusive of, inter alia, securities/futures brokerage/advisory, assets management, corporate finance and etc.), telecommunications, third party reward, loyalty and privilege programme, co-branding, finance, education, media, entertainment and leisure, health and beauty, apparel, jewelry, electrical and electronic products, hotels and travelling, restaurant and catering, logistic and transport, real estate agency, commercial factoring, concierge and social network services) (irrespective of whether we are remunerated for such marketing activities) relating to us, our affiliated and/or associated companies and business partners. We may dispatch to you the promotional information via direct marketing telephone calls, e-mail, e-message<sup>1</sup>, facsimile, direct mailings etc. We will enquire your preference on nature of services and/or products before we provide you with the direct marketing promotional materials.
3. Processing of any benefits for you arising out the services and/or products;
4. Analyzing, verifying and/or checking of your credit, payment and/or account status in relation to the provision of the services and/or products and conduct credit enquiries/checks on you;
5. Processing of any payment instructions, direct debit facilities and/or credit facilities requested by you;
6. Facilitating the daily operation of your account, provisioning of customer services and/or the collection of overdue amounts in your account in relation to the services and/or products;
7. Enabling us to conform with other industry practices, or to comply with any requests stipulated by governmental or regulatory authorities; and

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## SECTION IX –PERSONAL DATA PRIVACY INFORMATION

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8. Enabling us in prevention of crime.

<sup>1</sup> E-message means electronic messages delivered via the following means: mobile short messaging service (SMS) / multimedia messaging services (MMS) / cross-platform mobile messaging application (e.g. smartphone messaging application).

We may disclose and transfer (whether in Hong Kong or overseas) your personal data to the following parties to use, disclose, process or retain such personal data for the purposes mentioned above:

1. Our agents and contractors (including IT, network, customer service, sales agents, mailing houses, telecommunication service providers, telemarketing and direct sales agents, call centers, administrative service providers, financial service providers, payment or security clearing service providers, professional and other services providers, data processing service providers, third party reward, loyalty and privilege programme providers, co-branding partners and contractors), telecommunications operators, and service providers for the provision of our services and/or products;
2. Our affiliated and/or associated companies and business partners;
3. Banks, financial institutions, credit providers, any nominees in whose name(s) any securities/assets may be registered and any person(s) with whom we have entered into or propose to enter into transactions on your behalf or account, or persons representing the same;
4. Debt collection agencies, credit reference agencies and security agencies;
5. Regulatory bodies, law enforcement agencies and courts;
6. Our professional advisers, and any other persons under a duty of confidentiality to us; and
7. Any of our actual or proposed assignees, successors or transferees of our rights with respect to you.

In addition, in accordance with your agreement with us or consent given to us (as the case may be), we may disclose and transfer your personal data (whether in Hong Kong or overseas) to our affiliated and/or associated companies and/or business partners for the purposes of carrying out market research and credit assessments and ensuring such personal data provided by you to us fulfills the aforesaid or other purposes as shall be agreed between you and us or as required by law from time to time.

If you do not wish to receive direct marketing promotional information from us with respect to the services and/or products we provide and/or other categories of services and/or products mentioned above, or do not wish us to disclose, transfer or use your personal data for the aforesaid direct marketing purposes, please send your marketing message opt-out request to us via [privacy@cpy.com.hk](mailto:privacy@cpy.com.hk) or by post to Room 1101, 11/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or contact our Customer Service Hotline at 2166 3888.

### III. Enquiries

Should you have any enquiries concerning this Statement, please feel free to contact our Data Protection Officer in writing at:

Data Protection Officer  
Room 1101, 11/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

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**SECTION IX –PERSONAL DATA PRIVACY INFORMATION**

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**Additional Client Consent on Collection, Storage, Use, Processing, Disclosure and Transfer of Personal Data for provision of services in relation to securities listed or traded on the Stock Exchange of Hong Kong and for complying with the rules and requirements of SEHK and the Securities and Futures Commission (SFC) in effect from time to time**

In addition to the above, you, the Client, acknowledge and agree that Core Pacific - Yamaichi International (H.K.) Limited (“CPYI”), may collect, store, process, use, disclose and transfer personal data relating to you (including your CID and BCAN(s)) as required for CPYI to provide services to you 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 your 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 your 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; and

(c) allowing the SFC to: (i) collect, store, process and use your personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements.

(d) 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 your CID and transfer your CID to the issuer’s share registrar to enable HKSCC and/ or the issuer’s share registrar to verify that you have not made any duplicate 3 applications for the relevant share subscription and to facilitate IPO balloting and IPO settlement; and (ii) process and store your CID and transfer your 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 your application for the relevant share subscription or any other purpose set out in the IPO issuer’s prospectus.

You also agree that despite any subsequent purported withdrawal of consent by you, your personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent.

Failure to provide CPYI with your personal data or consent as described above may mean that CPYI will not, or will no longer be able to, as the case may be, carry out your trading instructions or provide you with securities related services (other than to sell, transfer out or withdraw your existing holdings of securities, if any).

Note: The terms “BCAN” and “CID” used in this clause shall bear the meanings as defined in paragraph 5.6 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.”



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## SECTION X – TERMS AND CONDITIONS OF INDEMNITY FOR DERIVATIVE TRANSACTIONS

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Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

In consideration of CPYI, and/or CPYF, as the Client's agent from time to time purchasing and selling derivative products ("derivative transaction"), and including without limitation equity-linked notes, credit-linked notes, swaps, currencies, over-the-counter transactions, capital guarantee notes and convertible bonds on the Client's behalf at the Client's request, the Client acknowledges and agrees that:

1. For all derivative transactions which CPYI and/or CPYF may from time to time on the Client's behalf enter into, CPYI and/or CPYF act as agent on the Client's behalf, notwithstanding that the issuer ("**Issuer**") and/or guarantor of the relevant derivative product will or may look to CPYI and/or CPYF as though CPYI and/or CPYF were acting in the capacity of a principal, and that CPYI and/or CPYF shall not be liable to the Client in respect of any default or breach committed by the Issuer and/or the guarantor.
2. The Client shall indemnify and hold harmless CPYI and/or CPYF and all of its staff for all costs, expenses, claims or losses incurred by CPYI and/or CPYF or any of its staff by reason of entering into derivative transactions on the Client behalf including, without limitation, by reason of any default or breach on the part of the Issuer and/or the Guarantor.
3. The Client hereby warrants, represents and undertakes to CPYI and/or CPYF that:
  - (a) the Client has read and understood the general terms and conditions relating to derivative products;
  - (b) the Client is acting on its own account and the Client has made an independent decision to purchase and/or sell derivative products;
  - (c) CPYI and/or CPYF shall be under no liability whatsoever in respect of any information or suggestion rendered by any of its directors, officers, employees or agents in relation to the Client's purchase and/or sale of derivative products irrespective of whether or not such suggestion was given at the Client's request, save that CPYI and/or CPYF would ensure the suitability of any recommendation or solicitation for that Client is reasonable;
  - (d) the Client is capable of assessing and understanding the merits of and risks in and the terms and conditions of executing derivative transactions (irrespective of whether or not the Client has obtained prior independent professional advice);
  - (e) the Client assumes and is capable of assuming the risks in dealing with derivative products; and
  - (f) no communication either made in writing or orally between CPYI and/or CPYF and the Client shall constitute any assurance, warranty or guarantee, and CPYI and/or CPYF and its staff shall not be liable for and the Client will not commence any action against CPYI and/or CPYF or its staff in connection with any such communication.
4. If the Client comprises two or more persons, such persons shall be jointly and severally liable.

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## SECTION XI – PILOT PROGRAMME FOR TRADING US SECURITIES

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Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.

### Informational Documentation For Clients of Exchange Participants

*The material contained herein is for general information and investors should only consider participating in the Pilot Programme if they have sufficient means and resources to acquire and understand the relevant product and market information regarding the Programme which is published on or distributed via the Internet in English.*

#### ■ INTRODUCTION

The Stock Exchange of Hong Kong (the Exchange) is introducing a special arrangement for the trading of global Securities in Hong Kong (HK) called the Pilot Programme (PP). Initially, a small number of large established Securities with track record listed on the National Association of Securities Dealers Automatic Quotations (Nasdaq) and the American Stock Exchange (Amex) are to be quoted on the Exchange under this arrangement.

The PP Securities are aimed at sophisticated investors. You should consult your broker and become familiarised with the PP before trading in the PP Securities.

#### ■ MAIN CHARACTERISTICS OF PILOT PROGRAMME SECURITIES

- ♦ Listed on Nasdaq or AMEX;
- ♦ May also include a number of exchange traded funds (ETFs);
- ♦ Are not regulated as a primary or secondary listing on the Exchange's Main Board or GEM;
- ♦ They are admitted into the Exchange for trading only;
- ♦ Trading on the Exchange is regulated by HK law and Exchange rules and in particular, the Securities are subject to the market misconduct provisions of the Securities and Futures Ordinance;
- ♦ In general, suspension and resumption of trading on PP Securities will follow that of the home market but the Hong Kong Securities and Futures Commission (SFC) and the Exchange retain the right to suspend, halt trading and remove any security from trading;
- ♦ There will be no public offering of PP Securities in HK;
- ♦ For a full list of the PP Securities, you are advised to refer to the Exchange's website (<http://www.hkex.com.hk>).

#### ■ TRADING AND SETTLEMENT ARRANGEMENT

- ♦ Trading currency - In HK, these Securities are traded and settled in HK or US dollars although they are traded and settled in US dollars in the US.
- ♦ Stock codes - To differentiate the PP Securities from other Securities in the Exchange's Main Board and GEM, the stock codes of these Securities are within the 4331 to 4430 range.
- ♦ Board lots - The Securities are traded in board lots ranging from ten to one hundred shares per board lot depending on the price of the Securities at the time of admission to trading. You can access the Exchange's website for information on board lot sizes when the Securities commence trading in HK.
- ♦ Trading spread - The trading spread follows those of HK Securities and you can refer to the Second Schedule of the Rules of the Exchange or the Exchange's website for details.
- ♦ Short selling - Securities under PP are eligible for short selling with the tick rule.
- ♦ Settlement - These Securities follow the standard T+2 settlement period by Continuous Net Settlement in CCASS, the central clearing and settlement system operated by Hong Kong Securities Clearing Company Limited (HKSCC), for trades concluded on the Exchange. You should note that the US settlement period is T+3.
- ♦ CCASS rules - All CCASS rules for clearing, settlement, custodian and nominee services apply to the PP Securities.
- ♦ Trading mechanism - As with HK Securities, the PP Securities are traded through the Exchange's Automatic Order Matching and Execution System (AMS) under an order-driven and automatching mechanism. Designated market makers for PP Securities may participate in AMS to provide two-way prices on the AMS order book. Market making is continuous and competitive.
- ♦ Trading by overseas investors - Overseas investors should note and comply with the applicable regulatory restrictions in their country of domicile governing purchases or sale of overseas Securities prior to trading the PP Securities on the Exchange.

#### ■ INFORMATION DISSEMINATION AND DISCLOSURE OF FINANCIAL INFORMATION

You are advised to obtain information on filings relating to the PP issuers from multiple sources as the information / filings are delivered on a best endeavour basis. The following are, among others, information channels for the PP Securities:

##### Issuers' disclosure

- ♦ Issuers' websites, Nasdaq's website ([www.nasdaq.com](http://www.nasdaq.com)), Amex's website ([www.amex.com](http://www.amex.com)) and other third party websites which may or may not be hyperlinked from the Exchange's website;
- ♦ EDGAR, the Electronic Data Gathering, Analysis and Retrieval system website ([www.sec.gov](http://www.sec.gov)), which contains all US issuers' filings to the US Securities and Exchange Commission.

*Note: You should note that like its US counterpart, the Exchange is not in a position to verify the accuracy of the information disclosed. In addition, third party reports and analysis reflect the views of their authors or commentators.*

## SECTION XI – PILOT PROGRAMME FOR TRADING US SECURITIES

### Trading data of PP Securities in HK

- ♦ Market prices and turnover of the PP Securities traded on the Exchange can be accessed through brokers, newspapers and information service providers similar to that of HK Securities.
- ♦ PP Securities' US market data are available on the Nasdaq or Amex website.
- ♦ PP Securities' US market closing prices and turnovers are disseminated by the Exchange to Exchange Participants and information vendors.

### ■ SHARE REGISTRATION AND OTHER SERVICES

In some areas, share registration and related services are substantially different from those of other Securities. The following are noteworthy:

- ♦ Securities of the PP issuers quoted in HK are fungible to those in the US and shareholders can transfer their Securities in the US for sale in HK and vice versa.
- ♦ PP issuers do not have to appoint any share registrar in HK and all Securities in HK are held under HKSCC's account with US Depository Trust Co. (DTC). Owners of these Securities in HK are not registered shareholders but have beneficial interest in the Securities.
- ♦ All owners of the Securities may request issuance of physical scrip, if available, indirectly through HKSCC. The issuance process normally takes much longer time than for HK Securities. In addition, HKSCC does not offer deposit service for these Securities and physical scrips can only be deposited through brokers offering such services.
- ♦ Similar to HK Securities, odd lots may be created during corporate action on share splitting or consolidations.
- ♦ Beneficial owners of the Securities held under HKSCC participants can collect their dividends, if any, in either HK or US dollars, at their option. However, for dividend collection, HKSCC may require the shareholders to declare whether they are US taxpayers, for reporting to the US authorities.
- ♦ As the Exchange is not providing trading counters for warrants, rights or debt issues of the Securities quoted under PP, beneficial owners of these additional Securities, if declared by the issuer, may transfer them to brokers or custodians who are DTC participants or to sell or redeem the Securities in the US market on their behalf as part of HKSCC's nominee service.

### ■ FEES AND CHARGES

The following table illustrates the particulars on fees and charges relating to the PP Securities. For the latest HKSCC fees and charges, please refer to the Exchange's website (<http://www.hkex.com.hk>).

<b>Summary of transaction costs</b>	
Transaction levy	The same as for HK Securities
Stamp duty	Not applicable
Withholding tax	Will be collected by HKSCC's agent in the US on dividends paid on PP Securities held under HKSCC. Refund of the withholding tax may be a complex and time-consuming process. Upon request, HKSCC will issue a confirmation to investors who have an Investor Participant Account with HKSCC of the net amount of dividends paid (i.e after netting off the withholding tax) with respect to their holdings in the relevant Securities as at the entitlement record date. For other investors, they should approach the Broker or custodians, who will request and obtain the confirmation from HKSCC on their behalf.
Capital gains tax	Apply to US taxpayers who are beneficial owners of US Securities (including the PP Securities) but not to non-US taxpayers.
<b>Summary on tariff for Pilot Programme Securities</b>	
Standard CCASS tariff applies except for the following, which will be charged to cover the fees payable to DTC and CCASS processing costs.	
Stock maintenance fee	Monthly charge of \$0.25 per 100 shares, or fewer. The fee is calculated on the daily average stock balance of PP Securities in stock accounts of each Participant for the month and is payable monthly. No stock custody fee will be charged.
Stock withdrawal fee	\$600 per instruction plus out-of-pocket expenses incurred by HKSCC. The fee also applies to the withdrawal of Securities entitlements accruing from PP Securities which are not eligible Securities.
Handling fee for warrant conversions, voluntary takeovers, tender offers, or open offers	\$600 per instruction plus out-of-pocket expenses incurred by HKSCC
Cross-border transfer fee for receipts / deliveries of PP Securities *	\$200 per receipt / delivery instruction plus out-of-pocket expenses charged to HKSCC by DTC in which the Securities are transferred to or from HKSCC. In addition, HK shareholders may be charged a fee by their appointed agents / brokers offering this service in HK and in the US.

- \* The Cross-border transfer fee will be charged for the transfer of Securities between DTC and CCASS only. This fee will not be charged on the settlement of trades concluded in HK.

### ■ FURTHER INFORMATION

For further information on the Pilot Programme, please contact your broker:

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## SECTION XII – TERMS AND CONDITIONS FOR STOCK CONNECT

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This Section is additional and supplemental to these Terms. All transactions and dealing in China Connect Securities through China Connect shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of these Terms. Where any conflict or inconsistency arises between any provision of this Section and the Section headed General Terms and Conditions of these Terms, the provision of this Section shall prevail.

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

1.1 Unless otherwise defined below, terms defined in the Section headed General Terms and Conditions shall have the same meaning in this Section.

1.2 In this Section, unless the context otherwise requires, the following expressions shall have the following meanings:

“**Applicable Requirements**” means the relevant laws, rules, regulations, policies, interpretations, guidelines, requirements and other regulatory documents promulgated by relevant governmental or regulatory bodies of Hong Kong and Mainland China from time to time including the Stock Connect Rules and any other relevant requirements and/or restrictions of any governmental or regulatory body, exchange or clearing house as may be published and/or amended from time to time;

“**Cash**” means all cash or cash equivalents in Offshore RMB received and held by CPYI based on the terms of this Section;

“**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 Stock Connect;

“**CCASS Rules**” means the general rules of CCASS as amended, supplemented, modified and/or varied from time to time;

“**ChinaClear**” means China Securities Depository and Clearing Corporation Limited;

“**China Connect Market**” means SSE or SZSE as applicable;

“**China Connect Market Operator**” means SSE or SZSE as applicable;

“**China Connect Securities**” means any securities listed on a China Connect Market which are from time to time accepted as eligible stocks for trading by Hong Kong and overseas investors under Stock Connect. Unless the context requires otherwise, “China Connect Securities” includes “Special China Connect Securities”;

“**ChiNext Shares**” means any securities accepted for listing and admitted to trading on the ChiNext market operated by SZSE from time to time;

“**Circuit Breaker**” means any measures that may be imposed or activated by a China Connect Market Operator on the relevant China Connect Market in accordance with the Circuit Breaker Provisions;

“**Circuit Breaker Provisions**” means the relevant provisions in the Operator Rules under which Circuit Breaker may be imposed for the purpose of, among others, minimizing or averting substantial upward or downward price movements of securities traded on the relevant China Connect Market including all related provisions on the application and lifting of the Circuit Breaker;

“**Costs**” includes costs, charges and expenses, including those in connection with the provision of legal advice;

“**CSRC**” means the China Securities Regulatory Commission of Mainland China;

“**HKEx**” means the Hong Kong Exchanges and Clearing Limited;

“**HKSCC**” means the Hong Kong Securities Clearing Company Limited;

“**Institutional Professional Investor**” means a “professional investor” with 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 Securities and Futures Ordinance (Cap 571);

“**Loss**” includes any loss, damage, demand, claims, liabilities and Costs of any kind;

“**Mainland China**” means, the People’s Republic of China other than Hong Kong, Macau and Taiwan;

“**Northbound Trading**” means the trading of China Connect Securities by Hong Kong and overseas investors through Stock Connect;

“**Offshore RMB**” means RMB available for general exchange market transactions outside Mainland China;

“**Operator China Connect Rules**” means the SSE China Connect Rules or the SZSE China Connect Rules as applicable;

“**Operator Listing Rules**” means the SSE Listing Rules or the SZSE Listing Rules as applicable;

“**Operator Rules**” means the SSE Rules or the SZSE Rules as applicable;

“**RMB**” means Renminbi, the lawful currency of the People’s Republic of China;

“**SAFE**” means the State Administration of Foreign Exchange of Mainland China;

“**Shanghai-Hong Kong Stock Connect**” means the securities trading and clearing links programme developed by the SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between the SEHK and the SSE;

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**SECTION XII – TERMS AND CONDITIONS FOR STOCK CONNECT**

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“**Shenzhen-Hong Kong Stock Connect**” means the securities trading and clearing links programme developed by the SEHK, HKSCC and ChinaClear for the establishment of mutual market access between the SEHK and SZSE;

“**Short Selling**”, means the sale of China Connect Securities, which are from time to time included in the list of eligible China Connect Market securities for short selling published by the SEHK from time to time, in respect of which the Client has a presently exercisable and unconditional right to vest such securities in the purchaser by virtue of having borrowed such securities under a Stock Borrowing and Lending Arrangement;

“**Special China Connect Securities**” means any securities listed on a stock market in Mainland China acceptable to SEHK which are from time to time accepted as eligible stocks for sale only but not for purchase by Hong Kong and overseas investors under Stock Connect;

“**Special Segregated Account**” has the meaning set out in CCASS Rules;

“**SPSA Order**” means Stock Connect sale order for the sale of China Connect Securities held in a Special Segregated Account;

“**SSE**” means the Shanghai Stock Exchange;

“**SSE China Connect Rules**” means the SSE Regulations on the Shanghai-Hong Kong Stock Connect which have been published by SSE for the purposes of implementing Shanghai-Hong Kong Stock Connect, as amended, supplemented, modified and/or varied from time to time;

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

“**SSE Rules**” means the SSE China Connect Rules and the business and trading rules and regulations of SSE as amended, supplemented, modified and/or varied from time to time;

“**SSE STAR Market**” means the market of the Science and Technology Innovation Board operated by SSE;

“**STAR Shares**” means any securities accepted for listing on the SSE STAR Market;

“**STAR Companies**” means companies listed on the SSE STAR Market;

“**Stock Connect**” means Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such other securities trading and clearing links programme developed or to be developed between SEHK and a trading platform in Mainland China as applicable;

“**Stock Connect Authorities**” means the exchanges, clearing systems, and regulators which provide services and/or regulate Stock Connect and activities relating to Stock Connect, including the Hong Kong Monetary Authority, SFC, SEHK (and its relevant subsidiary), HKSCC, the People’s Bank of China, SCRC, SAFE, China Connect Market Operators, ChinaClear and any other regulator, agency or authority with jurisdiction or responsibility in respect of Stock Connect;

“**Stock Connect Rules**” means, in the context of Stock Connect, any laws, rules, regulations, policies, interpretations, guidelines, requirements or other regulatory documents promulgated, published or applied by any Stock Connect Authority in relation to the relevant market from time to time in respect of Stock Connect Authority in relation to the relevant market from time to time in respect of Stock Connect or any activities arising from Stock Connect;

“**SZSE**” means the Shenzhen Stock Exchange;

“**SZSE China Connect Rules**” means the rules and regulations on Shenzhen-Hong Kong Stock Connect which have been published by SZSE for the purposes of implementing Shenzhen-Hong Kong Stock Connect, as amended, supplemented, modified and/or varied from time to time;

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

“**SZSE Rules**” means the SSE China Connect Rules and the business and trading rules and regulations of SZSE as amended, supplemented, modified and/or varied from time to time;

“**Taxes**” includes:

- (a) any tax, levy, impost, deduction, charge, rate withholding or duty by whatever name called levied, imposed or assessed (including withholding tax, goods and services tax, value added tax, sales tax, consumption tax, stamp duty and transaction duties or any similar imposed or levied); and
- (b) any interest, penalty, charge, fine, or fee or other amount of any kind assessed, charged or imposed on or in respect of the above (including in connection with any failure to pay or any delay in payment);

“**Trading Day**” means a day on which trading is concluded through the system for receiving and routing Northbound Trading orders on SEHK; and

“**Uptick Long Sale**” means:

- (a) the Client places a sell order with CPYI for China Connect Securities which is not Short Selling order;
- (b) the Client has borrowed other shares of that China Connect Security pursuant to a Stock Borrowing and Lending Arrangement and such shares are not subject to the sell order referred to in (a);
- (c) the Client has not returned all of the shares that the Client has borrowed under the Stock Borrowing and Lending Arrangement; and
- (d) the price requirements set out in the Stock Connect Rules relating to Short Selling apply to the sell order.

**2. ELIGIBLE INVESTORS**

The Client acknowledges that Northbound Trading is available only to Hong Kong and overseas investors and represents and undertakes on a continuing basis that:

- (a) the Client is not a legal entity incorporated or registered in Mainland China;
- (b) the Client will use assets located outside of Mainland China only for its investments through Northbound Trading;
- (c) unless the Client is an Institutional Professional Investor and such status has been confirmed by CPYI, the Client will not place any order or give any instruction to buy or sell ChiNext Shares and/or STAR Shares under Stock Connect (other than Special China Connect Securities which are eligible for sell orders only); and
- (d) in the case where the Client is acting on behalf of its client, the Client will not place any order or give any instruction to buy or sell ChiNext Shares and/or STAR Shares under Stock Connect on behalf of such client (other than Special China Connect Securities which are eligible for sell orders only), unless the Client is reasonably satisfied that such client is an Institutional Professional Investor.

**3. COMPLIANCE WITH APPLICABLE REQUIREMENTS**

- 3.1 Trading in any China Connect Securities is subject to the Applicable Requirements.
- 3.2 CPYI is not obliged to act until it has received all necessary instructions, funds, property and documents, but CPYI may do so. If CPYI does so, it has the right to apply any procedures or requirements in respect of any trading of China Connect Securities through Stock Connect which it determines in its discretion to be necessary or desirable for the purpose of complying with any Applicable Requirements, its policies and/or market practice. CPYI's rights will not be affected if CPYI does not do so or as a consequence of anything done or omitted to be done by it acting in good faith.
- 3.3 CPYI may, in its discretion, refuse to execute any instruction provided by the Client, if such instruction is not, or CPYI reasonably believes it may not be, in compliance with any Applicable Requirements or its policies. CPYI is not liable for any Loss incurred by the Client which may result directly or indirectly from such refusal.

**4. PLACING ORDERS**

- 4.1 CPYI only accepts orders for Northbound Trading that comply with the Applicable Requirements. CPYI is not liable for any Loss that the Client may suffer as a result of any attempt by the Client to place an order for Northbound Trading that does not comply with any Applicable Requirements.
- 4.2 CPYI will not accept any Short Selling orders or Uptick Long Sale orders in respect of China Connect Securities. The Client represents and undertakes on a continuing basis on each date that any order that the Client places with CPYI in relation to China Connect Securities is not, and will not be, a Short Selling order or an Uptick Long Sale order which is subject to the Stock Connect Rules in relation to Short Selling.
- 4.3 CPYI will not accept any Northbound buy order for ChiNext Shares and/or STAR Shares unless it determines in its absolute discretion that the Client is an Institutional Professional Investor.

**5. ENHANCED PRE-TRADE CHECKING**

- 5.1 To the extent that the Client instructs CPYI to execute an SPSA Order on behalf of the Client, the provisions set out in this Clause 5 apply.
- 5.2 Prior to instructing CPYI to execute any SPSA Order, the Client will provide to CPYI all information or document in the manner as may be required by CPYI from time to time for CPYI to place an SPSA Order on behalf of the Client.
- 5.3 The Client authorises, and the Client has appropriate arrangements in place to authorise, the reproduction, replication and transmission of the stock holding records of the Special Segregated Account at any time for the purpose of enabling SEHK and its subsidiaries to carry out their pre-trade checking procedures.
- 5.4 In the event that:
  - (a) the Client instructs CPYI to execute an SPSA Order on behalf of the Client and an investor identification number other than the Client's investor identification number is used to execute such order, the Client acknowledges and confirms that CPYI may settle such SPSA Order using China Connect Securities from the Special Segregated Account pursuant to the Client's original instructions; or
  - (b) the Client's investor identification number is used by CPYI to execute an SPSA order on behalf of another client of CPYI, the Client acknowledges and confirms that CPYI may settle such SPSA Order using China Connect Securities from the Special Segregated Account of such client pursuant to that client's original instructions.
- 5.5 The Client represents and undertakes on a continuing basis, including at each time that the Client places an SPSA Order, or otherwise give an instruction, in respect of the China Connect Securities held in a Special Segregated Account, that in respect of any SPSA Order which the Client instructs CPYI to execute, at all relevant times:
  - (a) the Client has been designated such Special Segregated Account and CCASS has assigned the investor identification number to such Special Segregated Account that the Client has provided to CPYI in respect to any such SPSA Order, in such case in accordance with the CCASS Rules and any applicable Stock Connect Rules;
  - (b) the Client unconditionally authorises CPYI to execute the sale of the relevant China Connect Securities in the specified Special Segregated Account on behalf of the Client;

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## SECTION XII – TERMS AND CONDITIONS FOR STOCK CONNECT

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- (c) (A) there are, and will be, sufficient China Connect Securities in the Special Segregated Account for the Client to settle the delivery obligations in respect of such SPSA Order on the settlement day as required under the Stock Connect Rules; and (B) the Client will ensure that the China Connect Securities that are the subject of the SPSA Order will be delivered to CPYI or to the account specified by CPYI no later than the cut-off time for delivery as may be specified by CPYI from time to time or, if earlier, as may be specified by any relevant Stock Connect Authority, on the settlement day specified by CPYI and in compliance with any other requirements for settlement which may be specified by CPYI to the Client or the Client's agent for settlement from time to time;
  - (d) the total number of China Connect Securities subject to SPSA Orders, in respect of China Connect Securities in that Special Segregated Account on any relevant Trading Day will not exceed the total stock holding position in respect of the same China Connect Security as shown against the investor identification number for the relevant Special Segregated Account (A) immediately before the commencement of operation of Stock Connect on that Trading Day or (B) as at such other time as may be specified by CPYI or any relevant Stock Connect Authority from time to time;
  - (e) to the extent that (i) the Client is a fund manager and (ii) the Client aggregates SPSA Orders across more than one Special Segregated Account (whether they are maintained with one or more custodian participant registered pursuant to the CCASS Rules), (A) the Client has authority from all relevant parties (including the relevant funds or sub-funds) so to aggregate such SPSA Orders and allocate China Connect Securities across such Special Segregated Accounts at the Client's discretion; and (B) any such actions taken or to be taken comply with all Applicable Requirements and do not involve any misappropriation of client assets;
  - (f) the relevant number of China Connect Securities recorded in the relevant Special Segregated Account will be used by the Client for stock settlement of such SPSA Order in accordance with the CCASS Rules and any other relevant Stock Connect Rules; and
  - (g) to the extent that at SPSA order is a Short Selling order, the borrowed Short Selling Securities are held in the relevant Special Segregated Account and the order is in compliance with (i) the China Connect Rules applicable to any SPSA order and (ii) the obligations set out herein. For the avoidance of doubt, CPYI does not accept any Short Selling orders.
- 5.6 The Client must immediately inform CPYI if any of the representations set out above in this Clause 5 are no longer correct or have become misleading or the Client has not complied, or will not comply, with any of the obligations under this Section or under the Stock Connect Rules in a way which may affect the ability of CPYI to execute an SPSA Order in compliance with the Stock Connect Rules.
- 5.7 In the event that there is a breach of any of the terms of this Clause 5 which results in a failure by CPYI to deliver any China Connect Securities held in the relevant Special Segregated Account to CCASS in respect of any SPSA Order as required by the Stock Connect Rules:
- (a) the Client acknowledges that CPYI is entitled to inform HKSCC that the failure to deliver was the result of the failure to deliver from a Special Segregated Account and, as a consequence, any overdue short stock position quantities will be deducted from the sellable balances of the relevant Special Segregated Account; and
  - (b) the Client agrees to provide any information or any other assistance as may be required by CPYI to ensure that SEHK and/or HKSCC is satisfied that the overdue short stock position was a result of a failure to deliver the China Connect Securities from a Special Segregated Account.
- 6. SETTLEMENT, CURRENCY CONVERSION AND INSTRUCTIONS**
- 6.1 Northbound Trading is traded and settled in RMB. If the Client does not have sufficient Offshore RMB in the Account(s) for any purchase order of China Connect Securities through Northbound Trading or other payment obligation in connection with Stock Connect, the Client authorises CPYI to convert any funds in another currency in any Account(s) into Offshore RMB for the purposes of settlement in connection with Stock Connect. However, if there are no such funds (or all or any part of such funds cannot be converted into sufficient Offshore RMB) before any such settlement, settlement may be delayed and/or fail and the Client may not be able to purchase or transfer the relevant China Connect Securities.
- 6.2 Notwithstanding any other provision in these Terms, where it is necessary to convert one currency to another pursuant to, in relation to or arising from this Section, such currency conversion may be carried out automatically by CPYI in good faith at a rate CPYI reasonably considers appropriate without prior notice to the Client. The Client indemnifies CPYI for any shortfall arising from any such conversion.
- 6.3 The Client waives any of his right in any jurisdiction to pay any amount other than in the currency in which it is due. If v receives an amount in a currency other than that in which it is due:
- (a) CPYI may convert the amount into the due currency on the date and at rates CPYI reasonably considers appropriate without prior notice to the Client. CPYI may deduct its Costs incurred in the conversion; and
  - (b) the Client satisfies his obligations to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after the Costs of the conversion.
- 6.4 The Client must comply with at applicable exchange control laws and requirements in connection with this Section and Northbound Trading.
- 6.5 CPYI may in its discretion reject the Client's sell order if CPYI considers that the Client does not have sufficient available China Connect Securities in the Account(s) by the applicable cut-off time (as notified to the Client by CPYI from time to time) or if for any other reason CPYI considers that there is or may be non-compliance with any Applicable Requirement. The Client has to indemnify CPYI for any Loss incurred in connection with any non-compliance or potential non-compliance with pre-trade checking and/or any Applicable Requirement.
- 6.6 CPYI may reject the Client's purchase order or sell order upon a request from SEHK, a China Connect Market Operator, or other Stock Connect Authorities. CPYI is not liable for any Loss incurred by the Client in connection with any such request from SEHK, the China Connect Market Operator, or other Stock Connect Authorities.
- 6.7 If CPYI is unable to effect an order cancellation request received from the Client due to the occurrence of a contingency (such as a breakdown or failure of all communication links between SEHK and a China Connect Market Operator), the Client shall remain liable for his settlement obligations if the relevant order has already been matched and executed.

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## SECTION XII – TERMS AND CONDITIONS FOR STOCK CONNECT

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6.8 CPYI is not liable for any Loss incurred by the Client in connection with any trading based on the Client's instructions. CPYI is not able to unwind any trade, and the Client should also take note of the settlement arrangements in respect of China Connect Securities under Stock Connect, the pre-trade checking requirement and the restriction on day (turnaround) trading which may affect the Client's ability to mitigate the consequences of his own error trades.

### 7. AUTHORITY TO SELL

The Client authorises CPYI to sell or arrange for the sale of any quantity of China Connect Securities held on the Client's behalf at such price and on such terms as CPYI may determine in its absolute discretion if:

- (a) CPYI receives an instruction directly or indirectly from a China Connect Market Operator or other Stock Connect Authority requiring the Client to sell and liquidate any specified China Connect Securities;
- (b) CPYI is of the view that the Client is in breach or may be in breach of any Applicable Requirements; or
- (c) CPYI has held on the Client's behalf such China Connect Securities for a period longer than CPYI's prescribed period as notified to the Client from time to time.

### 8. LIMITATION OF LIABILITY AND INDEMNITY

8.1 Unless an Applicable Requirement prohibits CPYI from excluding or limiting its liability or where the Loss is directly caused by CPYI's gross negligence, fraud or wilful misconduct, CPYI is not liable for any Loss incurred in connection with this Section or any Northbound Trading (including in connection with the provision, unavailability or improper functioning of any Stock Connect related services, delay or error in the transmission of any electronic payment transfer, failure or delay in the execution of any instruction, breakdown or failure of any communications system, delay in providing funds to the Client, or any other thing CPYI does or does not do). This applies where the Loss arises for any reason and even if the Loss was reasonably foreseeable or CPYI had been advised of the possibility of the Loss.

8.2 To the maximum extent permitted by the Applicable Requirements, the Client indemnifies CPYI against, and must pay CPYI on demand for, any Loss CPYI reasonably incurs in connection with all proceedings and/or Taxes howsoever arising, directly or indirectly, out of or resulting from the Client's trading of China Connect Securities pursuant to Stock Connect.

8.3 For the avoidance of doubt, this Clause 8 is in addition to Clause 5 of Section I (Indemnity) and any other exclusions or limitations of CPYI's liability and indemnities set out in this Section, these Terms, or otherwise.

### 9. MISCELLANEOUS

9.1 The Client agrees to execute any further documents and provide any materials and/or information as CPYI may reasonably request to enable CPYI to perform its duties and obligations under this Section which may become necessary as and when the Stock Connect Rules are updated, amended and/or replaced from time to time. The Client's failure to comply with this provision may result in a suspension of Stock Connect services to the Client.

9.2 Without prejudice to these Terms, the Client acknowledges that CPYI may use any such materials and/or information received from the Client for compliance with the Applicable Requirements and may retain any such materials and/or information received from the Client for such period as it deems appropriate pursuant to the Applicable Requirements.

9.3 CPYI reserves the right to vary any of the terms of this Section by written notice to the Client in accordance with Clause 24.5 of Section I of these Terms.

9.4 Save for Clause 8 above, this Section automatically terminates upon the termination of these Terms.

9.5 This Section and all transactions in relation to Stock Connect with the Client are, unless otherwise agreed, governed by the laws of Hong Kong. The Client agrees to submit to the non-exclusive jurisdiction of the Hong Kong courts.

### 10. RISK DISCLOSURES AND ACKNOWLEDGEMENT

10.1 The Client acknowledges that he has read and understands the risk disclosures and other information set out in Section XIII and that the Client understands his obligations set out in this Section and Section XIII.

10.2 The Client acknowledges that he understands and has assessed the risks relating to Stock Connect (including but not limited to those as set out in Section XIII) and the Client is willing to undertake those risks.

10.3 The Client acknowledges that CPYI is not liable for any Loss the Client may suffer as a result of the materialisation of any of the risks described in Section XIII or other risks relating to trading under Stock Connect.

10.4 The Client acknowledges that he must comply with all Applicable Requirements applicable to his trading of China Connect Securities through Stock Connect. In particular, the Client acknowledges that among other things, the following in respect of Northbound Trading:

- (a) no day trading is allowed (i.e. China Connect Securities purchased on a Trading Day shall not be sold on the same day);
- (b) unless an SPSA Order arrangement is in place, pre-trade checking is in place so that the Client must have his China Connect Securities transferred to CPYI's corresponding CCASS account before trading commences on a Trading Day if he intends to sell those China Connect Securities during that Trading Day;
- (c) all trading must be conducted on a China Connect Market, i.e. no over-the-counter or manual trades are allowed;
- (d) naked short selling is not allowed;
- (e) foreign trade ownership limits (including the individual shareholding limit (currently at 10%) and the aggregate shareholding limit (currently at 30%) which are applicable to foreign investors and the forced-sale arrangement) are in place, and CPYI shall have the right to sell the Client's shares upon receiving any forced-sale notification from HKEX. The Client shall not in



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**SECTION XII – TERMS AND CONDITIONS FOR STOCK CONNECT**

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- any event claim against CPYI for any losses or damages incurred by the Client arising from or in connection with such foreign ownership limit;
- (f) the Client should understand fully the Applicable Requirements in relation to “short swing profits” and his disclosure obligations (including but not limited to, the shareholding disclosure requirement (currently at 5%) applicable to persons who invest in A shares under the applicable laws of Mainland China), and he should follow such rules and regulations accordingly;
  - (g) CPYI shall have the right to cancel the Client’s orders in case of contingency, such as when a Typhoon Signal No.8 or above is hoisted in Hong Kong. The Client shall not in any event claim against CPYI for any losses or damages incurred by him arising from or in connection with such cancellation;
  - (h) CPYI may not be able to send in a Client’s request to cancel an order in case of contingency, such as when HKEx loses all its communication lines with a China Connect Market Operator, and the Client should still be liable for the settlement obligations if the orders are matched and executed;
  - (i) the Client must comply with the Operator Rules and other applicable laws of Mainland China relating to Northbound Trading;
  - (j) CPYI is entitled to provide information regarding the Client’s identity or such other information (including the Client’s personal data and trading activities) to SEHK or its subsidiary which may disclose, transfer and provide such information to a Stock Connect Authority for the purposes of assisting in any surveillance and investigation by a Stock Connect Authority;
  - (k) if the Operator Rules are breached, or the disclosure and other obligations referred to in the Operator Listing Rules or Operator Rules are breached, the relevant China Connect Market Operator may have the power to carry out an investigation, and the relevant China Connect Market Operator may, through HKEx or its subsidiaries, require CPYI to provide relevant information and materials and to assist in its investigation. The Client shall authorise and fully cooperate with CPYI to provide such information and materials;
  - (l) HKEX or its subsidiary may upon a China Connect Market Operator’s request, require CPYI to reject orders from the Client and the Client shall not in any event claim against CPYI for any losses or damages incurred by the Client arising from or in connection with such rejection;
  - (m) the Client needs to accept all the risks relating to Northbound Trading, including, but not limited to, the risks disclosed in Section XIII of these Terms;
  - (n) a China Connect Market Operator may request HKEx or its subsidiaries to require CPYI to issue warning statements (verbally or in writing) to the Client, and not to extend Northbound Trading services to the Client. The Client shall not in any event claim against CPYI for any losses or damages incurred by the Client arising from or in connection with such non-extension;
  - (o) HKEx and its subsidiaries, the China Connect Market Operators and their subsidiaries, and any Stock Connect Authorities and their respective directors, employees and agents shall not be responsible or held liable for any losses or damages directly or indirectly incurred by the Client or any third parties arising from or in connection with Northbound Trading, or arising from or in connection with the China Connect Market Operator making, amending or enforcing the relevant Operator Rules, or any action taken by it in the discharge of its supervisory functions or regulatory obligations; and
  - (p) the imposition of a Circuit Breaker by a China Connect Market Operator on any trading day of the relevant China Connect Market will result in suspension of trade execution on the relevant China Connect Market.
- 10.5 The Client acknowledges and accepts that:
- (a) this Section does not purport to disclose all the risks or other material considerations in connection with Northbound Trading or securities transactions in general;
  - (b) this Section does not modify any Applicable Requirements (except to the extent set out in this Section and permitted under the Applicable Requirements);
  - (c) SEHK has the power not to extend any service relating to trading China Connect Securities through Stock Connect to the Client and the power to require the Company not to accept instructions from the Client if it is found that the Client, CPYI and/or any of CPYI’s clients has or may have committed any abnormal trading conduct set out in the Stock Connect Rules or failed to comply with any Stock Connect Rules;
  - (d) the relevant China Connect Market Operator has the power to carry out investigations, and may, through SEHK (or any other governmental or regulatory body), require CPYI and/or any of CPYI to provide relevant information and materials relating to the Client including, without limitation, in relation to the identity, personal data, and trading activity of the Client; and assist in a Stock Connect Authority’s investigation in relation to the Client and/or the Client’s trading activity;
  - (e) where a Stock Connect Authority considers that there is a serious breach of the Applicable Requirements, CPYI and/or any of CPYI may be required by a Stock Connect Authority to (a) issue warning statements (verbally or in writing) to the Client; and (b) cease providing the Client with any service relating to trading China Connect Securities through Stock Connect;
  - (f) this Section does not constitute any business, legal, tax or accounting advice and that the Client should seek independent professional advice and undertake his own research and assessment before entering into any transaction through Stock Connect; and
  - (g) the Client should refrain from entering into any transaction through Stock Connect unless he has fully understood the terms and risks of the relevant transaction, including the extent of his potential risk of loss.

This Section describes some of the key risk factors concerning Stock Connect based on CPYI's current understanding of the Applicable Requirements and the Mainland China stock market. CPYI has not verified the accuracy of the Mainland China stock market requirements or rules. This Section is not exhaustive and does not disclose all the risks and other significant aspects of Northbound Trading. The Client should ensure that he understands the nature of Stock Connect and he should consider carefully (and consult his own advisers where necessary) whether trading in China Connect Securities is suitable for the Client in light of his circumstances. It is the Client's decision to trade in China Connect Securities, but the Client should not trade in China Connect Securities unless he fully understands and is willing to assume the risks associated with Stock Connect.

CPYI does not represent that the information set out in this Section is up-to-date or complete nor does CPYI undertake to update it from time to time. For further information, please refer to the materials published on the HKEx website, the SFC website, the SSE website and/or the SZSE website applicable to Stock Connect from time to time and other relevant sources. If in doubt, the Client should seek professional advice.

#### **1. PRE-TRADE CHECKING AND ENHANCED PRE-TRADING CHECKING**

Under the Mainland China law, a China Connect Market Operator may reject a sell order if an investor does not have sufficient available China Connect Securities in its account. In respect of a sell order of China Connect Securities that is not an SPSA order, SEHK will apply similar checking on all sell orders of Northbound Trading at the exchange participant level to ensure there is no overselling by any individual exchange participant level to ensure there is no checking applies in respect of SPSA order ("Enhanced Pre-Trade Checking").

Accordingly, the Client may be unable to execute a sell order of China Connect Securities if :

- (a) (in respect of a sell order that is not an SPSA order) there has been a delay or failure for whatever reason in the transfer of the relevant China Connect Securities to CPYI's designated clearing account(s); or
- (b) (in respect of sell order that is an SPSA order) CPYI considers that the Client does not (by the commencement of trading on the Trading Day on which the Client wishes to execute a sell order or any other cut-off time specified by CPYI from time to time) hold sufficient available China Connect Securities in a relevant Special Segregated Account to cover a proposed SPSA order; and/or the required number of China Connect Securities will not be delivered from the Special Segregated Account as required by CPYI on a settlement day to fulfil an SPSA order; or
- (c) if for any other reason CPYI considers that there is or may be non-compliance with any Applicable Requirements.

Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking (in respect of sell order that is not an SPSA order) or Enhanced Pre-Trade Checking (in respect of sell order that is an SPSA order), and/or the relevant Applicable Requirements shall be borne by the Client.

#### **2. SPSA ORDERS – DELIVERY VERSUS PAYMENT**

Notwithstanding that a delivery versus payment mechanism may be offered by SEHK or CCASS for SPSA orders, unless CPYI agrees to pre-fund, freely transferable funds may only be credited by the relevant clearing bank to the Client's account with the custodian or settlement agent, as applicable, in accordance with the CCASS operations and procedures after the settlement day upon which the delivery obligations in respect of such SPSA orders are required to be settled. Any risk, liability, loss, cost or expense resulting from this delay shall be borne by the Client.

#### **3. SETTLEMENT ARRANGEMENTS**

Northbound Trading follows the settlement cycle of A shares listed on the relevant China Connect Market. For settlement of China Connect Securities trades, ChinaClear will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on the Trading Day on which the order is made ("T day") free of payment. CPYI may have settlement arrangements in place that are different from the ChinaClear settlement arrangements. Unless CPYI agrees to prefund, settlement of funds relating to such trading will be effected on the Trading Day following T day ("T+1 day").

#### **4. QUOTA ON NORTHBOUND TRADING**

Relevant governmental or regulatory bodies may impose quotas on the trading of China Connect Securities from time to time depending on market conditions and readiness, the level of cross-boundary fund flows, stability of the markets and other factors and considerations. The Client should read the relevant details on such quota restrictions, including the quota limit, level of quota utilisation, balance of available quota and the applicable restrictions and arrangements published on the SEHK website from time to time to ensure he has the most updated information.

Purchase of China Connect Securities through Stock Connect are currently subject to certain quota controls as detailed below. SEHK has absolute discretion to take all such actions, steps or measures as it considers necessary or appropriate to ensure or facilitate compliance with the relevant quota requirements or restrictions including, without limitation, the following:

- (a) restricting or rejecting buy orders for Northbound Trading;
- (b) suspending or restricting the access to or the use of all or any part of the trading services for Northbound Trading; and
- (c) amending the operational hours and related arrangements of Northbound Trading.

As a result, there is no assurance that a buy order for Northbound Trading can be successfully placed through Stock Connect. The daily quota caps the net buy value of cross-boundary trades under Stock Connect on each Trading Day ("Daily Quota"). The Daily Quota may change from time to time without prior notice and the Client should refer to the HKEx website and other information published by HKEx for up-to-date information.

Under the Stock Connect Rules, investors may sell their China Connect Securities regardless of whether there is a breach of the Daily Quota. If there is a suspension of buying China Connect Securities through Northbound Trading as a result of a breach of Daily Quota,

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## SECTION XIII – STOCK CONNECT RISK DISCLOSURE AND OTHER INFORMATION

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CPYI will be unable to carry out any buy orders and any Instruction to buy submitted but not yet executed will be rejected. Please note that buy orders already accepted will not be affected by the Daily Quota being used up and will remain on the order book of the relevant China Connect Market Operator unless otherwise cancelled by the relevant exchange participants.

### 5. RESTRICTION ON DAY TRADING

Unless the SEHK otherwise determines, day (turnaround) trading is not permitted on the A share market in Mainland China. If the Client buys China Connect Securities on T day, he may only be able to sell such shares on or after T+1 day and as a result, the Client will be exposed to the market risk of holding such shares from T day to T+1 day. Due to the Pre-Trade Checking requirements, if the Client sends to CPYI Instructions to sell the China Connect Securities the Client bought on T day, CPYI can only accept such Instructions on or after the applicable cut-off time (as notified to the Client by CPYI from time to time) on T+1 day.

### 6. TRADING METHODS AND INSIDER TRADING IMPLICATIONS

Trading in China Connect Securities in Mainland China currently involves the use of fax machines for placing orders and orders must be transmitted by 7:30am (Mainland China time) on the morning of the desired trade. Information about the Client's trade may be accessed and utilised by persons privy to the information to trade for their own benefit. Further, the trading arrangements may not be supported by technological checks and balances, resulting in a risk of human error and/or malfeasance.

### 7. CLIENT ERRORS

CPYI shall not be liable for any loss, damage or expense or consequential loss, damage or expense suffered by the Client as a result of any trading based on the Client's Instructions. CPYI will not be able to unwind any trade, and the Client should take note of the settlement arrangements in respect of China Connect Securities under Stock Connect, including but not limited to quota restrictions which may affect the ability to mitigate the consequences of any error trades.

There is a general prohibition on off-exchange trading or transfers under the Stock Connect Rules, subject to certain exceptions (such as transfers effected to rectify error trades between an exchange participant and its clients in limited circumstances). Currently, there are no detailed rules or guidelines on permissible off-exchange transfers. In addition, SEHK may also suspend the right of a particular exchange participant to conduct non-trade transfers for error trade rectification if SEHK has reasonable cause to suspect or to believe that the exchange participant may abuse or may have abused such rectification arrangements or may have used such rectification arrangements to circumvent the prohibition against off-exchange transfer. CPYI is not liable for any losses which may result directly or indirectly from any error trade or any refusal to conduct a transfer to rectify an error trade.

### 8. DISCLOSURE OF INTERESTS

Under Mainland Chinese requirements, if the Client holds or controls shares in a Mainland Chinese company which is listed on a Mainland Chinese stock exchange (a "Mainland Chinese Listco") up to a certain threshold as may be specified from time to time by a relevant Stock Connect Authority, the Client must disclose such interest within the period specified by the relevant Stock Connect Authority, and the Client must not buy or sell any such shares within the period specified by the relevant Stock Connect Authority. The Client must also disclose any substantial change in his holding as required by the relevant Stock Connect Authority. It is the Client's responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant Stock Connect Authorities and arrange for any relevant filings.

### 9. SHORT SWING PROFIT RULE

Under Mainland Chinese requirements, the "short swing profit rule" requires a person to give up or return any profits made from purchases and sales in respect of China Connect Securities of a Mainland Chinese Listco if: (a) such person's shareholding in the Mainland Chinese Listco exceeds the threshold prescribed by the relevant Stock Connect Authority from time to time; and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. The Client (and the Client alone) is responsible for complying with the Mainland Chinese's rules applicable to the "short swing profit rule".

### 10. SOURCE OF FUNDING

Although Northbound Trading is designated for Hong Kong and overseas investors, it is unclear whether investors who are citizens of Mainland China or investors using funds sourced from Mainland China are able to enter into Northbound Trading via their offshore accounts.

### 11. FOREIGN OWNERSHIP LIMITS

Under Mainland Chinese requirements, there is a limit as to how many shares a single foreign investor is permitted to hold in a single Mainland Chinese Listco, and also a limit as to the maximum combined holdings of all foreign investors in a single Mainland Chinese Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the relevant holdings are through Northbound Trading, qualified foreign institutional investor/RMB qualified foreign institutional investor regime or other investment channels). Where the aggregated foreign ownership of a single Mainland Chinese Listco reaches a designated percentage, HKEx (or its relevant subsidiary) will suspend accepting any purchase order of the relevant China Connect Securities through Stock Connect until the percentage of foreign ownership of such Listco is reduced to a certain level.

It is the Client's responsibility to comply with all foreign ownership limits from time to time imposed by Applicable Requirements. The Client may also be required to report to the relevant authorities when a designated percentage of ownership is reached. If CPYI becomes aware that the Client has breached (or reasonably believe that the Client may breach upon execution of further buy orders) any foreign ownership limits, or if CPYI is so required by any Stock Connect Authority (including without limitation to, as a result of a forced-sale notice issued by a Chinese Connect Market Operator), the Client authorises CPYI to sell any China Connect Securities in order to ensure compliance with all Applicable Requirements. However, CPYI is not obliged to do so and the Client should not rely on such action by CPYI to ensure the Client compliance with any Applicable Requirements.

**12. CHINA CONNECT SECURITIES ELIGIBLE FOR NORTHBOUND TRADING**

SEHK will include and exclude securities as China Connect Securities based on the prescribed criteria under the Stock Connect Rules. The Client will only be allowed to sell a China Connect Security and be restricted from further buying, if (i) the China Connect Security subsequently ceases to be a constituent stock of the relevant indices, and/or (ii) the China Connect Securities subsequently moves to the risk alert board, and/or (iii) the corresponding H share of the Chinese Connect Security subsequently ceases to be traded on SEHK, and/or (iv) other criteria prescribed in SSE China Connect Rules and SZSE China Connect Rules.

According to the Operator Listing Rules, if any China Connect Market-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interest to undue damage, the China Connect Market-listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. For details concerning the risk alert board, please refer to the Operator Listing Rules and the provisional trading arrangement on the risk alert board of China Connect Market Operator.

**13. NO OFF-EXCHANGE TRANSFERS**

CPYI may not provide any off-exchange services relating to the transfer in any China Connect Securities otherwise than through the Stock Connect, unless otherwise provided by a Stock Connect Authority (such as post-trade allocation of shares by a fund manager across the funds and/or sub-funds it manages, stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month and any other situations specified by the China Connect Market Operator and ChinaClear).

**14. OFFSHORE RMB EXCHANGE RATE RISKS**

Similar to other foreign currencies, the exchange rate of Offshore RMB may rise or fall. There is no guarantee that RMB will not depreciate. The exchange rate of Offshore RMB will be affected by amongst other things, foreign exchange control imposed by the Mainland Chinese central government from time to time (for example, there are currently restrictions on the conversion of RMB into other currencies). The exchange rate of Offshore RMB may fluctuate as a result of market conditions and economic factors.

In addition, RMB is currently subject to foreign exchange control and restrictions by the Mainland China central government. There is currently a limited pool of RMB outside Mainland China. Should the Mainland China central government tighten its foreign exchange control over the cross-border movements between onshore RMB and offshore RMB, the liquidity in RMB is likely to be adversely affected.

If RMB is not the Client's home currency, the Client may have to convert his home currency into RMB when investing in China Connect Securities and vice versa for any payments in RMB from transactions under the China Connect Securities. The Client will be incurring currency conversion costs (being the spread between buying and selling of Offshore RMB) and subject to exchange rate fluctuation risks in any such currency conversion, which may adversely affect the market value of China Connect Securities.

**15. PLACING ORDERS**

CPYI only accepts orders for Northbound Trading that comply with the Applicable Requirements. Currently, only limit orders with a specified price are allowed for China Connect Securities pursuant to the Applicable Requirements. Currently, only limit orders with a specified price are allowed for China Connect Securities pursuant to the Applicable Requirements, whereby buy orders may be executed at or lower than the specified price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

**16. PRICE LIMITS FOR CHINA CONNECT SECURITIES**

China Connect Securities are subject to a general price limit of  $\pm 10\%$  based on the previous Trading Day's closing price (and  $\pm 5\%$  for stocks under risk alert). The price limit may be changed from time to time. All orders in respect of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit are rejected by the relevant China Connect Market Operator.

**17. DYNAMIC PRICE CHECK**

To prevent mischievous behaviour towards the use of the Daily Quota, SEHK has put in place a dynamic price checking for buy orders. Buy orders with input prices lower than the current best bid (or the last traded price in the absence of current best bid, or the previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected.

During the opening call auction session, the current bid (or the previous closing price in the absence of the current bid) will be used for checking. During the closing call auction of SZSE, the current bid (or the last traded price in the absence of the current bid) will be used for checking. Dynamic price checking will be applied throughout each Trading Day, from the 5-minute input period before the start of an

opening call auction session until market close of the China Connect Market. SEHK has set the dynamic price checking at 3% during the initial phase of Stock Connect. Such price checking percentage may be adjusted from time to time subject to market conditions.

**18. RESTRICTIONS ON SELLING CHINA CONNECT SECURITIES**

Investors are prohibited from using China Connect Securities purchased through Stock Connect to settle any sell orders placed through channels other than Stock Connect. Accordingly, there may be a limited market and/or lower liquidity for China Connect Securities purchased through Stock Connect (as compared to the same shares purchased through other channels).

In addition, there are restrictions on any entitlement security received by the Client in respect of China Connect Securities. If such entitlement securities are in the form of Special China Connect Securities, they are only eligible for sale through Stock Connect (i.e. they cannot be purchased by other parties through Stock Connect). If such entitlement securities are not in the form of Special China Connect Securities, they are not eligible for trading through Stock Connect (i.e. they are only available for trading in the relevant stock market in Mainland China). Accordingly, there is a risk of low (or no) liquidity for such shares received by way of entitlement.

If China Connect Securities involve odd lots, they cannot be purchased through Stock Connect. A sale of China Connect Securities involving odd lots is allowed if the sale order of such China Connect securities relates to the sale of all, but not part, of the odd lots held in respect of such China Connect Securities. It is common that a board lot buy order may be matched with different odd lot sell orders resulting in odd lot trades. Accordingly, there may be a limited market and/or lower liquidity for China Securities involving odd lots purchased through Stock Connect.

**19. TAXATION**

China Connect Securities traded under Stock Connect currently enjoy a temporary exemption from mainland Chinese capital gain tax and Mainland Chinese business tax. It is uncertain when such exemptions will expire and whether other Mainland Chinese Taxes will be applicable to trading of China Connect Securities under Stock Connect. Dividends derived from China Connect Securities are subject to Mainland Chinese withholding tax. Mainland Chinese stamp duty is also payable for transactions in China Connect Securities under Stock Connect. The Client is fully responsible for any Taxes in respect of China Connect Securities, and agrees to indemnify CPYI on demand from and against all Taxes which CPYI may incur or be subject to in connection with any China Connect Securities which the Client holds, trades or otherwise deals in. CPYI assumes no responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with Stock Connect, and CPYI will not provide any service or assistance in this regard. Prior to investing in China Connect Securities, the Client is strongly urged to consult his own tax advisors with respect to the possible tax consequences to him of such investment since such tax consequences may differ in respect of different investors.

**20. HONG KONG CLIENT SECURITIES RULES**

As a general rule, investors participating in Northbound Trading do not enjoy the full protection afforded under the Securities and Futures Ordinance and its related subsidiary legislation. In particular, as the China Connect Securities traded through Stock Connect are not listed or traded on SEHK, the Client will not have protection under the Client Securities Rules, unless otherwise specified by the SFC or any other relevant Stock Connect Authority.

**21. INVESTOR COMPENSATION FUND**

Trading in China Connect Securities does not enjoy the protections afforded by the Investor Compensation Fund established under the Securities and Futures Ordinance. Accordingly, unlike the trading of SEHK-listed securities, the Client will not be covered by the Investor Compensation Fund in respect of any loss he may sustain by reason of a default by any SFC licensed or registered person.

**22. OWNERSHIP OF CHINA CONNECT SECURITIES**

China Connect Securities are uncertificated and are held by HKSCC for its account holders. Physical deposit and withdrawal of China Connect Securities are not available under the Northbound Trading.

Under current Mainland China regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with ChinaClear and the Client's title or interests in, and entitlements to, China Connect Securities (whether legal, equitable or otherwise) will be subject to Applicable Requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. This is a complicated area of law and the Client should seek independent professional advice.

**23. DISCLOSURE OF INFORMATION AND PUBLICATION OF TRADE INFORMATION**

The SEHK may require CPYI to provide information on the Client's profile, and the type and value of his orders in relation to Northbound Trading of China Connect Securities and the trade which CPYI executed for him, at such intervals and in such form as SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregate information in respect of China Connect Securities trades under Stock Connect, trading volume investor profiles and other related data.

**24. NO MANUAL TRADE OR BLOCK TRADE**

There is no manual trade facility or block trade facility for Northbound Trading.

**25. AMENDMENT OF ORDERS AND LOSS OF PRIORITY**

Consistent with the current practice in Mainland China, if an investor engaged in Northbound Trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the restrictions on the balance of the Daily Quota, any subsequent order may not be filled on the same Trading Day.

**26. DIFFERENCE IN TRADING DAY**

Stock Connect is open for trading only when (a) each of HKEx and the relevant China Connect Market is open for trading; and (b) banking services are available in both Hong Kong and Mainland China on the corresponding money settlement days. If any of the exchanges is not open or if the banks in either Hong Kong or Mainland China are not open for money settlement business, the Client will not be able to conduct any Northbound Trading. The Client should take note of the day on which the Stock Connect operates and decide according to his own risk tolerance capability whether or not to take on the risk of price fluctuations in China Connect Securities during the time when the Stock Connect is not available for Northbound Trading.

**27. OPERATIONAL HOURS**

SEHK has absolute discretion to determine from time to time the operational hours of the Stock Connect, and will have absolute discretion to change the operational hours and arrangements of the Stock Connect at any time and without advance notice whether on a temporary basis or otherwise. CPYI shall not be under any obligation to inform the Client of any such determinations by SEHK as to the operational hours of the Stock Connect. The Client should be aware of the risk of price fluctuations in China Connect Securities during the time when the Stock Connect is not available for Northbound Trading.

**28. RISK OF CHINACLEAR DEFAULT**

ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. Pursuant to the General Rules of CCASS, if ChinaClear (as the host central counterparty) defaults, HKSCC may, in good faith, seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute the China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Stock Connect Authorities. CPYI in turn will be distributing China Connect Securities and/or monies only to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by ChinaClear is considered to be remote, the Client should be aware of this arrangement and of this potential exposure before engaging in Northbound Trading.

**29. RISK OF HKSCC DEFAULT**

CPYI's ability to provide the services under this Section is subject to the due performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of China Connect Securities and/or monies in connection with them and the Client may suffer losses as a result. CPYI is not responsible or liable for any such losses.

**30. COMPANY ANNOUNCEMENTS ON CORPORATE ACTIONS**

Any corporate action in respect of China Connect Securities is announced by the relevant issuer through the relevant China Connect Market Operator's website and certain officially appointed newspapers. HKSCC also records all corporate actions relating to China Connect Securities in CCASS and informs its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound Trading may refer to the relevant China Connect Market Operator's website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web-page from time to time) for corporate actions in respect of China Connect Securities issued on the previous Trading Day. The Client should note that SSE-listed issuers or SZSE-listed issuers publish corporate documents in Chinese only, without any official English translation.

In addition, pursuant to the General Rules of CCASS, HKSCC endeavours to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will arrange to distribute it to the relevant clearing participants on the same day, to the extent practicable.

Following existing market practice in Mainland China, investors engaged in Northbound Trading are not entitled to attend shareholder meetings by proxy or in person, unlike the current practice in Hong Kong in respect of SEHK-listed shares.

CPYI does not verify or warrant the accuracy, reliability or timeliness of any company announcements of corporate actions, and CPYI does not accept any liability (whether in tort or contract or otherwise) for any Loss arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. CPYI expressly disclaims all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

**31. RIGHTS ISSUANCE**

Where the Client receives shares or other types of securities from an issuer of a China Connect Security as entitlements, the Client should note that the Client may not be able to buy or sell such entitlement security through the Stock Connect in certain circumstances (for example, if such entitlement security is listed on a China Connect Market but it is not traded in RMB or if such entitlement security is not listed on a China Connect Market).

**32. GENERAL MARKET RISKS ASSOCIATED WITH INVESTING IN CHINA CONNECT SECURITIES**

Investing in China Connect Securities involves special considerations and risks, including without limitation greater price volatility, less developed regulatory and legal framework, economic, and social and political instability of the stock market in Mainland China. The Client should also note that the China Connect Market Operator's trading rules, listing rules, and other applicable laws and regulations may be published in Chinese only, without any official English translation.

**33. RISKS ASSOCIATED WITH TRADING OR CHINEXT SHARES**

The trading of ChiNext Shares is subject to the risks associated with SZSE ChiNext market, including but not limited to such risks arising from following: (a) volatility and overvaluation of the share prices; (b) the less stringent requirements on profitability and share capital of the ChiNext market (compared to the main board markets in Mainland China); (c) given the technological focus of the companies listed on the ChiNext market, such companies are more susceptible to technical failures in their respective business areas; and (d) conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the high-risk nature of the relevant industries.

The trading of STAR Shares is subject to the risks associated with SSE STAR Market, including but not limited to such risks arising from following:

**(a) Regulatory Risk**

The rules and guidance on listing, trading, disclosure and other matters of SSE STAR Market vary much from those of the SSE main board. For example, on the listing requirements, lower net profit and revenue requirements will apply for company seeking IPO and listing on the SSE STAR market. Different trading arrangements will apply for the trading of STAR companies, such as daily price limit, minimum order size and maximum order size. For details of the listing requirements and the trading arrangements of the SSE STAR Market and the SSE main board, please visit SSE website;

**(b) Delisting Risk**

The delisting standards of the SSE STAR Market are different from those of the SSE main board. There are more situations that will lead to the delisting of STAR companies. STAR companies have greater exposure to the risk of being delisted, and such delisting process may be speeded up;

**(c) Operating Risk**

STAR 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;

**(d) High Share Price Volatility**

The share prices of STAR companies may fluctuate largely and frequently due to changing market conditions, investor speculations, inconsistent financial results, etc. The unstable financial result also adds the difficulty to the company valuations;

**(e) Technical Risk**

There is higher degree of uncertainty whether a STAR 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;

Investors should also refer to the standard Risk Disclosure Statement (in Chinese only) in the Investor Eligibility Implementing Measure of SSE STAR Market which Mainland investors are required to acknowledge before trading in SSE STAR market.

Only Institutional Professional Investors are allowed to place orders with CPYI to buy or sell ChiNext Shares and/or STAR Shares which are accepted as China Connect Securities (other than Special China Connect Securities which are eligible for sell orders only) through the use of Stock Connect.

**34. WARNING STATEMENTS AND TERMINATION OF SERVICE**

CPYI may be required by SEHK and/or a China Connect Market Operator to issue to the Client, either verbally or in writing, a warning statement and terminate the provision of Northbound Trading services to the Client for a period which SEHK and/or the China Connect Market Operator may prescribe,

**35. NOVELTY OF STOCK CONNECT**

Stock Connect is an unprecedented scheme launched jointly between the China Connect Market Operators and HKEx to facilitate cross-border trading of China Connect Securities through HKEx. Trading in China Connect Securities under Northbound Trading is subject to all Applicable Requirements. Any change in the Applicable Requirements may have an adverse impact on the trading of China Connect Securities. Such impact may adversely affect the Client's investment in China Connect Securities. In the worst case scenario, the Client may lose a substantial part of his investments in China Connect Securities under Stock Connect.

CPYI provides trading services based on the Stock Connect market system which is operated by the relevant China Connect Market Operator. CPYI is not responsible for any delay or failure caused by the Stock Connect market system and investors accept all risks arising from trading China Connect Securities through the Stock Connect market system. CPYI shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client arising from or in connection with the Stock Connect or the China stock connect system receiving and routing Stock Connect orders to a Stock Connect market system for automatic matching and execution, through Northbound Trading.

**36. MARGIN TRADING**

Subject to certain conditions prescribed by the Stock Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant Stock Connect Authorities to be eligible for margin trading (“Eligible Margin Trading Securities”). HKEx will from time to time publish a list of Eligible Margin Trading Securities. Each of the China Connect Market Operators may suspend margin trading activities in any specific A Share if the volume of margin trading activities in such A Share exceeds a threshold determined by such China Connect Market Operator and resume margin trading activities when the volume of margin trading activities drops below a prescribed threshold. Where SEHK is notified by a China Connect Market Operator that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, HKEx will disclose such information on its website. In such circumstances, any margin trading in the relevant China Connect Security shall be suspended and/or resumed accordingly. Each of the China Connect Market Operators has reserved the right to require margin trading orders to be flagged as margin trading orders when routed to Stock Connect. CPYI shall not have any obligation to update you in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

**37. LIMITS ON SHORT SELLING**

Hong Kong and overseas investors are currently prohibited from naked Short Selling China Connect Securities.

Covered Short Selling of China Connect Securities is permitted subject to certain requirements in the Stock Connect Rules. However, CPYI will not facilitate covered Short Selling of China Connect Securities and/or any Uptick Long Sale. The Client shall be fully responsible for understanding and complying with the Short Selling requirements in effect from time to time and for any consequences of non-compliance.

**38. STOCK BORROWING AND LENDING**

Stock borrowing and lending are permitted for the eligible China Connect Securities as specified by the China Connect Market Operators for the purposes of (a) covered short selling, (b) satisfying the Pre-Trade Checking requirement and (c) in any other circumstances as SEHK or the China Connect Market Operators may specify from time to time. The China Connect Market Operators will determine a list of eligible China Connect Securities will be subject to restrictions set by SEHK and the China Connect Market Operators, including but not limited to the following:

- (a) stock borrowing and lending agreements for the purpose of covered short selling shall have duration of not more than one month;
- (b) stock borrowing and lending agreements for the purpose of satisfying the Pre-Trade Checking requirement shall have a duration of not more than one day (and roll-over is not permitted);
- (c) stock lending will be restricted to certain types of persons to be determined by the China Connect Market Operators; and
- (d) stock borrowing and lending activities will be required to be reported to SEHK.

Only certain persons are eligible to lend China Connect Securities in stock borrowing and lending arrangements concerning China Connect Securities.

CPYI will be required to file a monthly report to SEHK providing details of its stock borrowing and lending activities with respect to China Connect Securities. This may include (amongst others) details of the borrower, lender, amount of shares borrowed/lent, amount of shares outstanding and date of borrowing/returning.

The Client should refer to the relevant provisions from time to time governing stock borrowing and lending of China Connect Securities under the Applicable Requirements. CPYI shall not have any obligation to update the Client in respect of any change to the relevant Applicable Requirements.

**39. RISKS ASSOCIATED WITH THE CIRCUIT BREAKER MECHANISM**

The execution of trades in China Connect Securities is subject to the Stock Connect Rules including the Circuit Breaker Provisions. Imposition of a Circuit Breaker on any China Connect Market system for such period or periods as set out in the Circuit Breaker Provision. Further, the lifting of a Circuit Breaker during a continuous auction session of any China Connect Market Trading Day may result in trades being executed through call auction.

Unless otherwise determined by the SEHK, where the Circuit Breaker Provisions allow orders respect of China Connect Securities to be cancelled during the period when a Circuit Breaker is in effect, CPYI may input order cancellation requests through the Stock Connect during such period as usual.

Notwithstanding this, no Stock Connect order is regarded as cancelled unless and until cancellation confirmation has been issued by the relevant China Connect Market system, and neither the SEHK nor its subsidiaries shall have any liability in the event that a Stock Connect order which CPYI has required to be cancelled is not cancelled for any reason whatsoever.

**40. PERSONAL INFORMATION COLLECTION STATEMENT CONCERNING NORTHBOUND CHINA CONNECT ORDERS**

**40.1 Processing of Personal Data as part of the Stock Connect Northbound Trading**

The Client acknowledges and agrees that in providing Stock Connect Northbound Trading Service from CPYI, CPYI will be required to:

- (a) tag each of the Client’s orders submitted to the China Stock Connect System (“CSC”) with a Broker-to-Client Assigned Number (“BCAN”) that is unique to the Client or the BCAN that is assigned to the joint account with CPYI, if appropriate; and



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**SECTION XIII – STOCK CONNECT RISK DISCLOSURE AND OTHER INFORMATION**

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- (b) provide to the Exchange the assigned BCAN of the Client and such identification information (“**Client Identification Data**” or “**CID**”) relating to you as the Exchange may request from time to time under the Rules of the Exchange.

Without limitation to any notification given by CPYI to the Client or consent CPYI has obtained from the Client in respect of the processing of the Client’s personal data in connection with the Client’s Account and CPYI’s Services to the Client, the Client acknowledges and agrees that CPYI may collect, store, use, disclose and transfer personal data relating to the Client as required as part of CPYI’s Stock Connect Northbound Trading Service, including as follows:

- (i) to disclose and transfer the Client’s BCAN and CID to the Exchange and the relevant SEHK Subsidiaries from time to time, including by indicating the Client’s BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
- (ii) to allow each of the Exchange and the relevant SEHK Subsidiaries to: (I) collect, use and store the Client’s BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (II) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (iii) and (iv) below; and (III) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong finance markets;
- (iii) to allow the relevant China Connect Clearing House to: (I) collect, use and store the Client’s BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, the Exchange and the relevant SEHK Subsidiary; (II) use the Client’s BCAN and CID for the performance of its regulatory functions of securities account management; and (III) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
- (iv) to allow the relevant China Connect Market Operator to: (I) collect, use and store the Client’s BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (II) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

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

#### 40.2 Consequences of failing to provide Personal Data

Failure to provide CPYI with the Client’s personal data as described above may mean that CPYI will not, or no longer be able, as the case may be, to carry out the Client’s trading instructions or provide the Client with CPYI’s Stock Connect Northbound Trading Service.