



# YUE XIU SECURITIES COMPANY LIMITED

## CLIENT AGREEMENT

**SFC LICENCE NUMBER**

**ABQ722**

**REGISTERED ADDRESS**

**ROOM 17-37, 49/F SUN HUNG KAI CENTRE, 30 HARBOUR ROAD, WAN CHAI, HONG KONG**

<b>PART A</b>	<b>2</b>
1. INTRODUCTION	2
2. DEFINITIONS AND INTERPRETATION	2
3. ACCOUNT OPENING	5
4. SERVICES	6
5. THE ACCOUNT	6
6. CLIENT IDENTITY AND INFORMATION	6
7. APPLICABLE RULES AND REGULATIONS AND COMPLIANCE WITH LAWS	7
8. INSTRUCTIONS AND DEALING PRACTICE	8
9. SETTLEMENT	11
10. COMMISSIONS AND CHARGES	12
11. CLIENTS CONSENT TO RETENTION OF ANY PAYMENT OF SOFT DOLLARS AND CASH OR MONEY REBATES	13
12. CUSTODY ARRANGEMENTS / POSSESSION OF SECURITIES	13
13. NEW LISTING OF SECURITIES	14
14. SET-OFF, LIEN, AND COMBINATION OF ACCOUNTS	16
15. NOTICE AND COMMUNICATION	17
16. CONFLICTS OF INTERESTS	18
17. ELECTRONIC TRADING SERVICES	18
18. JOINT ACCOUNTS	20
19. DEFAULT	20
20. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS	23
21. OVER-THE-COUNTER TRANSACTION	25
22. FOREIGN ACCOUNT AND TAX COMPLIANCE ACT OF THE U.S.	26
22A. CHINA CONNECT	26
23. LIABILITIES AND INDEMNITY	29
24. PRICES	30
25. AMENDMENT AND TERMINATION	31
26. FURTHER ASSURANCE	32
27. SEVERABILITY	32
28. ASSIGNMENT	32
29. GENERAL	32
30. GOVERNING LAW AND INTERPRETATION	33
<b>PART B</b>	<b>34</b>
SCHEDULE 1: ADDITIONAL TERMS AND CONDITIONS FOR SECURITIES MARGIN FINANCING	34
SCHEDULE 2: ADDITIONAL TERMS AND CONDITIONS FOR CLIENTS WITH STOCK OPTIONS ACCOUNT	39
SCHEDULE 3: TERMS FOR MARKET DATA SERVICE	42
<b>PART C</b>	<b>45</b>
RISK DISCLOSURE STATEMENT	45
<b>PART D</b>	<b>50</b>
PERSONAL DATA (PRIVACY) COLLECTION STATEMENT	50
<b>PART E</b>	<b>54</b>
AUTHORISATION AND INDEMNITY IN RESPECT OF FACSIMILE OR IMAGE INSTRUCTION	54
<b>PART F</b>	<b>55</b>
RISK DISCLOSURE STATEMENT FOR CHINA-HK CONNECT SERVICES	55
<b>PART G</b>	<b>58</b>
FOREIGN ACCOUNT TAX COMPLIANCE ACT AND COMMON REPORTING STANDARD POLICIES	58

## PART A

### 1. INTRODUCTION

THIS CLIENT AGREEMENT (the “**Client Agreement**”) is entered into by and between you (herein referred to as the “**Client**”) whose name(s) and address(es) are identified in the Account Opening Form and its successors and **YUE XIU SECURITIES COMPANY LIMITED** and its successors and assigns (herein referred to as “**Yue Xiu Securities**”) whose registered office is at Room 17-37, 49/F Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.

Yue Xiu Securities is a licensed corporation under the Securities and Futures Ordinance (“**SFO**”) (Cap. 571 of Laws of Hong Kong) licensed to conduct Type 1 (dealing in securities) as well as Type 4 (advising on securities) regulated activities and registered as such with the Securities and Futures Commission of Hong Kong (“**SFC**”) (CE Number: ABQ722) and an Exchange Participant of The Stock Exchange of Hong Kong (the “**SEHK**”).

In consideration of Yue Xiu Securities agreeing to allow the Client to open and maintain one or more Account(s) with Yue Xiu Securities and in agreeing to act for the Client as broker for the execution of orders for the purchase and sale of, or as dealers with the Client in the trading of Securities with or without margin financing and/or Options Contracts as herein defined and to arrange for certain financial services in connection therewith, the Client hereby agrees to accept and abide by the Terms and Conditions of this Client Agreement as applicable. The Terms and Conditions shall apply to all of the services and facilities provided by Yue Xiu Securities to the Client relating to the subject matter of this Client Agreement, unless otherwise expressly agreed in writing by Yue Xiu Securities. This Client Agreement shall be in substitution for and to the exclusion of any prior terms of business between the Client and Yue Xiu Securities relating to the subject matter of this Client Agreement.

### 2. DEFINITIONS AND INTERPRETATION

2.1 In this Client Agreement, unless where the context otherwise requires, the following words and expressions shall have the following meanings:

“Access Codes” means the Client’s personal identification (such as a login name or user ID) used in conjunction with the personal password(s) to gain access to the Electronic Services or such other codes as may be notified to the Client in respect of his access to the Electronic Services;

“Account(s)” means the account(s) (whether designated by name, number or otherwise) opened and maintained by the Client with Yue Xiu Securities from time to time for use in connection with the purchases, sales, holding or other dealing in Securities (with or without margin financing), Options Contracts and other financial products (as the case may be) effected through Yue Xiu Securities on behalf of the Client and the term “Account” shall be construed accordingly;

“Account Opening Form” includes but not limited to the account opening form and such other documents as may be prescribed by Yue Xiu Securities from time to time which contains such information about the Client as Yue Xiu Securities may require for the purpose of opening one or more Account(s) with Yue Xiu Securities and the Account Opening Form shall constitute as a part of this Client Agreement ;

“Affiliate” means, in relation to a party, an individual, corporation, partnership or any form of entity directly or indirectly controlling, controlled by or under common control with such party or any of such entities’ directors, officers or employees;

“Authorized Person(s)” means those person(s) who have been designated by or duly authorized by the Client pursuant to necessary corporate or other action (which shall be evidenced by appropriate documentation delivered and acceptable to Yue Xiu Securities) to act on behalf of the Client in connection with this Client Agreement. Such person(s) shall continue to be Authorized Person(s) until such time as Yue Xiu Securities has received from the Client written revocation of the authority of such person(s). In the case of a Client being an individual, the Authorized Person(s) shall include the Client himself unless the Client has notified Yue Xiu Securities otherwise;

“Business Day”	means a day (other than Saturday, Sunday, public holiday, and any other days declared by the SEHK to be non-business days) on which licensed banks and SEHK in Hong Kong are open for business and trading, respectively;
“Clearing House”	means the clearing houses including the HKSCC and the SEOCH;
“Client”	has the meaning as defined above and wherever used shall in the case where the client(s) is/are individual(s) include the client(s) and his or their respective Authorized Person, executors, administrators, successors and personal representatives and in case of a partnership firm include the partners who are the partners of the firm from time to time during which the Account is maintained in their respective executors, administrators, personal representatives and the permitted successor to such partnership business and where the client is a company include such company and its permitted successor;
“Client Money Rules”	means the Securities and Futures (Client Money) Rules (Cap. 571I of the Laws of Hong Kong) as applicable;
“Client Money Standing Authority”	means the client money standing authority granted by the Client to Yue Xiu Securities in the terms set out in Clause 8.26 of Part A of this Client Agreement as amended from time to time;
“Client Securities Rules”	means the Securities and Futures (Client Securities) Rules (Cap. 571H of the Laws of Hong Kong) as applicable;
“Closing Out”	means in relation to any Options Contract, the entering into of another contract of the same specification and for the same amount but of an opposite position in order to cancel the former contract and/or to crystallize the profit or loss on such former contract, and the term “Close Out” shall be construed accordingly;
“Code”	means the Code of Conduct for Persons Licensed by or Registered with the SFC, as applicable;
“Credit Support Provider”	has the meaning as set out in Clause 19 of Part A of this Client Agreement;
“Credit Support Document”	has the meaning as set out in Clause 19 of Part A of this Client Agreement and means any guarantee, hypothecation agreement, margin or Security agreement or document, or any other document containing an obligation of the Client or a third party in favour of Yue Xiu Securities supporting the Client's obligations under this Client Agreement;
“Custodian”	means a trustee, receiver, liquidator, conservator, administrator, custodian, examiner or other similar official and has the meaning as set out in Clause 19 of Part A of this Client Agreement;
“Debit Balance”	means an Account balance representing money owed to Yue Xiu Securities;
“Electronic Services”	means any facility and/or service provided by Yue Xiu Securities which enables the Client to give Instruction in electronic means and other information services provided in electronic means and may include but not limited to desktop trading platform, mobile trading platform and website trading platform;
“Eligible Securities”	means such Securities from time to time determined by Yue Xiu Securities at its sole discretion and notified to the Client;
“GEM”	means the Growth Enterprise Market operated by SEHK;
“HKSCC”	means the Hong Kong Securities Clearing Company Limited and its successors and assigns;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China;
“Instruction”	means a written, oral or electronic communication which Yue Xiu Securities believes in good faith to have been given by the Client or any Authorized Person and shall, for the avoidance of

doubt, includes Electronic Communications (as defined in Clause 15 of Part A of this Client Agreement below);

“Investment”	means all or any of Securities or Options Contracts and any other investment products that may be offered by Yue Xiu Securities to the Client from time to time;
“Yue Xiu Securities”	means Yue Xiu Securities Company Limited and its successors and assigns;
“Loss”	means any losses, damages, proceedings, claims, demands, actions, liabilities, costs, penalties, fines, taxes, fees and expenses whatsoever, including but not limited to any direct, indirect, special or consequential losses (whether or not the possibility of such were known about or reasonably in the contemplation of the relevant parties), any loss of profits, loss of revenue, damage to goodwill or reputation, loss of contracts or business opportunities, loss of use of money, money not recovered, money paid out in error, interest, and any liability to any third party of any nature whatsoever;
“Margin”	means the monies, Eligible Securities, guarantees and/or collateral of the Client which are or shall at any time hereafter be required, as determined by Yue Xiu Securities, to be deposited with, transferred or caused to be transferred to or held by Yue Xiu Securities or its nominee as security under the Account(s);
“Margin Financing Facilities”	means the revolving credit facilities to be made available from time to time by Yue Xiu Securities to the Client subject to the provisions of this Client Agreement, and the specific terms agreed between Yue Xiu Securities and the Client from time to time and includes all amounts debited to the Account in accordance with the terms of this Client Agreement;
“Margin Percentage”	means such percentage of the Market Value of the Eligible Securities up to which the Client is permitted to borrow (or otherwise to secure other forms of financial accommodation) from Yue Xiu Securities against the Margin;
“Market Value”	means in respect of any particular Securities at any given time, the market value which Yue Xiu Securities determines in its absolute discretion, could be obtained by it on a sale of such Securities at such time and in such market the Securities of the same type are normally dealt;
“Market Requirements”	means the constitutions, by-laws, rules, regulations, customs, procedures, usages, rulings and interpretations of the relevant exchange or other market where the Transactions in the relevant Securities are executed, and/or the clearing house, custodians or depositories thereof, as may be applicable, the SFO, the rules, guidelines, codes and guidelines of the SFC include but not limited to the Code, the rules of the SEHK and all other applicable laws, rules and regulations of governmental or quasi-governmental agencies or regulators, exchanges or clearing houses or any judgement or orders of any relevant jurisdictions;
“Options Contract(s)”	means a contract pursuant to which one party agrees to grant to the other party a right (but not an obligation) exercisable within an agreed future period at the option of the party holding such right to acquire or (as the case may be) to dispose of any stocks at any agreed price;
“Outstanding Amount”	means the aggregate liability of the Client (whether present or future, actual or contingent, joint or several) to Yue Xiu Securities under the Margin Financing Facilities or otherwise at any relevant time;
“Securities”	means any interests, rights or property (whether in the form of an instrument or otherwise) commonly known as securities or regarded as securities pursuant to Market Requirements including, without limitation:- (a) shares, stocks, debentures, loan stocks, funds, certificates of deposit, bonds or notes of, or issued by, any person, government or municipal government authority; (b) rights, options, forward contracts, or interests (whether described as units or otherwise) in or in respect of any securities in the said subparagraph (a); (c) certificates or receipts for, or warrants to subscribe for or purchase, any securities in the said subparagraph (a); and (d) interests in any collective investment scheme;

“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as applicable;
“SEHK”	means The Stock Exchange of Hong Kong Limited and its successors and assigns;
“SECH”	means SEHK Options Clearing House Limited and its successors and assigns;
“Settlement Account”	means the bank account of the Client designated as the settlement account (howsoever described) in the Account Opening Form or such other bank account of the Client as the Client may notify Yue Xiu Securities in writing from time to time;
“SFC”	means the Securities and Futures Commission of Hong Kong and its successors and assigns;
“Transaction(s)”	means a transaction or transactions executed by Yue Xiu Securities pursuant to or as a result of an Instruction or in accordance with any provision of the Terms and Conditions;
“Terms and Conditions”	means the terms and conditions of this Client Agreement (from time to time including the additional terms and conditions contained in the schedule of this Client Agreement) and other terms and conditions which Yue Xiu Securities may specify from time to time pursuant to the Terms and Conditions; and
“U.S.”	means the United States of America.

- 2.2 Words denoting the singular shall include the plural and vice versa and words denoting a gender includes every gender. A reference in this Client Agreement to “it” or “its” in relation to the Client shall, except where the context otherwise requires, be construed as including a reference to “him” or “his” (as the case may be). Words denoting person includes a firm, sole proprietorship, partnership and corporation and vice versa.
- 2.3 Where the context permits, the term “Client” includes any Authorized Person(s).
- 2.4 The title, headings and subheadings of any provision of this Client Agreement shall not affect the meaning of that or any other provision.

### 3. ACCOUNT OPENING

- 3.1 Services that the Client requests will be provided to the Client following the entering of this Client Agreement and the provision of all requisite documentation (including the Account Opening Form and other documentation as may be required by Yue Xiu Securities), and upon verification of those identity documents of the Client as may be required by Yue Xiu Securities and/or the Code. All requests for any services from the Client under this Client Agreement will be subject to Yue Xiu Securities’ acceptance (which will be deemed to occur upon the opening of the relevant Account(s) for the requested services provided by Yue Xiu Securities to the Client) as well as any terms and conditions imposed by Yue Xiu Securities.
- 3.2 Where an Account opening procedure other than a face-to-face approach is used and in the case where the Client (other than corporate entities) wishes to adopt the alternate verification approach (as set out in paragraph 5.1(b) of the Code) below:
- Client to send to Yue Xiu Securities a signed physical copy of this Client Agreement together with a copy of the Client’s identity documents (identity card or relevant sections of the Client’s passport) for verification of the Client’s signature and identity;
  - Yue Xiu Securities will obtain and encash a cheque (amount not less than HK\$10,000 and bearing the Client’s name as shown in his identity document) issued by the Client and drawn on the Client’s account with a licensed bank in Hong Kong;
  - the signature on the cheque issued by the Client and the signature on the Client Agreement being the same;
  - the Client confirms and acknowledges the conditions which this alternate Account opening procedure imposes, in particular the condition that the Account will not be activated until the cheque is cleared; and

- (e) proper records are kept by Yue Xiu Securities to demonstrate that the client identification procedures have been followed satisfactorily,

the Account(s) will not be activated until the verification procedures above have been satisfactorily completed and the cheque issued by the Client (as part of the procedure) has been cleared.

#### **4. SERVICES**

- 4.1 Yue Xiu Securities may (but is not obliged to) provide all or any of the following services to the Client in accordance with this Client Agreement:

- (a) act on the Client's Instructions;
- (b) execute Transactions in Securities and other Investment for the Client;
- (c) advising on dealing of Securities;
- (d) clear, carry, transmit and settle Transactions for the Client;
- (e) keep safe custody of the Client's Securities, other Investments and collateral; and
- (f) other services as may be specified in this Client Agreement or in other agreement(s) entered or to be entered with the Client.

#### **5. THE ACCOUNT**

- 5.1 The Client shall open and maintain the Account(s) for recording all the Client's Transactions made pursuant to this Client Agreement.
- 5.2 The continued availability of any services provided by Yue Xiu Securities to the Client shall be subject to Yue Xiu Securities' consent, in its sole discretion and to the fulfillment by the Client of such conditions as Yue Xiu Securities may impose.
- 5.3 On each occasion where the Client requests any services provided by Yue Xiu Securities, the Client represents that the Client is the legal and beneficial owners of all the funds and assets deposited into the Account(s).

#### **6. CLIENT IDENTITY AND INFORMATION**

- 6.1 Yue Xiu Securities is authorized by the Client to conduct or cause to be conducted credit investigations, checks and enquiries regarding the Client and for such purpose to approach the Client's bankers (including for the purpose of ascertaining or verifying the Client's financial situation and investment objectives) and to pass any information about the Client, its Account(s) and its Transaction(s) and the ultimate beneficiary in respect of any such transaction to:
  - (a) any regulatory authority including the SEHK, the SFC, or the Hong Kong Monetary Authority and/or any other Hong Kong or overseas regulator, tax authority, governmental or quasi-governmental agency, exchanges or clearing house having jurisdiction over Yue Xiu Securities, its agents, nominees or delegates of the Client (collectively the "Regulators" and each a "Regulator") in order to assist such Regulator with any investigation or enquiry which it is undertaking; and
  - (b) any Affiliate in connection with carrying out Instructions or the fulfillment of Yue Xiu Securities' obligations to the Client under this Client Agreement.
- 6.2 In this Client Agreement,
  - (a) the expression of "ultimate beneficiary", in relation to any Transaction effected or to be effected by Yue Xiu Securities for the Client pursuant to this Client Agreement, means each and every person who:
    - (i) is the principal for whom the Client is acting as agent in relation to such Transaction; or

(ii) stands to gain the commercial or economic benefit of such Transaction and/or to bear its commercial or economic risk; or

(iii) is ultimately responsible for originating the Instruction in relation to such Transaction; and

(b) the expression “identity information”, in relation to any person, means the true and full identity of such person, including such persons’ alias(es), address(es), occupation(s) and contact details.

6.3 Without limiting the generality of any other provisions of the Terms and Conditions and notwithstanding any other provisions of the Terms and Condition to the contrary, in relation to any dealing or Transaction where Yue Xiu Securities has received an enquiry from the Regulators or a request from a stockbroker/ registered person/ intermediary in response to an enquiry from any of the Regulators, the terms of this Clause shall apply.

(a) The Client undertakes to, upon request by Yue Xiu Securities (which request shall include the relevant contact details of the relevant Regulator), within two Business Days of the relevant jurisdiction inform the relevant Regulator of his identity, address, occupation and contact details. The Client shall also inform the relevant Regulator of the identity, address, occupation, contact details of any third party (if different from himself) who originated the dealing or Transaction in question. The Client also hereby authorizes Yue Xiu Securities to disclose all such information concerning the Client, his Account, his Instruction and any Transaction that any Regulator requests or is required to be disclosed pursuant to any applicable Market Requirements.

(b) The Client confirms that the Client is not subject to any law which prohibits his performance of the undertaking in Clause 6.3(a) above or, where the Client is subject to such law, that the Client has waived the benefit of such law and has consented in writing to his performance of such Clause.

The Client’s obligations under these provisions shall survive notwithstanding completion of any Transaction or termination of this Client Agreement.

6.4 Without prejudice to Clause 6.3 of Part A of this Client Agreement, each of the Client and Yue Xiu Securities undertakes to notify the other in the event of any material change to the information provided in or in connection with this Client Agreement.

## **7. APPLICABLE RULES AND REGULATIONS AND COMPLIANCE WITH LAWS**

7.1 All Transactions for the Account shall be subject to the constitution, by-laws, rules, rulings, regulations, transaction levies and other levies, customs and usages (including without limitation, trading and settlement) prevailing from time to time of any exchange or market or clearing house, where made (including without limitation, the SEHK, the HKSCC, the SEOCH) and to all laws, regulations and orders of any governmental or regulatory authorities that may be applicable (including without limitation, Client identification requirements as set out in Clause 6 of Part A of this Client Agreement).

7.2 Yue Xiu Securities is authorized to collect any such Transaction or other levies in accordance with the rules prescribed by the relevant exchange, market or clearing house. The Client shall be bound by all Yue Xiu Securities’ rules and regulations applicable from time to time to the Account or the Client’s Securities trading or the financing of such trading.

7.3 Yue Xiu Securities or any Affiliate may be the counterparty to any Transactions effected by Yue Xiu Securities on the Client’s behalf.

7.4 The Client shall not instruct Yue Xiu Securities to do anything in relation to the Account or otherwise which is a breach of or would involve or result in Yue Xiu Securities or any of its Affiliates or any other person being in breach of any Material Requirements in force or applicable to the conduct of the business of dealing in Securities in Hong Kong or elsewhere or otherwise binding on Yue Xiu Securities or any of its Affiliates (whether or not having the force of law).

7.5 The Client acknowledges that the Client shall be solely responsible for compliance with all obligations of disclosure under the relevant provisions of Part XV of the SFO, the Codes on Takeovers and Mergers and Share Buy-backs, and any other applicable laws, rules or regulations relating to disclosure of interests in Securities in Hong Kong or any other relevant countries, each as amended from time to time. Yue Xiu Securities shall not be obliged to give notice of holdings to the Client in any form or by any time limit for such purpose save any notice or statement to



be issued as expressly set out in this Client Agreement or as required by applicable Market Requirements. The Client acknowledges that neither Yue Xiu Securities nor any of its Affiliates, their respective directors, officers or employees shall be liable for any loss, cost or expense of the Client from any failure or delay by the Client or any other person to disclose in accordance with any such obligation nor any delay or default in notification to the Client as to the carrying into effect of instructions and shall indemnify Yue Xiu Securities for any loss, cost or expense arising from any such failure.

- 7.6 The Client undertakes to Yue Xiu Securities that the Client will not engage or attempt to engage, and that the Client has proper safeguards in place to prevent the Client from engaging, in any activity which may constitute market misconduct under the SFO and further agrees to inform Yue Xiu Securities immediately if the Client becomes aware of any activity by any person that may result in the Client being involved in market misconduct.

## **8. INSTRUCTIONS AND DEALING PRACTICE**

- 8.1 Yue Xiu Securities is authorised (but not obliged) to act on any Instruction given, or purported to be given, by the Client and reserves the right to refuse to accept or act on any such Instruction or to prescribe any conditions subject to which it accepts any Instruction, in each case without being required to give any explanation. Instructions may be given during the times advised by Yue Xiu Securities to the Client which Yue Xiu Securities may vary or restrict from time to time. Without prejudice to the above, all Instructions shall be given so as to allow Yue Xiu Securities sufficient time with which to comply.
- 8.2 All Instructions, as understood and acted on by Yue Xiu Securities in good faith, shall be irrevocable and binding on the Client whether such Instruction was given by the Client or by any other person purporting to be the Client. Yue Xiu Securities shall be under no duty to verify the identity or authority of the person giving any Instruction or the authenticity of any Instruction.
- 8.3 Unless the Client expressly notifies Yue Xiu Securities to the contrary, Yue Xiu Securities may assume that the Client is acting as principal and not as agent for others. The Client warrants that the Client is the true owner of the Account and that the Client is not holding the Account on behalf of or for the benefit of any other person, except that, where such warranty would not be correct, the Client will instead provide forthwith to Yue Xiu Securities a signed declaration by the Client stating the name(s) of the person(s) for whom or for whose benefit the Client is holding the Account for. Yue Xiu Securities will act as the agent of the Client in effecting all Transactions in connection to the Securities under this Client Agreement unless Yue Xiu Securities indicates (in the contract note for the relevant Transaction or otherwise) that Yue Xiu Securities is acting as principal.
- 8.4 Yue Xiu Securities shall be entitled to continue to treat an Authorized Person as a person designated and duly authorized to act on behalf of the Client until it has received a written notice from the Client revoking such authority.
- 8.5 Yue Xiu Securities is hereby authorized to buy and sell Securities and/or Options Contracts for the Account and otherwise deal with Securities or Options Contracts, receivables or monies held in or for the Account in accordance with and in reliance on the Instructions, but Yue Xiu Securities shall be entitled at its sole and absolute discretion, to refuse to accept or to give effect to any Instruction where doing so may be contrary to any applicable Market Requirements and shall not be liable to the Client for any Loss arising out of or in connection with Yue Xiu Securities not accepting or acting on any Instruction or omitting to notify the Client of such refusal.
- 8.6 If in the sole opinion of Yue Xiu Securities, any Instruction is unclear or ambiguous or if it has received any conflicting Instructions, Yue Xiu Securities may choose:
- (a) not to act on such Instruction(s) and/or to seek clarification from the Client; or
  - (b) to act according to Yue Xiu Securities' interpretation of the Instruction and Yue Xiu Securities shall not be responsible or liable for any Loss the Client may sustain directly or indirectly as a result of Yue Xiu Securities making such decision or acting in accordance with it.
- 8.7 Yue Xiu Securities shall be entitled to use any broker or agent (including any broker or agent who is related to or associated with it) to effect Securities and Options Contracts Transaction under this Client Agreement. Any such broker or agent will be appointed on such terms as that broker or agent may require. Yue Xiu Securities shall not be responsible for the non-performance of its obligations hereunder by reason of the failure of any such broker

or agent to perform its duties and obligations, including but not limited to transmission or computer delay errors or omissions strikes and similar industrial action or by reason of any cause beyond Yue Xiu Securities' control.

- 8.8 If Yue Xiu Securities is not able to effect in full the purchase or sale of Securities or Options Contracts on behalf of the Client (as specified in a Client's Instructions), Yue Xiu Securities may effect the purchase or sale of any amount of Securities or Options Contracts less than the amount specified in such Instructions, as it may in its absolute discretion think fit. The Client shall be bound by such purchase or sale of Securities or Options Contracts provided that Yue Xiu Securities shall, where it has aggregated an order for the Client with an order for another client and/or with an order for Yue Xiu Securities' own account, give priority to satisfying the order of the Client and any other clients. Without prejudice to the foregoing, the Client acknowledges and accepts that the rapid and frequent changes in prices and the general market condition and/or restrictions imposed by the relevant exchange, clearing house or any regulator may make it impossible or impracticable for Yue Xiu Securities to carry out a Client's Instruction or to conclude a Transaction on behalf of the Client at the prices quoted at any specific time. Yue Xiu Securities shall not be liable for any loss, damage or expense or consequential loss, damage or expense suffered by the Client (including without limitation any loss, damage or expense suffered or incurred as a result of any change in the price of any Securities between the time of giving or receipt of any Instruction to or by Yue Xiu Securities and the time at which any such Instruction is acted on) by virtue of any delay in acting on any Instruction or any partial completion of or failure or inability to act on any Instruction for whatsoever reason unless such delay is caused by Yue Xiu Securities' gross negligence.
- 8.9 Yue Xiu Securities may, in its sole discretion, determine the priority in the execution of Client's orders having due regard to market practice, laws and regulations, and any rules and codes of conduct applicable to Yue Xiu Securities to ensure to the extent possible fairness to all the customers of Yue Xiu Securities (including the Client).
- 8.10 Yue Xiu Securities may, without making further enquiry with the Client but subject to any applicable Market Requirements, combine the Client's orders with orders of other clients. This may result in a more favourable or less favourable price being obtained than executing any orders of the Clients separately. Where there are insufficient Securities or Options Contracts to satisfy orders so combined, the Securities will be allocated between all relevant customers with due regard to market practice and any applicable Market Requirements to ensure, to the extent possible, fairness to all customers of Yue Xiu Securities (including the Client).
- 8.11 The Client hereby agrees that Yue Xiu Securities has the sole and absolute discretion to limit the number of Transactions and the aggregate amount in respect of Securities or Options Contracts held in the Account(s) with Yue Xiu Securities from time to time.
- 8.12 Yue Xiu Securities shall not be obliged to act on any Instruction for cancellation, variation or amendment of any Instruction already given to Yue Xiu Securities nor be responsible or liable to the Client for any loss or expense suffered or incurred by the Client if the original Instruction has already been completed or, in the sole opinion of Yue Xiu Securities, Yue Xiu Securities has insufficient time or is unable to act on such Instruction to cancel, vary or amend the original Instruction. In the case of full or partial execution of any Instruction before a request for cancellation has been accepted by Yue Xiu Securities, the Client agrees to accept full responsibility for the Transaction(s) executed pursuant to such Instruction. Instructions are, unless accepted by Yue Xiu Securities for cancellation or amendment, good for the trading day on which it was given by the Client and shall lapse if not executed by the end of such trading day, unless otherwise agreed to by Yue Xiu Securities.
- 8.13 Yue Xiu Securities may, at its discretion, cancel any Instruction given to Yue Xiu Securities where such Instruction has not yet been completed if, in its sole opinion, there are grounds for such cancellation.
- 8.14 The Client shall give prior notice to Yue Xiu Securities in the following events:
- (a) if a sale order is in respect of Securities or Options Contracts which the Client does not own, including but not limited to, a short sale. All sales will be deemed to be long sales where Yue Xiu Securities does not receive any prior notification;
  - (b) any change in information relating to the Client's personal data provided pursuant to the Personal Data (Privacy) Collection Statement attached as Part D of this Client Agreement; and
  - (c) any change in information which the Client has provided to Yue Xiu Securities pertaining to the identity of the beneficiary or his client.
- 8.15 Until such time as Yue Xiu Securities notifies the Client that the Client may give short sale Instructions, every sale Instruction from the Client will be a "long" sale, meaning that the Client will never give Yue Xiu Securities a short

sale Instruction unless, at the time of the Instruction, the Client either (a) owns the shares that are the subject of the Instruction, or has already exercised an instrument convertible into the shares to be delivered to the purchaser. Upon written notice from Yue Xiu Securities that the Client may give short sale Instructions, all short selling Transactions must be conducted in compliance with all applicable Market Requirements of the relevant markets. The Client is obliged to honour his obligation to settle all Transactions submitted in respect of any Instruction at the time of settlement. The Client will also provide Yue Xiu Securities with assurance, if required by Yue Xiu Securities, that proper arrangement has been made for covering trade settlement prior to or at the time of the Instruction. Without limiting the generality of any other provisions herein, Yue Xiu Securities has the right not to accept or act on any short sale Instruction from the Client.

- 8.16 In relation to any derivative products which the Client instructs Yue Xiu Securities to purchase or sell on the Client's behalf pursuant to the Terms and Conditions of this Client Agreement, Yue Xiu Securities will upon request provide the Client with product specifications and any prospectus or other offering documents which may have been issued in respect of such products, if any.
- 8.17 Save and except when the Client is (i) a professional investor falling under paragraph (a) to (i) in section 1 of Part 1 of Schedule 1 to the SFO; or (ii) a professional investor falling under sections 3(a), (c) and (d) of the Securities and Futures (Professional Investor) Rules (Cap. 571D of the laws of Hong Kong) and who can satisfy the criteria under paragraph 15.3A(b) of the Code and has given consent to be treated as such a professional investor in writing, if Yue Xiu Securities solicits the sale of or recommend any financial product (i.e. means any securities, or leveraged foreign exchange contracts as defined under the SFO, as applicable) to the Client, Yue Xiu Securities shall ensure that 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 Client Agreement or any other document which Yue Xiu Securities may ask the Client to sign, and no statement Yue Xiu Securities may ask the Client to make derogates from this Clause 8.17.
- 8.18 Yue Xiu Securities may record all verbal communications with the Client and Authorized Persons in order to permit Yue Xiu Securities to verify information concerning Instructions or any other matters and/or for security, control or record purposes. The Client hereby consents to the recording of such communications whether conducted on the telephone or through any other media or otherwise by tape or electronic means. These recording shall constitute conclusive and binding evidence of the communications so recorded.
- 8.19 It is the responsibility of the Client to check with Yue Xiu Securities as to whether any of his Instructions has been effectively executed or at all. Following execution of an Instruction, Yue Xiu Securities will send a confirmation of the Transaction and thereafter, periodic statements summarising the Transactions effected through the relevant Account(s) over the period covered by the periodic statement. Save and except for such confirmation of Transactions and periodic statements, Yue Xiu Securities shall not be obliged to notify the Client separately as to whether an Instruction has been executed. It is the responsibility of the Client to review all acknowledgments, confirmations, contract notes and Account statements in relation to his Transactions and other Account activities in relation to Account(s) held by him upon receiving them.
- 8.20 Written confirmation of the execution of the Client's Instructions and statements of the Client's Account(s) shall be conclusive and deemed to be accepted if not objected to in writing by the Client directed to the address stated in the Account Opening Form (or such other address communicated in writing by the Client) within 24 hours and 7 days after transmittal to the Client of the relevant Transaction confirmation and statement respectively, by mail or otherwise. At the end of the said time period, Yue Xiu Securities' records and the details of the confirmation of Transaction or periodic Account statement shall be conclusive and deemed to be accepted.
- 8.21 Except as otherwise disclosed by Yue Xiu Securities to the Client in writing (whether before or after a Transaction), Yue Xiu Securities shall act as agent for the Client. Without prejudice to the foregoing, when the Client gives an Instruction to execute and/or clear a Transaction with Yue Xiu Securities, that order may be executed and/or, as appropriate, cleared through: (a) Yue Xiu Securities' Affiliates; (b) members of the various exchanges and clearing houses; and/or intermediaries and/or principals therein or in other markets, in each case who will (subject to contrary agreement) act as the Client's sub-agent, pursuant to arrangements which Yue Xiu Securities at its absolute discretion may make from time to time to provide order execution and/or clearing, and references herein to transactions or execution and/or clearing by Yue Xiu Securities as the Client's agent shall be construed accordingly.
- 8.22 Local charges levied on the Client in respect of a Transaction represent the Yue Xiu Securities' charge and may not necessarily equate to charges paid by Yue Xiu Securities to local brokers.

- 8.23 Yue Xiu Securities shall have the right to (i) refuse any Instruction for any relevant pre-market session or relevant market opening or (ii) if such Instructions are received, to refuse to execute any such Instructions, and provided that it has previously and specifically been agreed between the Client and Yue Xiu Securities, all Instructions for execution of transactions in respect of the same Securities placed by the Client and all other clients of Yue Xiu Securities with Yue Xiu Securities before the relevant pre-market session or relevant market opening will, to the extent possible, be bundled together for execution by Yue Xiu Securities as a single order at a single price when the relevant pre-market session starts or the relevant market opens, and the resulting transaction will be allocated between all such clients on a pro rata basis.
- 8.24 Without limiting the generality of any other provisions of the Terms and Conditions, the Client acknowledges and agrees that Yue Xiu Securities and the relevant parties referred to in Clause 8.21 of Part A of this Client Agreement may execute an order on behalf of the Client through the relevant stock exchange market or otherwise act as agent for, and receive commission from the Client.
- 8.25 The Client Money Standing Authority covers money held or received by Yue Xiu Securities in Hong Kong (including any interest derived from the holding of the money which does not belong to Yue Xiu Securities) in one or more segregated account(s) on the Client's behalf ("**Monies**").
- 8.26 The Client authorises Yue Xiu Securities to: (i) combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by Yue Xiu Securities or any of its Affiliates and Yue Xiu Securities may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to Yue Xiu Securities or any of its Affiliates, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several; and (ii) transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by Yue Xiu Securities or any of its Affiliates. The Client acknowledges and agrees that Yue Xiu Securities may do any of the things set out in this Clause 8.26 without giving the Client notice.
- 8.27 The Client Money Standing Authority is given without prejudice to other authorities or rights which Yue Xiu Securities or any of its Affiliates may have in relation to dealing in Monies in the segregated accounts.
- 8.28 The Client Money Standing Authority shall be for a period of not more than twelve months from the date hereof, and may be renewed at or before the end of the calendar year in which this Client Agreement is entered into and each subsequent calendar year for, in each instance, a further twelve months. The Client Money Standing Authority shall be deemed to have been renewed if Yue Xiu Securities gives a written notice to the Client not less than fourteen (14) days prior to the expiry of the existing term of authority and the Client fails to notify Yue Xiu Securities of its objection to the renewal hereof prior to the expiry of the existing term of authority. The said notice aforementioned shall remind the Client of the impending expiry of the Client Money Standing Authority and inform the Client that unless the Client objects, it will be renewed upon expiry upon the same terms and conditions contained in this Clause 8 and for a period of twelve (12) months. The Client Money Standing Authority may be revoked by the Client by notice in writing to Yue Xiu Securities in which event revocation of such authority shall take effect 5 Business Days after the date of actual receipt of the notice of revocation by Yue Xiu Securities.

## 9. SETTLEMENT

- 9.1 Unless otherwise agreed, in respect of each sale and purchase Transaction executed on the Client's behalf, unless Yue Xiu Securities is already holding cash or Securities on the Client's behalf to settle the transaction, the Client will:
- (a) pay Yue Xiu Securities cleared funds or deliver to it Securities in deliverable form; or
  - (b) otherwise ensure that Yue Xiu Securities has received such funds or Securities; by such time as Yue Xiu Securities has notified (whether verbally or in writing) the Client in relation to the relevant Transaction.
- 9.2 Unless otherwise agreed, the Client agrees that should the Client fail to make such payment or delivery of Securities by the due date as mentioned in Clause 9.1 of Part A of this Client Agreement, Yue Xiu Securities is hereby authorised to:
- (a) in the case of a purchase Transaction, to transfer or sell any such purchased Securities to satisfy the Client's obligations to Yue Xiu Securities; or

- (b) in the case of a sale Transaction, to borrow and/or purchase such sold Securities to satisfy the Client's obligations to Yue Xiu Securities.
- 9.3 Yue Xiu Securities may, at its discretion, choose not to execute any Instruction and/or cancel any Instruction given to Yue Xiu Securities if Yue Xiu Securities is not satisfied that the Client has sufficient cleared funds or Securities in the Account to settle the Transactions of the relevant Instruction.
- 9.4 To facilitate due settlement by the Client, Yue Xiu Securities may in its absolute discretion lend Securities to the Client or borrow Securities for the Client to settle his sale Transaction. Yue Xiu Securities may also enter into Securities loans arrangements on your behalf or for your benefit, whether in the name of Yue Xiu Securities, its Affiliates or otherwise, upon such terms as Yue Xiu Securities conclusively decides. The Client shall indemnify Yue Xiu Securities and its Affiliates for any margins, guarantees, Securities or collateral maintenance and expenses as may be required under the Securities borrowing and lending arrangements. Yue Xiu Securities does not warrant or guarantee the availability or the continuing availability of such short selling facility.
- 9.5 All currency exchange risks in respect of any Transaction, settlement, action or step taken by Yue Xiu Securities under this Client Agreement will be borne by the Client.
- 9.6 The Client hereby irrevocably authorizes Yue Xiu Securities' licensed representatives to execute or otherwise give effect to any Instruction(s) given by him for settlement through the Account or in respect of a purchase or sale Transaction executed on behalf of the Client pursuant to this Client Agreement, including but not limited to, the deposit or transfer of amounts of the net proceeds to the Settlement Account or other bank account(s) designated by the Client or personal collection and delivery of (at the Client's risk) the cheque(s) for the new proceeds drawn in favor of the Client to the address specified by the Client.
- 9.7 The Client hereby acknowledges that the Client shall be responsible to and will indemnify and keep indemnified Yue Xiu Securities from any Loss, costs, fees and expenses incurred by Yue Xiu Securities (including legal expenses on a full indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in Clause 9.1 of Part A of this Client Agreement.

## 10. COMMISSIONS AND CHARGES

- 10.1 Yue Xiu Securities will charge the Client fees and commissions calculated at such rate and on such basis as Yue Xiu Securities may from time to time determine and notify to the Client. The Client shall be liable for payment upon demand of any debts and negative balance whatsoever and howsoever arising in respect of the Account including but not limited to commission, charges, fees, statutory fees, taxes, levies, and delivery charges. Yue Xiu Securities may withdraw cash from or liquidate Securities in the Account to discharge any amounts due and outstanding on the Account.
- 10.2 Without prejudice to any other rights and remedies available to Yue Xiu Securities, Yue Xiu Securities may charge a maintenance fee payable at such rate or in such amount and upon such other terms as Yue Xiu Securities may prescribe from time to time on any Account which has no trading activity for a consecutive six-month period or longer. Payment of such fees will be automatically deducted from the Client's Account(s).
- 10.3 The Client hereby irrevocably authorises Yue Xiu Securities to collect all levies that any relevant exchange(s) may from time to time impose on any Transaction executed pursuant to the Instruction(s) of the Client in accordance with the rules prescribed by the relevant exchange(s) from time to time.
- 10.4 Without prejudice and in addition to any other rights and remedies of Yue Xiu Securities hereunder, the Client hereby irrevocably authorises Yue Xiu Securities (but Yue Xiu Securities is not obliged), without prior notice to the Client, to apply or withhold all or any part of any cash, Securities or other properties held for and on behalf of the Client by Yue Xiu Securities on the Account(s) whatsoever and whether or not relating to a particular Transaction or Instruction, in or towards payment of money properly required to meet commissions, brokerages, taxes (including taxes that are potentially payable as determined by Yue Xiu Securities in its reasonable discretion), stamp duties, bank charges, transfer fees, interest, custodial expenses or other charges in respect of or connected with the Account(s) or any Transactions or Instructions or services thereof or any Securities therein. The Client shall also on demand pay Yue Xiu Securities forthwith such amounts or additional amounts as notified by Yue Xiu Securities to him from time to time.



- 10.5 All indebtedness to Yue Xiu Securities will be charged with interest at such rate(s) to be notified from Yue Xiu Securities from time to time. In the absence of such notification, the Client's Hong Kong dollars indebtedness will be charged with interest at an annual rate of the higher of (i) ten per cent above the prime lending rate of Hong Kong dollars quoted by the Standard Chartered Bank; or (ii) twelve and a half per cent above the prevailing one-month Hong Kong Inter-bank Offered Rate. In the case of foreign currency indebtedness, the annual interest rate will be ten per cent over the cost of funds of Yue Xiu Securities to be quoted by Yue Xiu Securities whether or not it has actually borrowed the funds.
- 10.6 The Client waives its rights to any interest, dividend, or other payment under the Securities where such interest, dividend, or other payment is of a negligible amount, determined by Yue Xiu Securities' sole discretion, having regard to the circumstances then prevailing, and any such interest, dividend or payment received shall become Yue Xiu Securities' property. The Client further agrees that once such amounts have become Yue Xiu Securities' property (in accordance with the terms of this provision) the Client shall have no claims whatsoever against Yue Xiu Securities in respect of such amounts or any part thereof and the Client hereby waives any rights or claims whatsoever which it may have or acquire over such amounts or any part thereof.

## **11. CLIENTS CONSENT TO RETENTION OF ANY PAYMENT OF SOFT DOLLARS AND CASH OR MONEY REBATES**

- 11.1 The Client understands that Yue Xiu Securities may, from time to time, receive and retain (to the extent not prohibited by applicable Market Requirements including the Code) any soft dollars and cash or money rebates or providing to a third party such soft dollars and cash or money rebates under any of the Transactions contemplated under this Client Agreement, and subject to Clause 11.2 of Part A of this Client Agreement, the Client hereby consents to Yue Xiu Securities providing, receiving and/or retaining such soft dollars and cash or money rebates.
- 11.2 Soft dollars received or provided by Yue Xiu Securities may include research and advisory services, economic and political analysis (including valuation and performance measurement, market analysis, data and quotation services), computer hardware and software incidental to the above goods and services, clearing and custodian services and investment related publication. Such goods and services, however, do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.
- 11.3 Yue Xiu Securities will make available all information relating to the receipt and the circumstances which the soft dollars and the cash or money rebates were received and retained by Yue Xiu Securities, upon the request of the Client and in accordance with any applicable Market Requirements including the Code.
- 11.4 The Client further agrees and acknowledges that Yue Xiu Securities may from time to time market and/or refer services, products, securities, opportunities and/or facilities offered by financial institution business partners of Yue Xiu Securities to you (whether in return for any fee, commission or otherwise). The Client is entitled to decline receiving any such marketing or referrals by indicating such determination in writing to Yue Xiu Securities.

## **12. CUSTODY ARRANGEMENTS / POSSESSION OF SECURITIES**

- 12.1 Securities purchased for you will be delivered to the Client (or as you may direct) provided that:
- (a) such Securities are fully paid; and
  - (b) such Securities are not subject to any lien, and/or are not held as collateral by Yue Xiu Securities or its Affiliates.
- 12.2 The Client specifically authorises Yue Xiu Securities, in respect of all Securities deposited by the Client with Yue Xiu Securities or purchased or acquired by Yue Xiu Securities on behalf of the Client, and held by Yue Xiu Securities for safe keeping, to register the same in the name of an associated entity of Yue Xiu Securities or in the Client's name, or deposit in safe custody in a segregated account and established and maintained in Hong Kong by Yue Xiu Securities or an associated entity of the Yue Xiu Securities with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 12.3 Any Securities held by Yue Xiu Securities, any associated entity of Yue Xiu Securities, banker, institution, custodian or intermediary pursuant to Clauses 12.1 and 12.2 of Part A of this Client Agreement shall be at the sole risk of the Client and Yue Xiu Securities and the relevant associated entity, banker, institution, custodian and

intermediary shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.

- 12.4 If in relation to any Securities deposited with Yue Xiu Securities which are not registered in the Client's name, any dividends or other distributions or benefits accrue in respect of such Securities, the Account(s) shall be credited (or payment made to the Client as may be agreed) with the proportion of such benefit equal to the proportion of the Securities held on behalf of the Client out of the total number or amount of such Securities. Yue Xiu Securities may also (but not obliged to) exercise voting rights on the Client's behalf with respect to such Securities upon Client's prior specific instructions.
- 12.5 If in relation to any Securities deposited with Yue Xiu Securities but which are not registered in the name of the Client, and loss is suffered by Yue Xiu Securities, the Account(s) 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 Securities held on behalf of the Client out of the total number or amount of such Securities.
- 12.6 Yue Xiu Securities is authorised to dispose, or initiate a disposal by its associated entity, of any of the Client's Securities (and Yue Xiu Securities shall have absolute discretion to determine which Securities are to be disposed of) for the purpose of settling any liability owed by or on behalf of the Client to Yue Xiu Securities, the associated entity or a third person.
- 12.7 Yue Xiu Securities' obligations to deliver, to hold in safe custody or otherwise or to register in the Client's name, Securities purchased or acquired by Yue Xiu Securities on the Client's behalf shall be satisfied by the delivery, the holding or registration in the Client's name or the Client's nominee of Securities of the same class, denomination and nominal amount as, and rank pari passu with, those originally deposited with, transferred to or acquired by Yue Xiu Securities on the Client's behalf (subject always to any capital reorganisation which may have occurred in the meantime) and Yue Xiu Securities shall not be bound to deliver or return Securities which are identical with such Securities in terms of number, class denomination, nominal amount and rights attached thereto.
- 12.8 Yue Xiu Securities shall be entitled to deposit all monies held in the Account(s) and all monies received for or on the account of the Client with one or more segregated account(s) in Hong Kong each of which shall be designated as client account, at one or more authorised financial institution(s) or any other person approved by the SFC. Unless otherwise agreed between the Client and Yue Xiu Securities, any interest accrued on such monies shall belong to Yue Xiu Securities absolutely.
- 12.9 Subject to the provisions of the SFO and relevant rules made thereunder, the Client authorises and agrees that Securities and Securities collateral from time to time received or held on the Client's behalf may be treated and dealt with in such manner as Yue Xiu Securities may deem fit. The Client understands that such Securities and Securities collateral may be subject to a lien or charge in favour of third parties and return of such Securities or Securities collateral to you may be subject to satisfaction of such lien or charge. The Client also agrees that Yue Xiu Securities shall be entitled to retain for its own benefit and not be accountable to you for any fees, income, rebates or other benefits resulting from any lending or deposit of your Securities or Securities collateral to or with any third party for any purpose by Yue Xiu Securities.
- 12.10 Subject to the provisions of the SFO and relevant rules made thereunder, Yue Xiu Securities and its Affiliates shall have the Client's standing authorisation given on behalf of itself and its Affiliates to (without being obliged so to do) effect fund transfers between any two or more of the Client's and its Affiliates' accounts maintained with Yue Xiu Securities and its Affiliates (of whatever nature and whether individually or jointly with others) for the purpose of discharging or reducing the Client's or any of its Affiliates' obligations or indebtedness towards Yue Xiu Securities or its Affiliates and without further consent from or any notice to the Client or its Affiliates.

### **13. NEW LISTING OF SECURITIES**

- 13.1 The Client authorizes Yue Xiu Securities, upon the Client's Instruction, to apply for the subscription or purchase of Securities in a public offer in respect of a new listing and/or placing of Securities of companies listed on the SEHK as his agent and for the benefit of the Client or for the benefit of the ultimate beneficiary, whether singly or in conjunction with applications of other clients or Affiliates of Yue Xiu Securities as a bulk application. The Client acknowledges that Yue Xiu Securities shall not be responsible for the accuracy or completeness of or any misstatement in any prospectus and other offering documents relating to a public offer and/or placing, copies of which are supplied by Yue Xiu Securities to the Client.

- 13.2 In making such Instruction to Yue Xiu Securities to apply for the subscription or purchase of Securities in a public offer in respect of new listing and/or placing of Securities of companies listed on the SEHK, the Client confirms and declares that:
- (a) he has already read and understands the related prospectus, application forms and/or other relevant offering documents, and his application is subject to the terms and conditions of such prospectus, application forms and/or relevant offering documents (including the discretion of the relevant issuer to determine on the final pricing of the Securities) or, in the absence of any written offering documents, he fully understands the terms and conditions of the relevant subscription/purchase;
  - (b) he is eligible to subscribe for or purchase the Securities and will comply with or has complied with all the terms and conditions as stated in such prospectus, application forms and/or other relevant offering documents or, in the absence of any written offering documents, will comply with or has complied with the terms and conditions of the relevant subscription/purchase;
  - (c) Yue Xiu Securities has the due authority to make such application on his behalf;
  - (d) the application made by Yue Xiu Securities on the Client's behalf is the only application made, and the only application intended to be made, by the Client or on the Client's behalf (for the benefit of the Client or for the benefit of the ultimate beneficiary) and that the Client shall make no other application, and the Client authorizes Yue Xiu Securities to disclose and warrant to the SEHK of the same on any application form (or otherwise) or to any other person as appropriate; and
  - (e) he makes all the representations, warranties and declarations required to be made by an applicant for Securities in the related prospectus, application forms and/or other relevant offering documents or, in the absence of any written offering documents, he makes all the representations, warranties and declarations required to be made by an applicant in the terms and conditions of the relevant subscription/purchase.
- 13.3 The Client acknowledges that the confirmations and declarations made under Clause 13.2 of Part A of this Client Agreement will be relied upon by the issuer or vendor of the relevant Securities (or its agent) in deciding whether or not to make any allotment or allocation of Securities in response to the application made by Yue Xiu Securities as agent for the Client.
- 13.4 The Client agrees and acknowledges that the issuer or vendor of the relevant Securities (and its agent) have the full discretion to reject or accept the application made by Yue Xiu Securities on the Client's behalf or to accept only part of the application. In case of rejection or partial acceptance of the Client's application, no matter whether it is caused by reasons which are related to the Client's application or not, neither Yue Xiu Securities nor its Affiliates shall, in the absence of gross negligence or wilful default, be liable to the Client or any other persons as a result of such rejection or partial acceptance. The Client agrees to fully indemnify Yue Xiu Securities if the application is rejected because of any breach of the representations, warranties and declarations or otherwise arising from factors relating to the Client.
- 13.5 In case of a bulk application made by Yue Xiu Securities on behalf of its customers, the Client agrees that if such bulk application is only accepted in part, Yue Xiu Securities has the sole and full discretion to allocate the Securities among its customers on the basis elected by Yue Xiu Securities (at Yue Xiu Securities' sole and absolute discretion).
- 13.6 The Client further acknowledges that an application made by an unlisted company whose principal business is Securities dealing, and in respect of which the Client exercises statutory control, shall be deemed to be an application made for the benefit of the Client.
- 13.7 Upon receipt of an oral or written offer ("**Offer**") of the Client, Yue Xiu Securities may in its sole and absolute discretion grant to the Client a loan ("**Loan**") to be used exclusively to finance the subscription or purchase by the Client of Securities of a new listing for which listing is sought in a public offer and/or placing ("**New Listing Securities**") by issuing an acceptance notice ("**Acceptance Notice**") in writing to the Client setting out the terms and other details of the Loan. The terms and conditions of this Clause are deemed to be incorporated by reference to the Offer in the Acceptance Notice. Once Yue Xiu Securities has issued the Acceptance Notice, the Client shall not revoke the Offer.
- 13.8 Payment for the New Listing Securities will be made in the name of Yue Xiu Securities (or in its nominee's name) but for the Client exclusive account and risk. The Client acknowledges that its application for the subscription or purchase of New Listing Securities (made by Yue Xiu Securities or Yue Xiu Securities' nominee on the Client's



behalf) may not be accepted by the issuer or vendor of the relevant securities, but the Client shall still be liable for the interest on the Loan.

- 13.9 Notwithstanding that the application is made by Yue Xiu Securities on the Client's behalf, the Client shall have no right, title, interest or claim of whatever nature in or to any payment refunded ("**Refund Payment**") by the relevant issuer or vendor in respect of the application that has not been accepted to the extent that the Refund Payment does not exceed the Loan and any outstanding balance owed by the Client.
- 13.10 Each Loan together with the accrued fees and interest thereon will be repayable (i) on demand, or (ii) the scheduled date on which the New Listing Securities are listed on the SEHK, whichever is the earlier, provided however that if any application for New Listing Securities is unsuccessful, or successful in part only, Refund Payment shall be applied immediately in repayment of the outstanding Loan and the fees and interest accrued thereon, whether before or after the repayment date ("**Repayment Date**") specified in the Acceptance Notice.
- 13.11 The Client agrees that the receiving bankers, custodians or nominees may pay to Yue Xiu Securities all Refund Payment in respect of the unsuccessful application immediately, and Yue Xiu Securities is authorized to give Instructions to such receiving bankers, custodians or nominees as it deems appropriate or take other appropriate actions to give effect to such payment.
- 13.12 The Client hereby authorizes Yue Xiu Securities to pledge or grant, at Yue Xiu Securities' absolute discretion, security interests of whatever nature over the New Listing Securities (including all rights and interests derived therefrom) and all money in connection with the subscription of the New Listing Securities (including Refund Payment) in favour of any third party for credit facilities made to Yue Xiu Securities to finance its funding of all or any part of the Loan.
- 13.13 The Client shall execute and sign all transfers, power of attorney, proxies and other documents and do all acts and things which Yue Xiu Securities may require for Yue Xiu Securities and any relevant parties to obtain full benefits of the security interests mentioned in this Clause 13, including without limitation, to perfect Yue Xiu Securities' title to the New Listing Securities or enable Yue Xiu Securities to vest such New Listing Securities in the name of its nominee or any relevant third parties.
- 13.14 The Client shall pay to Yue Xiu Securities interest on the Loan at the rate of interest as specified in the Acceptance Notice and such interest shall accrue on a daily basis for the period from the date of drawdown of the Loan (as specified in the Acceptance Notice) to the date of final repayment of the Loan by the Client as determined by Yue Xiu Securities on a 365 day basis (or such other basis stated in the Acceptance Notice).
- 13.15 If the Client fails to repay the Loan on the Repayment Date, Yue Xiu Securities shall have an absolute right to sell all or any part of the New Listing Securities in such manner and at such price(s) as Yue Xiu Securities deems fit and appropriate without any notice to Client and to apportion the proceeds thereof towards repayment of the outstanding Loan, the costs of such sale and any fees and interest accrued thereon. The Client will have no right to claim against Yue Xiu Securities in respect of any Loss arising out of any such sale.
- 13.16 The Client agrees to fully indemnify and hold harmless each of Yue Xiu Securities and its Affiliates and agents against all claims, actions, liabilities, proceedings against any of Yue Xiu Securities and its Affiliates and bear all Loss (including legal fees) which they may suffer in connection with the Loan. Yue Xiu Securities and its Affiliates shall in no event be liable for any Loss of the Client or anything whatsoever which may be suffered as a result of any default, insolvency, act or omission of any firm or company through or with whom the application for the subscription or purchase of Securities in a public offer in respect of a new listing and/or placing of Securities of companies listed on the SEHK is effected.

#### **14. SET-OFF, LIEN, AND COMBINATION OF ACCOUNTS**

- 14.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which Yue Xiu Securities may be entitled under this Client Agreement or applicable Market Requirements, all of the Client's interest in any funds or Securities or Options Contracts and other properties (either individually or jointly with others) held by or in the possession of Yue Xiu Securities at any time shall be subject to a general lien in favour of Yue Xiu Securities as continuing security to offset and discharge all of the Client's obligations and liabilities.
- 14.2 In addition and without prejudice to any general liens or other similar rights which Yue Xiu Securities may be entitled under the applicable Market Requirements or this Client Agreement and subject to applicable rules and

regulations, including without limitation, the Client Money Rules and the Client Securities Rules, Yue Xiu Securities may (for itself and as agent for any Affiliates of Yue Xiu Securities), at any time without notice to the Client, combine or consolidate any or all Account(s) of any nature whatsoever and either individually or jointly with others, with Yue Xiu Securities or any Affiliates of Yue Xiu Securities and Yue Xiu Securities may set off or transfer any monies (in any currency), Securities, Options Contracts or other properties in such Account(s) to satisfy indebtedness obligations or liabilities of the Client to Yue Xiu Securities or any Affiliates of Yue Xiu Securities, whether such indebtedness obligations and liabilities be present or future, actual or contingent, primary or collateral, secured or unsecured, or joint or several.

- 14.3 Without limiting or modifying the general provisions of this Client Agreement and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, Yue Xiu Securities may, without notice, transfer all or any sum or properties interchangeable between any of the Account(s) maintained at any time by the Client with Yue Xiu Securities and any Affiliates of Yue Xiu Securities.
- 14.4 In respect of a joint Account(s), Yue Xiu Securities shall be entitled to set off any sums standing to the credit of such joint Account against the debit balance in other Account(s) of the Client which may be held by one or more holders of such joint account.

## 15. NOTICE AND COMMUNICATION

- 15.1 The Client expressly agrees that Yue Xiu Securities may send any notice, contract notes, confirmations, periodic statements and communications (if any) to the Client in electronic form ("Electronic Communication") and agrees to accept and bear all the risks associated with the sending and receiving of the Electronic Communication, including but not limited to the following risks:

- (a) Electronic Communication conducted through the internet or other electronic media, is inherently an unreliable medium and may be subject to interruption, transmission blackout, or may cause a delayed transmission or incorrect data transmission due to (where applicable) unpredictable traffic congestion, the public nature of the media used or other reasons;
- (b) Electronic Communication conducted through the internet or other electronic media may not be executed; and
- (c) sending and receiving personal data through the internet or other electronic media may not be secured and may be exposed to numerous risk including but not limited to the risk of access by unauthorized third parties,

and the Client acknowledges and agrees that none of Yue Xiu Securities and its Affiliates and their respective shareholders, directors, officers, employees, representatives or agents (collectively "Relevant Persons") assumes any liability or responsibility to the Client or to any other person for any consequences arising therefrom or in connection therewith and hereby waives all the rights of making any claims against Yue Xiu Securities and the Relevant Persons in connection therewith.

- 15.2 Yue Xiu Securities will not be responsible for any Loss caused by any delay, breakdown or failure of transmission of communication facilities in respect of any Electronic Communications or to any other cause or causes beyond the reasonable control or anticipation of Yue Xiu Securities.
- 15.3 Any communications from Yue Xiu Securities to the Client delivered personally, sent by post, facsimile transmission, SMS, email or any other kind of electronic transmission shall be deemed to have been received by the Client (where delivered personally) at the time of personal delivery or on leaving it at the address last notified in writing by the Client to Yue Xiu Securities, (where sent by post) 48 hours after posting if such address is in Hong Kong and five days after posting if such address is outside Hong Kong or (where sent by facsimile transmission or email or other kind of electronic transmission) immediately after transmitting to the facsimile or email address or phone number or other contact details last notified in writing by the Client to Yue Xiu Securities.
- 15.4 Any notice or communication (including but not limited to Instructions) made or given by the Client to Yue Xiu Securities shall be made or given at the Client's own risk and shall only take effect upon actual receipt by Yue Xiu Securities.
- 15.5 The Client agrees to keep his information in relation to his Account(s) up-to-date, and to notify Yue Xiu Securities of any changes within two Business Days. The Client understands, for the security and integrity of his Account,

that Yue Xiu Securities may temporarily or permanently disable or restrict access or certain functionalities (including dealing and settlement) of the Account, if and when the communication to the Client becomes undeliverable or are returned as a result of the Client's failure to provide update and/or notify Yue Xiu Securities with the most current and accurate information in relation to his Account(s).

## 16. CONFLICTS OF INTERESTS

16.1 The Client hereby acknowledges and agrees that Yue Xiu Securities, its Affiliates or some other person, directly or indirectly, connected with Yue Xiu Securities may from time to time trade on their own account. The Client's attention is drawn to the fact that and the Client acknowledges that when Yue Xiu Securities deals for the Client, Yue Xiu Securities or its Affiliate or some other person, directly or indirectly, connected with Yue Xiu Securities may have an interest, relationship or arrangement which is material in respect of the Transaction(s), arrangement or service concerned. Without limiting the nature of such interest, example includes:

- (a) dealing in an investment, a related investment or an asset underlying the investment, as principal for Yue Xiu Securities for its own account or that of a third party, which could include selling to the Client or buying from the Client and also dealing with or using the services of an intermediate broker or other agent who may be an Affiliate;
- (b) Yue Xiu Securities may be matching the Client's Transaction with that of any other client or with Yue Xiu Securities either on behalf of such person or Yue Xiu Securities as well as on behalf of the Client or by executing matching Transactions at or above the same time with the Client and such person;
- (c) Yue Xiu Securities may buy, sell, hold or deal in any Options Contracts or take the opposition position to the Client's Instruction on its own account or on behalf of other clients;
- (d) buying from the Client and selling immediately to another client, or vice versa;
- (e) having (or having other clients who have) a holding or position (including a short position) in the investment concerned, a related investment or asset underlying the investment;
- (f) quoting prices to the market in the investment, a related investment or asset underlying the investment;
- (g) buying or selling units in a collective investment scheme where Yue Xiu Securities or an Affiliate is the trustee, operator or manager (or advisers of the trustee);
- (h) Yue Xiu Securities may have received or may be receiving rebates, payments or other benefits for giving business to any companies;
- (i) Yue Xiu Securities may be or has been involved as an underwriter or in some other capacity, in a takeover, a new issue or another transaction involving the investment or a related investment; or
- (j) advising and providing other services to other clients who may have interest in investment or underlying assets which conflict with the Client.

16.2 The Client acknowledges and accepts that Yue Xiu Securities, any of its Affiliates or some other person, directly or indirectly, connected with Yue Xiu Securities may have interest which conflict with the Client's interest and may owe duties which conflict with duties which would otherwise be owed to the Client, and the Client consents to the same. Yue Xiu Securities shall take all reasonable steps to ensure the Client receives fair treatment in the event that Yue Xiu Securities has any such interest or in the event of an actual or potential conflict arising.

16.3 Yue Xiu Securities shall not be under any duty to disclose to the Client any fact or thing which comes to its knowledge or notice in the course of acting in any capacity for any other person or in its own capacity.

## 17. ELECTRONIC TRADING SERVICES

17.1 Unless otherwise specified, this Clause is made without prejudice and in addition to all the other provisions in this Client Agreement.

- 17.2 Yue Xiu Securities may provide the Client with Electronic Services, and the Client hereby requests the provision of such services, upon the Terms and Conditions, as modified, amended or expanded by any notice, letter, publication or such other document as may be issued from time to time by Yue Xiu Securities.
- 17.3 The Client agrees that the Client shall be the only authorised user of the Access Codes and Electronic Services under this Client Agreement. The Client shall be wholly and solely responsible for the confidentiality, security and use of the Access Codes issued to the Client by Yue Xiu Securities and for all Instructions given and all Transactions concluded with the use of the Client's Access Codes.
- 17.4 The Client further acknowledges that the Electronic Services, Yue Xiu Securities' website, and the software comprised in them, are proprietary to Yue Xiu Securities. The Client undertakes and warrants that the Client shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer, damage, destroy or otherwise alter in any way, and shall not attempt to gain unauthorised access to, any part of the Electronic Services, Yue Xiu Securities' website, and any of the software comprised in them. The Client agrees that Yue Xiu Securities shall be entitled to close any or all of the Account(s) immediately without notice to the Client, and the Client acknowledges that Yue Xiu Securities may take legal action against the Client, if the Client at any time breaches this warranty and undertaking or if Yue Xiu Securities at any time reasonably suspects that the Client has breached the same. The Client undertakes to notify Yue Xiu Securities immediately if the Client becomes aware that any of the actions described above in this Clause is being perpetrated by any other person.
- 17.5 As and when Yue Xiu Securities allows the Client to open an Account on-line with Yue Xiu Securities, in addition to completing and returning this Client Agreement and the Account Opening Form through the Internet, the Client agrees to return to Yue Xiu Securities the hard copy of this Client Agreement and the Account Opening Form both duly completed and signed by the Client before or certified by a professional person such as a branch manager of a bank, certified public accountant, lawyer, notary public or any other person acceptable to Yue Xiu Securities. Without prejudice to other provision of this Client Agreement, Yue Xiu Securities shall be entitled to refuse to execute the Client's Instructions until it has received such duly completed and signed hard copy of the Client Agreement and the Account Opening Form.
- 17.6 The Client acknowledges that it may not be possible to change or cancel an Electronic Instruction once given and hereby agrees to carefully review every order before it is made.
- 17.7 Yue Xiu Securities makes no warranties, express or implied, concerning the Electronic Services. The Client acknowledges that the system of the Electronic Services has not been developed for the Client's individual needs and is used by the Client on an "as is", and "as available" basis at his own volition and risk and that Yue Xiu Securities shall bear no responsibility whatsoever for any consequences arising from the Client's choice or use of the Electronic Services.
- 17.8 Unless otherwise agreed, Yue Xiu Securities will not execute any Instructions of the Client through the Electronic Services until it is satisfied that the Client has sufficient cleared funds or Securities in the Account to settle the related Transactions as set out in Clause 9 of Part A of this Client Agreement.
- 17.9 Yue Xiu Securities shall not be deemed to have received and/or executed the Instructions made by the Client through the Electronic Services unless and until the Client is in receipt of an acknowledgement receipt issued by Yue Xiu Securities and confirmation of execution of such Instructions.
- 17.10 The Client acknowledges and agrees that, as a condition of Yue Xiu Securities' provision of Electronic Services, the Client shall immediately notify Yue Xiu Securities if:
- (a) after giving an Instruction through the Electronic Services, the Client has not received any acknowledgment receipt or the acknowledgment receipt received contains incorrect details;
  - (b) the Client has received acknowledgment receipts of an Instruction or Transaction which the Client did not instruct or becomes aware of any similar conflict; or
  - (c) the Client becomes aware of any unauthorized use and/or disclosure of the Client's Access Codes or any unauthorised Transaction conducted.
- 17.11 The Client agrees that Yue Xiu Securities shall not be liable for any loss or damage to the Client or any other person that may suffer as a result of using or attempting to use the Electronic Services including but not limited to any loss or damage due to any system or software or hardware failure or any interruption or failure of communication lines or devices for any reasons, unless such loss or damage are caused by wilful default or gross negligence on

the part of Yue Xiu Securities. The Client further undertakes to indemnify the Yue Xiu Securities, on a full indemnity basis, for any loss or damage Yue Xiu Securities may suffer as a result of the use of Electronic Services except to the extent that such loss or damage is outside the Client's control.

- 17.12 The Client acknowledges and agrees that if the mode of communication used by the Client in the course of the Electronic Services becomes temporarily unavailable, the Client can during such period continue to operate the relevant Account subject to the right of Yue Xiu Securities to obtain such information regarding the verification of the Client's identity as it may from time to time think fit.
- 17.13 Yue Xiu Securities may, from time to time in its sole discretion and without prior notice to the Client, suspend, prohibit, terminate or impose such restriction or limits on the Client's use of the Electronic Services or on the type of Instructions or other communications which the Client may transmit to Yue Xiu Securities, and which Yue Xiu Securities may accept, via the Electronic Services.
- 17.14 The Electronic Services may provide, for informational purposes only, data about securities, derivatives, mutual funds or other investment products published by third parties. Owing to marketing volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant products. Yue Xiu Securities does not verify or contradict the accuracy or completeness of the information provided. No recommendation or endorsement from Yue Xiu Securities shall be inferred from such data. The Client also acknowledges that exchanges and certain associations may assert proprietary interests and rights over all market data they furnish to parties who disseminate such data and agrees not to do any act which would constitute any infringement or encroachment of such rights or interests. The Client also understands that Yue Xiu Securities does not guarantee the timeliness, sequence, accuracy or completeness of market data or any market information (including any information provided to the Client through the Electronic Services). Yue Xiu Securities shall not be liable in any way for any loss arising from or caused by (1) any inaccuracy, error in or omission from any such data, information or message; (2) any delay in the transmission or delivery thereof; (3) any suspension or congestion in communication; (4) any unavailability or interruption of any such data, message or information whether due to any act of Yue Xiu Securities; or (5) by any forces beyond the control of Yue Xiu Securities.
- 17.15 Any record maintained by Yue Xiu Securities relating to any Instructions and information communicated via the Electronic Services shall be conclusive evidence of such, and shall be the property of Yue Xiu Securities.

## 18. JOINT ACCOUNTS

- 18.1 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) Yue Xiu Securities shall be entitled to, but shall not be obliged to, act on Instructions or requests from any of them;
  - (c) each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound;
  - (d) any notice to any one such person will be deemed effective notification to all such persons; and
  - (e) Yue Xiu Securities 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.
- 18.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this Client Agreement shall not be terminated and the interest in the Account(s) of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by Yue Xiu Securities against such deceased Client's estate. The surviving Client(s) shall give Yue Xiu Securities written notice immediately upon any of them becoming aware of such death.

## 19. DEFAULT

- 19.1 Any one of the following events shall constitute an event of default (each an "Event of Default"):

- (a) the Client fails to observe or perform any of its obligations hereunder or any representation, warranty or undertaking provided by the Client is or becomes, in the sole opinion of Yue Xiu Securities, materially incorrect, false or misleading in any material respect as at the time it was made or given or deemed made or given;
- (b) the Client commences a voluntary case or other procedure seeking or proposing liquidation reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to the Client or to the Client's debts under any bankruptcy, insolvency, regulator, supervisory or similar law (including any corporate or other law with potential application to an insolvent party), or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian, examiner or other similar official (each a "Custodian") of the Client or any substantial part of the Client's assets; or take any corporate action to authorise any of the foregoing, and in the case of a reorganisation, arrangement or composition, Yue Xiu Securities does not consent to the proposals;
- (c) an involuntary case or other procedure is commenced against the Client seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to the Client or the Client's debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to an insolvent party) or seeking the appointment of a Custodian of the Client or any substantial part of the Client's assets and such insolvency case or other procedure either (i) has not been dismissed within five days of its institution or presentation or (ii) has been dismissed within such period but solely on the grounds of an insufficiency of assets to cover the costs of such case or other procedure;
- (d) in the case where the Client is an individual(s), partnership or sole proprietorship, (i) a bankruptcy or winding up order is made against the Client or any of the partners, (ii) a presentation of the petition for bankruptcy or winding up is filed by or against the Client or any of the partners, or (iii) the Client or any partner dies, becomes of unsound mind, becomes insane or becomes incapacitated in any way;
- (e) any distress or execution is levied or enforced upon or issued against or any encumbrance takes possession of or a receiver, administrator, trustee, liquidator and/or manager or other similar officer is appointed over the whole or any part of the undertaking or assets of the Client;
- (f) the Client is unable to pay the Client's debts as they fall due or is bankrupt or insolvent, as defined under any bankruptcy or insolvency law applicable to the Client; or any of the Client's indebtedness is not paid on the due date therefor, or becomes capable at any time of being declared due and payable under agreements or instruments evidencing such indebtedness before it would otherwise have been due and payable, or any suit, action or other proceedings relating to this Client Agreement are commenced for any execution, any attachment or garnishment, or distress against, or an encumbrancer takes possession of, the whole or any part of the Client's property, undertaking or assets (tangible and intangible);
- (g) any event equivalent to an event specified in (b), (c), (d), (e) or (f) occurs under the laws of any other jurisdiction;
- (h) the Client or any Credit Support Provider (as defined below) (or any Custodian acting on the Client's behalf or on behalf of any Credit Support Provider) disaffirms, disclaims or repudiates any obligations under this Client Agreement or any guarantee, hypothecation agreement, market or Security agreement or document, or any document containing an obligation of the Client or a third party (a "**Credit Support Provider**") in favour of Yue Xiu Securities supporting the Client's obligations under this Client Agreement (each a "**Credit Support Document**");
- (i) the Client or any Credit Support Provider fails to comply with or perform any agreement or obligations to be complied with or performed by the Client or the relevant Credit Support Provider, as the case may be, in accordance with the applicable Credit Support Document;
- (j) any Credit Support Document relating to the Client expires or ceases to be in full force and effect prior to the satisfaction of all the Client's obligations under this Clause 19 unless Yue Xiu Securities has agreed in writing that this shall not be an Event of Default;
- (k) any representation or warranty made or given or deemed made or given by any Credit Support Provider pursuant to any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given or deemed made or given; or



- (l) any event referred to in paragraphs (b) to (f) or (k) of this sub-clause occurs in respect of any Credit Support Provider;
- (m) the Client (or one of the individuals comprising the Client if there is more than one) dies or becomes incapacitated;
- (n) (if any Credit Support Provider is a partnership) any of the events referred to in paragraphs (b) to (f) or (k) of this sub-clause occurs in respect of the partners of any Credit Support Provider;
- (o) in respect of any Transaction, the Client's failure to:
  - (i) pay any deposits, purchase price, option premium, Margins or any other sums payable to Yue Xiu Securities;
  - (ii) make or take delivery of the Securities when required under the relevant contract; or
  - (iii) submit to Yue Xiu Securities any document under this Client Agreement where called upon to do so on a date stipulated by Yue Xiu Securities;
- (p) Yue Xiu Securities has made at least two attempts to demand from the Client any Margin, but for whatever reason, has not been able to communicate with the Client;
- (q) any consent, authorization or board or shareholders' resolution required of the Client to enter into this Client Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
- (r) the Client's default in the observation of any by-laws, rules and regulations of the relevant exchange and/or clearing houses;
- (s) the continued performance of any of the Transaction or this Client Agreement becoming illegal or is claimed by any government authority to be illegal;
- (t) with respect to the Client's dealing or relationship with Yue Xiu Securities, Yue Xiu Securities forms the view in good faith that any event occurs which constitutes a material adverse change affecting the financial position, or operation of the Client and action necessary to protect, enforce or preserve its rights hereunder; or
- (u) whenever Yue Xiu Securities at its absolute discretion deems that (i) a situation has arisen which makes it unlikely in the sole opinion of Yue Xiu Securities, that the Client will be able to perform all the Client's obligations hereunder or that (ii) it is desirable or prudent for Yue Xiu Securities' own protection.

19.2 Without prejudice to any other right or remedy which Yue Xiu Securities may have, all the amounts owing by the Client to Yue Xiu Securities or its Affiliates together with interest shall become immediately due and payable upon the occurrence of any one or more Event of Default. In addition, Yue Xiu Securities in its absolute discretion shall be entitled to:

- (a) immediately close the Account(s) of the Client;
- (b) terminate all or any part of this Client Agreement;
- (c) cancel any or all outstanding Instructions or any other commitments made on behalf of the Client;
- (d) without liability for any loss that may thereby be incurred by the Client, close out any or all open positions that the Client may have with Yue Xiu Securities and cancel any open orders for the purchase or sale of any Securities;
- (e) without liability for any Loss that may thereby be incurred by the Client, Close Out, replace or reverse any outstanding contracts entered into on behalf of or with the Client, enter into any other Transaction or take, or refrain from taking, such other action at such times and in such manner as Yue Xiu Securities considers necessary or appropriate to cover, reduce or eliminate any Loss or liability under or in respect of any contracts, positions or commitments;

- (f) refuse to deliver or transfer any of the Securities standing to the credit of any of the Client's Accounts until such time as all obligations and liabilities owed to Yue Xiu Securities by the Client have been fully discharged;
- (g) dispose or initiate the disposal by an associate entity of Yue Xiu Securities, pursuant to section 6(3) of the Clients Securities Rules, of any of the Clients' Securities or Securities collateral in settlement of any liability owned to or on behalf of the Client to Yue Xiu Securities and to apply such proceeds and any cash deposit(s) to settle all outstanding balances owing to Yue Xiu Securities;
- (h) charge default interest at such rate as determined by Yue Xiu Securities from time to time;
- (i) combine, consolidate and set-off any or all Account(s) of the Client in accordance with Clause 14 of Part A of this Client Agreement; or
- (j) sell, dispose of or otherwise deal with in any manner any Investment, monies, Securities, or other property held for or on behalf of the Client under any or all of the Account(s) he maintains with Yue Xiu Securities and to apply the proceeds thereof and any monies to offset and discharge any of the obligations or liabilities owed to Yue Xiu Securities by the client.

19.3 In the event of any sale or liquidation pursuant to this Clause 19:

- (a) Yue Xiu Securities shall not be responsible for any Loss incurred if it has already used reasonable endeavours to sell or dispose of the Investments, monies, Securities or other properties or any part thereof at the then available market price; and
- (b) the Client undertakes to pay to Yue Xiu Securities any deficiency if the Client's net assets, net proceeds of the sale or net proceeds of liquidation shall be insufficient to cover all outstanding balances owing by the Client to Yue Xiu Securities.

19.4 Any proceeds of sale realized pursuant to this Clause shall be applied in the following order of priority for:

- (a) payment of all costs, charges, fees and expenses (including without limitation, legal fees, stamp duty, commission and brokerage) incurred by Yue Xiu Securities;
- (b) payment of all interest due; and
- (c) payment of all monies and liabilities due, owing or incurred by customers to Yue Xiu Securities,

and any remaining sum shall be paid to the Client.

19.5 Any distribution, refund, compensation, dividends, interests or other payments which may be received or receivable by Yue Xiu Securities in respect of the Investments held under the relevant Account(s) may be applied by Yue Xiu Securities as if they were proceeds of sale notwithstanding that the power of sale may not have arisen.

19.6 If the Client suffers pecuniary loss by reason of Yue Xiu Securities' default, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and the relevant subsidiary legislation and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation – Compensation Limits) Rules (Cap. 571AC of the Laws of Hong Kong) and accordingly, there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.

19.7 The Client undertakes to notify Yue Xiu Securities immediately in writing of the occurrence of any such event which does or is likely to constitute and Event of Default (although any failure to so notify Yue Xiu Securities will not prevent and Event of Default from having occurred).

## 20. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

20.1 The Client hereby warrants, represents, and undertakes to Yue Xiu Securities on a continuing basis that:

- (a) the Client is entering into this Client Agreement with Yue Xiu Securities as principal and is not trading on behalf of any other person (except where Yue Xiu Securities is notified in writing and such is expressly approved by Yue Xiu Securities);



- (b) the Account Opening Form is true and complete at the date hereof and the Client will notify Yue Xiu Securities in writing upon any change in the information provided in the Account Opening Form or any other information relating to the Client. Until the Client gives such written notification to Yue Xiu Securities, Yue Xiu Securities shall be entitled to rely on the information contained in the Account Opening Form. Yue Xiu Securities is hereby authorized to conduct a credit enquiry or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client as set out in the Account Opening Form or otherwise;
- (c) (except where Yue Xiu Securities is notified in writing and such is expressly approved by Yue Xiu Securities) the Client is the beneficial owner of the Securities or Options Contracts under the Account free from any lien, charge, equity or encumbrances save as created by or under this Client Agreement and will not charge, pledge or allow to subsist any charge or pledge over the Securities or Options Contracts or monies in the Account (save as created by this Client Agreement) or grant or purport to grant an option over any Securities or Options Contracts or monies in the Account without the prior written consent of Yue Xiu Securities;
- (d) (except where Yue Xiu Securities is notified in writing and such is expressly approved by Yue Xiu Securities) the Client is the person or entity (legal or otherwise) ultimately responsible for originating the Instruction in relation to each Transaction in the Account(s) held by him and stands to gain the commercial or economic benefit of each Transaction in the Account and bear its commercial or economic risk;
- (e) the Client has full power, authority and capacity to enter into and perform his obligations under this Client Agreement and if applicable, the Client has obtained all necessary corporate authorizations and consents from the shareholders and directors and has taken all necessary actions to enable the Client to enter into this Client Agreement and perform all the obligations of the Client under this Client Agreement. The Client has also obtained and will maintain in full force and effect any necessary consents, licences and authorities;
- (f) in case of an individual, the Client is of full age and capacity and in the case of a firm or corporation, it is duly constituted and incorporated and has the power to enter into this Client Agreement and all contracts made or to be made pursuant to this Client Agreement are and will constitute legally binding and enforceable obligations of the Client;
- (g) this Client Agreement constitutes a valid and legally binding agreement on the Client;
- (h) the performance and obligations contained herein do not and will not:
  - (i) contravene any existing applicable Market Requirements to which the Client is subject to or any provision of the memorandum and articles of association or by-laws of the Client (if applicable); 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 to or by which any of the Client's property is bound to;
- (i) the Client as well as its directors, officer, partner, shareholder, employee or Authorized Person (as applicable), except as previously disclosed in writing to Yue Xiu Securities, is not an officer or employee of any exchange, board of trade, clearing house, bank or trust company, or an Affiliate of any introducing broker, or an officer partner, director or employee of any licensed corporation;
- (j) the Client shall not, without the prior consent of Yue Xiu Securities, charge, pledge or allow to subsist any charge or pledge over the Client's Securities or monies in the Account or grant or purport to grant an option over any Securities or monies in the Account;
- (k) the Client acknowledges and agrees that Yue Xiu Securities is not responsible for advising the Client of any disclosure obligations whether arising generally or as a result of any Securities or investment funds Transaction effected by Yue Xiu Securities or of any holding of Securities or otherwise by or on behalf of the Client. Such obligations of disclosure are personal obligations of the Client. Yue Xiu Securities shall not be obliged to give notice of holdings by or on behalf of the Client in any form or by any time limit save for any notice or statement to be issued by Yue Xiu Securities as expressly set out in this Client Agreement. Yue Xiu Securities shall not be liable for any Loss of the Client arising from any failure or delay by the Client or any other person to disclose interest in accordance with any rules and regulations and the Client shall indemnify Yue Xiu Securities for any Loss arising from any such failure, delay or default which may be suffered or incurred by Yue Xiu Securities;

- (l) the Client is not resident in a country where there is any restriction on the Client's purchase of any Securities. If the Client becomes resident of such country the Client will inform Yue Xiu Securities immediately and will if so required by Yue Xiu Securities sell or redeem any such restricted Securities;
  - (m) the Client when purchasing or dealing in any Securities will ensure that the Client is not subject to, and is not acting on behalf of any person who is subject to any prohibition against the purchase or dealing in any such Securities;
  - (n) the Client is not a citizen or resident of the U.S., nor is he a non-U.S. citizen with a substantial presence in the U.S. under Section 61 of the U.S. Internal Revenue Code, or in the case of corporate clients, its underlying shareholders are not citizens or residents of the U.S., nor are any of them non-U.S. citizens with a substantial presence in the U.S. under Section 61 of the U.S. Internal Revenue Code and you will give specific written notice to Yue Xiu Securities if this is not the case or upon any subsequent change to such status. The Client further undertakes to inform Yue Xiu Securities forthwith if there is any change in circumstances which, under applicable U.S. tax regulations, modifies the Client's status as a "non-U.S. person" and causes the Client to acquire the status of a "U.S. Person for Tax Purposes", or vice versa; and
  - (o) the Client understands the nature and risks of the products in which he is trading and has sufficient net worth to be able to assume the risk and bear the potential losses of trading in such products.
- 20.2 The above representation, warranties and undertakings shall be deemed to be repeated immediately before each Instruction is given or executed.
- 20.3 If, in relation to any particular Transaction in the Account, the Client is not the person or entity (legal or otherwise) ultimately responsible for originating the Instruction or stands to gain its commercial or economic benefit and/or bear its commercial or economic risk, the Client undertakes and agrees to provide information on the identity, address and contact and other details of such person or entity to Yue Xiu Securities before giving the Instructions to Yue Xiu Securities. The Client also undertakes and agrees to provide such information directly to the relevant exchanges, government agencies or regulators within two Business Days of Yue Xiu Securities' written request and such undertaking and agreement shall survive the termination of this Client Agreement.
- 20.4 Where the Client is acting as an investment manager of any collective investment schemes, discretionary accounts or trusts, if there are any Transactions in which the investment discretion of the Client is overridden, the Client agrees that he will advise Yue Xiu Securities of such fact and provide information on the identity, contact and other details of the person overriding the investment discretion of the Client before giving Instruction to Yue Xiu Securities. The Client also undertakes and agrees that the Client will disclose such information to the relevant exchanges, government agencies or regulators within two Business Days of Yue Xiu Securities' written request and such undertaking and agreement shall survive the termination of this Client Agreement.

## 21. OVER-THE-COUNTER TRANSACTION

- 21.1 In relation to any Over-the-Counter ("OTC") transactions, including without limitation trading of any New securities before a proposed listing on a stock exchange, entered or to be entered into by the Client, the Client acknowledges and agrees that:
- (a) Yue Xiu Securities is acting as agent for the Client and does not guarantee the settlement of such OTC transactions;
  - (b) the Client's orders may be partially executed or not executed at all. In relation to OTC transactions relating to a listing, trades executed will be cancelled and void if the relevant security subsequently fails to list on the relevant stock exchange;
  - (c) in the event that the Client in selling any Securities fails to deliver such Securities, Yue Xiu Securities is entitled to purchase in the market the relevant Securities required for delivery in respect of such sale effected for the Client in order to complete the settlement of the relevant transaction. The Client shall bear all losses arising out of or in connection with such transaction;
  - (d) in the event that (1) the Client buys Securities from a seller and such seller fails to deliver the relevant Securities and (2) the purchase of the relevant Securities cannot be effected or Yue Xiu Securities in its absolute discretion determines not to purchase the relevant Securities pursuant to clause 21.1(c) of Part A

of this Client Agreement, the Client will not be entitled to obtain the relevant Securities at the matched price and shall only be entitled to receive the money paid for the purchase of the relevant Securities;

- (e) in the event that the Client in buying any Securities fails to deposit the necessary settlement amount, Yue Xiu Securities is entitled to sell any and all Securities or collateral held in its Account and use the sale proceeds after deducting all costs in settlement of the transaction. However, if the Client is the seller under such transaction and such transaction cannot be settled, the Client shall only be entitled to the relevant Securities but not the sale proceeds of the relevant Securities; and
- (f) without prejudice to the above, the Client shall bear its own losses or expenses and shall be responsible to Yue Xiu Securities for any losses and expenses resulting from its and/or its counterparty's settlement failures.

## 22. FOREIGN ACCOUNT AND TAX COMPLIANCE ACT OF THE U.S.

22.1 The Client has been fully informed and has agreed to cooperate with Yue Xiu Securities' necessary measures taken in compliance with any tax laws (including without limitation, the U.S. Foreign Account Tax Compliance Act ("FATCA")) and the laws of Hong Kong, international treaties or governmental agreements. Such measures may include a nationality and taxpayer identity investigation over the Client or the beneficial owners of entity clients, disclosure of tax information and account information to the any authority (including the Hong Kong government and the U.S. government), and tax withholding or service termination for a cause against the Client provided that the nationality and taxpayer identity investigation indicates that the relationship between the Client and Yue Xiu Securities meets the conditions set forth in any tax laws, international treaties or governmental agreements (such conditions include without limitation, the Client or its beneficial owner failing to provided information necessary to the aforementioned investigation, failing to represent and warrant the truthfulness of the forms and documents or any information provided regarding the Client's FATCA status, or does not consent to Yue Xiu Securities' disclosure of the aforementioned information disclosures to the Hong Kong government and the U.S. government). Client acknowledges that Yue Xiu Securities has registered with U.S. Department of the Treasury, Internal Revenue Service ("IRS") as a Foreign Financial Institution ("FFI") and, as such, Yue Xiu Securities is subject to the terms of an agreement with the IRS concerning the maintenance of Yue Xiu Securities' status as an FFI (the "FFIA"). Notwithstanding any other provision of this Client Agreement, Client hereby:

- (a) agrees to provide Yue Xiu Securities with all information deemed necessary from time to time and at any time, by Yue Xiu Securities, in its sole discretion and judgment, for the purpose of facilitating or assisting Yue Xiu Securities in complying with any or all of its obligations under the FFIA, as the same may be amended or modified from time to time;
- (b) waives any provision of Hong Kong law, or the law of any other jurisdiction, that would, absent such a waiver, prevent, hinder, or impede compliance with the FFIA and further agrees, immediately upon request of Yue Xiu Securities, to execute any document presented to Client by Yue Xiu Securities evidencing such waiver;
- (c) acknowledges that if Client fails to immediately provide any such information requested by Yue Xiu Securities under this Clause 22, then Client may be liable to a 30% withholding tax on any payments received in Client's Account which qualify for such withholding under FATCA;
- (d) further acknowledges that if Client fails to comply with any of its obligations under this Clause 22, then such noncompliance shall be considered an Event of Default under this Client Agreement, entitling Yue Xiu Securities to exercise any or all of its remedies under Clause 19 of Part A of this Client Agreement; and
- (e) agrees to indemnify, defend and hold Yue Xiu Securities harmless from any Loss, cost, expense, fee, fine, tax, impressment, duty or penalty imposed upon or incurred by Yue Xiu Securities relating in any manner to Client's failure to perform its obligations under this Clause 22, and further acknowledges and agrees that the terms of this indemnity shall survive the termination of this Client Agreement.

## 22A. CHINA CONNECT

22A.1 Without prejudice to any other provisions in this Agreement, the Client acknowledges and accepts (and where necessary, the Client shall seek the same acknowledgement, declaration and warranty from its underlying clients) the following additional terms and conditions applicable to trading in securities ("China Connect Securities") listed

in the Shanghai Stock Exchange (“SSE”) and/or Shenzhen Stock Exchange (“SZSE”) through the Shanghai Connect and/or Shenzhen Connect under China Connect (“Northbound trading”):

- (a) The Client represents and undertakes on a continuing basis, including without limitation on each date that the Client places an order or gives an instruction in respect of China Connect Securities, that: (1) neither the Client or any of its underlying client is a Mainland China Resident or an entity incorporated or registered under the laws of Mainland China; (2) the Client or its underlying client’s investment in China Connect Securities does not violate the laws and regulations of Mainland China, including those in relation to foreign exchange control and reporting; and (3) the Client will trade shares listed on the ChiNext Board of the SZSE (“ChiNext Shares”) and shares listed on the STAR Board of the SSE (“STAR Shares”) only when, where the Client is an intermediary (including, but not limited to, a fund manager, asset manager, broker or order placer) trading for or on behalf of an underlying client or clients, each of such underlying client is, an Eligible Investor to trade ChiNext Shares and STAR Shares under the Northbound Trading Regulations. For the purpose of this subparagraph, “Mainland China Resident” means a person who is a citizen of Mainland China and does not have permanent right of abode in a jurisdiction outside Mainland China;
- (b) The Client and its underlying clients must understand and comply with all the applicable by-laws, codes, rules and regulations of SSE and/or SZSE (“SSE/SZSE Rules”), the relevant rules applicable to the companies listed in SSE/SZSE as issued by SSE/SZSE (“SSE/SZSE Listing Rules”), and other applicable laws and regulations of Mainland China relating to Northbound trading (together “Northbound Trading Regulations”). The Client acknowledges that if the Client or its underlying clients are in breach of any Northbound Trading Regulations, the Client or its underlying clients will be subject to regulatory investigation and be personally liable to any legal and regulatory consequences. Yue Xiu Securities will not and does not intend to advise the Client or its underlying clients on any of such Northbound Trading Regulations. The Client and its underlying clients should consult the Northbound Trading Regulations (including but not limited to the information about Northbound Trading Regulations published by Hong Kong Exchanges and Clearing Limited which can be accessed at its website) and obtain professional advice as necessary;
- (c) The Client hereby agrees and authorizes Yue Xiu Securities to do or not to do whatever act without Client’s prior approval in connection with any Northbound trading of the Client as Yue Xiu Securities in its absolute discretion deems appropriate to comply with any Northbound Trading Regulations or any orders, directions, notices or requests from any authorities. Yue Xiu Securities shall not be liable for any loss or damage directly or indirectly suffered by the Client arising from or in connection with such action or inaction of Yue Xiu Securities;
- (d) The Client and its underlying clients must understand fully the rules and regulations of Mainland China in relation to securities investment, such as short-swing profits, disclosure obligations and follow such rules and regulations accordingly;
- (e) Yue Xiu Securities may in its absolute discretion refuse to execute or complete any instructions from the Client on any grounds such as, for example, in Yue Xiu Securities’ reasonable belief, execution of such instructions may not be compliant with any Northbound Trading Regulations, or the Client does not have sufficient securities to settle delivery obligation or sufficient cash (in Renminbi) to settle payment obligation;
- (f) Pre-trade checking is in place so that the Client must have its shares transferred to Yue Xiu Securities’ corresponding Central Clearing And Settlement System (“CCASS”) account before the commencement of trading on a trading day if the Client intends to sell the shares during a trading day. Client undertakes to ensure there are sufficient and available China Connect Securities in its Account by the applicable cut-off time to cover any proposed sell order given on the relevant Trading Day. If Yue Xiu Securities considers that Client does not for whatever reason have sufficient and available China Connect Securities in its Account to settle a sell order by the applicable cut-off time, Yue Xiu Securities may in its absolute discretion: (1) reject Client’s sell order (in whole or in part); (2) use any China Connect Securities in the designated CCASS stock account(s) which Yue Xiu Securities holds for itself or on behalf of its other clients to fulfill the Pre-trade checking requirement in respect of Client’s sell order, in which case Client shall reimburse Yue Xiu Securities for any costs, losses or expenses which Yue Xiu Securities incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which Client has failed to deliver in respect of its sell order on such terms and at such price (including any associated fees and expenses) and at such time as Yue Xiu Securities shall determine in its absolute discretion); or (3) perform any other act which Yue Xiu Securities considers necessary or desirable to comply with Pre-trade checking and/or relevant Northbound Trading Regulations and to cover Client’s shortfall (including but not limited to applying any other China Connect Securities available to Yue Xiu Securities from other sources);
- (g) All trading must be conducted on SSE/SZSE, i.e. no over-the-counter (OTC) or manual trades are allowed;

- (h) No day trading is allowed;
- (i) Naked short selling of China Connect Securities is not allowed;
- (j) Foreign shareholding restriction (including the forced-sale arrangement) is in place and Yue Xiu Securities has the right to “force-sell” the Client’s shares upon receiving the forced-sale notification from the SEHK, or if Yue Xiu Securities otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Applicable Requirements, at such price and on such terms as Yue Xiu Securities may determine in its absolute discretion. Neither the Yue Xiu Securities nor any Related Persons shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by Yue Xiu Securities or any Related Person pursuant to this subparagraph;
- (k) Yue Xiu Securities has the right to cancel the Client’s orders in case of contingency;
- (l) Yue Xiu Securities may not be able to send in the Client’s order cancellation requests in case of contingency such as when the SEHK loses all its communication lines with SSE/SZSE, etc and the Client shall still bear the settlement obligations if the orders are matched and executed;
- (m) At the request of the SEHK (for the purposes of assisting SSE/SZSE or other regulators of Mainland China in its regulatory surveillance, investigation and/or enforcement, or otherwise as part of the regulatory cooperation between the SEHK and SSE/SZSE or other regulators of Mainland China), Yue Xiu Securities may forward the information in relation to the Client and its underlying clients, including but not limited to their identity, personal data and trading activities, to the SEHK which may on-forward such information to SSE/SZSE or other regulators of Mainland China for such surveillance, investigation or enforcement purposes;
- (n) If any Northbound Trading Regulations is breached, or the disclosure and other obligations referred to in the SSE/SZSE Listing Rules or SSE/SZSE Rules is breached, SSE/SZSE has the power to carry out investigation, and may, through the SEHK, require Yue Xiu Securities to provide relevant information and materials (in relation to, including but not limited to, the Client and its underlying clients’ identity, personal data and trading activity) and to assist in its investigation. The Client shall upon request by Yue Xiu Securities, SSE/SZSE or the SEHK provide such information and provide such assistance as requested. The Client hereby waives the benefit of any applicable secrecy laws and personal data protection laws;
- (o) The SEHK may upon SSE’s/SZSE’s request, require Yue Xiu Securities to reject or cancel orders from the Client;
- (p) The Client needs to understand and accept the risks concerned in Northbound trading, including but not limited to prohibition of trading securities listed in SSE/SZSE, being liable or responsible for breaching the SSE/SZSE Listing Rules, SSE/SZSE Rules and other applicable laws and regulations;
- (q) SSE/SZSE may request the SEHK to require Yue Xiu Securities to issue warning statements (verbally or in writing) to the Client, and not to extend Northbound trading to the Client;
- (r) Yue Xiu Securities shall have no obligation to collect or receive or take any other action in relation to any payment or distribution in respect of China Connect Securities for the Client’s account, or to notify the Client about any notice, circular, announcement or similar corporate action in respect of China Connect Securities;
- (s) The Client shall be solely responsible for all fees, charges, levies and taxes and all filing, tax returns, and other registration or reporting obligations as may be required by any relevant authority, relating to any of the Client’s investment through Northbound trading and any incomes, dividends, profits and entitlements in respect of such investment; and
- (t) Yue Xiu Securities, Hong Kong Exchanges and Clearing Limited, the SEHK, the SEHK’s subsidiaries, SSE/SZSE and SSE’s/SZSE’s subsidiaries and their respective directors, employees and agents (“Related Persons”) shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client or any third parties arising from or in connection with Northbound trading or the China Connect.

22A.2 The Client has read and acknowledged (and where necessary, the Client shall seek the same acknowledgement from its underlying clients) the disclosure of specific risks relating to China Connect set out in Part F Risk Disclosure Statement for China-HK Connect Service, and agrees that these disclosures do not cover all risks related to China Connect. The Client will obtain and will cause its underlying clients to obtain relevant professional advice as necessary.

22A.3 In addition and without prejudice to any of the rights of Yue Xiu Securities under the Agreement, the Client will indemnify Yue Xiu Securities and any Related Persons (together, the “Indemnified Parties”) on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from Yue Xiu Securities or any Related Persons providing any services to the Client in respect of the Client’s trading or investment in China Connect Securities.



- 22A.4 Notwithstanding any other provision in the Agreement, neither Yue Xiu Securities nor any Related Person shall be responsible for or have any liability to the Client for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of Yue Xiu Securities' fraud or wilful default.

## 23. LIABILITIES AND INDEMNITY

- 23.1 In holding such Securities for the Client, neither Yue Xiu Securities nor any nominees of Yue Xiu Securities shall be acting as trustee for the Client or any other person and Yue Xiu Securities shall have no trust or other obligation in respect of any defect in ownership or title.
- 23.2 Without prejudice to Clause 8.17 of Part A of this Client Agreement, Yue Xiu Securities does not guarantee gains or profitability to the Client, and shall not be liable for the management of or any loss or diminution in the value of any Securities or other financial products of a relevant Transaction.
- 23.3 Yue Xiu Securities is under no duty to examine or verify the validity of the ownership of or title to any Securities or commodity and shall not be liable in respect of any defect in ownership or title.
- 23.4 Where applicable, the Client shall be liable for any taxes or duties payable or to be withheld on or in respect of any Securities or other financial products or in connection with any Transactions in accordance with the maximum withholding tax rate or any other withholding tax rate as determined by Yue Xiu Securities from time to time and none of Yue Xiu Securities, any of its agents, nominees or delegates, nor any of its market information providers shall be liable for any of the foregoing. In the event that Yue Xiu Securities becomes aware or determines that any taxes or duties (or any part thereof) payable or in respect of any income, proceeds, interest or distribution which has/have already been credited to the Account shall have been withheld or paid, Yue Xiu Securities shall be authorised to collect from the Client and the Client shall agree to pay to Yue Xiu Securities such taxes or duties (or any part thereof).
- 23.5 It is the Client's sole responsibility to handle and/or fulfill any local, overseas or worldwide tax issues, liabilities and/or obligations under all applicable Market Requirements (including, without limitation, tax reporting, filing relevant tax return(s), paying any applicable tax and dealing with any application for tax reclaim arrangement) arising from or in connection with trading, holding, disposing of or otherwise dealing with Securities or investment via the Yue Xiu Securities. The Client must seek independent professional advice from its own tax advisors to determine its tax position, liabilities and obligations in relation to the relevant Securities or investments. Yue Xiu Securities assumes no responsibility for advising on or handling such tax issues, liabilities and/or obligations nor will Yue Xiu Securities provide any service or assistance in this regard. In particular, the Client agrees and accepts that, unless otherwise specified by Yue Xiu Securities, in no circumstances will Yue Xiu Securities or any of its nominees, custodians and/or agents be under any obligation or responsibility to apply for, or assist in the application for, any tax reclaim arrangement that may be available to the Client. The Client agrees and accepts that neither Yue Xiu Securities nor its nominees, custodians and/or agents shall be held liable for the loss of tax reclaim arrangement or any other losses, damages, costs and/or expenses incurred or suffered by the Client in this regard. Notwithstanding the above but without prejudice to the full force of the foregoing provisions, if Yue Xiu Securities so requests at its absolute discretion, the Client shall complete, provide information, sign and file any tax forms, certificates or documents which Yue Xiu Securities or any of its nominees, custodians and/or agents is required by any tax authority of any applicable jurisdiction to submit in respect of the Client in connection with any investment or Transaction made on behalf of the Client pursuant to the Terms and Conditions. The Client agrees to cooperate with Yue Xiu Securities, its nominees, custodians and/or agents and provide the necessary information and assistance to them or any of them for such purposes.
- 23.6 Without prejudice to Clause 8.17 of Part A of this Client Agreement, Yue Xiu Securities shall not be liable for Loss which may be incurred by the Client as a result of the provision of services by Yue Xiu Securities in accordance with an Instruction or in any other case unless due to the gross negligence or willful default of Yue Xiu Securities or any other person appointed by it or their respective officers or employees.
- 23.7 Without prejudice to Clause 8.17 and Clause 23.6 of Part A of this Client Agreement and to the fullest extent permitted by the Market Requirements, Yue Xiu Securities shall not be in breach of this Client Agreement if there is, and shall not be liable or have responsibility of any kind for, any Loss, cost or damage incurred by the Client as a result of, any total or partial failure, interruption or delay in the performance of its duties and obligations in respect of the services under this Client Agreement occasioned by any act of God, fire, act of government, state, governmental or supranational body or authority or any investment exchange and/or clearing house or system, war, terrorist or military or threatened terrorist or military action, civil commotion, failure of any communication

or computer dealing system, loss or malfunction of computers, computer systems or data, unavailability of any energy source, labour disputes of whatever nature or any other reason (whether or not similar in kind to any of the above) beyond Yue Xiu Securities' control, including without limitation, any change in law, any disruption to, or suspension of trading in any relevant markets or any unusual market conditions.

- 23.8 The Client shall indemnify Yue Xiu Securities, its market information providers, any other person appointed by it and their respective officers and employees against all claims, liabilities, damages, Losses, costs and expenses of any kind which may be incurred by any of them and all actions or proceedings which may be brought by or against any of them in connection with the provision of the services under this Client Agreement and/or as a result of any default by the Client in the performance of his obligations under this Client Agreement (including without limitation to the generality of the foregoing, any costs incurred or actions or proceedings brought as a result of the Client failing to maintain sufficient Securities or cash in the Account) and/or the enforcement of the Terms and Conditions unless due to the gross negligence or wilful default of Yue Xiu Securities, any other person appointed by it or their respective officers or employees.
- 23.9 If Yue Xiu Securities receives or recovers any amount in respect of an obligation owed by the Client in a currency other than that in which such amount was payable, whether pursuant to a judgment of any court or otherwise, the Client shall indemnify and hold Yue Xiu Securities harmless from and against any cost (including costs of conversion) and loss suffered by Yue Xiu Securities as a result of receiving such amount in a currency other than the currency in which it was due.
- 23.10 Any losses or liabilities of any kind incurred by the Client in the course of any trading based on any Securities or funds which are legally due to be but not yet credited into his Account shall solely be borne by the Client, and Yue Xiu Securities shall have no liability in relation thereto.
- 23.11 So far as the applicable Market Requirements permit, Yue Xiu Securities shall in no event be liable for any Loss of the Client or anything whatsoever which may be suffered as a result of any default, insolvency, act or omission of the Custodial Agent or any person, firm or company through or with whom Transactions are effected for the Account.
- 23.12 The entirety of this Clause 23 shall survive the termination of this Client Agreement.

## **24. PRICES**

- 24.1 Prices of Securities and other financial products may be provided by various market information providers. While Yue Xiu Securities and its market information providers endeavour to ensure the accuracy and reliability of the prices quoted, no guarantee as to their accuracy, truth, reliability, adequacy, timeliness or completeness is given and no liability (whether in tort or contract or otherwise) is accepted for any loss or damages arising from any inaccuracies or omissions or reliance on such prices quoted. Any price of Securities or other financial products quoted by Yue Xiu Securities in response to any enquiry by the Client is for reference only and shall not be binding on Yue Xiu Securities or any of its market information providers. Yue Xiu Securities shall be entitled to act on any Instruction for the sale and purchase of any Securities or other financial products even if the price of such Securities or other financial products has altered to the disadvantage of the Client between the time of receipt of such Instruction and the time at which Yue Xiu Securities or its agent completes any such sale or purchase.
- 24.2 No Client who has obtained quotes of the prices of Securities or other financial products from Yue Xiu Securities shall:
- (a) disseminate such quotes (or any part thereof) to any other person;
  - (b) use or permit the use of such quotes (or any part thereof) for any illegal purpose;
  - (c) such quotes (or any part thereof) other than for the Client's own personal use; or
  - (d) use such quotes (or any part thereof) in relation to any trading or dealing of Securities or other financial products otherwise than through the Yue Xiu Securities.

## 25. AMENDMENT AND TERMINATION

- 25.1 No provision of this Client Agreement shall in any respect be waived, altered, modified or amended unless such waiver, alteration, modification or amendment be committed in writing and signed by an authorised officer of Yue Xiu Securities. To the extent permitted by law, Yue Xiu Securities may from time to time amend or supplement (whether by the addition of schedules to this Client Agreement or otherwise) any of the terms and conditions of this Client Agreement by notifying the Client in accordance with Clause 15 of this Client Agreement. If the Client does not accept the same, the Client may terminate this Client Agreement by notifying Yue Xiu Securities in writing within seven (7) Business Days from the date of Client's receipt or deemed receipt of notice in accordance with Clause 15 of Part A of this Client Agreement. If the Client does not terminate this Client Agreement within such time or if the Client continues to operate the Account(s) after receipt or deemed receipt of notice of the amendment or supplement, the Client shall be deemed to have accepted such amendment or supplement and shall continue to be bound by this Client Agreement as so amended or supplemented from time to time.
- 25.2 Subject to Clause 25.1 of Part A of this Client Agreement, this Client Agreement may be amended or supplemented only by Yue Xiu Securities at any time and from time to time by giving written notice, which amendment or supplement shall take effect on the date stated in such written notice, or otherwise in writing signed by both Yue Xiu Securities and the Client.
- 25.3 This Client Agreement may be terminated by either Yue Xiu Securities or the Client at any time and from time to time by giving not less than one month's prior written notice of termination to the other, except that however, the Client shall have no right to terminate this Client Agreement if the Client has open positions or outstanding liabilities or obligations
- 25.4 However, Yue Xiu Securities may terminate this Client Agreement forthwith at any time without notice to the Client if:
- (a) the Client breaches or fails to comply with any provision of this Client Agreement;
  - (b) an Event of Default occurs;
  - (c) there is any dispute or proceedings between any of the persons making up the Client where there is more than one; or
  - (d) any other matter or event including any regulatory requirement which in the opinion of Yue Xiu Securities renders termination necessary or advisable in the interest of Yue Xiu Securities.
- 25.5 If this Client Agreement is terminated by Yue Xiu Securities in accordance with Clause 25.4 of Part A of this Client Agreement, the rights Yue Xiu Securities is entitled to under Clauses 19.2, 19.3, 19.4 and 19.5 of Part A of this Client Agreement shall apply.
- 25.6 No Transaction shall be entered into or effected from the date of notice of termination.
- 25.7 Upon termination of this Client Agreement, the Client will immediately pay to Yue Xiu Securities any and all amounts due or owing to it. On the other hand, any interest previously agreed to be payable to the Client on any credit amount held under the Client's Account shall thereupon cease to be payable to the Client.
- 25.8 In case of any cash or Securities balances in the Client's Account upon termination of this Client Agreement, the Client agrees to withdraw such balances within 7 days from the date of such termination. If the Client does not do so, he agrees that Yue Xiu Securities may on his behalf and without any responsibility for any loss or consequence on its part sell or dispose of the Client's Securities in the market or in such manner and at such time and price as Yue Xiu Securities may reasonably determine and send to the Client at his sole risk a crossed cheque representing the total amount of any net sale proceeds and credit balances (if any) in the Account to the last known address of the Client or return to the Client such total amount (if any) in such other manner as Yue Xiu Securities may consider appropriate.
- 25.9 Any termination shall not affect any Transaction entered into, or prejudice or affect any right, power, duty and obligation of either Yue Xiu Securities or the Client accrued, prior to such termination.



## 26. FURTHER ASSURANCE

- 26.1 The Client shall, at the request of Yue Xiu Securities, execute such documents and perform such acts as Yue Xiu Securities may consider necessary or expedient for the purposes of or in connection with the provision or the exercise of its powers and rights under the Terms and Conditions.

## 27. SEVERABILITY

- 27.1 Each of the provisions of this Client Agreement is severable and distinct from the others and, if one or more of such provisions is or becomes illegal, invalid or unenforceable, the remaining provisions shall not be affected in any way. In the event that any provision would be invalid if part of the wordings thereof were not deleted, the provision shall apply as if the relevant wordings were deleted.

## 28. ASSIGNMENT

- 28.1 The Client shall not assign all or any of the Client's rights or obligations hereunder to any third party except with the prior written consent of Yue Xiu Securities. Yue Xiu Securities shall be entitled at any time to assign all or any of its rights or obligations hereunder to any third party without having to notify the Client or obtain the Client's prior consent (whether oral or written).
- 28.2 Subject to Clause 28.1 of Part A of this Client Agreement, this Client Agreement shall enure to the benefit of and bind Yue Xiu Securities and its successors and assignees whether by merger, consolidation or otherwise as well as the heirs, executors, administrators, legatees, successors, personal representatives and permitted assignees of the Client.

## 29. GENERAL

- 29.1 The Client hereby confirms that he has received and read this Client Agreement in a language of his choice (English or Chinese) and that he understands and accepts the terms and conditions set out in this Client Agreement. This Client Agreement may be translated into any other language but in the event of any conflict arising from such translation, the English version shall prevail.
- 29.2 Whenever Yue Xiu Securities deals with the Client, it will always be on the basis that only the Client is Yue Xiu Securities' client and is acting as principal in all respects and so, if the Client acts on behalf of another person, whether or not the Client identifies him to Yue Xiu Securities, he will not be Yue Xiu Securities' client and Yue Xiu Securities does not and will not have or accept in any circumstances whatsoever any responsibility towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from transactions effected pursuant to and in accordance with this Client Agreement in connection with or on behalf of any such person.
- 29.3 Whilst the Client expects Yue Xiu Securities to keep confidential all matters relating to the Account(s), the Client hereby expressly agrees that Yue Xiu Securities may make such disclosure of all matters relating to the Account(s) as may be required under any Market Requirements without further consent from or notification to the Client. For the avoidance of doubt, such Market Requirements include (but not limited to) any disclosure and record keeping requirements in relation to over-the-counter or off-exchange transactions.
- 29.4 Time shall in all respects be of essence in the performance of all of the Client's obligations under this Client Agreement.
- 29.5 A failure or delay in exercising any right, power or privilege in respect of this Client Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.
- 29.6 A person who is not a party to this Client Agreement (except any successor(s) and assignee(s) of Yue Xiu Securities) has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the laws of Hong Kong) to enforce or to enjoy the benefit of any terms of this Client Agreement.

### 30. GOVERNING LAW AND INTERPRETATION

- 30.1 This Client Agreement and its enforcement shall be governed by the laws of Hong Kong and its provisions shall be continuous and shall cover individually and collectively all Account(s) which the Client may open, maintain or re-open with Yue Xiu Securities, and shall enure to the benefit of, and bind Yue Xiu Securities, Yue Xiu Securities' successors and assigns, whether by merger, consolidation or otherwise, as well as the heirs, executors, administrators, legatees, successors, personal representatives and assigns of the Client.
- 30.2 Subject to Clause 31 of Part A of this Client Agreement below, the Client irrecoverably submits to the non-exclusive jurisdiction of the Hong Kong courts in the event of any suit, action or proceedings arising out of this Client Agreement. Such submission shall not prejudice Yue Xiu Securities' right to commence actions against the Client in any other court of competent jurisdiction.

## **PART B**

### **SCHEDULE 1: ADDITIONAL TERMS AND CONDITIONS FOR SECURITIES MARGIN FINANCING**

#### **1. APPLICATION OF THE ADDITIONAL TERMS**

- 1.1 This Schedule is supplemental to the Client Agreement and applicable to any Securities trading account(s) for which the Client has applied for any Margin Financing Facilities and Yue Xiu Securities has agreed to grant or give to the Client such facilities and if so applicable shall form an integral part of the Client Agreement. This Schedule shall be read jointly with Part A and the other Schedules herein in so far as they are applicable. The Client is reminded to read this Schedule carefully and thoroughly. If the Client has any doubt, the Client should seek legal and/or other professional advice.

#### **2. SECURITIES MARGIN TRADING AGREEMENT**

- 2.1 The Margin Financing Facilities are extended to the Client in accordance with the provisions set out in this Schedule 2, any facility letter from Yue Xiu Securities to the Client and such other conditions as may be specified by Yue Xiu Securities from time to time ("**Margin Financing Terms**").

#### **3. MARGIN FINANCING FACILITIES**

- 3.1 The facility limit of the Margin Financing Facilities shall be such amount as advised by Yue Xiu Securities to the Client from time to time.
- 3.2 Yue Xiu Securities will only provide Margin Financing Facilities to the Client for the purpose of the acquisition or the continued holding of Securities and the Client may not withdraw funds under such facility for any other purpose.
- 3.3 Yue Xiu Securities shall be entitled, at its absolute discretion at any time by notice to the Client, to increase or decrease the facility limit of the Margin Financing Facilities, to cancel or terminate the Margin Financing Facilities, to refuse to make any advance under the Margin Financing Facilities (whether or not its facility limit has been exceeded) or to demand immediate payment of all or any moneys and sums, whether principal, interest or otherwise, then owing in respect of the Margin Financing Facilities or otherwise under this Client Agreement.
- 3.4 Yue Xiu Securities is hereby authorized to draw on the Margin Financing Facilities to settle any amount due to Yue Xiu Securities in respect of the Client's purchase of Securities or payment of any commission or other costs or expenses owing to Yue Xiu Securities.

#### **4. MARGIN CALL**

- 4.1 The Client hereby covenants with Yue Xiu Securities that he shall at all time maintain (i) the Margin and (ii) the Margin Percentage to such level as determined by Yue Xiu Securities to be satisfactory.
- 4.2 The Client shall on demand from Yue Xiu Securities make payments or deposits of additional Margin in such amount and in such form into a designated account and within such time limit as specified by Yue Xiu Securities, as Yue Xiu Securities in its absolute discretion determines necessary to provide adequate security in respect of the Margin Percentage and the Margin Financing Facilities ("**Margin Call(s)**"). Payment of Margin Calls must be effected in cleared funds or deposit of Securities and/or other assets which the Client has good and free unencumbered titles as specified by Yue Xiu Securities and unless the Margin Call is fully satisfied with the time specified, Yue Xiu Securities shall be entitled, at its absolute discretion, to refuse to accept any Instruction and shall not be liable to the Client for any Loss whatsoever arising out of or in connection with its not accepting or acting on any Instruction.
- 4.3 Notwithstanding paragraph 4.2 of this Schedule, Yue Xiu Securities has no obligation to notify the Client of his failure to maintain the Margin.
- 4.4 In the event that it is, in the sole opinion of Yue Xiu Securities, impracticable for Yue Xiu Securities to make Margin Calls pursuant to paragraph 4.2 of this Schedule, including but not limited to, if the impracticability is due to a change or development:

- (a) involving a prospective change in the local, national or international monetary, financial, economic or political

conditions or foreign exchange controls which has resulted or is in the opinion of Yue Xiu Securities likely to result in a material or adverse fluctuation in the stock market, currency market, commodities in Hong Kong or elsewhere; or

(b) which will or may materially and adversely affect the condition or operations of the Client,

Yue Xiu Securities shall be deemed to have made Margin Calls for such form and/or amounts as Yue Xiu Securities may determine and such additional Margin shall become immediately due and payable by the Client.

- 4.5 Where the Client fails to maintain the Margin or meet Margin Calls made by Yue Xiu Securities or the Margin Financing Facilities is terminated or cancelled by Yue Xiu Securities, Yue Xiu Securities may, without demand, notice, legal process or other action terminate the Margin Financing Facilities and/or cancel or modify any outstanding Instructions and/or sell, realise, redeem, liquidate or otherwise dispose of, as appropriate, such of the Securities in the Account or any part thereof at the relevant market or by private contract, and on such terms as Yue Xiu Securities in its absolute discretion thinks fit, free from all trusts, claims, rights of redemption and equities of the Client.
- 4.6 Any proceeds resulting from such sale, realisation, redemption, liquidation or disposal shall be applied in such order as Yue Xiu Securities may select until the outstanding balances owing to Yue Xiu Securities is satisfied in full or the required Margin is maintained. In normal circumstances, Yue Xiu Securities will only sell, realise, redeem, liquidate or dispose of such quantity of the Securities require to achieve the aforesaid requirement. Nevertheless, Yue Xiu Securities shall have no responsibility, liability or obligation to the Client if it has sold, realised, redeemed, liquidated or disposed of more quantity of Securities than is necessary to satisfy such requirement. The Client shall not have any right or claim against Yue Xiu Securities in respect of any Loss arising out of any such sale, realisation, redemption, liquidation or disposal or proposed sale, realisation, redemption, liquidation or disposal, howsoever such Loss may have been caused, and whether or not a better price could or might have been obtained by either deferring or advancing the date of such sale, realisation, redemption, liquidation, disposal or otherwise.
- 4.7 The Client undertakes to indemnify Yue Xiu Securities and its officers, employees and agents for any Loss, costs, claim, liability or expense arising out of or connected with any breach by the Client of its obligations under this Client Agreement including any costs reasonably and necessary incurred by Yue Xiu Securities.

## 5. SECURITY/COLLATERAL TO YUE XIU SECURITIES

- 5.1 The Client hereby, as beneficial owner, charges in favour of Yue Xiu Securities by way of first fixed charge all the Client's respective rights, title, benefits and interests in and to all monies and Securities which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by Yue Xiu Securities or its Affiliate or nominees, or transferred to or held by any other person in circumstances where Yue Xiu Securities or its Affiliate has any right, title or interest in respect of the same (in each case, whether for security, safe custody, collection or otherwise).
- 5.2 The monies and Securities as referred to in paragraph 5.1 of this Schedule will include those monies and Securities that come into the possession, custody or control of Yue Xiu Securities or its Affiliate from time to time for any purpose including any additional or substituted Securities and all dividends or interest paid or payable, rights, interest, moneys or property accruing or offering at any time by way of redemption bonus, preference, option or otherwise on or in respect of any such securities or additional or substituted Securities (collectively called "**the Charged Securities**") as a continuing security (the "**Charge**") for the payment and satisfaction on demand of all monies and liabilities (whether absolute or contingent) and performance of all obligations which are now or at any time come due or incurred from or by the Client to Yue Xiu Securities or its Affiliates, or for which the Client may become liable to Yue Xiu Securities or its Affiliate on any Account or in any manner (whether alone or jointly with any other person and in whatever name style or firm) together with interest from the date of demand to the date of repayment, and any commission, legal and other costs, charges and expenses as they appear in the records of Yue Xiu Securities or its Affiliate.
- 5.3 The Charge shall be a continuing security in spite of any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owing by the Client to Yue Xiu Securities and/or its Affiliate, notwithstanding the closing of any of the Client's Accounts with Yue Xiu Securities and the subsequently opening / reopening of any account by the Client either alone or jointly with others, shall extend to cover all or any sum of money which shall for the time being constitute the balance due from the Client to Yue Xiu Securities or its Affiliates on any Account or otherwise.

- 5.4 Upon irrevocable and full payment of all sums which may be or become payable under this Client Agreement, Yue Xiu Securities may at the Client's request and expense, release to the Client all right, title and interest of Yue Xiu Securities in the Charged Securities and may also give such directions to the Client in order to perfect such release.
- 5.5 Prior to the enforcement of the Charge, Yue Xiu Securities shall be entitled without notice to the Client, to exercise voting rights and other rights relating to the Charged Securities to protect the value of the Charged Securities. Unless otherwise provided herein, the Client may direct the exercise of other rights attaching to, or connected with, the Charged Securities, but not in any manner which is inconsistent with the Client's obligations under this Client Agreement, or which in any way prejudice Yue Xiu Securities' rights in relation to the Charged Securities.
- 5.6 In case of any sale pursuant to this Client Agreement, the Client agrees that any Charged Securities shall be sold or disposed of at the absolute discretion of Yue Xiu Securities and upon any sale by Yue Xiu Securities, a declaration made by an authorized officer of Yue Xiu Securities that the power of sale has become exercisable shall be conclusive evidence of the fact in favour of any purchaser or other person deriving title to any of the Charged Securities under the sale and no person dealing with Yue Xiu Securities or its nominees shall be concerned to inquire into the circumstances of the sale. The Client hereby agrees to accept and be bound by such Transactions.
- 5.7 Without prejudice to the generality of the matter, neither the Charge nor the amounts thereby secured shall be affected in any way by:
- (a) any other security, guarantee or indemnity now or hereafter held by Yue Xiu Securities or its Affiliates under or in respect of the Margin Facility Terms or any other liabilities;
  - (b) any other variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including, except to the extent of the relevant variation, amendment, waiver or release, the Charge);
  - (c) the enforcement or absence of enforcement or release by Yue Xiu Securities or its Affiliate of any security, guarantee or indemnity or other document (including the Charge);
  - (d) any time, indulgence, waiver or consent given to the Client or any other person whether by Yue Xiu Securities or its Affiliate;
  - (e) the making or absence of any demand for payment of any sum payable under this Client Agreement made on the Client whether by Yue Xiu Securities or any other person;
  - (f) the insolvency, bankruptcy, death or insanity of the Client;
  - (g) any amalgamation, merger or reconstruction that may be effected by Yue Xiu Securities with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of Yue Xiu Securities to any other person;
  - (h) the existence of any claim, set-off or other right which the Client may have at any time against Yue Xiu Securities or any other person;
  - (i) any arrangement or compromise entered into by Yue Xiu Securities with the Client or any other person;
  - (j) the illegality, invalidity or unenforceability of, or any defect in, any provision of any documents relating to the Margin Financing Facilities or any security, guarantees or indemnities (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the grounds of ultra vires, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever;
  - (k) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by the Client on the faith of any such agreement, security, guarantees, indemnities, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or
  - (l) any act, omission or neglect by Yue Xiu Securities or any other person or any other dealing, fact, matter or thing

which, but for this provision, might operate to prejudice or affect the Client's liabilities under this Client Agreement.

5.8 Where there exists any indebtedness to Yue Xiu Securities on the Client's part, Yue Xiu Securities shall have the right at any time and from time to time to refuse any withdrawal of any or all of the monies and/or Securities in the Client's Account and the Client shall not, unless prior consent of Yue Xiu Securities is obtained, be entitled to withdraw any monies and/or Securities in part or in whole from the Account.

5.9 The Client by way of security hereby irrevocably instructs and appoints Yue Xiu Securities to be the Client's lawful attorney on the Client's behalf and in the Client's name to do all acts and things and to sign, seal, execute, deliver, perfect and do all deeds, instruments, documents, acts and things which may be necessary for carrying out any obligation imposed on the Client by or pursuant to this Client Agreement and generally for enabling Yue Xiu Securities to exercise the respective rights and powers conferred on it by or pursuant to this Client Agreement or by law including but not limited to:

- (a) to charge on any other security, guarantee or indemnity now or hereafter held by Yue Xiu Securities or its Affiliate in respect of this Client Agreement or any other liabilities;
- (b) to execute any transfer or assurance in respect of any of the Charged Securities;
- (c) to perfect its title to any of the Charged Securities;
- (d) to ask, require, demand, receive, compound and give a good discharge for any and all moneys and claims for moneys due or to become due under or arising out of any of the Charged Securities;
- (e) to give valid receipts and discharges and to enclose any checks or other instruments or orders in connection with any of the Charged Securities; and
- (f) generally to file any claims or take any lawful action or institute any proceedings which it considers to be necessary or advisable to protect the security created herein.

## **6. REPRESENTATIONS AND WARRANTIES**

6.1 The Client hereby represents and warrants to Yue Xiu Securities that:

- (a) the Client has read the risk disclosure statements provided by Yue Xiu Securities set out in Part C of this Client Agreement on the application for the Account(s) and understands and accepts them fully;
- (b) the Client is the sole beneficial owner (or where the Client constitutes more than one person, such persons are the sole beneficial owners) of all Securities and funds in the Account(s) and has good title to all Securities deposited with Yue Xiu Securities or which he has instructed Yue Xiu Securities to deal on his behalf free from encumbrances or any third party interest;
- (c) the Client has and will maintain beneficial ownership of the Charged Securities free from encumbrances or any third party interest (except in favour of Yue Xiu Securities); and
- (d) the security to Yue Xiu Securities under paragraph 5 of this Schedule constitutes and will continue to constitute the valid and legally binding obligations of the Client enforceable in accordance with its terms.

6.2 The Client hereby undertakes and agrees that the Client shall:

- (a) not create or permit to arise any encumbrance or third party rights over any asset in the Account(s) or funds or purport so to do, except in Yue Xiu Securities' favour;
- (b) obtain and maintain in full force and effect all governmental and other approvals, authorities, licences and consents required in connection with the security to Yue Xiu Securities under paragraph 5 of this Schedule and to do or cause to be done all other acts and things necessary or desirable for the performance of all the obligations of the Client pursuant to this Client Agreement, or for ratifying or confirming anything done by Yue Xiu Securities in the performance of its duties and/or exercise of its rights or powers hereunder.



## 7. AUTHORIZATION TO YUE XIU SECURITIES

- 7.1 Subject to the Market Requirements and without prejudice to the other authorities conferred upon Yue Xiu Securities under this Client Agreement and in each case as a transaction independent of any other transaction entered into between Yue Xiu Securities and the Client or by Yue Xiu Securities on the Client's behalf, Yue Xiu Securities is authorized on the Client's behalf to part with possession and/or control of all or any Securities or Securities collateral held by Yue Xiu Securities or its nominees for or on account of the Client and in connection therewith to lend, sell, deposit, charge and re-charge all or any such Securities in each case in accordance with applicable Market Requirements and any authorisation given by the Client to Yue Xiu Securities from time to time. The Client hereby authorizes Yue Xiu Securities or an associated entity of Yue Xiu Securities to:
- (a) deposit any of the Client's collateral with an authorised institution (as defined by the Banking Ordinance, Cap 155 of the Laws of Hong Kong) as collateral for financial accommodation provided to Yue Xiu Securities;
  - (b) apply any of the Client's Securities and Securities collateral pursuant to a Securities borrowing and lending agreement in accordance with the Client Securities Rules;
  - (c) deposit the Client's Securities collateral with (1) a recognized clearing house or (2) another intermediary licensed or registered for dealing in Securities as collateral for the discharge and satisfaction of Yue Xiu Securities' settlement obligations and liabilities.
- 7.2 The Client acknowledges that, with the authorities given by or referred to in paragraph 7.1 of this Schedule above and any other authorities which the Client may give, Yue Xiu Securities shall be at liberty to deal with the Client's Securities in accordance with such authorities or in any manner permitted by applicable Market Requirements. A third party may have right to the Client's Securities which Yue Xiu Securities must satisfy before returning the Securities to the Client. This may increase the risk of the Client's Securities, which the Client is prepared to accept.
- 7.3 The term of the Client's authority contained in paragraph 7.1 above of this Schedule shall be for a period of not more than twelve months from the date hereof, and may be renewed at or before the end of the calendar year in which this Client Agreement is entered into and each subsequent calendar year for, in each instance, a further twelve months. Such authority shall be deemed to have been renewed if Yue Xiu Securities gives a written notice to the Client not less than fourteen (14) days prior to the expiry of the existing term of authority and the Client fails to notify Yue Xiu Securities of its objection to the renewal hereof prior to the expiry of the existing term of authority. The said notice aforementioned shall remind the Client of the impending expiry of the Client's authority and inform the Client that unless the Client objects, it will be renewed upon expiry upon the same terms and conditions contained in this paragraph and for a period of twelve (12) months. The Client's authority may be revoked by the Client by notice in writing to Yue Xiu Securities in which event revocation of such authority shall take effect one month after the date of actual receipt of the notice of revocation by Yue Xiu Securities.
- 7.4 Without prejudice to any of Yue Xiu Securities' accrued rights and claims under the Terms and Conditions, where Yue Xiu Securities has cancelled or terminated the Margin Financing Facilities, Yue Xiu Securities may in its absolute discretion close the related Securities account of the Client as a margin account and continue such account as a cash account, and thereafter, the Terms and Conditions (as amended and/or supplemented from time to time) excluding this Schedule 1 of this Client Agreement shall apply to all Securities trading and related services of such account.

## 8. INTEREST

- 8.1 The Client shall pay to Yue Xiu Securities interest on the Outstanding Amount at the interest rate advised by Yue Xiu Securities to the Client from time to time. Such interest shall accrue on a daily basis from the date of advance on, unless stated otherwise, a 365 day basis and shall be added to and form part of the Outstanding Amount from time to time and be debited to the Account in arrears on a monthly basis.

## SCHEDULE 2: ADDITIONAL TERMS AND CONDITIONS FOR CLIENTS WITH STOCK OPTIONS ACCOUNT

### 1. APPLICATION OF THE ADDITIONAL TERMS

- 1.1 This Schedule is supplemental to the Client Agreement and applicable to any Securities trading account(s) for which the Client has applied for trading in Options Contracts relating to transactions of any Exchange Traded Options Business (the “**Stock Options Account**”) and if so applicable shall form an integral part of the Client Agreement. This Schedule shall be read jointly with Part A and the other Schedules herein in so far as they are applicable. The Client is reminded to read this Schedule carefully and thoroughly. If the Client has any doubt, the Client should seek legal and/or other professional advice.
- 1.2 Unless otherwise specified or the context requires otherwise, terms and expressions defined in the rules (including the Options Trading Rules and Operational Trading Procedures for Options Trading Exchange Participants) of SEHK and the rules (including the Options Clearing Rules and Operational Clearing Procedures for Options Trading Exchange Participants) of SEOCH shall have the same meanings when used in this Schedule. Where such defined terms and expressions are applied to exchange participants of SEHK, they are deemed to apply with the same meaning to Yue Xiu Securities wherever the context so permits.
- 1.3 The Client hereby further expressly agrees that Yue Xiu Securities may, if requested by any Affiliates of Yue Xiu Securities which the Client has an outstanding account, provides the name of the Client and details of all of the SEOCH collateral and Securities held by Yue Xiu Securities for and on behalf of the Client.

### 2. THE ACCOUNT

- 2.1 In accordance with the Instructions from the Client or the Authorised Person, Yue Xiu Securities is authorised to transact Exchange Traded Options Business for the Client’s account.
- 2.2 Yue Xiu Securities will keep information relating to the Client’s option account confidential, but may provide any such information to the SFC, the SEHK and the Hong Kong Exchanges and Clearing Limited to comply with their requirements or requests of information.
- 2.3 The Client confirms that:
  - (a) the Stock Options Account is operated solely for the Client’s account and benefit, and not for the benefit of any other person; or
  - (b) the Client has disclosed to Yue Xiu Securities in writing the name of the person(s) for whose benefit the Stock Options Account is being operated; or
  - (c) the Client has requested Yue Xiu Securities to operate the Stock Options Account as an Omnibus Account, and will immediately notify Yue Xiu Securities, on request, of the identity of any person(s) ultimately beneficially interested in Client Contracts.
- 2.4 The Client confirms that he is not employed by any other Options Exchange Participant of the Exchange, and no employee of any other Options Exchange Participant will have a beneficial interest in the Account.
- 2.5 The Client agrees to indemnify Yue Xiu Securities, and Yue Xiu Securities’ employees and agents, against all losses and expenses resulting from breach of the Client’s obligation in relation to the Stock Options Account, including costs reasonably incurred in collecting debts from the Client, and in closing the Stock Options Account.

### 3. APPLICABLE LAWS AND RULES

- 3.1 All Exchange Traded Options Business under the Stock Options Account shall be effected in accordance with all laws, rules and regulations (the “**Rules**”) applying to Yue Xiu Securities, which include the Options Trading Rules of SEHK, the Clearing Rules of the SEHK SEOCH and the rules of the HKSCC; and in particular, SEOCH has authority under the Rules to make adjustment to the terms of Contracts, Yue Xiu Securities will notify the Client of any such adjustment which affect Client Contracts to which the Client is a party, and all actions taken by Yue Xiu Securities or registered persons, by SEHK, by SEOCH or by HKSCC in accordance with such Rules shall be binding on the Client.

- 3.2 The Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between Yue Xiu Securities and the Client, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.

#### 4. MARGIN REQUIREMENT

- 4.1 The Client agrees to provide Yue Xiu Securities with Margin as may be agreed from time to time, as security for the Client's obligations to Yue Xiu Securities under this Client Agreement; such Margin shall be paid or delivered as demanded by Yue Xiu Securities from time to time; and the amounts required by way of Margin shall not be less than, but may exceed, the amounts, as may be required by the Rules in respect of the Client's open position and delivery obligations, and further Margin may be required to reflect changes in market value.
- 4.2 If Yue Xiu Securities accepts Securities by way of Margin, the Client will on request provide Yue Xiu Securities with such authority as Yue Xiu Securities may require under the Rules to authorize Yue Xiu Securities to deliver such Securities, directly or through an Options Exchange Participant, to SEOCH as SEOCH Collateral in respect to Exchange Traded Options Business resulting from the Client's Instructions to Yue Xiu Securities; and Yue Xiu Securities 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 on the Client's Instructions) of any of the Client's Securities for any purpose.

#### 5. CLIENT DEFAULT

- 5.1 If the Client fails to comply with any of the Client's obligations and/or to meet the Client's liabilities under this Client Agreement and including this Schedule, including failure to provide Margin, without prejudice to any other rights Yue Xiu Securities may have, Yue Xiu Securities shall the right to:
- (a) decline to accept further Instructions from the Client in respect of Exchange Traded Options Business;
  - (b) close out some or all of the Client's Client Contracts with Yue Xiu Securities;
  - (c) enter into any Option Contracts, or into any transactions in Securities in order to settle obligations arising or to hedge the risks to which Yue Xiu Securities is exposed in relation to the Client's failure or default;
  - (d) dispose of any or all of the Margin (other than cash Margin), and apply the proceeds thereof (plus any cash Margin) to discharge the Client's liabilities to Yue Xiu Securities; and any proceeds remaining after discharge of all the Client's liabilities to Yue Xiu Securities should be paid to the Client.

#### 6. CONTRACTS

- 6.1 Yue Xiu Securities may, at its absolute discretion, refuse to carry out any Instruction of the Client in respect of Exchange Traded Options Business or place limits on the position that may be held or exercised by the Client.
- 6.2 The Client acknowledges that:
- (a) Yue Xiu Securities may be required to close out Client Contracts to comply with position limits imposed by SEHK; and
  - (b) if Yue Xiu Securities goes into default, the default procedures of SEHK may result in Client Contracts being closed out, or replaced by Client Contracts between the Client and another Options Exchange Participant.
- 6.3 On exercise of a Client Contract by or against the Client, the Client will perform the Client's delivery obligations under the relevant contract, in accordance with the Standard Contract and as the Client has been notified by Yue Xiu Securities.
- 6.4 At the Client's request, Yue Xiu Securities may agree to the Client Contracts between Yue Xiu Securities and the Client being replaced, in accordance with the Rules, by the Client Contracts between the Client and another Options Exchange Participant.
- 6.5 The Client acknowledges that on and 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 SEOC from time to time and that the Client may instruct Yue Xiu Securities to override these automatically generated exercise instructions before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOC as amended from time to time.

- 6.6 In respect of all contracts effected on the Client's Instructions, the Client will pay Yue Xiu Securities, within the time period notified by Yue Xiu Securities, premium, Yue Xiu Securities' commission and any other charges, and applicable levies imposed by SEHK, as have been notified to the client; and Yue Xiu Securities may deduce such premium, commission, charges and levies from the Stock Options Account.
- 6.7 The Client agrees to pay interest on all overdue balances (including interest arising after a judgement debt is obtained against the Client) at such rates and on such other terms as Yue Xiu Securities has notified to the Client from time to time.

## 7. AUTHORISATION TO DEAL WITH CLIENT'S ACCOUNT

- 7.1 Without prejudice to any other right or remedy available to Yue Xiu Securities, the Client hereby authorizes Yue Xiu Securities to deposit the Securities with the SEOC as SEOC collateral in respect of Exchange Traded Options Business resulting from the Client's Instructions to Yue Xiu Securities and the Client acknowledges and agrees that Yue Xiu Securities may do any things set out in this paragraph without giving the Client notice.
- 7.2 The Client also acknowledges and agrees that the authority given under paragraph 7.1 above of this Schedule shall not affect Yue Xiu Securities' right to dispose or initiate a disposal by Yue Xiu Securities' associated entity of the Client's Securities or Securities collateral in settlement of any liability owed by the Client to Yue Xiu Securities, its Affiliate or a third person. A third party may have right to the Client's Securities which Yue Xiu Securities must satisfy before returning the Securities to the Client.
- 7.3 The term of the Client's authority contained in paragraph 7.1 above of this Schedule shall be for a period of not more than twelve months from the date hereof, and may be renewed at or before the end of the calendar year in which this Client Agreement is entered into and each subsequent calendar year for, in each instance, a further twelve months. Such authority shall be deemed to have been renewed if Yue Xiu Securities gives a written notice to the Client not less than fourteen (14) days prior to the expiry of the existing term of authority and the Client fails to notify Yue Xiu Securities of its objection to the renewal hereof prior to the expiry of the existing term of authority. The said notice aforementioned shall remind the Client of the impending expiry of the Client's authority and inform the Client that unless the Client objects, it will be renewed upon expiry upon the same terms and conditions contained in this Clause and for a period of twelve (12) months. The Client's authority may be revoked by the Client by notice in writing to Yue Xiu Securities in which event revocation of such authority shall take effect five (5) Business Days after the date of actual receipt of the notice of revocation by Yue Xiu Securities.

## 8. GENERAL

- 8.1 The Client acknowledges that, although all Options Contracts are to be executed on SEHK, the Client and Yue Xiu Securities shall contract as principals under Client Contracts.
- 8.2 Yue Xiu Securities agrees to provide the Client, upon request, with the product specifications for Options Contracts.
- 8.3 If Yue Xiu Securities fails to meet its obligations to the Client pursuant to the Options Client Agreement, the Client shall have a right to claim under the Investor Compensation Fund established under the SFO, subject to the terms of the Investor Compensation Fund from time to time.
- 8.4 Yue Xiu Securities will notify the Client of material changes in respect of Yue Xiu Securities' business which may affect the services of Yue Xiu Securities provided to the Client.
- 8.5 The Client acknowledges that Yue Xiu Securities has provided to the Client the category of Options Exchange participantship under which it is registered and the full name and contact details of the Options Officer or Options Representative who will be primarily responsible for the Client's affair.
- 8.6 The Client confirms that the Client has read and agrees to the terms of this Client Agreement including this Schedule, which have been explained to the Client in a language that the Client prefers.

## SCHEDULE 3: TERMS FOR MARKET DATA SERVICE

### 1. INTRODUCTION

- 1.1 This Schedule is supplemental to the Client Agreement and applicable to each Client who is allowed to access or receive the Service (as defined below) and if so applicable shall form an integral part of the Client Agreement. This Schedule shall be read jointly with Part A and the other Schedules herein in so far as they are applicable.

1.2 Definitions

In this Schedule the following expressions shall have the following meanings:

**"Content"** includes without limitation any content, software, data, information, messages and all textual, audio, video, still image, graphical and other content or material that can be accessed by or through the Service;

**"Fees"** means any subscription fee (including fee for any basic service and fees for any optional services, where applicable) which is payable in advance of each Subscription Period or upon Yue Xiu Securities' demand by the Subscriber associated with the Subscriber's use of and/or access to the Service together with such other third party charges, access fees and other fees and charges as may be charged by Yue Xiu Securities from time to time, and whether or not as agent, for the Subscriber's use and/or access to the Service (and any other person's use and/or access to the Service where such person was able to access or receive the Service by using the Login ID and Password) and/or the on-line delivery of Content for the period of the Subscription Period;

**"Login ID and Password"** means any unique personal identifiers issued by Yue Xiu Securities to the Subscriber for gaining access to the Service;

**"Renewal Date"** means the date immediately after the last day of the Subscription Period;

**"Service"** means the on-line market data service (including any basic service and optional services) provided by Yue Xiu Securities which the Subscriber wishes or is allowed to access or receive via the Internet, the World Wide Web, the phone and/or other electronic communication channel;

**"Sources"** means all Content suppliers including but not limited to The Stock Exchange of Hong Kong Limited and any other exchanges and specialist data providers whose Content is contained within the Service;

**"Subscriber"** means the client identified in the Account Opening Form or other subscription document (however described) prescribed by Yue Xiu Securities from time to time and provided by or on behalf of such client to Yue Xiu Securities for his wish to access or receive the Service and any person who accesses or receives the Service; and

**"Subscription Period"** means the period of the Service for which the Fees have been paid to Yue Xiu Securities or such other period as may be specified or approved by Yue Xiu Securities from time to time.

### 2. LICENCES AND MUTUAL OBLIGATIONS

- 2.1 In consideration of Subscriber paying to, and Yue Xiu Securities receiving, all sums due and owing under this Schedule, Yue Xiu Securities shall grant to Subscriber a non-exclusive non-transferable limited licence to access or receive the Service in accordance with the terms and conditions of this Schedule and subject to any and all copyright notices or restrictions applicable to the Service and its Content and such licence shall not permit local area network or wide area network distribution of the Content and is for individual use only.
- 2.2 Yue Xiu Securities shall authorise for each Subscriber one Login ID and Password for access by Subscriber to the Service.
- 2.3 Yue Xiu Securities reserves the right at all times to (i) immediately suspend the Subscriber's access to or receipt of the Service without notice, where Yue Xiu Securities is of the opinion that the Subscriber has breached any of the terms contained in this Schedule or that such action is appropriate, desirable or necessary in the reasonable opinion of Yue Xiu Securities; (ii) amend the Fees or introduce new fees or amend any of the terms and conditions of this Schedule which amendments shall be notified to the Subscriber by posting them on-line or via post or electronic mail and which shall take effect 7 days after any such posting is made or otherwise on any other date specified by Yue Xiu Securities.

- 2.4 Yue Xiu Securities may, at its absolute discretion and at any time, add, amend or remove, without prior notice to Subscriber, the presentation, substance or functionality of any Content.

### 3. OBLIGATIONS OF SUBSCRIBER

- 3.1 The Subscriber agrees to pay all Fees due to Yue Xiu Securities in accordance with the terms of this Schedule and in the case of overdue payments, the Subscriber authorizes Yue Xiu Securities to debit the Subscriber's account with Yue Xiu Securities or credit or charge card (if any) with the amount of any Fees which are due from time to time.
- 3.2 Yue Xiu Securities collects from Subscriber all royalties and fees imposed by Sources which supply data to Subscriber. Subscriber understands that the fees charged by such Sources may change from time to time and agrees to pay the effective amount incurred during the Subscription Period.
- 3.3 Subscriber shall inform Yue Xiu Securities within 10 days of any change in name, address or billing information provided by Subscriber to Yue Xiu Securities to use the Service.
- 3.4 Subscriber acknowledges that the Service and the Content are proprietary to and/or the copyright of Yue Xiu Securities and/or Yue Xiu Securities' holding companies, subsidiary companies or associated companies and/ or Sources and are for use solely by the Subscriber, and the Content provided by the Service may not be copied, manipulated, republished or redistributed to third parties in any form by any means without the prior written consent of Yue Xiu Securities and, where necessary, the Sources.
- 3.5 Subscriber shall forthwith notify Yue Xiu Securities in writing of any misuse of, or infringement of, the copyright of any Content.
- 3.6 The Subscriber will not trespass, break into, access, use or attempt to trespass, break into, access or use any other parts of Yue Xiu Securities' servers, their Content and/or any data areas for which the Subscriber has not been authorized by Yue Xiu Securities.
- 3.7 The Subscriber shall not assign, transfer or sub-license all or any part of its rights or obligations under the provisions of this Schedule.
- 3.8 The Subscriber shall not use or permit the use of the Content or any part thereof for any illegal purpose or any other purpose not allowed under the provisions of this Schedule.
- 3.9 The Subscriber shall not use the Content or any part thereof other than in the ordinary course of its own business (which shall not include any dissemination to third parties).
- 3.10 The Subscriber shall not use the Content or any part thereof to establish, maintain or provide or to assist in establishing, maintaining or providing an off market or a trading floor or dealing service where trading in (i) Securities listed on an exchange or of a type capable of being so listed or (ii) any other Securities relating to Securities described at (i) above is being undertaken otherwise than at or through such exchange.
- 3.11 The Subscriber shall allow Yue Xiu Securities or any person authorized by Yue Xiu Securities in writing to, upon receiving Yue Xiu Securities' written request, inspect promptly thereafter the premises and records of the Subscriber for any lawful purpose in connection with the provisions of this Schedule including but not necessarily limited to the purpose of satisfying that the Subscriber is not using the Content or any part thereof contrary to any provision under this Schedule.



#### 4. DISCLAIMER OF WARRANTY AND LIMITATION OF LIABILITIES

##### 4.1 Disclaimer of Warranty

Subscriber expressly acknowledges and agrees that the Service is provided to it on an 'as is' basis and that its use of its Content is at its sole risk. Neither Yue Xiu Securities nor the Sources make any warranty of any kind whatsoever (save for those expressly stated in this Schedule) relating to the Service including any Content furnished through the Service, express or implied, including without limitation, non infringement of third party rights or merchantability or fitness for any particular purpose or use. Yue Xiu Securities and the Sources endeavour to ensure the accuracy and reliability of the Content provided but do not guarantee its accuracy or reliability and accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracies or omissions.

##### 4.2 Limitation of Liability

- (a) Neither Yue Xiu Securities nor the Sources shall be liable to Subscriber or anyone else for any direct, indirect, consequential or incidental loss, costs or damages, nor any special or punitive damages, or injury caused in whole or in part by Yue Xiu Securities' or the Sources' negligence in procuring, compiling, interpreting, editing, reporting or delivering any Content. In no event will Yue Xiu Securities or the Sources be liable to Subscriber for any direct, consequential, incidental, special or punitive damages, including any lost profits or lost savings, or for any third party claim of any nature whatsoever related to the Service or its use.
- (b) Notwithstanding the foregoing, Yue Xiu Securities' total liability for damages, losses and causes of action, whether in contract, tort (including negligence) or otherwise, shall not in any event exceed the subscription fee paid by the Subscriber to Yue Xiu Securities under the terms of this Schedule for a period of six months.
- (c) Subscriber shall indemnify Yue Xiu Securities and the Sources, their respective servants and agents, and hold Yue Xiu Securities and the Sources, their respective servants and agents, harmless against all claims, liabilities, losses, damages and expenses, including, without limitation, legal fees and costs arising out of or incurred as the result of any claims made, or litigation brought, against Yue Xiu Securities and the Sources, their respective servants and agents, as a result of the use by Subscriber of the Content or part thereof.

#### 5. TERM AND TERMINATION

##### 5.1 Term

This Schedule shall be deemed to take effect upon first approval by Yue Xiu Securities for the Subscriber to access or receive the Service and shall continue until the termination of this Schedule. Unless otherwise terminated pursuant to paragraph 5.2 of this Schedule, this Schedule shall be automatically renewed at the expiry of each Subscription Period and shall continue from one Subscription Period to the next.

##### 5.2 Termination and Effect

- (a) Either party may terminate this Schedule at any time on the giving of not less than one month's written notice prior to the Renewal Date to the other party expiring at the end of a Subscription Period. The Subscriber may not terminate this Schedule in the middle of a Subscription Period.
- (b) Yue Xiu Securities may terminate this Schedule forthwith at any time without notice to the Subscriber if the Subscriber breaches any term of this Schedule or if the Subscriber's use of or actions in connection with the Service are inappropriate in the reasonable opinion of Yue Xiu Securities.
- (c) Upon the effective date of termination of this Schedule (i) all licences and other rights and privileges granted to the Subscriber under the terms of this Schedule shall forthwith cease; and (ii) the Subscriber will not be entitled to a refund of any Fees which have been paid in advance on the termination of this Schedule.
- (d) Any termination of this Schedule shall not affect or prejudice the rights and obligations of both parties accrued prior to such termination.

## **PART C**

### **RISK DISCLOSURE STATEMENT**

#### **IMPORTANT NOTICE**

The financial markets present many different risks of which the Client should be aware prior to investing. This risk disclosure statement is not intended to disclose an exhaustive list of all of the risks in respect of Securities trading and other trading particularized hereinafter and may be amended or supplemented by additional risk disclosures from time to time. It is important for the Client to determine whether any transaction is suitable for him in the light of his own investment experience, investment objectives, financial situation and other relevant circumstances. The Client should consult his own legal, tax, financial and other professional advisers as he deems appropriate and ensure that he fully understands the risks involved and should refrain from entering into any trading contract unless he understands the nature and the extent of risk thereof. Furthermore, trading in derivative product may not be suitable for many members of the investing public. The Client should carefully consider whether trading to be entered into is appropriate for him in light of his experience, objectives, financial resources and all other circumstances.

#### **RISK OF SECURITIES TRADING**

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

#### **RISK OF TRADING GEM STOCKS**

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 SEHK. 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 have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

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

The Securities under the Nasdaq-Amex Pilot Program (“PP”) are aimed at sophisticated investors. The Client should consult the 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 the GEM of SEHK.

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

If the Client provides the licensed or registered person 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.

#### **RISK OF CLIENT’S ASSETS RECEIVED OR HELD OUTSIDE HONG KONG**

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

#### **SPECIFIC RISK RELATING TO SECURITIES DENOMINATED IN RENMINBI (“RMB”)**

RMB Securities are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuations in the exchange rate of RMB may result in losses in the event that the Client converts RMB into Hong Kong dollars (“HKD”) or other foreign currencies. RMB is not fully and freely convertible and conversion of RMB through banks is subject to a daily limit and other limitations as applicable from time to time. The Client should take note of the limitations and changes

thereof as applicable from time to time and allow sufficient time for exchange of RMB from/to another currency if the RMB amount exceeds the daily limit. The Client should open RMB bank accounts for money settlement purpose if the Client wishes to receive payments (such as sales proceeds and dividends) in RMB via banks. Any RMB conversion in relation to a RMB Securities transaction shown in statements and contract notes is based on the prevailing exchange rate provided by the SEHK at 11:00am or other time as stipulated by the SEHK on the relevant trade day from time to time. However, actual RMB conversion upon settlement or on any other conversion day will be based on an exchange rate determined by Yue Xiu Securities as a principal according to the prevailing exchange rate. If the Client provides a settlement sum in a currency other than RMB, Yue Xiu Securities will convert the settlement sum to RMB at the exchange rate determined by Yue Xiu Securities as a principal according to the prevailing exchange rate. RMB Securities will be traded and settled in RMB. However, all trading related fees (including stamp duty, SFC transaction levy and the SEHK trading fees) shall be payable to Inland Revenue Department, SFC and SEHK by Yue Xiu Securities, as the case maybe, on behalf of the Client in HKD. Of the settlement sum in RMB, Yue Xiu Securities shall convert an amount equivalent to the trading related fees into HKD to settle the trading related fees. Any gain or loss arising from the currency exchange regarding the trading related fees shall be for the account of Yue Xiu Securities instead of the Client. The Client shall not have any rights to claim any gain arising from such currency conversion.

#### **RISK OF PROVIDING AN AUTHORITY TO REPLEDGE THE CLIENT'S SECURITIES OR SECURITIES COLLATERAL ETC**

There is a risk if the Client provides Yue Xiu Securities with an authority that allows it to apply 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 Yue Xiu Securities 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 Yue Xiu Securities 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 then existing authority.

The Client is not required by any law to sign the authorities. But an authority may be required by Yue Xiu Securities, 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. Yue Xiu Securities 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 his Securities or Securities collateral is 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 Yue Xiu Securities is responsible to the Client for the Client's Securities or Securities collateral lent or deposited under the authority, a default by it could result in the loss of Client's Securities or Securities collateral.

A cash account not involving Securities borrowing and lending is available from most licensed or registered persons including Yue Xiu Securities. If the Client does not require margin facilities or does not wish his Securities or Securities collateral to be lent or pledge, the Client should not sign the above authorities and should ask to open this type of cash account.

#### **RISK OF MARGIN TRADING**

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of his cash and any other assets deposited as collateral with Yue Xiu Securities. 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 his consent. Moreover, the Client will remain liable for any resulting deficit in his account and interest charged on his account. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of his own financial position and investment objectives.

## **RISK ASSOCIATED WITH ELECTRONIC COMMUNICATION**

The Client understands that the Internet or other electronic communication system, due to unpredictable traffic congestion and other reasons, may not be a reliable medium of communication and that such unreliability is beyond the control of Yue Xiu Securities. This may give rise to situations including delays in transmission and receipt of the Client's instructions or other information, delays in execution or execution of the Client's instructions at prices different from those prevailing at the time the Client's instructions were given, misunderstanding and errors in any communication between you and Yue Xiu Securities and so on. Whilst Yue Xiu Securities will take every possible step to safeguard its systems, client information, accounts and assets held for the benefit of its clients, the Client accepts the risk of conducting transactions via electronic communication systems.

## **RISKS OF ENTERING INTO OTC TRANSACTIONS**

Over-the-counter or off-exchange transactions ("OTC Transactions") may be allowed or permitted in some jurisdictions. With regard to an OTC 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, OTC Transactions may involve increased risks. OTC Transactions may be less regulated or subject to a separate regulatory regime. Before the Client undertakes such transactions, the Client should familiarize himself/herself/itself with applicable rules and attendant risks.

## **ADDITIONAL RISK DISCLOSURE FOR OTC DERIVATIVE TRANSACTIONS**

Over-the-counter or off-exchange derivative transactions ("OTC Derivative Transactions") involve a variety of significant risks. The specific risks presented by a particular OTC Derivative Transaction will necessarily depend upon the terms of the transaction. In general, all OTC Derivative Transactions involve some combination of market risk, credit risk, funding risk and operational risk. There may be other significant risks that the Client should consider based on the terms of a specific transaction. Highly customized OTC Derivative Transactions in particular may increase liquidity risk and introduce other significant risk factors of a complex character. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the price or level of underlying asset or instrument or related market factors.

In evaluating the risks and contractual obligations associated with a particular OTC Derivative Transaction, the Client should also consider that an OTC Derivative Transaction may be modified or terminated only by mutual consent of the parties and subject to agreement on individually negotiated terms. Accordingly, it may or may not be possible for the Client to modify, terminate or offset the Client's obligations or exposure to the risks associated with a transaction prior to its scheduled termination date.

## **RISK OF TRADING DERIVATIVE PRODUCTS**

Trading in derivative products (including but not limited to equity-linked instruments, credit-linked notes, derivative warrants and convertible securities) tracking fluctuations in the price or level of securities, bonds, money market instruments, interest rates, reference indices or other benchmark) involves risks. Changes in market conditions may cause great changes in the value of such products. As a consequence, the Client's related exposure to price or market risk may be significantly higher in connection with a derivative product than with other non-derivative financial instruments with which you may be familiar.

Derivative products may not be suitable for the Client as they can be complex and carry with them substantial risk of loss. The Client should make investment in derivative products only after carefully assessing among other things the direction, timing, and magnitude of the potential future changes in the price or level of the underlying asset or instrument or other benchmark, as the return of any such investment may be dependent upon such changes. However, risks associated with trading in derivative products are not and should not be presumed to be predictable.

Investing in certain types of derivative products may result in the Client having to take or make delivery of certain underlying asset or instrument at a pre-determined price. In such circumstances, the Client will need to perform such obligation however far the market price or level of the underlying asset or instrument has moved away from the pre-determined price or level and the resulting losses to the Client can be substantial.

## **RISK OF TRADING OPTIONS**

The risk of loss in trading options is substantial. In some circumstances, the Client may sustain losses in excess of his 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 his account. The Client should therefore study and understand options before he trades and carefully consider whether such trading is suitable in the light of his financial position and investment objectives. If the Client trades options he should inform himself of exercise and expiration procedures and his rights and obligations upon exercise or expiry.

### **RISK FOR TRADING STOCK OPTIONS**

Due to the volatile nature of Securities markets, the purchase and writing of options over Securities involves a high degree of risk.

#### **Warning to option holders**

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

An option is a wasting asset and there is a possibility that as an option holder, the Client may suffer the loss of the total premium paid for the option. As an option holder, in order to realise a profit it will be necessary to either exercise the option or close the long option position in the market. Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. The Client must understand that your broker has no obligation either to exercise a valuable option in the absence of your instruction or to give the Client prior notice of the expiration date of the option.

#### **Warning to option writers**

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

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

### **ADDITIONAL RISK DISCLOSURE FOR OPTIONS**

This brief statement does not disclose all of the risks and other significant aspects of trading in options. In light of the risks, the Client should undertake such transactions only if the Client understands the nature of the contracts (and contractual relationships) into which the Client is entering and the extent of his exposure to risk. Trading in options is not suitable for many members of the public. The Client should carefully consider whether trading is appropriate for him in light of his experience, objectives, financial resources and other relevant circumstances. The Client understands, agrees and accepts in particular the following risks where they apply to the Client's expected or actual trading in options.

#### **Variable degree of risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. The Client should calculate the extent to which the value of the options must increase for his position to become profitable, taking into account the premium and all transaction costs. The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the purchased options expire worthless, the Client will suffer a total loss of his investment which will consist of the option premium plus transaction costs. If the Client is contemplating purchasing deep-out-of-the-money options, he should be aware that the chance of such options becoming profitable ordinarily is remote.

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

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

#### **ADDITIONAL RISKS COMMON TO OPTIONS**

**a. Terms and conditions of contracts**

The Client should ask Yue Xiu Securities about the terms and conditions of the specific Options Contracts which the Client is trading and associated obligations (e.g. the expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the SEHK or Clearing House to reflect changes in the underlying interest.

**b. Suspension or restriction of trading and pricing relationships**

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions, liquidate or offset positions. If the Client has sold options, this may increase the risk of loss. The absence of an underlying reference price may make it difficult to judge "fair value".

**c. Deposited cash and property**

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

**d. Commission and other charges**

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

**e. 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 he should enquire about any rules relevant to his 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 his transactions have been effected. The Client should ask for details about the types of redress available in both his home jurisdiction and other relevant jurisdictions before the Client starts to trade.

**f. 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.

**g. Trading facilities**

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. 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 and/or participant firms. Such limits may vary: the Client should ask for details in this respect.

**h. 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, he 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 his Instructions or is not executed at all.

**i. Off-exchange transactions**

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. Yue Xiu Securities 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, he should familiarise himself with applicable rules and attendant risks.

## **PART D**

### **PERSONAL DATA (PRIVACY) COLLECTION STATEMENT**

This Statement is made by Yue Xiu Securities in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of Laws of the Hong Kong (the “**Ordinance**”). The Statement is intended to notify the Client of why personal data is collected, how it will be used and to whom data access requests are to be addressed.

1. From time to time, it is necessary for the Client to supply Yue Xiu Securities with data in connection with the opening or continuation of accounts and the establishment or continuation of trading or credit facilities or provision of financial, securities, commodities, derivatives, investment, financing, insurance, MPF/ORSO, wealth management, investor education and related services, products and facilities (as applicable and as available).
2. Failure to supply such data may result in Yue Xiu Securities being unable to open or continue accounts or establish or continue trading or credit facilities or provide the services, products or facilities mentioned in Clause 1 of this Part D of this Client Agreement above.
3. It is also the case that data are collected from (i) the Client in the ordinary course of the continuation of the business relationship between the Client and Yue Xiu Securities; (ii) a person acting on behalf of the individual whose data are provided; and/or (iii) other sources (for example, information obtained from credit reference agencies). Data may also be generated or combined with other information available to Yue Xiu Securities or its affiliates, subsidiaries, associated entities and any of their branches and offices (together or individually) (collectively, the “**Group**”).
4. The purposes for which data relating to the Client may be used (whether within or outside Hong Kong) are as follows:
  - (i) considering applications for products and services and the daily operation of the, products, services and facilities provided to the Client;
  - (ii) conducting credit checks in respect of the Client;
  - (iii) assisting other financial institutions to conduct credit checks and collect debts in respect of the Client;
  - (iv) creating and maintaining Yue Xiu Securities’ credit and risk related models;
  - (v) ensuring ongoing credit worthiness of the Client;
  - (vi) designing the services, products or facilities for Client’s use;
  - (vii) marketing of services, products and facilities (details of the use or provision of personal data by Yue Xiu Securities for direct marketing purposes are set out below);
  - (viii) determining the amount of indebtedness owed to or by the Client;
  - (ix) collection of amounts outstanding from the Client and those providing guarantee or security for the Client’s obligations;
  - (x) meeting the disclosure requirements under the requirements of any law or regulation binding on the Yue Xiu Securities or any member of the Group or under and for the purposes of any guidelines issued by regulatory or other authorities with which Yue Xiu Securities or any member of the Group are expected to comply;
  - (xi) enabling Yue Xiu Securities to comply with any applicable industry practices;
  - (xii) enabling an actual or proposed assignee of Yue Xiu Securities to evaluate the transaction to be the subject of the assignment; and

(xiii) purposes relating to any of the above.

Yue Xiu Securities may from time to time transfer Client's data outside of Hong Kong for any of the above purposes.

5. Data held by Yue Xiu Securities or a member of the Group relating to a the Client will be kept confidential but Yue Xiu Securities or a member of the Group may provide such data to the following parties (whether within or outside Hong Kong) for the purposes set out in Clause 4 of this Part D of this Client Agreement:
- (i) any agent, contractor, sub-contractors, service provider, or associate of the Group (including their employees, directors, officers, agents, contractors, service providers, and professional advisers);
  - (ii) any third party service provider who provides administrative, telecommunications, computer, financial, trade execution, cash, securities and/or contracts clearing or settlement or other services to Yue Xiu Securities in connection with the operation of its business;
  - (iii) any other person under a duty of confidentiality to Yue Xiu Securities including but not limited to any member of the Group which has undertaken to keep such information confidential;
  - (iv) any financial institution or dealer or other securities, investment and financial services providers with which the Client has or proposes to have dealings;
  - (v) any credit reference agencies and in the event of default, any debt collection agencies;
  - (vi) any actual or proposed assignee of Yue Xiu Securities or participant or sub-participant or transferee of Yue Xiu Securities' rights in respect of the Client;
  - (vii) any person providing or proposing to provide guarantee or security for Client's obligations;
  - (viii) any member of the Group;
  - (ix) any co-branding partners of Yue Xiu Securities or a member of the Group or any other business partners of Yue Xiu Securities or a member of the Group (including but not limited to financial institutions with whom Yue Xiu Securities has entered into a referral agreement) (the names of such co-branding partners and business partners will be provided during the application process for the relevant services and products, as the case may be);
  - (x) charitable or non-profit making organisations;
  - (xi) any persons acting on behalf of the Client whose data are provided, payment recipients, beneficiaries, account nominees, intermediary, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which the Client has an interest in securities (where such securities are held by Yue Xiu Securities or any member of the Group) or a person making any payment into the Client's Account; and
  - (xii) any local or foreign legal, regulatory, judicial, administrative, public or law enforcement body, or governmental, tax, revenue, monetary, securities or futures exchange, court, central bank or other authorities, or self-regulatory or industry bodies or associations of financial service providers or any of their agents with jurisdiction over all or any part of the Group (together the "**Authorities**" and each an "**Authority**") that is assumed by, imposed on or applicable to Yue Xiu Securities or any member of the Group. In such cases, Yue Xiu Securities is usually under a duty of secrecy and will not be able to notify a customer or seek his/her consent in relation to such release of information.

## 6. USE OF DATA IN DIRECT MARKETING

Yue Xiu Securities intends to use the Client's data in direct marketing and Yue Xiu Securities requires the Client's consent (which includes an indication of no objection) for that purpose. In this connection, please note that:

- (i) the Client's personal data such as the Client's name, telephone number, email address, correspondence address, account number, products and services portfolio information, transaction pattern and behaviour, risk profile, demographic data, financial background and investment objectives and experience may be used by Yue Xiu Securities in direct marketing;

- (1) subject to the any restrictions under the applicable Market Requirements including but not limited to the SFO and the Code, the following classes of services, products, facilities and marketing subjects may be marketed: financial, securities, commodities, derivatives, futures, options, investment, financing, insurance, mandatory provident funds/occupational retirement schemes, wealth management, asset management, investor education and related advisory or other services, products and facilities;
  - (2) reward, loyalty, co-branding, or privileges programmes and related services, products and facilities;
  - (3) services, products and facilities offered by co-branding partners and other business partners of Yue Xiu Securities or any member of the Group providing any of the services, products and facilities referred to in Clause 6(ii)(1) of Part D of this Client Agreement above (the names of such co-branding partners and business partners will be provided during the application process for the relevant services and products, as the case may be) (whether in return for gain (i.e. money or other property) or not); and
  - (4) donations and contributions for charitable and/or non-profit making purposes;
- (ii) the above services, products, facilities and marketing subjects may be provided or (in the case of donations and contributions) solicited by Yue Xiu Securities and/or any of the following persons:
- (1) any member of the Group;
  - (2) third party financial institutions and providers of any of the services, products and facilities referred to in Clause 6(ii)(1) of Part D of this Client Agreement above;
  - (3) third party reward, loyalty, co-branding or privileges programme providers;
  - (4) co-branding partners or business partners of Yue Xiu Securities and any member of the Group providing any of the services, products and facilities referred to in Clause 6(ii)(1) of Part D of this Client Agreement above (the names of such co-branding partners and business partners will be provided during the application process for the relevant services and products, as the case may be); and
  - (5) charitable or non-profit making organisations;
- (iii) Yue Xiu Securities may, with the Client's written consent (which includes an indication of no objection), also provide the personal data described in Clause 6(i) of Part D of this Client Agreement above to any of the persons referred to in Clause 6(iii) of Part D of this Client Agreement above for use by any of them in direct marketing of the services, products, facilities and marketing subjects referred to in Clause 6(ii) of Part D of this Client Agreement above. Yue Xiu Securities may so provide the personal data to such persons for direct marketing purposes for gain. Yue Xiu Securities will inform the Client if it will receive any gain in return for providing the data to such persons.

**IF THE CLIENT DOES NOT WISH YUE XIU SECURITIES TO USE OR PROVIDE TO OTHER PERSONS HIS DATA FOR USE IN DIRECT MARKETING AS DESCRIBED ABOVE, THE CLIENT MAY EXERCISE HIS OPT-OUT RIGHT BY (I) IN THE CASE OF A NEW CLIENT, TICKING THE RELEVANT BOX IN THE ACCOUNT OPENING FORM TO OBJECT SUCH USE OF DATA FOR DIRECT MARKETING; OR (II) IN THE CASE OF AN EXISTING CLIENT, NOTIFYING YUE XIU SECURITIES IN WRITING BY MAILING OR FAXING THE WRITTEN NOTIFICATION TO THE POSTAL ADDRESS OR FAX NUMBER PROVIDED IN CLAUSE 10 OF PART D OF THIS CLIENT AGREEMENT ABOVE.**

7. There may be instances where customers elect to provide personal information to Yue Xiu Securities through electronic means (such as Internet or voice recording system). Whilst Yue Xiu Securities generally uses best endeavours to maintain the security and integrity of its systems, due to many unpredictable traffic or other reasons, electronic communication may not be a reliable medium of communication. The Client should take heed of such weaknesses and communicate personal information through electronic devices with caution.
8. Under and in accordance with the terms of the Ordinance, a Client has the right to:
- (i) check whether Yue Xiu Securities holds data about him/her and the right of access to such data;
  - (ii) require Yue Xiu Securities to correct any data relating to him/her which is inaccurate; and

- (iii) ascertain Yue Xiu Securities' policies and practices in relation to data and to be informed of the kind of personal data held by Yue Xiu Securities.
- 9. In accordance with the terms of the Ordinance, Yue Xiu Securities has the right to charge a reasonable fee for the processing of any data access request.
- 10. The person to whom requests for ceasing to use of personal data in direct marketing, access to data, correction of data or information regarding policies and practices and kinds of data held are to be addressed as follows:

**The Data Protection Officer**  
**Yue Xiu Securities Company Limited**  
Room 17-37, 49/F, Sun Hung Kai Centre,  
30 Harbour Road, **Wan Chai**,  
**Hong Kong**  
**Tel : (852) 3925 9888**  
**Fax : (852) 3925 9980**

- 11. This Statement may be revised, amended or supplemented from time to time by Yue Xiu Securities. The most up-to-date statement can be found in Yue Xiu Securities' website at <http://www.yxsh.hk/> or available from Yue Xiu Securities upon written request.
- 12. In case of discrepancies between the English and Chinese versions, the English version shall prevail.

## PART E

### AUTHORISATION AND INDEMNITY IN RESPECT OF FACSIMILE OR IMAGE INSTRUCTION

#### IMPORTANT NOTICE

Client should consider the possible risks inherent in the giving of Instructions by facsimile or image transmission (including, but not limited to image or text sent through SMS or application softwares such as "Whatsapp", "WeChat" and "Line"). Non-original signatures on the facsimiles or image may be forged and Instructions given by facsimile or image may be transmitted to wrong numbers or locations which may never reach the relevant department of Yue Xiu Securities and may thereby become known to third parties thus losing their confidential nature. Yue Xiu Securities takes no responsibility for the occurrence of any such circumstances or for any action, claim, loss, damage or costs incurred. Clients are and continued to be solely responsible for making their own independent appraisal and assessment of any possible risks in relation to giving any such Instructions. Accordingly, Client should not authorise Yue Xiu Securities to accept Instructions by facsimile or image unless Clients are prepared to undertake such risks and have satisfied themselves in all respects with regard to such authorisation. Nothing in this Part will affect any rights of Yue Xiu Securities under the Client Agreement, which include (as illustration only, but not limited to) Yue Xiu Securities' right not to act on any Instruction which, in the sole opinion of Yue Xiu Securities, is unclear or ambiguous.

The Client hereby authorises Yue Xiu Securities to accept and act on (but Yue Xiu Securities is not obliged to do so) any written Instructions by facsimile or image transmission regarding any changes to the Client's Account information and/or payment and/or transfer of funds/securities Instructions or changes to the Client's Account information request(s). Any transaction effected by Yue Xiu Securities and any action taken by Yue Xiu Securities on the basis of the Client's Instructions, given or purported to be given by the Client or the Client's Authorised Person(s) by facsimile or image transmission as aforesaid (collectively herein referred as "**Facsimile or Images Instructions**") shall be binding upon the Client whether made with or without the Client's authority, knowledge or consent.

The Client hereby undertakes to sign any documents required to complete the authorisation of any Transaction completed or any action taken in accordance with the above Facsimile or Images Instructions in such manner and within such time limit as Yue Xiu Securities may in its discretion require.

In consideration of Yue Xiu Securities agreeing to act in accordance with the above authorisation, the Client undertakes to keep Yue Xiu Securities indemnified at all times against all actions, proceedings, claims, loss, damage, costs and expenses which may be brought against Yue Xiu Securities or suffered or incurred by Yue Xiu Securities and which shall have arisen either directly or indirectly out of or in connection with Yue Xiu Securities accepting the Client's Facsimile or Images Instructions and acting thereon.

## PART F

### RISK DISCLOSURE STATEMENT FOR CHINA-HK CONNECT SERVICES

1. Neither northbound trading nor southbound trading of Stock Connect is covered by the Investor Compensation Fund in Hong Kong. Besides, China Securities Investor Protection Fund in Mainland does not cover any northbound trades of Shanghai / Shenzhen stocks.
2. Stock Connect will open on days when both the Mainland and Hong Kong stock markets are open for trading, and banking services in Mainland and Hong Kong are available on the corresponding settlement day. Given the differences in public holidays and working days between Mainland and Hong Kong, it is possible that Stock Connect is closed and clients cannot trade in A-shares during the day when the A-share market is open for trading. The Client shall note of the business days of Stock Connect. The Client should consider if he can take on the risk of price fluctuations in the A-share market during the time when Stock Connect is closed. In addition, there is difference in trading hours between the Mainland and Hong Kong stock markets. Trading hours for A-shares under Shanghai Connect and Shenzhen Connect is different from Hong Kong and clients shall beware of such difference.
3. All trading must be conducted on Shanghai Stock Exchange ("SSE") and/or Shenzhen Stock Exchange ("SZSE"), i.e. no over-the-counter or manual trades are allowed.
4. Under the following situations, the Client cannot buy shares, but can only sell his holding through the stock trading link.
  - 4.1 A-shares removed from the list of eligible stocks under Shanghai Connect / Shenzhen Connect will only be allowed for selling but restricted from further buying. The Client shall beware of the change of the list of eligible A-shares.
  - 4.2 If the Northbound daily quota of Shanghai Connect / Shenzhen Connect is used up, i.e. the daily quota balance of Shanghai Connect / Shenzhen Connect drops to zero or the daily quota is exceeded during a continuous auction session (or closing call auction for SZSE), no further buy orders will be accepted for the remainder of the day while sell orders will still be accepted. Buying services will be resumed on the next trading day. Buy orders already accepted will not be affected by the daily quota being used up and will remain on the order book of SSE / SZSE unless otherwise cancelled by the relevant brokers.
  - 4.3 If the used up of Northbound daily quota happens during the opening call auction session, new buy orders will be rejected. However, as order cancellation is common during opening call auction, the Northbound daily quota balance may resume to a positive level before the end of the opening call auction. When that happens, the Stock Exchange of Hong Kong Limited ("SEHK") will again accept Northbound buy orders.
5. No day trading is allowed.
6. Naked short selling is not allowed.
7. Foreign shareholding restriction (including the forced-sale arrangement) is in place and Yue Xiu Securities should have the right to "force-sell" the Client's shares upon receiving the forced-sale notification from SEHK.
8. The Client should understand fully the Mainland rules and regulations in relation to short-swing profits, disclosure obligations and follow such rules and regulations accordingly.
9. Pre-trade checking is in place so that the Client must have his shares transferred to Yue Xiu Securities's corresponding Central Clearing and Settlement System ("CCASS") account before the commencement of trading on a trading day if he intends to sell the shares during a trading day.
10. Yue Xiu Securities may have the right to cancel the Client's orders in case of contingency such as hoisting of Typhoon Signal No 8 in Hong Kong.
11. Yue Xiu Securities may not be able to send in the Client's order cancellation requests in case of contingency such as when SEHK loses all its communication lines with SSE / SZSE, etc and the Client should still bear the settlement obligations if the orders are matched and executed.



12. The Client must comply with SSE Rules and SZSE Rules, and other applicable laws of Mainland China relating to Northbound trading.
13. Yue Xiu Securities may forward the client's identity to SEHK which may on-forward to SSE and SZSE for surveillance and investigation purposes.
14. If the SSE Rules / SZSE Rules are breached, or the disclosure and other obligations referred to in the SSE Listing Rules / SZSE Listing Rules or SSE Rules / SZSE Rules is breached, SSE /SZSE has the power to carry out an investigation, and may, through SEHK, require Yue Xiu Securities to provide relevant information and materials and to assist in its investigation.
15. SEHK may upon SSE's / SZSE's request, require Yue Xiu Securities to reject orders from the Client.
16. The Client needs to accept the risks concerned in Northbound trading, including but not limited to prohibition of trading SSE and SZSE Securities, being liable or responsible for breaching the SSE / SZSE Listing Rules, SSE / SZSE Rules and other applicable laws and regulations.
17. SSE / SZSE may request SEHK to require Yue Xiu Securities to issue warning statements (verbally or in writing) to their clients, and not to extend Northbound trading service to their clients.
18. HKEx, SEHK, SEHK Subsidiary, SSE, SSE Subsidiary, SZSE and SZSE Subsidiary and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by Yue Xiu Securities, its clients or any third parties arising from or in connection with Northbound trading or the China Stock Connect System ("CSC").
19. Mainland market risk

19.1 Market volatility risk

The Mainland stock market is relatively volatile as it is mostly made up of retail investors who tend to be speculative and susceptible to the central government policies and news.

19.2 Macro-economic risk

There is a close relationship between the Chinese economy and stock market performance. The Chinese economic growth is still above the global average, but has already shown signs of slowdown. Moreover, there is growing concern over the country's government and corporate debts.

19.3 Currency risk

Hong Kong clients will expose to the risk of RMB exchange rate movements if they have to convert HKD into RMB for trading in Shanghai and Shenzhen A-shares. The conversion also incurs costs.

Movements in the RMB exchange rate will affect the profits and debts of the Mainland listed companies. Such effects will be more significant to those export-oriented companies and companies having debts denominated in currencies other than RMB.

19.4 Policy risk

Central government's economic and financial policies will affect the performance of investment market. The Client shall beware of the central government policies for stimulating the economy or supporting different industries, as well as their different financial policies in respect of the currency, interest rate, credit and stock markets.

20. Risks relating to ChiNext Board of SZSE

Certain eligible A-shares under Shenzhen Connect are listed on the SZSE's ChiNext Board, which will be limited to the Institutional Professional Investors at the initial stage of Shenzhen Connect. Generally, stocks listed on ChiNext Board contain higher risk than those listed on Main Board.

20.1 Regulatory risk

The listing requirements of ChiNext Board are less stringent than Main Board and SME Board, e.g. requiring a shorter track record period and lower net profit, revenue and operating cash flow. Moreover, the disclosure rules applied to the ChiNext Board are different from Main Board and SME Board. For example, ad hoc reports of ChiNext companies are only required to be published on a CSRC designated website and on the issuers' website. If the Client continues to check information through the usual disclosure channels for Main Board and SME Board, he may miss out some important information disclosed by ChiNext companies.

#### 20.2 Operating risk

Companies listed on ChiNext Board are generally in the early stage of development, whose business is unstable, profitability is low, and less resilient against market and industry risks. Operating risks experienced by these companies often include technical failure, new products are not well-received by the market, failure to catch up the market development and any changes in the founder, management team and core technician team.

#### 20.3 Delisting risk

Compared to the Main Board, the proportion of companies delisting is higher on the ChiNext Board.

#### 20.4 Fluctuation in stock price

As companies listed on ChiNext Board are relatively small and their business performance are unstable, they are more vulnerable to speculation. Share price of the ChiNext stocks is more volatile.

#### 20.5 Technical risk

Companies listed on ChiNext Board are mainly high technology companies, whose success is subject to technical innovations. However, these companies are exposed to the risks and challenges relating to technical innovation, such as high R&D costs, technical failure, and rapid development and replacement in technology and product market.

#### 20.6 Risks relating to valuation

Generally, it is difficult to estimate the value of a company listed on ChiNext Board as they are in the early stage of development with short operating history and unstable profits and cash flow. Therefore, traditional valuation method, such as price-to-earnings ratio and price-to-book ratio, is difficult to be applied.

### 21. Risks relating to Margin Trading

Subject to certain conditions prescribed by the regulatory authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant regulatory authorities to be eligible for margin trading ("Eligible Margin Trading Securities"). The HKEx will from time to time publish a list of Eligible Margin Trading Securities. A SSE/SZSE 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 SSE/SZSE and resume margin trading activities when the volume of margin trading drops below a prescribed threshold. Where the SEHK is notified by the relevant SSE/SZSE that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading (except for margin trading in respect of China Connect Securities buy orders) in the relevant China Connect Security shall be suspended and/or resumed accordingly. Yue Xiu Securities or any Related Person shall not have any obligation to update the Client in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

## **PART G**

### **FOREIGN ACCOUNT TAX COMPLIANCE ACT AND COMMON REPORTING STANDARD POLICIES**

Under Foreign Account Tax Compliance Act ("FATCA"), financial institutions in Hong Kong are required to report certain information of their clients to tax and/or other governmental authorities and withhold on clients' U.S. source Fixed, Determinable, Annual, or Periodical income in certain circumstances. Hong Kong has also passed local legislation to implement the Common Reporting Standard ("CRS") under which financial institutions must report certain information with respect to tax residency of their clients to the Hong Kong government authority (e.g. Hong Kong Inland Revenue Department), which may be shared with certain offshore government authorities. For compliance of the regulatory requirement in relation to FATCA, CRS and other related laws and regulations, Yue Xiu Securities implemented the terms and conditions of this Appendix to govern the relevant rights and obligations between the clients and Yue Xiu Securities.

#### **1. Privacy Waiver**

- 1.1 The Client hereby irrevocably authorises Yue Xiu Securities to disclose and/or submit such information provided by the Client, including without limitation to personal/institutional information, identity/company documents and W8ben/W9 forms to the competent regulatory or government authority and/or other financial intermediaries ("FI") as required by their Qualified Intermediary Agreement made between the FI and the U.S. Internal Revenue Service ("IRS") or as otherwise required under FATCA, CRS and other related laws, regulations, codes and rules in the relevant jurisdiction(s) (including without limitation to IRS, U.S. Department of the Treasury and the Hong Kong Inland Revenue Department) for the purpose of compliance of the requirements under FATCA, CRS and other related laws, regulations, codes and rules.
- 1.2 The Client further acknowledges that Yue Xiu Securities may not notify the Client such disclosure or submission as required by the applicable laws, regulations, codes and rules, and agrees that it will not require Yue Xiu Securities to make such notification to the Client before or after the disclosure or submission of the information to the relevant authorities.

#### **2. Further Assurance for Provision of Information**

- 2.1 The Client undertakes that it will promptly provide Yue Xiu Securities such information, including without limitation to the personal/institutional information in the Client Information Statement and the relevant account opening forms designated by Yue Xiu Securities from time to time and the relevant tax forms completed by the Client, for the purpose of compliance of the requirements under FATCA, CRS and other related laws, regulations, codes and rules.
- 2.2 The Clients shall ensure that the information provided to Yue Xiu Securities under section 2.1 shall always be true, complete and accurate without misleading in all material aspects.
- 2.3 The Clients further undertakes that it will promptly (in any event, within 30 days) notify Yue Xiu Securities whenever any information provided to Yue Xiu Securities under section 2.1 is changed or becomes untrue, incomplete, inaccurate or misleading and provide Yue Xiu Securities the necessary updated information.
- 2.4 Upon Yue Xiu Securities' request, the Client shall promptly (in any event, within 30 days) provide Yue Xiu Securities such additional or substitute certificates and forms and other documentary evidences, including without limitation to the self-certification, substitute tax forms of expired tax forms (if any), the Client's written nationality statement, certificate of loss of U.S. nationality and privacy waivers.
- 2.5 The Client acknowledges and agrees that failing to provide Yue Xiu Securities information as required under this Section 2 will entitle Yue Xiu Securities to change the FATCA or CRS status of the Client's account based on information available to Yue Xiu Securities, suspend the trading activities under the Client's account, withhold the assets in the Client's account, close the Client's account, or sell the assets in the account to produce withholdable payments at Yue Xiu Securities' sole and absolute discretion.
- 2.6 Yue Xiu Securities will keep and use the Client's personal data in compliance with the Personal Data (Privacy) Ordinance and other applicable data privacy laws.

#### **3. Withholding Authorisation**

- 3.1 The Client hereby authorises Yue Xiu Securities to withhold any part of or all assets in the Client's account (in cash or other forms) or sell the assets in the account to produce withholdable payments, at Yue Xiu Securities' sole and absolute discretion, if:
- (a) The Client does not provide Yue Xiu Securities with the information or documents requested in a timely manner or if any information or documents provided are not up-to-date, accurate or complete such that Yue Xiu Securities is unable to ensure its ongoing compliance or adherence with the requirements under FATCA;
  - (b) the FATCA status of the Client is identified as recalcitrant or non-participating foreign financial institutions;
  - (c) there is no reliable evidence to treat the Client as exempted from withholding requirement under FATCA or other relevant regulations;
  - (d) the withholding is required by competent regulatory or government authorities in the relevant jurisdiction; or
  - (e) the withholding is otherwise necessary or appropriate for the compliance of the requirements under FATCA, CRS and other related laws, regulations, codes and rules.

#### **4. Indemnification**

- 4.1 The Client hereby agrees to hold Yue Xiu Securities and its directors, officers, employees and agents (the "Indemnified Persons") indemnified against all losses, liabilities, costs, claims, actions, demands or expenses (including but not limited to, all reasonable costs, charges and expenses incurred in disputing or defending any of the foregoing) which the Indemnified Persons may incur or which may be made against the Indemnified Persons arising out of, or in relation to or in connection with:
- (a) any breach or alleged breach of the terms and conditions hereunder, whether by act or omission, of the Client; and
  - (b) any non-compliance of FATCA, CRS or any other applicable laws, regulations, codes, and orders in relation to the Client and/or the Client's account, except where such loss or damages arise from wilful default or fraud of the Indemnified Persons.
- 4.2 The Client undertakes to assist Yue Xiu Securities in any proceeding or investigation arising in any matter out of or in connection with the compliance with the requirements under FATCA, CRS and other applicable laws, regulations, codes, and orders. In such case, Yue Xiu Securities will notify the Client when Yue Xiu Securities becomes aware of such proceedings, unless prohibited by applicable laws and regulations.
- 4.3 If any payment to be made by the Client to the Indemnified Persons under the clauses hereunder is subject to deduction or withholding tax, the sum payable by the Client in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Indemnified Persons receive on the due date and retain (free from any liability in respect of such deduction, withholding or payment) a net sum equal to what the Indemnified Persons would have received if no such deduction, withholding or payment been made or required to be made.
- 4.4 The Client shall continue to be bound by the provisions of this clause despite the Client ceasing to be an Accountholder or the termination of any account.

#### **5. Incorporation with the Terms and Conditions**

- 5.1 This Appendix is supplemental to the Client Agreement and shall be deemed to be incorporated as a part of the Terms and Conditions in relation to the Client's Account and subject to amendments made by Yue Xiu Securities from time to time at Yue Xiu Securities' sole and absolute discretion. In case of conflict or inconsistency between the Terms and Conditions and this Appendix, the terms of this Appendix shall prevail.
- 5.2 Unless otherwise defined, capitalized terms in this Appendix shall have the same meaning as defined under the Terms and Conditions in relation to the Client's Account.

#### **6. Language**

- 6.1 This Appendix is prepared in both English and Chinese. If there is any conflict or inconsistency between the English version and the Chinese version, the English version shall prevail.