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**TERMS AND CONDITIONS FOR TRADING ACCOUNTS**

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**GEAR SECURITIES INVESTMENT LIMITED**

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## SECTION 1 – GENERAL TERMS AND CONDITIONS

This Section is applicable to all types of Accounts. All Transactions and dealing effected, conducted, carried out and entered into by the Client with and through Gear Securities Investment Limited for or on the Account, and the Account opened and maintained by the Client with GSI shall be subject to and upon the terms and conditions of this Section.

### 1. DEFINITIONS

1.1 In this Terms and Conditions, unless the context requires otherwise

“**Account**” means any one or more securities accounts now or hereafter opened in the name of the Client with Gear Securities Investment Limited;

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

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

“**Authorized Person**” means the person(s) or any of them appointed by the Client as agent of the Client to (including but not limited to) issue Instructions on behalf of the Client in relation to the Securities Account and/or Transactions, and initially the persons specified as such in the Account Opening Form and such other person as appointed by the Client in substitution thereof or in addition thereto from time to time (the Client shall in writing notify Gear Securities Investment Limited for such appointment, which shall only be effective after the actual receipt of such notification and approved by Gear Securities Investment Limited);

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

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

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

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

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

“**Correspondent Agent**” means anyone who acts as GSI’s agent in effecting Transactions or clearing the same in Hong Kong or elsewhere, including any member of an Exchange or Clearing House;

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

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

“**GSI**” means Gear Securities Investment Limited, where the context admits, their respective successors in title and assigns;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2 In this Terms and Conditions, unless the context otherwise requires:

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

### 2. DISCLOSURE OF INFORMATION

2.1 GSI shall upon the request of relevant regulatory bodies and Correspondent Agents disclose the name, beneficial identity and such other information concerning the Client as they may request or require. The Client undertake(s) to disclose such other information concerning himself/herself/themselves to GSI within the time GSI specified as may be required for GSI to comply with applicable laws, rules, regulations, and/or the requirements of relevant regulatory bodies. The Client irrevocably authorize(s) GSI to make any such disclosure. GSI shall not be liable in any way to the Client for any disclosure made pursuant to this Paragraph 2.1

2.2 Where the Client is an individual, GSI is subject to the Hong Kong Personal Data (Privacy) Ordinance which regulates the use of personal data concerning individuals. GSI’s policies and practices relating to personal data are set out in Section IX to this Terms and Conditions and the Client acknowledges that he/she fully understands and accepts the provisions in Section IX.

### 3. LAWS AND RULES

All transactions with GSI under this Terms and Conditions shall be subject to any laws, rules, regulations, by-laws, customs and usages from time to time in force or applicable in the relevant markets or exchanges on which Securities is traded and all laws, rules, regulations and orders of any governmental or regulatory authorities that may be applicable from time to time. This includes the rules of the Exchange and of the Clearing House. All actions taken by GSI in accordance with such laws, rules and directions shall be binding on the Client.

### 4. AUTHORITY

4.1 The corporate Client authorize the Authorized Person(s) to represent the corporate Client in all matters in relation to all Transactions with GSI and to sign on the corporate Client’s behalf all agreements and documents relating to the Account and its operation, including this Terms and Conditions. All such documents and Instructions shall be absolutely and conclusively binding on the corporate Client. The corporate Client agrees that GSI is entitled to act on the Instructions of the Authorized Person(s) until the Client notifies GSI in writing that the authorization has been revoked or varied.

4.2 If the individual Client wishes to appoint Authorized Person(s), the Client shall in addition to completing the Account Opening Form, furnish to GSI a duly signed Third Party Authorization Agreement or other similar instrument of appointment in a form prescribed by or acceptable to GSI. The Client agrees that GSI is entitled to act on the instructions of the Authorized Person(s) until the Client gives GSI not less than seven (7) business days prior written notice that the Third Party Authorization Agreement has been revoked or varied.

4.3 The Client acknowledges and agrees that the Client retains full responsibility for all Transactions and GSI is responsible only for the execution, clearing, and carrying of Transactions and has no responsibility or obligation

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regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account or any Transaction therein. In relation to Transactions entered by GSI not as a result of GSI's recommendation or solicitation, GSI is not responsible to the Client with respect to the suitability of the Transaction. Nor is GSI responsible for the profitability, tax, legal or accounting consequences of any Transactions.

### 5. COMMISSIONS, CHARGES AND INTEREST

- 5.1 On all transactions, GSI is authorized to deduct GSI's commissions and charges in connection with any Transactions effected for the Client (as notified to the Client from time to time), all applicable levies imposed by the Exchange or Clearing House, brokerage, stamp duty, bank charges, transfer fees, interest and nominee or custodian expenses, immediately when due.
- 5.2 GSI shall be entitled to deposit all monies held in the Account and all monies received for or on the account of the Client into one or more nominee account(s) at one or more authorized financial institution(s) as defined in the Securities and Futures Ordinance or as otherwise permitted by the Securities and Futures Ordinance.
- 5.3 Client shall pay interest on all debit balances on the Account(s) (including any amount otherwise owing to GSI at any time) at such rates and on such other terms as GSI notifies the Client from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by GSI. Overdue interest shall be compounded monthly and shall itself bear interest.
- 5.4 GSI may but is not obliged to pay interest on the credit balance in the Account at such rate and under such conditions as GSI notifies the Client from time to time. The Client acknowledges and agrees that interest rates are subject to fluctuation and may be different from the rate of interest paid by the bank on the trust account where such credit balance is held by GSI on the Client's behalf.
- 5.5 Client agrees to pay any account service fees that GSI may charge for the maintenance of the Client's Account and authorizes GSI to debit the Client's Account for the same.

### 6. INDEMNITY

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

### 7. CLIENT IDENTIFICATION

If GSI's Client effects transactions for the account of his clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with his clients, the Client hereby agrees that, in relation to a transaction where GSI has received an enquiry from the SEHK, SFC, or any other exchange, governmental or regulatory authority in any jurisdiction (the "**Regulators**"), the following provisions shall apply:

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

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information to the Regulators as soon as received from his client or procure that it be so provided.

- (e) For the purposes of investigating suspicious Transactions, the Client shall, immediately upon request by GSI informs GSI of the identity, address, occupation and contact details of the client for whose account the Transactions were effected.
- (f) The Client confirms that, where necessary, it has obtained all relevant consents or waivers from clients, discretionary accounts, collective investment schemes, discretionary accounts or discretionary trusts for whose account Transactions may be effected to release information to GSI and regulators of the identity and contact details of such clients, collective investment schemes, discretionary accounts or discretionary trusts, and of the person(s) with ultimate beneficial interest in any such Transactions, and (if different from the client/ultimate beneficiary) of the person(s) who originated the Transactions.

### 8. CREDIT CHECK

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

### 9. TRANSACTIONS EFFECTED THROUGH OTHER PARTIES

- 9.1 The Client acknowledges that GSI may, subject to applicable laws and regulations, effect transactions for the Client or delegate the performance of all or any part of its obligations hereunder to with or through or arrange transactions to be effected by GSI or any other third party (collectively the “**Third Parties**”) without prior notice to the Client. Without limiting the generality of the aforesaid, transactions may be effected by such Third Parties for and on behalf of GSI as nominee and/or agent of the Client (whether by omnibus accounts or otherwise).
- 9.2 It is hereby expressly agreed that, any nominee holding Securities as custodian or otherwise and any party to whom GSI has delegated his duties pursuant to Paragraph 9, may, subject to applicable laws and regulations, receive and retain for his own benefit all commission, rebates or other fees arising out of his acting for the Client in effecting any transaction or otherwise howsoever dealing in the Securities pursuant to this Terms and Conditions.

### 10. CONFLICT OF INTEREST

GSI may, subject to applicable laws and regulations, have a material interest in the transactions effected for the Client, in particular:

- (a) GSI, his directors, officers or employees and his Correspondent Agent may trade on his/their own account
- (b) GSI is authorized to buy, sell, hold or deal in any Securities or take the opposite position to the Client’s order whether it is on GSI’s own account or his other clients;
- (c) GSI is authorized to effect transactions in Securities where GSI has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise; or
- (d) GSI is authorized to match the Client orders with those of other clients,

in any of the situations referred to in this part, GSI shall not be obliged to account to the Client for any profits or benefits obtained.

### 11. CLIENT’S RESPONSIBILITY FOR DISCLOSURE OF INTERESTS

- 11.1 Client’s attention is drawn to the provisions of the Securities and Futures Ordinance and the obligations therein to disclose certain shareholdings including corporate and family interests. Other disclosure obligations may arise under legislation of other jurisdictions or the rules and regulations of a Market.
- 11.2 GSI acts as a licenced corporation and is not responsible for advising the Client of any such obligations generally or any obligation that may arise from any Instruction of the Client or which has arisen as a result of any Transaction or from any holding or otherwise. Such obligations of disclosure are personal obligations of the Client. GSI shall not be obliged to give notice of holdings of the Client in any form or by any time limit for such propose save any notice or statement to be issued as expressly set out in this Terms and Conditions. GSI shall not 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 any Instructions and the Client shall indemnify GSI for any loss, cost or expense arising from any such failure, delay or default.

### 12. SAFEKEEPING OF SECURITIES

- 12.1 Client appoints GSI to act as custodian for the Client to provide custody of the Client’s Securities. Client agrees not to pledge, charge, sell, grant an option or otherwise deal in any Securities or money forming part of any Account without the prior written consent of GSI.
- 12.2 Any Securities held in Hong Kong by GSI for safekeeping on behalf of the Client may, at GSI’s discretion:
  - (a) be deposited in safe custody in a segregated account which is designated as a trust account or client account with an authorized financial institution as defined in the Securities and Futures Ordinance, an approved custodian or another intermediary licensed by the SFC for dealing in securities in each case in Hong Kong; or

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- (b) (in the case of registrable Securities) be registered in the Client's name or in the name of GSI's nominee.
- 12.3 Where Securities are held by GSI for safekeeping pursuant to this paragraph, GSI shall himself, or shall procure any nominee or custodian appointed by him to:
  - (i) collect and credit any dividends or other benefits arising in respect of such Securities to the Account or make payment to the Client as agreed with the Client. Where the Securities form part of a larger holding of identical Securities held for GSI's clients, the Client is entitled to the same share of the benefits arising on the holding as the Client's share of the total holding. Where the dividend is distributed either in the form of cash dividend or other forms, GSI is authorized to elect and receive on behalf of the Client the cash dividend in the absence of contrary prior written Instruction from the Client; and
  - (ii) comply with any directions received, in sufficient time to enable GSI to make the necessary arrangement, from the Client as to the exercise of any voting or other rights attaching to or conferring on such Securities provided that if any payment or expenses is required to be made or incurred in connection with such exercise, neither GSI nor his nominee shall be required to comply with any directions received from the Client unless and until GSI receives all amount necessary to fund such exercise.
- 12.4 GSI and his nominee are not bound to redeliver to the Client the identical Securities received from or for the Client but may redeliver to the Client, at the office of GSI at which the Account is kept, Securities of like quantity, type and description.
- 12.5 Securities held by GSI for safekeeping pursuant to this paragraph are held by GSI at the sole risk of the Client and GSI shall not be responsible for or liable in respect of any loss or damage suffered by the Client in connection hereof unless such loss or damage has been caused as a direct consequence of a gross act of negligence or fraud on the part of GSI.
- 12.6 Insofar as any such Securities do not constitute "Collateral" as defined in Section IV of this Terms and Conditions, the Client hereby expressly authorizes GSI to dispose of such Securities for the purpose of settling any liability owed by the Client (or who is the beneficial owner of such Securities) to GSI for dealing in Securities or financial accommodation provided by GSI to the Client which remains after GSI has disposed of all other assets designated as Collateral for securing the settlement of that liability.

### 13. INSTRUCTION

- 13.1 All instructions shall be given by the Client (or his/her/their Authorized Person(s)) orally either in person or by telephone, or in writing, delivered by hand, by post or in such other form as from time to time accepted by GSI. Instructions in writing, whether faxed, emailed, or posted, are deemed to have been received when the instructions are acted on by GSI.
- 13.2 The Client authorizes GSI to upon his/her/their instructions (or his/her/their Authorized Person(s)) either verbal or written, transfer funds to, from and between his/her/their Accounts at GSI and his/her/their designated bank account(s). The Client agrees to fully indemnify and keep indemnified GSI against any loss, cost, claim, liability or expense, including legal fees arising from this authorization.
- 13.3 The Client acknowledges and agrees that any Instructions given or purported to be given by any means to GSI by the Client or by any Authorized Persons and which are acted on or relied on by GSI shall at all times be irrevocable and bind the Client, whether or not such Instructions are in fact given or authorized by the Client. Under no circumstance should GSI have any duty to enquire or verify the identity or authority of the person giving instruction by any accepted means.
- 13.4 The Client acknowledges that once an Instruction has been made, it may not be possible to cancel or change the Instruction.
- 13.5 GSI may, in his absolute and without assigning any reason therefore, refuse to act for the Client or his/her Authorized Person in any particular Transactions.

### 14. DEALING PRACTICES

- 14.1 All day order for purchase or sale of Securities placed by the Client that has not been executed before the close of business of the relevant Exchange or such later time as the Client and GSI may agree shall be deemed to have been cancelled automatically.
- 14.2 The Client authorizes GSI, at any time and at GSI's absolute discretion, for the purpose of obtaining a better execution price and/or reducing the volume of instructions, to consolidate and/or disaggregate the Client's Instructions to purchase and/or sell Securities to the Client's behalf with similar instructions received from GSI's other clients. The Client agrees that in the event of there being insufficient Securities available to satisfy the purchase/sell orders so consolidated, the number of Securities actually purchased/sold shall be attributed to the relevant clients in the order in which those orders were received by GSI.
- 14.3 The Client acknowledges that due to the trading practices of the Exchange or other markets in which Transactions are executed, it may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by Transactions executed by GSI following instructions given by GSI.

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- 14.4 Relevant regulators, Correspondent Agents or GSI may withdraw an order from GSI's order processing system. It is the Client's responsibility to maintain sufficient contact with GSI while there is an outstanding order on the Client's account so as to enable the Client to identify and resubmit a withdrawn order. While GSI may endeavor to notify the Client of a withdrawn order, GSI is under no obligation to do so and accepts no responsibility for any loss incurred directly or indirectly by the Client as a result of the withdrawal or expiry of an order.
- 14.5 Subject to applicable laws and regulations and market requirements, GSI may in his absolute discretion determine the priority in the execution of his clients' orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claims of priority to another client in relation to the execution of any order received by GSI.
- 14.6 If GSI engages the service of Correspondent Agents, GSI shall be entitled to accept and keep, for his own account, any commission or rebate which GSI may receive in respect of any business GSI supplies to them on behalf of GSI.
- 14.7 GSI will act as the Client's agent in effecting transactions pursuant to this Terms and Conditions unless GSI indicates (in the contract note for the relevant transaction or otherwise) that GSI is acting as principal.

### 15. CONFIRMATION OF RECORDS

- 15.1 GSI will report to the Client executions of Transactions (i) promptly by telephone calls or facsimile or other means as agreed and/or (ii) by sending to the Client a copy of the transaction confirmation and account statement within 2 Business Days of the execution of the Transaction. Unless there have been no Transactions or any revenue or expense item in the Account during any particular month and the Account does not have any outstanding balance or holding of position or Securities, GSI will send to the Client a monthly statement showing a transaction summary for the month in accordance with the relevant law, regulations and rules.
- 15.2 Such written confirmation and monthly statements of the relevant Accounts shall be conclusive and deemed to be accepted by the Client if not objected to by notice in writing by the Client within such time as is stipulated in the relevant confirmation from GSI. The Client shall be deemed to have waived any alleged errors or omissions in the absence of such notification. In the case that there is an overpayment of money or Securities to the Account, the Client agrees to notify GSI as soon as it is aware of the overpayment and agrees not to remove (or if it really removed, to return) the money or securities.

### 16. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Client hereby warrants, represents and undertakes to GSI that:

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



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- (i) the Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by the relevant member of GSI for the performance or implementation of this Terms and Conditions or any part thereof.

### 17. LIEN

17.1 Without prejudice and in addition to any general lien, right of set-off or other similar right to which GSI may be entitled by laws, the Client agrees, accepts and declares that:

(a) all Securities which are now or will in future be deposited with, held in or transferred into the Securities Account and any other Account(s) of the Client with GSI by, for or attributable to the Client for any purpose, and/or which are or will be deposited with or transferred to GSI by, for or attributable to the Client for any purpose whatsoever, and/or which have been or will be purchased, acquired or held by GSI on behalf of the Client for any purpose thereto, all accretions thereto, all interest, rights, monies, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all monies or funds received in connection with transfer, disposal or trading thereof, and

(b) all the Client's properties, assets, monies, funds, receivables, sums, title, interests, powers, options, benefits and rights of, to and in the Securities Account and any other Account(s) of the Client with GSI;

((a) and (b) above are collectively referred to as the **"Retained Properties"**) are subject to a lien in favour of GSI as continuing security (the **"Lien"**) for:

(i) the due and punctual performance and fulfillment of all obligations or Liabilities of the Client under the Agreement, and

(ii) the payment, repayment, satisfaction and/or discharge on demand of the monies, funds, indebtedness, obligations and Liabilities (whether past, present or future, or whether absolute or contingent) which are now or at any time hereafter shall be due, owing or incurred from or by the Client or the Client Group Company to or in favour of GSI under or pursuant to the Agreement or any other agreement or document, or on any account or in any manner whatsoever (whether alone or jointly with any other person and in whatever name, style or firm) together with interest thereon and legal costs and expenses of GSI.

17.2 The Client shall not, without GSI's prior written consent, assign, transfer, mortgage, pledge, charge, or create or permit to arise or exist any lien, securities or other form of Encumbrances of any nature on or over his right, title, interest and claim in or to any investment products held by GSI for account of the Client.

17.3 At any time as GSI shall determine appropriate and/or upon the occurrence (in the sole and subjective judgment of GSI) of any Event of Default, the Lien shall be immediately enforceable and/or GSI, without prejudice to any of the rights or powers of GSI under the Agreement, the Loan Agreement (if any) or other documents, shall have the right, without notice to the Client, to:

(a) appropriate, pay, deduct, transfer or set-off the whole or any part of any funds or monies comprised in the Retained Properties at any time and from time to time in or towards payment, satisfaction or discharge of, any money, fund, indebtedness, obligation or liability secured by the Lien, and/or

(b) sell, dispose of, liquidate, transfer, trade or deal with (and GSI is authorized to do all such things necessary in connection with such sale, disposal, liquidation, transfer, trading or dealing) the Retained Properties or any part thereof (to be selected by GSI in his absolute discretion) at any time and from time to time either together or in parcels and either by dealings at any broker's board through Hong Kong Stock Exchange or other Exchange or by public or private means or in such other manner and for such consideration (whether payable or deliverable immediately or by instalments and whether for cash or other valuable consideration or both) and on such terms and conditions as GSI shall think fit in his absolute discretion without being in any way liable to the Client for any loss occasioned thereby however arising. Without limiting the generality of the foregoing, GSI is hereby specifically authorized to dispose of, liquidate, transfer, trade, and/or deal with the Securities Account and all Securities comprised in the Retained Properties or held in the Securities Account without notice to the Client.

17.4 In any sale, disposal, liquidation, transfer, trading or dealing pursuant to this Paragraph 17 or the Agreement, of less than all the Retained Properties are to be sold, disposed of, liquidated or transferred, GSI shall in his absolute discretion select which part of the Retained Properties are to be sold, disposed of, liquidated, transferred, traded or dealt with at any time and from time to time.

17.5 The Client agrees that GSI shall have the full and absolute right and discretion to determine at what time and day to exercise or enforce his right and power to carry out or execute the sale, disposal, appropriation, liquidation, transfer, trading or dealing pursuant to this Paragraph 17 or the Agreement. The Client shall not have any right to claim against GSI in respect of any loss arising out of any sale, disposal, appropriation, liquidation, transfer, trading or dealing pursuant to the Agreement, howsoever such loss may have been caused, and whether or not a better price or position could or might have been obtained on the sale, disposal, appropriation, liquidation, transfer, trading or dealing of any of the Retained Properties by either deferring or advancing the time or date of such sale, disposal, appropriation, liquidation, transfer, trading or dealing or otherwise howsoever.

## SECTION I – GENERAL TERMS AND CONDITIONS

### 18. TERMINATION AND EVENTS OF DEFAULT

- 18.1 This Terms and Conditions as applicable to each of the Accounts shall continue in force unless either party hereto notifies the other party hereto by prior written notice of its intention to terminate this Terms and Conditions, specifying which Account(s) that party wishes to terminate. The aforesaid prior written notice shall be a valid and effective prior written notice and the effective date for termination of this Terms and Conditions stated herein shall be at least seven (7) Business Days after the date of receipt of such notice by GSI.
- 18.2 Any revocation/termination, however, shall not affect any transactions entered into by GSI pursuant to this Terms and Conditions or the continued operation of this Terms and Conditions on other Account(s) not terminated before written notice of the revocation/termination has been actually received by GSI or any rights of GSI hereunder existing at such time and all obligations of the Client to GSI hereunder shall remain in full force and effect and shall be enforceable by GSI notwithstanding such revocation/termination.
- 18.3 GSI may, also by giving notice in writing to the Client at any time on the occurrence in the sole opinion of GSI of any of the following events of default (the “**Events of Default**”), terminate any of the Accounts and the Sections of this Terms and Conditions which affect those Accounts immediately:
- (a) at any time when GSI shall, in his sole discretion, consider it is necessary for the protection of GSI;
  - (b) the Client fails or refuses to pay or settle any outstanding amount, money, fund, purchase price or other payment becoming due or payable under this Terms and Conditions, the Agreement or any other agreement with GSI;
  - (c) the Client fails or refuses, to settle or pay any outstanding amount, money or Default on any of the Client’s Account with GSI;
  - (d) the Client violates or fails to perform on a timely basis any term, undertaking, agreement, covenant or condition on its part to be performed under this Terms and Conditions;
  - (e) the Client fails or refuses to discharge, pay, satisfy or perform any of the Client's liability, obligation or indebtedness under these Terms, the Agreement or any other agreement with GSI;
  - (f) the Client has not provided any margin (initial, maintenance or additional) or adjustments (variation or otherwise) when the same become due or payable under these Terms, the Agreement, or has failed or refused to comply with any request, call or demand made by GSI pursuant to this Terms and Conditions or the Agreement;
  - (g) breach, refusal, failure or default of or by the Client in complying with, fulfilling, performing or observing any term or condition of this Terms and Conditions, the Agreement or any other document with GSI;
  - (h) any representation or warranty made in this Terms and Conditions or in any document delivered to GSI being or becoming incomplete, untrue or incorrect;
  - (i) any consent or authorization required by the Client to enter into this Terms and Conditions being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
  - (j) the filing or commencement of a petition or application in bankruptcy, liquidation or winding up, petition or application for the appointment of a receiver, or the commencement of other similar proceedings against the Client;
  - (k) the Charge or any security created or any part thereof respectively in relation to the indebtedness, obligations or liabilities under this Terms and Conditions being avoided or discontinued;
  - (l) any deterioration or impairment (in GSI’s opinion) or any decline or depreciation (in GSI’s opinion) in the value or market price (whether actual or reasonably anticipated) of the Charged Properties or any security or any part thereof respectively;
  - (m) the levying of attachment or charge against the Accounts or any account(s) of the Client with GSI;
  - (n) any third party asserts a claim, right or interest in respect of any moneys or funds in the Accounts or any accounts of the Client with GSI;
  - (o) the Client takes advantage of any bankruptcy, liquidation, reorganization, moratorium, insolvency or similar law or makes or proposes to make any arrangements or compositions for the benefit of any of the Client’s creditors, or is the subject of any order, judgment or decree entered by any court providing for the winding up, reorganization, liquidation or appointment of a liquidator, trustee in bankruptcy or receiver of the Client or a substantial part of the Client’s business or assets;
  - (p) the Client becomes insolvent or dissolved for any reason whatsoever, merges or becomes consolidated with any non-affiliated party, or sells all or a substantial portion of its business or assets;
  - (q) the death, liquidation or judicial declaration of incompetence of the Client;
  - (r) any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter herein contained or the Charged Properties or any part thereof or against GSI in connection with any matter herein contained or the Charged Properties or any part thereof;

## SECTION I – GENERAL TERMS AND CONDITIONS

- (s) any adverse change (in the opinion of GSI) in the corporate structure, business, assets, financial condition, and general condition or prospects of the Client;
- (t) at any time when GSI is or becomes under any obligation imposed by any relevant Exchange and/or Clearing House and/or Market and/or broker or any applicable laws, rules and regulations to do any of the acts mentioned in this Paragraph 18; and
- (u) the occurrence of any event which, in the opinion of GSI, may or shall jeopardize, prejudice or affect GSI.

### 18.4 Upon termination of this Terms and Conditions:

- (i) all monies due or owing by the Client to GSI under this Terms and Conditions shall become immediately due and payable. GSI shall cease to have any obligations to purchase or sell Securities on behalf of the Client in accordance with the provisions of this Terms and Conditions, notwithstanding any Instructions from the Client to the contrary.

In the event of any sale pursuant to this Paragraph:

- (a) GSI shall not be responsible for any loss occasioned thereby howsoever arising if GSI has used reasonable endeavours to sell or dispose of the Securities or any part thereof at the then available market price;
  - (b) GSI shall be entitled to keep for himself or sell or dispose of the Securities or any part thereof at the available market price to any person at his discretion without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by GSI; and
  - (c) GSI agrees to pay to GSI any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by the Client to GSI.
- (ii) GSI may sell, realize, redeem, liquidate or otherwise dispose of all or part of the Securities to satisfy all indebtedness of the Client to GSI.
  - (iii) any net cash proceeds received by GSI pursuant to a sale, realization, redemption, liquidation or other disposal under this Paragraph shall be credited to the Account and the net credit balance on the Account (if any) shall be returned to the Client, after first deducting or providing for all monies and sums due or owing and other liabilities accrued or accruing due to GSI and outstanding (whether actual or contingent, present or future or otherwise). All Securities not realized or disposed of together with any relevant documents of title in GSI's possession shall be delivered to the Client at the Client's sole risk and expense.
  - (iv) if a debit balance on the Account exists after application of the cash proceeds and deduction of any sums pursuant to this Paragraph, the Client shall immediately pay to the Client an amount equal to such debit balance together with GSI's cost of funding such amount as notified to the Client by GSI up to the date of actual receipt of full payment by GSI (after as well as before any judgment).
  - (v) GSI may effect such currency conversions as are necessary for the purposes of this Paragraph in each case at the spot rate of exchange (as determined by GSI in its absolute discretion) prevailing in the relevant foreign exchange market (as determined by GSI in his absolute discretion) on the relevant date.
  - (vi) Take such actions as GSI will think fit and appropriate.

18.5 In respect of the Margin Account(s), if the Client commits a default in payment on demand of the deposits or margins or any other sums payable to GSI hereunder, on the due date therefore, GSI may terminate the Margin Account(s) without notice to the Client and sell or dispose of any or all Securities held for or on behalf of the Client in any manner and for such consideration as GSI may think fit and apply the proceeds thereof and any cash deposit(s) to pay to GSI all outstanding balances owing to GSI. Any monies remaining after such application of proceeds shall be refunded to the Client. The Client shall not have any right or claim against GSI in respect of, and GSI shall not in any way be responsible for, any loss arising out of such disposal howsoever such loss may have been caused and whether or not a better price could or might have been obtained.

## 19. JOINT AND SEVERAL LIABILITY/SUCCESSORS

### 19.1 Where the Client comprises two or more individuals:

- (i) each such individual shall be jointly and severally liable for all obligations under this Terms and Conditions;
- (ii) GSI may accept Instruction from, give receipts to and for all purposes deal with any one of such individuals without notice to the other individual and GSI is not responsible for determining the purposes or propriety of an Instruction GSI receives from any such individual or for the disposition of payments or deliveries among such individual. GSI reserves the right to require written Instructions from all such individuals at his discretion;
- (iii) any delivery of payments or Securities to any one of such individuals shall be a valid and complete discharge of GSI's obligations to each individual regardless of whether such delivery are made before or after the death of any one of more of such individuals;
- (iv) any notices and communications sent to one such individual will be deemed notice to all individuals holding the Account; and

## SECTION I – GENERAL TERMS AND CONDITIONS

- (v) on the death of any of such individual (being survived by any other such individual), this Terms and Conditions shall not be terminated and the interest in the Account of the deceased will thereupon vest in and ensure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall also be enforceable by GSI against such deceased Client's estate. The surviving Client(s) shall give GSI written notice immediately upon any of them becoming aware of any such death.

19.2 This Terms and Conditions shall be binding on the Client's heirs, executors, administrators, personal representatives, successors and assigns, as the case may be.

### 20. NO LIABILITY

20.1 GSI will use all reasonable endeavours to comply with and carry out Instructions given by the Clients and accepted by GSI concerning the Account or Transactions but neither GSI nor any of his directors, officers, employees or agents (save where it has been established that they or any of them have acted fraudulently or in willful default) shall have any liability whatsoever (whether in contract, tort or otherwise) for any loss, expenses or damages suffered by the Client as a result of:

- (i) any liability, failure or delay on the part of GSI to comply with or carry out any such instruction or any ambiguity or defect in any such Instruction; or
- (ii) GSI in good faith acting or relying on any Instruction given by GSI, whether or not such instruction was given following any recommendation, advice or option given by GSI or by any of his directors, officers, employees or agents; or
- (iii) GSI failing to perform his obligations hereunder by reason of any cause beyond his control, including any governmental or regulatory restriction, closure of or ruling by any Exchange (or any division thereof), suspension of trading, breakdown or failure of transmission or communication or computer facilities, postal or other strikes or similar industrial action, or the failure of any Exchange, Clearing House, Correspondent Agent or other person to perform its obligations; or
- (iv) any Exchange, Clearing House, Correspondent Agent or other person ceasing for any reason to recognize the existence or validity of Transactions entered into by GSI on behalf of GSI, or failing to perform or close out any such contract provided that such cessation or failure shall not affect the Client's obligations hereunder in respect of any such contracts or other obligations or liabilities of the Client arising therefrom; or
- (v) the mis-understanding or mis-interpretation of any Instruction given or placed verbally or electronically, or delays or errors in transmission owing to electronic traffic congestion or any other causes, or any mechanical failure, malfunction, suspension or termination of the continued operation or availability and mechanical failure or inadequacy of GSI's telephone or telecommunication system or installation in connection with the receipt and processing of Instructions transmitted by telecommunication devices and all other related equipment, facilities and services.

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

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

### 21. OWN DECISION

21.1 The Client agrees and acknowledges that the Client shall make the Client's own judgements and decisions independently with respect to each transaction dealing with Securities. Subject to Paragraph 21.2 below, GSI shall be under no liability whatsoever in respect of any information or suggestion rendered by any of his directors, officers, employees or agents irrespective of whether or not such suggestion was given at the Client's request save that GSI would ensure the suitability of any recommendation or solicitation for that Client is reasonable.

21.2 If GSI solicit the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document GSI may ask the Client to sign and no statement GSI may ask the Client to make derogates from this Paragraph 21.2.

### 22. CONNECTED PERSON

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

## SECTION I – GENERAL TERMS AND CONDITIONS

### 23. CURRENCY CONVERSION

In the event that the Client directs GSI to enter into any transactions for Securities on an exchange or market on which such transactions are effected in a currency other than the currency in which the relevant Account is denominated:

- (a) the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rates between the relevant currencies will be entirely for the account and risk of the Client;
- (b) all initial and subsequent deposits for Collateral (for the Margin Account) purpose shall be made in such currency and in such amounts as GSI may, in his sole discretion, from time to time designate. If upon agreement by GSI, any such deposit is made in a currency other than that as GSI may designate as aforesaid, GSI may determine a rate of exchange to be the then prevailing market rate of exchange between the relevant currencies for such deposit and such determination shall be binding on the Client;
- (c) when such transactions in Securities are closed out or otherwise liquidated, GSI shall debit or credit the relevant Accounts in the currency in which the relevant Accounts are denominated at a rate of exchange determined by GSI to be the then prevailing market rate of exchange between the relevant currencies and such determination shall be binding on the Client.
- (d) All payments to be made by the Client to GSI in a foreign currency shall be in freely transferable and immediately available funds clear of any taxes, charges or payments of any nature when received by GSI; and
- (e) GSI reserves the right at any time to refuse to accept any Instructions from the Client in relation to any currency conversion.

### 24. SETTLEMENT ACCOUNT

- 24.1 The Client hereby authorizes GSI to deposit, transfer or pay all or any part of the proceeds of sale or monies payable to the Client under this Terms and Conditions into the Settlement Account.
- 24.2 The Client unconditionally and irrevocably agrees and declares that deposit, transfer or pay all or any part of the proceeds of sale or moneys into the Settlement Account shall be deemed as valid and sufficient payment of the whole of the said money by GSI to the Client under this Terms and Conditions in all respects and for all purposes, and be deemed as valid and sufficient release and discharge of all liabilities and obligations of GSI in respect of the payment of the whole of the said money to the Client under this Terms and Conditions in all respects and for all purposes.
- 24.3 Without prejudice to Paragraph 24.2, the Client unconditionally and irrevocably agrees and declares that the transfer, remittance or payment of monies out from the bank account of GSI to the Settlement Account or to any intermediary bank, agent bank for further forward transfer, remittance or payment of said moneys to the Settlement Account, whether inside or outside Hong Kong, shall be deemed as valid and sufficient payment of the whole of the said money by GSI to the Client under this Terms and Conditions in all respects and for all purposes.
- 24.4 Without prejudice to Paragraph 24.2 and 24.3, the Client unconditionally and irrevocably agrees and declares that if the Settlement Account is a bank account of an overseas bank, GSI shall not be responsible for:-
  - (a) any transfer, remittance, clearance and settlement risks involved in the transfer, remittance, clearance and settlement of money between banks, whether inside or outside Hong Kong; or
  - (b) any default, negligence, delay, loss and damages by any of the banks involved in the transfer, remittance, clearance and settlement of money between banks, whether inside or outside Hong Kong.

### 25. INCENTIVES

GSI may from time to time be offered with arrangements whereby GSI and/or his employees and/or agents are offered cash or money rebates or soft dollar arrangement or other incentives in whatever form and nature by issuers, other brokers or other third parties in relation to transactions effected by GSI for the Client (collectively the “Incentives”). The Client, notwithstanding any provision to the contrary in this Terms and Conditions, agrees and gives consent to the acceptance of the Incentives by GSI and/or his employees and/or agents (as the case may be) with which the Client established an Account or Accounts, as the case may be.

### 26. GENERAL

- 26.1
  - (a) Unless GSI expressly indicates (in the contract note or other documents for the relevant transactions under this Terms and Conditions or otherwise) that GSI is acting as principal, GSI will act as the Client’s agent in effecting transactions under this Terms and Conditions. Nothing herein contained shall constitute GSI as trustee for the Client or a partnership between GSI and the Client.
  - (b) Notwithstanding that GSI is acting as the Client’s agent in effecting any transaction, GSI may, in his absolute discretion, decline to accept instructions for any transaction without giving any reason thereof. GSI shall not be liable to the Client for any loss whatsoever arising out of or in connection with he is not accepting or acting on such instructions or omitting to give notice of the non-acceptance of any instructions.
  - (c) Where the Client is approved by GSI to engage in margin trading, the Client will be subject to the further terms and conditions set out in Section IV – Terms and Conditions for Securities Margin Trading. Where pursuant to these additional facilities, liabilities arise, then, in addition to any rights which GSI may have, the Securities held hereunder shall be subject to the charge herein as security or collateral therefore (without the

## SECTION I – GENERAL TERMS AND CONDITIONS

need for any other documentation signed by the Client) and the same applies to all liabilities howsoever arising.

- 26.2 All Transactions shall be effected in accordance with all laws, rules and regulatory directions, by-law, customs and usage as amended from time to time of the Exchange and the Clearing House applying to GSI and shall be binding on the Client.
- 26.3 The Client confirms that he/she has read the English or Chinese version of this Terms and Conditions and that the contents of this Terms and Conditions have been fully explained to him/her in a language which he/she understands, and that the Client agrees to this Terms and Conditions. The Client is aware that in the event of any conflict between any provisions of the English version and the Chinese version of this Terms and Conditions, the English version prevails.
- 26.4 This Terms and Conditions are governed by, and may be enforced in accordance with, the laws of Hong Kong and the Client hereby irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of GSI to take proceedings against the Client in the courts of any other competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.
- 26.5 GSI with whom the Client holds an Account may amend this Terms and Conditions by giving the Client not less than 21 days prior notice of the change in writing. Such amendment shall be binding on the Client if the Client continues to maintain the Account on or after the effective date of amendment. The Client is hereby reminded of his/her right to terminate the Agreement under Paragraph 17 of this Section.
- 26.6 The Client acknowledges that telephone calls or other forms of communication between the Client and GSI may be recorded or otherwise electronically monitored without any warning messages and that the record may be used as final and conclusive evidence of the Instructions in case of disputes.
- 26.7 This Terms and Conditions shall be binding on the Client's heirs, executors, administrators, successors and assignees, as the case may be.
- 26.8 The Client hereby undertakes to notify GSI in the event of any material change to any of the information (in particular as specified in paragraph 6.2(a) of the SFC Code) provided in the Account Opening Form. GSI will notify the Client of material changes in respect of its business which may affect the services any of them provided to the Client (in particular as specified in paragraph 6.2(b), (d), (e) and (f) of the SFC Code).
- 26.9 Each of the terms and conditions in this Terms and Conditions is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
- 26.10 In the event that GSI commits a default as defined in Part XII of the Securities and Futures Ordinance and the Client thereby suffers a pecuniary loss, the Client understands that the right to claim under the Investor Compensation Fund established under Part XII of the Securities and Futures Ordinance will be restricted to the extent provided for therein. Accordingly, there can be no assurance that any pecuniary loss suffered by the Client by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.

### 27. SECURITIES AND FUTURES (CLIENT MONEY) RULES

- 27.1 For the purpose of Rule 6 of the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance, the Client hereby agrees that GSI shall be entitled to pay/transfer any money of the Client (a) into any account(s) maintained by the Client with GSI for the purpose of satisfying any margin requirements of any amount due under any Account; and/or (b) into a segregated account of GSI to hold on behalf of the Client, via the Client's written authorization to GSI, which written authorization may take the form of a standing authority.
- 27.2 For the purpose of Paragraph 27.1 and for the avoidance of doubt, the term "segregated account" shall carry the meaning as ascribed to it in the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance, as extended to include any segregated account that is established and maintained with any financial institutions within Hong Kong and/or in any jurisdictions.
- 27.3 For the purpose of Rule 6 of the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance, the Client hereby agrees that GSI shall be entitled to retain for its own benefit all sums derived by way of interest on all amounts held in the Cash Account or the Margin Account for or on account of the Client and shall be entitled to pay such sums out of the Cash Account or the Margin Account within one business day after:
- (a) the interest is credited to the Cash Account or Margin Account; or
  - (b) GSI becomes aware that the interest has been credited to the Cash Account or Margin Account,
- whichever is the later.

### 28. NOTICE AND COMMUNICATIONS

- 28.1 Subject to Paragraph 28.2 below, other than any instructions given in accordance with the manner as permitted by any other provisions of this Terms and Conditions, any notice or communication to be made or given by the Client to GSI

## SECTION I – GENERAL TERMS AND CONDITIONS

and vice versa shall be in writing and made or given by mail (airmail if international) or telex or facsimile and shall be deemed effective on or before: (i) 7 Business Days after receipt by GSI if delivered by mail; or (ii) the next business day following the day on which GSI has received the said telex; or (iii) the date of receipt by GSI if transmitted by facsimile, whichever shall first occur. Such notices and communications shall be addressed:

- (a) if to the Client, to the address, facsimile number or electronic mail address as given in the Account Opening Form or at such other address, facsimile number or electronic mail address as the Client shall notify GSI in writing from time to time;
  - (b) if to GSI, to his address at such office of GSI as GSI may from time to time select and notify to the Client.
- 28.2 Notices and other communications delivered to the Client through Electronic Trading System and E-Statement System shall be deemed to have been personally delivered to the Client when they are sent.
- 28.3 Where such method is specified in the Account Opening Form, the Client hereby consents to the use of the Internet by GSI to communicate or transmit data or documentation to the Client.

### 29. ASSIGNMENT

Subject to applicable laws and regulations, the Client hereby expressly agrees that GSI may assign his rights and obligations hereunder to any other third party without the prior consent of the Client, provided that notice of such assignment is given to the Client.

### 30. SINGLE AND CONTINUOUS AGREEMENT

This Terms and Conditions and all its amendments shall be continuous, and shall cover individually and collectively all Securities Accounts which the Client may from time to time open and maintain with GSI, each order executed by GSI shall be subject to the terms and conditions of this Terms and Conditions. The Client hereby acknowledges that all Transactions executed for the Client's account shall be executed by GSI in reliance upon such fact and as if the representations, undertakings and warranties given by GSI in reliance upon such fact and as if the representations, undertakings and warranties given by the Client to GSI in Paragraph 16 were repeated before each such Transactions, and that the Parties would not otherwise enter into such Transaction.

### 31. THIRD PARTY RIGHTS

- 31.1 Subject to Paragraph 31.3, a person who is not a party to this Terms and Conditions has no right under the Contracts (Rights of Third Party) Ordinance (Cap. 623 of the Laws of Hong Kong) (the “**Third Parties Ordinance**”) to enforce or to enjoy the benefit of any term of this Terms and Conditions.
- 31.2 Notwithstanding any provisions in this Terms and Conditions, the consent of any person who is not a party to this Terms and Conditions is not required to rescind or vary this Terms and Conditions at any time.
- 31.3 Any director, officer, employee, affiliate or agent of GSI may, by virtue of the Third Parties Ordinance, rely on any provision of this Terms and Conditions (including without limitation any indemnity, limitation or exclusion of liability) which expressly confers rights or benefits on that person.

### 32. TIME OF THE ESSENCE

Time shall be in every respect be of the essence in relation to all Liabilities an obligations of the Client under this Terms and Conditions.

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

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

### 1. SHORT SELLING

The Client acknowledges that GSI will not accept an Instruction to sell for short account on behalf of the Client. GSI shall not be responsible to the client for identifying whether or not an Instruction is to sell for short account. The Client undertakes that it will not give any Instruction to sell for short account and will notify GSI whenever any sale order relates to a short sale of Securities and such notification shall be given at the same time as notification of the sale order. In case of a “covered” short selling order, the Client must inform GSI where the Client places a “covered” short selling order and it is the absolute discretion of GSI whether or not to accept Instruction to effect such order.

### 2. SECURITIES BORROWING AND LENDING

GSI shall be permitted to borrow or lend Securities only in accordance with Securities Borrowing & Lending Regulations issued by the Exchange or the Clearing House as the case may be and, where the Securities borrowing related to Hong Kong stock, with applicable law and in particular the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) and the relevant Stamp Duty Interpretation and Practice Notes.

### 3. TRANSACTIONS

3.1 In respect of each Transaction, unless otherwise agree, or where GSI is already holding cash or Securities on the Client's behalf to settle the Transaction, the Client shall pay the GSI cleared funds (including payment in a currency other than Hong Kong dollars) or deliver to GSI which are fully paid with valid and good title and in deliverable form by such time as GSI has notified the Client in relation to the Transaction. The Client shall be responsible to GSI for any loss and expenses resulting from the Client's settlement failure.

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

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

or, in addition or as an alternative to (i) or (ii) above, GSI shall have recourse to its rights of combination and set-off as set out in Paragraph 17 of Section I in order to settle the Transaction.

3.2 Funds for Settlement:

- (i) GSI does not accept deposits of funds by Third Party cheques. GSI may, at his absolute discretion, accept cleared funds transferred to his designated account by the Third Party on the Client's behalf as the Client's deposit of funds;
- (ii) The Client shall immediately notify GSI after payment of funds to GSI by delivering to GSI written evidence of such payment. The Client acknowledges that payment of funds to GSI may not be credited to the Client's Account or reflected in any account statement until such notification is received by GSI. The Client agrees that any interest payable to or receivable by the Client under this Terms and Condition shall be calculated on this basis;
- (iii) The Client acknowledges and understands that the Client is under a duty for the safekeeping of the Payment Evidence before delivering the same to GSI. GSI shall not be liable to the Client for any loss whatsoever arising out of or in connection with the Client's failure to deliver the Payment Evidence to GSI in time or at all, or the use of payment evidence by any person other than the Client (whether with or without the instructions or consent to the Client);
- (iv) The Client agrees and accepts that if GSI receives the cheques and/or the instruction for money transfer via internet sent out by the Client after GSI's daily prescribed cut-off time, such funds and/or payment instructions shall be treated as received by GSI in the next Business Day. GSI shall in his absolute discretion to determine the execution of such funds and/or instructions. GSI shall not, in any circumstances, be liable (including liability for negligence) to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out directly or indirectly of or in connection with the aforesaid arrangement;
- (v) The Client fully understands and agrees that there may be interruption, delay or loss of instructions in respect of the money transfer via internet caused by malfunction of communication network, system malfunction, interferences of program or software or other circumstances. The Client agrees to bear such risks in full and shall be solely responsible for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out, directly or indirectly, of or in connection with such money transfer via internet; and



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

- (vi) All the deposits of funds shall have been cleared and actually received by GSI before such funds can be used or applied for the Securities Account.

### 3.3 Payment for Transaction Money

- (i) The Client shall provide Securities to GSI for delivery against sale or provide cleared funds to GSI for the payment of Securities purchased, by the due settlement date or payment date and at such place as GSI has notified the Client. The settlement date shall be the date on which GSI received the Securities for the relevant Transaction, and the payment date shall be the date on which GSI received cleared funds in the currency for the relevant Transaction. Any failure by the Client to provide such Securities or cleared funds to by the due settlement date or payment date shall entitle GSI and/or GSI Trading Agent, without further notice or demand, to forthwith:
  - (a) borrow and/or buy the Securities required for the delivery at a price as GSI and/or GSI Trading Agent shall in his absolute discretion determine, charge any Client's Account maintained with GSI for the cost thereof, deliver the Securities to satisfy the Client's obligation, and credit any Client's Account with the payment received for delivery; or
  - (b) accept delivery of the Securities, charge any Client's Account maintained with GSI for the payment to satisfy the Client's obligation, transfer and/or sell the Securities at a price as GSI shall in his absolute discretion determine, and credit any Client's Account for the proceeds thereof.

or, in addition or as an alternative to (a) or (b) above, to have recourse to his rights of combination and set-off as set out in Paragraph 17 in Section I of this Terms and Conditions in order to settle the Transactions.

- (ii) The Client shall be liable for any deficit resulting from losses and any cost or expense (including legal costs) incurred by GSI and/or GSI Trading Agent, on a full indemnity basis, related to the purchase and sale of Securities pursuant to Paragraph 3.3(i).
- (iii) The Client irrevocable authorizes GSI transfer, debit, or deduct any money in the Securities Account and/or the Account so as to pay, discharge, satisfy the Client's indebtedness, obligations and Liabilities to GSI arising from, incurred under and relating to this Terms and Conditions, including but not limited to the outstanding purchase monies, fees, charges, expenses, commission and interest payable by the Client under the pursuant to this Terms and Conditions.

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

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

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

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

## 4. INTEREST CHARGED

The Client will pay interest on all monies (including overdue interest) owing to GSI (after as well as before any judgment), at such rate(s) as demanded by GSI. Such interest shall be charged from the due date until payment in full is made and shall be payable on the last Business Day of each calendar month or upon any demand being made by GSI whichever is earlier. The rate shall, in the case of amounts arising in respect of Transactions on the Stock Exchange, be equivalent to the higher of Hong Kong prime rate (as quoted by HSBC) or the cost of fund (i.e. the interest rate charged by GSI's bankers) plus five per cent (5%) as determined by GSI from time to time. For all other amounts, the rate shall be such percentage over the cost of fund to GSI in respect of the relevant amounts as GSI may notify the Client from time to time.

## 5. NO REPRESENTATION OR WARRANTY

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

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

### **6. CASH HELD FOR THE CLIENT**

Any cash held for the Client in respect of the Cash Account, other than cash received by GSI in respect of Transactions and which is on-paid for settlement purposes or to the Client, or for other proper charges under this Terms and Conditions or any other applicable rules and laws, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.

### SECTION III – TERMS AND CONDITIONS FOR IPO AND PLACING

This Section is additional and supplemental to the Section headed General Terms and Conditions of this Terms and Conditions. All application to be made by GSI as agent on behalf of the Client for the subscription or purchase of the Offer Securities and the financing facility to be granted or extended by GSI to the Client on demand in respect of such application shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of this Terms and Conditions. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of these Terms, the provisions of this Section shall prevail.

#### 1. DEFINITIONS

- 1.1 Words and expressions defined in the Section headed General Terms and Conditions of these Terms shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.
- 1.2 In this Section, unless the context requires otherwise, the following words and expressions shall have the following meanings:
- “**Agreement**” means the agreement made between the Client and GSI and constituted by the Account Opening Form, this Terms and Conditions and such other documents referred to therein and added thereto (including any amendment or supplement made thereto from time to time);
- “**Allotted Securities**” means all the Securities in relation to which the Application is accepted;
- “**Application**” means any application to be made by GSI as agent on behalf of the Client for the subscription or purchase of the Offer Securities pursuant to Paragraph 2;
- “**Application Amount**” means the price per Offer Securities with the total application amount (including transaction levy, commission, account opening fee and such other fee where applicable);
- “**Funding Fee**” means the amount of monies, fees, costs, interest, expenses, commissions, and charges (including but not limited to the monies, fees, costs, interest, expenses, commissions, and charges referred to or incurred under or pursuant to Paragraph 7.5 below) as GSI may from time to time notify the Client (if any);
- “**IPO**” means a public offer of Securities in respect of a new listing and/or issue of such Securities on an Exchange;
- “**Issuer**” means the issuer or vendor of the Offer Securities;
- “**Loan**” means the financing facility to be granted or extended by GSI to the Client on demand in respect of the Application pursuant to Paragraph 7 below;
- “**Offer Securities**” means the Securities offered by the Issuer for (a) subscription in an IPO; or (b) purchase in a placing of Securities;
- “**Placing**” means a placing and/or selected/restricted offering of Securities;
- “**Relevant Person**” means the Issuer, sponsors, underwriters, placing agents and other intermediaries involved, the Exchange, the SFC, the Clearing House or any other relevant regulators and other relevant person; and
- “**these Terms**” means all the terms and conditions in this Section III headed “Terms and Conditions for IPO and Placing” as from time to time amended and supplemented.

#### 2. APPLICATION

- 2.1 Once the Client place the order, the Client cannot cancel the Application. The Client irrevocably and unconditionally requests and authorize GSI to make the Application containing the following details:
- (a) the number of Offer Securities to be applied for;
  - (b) the name of Issuer of such Offer Securities; and
  - (c) the Application Amount for such Offer Securities.
- 2.2 GSI reserves the right to refuse acting on any Client’s Instructions in relation to the Application if there are insufficient funds in the Client’s Account at the relevant time for settling the Application Amount and Funding Fee charges and costs or if, in GSI’s opinion, there is any other reasonable ground for such refusal without giving reason therefor.
- 2.3 Where GSI or his agent submits the Application, GSI or his agent acts as the agent of the Client for the purpose of applying for Offer Securities and neither GSI is the agent of the Issuer or other parties involved in the relevant IPO and/or Placing of Offer Securities.
- 2.4 The Client must apply for the Offer Securities as principal only. Any application by the Client as agent, nominee or trustee for any other person will not be processed by GSI.
- 2.5 The Client must ensure that each Application complies with any minimum, maximum, denomination and/or other requirements (whether in respect of quantity or value of Securities or number of Application) prescribed by the Issuer of the relevant IPO and/or Placing of Offer Securities. Any Application which does not fully comply with such requirements will not be processed by GSI.

### SECTION III – TERMS AND CONDITIONS FOR IPO AND PLACING

- 2.6 The Application shall be subject to the Agreement.
- 2.7 GSI may aggregate the Application with a bulk application to be made by GSI or his agent on GSI's own account and/or on behalf of GSI and/or GSI's own clients. The Client acknowledges and agrees:
- (a) that such bulk application may be rejected by reasons which are unrelated to the Client and the Application and neither GSI nor his agent shall, in the absence of fraud or willful default, be liable to the Client or any other person in consequence of such rejection;
  - (b) to indemnify GSI against any losses, damages, costs, charges, expenses, claims of demands whatsoever which may be sustained or incurred by or made against GSI if such bulk application is rejected either in circumstances where the Client's representations, undertakings and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to other persons affected by such breach or other factors; and
  - (c) that in the event that the bulk application is only partially filled, GSI is entitled to distribute the Allotted Securities in his absolute discretion, including distributing the Allotted Securities equally between all clients under the bulk application and the Client shall not have any claim to the Allotted Securities or claim of priority to another client in relation to the bulk application.
- 2.8 If the Offer Securities are denominated in Foreign Currency or in both Hong Kong Dollars and Foreign Currency, GSI shall have the absolute discretion to:
- (a) request the Client to pay or transfer to GSI the Application Amount, the Funding Fee, charges and costs in Hong Kong Dollar and/or the relevant Foreign Currency to GSI in such proportion as may be requested by GSI from time to time; and
  - (b) convert (the entirety or any part of) the Application Amount, the Funding Fee, charges and costs from one currency to another currency for the purpose of submission of the Application and/or other purposes relating or incidental to the Application.
- 2.9 Regarding the Application, the Client acknowledges that GSI has invited the Client to seek independent advice or the Client does not wish to seek independent legal advice despite every chance having been offered to the Client to do so.

#### 3. RESPONSIBILITY OF GSI

- 3.1 Unless otherwise appointed in writing, GSI is not the investment adviser of the Client and shall not be responsible for any loss which the Client may suffer as a result of any Application.
- 3.2 GSI makes no undertakings, warrants or representations as to the result of the allotment of the Offer Securities and in any event GSI shall not be responsible for the result of the allotment whether or not it is in connection with GSI's acts, omission or default.
- 3.3 GSI shall not incur any liability or responsibility whatsoever arising out of or in consequence of any failure or omission by GSI to perform any of his obligations hereunder including but without limitation the making of the Application or any refusal to make or any withdrawal of the Application.

#### 4. NOTIFICATION AND RESULTS

- 4.1 The Issuer shall be solely responsible for approving or disapproving Applications under the relevant IPO and/or Placing of Offer Securities and for announcing the results of allocation of the Offer Securities. The specific arrangements with regard to the announcement of results may differ and the Client shall be responsible for ascertaining details of such arrangements by reviewing the relevant prospectus and/or offering document(s). GSI will notify the Client of the results of his Application in such manner as GSI may deem fit.
- 4.2 Unless GSI receives from the Client notice to the contrary together with payment of all amounts payable under these Terms including but not limited to the Loan, the Application Amount, the Funding Fee, charges and costs within such time as GSI may specify in his notification of allotment to the Client (without prejudice to GSI's right of repayment on demand), GSI is authorized but not obliged without notice to the Client and without the Client's consent to sell any and all Allotted Securities in such manner and for such price or prices, without being responsible for any loss, as GSI may think fit, and to apply the proceeds of such sale towards discharging the costs incurred therein and all other costs incurred by GSI hereunder and then in or towards reimbursing to GSI first the Loan, the Funding Fee, charges and costs, and then the Application Amount and the residue (if any) shall be paid to the Client or to the Client's order. In the event of any deficiency after the said of Allotted Securities, the Client shall make good and pay on demand to GSI such deficiency. The Client shall also pay interest on such deficiency at such rates and on such other terms as GSI notifies the Client from time to time or failing such notification at a rate equivalent to higher of the Hong Kong prime rate (as quoted by HSBC) or the cost of fund (i.e. the interest rate charged by GSI's bankers) plus seven per cent (7%) as determined by GSI from time to time, such interest shall be payable on the last Business Day of each calendar month or forthwith upon demand by GSI.
- 4.3 In the event of GSI's receiving a notice from the Client pursuant to Paragraph 4.2, the Client shall pay to GSI on demand all amounts payable by the Client under these Terms, including but limited to the Loan, the Application Amount, the Funding Fee, charges and costs, whereupon GSI will release or procure his agent to release to the Client the certificates relating to the Allotted Securities (upon payment of the necessary expenses required by the central

### SECTION III – TERMS AND CONDITIONS FOR IPO AND PLACING

depository) with the relevant transfers duly executed, or to procure the Allotted Securities to be credited to the Client's specified Account.

- 4.4 If the Offer Securities are denominated in Foreign Currency or in both Hong Kong Dollar and foreign Currency, GSI shall have the absolute discretion to convert (the entirety of any part of) the Application Amount, the Funding Fee, charges and costs from one currency to another currency for the purpose of the subscription or purchase of the Allotted Securities and/or other purpose relating or incidental to the subscription or purchase of the Allotted Securities.

#### 5. REFUND OF APPLICATION AMOUNT

- 5.1 Where no Application has been submitted on behalf of the Client or if GSI has grounds not to process the Client's Instructions for Application, GSI will arrange for refund of the Application Amount to the extent debited (in full but without interest) to the Client by crediting the relevant sum to the Settlement Amount on:

- (a) in the case of IPO, the refund date as announced by the Issuer; or
- (b) in the case of Placing of Offer Securities, within 3 Business Days after the completion and/or termination of such Placing pursuant to the terms and conditions of the prospectus, offering document(s), application form(s) or other documents relating to such Placing. If an Application is duly submitted but is unsuccessful (or only partly successful), GSI will arrange for refund of the Application Amount (or the applicable balance in the case of a partly successful Application) in the same manner described in this Paragraph.

- 5.2 In the event that the offer price (as finally determined by the Issuer) is less than the Application Amount initially paid by the Client, subject to the terms and conditions of the relevant IPO and/or Placing of Offer Securities, GSI will arrange to refund and surplus Application Amount to the Client in the same manner described in this Paragraph.

- 5.3 All Funding Fee in connection with the Application are not refundable unless otherwise specified by GSI in writing.

- 5.4 If the Offer Securities are denominated in Foreign Currency or in both Hong Kong Dollar and Foreign Currency, GSI shall have the absolute discretion to:

- (a) refund, pay or transfer to the Client the Application Amount (or the applicable balance in the case of a partly successful Application) in Hong Kong Dollar and/or the relevant Foreign Currency in such proportion as may be determined by GSI from time to time; and
- (b) convert (the entirety or any part of) the Application Amount (or the applicable balance in the case of a partly successful Application) from one currency to another currency for the purpose of such refund, payment or transfer and/or other purposes relating or incidental to such refund, payment of transfer.

#### 6. CLIENT'S REPRESENTATION, UNDERTAKINGS AND WARRANTIES

- 6.1 The Client warrants that GSI shall have authority to make the Application as the Client's agent and for the Client's benefit.

- 6.2 The Client warrants that the Client is not a person prohibited by any Relevant Person or any legislation, rule or regulation from making the Application.

- 6.3 The Client shall familiarize himself/herself and comply with all the terms and conditions issued by Relevant Person:

- (a) Governing the IPO and/or Placing of the Offer Securities set out in the Application form(s), prospectus, offering document(s) and any other relevant document in respect of such IPO and/or Placing of the Offer Securities; and
- (b) in the Agreement, the Client agrees to be bound by such terms and conditions in any Application.

The Client should make the investment decision based on the prospectus, offering document(s) and any other relevant document in respect of such IPO and/or Placing of Offer Securities rather than on information, particular promotional or marketing materials and media coverage relating to such IPO and/or Placing of the Offer Securities.

- 6.4 The Client represents, undertakes and warrants to GSI that:

- (a) (where multiple applications for subscription or purchase of Offer Securities are not permitted) the Client has not made and will not make, nor have procured nor will procure to have made, more than one Application;
- (b) the Client has not made and will not make, nor have procure nor will procure to have made, any Application as agent, nominee or trustee for any other person;
- (c) the Client has not placed (for the benefit of himself/herself or for the benefit of any his/her clients) with any shares or warrants which are of the same class or type as those applied for in the Application.

The Client acknowledges that the Client is aware that any breach of the Client of the representations, undertakings and warrants set out in this Paragraph might cause, in addition to the rejection of the Application, the rejection of other applications submitted by GSI on his/her own behalf or on behalf of others. The Client will indemnify GSI on demand for all losses resulting from any breach by the Client of the representations, undertakings and warrants set out in this Paragraph. The Client acknowledges and accepts that the aforesaid representations, undertakings and warrants will be relied upon by GSI and the Relevant Person in respect of the Application.

### SECTION III – TERMS AND CONDITIONS FOR IPO AND PLACING

- 6.5 The Client gives GSI all the representations, warrants and undertakings which an applicant for the Offer Securities in an IPO and/or Placing is required to give (whether to any or all of the Relevant Persons).
- 6.6 The Client recognizes and understands that the legal and regulatory requirements and Market practice in respect of Applications may vary from time to time as may the requirements of any particular IPO and/or Placing of the Offer Securities. The Client undertakes to provide to GSI such information, make such disclosure, take such additional steps and make such additional steps and make such additional representations, warrants and undertakings as may be required in accordance with such legal and regulatory requirements and Market practice as GSI may in his absolute determine from time to time.
- 6.7 In accordance with the current Hong Kong regulatory requirements for the Application and the issue of the Allotted Securities, such nominee companies or GSI or GSI's agent as the case may be, may be required, in respect of the Client and/or the Application, to make certain undertakings, representations and warrants to any one or more of the Relevant Persons. GSI is authorized to enter into such undertakings, representations and warrants in reliance solely upon undertakings, representations and warrants being given by the Client to GSI. The Client will be bound by all applicable announcements made by any Relevant Person and all the applicable legislation, rules and regulations governing the Application and the issue of the Allotted Securities.
- 6.8 The Client accepts all things done by GSI and/or his agent on the Client's behalf pursuant to any Application Instruction given to GSI and/or his agent. The Client indemnifies GSI and/or his agent against any loss or claims suffered or incurred by each of them in connection with any Application.

#### 7. APPLICATION FINANCING

- 7.1 The Client applies to and requests GSI to grant or extend to the Client and on demand the Loan for the Application. The following items shall be agreed by the Client and GSI:
- (a) the amount of Loan;
  - (b) the percentage of interest rate; and
  - (c) the Funding Fee
- 7.2 Subject to Paragraph 7.3, GSI, replying on the representations, warrants and undertakings of the Client in the Agreement, agrees to grant or extend to the Client the Loan for the Application subject to and upon the terms and conditions of the Agreement.
- 7.3 Notwithstanding anything contained herein to the contrary (in paragraph 7.2) and without prejudice to any other rights and powers of GSI herein contained or otherwise conferred by the laws of Hong Kong, the Client agrees and acknowledges that the provision of the Loan is at GSI's sole discretion and subject to such arrangement as may be made between the Client and GSI. GSI retains the right, without notice to the Client, to withdraw, stop, or cancel any part or the whole of the Loan at any time up to the moment when the Application is made. In the event of GSI exercising the aforesaid right, then the Loan (or any part thereof) shall automatically be withdrawn, stopped or cancelled and the Loan (or any part thereof) shall not thereafter be available to the Client. For the avoidance of doubt, it is hereby agreed and declared that all the Client's rights and benefits under the Agreement shall be subject always to GSI's right of withdrawal, stop, cancellation as mentioned in this Paragraph.
- 7.4 The Client authorizes GSI to apply for, be granted and/or be extended financial facilities from the Bank at any time and on such terms and conditions to be agreed between GSI and the Bank from time to time, for financing all or any part of the Loan to be granted or extended to the Client under Paragraph 7. The Client further agrees, acknowledges and authorizes that:
- (a) GSI may provide the Bank security or collateral arrangement up to such extent as may be determined by the Bank and GSI for securing such financial facilities from the bank; and
  - (b) GSI and the Bank may enter into or make any kind of hedging, financial or other arrangement (including but not limited to swap arrangement) with respect of such financial facilities from the Bank.
- 7.5 The Client agrees, acknowledges and undertakes to GSI that the Client shall bear and pay GSI and shall fully indemnify and keep GSI indemnified on demand against any monies, fees, costs, interest, expenses, commissions, and charges arising out of or in connection with the financial facilities, security or collateral arrangement, and hedging, financial or other arrangement (including but not limited to swap arrangement) referred to in Paragraph 7.4.
- 7.6 The Client agrees, acknowledges and undertakes to GSI that:
- (a) the Client will pay to GSI on demand the Loan, interest thereon, the Funding Fee, charges and costs;
  - (b) the Loan is advanced to the Client exclusively for the Application and the Loan proceeds shall be held on trust for that purpose. Notwithstanding that the Application is made by GSI as agent on the Client's behalf, the Client shall have no rights, title, interest or claim of whatever nature in or to any amount to be refunded in respect of the Application to the extent that the amount refunded does not exceed the Loan, all of which shall be held by GSI/his agent on trust to be applied towards satisfaction of the Loan, interest thereon, the Funding Fee, charges and costs. The balance of any money refunded shall first be applied towards the satisfaction of any outstanding balance owed by the Client to GSI, including without limitation interest accrued, charges and costs, the Funding

### SECTION III – TERMS AND CONDITIONS FOR IPO AND PLACING

Fee and any such further amount payable by the Client hereunder. GSI may at his absolute discretion grant security interest of any nature over the refund monies to any third party as security for any credit facilities made to GSI to finance his funding of all or part of the Loan;

- (c) the Allotted Securities (including all dividends, warrants, shares, stocks, rights, money and other property accruing or offered at any time by way of substitution, redemption, bonus, preference, option or otherwise in respect thereof) shall become part of the Retained Properties (as defined in Paragraph 17 of Section I) and subject to the Lien (as defined in Paragraph 17 of Section I);
  - (d) GSI may at his absolute discretion pledge or grant security interest of any nature over the Allotted Securities (including all dividends, warrants, shares, stocks, rights, money and other property accruing or offered at any time by way of substitution, redemption, bonus, preference, option, or otherwise in respect thereof) of any third party as security for credit facilities made to GSI to finance his funding of all or part of the Loan;
  - (e) upon failing payment by the Client on demand of all amounts payable by the Client hereunder, GSI may, without further notice to the Client and without the Client's consent, sell the Allotted Securities (or any part thereof) in such manner and for such price or prices, without being responsible for any loss, as GSI may think fit and apply the proceeds of sale to settle all Liabilities, actual or contingent, due from the Client to GSI. In the event of any deficiency after the sale of the Allotted Securities, the Client shall make good and pay on demand to GSI such deficiency. The Client shall also pay interest on such deficiency at such rates and on such other terms as GSI notifies the Client from time to time or failing such notification at a rate equivalent to higher of HK prime rate (as quoted by HSBC) or the cost of fund (i.e. the interest rate charged by GSI's bankers) plus seven per cent (7%) as determined by GSI from time to time, such interest shall be payable on the last Business Day of each calendar month or forthwith upon demand by GSI;
  - (f) in addition to and without prejudice to any other provisions in the Agreement or any security or right GSI may have in law or otherwise, the Client authorizes GSI to apply any credit balance to which the Client is entitled on any Account and any other money payable to the Client from GSI in satisfaction of any amount due and payable to GSI hereunder but unpaid. For this purpose, GSI is authorized to purchase with the money standing to the credit of any such Account, such other currency as may be necessary to effect such application;
  - (g) the Client will at his own expense execute and sign all transfers, power of attorney, proxies and other documents and do all acts and things which GSI may require for perfecting GSI's title to the Allotted Securities or any of them and/or for vesting or enabling GSI to vest such Allotted Securities in his name, in his nominee and/or any purchase or otherwise for the purposes of obtaining full benefit of the security hereby created. GSI will be entitled to execute all rights and powers that are conferred upon GSI herein by such documents including without limitation rights in selling the Allotted Securities;
  - (h) without prejudice to the Agreement, the Client will fully indemnify and keep GSI indemnified on demand against any losses, damages, costs, charges, expenses, claims or demands which may be sustained or incurred by or made against GSI arising out of the Loan and/or the Agreement; and
  - (i) regarding the Loan, the Client acknowledges that GSI has invited the Client to seek independent advice or the Client does not wish to seek independent legal advice despite every chance having been offered to the Client to do so.
- 7.7 If the Offer Securities are denominated in Foreign Currency or in both Hong Kong Dollars and Foreign Currency, GSI shall have the absolute discretion to:
- (a) provide or grant the Loan to Client in Hong Kong Dollar and/or the relevant Foreign Currency to GSI in such proportion as may be requested by GSI from time to time; and
  - (b) convert (the entirety or any part of) the Loan from one currency to another currency for the purpose of provision or granting of the Loan and/or other purposes relating or incidental to the Loan.

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

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

### 1. DEFINITIONS

- 1.1 Words and expressions defined in the Section headed General Terms and Conditions of this Terms and Conditions shall, except as otherwise re-defined herein or unless there is something in the subject or context inconsistent therewith, have the same meanings when used in this Section.
- 1.2 In this Section, unless the context requires otherwise, the following words and expressions shall have the following meanings:
- “**Agreement**” means the agreement made between the Client and GSI and constituted by the Account Opening Form, this Terms and Conditions and such other documents referred to therein or added thereto (including any amendment or supplement made thereto from time to time);
- “**Charge**” means the charge over the Collateral constituted by Paragraph 5.1;
- “**Collateral**” means such monies or assets of the Client charged to GSI as continuing security for the Credit Facilities granted by GSI and for performance of all obligations of the Client to GSI from time to time hereunder including, without limitation, the Charged Securities (as defined in Paragraph 5.1); and
- “**Credit Facilities**” means all or any of the credit facilities agreed to be made available or granted from time to time by GSI to the Client, including all amounts debited to the Margin Account in accordance with this Terms and Conditions.
- “**Margin Account**” means any account now or in future opened and maintained in the name of the Client with GSI for conducting Transactions with financing by the Credit Facilities in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with GSI in accordance with the Agreement or other agreement or document;
- “**these Terms**” means all the terms and conditions in this Section IV headed “Terms and Conditions for Securities Margin Trading” of this Terms and Conditions, as from time to time amended and supplemented.

### 2. CREDIT FACILITIES

- 2.1 Under and pursuant to the Agreement, the Client shall be granted revolving Credit Facilities to be secured by the Collateral up to such extent (subject to the restrictions under the applicable laws and regulations) as may be determined by GSI (in his absolute and subjective discretion) from time to time subject to and upon the terms and conditions of the Agreement.
- 2.2 The Client further acknowledges and agrees to abide by the terms and conditions of the Agreement and the provisions of any other agreement made with GSI from time to time in relation to the granting and maintenance of such Credit Facilities.
- 2.3 GSI shall have the absolute discretion to determine the value of the Collateral, to determine, amend or alter the principal amount and other terms of the Credit Facilities from time to time and/or to terminate the Credit Facilities at any time.
- 2.4 Notwithstanding any of the terms and conditions herein, the Credit Facilities are repayable on demand and may be varied or terminated in the absolute discretion of GSI. Notwithstanding any of the terms and conditions herein, GSI will not at any time be obliged to make any advances to the Client.
- 2.5 Without prejudice to the above, GSI shall be under no obligation to make any advances to the Client under the Credit Facilities, if any of the following circumstances apply:
- (a) if the Client is in default of any of the provisions of the Agreement, or any other letter, agreement or document entered into between the Client and GSI in this respect;
  - (b) in the opinion of GSI, there is or has been a material adverse change in the Client’s financial condition or in the financial condition of any person which might adversely affect the Client’s ability to discharge his/her Liabilities or perform his/her obligations under the Agreement; or
  - (c) GSI in his absolute discretion considers his prudent or desirable for the protection of GSI not to do so.
- 2.6 GSI is instructed and authorized by the Client to draw on the Credit Facilities to settle any Liabilities, whether in respect of any Transaction, margin maintenance obligations for any positions as required by GSI, or payment of any commission or other costs and expenses owing to GSI.
- 2.7 For so long as there exists any amounts outstanding to GSI, GSI shall be entitled at any time and from time to time to refuse any withdrawal of any or all of the monies in the Margin Account and/or Securities held by GSI.



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

### 3. MARGIN AND FUND

- 3.1 The Client agrees to provide and maintain such margin (the “**Margin Requirement**”) in the Margin Account and/or such collateral, guarantees and other security to the Margin Account in such form and amount and on such terms as GSI may in his absolute discretion require from time to time. Such Margin Requirement demanded or required by GSI may exceed any margin requirement prescribed by any Exchange or Clearing House or broker. GSI may change any Margin Requirement in his sole discretion and at any time without prior notice to the Client. If GSI determines that additional margin is required, the Client agrees to deposit with GSI such additional margin forthwith upon demand. No previous Margin Requirement shall establish any precedent.
- 3.2 Without prejudice to Paragraph 3.4 to 3.11, calls or demands for Margin Requirement must be met or satisfied by the Client forthwith upon demand by GSI. The Client shall on demand put GSI in funds or monies or arrange for GSI to be put in funds or monies in time to enable GSI to discharge any liability or to be incurred in connection with trading, dealing or Transactions effected in relation to the Margin Account. The Client shall on demand reimburse GSI for all costs and expenses incurred by him in connection with the trading, dealing or Transaction effected in relation to the Margin Account and/or pay or settle any outstanding amount under the Margin Account.
- 3.3 GSI is not liable to pay interest on the monies or funds paid to or received by GSI in respect of the Margin Account whether on deposit or however described. GSI is entitled to retain for his own benefit any interest or other realized income or increase in value earned or received in respect of such monies or funds. GSI is entitled to charge and the Client agrees to pay interest to GSI in respect of any Deficit or any monies or funds otherwise owing to GSI at any time at such rates and on such other terms as GSI notifies the Client from time to time or failing such notification at a rate equivalent to higher of HK prime rate (as quoted by HSBC) or the cost of fund (i.e. the interest charged by GSI’s bankers) plus seven per cent (7%) as determined by GSI from time to time. Interest shall be payable on the last Business Day of each calendar month or forthwith upon demand by GSI.
- 3.4 The Client shall monitor the Margin Account to that at all times the Margin Account shall contain a sufficient account balance to meet the Margin Requirement. GSI may modify such Margin Requirement for the Client at any time in GSI’s absolute and sole discretion. GSI may reject any Instruction or order of the Client if the Client does not have a sufficient account balance to meet Margin Requirement and may delay the processing of any Instruction or order while determining the correct margin status of the Margin Account. The Client shall maintain, without notice or demand from GSI, a sufficient account balance at all times so as to continuously meet the Margin Requirement. The Client must at all times satisfy whatever Margin Requirement calculated by GSI.
- 3.5 GSI has no obligation to notify the Client of any failure to meet Margin Requirement in the Margin Account prior to GSI exercising his rights, powers, discretion and remedies under the Agreement. The Client understands and accepts that GSI generally will not issue call or demand on Margin Requirement, that GSI generally will not credit the Margin Account to meet any deficiency on Margin Requirement, and that GSI is authorized to exercise any of his rights under Paragraph 18 of Section I in order to satisfy Margin Requirement without prior notice to the Client.
- 3.6 In the event that the balance of the Margin Account has zero equity or is in deficit at any time, or the Margin Account does not have a sufficient account balance to meet Margin Requirement, GSI shall have the right, in his sole discretion, but not the obligation, to exercise any of his rights under Paragraph 18 of Section I at any time and in such manner and in any Market as GSI deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to GSI, any deficiency in the Margin Account that arises from such exercise of rights or remain after such exercise of rights. GSI shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such exercise of rights (or if GSI experiences a delay in exercising, or does not exercise such rights).
- 3.7 The Client expressly waives and relinquishes any rights to receive prior notice or demand from GSI and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of GSI’s right to exercise any of his rights under Paragraph 18 of Section I. The Client understands that, in the event that GSI exercise such rights, the Client shall have no right or opportunity to determine the manner of exercising such rights by GSI. GSI may, in his absolute and sole discretion, exercise such rights on any Exchange or Market, and GSI may take the other side of any closing out, liquidating or settlement transaction. In the event that GSI exercise such rights, such exercise of rights shall establish the amount of the Client’s gain or less and indebtedness to GSI, if any. The Client shall reimburse and hold GSI harmless for all actions, omissions, costs, expenses, fees (including, but not limited to, legal costs), penalties, losses, claims or liabilities associated with any exercise of such rights by GSI. The Client shall be liable to and responsible for all resulting losses, notwithstanding GSI’s delay in or failure to exercise such rights. If GSI executes an order for which the Client did not have sufficient funds, GSI has the right, without notice to the Client, to liquidate the Transaction and the Client shall be responsible for any loss as a result of such liquidation, including any loss, and shall not be entitled to any profit that results from such liquidation.
- 3.8 The Client irrevocably and unconditionally authorizes GSI to transfer, debit, or deduct any money in the Margin Account and/or the Account so as to pay, discharge, satisfy the Client’s indebtedness, obligations and Liabilities to GSI arising from, incurred under and relating to the Agreement, including but not limited to the outstanding purchase monies, fees (including but not limited to market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Margin Account to be applied against the Margin Requirement. GSI may exercise any of his rights under Paragraph 4 if deduction of commissions, fees or other charges causes the Margin Account to have an insufficient balance to satisfy the Margin Requirement.

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

- 3.9 If GSI issues a call or demand for Margin Requirement to the Client, the Client must satisfy such call or demand immediately. The Client agrees to satisfy any call or demand for Margin Requirement issued by GSI by immediately depositing cleared funds in the Margin Account to pay, in full, the under-margined open position.
- 3.10 GSI shall also have the right to exercise any of his rights under Paragraph 18 of Section I without prior notice to the Client in the same manner as provided above:
- (a) if any dispute arises concerning any trading or Transaction of the Client;
  - (b) upon the Client's failure to timely discharge his/her obligations to GSI;
  - (c) upon the Client's insolvency or filing of a petition in bankruptcy or for protection from creditors;
  - (d) upon the appointment of a receiver; or
  - (e) whenever GSI, in his absolute and sole discretion, deems necessary or advisable for the protection of GSI.
- 3.11 Any failure by the Client to comply with this Paragraph 3 shall constitute an Event of Default under Paragraph 18 of Section I.

### 4. CASH HELD FOR THE CLIENT

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

### 5. CHARGE

- 5.1 In consideration of GSI agreeing to make available or continue to make available to the Client the Credit Facilities or any other facilities, loans, credits, or advances, the Client, as beneficial owner hereby charges and agrees to charge to GSI and hereby assigns, transfers and release and agrees to assign transfer and release to GSI the following:
- (a) all GSI Financed Securities together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, monies, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all monies or funds received in connection with transfer, disposal or trading thereof;
  - (b) all Securities which are now or will in future be deposited with, held in or transferred into the Securities Account, the Margin Account, any Account and any other accounts(s) of the Client with GSI by, for or attributable to the Client for any purpose whatsoever together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, monies, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all monies or funds received in connection with transfer, disposal or trading thereof;
  - (c) all Securities which are now or will in future be deposited with or transferred to GSI by, for or attributable to the Client for any purpose whatsoever, or which have been or will in future be acquired or held by GSI on behalf of the Client for any purpose whatsoever both together with all further or other Securities in substitution therefor or in addition thereto, all accretions thereto, all interest, rights, monies, dividends, distributions paid, payable, accrued thereon and derived therefrom, all proceeds of sale thereof, and all monies or funds received in connection with transfer, disposal or trading thereof;
  - (d) all the Client's monies, funds, receivables, sums, title, interests, powers, options, benefits and rights of, to and in any Account and any other account(s) of the Client with GSI; and
  - (e) all the monies, funds, receivables, sums, properties, assets, things, goods, chattels, undertakings, negotiable instruments, financial instruments or documents, commercial instruments or documents, deeds, instruments, documents, matters, interests, powers and rights of the Client which are now or will in future be acquired by, deposited with, delivered to, transferred to, held by, possessed by, retained by or kept by GSI.

Paragraph 5.1 above are collectively referred to as (the "**Charged Properties**") as continuing security (the "**Charge**") for:

- (i) the due and punctual performance and fulfilment of all obligations or liabilities of the Client under these Terms, the Agreement and other agreement with GSI;
- (ii) the payment, repayment, satisfaction and/or discharge on demand of the Indebtedness, facilities, loans, advances, credits, monies, funds, indebtedness, obligations and liabilities (whether past, present, or future, or whether absolute or contingent) which are now or at any time hereafter shall be due, owing or incurred from or by the Client or the Client Group Company to or in favour of GSI under or pursuant to these Terms, the Agreement, other agreement with GSI or any other agreement or document, or on any account or in any manner whatsoever (whether alone or jointly with other person and in whatever name, style or firm); and
- (iii) the payment, repayment, satisfaction and/or discharge on demand of the Indebtedness, facilities, loans, advances, credits, monies, funds, indebtedness, obligations and liabilities (whether past, present or future, or whether

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

absolute or contingent) which are new or at any time hereafter shall be due, owing or incurred from or by the Client or the Client Group Company under or in Securities Account, Margin Account and any Account (whether alone or jointly with any other person and in whatever name, style or firm) together with interest thereon and legal costs and expenses of GSI (the “**Secured Liabilities**”)

5.2 The Client agrees that GSI, pursuant to the provisions of these Terms, is entitled to transfer, or procure, demand or request to transfer the Charged Properties to GSI and/or his respective nominee through any clearing and settlement system or other manner. The Client agrees and covenants to deliver to GSI such documents as GSI shall require to effect such transfer of the Charged Properties to GSI and/or his respective nominee.

5.3 The Client agrees:

- (a) any dividend, interest, payment, money or fund forming or deriving from all or part of the Charged Properties which may be received by the Client shall be held by the Client on trust for GSI and shall be paid over or delivered to GSI on demand; and
- (b) notwithstanding Paragraph 5.3(a), upon the occurrence of any of the Events of Default and/or the Charge becoming enforceable, GSI and his nominee shall (and the Client as primary obligor and not merely as guarantor irrevocably instruct and authorize GSI or his nominee to) collect and receive all dividend, interest, payment, money or fund on or with respect to the Charged Properties, and GSI or his nominee shall be entitled to use and apply all the said dividend, interest, payment, money or fund so collected or received in payment, discharge or satisfaction of the Indebtedness.

### 6. TITLE TO CHARGED PROPERTIES

The Client represents and warrants to GSI that Subject to any security interest of GSI created pursuant to these Terms, the Charged Properties are legally and beneficially owned by the Client, that the Client has good right to charge, assign, transfer and release the same to GSI, that the same are and will remain free from any lien, charge, equity, option, mortgage, third party right or encumbrance of any kind, and that any stocks, shares and other Securities comprised in the Charged Properties are and will be fully paid up.

### 7. VOTING RIGHT AND CALL

7.1 GSI or his nominee is entitled to exercise at his discretion (in the Client’s name or otherwise at any time and without any further consent or authority of the Client) in respect of the Charged Properties any voting rights and all powers and rights given to trustee by the Trustee Ordinance (Cap. 29 of the Law of Hong Kong).

7.2 The Client during the continuance of the Charge shall pay all calls or other payments due in respect of any of the Charged Properties and in the event of default GSI (if he thinks fit) shall make such payments on the Client’s behalf. Any monies or funds so paid by GSI shall be repayable by the Client on demand.

### 8. SUFFICIENT SECURITIES

The Client agrees and undertakes to deposit at all times sufficient Securities, security, properties and monies with GSI. In the event that GSI is in the opinion that the Charged Properties are insufficient or unsatisfactory, the Client agrees and undertakes that upon demand by GSI and the Client shall forthwith pay to GSI such sum in cash or at the option of GSI to deliver to GSI such additional Securities, security, properties or monies as are acceptable to GSI as security in addition to or in substitution for the Charged Properties, and to procure the registration thereof with any appropriate authorities.

### 9. ENFORCEMENT OF CHARGE

9.1 At any time as GSI shall determine appropriate and/or upon the occurrence (in the sole and subject judgment of GSI) of any Event of Default, the Charge shall be immediately enforceable and GSI, without prejudice to any of the rights or powers of GSI under these Terms or other documents, shall have the rights, without notice to the Client, to:

- (i) Appropriate, pay, deduct, transfer or offset the whole or any part of any funds or monies comprised in the Charged Properties at any time and from time to time in or towards payment, satisfaction or discharge of the Indebtedness or any money, fund, indebtedness, obligation or liability secured by the Charge; and/or
- (ii) Sell, dispose of, liquidate, transfer, trade, deal with or close out (and GSI is authorized to do all such things necessary in connection with such sale, disposal, liquidation, transfer, trading, dealing or closing out) the Charged Properties or any part thereof (to be selected by GSI in his absolute discretion) at any time and from time to time either together or in parcels and either by dealings at any broker’s board through Hong Kong Stock Exchange or other Exchange or by public or private means or in such other manner and for such consideration (whether payable or deliverable immediately or by instalments and whether for cash or other valuable consideration or both) and on such terms and conditions as GSI shall think fit in his absolute discretion without being in any way responsible for any loss occasioned thereby however arising. Without limiting the generality of the foregoing, GSI is hereby specifically authorized to give instructions or directions to GSI to sell, dispose of, liquidate, transfer, trade, deal with and/or close out the Margin Account, all Securities, and/or Exchange Contract comprised in the Charged Properties or held in the Margin Account or any Account, as the case may be, and all positions in the Margin Account or any Account, as the case may be, without notice to the Client.

9.2 Without prejudice to the generality of Paragraph 9.1, GSI shall be entitled to appropriate, sell, dispose of, liquidate, transfer, trade, deal with or close out the Charged Properties or any part thereof at any time and from time to time at market price or market conditions thereof to, with or in favour of GSI without being in any way responsible for any loss occasioned thereby however arising and without being accountable for any profit made by GSI.

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- 9.3 In any sale, disposal, liquidation, transfer, trading, dealing or closing out pursuant to this Paragraph 9 or these Terms, if less than all the Charged Properties are to be sold, disposed of, liquidated, transferred or closed out, GSI shall in his absolute discretion select which part of the Charged Properties are to be sold, disposed of, liquidated, transferred, traded, dealt with or closed out at any time and from time to time.
- 9.4 The Client agrees that GSI shall have the full and absolute right and discretion to determine at what time and day to exercise or enforce his right and power to carry out or execute the sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out pursuant to this Paragraph 9 or these Terms. The Client shall not have any right to claim against GSI in respect of any loss arising out of any sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out pursuant to these Terms, howsoever such loss may have been caused, and whether or not a better price or position could or might have been obtained on the sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out of any of the Charged Properties by either deferring or advancing the time or date of such sale, disposal, appropriation, liquidation, transfer, trading, dealing or closing out or otherwise whatsoever.
- 9.5 If the proceeds, monies or funds realized or received by exercise or enforcement of the Charge shall be insufficient to pay, discharge or satisfy the Indebtedness and the indebtedness, obligations or liabilities of the Client or the Client Group Company to GSI, then nothing herein contained shall prejudice the rights or powers of GSI against the Client or the Client Group Company for recovery of such insufficiency of deficiency. The Client agrees and undertakes to make good and pay on demand to GSI such insufficiency or deficiency.
- 9.6 No failure, delay or omission on the part of GSI in exercising or enforcing any right, power, privilege or remedy under or in respect of these Terms shall impair such right, power, privilege or remedy, or be construed or operated as a waiver of it. Any single or partial exercise or enforcement of any such right, power, privilege or remedy shall not preclude any further exercise of it or the exercise of any other right, power, privilege or remedy.

### 10. PROCEEDS ON ENFORCEMENT

The proceeds, monies or funds realized or received by the exercise or enforcement of the Charge pursuant to these Terms or any part thereof shall be held or retained by GSI in such manner and for such period of time as shall be determined by GSI in his absolute discretion and/or shall be applied or used (without limitation) in the following payments but in such order of priority and at such time as shall be determined by GSI in his absolute discretion:

- (a) payment of discharge of all costs, charges, legal fees and expenses including but not limited to stamp duty, commission and brokerage incurred by GSI in transferring, selling, disposing, liquidating, trading, dealing or closing out all or any of the Charged Properties or in perfecting title thereto;
- (b) payment, discharge or satisfaction of the Secured Liabilities;
- (c) payment, discharge or satisfaction of the Indebtedness, and all other monies, funds, indebtedness, obligations and liabilities due, payable, owing or incurred by the Client or the Client Group Company to GSI;
- (d) payment or discharge of interest for the time being accruing due; and
- (e) payment, discharge or satisfaction of such obligations, indebtedness, monies and liabilities of the Client of the Client Group Company.

### 11. RELEASE OF CHARGED PROPERTIES

- 11.1 Subject to: (a) the payment of the whole of the Indebtedness and all interests as provided in these Terms; (b) the payment of all such monies or funds due, payable or owing to GSI under these Terms; (c) the payment, discharge or satisfaction of all indebtedness, obligations or liabilities of the Client or the Client Group Company under these Terms; (d) the payment, discharge or satisfaction of all the Secured Liabilities; and (e) the due performance or fulfilment of all the obligations and liabilities of the Client under these Terms, GSI shall, at any time after such payments, discharge, performance, fulfilment or satisfaction and upon written request of the Client and at the cost of the Client, release, discharge or return the Charged Properties or any part thereof to the Client and upon such release, discharge or return GSI shall not be bound to release, discharge or return to the Client Securities identical with those acquired by, deposited with, held by or transferred to GSI so long as the Charged Properties or any part thereof released, discharged or returned to the Client are of the same type, kind, class, denomination and nominal amount and rank *pari passu* with those originally acquired by, deposited with, held by or transferred to GSI (subject always to any capital re-organization which may have occurred in the meantime).
- 11.2 The Client agrees that in the event that GSI shall have made a mistake or an error in the Client's favour in calculating the monies or funds due to GSI in respect of Securities released, discharged or returned then such release, discharge and return shall have no effect and the Charge shall remain in full force and effect.

### 12. ADDITIONAL & CONTINUING SECURITY

- 12.1 The Charge is in addition to and without prejudice to any collateral or security which GSI shall now or hereafter hold from or on account of the Client. Such collateral or security to which GSI shall be otherwise entitled (including any collateral or security created or made prior to the date of these Terms on the Charged Properties) or the liability of any person not being a party thereto for all or any part of the indebtedness, obligations and liabilities hereby secured shall not be in any way prejudiced or affected by the Charge. GSI shall have full power at its discretion to deal with, exchange, release, modify or abstain from perfecting or enforcing any such collateral or security or rights which GSI shall now or hereafter have from or against such person or to give time for payment or any indulgence to any such

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

person without discharging or in any way affecting the Client's indebtedness, obligations and liabilities or the Charge or security created hereunder. All moneys or funds received by GSI from the Client or any person liable to pay the same shall be applied by GSI to any account or any transactions to which the same shall be applicable.

- 12.2 The Charge shall be a continuing security notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of the Indebtedness or any sum of money owing by the Client to GSI and notwithstanding the closing of any of the Client's account with GSI, the reopening of a closed account with GSI or the opening of any account by the Client (either alone or jointly with others) with GSI, and shall extend to cover all or any indebtedness, moneys or funds due or payable from the Client to GSI on any account or otherwise as herein provided.
- 12.3 No change in the constitution of the Client nor of the persons, firms or companies or other entity for whose indebtedness, obligations and liabilities the Charge shall at any time stand as security shall affect the validity of or discharge the Charge. If the Client is a firm and in the event of dissolution of the firm the Charge shall apply to all the indebtedness, obligations and liabilities incurred by the firm or in the firm name until the actual receipt by GSI of written notice of dissolution, provided always that such notice of dissolution shall not affect the indebtedness, obligations and liabilities incurred by the Client prior to actual receipt by GSI of such notice. If, however, the dissolution is by reason only of the introduction of a partner into the firm the Charge shall continue and in addition to the indebtedness, obligations and liabilities of the old firm shall apply to all indebtedness, obligations and liabilities due, payable or incurred from or by the new firm thereby constituted as though there had been no change in the firm as previously constituted.
- 12.4 All rights and powers of GSI hereunder and the Charge shall remain in full force and effect notwithstanding any neglect or delay in the enforcement thereof or any indulgence or forbearance given or continued to be given to the Client.

### 13. PROTECTION & INDEMNITY

- 13.1 GSI shall not be answerable or responsible for the loss of or damage to or diminution in value of any of the Charged Properties however arising whilst the same are in the possession, custody, retention or control of GSI or his agents.
- 13.2 If any action or proceeding is commenced or any claim or demand is made by any person against the Client in connection with any matter herein contained or the Charged Properties or any part thereof or against GSI in connection with any matter herein contained or the Charged Properties or any part thereof, the Client agrees to indemnify GSI against any loss, costs or expenses including all legal or other professional fees which shall be incurred by GSI in connection therewith. If any such action or proceeding is commenced or claim or demand is made, GSI shall be entitled (but not obliged or bound) to take such reasonable steps as he shall deem advisable including the withholding of payment or delivery to the Client of any part or all of the money or fund or the Charged Properties and the cancellation or non-compliance with any orders or instructions which the Client may have given or may give to GSI.

### 14. DEALING, MORTGAGE AND CUSTODY OF CHARGED PROPERTIES

- 14.1 The Client irrevocably and unconditionally consents, agrees and authorizes GSI at any time and from time to time to:
- (a) deposit, mortgage, charge, pledge, create any security interest over, transfer, assign or release the Charged Properties or any part thereof (either separately or together with other Securities and/or Exchange Contracts and/or properties or assets) by way of collateral or security or otherwise for facilities, credits, loans or advances (of any amount, for any period of time and upon any terms) made or continued to be made to GSI without notice to the Client;
  - (b) use, borrow or lend the Charged Properties or any part thereof (either separately or together with other Securities and/or properties or assets) for the purpose of performing or fulfilling settlement or clearing obligations of GSI between the members of SEHK or the relevant Clearing House without notice to the Client;
  - (c) deliver, transfer or deposit the Charged Properties or any part thereof (either separately or together with other Securities and/or Exchange Contracts and/or properties or assets) with any agent or contractor for custodial purpose at the risk, cost, charge or expense of the Client without notice to the Client; and
  - (d) use, deal with, deposit, mortgage, charge, pledge, create any security interest over, transfer, assign, lend or release the Charged Properties or any part thereof (either separately or together with other Securities and/or Exchange Contracts and/or properties or assets) for any purpose or reason whatsoever, in such manner or way, for such period of time, upon such terms, for such consideration, for such benefit or advantage as GSI shall (in his respective absolute discretion) think fit without notice to the Client.
- 14.2 The Client agrees and acknowledges that all the risks of the Charged Properties are remaining with the Client and that neither GSI nor his respective agent or contractor shall be under any obligation to insure any of them against any kind of risks, which obligation is remained with the Client.
- 14.3 The Client understands, accepts, agrees and acknowledges that all the risks, consequences, effects and results of the consents, agreements, authorizations and acknowledgments contained in this Paragraph 14, and in particular understands, accepts, agrees and acknowledges that the Charged Properties or any part thereof may be subject to mortgage, charge, pledge, lien, security interest or third party interest or right, and the release, discharge or return of the Charged Properties or any part thereof may be subject to the discharge, release or satisfaction of such mortgage, charge, pledge, lien, security interest or third party interest or right.

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

This Section is additional and supplemental to the Section headed General Terms and Conditions of this Terms and Conditions. All transactions and dealing in derivative trading effected, conducted, carried out and entered into by the Client with and through GSI, shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of this Terms and Conditions. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of this Terms and Conditions, the provision of this Section shall prevail.

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

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

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

## SECTION VI – PILOT PROGRAMME FOR TRADING US SECURITIES

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

### International Documentation For Clients of Exchange Participants

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

#### ● Introduction

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

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

#### ● Main Characteristics of Pilot Programme Securities

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

#### ● Trading and Settlement Arrangement

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

#### ● Information Dissemination and Disclosure of Financial Information

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

##### Issuers' disclosure

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

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

##### Trading data of PP Securities in Hong Kong

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

#### ● Share Registration and Other Services

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

## SECTION VI – PILOT PROGRAMME FOR TRADING US SECURITIES

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

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

\* The Cross-border transfer fee will be charged for the transfer of Securities between DTC and CCASS only. This fee will be charged on the settlement of trades concluded in Hong Kong.

- **Further Information**  
For further information on the Pilot Programme, please contact your broker.



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

These terms are additional and supplemental to the Section headed General Terms and Conditions of this Terms and Conditions. The Electronic Trading Services to be provided by GSI shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions of this Terms and Conditions. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of this Terms and Conditions, the provision of this Section shall prevail.

### 1. DEFINITIONS

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

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

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

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

“**Agreement**” means the agreement made between the Client and GSI and constituted by the Account Opening Form, these Terms and the terms and conditions governing the relevant Account and such other documents referred to therein or added thereto (including any amendment or supplement made thereto from time to time);

“**Client’s System**” means all hardware and software systems used by the Client in gaining access to the electronic trading system (including, without limitation, any computer, modern, mobile phone and any program installed therein);

“**Device**” means any device (including but not limited to any digital or electronic certificate or encrypted software), equipment, phone, machine or computer provided, whether mobile, fixed, portable or otherwise (whether by GSI or not) to or otherwise employed by the Client for giving Instruction;

“**ETS**” means, as the case may be, (a) the internet trading service and facilities, including not but not limited to the Website, provided or operated by (i) GSI; and/or (ii) GSI Trading Agent for the purpose of Securities Trading; and/or (b) trading service and facilities provided by GSI through the telecommunications and/or wireless transmission system and facilities, including but not limited to the Mobile Site or otherwise;

“**Instruction**” means any instruction given through GSI’s ETS for the buying or selling of or otherwise dealing in any Securities and any instruction to check the portfolio and fund position in the relevant Account(s);

“**Mobile Site**” means the website provided or operated by GSI which shall be accessed by phone, whether mobile, portable or otherwise;

“**Parties**” means GSI and the Client, and each of them is referred to as “**Party**”;

“**Password**” means the personal password of the Client used in conjunction with the User ID to gain access to ETS and/or other services provided by GSI;

“**relevant Account**” means the Account in relation to which GSI has agreed to provide ETS;

“**these Terms**” means all the terms and conditions in this Section V headed “Terms and Conditions for Electronic Trading Services” as from time to time amended or supplemented;

“**User ID**” means the personal identification of the Client used in conjunction with the Password to gain access to ETS and/or other services provided by GSI; and

“**Website**” means GSI Website

### 2. APPLICABLE RULES AND REGULATIONS

2.1 All the Instructions and Securities Transactions made or entered into by GSI on behalf of the Client through ETS and both GSI and the Client shall be bound by:

(a) this Terms and Conditions; and

(b) GSI’s rules, regulations, procedures and policies from time to time in force;

In the event of any conflict or discrepancy, the above applicable terms, laws, rules, regulations, procedures shall be governed in the order of prevalence of (a) and (b).

### 3. CLIENT’S SYSTEM

3.1 The Client shall be solely responsible for making available at the Client’s own cost and risk the Client’s System to gain access to, and support the Client’s use of, ETS by using the Device.

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

- 3.2 The Client declares that the Client is the owner of or is otherwise authorized to use the Client's System for gaining access to ETS.
- 3.3 The Client shall at the Client's own costs and expenses ensure that the Client's System and Device are compatible with and properly connected to the system of GSI at all times and shall at the like costs and expenses maintain the Client's System in good operating conditions.
- 3.4 GSI shall not be responsible for any matter caused by the fault, failure or malfunctioning of the Client's System.
- 3.5 The Client shall only use the Client's System in Hong Kong or other jurisdiction where ETS may lawfully be provided by GSI and used by the Client.

### 4. SCOPE OF ETS

- 4.1 The Client consents to use ETS as a medium of communication with GSI and to transmit or receive information, data and documents between GSI and the Client. All Instructions/orders communicated to GSI through ETS shall be deemed to be sent by the Client. The Instructions shall be carried out by GSI on the terms and conditions governing the relevant Account(s).
- 4.2 ETS are offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when they may be lawfully offered and processed under the applicable law and regulations.
- 4.3 GSI has the sole discretion to determine and vary the scope and manner of availability of ETS to be provided from time to time, and to prescribe and change the normal service hours for ETS and any daily cut-off time for any type of Transaction. Since ETS may be accessed worldwide, the daily cut-off time in Hong Kong shall prevail.
- 4.4 Any Instruction received by GSI after the prescribed daily cut-off time shall not be executed until the next processing day for the Instruction of that kind.
- 4.5 GSI shall not be deemed to have received or have executed the Client's Instructions unless so stated in GSI regular statements of the Account and/or confirmation of execution given by GSI online and/or other means of advice. The Client agrees and acknowledges that it is the Client's sole responsibility to keep records of such statement, confirmation and/or advice given by GSI, and save for manifest error or unless proved to be contrary by the Client to GSI's satisfaction, GSI's record shall be deemed as conclusive and binding.
- 4.6 Without prejudice to any provision of these Terms or other terms and conditions governing the relevant Account, the Client agrees that the Client is under a duty to promptly check and verify the contents of each of GSI's regular statements of the Account and/or confirmation of execution given by GSI online and/or other means of advice, and report to GSI any discrepancies in writing within seven ( 7 ) days from the date such statements, confirmation and/or advice was sent. If the Client fails to do so, the Client shall not be entitled to dispute any discrepancies in such statements, confirmation and/or advice and accepts such statements, confirmation and/or advice as final and conclusive and the same shall be binding on the Client for all purposes.
- 4.7 Without prejudice to any provision of these Terms or other terms and conditions governing the relevant Account, such confirmation of execution given by GSI online and/or other means of advice shall be deemed received by the Client after transmission by GSI. For the avoidance of doubt, the Client agrees that it is the Client's duty to notify GSI immediately if the Client does not receive GSI's regular statements of the Account or such online confirmation and/or other means of advice given by GSI in respect of any Transactions within the time usually required for receipt of similar statements, confirmation and/or advice.
- 4.8 Without prejudice to any provision of the terms and conditions governing the relevant Account which relate to communication or notice by or from GSI and the right of GSI to use any way of method of communication, for the purposes of ETS, each notice and communication from GSI to the Client sent by post to the last known correspondence address of the Client on GSI's record shall be deemed to have been duly delivered to the Client twenty-four (24) hours after it has been posted and if sent by electronic mail ("E-mail") or facsimile to the E-mail address or facsimile number provided by the Client respectively, upon it being sent unless it is otherwise shown to the contrary in GSI's internal records. For the avoidance of doubt, any notice given by GSI to the Client shall be deemed to have been duly delivered by the posting of such notice on the Website or Mobile Site.
- 4.9 Notwithstanding any provision in these Terms, GSI shall have the right exercisable at his sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client, to limit, vary, suspend or terminate the Client's access to ETS or any function thereunder or to any information or data from any information or service provider or any part of it, or to set limit on any Instruction that can be given and any Transaction that can be entered pursuant thereto, for any reason whatsoever, including any unauthorized use of any of the service, information, data, or any user identification or account number.
- 4.10 The Client understands and acknowledges that ETS is provided as an additional service in relation to Transactions effected, conducted, carried out and entered into by the Client with and through GSI, and shall not be considered as a substitute for other method(s) of giving instructions for such Transactions. In the event that ETS is not available for any reason whatsoever (whether or not within the control of GSI), the Client shall have no claim whatsoever against GSI for inability to use ETS and shall use other available means to give instructions for such Transactions.
- 4.11 Without prejudice to the generality of the foregoing, GSI shall be entitled to terminate ETS provided to the Client if:

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

- (a) the Client commits any material breach of these Terms and/or any other terms and conditions governing the relevant Account;
  - (b) the provision and/or maintenance of ETS to the Client shall be illegal or otherwise prohibited by law; or
  - (c) GSI's records show that the relevant Account of the Client has become dormant for such period prescribed by GSI.
- 4.12 The Client may request GSI in writing or via ETS to change the Password from time to time. The issuance or assignment of a new Password shall not be regarded as the commencement or creation of a new agreement between the Client and GSI in respect of ETS,

### 5. LIMITATION ON ETS

- 5.1 The Website, Mobile Site and/or ETS are intended to be offered in jurisdictions where and when they may be lawfully offered;
- 5.2 The Client may reside in any of those jurisdictions in which use of the Website, Mobile Site and /or ETS is unlawful, prohibited or in any way restricted. The Client acknowledges and agrees to check and observe all relevant restrictions which may apply to it.

### 6. WEBSITE AND MOBILE SITE

- 6.1 The Client acknowledges that GSI may operate the Website and Mobile Site to facilitate the provision of ETS to the Client. The Website and Mobile Site are made available to the Client in GSI's discretion and the use of the Website and/or Mobile Site by the Client is subject to such terms and conditions as imposed and from time to time amended by GSI. GSI will notify the Client such terms and conditions and the amendments thereto, which shall be deemed duly notified to the Client by posting the name on the Website, Mobile Site or mailing or sending the same to the Client, as determined at GSI's sole discretion.
- 6.2 The Client acknowledges that all information and data posted on the Website, Mobile Site or otherwise made available on or through ETS and/or the Website and Mobile Site are provided on an "AS IS" and "AS AVAILABLE" basis. GSI expressly disclaims all warranties of any kind, whether express or by implication, including but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement of any third party right. Such information and data (whether supplied by GSI or any third party) are for reference only and shall not in any circumstance be binding or intended for Transaction, or regarded or used by the Client as professional or investment advice or a basis for making Transaction decision, or any other purposes. The Client shall seek independent professional advice where necessary.
- 6.3 The Client acknowledges and agrees that any material, data and/or software downloaded or otherwise obtained through the use of the Website or Mobile Site or from the Website or Mobile Site is done at the Client's own discretion and risk. The Client undertakes to take all necessary precautions, including but not limited to data backup and software testing, before using such software. GSI shall not be liable in any way to any damage to the Client's system or loss of data that may result from the download and/or use of such material, data or software (in particular, in respect of loss and damage due to computer virus or software malfunction).
- 6.4 Any hyperlinks from the Website or Mobile Site to other websites are for information purpose and convenience only. GSI accepts no liability for any loss or damage arising directly or indirectly (including incidental, consequential and special loss) from the accuracy, sequence, truth, reliability, adequacy, timeliness, completeness or otherwise of the information or loss arising directly or indirectly from defects within such websites. The inclusion of hyperlinks does not imply any endorsement by GSI of any materials on such websites.
- 6.5 The Client acknowledges and agrees that, in addition to these Terms, GSI has absolute discretion to impose from time to time other terms and conditions in respect of the use of ETS which terms will not be contained herein by may at GSI's discretion be posted on the Website or Mobile Site or mailed or sent to the Client, as the case may be, and which shall be binding on the Client. GSI has absolute discretion at any time to amend or vary such terms and conditions and/or these Terms which amendment or variation shall be deemed duly notified to the Client by posting the same on the Website or Mobile Site or mailing or sending the same to the Client, as determined at GSI's discretion. If the Client does not accept any amendment to such terms and conditions and/or these Terms proposed by GSI, the Client shall:
- (a) Cease using ETS; and
  - (b) Terminate ETS by giving not less than seven ( 7 ) Business Days written notice to GSI provided that all rights and obligations accrued to and the calculate day will be effected upon received official notice. The Parties prior to such termination shall not be affected.

The Client shall be deemed to have accepted the terms and conditions as amended or varied once the Client uses or continues to use ETS after the relevant terms and conditions become effective.

- 6.6 The Client acknowledges and agrees that the internet is, due to unpredictable traffic congestion or any other reasons, an inherently unreliable medium of communication and that such reliability is beyond the control of GSI and GSI does not make any warranty as to the results that may be obtained from the use of the Website or Mobile Site or as to the accuracy or reliability of any information obtained through the Website or Mobile Site or that defects in the software available on the Website or Mobile Site will be corrected.

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

### 7. USER IDENTIFICATION

- 7.1 The Client acknowledges that only the Client will be the authorized user of ETS in relation to the relevant Account and the Client may be required to use various identification and access codes, including Password, User ID and other identification to access the service (together referred to below as “**user identification**”).
- 7.2 GSI is authorized (but not obligated) in his absolute discretion to act on any Instruction received in relation to the relevant Account without any duty or liability to verify the identity or authority of the person giving the Instruction or the validity and/or authenticity of such Instruction once the correct user identification of the Client has been inputted. The Client acknowledges and agrees that the Client shall be solely responsible for all Instructions entered through the ETS using the user identification and all Transactions entered pursuant thereto (whether or not such Instructions were actually given by the Client) and neither GSI nor his directors, officers, employees or agents shall have any liability to the Client, or to any other person whose claim may arise through the Client for any claims with respect to the handling or loss of any Instruction.
- 7.3 The Client shall be solely responsible for all costs and losses, whether directly or indirectly, arising out of or in connection with any unauthorized use of the Client’s user identification. The Client shall also have duty to notify GSI immediately of the Client’s becoming aware of any loss, theft or unauthorized use of the Client’s user identification.

### 8. CLIENT’S RESPONSIBILITIES

- 8.1 The Client undertakes that:
- (a) the Client shall be responsible for the confidentiality, application and proper use at all times of the Client’s user identification, and shall take such action or do such act, matter or thing as is necessary including without limitation of the following:
    - (i) not to disclose the user identification to any other person or permit any other person to gain access to ETS;
    - (ii) not to send the user identification via E-mail;
    - (iii) not to disclose the user identification to anyone who claims to represent GSI or holds out as GSI’s employee or authorized representative in any circumstance (it is not necessary for GSI’s employee to know the user identification);
    - (iv) to destroy the original printed copy of the Password (if any);
    - (v) to change the initial Password when the Client first uses ETS and to change the Password periodically;
    - (vi) to promptly log out from ETS once the Client has finished using ETS; and
    - (vii) not to leave the Client’s System unattended while using ETS
  - (b) the Client shall not use or attempt to use ETS for any purpose other than it was permitted by GSI;
  - (c) the Client shall as soon as practicable report to GSI any loss or unauthorized disclosure of the user identification by phone and confirm in writing thereafter within twenty-four (24) hours or such other period as GSI may prescribe from time to time;
  - (d) the Client agrees and acknowledges that he/she shall be fully responsible for any accidental or unauthorized disclosure of the user identification to any other person;
  - (e) the Client shall not, and shall not attempt to tamper with, modify, decompile, disassemble, reverse-engineer, damage, alter or gain unauthorized access to any part of ETS or the Website or Mobile Site or any software comprised in them; and
  - (f) the Client undertakes to notify GSI immediately if the Client becomes aware of any of the actions described in Paragraph 8.1(e) is being perpetrated by any other person.

### 9. THIRD PARTY INFORMATION

- 9.1 The Client acknowledges that any information and data provided through ETS relating to Securities and/or Client Contracts and/or Markets has/have been obtained from Exchanges and Markets and from other third party information or service providers appointed by GSI from time to time and that such information and data are or may be protected by copyright and other intellectual property laws, and are provided for the Client’s personal non-commercial use only, and the Client shall not:
- (a) Download, reproduce, duplicate, provide, transmit, retransmit, disseminate, sell, transfer, disclose, assign, convey, lease, sub-license, share, loan, distribute, publish, broadcast, cablecast, circulate or commercially exploit any such information or data in any way without the consent of GSI or such information or service providers;
  - (b) Remove, obliterate, erase, relocate or modify in any way any such information or data including, without limitation, any trademark or copyright notice; or
  - (c) Incorporate or combine any such information or data with any other programs

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

- 9.2 The Client acknowledges that the real-time quote service and the message alert service (to receive message alert when the prices of such Securities as specified by the Client reach a preset target price) that may be available through the ETS is provided by a third party appointed by GSI from time to time. The Client agrees that GSI shall not be responsible for any losses the Client or any other person may suffer for the failure of sending out the message alert and/or a result of relying on any real time quote on prices of Securities and/or any information which may be available to the Client through the ETS.
- 9.3 Neither GSI nor any information or service provider or any third party warrants, represents or guarantees the accuracy, reliability, adequacy, timeliness and completeness of any information or data provided through ETS and/or the Website or Mobile Site or whether any such information or data is fit for any purpose. GSI and all such information or service providers expressly disclaim all liabilities whatsoever arising from or in connection with any reliance on any such information or data.

### 10. INTELLECTUAL PROPERTY

All proprietary and copyright and other intellectual property rights in or subsisting in ETS, the Website and the Mobile Site, are the exclusive property of GSI or the relevant information or service providers. No rights, title or interest other than the right to access ETS and/or the Website or Mobile Site subject to the Agreement is conveyed or transferred to the Client. The Client shall not make any representation or do any act which may be taken to indicate that the Client has any such right, title or interest.

### 11. LIMITATION OF LIABILITIES

- 11.1 Unless due to the willful default of GSI, his directors, officers, employees and agents and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely therefrom or the amount of the relevant Transaction (whichever is lesser), GSI shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with:
- (a) use of ETS and/or access to any information or data through ETS and/or the Website and/or the Mobile Site as a result of such use by the Client or any other person whether or not authorized;
  - (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing ETS, in transmitting Instructions or information or data relating to ETS or in connecting with the Website or the Mobile Site (whether or not within the control of GSI) including, without limitation, failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorized access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law);
  - (c) transmission, posting and/or storage of any information and/or data relating to the Client, ETS and/or Transactions conducted by the Client in relation or pursuant to ETS through or on any system, equipment or instrument of any communication network provider; and
  - (d) Act of God, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.
- 11.2 GSI shall not in any circumstance and in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the ETS irrespective of how such loss may be caused.

### 12. INDEMNITY

- 12.1 Without prejudice to any other provision hereof and unless due to the willful default of GSI, the Client shall fully indemnify and keep indemnified GSI and his subsidiaries, associated company, officers, employees and agents against all liabilities, claims, demand, losses, damages, costs, charges and expenses of any kind (including without limitation legal costs) on a full indemnity basis which may be incurred and all actions or proceedings which may be brought by or against GSI in connection with the provision of ETS and/or Website and/or Mobile Site and/or access to the information or data thereon and/or exercise or preservation of GSI's powers and rights GSI may have.
- 12.2 In any event, GSI shall not be liable for the Client's failure in observing the above obligations and the Client shall fully indemnify GSI in respect of any direct or indirect loss or cost of whatsoever nature that GSI may suffer or incur as a result thereof. For the avoidance of doubt, it is the responsibility of the Client to take his/her own initiative to contact GSI to check the status of any Instructions given through ETS.
- 12.3 If the Client gives any Instruction to GSI outside Hong Kong, the Client agrees to ensure and represent that such Instruction will have been given in compliance with any applicable law of the relevant jurisdiction from which the Instruction is given, and the Client agrees that, when in doubt, the Client shall consult his/her legal advisers and other professionals of the relevant jurisdiction. The Client accepts that there may be taxes or charges payable to relevant authorities in respect of any Instruction given outside Hong Kong and the Client agrees to pay such taxes or charges.
- 12.4 The Client further undertakes to indemnify GSI, on a full indemnity basis, on demand, for any loss or damage GSI may suffer (including legal costs) as a result of the user of ETS.

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

### 13. CHARGES AND EXPENSES

13.1 The Client shall pay all subscription, service and user fees, if any, that GSI may charge from time to time for the use of ETS. IF the Client fails to pay any sum due and payable by the Client to GSI arising out of the use of ETS, the Client shall be liable to indemnify GSI, on a full indemnity basis, for all costs and expenses (including legal costs) incurred by GSI in recovering such sum. GSI is entitled at any time and without giving notice or obtaining consent from the Client, to set-off or transfer any credit balance in any Accounts towards satisfaction of any indebtedness or Liabilities by the Client to GSI arising out of the use of ETS.

13.2 The Client irrevocably authorizes GSI to (but GSI is not obliged to) withdraw or otherwise deduct such sums of money, including any related costs and expenses, from any Account (regardless of there being a debit balances, credit balances or otherwise in the said Account) as shall be necessary to complete any Transactions.

### 14. NO WARRANTY

GSI does not in any way warrant that:

- (a) any services provided in connection with or any of the Client's use of the ETS and/or the Website and/or the Mobile Site will be free of errors, interception or interruption; or that
- (b) the information, data or other materials provided, used or accessible in connection with the ETS and/or the Website and/or the Mobile Site will be free of viruses, disabling devices or other containment.

The Client acknowledges that GSI's internal records of the relevant Account, related Transactions and information shall be conclusive save for obvious error or unless the contrary is established by the Client to GSI's satisfaction. For the avoidance of doubt, GSI may use such updated information as may be available at the time of executing any Instructions of the Client for any Transactions, and such Transactions shall be binding on the Client notwithstanding different information may have been quoted by GSI via the ETS and/or Website and/or the Mobile Site.

### 15. THIRD PARTY SERVICE

15.1 The Client agrees that GSI may accept from any other third party engaged in any transaction or providing any services in respect of the ETS and/or the Website and/or the Mobile Site any rebate or allowance of any fee, brokerage or commission or the likes payable in respect thereof and GSI shall be entitled to retain any profit or other benefit arising by way of fees, brokerage, commissions, rebate, perquisites, or otherwise obtained or received by them in connection with or arising whether directly or indirectly from the ETS and/or the Website and/or the Mobile Site.

15.2 The Client agrees to the disclosing, transferring or otherwise making available of all personal data and other information relating to the Client and the Account(s) to any other third party engaged in any Transaction or providing any service in respect of ETS and/or the Website and/or the Mobile Site and the Client's Transactions and dealings with the aforesaid among any one or more of the aforesaid and their subsidiaries, group members and agents thereof whether in or outside Hong Kong relating to or for the purpose of providing ETS and all related service.

## SECTION VIII – TERMS AND CONDITIONS FOR E-STATEMENT SERVICE

This Section is additional and supplemental to the Section headed General Terms and Conditions of this Terms and Conditions. The E-Statement Service to be provided by GSI, under which the Client shall receive statements of the relevant Account via the Client's electronic mail ("E-mail") at the E-mail address provided by the Client, shall be subject to and upon the terms and conditions of this Section and the Section headed General Terms and Conditions. Where any conflict or inconsistency arises between any provision of this Section and any provision of the Section headed General Terms and Conditions of this Terms and Conditions, the provision of this Section shall prevail.

### 1. DEFINITIONS

- 1.1 In these Terms, unless redefined herein or the context required otherwise, all expressions defined in Section I headed "General Terms and Conditions" and Section VI headed "Terms and Conditions for Electronic Trading Services" shall, where applicable, have the same meanings when used herein.
- 1.2 In this Section, unless the context required otherwise, the following words and expressions shall have the following meanings:

**"Agreement"** means the agreement made between the Client and GSI and constituted by the Account Opening Form, this Terms and Conditions and such other documents referred to therein or added thereto (including any amendment or supplement made thereto from time to time);

**"these Terms"** means all the terms and conditions in this Section VI headed "Terms and Conditions for E-Statement Service" as from time to time amended and supplemented.

### 2. CLIENT'S SYSTEM

- 2.1 The Client shall be solely responsible for making available at the Client's own cost and risk that the Client's System to receive the E-Statement, and to support the Client's use of, the E-Statement Service.
- 2.2 The Client declares that the Client is the owner of or is otherwise authorized to use the Client's System for the purposes stated in 2.1.
- 2.3 The Client shall at the Client's own costs and expenses ensure that the Client's System is compatible with and properly connected to the system of GSI at all times and shall at the like costs and expenses maintain the Client's System in good operating conditions.
- 2.4 GSI shall not be responsible for any matter caused by the fault, failure or malfunctioning of the Client's System.
- 2.5 The Client shall only use the Client's System in Hong Kong or other jurisdiction where the E-Statement Service may lawfully be provided by GSI and used by the Client.

### 3. E-STATEMENT SERVICE

- 3.1 The Client shall abide by any and all laws, rules, regulations and official issuances applicable to the E-Statement Service, now existing or which may hereafter be enacted, issued or enforced, as well as such other terms and conditions governing the use of other facilities, benefits or services which GSI may from time to time make available to the Client in connection with the E-Statement Service.
- 3.2 The Client consents to use the E-Statement Service, and understands that the E-Statement Service means that GSI will send to the Client statements of the Account through the medium of the E-mail address accessed via the Client's computer terminal in a file attached to the electronic message ("**E-Statement**") and the Client shall no longer receive hard copies of the statements of the Account by post.
- 3.3 The E-Statement Service is offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when the E-Statement Service may be lawfully offered and processed under the applicable law and regulations.
- 3.4 The Client understands that the E-Statement Service shall only be available to clients with telecommunication equipment/computer terminal acceptable to GSI.
- 3.5 GSI reserve the right to restrict the number of E-mail address(es) which may be provided by the Client to GSI for receiving the E-Statement from time to time and different restrictions may apply to different types of clients.
- 3.6 The Client understands that the E-Statement Service may without notice to the Client be suspended for any reason including, without limitation, any breakdown, maintenance, modification, expansion and/or enhancement work initiated by GSI's system or by the internet service provider(s) concerned in relation to their network. The Client agrees that GSI will not assume any liability or responsibility for any such suspensions.
- 3.7 GSI shall use reasonable effort to ensure that the E-Statement Service is secure and cannot be accessed by unauthorized third parties. However, the Client acknowledges that GSI do not warrant the security, secrecy or confidentiality of any information transmitted through any applicable telecommunication channel, internet service provider, network system or such other equivalent system in any jurisdiction.
- 3.8 The Client understands that GSI is unable to know whether someone other than the Client has access to the E-Statement using the user name and/or password of the Client's E-mail address. The Client shall not permit or allow any other person to have access to the Client's E-mail address for any purpose. The Client shall be responsible for the

## SECTION VIII – TERMS AND CONDITIONS FOR E-STATEMENT SERVICE

confidentiality and use of user name and password of the Client's E-mail address.

- 3.9 The Client agrees to notify GSI in writing (or in such manner as GSI may from time to time prescribe) of any change in the particulars provided to GSI including, without limitation, the Client's E-mail address(es) and the Client shall notify GSI forthwith upon the disconnection or suspension of any of the Client's E-mail address(es) provided to GSI.
- 3.10 GSI and/or any of the GSI's relevant service provider(s) will not assume any liability or responsibility for any failure or delay in transmitting information to the Client or for any error or inaccuracy in such information unless it results from any willful default on the part of GSI or such service provider. In particular, GSI and/or any such service provider shall not assume any liability or responsibility for consequences arising from any cause or in connection with:
- (a) use of E-Statement Service and/or access to any information or data through E-Statement Service as a result of such use by the Client or any other person whether or not authorized;
  - (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing E-Statement Service, in transmitting information or data relating to E-Statement Service (whether or not within the control of GSI) including, without limitation, failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorized access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law); and
  - (c) transmission, posting and/or storage of any information and/or data relating to the Client and/or E-Statement Service through or in any system, equipment or instrument of any communication network provider; and
  - (d) Act of God, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.

### 4. CANCELLATION

- 4.1 The Client understands that the cancellation of use of the E-Statement Service may be affected by GSI of the Client in accordance with Paragraph 4.2 and 4.3.
- 4.2 GSI reserve the right to cancel the Client's enrollment to the E-Statement Service. GSI shall, prior to canceling the Client's enrollment in to the E-Statement Service, give reasonable notice to the Client of such cancellation through electronic or paper document.
- 4.3 The Client may cancel his/her enrollment to the E-Statement Service by giving GSI prior written notice. The aforesaid prior written notice shall be a valid and effective prior written notice and the effective date for cancellation of the E-Statement Service stated therein shall be at least seven (7) Business Days' after the date of receipt of such notice by GSI.
- 4.4 GSI reserves the right to suspend or terminate the E-Statement Service at any time without giving any prior notice and reason.



## SECTION IX – RISK DISCLOSURE STATEMENTS AND DISCLAIMERS

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

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

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

#### 1. RISK OF SECURITIES TRADING

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

#### 2. FOREIGN EXCHANGE RISK INVOLVED IN IPO AND PLACING

If the Offer Securities (as defined in Section III) are denominated in Foreign Currency (as defined in Section III) or in both Hong Kong Dollar and Foreign Currency, investor are exposed to exchange risk and may suffer loss as a result of the fluctuation in exchange rate.

#### 3. RISK OF TRADING GROWTH ENTERPRISE MARKET (“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 the Stock Exchange. GEM Companies are usually not required issue paid announcements in gazetted newspaper.

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

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

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

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

There is a risk if you provide the licensed or registered person with an authority that allows it to apply your securities of securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

If your securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than twelve (12) months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if the licensed or registered person issues you a reminder at least fourteen ( 14 ) days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any law to sign these authority. But an authority may be required by licenced or registered persons, for example, to facilitate margin lending to you or allow your securities or securities collateral to be lent to or deposited as collateral with third parties. The licenced or registered person should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the licenced or registered person is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

#### 6. RISKS OF CLIENT 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 Securities and Futures Ordinance and the

## SECTION IX – RISK DISCLOSURE STATEMENTS AND DISCLAIMERS

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.

### 7. RISK OF INTERNET TRADING

If you undertakes Transactions via electronic trading services, you will be exposed to risks associated with the electronic trading system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

You acknowledges and bears the risk that messages sending over the internet may be delayed due to internet traffic jam or other reasons. The licensed or registered person shall not be responsible for any consequences of these delays, including without limitation delays in the transmission of instructions/orders to the place of execution or the transmission of reports of execution to you due to any failure of communication facilities, or any other delays beyond the reasonable control of the licensed or registered person.

Communications over the internet may be subject to transmission blackout, interruption, interception, or incorrect data transmission due to the public nature of the internet or other reasons that are beyond the licensed or registered person's control. Messages sent over the internet cannot be guaranteed to be completely secure. You shall be aware of and bear the risk of any delay, loss, diversion, alteration, corruption or virus infection of any messages/instructions either sent to or received from the licensed or registered person's systems. The licensed or registered person shall not be responsible for any losses or damages incurred or suffered as a result thereof.

### 8. RISK OF E-STATEMENT SERVICE

Access to the internet or other electronic medium may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons. Any communication through the internet or other electronic medium may be subject to interruption, transmission blackout, and delayed transmission due to unpredictable traffic congestion and other reasons beyond the licensed or registered person's control. Internet is, due to technical limitation, an inherently unreliable medium of communication. As a result of such unreliability, there may be delays in the transmission and receipt of information. The statement may not be sent to the designed email address at all. Moreover, communications and personal data may be accessed by unauthorized third parties, and there are risks of misunderstanding or error in any communication and that such risks shall be absolutely borne by you.

## PART B – RISK DISCLOSURE STATEMENT FOR MARGIN ACCOUNT

### 1. RISK OF MARGIN TRADING

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

## PART C – RISKS OF TRADING IN DERIVATIVES AND STRUCTURED PRODUCTS

### 1. RISKS INVOLVED IN VARIOUS DERIVATIVES AND STRUCTURED PRODUCTS

- i. Issuer Default Risk:  
In the event that a structured product issuer becomes insolvent and defaults on their listed securities, Clients will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Clients should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.
- ii. Uncollateralized Product Risk:  
Uncollateralized structured products are not asset backed. In the event of issuer bankruptcy, Clients can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralized.
- iii. Gearing Risk:  
Structured products such as derivative warrants and callable bull/bear contracts (CBBC) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Clients should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.
- iv. Expiry Considerations:  
Structured products have an expiry date after which the issuer may become worthless. Clients should be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy.
- v. Extraordinary Price Movements:  
The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.
- vi. Foreign Exchange Risk:

## SECTION IX – RISK DISCLOSURE STATEMENTS AND DISCLAIMERS

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

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

### 2. SPECIFIC RISK OF TRADING DERIVATIVE WARRANTS (“DW”)

- i. **Issuer Risk:**  
In the event that a structured product issuer becomes insolvent and defaults on their listed securities, Clients will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Clients should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.
- ii. **Gearing Risk:**  
Although DW may cost a fraction of the price of the underlying assets, a DW may change in value more or less rapidly than the underlying asset. In the worst case, the value of the DW falls to zero and holders lose their entire purchase price.
- iii. **Limited Life:**  
Unlike stocks, DW have an expiry date and therefore a limited life. Unless the DW are in-the-money, they become worthless at expiration.
- iv. **Time Decay Risk:**  
One should be aware that other factors being equal, the value of derivative warrants will decrease over time. Therefore, derivative warrants should never be viewed as products that are bought and held as long term investments.
- v. **Volatility Risk:**  
Other factors being equal, an increase in the volatility of the underlying asset should lead to a higher warrant price and a decrease in volatility lead to a lower derivative warrant price.
- vi. **Market Forces:**  
In addition to the basic factors that determine the theoretical price of a DW, DW prices are also affected by all other prevailing market forces including the demand for and supply of the DW. Supply and demand forces may be greatest when a DW issue is almost sold out and when issuers make further issues of an existing DW issue.

### 3. SPECIFIC RISK OF TRADING CALLABLE BULL/BEAR CONTRACTS (“CBBC”)

- i. **Mandatory Call Risk:**  
CBBC are not suitable for all types of investors and investors should consider their risk appetite prior to trading. In any case, one should not trade in CBBC unless he/she understands the nature of the product and is prepared to lose the total amount invested since a CBBC will be called by the issuer when the price of the underlying asset hits the Call Price and trading in that CBBC will expire early. Payoff for Category N CBBC will be zero when they expire early. When Category R CBBC expire early the holder may receive a small amount of Residual Value payment, but here may be no Residual Value payment in adverse situations. Brokers may charge their clients a service fee for the collection of the Residual Value payment from the respective issuers.  
  
In general, the larger the buffer between the Call Price and the Spot Price of the underlying asset, the lower the probability of the CBBC being called since the underlying asset of that CBBC would have to experience a larger movement in the price before the CBBC will be called. However, at the same time, the larger the buffer, the lower the leverage effect will be.  
  
Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and investors will not be able to profit from the bounce-back.  
  
Besides, the Mandatory Call Event (MCE) of a CBBC with overseas assets as underlying may be triggered outside the Exchange’s trading hours.
- ii. **Gearing Effects:**  
Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater compared with that of the underlying asset. Investors may suffer higher losses in percentage terms if they expect the price of the underlying asset to move one way but it moves in the opposite direction.
- iii. **Limited Life:**  
A CBBC has a limited life, as denoted by the fixed expiry date, with a lifespan of 3 months to 5 years. The life of a CBBC may be shorter if called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying asset from time to time and may become worthless after expiry and in certain cases, even before the normal expiry if the CBBC has been called early.
- iv. **Movement with underlying asset:**  
Although the price of a CBBC tends to follow closely the price of its underlying asset, but in some situations it may not (i.e. delta may not always be closed to one). Prices of CBBC are affected by a number of factors, including its

## SECTION IX – RISK DISCLOSURE STATEMENTS AND DISCLAIMERS

own demand and supply, funding costs and time to expiry. Moreover, the delta for a particular CBBC may not always be closed to one, in particular when the price of the underlying asset is close to Call Price.

- v. **Liquidity:**  
Although CBBC have liquidity providers, there is no guarantee that investors will be able to buy/sell CBBC at their target prices any time they wish.
- vi. **Funding costs:**  
The issue price of a CBBC includes funding costs and issuers will specify the formula for calculating the funding costs of their CBBC at launch in the listing documents. Since the funding costs for each CBBC issue may be different as it includes the issuer's financing/stock borrowing costs after adjustment for expected ordinary dividend of the stock (if the underlying is a Hong Kong stock since the CBBC will not be adjusted for ordinary dividend) plus the issuer's profit margin, investors are advised to compare the funding costs of different issuers for CBBC with similar underlying assets and terms. The funding costs will gradually be reduced over time along with the CBBC in the secondary market as the CBBC moves towards expiry. In general, the longer the duration of the CBBC, the higher the total funding costs will be since it is similar to investors borrowing for a longer term to trade in the underlying asset. When a CBBC is called, the CBBC holders (investors) will lose the funding cost for the full period since the funding cost is built into the CBBC price upfront at launch even though with the MCE, the actual price of funding for the CBBC turns out to be shorter. In any case, investors should note that the funding costs of a CBBC after launch may vary during its life and the Liquidity Provider is not obliged to provide a quote for the CBBC based on the theoretical calculation of the funding costs for that CBBC at launch.
- vii. **Trading of CBBC close to Call Price:**  
When the underlying asset is trading close to the Call Price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result.

However, the trade inputted by the investor may still be executed and confirmed by the investors after the MCE since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE (i.e. Post MCE Trades) will not be recognized and will be cancelled. Therefore, investors should be aware of the risk and ought to apply special caution where the CBBC is trading close to the Call Price.

Issuers will announce the exact call time within 1 hour after the trigger of MCE, and HKEx will also send the list of Post MCE Trades to the relevant Exchange Participants (brokers) who in turn will inform their clients accordingly. For avoidance of doubt on whether their trades have been cancelled (i.e. whether they are Post MCE Trades), the investors may check with their brokers.

- viii. **CBBC with overseas underlying assets:**  
Investors trading CBBC with overseas underlying assets are exposed to an exchange rate risk as the price and cash settlement amount of CBBC are converted from a foreign currency into Hong Kong Dollar. Exchange rates between currencies are determined by force of supply and demand in the foreign exchange markets which are affected by various factors.

Besides, CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. In such case, the CBBC will be terminated from trading on the Exchange in the next trading session or soon after the issuer has notified the Exchange about the occurrence of the MCE. There will be no automatic suspension of the CBBC by AMS/3. For Category R CBBC, valuation of the residual value will be determined on the valuation day according to the terms in the listing documents.

### 4. SPECIAL RISK OF TRADING EXCHANGE TRADED FUNDS ("ETFs")

- i. **Market Risk:**  
ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. Clients must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.
- ii. **Tracking Errors:**  
Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager's replication strategy. (The common replication strategies include full replication/representative sampling and synthetic replication which are explained in more details below.)
- iii. **Trading at Discount or Premium:**  
ETF may be traded at a discount or premium to its Net Asset Value (NAV). This price discrepancy is caused by supply and demand factors, and may be particularly likely to emerge during periods of high market volatility and uncertainty. This phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.
- iv. **Foreign Exchange Risk:**  
Clients who are trading ETFs with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETF price.

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

Counterparty risk involved in ETFs with different replication strategies:

- (a) Full replication and representative sampling strategies:

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

- (b) Synthetic replication strategies:

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

- (i) Swap-based ETFs: Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets.  
(total return swaps)  
Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.
- (ii) Derivative embedded ETFs: ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers. Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honor their contractual commitments.

Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

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

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

#### RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

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

## SECTION X – PERSONAL DATA POLICY

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

### GSI PERSONAL DATA POLICY (“POLICY”)

This Policy, is except where separate and distinctive policies are provided, applicable to the Gear Securities Investment Limited. Accordingly, references to “we”, “us”, or “our company” shall mean, as the case may be, GSI. This Policy is applicable to our website: <http://www.gears.com.hk>.

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

### I. PRIVACY POLICY STATEMENT

#### Our Pledge

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

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

#### Collection of Personal Data

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

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

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

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

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

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

#### Accuracy of Personal Data

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

## SECTION X – PERSONAL DATA POLICY

### Use of Personal Data Collected

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

### Data Access and Correction

Under the Ordinance, you have the right to:

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

If you want to access and/or correct your personal data which you have given us via application form, internet or other means, or if you want to ascertain our policies and practices in relation to personal data and the kind of your personal data held by us, please contact our Data Protection Officer in writing, we will respond within 30 days after receiving the request. We may charge you a reasonable fee for each personal data access. However, such fee will be waived if the data access is made for the purpose of correcting your personal data.

### Security of Personal Data

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

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

Our staff are required to strictly adhere to our Internal Guidelines on Record Retention and Access to Personal Data. Physical records containing personal data are securely stored in locked areas when not in use. Access to such physical and/or computer records is strictly controlled and requires management approval for each access. Approvals for access to clients’ personal data are granted only on a “need to know” basis. Where we retain, use and/or transmit clients’ personal data, we have put in place adequate measures to protect it from accidental and/or unauthorized disclosure, modifications, loss and/or destruction.

### Retention of Personal Data

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

### Our-line Services

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

## II. Personal Information Collection Statement

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

1. Processing of your application for the use, purchase, subscription or order of any services and/or products, and provisioning of the services and/or products, serve your account and/or carry out your instruction;
2. Subject to your consent (including an indication of no objection), we may use your personal data (which may include name, gender, telephone number, fax number, postal address, email address and/or month and year of birth) for direct marketing the following products and services: (i) financial securities and investment (inclusive of, inter alia, securities brokerage/advisory, asset management, corporate finance and etc) ; (ii) related promotional schemes; and/or (iii) promotional and marketing events of GSI for the aforesaid products or services. We may dispatch to you the promotional information via direct marketing telephone calls, e-mail, e-message<sup>1</sup>, facsimile, direct mailing, etc. We will enquire your preference on nature of services and/or products before we provide you with the direct marketing promotional materials.

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

## SECTION X – PERSONAL DATA POLICY

3. Processing of any benefits for you arising out the services and/or products;
4. Analyzing, verifying and/or checking of your credit, payment and/or account status in relation to the provision of the services and/or products and conduct credit enquiries/check on you;
5. Processing of any payment instructions, direct debit facilities and/or credit facilities requested by you;
6. Facilitating the daily operation of your account, provisioning of customer services and/or the collection of overdue amounts in your account in relation to the services and/or products;
7. Enabling us to conform with other industry practices, or to comply with any requests stipulated by governmental or regulatory authorities,; and
8. Enabling us in prevention of crime.

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

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

If you do not wish to receive direct marketing promotional information from us with respect to the services and/or products we provide and/or other categories of services and/or products mentioned above, or do not wish us to disclose, transfer or use your personal data for the aforesaid direct marketing purposes, please send your marketing message opt-out request to us by post to Room 2502, 25/F., Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong or contact our Customer Service Hotline.

### III. Enquiries

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

Data Protection Officer  
Room 2502, 25/F., Lee Gardens Five, 18 Hysan Avenue, Causeway Bay, Hong Kong

Date: November 2016