

國元證券經紀(香港)有限公司 (Hereinafter “Guoyuan” )  
Guoyuan Securities Brokerage (Hong Kong) Limited

國元證券(香港)有限公司全資附屬公司  
A wholly owned subsidiary of Guoyuan Securities (Hong Kong) Limited

22<sup>nd</sup> Floor, CCB Tower,  
3 Connaught Road Central, Central,  
Hong Kong  
Telephone : (852) 3769 6828  
Facsimile : (852) 3769 6999  
SFC Central Entity Number : AOA594  
SEHK Participant ID : 01825  
FATCA GIIN : 397FZN.00001.ME.344

## MARGIN CLIENT’S SECURITIES AGREEMENT

Guoyuan Securities Brokerage (Hong Kong) Limited (hereinafter called the “Company”), registered with the SFC (as defined below) as a Licensed Corporation in Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) (CE No.: AOA 594) and an Exchange Participant of the SEHK (as defined below) (SEHK Participant ID: 1825), whose registered office is situate at 22<sup>nd</sup> Floor, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

Client (whose name(s) and particulars are stated in its Account Opening Information Form and is approved by the Company as the Company’s client) (hereinafter called the “Client”) requests the Company to open and maintain a margin securities trading account (hereinafter called the “Account”) on the Client’s behalf and to purchase, invest in, sell, exchange, otherwise dispose of and generally deal in and with all kinds of securities on the following terms and conditions.

### **The Company and the Client hereby agree as follows:-**

#### 1 Definition and Interpretation

1.1 In this Agreement, unless otherwise required by the context, the following expressions shall have the following meanings:-

“Account” means the Margin Account as referred to in Clause 3.1.

“Authorised Person” means, in the case of an individual client, the Client and any person specified as such in the Account Opening Information Form – Individual, or, in the case of a corporate client, any person specified as such in the Account Opening Information Form – Corporate, and in either case such other person(s) appointed in substitution therefore or in addition thereto and notified in writing to the Company by an Authorized Person from time to time and such appointment shall be effective from the time of actual receipt of such notification by the Company.

“SEHK” means The Stock Exchange of Hong Kong Limited.

“Facility Letter” means facility letter from the Company to the Client providing credit facilities in respect of the Transaction(s).

“Financial accommodation” has the meaning ascribed to financial accommodation under schedule 1 part 1 of the Securities and Futures Ordinance.

“HKSCC” means Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees.

“Hong Kong” means The Hong Kong Special Administrative Region of the People’s Republic of China.

“Licensed Corporation” means a licensed corporation permitted to carry on Type 1 (Dealing in securities) and Type 4 (Advising of securities) regulated activities for the purpose of the Securities and Futures Ordinance.

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

“Securities” means securities as defined in schedule 1 part 1 of the Securities and Futures Ordinance.

“Securities and Futures Ordinance” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended or re-enacted from time to time.

“SFC” means the Securities and Futures Commission.

“Transaction(s)” means the transactions in securities which the Company effects on the Clients’ instructions pursuant to the terms of this Agreement.

1.2 In this Agreement, unless otherwise required by the context:-

- words denoting the singular includes the plural and vice versa;
- reference to clauses, sub-clauses and schedules are clauses and sub-clauses of and schedules to this Agreement; and
- the headings to the clauses are for convenience only and do not affect the interpretation of this Agreement.

## 2 Applicable Rules and Regulations

- 2.1 All transactions in securities made for or on behalf of the Client shall be subject to the relevant provisions of the constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of the SEHK and HKSCC or such other stock exchanges or clearing houses in or outside Hong Kong and of the laws of Hong Kong as amended from time to time.
- 2.2 The rules of the SEHK and HKSCC, in particular those rules which relate to trading and settlement, shall be binding on both the Company and the Client in respect of transactions concluded on the instructions of the Client. In the event of any conflict between (i) this Agreement and (ii) any applicable laws and regulations, the latter shall prevail.
- 2.3 The Client acknowledges that the Client has been asked to specifically pay attention to the provisions of part XIII and part XV of the Securities and Futures Ordinance as amended from time to time. The Client is reminded that the Client alone is responsible for complying or ensuring compliance with any duty or obligation which arises under the Ordinance mentioned, in respect of anything done, or which the Client requests to be done, on its behalf by the Company. The Client confirms that the Client is aware of the provisions contained in the Ordinance mentioned above and that the Client at all times observes, or ensures that they are observed, so as to ensure that no breach or infringement of the Ordinance mentioned is caused as a result of anything done or proposed to be done by the Company acting on the Client’s directions or instructions.
- 2.4 Where the Company is required to comply with the requirements of the Hong Kong Personal Data (Privacy) Ordinance, the Client represents and warrants to the Company that the Client has all necessary consents and authorities to provide information concerning all relevant natural persons and to give the consents, in each case as aforesaid.

## 3 Services and Settlement

- 3.1 The Client hereby instructs and authorizes the Company to open and maintain one or more Margin Account(s) with the Company in the name of the Client for the purpose to purchase, invest in, sell, exchange, otherwise dispose of and generally deal in and with all kinds of securities.
- 3.2 The Company is authorized to act upon the instructions of the Client or any Authorized Person on behalf of the Client to purchase and/or sell securities for the Account and otherwise deal with securities, receivables or monies held in or for the Account. Notwithstanding anything contained in this Agreement, the Company shall be entitled, at its absolute discretion, to refuse to accept any such instructions and shall not be obliged to give any reasons for any such refusal.
- 3.3 The Company may record all telephone conversations with the Client or any Authorized Person in order to verify the instructions of the Client or the Authorized Person on behalf of the Client. The Client agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 3.4 The Client authorizes the Company to instruct overseas brokers and dealers to execute transactions in overseas securities, and acknowledges that the terms of business of such overseas brokers and dealers shall apply to such transactions, provided that the Company shall be authorized, subject to applicable laws and rules regarding such transactions, to charge the Client such service fees for arranging such transactions as the Company shall determine from time to time.
- 3.5 If any of the Client’s instructions to effect transactions are accepted by the Company, the Company shall use reasonable endeavors to execute the transaction in accordance with those instructions. Due to physical or technical restraints and price fluctuations, the Company 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 and the Company shall incur no liability for failing or being unable to comply with any

of the Client's instructions, unless due to its gross negligence or willful default.

- 3.6 Unless the Company indicates in the contract note for the relevant transaction or otherwise that the Company is acting as the principal, the Company will act as the agent of the Client in effecting transactions.
- 3.7 In the event that the Company has to obtain securities, which the Company has purchased on behalf of the Client in the open market, following the failure of the selling broker to deliver on the settlement date, the Company shall not be responsible for any difference in price or any incidental expenses in connection with such open market purchase.
- 3.8 Unless otherwise agreed, the Client agrees that when the Company has executed a purchase or sale transaction on the Client's behalf, the Client will by the due settlement date make payment to the Company against delivery of or credit to the Account for purchased securities, or make good delivery of sold securities to the Company against payment, as the case may be.
- 3.9 Unless otherwise agreed, the Client agrees that should the Client fail to make such payment or delivery of securities by the due settlement date as provided in Clause 3.8, the Company is hereby authorized to:-
  - (a) in the case of a purchase transaction, to transfer or sell any such purchased securities to satisfy the Client's obligations to the Company; or
  - (b) in the case of a sale transaction, to borrow and/or purchase such sold securities to satisfy the Client's obligations to the Company.
- 3.10 The Client agrees that the Client will be responsible to the Company for any loss, costs, fees and expenses in connection with the Client's failure to meet the Client's obligations by the due settlement date as provided in Clause 3.8.
- 3.11 Due to the implementation of the Central Clearing and Settlement System, the Company is not obliged to produce and/or deliver to the Client actual certificates or documents of title for any securities purchased on the Client's behalf. Should the Client require the Company to produce and/or deliver such certificates or documents of title, the Client shall forthwith upon notice by the Company reimburse the Company of all expenses incurred in connection with the production and/or delivery of the same.
- 3.12 The records of the Company shall, in the absence of manifest error, be conclusive, and binding on the Client as to the amount standing to the debit or credit of the Account.
- 3.13 Unless otherwise specifically agreed between the Company and the Client, all instructions given by the Client for sale or purchase of securities under this Agreement for any of the Accounts shall only be valid for the day for which such instructions are given and any instructions which remain unexecuted at the end of the official trading day of the relevant exchange for whatever reason shall be deemed to have been cancelled automatically.
- 3.14 The Account(s) shall be in Hong Kong Dollars or such other currencies as the Company may agree from time to time and in the event that the Client instructs the Company to effect any sale or purchase of securities in a currency other than Hong Kong Dollars, any profit or loss arising as a result of fluctuation in the exchange rate of the relevant currencies will be for the account of the Client solely. If the Client does not settle the liability with the relevant foreign currency, the Company shall have the right to convert any amount of the currency standing to the credit of the Account to a foreign currency amount to settle the liability or buy in that foreign currency on behalf of the Client to settle the relevant liabilities first. In such circumstances, the Client shall pay and bear all costs and expenses that the Company has paid and has to bear. Any conversion from one currency into another required to be made for performing any action or step taken by the Company under this Agreement may be effected by the Company in such manner and at such time as it may in its absolute discretion decide. All payments to be made by the Client to the Company in a currency other than Hong Kong Dollars shall be in freely transferable and immediately available funds clear of any taxes, charges or payments of any nature when received by the Company.
- 3.15 Without prejudice to any other rights and remedies available to the Company, the Company may charge a monthly maintenance fee of such amount in such currency as the Company may determine from time to time on the dormant Account if the Client has no trading activity for six months or more. Payment of such fees will be automatically deducted from the Account.
- 3.16 If Guoyuan 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 we may ask the client to sign and no statement we may ask the client to make derogates from this clause.

#### 4 Client Identity Rule Policy

- 4.1 If the Client is not the ultimate person with beneficial interest in the Transaction and originated the Transaction, the Client agrees to furnish the relevant Hong Kong and/or overseas Regulators (including the SEHK and/or the SFC) within 2 business days upon receipt of the request by the Company with all the details of the client's identity who is the ultimate person with beneficial interest in the Transaction and any third party (if different from the Client/ultimate beneficial owner) who originated the transaction. The Client agrees that the Client would furnish the said details to the relevant Hong Kong and/or overseas Regulators even after the termination of this Agreement.
- 4.2 If the Client effected any Transaction involving securities listed or traded on the SEHK or a derivative written over such securities for a collective investment scheme, discretionary account or discretionary trust, it shall, immediately upon the Company's request (which request shall include the relevant contact details of the Hong Kong and/or overseas Regulators), provide to the Hong Kong and/or overseas Regulators the identity, address and contact details of such scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person(s) who, on behalf of such scheme, account or trust, instructed the Client to effect the Transaction.
- 4.3 If the Client effected any Transaction involving securities listed or traded on the SEHK or a derivative written over such securities for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform the Company when the Client's discretion to invest in respect of a particular Transaction or on behalf of such scheme, account or trust has been overridden. In a case where the Client's investment discretion has been overridden, the Client shall, immediately upon the Company's request (which request shall include the relevant contact details of the Hong Kong and/or overseas Regulators), provide to the Hong Kong and/or overseas Regulators the identity, address, occupation and contact details of the person(s) who has or have given such overriding instruction in relation to the Transaction or such scheme, account or trust.
- 4.4 If the Client is aware that its client is acting as an intermediary for its underlying client(s) and the Client does not know the identity, address, occupation and contact details of such underlying client(s) for whom any Transaction involving securities listed or traded on the SEHK or a derivative written over such securities was affected, the Client confirms that:-
- (a) the Client has arrangements in place with its client, acting as an intermediary, which would entitle the Client to obtain all the relevant information set out in Clauses 4.1 to 4.3 from such client immediately upon the Company's request or procure that such information be so obtained; and
  - (b) the Client will, upon the Company's request (which request shall include the relevant contact details of the Hong Kong and/or Overseas Regulations) in relation to a Transaction, immediately request all the relevant information set out in Clauses 4.1 to 4.3 from its client on whose instructions the Transaction was effected, and provide that information to the Hong Kong Regulators as soon as it has received it from its client or procure that such information be so provided.
- 4.5 Whenever the Company deals with the Client, it will always be on the basis that only the Client is the Company's client, and so, if the Client acts on behalf of another person, whether or not the Client identifies him to the Company, he will not be the Company's client and the Company does not and will not have or accept in any circumstances whatsoever any responsibility towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from transactions affected pursuant to and in accordance with the terms and conditions in connection with or on behalf of any such person.

#### 5 Levy

- 5.1 All transactions executed on instructions of the Client on the floor of the SEHK shall be subject to a transaction levy and any other levies that the SEHK from time to time may impose. All Transactions executed in markets other than those organized by the SEHK shall be subject to any levy that the relevant exchange or market may impose from time to time. The Company is authorized to collect any such levies from the Client in accordance with the rules prescribed by the SEHK or the relevant exchange or market from time to time.
- 5.2 The Client agrees that the Company may charge any stamp, documentary or other similar duties and taxes, clearing and settlement fees and other fees and charges in relation to the Account and the charge or any related documents and the performance of the Company's obligation under this Agreement at such rates as the Company may specify and notify the Client from time to time.
- 5.3 The Client shall pay the company commission, all applicable stamp duties and charges in respect of all transactions at such rate or rates as the Company may from time to time have notified the Client or otherwise prescribed by the Company as being the rate or rates applicable to the account and shall reimburse the Company on demand in respect of all fees and

expenses, including but not limited to fees and expenses of any brokers, agents, custodians, and nominees engaged by the Company, in connection with transactions conducted on behalf of, and services rendered to, the Client and the performance of the Company's obligations under this Agreement. The Client authorizes the Company to deduct from time to time from the Account such commission, duties, fees and applicable levies of the SEHK which the Client is required to pay. In addition, the Client agrees to reimburse the Company on demand in respect of any deficiency or shortfall after monies are so debited from the Account.

## 6 Margin and Financial Accommodation

- 6.1 The Company agrees to grant credit facilities to the Client on the terms and conditions contained in this Agreement and the Facility Letter. In the event of any inconsistency between the Facility Letter and the provisions in this Agreement, the provisions of the Facility Letter shall prevail.
- 6.2 The Client shall be granted financial accommodation of up to such percentage as may be agreed from time to time of the market value of the collateral maintained with the Company.
- 6.3 The Company shall be entitled to revise Margin requirements from time to time in its absolute discretion. No previous Margin requirements shall establish a precedent and revised requirements once established shall apply to existing positions as well as to the new positions in the contracts affected by such revision.
- 6.4 The Client confirms that the Company is authorized to draw on the credit facilities on behalf of the Client in order to settle any amounts due or to become due in respect of the purchase of any securities by the Company on the Client's behalf, the payment of any commission or other costs or expenses owing to the Company.
- 6.5 The Client shall on demand from the Company make payment of deposits or Margins in cash, securities or otherwise in amounts agreed with the Company from time to time or which may be required by the rules of any exchange or market of which the Company is a member.
- 6.6 For the avoidance of doubt, if the Client commits a default in payment on demand of the deposits or Margins or any other sums payable to the Company hereunder, on the due date therefor, or otherwise fails to comply with any of the terms herein contained, without prejudice to any other rights the Company may have, the Company shall have the right to close the Account without notice to the Client and to dispose of any or all securities held for or on behalf of the Client and to apply the proceeds thereof and any cash deposit(s) to pay the Company all outstanding balances owing to the Company. Any monies remaining after such application shall be refunded to the Client.

## 7 Interest

The Client hereby agrees to pay interest on all overdue balances owing by him to the Company (after as well as before any judgment), at such rate(s), as referred to in the Facility Letter(s) issued by the Company to the Client from time to time, and be calculated on a daily basis and payable on the last day of each calendar month or upon any demand being made by the Company.

## 8 Safekeeping of Securities

- 8.1 Any securities which are held by the Company for safekeeping may, at the Company's discretion:-
  - (a) (in the case of registered securities) be registered in the Client's name or in the name of the Company's nominee; or
  - (b) be deposited in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Company with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities or with any other institution which provides facilities for the safe custody of documents. In the case of securities in Hong Kong, such institution shall be acceptable to the SFC as a provider of safe custody services; or
  - (c) be deposited in an account in the name of the Company with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 8.2 Where securities are not registered in the Client's name, any dividends or other distributions or benefits arising in respect of such securities shall, when received by the Company, be credited to the Account, or paid or transferred to the Client, as agreed with the Company. Where the securities form part of a larger holding of identical securities held for the Company's clients, the Client shall be entitled to the proportion of the dividends or benefits equal to the proportion of the securities held on the Client's behalf out of the total number or amount of such securities.
- 8.3 If, in relation to any securities deposited with the Company but which are not registered in the name of the Client, any loss is suffered by the Company therefrom, the Account may be debited (or payment made by the Client as may be agreed)

with the proportion of such loss equal to the proportion of the total number or amount of relative securities which shall comprise securities held on behalf of the Client.

- 8.4 For the purpose of Clauses 8.2 and 8.3, the Client accepts that a certificate under the hand of a duly authorized officer of the Company stating the aforesaid proportion of such benefit or loss in respect of the Account shall be binding and conclusive on the Client in the absence of manifest error.
- 8.5 The Company shall not, without the Client's prior written consent, deposit any of the Client's securities as security for any loans or advances made to the Company, or lend or otherwise part with the possession of any of the Client's securities for any purpose.
- 8.6 The Client represents and warrants to the Company that it has good and unencumbered title (other than any encumbrance created under this Agreement) to all securities which the Client instructs the Company to sell for the Account in accordance with the terms of this Agreement and if relevant, undertakes to deliver scrip for such securities in time for the Company to comply with any applicable laws.
- 8.7 Any obligations of the Company to deliver, to hold in safe custody or otherwise or to register in the name of the Client, securities purchased or acquired by it on behalf of the Client shall be satisfied by the delivery, the holding or registration in the name of the Client or its nominee, securities of the same class, denomination and nominal amounts, and rank *pari passu* with, those originally deposited with, transferred to or acquired by the Company on behalf of the Client (subject always to any capital reorganization which may have occurred in the meantime).
- 8.8 Subject to Clause 8.9, the Company shall ensure that any securities (to be held for safe custody in Hong Kong) deposited by the Client with the Company or purchased or acquired by the Company on behalf of the Client are either registered in the name of the Client or in the name of an associated entity of the Company, or deposited in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Company or an associated entity of the Company with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 8.9 The Client hereby irrevocably gives to the Company the authority on the terms and conditions as set out in Letter of Authority (Client Securities Standing Authority) for twelve months from the date of this Agreement. The Client irrevocably undertakes to, during the term of this Agreement, renew such authorization from time to time at the Company's request in accordance with the Securities and Futures (Client Securities) Rules (the "Client Securities Rules") by signing an authorization letter substantially in the form as set out in Letter of Authority or in such other form as the Company may require from time to time. If the Client seeks to withdraw or refuses to renew such authorization at any time, the Company shall have the rights to close the Account and terminate this Agreement without giving notice to the Client.

## 9 Cash in the Account

Subject to the applicable laws and regulations, the Company shall be entitled to deposit any monies (other than cash received by the Company in respect of transactions and which is on-paid for settlement purpose or to the Client) received under this Agreement with one or more segregated account(s) in Hong Kong each of which shall be designated as a trust account or client account, at one or more authorized financial institution(s) or any other person approved by the SFC for the purpose of section 4 of the Securities and Futures (Client Money) Rules (the "Client Money Rules") (where applicable) and/or may transfer such monies to an overseas account at the Company's discretion and may be held in such account for so long as the Company thinks fit without any obligation in the meantime to apply the same or any part of such monies in or toward discharge of any money or liabilities due or incurred by the Client to the Company and the Company shall be entitled to prove against the Client as if any amount standing to the credit of any such account had not been so received. Unless otherwise agreed, the Company will be entitled to retain for its own use any interest it may derive from cash for the time being in its hands under the Account and the Client agrees that no interest will accrue to the Client upon any amounts which may be held by the Company to the Client's credit.

## 10 Events of Default

10.1 Any of the following events shall constitute an event of default:-

- the failure of the Client to pay deposits, Margins or any other sums payable to the Company under this Agreement or the Facility Letter when demanded to do so or on due date;
- the default by the Client in the due performance of any provision of this Agreement or the Facility Letter or the due observance of any by-laws, rules and regulations of the SEHK and/or HKSCC;
- the breach by the Client of any warranty or representation in this Agreement or the Facility Letter or in any

- document or such warranty or representation being or becoming incorrect or misleading;
- a resolution is passed for the winding-up of the Client or the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client or a receiver is being appointed of the Client's business, property or assets, or the Client makes any arrangement or composition with, or any general assignment for the benefit of, its creditors generally, or the commencement or negotiations by the Client with any one or more of its creditors with a view to the general rescheduling of the Client's indebtedness, or the Client's inability to pay debts as they fall due, or any encumbrancer taking possession of or is being appointed over or in relation to, or any distress, execution or other process is levied or enforced upon, the whole or any part of the Client's property or assets, or the Client's dissolution;
- the levy or enforcement of any attachment, execution or other process against the Client;
- the occurrence of any event which in the Company's sole opinion, might jeopardize its rights under this Agreement;
- there shall occur any circumstances of a national or international financial, political, military, social or economic nature or any material adverse change in the Client's business, assets or condition which, in the Company's sole opinion, may have a material adverse effect on the Client's financial condition or may imperil, delay or prevent fulfillment by the Client of any of the Client's obligations under this Agreement or under the Facility Letter; or
- it shall become or prove to be unlawful or impossible in any material respect for the Client duly and promptly to perform or observe any of the obligations or undertakings expressed to be binding on or undertaken by the Client in or pursuant to this Agreement or the Facility Letter or if this Agreement or the Facility Letter shall for any other reason whatsoever (other than due and complete performance in accordance with its terms) cease to be in full force and effect.

10.2 If any event of default occurs, without prejudice to any other rights or remedies that the Company may have against the Client, the Company may without notice to the Client :-

- forthwith close the Account;
- forthwith terminate the whole or any part of this Agreement;
- cancel all or any outstanding orders or any other commitments made on behalf of the Client;
- close any or all contracts between the Company and the Client, cover any short position with the Company through the purchase of securities on the SEHK or liquidate any long position with the Company through the sale of securities on the SEHK;
- sell or otherwise deal with in whatever manner all or any securities held for the Client and to apply the proceeds thereof and any cash in the Account to settle all outstanding balances due to the Company; and
- enforce any security created by the Client in favour of the Company.

## 11 Lien, Right of set-off, Combination of Accounts and Further Rights

Notwithstanding anything herein contained to the contrary, without prejudice and in addition to any general lien, right of set-off or any other powers, authorities, rights and remedies granted to the Company by law or under this Agreement, and until all the liabilities have been paid or satisfied or discharged in full,

- (a) the Company shall have a lien on and be entitled to retain and withhold all of the Client's monies, securities (including but not limited to any and all securities acquired for or on behalf of the Client or in which the Client has an interest which are held for the Account) or other property from time to time in the possession or control of the Company whether the same be held for safe custody, margin trading or otherwise, and whether pursuant to this Agreement or otherwise, and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, and the Company shall have the right and is irrevocably authorized as the agent of the Client to take such measures as the Company may in its sole discretion deem necessary to sell, dispose of or otherwise realized all such monies, (subject to applicable laws) securities or other property from time to time in the Company's possession or control in or towards satisfaction of any of the liabilities;
- (b) the Company is irrevocably directed to set-off and withhold from and apply (subject to applicable laws) securities, receivables or monies held in or for the Account or any other account with the Company or otherwise owing to the Client against, and in whole or partial payment of, any of the liabilities;
- (c) the Company may at any time, without prejudice to the generality of sub-clause (b) above, combine or consolidate all or any of such accounts and set-off or transfer any sum standing to the credit of any one or more of such accounts in or towards satisfaction of any of the liabilities in respect of any other accounts.

## 12 Representations, Warranties and Undertakings

12.1 The Client represents and warrants to the Company that the information contained in the Account Opening Information Form or otherwise supplied by or on behalf of the Client to the Company in connection with the opening the Account is

complete, true and correct. The Company is entitled to rely on such information until written notice from the Client of any changes therein has been received.

- 12.2 The Client undertakes to notify the Company when a sale order relates to securities which the Client does not own i.e. involves short selling (including where the Client has borrowed stock for the purpose of the sale). The Client shall be required to provide the Company with such confirmation, documentary evidence and assurance as the Company in its opinion considers necessary and effective to show that the Client has a presently exercisable and unconditional right to vest such securities in the purchaser. The Company shall be entitled in its absolute discretion to refuse to transact or execute any short selling order on the Client's behalf at any time (without any liability at all to the Client) if the Client fails to provide the Company with the necessary confirmation, documentary evidence or assurance. The Client undertakes to indemnify the Company against any loss, damage, claim, liability, cost and expenses arising out of or in connection with the Client's short selling.
- 12.3 The Client agrees not to pledge or charge any securities or monies forming part of the Account without the prior written consent of the Company, or to sell, grant an option over or otherwise deal in any such securities or monies.
- 12.4 The Company and the Client undertake to inform each other of any material change to the information provided in this Agreement or the Account Opening Information Form. In particular, the Company and the Client agree that:-
- the Company will notify the Client of any material change to its business which may affect the services provided by the Company to the Client; and
  - the Client will notify the Company of any change of name or address and provide supporting documents as required by the Company.
- 12.5 The Client undertakes to perform such acts and execute all such agreements or documents whatsoever as may be required by the Company for the performance and implementation of this Agreement or any part thereof.
- 12.6 This Agreement and performance of the obligations of the Client contained herein do not and will not:-
- (a) contravene any existing applicable law, rule, regulation or any judgment, decree or permit or any constitutive documents to which the Client is subject; or
  - (b) 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.
- 12.7 The Client agrees and acknowledges that the Client shall, independently and without reliance on any information and/or advice as provided by the Company, make the Client's own judgments and decisions with respect to each Transaction dealing with securities.
- 12.8 The Client represents and warrants to the Company that the Client is not a connected person (as defined in the Rules Governing the Listing of Securities on the SEHK or the Rules Governing the Listing of Securities on the Growth Enterprise Market of the SEHK, as the case may be) of the company(ies) the securities of which the Client shall place instructions with the Company for the purchase or disposal of or otherwise deal in such securities unless the client specifically notify the Company to the contrary prior to the placing of such instructions.
- 12.9 The Client is trading as principal on its own account unless otherwise expressly made known to the Company in respect of particular transactions, and that it has not, and shall not, assign, charge or otherwise create and encumbrance or security interest over the whole or any part of the money, securities or other property comprised in the Account other than pursuant to this Agreement.
- 12.10 All necessary consents or authorization which may be required for the execution, delivery and performance by the Client of this Agreement and the Facility Letter have been obtained and are in full force and effect and have not been revoked as at the date of this Agreement.
- 12.11 The Client has the authority and power and legal capacity to enter into and perform the obligations under this Agreement and the Facility Letter, and in the case of the Client being an individual, he has attained the age of 18 years and is of sound mind and legal competence and is not bankrupt, and this Agreement and the Facility Letter constitute valid and legally binding obligations of the Client.
- 12.12 The Client has not relied upon any representation, warranty, statement or other information made or supplied by the Company at any time or in any manner whatsoever in deciding to enter into this Agreement or the Facility Letter or in connection with any matters stated in this Agreement or in the Facility Letter or the performance of this Agreement or the Facility Letter.



12.13 In the event that the Client is acting as agent for or on behalf of another, the Client undertakes that if in relation to any Transaction(s) carried out pursuant to this Agreement:-

- (a) the Client has and will have full power and capacity to enter into, and perform the Client's obligations pursuant to, this Agreement and any other agreement entered into with the Company;
- (b) in so doing, the Client has been expressly authorized by the Client's principal to instruct the Company in relation to such transaction(s) in accordance with these terms;
- (c) the Client will be liable, as if it were the principal, to the Company in respect of all obligations and liabilities to be performed or discharged by the Client pursuant to and in respect of any such Transaction(s) entered into under or pursuant to this Agreement; and
- (d) for all purposes under all relevant laws and regulations, only the Client and not the Client's principal will be the customer of the Company.

### 13 Liabilities

13.1 Neither the Company nor any of its officers, employees, agents or nominees shall be liable to the Client for any loss and damages suffered by the Client arising out of or in connection with any act or omission in relation to the Account or any Transaction unless such loss and damages shall result from their fraud, gross negligence or wilful default.

13.2 The Client undertakes to indemnify and keep indemnified the Company in respect of any costs, claims, demands, damages and expenses whatsoever which may be suffered or incurred by the Company directly or indirectly arising out of or in connection with any transaction entered into by the Company as agent on the Client's behalf or otherwise whatsoever or howsoever arising out of anything done by the Company in accordance with the terms of this Agreement or pursuant to any Client's instructions or communication. The Client also undertakes to pay to the Company forthwith upon demand all damages, costs and expenses (including legal costs on a full indemnity basis) incurred by the Company in the enforcement of any provision of this Agreement.

### 14 Notices and Communication

14.1 Reports, written confirmations, statements of account, notices, demand and any other communications may be transmitted to the Client (who, in the case of a joint account without nominating a person therefor will be deemed for these purposes to be the one of the Client whose name first appears at the end of this Agreement) at the address, telephone, facsimile number or email given in the Account Opening Information Form, or at such other address, telephone, facsimile number or email as the Client shall notify the Company in writing, and all communications so transmitted, shall be deemed to have been received by the Client

(a) in the case of documents sent by post locally 2 business days after dispatch by the Company; or (b) in the case of overseas mail 5 business days after dispatch by the Company; or (c) in the case of electronic communication (such as email and facsimile), upon transmission of the message or data; or (d) in any other case on the date of despatch.

14.2 Reports, written confirmations, statements of account, notices, demand and any other communication to the Client from the Company shall be conclusive of the matters stated therein and reports, written confirmations and statements of account shall be deemed to have been accepted by the Client if not objected to in writing by the Client within 7 business days of the date appearing on such reports, written confirmations and statements of account.

14.3 The Client hereby requests and authorizes the Company to reply upon and act in accordance with any notice, demand, instruction or other communication which may from time to time be, or purport to be, given by phone, telex, facsimile or email by the Client or by any person purportedly acting on behalf of the Client without inquiry on the Company's part as to the authority or identity of the person making or purporting to make such notice, demand, instruction or other communication and regardless of the circumstances prevailing at the time of such notice, demand, instruction or other communication. The Company shall be entitled to treat such notice, demand, instruction or other communication as fully authorized by and binding upon the Client and the Company shall be entitled (but not bound) to take such steps in connection with or in reliance upon such communication as the Company may in good faith consider appropriate, whether such communication includes instructions to pay money or otherwise to debit or credit any account, or relates to disposition of any money, securities or documents, or purports to bind the Client to any agreement or other arrangement with the Company or with any other or to commit the Client to any other type of transaction or arrangement whatsoever, regardless of the nature of the transaction or arrangement or the amount of money, involved and notwithstanding any error or misunderstanding or lack of clarity in the terms of such notice, demand, instruction or other communication. In consideration of the Company acting in accordance with the terms of this indemnity and that the Company acts in good faith, the Client undertakes to indemnify the Company against all losses, claims, actions, proceedings, demands, damages, costs and expenses incurred or sustained by the Company of whatever nature and howsoever arising out of or in connection with such notices, demands or other communications.

## 15 Amendment

The Company may at its discretion amend, delete or substitute any of the terms in this Agreement or add new terms thereto by sending to the Client a written notice setting out such amendment, deletion, substitution or addition. Such variation of this Agreement shall be deemed to have been accepted by the Client unless written notice of objection is received by the Company within 14 business days after the date of despatch of such written notice.

## 16 Termination

- 16.1 Without prejudice to the Company's rights under Clause 10, this Agreement may be terminated at any time by prior written notice of not less than 3 business days by either party to the other.
- 16.2 Any termination pursuant to this Clause 16:-
- (a) is without prejudice to any other provisions of this Agreement;
  - (b) shall not affect the accrued rights and liabilities of any of the parties to this Agreement;
  - (c) shall not affect any warranties, undertakings and indemnities given by the Client; and
  - (d) shall not affect any of the rights of the Company over any of the Client's property in the possession or control of the Company whether the same be held for safe custody, margin or otherwise and whether pursuant to this Agreement or otherwise so long as there is any outstanding liability of the Client to the Company.
- 16.3 The Company may, at its absolute discretion and without giving reasons, suspend or terminate the Account and at any time cease to act on Client's behalf. Upon termination or suspension of the Account, all monies owing from Client to the Company shall immediately become due and payable and Client shall immediately repay such monies to the Company.
- 16.4 Termination of this Agreement shall not affect any action by the Company, or any of its agents or any third party permitted under this Agreement initiated prior to the date of termination or any indemnity or warranty given by Client under this Agreement.

## 17 General

- 17.1 The Client hereby authorizes the Company to conduct a personal credit enquiry or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client.
- 17.2 Nothing in this Agreement shall oblige the Company to disclose to the Client any fact or information which comes to its notice in the course of acting in any capacity for any other person or in its own capacity.
- 17.3 Whilst the Client expects the Company to keep confidential all matters relating to the Account, the Client hereby expressly agrees that the Company may, without further notification to or approval of the Client, if requested by the SEHK, HKSCC or any other regulatory authority or agency, to provide them with any information of the Client, the Account or the Transaction in order to assist in any investigation or enquiry they are undertaking.
- 17.4 Time shall in all respects be of the essence in the performance of the Client's obligations under this Agreement.
- 17.5 The failure of the Company to insist at any time or strict compliance with any of the terms or conditions of this Agreement or any continued course of such conduct on the part of the Company shall in no event constitute or be considered as a waiver by the Company of its powers, rights, remedies or privileges.
- 17.6 Each of the provisions of this Agreement is severable and distinct from the others and, if one or more of such provisions is or becomes illegal, invalid or unenforceable, the remaining provisions shall not be affected in any way.
- 17.7 This Agreement shall be binding upon the Client and all the Client's executors, administrators, personal representatives, successors, receivers, trustees in bankruptcy and assigns provided that the Client may not assign, transfer, charge or otherwise dispose of rights or obligations under this Agreement without the prior written consent of the Company. The Company may assign all or any part of its rights or obligations under this Agreement to any person without the prior written consent of the Client. In the event of the death, insanity or bankruptcy of the Client, whether or not executors, administrators, receivers or trustees in bankruptcy of any estate and property shall have been qualified or appointed, the Company may cancel any open orders for the purchase or sale of any securities or other property in the Account. The Company may place orders for the sales of securities or other property which the Company may be carrying for the Client and for which payment has not been made or buy any securities or other property of which the Account may be short or any part thereof, upon and subject to the same terms and conditions set out herein, as though the Client were alive and competent, without prior notice to or demand or call of any kind upon any of the Client's executors, administrators,

personal representatives, successors, receivers, trustees in bankruptcy or assigns.

- 17.8 This Agreement and the documents referred herein constitute the entire agreement and supersede any previous agreement between the Client and the Company in relation to the subject matter of this Agreement.
- 17.9 Where the Account is a joint account, unless otherwise written instruction given by the Client, the Company may accept instructions from any of the account holders, and each joint account holder agrees with the others to be jointly and severally liable for all obligations in connection with this Agreement. The Company has no obligation to inquire into the purpose or propriety of any instruction given or to see to the application of any funds delivered by Client or any or more of the joint account holders in respect of the Account. The Company shall be at liberty to release or discharge any of the account holders from their liability hereunder or to accept any proposition from or make other arrangements with any of the account holders without releasing or discharging the other or others or otherwise prejudicing or affecting the rights and remedies of the Company against the other or others and none of them nor shall this Agreement be released or discharged by the death of any one of them. Any notice hereunder to any one account holder shall be deemed effective notice to all account holders.
- 17.10 The Client declares that he has read and agreed to the terms and conditions of this Agreement, which have been explained to him in a language that he understands. In the event of any difference in interpretation or meaning between the Chinese and English versions of this Agreement, the English version shall prevail.
- 17.11 If the Company fails to meet the Company's obligation to the Client pursuant to this Agreement, the Client shall have a right to claim under the Compensation Fund established under the Securities and Futures Ordinance, subject to the terms of the Compensation Fund from time to time. Where the Transactions are effected in markets other than those organized by the Exchange, compensation arrangements for default committed by the Company shall be subject to the rules of the relevant exchange or market and the right to claim for compensation may be restricted.
- 17.12 Save as expressly provided in this Agreement, no failure to exercise, or delay in exercising, on the part of any party hereto any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. No waiver by the Company shall be effective unless it is in writing. The rights and remedies of the Company are cumulative and not exclusive of any rights or remedies provided by applicable laws.
- 17.13 Client shall not assign, delegate, sub-contract, transfer or otherwise dispose of any rights or obligations under this Agreement to any person without the Company's previous written consent. Subject to the Laws, the Company may assign, sub-contract, delegate, transfer or otherwise dispose of any of its rights and obligations under this Agreement as the Company may see fit. In the event that the Company consolidates, amalgamates, reorganizes or transfers its business to another entity (including within the group companies of the Company), the Company may assign any of the rights and obligations under this Agreement to such entity. The Company shall give the Client notice which will specify a date upon which the assignment will become effective. This date will be at least ten days after the date of the notice. Such assignment will have the effect of creating a notated agreement between Client and the entity to which such rights or obligations are assigned. Therefore, in such event, Client hereby consents for any future assignment of this Agreement by the Company.
- 17.14 In the event of war, terrorism, revolution, insurrection, restraint of rules, military disturbances, riot, civil commotion, civil disobedience or other similar action involving any country, strike or lockout or stoppage or restraint of labour, seizure or confiscation of assets or other governmental action having a similar effect, any imposition of currency exchange control or restraint of capital movement or transmission by any government, any "Act of God", epidemic, pandemic, vandalism, disruption of the operation of any Exchange, breakdown of computer systems and/or communication facilities, or any other similar event outside the control of the Company which hinders or prevents the performance by the Company of its obligations under this Agreement (an "event of force majeure"), then the Company may, as an alternative to any performance otherwise required, at its absolute discretion either (a) postpone its performance until the event of force majeure no longer has such effect or (b) where any delivery or payment is required, provide or require a cash settlement based upon the prevailing price of a security or instrument relevant to such settlement on the second business day prior to the occurrence of the event of force majeure, such prevailing price being conclusively determined by the Company. The Company shall not be responsible or held liable for any loss suffered by Client arising out of or in connection with an event of force majeure. Client agrees to bear solely the risk of such event of force majeure.
- 17.15 Client may request the Company to apply on Client's behalf for securities in a new issue for listing on an SEHK (an "Application") and the provisions of 17.16 shall apply. Client authorizes the Company to complete such application form as may be required, and represents and warrants to the Company that all representations, warranties, confirmations and undertakings on the part of the applicant contained or incorporated in the application form are true and accurate in respect of Client.

17.16 Client agrees to be bound by the terms of the new issue and the Client hereby:-

- (a) warrants and undertakes that the Application shall be the only application made for the Client's benefit in respect of the same issue of securities and that Client shall make no other application in that issue;
- (b) authorizes the Company to represent and warrant to the Exchange that no other application shall be made or shall be intended to be made by Client or for Client's benefit;
- (c) acknowledges that the Company will rely on the above warranties, undertakings and authorizations in making the application;
- (d) acknowledges that the Company accepts no responsibility to send Client the listing document which sets out the terms and conditions of the new issue of securities ("Prospectus"). By Client's application for subscriptions, Client confirms that Client has obtained such Prospectus from elsewhere, have read and understood the terms and conditions, and Client's application is not in breach of such terms and conditions. Client confirms that Client shall not request subscription for new issues of securities unless eligible to do so under the applicable securities legislation; and
- (e) represents and warrants that he is not a connected person of the issuer of securities that are subject of the new issue.

17.17 If Client gives written authorization to authorizes third party to give instructions on Client's behalf in relation to Client's Account, the scope of authorization includes (1) buy/sell decision; (2) initial public offering subscription without margin financing; and (3) payment to the designated bank account of Client in the Company's record. The scope of authorization excludes (1) other settlement instruction; (2) initial public offering subscription with margin financing; and (3) placement. Client confirms that Client is the ultimate beneficial owner of the Account. Client confirms that Client will not give any commission, rebate or other remuneration to the third party as a return of the transactions effected by the third party. Client understands and is fully aware of the potential risk and the potential gain or loss arising from the third party's authorization. Client agrees to pay the Company any purchase price or other payment arising from any trading instructions given by the authorized person when due. Client also undertakes that Client agrees and undertakes to be responsible for all trading instructions carried out via Client's Account and the payments made to the designated bank account of Client. Client undertakes to inform the Company immediately with documentary evidence in case of any cancellation of this authorization or any changes of Client's Account in future and acknowledges that Client will be responsible for any costs and losses therefrom incurred by the Client.

## 18 Governing Law

This Agreement is governed by, and may be enforced in accordance with, the laws of Hong Kong Special Administrative Region, People's Republic of China.

## CONSENT TO TRADE SECURITIES ON INTERNET

The Client shall be the only authorized user under the aforesaid Account Name. The Client understands that the Client shall be wholly responsible for the confidentiality and use of the Personal Identification Number. The Client acknowledges and agrees that when using the internet trading services provided by the Company, the Client shall be wholly responsible for the confidentiality when making use of the Personal Identification Number to enter and/or input all the instructions through the internet trading services of the Company. The Client hereby declares that all the instructions input and/or entered through the internet trading services (include the use of the mobile applications) of the Company are all made by the Client personally and the Client shall be wholly liable for the same.

The Client understands that internet is not a completely reliable medium of communication. There is in itself inherent and unforeseeable traffic delay and other unforeseeable factor that may be beyond the control of the Company. The Client acknowledges that owing to the existence of such unreliability, there may be a time delay in the transmission and reception of the instruction or other information and this may result in the delay in the execution of the Client's instructions or execution of the Client's instructions at a different market price from that as and when the Client's instructions were given or Client's orders may not be executed at the price as indicated in the internet. The Client further admits and agrees that there are inherent risks of misunderstanding or error in any form of communication and such risks shall be borne by the Client absolutely. The Client also confirms that the Company shall not be liable for the followings: communication facilities broke down or transmission failure, or transmission failure or error due to communication media adopted, or delay in transmission, reception or execution of instructions due to reason(s) beyond the scope of control of the Company or any other unforeseeable reason(s). The Client shall not take any legal action whatsoever against the Company to claim damages or liability.

The Company may without incurring any liability terminate the Client's access to the Company's website and the use of the Electronic Trading Service (a) for any cause at any time with immediate effect by notice to the Client at the time of such termination or as soon as practicable thereafter; or (b) with notice to the Client of not less than thirty (30) days (or such shorter period as the Company may in its reasonable discretion determine if such termination is due to circumstances beyond the Company's reasonable control).

## Overseas Securities Trading Authorization Letter

Where the Client trades overseas securities, the following provisions will be applicable. The Client hereby authorizes the Company as his agent to conduct overseas securities trading on his behalf and agrees to the following terms and conditions.

### 1) Authorization of trading Overseas Securities

Unless specified otherwise, the Client hereby appoints the Company as his agent to trade Overseas Securities on his behalf. The Client has signed the Account Opening Information Form to accept and agree to be bound by the Margin Client's Securities Agreement ("Agreement") with the Company to trade Hong Kong securities and under the same terms and conditions in the Agreement for Overseas Securities trading purpose.

### 2) Settlement, Trading hours and Charges

- (a) The Client agrees that the safe custody of his Overseas Securities will be entrusted to a designated broker of the Company.
- (b) The Client agrees that the Client should refer to the website of the Company ([www.gyzq.com.hk](http://www.gyzq.com.hk)) to view specific trading hours and settlement arrangement, or contact the Customer Service Department at (852) 3769-6828 for most updated information.
- (c) Transaction costs (including but not limited to Commission, Transaction levy, Settlement fee) are collected as specified in the Fee schedule by the Company.

Remarks: All charges may be revised from time to time and subject to change in overseas countries.

### 3) Risk of Trading in Other Jurisdictions

The Client understands that transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Client to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before trading, the Client would enquire about any rules relevant to his particular transactions. The local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where his transactions have been effected. In particular, Overseas Securities trading is not regulated by The Stock Exchange of Hong Kong Limited and will not be covered by the Investor Compensation Fund. The Client would ask the firm with which the Client deals for details about the types of redress available in both his home jurisdiction and other relevant jurisdictions before the Client starts to trade.

### 4) Withholding Tax Arrangement

The Client should properly complete the W-8BEN form for US tax withholding purpose. The Client can obtain the "W-8BEN" form from the Company's website if necessary

(Note: All non-US persons are required to submit W-8BEN in order to enter into US stock trading. The Client understands that the Company will not provide US stock trading to US person or US citizen.)

## The Content about the Foreign Account Tax Compliance Act ("FATCA") of the United States of America

### 1 Definitions

- (a) "Code" means the U.S. Internal Revenue Code of 1986, as amended.
- (b) "FATCA" means:
  - i) the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Service under Sections 1471 to 1474 of the Code or any associated treasury regulations, as amended or supplemented from time to time, or other official guidance;
  - ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (i) above; or
  - iii) any agreement pursuant to the implementation of paragraphs (i) or (ii) above with the U.S. Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.
- (c) "FATCA Withholding" means a deduction or withholding from a payment to your account(s) with us as required by FATCA.
- (d) "FATCA Withholding Payments" include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income, in each case, from sources within the U.S., as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the U.S. FATCA will also require withholding on the gross proceeds of such sales for payments made after December 31, 2017. Certain U.S. sourced financial payments in connection with lending transactions, investment advisory fees, custodial fees, bank or brokerage fees are also included.

### 2 Client's Responsibilities and Consent

- (a) In order for us to comply with FATCA and/or any local or foreign law, legislation or regulation, you consent to and authorize that we may gather, store, use, process, disclose and report any Personal Information that are provided to us to:
  - i) Any of our branches, representative office, related affiliates/ subsidiaries, wherever situated and which may be within or outside of Hong Kong; and
  - ii) Any local or foreign legal, regulatory, governmental, tax law enforcement or other authorities, or self-regulatory or industry bodies or association of financial services providers, including any settlement and clearing agency.
- (b) we reserve the right to request and you have the obligation to provide to us additional documentary evidence to validate the U.S. or non-U.S. status, which may be required during your account opening application and when potential U.S. indicia (as defined under FATCA) or change in circumstances is noted by us during the course of relationship.
- (c) Within 30 days, If you fail to provide us with any of the necessary Personal Information, we shall be entitled to reach whatever conclusions we consider to be appropriate and we reserve the right to terminate or freeze your Account or classify your Account as "non-consenting" or "non-participating FFI" or execute withholding and reporting under FATCA regulations.

### 3 General Disclosure on Foreign Account Tax Compliance Act

- (a) Under the U.S. Foreign Account Tax Compliance Act, or FATCA, all non-United States entities in a broadly defined class of financial institutions (FIs), are required to comply with an expansive documentation and reporting regime, or, beginning from July 1, 2014, be subject to a 30% United States withholding tax on certain U.S. payments constituting "withholding payments" (beginning in 2017, a 30% withholding tax applies to gross proceeds from the sale of assets which could produce withholding payments and foreign passthru payments). Certain passive non-U.S. entities which are not FIs are required to either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership, or, beginning from July 1, 2014, become subject to the same 30% U.S. withholding tax as described above. The reporting obligations imposed under FATCA generally require FIs to obtain and disclose information about certain Customers to the United States Internal Revenue Service (IRS).
- (b) The impact of FATCA on FIs in a specific country may be modified by an intergovernmental agreement (IGA) between the United States and that country. The United States is expected to enter into an IGA with Hong Kong (Hong Kong IGA).
- (c) A Hong Kong IGA should apply to us as it is resident in Hong Kong. Under the Hong Kong IGA, we are obligated to apply prescribed due diligence procedures, and report "U.S. Accounts", "Non-consenting U.S. Accounts" and account information with respect to "Nonparticipating Financial Institutions" to the IRS.
- (d) You may be requested to provide a self-certification or other documentation to us in order to establish your tax residence. Furthermore, if there is any change in circumstances that would affect your tax residence statuses or there is reason for us to know that the self-certification is incorrect or unreliable, a new self-certification and/or additional documentation may be required from you.

## **Bonds Trading Authorization Letter**

Where the Client trades bonds, the following provisions will be applicable. The Client hereby authorizes the Company as his agent to conduct bonds trading on his behalf and agrees to the following terms and conditions.

1) Authorization of trading Bonds

Unless specified otherwise, the Client hereby appoints the Company as his agent to trade bonds on his behalf. The Client has signed the Account Opening Information Form to accept and agree to be bound by the Margin Client's Securities Agreement ("Agreement") with the Company to trade Hong Kong securities and under the same terms and conditions in the Agreement for bonds trading purpose.

2) Settlement

The Client will deposit the net payable to the Company's designated bank account on or before Settlement date. The Company will also deposit the net receivable to his bank account on settlement date. The Client agrees that the safe custody of his bonds will be entrusted to a designated broker of the Company.

3) Trading hours, charges and investment amount

- (a) The Client will refer to the Company website ([www.gyzq.com.hk](http://www.gyzq.com.hk)) to view specific trading hours and settlement arrangement, or contact the Customer Service Department at (852) 3769-6828 for most updated information.
- (b) Commission, Safe Custody, Interest Collection and Redemption Fee (if any) vary with different bonds.
- (c) The minimum and incremental investment amount varies from bond to bond. The Client will consult the Company for more details (where necessary).

4) Important Risk Warning

- The Client understands that any bond with a credit rating of 'BBB/Baa' or above by S&P/Fitch/Moody's belongs to investment grade, which means the bond issuer has at least adequate protection parameters to meet its financial commitment on the obligation. The higher the rating, the stronger the issuers' capacity to meet their obligation.
- Bond is an investment product. The Client understands that bond investments are not bank deposits. It is NOT protected under the Hong Kong Deposit Protection Scheme. The Client will not invest in the bond unless the Client fully understands and is willing to assume the risks associated with it. For bonds not listed on The Stock Exchange of Hong Kong Limited, any dealings in them are off-exchange transactions, investor will not be covered by any investor compensation fund established to provide compensation in respect of listed securities in the event of intermediary default.
- The Client understands that the bond is subject to both the actual and perceived measures of credit worthiness of the issuer. There is no assurance of protection against a default by the issuer in respect of the repayment obligations. In the worst case (e.g. upon insolvency of issuer), the Client might not be able to recover the principal and any coupon if the issuer defaults on the bond.
- The Client understands that bonds are mainly for medium to long-term investment, not for short-term speculation. The Client should be prepared to invest Client's funds in bonds for the full investment tenor; the Client could lose part or all of Client's investment if the Client chooses to sell his bonds prior to maturity.



- The Client understands that it is the issuer to pay interest and repay principal of bonds. If the issuer defaults, the holder of bonds may not be able to receive back the interest and principal. The holder of bonds bears the credit risk of the issuer and has no recourse to the Company unless the Company is the issuer itself.
- The Client understands that the Company does not guarantee the existence of a secondary market for bonds, therefore the circumstances in which the holder of bonds may be able to realize their investment may be limited, the Client may not be able to sell the bond if the liquidity of the secondary bond market is low.
- The Client understands that if he holds a callable bond, when the interest rate goes down, the issuer may redeem the bond before maturity. If this happens and the Client has to re-invest the proceeds, the yields on other bonds in the market will generally be less favorable.
- Indicative bond prices are available and bond prices do fluctuate when market changes. The Client understands that the rise and fall of a rating influences the corresponding bond price significantly, factors affecting market price of bonds include, and are not limited to, fluctuations in Interest Rates, Credit Spreads, and Liquidity Premiums. The fluctuation in yield generally has a greater effect on prices of longer tenor bonds. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling bonds.
- The Client understands that trading bonds may have counterparty risk. Counterparty risk means the risk to each party of a contract that the counterparty will not live up to its contractual obligations. The Client understands that counterparty risk should be considered when evaluating the contract.
- The Client understands that if the bond is denominated in a foreign currency, there may be exchange rate risks if the Client chooses to convert payments made on the bonds to his home currency.
- The Client understands that the return on bonds will lose purchasing power if commodity prices go up. Inflation is therefore a serious concern for those who need to rely on the regular income from bonds.
- The Client understands that if the bond is "convertible" or "exchangeable", the holder of bonds also face equity risk associated with the stock. A fall in the stock price will usually cause the bond price fall.
- The Client understands that a corporate event such as a merger or takeover may lower the credit rating of the bond issuer. In case the corporate restructurings are financed by the issuance of a large amount of new debt-burden, the company's ability to pay off existing bonds will be weakened.
- The Client understands that investment decision is Client's but the Client should not invest unless the intermediary who sells it to him has advised him that it is suitable for him and has explained why, including how buying it would be consistent with Client's investment objectives. If the Client is not sure of the suitability of the product, the Client should not subscribe to it.
- The Client should carefully consider whether any investment products or services mentioned herein are appropriate for him in view of his investment experience, objectives, financial resources, risk profile and other relevant circumstances.

## RISK DISCLOSURE STATEMENTS

### 1 Risk Disclosure Statements for 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 Risk Disclosure Statements for Trading NASDAQ – Amex Securities at The Stock Exchange of Hong Kong Limited.

The securities under the Nasdaq – Amex Pilot Program (“APP”) are aimed at sophisticated investors. The Client should consult the Client’s dealer and become familiarized with the APP before trading in the APP securities. The Client should be aware that the APP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market (“GEM”) of the Exchange.

### 3 Risk Disclosure Statements for Trading GEM Stocks

3.1 The Client acknowledges that the price of securities traded on GEM can and does fluctuate, and any individual security may experience upwards or downwards movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities traded on GEM. The Client also acknowledges that there may be risks in leaving securities in the Company’s safekeeping. For example, if the Company is holding the Client’s securities and the Company becomes insolvent, the Client may experience significant delay in recovering the securities. These are risks that the Client is prepared to accept.

3.2 The Client understands that GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, the Client understands that companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. The Client appreciates that there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate.

3.3 The Client is aware of the potential risks of investing in such companies and understands that the Client should make the decision to invest only after due and careful consideration. The Client understands the greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

3.4 Given the emerging nature of companies listed on GEM, the Client understands there is a risk that securities traded on GEM may be susceptible to higher market volatility compared to securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

3.5 The Client further understands that the principal means of information dissemination on GEM is publication on the internet website operated by the SEHK. Companies listed on GEM are not generally required to issue paid announcements in gazetted newspapers. Accordingly, the Client acknowledges that the Client needs to have access to up-to-date information on GEM-listed companies as published on the GEM website.

3.6 The Client acknowledges that this Risk Disclosure Statements does not purport to disclose all the risks and other significant aspects of GEM. The Client understands that the Client should undertake the Client’s own research and study on the trading of securities on GEM before commencing any trading activities.

3.7 The Client understands that the Client should seek independent professional advice if the Client is uncertain of or has not understood any aspect of this Risk Disclosure Statements or the nature and risks involved in trading of securities on GEM.

3.8 The Client understands that the signing of this Risk Disclosure Statements is mandatory under the Rules of the Exchange. The Client understands that the Company will not be able to effect the Client’s instructions to deal in securities on GEM if this statement is not signed and acknowledged by the Client.

### 4 Risk of Margin Trading

The risk of loss in financing a transaction by deposit of collateral is significant. The Client may sustain losses in excess of the Client’s cash and any other assets deposited as collateral with the Company. 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.

## 5 Risk of Providing an Authority to Repledge the Client's Securities Collateral etc.

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

## 6 Risk of Client Assets Received or Held outside Hong Kong

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

## 7 Risk of Providing an Authority to Hold Mail or Direct Mail to Third Parties

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

## 8 Risk of Providing Authorization to Third Parties

The Client understands and is fully aware of the potential risk arising from the third parties' authorization. The Client also acknowledges that the Company shall be entitled to assume that any of the third parties has full and unrestricted powers and authority to perform trading on behalf of the Client and shall not be under any duty to verify the authenticity of the instructions or identity of such person(s). The Client agrees to be bound by instructions given on behalf of the Client by third parties.

## 9 Risk of Providing Services through Electronic Means

Due to unpredictable traffic congestion and other reasons, electronic transmission may not be a reliable medium of communications. Information transmitted or transactions conducted via electronic means are subject to delays in transmission and receipt of the Client's instructions or other information, delays in execution or execution of the Client's instructions at prices different from those prevailing at the time the Client's instructions were given, transmission interruption or blackout. There are risks of misunderstanding or errors in communication. It is also usually not possible to cancel an instruction after it has been given.

## 10 Risk of Trading in Other Jurisdictions

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

### **RISK DISCLOSURE STATEMENTS – DERIVATIVE PRODUCTS**

This brief statement does not disclose all of the risks and other significant aspects of trading in derivative or structured products (such as Derivative Warrants, Callable Bull/Bear Contracts, Exchange Traded Funds and Equities Linked Instruments.) (Collectively referred as "Derivative Products"). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in derivative or structured products is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. If you are in doubt about this statement or any specific issue of the sale and purchase of derivative or structured products or otherwise, you should consult your solicitor, accountant or other independent professional adviser(s).

#### 1 GENERAL RISK OF TRADING IN DERIVATIVES AND STRUCTURED PRODUCTS

Derivative Products are complex and leveraged investment products. It may be not capital guaranteed and its return will be dependent on its underlying asset(s) which are affected by a wide range of factors and may rise or fall rapidly. It is very important that you should read all the relevant offering documents to fully understand the features and risks of Derivatives Products and the legal terms and conditions of the documentation for such Derivative Product before deciding to invest.

##### 1.1 Issuer default risk

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

(Note: "Issuers Credit Rating" showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBBC's section on the Hong Kong Exchanges and Clearing Limited ("HKEx")'s corporate website (<http://www.hkex.com.hk>)).

##### 1.2 Uncollateralized product risk

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

##### 1.3 Gearing risk

Structured products such as derivative warrants and callable bull/bear contracts (CBBC's) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.

##### 1.4 Expiry considerations

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

##### 1.5 Extraordinary price movements

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

##### 1.6 Foreign exchange risk

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

product price.

#### 1.7 Liquidity risk

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

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

#### 2.1 Time decay risk

All things being equal, the value of a derivative warrant will decay over time as it approaches its expiry date. Derivative warrants should therefore not be viewed as long term investments.

#### 2.2 Volatility risk

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

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

#### 3.1 Mandatory call risk

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

#### 3.2 Funding costs

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

### 4 SPECIFIC RISK OF TRADING EXCHANGE TRADED FUNDS (“ETFs”)

#### 4.1 Market risk

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

#### 4.2 Tracking errors

Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager’s replication strategy. (The common replication strategies include full replication/representative sampling and synthetic replication which are discussed in more detail below.)

#### 4.3 Trading at discount or premium

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

#### 4.4 Foreign exchange risk

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

#### 4.5 Liquidity risk

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

#### 4.6 Counterparty risk involved in ETFs with different replication strategies

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

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

##### (b) Synthetic replication strategies

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

###### i) Swap-based ETFs

- Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets.
- Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

###### ii) Derivative embedded ETFs

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

Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations. There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF. It is important that investors understand and critically assess the implications arising due to different ETF structures and characteristics.

## 5 SPECIFIC RISK OF TRADING EQUITIES LINKED INSTRUMENT (“ELI”)

ELIs are structured products involving derivatives and its return component is based on the performance of the underlying asset. When an investor purchases an ELI, he is indirectly writing an option on the underlying shares. Investors should pay attention to the points below:

- 5.1 Exposure to equity market - Investors are exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. Investors must also be prepared to accept the risk of receiving the underlying shares or a payment less than their original investment.
- 5.2 Possibilities of losing investment - Investors may lose part or all of their investment if the price of the underlying security moves against their investment view.
- 5.3 Price adjustment - Investors should note that any dividend payment on the underlying security may affect its price and the payback of the ELI at expiry due to ex-dividend pricing. Investors should also note that issuers may make adjustments to the ELI due to corporate actions on the underlying security.
- 5.4 Interest rates - While most ELIs offer a yield that is potentially higher than the interest on fixed deposits and traditional bonds, the return on investment is limited to the potential yield of the ELI.
- 5.5 Potential yield - Investors should consult their brokers on fees and charges related to the purchase and sale of ELI and payment / delivery at expiry. The potential yields disseminated by HKEx have not taken fees and charges into consideration.

## KEY RISKS OF INVESTING IN SHANGHAI-HONG KONG STOCK CONNECT / SHENZHEN-HONG KONG STOCK CONNECT

### 1) Not protected by Investor Compensation Fund

Investors should note that any Northbound or Southbound trading under Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

As for Northbound trading, according to the Securities and Futures Ordinance, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (SEHK) and recognised futures market (Hong Kong Futures Exchange Limited, HKFE). Since default matters in Northbound trading via Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect do not involve products listed or traded in SEHK or HKFE, so similar to the case of investors trading overseas securities, they will not be covered by the Investor Compensation Fund.

For further information on Hong Kong's Investor Compensation Fund, please refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, please consult the Public Register of Licensed Persons & Registered Institutions in the SFC website.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund 《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund (CSIPF, 中國投資者保護基金) include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by China Securities Regulatory Commission (CSRC) and custodian operation" or "other functions approved by the State Council". As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, therefore they are not protected by CSIPF on the Mainland.

### 2) Quotas used up

When the respective aggregate quota balance for Northbound and Southbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level.

Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buying services will be resumed on the following trading day.

### 3) Trading day

Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out any A-share trading. Investors should take note of the days Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect is open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect is not trading.

### 4) Restrictions on selling imposed by front-end monitoring

For investors who usually keep their A-shares outside of their brokers, if they want to sell certain A-shares they hold, they must transfer those A-shares to the respective accounts of their brokers before the market opens on the day of selling (T day). If they fail to meet this deadline, they will not be able to sell those A-shares on T day.

### 5) The recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect for above-mentioned reasons, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE and SEHK.

6) Currency Risk

Investors who hold a local currency other than RMB will be exposed to currency risk if investing in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, Investors will also incur currency conversion costs. Even if the price of the RMB asset remains the same when Investors purchase it and when Investors redeem / sell it, it will still incur a loss when Investors convert the redemption / sale proceeds into local currency if RMB has depreciated.

7) Mainland Rules and Regulations

When investing in SSE securities through Shanghai-Hong Kong Stock Connect / Shenzhen-Hong Kong Stock Connect, Investors should take note of and comply with SSE Rules, SSE Listing Rules and other applicable laws and regulations of Mainland China relating to Northbound trading, including but not limited to prohibition of trading SSE securities and disclosure obligations. Investors are liable and responsible for breaching those laws and regulations. Investors are advised to obtain independent professional advice if there is any question on Mainland rules and regulations.



## Personal Information Statement of Guoyuan Securities (Hong Kong) Limited

This Statement is all references to “Guoyuan (Hong Kong)” refer to Guoyuan Securities (Hong Kong) Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Guoyuan Futures (Hong Kong) Limited, Guoyuan Asset Management (Hong Kong) Limited, Guoyuan Capital (Hong Kong) Limited, Guoyuan Finance (Hong Kong) Limited and Guoyuan Securities Investment (Hong Kong) Limited, made by Guoyuan (Hong Kong) in accordance with the Personal Data (Privacy) Ordinance (Cap. 486) of the Hong Kong Special Administrative Region ('the Ordinance'). The Statement is intended to notify customers of why personal data is collected, how it will be used and to whom data access requests are to be addressed.

1. From time to time, it is necessary for customers to supply Guoyuan (Hong Kong) with data in connection with the opening or continuation of accounts and the establishment or continuation of trading or credit facilities or provision of financial, securities, commodities, derivatives, investment, financing, wealth management, investor education and related services, products and facilities.
2. Failure to supply such data may result in Guoyuan (Hong Kong) being unable to open or continue accounts or establish or continue trading or credit facilities or provide the services, products or facilities mentioned in clause 1 above.
3. It is also the case that data are collected from customers in the ordinary course of the continuation of the business relationship between customers and Guoyuan (Hong Kong)
4. The purposes for which data relating to customers may be used (whether within or outside Hong Kong) are as follows :
  - (i) the daily operation of the services and facilities provided to customers ;
  - (ii) conducting credit checks ;
  - (iii) assisting other financial institutions to conduct credit checks ;
  - (iv) ensuring ongoing credit worthiness of customers ;
  - (v) designing the services, products or facilities mentioned in clause 1 above for customers' use ;
  - (vi) marketing the services, products and facilities mentioned in clause 1 above (details of the use or provision of personal data by Guoyuan (Hong Kong) for direct marketing purposes are set out in clause 6 below) ;
  - (vii) determining the amount of indebtedness owed to or by customers ;
  - (viii) collection of amounts outstanding from customers and those providing guarantee or security for customers' obligations ;
  - (ix) meeting the requirements to make disclosure under the requirements of any legal and/or regulatory requirements or court orders binding on Guoyuan (Hong Kong) (whether within or outside Hong Kong) ;
  - (x) enabling Guoyuan (Hong Kong) to comply with any applicable industry practices ; and
  - (xi) purposes relating to any of the above.

Guoyuan (Hong Kong) may from time to time transfer customers' data outside of Hong Kong for any of the above purposes.

5. Data held by Guoyuan (Hong Kong) relating to a customer will be kept confidential but Guoyuan (Hong Kong) may provide such data to the following parties (whether within or outside Hong Kong) :
  - (i) any agent, contractor or third party service provider who provides administrative, telecommunications, computer, financial, trade execution, cash, securities and/or contracts clearing or settlement or other services to Guoyuan (Hong Kong) in connection with the operation of its business ;
  - (ii) any other person under a duty of confidentiality to Guoyuan (Hong Kong) including but not limited to any member of the Guoyuan (Hong Kong) Group which has undertaken to keep such information confidential ;
  - (iii) any financial institution or dealer with which the customer has or proposes to have dealings ;
  - (iv) any credit reference agency and in the event of default, any debt collection agency ;
  - (v) any actual or proposed assignee of Guoyuan (Hong Kong) or participant or sub-participant or transferee of Guoyuan (Hong Kong) rights in respect of the customers ;
  - (vi) any person providing or proposing to provide guarantee or security for customers' obligations ; and
  - (vii) any exchange, entity, agency, regulatory or government body in any jurisdiction if required by law or pursuant to any court orders, rules or regulations to which Guoyuan (Hong Kong) is subject. In such cases, Guoyuan (Hong Kong) is usually under a duty of secrecy and will not be able to notify a customer or seek his/her consent in relation to such release of information

## 6. USE OF DATA IN DIRECT MARKETING

Guoyuan (Hong Kong) may use a customer's personal data in direct marketing with the customer's consent (which includes an indication of no objection) for that purpose. In this connection, please note that :

- (i) the customer's personal data such as the customer's name, telephone number, email address, correspondence address, account number, products and services portfolio information, transaction pattern and behaviour, risk profile, financial background and investment objectives and experience may be used by Guoyuan (Hong Kong) in direct marketing ;
- (ii) the following classes of services, products, facilities and marketing subjects may be marketed :
  - (1) financial, securities, commodities, derivatives, investment, financing, wealth management, investor education and related services, products and facilities ;
  - (2) reward, loyalty or privileges programmes and related services, products and facilities ;
- (iii) the above services, products, facilities and marketing subjects may be provided or (in the case of donations and contributions) solicited by Guoyuan (Hong Kong) and/or any of the following persons :
  - (1) any member of Guoyuan (Hong Kong) ;
- (iv) Guoyuan (Hong Kong) may, with the customer's written consent (which includes an indication of no objection), also provide the personal data described in clause 6(i) above to any of the persons referred to in clause 6(iii) above for use by any of them in direct marketing of the services, products, facilities and marketing subjects referred to in clause 6(ii) above. Guoyuan (Hong Kong) may so provide the personal data to such persons for direct marketing purposes for gain.

If a customer wishes Guoyuan (Hong Kong) to cease to use and provide his/her personal data to other persons for use in direct marketing, the customer may notify the Compliance Supervisor of Guoyuan (Hong Kong) in writing by mailing or faxing the written notification to the postal address or fax number provided in clause 10 below. Guoyuan (Hong Kong) shall then cease to use and provide his/her personal data for direct marketing purposes without any charge.

7. There may be instances where customers elect to provide personal information to Guoyuan (Hong Kong) through electronic means (such as Internet or voice recording system). Whilst Guoyuan (Hong Kong) generally uses best endeavors to maintain the security and integrity of its systems, due to many unpredictable traffic or other reasons, electronic communication may not be a reliable medium of communication. Customers should take heed of such weaknesses and communicate personal information through electronic devices with caution.
8. Under and in accordance with the terms of the Ordinance, an individual has the right to :
  - (i) check whether Guoyuan (Hong Kong) holds data about him/her and the right of access to such data ;
  - (ii) require Guoyuan (Hong Kong) to correct any data relating to him/her which is inaccurate ; and
  - (iii) ascertain Guoyuan (Hong Kong) policies and practices in relation to data and to be informed of the kind of personal data held by Guoyuan (Hong Kong).
9. In accordance with the terms of the Ordinance, Guoyuan (Hong Kong) has the right to charge a reasonable fee for the processing of any data access request
10. The person to whom requests for ceasing to use of personal data in direct marketing, access to data, correction of data or information regarding policies and practices and kinds of data held are to be addressed as follows :

Compliance Supervisor  
Guoyuan Securities (Hong Kong) Limited  
22/F, CCB Tower,  
3 Connaught Road Central  
Central, Hong Kong

Phone : (852) 3769-6820  
Facsimile : (852) 3769-6999  
Email : [compliance@gvzq.com.hk](mailto:compliance@gvzq.com.hk)

11. This Statement may be revised, amended or supplemented from time to time by Guoyuan (Hong Kong). The most up-to-date statement can be found in Guoyuan (Hong Kong) website at [www.gvzq.com.hk](http://www.gvzq.com.hk) or available from Guoyuan (Hong Kong) upon written request
12. In this Statement, all references to "Guoyuan (Hong Kong)" refer to Guoyuan Securities (Hong Kong) Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Guoyuan Futures (Hong Kong) Limited, Guoyuan Asset Management (Hong Kong) Limited, Guoyuan Capital (Hong Kong) Limited, Guoyuan Finance (Hong Kong) Limited and Guoyuan Securities Investment (Hong Kong) Limited, collectively or individually and all references to Guoyuan (Hong Kong) together with their respective holding companies, subsidiary companies, associated companies and affiliated companies collectively or individually. All references to "customers" include prospective and existing customers, visitors to Guoyuan (Hong Kong) website and individuals who participate in promotion, contest or game.
13. In case of discrepancies between the English and Chinese versions, the English version shall prevail.