



萬基證券有限公司
MORTON SECURITIES LIMITED

CLIENT AGREEMENT AND SCHEDULES

客戶協議及附件

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MORTON SECURITIES LIMITED 萬基證券有限公司

Licensed under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry on Type 1 (dealing in securities) regulated activities (CE number: ACP776)

根據《證券及期貨條例》(香港法例第 571 章) 獲發牌進行第 1 類 (證券交易) 之受規管活動 (中央編號 : ACP776)

Exchange Participant and Options Trading Exchange Participant of the Stock Exchange of Hong Kong Limited

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THERE ARE RISKS ASSOCIATED WITH THE USE OF MARGIN FACILITIES AND MARGIN TRADING IN SECURITIES BUYING OR SELLING. YOU SHOULD READ THIS DOCUMENT CAREFULLY BEFORE YOU DECIDE TO ACCEPT THE MARGIN FINANCING ARRANGEMENT. THERE ARE RISKS ASSOCIATED WITH USING THE INTERNET OR OTHER ELECTRONIC TRADING SERVICE WHICH ARE ADDITIONAL TO THOSE NORMALLY INCURRED IN SECURITIES TRADING.

此乃重要文件，懇請細閱。

客戶必須留意，證券價格可並定會波動。證券價格可能急劇下跌或上升，在某些情況下證券更可能被暫時停止買賣或變成毫無價值。除可能獲利外，亦可能有損失，此乃證券交易或投資本身之風險。閣下若對本文件、證券買賣或其他方面有任何疑問，應諮詢閣下之律師、會計師或其他獨立專業顧問。

在證券買賣當中使用孖展額及孖展交易存在相關風險。在決定接受孖展融資安排之前，閣下應當仔細閱讀本文件。使用互聯網或其他電子交易服務時，除了通常的證券交易風險之外，亦存在其他相關之額外風險。

CLIENT AGREEMENT AND SCHEDULES

客戶協議及附件

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1. INTERPRETATION

1.1. In this Agreement:

- 1.1.1. **"Account"** means the securities trading account(s) (including, without limitation, stock options trading account and collective investment account) opened and maintained by MSL on behalf of Client pursuant to the Account Application and the terms of this Agreement;
- 1.1.2. **"Account Application"** means the application submitted by Client to MSL in such form as required by MSL for the opening and maintaining of a securities trading account under the terms of this Agreement;
- 1.1.3. **"Advice"** means a written or typed record (including facsimile or other electronic means from which it is possible to produce a hard copy) (a) confirming and setting out the particulars of any transaction executed by MSL on any Account, or (b) recording any other event (including without limitation receipts or withdrawals of assets) in relation to the Account, and containing such information as MSL shall consider appropriate;
- 1.1.4. **"this Agreement"** means this Client Agreement and Schedules and Appendix(ces) (if any) and Supplement(s) (if any), the Account Application and any applicable schedule, appendices and supplements and/or other documents as specified in the Schedules or determined by MSL from time to time;
- 1.1.5. **"Authorised Person"** means each of those persons specified as such in the Account Application, or subsequently appointed as such where notice of such appointment has been given to MSL pursuant to the terms of this Agreement provided that such notice shall not take effect until 5 days after the actual receipt by MSL of it
- 1.1.6. **"Authorised Third Party"** means each of those persons, if any, specified as such in the Account Application, or subsequently appointed as such and notice of such appointment has been given to MSL pursuant to the terms of this Agreement provided that such notice shall not take effect until 5 days after the actual receipt by MSL of it;
- 1.1.7. **"CCASS"** means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
- 1.1.8. **"Client"** means the person in whose name MSL has agreed to open and maintain the Account in accordance with the terms of this Agreement and shall in the case where Client: (i) is/are individual(s) include Client and Client's respective executors and administrators; (ii) is a sole proprietorship firm include the sole proprietor and Client's executors, administrators and successors in the business; (iii) is a partnership firm include the partners who are the partners of the firm at the time when the Account being maintained and any other person or persons who shall at any time hereafter be or have been a partner or partners of and in the firm and all the aforesaid partners' respective executors, administrators and the successors to such partnership business; and (iv) is a company include such company and its successors;
- 1.1.9. **"Event of Default"** means each of the events set out in Clause 16.1;
- 1.1.10. **"Exchange"** means The Stock Exchange of Hong Kong Limited and any other exchange, market or association of dealers in any part of the world on which securities are bought and sold;
- 1.1.11. **"Facility"**, in respect of an Account, means any financial accommodation provided by MSL from time to time to facilitate the acquisition and holding of securities listed on an Exchange;
- 1.1.12. **"Group"** means Morton Securities Limited ("MSL"), and MSL's subsidiaries and associated companies, and a member of the Group" shall be construed accordingly;
- 1.1.13. **"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China;
- 1.1.14. **"Laws"** means all laws, rules, regulations and regulatory requirements applying to MSL, and to other brokers and dealers instructed by MSL, including, where applicable, the rules of the relevant Exchange and its associated clearing house;
- 1.1.15. **"Regulators"** means the SFC, the relevant Exchange, the relevant clearing house and any other regulator whether in Hong Kong or elsewhere;
- 1.1.16. **"Regulatory Rules"** means the rules of the Regulators or other laws, rules, codes, guidelines, circulars and regulatory directions issued by the Regulators from time to time;
- 1.1.17. **"securities"** means "securities" as defined in the Securities and Futures Ordinance and (if applicable) any interest in the collective investment scheme that is a registered scheme as defined in the Mandatory Provident Funds Schemes Ordinance (Cap.485 of the Laws of Hong Kong) or its constituent fund as defined in Section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap.485 sub. leg. A of the Laws of Hong Kong);
- 1.1.18. **"Securities and Futures Ordinance"** means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
- 1.1.19. **"SFC"** means the Securities and Futures Commission of Hong Kong;
- 1.1.20. **"MSL"** means Morton Securities Limited; and

- 1.1.21. “**subsidiary**” bears the same meaning given to it under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (as amended from time to time).
- 1.1A For the purposes of this Agreement, two companies shall be taken to be associated companies if one is a subsidiary of the other, or both are subsidiaries of a third company, and “associated company” shall be construed accordingly.
- 1.2. In this Agreement:
- 1.2.1. the singular shall be deemed to include the plural and vice versa;
- 1.2.2. words importing any gender include every gender and references to persons include companies and corporation;
- 1.2.3. where MSL or any member of the Group is given a discretion, such discretion shall be absolute and if exercised, to the fullest extent permitted by applicable laws, MSL or such member of the Group shall not incur any liability of whatsoever nature to Client or any other person and, unless otherwise stated, MSL or such member of the Group shall not be required to give reasons for its action, inaction or decision;
- 1.2.4. the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;
- 1.2.5. references to any statute, statutory provision or Regulatory Rule shall include a reference to that statute, provision or Regulatory Rule as from time to time amended, replaced, modified, extended or re-enacted;
- 1.2.6. words not defined shall have the meanings ascribed to them in the Securities and Futures Ordinance or the regulations made thereunder unless the context requires otherwise;
- 1.2.7. if there is any inconsistency between the Chinese and English versions of this Agreement, the English version shall apply and prevail;
- 1.2.8. any reference in this Agreement to an ordinance or a provision of any Regulatory Rules shall be deemed to include such ordinance or provision as now or hereafter amended, replaced, modified, extended or re-enacted;
- 1.2.9. in the event of any inconsistency between any provision of this Agreement and any Laws, the latter shall prevail and MSL shall be entitled in its discretion to take or refuse to take any action or to demand that the Client shall take or refrain from taking any action to ensure compliance with the same. All actions taken by MSL in accordance with the Laws shall be binding on the Client.
- 1.3. Unless otherwise specified in this Agreement or by MSL in writing, any interest owed by Client to MSL in connection with this Agreement shall be calculated on the basis of a 365-day year or 366-day year (if the year in question is a leap year). Such basis may be changed by MSL in its absolute discretion, at any time and from time to time, without notice to or consent from Client unless such notice or consent is stated in this Agreement, or other written agreement by MSL, to be necessary.

2. ACCOUNT OPENING

- 2.1. Client hereby instructs and authorises MSL to open and maintain securities trading account(s) (including, without limitation, stock options trading account and collective investment account) in the name of Client for purchasing, investing in, selling, exchanging or otherwise dealing in securities in Hong Kong or elsewhere, on the terms set out in this Agreement.

3. MSL’S INFORMATION TO CLIENT

- 3.1. MSL may, at Client’s request, agree to deal in securities on Client’s behalf, and to provide information, advice and/or recommendations in relation to securities. Client shall make its own judgments and decisions independently without reliance on MSL or any other member of the Group in its decisions in relation to dealing in securities.
- 3.2. MSL shall provide to Client upon request product specifications, any prospectus or other offering document covering securities which are derivative products in which Client wishes to consider dealing.

4. CLIENT’S INSTRUCTIONS AND STANDING AUTHORITY

- 4.1. Instructions given by Client shall be irrevocable and may be given in writing, verbally, by facsimile or other electronic means (including through the E-Service, as defined in the Sixth Schedule), but in any case at Client’s own risk.
- 4.2. Unless Client gives specific instructions to the contrary, Client agrees and acknowledges that all orders and instructions are valid for the official trading day of the Exchange (in this Clause 4 referred to as “**Trading Day**”) on which it is received. Any instruction received after the close of a Trading Day shall be treated as that of the next Trading Day and valid for the next Trading Day only.
- 4.3. For any instruction, the name of Client (or any of them in case where Client is more than one person unless otherwise stated in the Account Application), the name of Client’s Authorised Person or Authorised Third Party (or the names of the Authorised Persons or Authorised Third Parties if the Account Application states that more than one Authorised Person or Authorised Third Party is required) where such instruction is given by the Client’s Authorised Person(s) or Authorised Third Party(ies) and the number of the relevant account opened with MSL

shall be quoted provided always that MSL may but shall not be under any duty to verify or ensure as to the identity of the or any person giving such instruction and MSL shall be entitled (but not be obliged) to act on the same and rely on its belief that such instruction emanates from Client, Client's Authorised Person(s) or Authorised Third Party(ies).

4.4. Client may grant to MSL the following standing authorities and once granted, Client agrees to be bound by the terms thereof:-

4.4.1 a standing authority pursuant to the Securities and Futures (Client Money) Rules (Cap. 571I of Laws of Hong Kong) as amended from time to time;

4.4.2 a standing authority pursuant to the Securities and Futures (Client Securities) Rules (Cap. 571H of Laws of Hong Kong) as amended from time to time; and

4.4.3 such other lawfully agreed standing authority, as amended from time to time.

4.5. Subject to applicable laws, any instruction given or purportedly given by Client, its Authorised Person(s) or Authorised Third Party(ies) after;

4.5.1 the revocation by Client of its Authorised Person(s)' or Authorised Third Party(ies)' authority; or

4.5.2 the commencement of liquidation or bankruptcy (as the case may be) in respect of Client or the occurrence of any analogous event; shall continue to be valid and effective in MSL's favour until 5 days after the actual receipt by MSL of a written notice informing MSL of the occurrence of the relevant event from Client (in case of the said revocation) or in case of the said liquidation or bankruptcy, the liquidator, the trustee in bankruptcy or similar officer.

4.6. Any instruction given by Client's Authorised Person(s) or Authorised Third Party(ies), as the case may be, shall be deemed to be given by the Client. Client hereby agrees to accept full responsibility and shall not later challenge the instructions given by Client's Authorised Person(s) or Authorised Third Party(ies), as the case may be.

5. MSL'S DISCRETION

5.1. MSL shall be entitled to rely on and to act as it thinks fit in accordance with any instruction given or purportedly given by or on behalf of Client which MSL believes in good faith to have been given by Client or its Authorised Person(s) or Authorised Third Party(ies). Notwithstanding the foregoing, MSL shall have discretion to reject such instruction. MSL shall be under no obligation either to act for the Client or upon any instruction, or execute any transaction for or on behalf of the Client if there are insufficient funds in the Account, or if MSL believes that the acting or the execution might result in either MSL, any member of the Group or the Client contravening any Laws or Regulatory Rules or for any other reason. If MSL in its absolute discretion declines to act for the Client or act upon any instruction, or execute any transaction for or on behalf of the Client, MSL shall in its own discretion notify the Client accordingly, but MSL shall not in any circumstances whatsoever be liable in any way for any loss, damages, liability, cost, expense or whatsoever suffered or incurred by the Client arising in or in connection with the exercise of the above discretion by MSL.

6. EXECUTION OF ORDER

6.1. MSL may, in carrying out Client's instructions, contract or otherwise deal with or through any broker for the purchase or sale of securities on any Exchange, or any person associated with MSL in any manner, on such terms as MSL may in its discretion determine.

7. ADVICE

7.1. MSL may, and, if required by the Laws, shall, send to the address(es) (email address or otherwise) and/or other contact number(s) of Client on MSL records an Advice (which may be in electronic format) after MSL has facilitated a transaction with or for the Account, or upon the occurrence of certain events of or movements in Client's Account, in accordance with the Laws in relation to the Advice:

7.1.1. Client agrees that it is its responsibility to ensure that it receives Advice in due time and to make enquiries with and obtain the same from MSL immediately if not duly received;

7.1.2. any purported discrepancy between the contents of any Advice and Client's instructions must be notified to MSL, orally or in writing in accordance with the notice provisions of this Agreement, within seven (7) days following the date of issue or re-issue of the Advice to Client; and

7.1.3. at the end of the period of seven (7) days, the contents of the Advice shall be conclusive evidence of the particulars set out there in without any further proof that the Advice and/or the transaction or event to which it relates are correct (subject to the right of MSL, which may be exercised by it at any time and from time to time, to adjust any entries in the Account and/or details in the Advice where they have been wrongly or mistakenly made by it), except for:

7.1.3.1. any alleged errors notified by Client to MSL in accordance with the notice provisions in this Agreement;

7.1.3.2. any payments made on forged or unauthorised endorsement;

7.1.3.3. any unauthorised transactions arising from forgery or fraud by any third party (including Client's employee, agent or servant) in relation to which MSL has failed to exercise reasonable care and skill;

7.1.3.4. any unauthorised transactions arising from forgery or fraud by any employee, agent or

- servant of MSL; and/or
- 7.1.3.5. any other unauthorised transaction arising from the default or gross negligence on the part of MSL or any of its employees, agents or servants.
- 7.1.4. MSL shall not be responsible for failures or delays in the transmission of offers or instructions due to a breakdown or failure of transmission of communication facilities, or to any other cause or causes beyond the reasonable control or anticipation of MSL.

8. SETTLEMENT

- 8.1. Client shall pay to MSL in cleared funds any money required for the purchase of securities or shall deliver to MSL the certificates or documents of title or procure the transfer of securities held in CCASS required for the sale of securities (as the case may be), in each case at any time demanded by MSL (even if required to be paid and/or delivered earlier than the settlement date), and Client shall take all necessary action to enable due settlement and/or delivery in respect of such purchase and sale in accordance with the Laws. Should Client fail to do so, MSL is authorised:
 - 8.1.1. in the case of a purchase transaction, to transfer or sell any such purchased securities to satisfy Client's obligations to MSL; or
 - 8.1.2. in the case of a sale transaction, to borrow and/or purchase such sold securities to satisfy Client's obligations to MSL.
- 8.2. If MSL has to obtain securities which MSL has purchased on behalf of Client in the open market, following the failure of the selling broker to deliver on the settlement date, Client shall be responsible for any difference in prices and all incidental expenses in connection with such open market purchase.

9. SHORT SELLING

- 9.1. Except for any security interest of MSL or any member of the Group, securities provided by Client for selling or crediting into the Account(s) are fully paid with valid and good title and whose legal and beneficial titles are owned by the Client. Client confirms and undertakes that it will give MSL information and/or assurances in relation to the ownership of the securities as MSL may require before the selling order is placed. Client must notify MSL when a sale order relates to securities which the Client does not own i.e. where it involves short selling (including where the Client has borrowed stock for the purposes of the sale). Client acknowledges and agrees that no short selling orders will be accepted by MSL unless Client provides MSL with such confirmation, documentary evidence and assurance as MSL in its opinion considers necessary to show the Client has a presently exercisable and unconditional right to vest such securities in the purchaser before placing any short selling order.

10. MARGIN TRADING

- 10.1. Subject to the terms and conditions as set out in the First Schedule, MSL may grant the Facility to the Client to conduct margin securities trading in respect of the Account.

11. INITIAL PUBLIC OFFERINGS

- 11.1. Where the Client requests MSL to apply on Client's behalf for securities in a new issue for listing on an Exchange, the Client hereby agrees to comply with the provisions contained in the Second Schedule.

12. FOREIGN CURRENCY TRANSACTIONS

In the event that Client directs MSL to enter into any transaction on an Exchange or other market on which such transactions are effected in a foreign currency:

- 12.1. any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the account and risk of Client;
- 12.2. all initial and subsequent deposits for margin purposes shall be made in such currency in such amounts as MSL may, at the sole discretion of MSL, require from time to time; and
- 12.3. when such a contract is liquidated MSL shall debit or credit the Account of Client in the currency in which such Account is denominated, at a rate of exchange determined conclusively by MSL on the basis of the then prevailing money market rates of exchange between such currencies.
- 12.4. In the event that MSL exercises any of its rights under this Agreement, including without limitation the combination or consolidation of the Accounts or the transfer of client money and such combination, consolidation or transfer or exercise of any other right requiring the conversion of one currency into another, the conversion shall be calculated at the spot rate of exchange (as conclusively determined by MSL) prevailing in such foreign exchange market as determined by MSL to be relevant on the date of such combination, consolidation, transfer or exercise of that right.
- 12.5. In the event that Client places an order for the sale or purchase of Renminbi-denominated securities, Client acknowledges and agrees that:
 - (a) Renminbi is subject to capital controls and is not freely convertible, and therefore transactions involving Renminbi-denominated securities may involve substantial exchange risks;
 - (b) unless otherwise indicated by MSL, transactions of Renminbi-denominated securities will be settled in Renminbi; and
 - (c) if MSL is required to settle a transaction on behalf of Client by purchasing or selling Renminbi from or

through the market, unless otherwise indicated by MSL, the exchange rate will be based on prevailing market rate or such rate as quoted by a licensed bank in Hong Kong.”

13. SECURITIES IN THE ACCOUNT(S)

- 13.1. Client specifically authorises MSL, in respect of any of the securities (whether in Hong Kong or elsewhere) deposited by Client with MSL or purchased or acquired by MSL on behalf of Client, and held by MSL for safe keeping, to register the same in the name of MSL, any member of the Group or any nominee appointed or agreed by MSL (whether such nominee is a person in Hong Kong or elsewhere) or in Client's name, or deposit in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by MSL or any member of the Group with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities (in this Clause 13 referred to as “**Segregated Account for Securities**”) or deposit with any overseas custodian or overseas clearing house subject to compliance with applicable Regulatory Rules.
- 13.2. Client specifically authorises MSL, in respect of any of the securities collateral (whether in Hong Kong or elsewhere) deposited with, or otherwise provided by or on behalf of Client to MSL, to:
 - 13.2.1. deposit in a Segregated Account for Securities;
 - 13.2.2. deposit in an account in the name of MSL or any member of the Group (as the case may be) with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities;
 - 13.2.3. register in the name of Client on whose behalf the securities collateral has been received, MSL or any member of the Group or any nominee appointed or agreed by MSL (whether such nominee is a person in Hong Kong or elsewhere) ; or
 - 13.2.4. deposit with any overseas custodian or overseas clearing house subject to compliance with applicable Regulatory Rules.
- 13.3. Any securities and securities collateral (whether in Hong Kong or elsewhere) held by MSL, any member of the Group, banker, institution, custodian, nominee, intermediary or any other person pursuant to this Clause 13 shall be at the sole risk of Client. MSL, any member of the Group and the relevant associated entity, banker, institution, custodian, nominee, intermediary and person shall be under no obligation to insure Client against any kind of risk, which obligation shall be the sole responsibility of Client.
- 13.4. If in relation to any securities deposited with MSL or any member of the Group or any other person pursuant to this Clause 13 but which are not registered in Client's name, any dividends or other distributions or benefits accrue in respect of such securities, the Account(s) shall be credited (or payment made to Client as may be agreed) with the proportion of such dividends, distributions or benefits equal to the proportion of the securities held on behalf of Client out of the total number or amount of such securities. In the event that the odd lot of such securities is not eligible for any such dividends, distributions or benefits, the odd lot held on behalf of Client will not be taken into account in the apportionment. Subject to applicable Laws and Regulatory Rules, MSL may retain, or otherwise dispose of, for its own account and benefit, any fractional shares entitlements to which Client may be entitled, and entitlements (in any form whatsoever) arising from any odd lot held on behalf of Client or from the aggregation of odd lots held on behalf of the clients of MSL (including Client). The foregoing shall not limit or prejudice, in any way, MSL's rights to reject Client's instructions under Clause 5 including, without limitation its right to reject Client's instructions in relation to the sale or purchase of any odd lot of any securities.
- 13.5. If in relation to any securities deposited with MSL or any member of the Group or any other person pursuant to this Clause 13 but which are not registered in the name of Client, and loss is suffered by MSL or any member of the Group, the Account(s) may be debited (or payment made by Client as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of Client out of the total number or amount of such securities.
- 13.6. Except as provided in this Agreement or otherwise allowed under the Laws, MSL shall not, without Client's oral or written direction or standing authority, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of Client's securities or securities collateral for any purpose.
- 13.7. MSL is authorised, in accordance with applicable Laws or pursuant to a lawfully agreed standing authority, to dispose of any of Client's securities or securities collateral (and MSL shall have absolute discretion to determine which securities or securities collateral are to be disposed of) for the purpose of settling any liability owed by or on behalf of Client to MSL.
- 13.8. The obligations of MSL(or any other person permitted under this Agreement) to deliver, to hold or to register in Client's name or in the name of Client's nominee, any of Client's securities or securities collateral shall be satisfied by the delivery, the holding or registration in Client's name or Client's nominee of securities of the same class, denomination and nominal amount as, and rank *pari passu* with, those originally deposited with or transferred to MSL or any other person permitted under this Agreement or otherwise agreed by Client or acquired by MSL on Client's behalf (“Original Securities”) (subject always to any capital reorganisation which may have occurred in the meantime) and MSL(or any other person permitted under this Agreement) shall not be bound to deliver or return securities which are identical with the Original Securities in terms of number, class, denomination, nominal amount and rights attached thereto.

- 13.9. Where any securities are held in MSL name, the name of any member of the Group or the name of any nominee appointed or agreed by MSL in accordance with this Clause 13, MSL or such member of the Group will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of Client. Nothing in this Agreement shall in any way impose on MSL or any member of the Group any duty to inform Client or to take any action with regards the attendance of meetings and to vote at such meetings. MSL or any member of the Group has no duty in respect of notices, communications, proxies and other documents, relating to the securities received by MSL or any member of the Group or to send such documents or to give any notice of the receipt of such documents to Client. MSL and/or any member of the Group has/have the right to charge Client for its/their respective services in taking or arranging custody of Client's securities or any action pursuant to Client's instruction.
- 13.10. For the avoidance of doubt, MSL, any member of the Group or any nominee appointed or agreed by MSL (whether such nominee is a person in Hong Kong or elsewhere) may hold any securities for Client in a place outside Hong Kong, subject to compliance with applicable Regulatory Rules.
- 13.11. Without prejudice and in addition to other rights and remedies of MSL and other members of the Group, MSL may, at any time and from time to time, dispose, or initiate a disposal by any relevant member of the Group, of any of the Client's securities (whether in Hong Kong or elsewhere) or securities collateral (whether in Hong Kong or elsewhere) in settlement of any liability owed by or on behalf of Client to MSL, such relevant member of the Group or a third person. MSL and such relevant member of the Group (if applicable) are authorised to do all things as necessary in connection with any such disposal without any liability for any resulting or associated loss or expense. Without prejudice to the foregoing, Client shall not make any claim against MSL and/or such relevant member of the Group (if applicable) concerning the manner or timing of such disposal.

14. MONIES IN THE ACCOUNT(S)

- 14.1. Subject to compliance with applicable Regulatory Rules, MSL shall be entitled to deposit or transfer any monies held in the Account(s) or received for or on the account of Client with or to or interchangeably between one or more segregated account(s) opened and maintained by MSL or any member of the Group in Hong Kong or elsewhere each of which shall be designated as a trust account or client account, at one or more authorised financial institution(s) and/or any other person(s) approved by the SFC for the purposes of section 4 of the Securities and Futures (Client Money) Rules (Cap. 571I of Laws of Hong Kong) and/or any other person(s) overseas subject to compliance with applicable Regulatory Rules. Unless otherwise agreed between Client and MSL and, any interest accrued on such monies shall belong to MSL absolutely.

15. COMMISSIONS, FEES AND CHARGES, LIENS, SET-OFF AND CONSOLIDATION

- 15.1. In respect of every transaction or Account, Client shall pay to MSL forthwith on demand the applicable interest, levy, charge, premium, brokerage, commission, fee (including, without limitation, dormant/inactive account fee), cost and expense for the Account under this Agreement as advised to Client from time to time. The most up to date information and notice about interest, levy, charge, premium, brokerage, commission, fee, cost and expense in connection with the purchasing, investing in, selling, exchanging or otherwise dealing in any securities in the Account can be found on the website of MSL. Subject to applicable Laws, MSL may, at any time and from time to time, in its absolute discretion, change any commission, fee and/or charge by notice to Client. Client acknowledges that he/she is expected to check the website of MSL or request updated information from MSL from time to time before dealing in any securities and Client agrees that any information or notice posted on the website of MSL from time to time shall be binding on Client and be sufficient advice for all purposes and intents. Subject to applicable Laws, the new commission, fee and/or charge shall be applicable on the effective date specified in such notice, whether the specified effective date is before or after the date of such notice.
- 15.2. Client shall pay or reimburse MSL forthwith on demand an amount equal to all commissions, brokerages, levies, fees, duties and taxes and all other charges and expenses incurred by MSL arising out of or in connection with any transaction effected by MSL as agent on behalf of Client or otherwise arising out of or in connection with the performance of the duties of MSL under this Agreement. For the collective investment account, Client understands that front-end fee (partly/fully as commission payable to MSL) is charged up to a maximum percentage of the investment amount stated on the prospectus or explanatory memorandum of the relevant fund. Certain funds may charge redemption fee, switch fee and/or annual management fee, all or part of which may be payable to MSL by the relevant fund management company or its associated company. Detailed information of such fees can be found in the prospectus or explanatory memorandum of the relevant fund. In any event, the fees receivable by MSL will not exceed the maximum amount of such fees as set out in the prospectus or explanatory memorandum of the relevant fund. All or part of the fees received by MSL will be paid to the investment consultant serving Client's account as his/her commission.
- 15.3. Without prejudice to other provisions of this Clause 15, MSL may deduct any amount contemplated in Clauses 15.1 and 15.2 above from the Account.
- 15.4. Client shall be responsible to MSL for all losses and expenses resulting from Client's settlement failure, and shall be subject to such additional charges and interest therefor as MSL may determine.
- 15.5. Subject to applicable the Laws, without limitation to and in addition to other rights and remedies of MSL and other members of the Group, Client agrees that:

- 15.5.1. Without prejudice to any other provisions in this Agreement, MSL and the Group shall have a general lien over all or any part of any money or securities held by MSL or any member(s) of the Group for the discharge of Client's obligations to MSL, any member of the Group or a third person;
- 15.5.2. MSL may at any time and from time to time without prior notice combine or consolidate all or any of Client's accounts with, and/or apply Client's securities and/or other properties in or towards satisfaction of, any liabilities to MSL and/or other members of the Group;
- 15.5.3. MSL may at any time and from time to time without prior notice set-off or transfer any sum in whatever currency standing to the credit of any of Client's accounts with MSL or other members of the Group in or towards satisfaction of any of Client's liabilities of whatever nature (including liabilities incurred as principal or surety and whether such liabilities be actual or contingent, primary or collateral, several or joint) to MSL and/or other members of the Group.
- 15.6. MSL may:
 - 15.6.1. without further disclosure to Client, receive, accept and retain for MSL's own account(s) and benefit absolutely from any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong); and
 - 15.6.2. without further disclosure to Client, pay to any broker or underwriter or issuer or any other third parties (who may or may not act as an agent of Client in any respect), any profit, rebate, reallowance, brokerage, commission, fee, benefit, profit, discount and/or other advantage arising out of or in connection with the provision of services to or handling of transactions for Client. Client agrees that the consent given hereunder shall constitute a permission or lawful authority for the purpose of Section 9 of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).
- 15.7. Without prejudice to and in addition to other rights and remedies of MSL and other members of the Group, MSL shall be entitled but not be obliged (and is hereby authorised by Client), at its discretion and without notice to Client, to dispose of Client's securities and/or other properties for the purpose of settling any liability owed by Client to MSL for or in connection with:
 - 15.7.1. dealing in securities which remains after MSL has disposed of all other assets designated as collateral for securing settlement of that liability,
 - 15.7.2. financial accommodation provided by MSL to Client which remains after MSL has disposed of all other assets designated as collateral for securing settlement of that liability; or
 - 15.7.3. maintaining the Account(s) which has/have been designated by MSL as inactive or dormant account(s).
- 15.8. Subject to applicable Laws and without prejudice to and in addition to any general lien and other rights and remedies entitled by MSL and/or other member(s) of the Group, at any time when Client is indebted to MSL or any member of the Group in any respect, MSL or any member of the Group shall be entitled but not be obliged (and Client irrevocably and unconditionally authorises MSL or any member of the Group), at its discretion and without prior notice to Client, at any time and from time to time:
 - 15.8.1. to combine or consolidate all or any of Client's existing accounts with MSL or any member of the Group regardless of whether notice is required and the nature of the account (i.e. whether deposit, loan or any other nature); and
 - 15.8.2. to set-off or transfer any sum standing to the credit of any one or more of such accounts wherever they are situated, in order to satisfy Client's liabilities to MSL and/or any member of the Group on any other account or other respect whatsoever.
- 15.9. MSL and any member of the Group are authorised to do the above without notice and notwithstanding any settlement of account or other matter whatsoever. The liabilities referred to above include present or future, actual or contingent, primary or collateral, and several or joint. In addition, MSL shall have the right to sell such securities, investments and property and utilise the proceeds to offset and discharge all the obligations of Client without any prior notice to Client, whether as principal or as surety, to MSL and/or any member of the Group regardless of:
 - 15.9.1. whether any other person is interested in, or whether MSL has made advances in connection with, such securities, investments or property; and
 - 15.9.2. the number of accounts Client may carry with MSL or any member of the Group.

MSL is authorised to do all things as necessary in connection with such sale without any liability for any Resulting loss. Without prejudice to the foregoing, Client shall not make any claim against MSL concerning the manner or timing of such sale.
- 15.10. Client agrees to pay interest on all overdue balances owing by Client to MSL and/or the relevant member(s) of the Group (after as well as before any judgment), at such rate(s) from day to day as MSL and/or the relevant member(s) of the Group shall in its/their absolute discretion determine with reference to the prevailing market rate(s) from the date(s) of default up to the date(s) of actual payment, such interest to be payable on the last day

of each calendar month or such other date(s) as determined by MSL and/or the relevant member(s) of the Group or forthwith upon any demand being made by MSL and/or the relevant member(s) of the Group. The aforesaid interest rate may be changed by MSL and/or the relevant member(s) of the Group in its/their absolute discretion, at any time and from time to time and without notice to and without consent from Client or any third party. If any interest rate calculated under this clause would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap. 163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that MSL shall be entitled (but not obliged), at any time and from time to time, without prior notice, to debit any Account with MSL and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this Clause 15.10 and Client undertakes to, immediately upon demand by MSL, do such act(s) and/or execute such document(s) as may be required by MSL at any time and from time to time in order to give full effect to each such debit.

16. DEFAULT

- 16.1 MSL shall be entitled to exercise their powers under Clause 16.2 upon or at any time after the occurrence of any of the following Events of Default:
 - 16.1.1 **Non-payment:** Client defaults in paying, further securing or satisfying on demand any monies or liabilities under this Agreement or any agreement between Client and any member of the Group;
 - 16.1.2 **Breach of representation:** any statement, representation, warranty or undertaking made, repeated or deemed to have been repeated by Client in this Agreement or in any notice or other document delivered to MSL or any member of the Group in connection with this Agreement that is or proves to have been incorrect or misleading when made, repeated or deemed to have been repeated;
 - 16.1.3 **Breach of other obligations:** Client fails to perform or comply with any of its other obligations under this Agreement or any agreement between Client and any member of the Group and, if that failure is capable of remedy, does not remedy such failure to the satisfaction of MSL immediately following receipt of notice from MSL or any member of the Group requiring it to do so;
 - 16.1.4 **Winding-up, etc.:** where Client is a corporation:
 - 16.1.4.1 a petition is presented or an order is made or any effective resolution is passed or analogous proceedings are taken for the winding up of Client save for the purposes of an amalgamation, merger or reconstruction the terms whereof have previously been approved in writing by MSL; or
 - 16.1.4.2 Client convenes a meeting for the purpose of making, or proposes and/or enters into, any arrangement or composition for the benefit of its creditors; or
 - 16.1.4.3 an encumbrancer takes possession or a Receiver or other similar officer is appointed of the whole or any part of the assets or the undertaking of Client, or a distress or execution is levied or enforced upon or sued out against any of the chattels or property of Client and is not discharged within thirty days of being levied; or
 - 16.1.4.4 16.1.4.4 Client, without the consent in writing of MSL, stops payment to creditors generally or (if applicable) Client (otherwise than for the purpose of such an amalgamation, merger or reconstruction as is referred to in Clause 16.1.4.1 above) ceases or threatens to cease to carry on its business or any substantial part thereof or be deemed, for the purposes of Section 178 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), to be unable to pay its debts or disposes or threatens to dispose of the whole or a substantial part of its undertaking or assets;
 - 16.1.5 **Bankruptcy, etc.:** Bankruptcy proceedings are commenced in respect of Client where Client is an individual, or a bankruptcy order is made against Client or Client makes any composition or arrangement with Client's creditors, dies, becomes of unsound mind and/or insane;
 - 16.1.6 **Material adverse change in Client's financial condition, etc.:** there occurs a material adverse change in Client's business, assets or financial condition which would, in the opinion of MSL, prevent or hinder or tend to prevent or hinder Client from performing in any material respect its obligations;
 - 16.1.7 **Judgment or court order:** where Client is a partnership or a sole proprietorship, any of its partners or the sole proprietor shall have any judgment or order of Court made or any execution levied against his goods chattels or property, dies, becomes of unsound mind and/or insane;
 - 16.1.8 **Incompetence, etc.:** where the Client is an individual, a sole proprietor or a partnership, a judicial declaration of incompetence or mental incapacity is made in respect of the Client or any of the partners, or the Client or any of the partners dies;
 - 16.1.9 **Unlawfulness:** where MSL in its sole opinion believes there may be a basis for suspicion that the Client has engaged or may be engaging in any market malpractice or any other activity which is prohibited by any Laws or Regulatory Rules or applicable terms and conditions of whatsoever nature; or it shall become unlawful for the Client to maintain the Account or to perform any of the Client's obligations under this Agreement; or any authorisation, consent, approval or licence necessary for the Client to continue the Account or to perform any of its obligation under this Agreement is withdrawn, restricted, revoked or otherwise ceases to be in full force and effect;

- 16.1.10 **Fraud, etc:** Client is convicted of an offence involving fraud, deception or dishonesty or any other serious criminal offence (other than a road traffic offence where a non-custodial sentence is imposed);
- 16.1.11 **Regulatory requirements:** in the discretion of MSL, the exercise by MSL of any powers conferred by Clause 16.2 is necessary for compliance with any Regulatory Rules;
- 16.1.12 **Suspension of the Account:** The Account or the trading of any securities or instruments in the Account is for whatsoever reason suspended;
- 16.1.13 **Illiquidity:** in the absolute opinion of MSL, there occurs market conditions (for example, illiquidity) or actions that may make it difficult or impossible to effect the relevant transactions or liquidate or offset the relevant positions; and
- 16.1.14 **Others:** in the sole discretion of MSL, when it regards it to be otherwise necessary or appropriate e.g. due to margin requirements or otherwise.
- 16.2 Upon or at any time after the occurrence of any of the Event of Default, all amounts owing by the Client to MSL shall become immediately payable on demand and MSL, without notice to the Client, may do any of the following in its discretion: -
 - 16.2.1 terminate all or any part of this Agreement and close the Account, or otherwise suspend operation of the Account;
 - 16.2.2 immediately require Client to repay or discharge the Facility, if any;
 - 16.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;
 - 16.2.4 close any or all contracts between MSL and the Client, cover any short position of Client through the purchase of securities on the relevant Exchange(s) or, liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
 - 16.2.5 sell or otherwise dispose of the securities held for the Client to settle any liability owed by the Client to MSL which remains after MSL has disposed of all client collateral for securing the settlement of that liability; and
 - 16.2.6 combine or consolidate any or all accounts of the Client and exercise right of set-off in accordance with this Agreement.
- 16.3 In the event of any sale pursuant to Clause 16.2.5
 - 16.3.1 MSL shall not be responsible for any loss occasioned thereby howsoever arising if MSL has already used reasonable endeavours to sell or dispose of the securities or any part thereof at the then available market price;
 - 16.3.2 MSL shall be entitled to appropriate to itself or sell or dispose of the securities or any part thereof at the current price to MSL or any member of its Group without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by MSL and/or any member of its Group; and
 - 16.3.3 the Client undertakes to pay to MSL any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by Client to MSL.
- 16.4 Any proceeds of sale hereunder shall be applied in the following order of priority:
 - 16.4.1 in satisfaction of all costs, levies, charges, expenses and payments (including, without limitation, legal or other professional fees, stamp duty, commission and brokerage) incurred by MSL on a full indemnity basis;
 - 16.4.2 in or towards the satisfaction of the amount secured by this Agreement whether principal or interest or otherwise in such order as MSL may in its discretion decide;
 - 16.4.3 in or towards the satisfaction of any other amount owing to MSL or any member of the Group; and the surplus if any shall be paid to Client or to its order. If there is any deficiency after the sale, Client shall pay such deficiency to MSL without the need for any demand.
- 16.5 Any dividends, interest or other payments which may be received or receivable by MSL in respect of the Margin Securities (as defined in the First Schedule) (less such reasonable charges as MSL may determine from time to time) may be applied by MSL as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen.
- 16.6 A declaration, determination or decision by an officer of MSL that the power of sale has become exercisable under this Clause 16 shall be conclusive evidence of that fact in favour of any purchaser or other person deriving title under the sale.

17. LIABILITY AND INDEMNITY

- 17.1 Client agrees that MSL or any member of the Group or any of their respective officers, employees or agents shall not have any liability whatsoever (other than those resulting from fraud or wilful default on MSL's part) for any loss, expense or damage which Client may incur as a result of the performance or failure to perform this Agreement or as a result of any act or omission of any third party (whether or not such third party being appointed by MSL or any member of the Group) or howsoever arising out of any cause beyond the control of MSL or any member of the Group. Further, MSL or any member of the Group or any of their respective officers, employees or agents shall accept no liability as a result of compliance with any applicable Regulatory Rules. This Clause 17.1, however, shall not be construed as in any way binding any member of the Group to comply with any provision of

this Agreement unless otherwise explicitly agreed by such member of the Group.

- 17.2 Client undertakes to indemnify and to keep indemnified MSL and its officers, employees and agents on a full indemnity basis from and against all losses, damages, interest costs, actions, demands, claims, proceedings, expenses, costs (including, without limitation, legal costs and costs reasonably incurred in collecting debts from Client) and liabilities of whatsoever nature (other than those resulting from fraud or willful default on MSL part) incurred, suffered or sustained by or made or brought against or threatened to be made or brought against each or any of them directly or indirectly arising out of or in connection with the performance of any act or the exercise of any right or discretion or any inaction taken or chosen by or for MSL and/or any member of the Group pursuant to this Agreement, or arising directly or indirectly from any act or omission by Client whether or not constituting a breach of any of its obligations under this Agreement or the occurrence of any Event of Default or directly or indirectly as a consequence of reliance on by MSL or any of its officers, employees or agents any representation stated in this Agreement or any information provided by or for Client or directly or indirectly as a result of acting on by MSL or any of its officers, employees or agents any instruction, signature, instrument, notice, resolution, request, certificate, report or other document believed to be signed or given by the proper party(ies), whether the same is given verbally or in written form and whether the same is an original, facsimiled or electronic copy.
- 17.3 If any claim is made against MSL or Client in connection with this Agreement, MSL may, without prejudice to Clause 17.1 above, take any such steps at its sole discretion, including the withholding of payment or delivery to Client of any money or securities.
- 17.4 Client acknowledges that handling of Client's Account(s) by any person or party other than the Client must be properly documented as prescribed by MSL from time to time (for example, in relation to giving of trading instructions, by completion of the relevant prescribed form applicable to Authorized Person or Authorized Third Party, as the case may be). Discretionary handling of clients' accounts by MSL's representatives is generally not permitted by MSL policy (and that if exception is granted it must be properly documented in a further MSL discretionary account agreement with a power of attorney). Client covenants not to hold MSL responsible in any way, and shall indemnify MSL, for all and any loss, damage, interest, cost, action, demand, claim, liability, expense or proceeding of any nature whatsoever relating to or resulting from the Client's instruction, permission, acquiescence or approval to, or arrangement or understanding with, any MSL representative or any person or party other than the Client (whether explicit or tacit) to conduct discretionary trading on the Account or other handling in respect of the Client's Account(s) or Client's money.

18. DISCLOSURE OF INFORMATION

- 18.1 Client warrants and undertakes to MSL that all information provided by Client from time to time in, under or pursuant to this Agreement is and will be accurate, complete and up-to-date. Client shall notify MSL forthwith of any change to such information. MSL shall be entitled to rely fully on all such information for all purposes until MSL is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement, any change to any such information shall not take effect until five (5) days after the actual receipt by MSL of the relevant written notification or until such shorter period of time as may be agreed by MSL in writing.
- 18.2 MSL shall notify Client of any material change to the information relating to MSL provided in, under or pursuant to this Agreement.
- 18.3 Client shall immediately on demand by MSL at any time and from time to time supply to MSL such financial and/or other information in connection with the subject matter of this Agreement, Client and/or the compliance of any Laws or Regulatory Rules as MSL may reasonably require. Client agrees that MSL may conduct credit enquiries or check on Client for the purpose of ascertaining the financial situation of Client.
- 18.4 MSL may provide any information supplied by or relating to Client and/or any transaction and/or the Account to any Regulator or other person to comply with the lawful requirements or requests for information (whether such requirements and requests are mandatory or otherwise) or otherwise where in MSL's sole discretion, it deems appropriate in the circumstances. Without limiting the foregoing, relevant information may be disclosed if there is reasonable ground for MSL to suspect that any Client may have committed a material breach or infringement of, or may not have complied with, any market misconduct provisions in Part XIII or XIV of the Securities and Futures Ordinance.
- 18.5 MSL is subject to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) which regulates the use of personal data concerning individuals. MSL's policies and practices relating to the use of personal data are set out in the Fifth Schedule to this Agreement.
- 18.6 Client represents and warrants to MSL that Client has taken all action necessary to authorise the disclosure to MSL and other persons permitted hereunder of all information (including, without limitation, personal data as defined in the Personal Data (Privacy) Ordinance, Cap.486) from time to time provided to MSL by or for Client in, under or pursuant to this Agreement and the use of such information for the purpose of this Agreement and/or any transaction(s) contemplated hereunder and/or the Account. This representation and warranty are taken to be also made by Client on each date that any information is provided to MSL.
- 18.7 Notwithstanding other provisions in relation to the disclosure of information and tax-related arrangement under this Agreement, the Client hereby agrees to comply with the provisions contained in the Seventh Schedule. The

powers, rights, discretions of MSL under the Seventh Schedule shall be without prejudice and in addition to the provisions in this Clause 18.

19. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 19.1 Client represents, warrants and undertakes to MSL (in this Clause 19, referred to as the “**Warranties**”) that:
- 19.1.1 where Client is a corporation, it has been duly incorporated or established in accordance with all applicable laws and regulations and has the corporate power to enter into and perform this Agreement and has taken all necessary corporate and other action to authorise this Agreement upon these terms and conditions;
 - 19.1.2 no consent or authority of any person (except, in the case of a corporate client, as already obtained as contemplated in Clause 19.1.1) is required for Client to enter into this Agreement including without limitation the power of borrowing and giving security over its assets, or as the case may be, Client has obtained all such necessary consent or authority (including without limitation, consent from its employer where applicable);
 - 19.1.3 the entering into by Client of this Agreement or any trading or borrowing activity in connection with this Agreement will not place Client in breach of the terms of any other arrangement or document (including any constitutional documents such as Client’s memorandum and articles of association if Client is a corporation and/or deed of trust if Client is a trustee or trust corporation), any staff dealing policies or rules of its employer (if any) or of any obligations under general law or imposed by Regulatory Rules; and Client undertakes to fully comply all relevant Laws, Regulatory Rules, terms, policies and rules;
 - 19.1.4 Client has not taken any action nor has any step been taken or legal proceeding been started or threatened for the bankruptcy or liquidation of the Client. Nor has the Client entered into a compromise or scheme of arrangement with its creditors; and
 - 19.1.5 Client acknowledges that it is Client’s duty to ascertain Client’s nationality, citizenship, domicile or similar status. Client undertakes not to deal in, purchase or subscribe for any securities or investments which by virtue of the Client’s status or other characteristics Client is prohibited to deal in, purchase or subscribe. Client has taken all necessary professional advice including legal, accounting, estate planning or tax advice relating to its tax or other liability under any jurisdiction and Client has not relied in any way on MSL relating to any of Client’s instructions or orders in respect of dealing in, purchase of or subscription in any securities or investments.
- 19.2 Client further warrants and represents to MSL that each of the Warranties is true, accurate and not misleading.
- 19.3 Client acknowledges that MSL has entered into this Agreement on the basis of, and in reliance on, the Warranties. The Warranties are deemed to be repeated on each day up to and including the termination of this Agreement.

20. NOMINEE ARRANGEMENTS

If any of Client’s securities are registered in the name of a nominee for Client (“**Nominee**”), whether or not such Nominee is a member of the Group, Client agrees as follows:

- 20.1 the Nominee shall have no liability (in negligence or otherwise howsoever) for failure to forward to Client any notice, information or other communication in respect of any such securities;
- 20.2 the Nominee shall have full liberty to exercise or refrain from exercising any rights or to satisfy or refrain from satisfying any liabilities arising from or in connection with the holding of any such securities without the need to consult or notify Client beforehand and without being in any way liable therefor and Client shall indemnify the Nominee for all losses, costs, claims, liabilities and expenses incurred by the Nominee and arising directly or indirectly from any action taken or not taken by the Nominee in good faith;
- 20.3 to pay such fees, expenses and charges as the Nominee may from time to time prescribe in consideration of the nominee services, such fees, expenses and charges to be deducted as MSL sees fit from any monies standing to Client’s credit in any account with MSL and/or any member of the Group and until payment the securities held by the Nominee are subject to a lien in favour of the Nominee for the amount(s) concerned and such lien shall be in addition and without prejudice to other rights of the Nominee;
- 20.4 the Nominee may act on the instructions of any one Authorised Person or Authorised Third Party; and
- 20.5 the Nominee is not bound to return to Client securities bearing identical serial numbers as any transferred to the Nominee.

21. MISCELLANEOUS

- 21.1 **Governing law**
This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and Client hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong. This Agreement, all rights, obligations and liabilities under this Agreement and all transactions contemplated hereunder shall enure to the benefit of, and bind MSL, MSL successors and assigns, whether by merger, consolidation or otherwise, as well as Client and the heirs, executors, administrators, legatees, successors, personal representatives and permitted assigns of Client.
- 21.2 **Enforceability**

If any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable Laws, the remaining provisions shall continue in full force and effect and if necessary, be so amended as shall be necessary to give effect to the spirit of this Agreement so far as possible.

21.3 MSL's role

Save as expressly provided in this Agreement, MSL shall act as an agent and not as a principal in relation to any transaction undertaken by MSL pursuant to this Agreement, except where MSL gives notice to Client to the contrary or required by the nature of the transaction initiated by Client.

21.4 MSL's right to report

Without prejudice to any right or obligation that MSL may have under the Laws, Client acknowledges that MSL shall have the right to report any suspected trading misconduct, other malpractice or irregularity and to disclose relevant information (without prejudice to Clause 18.4) to any Regulators, authorities or the issuer of the financial product concerned, and MSL may in its sole discretion suspend the operation of the Account or decline to act on any instruction without incurring any liability whatsoever to Client for any claim, loss, proceeding or expense howsoever related to MSL's suspension of the Account or its delay or refusal to act upon any instruction relating to the Account.

21.5 Client's obligation

21.5.1 Client undertakes to do and execute any act, deed, document or thing which MSL may require in connection with the implementation, execution and enforcement of the terms of this Agreement. Client irrevocably appoints MSL as its attorney to do and execute any act, deed, document and thing which it undertakes to do or execute under this Agreement but fails to do or execute upon the request of MSL.

21.5.2 If Client suspects that a fraud or an irregularity may have occurred with respect to the Account, it shall notify MSL of the same immediately by calling MSL's Anti-Fraud Helpline at (852) 2652 7199 or such other telephone number as subsequently notified to Client by MSL in writing from time to time.

21.6 Joint account

21.6.1 Where the Account is a joint account, unless otherwise stated in the Account Application, MSL may accept instructions from any of the joint 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. MSL 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. MSL shall be at liberty to release or discharge any of the joint account holders from his/her liability hereunder or to accept any proposition from or make other arrangements with any of the joint account holders without releasing or discharging the obligations of the other or others from or otherwise prejudicing or affecting the rights and remedies of MSL against the other or others and none of the joint account holders nor shall this Agreement be released or discharged by the death of any one of them.

21.6.2 Any Advice, report, notice or communication given to any joint account holder in accordance with this Agreement shall be deemed to have been duly given to all joint account holders unless: (i) Client's correspondence address has been provided in the Account Application, in which case, any such Advice, report, notice or communication shall be sent to that correspondence address or such other correspondence address as subsequently notified to MSL in accordance with this Agreement; or (ii) Client has requested and MSL has accepted that all Advice shall be sent to the email addresses of all joint account holders, being the last notified email addresses on MSL records and in such case, all Advice shall be so given. Any Advice, report, notice or communication given by MSL pursuant to the foregoing shall be deemed to have been received by all joint account holders and shall be binding on all of them.

21.6.3 The joint account holders each acknowledge and agree that if any one of them should die,

21.6.3.1 the surviving joint account holder(s) should immediately notify MSL in writing of the death;

21.6.3.2 MSL is to pay or deliver to or to the order of the surviving joint account holder(s) any moneys, investments, property, instruments and/or documents standing to the credit of or held for the Account, without prejudice to any right MSL may have in respect of the same arising out of any set-off, counterclaim, lien, charge, pledge or otherwise whatsoever or to any step which MSL may deem it desirable to take in view of any third party claims thereto and/or for protecting the interest of MSL and/or other member(s) of the Group and MSL shall be entitled to require the surviving joint account holder(s) to give and/or sign such document(s) as prescribed by MSL before releasing any money, investment, property, instrument or document to or to the order of such survivor(s); and

21.6.3.3 MSL shall not in any circumstances be liable in any way for any claim, loss, damages, liability, cost, expenses or whatsoever suffered or incurred by any person or entity (including, without limitation, the surviving joint account holder(s)), directly or indirectly, arising from or in connection with any action or inaction taken or chosen by MSL pursuant to Clause 21.6.3.2 or any breach of this Clause 21.6.3 by any of the joint account holders; and the joint account holders each agree to indemnify MSL against all claims, losses, damages, liabilities, costs, expenses and whatsoever suffered or incurred by MSL, directly or indirectly,

arising from or in connection with any action or inaction taken or chosen by MSL pursuant to Clause 21.6.3.2 or any breach of this Clause 21.6.3 by any of the joint account holders.

- 21.7 Client's authorization
Where Client has an account with another member of the Group and instructs MSL to obtain cash, securities and/or other property from such account, Client authorises MSL, on behalf of Client, to request such member of the Group to release such cash, securities and/or other property to MSL.
- 21.8 Telephone recording
MSL may record telephone conversations with Client and the contents of any such recording shall be final and conclusive evidence of the conversation concerned and its content.
- 21.9 Suitability of recommendation
If MSL solicits the sales of or recommends any financial product to the client, the financial product must be reasonably suitable for the client having regards to the client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document MSL may ask the client to sign and no statement MSL may ask the client to make derogates from this clause.
- 21.10 Client's representation
Client acknowledges that MSL has offered to explain to Client the terms of this Agreement, and either Client has received such explanation or that Client fully understands the terms of this Agreement without the need for such explanation. Client acknowledges that Client has been advised, and has had the opportunity, to consult Client's own independent legal and other professional advisers.
- 21.11 Waiver
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 MSL shall be effective unless it is in writing. The rights and remedies of MSL are cumulative and not exclusive of any rights or remedies provided by the Laws.
- 21.12 Assignment
- 21.12.1 Client shall not assign, delegate, sub-contract, transfer or otherwise dispose of any rights or obligations under this Agreement to any person without MSL's previous written consent. Subject to the Laws, MSL may assign, sub-contract, delegate, transfer or otherwise dispose of any of its rights and obligations under this Agreement as MSL may see fit.
- 21.12.2 In the event that MSL consolidates, amalgamates, reorganises or transfers its business to another entity (including within the Group), MSL may assign any of the rights and obligations under this Agreement to such entity. MSL shall give Client notice which will specify a date upon which the assignment will become effective. This date will be at least ten (10) days after the date of the notice. Such assignment will have the effect of creating a novated 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 MSL.
- 21.13 Force majeure
In the event of war, terrorism, revolution, insurrection, restraint of rulers, 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 MSL which hinders or prevents the performance by MSL of its obligations under this Agreement (an "**event of force majeure**"), then MSL 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 MSL. MSL 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.
- 21.14 Notice
- 21.14.1 Any Advice, report, notice or communication to be made or given to Client shall be in writing and may be sent by ordinary post to its address stated in the Account Application, or by facsimile transmission or electronic means (including through the E-Service, as defined in Sixth Schedule) to the fax number or e-mail address stated in the Account Application (or to such other address, fax number, or e-mail address as subsequently notified by Client in writing in accordance with this Clause 21.14). Any notification so given shall be deemed to have been received forty-eight (48) hours after dispatch if sent by post or at the time of transmission if given by facsimile or electronic means.
- 21.14.2 MSL may also give notice to Client by telephone on the telephone number given in the Account Application or on such other number as Client shall notify MSL in writing. All notifications so given to

- Client shall be deemed to have been received instantaneously if given by telephone.
- 21.14.3 In all cases if any notice or communication of whatsoever nature is given or delivered to MSL, it shall only be deemed to have been given or delivered to MSL on the day of actual receipt by it.
- 21.15 Amendment and termination
- 21.15.1 MSL 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 MSL shall immediately become due and payable and Client shall immediately repay such monies to MSL.
- 21.15.2 Client agrees that the terms of this Agreement may be amended by MSL from time to time, at its discretion, by notice in writing from MSL to Client, in which event such terms and conditions as so amended shall apply with effect from the effective date specified in such notice, whether the specified effective date is before or after the date of such notice but subject to applicable Laws. Such amendments shall be deemed incorporated into and form part of this Agreement.
- 21.15.3 Either party may terminate this Agreement at any time by notice to the other provided that such termination shall not affect:
- 21.15.3.1 the rights or liabilities of either party arising prior to such termination;
- 21.15.3.2 the warranties, representations, undertakings and indemnities given by Client under this Agreement, all of which shall survive termination; and
- 21.15.3.3 any of the Client's obligations to MSL pursuant to this Agreement.
- 21.15.4 Termination of this Agreement shall not affect any action by MSL, 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.
- 21.16 Rights of Qualified Third Parties
- Save for any member of the Group and any of their respective officers, employees or agents ("Qualified Third Parties"), a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any term of this Agreement. Notwithstanding anything to the contrary in this Agreement or in the Contracts (Rights of Third Parties) Ordinance:
- 21.16.1 the parties to this Agreement may terminate, rescind or agree any variation, waiver or settlement under this agreement without the consent of any Qualified Third Parties; and
- 21.16.2 No Qualified Third Party who is not a party to this Agreement may enforce any right under this Clause without first obtaining the prior written consent of the relevant licensed corporation or company in the Group who is a contracting party to this Agreement."
- 21.17. Time
- Time shall, in all respects, be of the essence of the performance of all the obligations of Client under this Agreement and all transactions contemplated hereunder.
- 21.18. Undertakings by Intermediary
- If Client is an intermediary specified in section 18(3) (excluding section 18(3)(b)) under Part 2, Division 4 of Schedule 2 of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("Specified Intermediary") and operates and manages the Account for its own client(s) (whether on a discretionary or non-discretionary basis) or otherwise for the transaction(s) with its own client(s), Client agrees to the following terms:
- 21.18.1. Client confirms that it is a Specified Intermediary;
- 21.18.2. In respect of each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed, Client consents to be MSL's intermediary to carry out for MSL the customer due diligence ("CDD") measure(s) as stated in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance ("AMLO") and applicable regulatory requirements issued by the SFC from time to time and unless otherwise agreed by MSL in writing, Client shall carry out all the aforesaid CDD measures for MSL;
- 21.18.3. Client shall on request provide to MSL a copy of any document, or a record of any data or information, obtained by Client in the course of carrying out the aforesaid CDD measure(s) for MSL without delay;
- 21.18.4. In relation to each transaction it carries out for the Account, Client shall, if requested by MSL within a period of 6 years (beginning on the date on which the transaction is completed, regardless of whether any relevant Business Relationship (defined in section 1(1) under Part 1 of Schedule 2 of the AMLO) ends during that period) or such longer period of time as imposed by the SFC and notified by MSL to Client from time to time, provide to MSL a copy of any document, or a record of any data or information obtained by Client in the course of carrying out the aforesaid CDD measure(s) for MSL as soon as reasonably practicable after receiving the request;
- 21.18.5. In relation to each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed by Client, Client shall, if requested by MSL (i) during the continuance of the Business Relationship with the client or within a period of 6 years beginning on the date on which the relevant Business Relationship ends; or (ii) within such longer period of time as imposed by the SFC and notified by MSL to Client from time to time, provide to MSL a copy of any document, or a record of any

- data or information, obtained by Client in the course of carrying out the aforesaid CDD measure(s) for MSL as soon as reasonably practicable after receiving the request;
- 21.18.6. In relation to each transaction it carries out for the Account or in relation to each of its own client(s) for whom or for whose transaction(s) the Account is operated and managed by Client, Client shall keep all the documents, records, data and information referred to in the above paragraphs of this Clause 21.18 for so long as the Business Relationship(s) with any relevant client(s) remain(s) subsisting (regardless of whether the Business Relationship(s) with any other relevant client(s) has/have already ended) and for a period of 6 years beginning on the date on which the relevant Business Relationship or the last relevant Business Relationship (if more than one client) ends. If a longer period of time is imposed by the SFC, all such documents, records, data and information shall be kept by Client for such longer period of time as notified by MSL to Client from time to time and Client must keep all such documents, records, data and information in accordance with the AMLO;
 - 21.18.7. If Client is about to cease trading or does not wish to continue to act as MSL intermediary to carry out the aforesaid CDD measure(s) for MSL, Client shall give MSL 60 days' written notice in advance and shall provide to MSL all the documents, records, data and information referred to in the above paragraphs of this Clause 21.18 without delay;
 - 21.18.8. If MSL terminates its appointment of Client as its intermediary to carry out the aforesaid CDD measures(s) for MSL in respect of any client(s) of Client, Client shall immediately provide to MSL all the documents, records, data and information referred to in the above paragraphs of this Clause 21.18 and in respect of such client(s);
 - 21.18.9. If there is any legal or regulatory requirement (other than those stated in the AMLO or issued by the SFC) in respect of the aforesaid CDD measure(s) carried out by Client for MSL and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 21.18 and/or the keeping of the same, Client shall also comply with such legal or regulatory requirement;
 - 21.18.10. To the extent that any provisions of the AMLO, or of the regulatory requirements issued by the SFC from time to time, in respect of the aforesaid CDD measure(s) carried out by Client for MSL and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 21.18 and/or the keeping of any such documents, records, data and/or information are not expressly incorporated in this Agreement, the same shall be incorporated by reference in this Agreement. The provisions of the AMLO, and of the regulatory requirements issued by the SFC from time to time, in respect of the aforesaid CDD measure(s) carried out by Client for MSL and/or any documents, records, data and/or information referred to in the above paragraphs of this Clause 21.18 and/or the keeping of any such documents, records, data and/or information shall prevail over the provisions of this Clause 21.18. Notwithstanding anything in this Agreement or any other document, Client shall comply with all legal and regulatory requirements (as amended from time to time) in respect of the aforesaid CDD measure(s) carried out for MSL (including, without limitation, the relevant record-keeping requirements); however, nothing in the foregoing shall, in any way, affect any obligation of MSL stated in section 18(2) under Part 2, Division 4 of Schedule 2 of the AMLO; and
 - 21.18.11. In this Clause 21.18, (i) words not defined shall have the meanings ascribed to them in the AMLO or applicable regulatory requirements issued by the SFC from time to time unless the context requires otherwise; and (ii) regulatory requirements issued by the SFC from time to time include, without limitation, the requirements contained in the Guideline on Anti-Money Laundering and Counter-Terrorist Financing.
- 21.19. Additional undertakings
- Without prejudice to Clause 21.18 above, MSL may take or omit to take any action which it, in its sole and absolute discretion, considers appropriate to take (a **"Compliance Action"**) for the purpose of complying with the Applicable Laws and Compliance Rules, including preventing money laundering, terrorist financing or other crimes or the provision of financial and other services to any persons or entities which may be subject to sanctions (each such person or entity is referred to as a **"Sanctioned Party"**). Such Compliance Action may include without limitation:
- (a) declining the application or refusing to handle or process, or refusing to effect payment in connection with, any transaction contemplated in this Agreement on the ground of, or as a result of, a Compliance Action or if any person or entity relating to any related underlying transaction is a Sanctioned Party;
 - (b) (if MSL becomes aware that any payment made to or at the request of Client contravenes the Compliance Rules) immediately recouping such payment from Client, irrespective of any other contrary agreement with Client;
 - (c) the interception and investigation of any payment messages and other information or communications sent to or by Client or on Client's behalf via the systems of MSL; and
 - (d) making further enquiries as to whether a name which might refer to a Sanctioned Party actually refers to that party.
- MSL will not be liable for any loss (whether direct, indirect or consequential loss, including without limitation loss of profit or interest) or any damage suffered by Client or any party arising out of:

- (i) any delay or failure by MSL in processing any payment messages or other information or communication or any request from Client, or in performing any of its duties or other obligations in connection with any transaction, caused in whole or in part by any Compliance Action; or
- (ii) the exercise of any of MSL's rights under or any action taken or omission made by MSL pursuant to this section.

In this section:

"Applicable Law" means the legal requirements of any place or any jurisdiction that MSL operates in or such legal requirements are otherwise applicable on MSL; and

"Compliance Rules" means all regulations, sanction regimes, international guidance or procedures or rules of relevant regulatory or industry body that may be applicable to MSL

SUPPLEMENTARY TERMS AND CONDITIONS AND RISK DISCLOSURES OF THE CLIENT AGREEMENT - SHANGHAI-HONG KONG STOCK CONNECT

Introduction

Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by the Hong Kong Exchange and Clearing Limited (HKEx as defined below), Shanghai Stock Exchange (SSE as defined below) and China Securities Depository and Clearing Corporation Limited (ChinaClear as defined below), aiming to achieve a breakthrough in mutual market access between the Mainland and Hong Kong. Under Shanghai-Hong Kong Stock Connect, the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx, and SSE will establish mutual order-routing connectivity and related technical infrastructure to enable investors of their respective market to trade designated equity securities listed in the other's market.

The Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of HKEx, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors.

In the initial phase, Hong Kong and overseas investors can be able to trade certain stocks listed on the SSE market as specified by HKEx. The HKEx announced on 10 November 2014 that Shanghai-Hong Kong Stock Connect would be launched on 17 November 2014.

Definitions

"A-Shares" means securities issued by companies incorporated in Mainland which are listed and trade on the Mainland A Share markets (Shanghai and Shenzhen) and not on the SEHK

"ChinaClear" means China Securities Depository and Clearing Corporation Limited

"Client" shall have the same meaning as defined in the Client Agreement

"Client Agreement" means Client's existing Client Agreement and Schedules with MSL relating to its Securities Trading Account, and means the respective Client Agreement and Schedules with Client relating to each Securities Trading Account, if there are more than one Securities Trading Account

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

"H-Shares" means any securities issued by companies incorporated in the Mainland and listed on the SEHK

"HKEx" means the Hong Kong Exchanges and Clearing Limited

"HKSCC" means the Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of HKEx

"Mainland" means the People's Republic of China

"Northbound trading" or **"Northbound"** means trading of SSE Securities by Hong Kong and international investors through Shanghai-Hong Kong Connect

"SSE" means the Shanghai Stock Exchange

"SSE Securities" means any or all of the securities listed on the SSE market which Hong Kong and overseas investors will be able to trade under the relevant arrangement for Northbound trading as specified by HKEx from time to time

"SSE Subsidiary" means a subsidiary company of SSE which carries out the Southbound Trading Link activities, as defined by relevant circulars of the HKEx and as amended by the SEHK Listing Rules from time to time

"SEHK" means the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx

"SEHK Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"SEHK Subsidiary" means the company established by SEHK for carrying out the Northbound Trading Link activities, as defined by relevant circulars of the HKEx and as amended by the SEHK Listing Rules from time to time

“MSL” means Morton Securities Limited

“Supplementary Client Agreement” means these Supplementary Terms and Conditions and Risk Disclosures of the Client Agreement regarding Shanghai-Hong Kong Stock Connect, which are binding upon the Client and which have been incorporated into the Client Agreement in respect of any activity related to the Client in respect of Shanghai-Hong Kong Stock Connect

“Trading day” means a day on which SEHK is open for Northbound trading, where **“T day”** denotes the Trading Day on which a transaction is executed and **“T+1 day”** denotes the day which is one Trading Day after T Day

Client’s Acceptance

Client acknowledges and accepts that this Supplementary Client Agreement shall be bound by the laws, rules and regulations of the Mainland and Hong Kong that govern Shanghai-Hong Kong Stock Connect and all matters relating thereof.

Client is expected to have read and familiarized themselves with relevant documents and guidance regarding Shanghai-Hong Kong Stock Connect, including but not limited to publications and announcements of HKEx, Securities and Futures Commission and China Securities Regulatory Commission, and the Information Book for Investors published by the HKEx.

On the basis of such information, Client understands and accepts the features, limitation and risks of Shanghai-Hong Kong Stock Connect and the services to be provided to Client in connection with it. Client warrants and represents that it is an eligible and qualified investor for the purposes of Shanghai- Hong Kong Stock Connect.

Set out below are additional terms and conditions that govern the services to be provided in relation to Shanghai-Hong Kong Stock Connect. By giving instructions to MSL, Client confirms, acknowledges and accepts all the terms and conditions, risk disclosures and the other matters set out.

1. **Restriction on Day Trading**
No day trading of SSE Securities is permitted. Accordingly, SSE Securities bought on T+0 day may be sold, subject to Pre-Trade Checking (as described below), only on or after T+1 day. MSL shall accept an order to sell SSE Securities only after the applicable cut-off time on T+1 day as notified by MSL to Client from time to time.
2. **Pre-Trade Checking**
SEHK is required to check that, in respect of any Northbound sell orders given by MSL, whether MSL holds sufficient available SSE Securities to be able to fill such Northbound sell orders. Pre-Trade Checking will be carried out at the start of each Trade Day. Note in particular, that you may be unable to execute a sell order of SSE Securities if there has been a delay or failure for whatever reason in the transfer of the relevant SSE Securities to any clearing account of MSL or if for any other reason MSL consider that there is or may be non-compliance with any relevant mainland law or rules governing Shanghai-Hong Kong Stock Connect. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or the relevant laws and rules shall be borne solely by the Client.
3. **No-over-the-counter (OTC) Trade, Manual Trade or Block Trade**
As all trading of SSE Securities must be conducted on SSE, i.e. no over-the-counter (OTC) trade, block trade or manual trades will be allowed. There will be no manual trade facility or block trade facility for Northbound trading. MSL will not accept any order for such trades.
4. **Prohibition on Naked Short-selling**
Hong Kong and overseas investors are prohibited from naked short-selling in any SSE Securities. In selling SSE Securities via Northbound trading, Hong Kong and overseas investors are not allowed to participate in any securities lending in the Mainland.
5. **Foreign Shareholding Restrictions, Disclosure Obligations and Compliance with SSE Rules and Mainland Laws**
The governance of A-Shares listed companies and the trading of A-Shares are subject to market rules and disclosure requirements of the A-Shares market. Any changes in laws, regulations and policies of the A- Shares market or rules in relation to Shanghai-Hong Kong Stock Connect will affect SSE Securities and possibly their share prices. Under Shanghai-Hong Kong Stock Connect, Client should take note of the requirements to comply with SSE Rules and applicable Mainland laws and regulations, including but not limited to foreign shareholding restrictions and disclosure obligations applicable to A-Shares generally. Such laws may be amended at any time without prior notice.

In certain circumstances, MSL may be required to reject its client’s buy orders, for example until the aggregate shareholding of foreign investors is reduced, or a single foreign investor’s shareholding is reduced. Applicable limits are subject to change from time to time and MSL shall not be under any obligation to inform Client of any such changes for foreign ownership limits.

Client will be subject to restrictions on trading (including restrictions on retention of proceeds) in SSE Securities.

Under Mainland laws and regulations, shareholders in SSE Securities making short term profits may be required to disgorge such profits. Accordingly, MSL must reserve the right to withhold or retain any profits or other amounts, including dividends, credited to Client's account and transfer the sums as instructed by relevant regulators or authorities such as SEHK, SSE or ChinaClear to fulfill relevant requirements.

Under Mainland laws and regulations, investors must disclose certain interests in writing to the CSRC and the relevant exchange within prescribed time limits. MSL shall not be under any obligation to inform or advise Client of the relevant requirements, to ensure Client complies with them, or notify Client of changes to such requirements.

Client may be subject to foreign shareholding restriction and to applicable forced-sale requirements if and when the restriction is exceeded. Client is also required to disclose any change in shareholding and to comply with relevant trading restrictions in accordance with Mainland laws and regulations. MSL reserves the right to exercise a forced-sale on Client's SSE Securities to fulfill relevant Mainland requirements.

Client is solely responsible for compliance with all notifications, reports and relevant requirements in connection with its shareholding or relevant interests. For any alleged breach of SSE Rules, MSL may be required to forward Client's identity and relevant materials to SEHK which may be passed onto SSE for lawful purposes including surveillance and investigation.

Client shall acknowledge that Hong Kong and overseas investors as beneficial owners of A-shares traded via Shanghai-Hong Kong Stock Connect cannot currently appoint proxies to attend shareholders' meeting on their behalf. Client shall acknowledge that, where SSE Securities are held in nominee accounts under the relevant arrangements in ChinaClear, Client may not be able to exercise their full voting rights directly. Client's shareholding and interest in SSE Securities is subject to applicable Mainland laws and regulations and SSE Rules, which may be amended at any time without prior notice.

Client acknowledges that it is aware of, and accepts all the risks associated with Northbound trading, including but not limited to prohibition of trading SSE Securities, and the possibility of Client being liable or responsible for breaching the SSE Listing Rules, SSE Rules and other applicable laws and regulations.

Client further acknowledges and accepts that it shall be liable for any breaches of SSE Listing Rules, SSE Rules and other applicable laws and regulations, and any loss or damage in connection with its Northbound trading.

6. Rejection or Cancellation of Orders

MSL has the right to cancel client's orders in case of contingency, including but not limited to hoisting of Typhoon Signal No 8 in Hong Kong.

Where Client wishes to cancel an order, MSL may not be able to send the order cancellation requests in case of contingency such as when SEHK loses all communication lines with SSE, ChinaClear, etc.. Client should still bear the settlement obligations if the said orders were matched and executed.

Client acknowledges that MSL may, where required by SEHK upon SSE's request, reject or cancel an order from Client, without providing any reasons thereof.

7. Difference in Trading Day and Trading Hours

Client should note that, due to differences in public holidays between Hong Kong and the Mainland or other reasons such as bad weather conditions, there may be difference in trading days and trading hours in the Hong Kong and the Mainland markets. Shanghai-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-Shares trading.

Client should always pay attention to information about trading days published by SEHK before it makes any decisions about SSE Securities. Client should take note of the days and the hours which Shanghai-Hong Kong Stock Connect is open for business and decide according to its own schedule and risk tolerance capability whether or not to investment in any SSE Securities at that time, and take on the risk of price fluctuations in A-Shares during the time when Shanghai-Hong Kong Stock Connect may not be in operation.

8. Warning may be issued to Client

Client acknowledges that SSE has the right to request SEHK to require MSL to issue warning statements (in verbal or in written form) to Client, and not to extend Northbound trading service to any of its clients. If any such warning and/or request for withdrawal of trading is required to be issued to Client, MSL shall immediately act accordingly and shall not be bound to provide any reasons or prior notice thereof to Client.

9. Exclusion of Liability

Client acknowledges and agrees that HKEx, SEHK, SEHK Subsidiary, SSE, SSE Subsidiary and their respective directors, employees and agents have stated, by way of providing the Shanghai-HK Stock Connect arrangements, that each of them would not be held liable for any loss or damage directly or indirectly suffered by MSL, Client or any third parties arising from or in connection with any aspect of Northbound trading or the Shanghai-HK Stock Connect arrangements.

Client acknowledges and agrees that it shall not bring any claim against MSL in respect of any matters arising from the Shanghai-HK Stock Connect arrangements which are within the scope of the above exclusion.

10. Recalling of Eligible Stocks and Trading Restrictions

A stock may be recalled from the scope of eligible SSE Securities for trading via Shanghai-Hong Kong Stock Connect for various reasons, and in such event the stock can only be sold but restricted from being bought. To the extent that this may affect the investment portfolio, interest or strategies of Client, Client acknowledges and agrees that it shall bear the risk associated with the recall, including but not limited to having to dispose of the stock, and shall not have any right to claim for any loss or damage. Client should therefore pay close attention to the list of eligible SSE Securities as provided and renewed from time to time by SSE and SEHK. Under Shanghai-Hong Kong Stock Connect, Client will only be allowed to sell the SSE Securities but restricted from further buying if: (i) the SSE Securities subsequently ceases to be a constituent stock of the relevant indices; (ii) the SSE Securities is subsequently under “risk alert”; and/or (iii) the corresponding H-Shares of the A-Shares (being the SSE Securities in question) subsequently ceases to be traded on SEHK.

11. Trading Costs

In addition to paying trading fees and stamp duties in connection with A-Shares trading in SSE Securities, Client carrying out Northbound trading via Shanghai-Hong Kong Stock Connect should take note of any new portfolio fees, dividend tax, capital gains tax and other tax concerned with income arising from stock transfers which may be created and determined by the relevant authorities to be chargeable at any time.

12. Risk of HKSCC Default

Client acknowledges and agrees that any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of the settlement of SSE Securities and/or monies in connection with it, and Client may suffer losses as a result. MSL assumes no responsibility or liability for any such losses.

13. No Protection under the Investor Compensation Fund

Client acknowledges and accepts that Northbound trading under Shanghai-Hong Kong Stock Connect is not covered by the Investor Compensation Fund regime in Hong Kong.

Client further acknowledges and accepts that, as far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through intermediaries in Hong Kong and these intermediaries are not Mainland brokers, Client would not be protected by the China Securities Investor Protection Fund.

14. Currency Risks

Clients who hold a local currency other than RMB will be exposed to currency risks if they invest in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, Clients will also incur currency conversion costs. Even if the price of the RMB asset remains the same at the time of purchase and redemption/sale, Client will still incur a loss when converting the redemption / sale proceeds into local currency if RMB has depreciated.

15. Other Terms and Conditions may Apply

The above may not cover all the terms and conditions or risks related to Shanghai-Hong Kong Stock Connect. MSL does not warrant and represent that the information set out in this document is complete and up to date. Client should pay attention to any information and update regarding Shanghai-Hong Kong Stock Connect which may be published by MSL on its website or in other format from time to time. Client should also pay attention to information available on the HKEx website regarding Shanghai-Hong Kong Stock Connect.

Client should consult Client's own independent legal and professional advisors about the applicable law, rules and regulations of Shanghai-Hong Kong Stock Connect of the Mainland and Hong Kong prior to entering into any transaction. MSL shall not accept any liability for any statement or information provided by it or its directors, officers, staff or agents, in connection thereto.

FIRST SCHEDULE : MARGIN FINANCING

1. INTERPRETATION

- 1.1. In this First Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
 - 1.1.1 **"Facility Letter"** means the letter from MSL to Client offering the Facility;
 - 1.1.2 **"Indebtedness"** means any obligation for the payment or repayment of money, whether actual or contingent;
 - 1.1.3 **"Liabilities"** means the aggregate of:
 - (A) all present and/or future actual and/or contingent Indebtedness or other liabilities (in whatever currency they may be expressed) of Client to MSL (whether incurred solely, severally or jointly with others and whether incurred as principal or surety) including (without limitation) all monies advanced on any current, loan or other account (whether existing or opened at any time after the date hereof), and all pecuniary obligations arising out of currency and other financial transactions; and
 - (B) any interest accrued in respect of the amounts and liabilities referred to in paragraph (A) above both before demand and from the date of demand to the date of payment, as well after as before judgment (whether any of the same shall have been capitalised or not); and
 - (C) all charges, commissions and legal and other expenses incurred in any manner whatsoever by MSL in relation to the said Indebtedness and liabilities or to this Agreement (including without limitation any foreign exchange losses and expenses incurred by MSL in enforcing or otherwise attempting to recover any such Indebtedness or liabilities) on a full indemnity basis;
 - 1.1.4 **"Margin Account"** means an Account which has the benefit of a Facility.
- 1.2. In the event of any inconsistency between the provisions of this Agreement and this First Schedule, the provisions of this First Schedule shall prevail.
- 1.3. Terms and expressions defined in this Agreement shall have the same meaning in this First Schedule unless the context otherwise requires. References to clauses in this First Schedule shall refer to clauses contained in this First Schedule, unless the context otherwise requires.
- 1.4. The terms of the Facility Letter and any authorisation letter given by Client with respect to the Facility shall form part of this First Schedule.

2. MARGIN SECURITIES TRADING ACCOUNT

- 2.1. In consideration of MSL granting to Client the Facility, Client charges to MSL, by way of first fixed charge as a continuing security for the payment and satisfaction on demand of the Liabilities, all of Client's securities which are now or which shall at any time be deposited with, or come into the possession, custody or control of, MSL or any member of the Group or any nominee or custodian appointed or agreed by MSL, or with any person, to facilitate the provision of the Facility in respect of the Account, which shall include all dividends and other distributions made or payable in respect of such securities, and all securities (and the dividends and other distributions in respect thereof), rights, monies or property of whatever nature accruing to or offered at any time by way of redemption, bonus, preference, options, purchase consideration or otherwise in right or in respect of the aforesaid securities (the **"Margin Securities"**).
- 2.2. Client undertakes:
 - 2.2.1. at all times to maintain the level of margin specified in the Facility Letter or any other level of margin determined by MSL from time to time (**"Margin"**), either by paying to MSL sufficient monies or by depositing (or procuring the deposit of) sufficient securities with MSL; and
 - 2.2.2. forthwith upon demand to pay to MSL such sum, in cleared funds, in cash and/or deliver to MSL such additional securities as additional or substituted security for the Liabilities; and, for the avoidance of doubt, any securities deposited with or delivered to MSL under this clause shall form part of the Margin Securities.
- 2.3. Any monies received by MSL from Client may be placed and kept to the credit of an interest bearing suspense account for so long as MSL thinks fit without any obligation in the meantime to apply the same or any part thereof in or towards discharge of any Liabilities. Notwithstanding any such payment, in the event of any proceedings in or analogous to bankruptcy, winding-up, liquidation, composition or arrangement, MSL may prove for and agree to accept any dividend or composition in respect of the whole or any part of such money and liabilities in the same manner as if this security had not been created.
- 2.4. Client shall pay to MSL on a monthly basis, in respect of the Liabilities, interest at the Normal Interest Rate specified in the Facility Letter but if any Event of Default occurs, the aforesaid Normal Interest Rate may be replaced with the Default Interest Rate specified in the Facility Letter and such replacement shall immediately become effective on the date of the occurrence of such Event of Default unless otherwise agreed in writing by MSL.
- 2.5. Notwithstanding any provisions of this Agreement, MSL may from time to time at its discretion, by written notice to Client, stipulate another interest rate, and such other rate shall apply as from the date of the notice or such later

date specified in the notice. If any interest rate mentioned in this clause 2.5 or clause 2.4 above in this First Schedule would exceed the maximum lawful rate under the Money Lenders Ordinance (Cap. 163 of Laws of Hong Kong), then the maximum lawful interest rate under that Ordinance shall be applied instead. Client agrees that MSL shall be entitled (but not be obliged), at any time and from time to time, without prior notice, to debit any Account with MSL and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this clause 2.5 or clause 2.4 above in this First Schedule and Client undertakes to, immediately upon demand by MSL, do such act(s) and/or execute such document(s) as may be required by MSL at any time and from time to time in order to give full effect to each such debit.

2.6. MSL is authorised on Client's behalf and in Client's name to:

- 2.6.1. draw on the Facility or withdraw from any account maintained by Client with MSL such sums of money in payment of the purchase price for the securities purchased or purportedly purchased for Client as evidenced by the bought note issued in Client's name and at the same time deposit into any account maintained by Client with MSL the securities so purchased or purportedly purchased with money withdrawn from any such account. In addition, MSL may draw on the Facility or withdraw from any account maintained by Client with MSL such sums of money in payment of brokerage, fees, disbursements, charges and any other sums owed by Client in connection with the Margin Securities; and
- 2.6.2. withdraw from any account maintained by Client with MSL such securities sold or purportedly sold for Client as evidenced by the sole note issued in Client's name and at the same time deposit into any account maintained by Client with MSL the sums of money representing the net proceeds of sale of the securities so withdrawn and so sold or purportedly sold, or apply the same or any part thereof in or towards discharge of any Liabilities.

3. MARGIN SECURITIES

- 3.1. If Client shall pay to MSL the whole of the amount of Liabilities without any deduction, MSL shall at any time after such payment has been so made, upon Client's request and cost, discharge the security created hereby provided always that upon discharge MSL shall not be bound to return securities bearing serial numbers identical with those deposited with or transferred to MSL so long as the securities returned are of the same class, denomination and nominal amount and rank *pari passu* with those originally deposited with or transferred to MSL (subject always to taking account of such events like any capital reorganisation which may have occurred in the meantime).
- 3.2. The security conferred on MSL is a continuing security and shall not be discharged by any intermediate payment or satisfaction of the whole or any part of the Liabilities, or by the closing of any Client's accounts with MSL (whether subsequently reopened or not and either alone or jointly with others).
- 3.3. The security hereby conferred on MSL is in addition to and without prejudice to any collateral or other securities which MSL may now or hereafter hold from or on account of Client nor shall such collateral or other security or any lien to which MSL may be otherwise entitled (including any security, charge or lien prior hereto) or the liability of any person or persons not parties hereto for all or any part of the monies and liabilities hereby secured be in any way prejudiced or affected hereby. MSL shall have full power at its discretion to deal with, exchange, release, modify or abstain from perfecting or enforcing any such securities or other guarantees or rights which it may now or hereafter have or to give time for payment or any indulgence to any other person or persons without discharging or in any way affecting Client's liabilities or the security created hereunder. All monies received by MSL from Client or any person or persons liable to pay the same may be applied by MSL to any account or any transactions to which the same may be applicable.
- 3.4. Client shall, during the continuance of this security, pay all payments due in respect of any of the Margin Securities but MSL may if MSL thinks fit, make such payments on Client's behalf. Any sums so paid by MSL shall be repayable forthwith by Client and pending such repayment, shall both carry interest at the applicable rate and be a charge on the Margin Securities.
- 3.5. In addition and without prejudice to any general liens, rights of set-off or other similar rights to which MSL may be entitled under law or this Agreement, all securities, receivables, monies and other property of Client (held by Client either individually or jointly with others) held by or in the possession of MSL at any time shall be subject to a general lien in favour of MSL as continuing security to offset and discharge all of Client's obligations, arising from the business of dealing in securities, to MSL and any member of its Group.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

Client represents, warrants and undertakes to MSL that no other person has any interest in the Margin Securities and undertakes not to sell, grant an option over or otherwise deal in any way with or create or allow to subsist a charge, pledge or other encumbrance over the Margin Securities other than pursuant to the terms of this Agreement.

SECOND SCHEDULE : INITIAL PUBLIC OFFERINGS

1. INTERPRETATION

- 1.1. Terms and expressions defined in this Agreement shall have the same meaning in this Second Schedule unless the context otherwise requires. References to clauses in this Second Schedule shall refer to clauses contained in this Second Schedule, unless the context otherwise requires.
- 1.2. In the event of any inconsistency between the provisions of this Agreement and this Second Schedule, the provisions of this Second Schedule shall prevail.

2. INITIAL PUBLIC OFFERINGS

- 2.1. Client may request MSL to apply on Client's behalf for securities in a new issue for listing on an Exchange (an "Application") and the provisions of this Second Schedule shall apply.
 - 2.1.1. Client authorises MSL to complete such application form as may be required, and represents and warrants to MSL 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.
 - 2.1.2. Client agrees to be bound by the terms of the new issue and Client hereby:
 - 2.1.2.1. warrants and undertakes that the Application shall be the only application made for Client's benefit in respect of the same issue of securities and that Client shall make no other application in that issue;
 - 2.1.2.2. authorises MSL 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;
 - 2.1.2.3. acknowledges that MSL will rely on the above warranties, undertakings and authorisations in making the application;
 - 2.1.2.4. acknowledges that MSL 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 subscriptions for new issues of securities unless eligible to do so under the applicable securities legislation; and
 - 2.1.2.5. represents and warrants that he is not a connected person (as such term is defined in the Regulatory Rules) of the issuer of securities that are subject of the new issue.
 - 2.1.3. Client may at the same time request MSL to provide a loan for the purpose of the Application (the "**Loan**"), and the following provisions shall apply:
 - 2.1.3.1. MSL has the discretion to accept or reject the request for the Loan.
 - 2.1.3.2. Upon acceptance of a request for a Loan, MSL shall provide a term sheet or other document(s) ("**Term Sheet**") to Client confirming the terms of the Loan as agreed between Client and MSL, which shall be conclusive and binding on Client.
 - 2.1.3.3. Prior to the provision of a Loan by MSL, Client shall provide to MSL a deposit for the Loan, which shall form part of the proceeds for the Application, in the amount and on or before such time as specified in the Term Sheet. Client authorizes MSL to debit from any of his accounts with MSL an amount representing the deposit, provided that MSL may, at its discretion, require Client to pay sufficient monies to MSL for the deposit.
 - 2.1.3.4. Unless otherwise specified in the Term Sheet:
 - (1) the amount of the Loan shall be the total price of the securities applied for in the Application less the amount of deposit provided by Client pursuant to this clause 2.1.3;
 - (2) Client shall have no right to repay the Loan, in part or in full, prior to the date of repayment specified in the Term Sheet.
 - 2.1.3.5. The rate of interest applicable to the Loan shall be specified in the Term Sheet.
 - 2.1.3.6. Where MSL receives any refund in respect of an Application, MSL shall have the right, at its discretion, to apply the same or any part thereof in or towards the discharge of the Loan including any interest accrued thereon or to return the same or any part thereof to Client, whether before or after the date of repayment specified in the Term Sheet.
 - 2.1.3.7. In consideration of MSL granting to Client the Loan, Client charges to MSL, by way of fixed charge as a continuing security for the full repayment of the Loan and the accrued interest thereon, all the securities in or for the Account ("**Interest in the Account**"), which shall include, without limitation, all securities, all dividends and other distributions made or payable in respect of such securities, rights, monies or property of whatever nature accruing to or offered at any time by way of redemption, bonus, preference, options, purchase consideration or otherwise in right or in respect of the aforesaid securities and those securities acquired on behalf of Client by virtue of the Application in respect of which the Loan is provided. Subject to the Laws, Client authorises MSL, for so long as the security

created hereby continues, at its discretion and without notice to Client, to dispose of such Interest in the Account in settlement of Client's liability to repay or discharge any financial accommodation provided by MSL. Upon full repayment of the Loan and the accrued Interest thereon, MSL shall discharge the security created hereby.

- 2.1.3.8. MSL shall have the additional rights set out in the First Schedule as if the Loan is granted under a Facility.

THIRD SCHEDULE : SPECIAL RULES FOR OPTIONS TRADED ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1. INTERPRETATION

- 1.1. In this Third Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
 - 1.1.1 “**HKEx**” means Hong Kong Exchanges and Clearing Limited;
 - 1.1.2 “**HKSCC**” means Hong Kong Securities Clearing Company Limited;
 - 1.1.3 “**SEHK**” means The Stock Exchange of Hong Kong Limited;
 - 1.1.4 “**SEOCH**” means The SEHK Options Clearing House Limited;
 - 1.1.5 “**Options Account**” means an Account in respect of which Client deals in options contracts to which this Third Schedule applies;
 - 1.1.6 “**Options Trading Rules**” means the Options Trading Rules of the SEHK as amended from time to time;
 - 1.1.7 “**Margin**” means cash and/or securities and/or other assets as may be agreed from time to time, as security for Client’s obligations to MSL under this Third Schedule.
- 1.2. Without prejudice to clause 1.3 below, terms and expressions defined in this Agreement shall have the same meaning in this Third Schedule unless the context otherwise requires.
- 1.3. Words and phrases not defined will have the meanings given to them in the Options Trading Rules and the Options Clearing Rules of SEOCH.
- 1.4. References to clauses in this Third Schedule shall refer to clauses contained in this Third Schedule, unless the context otherwise requires.
- 1.5. In the event of any inconsistency between the provisions of this Agreement and this Third Schedule, the provisions of this Third Schedule shall prevail.

2. SPECIAL RULES FOR OPTIONS TRADED ON SEHK

- 2.1. This Third Schedule only applies to options contracts made pursuant to Rule 513 of the Options Trading Rules incorporating the terms and conditions applicable to such options contracts as specified by the SEHK from time to time as set out in the Options Trading Rules, and an Account in respect of which Client deals in such options contracts.
- 2.2. MSL will keep information relating to an Options Account confidential, but may provide any such information to the SEHK, the SFC, Hong Kong Exchanges and Clearing Limited and SEOCH to comply with their respective requirements or requests for information.
- 2.3. Client confirms that:
 - 2.3.1. Client is not employed by any other Options Exchange Participant of the SEHK, and no employee of any other Options Exchange Participant will have a beneficial interest in the Options Account; and either
 - 2.3.2. the Options Account is operated solely for Client’s account and benefit, and not for the benefit of any other person; or
 - 2.3.3. Client has disclosed to MSL in writing the name(s) of the person(s) for whose benefit the Options Account is being operated; or
 - 2.3.4. Client has requested MSL to operate the Options Account as an Omnibus Account, and will immediately notify MSL, on request, of the identity of any person(s) ultimately beneficially interested in Client Contracts.
- 2.4. Laws and rules
 - 2.4.1. All Exchange Traded Options Business shall be effected in accordance with all Regulatory Rules applying to MSL. These include, without limitation, the Options Trading Rules, the Options Clearing Rules of SEOCH and the rules of the HKSCC. In particular, SEOCH has authority under the Regulatory Rules to make adjustments to the terms of Contracts, and MSL shall notify Client of any such adjustments which affect Client Contracts to which Client is a party. All actions taken by MSL, by the SEHK, by SEOCH or by HKSCC in accordance with such Regulatory Rules shall be binding on Client. 2.4.2 All the rights and authority of MSL or the members of the Group pursuant to this Third Schedule shall be subject to the Regulatory Rules but without limitation to any other rights and remedies which MSL or any member of the Group may have.
 - 2.4.2. Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between MSL and Client in relation to those options series, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Regulatory Rules.
- 2.5. Margin
 - 2.5.1. Client agrees to provide MSL with Margin, the form of which may be agreed from time to time, as security for Client’s obligations to MSL under this Third Schedule. Such Margin shall be paid or delivered as demanded by MSL from time to time. The amounts required by way of Margin shall not be less than, but may exceed, the amounts as may be required by the Regulatory Rules in respect of Client’s open positions and delivery obligations, and further Margin may be required to reflect changes

- in market value.
- 2.5.2. If MSL accepts securities by way of Margin, Client will on request provide MSL with such authority as MSL may require under the Regulatory Rules to authorise MSL to deliver such securities, directly or through another Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from Client's instructions to MSL. Except as otherwise provided or unless otherwise authorised by Client, MSL does not have any further authority from Client to borrow or lend Client's securities or otherwise part with possession (except to Client or on Client's instructions) of any of Client's securities for any other purpose.
 - 2.5.3. If MSL has not received SEOCH Collateral due from Client promptly, MSL may treat Client as being in default. MSL may require Client to maintain SEOCH Collateral with MSL in advance of accepting instructions from Client or may impose other requirements for the collection of SEOCH Collateral as MSL thinks fit.
 - 2.5.4. MSL is authorised to deposit any cash balance in any of Client's Options Account with any licensed bank which MSL considers appropriate. MSL shall be entitled to retain any benefit resulting from such deposit.
- 2.6. Client Default
- 2.6.1. Without prejudice to clause 16 of this Agreement, if Client fails to comply with any of its obligations and/or to meet its liabilities under this Third Schedule, including but not limited to failure to provide Margin, and/or in any way commit default of Client's obligations under the Options Trading Rules, MSL may without prior notice to Client:
 - 2.6.1.1. decline to accept further instructions from Client in respect of Exchange Traded Options Business;
 - 2.6.1.2. close out, give-up or exercise some or all of its Client Contracts with MSL;
 - 2.6.1.3. enter into Contracts, or into transactions in securities, futures or commodities, in order to settle obligations arising or to hedge the risks to which MSL is exposed in relation to Client's failure;
 - 2.6.1.4. dispose of Margin, and apply the proceeds thereof to discharge Client's liabilities to MSL; and/or
 - 2.6.1.5. dispose of any or all securities held for or on behalf of Client in order to set off any of its obligations and to exercise any rights of set off MSL may have in relation to Client.

Any proceeds remaining after discharge of all Client's liabilities to MSL shall be paid to Client.
 - 2.6.2. Client agrees to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against Client) at such rates and on such other terms as MSL has notified to Client from time to time. Client agrees that MSL shall be entitled (but not obliged), at any time and from time to time, without prior notice, to debit the Account with MSL and/or any other account(s) of Client with other member(s) of the Group with any interest due and payable by Client in accordance with this clause 2.6.2 and Client undertakes to, immediately upon demand by MSL, do such act(s) and/or execute such document(s) as may be required by MSL at any time and from time to time in order to give full effect to each such debit.
- 2.7. Contracts
- 2.7.1. In respect of all Contracts effected on Client's instructions, Client will pay MSL, within the time period notified by MSL, Premium, MSL's commission and any other charges, and applicable levies imposed by the SEHK, as have been notified to Client. MSL may deduct such Premium, commissions, charges and levies from the Options Account.
 - 2.7.2. MSL may place limits on the open positions or delivery obligations that Client may have at any time. Client acknowledges that:
 - 2.7.2.1. MSL may be required to close out Client Contracts to comply with position limits imposed by the SEHK; and
 - 2.7.2.2. if MSL goes into default, the default procedures of the SEHK may result in Client Contracts being closed out, or replaced by Client Contracts between Client and another Options Exchange Participant of the SEHK.
 - 2.7.3. At Client's request, MSL may agree to the Client Contracts between MSL and Client being replaced, in accordance with the Regulatory Rules, by Client Contracts between Client and another Options Exchange Participant of the SEHK.
 - 2.7.4. On exercise of a Client Contract by or against Client, Client will perform its delivery obligations under the relevant contract, in accordance with the Standard Contract and as Client has been notified by MSL.
 - 2.7.5. The Client shall be responsible for notifying the SEHK or other relevant Regulators in the event that Client holds a reportable position (as defined in the Securities and Futures (Contract Limits and Reportable Positions) Rules (Cap. 571Y of the Laws of Hong Kong) or other applicable rules or regulations).
 - 2.7.6. Client acknowledges that, subject to the provisions of the Securities and Futures Ordinance and any

other laws, MSL may take the opposite position to Client's order in relation to any exchange traded options contract(s), whether on MSL own account or for the account of any member of the Group or their respective officers, employees or representatives or other clients of MSL or any member of the Group, provided that the trading is executed competitively on or through the facilities of the SEHK in accordance with the rules, regulations and procedures of the SEHK or the facilities of any other commodity, futures or options exchange in accordance with the rules and regulations of such other exchange.

2.7.7. Without prejudice to clause 16 of this Agreement, when MSL exercises any of MSL's rights:

2.7.7.1. under clauses 2.6.1 or 2.7.2 of this Third Schedule by closing or giving-up all or any positions in Client's Options Account; or

2.7.7.2. under any other clauses in this Third Schedule by closing-out all or any positions or sale or purchase of commodities in any accounts which MSL or any member of the Group may carry on Client's behalf or maintain with Client,

2.7.7.3. such closing or giving-up or closing out or sale or purchase (in this clause 2.7.7 referred to as "the transactions")

2.7.7.4. may be made on any exchange or market where the transactions are usually transacted; or

2.7.7.5. in such manner as shall be decided by MSL;

Client agrees that in respect of the transactions, MSL shall not be liable for any resulting loss. Without prejudice to the foregoing, Client shall not make any claim against MSL concerning the manner or timing of the transactions. Client understands that in all cases, MSL has the right to exercise closing, closing out or giving up without demand or notice. A prior demand or call or notice of such closing, closing out or giving up shall not be considered as a waiver of MSL's above-mentioned rights.

2.8. General

2.8.1. Client acknowledges that, although all Options Contracts are to be executed on the SEHK, Client and MSL shall contract as principals under Client Contracts.

2.8.2. 2.8.2 MSL agrees to provide Client, upon request, with (i) the product specifications for Options Contracts and any prospectus or other offering document covering such Options Contracts and (ii) the HKEx's booklet "Understanding Stock Options (and their Risks)".

2.8.3. If MSL fails to meet MSL's obligations to Client pursuant to this Third Schedule, 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.

2.8.4. 2.8.4 Client understands that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time.

2.8.5. Client may instruct MSL to override an "automatically generated exercise instruction" referred to in clause 2.8.4 above before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH.

2.9. Others

MSL shall designate a representative to be primarily responsible for Client's affairs. Client shall be notified of the name of that representative and such particulars of the licence of that representative as required by the applicable Laws. MSL may, in its absolute discretion, at any time and from time to time, designate another representative of its to replace the first-mentioned representative and such replacement will be effective on such date as conclusively determined by MSL. Any information provided pursuant to this clause 2.9 shall form part of this Agreement.

FOURTH SCHEDULE : CLIENT IDENTIFICATION

1. INTERPRETATION

- 1.1. Terms and expressions defined in this Agreement shall have the same meaning in this Fourth Schedule unless the context otherwise requires. References to clauses in this Fourth Schedule shall refer to clauses contained in this Fourth Schedule, unless the context otherwise requires.
- 1.2. In the event of any inconsistency between the provisions of this Agreement and this Fourth Schedule, the provisions of this Fourth Schedule shall prevail.

2. Client shall immediately upon MSL's request and within two (2) days (or such other time period as may be specified by MSL) provide to MSL and/ or a Regulator information (including, without limitation, details of identity, address, occupation, contact details and/or in the case of a corporate entity, nature and scope of business activities, source of funds, business structure, shareholdings and other information) relating to the ultimate beneficial owner(s) of the Account and/or the person(s) ultimately responsible for the giving of instructions in relation to any transaction or in relation to any dealings with any securities or investments in the Account.
3. If Client operates the Account or effects any transaction for a collective investment scheme, discretionary account or trust, Client shall:
 - 3.1. immediately upon MSL request and within two (2) days (or such other time period as may be specified by MSL) provide to MSL and/ or a Regulator the name, address and contact details of such scheme, account or trust and, if applicable, the identity, address, occupation or business structure and contact details of the person who, on behalf of such scheme, account or trust, ultimately originated the instruction to Client to operate the Account and/or effect the transaction; and
 - 3.2. as soon as practicable, inform MSL when Client's discretion or power to operate the Account or to invest on behalf of such scheme, account or trust has been overridden, revoked or terminated. In such case, Client shall, immediately upon MSL's request and within the time specified by MSL, provide to MSL and/or a Regulator the identity, address, occupation and contact details of the person who has given such overriding instruction or notice of revocation or termination.
4. If Client does not know the information referred to in clauses 2 and 3 above, Client must confirm that:
 - 4.1. Client has arrangements in place which would entitle Client to obtain and provide to MSL and/or a Regulator upon its request all such information or to procure that such information be so obtained within two (2) days;
 - 4.2. Client shall, upon MSL's request, immediately obtain all such information from any relevant third party, and provide that information to MSL and/or a Regulator within two (2) days or such other time period as may be specified by MSL and/or the Regulators; and
 - 4.3. MSL may, pending receipt by it and/or by a Regulator of such information, or if such information is not received within two (2) days or such other the time period as may be specified by MSL and/or the Regulators, decide in its absolute discretion and at any time, not to act (even if such declining may result in any loss) or not to give effect to any of Client's instructions and/or to suspend or terminate the effecting of any transaction or the operation of the Account.
5. Client confirms that Client is not subject to any Regulatory Rules, or any law of any relevant jurisdiction, which prohibits Client's performance of the obligation under this Fourth Schedule or, if Client is subject to such Regulatory Rules and/or such law, that Client or Client's own customers, as the case may be, has or have waived the benefit of such Regulatory Rules and/or such law or consented in writing to the performance by Client of the obligations under this Fourth Schedule. Client confirms that such waivers are valid and binding under the laws of all relevant jurisdictions.
6. The Client's obligation to provide information under this Fourth Schedule shall continue in full force and effect notwithstanding the termination of this Agreement.

FIFTH SCHEDULE : PERSONAL DATA

1. INTERPRETATION

- 1.1 Terms and expressions defined in this Agreement shall have the same meaning in this Fifth Schedule unless the context otherwise requires. References to clauses in this Fifth Schedule shall refer to clauses contained in this Fifth Schedule, unless the context otherwise requires.
- 1.2 In the event of any inconsistency between the provisions of this Agreement and this Fifth Schedule, the provisions of this Fifth Schedule shall prevail.

2. From time to time, it shall be necessary for Client to supply MSL with data (including “personal data” as defined in the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong) as amended from time to time) in connection with the establishment or continuation of accounts or the provision of services by MSL and generally Client’s relationship with MSL in Hong Kong. This may include but will not be limited to information obtained in relation to Client’s identity (name, date of birth, passport/identity card number, address(es), marital status, education level and employment information), as well as information collected for the purposes of ascertaining Client’s financial profile, risk appetite, income (including sources of income) and net worth. Failure to supply, or to allow MSL to use or disclose, such data may result in MSL being unable to provide, or continue to provide any of the above facilities or services to or for Client in Hong Kong or elsewhere.

3. The purposes for which data may be collected, used and/or disclosed by MSL (whether before or after the termination of Client’s relationship with MSL) are set out as follows:

- 3.1 the processing of applications for, and daily operation of services provided to Client or to other persons for whom Client acts as guarantor or for whom Client provides third-party security;
- 3.2 customer relationship management (including but not limited to loyalty programs or privileges and rewards schemes);
- 3.3 conducting, seeking or obtaining credit checks, matching procedures, data verification, due diligence and risk management;
- 3.4 assisting other financial institutions to conduct credit checks and collect debts;
- 3.5 ensuring Client’s or any surety’s ongoing creditworthiness;
- 3.6 maintaining Client’s or any surety’s credit history for present and future reference;
- 3.7 improving, enhancing, designing or launching existing or new financial services or related products for Client’s use (including, where appropriate, providing Client with financial advice);
- 3.8 if Client has consented (including an indication of no objection) to the use of Client’s personal data for direct marketing purposes by members of the Group and/or entities outside the Group in the Account Application, or otherwise marketing the following goods, products, services and facilities:
 - 3.8.1 Financial services;
 - 3.8.2 Related investment products;
 - 3.8.3 Financial and investment advice;
 - 3.8.4 Client relationship management services;
 - 3.8.5 Client credit protection and maintenance services; or
 - 3.8.6 Any other related goods, products or services that MSL or a member of the Group may develop under paragraph 3.7 of this Fifth Schedule, unless Client instructs MSL otherwise, and seeking or obtaining the same;
- 3.9 determining the amount of indebtedness owed to or by Client or any surety;
- 3.10 collecting of amounts outstanding from Client or any surety;
- 3.11 meeting any requests or requirements to make disclosure under the Laws;
- 3.12 enabling an actual or proposed assignee of MSL in connection with merger, amalgamation, reconstruction or otherwise to evaluate the transaction intended to be the subject of the assignment;
- 3.13 any other purpose disclosed in the website(s) of MSL or a member of the Group from time to time;
- 3.14 commencing, defending or otherwise participating in any legal or administrative proceedings or inquiry before any court or competent authority;
- 3.15 satisfying any requirements under the codes on takeovers and mergers and share repurchases issued by the SFC (as amended from time to time) and/or any other applicable Laws and/or Regulatory Rules in relation to takeovers in Hong Kong and/or any part of the world;
- 3.16 seeking or obtaining administrative, telecommunications, computer, payment, debt collection or securities clearing, custodian, market data provision, audit, banking, financing, insurance, business consulting, outsourcing, or other services to MSL in connection with the operation of its business; and
- 3.17 any other lawful purpose directly or indirectly relating or incidental to any of the above.

4. Data held by MSL relating to Client, any surety and/or the Account shall be kept confidential but MSL may, at its sole discretion, provide such information to the following persons for direct marketing purposes (where consented (including an indication of no objection) by Client) or any other purposes permitted by this Fifth Schedule:

- 4.1 any agent, contractor or third party service provider (whether in Hong Kong or elsewhere) who provides

administrative, telecommunications, computer, payment, debt collection or securities clearing, custodian, market data provision, audit, banking, financing, insurance, risk management, business consulting, outsourcing, customer relationship management, marketing or other services to MSL in connection with the operation of its business;

- 4.2 any branch or office of MSL or any member of the Group, whether in Hong Kong or elsewhere;
 - 4.3 any person acting or proposing to act as surety;
 - 4.4 any person under a duty of confidentiality to MSL (or any member of the Group) or who has undertaken to keep such information confidential;
 - 4.5 any financial institution with which Client has or proposes to have dealings;
 - 4.6 credit reference agencies and, in the event of default, to debt collection agencies;
 - 4.7 the drawee bank providing a copy of a paid cheque (which may contain information about the payee) to the drawer;
 - 4.8 any actual or proposed assignee or transferee of MSL;
 - 4.9 any person or entity who has established or proposes to establish any business relationship with MSL or the recipient of the data; and
 - 4.10 any person in accordance with the Laws or Regulatory Rules including through or pursuant to any rules, judgment, decision or ruling of the courts, arbitral tribunals, Financial Dispute Resolution Centre Limited, governmental, regulatory or other bodies or institutions, whether as required by the Laws and Regulatory Rules that are applicable to any member of the Group, or otherwise, or any company issuing a notice under section 329 of the Securities and Futures Ordinance.
5. Client agrees that data may be transferred overseas pursuant to the provisions of this Fifth Schedule.
 6. Client acknowledges and accepts the risks that the information disclosed pursuant to this Fifth Schedule may be subject to further disclosure by the Recipient to other parties in accordance with the laws of the country in which the recipient is located. Such laws may be wider in scope and implemented under less restrictive terms than would otherwise be the case in Hong Kong due to difference in applicable laws and regulations.
 7. Client agrees to allow MSL to disclose Client's data for the purposes and to those persons as set out in this Fifth Schedule and to use such data pursuant to this Fifth Schedule.
 8. Where Client supplies MSL with any data (including personal data), Client represents and warrants to MSL that Client has taken all action necessary to authorize the disclosure of such data to MSL and the use by MSL of such data pursuant to this Agreement.
 9. Client may request to ascertain whether MSL holds Client's personal data and MSL's policies and practices in relation to personal data. Further, Client may request access to and correction of Client's personal data. Client also has the right to be informed about the kind of personal data held by MSL and which items of data MSL routinely discloses to credit reference agencies, and to be provided with further information to enable the making of a data access and correction request to the relevant credit reference agency. Any requests should be made in writing with fourteen (14) days advance notice to MSL or such other address as MSL may subsequently notify from time to time. MSL may charge a reasonable fee for processing any data access request.
 10. Where MSL grants any credit facilities to Client or to another person for whom Client acts guarantor, in the event that Client or the borrower defaults in repayment for a period exceeding sixty (60) days or such other period as prescribed by the laws or the relevant Regulators from time to time, data (which has been provided by MSL to the relevant credit reference agency) may be retained by that credit reference agency until the earlier of the expiry of five (5) years from the date of final settlement of the amount in default and five (5) years from the date of Client's discharge from bankruptcy as notified to that credit reference agency. In the event of termination of the relevant account by full repayment and on condition that there has not been, within five (5) years immediately before account termination, any material default on that account, Client may instruct MSL to make a request to the relevant credit reference agency to delete from its database any account data relating to the terminated account but such instruction should be given within five (5) years after account termination.
 11. Without limiting the other provisions of this Fifth Schedule where Client applies for credit (including any loan, overdraft facility or any other kind of credit) to be granted to Client or to another person for whom Client acts as guarantor, the data which Client provides to MSL may be passed on to a credit reference agency or, in the event of a default, to a debt collection agency in accordance with the provisions of the code of practice on consumer credit data approved and issued under the Personal Data (Privacy) Ordinance as amended from time to time.
 12. For the purposes of this Fifth Schedule, if applicable, account data may include account general data (i.e. general particulars of the relevant account such as account opening date, repayment terms, whether Client as a borrower or guarantor, approved loan amount, repayment terms) and account repayment data (such as the amount repaid, outstanding balance of the loan, default data including the amount and number of days overdue).

- 13.** Without prejudice to the right of MSL to rely on grandfathering provision(s) or exemption(s) under the Personal Data (Privacy) Ordinance as amended from time to time or other applicable law, by consenting (including an indication of no objection) to the use of Client's personal data for direct marketing purposes by members of the Group in the Account Application, or otherwise Client agrees and consents that MSL may send by telephone, mail, email or other electronic means or Client from time to time direct marketing materials or messages relating to services or products which, in the opinion of MSL, Client may be interested in. Client agrees that to the extent permitted by Laws and the Regulatory Rules the consent herein shall constitute specific opt-in for the purpose of any applicable privacy rules or regulations. Notwithstanding this, Client may at any time request not to receive such direct marketing materials or messages from MSL if Client so requests in writing to MSL, or such other address as MSL may subsequently notify from time to time. Unless and until Client has so requested in writing, Client shall be deemed to be willing to receive any such information.
- 14.** The contents of this Schedule may be updated by MSL by giving written notice to Client at any time.

SIXTH SCHEDULE : The E-SERVICE

1. INTERPRETATION

- 1.1 In this Sixth Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:
- 1.1.1 “**Access Codes**” means together any Key File (if applicable), Password and the Login ID;
 - 1.1.2 “**E-Service**” means the Internet or other facility provided by, and/or on behalf of, MSL which enables Client to give electronic Instructions in accordance with the terms of this Agreement, whether in Hong Kong or elsewhere, and to receive information and related services;
 - 1.1.3 “**Instruction**” means any offer or acceptance in relation to any Securities or, where applicable, any instruction in relation to the Account and “Instruct” shall be construed accordingly;
 - 1.1.4 “**Internet Trading Policy**” means the policy relating to the operation of the E-Service as amended from time to time;
 - 1.1.5 “**Key File**” means a computer file, disk or other device which contains a file code which may be used in conjunction with the Login ID and the Password to gain access to the E-Service;
 - 1.1.6 “**Login ID**” means personal identification used in conjunction with other Access Codes to gain access to the E-Service; and
 - 1.1.7 “**Password**” means Client’s personal password, used in conjunction with other Access Codes to gain access to the E-Service.
- 1.2 Terms and expressions defined in this Agreement shall have the same meaning in this Sixth Schedule unless the context otherwise requires. References to clauses in this Sixth Schedule shall refer to clauses contained in this Sixth Schedule, unless the context otherwise requires.
- 1.3 In the event of any inconsistency between the provisions of this Agreement and this Sixth Schedule, the provisions of this Sixth Schedule shall prevail.

2. MSL may at its discretion provide Client with the E-Service on the terms of this Agreement, and the provisions of this Sixth Schedule apply if MSL provides Client with the E-Service. Client agrees to use the E-Service in accordance with the terms of this Agreement.
3. Client understands that the E-Service is a semi-automated facility which enables it to send electronic Instructions and receive information services. Client acknowledges that notwithstanding anything to the contrary contained herein or in any other document (written form or otherwise), MSL shall have the absolute discretion to determine the functions of E-Services available to Client and such functions may be changed by MSL at any time and from time to time without notice to or consent from Client and without assigning any reason therefor. Client further acknowledges receipt of the Access Codes and agrees to be the sole user of the Access Codes and not to disclose the Access Codes to any other person; and to be solely responsible for the confidentiality, use and protection of the Access Codes and all Instructions entered through the E-Service using the Access Codes. Client agrees that neither MSL nor MSL’s directors, officers or employees shall have any liability to Client, or to any other person whose claim may or may not arise through Client, for any claims with respect to the handling, mishandling or loss of, or loss of confidentiality of, any Instruction.
4. MSL may, at any time and from time to time, block Client’s access to and/or use of the E-Service (or any part thereof) without prior notice to or any consent from Client and without assigning any reason therefor.
5. Client shall forthwith notify MSL if:
- 5.1 An Instruction has been placed through the E-Service and Client has not received an accurate acknowledgment receipt of the Instruction (whether by hard copy, electronic or verbal means) within one working day of the Instruction and the aforesaid “working day” means a day when MSL opens for business in Hong Kong;
 - 5.2 Client has received notification (whether by hard copy, electronic or verbal means) of a transaction which Client did not Instruct;
 - 5.3 Client becomes aware of any apparent unauthorised use of any of Client’s Access Codes;
 - 5.4 Client experiences any problems in accessing its Account through the E-Service; or
 - 5.5 Client loses, fails or is otherwise unable to adequately protect confidentiality of the Access Codes.
6. Any risk, including (without limitation) the risk of transmission error, transmission failure, delay, unauthorised access and unauthorised use, arising from or related to the access to and/or use of the E-Service by Client and/or any software or equipment for accessing and/or using the E-Service (whether provided by MSL or otherwise), is at the risk of Client. Client shall provide and maintain, at Client’s own risk and cost, the connection equipment (including personal computers, mobile trading devices and modems) and services for accessing and using the E-Service. Client shall be solely responsible for preventing anything which may be harmful to any such equipment (including, without limitation, computer virus, malicious program or harmful component) from entering into any such equipment, whether or not it is originated from MSL’s websites (including, without limitation, the Group’s Website and the website comprising E-Service), whether maintained or provided by or on behalf of MSL, (together, the “**Websites**”) and, if applicable, whether or not originated from anything provided by MSL. Further, Client acknowledges that the Internet or other electronic medium (including

E-Service or any part of the Websites) is an inherently unreliable medium of communication and that such unreliability is beyond MSL's control. Client further acknowledges that such unreliability may give rise to various consequences e.g. it may result in failure or delay in transmission of any Instruction or information or affect any function of E-Service or the timeliness, sequence, accuracy, adequacy or completeness of any Instruction or information transmitted or cause loss, or loss of confidentiality, of any Instruction or information transmitted or any transaction made on terms different from the relevant Instruction. Client understands that the aforesaid is not an exhaustive list of all consequences resulted from such unreliability. Client agrees that without limiting the generality of Clause 17.1 of this Agreement above, MSL shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with such unreliability or the public nature of the Internet or other electronic medium (including E-Service or any part of the Websites).

7. Client shall use information and materials available through the E-Service for its own needs and shall not resell to any third party or otherwise allow or permit any third party's access to or use of any such information or materials or otherwise deal with it/them in any way.
8. Client acknowledges that the E-Service, the Websites, information available via or on the E-Service and/or any part of the Websites and the software comprised in the E-Service and/or any part of the Websites are proprietary to MSL and/or its agents, partners or contractors. Client warrants and undertakes that it shall not, and shall not attempt to,
 - (i) tamper with, modify, de-compile, reverse-engineer or otherwise alter in any way, or
 - (ii) gain unauthorised access to or make unauthorised use of,
 any part of the E-Service or any part of the Websites or any information available via or on the E-Service or any part of the Websites or any of the software comprised in the E-Service or any part of the Websites. Client acknowledges that MSL may take legal action against it, if Client at any time breaches this warranty and undertaking or if MSL at any time reasonably suspects that Client has breached the same. Client undertakes to notify MSL immediately if Client becomes aware that any action described in this clause 8 is being perpetrated or attempted by another person.
9. Client acknowledges that in providing the E-Service, MSL may use such authentication technologies as it deems appropriate. Client acknowledges that no authentication, verification or computer security technology is completely secure or safe and Client agrees to bear all risks of unauthorized access/use, hacking or identity theft.
10. Client understands that MSL shall be entitled to prepare the Internet Trading Policy (as amended from time to time) setting out the operation policy and procedures of the E-Service which shall be available on the Websites (or such part thereof as designated by MSL from time to time) and the terms of which shall be binding on Client in respect of its use of the E-Service. The Internet Trading Policy may be amended by MSL at any time and from time to time and each amended version shall be applicable on the effective date as specified in the relevant notice available on the Websites (or such part thereof as designated by MSL from time to time). In the event of inconsistencies between the terms of this Agreement and the Internet Trading Policy, the terms of this Agreement shall prevail.
11. Client acknowledges that the price quotation service (if any) available on any part of the Websites may be provided by a third party provider appointed by MSL from time to time. Client acknowledges and agrees that MSL shall not be responsible to Client or any other person for any losses, costs, expenses, damages, claims or liabilities of whatsoever nature which Client or such other person may suffer, directly or indirectly, as a result of or in connection with any aspect of such service including, without limitation, Client's or such other person's reliance on such service. Client shall use price quotation (if any) for its individual use only and shall not furnish such data to any other person or entity for any reason.
12. Client understands that any part of the Websites may provide, for informational purpose only, data regarding Securities and/or other investments published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant Securities or investment. Client understands that whilst MSL believes such data to be reliable, there is no independent basis for MSL to verify or contradict the accuracy or completeness of such data. Client understands that no recommendation or endorsement from MSL shall be inferred from such data.
13. Client acknowledges and agrees that MSL does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of any information provided by or via the E-Service or on or via the Websites (or any part thereof) and any such information is provided on an "as is", "as available" basis. MSL gives no express or implied warranties (including but not limited to warranties of merchantability or fitness for a particular use) with respect to such information. Further, Client acknowledges that MSL gives no express or implied warranties, representations or undertakings with respect to the prices available from or via E-Service at which Client may make offers in respect of Securities (including, without limitation, any warranty, representation or undertaking that such prices are real-time market quotes or best available market prices).
14. Client accepts the risks of receiving or gaining access to services and communication and conducting transactions via the E-Service or over the Internet or by other electronic means or facilities.

15. Client shall, forthwith upon MSL's demand from time to time, pay to MSL such applicable costs, charges, expenses, fees, taxes, levies, duties brokerages, commissions and other applicable remuneration and payments in respect of any transaction via the E-Service and/or the provision to Client of the E-Service (or any part thereof) as notified in writing by MSL to Client from time to time.
16. Client consents that any document (including, without limitation, any Advice), information, notice or communication may be given or presented to or exchanged with Client electronically on, via or over the Internet, the E-Service and/or any part of the Websites. Any document (including, without limitation, any Advice), information, notice or communication so given or presented to or exchanged with Client as aforesaid shall be deemed to have received by it immediately upon despatch. However, all notices and communications given or delivered to MSL electronically on, via or over the Internet, the E-Service and/or any part of the Websites shall be deemed to have been given or delivered to MSL on the day of actual receipt by it.
17. Client agrees that should it experience any problems in accessing to and/or using the E-Service, it shall attempt to use the alternative method to communicate with MSL (whether or not for the purpose of any transaction) and inform MSL of the difficulty it is experiencing.
18. Client understands that each association/entity asserts a proprietary interest in all of the market data it furnishes to the parties who disseminate such data. Client also understands that no party guarantees the timeliness, sequence, adequacy, accuracy or completeness of market data or any other market information. Client agrees that neither MSL nor any disseminating party shall be liable in any way for any loss or damage arising from or caused by any inaccuracy, error or delay in or omission from any such data, information or related message, or the transmission or delivery of the same, or non-performance or interruption of any such data, message or information due to any negligent act of MSL or any disseminating party, or to any force majeure event, or any other cause beyond MSL's control or the reasonable control of any disseminating party.
19. Client acknowledges and agrees that there are risks of misunderstanding or errors in any communication (including any communication or Instruction via the E-Service) and that such risks shall be absolutely and solely borne by Client.
20. Client acknowledges and agrees that each Instruction once given cannot be revoked and if acted on by MSL, such Instruction shall be binding on Client. For the avoidance of doubt, any Instruction in relation to any Securities given via E-Service shall constitute an irrevocable offer which, if accepted by MSL, shall become a binding contract between MSL and Client. Notwithstanding anything to the contrary which may be contained in this Agreement or any other document, MSL may, at any time and from time to time, in its absolute discretion without notice and without giving any reason therefor, decline to accept any Instruction. Client acknowledges that without prejudice to the foregoing in this clause 20, any trade confirmation issued from or via E-Service shall be merely an acknowledgement of the receipt of the relevant Instruction.
21. Client understands that the order management engine used in processing Client's Instructions is, generally speaking, handled on a "First-In-First-Out" order and accordingly, MSL does not guarantee that any of Client's Instructions will be processed even though it may have been received.
22. If Client gives any Instruction to MSL outside Hong Kong, Client agrees to ensure and represent that such Instruction will have been given in compliance with any applicable law of the relevant jurisdiction from which such Instruction is given, and Client further agrees that it shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. Client accepts that there may be taxes and/or charges payable to relevant authorities in respect of any Instruction given outside Hong Kong, and Client agrees to pay such taxes and/or charges as applicable.
23. Without limiting the generality of Clause 17.1 of this Agreement above, Client agrees that MSL shall not be responsible for any loss, damage, cost, expenses, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with:
 - 23.1 Client's access to and/or use of the Internet or other electronic medium (including E-Service or any part of the Websites) notwithstanding that such access and/or use is for accessing any website operated by MSL and/or on MSL's behalf and/or using any service provided by MSL and/or on MSL's behalf;
 - 23.2 any reliance on any information obtained via Client's use of the Internet or other electronic medium (including E-Service or any part of the Websites) notwithstanding that such information is obtained from any website operated by MSL and/or on MSL's behalf; and
 - 23.3 any other cause beyond MSL's control or anticipation including, without limitation, any delay in the transmission, receipt or execution of any Instruction due to a breakdown or failure of transmission of communication facilities.
24. Client agrees that notwithstanding anything to the contrary contained herein or in any other document, should there be any inconsistency between the information (including any document but not any Advice) available from or via the E-Service, the Websites, the Internet or other electronic medium (whether or not the same being available in accordance with this Agreement) and the information on MSL's records, the information on MSL's records shall prevail save for any

manifest error and that MSL shall accept no liability as a result of the unreliable nature of the Internet or other electronic medium (including E-Service or any part of the Websites) or other reason beyond the control of MSL.

25. Client understands and accepts the following risks in using the E-Service:

25.1 Risk in relation to the use of the Internet or other electronic medium

- (a) The Internet or other electronic media (including without limitation, where applicable, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) is/are an inherently unreliable form(s) of communication, and that such unreliability is beyond MSL's control.
- (b) Transactions over the Internet or through other electronic media (including without limitation, where applicable, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption (including, without limitation, stoppage of price data feed), transmission blackout, delayed transmission due to data volume, incorrect data transmission due to the public nature of the Internet or other electronic media or loss of information or loss of confidentiality.
- (c) As a result of such unreliability, there may be time-lags or delays in the transmission of data and receipt of Instructions and Client has to solely bear any loss resulting from any such time-lag or delay.

25.2 Risk of Electronic Trading System

Trading on one electronic trading system may differ from trading on other electronic trading systems. If Client undertakes transactions on an electronic system, Client shall be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that in respect of Client's Instructions, there may be transmission error, failure or delay.

25.3 Risk of Trading Facilities

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

Client understands and acknowledges that the risks above disclosed do not purport to disclose or discuss all of the risks associated with using E-Service and that Client should consult Client's own independent legal and other advisors prior to entering into any transaction via E-Service.

26. Client consents and authorizes MSL to deliver the Password to Client by email ("Authorization**") to the email address specified in the Account Application and agrees to bear all risks associated with such email delivery, including but not limited to the risks of transmission error, delay, unauthorized disclosure and unauthorized use. Client agrees that the Password will be deemed to have been received by Client immediately upon despatch. Client acknowledges that once the Password is deemed to be received by Client, Client shall be the sole user of the Password and be solely responsible for the confidentiality, protection and use of the Password as well as all instructions/offers placed by using the Password. MSL shall not have any liability to Client or any third party for any loss, damages, expense, cost, claim or liability of whatsoever nature, directly or indirectly, arising out of or in connection with any such instruction/offer and/or the handling, inaccurate or incomplete transmission, delay in transmission, loss or loss of confidentiality, or the same. Client agrees at all times on demand to indemnify and keep indemnified MSL from and against all liabilities, costs and expenses of any nature whatsoever reasonably incurred by it arising from or in any way related to its reliance and/or acting on this Authorization (including any email address provided by Client). Client acknowledges that this Authorization will become effective on the date of MSL's approval of sending the Password in accordance with the terms hereof, which approval may or may not be given by MSL in its absolute discretion.**

27. Client acknowledges and agrees that the fees set forth in the Websites (or any part thereof) appropriately reflect the allocation of risks set forth in this Agreement. Accordingly, based on the foregoing, Client acknowledges as reasonable the exclusions of warranties and limitations on liability set forth in this Agreement. As such, Client acknowledges and agrees that if any of the exclusions or limitation of warranties or liabilities set forth in this Agreement should be deemed to be invalid, ineffective or unenforceable, or in the event MSL is found liable for any claim arising out of or in connection with this Agreement or this Sixth Schedule, then, the entire collective liability of MSL and/or any member of the Group shall in no circumstance exceed two (2) times the amount of fees paid by Client to MSL in the month immediately preceding the act or omission or circumstance giving rise to a claim.

SEVENTH SCHEDULE : FOREIGN LAW REQUIREMENTS

1. INTERPRETATION

1.1. Definitions

In this Seventh Schedule, unless the context otherwise requires, the following words and expressions have the meanings set out below:

"Close-Out Amount" means, unless otherwise specifically provided for in the transaction documentation applicable to a particular transaction or group of transactions, with respect to each terminated transaction, the amount of the losses or costs of MSL that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of MSL that are or would be realized under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for MSL the economic equivalent of the material terms of that terminated transaction. Any Close-out Amount will be determined by MSL (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. Unpaid Amounts in respect of a terminated transaction and legal fees and out-of-pocket expenses are to be excluded in all determinations of Close-out Amounts. In determining a Close-out Amount, MSL may consider any relevant information, including, without limitation, quotations (either firm or indicative) for replacement transactions supplied by one or more third parties and market data in the relevant market. When it is commercially reasonable to do so, MSL may in addition consider in calculating a Close-out Amount any loss or cost (or gain) incurred in connection with its terminating, liquidating or re-establishing any hedge related to a terminated transaction. Commercially reasonable procedures used in determining a Close-out Amount may include the application of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by MSL in the regular course of its business in pricing or valuing transactions.

"FATCA" means

- (a) sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended) or any amended or successor version thereof;
- (b) any intergovernmental agreement, memorandum of understanding, undertaking and other arrangement between governments and regulators in connection with item (a) including as entered into by the government of Hong Kong;
- (c) agreements between MSL and the IRS or other regulator or government agency pursuant to or in connection with item (a); and
- (d) any laws, rules, regulations, interpretations or practices adopted in the U.S., Hong Kong or elsewhere pursuant to any of the foregoing.

"Foreign Law Requirement" means any obligation imposed on MSL pursuant to any future or present:

- (a) foreign laws (including foreign laws in respect of which MSL considers itself bound);
- (b) Hong Kong laws that implement Hong Kong's obligations under an agreement with a foreign government (including the government of the PRC) or regulator;
- (c) agreements entered into between MSL and a foreign government (including the government of the PRC) or regulator;
- (d) agreements entered into between MSL and any counterparty or between MSL and any issuer of securities or other investment products under or pursuant to or in connection with which MSL is required to comply with any foreign laws or any guidelines or guidance mentioned in item (e) below; or
- (e) guidelines or guidance issued by any legal, regulatory, government, tax or law enforcement body within or outside of Hong Kong in respect of items (a) to (c).

For the avoidance of doubt, this definition includes any obligation or requirement applying to MSL as amended or introduced from time to time, including pursuant to FATCA.

"Government Authority" means any government, government body, government agency or regulator, in or outside of Hong Kong, including the Inland Revenue Department of Hong Kong and the IRS.

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"IRS" means the U.S. Internal Revenue Services.

"PRC" means the People's Republic of China (excluding Hong Kong, Macau and Taiwan).

"Relevant Information" means any information, document or certification given by or relating to Client, any Ultimate Owner, any authorized representatives of the Client, any Account with MSL or any transaction and shall include where the context permits identity information and personal data including Client's name, address, tax payer identification number, Account numbers, Account balances or value and any payments made in respect to the Accounts.

"Ultimate Owner" means any ultimate beneficial owner of any Account with MSL, the person ultimately responsible for giving of instructions of any transaction, any person who act on Client's behalf in receiving payment or any other person identified by MSL in its sole and absolute discretion as being connected with Client.

"Unpaid Amounts" mean any unpaid amounts and the value of unsettled transactions together with interest thereon as determined by MSL in good faith and a commercially reasonable manner.

"U.S." means the United States of America.

- 1.2. Terms and expressions defined in this Agreement shall have the same meaning in this Seventh Schedule unless

the context otherwise requires. References to clauses in this Seventh Schedule shall refer to clauses contained in this Seventh Schedule, unless the context otherwise requires.

- 1.3. In the event of any inconsistency between the provisions of this Agreement and this Seventh Schedule, the provisions of this Seventh Schedule shall prevail; provided, however, that this Seventh Schedule in no way seeks to limit any of MSL's rights under this Agreement and should be interpreted accordingly.

2. UNDERTAKING TO PROVIDE INFORMATION

- 2.1. Client agrees that MSL may disclose Relevant Information to any person or Government Authority, whether or not established under Hong Kong law, as required under any Foreign Law Requirement (including but not limited to FATCA) as determined by MSL.
- 2.2. Client undertakes to provide MSL with information, documents and certifications as reasonably required by MSL in order to meet MSL's obligations under any Foreign Law Requirement (including but not limited to FATCA). Client acknowledges and agrees that this may include information, documents or certifications in connection with Client, its authorized representatives, or the Ultimate Owner.
- 2.3. Client will, promptly and from time to time, supply MSL with identity information and personal data in connection with the establishment or continuation of any Account with MSL or provision of services. Client further acknowledges that failure to supply Relevant Information may result in MSL being unable to effect a transaction, provide the services under this Agreement or operate or maintain any Account with MSL; or may result in MSL terminating the Account. It may also result in MSL having to withhold or deduct amounts as required under any Foreign Law Requirement (including but not limited to FATCA).
- 2.4. Client shall notify MSL forthwith of any change to the Relevant Information. MSL shall be entitled to rely fully on all such Relevant Information for all purposes until MSL is notified to the contrary in writing and any such written notification shall be duly signed by Client. Client understands and accepts that notwithstanding anything to the contrary which may be contained in this Agreement including this Seventh Schedule, any change to any such information shall not take effect until Two (2) days after the actual receipt by MSL of the relevant written notification or until such shorter period of time as may be agreed by MSL in writing.
- 2.5. For the avoidance of doubt, to the extent that applicable non-disclosure, confidentiality, bank secrecy, data privacy or other law imposes nondisclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by Client for purposes of such law.

3. INDEMNITY

Without limiting any other indemnity provided by Client, Client will indemnify MSL and its directors, employees and representatives against any liability, reasonable loss or expense (including tax or levy) arising from Client's instructions, Account or the provision of a service to Client, including as a result of any failure by Client to comply with this Agreement, including this Seventh Schedule, Client or other agent of Client providing misleading or false information in respect of Client or any other person or matter in connection with this Agreement, unless MSL is guilty of wilful misconduct.

4. CONSENT TO DEDUCT, WITHHOLD AND BLOCK

- 4.1. Client acknowledges and agrees that notwithstanding any other provisions of this Agreement:
 - (a) any payments by MSL under this Agreement will be subject to taxes, levies, imposts, duties or other charges, withholding and/or deduction of a similar nature, at present or in the future, as required under any Foreign Law Requirement (including but not limited to FATCA), including but not limited to value added taxes, stamp duties, fines, penalties or interest payable in connection with any failure to pay or any delay in paying any of the above;
 - (b) any amount withheld under paragraph (a) above may be held in whatever Account or in whatever manner determined by MSL; and
 - (c) MSL is not liable for any gross up, loss or damage suffered as a result of the exercising of our rights under this Clause 4.1.
- 4.2. Client further acknowledges and agrees that
 - (a) MSL has the right to refuse to carry out any instruction or perform any service under this Agreement if such instruction or service, in MSL's opinion, is in contradiction with or constitutes a breach of any Foreign Law Requirement (including but not limited to FATCA) and/or MSL's policies in relation thereof;
 - (b) any transaction, payment or instruction under this Agreement may be delayed, blocked, transferred or terminated as required for MSL to meet its obligations including those under any Foreign Law Requirement (including but not limited to FATCA) as determined by MSL; and
 - (c) Client waives any rights to claim for any loss, damage, cost or expenses suffered as a result MSL exercising its rights under the Seventh Schedule.

5. TERMINATION

- 5.1. MSL may take such action that it deems in its sole discretion as appropriate, in respect of the Account, including without limitation suspending or closing the Account if Client fails to comply with any requirement of this Seventh Schedule in respect of any Foreign Law Requirement (including but not limited to FATCA), including failing to

provide information, documents and supporting materials as required by MSL or closure is otherwise necessary or convenient for compliance with any Foreign Law Requirement (including but not limited to FATCA).

- 5.2. If MSL terminates the services under this Agreement and close the Account(s) of Client, then MSL shall have the right, by termination notice to Client, to designate a day not earlier than the day such termination notice is effective as a close-out date (the “**Close-Out Date**”) and close out some or all of the outstanding transaction(s) in relation to the terminated Account(s) of Client at MSL’s sole and absolute discretion. For the avoidance of doubt, when exercising its right to close out the transactions pursuant to this Clause 5, MSL is not liable for any losses or damages arising therefrom.
- 5.3. MSL shall calculate in good faith, with respect to such terminated transaction(s) as of the Close-Out Date or as soon thereafter as reasonably practicable, the early termination amount (the “**Early Termination Amount**”) as follows:
- (a) for each such terminated transaction or each group of such terminated transactions, calculate a Close-Out Amount;
 - (b) calculate the Early Termination Amount being an amount equal to (1) the sum of (A) the aggregate sum of the Close-Out Amount (whether positive or negative) for each terminated transaction, (B) the Unpaid Amounts owing to MSL and (C) any legal cost and out-of-pocket expenses incurred by MSL in good faith less (2) the Unpaid Amounts owing to Client; and
 - (c) if the Early Termination Amount is a positive number, Client will pay it to MSL; if the Early Termination Amount is a negative number, MSL will pay the absolute value of the Early Termination Amount to Client.

RISK DISCLOSURE STATEMENTS

This risk disclosure statement does not purport to disclose or discuss all of the risks, or other significant aspects, of conducting transactions or of the transactions conducted. In light of the risks involved, you (i.e. Client) should undertake a transaction only if you understand its nature, the contractual relationship into which you are entering, and the nature and extent of your exposure to risk. You should also consider whether a transaction is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. While Morton Securities Limited ("MSL") proposes to give this general risk warning, it is not acting as your financial advisor and you must not regard MSL as so acting. You should consult your own independent legal, tax or financial advisors prior to entering into any transaction.

RISK OF SECURITIES TRADING

1. The prices of securities fluctuate, sometimes dramatically, and that 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. The price of securities, including without limitation, bonds, interests in unit trusts, mutual funds or other collective investment schemes fluctuates, sometimes dramatically, and may move up or down or even become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.
3. Any representation of past performance is not necessarily a guide to future performance.
4. Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.
5. Investments in emerging markets need careful and independent assessment by you of each investment and the risks (including without limitation sovereign risk, issuer risk, price risk, liquidity risk, legal and tax risks). Further, you should be aware that, while such investments can yield high gains, they can also be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to investors.
6. MSL is entitled to act upon your instructions and you cannot assume that MSL will warn you if your instructions are ill-timed or inadvisable for any reason or if the instructions are likely to cause you loss.
7. Before you make any investment, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

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

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

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

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

RISKS OF TRADING RENMINBI SECURITIES OR INVESTING IN RENMINBI INVESTMENTS

1. Exchange risks and Daily Conversion Limit, etc.
Renminbi (RMB) is currently not freely convertible and there may at any given time be limited availability of RMB outside Mainland China. There is conversion risk in RMB denominated securities, and daily or other limits may apply to conversion amounts. If converting to or from RMB in Hong Kong, you may have to allow sufficient time to avoid exceeding such limits. In addition, there is a liquidity risk associated with RMB denominated securities, especially if such securities do not have an active secondary market and their prices have large bid/offer spreads.
Investment in RMB denominated securities is subject to exchange rate risks. The value of the RMB against any other foreign currencies fluctuates and is affected by changes in Mainland China and international political and economic conditions and by many other factors. The value of RMB settlement amounts compared to other currencies will vary with the prevailing exchange rates in the market.
For RMB products which are not denominated in RMB or with underlying investments which are not RMB-denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).
2. Limited availability of underlying investments denominated in RMB
For RMB products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in RMB outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the RMB products.

3. Projected returns which are not guaranteed
If the RMB investment product is attached with a statement of illustrative return which is (partly) not guaranteed, you should pay particular attention to any disclosure relating to the return (or the part of the return, as the case may be) which is not guaranteed and the assumptions on which the illustrations are based, including, e.g., any future bonus or dividend declaration.
4. Long term commitment to investment products
For RMB products which involve a long period of investment, you should pay particular attention to the fact that if you redeem your investment before the maturity date or during the lock-up period (if applicable), you may incur a significant loss of principal where the proceeds may be substantially lower than their invested amount. You should beware of the early surrender/withdrawal fees and charges, if any, as well as the loss of bonuses (where applicable) as a result of redemption before the maturity date or during the lock-up period.
5. Credit risk of counterparties
You should pay particular attention to the credit risk of counterparties involved in the RMB products. To the extent that the RMB products may invest in RMB debt instruments not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a RMB product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the RMB product and result in substantial loss.
6. Interest rate risk
For RMB products which are, or may invest in, RMB debt instruments, you should pay attention to the fact that such instruments may be susceptible to interest rate fluctuations, which may adversely affect the return and performance of the RMB products.
7. Liquidity Risk
You should pay attention to the liquidity risk associated with the RMB products, and where applicable, the possibility that the RMB products may suffer significant losses in liquidating the underlying investments, especially if such investments do not have an active secondary market and their prices have large bid/offer spreads.
8. Possibility of not receiving RMB upon redemption
For RMB products with a significant portion of non-RMB denominated underlying investments, you should pay attention to the possibility of not receiving the full amount in RMB upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of RMB in a timely manner due to the exchange controls and restrictions applicable to the currency.
9. Additional risks associated with leveraged trading
Prior to conducting leveraged trading of RMB products, you should make sure that you understand and accept the risks and the terms and conditions of the borrowing arrangement. Leveraging heightens the investment risk by magnifying prospective losses. You should pay attention to the circumstances under which you will be required to place additional margin deposits at short notice and that your collateral may be liquidated without your consent. You should beware of the risk that market conditions may make it impossible to execute contingent orders, such as "stop-loss" orders. In addition, you should be mindful of your exposure to interest rate risk, and in particular, your cost of borrowing may increase due to interest rate movements."

RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE SEHK

The securities under the NASDAQ-Amex Pilot Program ("PP") are aimed at sophisticated investors. You should consult MSL and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of the SEHK. You should only consider participating in the PP if you have sufficient means and resources to acquire and understand the relevant product and market information regarding the PP which is published on or distributed via the internet in English.

RISK OF TRADING IN DERIVATIVES AND STRUCTURED PRODUCTS GENERALLY

Derivative transactions ("**Derivative Transactions**") can involve a range of products (including some more generally known as structured notes and also including products known as structured deposits). Such products can either be apparently simple (such as forwards or options) or highly (and perhaps individually) structured. These products can have substantial benefits for users but they carry with them substantial risks which must be clearly understood by their users. Considering the possible risks, you should ensure that you have all necessary information you require to assess a Derivative Transaction before deciding on its appropriateness for you. You should consider what you intend to achieve from the Derivative Transaction, including your financial and operational resources, and any tax and accounting considerations. You should be aware of any general framework for Derivative Transactions established by any governing body. There may also be significant regulatory or other legal considerations to be taken into account. For the sake of simplicity, Derivative Transactions can be divided into four basic forms, although the forms can be overlapping and one deal can be a combination of those four forms. The basic forms are swaps, options, forwards and hybrid instruments (which are asset, liability, equity or debt obligations with an embedded transaction from one of the other three categories). Derivative Transactions can be settled in cash, by delivery of property against other property or cash, or by normal hold to maturity with no cash settlements. No matter what form is involved, a common feature of all derivatives is that

the obligations of one or both of the parties are based on price movements in an underlying financial asset from which the transaction is derived. This financial asset may be, for example, securities (including shares and bonds), interest rates, indices, currencies or the creditworthiness of a reference entity. You should not enter into a Derivative Transaction unless you fully understand:

- the nature and fundamentals of a derivative and the financial asset underlying such derivative;
- the legal terms and conditions of the documentation for such derivative;
- the extent of the economic risk to which you are exposed as a result of entering into such Derivative Transaction (and you have determined that such risk is suitable for you in light of your specific experience in relation to such Derivative Transaction and/or the relevant derivative and your financial objectives, circumstances and resources);
- the tax treatment of such derivative (which can be complex and/or uncertain); and
- the regulatory treatment of such derivative.

GENERIC RISKS ASSOCIATED WITH OVER-THE-COUNTER (“OTC”) DERIVATIVE TRANSACTIONS

OTC derivative transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular OTC derivative transaction necessarily depend upon the terms of the transaction and your circumstances. In general, however, all OTC derivative transactions involve some combination of market risk, credit risk, funding risk and operational risk.

1. **Market risk** is the risk that the value of a transaction will be adversely affected by fluctuations in the level or volatility of or correlation or relationship between one or more market prices, rates or indices or other market factors or by illiquidity in the market for the relevant transaction or in a related market.
2. **Credit risk** is the risk that a counterparty will fail to perform its obligations to you when due.
3. **Funding risk** is the risk that, as a result of mismatches or delays in the timing of cash flows due from or to your counterparties in OTC derivative transactions or related hedging, trading, collateral or other transactions, you or your counterparty will not have adequate cash available to fund current obligations.
4. **Operational risk** is the risk of loss to you arising from inadequacies in or failures of your internal systems and controls for monitoring and quantifying the risks and contractual obligations associated with OTC derivative transactions, for recording and valuing OTC derivative and related transactions, or for detecting human error, systems failure or management failure.

There may be other significant risks that you should consider based on the terms of a specific transaction. Highly customised OTC derivative transactions in particular may increase liquidity risk and introduce other significant risk factors of a complex character. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor.

Because the price and other terms on which you may enter into or terminate an OTC derivative transaction are individually negotiated, these may not represent the best price or terms available to you from other sources.

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

Similarly, while market makers and dealers generally quote prices or terms for entering into or terminating OTC derivative transactions and provide indicative or mid-market quotations with respect to outstanding OTC derivative transactions, they are generally not contractually obligated to do so. In addition, it may not be possible to obtain indicative or mid-market quotations for an OTC derivative transaction from a market maker or dealer that is not a counterparty to the transaction. Consequently, it may also be difficult for you to establish an independent value for an outstanding OTC derivative transaction. You should not regard your counterparty's provision of a valuation or indicative price at your request as an offer to enter into or terminate the relevant transaction at that value or price, unless the value or price is identified by the counterparty as firm or binding.

The above does not purport to disclose all of the risks and other material considerations associated with OTC derivative transactions. You should not construe this generic disclosure statement as business, legal, tax or accounting advice or as modifying applicable law. You should consult your own business, legal, tax and accounting advisers with respect to proposed OTC derivative transactions and you should refrain from entering into any OTC derivative transaction unless you have fully understood the terms and risks of the transaction, including the extent of your potential risk of loss.

RISKS OF TRADING IN EXCHANGE-TRADED STRUCTURED PRODUCTS (“STRUCTURED PRODUCTS”) E.G. DERIVATIVE WARRANTS (“WARRANTS”), CALLABLE BULL/BEAR CONTRACTS (“CBCB”)

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 subsection under Derivative Warrants and under CBBCs section on the HKEx corporate website.

2. **Uncollateralised product risk**
Uncollateralised 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 uncollateralised.
3. **Gearing risk**
Structured Products such as Warrants and CBBCs 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.
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.
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.
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.
7. **Liquidity risk**
The Exchange requires all Structured Product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned. There is no guarantee that investors will be able to buy or sell their Structured products at their target price any time they wish.

SOME ADDITIONAL RISKS INVOLVED IN TRADING WARRANTS

1. **Time decay risk**
All things being equal, the value of a Warrant will decay over time as it approaches its expiry date. Warrants should therefore not be viewed as long term investments.
2. **Volatility risk**
Prices of 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. **Market Risk and Turnover**
Other than basic factors that determine the theoretical price of a Warrant, Warrant price are also affected by all prevailing market forces including the demand for and supply of the Warrants. The market forces will be greatest when a Warrant issue is almost sold out and when issuers make further issues of an existing Warrant issue. High turnover should not be regarded as an indication the price of a Warrant will go up. The price of a Warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.

SOME ADDITIONAL RISKS INVOLVED IN TRADING CBBCS

1. **Mandatory call risk**
Investors trading CBBCs 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.
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.
3. **Trading of CBBC Close to Call Price**
When the underlying asset is trading close to the call price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result. However, the trade inputted by the investor may still be executed and confirmed by the Exchange participants after the Mandatory Call Event (“MCE”) since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE will not be recognised and cancelled. Therefore, investors should be aware of the risk and ought to apply special caution when the CBBC is trading close to the call price.

For more information on Warrants and CBCBs, please visit the HKEx corporate website:

Derivative Warrants, Products & Services Section

(<http://www.hkex.com.hk/eng/prod/secprod/dwrc/dw.htm>)

Callable Bull/Bear Contracts, Products & Services Section

(<http://www.hkex.com.hk/eng/prod/secprod/cbbc/Intro.htm>)

RISKS OF TRADING IN SYNTHETIC EXCHANGE TRADED FUNDS (“ETFs”)

Unlike traditional Exchange traded Funds (“ETFs”), Synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark’s performance. Investment in Synthetic ETFs involves high risk and is not suitable for every investor. Investors should understand and consider the following risks before trading Synthetic ETFs.

Market Risk

ETFs are typically designed to track the performance of certain indices, market sectors, or group of assets such as stocks, bonds, or commodities. Investors are exposed to the political, economic, currency and other risks related to the ETF’s underlying index/assets it is tracking. Investment must be prepared to bear the risk of loss and volatility associated with the underlying index/asset.

Counterparty Risk

Where a Synthetic ETF invests in derivatives to replicate the index performance, investors are exposed to the credit risk of the counterparties who issued the derivatives, in addition to the risks relating to the index. Further, potential contagion and concentration risks of the derivatives issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of Synthetic ETF may have a “knock-on” effect on other derivative counterparties of the Synthetic ETFs). Some Synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral.

Liquidity Risk

There is no assurance that a liquid market exists for an ETF. A higher liquidity risk is involved if a Synthetic ETF involves derivatives which do not have an active secondary market. Wider bid-offer spreads in the price of derivatives may result in losses. Therefore, they can be more difficult costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited.

Tracking Error Risk

There may be disparity between the performance of the ETFs and the performance of the underlying index due to, for instance, failure of the tracking strategy, currency differences, fees and expenses.

Trading at a Discount or Premium

Where the index/ market that the ETF tracks is subject to restricted access, the efficiency in unit creation or redemption to keep the price of the ETFs in line with its net asset value (NAV) may be disrupted, causing the ETF to trade at a higher premium or discount to its NAV. Investors who buy an ETF at a premium may not be able to recover the premium in the event of termination.

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 ETFs price.

RISK OF TRADING IN STOCK OPTION(S) (“OPTION(S)”)

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

This brief statement does not disclose all of the risks and other significant aspects of trading in options. 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 options 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.

1. Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks.

Warning to option holders

- Some options may only be exercised on an expiry day (European-Style Exercise) and other options may be exercised at any time before expiration (American-Style Exercise). I/We understand that upon exercise, some options require delivery and receipt of the underlying securities, and that other options require a cash payment.
- An option is a wasting asset and there is a possibility that as an option holder I/we may suffer the loss of the total premium paid for the option. I/We acknowledge that, as an option holder, in order to realise a profit it will be necessary to either exercise the option or close the long option position in the market. Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. I/We acknowledge that you have no obligation either to exercise a valuable option in the absence of my/our instruction, or to give to me/us prior notice of the expiration date of the option.

Warning to option writers

- As a writer of an option I/we may be required to pay additional margin at any time. I/We acknowledge that as an option writer, unlike an option holder, I/we be liable for unlimited losses based on the rise or fall of the price of the underlying securities and my/our gains are limited to the option premium.
- Additionally, writers of American-Style Call (Put) Options may be required at any time before expiry to deliver (or pay for) the underlying securities to the full value of the strike price multiplied by the number of underlying securities. I/we recognise that this obligation may be wholly disproportionate to the value of premium received at the time the options were written and may be required at short notice.

You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

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

Under some circumstances it may be difficult to trade the option due to lack of liquidity in the market. You acknowledge that MSL has no obligation either to exercise a valuable option in the absence of your instruction, or to give to you prior notice of the expiration date of the option.

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

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

2. Terms and conditions of contracts

You should ask MSL about the terms and conditions of the specific options which you are trading and associated obligations (e.g. expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

3. Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. You acknowledge that if you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the option may not exist. The absence of an underlying reference price may make it difficult to judge "fair" value.

4. Deposited cash and property

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

5. Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which

you will be liable. These charges will affect your net profit (if any) or increase your loss. By commencing any trading activities with MSL, you acknowledge that you have been so informed by MSL.

6. Trading facilities

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

7. Electronic trading

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

8. Transactions in other jurisdictions

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

9. Currency risks

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

10. Off-exchange transactions

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

RISK IN RELATION TO THE USE OF THE INTERNET OR OTHER ELECTRONIC MEDIUM

Any communication or transaction via or information (including any document) transmitted via the Internet or other electronic medium involves risks and you understand and accept the following risks:

1. The internet or other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) are an inherently unreliable form of communication, and that such unreliability is beyond MSL's control.
2. Information (including any document) transmitted or communication or transactions over the internet or through other electronic media (including without limitation electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices) may be subject to interruption, transmission blackout, delayed transmission due to data volume or incorrect data transmission (including without limitation incorrect price quotation) or stoppage of price data feed due to the public nature of the Internet or other electronic media.
3. As a result of such unreliability, there may be time-lags or delays or failures or loss of data or loss of confidentiality in the transmission of data and receipt of instructions may be executed at prices different from those prevailing at the time the instructions were given.

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

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

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

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if MSL issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority. You are not required by any law to sign these authorities. But an authority may be required by MSL, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. MSL should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those

third parties will have a lien or charge on your securities or securities collateral. Although MSL is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

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

RISK OF MARGIN TRADING

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

RISK IN RELATION TO AUTHORISED THIRD PARTY

There are substantial risks in allowing an Authorised Third Party to trade or operate your account, and it is possible that instructions could be given by persons not properly authorised. You accept all of the risks of such an operation and irrevocably releases MSL from all liabilities arising out of or in connection with such instructions, whether taken by MSL or otherwise.

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

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

RISKS IN LEAVING MONEY OR OTHER PROPERTY IN THE CUSTODY OF MSL OR ITS NOMINEES OR AGENTS

You acknowledge that there are risks in leaving money or other property in the custody of MSL or its nominees or agents. For example, if MSL is holding your money or other property and becomes insolvent, you may experience significant delay in recovering the same. These are risks that you are prepared to accept.

RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by MSL or MSL's nominee 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.