

Options Trading Account Terms and Conditions

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OPTIONS ACCOUNT TERMS AND CONDITIONS

1. DEFINITION AND INTERPRETATION

- 1.1 In this Agreement, unless expressly stated or the context requires otherwise, words and expressions undefined in this Agreement shall have the same meanings as defined in the Options Trading Rules of SEHK, the Rules of SEHK, the Rules of SEOCH, Securities and Futures Ordinance, the Client Money Rules and the Client Securities Rules (as amended from time to time).
- 1.2 In this Agreement,
- "Access Codes" means together the Password and the Login Name (or any of them);
- "Account(s)" means one or more options trading accounts maintained by the Client with the Company from time to time for dealing with Options Contracts and effecting any Exchange Traded Options Business;
- "Agreement" means the written agreement between the Client and the Company regarding the opening, maintenance and operation of the Account(s) as amended from time to time, including but not limited to the Account Opening Form, Client Information Statement, Options Account Terms and Conditions, applicable Risk Disclosure Statement and any authority given by the Client to the Company with respect to the Account(s);
- "AML/CTF" means anti-money laundering, counter-terrorist financing, Sanctions and non-proliferation of weapons of mass destruction;
- "Client Money Rules" means the Securities and Futures (Client Money) Rules made by the SFC under section 149 of the Securities and Futures Ordinance as amended from time to time;
- "Client Money Standing Authority" means the standing authority granted by the Client to the Company in the terms set out in Clause 18.2 as amended from time to time;
- "Client Securities Rules" means the Securities and Futures (Client Securities) Rules made by the SFC under section 148 of the Securities and Futures Ordinance as amended from time to time;
- "Client Securities Standing Authority" means the standing authority granted by the Client to the Company in the terms set out in Clause 18.4 as amended from time to time;
- "Collateral" means the amount of immediately available funds, securities and/or other assets maintained, or required to be maintained, with the Company by the Client or one or more other person(s) acceptable to the Company in the Account;
- "Company" means Haitong International Securities Company Limited;
- "Electronic Services" means the Electronic Trading Service and the Mobile Phone Trading Service;
- "Electronic Trading Service" means any facility provided by the Company which enables the Client to give electronic instructions to purchase, sell and otherwise deal with Options Contracts and information services;
- "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 Internal Revenue Service of the United States;
- "HKSCC" means the Hong Kong Securities Clearing Company Limited;
- "Login Name" means the Client's personal identification used in conjunction with the Password to gain access to the Electronic Trading Service, the Mobile Phone Trading Service and to Haitong International Mail and other services offered by the Company;
- "Margin" means deposits, collateral and margin (as defined in the Options Trading Rules of SEHK) (including, but without limitation to, initial margin and additional margin) being an amount calculated in accordance with the relevant Rules and as determined by the Company from time to time, which are given as security for the Client's obligations to the Company under this Agreement;
- "Mobile Phone Trading Service" means a service to be provided by the Company in conjunction with certain mobile phone operators from time to time, using SIM Tool Kit with dedicated application for the Company, including, inter alia, functions such as account enquiry, Options Contract trade, Options Contract quote and enquiry hotline, as the Company may specify from time to time;
- "Password" means the Client's personal password(s), used in conjunction with the Login Name to gain access to the Electronic Trading Service, the Mobile Phone Trade Service and to Haitong International Mail and any other services offered by the Company;
- "Related Persons" means:
- (a) in relation to the Client, its subsidiaries or joint ventures, any of its respective beneficial owners, controllers, directors, officers, affiliates or employees or any persons acting on any of its behalf; or

- (b) in relation to the Client who is an individual, any of his/her immediate relatives including but not limited to his/her spouse, his/her partner considered by national law as equivalent to spouse, his/her unmarried partner or cohabitant, his/her child or stepchild, the spouse, partner or cohabitant of his/her child, his/her sibling, step-sibling or half sibling, his/her parent or step-parent, his/her parent-in-law, any of the trustees, acting in their capacity as trustees of any trust of which the Client or his/her immediate relative is a beneficiary, any entity 50% or more of which ownership is held, directly or indirectly, by him/her, or any persons acting on any of his/her/its behalf.

"Restricted Activity" means any activities: (i) involving or for the benefit of any Restricted Party; (ii) conducted in any manner that would reasonably be expected to result in any Company's Group Companies being in breach of any applicable Sanctions or becoming a Restricted Party; or (iii) that would be prohibited under any applicable Sanctions.

"Restricted Party" means a person that is:

- (a) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or
- (c) otherwise a person with whom a US person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities.

"Sanctions" means the economic, financial or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by (i) the United States government; (ii) the United Nations; (iii) the European Union; (iv) the United Kingdom; (v) Hong Kong; (vi) the People's Republic of China; or (vii) the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury ("OFAC"), the United States Department of State and His Majesty's Treasury ("HMT") (together, the "Sanctions Authorities").

"Sanctions List" means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT, or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

"securities" has the meaning ascribed thereto by the Securities and Futures Ordinance and, if the context so admits, shall include securities collateral;

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

"SEHK" means The Stock Exchange of Hong Kong Limited;

"SEOCH" means The SEHK Options Clearing House Limited;

"SFC" means the Securities and Futures Commission; and

"Haitong International Mail" means the secure messaging facility operated by the Company for the delivery and receipt of confirmations, statements and other notices.

1.3 In this Agreement:

- 1.3.1 references to the "Client", wherever used, shall in the case where the Client(s) is/are individual(s) include the Client(s) and his/their respective executors and administrators and in the case where the Client is a sole proprietorship firm include the sole proprietor and his executors and administrators and his/their successors in the business and in the case of a partnership firm include the partners who are the partners of the firm at the time when the Client's said Account(s) is/are being maintained and their respective executors and administrators and any other person or persons who shall at any time hereafter be or have been a partner of and in the firm and his or their respective executors and administrators and the successors to such partnership business and where the Client is a company include such company and its successors;
- 1.3.2 references to "Group Company", in relation to the Company, include its direct or indirect holding companies, and direct or indirect subsidiaries of itself or of such holding companies;
- 1.3.3 references to clauses, sub-clauses unless otherwise stated are clauses, sub-clauses of this Agreement;
- 1.3.4 the heading to the clauses are for convenience only and do not affect their interpretation and construction;
- 1.3.5 words denoting the singular include the plural and vice versa; and
- 1.3.6 words importing any gender include every gender and references to persons include companies and corporation.

2. APPLICABLE RULES AND REGULATIONS

- 2.1 All transactions for the Account(s) shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usages, as amended from time to time, of SEHK, or such other stock exchanges or markets or over-the-counter markets (the "Exchange(s)") and the HKSCC or such other clearing houses in or outside Hong Kong ("Clearing House(s)") and Government Authority and of the laws of Hong Kong and other places in which the Company is dealing on the Client's behalf, as amended from time to time.
- 2.2 All Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (the "Rules") applicable to the Company, including the Rules of SEHK (to the extent applicable), the Options Trading Rules of SEHK, the Clearing Rules of SEOCH and the rules of HKSCC. The Client agrees that all actions taken by the Company, SEHK, SEOCH or HKSCC in accordance with the Rules shall be binding on the Client.

3. SERVICES

- 3.1 Client hereby instructs and authorises the Company to open and maintain in its book one or more Account(s) in the name of the Client for the purpose of dealing in Options Contracts and effecting transactions of Exchange Traded Options Business in accordance with the terms and conditions of this Agreement from time to time.
- 3.2 All transactions for the Account(s) may be effected by the Company directly on any Exchanges where the Company is authorised to deal in Options Contracts, or, at its option, on any Exchanges indirectly through any other broker which the Company may, at its discretion, decide to appoint.

4. INSTRUCTIONS AND DEALING PRACTICE

- 4.1 The Company is hereby authorised to act upon the instructions of the Client to create, exercise, settle and/or discharge Options Contracts for the Account(s) and otherwise deal with any Margin, collateral, securities, Premium, Options Contracts, receivables or monies held in or for the Account(s) subject to the Client Money Rules and Client Securities Rules.
- 4.2 All instructions shall be given by the Client orally either in person or by telephone, or in writing, delivery by post, by hand, by e-mail using Haitong International Mail or otherwise, or by facsimile transmission or through any of the Electronic Services in accordance with the provisions of Clause 19 or by any other means acceptable to the Company.
- 4.3 The Company shall be entitled to rely on any instructions, directions, notices or other communication which the Company reasonably believes to be from a person authorised to act on the Client's behalf and the Client shall be bound by such communication. The Client agrees to indemnify the Company and hold the Company harmless from and against all losses, costs and expenses (including legal costs) reasonably and properly incurred by the Company in reliance thereupon.
- 4.4 The Company may record all telephone conversations with the Client in order to verify the instructions of the Client. The Client agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 4.5 Notwithstanding anything herein contained, the Company shall be entitled, at its absolute discretion, to refuse to act on any of the Client's instructions and shall not be obliged to give any reason for such refusal.
- 4.6 By reason of physical restraints on the Exchanges and rapid changes in the prices of Option Contracts and their underlying securities that frequently take place, there may, on occasions, be a delay in quoting prices or in dealing. The Company may not after using reasonable endeavour be able to trade at the prices quoted at any specific time. The Company is not liable for any loss arising by reason of its failing, or being unable, to comply with any terms of the Client's instructions. Where the Company is unable after using reasonable endeavour to execute any instruction in full, the Company is entitled to effect partial performance only without prior reference to the Client's confirmation. The Client shall in any event accept and be bound by the outcome when any request to execute orders is made.
- 4.7 Any day order for the purchase, sale, settlement, exercise or otherwise of Options Contracts placed by the Company at the request of the Client that has not been executed before the close of business of the relevant Exchange or such other expiration date required by the relevant Exchange or such other later time as the Client and the Company may agree shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).
- 4.8 The Company may, for the purpose of carrying out any instruction given by the Client, contract with or otherwise deal with or through any other agent, including any person or party associated in any manner with the Company, on such terms and conditions as the Company may in its absolute discretion determine.
- 4.9 Subject to applicable laws and regulations and market requirements, the Company may in its absolute discretion determine the priority in the execution of its clients' orders, having due regard to the sequence in which such orders were received, and the Client shall not have any claim of priority to another client in relation to the execution of any order received by the Company.
- 4.10 The Client acknowledges and consents that the Company shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account ("COCA") in DCASS.

5. CONTRACTS

- 5.1 The Client agrees that the terms of the Standard Contract for the relevant options series shall apply to each Client Contract between the Company and the Client, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules. SEOCH has authority under the Rules to make adjustments to the terms of Contracts and the Company shall notify the Client of any adjustments made by SEOCH to the terms of Contracts which affect Client Contracts to which the Client is a party.
- 5.2 The Company may place limits on the open positions or delivery obligations that the Client may have at any time. The Client acknowledges that:-
- 5.2.1 the Company may be required to close out or give-up Client Contracts to comply with the position limits imposed by SEHK; and
- 5.2.2 if the Company goes into default, the default procedures of SEHK may result in Client Contracts being closed out or replaced by Client Contracts between the Client and another Options Exchange Participant.
- 5.3 The Company may agree, at the Client's written request, to have the Client Contracts entered into with the Client replaced by Client Contracts between the Client and another Options Exchange Participant in accordance with the Rules.
- 5.4 The Client acknowledges that the Client and the Company shall contract as principals under Client Contracts notwithstanding that all Options Contracts are to be executed on SEHK.
- 5.5 The Company may, where requested by the Client, and in accordance with the Client's instructions, request the give-up of Client Contracts of the Client to a different Options Trading Exchange Participant. The Client agrees that, upon acceptance of such request, any Client Contract between the Company and the Client shall, by operation of the Options Trading Rules and this Agreement, immediately be novated into a new Client Contract, on identical terms to that Client Contract, between the other Options Trading Exchange Participant and the Client, as principals to such Client Contract. If the request is not accepted, the original Client Contract shall remain in full force and effect, as if the give-up has never been requested.

6. MARGIN REQUIREMENTS AND MARGIN CALLS AND FIXED CHARGE

- 6.1 The Client agrees to maintain such Margin and shall on demand pay or deliver such additional Margin by means of cash, securities and/or other assets in such form and amounts and within such time as may be determined by the Company to be payable by the Client or by the Company on the Client's behalf in respect of such Margin or any other payment in connection with any Options Contracts entered into on the Client's behalf under the terms of this Agreement. The amounts required by way of Margin should not be less than, but may exceed, the amounts as may be required by the Rules in respect of the Client's open positions and delivery obligations, and further Margin may be required to reflect changes in market value.
- 6.2 If the Company accepts securities by way of Margin, the Client will on request provide the Company with such authority as the Company may require under the Rules to authorise the Company to deliver such securities, directly or through an Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from the Client's instructions to the Company. Subject to any consent given by the Client, the Company does not have any further authority from the Client to borrow or lend Client's securities or otherwise part with possession (except to the Client or on the Client's instructions) of any of the Client's securities for any other purpose.
- 6.3 The time for payment of any Margin is of the essence and if no other time is stipulated by the Company when making a demand then the Client is required to comply with such demand before expiry of two hours from the time of making the demand (or more quickly if required by the Company to do so). The Client also agrees to pay immediately in full and on demand any amount owing with respect to any of the Company's accounts. All initial and subsequent deposits and payments for Margin and other purposes shall be made in cleared funds and in such currency and in such amounts as the Company may in its sole discretion require.
- 6.4 Without prejudice to Clause 6.1 above, the Company shall be entitled to revise Margin requirements from time to time in its absolute discretion. No previous Margin requirements shall establish a precedent and revised requirements once established shall apply to existing positions as well as to the new positions in the Contracts affected by such revision.
- 6.5 For the avoidance of doubt, failure by the Client to meet Margin calls made by the Company by the time prescribed by the Company or any other accounts payable hereunder shall give the Company the right (without prejudice to other rights) to close out open positions in respect of which any Margin calls are not met without notice to the Client and to dispose of any or all assets held for or on behalf of the Client and to apply the proceeds and any cash deposit(s) to pay the Company all outstanding balances owing to the Company. Any monies remaining after that application shall be refunded to the Client.
- 6.6 Subject to the Client Money Rules, nothing in this Agreement shall be construed as taking away or affecting any lawful claim, lien or other rights and remedies which the Company may have in respect of any money held in any bank account pursuant to Clause 13 or in respect of any money received or paid into such bank account.

- 6.7 For the avoidance of doubt, if a debit balance arises on any of the Client's Account(s), the Company shall not be, nor shall the Company be deemed to be, obliged to make available or continue to make available any financial accommodation. In particular, but without limitation, the fact that the Company permits a debit balance to arise in any Account(s) so debited shall not imply any obligation on the part of the Company to advance monies or incur any obligation on the Client's behalf on any subsequent occasion, but without prejudice to the obligations of the Client in respect of any debit balance which the Company does permit to arise.
- 6.8 The Client, as beneficial owner, charges in favour of the Company by way of first fixed charge all the Client's respective rights, title, benefits and interests in and to all Collateral as a continuing security for the payment and satisfaction of all monies and liabilities owed by the Client under this Agreement, all the margin requirements and, without prejudice to the aforesaid, all of the Client's obligations, arising from the business of dealing in securities or otherwise, to the Company and any of the Company's Group Companies which are now or at any time hereafter may be due or owing to the Company and/or the Company's Group Companies together with interest.
- 6.9 (a) The Client, as a continuing security for the payment and satisfaction of all monies and liabilities owed by the Client under this Agreement, all the margin requirements and, without prejudice to the aforesaid, all of the Client's obligations, arising from the business of dealing in securities or otherwise, to the Company and any of the Company's Group Companies which are now or at any time hereafter may be due or owing to the Company and/or the Company's Group Companies together with interest, charges by way of a first floating charge all the Collateral not at any time otherwise effectively charged or mortgaged by way of a first fixed charge under Clause 6.8.
- (b) The first floating charge created by the Client under this Clause 6.9 shall crystallise into a first legal charge forthwith and automatically upon the earlier of (i) the creation and issue to or receipt by the Client of the relevant Collateral, (ii) any corporate action, legal proceedings or other formal procedure or formal step is taken in relation to the winding-up, dissolution or re-organisation of the Client, (iii) the occurrence of any Event of Default, (iv) any person taking any step to effect any expropriation, attachment, sequestration, distress or execution against any of the Collateral, or (v) the issue of a written notice by the Company to the Client if the Company considers it desirable to convert any floating charge created pursuant to this Clause 6.9 in order to protect or preserve the security over the Collateral and/or the priority of the charge.
- 6.10 The charge as referred to in Clause 6.8 and Clause 6.9 shall be continuing notwithstanding any intermediate payment or settlement of account or satisfaction of the whole or any part of any sum owed by the Client to the Company and/or the Company's Group Companies notwithstanding the closing of any of the Client's accounts with the Company and which are subsequently reopened or the subsequent opening of any account by the Client either alone or jointly with others and shall extend to cover all or any sum of monies which shall for the time being constitute the balance due from the Client to the Company and/or the Company's Group Companies on any account or otherwise.
- 6.11 The Company shall have no obligation to release the charge as referred to in Clause 6.8 and Clause 6.9, unless (i) upon irrevocable payment in full of all sums which may be or become payable by the Client under this Agreement, all the margin requirements and all of the Client's obligations, arising from the business of dealing in securities or otherwise, to the Company and any of the Company's Group Companies, and (ii) upon the full performance of the Client's obligations thereunder, the Company will at the Client's request and expense release the charge as referred to in Clause 6.8 and Clause 6.9.

7. TRADING RECOMMENDATIONS

- 7.1 The Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Account(s) and the Company is responsible only for the execution, clearing, and carrying of transactions in the Account(s); that the Company has no responsibility or obligation regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account(s) or any transaction therein; and that any advice or information provided by the Company, its employees or agents, whether or not solicited, shall not constitute an offer to enter into a transaction and the Company shall be under no liability whatsoever in respect of such advice or information.
- 7.2 If the Company solicits the sale of or recommends any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document the Company may ask the Client to sign and no statement the Company may ask the Client to make derogates from this clause.

8. SETTLEMENT

- 8.1 The Client agrees to pay the Premium payable in respect of an Options Contract in cash in such amount and within such time period as notified by the Company. If no time period is specified by the Company, then the Client is required to comply with such demand before expiry of two hours from the time of making the demand (or more quickly if the Company requires the Client to do so). The Company may require the Client to make arrangements for payment of Premium in advance of accepting instructions from the Client or may impose other requirements from time to time for the payment of Premium as the Company in its absolute discretion thinks fit.

- 8.2 The Client acknowledges that on and only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time and that the Client may instruct the Company to override these automatically generated exercise instructions before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH as amended from time to time.
- 8.3 In respect of the Client's short positions, in cases where the Client Contract is validly exercised (including cases pursuant to Clause 8.4), the Client shall fulfil his obligations under the relevant Client Contract by 3:15 p.m. on the Business Day following the day of exercise. In default thereof, without prejudice to other rights or remedies that the Company may have against the Client, the Company may without demand or notice cover any liability of the Client under any short positions or deal with the same in the manner deemed most appropriate by the Company. The Client agrees that the Client will be responsible for all the expenses of the Company in connection with the above and that the Company will not be liable for any loss that may thereby be incurred.
- 8.4 The Client understands and agrees that in accordance with the Options Trading Rules and Clearing Rules, SEOCH may randomly select any Options Trading Exchange Participant to exercise a Client Contract in a short open position in which case, that the Options Trading Exchange Participant shall randomly select a Client Contract from among all Client Contracts comprised in short open positions of clients in the same option series as that Client Contract. The Client Contract so selected shall, by operation of this Agreement and the Options Trading Rules and Clearing Rules, for all purposes be treated as having been validly exercised at the time of such selection. The Company shall notify the Client of the details of such exercise as soon as possible and in any event no later than 12:00 noon on the Business Day following the day of exercise.
- 8.5 Delivery obligation shall arise when a Client Contract is validly exercised. On exercise of a Client Contract by or against the Client, the Client will perform its delivery obligations under the relevant Contract in accordance with the Standard Contract and as the Client has been notified by the Company.
- 8.6 The Client hereby acknowledges that the Client shall be responsible to the Company for any losses, costs, fees and expenses (including legal costs) incurred by the Company (on an indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in this Clause 8.
- 9. COMMISSIONS AND EXPENSES**
- 9.1 All transactions executed in pursuance of the instructions of the Client on the Exchanges shall be subject to a transaction levy and any other levies that the relevant Exchange from time to time may impose. The Company is authorised to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
- 9.2 The Client shall on demand pay the Company Premium, commissions on purchases, sales and other transactions or services for the Account(s) at such rate and within such time period as the Company may from time to time have notified him, together with all stamp duties, bank charges, transfer fees, interest, custodial expenses and other expenses or charges in respect of or connected with the Account(s) or any transaction or services in relation thereto.
- 9.3 The Company shall, at its absolute discretion, be entitled to solicit, accept and retain any benefit in connection with any transaction effected with any person for the Client pursuant to the terms and subject to the conditions of this Agreement, including any commissions, rebates or similar payments received in connection therewith, and rebates from standard commissions charged by brokers or other agents to their clients. The Company shall also, at its absolute discretion, be entitled to offer any benefit in connection with any transaction effected with any person for the Client pursuant to the terms and subject to the conditions of this Agreement, including any benefit relating to commissions or similar payments in connection therewith.
- 10. INTEREST**
- 10.1 The Client undertakes to pay interest to the Company in respect of any debit balance on the Account(s), any overdue balances or amount otherwise owing to the Company at any time (including interest arising after a judgement debt is obtained against the Client) at such rate as may be specified from time to time by the Company or failing any such specification at a rate equivalent to (3) three per cent per annum above the best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time. Such interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or upon any demand being made by the Company.
- 11. FOREIGN CURRENCY TRANSACTIONS**
- 11.1 The Account(s) shall be in Hong Kong Dollars or such other currencies as the Company may agree from time to time and in the event that the Client instructs the Company to sell or purchase any Options Contracts or exercise any Options Contracts in a currency other than Hong Kong Dollars, any profit or loss arising as a result of fluctuation in the exchange rate of the relevant currencies will be for the account of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by the Company under this Agreement may be effected by the Company in such manner and at such time as it may in its absolute discretion decide.

- 11.2 All payments to be made by the Client to the Company in a currency other than Hong Kong Dollars shall be in freely transferable and immediately available funds clear of any taxes, charges or payments of any nature when received by the Company.

12. SECURITIES IN THE ACCOUNT(S)

- 12.1 The Client specifically authorises the Company, in respect of all securities deposited by the Client with the Company or purchased or acquired by the Company on behalf of the Client, and held by the Company for safe keeping, to register the same in the name of an associated entity or in the Client's name, or deposit in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by the Company or an associated entity of the Company with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 12.2 Any securities held by the Company, any associated entity of the Company, banker, institution, custodian or intermediary pursuant to Clause 12.1 shall be at the sole risk of the Client and the Company and the relevant associated entity, banker, institution, custodian and intermediary shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 12.3 If in relation to any securities deposited with the Company which are not registered in the Client's name, any dividends or other distributions or benefits accrue in respect of such securities, the Account(s) shall be credited (or payment made to the Client as may be agreed) with the proportion of such benefit equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 12.4 If in relation to any securities deposited with the Company but which are not registered in the name of the Client, and loss is suffered by the Company, the Account(s) may be debited (or payment made by the Client as may be agreed) with the proportion of such loss equal to the proportion of the securities held on behalf of the Client out of the total number or amount of such securities.
- 12.5 Except as provided in Clauses 12.6, the Company shall not, without the Client's oral or written authority or standing authority under the Client Securities Rule, deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of Client's securities for any purpose.
- 12.6 The Company is authorised, pursuant to section 6(3) of the Client Securities Rules, to dispose or initiate a disposal by its associated entity of any of the Client's securities or securities collateral (and the Company 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 the Client to the Company, the associated entity or a third person.
- 12.7 The Company's obligations to deliver, to hold in safe custody or otherwise or to register in the Client's name, securities purchased or acquired by the Company on the Client's behalf shall be satisfied by the delivery, the holding or registration in the Client's name or the Client's nominee of securities of the same class, denomination and nominal amount as, and rank pari passu with, those originally deposited with, transferred to or acquired by the Company on the Client's behalf (subject always to any capital reorganization which may have occurred in the meantime) and the Company shall not be bound to deliver or return securities which are identical with such securities in terms of number, class denomination, nominal amount and rights attached thereto.
- 12.8 Where any securities are held in the Company's name, the name of any associated entity of the Company or the name of any nominee of the Company in accordance with Clause 12.1, the Company will not attend any meeting or exercise any voting or other rights including the completion of proxies except in accordance with written instructions of the Client. Nothing in this Agreement shall in any way impose on the Company any duty to inform the Client or to take any action with regards the attendance of meetings and to vote at such meetings. The Company has no duty in respect of notices, communications, proxies and other documents, relating to the securities received by the Company or to send such documents or to give any notice of the receipt of such documents to the Client. The Company has the right to charge the Client for its services in taking any action pursuant to the Client's instruction.

13. MONIES IN THE ACCOUNT(S)

- 13.1 The Company shall be entitled to deposit all monies held in the Account(s) and all monies received for or on the account of the Client (less amounts lawfully payable by the Client to the Company, such as brokerage, fees, levies and amounts required to be deposited by the Client as Margin or SEOCH Collateral) with one or more segregated account(s) in Hong Kong, each of which shall be designated as a trust account or client account, at one or more authorized financial institution(s) or any other person approved by the SFC for the purposes of section 4 of the Client Money Rules. Unless otherwise agreed between the Client and the Company, any interest accrued on such monies shall belong to the Company absolutely.
- 13.2 The Client agrees and authorises the Company to deduct or withdraw Premium, commissions, charges, expenses, applicable levies imposed by the Exchange and any other sum payable by the Client from the Account(s), subject to applicable rules and regulations, including without limitation, the Client Money Rules.
- 13.3 The Company may set-off all or any part of the amounts due from the Client in respect of Margin, Settlement Amount and Premium against amounts due to the Client in respect of the Premium, Settlement Amount and surplus SEOCH Collateral, subject to applicable rules and regulations, including without limitation, the Client Money Rules.

14. EVENT OF DEFAULT

- 14.1 Any one of the following events shall constitute an event of default ("Event of Default"):
- 14.1.1. the Client's failure to pay any deposits, Margins, Premium, exercise price of any Options Contract payable by it or any other sums payable to the Company in connection with the Account(s), or submit to the Company any documents or deliver any securities to the Company hereunder, when called upon to do so or on due date;
 - 14.1.2. default by the Client in the due performance of any of the terms of this Agreement including its delivery and settlement obligations and the observance of any by-laws, rules and regulations of the appropriate Exchanges and/or Clearing Houses;
 - 14.1.3. the Client's failure to liquidate any debit balance or any of the Client's Account(s), when called upon to do so or otherwise agreed;
 - 14.1.4. the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client;
 - 14.1.5. the death of the Client (being an individual);
 - 14.1.6. the levy or enforcement of any attachment, execution or other process against the Client;
 - 14.1.7. any representation or warranty made by the Client to the Company in this Agreement or in any document being or becoming incorrect or misleading;
 - 14.1.8. any consent, authorisation or board resolution required by the Client (being a corporation or a partnership) to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
 - 14.1.9. the occurrence of any event which, in the sole opinion of the Company, might jeopardize any of its rights under this Agreement; and
 - 14.1.10. the Company has made at least two attempts to demand from the Client any Margin, but, for whatever reason, has not been able to communicate directly with the Client.
- 14.2 If an Event of Default occurs, without prejudice to any other rights or remedies that the Company may have against the Client and without further demand or notice to the Client, the Company shall be entitled to:
- 14.2.1. decline to accept further instructions from the Client in respect of Exchange Traded Options Business;
 - 14.2.2. immediately close the Account(s);
 - 14.2.3. terminate all or any part of this Agreement;
 - 14.2.4. cancel any or all outstanding orders or any other commitments made on behalf of the Client;
 - 14.2.5. close out, give up or exercise any or all Client Contracts, cover any short position of the Client through the purchase of securities on the relevant Exchange(s) or, subject to Clauses 12.5 and 12.6 liquidate any long position of the Client through the sale of securities on the relevant Exchange(s);
 - 14.2.6. enter into Contracts, or into transactions in securities, futures or commodities (on an exchange or otherwise), for the purpose of meeting obligations arising or hedging risks to which the Company is exposed in relation to the Client's default;
 - 14.2.7. subject to Clauses 12.5 and 12.6, dispose of any or all of the Margin, SEOCH Collateral (other than cash) or securities held for or on behalf of the Client and to apply the proceeds thereof and any cash deposit(s) including SEOCH Collateral to discharge the Client's liabilities to the Company;
 - 14.2.8. combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 16; and
 - 14.2.9. take any action deemed fit by the Company in its absolute discretion.
- 14.3 In the event of any actions taken pursuant to this Clause:
- 14.3.1. the Company shall not be responsible for any loss occasioned thereby howsoever arising if the Company has already used reasonable endeavors to close out, give up or exercise Client Contracts, cover short positions through the purchase of securities or liquidate long positions at the then available market price;
 - 14.3.2. the Company shall be entitled to close out and/or liquidate all or any of the Client Contracts pursuant to this clause at the then current price with any of the Company's Group Companies without being in any way responsible for loss occasioned thereby howsoever arising and without being accountable for any profit made by the Company and/or any of the Company's Group Companies; and

- 14.3.3. the Client undertakes to pay to the Company any deficiency if the net proceeds of sale and/or liquidation of Client Contracts shall be insufficient to cover all the outstanding balances owing by the Client to the Company.

15. PROCEEDS OF SALE

- 15.1 Subject to Clauses 12.5 and 12.6, the proceeds of sale or liquidation of the Account(s) made under Clause 14 shall be applied in the following order of priority and any residue shall be paid to the Client or to his/its order:
- 15.1.1. payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by the Company in closing out and/or liquidating all or any of the Client Contracts or properties in the Account(s) or in perfecting title thereto;
 - 15.1.2. payment of all interest due;
 - 15.1.3. payment of all monies and liabilities due, owing or incurred by the Client, to the Company; and
 - 15.1.4. payment of all monies and liabilities due, owing or incurred by the Client to any of the Company's Group Companies.
- 15.2 Subject to the Client Money Rules, any dividends, interest or other payments which may be received or receivable by the Company in respect of any Client Contract or Margin may be applied by the Company as though they were proceeds of sale hereunder notwithstanding that the power of sale may not have arisen and notwithstanding that subsequent to the execution of this Agreement the Company may have paid any of the said dividends, interest or other payments to the Client.

16. SET-OFF, LIEN AND COMBINATION OF ACCOUNTS

- 16.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which the Company may be entitled under laws or this Agreement, all Options Contracts, securities, Margin, Premium, receivables, monies and other property of the Client (in the name of the Client or jointly with others) held by or in the possession of the Company at any time shall be subject to a general lien in favor of the Company and on trust for itself and any of the Company's Group Companies as continuing security to offset and discharge all of the Client's obligations, arising from the business of dealing in Options Contracts, to the Company and any of the Company's Group Companies, including but not limited to Haitong International Nominees Company Limited, Haitong International Futures Limited, Haitong International Bullion Limited, Haitong International Investment Services Limited and Haitong International Finance Company Limited.
- 16.2 In addition and without prejudice to any general liens or other similar rights which the Company, and on trust for itself and any of the Company's Group Companies, may be entitled under law or this Agreement and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, the Company for itself and as agent for any of the Company's Group Companies, at any time without notice to the Client, may combine or consolidate any or all accounts, of any whatsoever and either individually or jointly with others, with the Company or any of the Company's Group Companies and the Company may set-off or transfer any monies, Options Contracts, securities, Margin, Premium or other property in any such accounts to satisfy obligations or liabilities of the Client to the Company or any of the Company's Group Companies, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.
- 16.3 Without limiting or modifying the general provisions of this Agreement and subject to applicable rules and regulations, including without limitation, the Client Money Rules and the Client Securities Rules, the Company may, without notice, transfer all or any sum or properties interchangeably between any of the accounts maintained at any time by the Client with the Company and any of the Company's Group Companies.

17. CONTRACT SPECIFICATIONS, MARGIN PROCEDURES AND CLOSURE OF POSITIONS

- 17.1. Without prejudice to the Company's rights under Clause 14.2 above, the Company may, without the Client's consent, close all or any of the Client's positions if the Company is of the opinion that there has been a change or development involving a prospective change:
- 17.1.1. in the local, national or international monetary, financial, economic or political conditions or foreign exchange controls which has resulted or is in the opinion of the Company likely to result in a material or adverse fluctuation in the stock market or options market in Hong Kong and/or overseas; or
 - 17.1.2. which is or may be of a material adverse nature affecting the condition or operations of the Client.
- 17.2. The Company shall provide to the Client upon written request Contract Specifications or other product specifications, any prospectus or other offering document covering such products, and shall provide to the Client a full explanation of margin procedures. The circumstances in which a Client's position may be closed without the Client's consent are set out in Clause 6, 8.3, 14, 16, 17.1 and 19.5.

18. STANDING AUTHORITIES

- 18.1 The Client Money Standing Authority covers money held or received by the Company in Hong Kong (including any interest derived from the holding of the money which does not belong to the Company) in one or more segregated account(s) on the Client's behalf ("Monies"), such authority is subject to applicable rules and regulations.
- 18.2 The Client authorizes the Company to:
- 18.2.1. combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by the Company or any of the Company's Group Companies and the Company may transfer any sum of Monies to and between such segregated account(s) to satisfy the Client's obligations or liabilities to the Company or any of the Company's Group Companies, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several;
- 18.2.2. transfer any sum of Monies interchangeably between any of the segregated accounts maintained by the Company or any of the Company's Group Companies and/or any segregated accounts opened and maintained by the Company or any of the Company's Group Companies with broker(s) and/or clearing firm(s) (whether they are the Company or any of the Company's Group Companies' associated companies or not) outside Hong Kong at any time for the purpose of satisfying margin requirement, dealing, clearing and/or settlement requirement of securities, futures contract and/or other financial products (where applicable);
- 18.2.3. keep the Monies with broker(s) and/or clearing firm(s) outside Hong Kong after trading to facilitate future dealing, clearing and/or settlement of securities, futures contract and/or other financial product (where applicable); and
- 18.2.4. convert the Monies into any other currency(ies), for any of the abovementioned purposes (where applicable).
- 18.3 The Client Securities Standing Authority is in respect of the treatment of the Client's securities as set out below in this Clause 18.
- 18.4 The Client authorizes the Company to deposit the securities with the SEOCH as SEOCH collateral in respect of Exchange Traded Options Business resulting from the Client's instructions to the Company.
- 18.5 The Client acknowledges and agrees that the Company may do any of the things set out in Clauses 18.2 and 18.4 without giving the Client notice.
- 18.6 The Client also acknowledges that:
- 18.6.1 the Client Money Standing Authority is given without prejudice to other authorities or rights which the Company or any of the Company's Group Companies may have in relation to dealing in Monies in the segregated accounts; and
- 18.6.2 the Client Securities Standing Authority shall not affect the Company's right to dispose or initiate a disposal by the Company's associated entity of the Client's securities or securities collateral in settlement of any liability owed by or on behalf of the Client to the Company, the associated entity or a third person.
- 18.7 The Client understands that a third party may have rights to the Client's securities, which the Company must satisfy before the Client's securities can be returned to the Client.
- 18.8 Each of the Client Money Standing Authority and the Client Securities Standing Authority is valid for a period of 12 months from the date of this Agreement, subject to renewal by the Client or deemed renewal under the Client Money Rules or Client Securities Rules (as the case may be) referred to in Clause 18.10.
- 18.9 Each of the Client Money Standing Authority and the Client Securities Standing Authority may be revoked by giving the Company written notice addressed to the Customer Service Department at the Company's address specified in the Account Opening Form or such other address which the Company may notify the Client in writing for this purpose. Such notice shall take effect upon the expiry of 14 days from the date of the Company's actual receipt of such notice.
- 18.10 The Client understands that each of the Client Money Standing Authority and the Client Securities Standing Authority shall be deemed to be renewed on a continuing basis without the Client's written consent if the Company issues the Client a written reminder at least 14 days prior to the expiry date of the relevant authority, and the Client does not object to such deemed renewal before such expiry date.
- 19.2 The Company may provide the Client with Electronic Services, and the Client hereby requests the provision of such services, upon the terms and conditions as embodied in this Agreement, as modified, amended or expanded by any notice, letter, publication or such other document as may be issued from time to time by the Company.
- 19.3 The Client may from time to time instruct the Company, to purchase and/or sell Options Contracts and to carry on instructions for effecting transactions of Exchange Traded Options Business for the Account(s) or otherwise deal with securities, Contracts, receivables or monies on behalf of the Client through the Electronic Services.
- 19.4 The Client agrees that the Client shall be the only authorised user of the Electronic Services under this Agreement. The Client shall be wholly and solely responsible for the confidentiality, security and use of the Access Codes issued to the Client by the Company.
- 19.5 The Client acknowledges and agrees that the Client shall be wholly and solely responsible for all instructions entered through the Electronic Services. The Client further acknowledges that the Electronic Services, Haitong International Mail, the Company's website, and the software comprised in them, are proprietary to the Company. The Client undertakes and warrants that the Client shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer, damage, destroy or otherwise alter in any way, and shall not attempt to gain unauthorised access to, any part of the Electronic Services, Haitong International Mail, the Company's website, and any of the software comprised in them. The Client agrees that the Company shall be entitled to close any or all of the Account(s) immediately without notice to the Client, and the Client acknowledges that the Company may take legal action against the Client, if the Client at any time breaches this warranty and undertaking or if the Company at any time reasonably suspects that the Client has breached the same. The Client undertakes to notify the Company immediately if the Client becomes aware that any of the actions described above in this paragraph is being perpetrated by any other person.
- 19.6 As and when the Company allows the Client to open an Account on-line with the Company, in addition to completing and returning this Agreement through the Internet, the Client agrees to return to the Company the hard copy of this Agreement (including the Account Opening Form, Client Information Statement and applicable Risk Disclosure Statements) duly completed and executed.
- 19.7 Unless otherwise agreed between the Company and the Client, the Company will not execute any trading orders of the Client until there are sufficient cleared funds, Margin, securities or other assets acceptable to the Company in the Client's Account(s) to settle the Client's transactions and upon receipt of the documents as stated in Clause 18.6.
- 19.8 The Company will not be deemed to have received the Client's instructions or have executed the Client's orders unless and until the Client is in receipt of the Company's message acknowledging receipt or confirming execution of the Client's orders, either electronically or by hard copy.
- 19.9 The Client acknowledges and agrees that, as a condition of using the Electronic Services to give instructions, the Client shall immediately notify the Company if:
- 19.9.1 an instruction has been placed through the Electronic Services and the Client has not received an instruction number or has not received an accurate acknowledgement of the instruction or of its execution (whether by hard copy, electronic or verbal means);
- 19.9.2 the Client has received acknowledgement (whether by hard copy, electronic or verbal means) of a transaction which the Client did not instruct or any similar conflict;
- 19.9.3 the Client becomes aware of any of the acts stated in Clause 18.5 being done or attempted by any person;
- 19.9.4 the Client becomes aware of any unauthorised use of the Client's Access Codes;
- 19.9.5 the Client has difficulties with regard to the use of the Electronic Services; or
- 19.9.6 the Client has lost the SIM Card.
- 19.10 The Client agrees to review every order before entering it as it may not be possible to cancel the Client's instructions once given.
- 19.11 The Client agrees that the Company shall not be liable for any loss or damage the Client or any other person may suffer as a result of using or attempting to use the Electronic Services unless such loss or damage are caused by willful default or gross negligence on the part of the Company. The Client further undertakes to indemnify the Company, on a full indemnity basis, on demand, for any loss or damage the Company may suffer as a result of the use of the Electronic Services except to the extent that such loss or damage is outside the Client's control.
- 19.12 The Client acknowledges and agrees that if the mode of communication used by the Client in the course of the Electronic Services becomes temporarily unavailable, the Client can during such period continue to operate the relevant Account subject to the right of the Company to obtain such information regarding the verification of the Client's identity as it may from time to time think fit.

19. ELECTRONIC SERVICES

- 19.1 Unless otherwise specified, this clause is made without prejudice and in addition to all the other provisions in this Agreement. Please note the risk disclosure statements in the attached Appendix 1 relating to services provided through electronic means.

19.13 The Client acknowledges that Exchanges and certain associations may assert proprietary interests and rights over all market data they furnish to parties who disseminate such data and agrees not to do any act which would constitute any infringement or encroachment of such rights or interests. The Client also understands that the Company does not guarantee the timeliness, sequence, accuracy or completeness of market data or any market information (including any information provided to the Client through the Electronic Services). The Company shall not be liable in any way for any loss arising from or caused by (1) any inaccuracy, error in or omission from any such data, information or message; (2) any delay in the transmission or delivery thereof; (3) any suspension or congestion in communication; (4) any unavailability or interruption of any such data, message or information whether due to any act of the Company; or (5) by any forces beyond the control of the Company.

20. REPRESENTATIONS AND WARRANTIES

20.1 The Client hereby represents and warrants to the Company on a continuing basis that:

20.1.1. (in case of a corporation) it is validly incorporated and existing under the laws of its country of incorporation and has full power and capacity to enter into and perform its obligations hereunder; its entry into this Agreement has been duly authorised by its governing body and is in accordance with the memorandum and articles of association or by-laws as the case may be of the Client;

20.1.2. neither the signing, delivery or performance of this Agreement nor any instructions given hereunder will contravene or constitute a default under any existing applicable law, statute, ordinance, rule or regulation or judgment or cause to be exceeded any limit by which the Client or any of the Client's assets is bound; it has obtained and maintained in full force and effect any necessary consents, licenses and authorities;

20.1.3. save as otherwise disclosed to the Company in writing, all transactions to be effected under this Agreement are for the benefit of the Client and no other party has any interest therein;

20.1.4. if the Client requests the Company to operate the Account as an Omnibus Account, the Client confirms and agrees that it will immediately notify the Company of the identity of any person(s) ultimately beneficially interested in the Client Contracts;

20.1.5. subject to any security interest of any of the Company's Group Companies created pursuant to any agreement between the Client and the Company's Group Company, all securities provided by the Client for selling or crediting into the Account(s) are fully paid with valid and good title and free from any encumbrances and whose legal and beneficial titles are owned by the Client;

20.1.6. the information contained in the Client Information Statement or other information supplied by or on behalf of the Client to the Company in connection with the Account(s) is complete, true and correct. The Company is entitled to rely on such information until written notice from the Client of any changes therein has been received by the Company; and

20.1.7. unless prior written approval of the Exchange has been obtained to the opening of the Account(s), (i) the Client, or (ii) in the case of a partnership, the partners, or (iii) in the case of a corporation, its directors or authorised personnel who have been duly authorised to operate the Account(s), is not employed by any other Options Exchange Participant of the Exchange, and no employee of any other Options Exchange Participant will have a beneficial interest in the Account(s).

20.2 If the Client effects transactions for the account of his clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with any clients of the Client, the Client hereby agrees that, in relation to a transaction where the Company has received an enquiry from SEHK and/or SFC ("Hong Kong Regulators"), the following provisions shall apply:

20.2.1 Subject to as provided below, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the client for whose account the transaction was effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the transaction. The Client shall also inform the Hong Kong Regulators of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the transaction.

20.2.2(a) If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who, on behalf of the scheme, account or trust, instructed the Client to effect the transaction.

(b) If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform the Company when his discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client's investment discretion has been overridden, the Client shall immediately upon request by the Company (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction.

(c) If the Client is a collective investment scheme, discretionary account or discretionary trust and in respect of a particular transaction the discretion of the Client or its officers or employees has been overridden, the Client shall, as soon as practicable, inform the Company when his discretion to invest on behalf of the beneficiary of such scheme, account or trust has been overridden. In case where the Client's investment discretion has been overridden, the Client shall, immediately upon request by the Company (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the relevant transaction.

20.2.3 If the Client is aware that his client is acting as intermediary for its underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the transaction was effected, the Client confirms that:

(a) The Client has arrangements in place with his client which entitle the Client to obtain the information set out in Clauses 20.2.1 and/or 20.2.2 from his client immediately upon request or procure that it be so obtained; and

(b) The Client will, upon request from the Company in relation to a transaction, promptly request the information set out in sub-clauses 20.2.1 and/or 20.2.2 from his client on whose instructions the transaction was effected, and provide the information to the Hong Kong Regulators as soon as it is received from his client or procure that it be so provided.

20.2.4 The above terms shall continue in effect notwithstanding the termination of this Agreement.

20.3 The Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by the Company for the performance or implementation of this Agreement or any parts thereof.

20.4 The Client must notify the Company 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). The Client acknowledges and agrees that no short selling orders will be accepted by the Company unless the Client provides the Company with such confirmation, documentary evidence and assurance as the Company in the Company's opinion considers necessary to show that the Client has a presently exercisable and unconditional right to vest such securities in the purchaser before placing any short selling order.

20.5 The Client agrees not to pledge or charge any Client contacts, securities, margin or monies forming part of any Account(s) without the prior consent of the Company, or to sell, grant an option over, or otherwise deal in any Options Contracts, securities, Margin or monies forming part of the Account(s).

20.6 The Company and the Client undertake to inform each other of any material change to the information provided in this Agreement. In particular, the Company and the Client agree that:

20.6.1 the Company will notify the Client of any material change to its business which may affect the services provided by the Company to the Client; and

20.6.2 the Client will notify the Company of any change of name and address and provide supporting documents as reasonably required by the Company.

21. LIABILITIES AND INDEMNITIES

21.1 Neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any loss, expense or damage suffered by the Client as a result of:

21.1.1. the Company acting or relying on any instruction given by the Client whether or not such instruction was given following any recommendation, advice or opinion given by the Company or by any of its directors, employees or agents; or

21.1.2. any condition or circumstances which are beyond the reasonable control or anticipation of the Company, its directors, employees and agents, including but not limited to any delays or failures in the transmission of orders due to disruption, breakdown, failure or malfunction of transmission of communication facilities, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorised use of Access

Codes, prevailing fast market conditions, governmental agency or exchange actions, theft, war (whether declared or not), severe weather, earthquakes and strikes; or

21.1.3. the Company exercising any or all of its rights conferred by the terms of this Agreement; or

21.1.4. any conversion of one currency to another pursuant to, in relation to or arising from this Agreement.

21.2 Without limiting the generality of Clause 21.1 above, neither the Company nor any of its directors, employees or agents shall have any liability whatsoever (whether in negligence or otherwise) for any loss, expense or damage suffered by the Client arising out of or alleged to arise out of or in connection with any inconvenience, delay or loss of use of the Electronic Services or any delay or alleged delay in acting or any failure to act on any instruction given by the Client to the Company, even if the Company has been advised of the possibility of such loss or damage.

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

21.4 Without prejudice to Clause 21.3, the Client undertakes to indemnify and keep indemnified the Company and its officers, employees and agents for any loss, cost, claim, liability and expense arising out of or connected with any breach by the Client of its obligations under this Agreement, including any costs reasonably and necessarily incurred by the Company in collecting any debts due to the Company or in connection with the closure of the Account(s).

21.5 The above terms shall continue to take effect notwithstanding the termination of this Agreement.

22. NOTICES, CONFIRMATIONS AND STATEMENTS

22.1 Reports, written confirmations, statements of the Account(s), notices, and any other communications may be transmitted to the Client (who, in the case of a joint account without nominating a person therefor, will be deemed for these purposes to be the Client whose name first appears in the Account Opening Form) at the address, telephone, fax or telex number given in the Account Opening Form or Client Information Statement, or at such other address, telephone, fax or telex number as the Client hereafter shall notify the Company in writing; and all communications so transmitted, whether by mail, telegraph, telephone, messenger or otherwise, shall be deemed transmitted when telephoned when deposited in the mail, or when received by a transmitting agent, whether actually received by the Client or not.

22.2 Written confirmation of the execution of the Client's orders and statements of the Account(s) shall be conclusive and deemed to be accepted if not objected to in writing by the Client directed to the address stated in the Account Opening Form (or such other address communicated in writing by the Company) within 2 days after transmittal thereof to the Client, by mail or otherwise.

22.3 Any notice or other communications including, but limited to, written confirmations and statements of the Client's Account(s) delivered to the Client by the Company under this Agreement if by electronic devices through Halton International Mail or otherwise shall be deemed made or given upon transmission of the message to the Client.

23. WAIVER AND AMENDMENT

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

24. JOINT CLIENTS

24.1 Where the Client consists of more than one person:

24.1.1. the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;

24.1.2. the Company shall be entitled to, but shall not be obliged to, act on instructions or requests from any of them;

24.1.3. each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound; and

24.1.4. the Company shall be entitled to deal separately with any of the Client on any matter including the discharge of any liability to any extent without affecting the liability of any others.

24.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this Agreement shall not be terminated and the interest in the Account(s) of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by the Company against such deceased Client's estate. The surviving Client(s) shall give the Company written notice immediately upon any of them becoming aware of any such death.

25. CONFLICT OF INTEREST

25.1 The Company and its directors, officers or employees may trade on its/their own account or on the account of any of the Company's Group Companies subject to any applicable regulatory requirements.

25.2 The Company may buy, sell, hold or deal in any Options Contracts or take the opposite position to the Client's order whether it is on the Company's own account or on behalf of its other clients.

25.3 The Company may match the Client's orders with those of other clients.

25.4 The Company may effect transactions in Options Contracts where the Company or any of its Group Companies has a position in the underlying securities or is involved with those Options Contracts or securities as underwriter, sponsor or otherwise.

25.5 In any of the above-mentioned events the Company shall not be obliged to account for any profits or benefits obtained.

26. ANTI-MONEY LAUNDERING AND SANCTIONS

26.1 Notwithstanding any other provision of this Agreement to the contrary, the Company is not obliged to do or omit to do anything if it would, or might in the Company's reasonable opinion, constitute a breach of any laws in respect of AML/CTF applicable to the Company.

26.2 The Client represents on a continuing basis that neither the Client nor any of its Related Persons (a) is a Restricted Party; or (b) has received notice of or is aware of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority; and (c) will promptly notify the Company in writing of any changes to your sanctions status or any sanctions-related activity in connection with this Agreement.

26.3 The Client shall (and shall procure each of its Related Persons to) ensure that (a) none of the transactions and services contemplated under this Agreement shall be used in connection with any Restricted Activity; and (b) none of the proceeds of any such transactions or services will be directly or indirectly paid, lent, contributed, used or otherwise made available to fund or support any Restricted Activity; and (c) all funds used in connection with this Agreement are derived from legitimate sources and not from any Restricted Activity.

26.4 Where (a) the Client or any of its Related Persons is or becomes a Restricted Party or (b) the Company reasonably believes that the dealings with the Client or any of its Related Persons (including but not limited to any transactions or services contemplated by this Agreement) has led or may lead to any Company's Group Companies being in breach of any Sanctions, the Company may immediately and without notice to the Client cease any further dealings with the Client and terminate this Agreement. The Company shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses directly or indirectly incurred by the Client as a result of such cessation of dealings or termination of this Agreement under this clause.

26.5 Without prejudice to any other provisions in this Agreement, the Client shall upon demand indemnify the Company against any loss, claim, liability or expense, including legal and other professional fees, asserted against or incurred by the Company as a direct or indirect result of (a) any misrepresentation by the Client under Clause 26.2; or (b) any breach or alleged breach of the undertaking by the Client under Clause 26.3. This Clause 26.5 survives any termination of this Agreement.

26.6 The Client must provide to the Company upon request all information and documents that are within the Client's possession, custody or control and requested by the Company at its discretion to enable the Company to comply with applicable laws and relevant internal policies and procedures. The Client undertakes to notify the Company of such matter as may be prescribed or accepted by the Company of any change of contact details (including but not limited to address, telephone number, email address and fax number) or any change or addition of material information (including but not limited to directors, partners, beneficial owners, shareholders, controllers, legal status and constitutional documents).

26.7 Where the Client or any other person in connection with the Client and/or this Agreement fails to provide promptly information or documents reasonably requested by the Company, the Company may be unable to provide new, or continue to provide all or part of the services to the Client and the Company reserves the right to terminate the business relationship with the Client; and block or close the Client's accounts at its sole discretion to enable the Company to comply with applicable laws and relevant internal policies and procedures.

26.8 The Company and its affiliates are required to act in accordance with applicable laws and request of Government Authorities operating in various jurisdictions. These relate, amongst others, to the prevention of money laundering, terrorist financing and the provision of financial or other services to any persons or entities which may be subject to Sanctions. The Client agrees that the Company may take any action, in its sole and absolute discretion it considers appropriate including but not limited to disclosing any information concerning the Client, persons connected with the Client and/or this Agreement to any law enforcement entity, regulatory agency or court (in any jurisdiction) where required by such requests or any law.

26.9 Such action may include, but is not limited to, the interception and investigation of any payment messages and other information or communications sent to or by the Client or on the Client's behalf and making further inquiries as to whether a name which might refer to a person or entity subject to Sanctions and whether that name actually refers to that person or entity.

26.10 The Client agrees that the Company may take a sufficient time to consider, investigate, verify or to intercept a transaction, if the Client or any other person in connection with the Client and/or this Agreement becomes a person subject to Sanctions, or upon the occurrence of a match on the Company's Sanction or other AML/CTF-related filters. In certain circumstances, those aforesaid actions taken by the Company may prevent or cause a delay in the process of certain information, instructions and/or transactions.

26.11 The Company and no Group Company will be liable for any Loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party arising in connection with this Clause 26.11. In addition, the Client acknowledges that neither the Company nor any Group Company is required to provide reasons for any decisions it makes, including (without limitation) actions taken or not taken, or unless expressly required by applicable law.

26.12 The Client agrees to exercise its/his/her rights and perform its/his/her obligations under this Agreement in accordance with all applicable AML/CTF and other laws.

26.13 The Client declares that it/he/she is acting on its/his/her own behalf and not in a trustee or agency capacity, unless otherwise disclosed to the Company with details of the ultimate beneficiary for whom the Client is trading, and agrees to provide evidence of due authority and specimen signatures for each authorised person.

27. TERMINATION

27.1 Without prejudice to Clauses 14, 20.2 and 21, this Agreement shall continue in effect until terminated by either party giving not less than seven (7) business days prior written notice to the other.

27.2 Service of notice of termination by the Client pursuant to Clause 27.1 shall not affect any transaction entered into by the Company pursuant to this Agreement before the notice has been actually received by the Company.

27.3 Termination of this Agreement shall not affect any outstanding orders or any legal rights or obligations which may already have arisen.

27.4 Notwithstanding Clause 27.1, the Client shall have no right to terminate this Agreement if the Client has open positions or outstanding liabilities or obligations.

27.5 Clauses 20.2, 21, 22, 26.5, 31.4, 32 and 33 shall survive the termination of this Agreement.

28. SEVERABILITY

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

29. ASSIGNABILITY

29.1 The provisions of this Agreement shall be binding on and enure to the benefit of the successors, assigns and personal representatives (where applicable) of each party hereto provided that the Client may not assign, transfer, charge or otherwise dispose of any of the Client's rights or obligations hereunder without the prior written consent of the Company. The Company may assign all or a part only of its rights and obligations under this Agreement to any person without the prior consent or approval of the Client.

30. THIRD PARTY RIGHTS

30.1 Subject to Clause 29, a person who is not a party to this Agreement has no right under the Third Parties Ordinance to enforce or to enjoy the benefit of any term of this Agreement.

30.2 This Agreement does not create or confer any rights or benefits enforceable by any person not a party to it except:
(a) a Group Company may enforce any rights or benefits in this Agreement;
(b) a Group Company may enforce the rights or benefits of any indemnity, limitation or exclusion of liability in this Agreement; and
(c) a person who is a permitted successor or assignee of the rights or benefits of this Agreement may enforce those rights or benefits.

30.3 No consent from the persons referred to in this Clause is required for the parties to vary or rescind this Agreement (whether or not in a way that varies or extinguishes rights or benefits in favour of those third parties).

31. GENERAL

31.1 The Client hereby authorises the Company to conduct a credit enquiry (or a personal credit enquiry in case of an individual client) or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client.

31.2 Nothing herein contained shall place the Company under any duty to disclose to the Client any fact or thing which comes to its notice in the course of acting in any capacity for any other person or in its own capacity.

31.3 Whenever the Company deals with the Client, it will always be on the basis that only the Client is the Company's client and is acting as principal in all respects and so, if the Client acts on behalf of another person, whether or not the Client identifies him to the Company, he will not be the Company's client and the Company does not and will not have or accept in any circumstances whatsoever any responsibility towards any person on whose behalf the Client may act and the Client hereby acknowledges and agrees that the Client shall be solely responsible for settling all liabilities resulting from transactions effected pursuant to and in accordance with the terms and conditions of this Agreement in connection with or on behalf of any such person.

31.4 The Company may obtain confidential information relating to the Account(s), the Client (including the Client's affiliates and subsidiaries (together with the Client, the "Client Group")) and the respective directors, shareholders, employees, officers, consultants and agents of the Client Group (each a "Representative") during the ordinary course of the Client's relationship with the Company. The Client hereby expressly agrees that:

(i) the Company may disclose any or all such information relating to the Account(s), the Client Group and/or the Representatives to any third party (including any Group Company), as it considers necessary to comply with any laws, regulations, orders, judgments, guidelines, policies, measures, arrangements, requests or other requirements issued by any legal, regulatory, governmental, tax, enforcement, administrative or statutory authority, stock exchange or clearing house, or other self-regulatory or industry bodies or associations both within and outside Hong Kong, including but not limited to, the PRC (collectively, the "Authorities" and each an "Authority"), without further consent from or notification to the Client in any case;

(ii) any Group Company may disclose any or all such information relating to the Account(s), the Client Group and/or the Representatives to any third parties, including but not limited to, an Authority, as may be required for such Group Company to comply with any laws, regulations, orders, judgments, guidelines, policies, measures, arrangements, requests or other requirements issued by such Authority, without further consent from or notification to the Client; and

(iii) the Company may disclose any or all such information relating to the Account(s), the Client Group and/or the Representatives to any Group Company as it considers necessary, without further consent from or notification to the Client.

31.5 Without limiting the generality of the Clause 31.4, the Client acknowledges and agrees that the Company shall keep information relating to the Account(s) confidential, but may provide any such information to the SFC, the SEHK and Clearing Houses to comply with their requirements or requests for information.

31.6 Time shall in all respects be of essence in the performance of all of the Client's obligations under this Agreement.

31.7 A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or future exercise of that right, power or privilege.

31.8 If the Company fails to meet its obligations to the Client under this Agreement and the Client thereby suffers a pecuniary loss, the Client shall have a right to claim under the Compensation Fund established under the Securities Ordinance, subject to the terms of the Compensation Fund from time to time. The Client's right to claim under the Compensation Fund shall be restricted to the extent provided for in the Securities Ordinance.

31.9 The Client hereby declares that the Company has provided to the Client the following information in accordance with the Options Trading Rules:

29.9.1. the category of Options Exchange Participants under which the Company is registered; and

29.9.2. the full name and contact details of the Options Officer or Options Representative who will be primarily responsible for the Client's affairs.

31.10 The Client hereby declares that he has read the English/Chinese version of this Agreement in a language of his choice and that the contents of this Agreement have been fully explained to him by the Company in a language that the Client prefers and understands and that the Client accepts and agrees to be bound by this Agreement.

31.11 In the event of any difference in interpretation or meaning between the Chinese and English versions of this Agreement, the Client and the Company agree that the English version shall prevail.

32. GOVERNING LAW

- 32.1 This Agreement and all rights, obligations and liabilities arising out of and in connection with it shall be governed by and construed in accordance with the laws of Hong Kong.

33. JURISDICTION

- 33.1 The courts of Hong Kong have non-exclusive jurisdiction to resolve any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement).
- 33.2 The Client irrevocably waives any objection which it/he/she may have now or in future to the laying of the venue of any proceedings arising out of or in connection with this Agreement ("Proceedings") in the courts of Hong Kong and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any such Proceedings brought in such courts shall be conclusive and binding upon it/him/her and may be enforced in any other jurisdiction.
- 33.3 Nothing in this Clause 33 shall prevent the Company from taking or limit the rights of the Company to take Proceedings against the Client in any other courts of competent jurisdiction. To the extent allowed by law, the Company may take concurrent Proceedings in any number of jurisdictions, and the taking of Proceedings by the Company against the Client in one or more jurisdictions shall not preclude the taking of Proceedings in any other jurisdiction whether concurrently or not.

Appendix 1

RISK DISCLOSURE STATEMENT FOR OPTIONS TRADING

1. RISK OF SECURITIES TRADING

You acknowledge that the prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. This is a risk that you are prepared to accept.

2. RISK OF MARGIN TRADING

You acknowledge that 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 the licensed or registered person. You understand that 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. You understand and accept that 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(s) and interest charged on his Account(s). You acknowledge that you should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

3. RISK OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (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.

4. RISK OF PROVIDING AN AUTHORITY TO REPLEGGE CLIENT SECURITIES COLLATERAL ETC.

4.1 There is a risk if you provide the Company with an authority that allows it to lend 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.

4.2 If your securities or securities collateral are received or held by the Company 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 the Client is a professional investor, these restrictions do not apply.

4.3 Additionally, your authority may be deemed to be renewed (i.e. without your consent) if the Company 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 the then existing authority.

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

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

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

5. RISK OF TRADING FUTURES AND OPTIONS

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

The risk of loss in trading futures contracts or 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 futures contracts and 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.

6. ADDITIONAL RISK DISCLOSURE FOR FUTURES AND OPTIONS TRADING

(1) Effect of "Leverage" or "Gearing"

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

(2) Risk-reducing orders or strategies

The placing of certain orders (e.g. "stop-loss" orders, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

Options

(3) 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. 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 option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, 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.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for margin (see the section on Futures above). 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.

Additional Risks Common to Futures and Options

(4) Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, 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.

(5) Suspension or restriction of trading and pricing relationships

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

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

(6) 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 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.

(7) 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.

(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) 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 should ask the firm with which you deal for details in this respect.

(11) 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.

(12) Services provided through electronic means

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

(13) 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.

(14) Risk of providing an authority to hold mail or to direct mail to third parties

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

(15) External position transfer arrangement for the Client Offset Claim Account ("COCA") in DCASS under the Company's default situation

The Client acknowledges that as offset may be available between the positions pairs belonging to different clients maintained in the COCA, any request for external transfer of positions from the COCA under the Company's default situation must be for ALL but not part of the positions. As a result, in a default scenario, no position maintained in the COCA could be externally transferred to another company if one or more clients with positions in COCA do not wish to transfer out their positions for whatever reasons.

(16) If the Client wishes to access trade documents ("e-Statement Service") through websites, the Client understands and accepts the following risks and matters:

- (a) Appropriate computer equipment and software, internet access and a specific email address provided and designated by the Client are required for using the "e-Statement Service";
- (b) Internet and email services may be subject to certain IT risks and disruption;
- (c) The Client may incur additional costs for using the "e-Statement Service";
- (d) Email will only be our notice that trade documents have been posted on the Company's website, and the Client should check his designated email address regularly for such notice;

- (e) Revocation of consent to the provision of trade documents by access through websites will be subject to the giving of such advance notice by the Client as the Company may require;
- (f) The Client may be required to pay a reasonable charge for obtaining a hard copy of any trade document that is no longer available for access and downloading through the Company's website;
- (g) Inform the Company as soon as practicable upon a change in the designated email address;
- (h) Promptly review the trade documents posted on the Company's website upon receiving the notice from the Company to ensure that any errors are detected and reported to the Company as soon as practicable; and
- (i) Save an electronic copy in his own computer storage or print a hard copy of the trade documents for future reference.

Appendix 2

SEOCH Collateral Standing Authority

To: Haitong International Securities Company Limited
15/F, One Island South,
2 Heung Yip Road, Wong Chuk Hang,
Hong Kong

Authority under Securities and Futures (Client Securities) Rules

This letter of authority is in respect of the treatment of my/our securities or securities collateral in relation to Exchange Traded Options Business (as defined in the Options Trading Rules of SEHK) as set out below.

Unless otherwise defined, the terms used in this letter shall have the same meanings as in the Securities and Futures Ordinance, the Securities and Futures (Client Securities) Rules, Options Trading Rules of SEHK, Rules of SEHK and Rules of SEOCH as amended from time to time.

This letter authorises you to* deposit any of my/our securities with the SEOCH as SEOCH collateral in respect of Exchange Traded Options Business resulting from my/our instructions to you.

You may do any of these things without giving me/us notice. I/We acknowledge that this authority shall not affect your right to dispose or initiate a disposal by your associated entity of my/our securities or securities collateral in settlement of any liability owed by or on behalf of me/us to you, the associated entity or a third person.

This authority is given to you in consideration of your agreeing to continue to maintain the options trading account(s) for me/us.

I/We understand that a third party may have rights to my/our securities, which you must satisfy before my/our securities can be returned to me/us.

This authority is valid for a period of 12 months from the date of this letter.

This authority may be revoked by giving you written notice addressed to the Customer Service Department at your address specified above. Such notice shall take effect upon the expiry of 14 days from the date of your actual receipt of such notice.

I/We understand that this authority may be deemed to be renewed on a continuing basis without my/our written consent if you issue me/us a written reminder at least 14 days prior to the expiry date of this authority, and I/we do not object to such deemed renewal before such expiry date.

In the event of any difference in interpretation or meaning between the Chinese and English version of this authority, I/we agree that the English version shall prevail.

This authority has been explained to me/us and I/we understand and agree with the contents of this authority.

Appendix 3

FATCA Policies of Haitong International Securities Group Limited and its subsidiaries (together "HTISG")

Please refer to FATCA Policies of Haitong International Securities Group Limited and its subsidiaries (together "HTISG")

APPENDIX 4

Data Privacy Policy of HTISG

1. Haitong International Securities Group Limited and its subsidiaries (together, "HTISG") want to provide the best service possible to customers and relevant individuals (namely "Data Subject(s)").
2. One way that HTISG does this is by using Data Subjects' information to provide Data Subjects with convenient access to the various products and services. HTISG also recognizes that Data Subjects have important expectations regarding the use of that information.
3. Safeguarding Data Subjects' information is a matter that HTISG takes seriously. That is why HTISG has set forth this Data Privacy Policy ("Policy") to affirm long-standing commitment to personal data protection.
4. From time to time, it is necessary for HTISG to collect, process, use, store, disclose and transfer the Data Subjects' personal data ("Data") as defined in the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong) ("PDPO"), EU General Data Protection Regulation ("GDPR") or any other applicable laws.

HTISG collects, processes, uses, stores, discloses and transfers the Data in accordance with the laws, regulations, rules and ordinances of the jurisdiction where HTISG is incorporated, the jurisdiction where the Data Subjects reside and other relevant jurisdictions that are applicable to the collection and processing of Data under this Policy (collectively "Applicable Laws").

The term "Data Subject(s)", wherever mentioned in this Policy, includes the following categories of individuals:

- applicants for or customers, authorized signatories, policy holders, beneficiaries and other users of financial, insurance, securities, commodities, investment, credit and related services and products and facilities and so forth provided by HTISG;
- sureties, guarantors and parties providing security, guarantee or any form of support for obligations owed to HTISG;
- directors, shareholders, employees, officers, consultants and agents of any corporate applicants (and such corporate applicant's affiliates and subsidiaries) and data subjects/users; and
- suppliers, contractors, service providers, agents and other contractual counterparties of HTISG.

For the avoidance of doubt, "Data Subjects" shall not include any incorporated bodies.

5. HTISG may collect the Data from Data Subjects in connection with the opening or maintenance of accounts and the establishment or maintenance of credit facilities or provision of financial, insurance, securities, commodities, investment and related products and / or services or discharging duties under applicable contract or Applicable Laws. The Data may be collected through account opening process, using electronic service(s) provided by HTISG or when submitting other forms and materials to HTISG. KYC process, provision of financial products and services, etc. Typical information HTISG collects from Data Subjects may include but not limited to Data Subjects' name, age, occupation, marital status, e-mail address, telephone number, personal identity information, electronic signature, individuals' biometric data (including but not limited to fingerprint or facial images of a Data Subject which could be used to identify such Data Subject), address and other contact information, position within an organization, details of any affiliation with a professional body, financial information, credit history, source of wealth, risk tolerance, investment experiences and objectives relating to the products or services provided by HTISG. The abovementioned Data may include the Data Subjects' sensitive personal information (including but not limited to individuals' biometric data and financial account information).

HTISG undertakes that, for the sole purpose set out under Article 8 of this Policy, HTISG collects and processes the Data Subjects' sensitive personal information in a reasonable manner and have taken measures to safeguard the Data Subjects' personal information.

6. In the event that Data is provided by customer on behalf of a Data Subject, the customer must confirm and ensure that such provision of Data is in compliance with all Applicable Laws (including but not limited to ensuring that the Data Subject gives his/her consent to the reasonable use of such Data by each entity within HTISG, if required by Applicable Laws), and, upon the request of HTISG, provide evidence of the Data Subject's authorization or consent to the provision of his/her Data for record. The customer and the Data Subject (where applicable) understand and recognize that agreeing to provide the Data to HTISG under this Policy means agreeing to provide the Data to Haitong International Securities Group Limited and each of its subsidiaries. Haitong International Securities Group Limited and each of its subsidiaries will use it in a reasonable manner in accordance with the provisions under this Policy.
7. HTISG may also collect and use the Data Subjects' information when searching public information, generating unique internal identification numbers (for internal organizational and administrative purposes), formulating statistical analysis for internal purposes, retaining customers' information relating to accessing HTISG's research websites, retaining telephone conversation records and/or electronic media communications records, or from third party risk intelligence applications.
8. Subject to Applicable Laws, HTISG may reasonably use the Data (and other information) relating to Data Subjects for the following circumstances:
 - providing customers with products and services;
 - verifying customers' identity as part of initial and ongoing KYC (know your customer) due diligence process and performing HTISG's obligations under the anti-money laundry laws and regulations;
 - conducting certification services recognized by the Electronic Transactions Ordinance (Cap. 553) such as services provided by certification authorities in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") or other jurisdictions for client identity verification purpose;

- conducting credit checks;
- assisting other institutions to conduct credit checks;
- maintaining credit history of Data Subjects for present and future reference;
- ensuring Data Subjects' ongoing credit worthiness;
- designing financial services or related products for Data Subjects' use;
- marketing financial services or related products to Data Subjects, provided HTISG has received Data Subjects' consent, directly or via HTISG's customers, to do so;
- determining the amount of indebtedness owed to or by Data Subjects;
- collecting of amount outstanding from Data Subjects and those providing security for Data Subjects' obligations;
- complying with any laws, regulations, orders, judgments, guidelines, policies, measures, arrangements, requests or other requirements issued by any legal, regulatory, governmental, tax, enforcement, administrative or statutory authority, stock exchange or clearing house or other self-regulatory or industry bodies or associations in different jurisdictions that are applicable to HTISG or any of its holding or affiliated companies;
- complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within HTISG or among HTISG and its holding or affiliated companies for lawful purpose, and/or any other use of Data and information in accordance with any HTISG group-wide programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities; and
- any purposes relating to any of the foregoing.

In certain circumstances, even without obtaining separate consent from Data Subjects, HTISG may use the Data for the above purposes. This is because:

- HTISG has legal and/or regulatory obligations that HTISG has to discharge;
 - HTISG may need to establish, exercise or defend legal rights or for the purpose of legal proceedings; or
 - subject to Applicable Laws, the use of the Data as described above is necessary for HTISG's and its holding or affiliated companies' legitimate business interests.
9. Data (and other information) held by HTISG relating to Data Subjects will be kept confidential, but HTISG may disclose such Data to third parties in order to enable HTISG to provide its services and products as well as related information to Data Subjects. Without such Data, HTISG may not be able to provide such services, products and information to Data Subjects. In order to provide relevant services, products and information to Data Subjects, HTISG may disclose Data held by it to the following designated recipients:
 - any officer, employee, agent, contractor or third party who provides administrative, professional, credit information, debt collection, telecommunications, computer, payment, archiving or other services to HTISG in connection with the operation of their business;
 - any financial institution with which the Data Subjects has or proposes to have dealings;
 - any holding or affiliated company of HTISG located in different jurisdictions;
 - any legal, courts, regulatory, governmental, tax, enforcement, administrative or statutory authority, stock exchange or clearing house or other self-regulatory or industry body or association in different jurisdictions;
 - any certification authorities in different jurisdictions;
 - any relevant authorities in different jurisdictions in order to satisfy any applicable laws, regulation, rule or guideline existing currently and in the future concerning automatic exchange of financial account information or the Foreign Account Tax Compliance Act (FATCA) of the United States ("US");
 - any credit reference agency, and, in the event of default, debt collection agency;
 - any actual or proposed assignee of the relevant HTISG entity, any participant or sub-participant of the relevant HTISG entity's rights in respect of the customers, to evaluate the transaction that is the subject of the assignment, participation or sub-participation;
 - any other person under a duty of confidentiality to HTISG, including any holding or affiliated company of HTISG which has undertaken to keep such information confidential.

The recipients of the Data regarding Data Subjects may be located outside Hong Kong.

Data Subjects may contact HTISG at the contact information set out in Article 19 of this Policy to request (a) the contact information of the third-party recipient/recipient within HTISG; (b) if applicable, details on cross-border transfer of the Data; and (c) further details on how relevant recipients collect and process the Data.

HTISG only shares Data (and other information) regarding Data Subjects to the abovementioned parties when in compliance with strict internal security standards, confidentiality policies and Applicable Laws.

The parties located outside Hong Kong may not have in place data protection laws which are substantially similar to, or serve the same purpose as, the PDPO. This means that Data disclosed to such parties may not be protected to the same or similar level as in Hong Kong.

10. Although it might not be directly related to provision of relevant services, products and information to Data Subjects, HTISG may also share the Data with third parties (whether a holding or affiliated company of HTISG or not) in the following circumstances:
 - if HTISG sells any business or assets, in which case HTISG may disclose the Data to the prospective buyer for due diligence purposes;
 - if HTISG is acquired by a third party, in which case the Data held by HTISG will be disclosed to the third party buyer;
 - HTISG may disclose to third party agents or contractors (for example, the electronic data storage service providers) for the purposes of providing services to us. These third parties will be subject to confidentiality requirements and they will only use the Data in compliant with this Policy; and
 - to the extent required by Applicable Laws, for example if HTISG is under a duty to disclose the Data in order to comply with any legal obligation, establish, exercise or defend legal rights.

11. When providing Data of the Data Subjects to the designated recipients as described above, HTISG will comply with relevant requirements under Applicable Laws with respect to sharing personal data (including on a cross-border basis) and takes necessary measures to ensure that the processing of personal data carried out by relevant recipients meets the standards of personal data protection stipulated by Applicable Laws. Data Subjects may contact HTISG at the contact information set out in Article 19 of this Policy to request the contact information of the third party, and then contact such third party to exercise relevant rights provided under Applicable Laws.

When providing Data to the public authorities (listed out in the designated recipients) at their lawful request, HTISG will ensure that the disclosure and transfer of Data related to Data Subjects will be kept at a minimal and necessary level. To the extent permitted by Applicable Laws, HTISG will notify the Data Subjects of such lawful requests from relevant public authorities.

12. HTISG has established high standards for protecting Data regarding Data Subjects from unauthorized alteration or destruction. HTISG holds employees fully accountable for adhering to those standards, policies and laws. The Data should only be accessible to authorized staff on a "need-to-know" basis using secure means.

13. In the event of any default in payment by the Data Subjects, unless the amount in default is fully repaid or written off (otherwise than due to a bankruptcy order) before the expiry of 60 days as measured by HTISG from the date such default occurred, the Data Subject agrees that his/her account repayment data may be retained by the credit reference agency until the expiry of five years from the date of final settlement of the amount in default. In the event of any amount being written off due to a bankruptcy order being made against the Data Subject, the Data Subject agrees that his/her account repayment data may be retained by the credit reference agency, regardless of whether the account repayment data reveal any material default, until the expiry of five years from the date of final settlement of the amount in default or the expiry of five years from the date of discharge from a bankruptcy as notified by the Data Subject with evidence to the credit reference agency, whichever is earlier. The Data Subject's account repayment data include amount last due, amount of payment made during the last reporting period, remaining available credit or outstanding balance and default data (being amount past due and number of days past due, date of settlement of amount past due, and date of final settlement of amount in material default (if any)). Material default is a default in payment for a period in excess of 60 days.

14. Any Data Subject who is subject to the rules under General Data Protection Regulation ("GDPR") of the European Union ("EU") shall be aware of and agree to the transfers of the Data outside the European Economic Area ("EEA") as follows:

- The Data that HTISG collects from a Data Subject may be transferred to, and stored at, a destination outside the EEA, including but not limited to being transferred to affiliates which are located outside the EEA.
- Data may also be processed by individuals operating outside of the EEA who work for affiliates or for suppliers of HTISG.
- Where HTISG transfers the Data outside the EEA, HTISG will ensure that it is protected in a manner that is consistent with how the Data will be protected by HTISG in the EEA. This can be done in a number of ways, for instance:
 - a. the country that HTISG sends the Data to might be approved by the European Commission as offering a sufficient level of protection;
 - b. the recipient might have signed up to a contract based on "model contractual clauses" approved by the European Commission, obliging them to protect the Data; or
 - c. where the recipient is located in the US, it might be a certified member of the EU-US Privacy Shield scheme.
- In other circumstances the law may permit HTISG to otherwise transfer the Data outside the EEA. In all cases, however, HTISG will ensure that any transfer of the Data is compliant with Applicable Laws.

Data Subjects can obtain more details about the protection given to the Data when it is transferred outside the EEA (including a copy of the standard data protection clauses which HTISG has entered into with recipients of the Data) by contacting HTISG in writing or calling Customer Service Department as set out in Article 19 of this Policy.

15. Use of Data in Direct Marketing

In addition to the purposes set out above, HTISG may use the Data in direct marketing provided that HTISG has obtained the Data Subject's explicit consent not bundled up as a condition of service (which includes an indication of no objection) before HTISG can use the Data for this purpose. In this connection, please note that:

- Data Subject's name, contact details, products and services portfolio information, transaction pattern and behaviour, financial background and demographic data held by HTISG from time to time ("Marketing Personal Data") may be used by HTISG in direct marketing;
- The following classes of services, products and subjects may be marketed:
 - a. financial, insurance, securities, commodities, investment and related services and products and facilities;
 - b. reward, loyalty or privileges programmes in relation to the class of marketing subjects as referred to above;
 - c. services and products offered by HTISG's co-branding partners (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be) in relation to the class of marketing subjects as referred to above; and
 - d. donations and contributions for charitable and/or non-profit making purposes.
- The above services, products and subjects may be provided or (in the case of donations and contributions) solicited by HTISG and/or:
 - a. any member of HTISG;
 - b. third party financial institutions, insurers, securities, commodities and investment services providers;
 - c. third party reward, loyalty, co-branding or privileges programme providers;
 - d. co-branding partners of HTISG (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be); and
 - e. charitable or non-profit making organisations;

In addition to marketing the above services, products and subjects itself, HTISG may also provide the Marketing Personal Data described above, whether such provision is for gain or not, to third parties described above for use by them in marketing those services, products and subjects described above (in cases where HTISG is remunerated for such provision of data, the Data Subject must be explicitly informed in writing that the data is to be so provided), and HTISG requires the Data Subject's written consent (which includes an indication of no objection) for that purpose;

If the Data Subject gives his/her consent but subsequently changes his/her mind and no longer wishes HTISG to use or provide to other persons the Marketing Personal Data for use in direct marketing as described above, the Data Subject may exercise his/her opt-out right by notifying HTISG in writing or call Customer Service Department (the mailing addressing and contact number are set out in Article 19 of this Policy).

Please note however that if the direct marketing is addressed to the Data Subject in his/her capacity as a representative of a company or business meant for the exclusive use of the company or business and is not sent to the Data Subject in his/her individual or personal capacity, then this Article does not apply.

16. Any customers who accept HTISG's services in relation to Northbound Trading of China Connect Securities shall be aware of and agree to the following provisions¹:

- HTISG may need to use the Data for the following purposes: (a) tag each of the customers' orders submitted to the CSC (as defined in the Rules of SEHK) with a Broker-to-Client Assigned Number ("BCAN") that is unique to each customer or the BCAN that is assigned to a joint account, as appropriate;
- and (b) provide to appropriate regulatory authorities, including but not limited to the Hong Kong Exchanges and Clearing ("HKEX"), the Hong Kong Stock Exchange Limited ("SEHK") and any of their subsidiaries from time to time (the "SEHK Subsidiaries"), the customers' assigned BCAN and such identification information relating to the customers ("Client Identification Data" or "CID") as HKEX, SEHK or any SEHK Subsidiaries may from time to time request under any applicable laws or regulatory rules and requirements.
- Without limitation to any notifications HTISG has given to customers or consent which HTISG has obtained from customers, HTISG may collect, store, use, disclose and transfer personal data relating to customers as follows (defined terms shall have the meaning under the Rules of SEHK, unless otherwise indicated):
 - a. to disclose and transfer customers' BCAN and CID to HKEX, SEHK or any SEHK Subsidiaries from time to time, including by indicating customers' BCAN when inputting a China Connect order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
 - b. to allow each of HKEX, SEHK or the SEHK Subsidiaries to: (i) collect, use and store customers' BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the Rules of SEHK; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in Clause c and d below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
 - c. to allow the relevant China Connect Clearing House to: (i) collect, use and store customers' BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, HKEX, SEHK and any SEHK Subsidiary; (ii) use customers' BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the People's Republic of China regulatory authorities and law enforcement agencies having jurisdiction so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the People's Republic of China financial markets;
 - d. to allow the relevant China Connect Market Operator to: (i) collect, use and store customers' BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the People's Republic of China regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the People's Republic of China financial markets.
- By instructing HTISG in respect of any transaction relating to China Connect Securities (as defined in the Rules of SEHK), customers acknowledge and agree that HTISG may use their personal data for the purposes of complying with the requirements of HKEX, SEHK or any SEHK Subsidiaries and their rules as in force from time to time in connection with Stock Connect Northbound Trading. Customers also acknowledge that despite any subsequent purported withdrawal of consent by customers, customers' personal data (which was provided before such withdrawal) may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.
- Please also note that HTISG will not, or no longer be able to, as the case may be, carry out customers' trading instructions or provide customers with Stock Connect Northbound Trading service if customers fail to provide HTISG with their personal data or consent as described above.

17. The Data Subject acknowledges and agrees that HTISG may collect, store, process, use, disclose and transfer personal data relating to the Data Subject (including the Data Subject's CID and BCAN(s)) as required for HTISG to provide services to the Data Subject in relation to securities listed or traded on SEHK and for complying with the rules and requirements of SEHK and the Securities and Futures Commission ("SFC") in effect from time to time. Without limiting the foregoing, this includes:

- disclosing and transferring the Data Subject's personal data (including CID and BCAN(s)) to SEHK and/or the SFC in accordance with the rules and requirements of SEHK and the SFC in effect from time to time;
- allowing SEHK to: (i) collect, store, process and use the Data Subject's personal data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of SEHK; and (ii) disclose and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and (iii) use such information for conducting analysis for the purposes of market oversight;
- allowing the SFC to: (i) collect, store, process and use the Data Subject's personal data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements; and
- providing BCAN to Hong Kong Securities Clearing Company Limited ("HKSCC") allowing HKSCC to: (i) retrieve from SEHK (which is allowed to disclose and transfer to HKSCC), process and store the Data Subject's CID and transfer the Data Subject's CID to the issuer's share registrar to enable HKSCC and/or the issuer's share registrar to verify that the Data Subject has not made any duplicate applications for the relevant share subscription and to facilitate IPO balloting and IPO settlement; and (ii) process and store the Data Subject's CID and transfer the Data Subject's CID to the issuer, the issuer's share registrar, the SFC, SEHK and any other party involved in the IPO for the purposes of processing the Data Subject's application for the relevant share subscription or any other purpose set out in the IPO issuer's prospectus.

The Data Subject also agrees that despite any subsequent purported withdrawal of consent by the Data Subject, the Data Subject's personal data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent.

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

For the purposes of this Policy, "**BCAN**" shall mean a "Broker-to-Client Assigned Number", being a unique identification code in the format prescribed by SEHK, generated by a relevant licensed or registered person in accordance with SEHK's requirements and "**CID**" shall mean the following information in relation to a Data Subject to whom a BCAN is assigned: (i) the full name of the Data Subject as shown in the Data Subject's identity document; (ii) the issuing country or jurisdiction of the identity document; (iii) the identity document type; and (iv) the identity document number.

18. HTISG may, in accordance with Applicable Laws:
- match, compare or exchange any Data or other information provided by, or in respect of, a Data Subject with Data (or other information) held by HTISG or any other person for the purpose of:
 - a. credit checking;
 - b. Data (and other information) verification;
 - c. otherwise producing evidence or verifying Data (and other information) which may be used for the purpose of taking adverse action against the Data Subject or any other person at any time;
 - cross-border transfer such Data (and other information).
19. Data Subjects have a number of legal rights in relation to the Data that HTISG holds regarding Data Subjects. These rights include:
- the right to obtain information regarding the processing of the Data and access to the Data which HTISG holds about the Data Subject;
 - the right to withdraw the consent to processing of the Data at any time. Please note, however, that HTISG may still be entitled to process the Data if HTISG has another legitimate reason (other than consent) for doing so.
 - in some circumstances, the right to receive some Data in a structured, commonly used and machine-readable format and/or request that HTISG transmits those data to a third party where this is technically feasible. Please note that this right only applies to the Data which the Data Subject have provided to us;
 - the right to request that HTISG rectifies the Data if it is inaccurate or incomplete;
 - the right to request that HTISG deletes the Data in certain circumstances. Please note that there may be circumstances where the Data Subject asks HTISG to delete the Data but HTISG is legally entitled to retain it;
 - the right to object to, and the right to request that HTISG, restricts HTISG's processing of the Data in certain circumstances. Again, there may be circumstances where the Data Subject objects to, or asks HTISG to restrict, HTISG's processing of the Data but HTISG is legally entitled to continue processing the Data and / or to refuse that request;
 - the right to lodge a complaint with the data protection regulator if the Data Subject thinks that any of his/her data privacy rights have been infringed by HTISG;
 - in relation to consumers' credit record, to be informed on request which items of Data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the marking of an access and correction request to the relevant credit reference agency or debt collection agency; and
 - upon satisfactory termination of the credit by full repayment and on condition that there has been, within five years immediately before such termination, no material default under the credit as determined by HTISG, to instruct HTISG to make a request to the relevant credit reference agency to delete from its database any account data relating to the terminated credit.

Data Subjects acknowledge and understand that, any such request must be raised in accordance with Applicable Laws. For unreasonable requests which may bring risk to others' legitimate rights or are not operationally/technically feasible, HTISG reserves the right to decline the Data Subjects' requests in accordance with Applicable Laws.

Data Subjects acknowledge and understand that, in certain circumstances and to the extent permitted by Applicable Laws, HTISG may process the Data regarding the Data Subjects without the Data Subjects' consent.

Request for access and/or correct any Data that the Data Subject has submitted and request for changing personal contact information shall be sent to the following address:

Haitong International Securities Group Limited
15/F, One Island South,
2 Heung Yip Road, Wong Chuk Hang, Hong Kong
Customer Service Department
or phone to: +852 3583 3388

20. In accordance with the terms of the Personal Data (Privacy) Ordinance, HTISG has the right to charge a reasonable fee for the processing of any Data access request.
21. If (a) (i) the scope of, or (ii) the purpose of processing, the sensitive personal data referred to in Article 5 of this Policy and/or (b) the designated recipients referred to in Article 9 of this Policy changes, HTISG will inform the Data Subjects separately and obtain the consent from the Data Subjects in accordance with Applicable Laws.
22. Retention of the personal data
- HTISG will keep the Data Subjects' personal Data for as long as HTISG reasonably needs it for the purposes in Article 8 of this Policy or on a longer term basis in accordance with Applicable Laws and policies and procedures of HTISG, or until receipt of the customer's request to delete such personal Data, subject to limitations on technical feasibility.
23. At HTISG, unless otherwise provided by Applicable Laws, information regarding the Data Subjects is used solely in the legitimate conduct of business, to deliver superior service and to design products and special offers that demonstrate HTISG's understanding of the Data Subjects and their needs.
24. As HTISG moves forward in developing new products and services in an era of vast technological change, HTISG will continue to maintain dedication to assuring that Data Subjects' information is properly used and appropriately safeguarded.
25. HTISG updates this Policy from time to time and ask that customer regularly check HTISG's website to make sure customer is familiar with the most recent version.

If there is any discrepancy between the English and Chinese versions, the English version shall apply and prevail.

¹ Article 16 of the Data Privacy Policy of Haitong International Securities Group Limited is not applicable as Haitong International Asset Management (HK) Limited and Haitong International Investment Managers Limited does not provide services in relation to Northbound Trading of China Connect Securities.

APPENDIX 5

ADDENDUM IN RELATION TO THE TRADING OF SPECIAL PURPOSE ACQUISITION COMPANIES ("SPAC") LISTED IN THE HKEX

This Addendum shall apply to all transactions related to the trading of any shares and/or warrants of a SPAC and shall be supplemented to the margin account terms and conditions, cash account terms and conditions, future account terms and conditions and options trading account terms and conditions (each, and collectively, the "Terms and Conditions"). Terms not defined in this Addendum shall have the same meaning as defined under the Terms and Conditions.

1. Definition and Interpretation

In this Addendum, except where the context otherwise requires, the following words and phrases shall have the following meanings:

"**CWUMPO**" means the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Cap. 32 of the Laws of Hong Kong, as amended from time to time;
"**De-SPAC Target**" means the target of a De-SPAC Transaction;
"**De-SPAC Transaction**" means an acquisition of, or a business combination with, a De-SPAC Target by a SPAC that results in the listing of a Successor Company;
"**Eligible SPAC Investor**" means a "professional investor" within the meaning of the definition of "professional investor" in section 1 of Part I of Schedule 1 to the SFO;
"**HKEX**" means the Hong Kong Exchanges and Clearing Limited;
"**IPO**" means initial public offering, including in the context of the proposed SPAC listing regime in Hong Kong, initial offering of SPAC Shares by a SPAC to professional investors;
"**Listing Document**" means a Prospectus, a circular or any equivalent document (including a scheme of arrangement and introduction document) issued or proposed to be issued in connection with an application for listing;
"**PIPE**" means a third party investment, for the purposes of completing a De-SPAC Transaction, that has been committed prior to the De-SPAC announcement;
"**Prospectus**" means a prospectus as defined in Part 1, Division 2 of the CWUMPO;
"**Successor Company**" means the listed issuer resulting from the completion of a De-SPAC Transaction;
"**SFC**" means the Securities and Futures Commission;
"**SPAC**" means Special Purpose Acquisition Companies listed on the HKEX; and
"**SPAC Securities**" means SPAC Shares and SPAC Warrant.

2. Service

2.1. Haitong International Securities Company Limited provides to the Client the trading service of shares and/or warrants of a SPAC subject to and upon the Terms and Conditions and the provisions in this Addendum.

2.2. Haitong International Securities Company Limited may vary, modify, reduce or revoke the scope of the trading service of shares and/or warrants of a SPAC in whole or in part from time to time without prior notice or reference to the Client.

2.3. In the event that the Client fails to demonstrate that it/he/she/they comply with the requirements as "professional investor" or are suitable to participate in SPAC Securities trading in the manner and within the time limited specified by Haitong International Securities Company Limited, the Client's access to the trading services of SPAC Securities shall be immediately terminated without prior notice. Any settled SPAC Securities in the account may immediately be subject to mandatory unwinding within 3 days, or such other time as specified by the SFC or HKEX or Haitong International Securities Company Limited as the case may be, prescribed by the Relevant Regulator(s).

3. Eligible SPAC Investor

3.1. The Client shall be qualified as an Eligible SPAC Investor to participate in the trading of shares and/or warrants of a SPAC.

3.2. SPAC Securities trading is limited to professional investors only. The Client should be aware of any potential risks of trading of SPAC Securities.

4. Compliance with Laws and Rules

4.1. Any trading in SPAC Securities will be subject to all applicable constitution, rules, laws, by-laws, and regulations in relation to SPAC and all such other applicable constitution, laws, by-laws, rules and regulations as may be supplemented, amended and revised from time to time. The Client agrees to be bound by all of the above as they are in force from time to time and at any time, and the Client acknowledges that there is a risk of prohibition from trading SPAC Securities and that the Client's instructions to trade SPAC Securities may not be accepted.

4.2. The Client should understand that the subscription and trading of SPAC Securities is restricted to professional investors only. The Client undertakes before the subscription or trading of SPAC Securities that he/she/it/they should be familiar with the rules stipulated by HKEX, as amended or supplemented from time to time, and any potential risks of trading SPAC Securities. Once Haitong International Securities Company Limited receives notice (a "Mandatory-Unwind Notice") from relevant regulator(s) to sell and liquidate a specified number of SPAC Securities pursuant to the Law, Haitong International Securities Company Limited shall have the right to issue a corresponding notice (a "Client Mandatory-Unwind Notice") to the Client requiring the Client to sell and liquidate any number of such SPAC Securities that the Client holds in his/her/its/their account with Haitong International Securities Company Limited within the 3 days' period, or such other time as specified by the SFC or HKEX or Haitong International Securities Company Limited as the case may be, as prescribed by the Relevant Regulator(s). The Client undertakes to comply with any such Client Mandatory-Unwind Notice and understands there may be a potential loss as a result of forced-sale, and waives all and any of his/her/its/their right to challenge the enforceability, legality and validity of the Mandatory-Unwind Notice and/or Client Mandatory-Unwind Notice.

4.3. In regard to any Mandatory-Unwind Notice, Haitong International Securities Company Limited is authorised to sell or arrange for the sale or transfer of or carry out any other actions of such SPAC Securities on the Client's behalf at such price and on such terms as Haitong International Securities Company Limited may, in its absolute discretion, determine.

5. Risks Associated With SPAC Investments

5.1. Below is a brief summary of certain risk factors related to investing in the shares and/or warrants of SPAC and is not meant to be exhaustive. The client must perform their own evaluation of whether investing in any SPAC Securities is aligned with their investment objectives, risk tolerance and financial situation. Some of these factors include:

5.1.1. Risk of Price Volatility

As a SPAC has no operation, it is unable to report performance factors (e.g. revenue, profit / loss and cash flow) that investors would normally rely upon to determine the value of its shares. The share price of a SPAC is therefore likely to be driven by speculation and rumour instead, particularly with regards to the potential outcome of the SPAC's efforts to find a suitable De-SPAC Target.

5.1.2. Risk of Market Manipulation

Sensitivity of a SPAC's share price to rumour makes them relatively more susceptible to share price manipulation. This could be attempted, for example, by fraudsters deliberately spreading rumours of a forthcoming De-SPAC Transaction to raise the value of their shareholdings to a level at which it is advantageous for them to sell.

5.1.3. Risk of Insider Dealing

For SPACs, inside information may arise in several circumstances but particularly in relation to the negotiations with a possible De-SPAC Target. Any movement in a SPAC's share price following the announcement of a De-SPAC agreement would be solely the result of that announcement. This means that someone in possession of inside information regarding such a transaction prior to its announcement would have greater certainty of making a gain from insider dealing than he would have if he was contemplating doing so in the shares of an ordinary listed issuer negotiating an identical acquisition. Consequently, the probability of insider dealing occurring in a listed SPAC would be higher than for an ordinary listed issuer.

5.1.4. Lack of information disclosure

As a SPAC is subject to less rigorous regulatory requirements during the IPO stage, it may result in a higher chance of misinformation. In a traditional IPO, a listing applicant is required to provide in-depth information disclosure. However, there is no such information disclosure by a SPAC since the SPAC has yet to identify a specific target business at the time of listing, investors are not able to make full assessment on their investment as they are restricted by the limited information and broadly defined acquisition strategy and criteria. Although substantive disclosure will be made once a De-SPAC Target has been identified and acquisition terms have been agreed, in timing terms this will be well after the IPO, leaving investors with only the option of staying invested throughout the merger process or cashing out at an earlier stage.

5.1.5. Uncertainty on the quality of the De-SPAC Target

The faster and simpler route to listing for SPACs may incentivise companies that have not reached market standards and quality to take advantage of this quick access to public funding by circumventing the stringent approval process normally required in a traditional IPO. This issue is coupled with the time pressure faced by the sponsors to complete the De-SPAC Transaction within specified timeframe. It may result in the underperformance or failure of the combined business entity.

5.1.6. Potential conflict of interest

The sponsors may be financially motivated to proceed with the De-SPAC Transaction regardless of the quality of the De-SPAC Target as they are entitled to stake in the SPAC with a minimal investment upon the De-SPAC Transaction. This potential conflict of interests between the sponsors and the shareholders raises concerns on the influx of poorly managed or operated companies merging with the SPACs.

5.1.7. Potential Equity Dilution

There is uncertainty on the amount of funds available to the SPAC to complete an acquisition of De-SPAC Target and also whether the sponsors can secure additional funds from the PIPE or other investors to complete such acquisition. The availability and costs of such additional funds highly depend on the market and economic conditions and it may have a dilution effect on the shareholding structure of the SPAC.

- 5.1.8 **Risk of Mandatory-Unwind**
The Client acknowledges that as a result of implementing a Client Mandatory-Unwind Notice he/she/it/they can suffer heavy losses on his/her/its/their investment in SPAC Securities.
- 5.1.9 **SPAC Warrant Risk**
The terms of the warrants of a SPAC may vary greatly across different SPACs and it is important to understand the terms when investing. To learn more about the specific terms of the warrants of a SPAC, investors should review the Listing Documents of the particular SPAC. The warrant of a SPAC provides the holder with the right to purchase the share of a SPAC (or a fraction of a SPAC Share) at a set exercise price at a set time. The warrants of a SPAC are typically exercisable on the later of 30 days after the completion of a De-SPAC Transaction or 12 months from the SPAC IPO closing or as mention in the Prospectus or Listing Document or any other applicable document; therefore, the holder of a warrant of a SPAC will not be able to get the share of the SPAC before such exercise date. In addition, if an investor misses the notice of redemption and fails to exercise within the given period, the warrants of the SPAC held by the investor can become essentially worthless. Further, there may be some circumstances where warrants of a SPAC can be forced to be exercised early and the SPAC may redeem those warrants for essentially nothing and the holders of the warrants of the SPAC may get nothing.
- 5.1.10 **Additional Risk of Volatility of Warrants**
The warrants of a SPAC prior to De-SPAC Transaction may experience higher price volatility soon after a SPAC is listed and this price volatility gradually may increase as the deadline for a De-SPAC Transaction approaches. If a SPAC is liquidated, investors will receive a pro rata amount of the funds held in the SPAC's trust account and their warrants of the SPAC will become worthless.