



Client's Agreements and Risk Disclosure Statements

INDEX

SECURITIES CASH CLIENT AGREEMENT	2
SECURITIES MARGIN CLIENT AGREEMENT	18
FUTURES CLIENT AGREEMENT	35
STOCK OPTIONS TRADING SUPPLEMENTAL CLIENT AGREEMENT	56
INTERNET SECURITIES TRADING SERVICE AGREEMENT	66
INTERNET FUTURES TRADING SERVICE AGREEMENT	75
SECURITIES RISK DISCLOSURE STATEMENTS	84
FUTURES CONTRACTS RISK DISCLOSURE STATEMENTS.....	86
STOCK OPTIONS TRADING RISK DISCLOSURE STATEMENT	89
FEATURES AND RISK DISCLOSURE OF DERIVATIVE PRODUCTS	92
BOCOM – Supplemental Terms & Conditions in relation to FATCA	102
Renminbi Product Trading Services and Related Risk Disclosures	104
INDIVIDUAL/JOINT/SOLE PROPRIETOR/PARTNERSHIP ACCOUNT – NOTICE ON PERSONAL DATA COLLECTION	106
Miscellaneous	108

SECURITIES CASH CLIENT AGREEMENT INDEX

1.	DEFINITION AND INTERPRETATION	3
2.	SERVICES	5
3.	APPLICABLE LAWS AND REGULATIONS	5
4.	ORDERS AND TRANSACTIONS	5
5.	SETTLEMENT	6
6.	COMMISSIONS, EXPENSES AND INTEREST	7
7.	SAFEKEEPING OF SECURITIES	7
8.	MONEYS IN THE ACCOUNT	8
9.	SET-OFF AND LIEN	8
10.	NEW LISTING OF SECURITIES	9
11.	RISK DISCLOSURE	10
12.	EVENT OF DEFAULT	10
13.	PROCEEDS OF SALE	11
14.	REPRESENTATIONS AND WARRANTIES	11
15.	LIABILITIES AND INDEMNITIES	13
16.	CONFIRMATIONS, CONTRACT NOTES AND STATEMENTS OF ACCOUNT	14
17.	NOTICE	14
18.	JOINT CLIENTS	15
19.	INTEREST OF BOCOM.....	15
20.	TERM.....	15
21.	TERMINATION	15
22.	SEVERABILITY	16
23.	ASSIGNABILITY	16
24.	GENERAL	16
25.	GOVERNING LAW AND LANGUAGE	17

SECURITIES CASH CLIENT AGREEMENT

THIS SECURITIES CASH CLIENT AGREEMENT (the "Agreement") IS MADE BETWEEN

- (1) BOCOM INTERNATIONAL SECURITIES LIMITED, a corporation licensed with the Securities and Futures Commission to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 5 (Advising on Futures Contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (CE No. APJ121) and an exchange participant (No. [1842]) of The Stock Exchange of Hong Kong Limited, whose registered office is located at 9th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong ("**BOCOM**"); and
- (2) the client whose details and signature appear in the Account Application Form ("**the Client**").

WHEREAS

- 1 The Client is desirous of opening a cash securities trading account (the "Account") with BOCOM for the purchase or sale of and dealing in Securities;
2. BOCOM agrees that it will open and maintain the Account and act as an agent or broker for the Client for the execution of orders for the purchase or sale of and dealing in Securities and for provision to the Client with facilities in respect of the deposit and safe custody of Securities subject to the terms and conditions of this Agreement; and
3. The Client agrees to operate the Account only in accordance with the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITION AND INTERPRETATION

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

"**Agreement**" or "**Client Agreement**" means this Agreement, Attachment(s), Account Application Form, Specimen Signature Card(s) and all other documents completed or executed and to be completed and executed by the Client in relation thereto, as the same may be amended or supplemented from time to time;

"**Business Day**" means any day (except a Saturday or a Sunday) on which banks are open for normal banking business in Hong Kong provided that, if the period during which banks in Hong Kong are open is reduced as a result of a Number 8 Typhoon Signal or a Black Rainstorm Warning or other similar event, such day shall not be considered as a Business Day;

"**Client**" wherever used shall in the case:-

- (i) where the Client is an individual include the Client and his respective executors and administrators;
- (ii) in the case where the Client is a sole proprietorship firm include the sole proprietor and his executor and administrator and his successors in the business;
- (iii) in the case of a partnership firm include the partners who are the partners of the firm at the time when the Client's Accounts is 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;
- (iv) where the Client is a company include such company and its successors;

"**Client Money Rules**" means the Securities and Futures (Client Money) Rules, Cap. 571I as amended from time to time;

"**Client Securities Rules**" means the Securities and Futures (Client Securities) Rules, Cap. 571H as amended from time to time;

"**Compensation Fund**" means the Investor Compensation Fund established under Section 236 of the SFO; "**HKSCC**" means the Hong Kong Securities Clearing Company Limited;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

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

"**SFC**" means the Securities and Futures Commission;

"**SFO**" 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; and

"**Transaction**" has the meaning ascribed to it in Clause 2 below.

"**Short Selling Order**": (a) subject to paragraph (b), means an order to sell securities in respect of which the Customer has a presently exercisable and unconditional right to vest the securities in the purchaser of them by virtue of having:

(i) under a securities borrowing and lending agreement:

(A) borrowed the securities; or

(B) obtained a confirmation from the counterparty to the agreement that the counterparty has the securities available to lend to the Customer;

(ii) a title to other securities which are convertible into or exchangeable for the securities to which the order relates;

(iii) an option to acquire the securities to which the order relates;

(iv) rights or warrants to subscribe to and to receive the securities to which the order relates; or

(v) entered into with another person an agreement or an arrangement of a description as is prescribed by the SFC;

(b) in relation to paragraph (a) (ii), (iii), (iv) or (v), does not include an order where the Customer has, at the time of placing the order, issued unconditional instructions to obtain the securities.

1.2 In this Agreement, unless otherwise stated or the context requires:

1.2.1 The expression "I/we", "me/us" or "my/our" wherever used shall:-

(i) where the Client is an individual, be binding on the individual, his personal representative, receiver or trustee whether in bankruptcy or otherwise;

(ii) where the Clients are two or more individuals, be binding on all individuals jointly and severally, their respective personal representatives, receivers or trustees whether in bankruptcy or otherwise;

(iii) where the Client is a sole proprietor firm, be binding on the sole proprietor, his personal representative, receiver or trustee whether in bankruptcy or otherwise and the successors to the business;

(iv) where the Client is a partnership firm, be binding on all partners of the firm jointly and severally (at the time of the execution of this Agreement or thereafter), their respective personal representatives, receivers or trustees and whether in bankruptcy or otherwise and the successors to the business.

1.2.2 references to Clauses, Sub-clauses, Attachments and Account application Form are to clauses, sub-clauses, attachments and appendices of/to this Agreement;

1.2.3 the headings to the Clauses are for convenience only and do not affect their interpretation and construction;

1.2.4 words denoting the singular include the plural and vice versa; words importing any gender include every gender and references to persons include companies and corporations.

1.2.5 reference to any statutes, ordinances, rules or regulations shall include such statutes, ordinances, rules or regulations as modified or re-enacted from time to time;

1.2.6 the headings to the Clauses are for convenience only and do not affect their interpretation and construction;

1.2.7 Terms and expressions not defined in this Agreement shall bear the meaning ascribed to them in the SFO.

2. SERVICES

- 2.1 The Client hereby instructs and authorizes BOCOM to open and maintain in its book the Account in the name of the Client for the purpose of purchasing, investing in, selling, exchanging or otherwise disposing of and generally dealing in and with all kinds of Securities (each a "**Transaction**" and collectively "**Transactions**") in accordance with the terms and conditions of this Agreement as amended from time to time. Unless otherwise indicated by BOCOM (in the contract note for the relevant Transaction or otherwise), BOCOM shall act as an agent for the Client in effecting Transactions pursuant to this Agreement.
- 2.2 All Transactions for the Account may be effected by BOCOM directly on any Exchanges (as defined below) where BOCOM is authorized to deal in Securities, or, in its opinion, on any Exchanges indirectly through any other broker which BOCOM may, at its discretion, decide to employ.

3. APPLICABLE LAWS AND REGULATIONS

- 3.1 All Transactions for the Account shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usage, as amended from time to time, of SEHK, or such other foreign stock exchanges or markets or over-the-counter markets (the "**Exchange(s)**") and the HKSCC or such other foreign clearing houses ("**Clearing House(s)**") and of the laws of Hong Kong and other jurisdictions in which BOCOM is dealing on the Client's behalf as amended from time to time.
- 3.2 The Rules of SEHK and the HKSCC, in particular those rules which relate to trading and settlement, shall be binding on both BOCOM and the Client in respect of Transactions concluded on the instructions of the Client.

4. ORDERS AND TRANSACTIONS

- 4.1 BOCOM is hereby authorized to act upon the instructions of the Client or the person(s) duly authorized by the Client under the Authorization Letter for Third Party to Operate Account ("**Authorized Person(s)**") to effect Transactions or otherwise operate the Account. The Client shall complete the Appendices, the Specimen Signature Cards and other documents in relation to the Account truly, completely and accurately.
- 4.2 BOCOM shall not be obliged to authenticate any instruction given or purportedly given by the Authorized Person(s) or to verify the identity of the person giving instructions, unless the signature appearing in any written instruction apparently does not conform in a material manner with the specimen signature(s) of the Authorized Person(s).
- 4.3 All instructions shall be given by the Client or the Authorized Person(s) orally either in person or by telephone, or in writing, delivery by post, by hand or by facsimile transmission.
- 4.4 The Client undertakes that he will not give any trading instruction which involves the sale of securities which he does not own, unless the Client proves to the satisfaction of BOCOM that such trading instruction for sale is a short selling order. The Client further undertakes to inform BOCOM expressly that a sale is a short sale at the time of giving the trading instruction to effect that sale, and to provide to BOCOM with documentary assurance that such order is covered within such time, in such form and with such information as BOCOM may require.
- 4.5 BOCOM may record all telephone conversations with the Client or any Authorized Person(s) in order to verify the instructions of the Client or the Authorized Person(s). The Client acknowledges that such records are the sole property of BOCOM and agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 4.6 Notwithstanding anything herein contained, BOCOM shall be entitled, in its absolute discretion, to refuse to act on any of the instructions of the Client or the Authorized Person(s) and shall not be obliged to give any reason for such refusal. The Client acknowledges that BOCOM shall not in any circumstances be liable for any loss of profits, damages, costs or expenses suffered or incurred by the Client arising out of such refusal.
- 4.7 Where a discrepancy occurs between instructions given by the Client or the Authorized Person(s) by telephone or facsimile on the one part and the subsequent written instructions (delivered in person or by

post or by hand) on the other part, the records of the telephone instructions or facsimile instructions of BOCOM shall prevail.

- 4.8 By reason of physical restraints on the Exchange and rapid changes in the prices of Securities which frequently take place, there may, on occasions, be a delay in making prices or in dealing, and BOCOM may not, after using reasonable endeavors, be able to trade at the prices quoted at any specific time. BOCOM shall not be liable for any loss arising by reason of its failing, or being unable, to comply with any terms of the Client's order instruction. Where BOCOM is unable, after using reasonable endeavors, to execute any order in full, BOCOM 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.
- 4.9 Any day order for purchase or sale of Securities placed by BOCOM 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 BOCOM may agree shall be deemed to have been cancelled automatically.
- 4.10 BOCOM 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 BOCOM on such terms and conditions as BOCOM may in its absolute discretion determine.
- 4.11 BOCOM may decline to act on any instructions from the Client to effect any order which, in BOCOM's sole judgement, is an order for short-selling any Securities.
- 4.12 The Client acknowledges that due to the trading practices of the Exchanges or other markets in which Transactions are executed, BOCOM may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by Transactions executed by BOCOM following instructions given by the Client.
- 4.13 Subject to applicable laws and regulations and market requirements, BOCOM 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 any special circumstances, and the Client shall not have any claim of priority to another client in relation to the execution of any order received by BOCOM.
- 4.14 BOCOM may conduct credit enquiries or searches on the Client for the purpose of accessing or ascertaining the financial standing and credit worthiness of the Client.
- 4.15 At the Client's request, BOCOM will provide financial accommodation ("the Facility") to facilitate the subscription of new issue of Securities, and where applicable, for the continued holding of those Securities. The Facilities shall be subject to BOCOM's overriding right of demand for repayment at any time. The Facilities may also be terminated by BOCOM at any time without prior notice to the Client. Interest (and default interest) shall be payable on any amount outstanding under the Facility at such rate and in such manner as BOCOM may from time to time determine and notify the Client and shall accrue from day to day on the daily amounts outstanding. The Client shall, upon BOCOM's demand at any time, repay to BOCOM all principal and interest accrued thereon outstanding under the Facility, but nothing in this clause shall prejudice BOCOM's rights, powers and remedies under any security document executed in BOCOM's favour in respect of the Facilities. The use of the Facility will constitute acknowledgement and acceptance of the terms and conditions by the Client for the Facility.

5. SETTLEMENT

- 5.1 Unless otherwise agreed, the Client agrees that when BOCOM has executed a purchase or sale transaction on the Client's behalf, the Client shall by the due settlement date make payment to BOCOM against delivery of or credit to the Account for purchased Securities, or make good delivery of sold Securities to BOCOM against payment, as the case may be.
- 5.2 Unless otherwise agreed, the Client agrees that should the Client fail to make such payment or delivery of Securities by the due settlement date as mentioned in Clause 5.1, BOCOM is hereby authorized to:
 - 5.2.1 in the case of a purchase transaction, to transfer or sell any such purchased Securities to satisfy the Client's obligations to BOCOM; or
 - 5.2.2 in the case of a sale transaction, to borrow and/or purchase such sold Securities to satisfy the

Client's obligations to BOCOM.

- 5.3 The Client hereby acknowledges that the Client shall be responsible to BOCOM for any loss, costs, fees and expenses incurred by BOCOM in connection with the Client's failure to meet his obligations by the due settlement date as described in Clause 5.1.

6. COMMISSIONS, EXPENSES AND INTEREST

- 6.1 All Transactions executed pursuant to the instructions of the Client on the Exchange shall be subject to a Transaction levy and any other levies that the relevant Exchange from time to time may impose. BOCOM is authorized to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
- 6.2 The Client shall on demand pay BOCOM commissions on purchases, sales and other Transactions or services for the Account at such rate as may be notified by BOCOM from time to time, together with all stamp duties, bank charges, transfer fees, interests, custodial expenses and other fees and expenses in respect of or connected with the Account or any Transactions or services thereof or any Securities therein.
- 6.3 BOCOM shall, at its absolute discretion, be entitled to solicit, accept and retain (and shall not be liable to account to the Client) 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. BOCOM 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.
- 6.4 The Client undertakes to pay interest to BOCOM in respect of any debit balance on the Account or any amount otherwise owing to BOCOM at any time at such rates notified to the Client by BOCOM 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 BOCOM. The Client shall promptly settle, upon demand, all liabilities outstanding to BOCOM, together with all costs of collection (including reasonable legal fees).

7. SAFEKEEPING OF SECURITIES

- 7.1 BOCOM shall ensure that all Securities deposited by the Client with BOCOM or purchased or acquired by BOCOM on behalf of the Client, and held by BOCOM for safe keeping in Hong Kong are registered in the Client's name, or deposited in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by BOCOM for the purpose of holding client securities of BOCOM with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 7.2 Where securities are not registered in the Client's name, any dividends or other benefits arising in respect of such securities shall, when received by BOCOM or BOCOM's associated entity, be credited to the Client's Account (or paid or transferred to the Client if agreed with BOCOM otherwise). Where the securities form part of a larger holding of identical securities held by BOCOM or BOCOM's associated entity for BOCOM's clients, the Client shall be entitled to the same share of the benefits arising on the holding as the Client's share of the total holding.
- 7.3 Any securities deposited by BOCOM or BOCOM's associated entity pursuant to Clause 7.1 shall be at the sole risk of the Client and BOCOM and/or BOCOM's associated entity shall be under no obligation to insure any of them against any kind of risk, which obligation shall be the Client's sole responsibility.
- 7.4 BOCOM or BOCOM's associated entity shall not deposit, transfer, lend, pledge, repledge or otherwise deal with the Client's Securities except as provided in the Client Money Rules, including but not limited to with the Client's oral or written direction or the Client's standing authority.
- 7.5 BOCOM may dispose or initiate a disposal by BOCOM's associated entity of any of the Client's Securities (BOCOM shall have the absolute discretion to determine which securities to be disposed of) for the purpose of settling any liability owed by or on behalf of the Client to BOCOM, BOCOM's associated entity or a third person pursuant to Rule 6(3) of the Client Securities Rules.

8. MONEYS IN THE ACCOUNT

- 8.1 BOCOM shall deposit all money received from or on the behalf of or held for the Client in one or more segregated account(s) for client money which is designated as a trust account or client account and established and maintained by BOCOM with an authorized financial institution or any other SFC approved person pursuant to Rule 4 of the Client Money Rules, unless otherwise excepted thereunder. Unless otherwise agreed between the Client and BOCOM, any interest from time to time accrued on any monies held in or for the Account shall belong to BOCOM absolutely.
- 8.2 The Client acknowledges and accords BOCOM with full authority to transfer, at any time, any available funds and/or Securities in the Account to any of the Client's accounts held with BOCOM, upon the written direction of the Client requesting for such transfer being received by BOCOM. No transfer may be effected if any amount of funds is due or owing to BOCOM by the Client in respect of any Transaction of dealing in Securities effected by the Client through services provided by BOCOM.
- 8.3 The Client shall authorize BOCOM to deal with client money pursuant to Clause 8.5. If the Client revokes or refuses to renew any of the authorizations given thereunder, BOCOM shall have the rights set out in Clause 12.2 as if an Event of Default (defined hereinafter) under Clause 12.1.14 has occurred.
- 8.4 BOCOM may dispose any of the Client's Securities of its choice at any time in any manner with or without notice to the Client to settle any liability owed by or on behalf of the Client to BOCOM or a third party. BOCOM may itself purchase the Securities free from any right of redemption and shall not be liable for any loss incurred by the Client in the purchase. The Client shall not make any claim against BOCOM concerning the timing or manner of such disposal including any purchase by BOCOM. The proceeds of the disposal shall be applied in accordance with Clause 13.1.
- 8.5.1 The Client authorizes BOCOM, in relation to any client money which BOCOM may receive from the Client, to transfer the client money in question from/to/between any account(s) maintained at any time by the Client with BOCOM in accordance with the Securities and Futures (Client Money) Rules (Cap. 571I) and this Agreement.
- 8.5.2 The authorization given hereunder may be revoked by the Client giving BOCOM written notice sent to BOCOM's address set out above or otherwise notified to the Client in writing. Such notice shall take effect upon the expiry of 14 days from the date of BOCOM's actual receipt of such notice.
- 8.5.3 The Client understands that the authorization given hereunder shall be valid for 12 months from the date hereof (unless otherwise agreed between the parties), subject to the Client's renewal. The authorization given hereunder shall be deemed to be renewed if BOCOM gives the Client a written reminder of such renewal at least 14 days prior to the expiry date of the relevant authorization, and the Client does not object to such deemed renewal before such expiry date.

9. SET-OFF AND LIEN

- 9.1 Notwithstanding anything contained in this Agreement and subject to the applicable rules and regulations, BOCOM may at its absolute discretion set-off, withhold from and apply Securities or money held in or for the Account or any other account with BOCOM or otherwise owing to the Client against, and in whole or partial payment of, any amount owing to BOCOM by the Client.
- 9.2 Without prejudice to the generality of Clause 9.1 and subject to the applicable rules and regulations, if the Client has more than one account with BOCOM, BOCOM may at any time consolidate all or any of such accounts and set-off or transfer any credit balance in any one or more of such accounts in or towards satisfaction of any of the money owing by the Client to BOCOM in respect of any other accounts.
- 9.3 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which BOCOM may be entitled under the laws of any relevant jurisdiction and this Agreement, all Securities, receivables, monies, dividends, interest and other property of the Client (held by the Client either individually or jointly with others) held by or in the possession of BOCOM at any time shall be subject to a general lien in favor of BOCOM as continuing security, and BOCOM may as the Client's agent take such measures as it may in its sole discretion deem necessary to sell, dispose of or otherwise realize all such property, to offset and discharge all of the Client's debts or obligations owing to BOCOM.

10. NEW LISTING OF SECURITIES

- 10.1 In the event that the Client requests and authorizes BOCOM to apply for Securities in respect of a new listing and/ or issue of Securities on the Exchange as its agent and for its benefit or for the benefit of any other person, the Client hereby warrants to and for BOCOM's benefit that the Company shall have authority to make such application on the Client's behalf.
- 10.2 The Client shall familiarize itself and comply with all the terms and conditions governing the Securities of the new listing and/ or issue and the application for such new Securities set out in any prospectus and/ or offering document and the application form or any other relevant document in respect of such new listing and/ or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with BOCOM.
- 10.3 The Client hereby gives BOCOM all the representations, warranties and undertakings which an applicant for Securities in a new listing and/ or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person).
- 10.4 The Client hereby further declares and warrants, and authorizes BOCOM to disclose and warrant to the Exchange on any application form (or otherwise) and to any other person as appropriate, that any such application made by BOCOM as its agent is the only application made, and the only application intended to be made, by the Client or on the Client's behalf, to benefit the Client or the person for whose benefit the Client is applying. The Client acknowledges and accepts that the aforesaid and warranty will be relied upon by BOCOM and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person in respect of any application made by BOCOM as the Client's agent.
- 10.5 The Client acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in Securities and in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 10.6 The Client recognizes and understands that the legal, regulatory requirements and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Client undertakes to provide to BOCOM such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as BOCOM may in the BOCOM's absolute discretion determine from time to time.
- 10.7 In relation to a bulk application to be made by BOCOM or BOCOM's agent on BOCOM's own account and/ or on behalf of the Client and/ or BOCOM's other clients, the Client acknowledges and agrees:
- (i) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and neither BOCOM nor BOCOM's agent shall in the absence of fraud, negligence or willful default be liable to the Client or any other person in consequence of such rejection;
 - (ii) if bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to the persons affected by such breach or other factors; and
 - (iii) the Client agrees that BOCOM is entitled to distribute the Securities allotted in its absolute discretion, including distributing the Securities equally between all customers under the bulk application and the Client shall not have any claim to the Securities or claim of priority to another Client in relation to the application.
- 10.8 In relation to any Over-The-counter ("OTC") transactions, including without limitation trading of any New Securities before their listing on the Exchange, entered or to be entered into by the Client, the Client acknowledges and agrees that:
- (i) BOCOM is acting as agent for the Client and does not guarantee the settlement of such OTC transactions;
 - (ii) the Client's orders may be partially executed or not executed at all. Trades executed will be cancelled and void if the relevant security subsequently fails to list on the Exchange;
 - (iii) in the event that the Client in selling any Securities fails to deliver such Securities, BOCOM is entitled to purchase in the market, the relevant Securities required for delivery in respect of such sale affected for

the Client in order to complete the settlement of the relevant transaction. The Client shall bear all losses arising out of or in connection with such transaction;

(iv) in the event that (1) the Client buys Securities from a seller and such seller fails to deliver the relevant Securities and (2) the purchase of the relevant Securities cannot be effected or BOCOM in its absolute discretion determines not to purchase the relevant Securities, the Client will not be entitled to obtain the relevant Securities at the matched price and shall only be entitled to receive the money paid for the Purchase of the relevant Securities;

(v) in the event that the Client in buying any Securities fails to deposit the necessary settlement amount, BOCOM is entitled to sell any and all Securities or collateral held in its Account and use the sale proceeds after deducting all costs in settlement of the transaction. However, if the Client is the seller under such transaction and such transaction cannot be settled, the Client shall only be entitled to the relevant Securities but not the sale proceeds of the relevant Securities; and

(vi) without prejudice to the above, the Client shall bear its own losses or expenses and shall be responsible to BOCOM for any losses and expenses resulting from its and/ or its counterparty's settlement failures.

11. RISK DISCLOSURE

- 11.1 If BOCOM fails to meet its obligations to the Client pursuant to this Agreement, the Client shall have a right to claim under the Compensation Fund subject to the terms of the Compensation Fund from time to time.
- 11.2 Risk Disclosure Statements are set out in Client Agreement and Risk Disclosure Statements.

12. EVENT OF DEFAULT

- 12.1 Any one of the following events shall constitute an event of default ("**Event of Default**"):
 - 12.1.1 the Client's failure to pay any deposits, or any other sums payable to BOCOM or submit to BOCOM any documents hereunder, when called upon to do so or on the due date;
 - 12.1.2 the Client has not, on demand, or where specifically agreed, within 24 hours of BOCOM's requesting the same, liquidated any debit balance on any account(s) with BOCOM;
 - 12.1.3 a petition in bankruptcy, or a petition for the appointment of a receiver, is filed by or against the Client;
 - 12.1.4 the appointment of a receiver or liquidator by or for the Client;
 - 12.1.5 when an attachment is levied against any account(s) of the Client with BOCOM;
 - 12.1.6 the death or judicial declaration of incompetence of the Client (being an individual);
 - 12.1.7 BOCOM receives notice of any notice of any dispute as to the validity of any order or instruction from the Client;
 - 12.1.8 the continued performance of this Agreement becomes illegal or is claimed by any government authority to be illegal;
 - 12.1.9 default by the Client in the due performance of any of the terms of this Agreement and the observance of any by-laws, rules and regulations of the appropriate Exchange and/or Clearing House;
 - 12.1.10 the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client;
 - 12.1.11 the levy or enforcement of any attachment, execution or other process against the Client;
 - 12.1.12 any representation or warranty made by the Client to BOCOM in this Agreement or in any

document being or becoming incorrect or misleading;

- 12.1.13 any consent, authorization or board resolution required by the Client to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
 - 12.1.14 the occurrence of any event which, in the sole opinion of BOCOM, might jeopardize any of its rights under this Agreement.
- 12.2 If an Event of Default occurs, without prejudice to any other rights or remedies that BOCOM may have against the Client and without further notice to the Client, BOCOM shall be entitled to:
- 12.2.1 immediately close the Account;
 - 12.2.2 terminate all or any part of this Agreement;
 - 12.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;
 - 12.2.4 subject to the Client Securities Rules, dispose of any or all Securities held for or on behalf of the Client and to apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to BOCOM and to refund any monies remaining after such application to the Client as provided under Clause 13; and
 - 12.2.5 combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 9.3.
- 12.3 In the event of any sale pursuant to this clause;
- 12.3.1 BOCOM shall not be responsible for any loss occasioned thereby howsoever arising if BOCOM has already used reasonable endeavors to sell or dispose of the Securities or any part thereof at the then available market price;
 - 12.3.2 the Client undertakes to pay to BOCOM any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by the Client to BOCOM.

13. PROCEEDS OF SALE

- 13.1 The proceeds of sale or liquidation of the Account made under Clause 12 shall be applied in the following order of priority and any residue shall be paid to the Client or to the Client's order:
- 13.1.1 payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by BOCOM in transferring and selling all or any of the Securities or properties in the Account or in perfecting title thereto;
 - 13.1.2 payment of all interest due;
 - 13.1.3 payment of all monies and liabilities due, owing or incurred by the Client, to BOCOM.
- 13.2 Any dividends, interest or other payments which may be received or receivable by BOCOM in respect of any of the Securities may be applied by BOCOM 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 BOCOM may have paid any of the said dividends, interest or other payments to the Client.

14. REPRESENTATIONS AND WARRANTIES

- 14.1 The Client hereby represents and warrants to BOCOM on a continuing basis that:
- 14.1.1 (in case of a corporation) the Client is validly incorporated and existing under the laws of its country of incorporation and have full power and capacity to enter into and perform its obligations hereunder; the Client's entry into this Agreement has been duly authorized by its governing body and is in accordance with the Memorandum and Articles of Association or by-laws as the case may be of the Client;

- 14.1.2 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;
- 14.1.3 save as otherwise disclosed to BOCOM in writing or under the "Client Identity/Beneficiary Declaration" in Account Application Form, all Transactions to be effected under this Agreement are for the benefit of the Client and no other party has any interest therein;
- 14.1.4 all Securities provided by the Client for selling or crediting into the Account are fully paid with valid and good title for the purpose of fulfilling the Client's obligations under this Agreement; and
- 14.1.5 the information contained in the Account Application Form or other information supplied by or on behalf of the Client to BOCOM in connection with the Account is up-to-date, complete, true and correct. BOCOM is entitled to rely on such information until written notice from the Client of any changes in respect of such information has been received by BOCOM. The Client undertakes to inform BOCOM immediately of any material changes to such information.
- 14.2 If the Client effects Transactions for the account of its own 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 BOCOM has received an enquiry from SEHK and/or SFC ("**Hong Kong Regulators**") or upon demand by BOCOM, the following provisions shall apply:
- 14.2.1 Subject to the proviso below, the Client shall, immediately upon request by BOCOM (such request shall include the relevant contact details of the Hong Kong Regulators) inform the Hong Kong Regulators and/or BOCOM 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 and/or BOCOM of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the Transaction. Further, the Client shall also disclose to the Hong Kong Regulators and/or BOCOM details of the instruction(s).
- 14.2.2 (a) If the Client effected the Transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by BOCOM (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 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 BOCOM 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 BOCOM (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 overriding 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 BOCOM 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 BOCOM (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.

- 14.2.3 If the Client is aware that his client is acting as an intermediary for an 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 shall confirm that:
- (a) the Client has arrangements in place with his client which entitle the Client to obtain the information set out in Sub-clauses 14.2.1 and/or 14.2.2 from his client immediately upon request or procure that it be so obtained; and
 - (b) the Client will, upon request from BOCOM in relation to a Transaction, promptly request the information set out in Sub-clauses 14.2.1 and/or 14.2.2 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.
- 14.2.4 The Client, if subject to the laws of a foreign jurisdiction, confirms that this Agreement is binding under the relevant foreign law. The Client shall obtain a similar confirmation from its own client (if subject to the laws of a foreign jurisdiction) and request its own client, if not being the ultimate client, to obtain a similar confirmation wherever applicable.

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

- 14.3 If the Client is acting as an agent for and on behalf of another person in relation to any Transaction(s) carried out pursuant to this Agreement, the Client undertakes that only the Client and not the Client's principal is the customer of BOCOM and the Client is liable in respect of all obligations and liabilities to be performed or discharged by the Client and in respect of any such Transactions entered into pursuant hereto.
- 14.4 The Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by BOCOM for the performance or implementation of this Agreement or any part hereof.
- 14.5 The Client undertakes to inform BOCOM when a sell order is in respect of Securities which the Client does not own i.e. is a short sale.
- 14.6 The Client agrees not to pledge or charge any Securities or monies forming part of the Account without the prior consent of BOCOM, or to sell, grant an option over, or otherwise deal in any Securities or monies forming part of the Account other than pursuant to the terms of this Agreement.
- 14.7 BOCOM undertakes to inform the Client of any material change to the information provided by it in this Agreement or to its business which may affect the services provided by BOCOM to the Client.
- 14.8 The Client may request BOCOM to subscribe for new issue of Securities on the Client's behalf. BOCOM may be required to provide warranty or make representation in respect of such application, including but not limited to the following:
- (a) that BOCOM has due authority to make such application on the Client's behalf;
 - (b) that no other application is being made for benefit of the Client whether by the Client himself/herself or by any other person other than the application submitted on the Client's behalf.

The Client hereby expressly authorizes BOCOM to provide such warranty and representation to the relevant Exchange or issuer of the relevant Securities. The Client acknowledges that the aforesaid declaration will be relied upon by the issuer of the relevant Securities in deciding whether or not to make any allotment of Securities in response to the application made by BOCOM as client's agent.

15. LIABILITIES AND INDEMNITIES

- 15.1 Neither BOCOM 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:

- 15.1.1 BOCOM 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 BOCOM or by any of its directors, employees or agents; or
 - 15.1.2 BOCOM's failure or delay in performing its obligations hereunder by reason of any cause beyond BOCOM's control including any breakdown or failure of transmission or communication or computer facilities, unauthorized access, postal or other strikes or similar industrial action or the failure of any relevant Exchange and/or Clearing House and/or broker and/or any other person, firm or company whatsoever to perform its obligations; or
 - 15.1.3 BOCOM exercising any or all of its rights conferred by the terms of this Agreement; or
 - 15.1.4 any conversion of one currency to another pursuant to, in relation to or arising from this Agreement.
- 15.2 The Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Account and BOCOM is responsible only for the execution, clearing, and carrying of Transactions in the Account; that BOCOM has no responsibilities or obligations regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Account or any Transaction therein; and that any advice or information given by BOCOM, its employees or agents, whether or not solicited, shall not constitute an offer to enter into a Transaction and BOCOM shall not be held liable under any situation or circumstances in respect of such advice or information.
- 15.3 Without limiting the generality of Clause 15.1 above, neither BOCOM nor any of its directors, officers, 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 delay or alleged delay in acting or any failure to act on any instruction given by the Client to BOCOM.
- 15.4 The Client undertakes to indemnify and keep indemnified BOCOM or any of its directors, officers, employees, agents or assignees in respect of any costs, claims, demands, damages and expenses whatsoever which may be suffered or incurred by BOCOM or any of its directors, officers, employees, agents or assignees directly or indirectly arising out of or in connection with any Transaction entered into by BOCOM as agent on behalf of the Client, or otherwise whatsoever or howsoever arising out of anything done or omitted to be done by BOCOM in accordance with the terms of this Agreement or pursuant to any Client's instruction or communication or out of any breach by the Client of any of its obligations under this Agreement. The Client also agrees to pay promptly to BOCOM all damages, costs and expenses (including legal expenses on a full indemnity basis) incurred by BOCOM in the enforcement of any of the provisions of this Agreement.
- 15.5 The Client undertakes to indemnify BOCOM and its directors, officers, employees, agents and assignees for any loss, cost, claim, liability or expense arising out of or connected with any breach by the Client of its obligations hereunder, including any costs reasonably and necessarily incurred by BOCOM in collecting any debts due to BOCOM or in connection with the closure of the Account.

16 CONFIRMATIONS, CONTRACT NOTES AND STATEMENTS OF ACCOUNT

- 16.1 Written confirmations, contract notes and statements for the Client's Account shall, in the absence of manifest error, be conclusive and binding and deemed to be accepted by the Client unless written notice of objection is received by BOCOM within seven (7) Business Days after the dispatch of such confirmations, contract notes and statements by BOCOM.

17 NOTICE

- 17.1 Any notice, demand or communication (other than any instruction relating to Securities dealing given in the manner contemplated by Clause 4) given under this Agreement shall be in writing and may be delivered personally or sent by post or fax addressed to the party to which it is addressed, in the case of BOCOM, at the address set out above and, in the case of the Client, at the address set out in the Account Application Form or, in both cases, at such other address as may have been notified to the other party

hereto. Any notice, demand or other communication so addressed to the Client shall be deemed to be validly given, (a) if delivered personally, at the time of such delivery, (b) if given or sent by post, three (3) days after posting and it shall be sufficient to prove that such notice, demand or other communication was properly addressed, stamped and posted, (c) if given by fax, at the same time as it is dispatched; (d) if given by telephone, at the same time when message is left with a person who answered the telephone call at the correct telephone number stated, provided however that any notice, demand or other communication to be given by the Client to BOCOM shall only be effective upon actual receipt thereof by BOCOM.

18. JOINT CLIENTS

- 18.1 Where the Client consists of more than one person (i.e. joint account or partnership account):
- 18.1.1 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;
 - 18.1.2 BOCOM shall be entitled to but shall not be obliged to act on instructions or requests from any of them;
 - 18.1.3 each of them shall be bound though any other person intended to be bound is not, for whatever reason, so bound; and
 - 18.1.4 BOCOM shall be entitled to deal separately with each of them on any matter including the discharge of any liability to any extent without affecting the liability of any others.
- 18.2 Where the Client consists of more than one person (i.e. joint account or partnership account), 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 of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased shall be enforceable by BOCOM against such deceased's estate. The surviving Client(s) shall give BOCOM written notice immediately upon any of them becoming aware of any such death.

19. INTEREST OF BOCOM

- 19.1 BOCOM and its directors, officers or employees may trade on its/their own account.
- 19.2 BOCOM may take the opposite position, or otherwise, to the Client's order whether it is on the BOCOM's own account or on behalf of its other clients.
- 19.3 BOCOM may match the Client's orders with those of other clients.
- 19.4 BOCOM may effect Transactions in Securities where BOCOM or any of its affiliates, subsidiary, parent or sibling corporations has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise.

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

20. TERM

- 20.1 The Agreement will come into effect on the date it is signed and executed by the Parties hereto. The Account will not be closed unless in accordance with Clause 21.

21. TERMINATION

- 21.1 Without prejudice to Clause 12, 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.
- 21.2 Service of notice of termination by the Client pursuant to Clause 21.1 above shall not affect any Transaction entered into by BOCOM pursuant to this Agreement before the notice has actually been received by BOCOM.
- 21.3 Termination of this Agreement shall not affect any outstanding order or any legal rights or obligations

which may already have arisen.

21.4 Notwithstanding Clause 21.1, the Client shall have no right to terminate this Agreement if the Client has open positions or outstanding liabilities or obligations.

21.5 Clauses 9.3, 13.2, 14.4, 16, 25.1 and 25.2 shall survive the termination of this Agreement.

22. SEVERABILITY

22.1 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.

23. ASSIGNABILITY

23.1 The provisions of this Agreement shall be binding on the successors, assignees and personal representatives (where applicable) of each party hereto provided that the Client may not assign, transfer, charge or otherwise dispose of rights or obligations hereunder without the prior written consent of BOCOM, whilst BOCOM 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.

24. GENERAL

24.1 In the event that BOCOM commits a default as defined in Part XII of the SFO and the Client thereby suffers a pecuniary loss, the Client understands that the right to claim under the Compensation Fund established under the SFO will be restricted to the extent provided for therein.

24.2 The Client undertakes to notify BOCOM of any material change in respect of the information which has been provided by the Client to BOCOM.

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

24.4 The Client hereby expressly appoints BOCOM and/or its authorized person(s) as his attorney and in his name and on his behalf to do and execute all acts, deeds, documents or things as BOCOM considers necessary or desirable in connection with the implementation, execution and enforcement of the terms conferred by or arising out of this Agreement. The Client hereby further undertakes to ratify and confirm all such acts, deeds, documents or things so done by BOCOM acting lawfully and in good faith.

24.5 Nothing herein contained shall place BOCOM 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.

24.6 Whilst the Client expects BOCOM to keep confidential all matters relating to the Account, the Client hereby expressly agrees that BOCOM may make such disclosure of all matters relating to the Account as may be required under any laws, orders, regulations or requests (whether enforceable in law or not) of any relevant market, banking or governmental authority without further consent from or notification to the Client. BOCOM has a right to report to the Securities and Futures Commission and other relevant regulatory bodies any material breach, infringement or non-compliance of market misconduct provisions set out in the Securities and Futures Ordinance that BOCOM reasonably suspects may have been committed by its client, giving particulars of the suspected breach, infringement or non-compliance and relevant information and documents.

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

24.8 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.

- 24.9 The Client hereby declares that the Client has read and agrees to the Notice on Personal Data pursuant to the Personal Data (Privacy) Ordinance where applicable.
- 24.10 This Agreement, together with all of the attached Account Application Form duly signed and executed, constitutes the entire agreement and understanding between the Client and BOCOM in connection with the subject-matter of this Agreement and supersedes all previous proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise, pertaining to the subject-matter of this Agreement, prior to the due execution of the same.
- 24.11 This Agreement may be executed in several counterparts, whether in original or telecopy produced by fax machine or copier or any other electronic means subject to the due compliance of the relevant codes and guidelines issued by the SFC from time to time, all or any of which shall be treated for all purposes as one original and shall be and constitute one and the same Agreement.
- 24.12 The Client is aware of its right to receive copy of the Account Application Form together with other documents signed by the Client and the Terms and Conditions for Trading Account (the "Documents"). The Client hereby expressly waives its right to receive copy of the Documents. If the Client would like to receive copy of the Documents, the Client shall send a written request to BOCOM. Upon actual receipt of such written request by BOCOM, BOCOM shall send copy of the Documents to Client by ordinary post within 14 business days.

25. GOVERNING LAW AND LANGUAGE

- 25.1 This Agreement and all rights, obligations and liabilities arising herefrom shall be governed by and construed in accordance with the laws of Hong Kong.
- 25.2 The Client hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising from or in connection with this Agreement.
- 25.3 The Client hereby declares that he has read the English/Chinese* version of this Agreement and that the contents of this Agreement have been fully explained to him by BOCOM in a language that the Client understands and that the Client accepts and agrees to be bound by this Agreement.
- 25.4 This Agreement may be translated into any other language but in the event of any conflict arising the English version shall prevail.

SECURITIES MARGIN CLIENT AGREEMENT INDEX

1.	DEFINITION AND INTERPRETATION	19
2.	SERVICES	21
3.	APPLICABLE LAWS AND REGULATIONS	21
4.	ORDERS AND TRANSACTIONS	21
5.	MARGIN REQUIREMENT	22
6.	SETTLEMENT	23
7.	COMMISSIONS, EXPENSES AND INTEREST	24
8.	SAFEKEEPING OF SECURITIES	24
9.	MONIES/SECURITIES IN THE MARGIN ACCOUNT	25
10.	SET-OFF AND LIEN	25
11.	NEW LISTING OF SECURITIES	25
12.	RISK DISCLOSURE	27
13.	EVENT OF DEFAULT	27
14.	PROCEEDS OF SALE	28
15.	REPRESENTATIONS AND WARRANTIES	28
16.	LIABILITIES AND INDEMNITIES	30
17.	CONFIRMATIONS, CONTRACT NOTES AND STATEMENTS OF MARGIN ACCOUNT	31
18.	NOTICE	31
19.	JOINT CLIENTS	32
20.	INTEREST OF BOCOM	32
21.	TERM	32
22.	TERMINATION	32
23.	SEVERABILITY	33
24.	ASSIGNABILITY	33
25.	GENERAL	33
26.	GOVERNING LAW AND LANGUAGE	34

SECURITIES MARGIN CLIENT AGREEMENT

THIS SECURITIES MARGIN CLIENT AGREEMENT (the "Agreement") IS MADE BETWEEN

- (1) BOCOM INTERNATIONAL SECURITIES LIMITED, a corporation licensed with the Securities and Futures Commission to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 5 (Advising on Futures Contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (CE No. APJ121) and an exchange participant (No. 1842) of The Stock Exchange of Hong Kong Limited, whose registered office is located at 9th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong ("**BOCOM**"); and
- (2) the client whose details and signature appear in the Account Application Form ("**the Client**").

WHEREAS

1. When a stockbroker provides a customer with credit facilities in respect of transactions in Securities (as defined hereinafter) effected by the stockbroker on behalf of the customer, the account which the stockbroker establishes with the customer to record such transactions is said to be a margin securities trading account ("**Margin Account**");
2. The Client is desirous of opening the Margin Account with BOCOM for the purpose of trading in Securities;
3. BOCOM agrees that it will open and maintain the Margin Account and act as an agent for the Client in the purchase and sale of Securities subject to the terms and conditions of this Agreement; and
4. The Client agrees to operate the Margin Account only in accordance with the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITION AND INTERPRETATION

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

"**Agreement**" or "**Client Agreement**" means this Agreement, Attachment(s), Account Application Form, Specimen Signature Card(s) and all other documents completed or executed and to be completed and executed by the Client in relation thereto, as the same may be amended or supplemented from time to time;

"**Business Day**" means any day (except a Saturday or a Sunday) on which banks are open for normal banking business in Hong Kong provided that, if the period during which banks in Hong Kong are open is reduced as a result of a Number 8 Typhoon Signal or a Black Rainstorm Warning or other similar event, such day shall not be considered as a Business Day;

"**Client**" wherever used shall in the case:-

- (i) where the Client is an individual include the Client and his respective executors and administrators;
- (ii) in the case where the Client is a sole proprietorship firm include the sole proprietor and his executor and administrator and his successors in the business;
- (iii) in the case of a partnership firm include the partners who are the partners of the firm at the time when the Client's Accounts is 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;
- (iv) where the Client is a company include such company and its successors;

"**Client Money Rules**" means the Securities and Futures (Client Money) Rules, Cap. 571I as amended from time to time;

"**Client Securities Rules**" means the Securities and Futures (Client Securities) Rules, Cap. 571H as amended from time to time;

"**Compensation Fund**" means the Investor Compensation Fund established under Section 236 of the SFO;

"**HKSCC**" means the Hong Kong Securities Clearing Company Limited;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

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

"**SFC**" means the Securities and Futures Commission;

"**SFO**" 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; and

"**Transaction**" has the meaning ascribed to it in Clause 2 below

"**Short Selling Order**": (a) subject to paragraph (b), means an order to sell securities in respect of which the Customer has a presently exercisable and unconditional right to vest the securities in the purchaser of them by virtue of having:

(i) under a securities borrowing and lending agreement:

(A) borrowed the securities; or

(B) obtained a confirmation from the counterparty to the agreement that the counterparty has the securities available to lend to the Customer;

(ii) a title to other securities which are convertible into or exchangeable for the securities to which the order relates;

(iii) an option to acquire the securities to which the order relates;

(iv) rights or warrants to subscribe to and to receive the securities to which the order relates; or

(v) entered into with another person an agreement or an arrangement of a description as is prescribed by the SFC;

(b) in relation to paragraph (a) (ii), (iii), (iv) or (v), does not include an order where the Customer has, at the time of placing the order, issued unconditional instructions to obtain the securities.

1.2

In this Agreement, unless otherwise stated or the context requires:

1.2.1 The expression "I/we", "me/us" or "my/our" wherever used shall:-

- (i) where the Client is an individual, be binding on the individual, his personal representative, receiver or trustee whether in bankruptcy or otherwise;
- (ii) where the Clients are two or more individuals, be binding on all individuals jointly and severally, their respective personal representatives, receivers or trustees whether in bankruptcy or otherwise;
- (iii) where the Client is a sole proprietor firm, be binding on the sole proprietor, his personal representative, receiver or trustee whether in bankruptcy or otherwise and the successors to the business;
- (iv) where the Client is a partnership firm, be binding on all partners of the firm jointly and severally (at the time of the execution of this Agreement or thereafter), their respective personal representatives, receivers or trustees and whether in bankruptcy or otherwise and the successors to the business.

1.2.2 references to Clauses, Sub-clauses, Attachments and Account Application Form are to clauses, sub-clauses, attachments and appendices of/to this Agreement;

1.2.3 the headings to the Clauses are for convenience only and do not affect their interpretation and construction;

1.2.4 words denoting the singular include the plural and vice versa; words importing any gender

include every gender and references to persons include companies and corporations.

- 1.2.5 reference to any statutes, ordinances, rules or regulations shall include such statutes, ordinances, rules or regulations as modified or re-enacted from time to time;
- 1.2.6 the headings to the Clauses are for convenience only and do not affect their interpretation and construction;
- 1.2.7 Terms and expressions not defined in this Agreement shall bear the meaning ascribed to them in the SFO.

2. SERVICES

- 2.1 The Client hereby instructs and authorizes BOCOM to open and maintain in its book the Margin Account in the name of the Client for the purpose of purchasing, investing in, selling, exchanging or otherwise disposing of and generally dealing in and with all kinds of Securities (each a "**Transaction**" and collectively "**Transactions**") in accordance with the terms and conditions of this Agreement as amended from time to time. Unless otherwise indicated by BOCOM (in the contract note for the relevant transaction or otherwise), BOCOM shall act as an agent for the Client in effecting Transactions pursuant to this Agreement.
- 2.2 All Transactions for the Margin Account may be effected by BOCOM directly on any Exchanges (as defined below) where BOCOM is authorized to deal in Securities, or, in its opinion, on any Exchanges indirectly through any other broker which BOCOM may, at its discretion, decide to employ.

3. APPLICABLE LAWS AND REGULATIONS

- 3.1 All Transactions for the Margin Account shall be subject to the relevant constitution, rules, regulations, by-laws, customs and usage, as amended from time to time, of SEHK, or such other foreign stock exchanges or markets or over-the-counter markets (the "**Exchange(s)**") and the HKSCC or such other foreign clearing houses ("**Clearing House(s)**") and of the laws of Hong Kong and other jurisdictions in which BOCOM is dealing on the Client's behalf as amended from time to time.
- 3.2 The Rules of SEHK and the HKSCC, in particular those rules which relate to trading and settlement, shall be binding on both BOCOM and the Client in respect of Transactions concluded on the instructions of the Client.

4. ORDERS AND TRANSACTIONS

- 4.1 BOCOM is hereby authorized to act upon the instructions of the Client or the person(s) duly authorized by the Client under the Authorization Letter for Third Party to Operate Account ("**Authorized Person(s)**") to deposit, purchase and/or sell Securities for the Margin Account and otherwise deal with Securities, receivables or monies held in or for the Margin Account.
- 4.2 BOCOM shall not be obliged to authenticate any instruction given or purportedly given by the Authorized Person(s) or to verify the identity of the person giving instructions, unless the signature appearing in any written instruction apparently does not conform in a material manner with the specimen signature(s) of the Authorized Person(s).
- 4.3 All instructions shall be given by the Client or the Authorized Person(s) orally either in person or by telephone, or in writing, delivery by post, by hand or by facsimile transmission.
- 4.4 The Client undertakes that he will not give any trading instruction which involves the sale of securities which he does not own, unless the Client proves to the satisfaction of BOCOM that such trading instruction for sale is a short selling order. The Client further undertakes to inform BOCOM expressly that a sale is a short sale at the time of giving the trading instruction to effect that sale, and to provide to BOCOM with documentary assurance that such order is covered within such time, in such form and with such information as BOCOM may require.
- 4.5 BOCOM may record all telephone conversations with the Client or any Authorized Person(s) in order

to verify the instructions of the Client or the Authorized Person(s). The Client acknowledges that such records are the sole property of BOCOM and agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.

- 4.6 Notwithstanding anything herein contained, BOCOM shall be entitled, at its absolute discretion, to refuse to act on any of the instructions of the Client or the Authorized Person(s) and shall not be obliged to give any reason for such refusal. The Client acknowledges that BOCOM shall not in any circumstances be liable for any loss of profits, damages, costs or expenses suffered or incurred by the Client arising out of such refusal.
- 4.7 Where a discrepancy occurs between instructions given by the Client or the Authorized Person(s) by telephone or facsimile on the one part and the subsequent written instructions (delivered in person or by post or by hand) on the other part, the records of the telephone instructions or facsimile instructions of BOCOM shall prevail.
- 4.8 By reason of physical restraints on the Exchange and rapid changes in the prices of Securities which frequently take place, there may, on occasions, be a delay in making prices or in dealing, and BOCOM may not, after using reasonable endeavors, be able to trade at the prices quoted at any specific time. BOCOM shall not be liable for any loss arising by reason of its failing, or being unable, to comply with any terms of the Client's order instruction. Where BOCOM is unable, after using reasonable endeavors, to execute any order in full, BOCOM 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.
- 4.9 Any day order for purchase or sale of Securities placed by BOCOM 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 BOCOM may agree shall be deemed to have been cancelled automatically.
- 4.10 BOCOM 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 BOCOM on such terms and conditions as BOCOM may in its absolute discretion determine.
- 4.11 BOCOM may decline to act on any instructions from the Client to effect any order which, in BOCOM's sole judgment, is an order for short-selling any Securities.
- 4.12 The Client acknowledges that due to the trading practices of the Exchanges or other markets in which Transactions are executed, BOCOM may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by Transactions executed by BOCOM following instructions given by the Client.
- 4.13 Subject to applicable laws and regulations and market requirements, BOCOM 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 any special circumstances, and the Client shall not have any claim of priority to another client in relation to the execution of any order received by BOCOM.
- 4.14 BOCOM may conduct credit enquiries or searches on the Client for the purpose of accessing or ascertaining the financial standing and credit worthiness of the Client.

5. MARGIN REQUIREMENT

- 5.1 The Client shall on demand (whether verbally or in writing) from BOCOM make payments of deposits or margins in cash and/or Securities in such amount and at any time as BOCOM may determine from time to time at its sole discretion or as may be required by the rules of any Exchange. The Client further agrees that, by notice (whether verbally or in writing) given by BOCOM to the Client, BOCOM may require such amount to be increased or decreased at its absolute discretion.
- 5.2 The Client shall be granted credit facilities up to such percentage as may be determined by BOCOM from time to time of the market value of the collaterals maintained by the Client with BOCOM.
- 5.3 The Client agrees to maintain such collateral and/or margin as BOCOM may from time to time in the

discretion of BOCOM require. The Client also agrees to pay immediately on demand any amount owing with respect to any of the Client's accounts.

- 5.4 BOCOM shall have the right (i) if an Event of Default (as defined in Clause 13) occurs, or (ii) whenever in BOCOM's sole discretion BOCOM shall consider it necessary for the protection of BOCOM, because of margin requirements or otherwise, to:
- (a) satisfy any obligation the Client may have to BOCOM (either directly or by way of guarantee or suretyship) out of any property belonging to the Client in the custody or control of BOCOM;
 - (b) cancel any outstanding orders in order to close the account or accounts of the Client, and
 - (c) close any of the Client's positions without the Client's consent.
- 5.5 All such actions taken pursuant to Clause 5.4 may be taken by BOCOM without demand for margin or additional margin or variation adjustment, or notice to the Client of the sale or purchase or other notice or advertisement and whether or not the ownership interest shall be solely the Client's or jointly with others. It is understood that, in all cases, a prior demand or call, or prior notice of the time or place of sale or purchase shall not be considered a waiver of the right of BOCOM to sell or to buy without demand or notice as herein provided that the Client shall at all times be liable for the payment of any debit balance owing in such account(s) with BOCOM upon demand, and that in all cases, the Client shall be liable for any deficiency remaining in such account(s) in the event the liquidation thereof in whole or in part by BOCOM or by the Client.
- 5.6 The margin level, as determined by BOCOM in the sole discretion of BOCOM, will be maintained by the Client in any and all accounts the Client may at any time carry with BOCOM. If BOCOM determines that additional margin and/or variation adjustment is required, the Client agrees to deposit with BOCOM such additional margin and/or variation adjustment upon demand, provided, however, notwithstanding any demand for additional margin and/or demand for variation adjustment, BOCOM may at any time proceed in accordance with sub-clauses 5.3 and 5.4 above. BOCOM may change margin and/or variation adjustment requirements in the sole discretion of BOCOM and at any time. No previous margin shall establish any precedent and these requirements once established may apply to existing positions as well as to the new positions in the contracts affected by such change.
- 5.7 Failure of the Client, for whatever reason, to deposit the full amount of trade/additional margins or variation adjustment before the prescribed time may result in the closing out of the Client's position(s) in whole or in part by BOCOM at any market price(s) at BOCOM's absolute discretion without prior notice to the Client. In such event, any loss, and/or deficiency resulting therefrom shall be fully borne by the Client who shall settle such accounts upon demand together with interest and commission thereon.
- 5.8 The Client shall not be entitled to earn interest from BOCOM in respect of all or any money paid to BOCOM hereunder whether as margin deposits or otherwise.

6. SETTLEMENT

- 6.1 Unless otherwise agreed, the Client agrees that when BOCOM has executed a purchase or sale transaction on the Client's behalf, the Client shall by the due settlement date make payment to BOCOM against delivery of or credit to the Margin Account for purchased Securities, or make good delivery of sold Securities to BOCOM against payment, as the case may be.
- 6.2 Unless otherwise agreed, the Client agrees that should the Client fail to make such payment or delivery of Securities by the due settlement date as mentioned in Clause 6.1, BOCOM is hereby authorized to:
- 6.2.1 in the case of a purchase transaction, to transfer or sell any such purchased Securities to satisfy the Client's obligations to BOCOM; or
 - 6.2.2 in the case of a sale transaction, to borrow and/or purchase such sold Securities to satisfy the Client's obligations to BOCOM.
- 6.3 The Client hereby acknowledges that the Client shall be responsible to BOCOM for any loss, costs, fees and expenses incurred by BOCOM in connection with the Client's failure to meet his obligations by the due settlement date as described in Clause 6.1.

7. COMMISSIONS, EXPENSES AND INTEREST

- 7.1 All Transactions executed pursuant to the instructions of the Client on the Exchange shall be subject to a Transaction levy and any other levies that the relevant Exchange from time to time may impose. BOCOM is authorized to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
- 7.2 The Client shall on demand pay BOCOM commissions on purchases, sales and other Transactions or services for the Margin Account at such rate as may be notified by BOCOM from time to time, together with all stamp duties, bank charges, transfer fees, interests, custodial expenses and other fees and expenses in respect of or connected with the Margin Account or any Transactions or services thereof or any Securities therein.
- 7.3 BOCOM shall, at its absolute discretion, be entitled to solicit, accept and retain (and shall not be liable to account to the Client) 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. BOCOM 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.
- 7.4 The Client undertakes to pay interest to BOCOM in respect of any debit balance on the Account or any amount otherwise owing to BOCOM at any time at such rates notified to the Client by BOCOM 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 BOCOM. The Client shall promptly settle, upon demand, all liabilities outstanding to BOCOM, together with all costs of collection (including reasonable legal fees).

8. SAFEKEEPING OF SECURITIES

- 8.1 Subject to Clause 9.3, BOCOM shall ensure that all Securities deposited by the Client with BOCOM or purchased or acquired by BOCOM on behalf of the Client, and held by BOCOM for safe keeping in Hong Kong are registered in the Client's name, or in the name of BOCOM or any associated entity, or deposited in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by BOCOM for the purpose of holding client securities of BOCOM with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 8.2 Subject to Clause 9.3, BOCOM shall ensure that all securities collateral deposited with or otherwise provided by or on behalf of the Client to BOCOM are registered in the Client's name or BOCOM, or deposited in safe custody in a segregated account which is designated as a trust account or client account and established and maintained in Hong Kong by BOCOM or an associated entity for the purpose of holding securities collateral of BOCOM with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities, or deposited in an account in the name of BOCOM with an authorized financial institution, an approved custodian or another intermediary licensed for dealing in securities.
- 8.3 Any Securities and securities collateral held by BOCOM, a financial institution, an approved custodian or another intermediary licensed for dealing in securities pursuant to Clauses 8.1 and 8.2 shall be at the sole risk of the Client. BOCOM and the relevant financial institution, approved custodian or intermediary licensed for dealing in securities shall be under no obligation to insure the Client against any kind of risk, which obligation shall be the sole responsibility of the Client.
- 8.4 If, in relation to any Securities deposited with BOCOM which are not registered in the Client's name, any dividends or other distributions or benefits accrue in respect of such Securities, the Margin Account 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.
- 8.5 If, in relation to any Securities deposited with BOCOM which are not registered in the name of the Client, any loss is suffered by BOCOM, the Margin Account may be debited (or payment made by the

Client as may be agreed) with the proportion of such loss equal to the proportion of the Securities held on behalf of the Client out of the total number or amount of such Securities.

9. MONIES/SECURITIES IN THE MARGIN ACCOUNT

- 9.1 BOCOM shall deposit all money received from or on the behalf of or held for the Client in one or more segregated account(s) for client money which is designated as a trust account or client account and established and maintained by BOCOM with an authorized financial institution or any other SFC approved person pursuant to Rule 4 of the Client Money Rules, unless otherwise excepted thereunder. Unless otherwise agreed between the Client and BOCOM any interest from time to time accrued on any monies held in or for the Margin Account shall belong to BOCOM absolutely.
- 9.2 The Client acknowledges and accords BOCOM with full authority to transfer, at any time, any available funds and/or Securities in the Margin Account to any of the Client's accounts held with BOCOM, upon the written direction of the Client requesting for such transfer being received by BOCOM. No transfer may be effected if any amount of funds is due or owing to BOCOM by the Client in respect of any Transaction of dealing in Securities effected by the Client through services provided by BOCOM.
- 9.3 The Client shall authorize BOCOM to deal with client money and client securities and securities collateral by signing the Authorization Letter set out in Account Application Form in accordance with its terms and conditions. If the Client revokes or refuses to renew any of the authorizations given thereunder, BOCOM shall have the rights set out in Clause 12.2 as if an Event of Default (defined hereinafter) under Clause 12.1.16 has occurred.
- 9.4 BOCOM may dispose of any of the Client's Securities or securities collateral of its choice at any time in any manner with or without notice to the Client to settle any liability owed by or on behalf of the Client to BOCOM or a third party. BOCOM may itself purchase the Securities free from any right of redemption and shall not be liable for any loss incurred by the Client in the purchase. The Client shall not make any claim against BOCOM concerning the timing or manner of such disposal including any purchase by BOCOM. The proceeds of the disposal shall be applied in accordance with Clause 13.1.

10. SET-OFF AND LIEN

- 10.1 Notwithstanding anything contained in this Agreement and subject to the applicable rules and regulations, BOCOM may at its absolute discretion set-off, withhold from and apply Securities or money held in or for the Margin Account or any other account with BOCOM or otherwise owing to the Client against, and in whole or partial payment of, any amount owing to BOCOM by the Client.
- 10.2 Without prejudice to the generality of Clause 10.1 and subject to the applicable rules and regulations, if the Client has more than one account with BOCOM, BOCOM may at any time consolidate all or any of such accounts and set-off or transfer any credit balance in any one or more of such accounts in or towards satisfaction of any of the money owing by the Client to BOCOM in respect of any other accounts.
- 10.3 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which BOCOM may be entitled under the laws of any relevant jurisdiction and this Agreement, all Securities, receivables, monies, dividends, interest and other property of the Client (held by the Client either individually or jointly with others) held by or in the possession of BOCOM at any time shall be subject to a general lien in favor of BOCOM as continuing security, and BOCOM may as the Client's agent take such measures as it may in its sole discretion deem necessary to sell, dispose of or otherwise realize all such property, to offset and discharge all of the Client's debts or obligations owing to BOCOM.

11. NEW LISTING OF SECURITIES

- 11.1 In the event that the Client requests and authorizes BOCOM to apply for Securities in respect of a new listing and/ or issue of Securities on the Exchange as its agent and for its benefit or for the benefit of any other person, the Client hereby warrants to and for BOCOM's benefit that the Company shall have authority to make such application on the Client's behalf.

- 11.2 The Client shall familiarize itself and comply with all the terms and conditions governing the Securities of the new listing and/ or issue and the application for such new Securities set out in any prospectus and/ or offering document and the application form or any other relevant document in respect of such new listing and/ or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with BOCOM.
- 11.3 The Client hereby gives BOCOM all the representations, warranties and undertakings which an applicant for Securities in a new listing and/ or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person).
- 11.4 The Client hereby further declares and warrants, and authorizes BOCOM to disclose and warrant to the Exchange on any application form (or otherwise) and to any other person as appropriate, that any such application made by BOCOM as its agent is the only application made, and the only application intended to be made, by the Client or on the Client's behalf, to benefit the Client or the person for whose benefit the Client is applying. The Client acknowledge and accepts that the aforesaid and warranty will be relied upon by BOCOM and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, the Exchange or any other relevant regulator or person in respect of any application made by BOCOM as the Client's agent.
- 11.5 The Client acknowledges that any application made by an unlisted company which does not carry on any business other than dealing in Securities and in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 11.6 The Client recognizes and understands that the legal, regulatory requirements and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Client undertakes to provide to BOCOM such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as BOCOM may in the BOCOM's absolute discretion determine from time to time.
- 11.7 In relation to a bulk application to be made by BOCOM or BOCOM's agent on BOCOM's own account and/ or on behalf of the Client and/ or BOCOM's other clients, the Client acknowledges and agrees:
- (i) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and neither BOCOM nor BOCOM's agent shall in the absence of fraud, negligence or willful default be liable to the Client or any other person in consequence of such rejection;
 - (ii) if bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to the persons affected by such breach or other factors; and
 - (iii) the Client agrees that BOCOM is entitled to distribute the Securities allotted in its absolute discretion, including distributing the Securities equally between all customers under the bulk application and the Client shall not have any claim to the Securities or claim of priority to another Client in relation to the application.
- 11.8 In relation to any Over-The-counter ("OTC") transactions, including without limitation trading of any New Securities before their listing on the Exchange, entered or to be entered into by the Client, the Client acknowledges and agrees that:
- (i) BOCOM is acting as agent for the Client and does not guarantee the settlement of such OTC transactions;
 - (ii) the Client's orders may be partially executed or not executed at all. Trades executed will be cancelled and void if the relevant security subsequently fails to list on the Exchange;
 - (iii) in the event that the Client in selling any Securities fails to deliver such Securities, BOCOM is entitled to purchase in the market, the relevant Securities required for delivery in respect of such sale affected for the Client in order to complete the settlement of the relevant transaction. The Client shall bear all losses arising out of or in connection with such transaction;
 - (iv) in the event that (1) the Client buys Securities from a seller and such seller fails to deliver the relevant Securities and (2) the purchase of the relevant Securities cannot be effected or BOCOM in its absolute discretion determines not to purchase the relevant Securities, the Client will not be entitled to obtain the

relevant Securities at the matched price and shall only be entitled to receive the money paid for the Purchase of the relevant Securities;

(v) in the event that the Client in buying any Securities fails to deposit the necessary settlement amount, BOCOM is entitled to sell any and all Securities or collateral held in its Account and use the sale proceeds after deducting all costs in settlement of the transaction. However, if the Client is the seller under such transaction and such transaction cannot be settled, the Client shall only be entitled to the relevant Securities but not the sale proceeds of the relevant Securities; and

(vi) without prejudice to the above, the Client shall bear its own losses or expenses and shall be responsible to BOCOM for any losses and expenses resulting from its and/ or its counterparty's settlement failures.

12 RISK DISCLOSURE

- 12.1 If BOCOM fails to meet its obligations to the Client pursuant to this Agreement, the Client shall have a right to claim under the Compensation Fund subject to the terms of the Compensation Fund from time to time.
- 12.2 Risk Disclosure Statements are set out in Client Agreement and Risk Disclosure Statements.

13. EVENT OF DEFAULT

- 13.1 Any one of the following events shall constitute an event of default ("Event of Default"):
- 13.1.1 the Client's failure to pay any deposits, margins, or any other sums payable to BOCOM or submit to BOCOM any documents hereunder, when called upon to do so or on the due date;
 - 13.1.2 in the event that the Client has not, on demand, or where specifically agreed, within 24 hours of BOCOM's requesting the same, liquidated any debit balance on any account(s) with BOCOM;
 - 13.1.3 in the event that a petition in bankruptcy, or a petition for the appointment of a receiver, is filed by or against the Client;
 - 13.1.4 in the event that the appointment of a receiver or liquidator by or for the Client;
 - 13.1.5 when an attachment is levied against any account(s) of the Client with BOCOM;
 - 13.1.6 in the event of the death or judicial declaration of incompetence of the Client (being an individual);
 - 13.1.7 in the event that BOCOM receives notice of any dispute as to the validity of any order or instruction from the Client and/or futures contracts;
 - 13.1.8 in the event that the continued performance of any futures contracts and/or this Agreement becomes illegal or is claimed by any government authority to be illegal;
 - 13.1.9 default by the Client in the due performance of any of the terms of this Agreement and the observance of any by-laws, rules and regulations of the appropriate Exchange and/or Clearing House;
 - 13.1.10 the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client;
 - 13.1.11 the levy or enforcement of any attachment, execution or other process against the Client;
 - 13.1.12 any representation or warranty made by the Client to BOCOM in this Agreement or in any document being or becoming incorrect or misleading;
 - 13.1.13 any consent, authorization or board resolution required by the Client to enter into this

Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;

13.1.14 the occurrence of any event which, in the sole opinion of BOCOM, might jeopardize any of its rights under this Agreement.

13.2 If an Event of Default occurs, without prejudice to any other rights or remedies that BOCOM may have against the Client and without further notice to the Client, BOCOM shall be entitled to:

13.2.1 immediately close the Margin Account;

13.2.2 terminate all or any part of this Agreement;

13.2.3 cancel any or all outstanding orders or any other commitments made on behalf of the Client;

13.2.4 close any or all contracts between BOCOM and the Client, cover any short position of the Client through the purchase of Securities on the relevant Exchange or liquidate any long position of the Client through the sale of Securities on the relevant Exchange;

13.2.5 subject to the Client Securities Rules, dispose of any or all Securities held for or on behalf of the Client and to apply the proceeds thereof and any cash deposit(s) to settle all outstanding balances owing to BOCOM and to refund any monies remaining after such application to the Client as provided under Clause 13; and

13.2.6 combine, consolidate and set-off any or all accounts of the Client in accordance with Clause 10.2.

13.3 In the event of any sale pursuant to this clause;

13.3.1 BOCOM shall not be responsible for any loss occasioned thereby howsoever arising if BOCOM has already used reasonable endeavors to sell or dispose of the Securities or any part thereof at the then available market price;

13.3.2 the Client undertakes to pay to BOCOM any deficiency if the net proceeds of sale shall be insufficient to cover all the outstanding balances owing by the Client to BOCOM.

14. PROCEEDS OF SALE

14.1 The proceeds of sale or liquidation of the Margin Account made under Clause 13 shall be applied in the following order of priority and any residue shall be paid to the Client or to the Client's order:

14.1.1 payment of all costs, charges, legal fees and expenses including stamp duty, commission and brokerage properly incurred by BOCOM in transferring and selling all or any of the Securities or properties in the Margin Account or in perfecting title thereto;

14.1.2 payment of all interest due;

14.1.3 payment of all monies and liabilities due, owing or incurred by the Client, to BOCOM.

14.2 Any dividends, interest or other payments which may be received or receivable by BOCOM in respect of any of the Securities may be applied by BOCOM 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 BOCOM may have paid any of the said dividends, interest or other payments to the Client.

15. REPRESENTATIONS AND WARRANTIES

15.1 The Client hereby represents and warrants to BOCOM on a continuing basis that:

15.1.1 (in case of a corporation) the Client is validly incorporated and existing under the laws of its country of incorporation and have full power and capacity to enter into and perform its

obligations hereunder; the Client's entry into this Agreement has been duly authorized by its governing body and is in accordance with the Memorandum and Articles of Association or by-laws as the case may be of the Client;

- 15.1.2 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 judgement or cause to be exceeded any limit by which the Client or any of the Client's assets is bound;
 - 15.1.3 save as otherwise disclosed to BOCOM in writing on Account Application Form, all Transactions to be effected under this Agreement are for the benefit of the Client and no other party has any interest therein;
 - 15.1.4 all Securities provided by the Client for selling or crediting into the Margin Account are fully paid with valid and good title for the purpose of fulfilling the Client's obligations under this Agreement; and
 - 15.1.5 the information contained in the Account Application Form or other information supplied by or on behalf of the Client to BOCOM in connection with the Margin Account is up-to-date, complete, true and correct. BOCOM is entitled to rely on such information until written notice from the Client of any changes in respect of such information has been received by BOCOM. The Client undertakes to inform BOCOM immediately of any material changes to such information.
- 15.2 If the Client effects Transactions for the account of its own 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 BOCOM has received an enquiry from SEHK and/or SFC ("**Hong Kong Regulators**") or upon demand by BOCOM, the following provisions shall apply:
- 15.2.1 Subject to the proviso below, the Client shall, immediately upon request by BOCOM (such request shall include the relevant contact details of the Hong Kong Regulators) inform the Hong Kong Regulators and/or BOCOM 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 and/or BOCOM of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the Transaction. Further, the Client shall also disclose to the Hong Kong Regulators and/or BOCOM details of the instruction(s).
 - 15.2.2
 - (a) If the Client effected the Transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by BOCOM (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 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 BOCOM 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 BOCOM (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 overriding 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 BOCOM 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 BOCOM (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.

- 15.2.3 If the Client is aware that his client is acting as an intermediary for an 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 shall confirm that:
- (a) the Client has arrangements in place with his client which entitle the Client to obtain the information set out in Sub-clauses 14.2.1 and/or 14.2.2 from his client immediately upon request or procure that it be so obtained; and
 - (b) the Client will, upon request from BOCOM in relation to a Transaction, promptly request the information set out in Sub-clauses 14.2.1 and/or 14.2.2 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.
- 15.2.4 The Client, if subject to the laws of a foreign jurisdiction, confirms that this Agreement is binding under the relevant foreign law. The Client shall obtain a similar confirmation from its own client (if subject to the laws of a foreign jurisdiction) and request its own client, if not being the ultimate client, to obtain a similar confirmation wherever applicable.

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

- 15.3 If the Client is acting as an agent for and on behalf of another person in relation to any Transaction(s) carried out pursuant to this Agreement, the Client undertakes that only the Client and not the Client's principal is the customer of BOCOM and the Client is liable in respect of all obligations and liabilities to be performed or discharged by the Client and in respect of any such Transactions entered into pursuant hereto.
- 15.4 The Client undertakes to perform such acts, sign and execute all such agreements or documents whatsoever as may be required by BOCOM for the performance or implementation of this Agreement or any part hereof.
- 15.5 The Client undertakes to inform BOCOM when a sell order is in respect of Securities which the Client does not own i.e. is a short sale.
- 15.6 The Client agrees not to pledge or charge any Securities or monies forming part of the Margin Account without the prior consent of BOCOM, or to sell, grant an option over, or otherwise deal in any Securities or monies forming part of the Margin Account other than pursuant to the terms of this Agreement.
- 15.7 BOCOM undertakes to inform the Client of any material change to the information provided by it in this Agreement or to its business which may affect the services provided by BOCOM to the Client.

16. LIABILITIES AND INDEMNITIES

- 16.1 Neither BOCOM 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:
- 16.1.1 BOCOM 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 BOCOM or by any of its directors, employees or agents; or
 - 16.1.2 BOCOM's failure or delay in performing its obligations hereunder by reason of any cause beyond BOCOM's control including any breakdown or failure of transmission or communication or computer facilities, unauthorized access, postal or other strikes or

similar industrial action or the failure of any relevant Exchange and/or Clearing House and/or broker and/or any other person, firm or company whatsoever to perform its obligations; or

- 16.1.3 BOCOM exercising any or all of its rights conferred by the terms of this Agreement; or
- 16.1.4 any conversion of one currency to another pursuant to, in relation to or arising from this Agreement.
- 16.2 The Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Margin Account and BOCOM is responsible only for the execution, clearing, and carrying of Transactions in the Margin Account; that BOCOM has no responsibilities or obligations regarding any conduct, action, representation or statement of any introducing firm, investment advisor or other third party in connection with the Margin Account or any Transaction therein; and that any advice or information given by BOCOM, its employees or agents, whether or not solicited, shall not constitute an offer to enter into a Transaction and BOCOM shall not be held liable under any situation or circumstances in respect of such advice or information.
- 16.3 Without limiting the generality of Clause 15.1 above, neither BOCOM nor any of its directors, officers, 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 delay or alleged delay in acting or any failure to act on any instruction given by the Client to BOCOM.
- 16.4 The Client undertakes to indemnify and keep indemnified BOCOM or any of its directors, officers, employees, agents or assignees in respect of any costs, claims, demands, damages and expenses whatsoever which may be suffered or incurred by BOCOM or any of its directors, officers, employees, agents or assignees directly or indirectly arising out of or in connection with any Transaction entered into by BOCOM as agent on behalf of the Client, or otherwise whatsoever or howsoever arising out of anything done or omitted to be done by BOCOM in accordance with the terms of this Agreement or pursuant to any Client's instruction or communication or out of any breach by the Client of any of its obligations under this Agreement. The Client also agrees to pay promptly to BOCOM all damages, costs and expenses (including legal expenses on a full indemnity basis) incurred by BOCOM in the enforcement of any of the provisions of this Agreement.
- 16.5 The Client undertakes to indemnify BOCOM and its directors, officers, employees, agents and assignees for any loss, cost, claim, liability or expense arising out of or connected with any breach by the Client of its obligations hereunder, including any costs reasonably and necessarily incurred by BOCOM in collecting any debts due to BOCOM or in connection with the closure of the Margin Account.

17. CONFIRMATIONS, CONTRACT NOTES AND STATEMENTS OF MARGIN ACCOUNT

- 17.1 Written confirmations, contract notes and statements for the Client's Margin Account shall, in the absence of manifest error, be conclusive and binding and deemed to be accepted by the Client unless written notice of objection is received by BOCOM within seven (7) Business Days after the dispatch of such confirmations, contract notes and statements by BOCOM.

18. NOTICE

- 18.1 Any notice, demand or communication (other than any instruction relating to Securities dealing given in the manner contemplated by Clause 4 or any notice given by BOCOM to the Client pursuant to Clause 5) given under this Agreement shall be in writing and may be delivered personally or sent by post or fax addressed to the party to which it is addressed, in the case of BOCOM, at the address set out above and, in the case of the Client, at the address set out in the Account Application Form or, in both cases, at such other address as may have been notified to the other party hereto. Any notice, demand or other communication so addressed to the Client shall be deemed to be validly given, (a) if delivered personally, at the time of such delivery, (b) if given or sent by post, three (3) days after posting and it shall be sufficient to prove that such notice, demand or other communication was properly addressed, stamped and posted, (c) if given by fax, at the same time as it is despatched; (d) if given by telephone, at the same time when message is left with a person who answered the telephone call at the correct telephone number stated, provided however that any notice, demand or other communication to be

given by the Client to BOCOM shall only be effective upon actual receipt thereof by BOCOM.

19. JOINT CLIENTS

- 19.1 Where the Client consists of more than one person (i.e. joint account or partnership account):
- 19.1.1 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;
 - 19.1.2 BOCOM shall be entitled to but shall not be obliged to act on instructions or requests from any of them;
 - 19.1.3 each of them shall be bound though any other person intended to be bound is not, for whatever reason, so bound; and
 - 19.1.4 BOCOM shall be entitled to deal separately with each of them on any matter including the discharge of any liability to any extent without affecting the liability of any others.
- 19.2 Where the Client consists of more than one person (i.e. joint account or partnership account), 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 Margin Account of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased shall be enforceable by BOCOM against such deceased's estate. The surviving Client(s) shall give BOCOM written notice immediately upon any of them becoming aware of any such death.

20. INTEREST OF BOCOM

- 20.1 BOCOM and its directors, officers or employees may trade on its/their own account.
- 20.2 BOCOM may take the opposite position, or otherwise, to the Client's order whether it is on the BOCOM's own account or on behalf of its other clients.
- 20.3 BOCOM may match the Client's orders with those of other clients.
- 20.4 BOCOM may effect Transactions in Securities where BOCOM or any of its affiliates, subsidiary, parent or sibling corporations has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise.

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

21. TERM

- 21.1 The Agreement will come into effect on the date it is signed and executed by the Parties hereto. The Margin Account will not be closed unless in accordance with Clause 22.

22. TERMINATION

- 22.1 Without prejudice to Clause 13, 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.
- 22.2 Service of notice of termination by the Client pursuant to Clause 22.1 above shall not affect any transaction entered into by BOCOM pursuant to this Agreement before the notice has actually been received by BOCOM.
- 22.3 Termination of this Agreement shall not affect any outstanding order or any legal rights or obligations which may already have arisen.
- 22.4 Notwithstanding Clause 22.1, the Client shall have no right to terminate this Agreement if the Client has open positions or outstanding liabilities or obligations.
- 22.5 Clauses 10.3, 15.2, 16.4, 16.5, 18, 26.1 and 26.2 shall survive the termination of this Agreement.

23. SEVERABILITY

- 23.1 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.

24. ASSIGNABILITY

- 24.1 The provisions of this Agreement shall be binding on the successors, assignees and personal representatives (where applicable) of each party hereto provided that the Client may not assign, transfer, charge or otherwise dispose of rights or obligations hereunder without the prior written consent of BOCOM, whilst BOCOM 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.

25. GENERAL

- 25.1 In the event that BOCOM commits a default as defined in Part XII of the SFO and the Client thereby suffers a pecuniary loss, the Client understands that the right to claim under the Compensation Fund established under the SFO will be restricted to the extent provided for therein.
- 25.2 The Client undertakes to notify BOCOM of any material change in respect of the information which has been provided by the Client to BOCOM.
- 25.3 The Client hereby authorizes BOCOM to conduct a credit enquiry (or a personal credit enquiry in the case of an individual client) or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client.
- 25.4 The Client hereby expressly appoints BOCOM and/or its authorized person(s) as his attorney and in his name and on his behalf to do and execute all acts, deeds, documents or things as BOCOM considers necessary or desirable in connection with the implementation, execution and enforcement of the terms conferred by or arising out of this Agreement. The Client hereby further undertakes to ratify and confirm all such acts, deeds, documents or things so done by BOCOM acting lawfully and in good faith.
- 25.5 Nothing herein contained shall place BOCOM 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.
- 25.6 Whilst the Client expects BOCOM to keep confidential all matters relating to the Margin Account, the Client hereby expressly agrees that BOCOM may make such disclosure of all matters relating to the Margin Account as may be required under any laws, orders, regulations or requests (whether enforceable in law or not) of any relevant market, banking or governmental authority without further consent from or notification to the Client. BOCOM has a right to report to the Securities and Futures Commission and other relevant regulatory bodies any material breach, infringement or non-compliance of market misconduct provisions set out in the Securities and Futures Ordinance that BOCOM reasonably suspects may have been committed by its client, giving particulars of the suspected breach, infringement or non-compliance and relevant information and documents.
- 25.7 Time shall in all respects be of essence in the performance of all of the Client's obligations under this Agreement.
- 25.8 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.
- 25.9 The Client hereby declares that the Client has read and agrees to the Notice on Personal Data pursuant to the Personal Data (Privacy) Ordinance where applicable.
- 25.10 This Agreement, together with all of the attached Account Application Form duly signed and executed, constitutes the entire agreement and understanding between the Client and BOCOM in connection with the subject-matter of this Agreement and supersedes all previous proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise, pertaining to the subject-matter of this Agreement, prior to the due execution of the same.

- 25.11 This Agreement may be executed in several counterparts, whether in original or telecopy produced by fax machine or copier or any other electronic means subject to the due compliance of the relevant codes and guidelines issued by the SFC from time to time, all or any of which shall be treated for all purposes as one original and shall be and constitute one and the same Agreement.
- 25.12 The Client is aware of its right to receive copy of the Account Application Form together with other documents signed by the Client and the Terms and Conditions for Trading Account (the "Documents"). The Client hereby expressly waives its right to receive copy of the Documents. If the Client would like to receive copy of the Documents, the Client shall send a written request to BOCOM. Upon actual receipt of such written request by BOCOM, BOCOM shall send copy of the Documents to Client by ordinary post within 14 business days.

26. GOVERNING LAW AND LANGUAGE

- 26.1 This Agreement and all rights, obligations and liabilities arising herefrom shall be governed by and construed in accordance with the laws of Hong Kong.
- 26.2 The Client hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising from or in connection with this Agreement.
- 26.3 The Client hereby declares that he has read the English/Chinese* version of this Agreement and that the contents of this Agreement have been fully explained to him by BOCOM in a language that the Client understands and that the Client accepts and agrees to be bound by this Agreement.
- 26.4 This Agreement may be translated into any other language but in the event of any conflict arising the English version shall prevail.

FUTURES CLIENT AGREEMENT INDEX

1.	DEFINITION AND INTERPRETATION	37
2.	SERVICES	40
3.	ORDERS AND TRANSACTIONS	41
4.	RECOMMENDATIONS	43
5.	SET-OFF AND LIEN	43
6.	MARGIN REQUIREMENT	43
7.	COMMISSIONS, EXPENSES AND INTEREST	45
8.	RISK DISCLOSURE	45
9.	EVENT OF DEFAULT	45
10.	COMMUNICATION AND CONFIRMATION	46
11.	CLIENT MONEY AND SECURITIES STANDING AUTHORITY	47
12.	FOREIGN CURRENCY TRANSACTIONS	47
13.	DISCLOSURE	47
14.	GENERAL	47
15.	GOVERNING LAW	48
16.	INDEMNITY	48
17.	CLIENT'S ACCOUNT	49
18.	ARBITRATION.....	50
19.	INTEREST OF BOCOM.....	50
20.	DECLARATION.....	50
21.	NO WAIVER	51
22.	ATTORNEY	51
23.	WARRANTIES	51
24.	OMNIBUS ACCOUNT	52
25.	JOINT ACCOUNT	52
26.	ASSIGNMENT	53

27. TRANSLATION.....	53
HK FUTURES EXCHANGE DISCLAIMER	54

FUTURES CLIENT AGREEMENT

THIS SECURITIES FUTURES CLIENT AGREEMENT (the "Agreement") IS MADE BETWEEN

- (1) BOCOM International Securities Limited, a corporation licensed with the Securities and Futures Commission to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 5 (Advising on Futures Contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (CE No. APJ121), whose registered office is situate at 9th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong ("**BOCOM**"); and
- (2) the client whose details and signature appear in the Account Application Form (the "**Client**").

WHEREAS

1. The Client is desirous of opening one or more accounts with BOCOM as the Client may decide from time to time for all transactions, purchase, investment, sale, trading, entering, exchange, acquisition, holding, transfer, making, clearing, settlement, disposal or dealing in, of and with all kinds of Commodities and/or Exchange Contracts and/or F/O Contracts (hereinafter called "**Futures Trading**").
2. BOCOM agrees that it will from time to time at the request of the Client and at its sole discretion allow the Client to open one or more accounts with it and accept and maintain such account or accounts to be designated by name(s), number(s) or otherwise, and will act as broker (except as principal where stated otherwise) for the Client in Futures Trading.
3. The Client agrees to be bound by the terms and conditions hereinafter appearing.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITION AND INTERPRETATION

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

"**Agreement**" or "**Client Agreement**" means this Agreement, Attachment(s), Account Application Form, Specimen Signature Card(s) and all other documents completed or executed and to be completed and executed by the Client in relation thereto, as the same may be amended or supplemented from time to time;

"**BOCOM Trading Agent**" means any agent appointed, engaged and instructed by BOCOM for executing, effecting, trading, implementing, clearing and settling the Client's instructions and Transactions on behalf of the Client;

"**BOCOM Trading Agent Agreement**" means the agreements and the terms and conditions made between BOCOM and BOCOM Trading Agent for the purposes of this Agreement (including any amendment or supplement made thereto from time to time);

"**Business Day**" means (a) in respect of Transactions executed or to be executed on a Foreign Futures Exchange, a day (other than Saturday and Sunday in the Foreign Jurisdiction in which such Foreign Futures Exchange is permitted to operate) on which banks are open for business in such Foreign Jurisdiction; or (b) in any other cases, a day (other than Saturday and Sunday and a day on which a black rainstorm warning or a number 8 or higher typhoon signal is hoisted before 2:00 p.m. in Hong Kong) on which banks are open for business in Hong Kong;

"**Clearing House**" means, as the case may be, (a) HKCC in relation to HKFE; and/or (b) the relevant Foreign Clearing House providing similar services of HKCC to the relevant Foreign Futures Exchange in that Foreign Jurisdiction;

"**Clearing Rules**" means, as the case may be, (a) the general rules, operational procedures and other applicable rules, procedures and regulations of HK-DCASS from time to time in force; and/or (b) the rules, procedures and regulations of the relevant Foreign Clearing System, from time to time in force;

"**Client**" wherever used shall in the case where the client is an individual include the client and his 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 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 or accounts 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.

"**Client Money Rules**" means the Securities and Futures (Client Money) Rules, Cap 571I as amended from time to time;

"**Client Money Standing Authority**" means the standing authority granted by the Client to BOCOM pursuant to the terms set out in Clause 11 and Account Application Form hereto as amended from time to time;

"**Client Securities Rules**" means the Securities and Futures (Client Securities) Rules, Cap 571H as amended from time to time;

"**Commodity**" means (a) a property as defined in SFO, and/or (b) a commodity as defined in HKFE Rules, and/or (c) any items, interests, rights and properties, agricultural products, assets, goods, things, commodities, oil, lands, securities, metals, currencies, shares, interest rates, indices (whether stock market or otherwise), products, ratings, references, derivatives, or other financial contracts, energy, physical assets, right or authority, and/or (d) any other items or descriptions as announced by BOCOM as commodities for the purpose of this Agreement from time to time, and shall where the case requires include a F/O Contract in respect of any of the above and in each case whether or not any of the above is capable of being delivered, and "**Commodities**" shall be construed accordingly;

"**Compensation Fund**" or "**Investor Compensation Fund**" means the Investor Compensation Fund established under Section 236 of the SFO;

"**Exchange**" means, as the case may be, (a) HKFE; and/or (b) the relevant Foreign Futures Exchange;

"**Exchange Contract**" means, as the case may be, (a) an exchange contract as defined in HKFE Rules and/or (b) a contract for a Commodity approved by HKFE for trading on a Market and which may result in a F/O Contract and/or (c) a contract for a Commodity approved by the Foreign Futures Exchange for trading on a Market and which may result in a F/O Contract;

"**F/O Contract**" means, as the case may be, (a) a Futures/Options Contract as defined in HKFE Rules, and/or (b) a Futures Contract and/or an Option Contract;

"**Foreign Clearing House**" means the clearing or settlement house, corporation, organization or body (being appointed, authorized or engaged by or established and operated by a Foreign Futures Exchange to provide clearing and settlement services to that Foreign Futures Exchange in respect of Commodities and/or Exchange Contract and/or F/O Contract) including, where the context so requires, its agents, nominees, representatives, officers and employees;

"**Foreign Clearing System**" means the clearing and settlement system operated by the relevant Foreign Clearing House from time to time;

"**Foreign Futures Exchange**" means a commodity, futures or options exchange which is permitted to operate in a Foreign Jurisdiction by the law of that Foreign Jurisdiction including, where the context so requires, its agents, nominees, representatives, officers and employees ;

"**Foreign Futures Laws**" means the relevant laws, legislations, rules and regulations of the relevant Foreign Jurisdiction relating to Transactions;

"**Foreign FE Rules**" means the rules, regulations, bylaws and procedures of or made by the Foreign Futures Exchange, and any amendments, supplements, variations or modifications thereto from time to time in force;

"**Foreign Jurisdiction**" means a country, territory or jurisdiction outside Hong Kong;

"Foreign Regulators" means any regulatory or supervisory corporation, organization or body in a Foreign Jurisdiction having jurisdiction or regulatory or supervisory power or authority over the Transactions;

"Futures Contract" means (a) a futures contract as defined in the SFO, and/or (b) a futures contract as defined in HKFE Rules, and/or (c) a futures contract as defined in or deemed or ascribed as such in the relevant Foreign Futures Laws and/or the relevant Foreign FE Rules and/or relevant Clearing Rules and/or (d) a contract executed on any Exchange, the effect of which is that: (i) one party agrees to deliver to the other party at an agreed future time an agreed Commodity or quantity of a Commodity at an agreed price; or (ii) the parties agree to make an adjustment between them at an agreed future time according to whether the agreed Commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making of the contract, the difference being determined in accordance with the rules of the Exchange in which the contract is made;

"HKCC" means HKFE Clearing Corporation Limited (being the body appointed by or established and operated by HKFE to provide clearing and settlement services to members of HKFE in respect of Exchange Contract and/or F/O Contract) including, where the context so requires, its agents, nominees, representatives, officers and employees;

"HK-DCASS" means the Derivatives Clearing and Settlement System operated by HKCC and the SEHK Options Clearing House Limited from time to time;

"HKFE" means Hong Kong Futures Exchange Ltd.;

"HKFE Rules" or **"Rules of the HKFE"** means the rules, regulations and procedures of or made by HKFE, and any amendments, supplements, variations or modifications thereto from time to time in force;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"Hong Kong Regulators" means HKFE, SFC, the Hong Kong Monetary Authority and/or any other regulatory or supervisory corporation, organization or body in Hong Kong having jurisdiction or regulatory or supervisory power or authority over the Transactions;

"Market" means any commodity, futures, options or other exchange (including HKFE), responsible association of dealers or corporation, whether within or outside Hong Kong, so dealing in Commodities and/or Exchange Contracts and/or F/O Contracts as to provide a market for Commodities and/or Exchange Contracts and/or F/O Contracts;

"Option Contract" means, as the case may be, (a) an option contract as defined in HKFE Rules, and/or (b) an option contract as defined in or deemed or ascribed as such in the relevant Foreign Futures Laws, and/or the relevant Foreign FE Rules, and/or relevant Clearing Rules, and/or (c) a contract executed between one party (the **"first party"**) and another party (the **"second party"**) on any Foreign Futures Exchange under which: -

- (i) the first party grants the second party the right, but not the obligation, to buy an agreed Commodity, or quantity of a Commodity, from the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to buy: -
 - (1) the first party is obliged to deliver the Commodity at the agreed price; or
 - (2) the second party receives a payment referable to the amount (if any) by which the Commodity is worth more than the agreed price, such payment being determined in accordance with the rules of the Exchange in which the contract is made; or
- (ii) the first party grants to the second party the right, but not the obligation, to sell an agreed Commodity, or quantity of a Commodity, to the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to sell: -
 - (1) the first party is obliged to take delivery of the Commodity at the agreed price; or

- (2) the second party receives a payment referable to the amount (if any) by which the agreed price is worth more than the Commodity, such payment being determined in accordance with the rules of the Exchange in which the contract is made;

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

"**SFC**" means the Securities and Futures Commission of Hong Kong;

"**SFO**" means the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong); and

"**Transaction**" has the meaning ascribed to it in Clause 2 below.

1.2 In this Agreement :

1.2.1 the expression "I/we", "me/us" or "my/our" wherever used shall:-

- (i) the Client is an individual, be binding on the individual, his personal representative, receiver or trustee whether in bankruptcy or otherwise;
- (ii) the Clients are two or more individuals, be binding on all individuals jointly and severally, their respective personal representatives, receivers or trustees whether in bankruptcy or otherwise;
- (iii) the Client is a sole proprietor firm, be binding on the sole proprietor, his personal representative, receiver or trustee whether in bankruptcy or otherwise and the successors to the business;
- (iv) the Client is a partnership firm, be binding on all partners of the firm jointly and severally (at the time of the execution of this Agreement or thereafter), their respective personal representatives, receivers or trustees and whether in bankruptcy or otherwise and the successors to the business.

1.2.2 words importing the singular shall include the plural and vice-versa;

1.2.3 words importing any particular gender shall include any other gender(s);

1.2.4 reference to any statutes, ordinances, rules or regulations shall include such statutes, ordinances, rules or regulations as modified or re-enacted from time to time;

1.2.5 the headings to the Clauses are for convenience only and do not affect their interpretation and construction; and

1.2.6 terms and expressions not defined in this Agreement shall bear the meaning ascribed to them in the HKFE Rules and the SFO.

2. SERVICES

2.1 The Client hereby instructs and authorizes BOCOM to open and maintain in its book the Futures Account in the name of the Client for the purpose of any transaction, purchase, investment, sale, trading, entering, exchange, acquisition, holding, transfer, making, clearing, settlement, disposal or dealing in, of and with any Commodities and/or Exchange Contracts and/or F/O Contracts and generally dealing in any and all kinds of Commodities and/or Exchange Contracts and/or F/O Contracts (each a "Transaction" and collectively "Transactions") in accordance with the terms and conditions of this Agreement as amended from time to time. Unless otherwise indicated by BOCOM (in the contract note for the relevant Transaction or otherwise), BOCOM shall act as an agent for the Client in effecting Transactions pursuant to this Agreement.

2.2 All Transactions for the Futures Account may be effected by BOCOM directly on any Exchange where BOCOM is authorized to deal in Commodities and/or Exchange Contracts and/or F/O Contracts, or, in its opinion, on any Exchange indirectly through any BOCOM Trading Agent which BOCOM may, at its discretion, decide to employ.

- 2.3 All Transactions shall be subject to: -
- (a) this Agreement;
 - (b) the memorandum and articles of association of HKFE, HKFE Rules, Regulations (as defined in the HKFE Rules), Procedures (as defined in the HKFE Rules), Clearing Rules in Hong Kong and the rules, regulations, customs, usages, rulings, procedures and interpretations of HKFE;
 - (c) the SFO and all applicable laws, rules and regulations of Hong Kong;
 - (d) the BOCOM Trading Agent Agreement;
 - (e) the constitution of the relevant Foreign Futures Exchange, the relevant Foreign FE Rules, the Clearing Rules of the relevant Foreign Clearing System and the rules, regulations, customs, usages, rulings, procedures and interpretations of the relevant Foreign Futures Exchange and the relevant Market (and their respective Clearing House, if any) where the Transactions are executed, performed, cleared or settled by BOCOM or the BOCOM Trading Agent
 - (f) the relevant Foreign Futures Law in which Foreign Jurisdiction the Transactions are executed, performed, cleared or settled;
- 2.4 If there shall be any conflict or inconsistency between any of the provisions of this Agreement and anything contained in paragraphs (b), (c), (d), (e) and/or (f) of Clause 2.3, BOCOM may, in its absolute discretion, take or refuse to take any action, or demand the Client to take or refrain from taking any action to ensure compliance with the same.

3. ORDERS AND TRANSACTIONS

- 3.1 Orders are to be received and executed with the understanding that the Client will be required to make or receive payment of money unless the Client's initial position is liquidated. It is expressly understood that unless otherwise disclosed herein or to the Client in writing in the usual manner by BOCOM, BOCOM is acting solely as broker as to any Transactions effected on the Client's behalf. BOCOM shall have the right (in the absolute discretion of BOCOM, and without assigning any reason therefor) to refuse to act for the Client in any particular Transaction.
- 3.2 BOCOM may, whenever BOCOM considers it necessary, sell any Commodities and/or Exchange Contracts and/or F/O Contracts belonging to the Client or in which the Client has an interest, cancel any open orders for the purchase and sale of any Commodities and/or Exchange Contracts and/or F/O Contracts, and the Client authorizes BOCOM to borrow or buy any Commodities and/or Exchange Contracts and/or F/O Contracts required to make delivery against any sale, including a short sale effected for the Client. Such sale or purchase may be public or private and in such manner as BOCOM may in the discretion of BOCOM determine. At any such sale BOCOM may purchase the Commodities and/or Exchange Contracts and/or F/O Contracts free of any right of redemption and the Client agrees that in respect of any such sale BOCOM shall have no liability for any loss thereby incurred (save in the case of any negligence or breach of duty on the part of BOCOM). The proceeds of such Transactions are to be applied to reduce the indebtedness owing to BOCOM if any, and the Client hereby agrees to fully indemnify and hold harmless against any loss which BOCOM may sustain thereby, any premiums which BOCOM may be required to pay, or for any loss which BOCOM may sustain by reason of the inability of BOCOM to borrow the Commodities, Exchange Contracts, F/O Contracts or other property sold.
- 3.3 Notwithstanding any provision contained herein to the contrary, orders are to be received and executed on the understanding that no taking or making of delivery of Commodities will be made or required in respect of the Exchange Contract or F/O Contract entered into by BOCOM on behalf of the Client, and that only cash settlement or payment shall be made or required in respect of such contract. Every Exchange Contract or F/O Contract entered into by BOCOM on behalf of the Client is made on the understanding that both BOCOM and the Client contemplate performance thereof by cash settlement or payment and, as between BOCOM and the Client, shall be deemed to contain obligations on the Client and BOCOM to make settlement of such contract by paying or receiving money or fund. Liquidating instructions on open futures positions maturing in a current month must be given to BOCOM at least

five Business Days prior to the first notice day in the case of long positions and, in the case of short positions, at least five Business Days prior to the last trading day. Alternatively, sufficient good funds to take delivery or the necessary delivery documents must be delivered to BOCOM within the same period described above. If the Client fails to provide BOCOM with such instruction, moneys, funds, or documents within the period as aforesaid, BOCOM may, without notice, either liquidate the Client's position, or pay or receive moneys or funds on behalf of the Client upon such terms and by such methods which BOCOM shall deem to be feasible. If the Client fails to provide BOCOM with such instruction and such failure renders or makes BOCOM becoming obliged to take or make delivery of Commodities under the relevant Exchange Contract or F/O Contract, BOCOM will make all necessary arrangements and actions to terminate, cancel, discharge, release such obligation of BOCOM to the effect that no taking or making of delivery of Commodities will be made or required at the risks, costs, and expenses of the Client. The Client shall keep BOCOM indemnified in respect of all costs, losses, claims, penalties, fines, taxes, damages and expenses incurred by BOCOM as a result of action taken by BOCOM pursuant to this Clause.

- 3.4 The Client agrees that the Client shall be liable for all losses whether or not the account is liquidated and for any debts and deficiencies in the Client's accounts including all debts and deficiencies resulting from a liquidation of the Client's account.
- 3.5 All instructions shall be given by the Client or the Authorized Person(s) orally either in person or by telephone, or in writing, delivery by post, by hand or by facsimile transmission.
- 3.6 BOCOM may record all telephone conversations with the Client or any Authorized Person(s) in order to verify the instructions of the Client or the Authorized Person(s). The Client acknowledges that such records are the sole property of BOCOM and agrees to accept the contents of any such recording as final and conclusive evidence of the instructions of the Client in case of dispute.
- 3.7 Notwithstanding anything herein contained, BOCOM shall be entitled, at its absolute discretion, to refuse to act on any of the instructions of the Client or the Authorized Person(s) and shall not be obliged to give any reason for such refusal. The Client acknowledges that BOCOM shall not in any circumstances be liable for any loss of profits, damages, costs or expenses suffered or incurred by the Client arising out of such refusal.
- 3.8 Where a discrepancy occurs between instructions given by the Client or the Authorized Person(s) by telephone or facsimile on the one part and the subsequent written instructions on the other part, the records of the telephone instructions or facsimile instructions of BOCOM shall prevail.
- 3.9 BOCOM 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 BOCOM on such terms and conditions as BOCOM may in its absolute discretion determine. BOCOM shall not be liable to the Client for the acts and omissions of any such agent.
- 3.10 Where BOCOM is unable after using reasonable endeavours to execute any instruction in full, it is entitled to effect partial performance only without prior reference to the Client's confirmation. The Client shall accept and be bound by the outcome of any performance, partial performance or non-performance when the Client's request to execute an order is made.
- 3.11 Any day order for the purchase or sale of Commodities placed by the BOCOM at the request of the Client that has not been executed in full 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 BOCOM may agree shall be deemed to have been cancelled automatically (to the extent not executed if executed in part).
- 3.12 The Client acknowledges that due to the trading practices of any Exchange, Clearing House or Market in which Transactions are executed, BOCOM may not always be able to execute orders at the prices quoted "at best" or "at market" and the Client agrees in any event to be bound by Transactions executed by BOCOM following instructions given by the Client.
- 3.13 BOCOM shall provide to the Client information regarding (i) the contract specification; (ii) applicable trading rules and regulations; (iii) the explanation of margin procedures; and (iv) the circumstances under which the Client's positions may be closed without the Client's consent.

- 3.14 Notwithstanding that BOCOM has accepted or agreed to carry out, execute or effect any instruction and/or any Transaction, if the BOCOM Trading Agent, in its absolute discretion, (a) decline to accept, carry out, execute or effect any such instruction and/or any Transaction; or (b) decline to act on or stop carrying out, execute or effect any accepted instruction and/or any Transaction, BOCOM may, in its absolute discretion, (a) stop or discontinue to accept, carry out, execute or effect any such accepted or agreed instruction and/or any Transaction; or (b) decline to act on or stop carrying out, execute or effect any such accepted instruction and/or any Transaction without giving any reason therefor. BOCOM shall not, in any circumstances, be liable (including liability for negligence) in any way to the Client for any loss, damages, expenses or loss of profit whatsoever suffered and/or incurred by the Client arising out (directly or indirectly) of or in connection with its not accepting, carrying out, executing, effecting or acting on such instruction and/or Transaction or omitting to give notice therefor.
- 3.15 BOCOM and/or BOCOM Trading Agent may not have access to every Market at which a particular product, Commodity, Exchange Contract or F/O Contract may trade. Exchanges or Market makers may fail or refuse to honour their quoted or posted prices. Exchanges may re-route Client's orders out of automated execution systems for manual handling (in which case execution or representation of Client's order may be substantially delayed). Exchange rules, policies, procedures or decisions or system delays or failures may prevent Client's order from being executed, may cause a delay in the execution or performance of Client's instruction or may cause Client's instruction not to be executed at the best price. In no event shall BOCOM be liable to the Client for any action, inaction, decision or ruling of any Exchange, Market, Clearing House or regulatory authority.

4. RECOMMENDATIONS

- 4.1 The Client acknowledges and agrees that the Client retains full responsibility for all trading decisions in the Futures Trading and BOCOM is responsible only for the execution, clearing, and carrying out of Transactions in the Futures Trading; that BOCOM 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 Futures Trading or any Transaction therein; and that any advice or information provided by BOCOM, its employees or agents, whether or not solicited, shall not constitute an offer to enter into a Transaction and BOCOM shall be under no liability whatsoever in respect of such advice or information.

5. SET-OFF AND LIEN

- 5.1 Without prejudice and in addition to any general lien, right of set-off or similar right to which BOCOM may be entitled by law, all of the Client's interest in any funds, Securities, Commodities, Exchange Contracts and F/O Contracts, or other property held by BOCOM for any purpose or carried by BOCOM in any account for the Client (either individually or jointly with others) or which may be in the possession of BOCOM at any time and for any purpose, including safe-keeping, shall be subject to a general lien in favour of BOCOM.
- 5.2 BOCOM shall, subject to applicable rules and regulations, including without limitation, the Client Money Rules, also have the right to sell such property (and BOCOM is authorized to do all such things necessary in connection with such sale) and utilize the proceeds to offset and discharge all of the obligations and liabilities of the Client to BOCOM, regardless of whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, joint or several, regardless of whether any other person is interested in or BOCOM has made advances in connection with such property, and irrespective of the number of accounts the Client may carry with BOCOM.
- 5.3 BOCOM shall be entitled at any time without notice to combine and/or consolidate all or any of the Client's accounts with BOCOM. Without limiting or modifying the general provisions of this Client's Agreement, BOCOM is, subject to applicable rules and regulations, including without limitation, the Client Money Rules, hereby specifically authorized to transfer any sum or sums among the different accounts that the Client has with BOCOM to the extent permitted under relevant law.

6. MARGIN REQUIREMENT

- 6.1 The Client agrees to maintain such collateral and/or margin as BOCOM may from time to time in the discretion of BOCOM require. The Client also agrees to pay immediately on demand any amount owing with respect to any of the Client's accounts. Against a position in any Commodities, Exchange Contracts and F/O Contracts, prior to the maturity thereof, the Client will give BOCOM instructions to

cover or furnish BOCOM with all necessary delivery documents, and in default thereof BOCOM may without demand or notice cover the liability in the manner deemed most appropriate by BOCOM, or if an order to buy in such contracts cannot be executed under prevailing conditions, BOCOM may take any other action BOCOM shall deem appropriate. The Client understands that the Client will be responsible for all the expenses of BOCOM in connection with the above and that BOCOM will not be liable for any loss that may thereby be incurred (save in case of any negligence or breach of duty on the part of BOCOM).

- 6.2 BOCOM shall have the right (i) if an Event of Default (as defined in Clause 9.1) occurs, or (ii) whenever in BOCOM's sole discretion BOCOM shall consider it necessary for the protection of BOCOM, because of margin requirements or otherwise, to:
- (a) satisfy any obligation the Client may have to BOCOM (either directly or by way of guarantee or suretyship) out of any property belonging to the Client in the custody or control of BOCOM;
 - (b) sell any or all Commodities, Exchange Contracts and F/O Contracts long in the Client's account(s);
 - (c) buy any or all Commodities, Exchange Contracts and F/O Contracts which may be short in such account(s);
 - (d) cancel any outstanding orders in order to close the account or accounts of the Client, and
 - (e) close any of the Client's positions without the Client's consent.
- 6.3 All such actions taken pursuant to Clause 6.2 may be taken by BOCOM without demand for margin or additional margin or variation adjustment, or notice to the Client of the sale or purchase or other notice or advertisement and whether or not the ownership interest shall be solely the Client's or jointly with others. Any sale of Commodities, Exchange Contracts and F/O Contracts long in an account or purchase of Commodities, Exchange Contracts and F/O Contracts short in an account may be made according to the judgment of BOCOM and at the discretion of BOCOM either by direct sale or purchase in the same contract month or on any Exchange or other Market where such business is then usually transacted. It is understood that, in all cases, a prior demand or call, or prior notice of the time or place of sale or purchase shall not be considered a waiver of the right of BOCOM to sell or to buy without demand or notice as herein provided that the Client shall at all times be liable for the payment of any debit balance owing in such account(s) with BOCOM upon demand, and that in all cases, the Client shall be liable for any deficiency remaining in such account(s) in the event the liquidation thereof in whole or in part by BOCOM or by the Client.
- 6.4 The margin level, as determined by BOCOM in the sole discretion of BOCOM, will be maintained by the Client in any and all accounts the Client may at any time carry with BOCOM. If BOCOM determines that additional margin and/or variation adjustment is required, the Client agrees to deposit with BOCOM such additional margin and/or variation adjustment upon demand, provided, however, notwithstanding any demand for additional margin and/or demand for variation adjustment, BOCOM may at any time proceed in accordance with sub-clauses 6.1 and 6.2 above. BOCOM may change margin and/or variation adjustment requirements in the sole discretion of BOCOM and at any time. No previous margin shall establish any precedent and these requirements once established may apply to existing positions as well as to the new positions in the contracts affected by such change.
- 6.5 Additional margins and/or variation adjustment may be required from the Client as the Client's trade margins may be impaired due to adverse price fluctuations before closing out of the contracts. The amount of additional margins and/or variation adjustment shall be an amount that would restore the trade margins to full amount of the original margins required by BOCOM. The Client agrees to deposit these additional margins and/or variation adjustment in cash or cashier order with BOCOM according to the requirements set out in the trading rules and regulations or determined by BOCOM in its absolute discretion from time to time.
- 6.6 Failure of the Client, for whatever reason, to deposit the full amount of trade/additional margins or variation adjustment before the prescribed time may result in the closing out of the Client's position(s) in whole or in part by BOCOM at any market price(s) at BOCOM's absolute discretion without prior notice to the Client. In such event, any loss, and/or deficiency resulting therefrom shall be fully borne

by the Client who shall settle such accounts upon demand together with interest and commission thereon.

- 6.7 BOCOM may be required to report to the Foreign Futures Exchange, HKFE and/or the SFC particulars of all open positions in respect of which two successive margin calls and demands for variation adjustments are not met within the period specified by BOCOM. BOCOM may also require more margin or variation adjustments than that specified by HKFE, any Foreign Futures Exchange, Market, Clearing House or the BOCOM Trading Agent, and may close out open positions in respect of which any margin calls and demands for variation adjustments are not met within the period specified by BOCOM or at the time of making such call(s) or demand(s).
- 6.8 The Client shall not be entitled to earn interest from BOCOM in respect of all or any money paid to BOCOM hereunder whether as margin deposits or otherwise.

7. COMMISSIONS, EXPENSES AND INTEREST

- 7.1 The Client shall on demand pay BOCOM commissions, brokerage and charges for the Futures Trading at such rate as may be notified by BOCOM from time to time, together with all bank charges, transfer fees, interests and other fees and expenses in respect of or connected with the Futures Trading hereunder.
- 7.2 BOCOM shall, at its absolute discretion, be entitled to solicit, accept and retain (and shall not be liable to account to the Client) 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. BOCOM 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.
- 7.3 The Client undertakes to pay interest to BOCOM in respect of any debit balance on any account(s) of the Client with the BOCOM or any amount otherwise owing to BOCOM at any time at such rate as may be notified to the Client by BOCOM 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 BOCOM. The Client shall promptly settle, upon demand, all liabilities outstanding to BOCOM, together with all costs of collection (including reasonable legal fees).

8. RISK DISCLOSURE

- 8.1 If BOCOM fails to meet its obligations to the Client pursuant to this Agreement, the Client shall have a right to claim under the Compensation Fund subject to the terms of the Compensation Fund from time to time.
- 8.2 Risk Disclosure Statements are set out in Client Agreement and Risk Disclosure Statements.
- 8.3 The HKFE Disclaimers are set out hereto and the Client hereby acknowledges that the Client has been duly explained of and has fully understood the content hereof.
- 8.4 Notwithstanding Clause 8.1, the Client fully understands that the right to claim under the Compensation Fund as mentioned in Clause 8.1 will not be applicable to any Transaction executed or to be executed in Foreign Jurisdiction and/or any instruction relating to thereto.

9. EVENT OF DEFAULT

- 9.1 Any one of the following events shall constitute an event of default ("Event of Default") :
- 9.1.1 the Client has not provided any initial margin or maintenance margin due or has failed to comply with a request made by BOCOM pursuant to Clause 6 hereof immediately, or (where specifically agreed by BOCOM in writing), within up to 24 hours of such request;
- 9.1.2 BOCOM has made at least two attempts to demand from the Client any margin or variation adjustment but for whatever reason has not been able to communicate directly with the Client;

- 9.1.3 the Client's failure to pay any deposits, margins, or any other sums payable to BOCOM or submit to BOCOM any documents hereunder, when called upon to do so or on the due date;
 - 9.1.4 the Client has not, on demand, or where specifically agreed, within 24 hours of BOCOM's requesting the same, liquidated any debit balance on any account(s) with BOCOM;
 - 9.1.5 a petition in bankruptcy, or a petition for the appointment of a receiver, is filed by or against the Client;
 - 9.1.6 the appointment of a receiver or liquidator by or for the Client;
 - 9.1.7 when an attachment is levied against any account(s) of the Client with BOCOM;
 - 9.1.8 the death or judicial declaration of incompetence of the Client (being an individual);
 - 9.1.9 BOCOM receives notice of any notice of any dispute as to the validity of any order or instruction from the Client and/or Exchange Contracts and/or F/O Contracts;
 - 9.1.10 the continued performance of any Exchange Contracts and/or F/O Contracts and/or this Agreement becomes illegal or is claimed by any government authority to be illegal;
 - 9.1.11 default by the Client in the due performance of any of the terms of this Agreement and the observance of any by-laws, rules and regulations of the appropriate Exchange and/or Clearing House;
 - 9.1.12 the filing of a petition in bankruptcy, winding up or the commencement of other analogous proceedings against the Client;
 - 9.1.13 the levy or enforcement of any attachment, execution or other process against the Client;
 - 9.1.14 any representation or warranty made by the Client to BOCOM in this Agreement or in any document being or becoming incorrect or misleading;
 - 9.1.15 any consent, authorization or board resolution required by the Client to enter into this Agreement being wholly or partly revoked, suspended, terminated or ceasing to remain in full force and effect;
 - 9.1.16 the occurrence of any event which, in the sole opinion of BOCOM, might jeopardize any of its rights under this Agreement
- 9.2 If any Event of Default occurs, all amounts owing by the Client to BOCOM shall become immediately payable on demand, and interest will accrue, at the rate specified in Clause 7.3. Without prejudice to any other right or remedy which BOCOM may have but subject to applicable laws or regulations, BOCOM may also take such action(s) as mentioned in Clauses 6.2 and 6.3.

10. COMMUNICATION AND CONFIRMATION

- 10.1 Reports, written confirmations, 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 Account Application Form at the address, or telephone, facsimile or email address given herein, or at such other address or telephone number as the Client hereafter shall notify BOCOM in writing, and all communications so transmitted, whether by mail, facsimile, telephone, email, messenger or otherwise, shall be deemed transmitted when telephoned or when deposited in the mail, or when received by a transmitting agent, whether actually received by the Client or not. Any notices given to BOCOM shall not be deemed transmitted until actually received by BOCOM.
- 10.2 Written confirmations of the execution of the Client's orders and statements of the Client's account shall be conclusive and deemed to be accepted if not objected to in writing by the Client directed to the address stated therein (or such other address communicated in writing by BOCOM) within 2 Business

Days after transmission thereof to the Client, by mail or otherwise.

- 10.3 In case the Client wishes to have Transactions executed in Markets other than those organized by the HKFE, such Transactions will be subject to the rules and regulations of those Markets and not those of the HKFE, with the result that the Client may have varying level and type of protection in relation to those Transactions as compared to the level and type of protection afforded by Rules of the HKFE.
- 10.4 BOCOM may use voice recording procedures in connection with any communications with the Client and BOCOM shall have the sole ownership of any of such voice recording which shall constitute conclusive evidence of the communications so recorded.

11. CLIENT MONEY AND SECURITIES STANDING AUTHORITY

- 11.1 The Client shall upon signing of this Agreement produce to BOCOM an "Authorization Letter from Futures Client" duly signed by the Client concerning Client Money and Securities Standing Authority in the Account Application Form.

12. FOREIGN CURRENCY TRANSACTIONS

- 12.1 In the event that the Client directs BOCOM to enter into any Transactions on an Exchange or Market on which such Transactions are effected in a foreign currency :
- 12.1.1 any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for the account and risk of the Client;
- 12.1.2 all initial and subsequent deposits for margin purposes shall be made in such currency in such amounts as BOCOM may, in the sole discretion of BOCOM require; and
- 12.1.3 when such Transactions are liquidated BOCOM shall debit or credit the account of the Client in the currency in which such account is denominated at a rate of exchange (where the relevant Transaction is denominated in currency other than that of the account) determined by BOCOM in the sole discretion of BOCOM on the basis of the then prevailing money market rates of exchange between such currencies.

13. DISCLOSURE

- 13.1 The Client acknowledges and agrees that Transactions related to exchange traded futures contracts shall be subject to the rules of the relevant markets and exchanges and that such rules contain provisions requiring BOCOM upon the request of the HKFE or the SFC to disclose the name, beneficial identity and such other information concerning the Client as the HKFE or the SFC may require and that the Client agrees to provide such information concerning the Client as BOCOM may require in order for BOCOM to comply with this requirement. In the event that BOCOM fails to comply with the disclosure requirement under the rules of the HKFE, the Chief Executive of the HKFE may require the closing out of any or all the open positions held by BOCOM on behalf of the Client or request the Clearing House to effect such closing out on behalf of BOCOM, or impose a margin surcharge on any or all the positions held by BOCOM on behalf of the Client.
- 13.2 The Client acknowledges and agrees that Transactions executed on a Foreign Futures Exchange shall be subject to the Foreign FE Rules and that such rules contain provisions requiring BOCOM upon the request of the such Foreign Futures Exchange to disclose the name, beneficial identity and such other information concerning the Client as such Foreign Futures Exchange may require and that the Client agrees to provide such information concerning the Client as BOCOM may require in order for BOCOM to comply with this requirement. In the event that BOCOM fails to comply with the disclosure requirement under the Foreign FE Rules, the relevant authority may require the closing out of any or all the open positions held by BOCOM on behalf of the Client or request the relevant Clearing House to effect such closing out on behalf of BOCOM, or impose a margin surcharge on any or all the positions held by BOCOM on behalf of the Client.

14. GENERAL

- 14.1 No provision of this Agreement shall in any respect be waived, altered, modified or amended unless such waiver, alteration, modification or amendment be committed to writing and signed by an

authorized officer of BOCOM. To the extent permitted by law, this Agreement may be amended by BOCOM from time to time by giving written notice of such amendments to the Client. Such amendment shall take effect from the date specified in the notice. If the Client does not accept the same, the Client may terminate this Agreement in accordance with Clause 14.2 below.

- 14.2 Without prejudice to Clause 5, this Agreement shall continue in effect until terminated by either party giving not less than seven Business Days prior written notice to the other.
- 14.3 Service of notice of termination by the Client pursuant to Clause 14.2 above shall not affect any Transaction entered into by BOCOM pursuant to this Agreement before the notice has actually been received by BOCOM.
- 14.4 Termination of this Agreement shall not affect any rights or obligations of either party which may already have arisen or any contractual provisions intended to survive termination.
- 14.5 Notwithstanding Clause 14.2 above, the Client shall have no right to terminate this Agreement if the Client has open positions or outstanding liabilities or obligations.
- 14.6 Clauses 5, 10, 15, 16.2, 18 and 23.2 shall survive the termination of this Agreement.

15. GOVERNING LAW

- 15.1 This Agreement and its enforcement shall be governed by the laws of Hong Kong and its provisions shall be continuous and shall cover individually and collectively all accounts which the Client may open or maintain with BOCOM, and shall inure to the benefit of, and bind BOCOM, BOCOM's successors and assigns, whether by merger, consolidation or otherwise, as well as the heirs, executors, administrators, legatees, successors, personal representatives and assigns of the Client.

16. INDEMNITY

- 16.1 BOCOM will not be responsible for delays in the transmission of orders due to a breakdown or failure of transmission of communication facilities, or to any other cause or causes beyond the reasonable control or anticipation of BOCOM.
- 16.2 The Client agrees to fully indemnify BOCOM on demand against all losses, damage, interest, charges, expenses and costs reasonably suffered or incurred by BOCOM arising out of or in connection with this Agreement.
- 16.3
 - 16.3.1 Every Exchange Contract (as defined in the Rules of the HKFE) shall be subject to the charge of an Investor Compensation Fund Levy and a levy pursuant to the SFO, the cost of both of which shall be borne by the Client.
 - 16.3.2 In the case of a default committed by BOCOM and the Client having suffered pecuniary loss thereby, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO, and will be subject to the monetary limits specified in the SFO and accordingly there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.
- 16.4
 - 16.4.1 The Client acknowledges that BOCOM is bound by the Rules of the HKFE which permit the HKFE to take steps to limit the positions or require the closing out of contracts on behalf of such clients who in the opinion of the HKFE are accumulating positions which are or may be detrimental to any particular Market or Markets or which are or may be capable of adversely affecting the fair and orderly operations of any Market or Markets as the case may be.
 - 16.4.2 The Client acknowledges that the Clearing House may do all things necessary to transfer any open positions held by BOCOM on the Client's behalf and any money and security standing to the credit of its account with BOCOM to another participant of the HKFE in the event BOCOM's rights as an exchange participant of the HKFE are suspended or revoked.
- 16.5 Without prejudice and in addition to any other provisions of this Agreement, all Transactions executed

on a Foreign Futures Exchange shall be subject to the following provisions: -

- 16.5.1 The Client agrees and acknowledges that such Transactions will be subject to the Foreign FE Rules and not those of the HKFE, with the result that the Client may have varying level and type of protection in relation to those Transactions as compared to the level and type of protection afforded by Rules of the HKFE.
- 16.5.2 Every Transaction executed on a Foreign Futures Exchange will be subject to a transaction charge, the cost of which shall be borne by the Client.
- 16.5.3 Every Transaction executed on a Foreign Futures Exchange will be subject to other levies the Foreign Futures Exchange may impose from time to time.
- 16.5.4 BOCOM is authorized to collect the appropriate transaction charge or other levies in Clauses 16.5.2 and 16.5.3 in accordance with the Foreign FE Rules from time to time.
- 16.5.5 The Client acknowledges that BOCOM is bound by the relevant Foreign FE Rules which permit such Foreign Futures Exchange to take steps to limit the positions or require the closing out of contracts on behalf of such clients who in the opinion of such Foreign Futures Exchange are accumulating positions which are or may be detrimental to any particular Market or Markets or which are or may be capable of adversely affecting the fair and orderly operations of any Market or Markets as the case may be.
- 16.5.6 The Client acknowledges that the relevant Foreign Clearing House may do all things necessary to transfer any open positions held by BOCOM on the Client's behalf and any money and security standing to the credit of its account with BOCOM to another member or participant of such Foreign Futures Exchange in the event BOCOM's rights as an exchange member or participant of such Foreign Futures Exchange are suspended or revoked.
- 16.5.7 The Client acknowledges and accepts that if BOCOM exceeds any trading limits or position limits imposed pursuant to the Foreign FE Rules, the relevant authority shall be entitled to require BOCOM to close out or to effect the transfer in accordance with the Clearing Rules to another member of such number of open positions (which may include all or part of the open positions of the Client) as will in the opinion of such relevant authority result in BOCOM complying with the position limits.

17. CLIENT'S ACCOUNT

- 17.1 All monies, securities or other property received by BOCOM from the Client or from any other person (including a clearing house) for the account of the Client shall be held by BOCOM as trustee, segregated from BOCOM's own assets, and that all such monies, securities or other property so held by BOCOM shall not form part of the assets of BOCOM for insolvency or winding up purposes but shall be returned to the Client promptly upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of the BOCOM's business or assets.
- 17.2 Any monies, approved debt securities or approved securities received by BOCOM from the Client or from any other person (including the Clearing House) should be held in the manner specified under paragraphs 7 to 12 of Schedule 4 to the SFC's Code of Conduct for Persons Licensed by or Registered with the SFC ("the SFC's Code of Conduct"). BOCOM should establish and keep at least two segregated accounts and ensure that the Client's monies, approved debt securities or approved securities relating to the HKFE trades is paid into one segregated account whilst the Client's monies, approved debt securities or approved securities relating to non-HKFE trades is paid into another segregated account. BOCOM should procure that the Client's monies, approved debt securities and approved securities received, paid or deposited by BOCOM in respect of the HKFE and Non-HKFE trades are always kept separately and accounted for separately.
- 17.3 The Client authorizes BOCOM to apply any monies, approved debt securities and or approved securities held or received by BOCOM for the account of the Client in such manner as may be permitted under paragraphs 14 to 15 of Schedule 4 to the SFC's Code of Conduct. In particular, BOCOM may apply such monies, approved debt securities or approved securities in or towards meeting BOCOM's obligations to any party insofar as such obligations arise in connection with or

incidental to F.O. Business (as defined in the Rules of the HKFE) transacted on the Client's behalf.

- 17.4 The Client acknowledges that in respect of any account of BOCOM maintained with the Clearing House, whether or not such account is maintained wholly or partly in respect of F.O. Business on behalf of the Client and whether or not monies, approved debt securities or approved securities paid or deposited by the Client has been paid to or deposited with the Clearing House, as between BOCOM and the Clearing House, BOCOM deals as principal and accordingly no such account is impressed with any trust or other equitable interest in favour of the Client and monies, approved debt securities and approved securities paid to or deposited with the Clearing House are thereby freed from the trust referred to in Sub-clause 17.1 above.

18. ARBITRATION

- 18.1 BOCOM and the Client agree that any dispute or claim arising out of or in connection with this Agreement shall be determined by arbitration; save that, at BOCOM's sole option, BOCOM may use court proceedings in which event the Client and BOCOM submit to the non-exclusive jurisdiction of the Hong Kong courts.
- 18.2 BOCOM shall inform the Client in writing and in any event, within 14 days of receiving notification from the Client of a dispute or claim, of whether BOCOM elects to use court proceedings.
- 18.3 Any claim or dispute which, at BOCOM's sole option, is referred to arbitration shall be determined in Hong Kong at the Hong Kong International Arbitration Centre (the "HKIAC") according to (i) the HKIAC Domestic Arbitration Rules (where the Client is resident in Hong Kong) or (ii) the UNCITRAL Arbitration Rules (where the Client is resident outside Hong Kong). In either case, there shall be only one arbitrator who shall be appointed by the HKIAC. The language to be used in the arbitral proceedings shall be English. The Client hereby expressly agrees to accept the finding of any such arbitration as final and binding on the Client.

19. INTEREST OF BOCOM

- 19.1 BOCOM, its parent or sibling corporations, associated companies of BOCOM, and its directors, officers or employees may trade on its/their own account. BOCOM shall not be obliged to account for any profits or benefits obtained in respect of any events mentioned in this Clause 19.
- 19.2 The Client consents that, without prior notice from BOCOM, when BOCOM executes sell or buy orders on behalf of the Client, BOCOM, BOCOM's directors, officers, employees, agents and any floor broker may buy or sell for an account in which any such person has a direct or indirect interest, subject to the limitations and conditions, if any, contained in the constitution, rules, regulations, customs, usages, rulings, and interpretations to the extent in force in respect of the exchange or other market upon which such buy or sell orders are executed, and subject to the limitations and conditions, if any, contained in any applicable regulations lawfully promulgated by the exchange or other market or other statutory body.
- 19.3 The Client acknowledges that subject to the provisions of the SFO and any applicable law, BOCOM may take the opposite position to the Client's order in relation to any exchange traded futures contracts, whether on BOCOM's own account or for the account of BOCOM's associated company or parent or sibling corporations, or other clients of BOCOM, provided that such trade is executed competitively on or through the facilities of the HKFE in accordance with its rules or the facilities of any other commodity, futures or options exchange in accordance with the rules and regulations of such other exchange.

20. DECLARATION

The Client declares that:

- 20.1 The contents of this Agreement have been fully explained to the Client in a language the Client understands and that the Client agrees with them.
- 20.2 The Client is trading on his own account.
- 20.3 The Client shall complete the Account Application Form (as the case may be) and declare that all

information given therein is true and complete.

- 20.4 The Client and BOCOM covenant to notify each other forthwith of any material changes in the information supplied in the Account Application Form and this Agreement.
- 20.5 The Client acknowledges that no provisions of this Agreement shall operate to remove, exclude or restrict any rights of the Client or obligation of BOCOM under the laws of Hong Kong.
- 20.6 The Client acknowledges that the applicable Risk Disclosure Statements set out in Client Agreement and Risk Disclosure Statements have been fully explained to the Client in a language the Client understands and that the Client has been invited to read the Risk Disclosure Statements, ask questions and take independent advice if he wishes.
- 20.7 The Client is aware of its right to receive copy of the Account Application Form together with other documents signed by the Client and the Terms and Conditions for Trading Account (the "Documents"). The Client hereby expressly waives its right to receive copy of the Documents. If the Client would like to receive copy of the Documents, the Client shall send a written request to BOCOM. Upon actual receipt of such written request by BOCOM, BOCOM shall send copy of the Documents to Client by ordinary post within 14 business days.
- 20.8 Whilst the Client expects BOCOM to keep confidential all matters relating to his Account, the Client hereby expressly agrees that BOCOM may make such disclosure of all matters relating to his Account as may be required under any laws, orders, regulations or requests (whether enforceable in law or not) of any relevant market, banking or governmental authority without further consent from or notification to the Client. BOCOM has a right to report to the Securities and Futures Commission and other relevant regulatory bodies any material breach, infringement or non-compliance of market misconduct provisions set out in the Securities and Futures Ordinance that BOCOM reasonably suspects may have been committed by its client, giving particulars of the suspected breach, infringement or non-compliance and relevant information and documents.

21. NO WAIVER

- 21.1 Time shall be of the essence of this Agreement. No failure or delay in the exercise of any right, power, remedy or privilege in respect of this Agreement on the part of BOCOM shall operate or be presumed to operate as a waiver thereof, nor shall any single or partial exercise of any right, power, remedy or privilege preclude any subsequent exercise of any other right, power, remedy or privilege. The rights, powers, remedies and privileges in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

22. ATTORNEY

- 22.1 The Client hereby expressly appoints BOCOM and/or its authorized person(s) as his attorney and in his name and on his behalf to do and execute all acts, deeds, documents or things as BOCOM considers necessary or desirable in connection with the implementation, execution and enforcement of the terms conferred by or arising out of this Agreement. The Client hereby further undertakes to ratify and confirm all such acts, deeds, documents or things so done by BOCOM acting lawfully and in good faith.

23. WARRANTIES

- 23.1 The Client warrants that in the case of an individual, he is of full age and capacity and in the case of a firm or corporation, it is duly constituted and incorporated and has power to enter into this Agreement and all contracts made or to be made pursuant to this Agreement and such contracts are and will constitute legal binding and enforceable obligations of the Client.
- 23.2 In the event that the Client declares that he is not trading on his own account, this Clause shall apply. Without affecting any other provisions of this Agreement, in connection with any lawful request for information made to BOCOM by the Hong Kong Regulator and/or the Foreign Regulator (the "**Regulator**") in respect of any Transaction relating to the Client's account with BOCOM:-
- 23.2.1 The Client shall, upon request by BOCOM, provide the Regulator immediately with such information as may be required by them including but not limited to the identity, address,

occupation, contact details and other identification particulars of (i) the party on whose account the Transaction was effected (so far as known to the Client); (ii) the person who has the ultimate beneficial interest in the Transaction; and (iii) any third party who originated the Transaction;

- 23.2.2 If the Client effected the Transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, upon request by BOCOM, inform the Regulator immediately of the identity, address and contact details of the scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person who, on behalf of the scheme, account or trust, instructed the Client to effect the Transaction and the Client shall inform BOCOM immediately after his discretion to invest on behalf of any scheme, trust or account has been overridden. In such event, the Client shall also inform the Regulator immediately upon request of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the Transaction; and
- 23.2.3 If the Client is aware that his client is acting as intermediary for an underlying client, and the Client does not know the identity, address, occupation and contact details of the underlying client for whom the Transaction was effected, the Client confirms that:
- (i) the Client has arrangements in place with his client which entitle the Client to obtain the information set out in Sub-clause 23.2.1 and/or 23.2.2 above from his client immediately upon request or procure that it be so obtained; and
 - (ii) the Client shall, upon request from BOCOM in relation to a Transaction under his account, immediately request the information set out in Sub-clause 23.2.1 and/or 23.2.2 above from his client on whose instructions the Transaction was effected such that the information is provided to the Regulator immediately.

24. OMNIBUS ACCOUNT

- 24.1 Where the Client is not an Exchange Participant of the HKFE and the Client declares that his account shall be an Omnibus Account (as defined in the Rules of the HKFE), the Client shall notify BOCOM of the same and shall :
- 24.1.1 in the Client's dealings with the person from whom he receives instructions with respect to the Omnibus Account, comply with and enforce the margin and variation adjustment requirements and procedures as stipulated in the Rules of the HKFE and the Rules of the Clearing House as though the Client were an Exchange Participant and as though the person for whose account or benefit such instructions are given were the "Client" (as defined in the Rules of the HKFE);
 - 24.1.2 cause Exchange Contracts to be entered into in fulfilment of such instructions so that there shall in no circumstances be any dealing with the instructions in a manner which constitutes unlawful dealing in differences in market quotations of commodities under the laws of Hong Kong or any other applicable jurisdiction or in a manner which constitutes or involves betting, wagering, gaming or gambling with respect to such items in contravention of the laws of Hong Kong or any other applicable laws; and
 - 24.1.3 impose the requirements of these Sub-clauses 24.1.1 and 24.1.2 and of this Sub-clause 24.1.3 upon, and ensure that they are complied with by all the persons through whom instructions pass with respect to the Omnibus Account as if each in turn was the Client for whom the Omnibus Account was operated.

25. JOINT ACCOUNT

- 25.1 Where the Client consists of more than one person (i.e. joint account or partnership account) :
- 25.1.1 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;
 - 25.1.2 BOCOM shall be entitled to but shall not be obliged to act on instructions or requests from

any of them;

- 25.1.3 each of them shall be bound though any other person intended to be bound is not, for whatever reason, so bound; and
- 25.1.4 BOCOM shall be entitled to deal separately with each of them on any matter including the discharge of any liability to any extent without affecting the liability of any others.

25.2 Where the Client consists of more than one person (i.e. joint account or partnership account), 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 of the deceased with BOCOM will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased shall be enforceable by BOCOM against such deceased's estate. The surviving Client(s) shall give BOCOM written notice immediately upon any of them becoming aware of any such death.

26. ASSIGNMENT

26.1 The provisions of this Agreement shall be binding on the successors, assignees and personal representatives (where applicable) of each party hereto provided that the Client may assign, transfer, charge or otherwise dispose of rights or obligations hereunder without the prior written consent of BOCOM, whilst BOCOM 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.

27. TRANSLATION

27.1 This Agreement may be translated into any other language but in the event of any conflict arising the English version shall prevail

HK FUTURES EXCHANGE DISCLAIMER

Stock Indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited (the “Exchange”) may be based may from time to time be developed by the Exchange. HKFE Taiwan Index is the first of such stock indices developed by the Exchange. HKFE Taiwan Index and such other indices or proprietary products as may from time to time be developed by the Exchange (“the Exchange Indices”) are the property of the Exchange. The process of compilation and computation of each of the Exchange Indices is and will be the exclusive property of and proprietary to the Exchange. The process and basis of compilation and computation of the Exchange Indices may at any time be changed or altered by the Exchange without notice and the Exchange may at any time require that trading in and settlement of such futures or options contracts based on any of the Exchange Indices as the Exchange may designate be conducted by reference to an alternative index to be calculated. The Exchange does not warrant or represent or guarantee to any member of the Exchange or any third party the accuracy or completeness of any of the Exchange Indices or their compilation and computation or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to any of the Exchange Indices is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange in respect of the use of any of the Exchange Indices or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspensions, changes or failures (including but not limited to those resulting from negligence) of the Exchange or any other person or persons appointed by the Exchange to compile and compute any of the Exchange Indices in the compilation and computation of any of the Exchange Indices or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any member of the Exchange or any third party dealing with futures or options contracts based on any of the Exchange Indices. No claims, actions or legal proceedings may be brought by any member of the Exchange or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any member of the Exchange or any third party engages in transactions in futures and options contracts based on any of the Exchange Indices in full knowledge of this disclaimer and can place no reliance on the Exchange in respect of such transactions.

DISCLAIMER IN RELATION TO TRADING OF STOCK INDEX FUTURES CONTRACTS

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, “Futures Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and /or HSDS and /or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchanges, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

DISCLAIMER IN RELATION TO TRADING OF STOCK INDEX OPTION CONTRACT

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the “Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of option contracts based on any of the Hang Seng Indexes respectively (collectively, the “Option Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Option Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Option Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delay, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Option Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Option Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

STOCK OPTIONS TRADING SUPPLEMENTAL CLIENT AGREEMENT

INDEX

1.	DEFINITIONS AND CONSTRUCTION	57
2.	LAW AND RULES	59
3.	INSTRUCTIONS AND DEALING PRACTICE	59
4.	CONTRACTS	59
5.	MARGIN	60
6.	COMMISSIONS AND EXPENSES	62
7.	FOREIGN CURRENCY TRANSACTIONS	62
8.	DEFAULT	63
9.	CLOSURE OF POSITIONS	64
10.	CONFLICT OF INTEREST	64
11.	STOCK OPTIONS ACCOUNT	64
12.	REPRESENTATIONS AND WARRANTIES	64
13.	INDEMNITY	65
14.	MISCELLANEOUS PROVISIONS	65

STOCK OPTIONS TRADING SUPPLEMENTAL CLIENT AGREEMENT

THIS STOCK OPTIONS TRADING SUPPLEMENTAL CLIENT AGREEMENT IS MADE BETWEEN: -

- (1) BOCOM INTERNATIONAL SECURITIES LIMITED, a corporation licensed with the Securities and Futures Commission to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 5 (Advising on Futures Contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (CE No. APJ121) and an exchange participant (No. [1842]) of The Stock Exchange of Hong Kong Limited, whose registered office is located at 9th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong ("**BOCOM**"); and
- (2) the client whose details and signature appear in the Account Application Form (the "**Client**").

WHEREAS

1. The Client has opened the Account or the Margin Account (as the case may be) with BOCOM for the purpose of conducting Transactions upon the terms and conditions of the Securities Client Agreement;
2. The Client is desirous of opening a Stock Options Account with BOCOM to effect, conduct, carry on and/or enter into Stock Options Trading with and through BOCOM;
3. BOCOM agrees that it will open and maintain the Stock Options Account and provide the Exchange Traded Options Business to the Client subject to the terms and conditions of the Agreement;
4. The Client agrees to operate the Stock Options Account only in accordance with the terms and conditions of the Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND CONSTRUCTION

- 1.1 The terms and conditions in this Supplemental Client Agreement are additional and supplemental to the terms and conditions in the Securities Client Agreement. Unless redefined herein or the context requires otherwise, all expressions defined in (a) the SEHK Rules (including the Options Trading Rules and the Operational Trading Procedures); and (b) the Securities Client Agreement shall, where applicable, have the same meanings when used herein.

- 1.2 In this Supplemental Client Agreement, unless the context requires otherwise, the following expressions shall have the following meanings: -

"**Agreement**" means the agreement made between the Client and BOCOM and constituted by this Supplemental Client Agreement, the Securities Client Agreement, Attachment(s), Account Application Form, Specimen Signature Card(s) and all other documents completed or executed and to be completed and executed by the Client in relation thereto, as the same may be amended or supplemented from time to time;

"**CCASS**" means the Central Clearing and Settlement System operated by HKSCC;

"**Clearing Rules**" means the general rules, operational procedures and other applicable rules, procedures and regulations of CCASS from time to time in force;

"**DCASS**" means the Derivatives Clearing and Settlement System operated by HKCC and the SEOCH from time to time;

"**Deficit**" means the negative balance in any of the Client's accounts with BOCOM whatsoever and howsoever arising;

"**Futures Contracts**" means a contract made under the rules or conventions of a futures market as defined in the SFO and any other interests, rights or property as may be determined by BOCOM from time to time;

"**Exchange Contract**" has the meaning as defined in the HKFE Rules;

"**HKCC**" means HKFE Clearing Corporation Limited (being the body appointed by or established and operated by HKFE to provide clearing and settlement services to members of HKFE in respect of Exchange Contract) including, where the context so requires, its agents, nominees, representatives, officers and employees;

"**HKFE**" means Hong Kong Futures Exchange Ltd.;

"**HKFE Rules**" means the rules, regulations and procedures of or made by HKFE, and any amendments, supplements, variations or modifications thereto from time to time in force;

"**Stock Options Account**" means the account established and maintained by the Client with BOCOM for conducting Transactions in accordance with the Agreement, and/or all other account(s) of whatsoever nature now or in future opened and maintained in the name of the Client with BOCOM in accordance with the Agreement or other agreement or document;

"**Liabilities**" means all monies, liabilities and obligations, whether actual or contingent, present or future, due, owing or incurred from or by the Client to BOCOM, its nominee, subsidiary or other associated company in connection with the Stock Options Account, the Settlement Account and/or the Agreement or for which the Client may otherwise be or become liable to BOCOM on any account or in any manner or currency whatsoever (whether alone or jointly with any other person and in whatever name, style or firm), together with interest from the date of demand to the date of payment, legal costs and all other costs, charges and expenses incurred by BOCOM, its nominee, subsidiary or other associated company in connection with the recovery or attempted recovery of such monies, liabilities and obligations;

"**Market**" means any stock or other exchange, responsible association of dealers or corporation, whether within or outside Hong Kong, so as to provide a market for dealing in Securities;

"**Operational Trading Procedures**" means the Operational Trading Procedures for Options Trading Exchange Participants of SEHK as from time to time in force;

"**Options Trading Rules**" means the Options Trading Rules of SEHK as from time to time in force;

"**Securities**" means any shares, stocks, debentures, loan stocks, bonds, notes, unit trusts, mutual funds, funds, limited partnership interest, certificates of deposit, Contract, or other commercial paper or securities of or issued by any body, whether incorporated or unincorporated, or any government authority for the time being traded in a Market and acceptable to BOCOM and may include, in the absolute discretion of BOCOM, (a) rights, options or interests (whether described as units or otherwise) in or in respect of any of the foregoing; (b) certificates of interest or participation in, or temporary or interim certificates for, receipts for or warrants to subscribe to or purchase, any of the foregoing; or (c) securities as defined in the SFO;

"**Securities Client Agreement**" means the Securities Cash Client Agreement or the Securities Margin Client Agreement, as the case may be;

"**Securities Cash Client Agreement**" means the agreement made between the Client and BOCOM and constituted by the Specimen Signature Card, the Securities Cash Client Agreement and the Account Application Form whereby the Client has agreed to open and maintain, in the name of the Client, the Account with BOCOM for securities cash trading in accordance with and subject to the terms and conditions thereof;

"**Securities Margin Client Agreement**" means the agreement made between the Client and BOCOM and constituted by the Specimen Signature Card, the Securities Margin Client Agreement and the Account Application Form whereby the Client has agreed to open and maintain, in the name of the Client, the Margin Account with BOCOM for securities margin trading in accordance with and subject to the terms and conditions thereof;

"**SEHK Rules**" means the rules, regulations and procedures of or made by SEHK, and any amendments, supplements, variations or modifications thereto from time to time in force;

"**SEOCH**" means The SEHK Options Clearing House Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

"Settlement Account" means the bank account opened and maintained with BOCOM which is nominated by the Client for the purpose of handling, settling and clearing money transactions relating to Stock Options Trading and other relating transactions; and

"Stock Options Trading" means the purchase, trading, dealing, closing, exercise, settlement and discharge of long stock options transactions, and the writing of stock options through the Stock Options Account or otherwise creating any short open position; and

"Supplemental Client Agreement" means this Supplemental Client Agreement as from time to time amended or supplemented.

1.3 In this Supplemental Client Agreement, the expressions "BOCOM" and the "Client" shall, where the context permits, include their respective successors, personal representatives and permitted assigns.

1.4 Where it is necessary for the true construction or interpretation of any provision of this Supplemental Client Agreement and the Securities Client Agreement : -

- (a) all references to "Transaction" in the Securities Client Agreement and this Supplemental Client Agreement shall be construed as to include "Stock Options Trading";
- (b) all references to "Securities" in the Securities Client Agreement shall be construed as references to "Contract"; and
- (c) all references to "Account" or "Margin Account" in the Securities Client Agreement shall be construed as to include "Stock Options Account".

2. LAW AND RULES

2.1 All Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (the "**Laws and Rules**") applying to BOCOM. This includes the SEHK Rules, the Options Trading Rules, the clearing rules of SECH and the rules of HKSCC. In particular, SECH has authority under the Laws and Rules to make adjustments to the terms of Contracts, and BOCOM shall notify the Client of any such adjustments which affect Client Contracts to which the Client is a party. The Client agrees that all actions taken by BOCOM, by SEHK, by SECH or by HKSCC in accordance with such Laws and Rules shall be binding on the Client.

2.2 The Client agrees that the terms of the Standard Contract for the relevant stock options series shall apply to each Client Contract between BOCOM and the Client, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Laws and Rules.

3. INSTRUCTIONS AND DEALING PRACTICE

3.1 BOCOM is hereby authorised to act upon the instructions of the Client to create, exercise, settle and/or discharge Options Contracts for the Stock Options Account(s) and otherwise deal with any margin, collateral, Securities, Premium, Options Contracts, receivables or monies held in or for the Stock Option Account(s) subject to the Client Money Rules and Client Securities Rules.

3.2 The Client acknowledges and consents that BOCOM shall, at its absolute discretion, be entitled to claim margin offset for the Client's positions through the Client Offset Claim Account in DCASS.

4. CONTRACTS

4.1 In respect of all Contracts effected on the Client's instructions, the Client shall pay BOCOM, within the time period notified by BOCOM, Premium, BOCOM' commission and any other charges, and applicable levies imposed by SEHK, as have been notified to the Client. If no time period is specified by BOCOM, 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 BOCOM requires the Client to do so). BOCOM may require the Client to make arrangements for payment of Premium, BOCOM' commission and any other charges, and/or applicable levies imposed by SEHK in advance of accepting instructions from the Client or may impose other requirements from time to time for the payment of the above items as BOCOM in its absolute discretion thinks fit. BOCOM may deduct such Premium, commissions, charges and levies from the Stock Options Account or any other account of the Client with BOCOM, its nominee, subsidiary or other associated company.

- 4.2 BOCOM may from time to time place limits on the open positions or delivery obligations that the Client may have without notice to the Client.
- 4.3 The Client acknowledges that:
- (a) BOCOM may close out Client Contracts to comply with position limits imposed by SEHK; and
 - (b) if BOCOM 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.
- 4.4 On exercise of a Client Contract by or against the Client, the Client shall perform the Client's delivery obligations under the relevant contract, in accordance with the Standard Contract and as notified by BOCOM. The Client may on or before 4:15 p.m. on the date of maturity of the Client Contract, notify BOCOM to exercise his rights under the Client Contract. Because the maturity date for different products is different, the Client should decide on his own when and whether he should exercise the Client Contract or not, BOCOM has no responsibility to inform the Client what to do on or before the maturity date, and the Client should bear his own loss and consequences.
- 4.5 The Client acknowledges that on the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SECH from time to time. The Client may instruct BOCOM to override such an "automatically generated exercise instruction" before the System Closure on the expiry day in accordance with the Operational Clearing Procedures of SECH.
- 4.6 The Client acknowledges that BOCOM may, at the Client's request, agree to the Client Contracts between BOCOM and the Client being replaced, in accordance with the Laws and Rules, by Client Contracts between the Client and another Options Exchange Participant.
- 4.7 The Client acknowledges that, although all Options Contracts are to be executed on SEHK, the Client and BOCOM shall contract as principals under Client Contracts.
- 4.8 In respect of the Client's short positions, in cases where the Client Contract is validly exercised (including cases pursuant to Clause 4.9), the Client shall fulfill 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 BOCOM may have against the Client, BOCOM 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 BOCOM. The Client agrees that the Client will be responsible for all the expenses of BOCOM in connection with the above and that BOCOM will not be liable for any loss that may thereby be incurred.
- 4.9 The Client understands and agrees that in accordance with the Options Trading Rules and Clearing Rules, SECH may randomly select any Options Trading Exchange Participant to exercise a Client Contract in a short open position in which case, that 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 the 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. BOCOM shall notify the Client of the details of such exercise as soon as possible.
- 4.10 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 BOCOM.
- 4.11 The Client hereby acknowledges that the Client shall be responsible to BOCOM for any losses, costs, fees and expenses (including legal costs) incurred by BOCOM (on an indemnity basis) in connection with the Client's failure to meet his obligations by the due date as described in this Clause.

5. MARGIN

- 5.1 The Client agrees to provide BOCOM with cash and/or Securities and/or other assets and/or such collateral, guarantees and other security in such form and amount and on such terms as BOCOM may in its absolute

discretion require from time to time (the "**Margin**") as security for the Client's obligations to BOCOM under the Agreement and maintain such Margin. The amounts required by way of Margin should not be less than, but may exceed the amounts as may be required by the Laws and Rules in respect of the Client's open positions and delivery obligations. BOCOM may change any Margin in its sole discretion and at any time without prior notice to the Client. If BOCOM determines that additional Margin is required, the Client agrees to deposit with BOCOM such additional Margin forthwith upon demand. No previous Margin shall establish any precedent.

- 5.2 If BOCOM accepts Securities by way of Margin, the Client shall on request provide BOCOM with such authority as BOCOM may require under the Laws and Rules to authorize BOCOM 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 BOCOM; and BOCOM does not have any further authority from the Client to borrow or lend the Client's Securities or otherwise part with possession (except to the Client or on the Client's instructions) of any of the Client's Securities for any other purpose.
- 5.3 Without prejudice to Clauses 5.5 to 5.12, calls or demands for Margin must be met or satisfied by the Client forthwith upon demand by BOCOM. The Client shall on demand put BOCOM in funds or moneys or arrange for BOCOM to be put in funds or moneys in time to enable BOCOM to discharge any liability incurred or to be incurred in connection with Transactions effected in relation to the Stock Options Account. The Client shall on demand reimburse BOCOM for all costs and expenses incurred by it in connection with the Transaction effected in relation to the Stock Options Account and/or pay or settle any outstanding amount under the Stock Options Account.
- 5.4 BOCOM is not liable to pay interest on the moneys or funds paid to or received by BOCOM in respect of the Stock Options Account whether on deposit or however described. BOCOM is entitled to retain for its own benefit any interest or other realized income or increase in value earned or received in respect of such moneys or funds. BOCOM is entitled to charge and the Client agrees to pay interest to BOCOM in respect of any Deficit or any moneys or funds otherwise owing to BOCOM at any time at such rates and on such other terms as BOCOM notifies the Client from time to time. Interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or forthwith upon demand by BOCOM.
- 5.5 The Client shall monitor the Stock Options Account so that at all times the Stock Options Account shall contain a sufficient account balance to meet the Margin. BOCOM may modify such Margin for the Client at any time in BOCOM's absolute and sole discretion. BOCOM may reject any instruction or order of the Client if the Client does not have a sufficient account balance to meet the Margin and may delay the processing of any instruction or order while determining the correct margin status of the Stock Options Account. The Client shall maintain, without notice or demand from BOCOM, a sufficient account balance at all times so as to continuously meet the Margin. The Client must at all times satisfy whatever Margin calculated by BOCOM.
- 5.6 BOCOM has no obligation to notify the Client of any failure to meet the Margin in the Stock Options Account prior to BOCOM exercising its rights, powers, discretion and remedies under the Agreement. The Client understands and accepts that BOCOM generally will not issue call or demand on the Margin, that BOCOM generally will not credit the Stock Options Account to meet any deficiency on the Margin, and that BOCOM is authorized to exercise any of its rights under (a) the Securities Client Agreement and/or (b) Clause 9 in order to satisfy the Margin without prior notice to the Client.
- 5.7 In the event that the balance of the Stock Options Account has zero equity or is in deficit at any time, or the Stock Options Account does not have a sufficient account balance to meet the Margin, BOCOM shall have the right, in its sole discretion, but not the obligation, to exercise any of its rights under (a) the Securities Client Agreement and/or (b) Clause 9 at any time and in such manner and in any Market as BOCOM deems necessary, without prior notice demand or call to the Client. The Client agrees to be responsible for, and promptly pay to BOCOM, any deficiency in the Stock Options Account that arises from such exercise of rights or remain after such exercise of rights. BOCOM shall not have any liability to the Client for any losses or damages sustained by the Client in connection with such exercise of rights (or if BOCOM experiences a delay in exercising, or does not exercise such rights).
- 5.8 The Client expressly waives and relinquishes any rights to receive prior notice or demand from BOCOM and agrees that any prior demand, notice, announcement or advertisement shall not be deemed a waiver of BOCOM's right to exercise any of its rights under (a) the Securities Client Agreement and/or (b) Clause 9. The Client understands that, in the event that BOCOM exercise such rights, the Client shall have no right or

opportunity to determine the manner of exercising such rights by BOCOM. BOCOM may, in its absolute and sole discretion, exercise such rights on any Exchange or Market, and BOCOM or its associated company may take the other side of any closing out, liquidating or settlement transaction. In the event that BOCOM exercise such rights, such exercise of rights shall establish the amount of the Client's gain or loss and indebtedness to BOCOM, if any. The Client shall reimburse and hold BOCOM harmless for all actions, omissions, costs, expenses, fees (including, but not limited to, legal costs), penalties, losses, claims or liabilities associated with any exercise of such rights by BOCOM. The Client shall be liable to and responsible for all resulting losses, notwithstanding BOCOM's delay in or failure to exercise such rights. If BOCOM executes an order for which the Client did not have sufficient funds, BOCOM has the right, without notice to the Client, to liquidate the Transaction and the Client shall be responsible for any loss as a result of such liquidation, including any costs, and shall not be entitled to any profit that results from such liquidation.

- 5.9 The Client irrevocably and unconditionally authorizes BOCOM to transfer, debit or deduct any money in the Stock Options Account and/or any of the Client's accounts with BOCOM, its nominee, subsidiary or other associated company so as to pay, discharge, satisfy the Client's indebtedness, obligations and Liabilities to BOCOM arising from, incurred under and relating to the Agreement, including but not limited to the outstanding purchase moneys, fees (including but not limited to market data fees), charges, expenses, commissions and interests payable by the Client under and pursuant to the Agreement. The Client acknowledges and agrees that such deductions may affect the amount of money in the Stock Options Account to be applied against the Margin. BOCOM may exercise any of its rights under (a) the Securities Client Agreement and/or (b) Clause 9 if deduction of commissions, fees or other charges causes the Stock Options Account to have an insufficient balance to satisfy the Margin.
- 5.10 If BOCOM issues a call or demand for Margin to the Client, the Client must satisfy such call or demand immediately. The Client agrees to satisfy any call or demand for Margin issued by BOCOM by immediately depositing cleared funds in the Stock Options Account to pay, in full, the under-margined open position.
- 5.11 BOCOM shall also have the right to exercise any of its rights under (a) the Securities Client Agreement and/or (b) Clause 9 without prior notice to the Client in the same manner as provided above: (a) if any dispute arises concerning any trading or Transaction of the Client; (b) upon the Client's failure to timely discharge its obligations to BOCOM; (c) upon the Client's insolvency or filing of a petition in bankruptcy or for protection from creditors; (d) upon the appointment of a receiver, or (e) whenever BOCOM, in its absolute and sole discretion, deems necessary or advisable for the protection of BOCOM, its nominee, subsidiary or other associated company.
- 5.12 Any failure by the Client to comply with this Clause 5 shall constitute an Event of Default under the Securities Client Agreement.

6. COMMISSIONS AND EXPENSES

- 6.1 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. BOCOM is authorised to collect any such levies in accordance with the rules prescribed by the relevant Exchange from time to time.
- 6.2 BOCOM 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 the 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. BOCOM 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 the Agreement, including any benefit relating to commissions or similar payments in connection therewith.

7. FOREIGN CURRENCY TRANSACTIONS

- 7.1 If the Client gives instructions to BOCOM to enter into any Contract requiring a conversion from one currency to another, then: -

- (a) the costs thereof and any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currency will be entirely for the account and risk of the Client;
 - (b) all initial and subsequent deposits for margin shall be made in such currency and in such amounts as BOCOM may require in its discretion; and
 - (c) when such Contract is closed out, BOCOM shall debit or credit the Stock Options Account in such currency (as BOCOM may determine in its discretion) at such exchange rate as determined by BOCOM in its discretion.
- 7.2 The Client authorizes BOCOM may at any time at such exchange rate and for such amount as BOCOM deems fit convert monies into and from any currency at such rate of exchange as BOCOM shall in its sole discretion determine as being the then prevailing market rate of exchange. Such conversion may be made for the purpose of any Transaction or for the calculation of any debit balance due from the Client or credit balance owed to the Client.
- 7.3 The Client authorizes BOCOM to debit the Stock Options Account for any expenses incurred in effecting any currency conversion.
- 7.4 All payments to be made by the Client to BOCOM 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 BOCOM.
- 7.5 BOCOM reserves the right at any time to refuse to accept any instructions from the Client in relation to any currency conversion.

8. DEFAULT

- 8.1 If the Client fails to comply with any of the Client's obligations and/or to meet the Client's Liabilities under the Agreement, including failure to provide Collateral, or on the occurrence of any of the Events of Default (in the sole and subjective judgment of BOCOM) referred to in the Securities Client Agreement, BOCOM, its nominee, subsidiary or other associated company, in addition to their rights and powers under the Securities Client Agreement, shall be entitled at their absolute discretions, without further notice or demand and in addition to and without prejudice to any other rights or powers conferred under the Agreement, to forthwith: -
- (a) decline to accept further instructions from the Client in respect of Exchange Traded Options Business;
 - (b) close out some or all of the Client's Client Contracts with BOCOM;
 - (c) enter into Contracts, or into transactions in Securities, Commodities (as defined in the HKFE Rules), Exchange Contracts in order to settle obligations arising or to hedge the risks to which BOCOM is exposed in relation to the Client's default;
 - (d) sell, realize or otherwise dispose of the Margin (whole or any part thereof) in such manner and for such consideration as BOCOM may in its absolute discretion think fit, and BOCOM do not has the responsibility to explain to the Client how it exercise its discretion, and apply the proceeds thereof to discharge all or part of the Client's Liabilities; or
 - (e) If the amount of the Margin is not sufficient, the Client must immediately increase the amount of the Margin at the request of BOCOM, otherwise, BOCOM has the right to claim all the loss and damages against the Client.
- 8.2 If there is any Deficit arising after the exercise by BOCOM of any or any combination of rights in this Clause 8, the Client hereby agrees to make good and pay on demand to BOCOM such Deficit and any cost or expense (including legal costs) incurred by BOCOM, on a full indemnity basis, related to such exercise. Any proceeds remaining after discharge of all the Client's Liabilities shall be paid to the Client.
- 8.3 BOCOM and its nominee shall not be in any way responsible for any loss occasioned by any action taken pursuant to Clause 8.1, howsoever such loss may have been caused or arisen, and whether or not a better price could or might have been obtained on such action, by either deferring or advancing the date of taking such action.
- 8.4 The Client shall pay interest on all overdue balances on the Stock Options Account or any amount otherwise owing to BOCOM at any time (including interest arising after a judgment debt is obtained against the Client) at such rates and on such other terms as BOCOM notifies the Client from time to time. Interest shall accrue on a day-to-day basis and shall be payable on the last day of each calendar month or forthwith upon demand

by BOCOM.

9. CLOSURE OF POSITIONS

- 9.1 Without prejudice to BOCOM' rights under Clause 8, BOCOM may, without the Client's consent, close all or any of the Client's positions if BOCOM is of the opinion that there has been a change or development involving a prospective change:
- (a) 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 BOCOM likely to result in a material or adverse fluctuation in the stock market or stock options market in Hong Kong and/or overseas; or
 - (b) which is or may be of a material adverse nature affecting the condition or operations of the Client.

10. CONFLICT OF INTEREST

- 10.1 BOCOM and its directors, officers or employees may trade on its/their own account or on the account of BOCOM, its nominee, subsidiary or other associated company, subject to any applicable regulatory requirements.
- 10.2 BOCOM may buy, sell, hold or deal in any Options Contracts or take the opposite position to the Client's order whether it is on BOCOM' own account or on behalf of its other clients.
- 10.3 BOCOM may match the Client's orders with those of other clients.
- 10.4 BOCOM may effect Transactions where BOCOM, its nominee, subsidiary or other associated company has a position in the underlying Securities or is involved with those Options Contracts or Securities as underwriter, sponsor or otherwise.
- 10.5 In any of the above-mentioned events BOCOM shall not be obliged to account for any profits or benefits obtained.
- 10.6 The Client agrees and authorises BOCOM to accept from any securities brokers and dealers engaged in the purchase or sale of, or other dealing with, Securities for the account of the Client any goods and services. For this purpose, such goods and services may include: research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications.
- 10.7 In the absence of fraud or wilful misconduct on the part of BOCOM, BOCOM shall not be liable to the Client for any claims against BOCOM or any of its nominees, subsidiaries or associated companies or to account to the Client for any rebate, allowance, commission, soft commission, discount, emoluments, profits, benefits, remuneration, interest or goods and services whatsoever accepted, gained or received by BOCOM or any of its nominees, subsidiaries or associated companies in relation to any Transaction or transaction referred to in this Clause.

11. STOCK OPTIONS ACCOUNT

- 11.1 The Client shall, when required by BOCOM, open one or more Stock Options Accounts with BOCOM for the purpose of, among others, conducting Transactions. The Client shall, when required by BOCOM, open one or more Settlement Accounts with BOCOM for the purpose of, among others, handling, settling and clearing money transactions relating to the Transactions and other relating transactions.
- 11.2 The Client agrees and accepts that the relevant Stock Options Account may be maintained in the form of a sub-account in the records of BOCOM under a general account within BOCOM in which the Securities arising therefrom may be co-mingled with those of other customers of BOCOM (but not with cash or Securities held for BOCOM 's own account), in which case the Client shall be entitled in common with the other customers to its proportionate share of the Securities.

12. REPRESENTATIONS AND WARRANTIES

- 12.1 The Client represents, warrants and declares to BOCOM that: -
- (a) the Client is not a U.S. person (as defined in Regulation S of the Securities Act of 1933 under the

- laws of the United States of America), and shall not acquire or hold Securities beneficially owned by or for a U.S. person or in violation of any applicable law;
- (b) the Client has read all the terms of the Agreement and understands them fully, it has adequate financial expertise and resources to comply with such terms, and there is commercial justification for the Client entering into Transaction with BOCOM.

- 13.2 The Client shall forthwith notify and make known to BOCOM in writing of any changes in the information, representations and warranties provided in the Account Application Form, and provided, given or made by the Client pursuant to the Agreement or any agreement entered into pursuant to the Agreement or relating to the Stock Options Account. BOCOM shall reserve the right to decide whether to accept a Transaction under and pursuant to the Agreement after considering the change to such information, representations and warranties.

13. INDEMNITY

- 13.1 The Client agrees that BOCOM shall not be liable for any loss or liability which the Client may incur unless due to fraud, gross negligence or wilful default on the part of BOCOM or a broker or dealer which is an associate of BOCOM.
- 13.2 The Client shall further indemnify BOCOM against any claim which may be made against BOCOM by a purchaser or any other person by reason of any defect in the title of the Client to the Securities.

14. MISCELLANEOUS PROVISIONS

- 14.1 The Client confirms that the Stock Options Account is operated solely for the Client's account and benefit, and not for the benefit of any other person.
- 14.2 BOCOM shall provide the Client, upon written request, with the product specifications for Options Contracts.
- 14.3 Unless otherwise specified in this Supplemental Client Agreement, any notice to be made or given by either party to the other under the Agreement shall be in writing and addressed to the last known address, telex number, facsimile number of the other party (as the case may be) and shall be deemed effective on (i) the date two days (if local) or seven days (if international) after posting if delivered by mail (if the notice was properly addressed and posted), or (ii) the date of transmission if transmitted by facsimile when a transmission report was produced by the machine from which the facsimile was sent, which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient, or (iii) the date of dispatch if sent by personal delivery.
- 14.4 The Chinese version of this Supplemental Client Agreement is for reference only and if there is any conflict between the English and Chinese versions, the English version shall prevail.

INTERNET SECURITIES TRADING SERVICE AGREEMENT

The client whose details and signature appear in the Account Application Form (the “**Client**”) agree to use the Service as a medium to communicate with BOCOM International Securities Limited (“**BOCOM**”) and to transmit or receive information, data and documents between BOCOM and the Client subject to the terms and conditions of this Agreement.

1. DEFINITIONS

1.1 The terms and conditions in this Agreement are additional and supplemental to the terms and conditions in the Securities Cash Client Agreement. Unless redefined herein or the context requires otherwise, all expressions defined in the Securities Cash Client Agreement shall, where applicable, have the same meanings when used herein.

1.2 In this Agreement, the following expressions, unless the context requires otherwise, shall have the following meanings: -

“**Account**” means the Client’s securities trading account opened with BOCOM in relation to which BOCOM has agreed to provide the Service;

“**Agreement**” means this Internet Securities Trading Service Agreement and all other documents completed or executed and to be completed and executed by the Client in relation thereto, as the same may be amended or supplemented from time to time;

“**Authorized Person**” means the persons or any of them appointed by the Client as agent of the Client to (including but not limited to) issue instructions on behalf of the Client in relation to the Account and/or Transactions and initially the persons specified as such in Appendix 3 of the Securities Cash Client Agreement and such other person as appointed by the Client in substitution therefor or in addition thereto from time to time (the Client shall in writing notify BOCOM of such appointment, which shall only be effective after the actual receipt of such notification and approved by BOCOM);

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

“**Securities Cash Client Agreement**” means the agreement made between the Client and BOCOM and constituted by the Specimen Signature Card, the Securities Cash Client Agreement and the Appendices whereby the Client has agreed to open and maintain, in the name of the Client, the Account with BOCOM for securities cash trading in accordance with and subject to the terms and conditions thereof;

“**Information**” means all kinds of information including but not limited to messages, news, quotes, report, computer programs, software, images, illustrations, presentation, opinion, configuration, text and other materials;

“**Instruction**” means any instruction given by the Client to BOCOM through the Service (a) for Transactions; and (b) to check the portfolio and fund position in the Account;

“**Service**” means the “**Internet Securities Trading Service**” provided by BOCOM;

“**Parties**” means the Client and BOCOM;

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

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

“**Website**” means any and all websites operated by BOCOM.

1.3 In this Agreement: -

(a) “include(s)” and “including” mean respectively “include(s) but not limited to” and “including

- but not limited to";
- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
 - (c) reference to a Clause is to a clause of this Agreement;
 - (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
 - (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporated or other entity; words importing gender include every gender and the neuter gender;
 - (f) the headings to the Clauses are for convenience only and do not affect their interpretation or construction; and
 - (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of this Agreement, such provision shall survive the termination of this Agreement.

2. CLIENT'S SYSTEM

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

3. SCOPE OF THE SERVICE

- 3.1 The Client consents to use the Service as a medium of communication with BOCOM and to transmit or receive information, data and documents between BOCOM and the Client. All Instructions/orders communicated to BOCOM through the Service shall be deemed to be in writing, signed and sent by the Client. The Instructions shall be carried out by BOCOM on the terms and conditions of the Securities Cash Client Agreement.
- 3.2 The Client acknowledges and accepts that it may not be possible to cancel, vary or amend an Instruction. Any attempt to cancel, vary or amend an Instruction is simply a request to cancel or modify. BOCOM shall not be obliged to act on any Instruction for cancellation, variation or amendment of any Instruction already given to BOCOM. BOCOM is not responsible for or liable to the Client for any loss or expense suffered or incurred by the Client if the original Instruction has already been acted on, executed and/or completed, or in the opinion of BOCOM, BOCOM has insufficient time or is unable to act on such Instructions to cancel, vary or amend the original Instruction. The Client further acknowledges and accepts that attempts to cancel, vary or amend an Instruction can result in an over-execution of the Instruction, or the execution of duplicate or repeated Instructions, and the Client shall be responsible for all such executions.
- 3.3 The Service is offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when they may be lawfully offered and processed under the applicable law and regulations.

- 3.4 BOCOM has the sole discretion to determine and vary the scope and manner of availability of the Service to be provided from time to time, and to prescribe and change the normal service hours for the Service and any daily cut-off time for any type of Transaction. Since the Service may be accessed worldwide, the daily cut-off time in Hong Kong shall prevail.
- 3.5 Any Instruction received by BOCOM after the prescribed daily cut-off time shall not be executed [until the next processing day for Instruction of that kind].
- 3.6 BOCOM shall not be deemed to have received or have executed the Instructions unless so stated in BOCOM's regular statements of account and/or confirmation of execution given by BOCOM online and/or other means of advice. The Client agrees and acknowledges that it is the Client's sole responsibility to keep records of such statement, confirmation and/or advice given by BOCOM, and save for manifest error or unless proved to the contrary by the Client to BOCOM's satisfaction, BOCOM's record shall be deemed as conclusive and binding.
- 3.7 Without prejudice to any provision of this Agreement or other terms and conditions in the Securities Cash Client Agreement, the Client agrees that the Client is under a duty to promptly check and verify the contents of each of BOCOM's regular statements of account and/or confirmation of execution given by BOCOM online and/or other means of advice, and report to BOCOM any discrepancies in writing within 7 days from the date such statements, confirmation and/or advice was sent. If the Client fails to do so, the Client shall not be entitled to dispute any discrepancies in such statements, confirmation and/or advice and accepts such statements, confirmation and/or advice as final and conclusive and the same shall be binding on the Client for all purposes.
- 3.8 Without prejudice to any provision of this Agreement or other terms and conditions in the Securities Cash Client Agreement, such confirmation of execution given by BOCOM online and/or other means of advice shall be deemed to have been received by the Client after transmission by BOCOM. For the avoidance of doubt, the Client agrees that it is the Client's duty to notify BOCOM immediately if the Client does not receive BOCOM's regular statements of account or such online confirmation and/or other means of advice given by BOCOM in respect of any Transactions within the time usually required for receipt of similar statements, confirmation and/or advice.
- 3.9 Without prejudice to any provision of the terms and conditions in the Securities Cash Client Agreement which relate to communication or notice by or from BOCOM and the right of BOCOM to use any way or method of communication, for the purposes of the Service, each notice and communication from BOCOM to the Client sent by post to the last known address of the Client on BOCOM's record shall be deemed to have been duly delivered to the Client 24 hours after the same has been posted (if posted in Hong Kong to an address in Hong Kong) and on the 5th day after the same has been posted (if posted to or from a place outside Hong Kong), and if sent by electronic mail ("**E-mail**") or facsimile to the E-mail address or facsimile number provided by the Client respectively, upon it being sent unless it is otherwise shown to the contrary in BOCOM's internal records. For the avoidance of doubt any notice given by BOCOM to the Client shall be deemed to have been duly delivered by the posting of such notice on the Website.
- 3.10 Notwithstanding any provision in this Agreement, BOCOM shall have the right exercisable at its sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client, to limit, vary, suspend or terminate the Client's access to the Service or any function thereunder or to any information or data from any information or the Service provider or any part of it, or to set limit on any Instruction that can be given and any Transaction that can be entered pursuant thereto, for any reason whatsoever, including any unauthorized use of any of the Service, information, data, or any user identification or account number.
- 3.11 The Client understands and acknowledges that the Service is provided as an additional service in relation to Transactions effected, conducted, carried on and entered into by the Client with and through BOCOM, and shall not be considered as a substitute for other method(s) of giving instructions for such Transactions. In the event that the Service is not available for any reason whatsoever (whether or not within the control of BOCOM), the Client shall have no claim whatsoever against BOCOM for inability to use the Service and shall use other available means to give instructions for such Transactions.
- 3.12 Without prejudice to the generality of the foregoing, BOCOM shall be entitled to terminate the Service provided to the Client if: -

- (a) the Client commits any material breach of this Agreement and/or any other terms and conditions in the Securities Cash Client Agreement;
- (b) the provision and/or maintenance of the Service to the Client shall be illegal or otherwise prohibited by law; or
- (c) BOCOM's records show that the Account of the Client has become dormant for such period prescribed by BOCOM.

3.13 The Client may request BOCOM in writing or via the Service to change the Password from time to time. The issuance or assignment of a new Password shall not be regarded as the commencement or creation of a new agreement between the Client and BOCOM in respect of the Service.

4. LIMITATION ON THE SERVICE

4.1 The Website and/or the Service are intended to be offered in jurisdictions where and when they may be lawfully offered.

4.2 The Client may reside in any of those jurisdictions in which use of the Website and/or the Service is unlawful, prohibited or in any way restricted. The Client acknowledges and agrees to check and observe all relevant restrictions which may apply to it.

5. WEBSITE

5.1 The Client acknowledges that BOCOM may operate the Website to facilitate the provision of the Service to the Client. The Website is made available to the Client in BOCOM's discretion and the use of the Website by the Client is subject to such terms and conditions as imposed and from time to time amended by BOCOM. BOCOM will notify the Client such terms and conditions and the amendments thereto, which shall be deemed duly notified to the Client by posting the same on the Website or mailing or sending the same to the Client, as determined at BOCOM's sole discretion.

5.2 The Client acknowledges that all information and data posted on the Website or otherwise made available on or through the Service and/or the Website are provided on an "AS IS" and "AS AVAILABLE" basis. BOCOM expressly disclaims all warranties of any kind, whether express or by implication, including but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement of any third party right. Such information and data (whether supplied by BOCOM or any third party) are for reference only and shall not in any circumstances be binding or intended for Transaction, or regarded or used by the Client as professional or investment advice or a basis for making Transaction decision, or any other purposes. The Client shall seek independent professional advice where necessary.

5.3 The Client acknowledges and agrees that any material, data and/or software downloaded or otherwise obtained through the use of the Website or from the Website is done at the Client's own discretion and risk. The Client undertakes to take all necessary precautions, including but not limited to data backup and software testing, before using such software. BOCOM shall not be liable in any way to any damage to the Client's System or loss of data that may result from the download and/or use of such material, data or software (in particular, in respect of loss and damage due to computer virus or software malfunction).

5.4 Any hyperlink from the Website to other websites are for information purpose and convenience only. BOCOM accepts no liability for any loss or damage arising directly or indirectly (including incidental, consequential and special loss) from the accuracy, sequence, truth, reliability, adequacy, timeliness, completeness or otherwise of the information or loss arising directly or indirectly from defects within such websites. The inclusion of hyperlinks does not imply any endorsement by BOCOM of any materials on such websites.

5.5 The Client acknowledges and agrees that, in addition to this Agreement, BOCOM has absolute discretion to impose from time to time other terms and conditions in respect of the use of the Service which terms will not be contained herein but may at BOCOM's discretion be posted on the Website or mailed or sent to the Client, as the case may be, and which shall be binding on the Client. BOCOM has absolute discretion at any time to amend or vary such terms and conditions and/or this Agreement which amendment or variation shall be deemed duly notified to the Client by posting the same on the Website or mailing or sending the same to the Client, as determined at BOCOM's discretion. If the Client does not accept any amendment to such terms and conditions and/or this Agreement proposed by BOCOM, the

Client shall (a) cease using the Service; and (b) terminate the Service in accordance with Clause 19. The Client shall be deemed to have accepted the terms and conditions as amended or varied once the Client uses or continues to use the Service after the relevant terms and conditions become effective.

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

6. USER IDENTIFICATION

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

7. CLIENT’S RESPONSIBILITIES

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

- (f) the Client undertakes to notify BOCOM immediately if the Client becomes aware of any of the actions described in Clause 7.1(e) is being perpetrated by any other person.

7.2 The Client agrees to be bound by the “Internet Privacy Policy Statement” (as may be amended by BOCOM from time to time) and to the use of his personal data in the manner specified in the said Statement.

8. THIRD PARTY INFORMATION

8.1 The Client acknowledges that any information and data provided through the Service relating to Securities and/or Commodity and/or Exchange Contract and/or F/O Contract and/or Option Contract and/or markets has been obtained from Exchanges and markets and from other third party information or service providers appointed by BOCOM from time to time and that such information and data are or may be protected by copyright and other intellectual property laws, and are provided for the Client’s personal non-commercial use only, and the Client shall not: -

- (a) download, reproduce, duplicate, provide, transmit, retransmit, disseminate, sell, transfer, disclose, assign, convey, lease, sub-license, share, loan, distribute, publish, broadcast, cablecast, circulate or commercially exploit any such information or data in any way without the consent of BOCOM or such information or service providers;
- (b) remove, obliterate, erase, relocate or modify in anyway any such information or data including, without limitation, any trademark or copyright notice; or
- (c) incorporate or combine any such information or data with any other programs.

8.2 The Client acknowledges that the real-time quote service and the message alert service (to receive message alert when the prices of such Securities and/or Commodity and/or Exchange Contract and/or F/O Contract and/or Option Contract as specified by the Client reach a preset target price) that may be available through the Service is provided by a third party appointed by BOCOM from time to time. The Client agrees that BOCOM shall not be responsible for any losses the Client or any other person may suffer for the failure of sending out the message alert and/or as a result of relying on any real time quote on prices of Securities and/or Commodity and/or Exchange Contract and/or F/O Contract and/or Option Contract, and/or any information which may be available to the Client through the Service.

8.3 Neither BOCOM nor any information or service provider or any third party warrants, represents or guarantees the accuracy, reliability, adequacy, timeliness and completeness of any information or data provided through the Service and/or the Website or whether any such information or data is fit for any purpose. BOCOM and all such information or service providers expressly disclaim all liabilities whatsoever arising from or in connection with any reliance on any such information or data.

9. INTELLECTUAL PROPERTY

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

10. LIMITATION OF LIABILITIES

10.1 Unless due to the wilful default of BOCOM, its directors, officers, employees and agents and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely therefrom or the amount of the relevant Transaction (whichever is less), BOCOM shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with: (a) use of the Service and/or access to any information or data through the Service and/or the Website as a result of such use by the Client or any other person whether or not authorized; (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing the Service, in transmitting Instructions or information or data relating to the Service or in connecting with the Website (whether or not within the control of BOCOM) including, without limitation, failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorized access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law, rules,

regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law); (c) transmission, posting and/or storage of any information and/or data relating to the Client, the Service and/or Transactions conducted by the Client in relation or pursuant to the Service through or in any system, equipment or instrument of any communication network provider; and (d) Act of God, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.

- 10.2 BOCOM shall not in any circumstance and in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the Service irrespective of how such loss may be caused.

11. INDEMNITY

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

12. CHARGES AND EXPENSES

- 12.1 The Client shall pay all subscription, service and use fees, if any, that BOCOM may charge from time to time for the use of the Service. If the Client fails to pay any sum due and payable by the Client to BOCOM arising out of the use of the Service, the Client shall be liable to indemnify BOCOM, on a full indemnity basis, for all costs and expenses (including legal costs) incurred by BOCOM in recovering such sum. BOCOM is entitled at any time and without giving notice or obtaining consent from the Client, to set-off or transfer any credit balance in any of the Client's accounts opened with BOCOM towards satisfaction of any indebtedness or liabilities by the Client to BOCOM arising out of the use of the Service.
- 12.2 The Client irrevocably authorizes BOCOM to (but BOCOM is not obliged to) withdraw or otherwise deduct such sums of money, including any related costs and expenses, from any of the Client's accounts opened with BOCOM (regardless of there being a debit balances, credit balances or otherwise in the said account) as shall be necessary to complete any Transaction.

13. NO WARRANTY

- 13.1 BOCOM does not in any way warrant that (i) any services provided in connection with or any of the Client's use of the Service and/or the Website will be free of errors, interception or interruption; or that (ii) the information, data, or other materials provided, used or accessible in connection with the Service and/or the Website will be free of viruses, disabling devices or other contaminants. The Client

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

14. CORPORATION

- 14.1 Where the Client is a body corporate, the Client and its Authorized Person agree to assume all liabilities and obligations of the Client under this Agreement on a joint and several basis and all Transactions effected by BOCOM pursuant to this Agreement shall be binding on the Client and its Authorized Person.

15. JOINT ACCOUNT

- 15.1 Where the Client is a joint account holder of the Account, all joint account holders of the Account agree to assume all liabilities and obligations of the Client under this Agreement on a joint and several basis and all Transactions effected by BOCOM pursuant to this Agreement shall be binding on all joint account holders in all aspects.

16. DISCLOSURE

- 16.1 Immediately upon request by BOCOM, the Client shall inform BOCOM, or other regulators as directed by BOCOM, of the identity, address, occupation and contact details of the person for whom the Transaction was effected by the Client and of the person with the ultimate beneficial interest in the Transaction. The Client shall also inform BOCOM, or the regulators as directed by BOCOM, of the identity, address, occupation and contact details of any third party who originated the Transaction.

17. THIRD PARTY SERVICE

- 17.1 The Client agrees that BOCOM may accept from any other third party engaged in any Transaction or providing any services in respect of the Service and/or the Website any rebate or allowance of any fee, brokerage or commission or the likes payable in respect thereof and BOCOM shall be entitled to retain any profit or other benefit arising by way of fees, brokerage, commissions, rebate, perquisites, or otherwise obtained or received by them in connection with or arising whether directly or indirectly from the Service and/or the Website.
- 17.2 The Client agrees to the disclosing, transferring or otherwise making available of all personal data and other information relating to the Client and the Account to any other third party engaged in any Transaction or providing any service in respect of the Service and/or the Website and the Client's Transactions and dealings with the aforesaid among any one or more of the aforesaid and their subsidiaries, group members and agents thereof whether in or outside Hong Kong relating to or for the purpose of providing the Service and all related service.

18. ASSIGNMENT

- 18.1 The Client shall not assign or transfer any of its rights or obligations under the Agreement. BOCOM may assign or transfer any of its rights and obligations under the Agreement without the prior consent of the Client. Any assignee, transferee or successor of BOCOM shall have the same interest, rights, benefits, liabilities and remedies as if it were BOCOM. BOCOM may delegate and sub-contract the performance of its obligations hereunder as it thinks fit.

19. TERMINATION

- 19.1 The Client may terminate the Service and this Agreement by giving not less than 7 business days prior written notice to BOCOM (which notice shall be valid and effective if and only if such notice shall be actually received by BOCOM) provided that all rights and obligations accrued to and by the Parties prior to such termination shall not be affected.

- 19.2 BOCOM may terminate the Service and this Agreement at its discretion and at any time by notice to the Client.

20. MISCELLANEOUS PROVISIONS

- 20.1 The English version and the Chinese version of this Agreement are of the same legal effect. However, in the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

21. RISK DISCLOSURE STATEMENT

- 21.1 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.
- 21.2 You acknowledge and bear the risk that messages sending over the Internet may be delayed due to Internet traffic jam or other reasons. The licensed or registered person shall not be responsible for any consequences of these delays, including without limitation delays in the transmission of instructions/orders to the place of execution or the transmission of reports of execution to you due to any failure of communication facilities, or any other delays beyond the reasonable control of the licensed or registered person.
- 21.3 Communications over the Internet may be subject to transmission blackout, interruption, interception, or incorrect data transmission due to the public nature of the Internet or other reasons that are beyond the licensed or registered person's control. Messages sent over the Internet cannot be guaranteed to be completely secure. You shall be aware of and bear the risk of any delay, loss, diversion, alteration, corruption or virus infection of any messages/instructions either sent to or received from the licensed or registered person's systems. The licensed or registered person shall not be responsible for any losses or damages incurred or suffered as a result thereof.

INTERNET FUTURES TRADING SERVICE AGREEMENT

The Client agree to use the Service as a medium to communicate with BOCOM and to transmit or receive information, data and documents between BOCOM and the Client subject to the terms and conditions of this Agreement.

1. DEFINITIONS

1.1 The terms and conditions in this Agreement are additional and supplemental to the terms and conditions in the Futures Client Agreement. Unless redefined herein or the context requires otherwise, all expressions defined in the Futures Client Agreement shall, where applicable, have the same meanings when used herein.

1.2 In this Agreement, the following expressions, unless the context requires otherwise, shall have the following meanings: -

"**Account**" means the Client's futures trading account opened with BOCOM in relation to which BOCOM has agreed to provide the Service;

"**Agreement**" means this Internet Futures Trading Service Agreement and all other documents completed or executed and to be completed and executed by the Client in relation thereto, as the same may be amended or supplemented from time to time;

"**Authorized Person**" means the persons or any of them appointed by the Client as agent of the Client to (including but not limited to) issue instructions on behalf of the Client in relation to the Account and/or Transactions and initially the persons specified as such in Appendix 3 of the Futures Client Agreement and such other person as appointed by the Client in substitution therefor or in addition thereto from time to time (the Client shall in writing notify BOCOM of such appointment, which shall only be effective after the actual receipt of such notification and approved by BOCOM);

"**Client's System**" means all hardware and software system used by the Client in gaining access to the Service (including, without limitation, any computer, modem, mobile phone and any program installed therein);

"**Futures Client Agreement**" means the agreement made between the Client and BOCOM and constituted by the Specimen Signature Card, the Futures Client Agreement and the Appendices whereby the Client has agreed to open and maintain, in the name of the Client, the Account with BOCOM for futures trading in accordance with and subject to the terms and conditions thereof;

"**Information**" means all kinds of information including but not limited to messages, news, quotes, report, computer programs, software, images, illustrations, presentation, opinion, configuration, text and other materials;

"**Instruction**" means any instruction given by the Client to BOCOM through the Service (a) for Transactions; and (b) to check the portfolio and fund position in the Account;

"**Service**" means the "Internet Futures Trading Service" provided by BOCOM;

"**Parties**" means the Client and BOCOM;

"**Password**" means the personal password of the Client used in conjunction with the User ID to gain access to the Service and/or other services provided by BOCOM;

"**User ID**" means the personal identification of the Client used in conjunction with the Password to gain access to the Service and/or other services provided by BOCOM; and

"**Website**" means any and all websites operated by BOCOM.

1.3 In this Agreement: -

(a) "include(s)" and "including" mean respectively "include(s) but not limited to" and "including but not limited to";

- (b) "subsidiary" shall bear the meaning given by the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) and "associated company" means, in respect of any person, any company (not being a subsidiary of that person) of which that person shall beneficially own twenty per cent (20%) or more of the issued share capital or in respect of which that person is entitled to appoint one or more directors or, in relation to any company, any company which is a subsidiary of a holding company of that first mentioned company;
- (c) reference to a Clause is to a clause of this Agreement;
- (d) reference to an Ordinance is to an Ordinance or law of Hong Kong and any subsidiary legislation related thereto as from time to time amended, consolidated, extended, codified or re-enacted and for the time being in force;
- (e) words importing the singular include the plural and vice versa; words importing person include bodies corporate or unincorporated or other entity; words importing gender include every gender and the neuter gender;
- (f) the headings to the Clauses are for convenience only and do not affect their interpretation or construction; and
- (g) where it is necessary for the true construction or interpretation of any provision herein so that the indebtedness, liability or obligation of any of the Parties shall continue after the termination of this Agreement, such provision shall survive the termination of this Agreement.

2. CLIENT'S SYSTEM

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

3. SCOPE OF THE SERVICE

- 3.1 The Client consents to use the Service as a medium of communication with BOCOM and to transmit or receive information, data and documents between BOCOM and the Client. All Instructions/orders communicated to BOCOM through the Service shall be deemed to be in writing, signed and sent by the Client. The Instructions shall be carried out by BOCOM on the terms and conditions of the Futures Client Agreement.
- 3.2 The Client acknowledges and accepts that it may not be possible to cancel, vary or amend an Instruction. Any attempt to cancel, vary or amend an Instruction is simply a request to cancel or modify. BOCOM shall not be obliged to act on any Instruction for cancellation, variation or amendment of any Instruction already given to BOCOM. BOCOM is not responsible for or liable to the Client for any loss or expense suffered or incurred by the Client if the original Instruction has already been acted on, executed and/or completed, or in the opinion of BOCOM, BOCOM has insufficient time or is unable to act on such Instructions to cancel, vary or amend the original Instruction. The Client further acknowledges and accepts that attempts to cancel, vary or amend an Instruction can result in an over-execution of the Instruction, or the execution of duplicate or repeated Instructions, and the Client shall be responsible for all such executions.
- 3.3 The Service is offered for the sole and exclusive use of the Client and only in such jurisdictions and to such extent where and when they may be lawfully offered and processed under the applicable law and regulations.

- 3.4 BOCOM has the sole discretion to determine and vary the scope and manner of availability of the Service to be provided from time to time, and to prescribe and change the normal service hours for the Service and any daily cut-off time for any type of Transaction. Since the Service may be accessed worldwide, the daily cut-off time in Hong Kong shall prevail.
- 3.5 Any Instruction received by BOCOM after the prescribed daily cut-off time shall not be executed [until the next processing day for Instruction of that kind].
- 3.6 BOCOM shall not be deemed to have received or have executed the Instructions unless so stated in BOCOM's regular statements of account and/or confirmation of execution given by BOCOM online and/or other means of advice. The Client agrees and acknowledges that it is the Client's sole responsibility to keep records of such statement, confirmation and/or advice given by BOCOM, and save for manifest error or unless proved to the contrary by the Client to BOCOM's satisfaction, BOCOM's record shall be deemed as conclusive and binding.
- 3.7 Without prejudice to any provision of this Agreement or other terms and conditions in the Futures Client Agreement, the Client agrees that the Client is under a duty to promptly check and verify the contents of each of BOCOM's regular statements of account and/or confirmation of execution given by BOCOM online and/or other means of advice, and report to BOCOM any discrepancies in writing within 2 days from the date such statements, confirmation and/or advice was sent. If the Client fails to do so, the Client shall not be entitled to dispute any discrepancies in such statements, confirmation and/or advice and accepts such statements, confirmation and/or advice as final and conclusive and the same shall be binding on the Client for all purposes.
- 3.8 Without prejudice to any provision of this Agreement or other terms and conditions in the Futures Client Agreement, such confirmation of execution given by BOCOM online and/or other means of advice shall be deemed to have been received by the Client after transmission by BOCOM. For the avoidance of doubt, the Client agrees that it is the Client's duty to notify BOCOM immediately if the Client does not receive BOCOM's regular statements of account or such online confirmation and/or other means of advice given by BOCOM in respect of any Transactions within the time usually required for receipt of similar statements, confirmation and/or advice.
- 3.9 Without prejudice to any provision of the terms and conditions in the Futures Client Agreement which relate to communication or notice by or from BOCOM and the right of BOCOM to use any way or method of communication, for the purposes of the Service, each notice and communication from BOCOM to the Client sent by post to the last known address of the Client on BOCOM's record shall be deemed to have been duly delivered to the Client 24 hours after the same has been posted (if posted in Hong Kong to an address in Hong Kong) and on the 5th day after the same has been posted (if posted to or from a place outside Hong Kong), and if sent by electronic mail ("E-mail") or facsimile to the E-mail address or facsimile number provided by the Client respectively, upon it being sent unless it is otherwise shown to the contrary in BOCOM's internal records. For the avoidance of doubt any notice given by BOCOM to the Client shall be deemed to have been duly delivered by the posting of such notice on the Website.
- 3.10 Notwithstanding any provision in this Agreement, BOCOM shall have the right exercisable at its sole discretion at any time, without notice to the Client, without limitation and without any liability to the Client, to limit, vary, suspend or terminate the Client's access to the Service or any function thereunder or to any information or data from any information or the Service provider or any part of it, or to set limit on any Instruction that can be given and any Transaction that can be entered pursuant thereto, for any reason whatsoever, including any unauthorized use of any of the the Service, information, data, or any user identification or account number.
- 3.11 The Client understands and acknowledges that the Service is provided as an additional service in relation to Transactions effected, conducted, carried on and entered into by the Client with and through BOCOM, and shall not be considered as a substitute for other method(s) of giving instructions for such Transactions. In the event that the Service is not available for any reason whatsoever (whether or not within the control of BOCOM), the Client shall have no claim whatsoever against BOCOM for inability to use the Service and shall use other available means to give instructions for such Transactions.
- 3.12 Without prejudice to the generality of the foregoing, BOCOM shall be entitled to terminate the Service provided to the Client if: -

- (a) the Client commits any material breach of this Agreement and/or any other terms and conditions in the Futures Client Agreement;
- (b) the provision and/or maintenance of the Service to the Client shall be illegal or otherwise prohibited by law; or
- (c) BOCOM's records show that the Account of the Client has become dormant for such period prescribed by BOCOM.

3.13 The Client may request BOCOM in writing or via the Service to change the Password from time to time. The issuance or assignment of a new Password shall not be regarded as the commencement or creation of a new agreement between the Client and BOCOM in respect of the Service.

4. LIMITATION ON THE SERVICE

4.1 The Website and/or the Service are intended to be offered in jurisdictions where and when they may be lawfully offered.

4.2 The Client may reside in any of those jurisdictions in which use of the Website and/or the Service is unlawful, prohibited or in any way restricted. The Client acknowledges and agrees to check and observe all relevant restrictions which may apply to it.

5. WEBSITE

5.1 The Client acknowledges that BOCOM may operate the Website to facilitate the provision of the Service to the Client. The Website is made available to the Client in BOCOM's discretion and the use of the Website by the Client is subject to such terms and conditions as imposed and from time to time amended by BOCOM. BOCOM will notify the Client such terms and conditions and the amendments thereto, which shall be deemed duly notified to the Client by posting the same on the Website or mailing or sending the same to the Client, as determined at BOCOM's sole discretion.

5.2 The Client acknowledges that all information and data posted on the Website or otherwise made available on or through the Service and/or the Website are provided on an "AS IS" and "AS AVAILABLE" basis. BOCOM expressly disclaims all warranties of any kind, whether express or by implication, including but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement of any third party right. Such information and data (whether supplied by BOCOM or any third party) are for reference only and shall not in any circumstances be binding or intended for Transaction, or regarded or used by the Client as professional or investment advice or a basis for making Transaction decision, or any other purposes. The Client shall seek independent professional advice where necessary.

5.3 The Client acknowledges and agrees that any material, data and/or software downloaded or otherwise obtained through the use of the Website or from the Website is done at the Client's own discretion and risk. The Client undertakes to take all necessary precautions, including but not limited to data backup and software testing, before using such software. BOCOM shall not be liable in any way to any damage to the Client's System or loss of data that may result from the download and/or use of such material, data or software (in particular, in respect of loss and damage due to computer virus or software malfunction).

5.4 Any hyperlink from the Website to other websites are for information purpose and convenience only. BOCOM accepts no liability for any loss or damage arising directly or indirectly (including incidental, consequential and special loss) from the accuracy, sequence, truth, reliability, adequacy, timeliness, completeness or otherwise of the information or loss arising directly or indirectly from defects within such websites. The inclusion of hyperlinks does not imply any endorsement by BOCOM of any materials on such websites.

5.5 The Client acknowledges and agrees that, in addition to this Agreement, BOCOM has absolute discretion to impose from time to time other terms and conditions in respect of the use of the Service which terms will not be contained herein but may at BOCOM's discretion be posted on the Website or mailed or sent to the Client, as the case may be, and which shall be binding on the Client. BOCOM has absolute discretion at any time to amend or vary such terms and conditions and/or this Agreement which amendment or variation shall be deemed duly notified to the Client by posting the same on the Website or mailing or sending the same to the Client, as determined at BOCOM's discretion. If the Client does not accept any amendment to such terms and conditions and/or this Agreement proposed by BOCOM,

the Client shall (a) cease using the Service; and (b) terminate the Service in accordance with Clause 19. The Client shall be deemed to have accepted the terms and conditions as amended or varied once the Client uses or continues to use the Service after the relevant terms and conditions become effective.

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

6. USER IDENTIFICATION

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

7. CLIENT’S RESPONSIBILITIES

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

- (f) the Client undertakes to notify BOCOM immediately if the Client becomes aware of any of the actions described in Clause 7.1(e) is being perpetrated by any other person.

7.2 The Client agrees to be bound by the “Internet Privacy Policy Statement” (as may be amended by BOCOM from time to time) and to the use of his personal data in the manner specified in the said Statement.

8. THIRD PARTY INFORMATION

8.1 The Client acknowledges that any information and data provided through the Service relating to Securities and/or Commodity and/or Exchange Contract and/or F/O Contract and/or Option Contract and/or markets has been obtained from Exchanges and markets and from other third party information or service providers appointed by BOCOM from time to time and that such information and data are or may be protected by copyright and other intellectual property laws, and are provided for the Client’s personal non-commercial use only, and the Client shall not: -

- (a) download, reproduce, duplicate, provide, transmit, retransmit, disseminate, sell, transfer, disclose, assign, convey, lease, sub-license, share, loan, distribute, publish, broadcast, cablecast, circulate or commercially exploit any such information or data in any way without the consent of BOCOM or such information or service providers;
- (b) remove, obliterate, erase, relocate or modify in anyway any such information or data including, without limitation, any trademark or copyright notice; or
- (c) incorporate or combine any such information or data with any other programs.

8.2 The Client acknowledges that the real-time quote service and the message alert service (to receive message alert when the prices of such Securities and/or Commodity and/or Exchange Contract and/or F/O Contract and/or Option Contract as specified by the Client reach a preset target price) that may be available through the Service is provided by a third party appointed by BOCOM from time to time. The Client agrees that BOCOM shall not be responsible for any losses the Client or any other person may suffer for the failure of sending out the message alert and/or as a result of relying on any real time quote on prices of Securities and/or Commodity and/or Exchange Contract and/or F/O Contract and/or Option Contract, and/or any information which may be available to the Client through the the Service.

8.3 Neither BOCOM nor any information or service provider or any third party warrants, represents or guarantees the accuracy, reliability, adequacy, timeliness and completeness of any information or data provided through the Service and/or the Website or whether any such information or data is fit for any purpose. BOCOM and all such information or service providers expressly disclaim all liabilities whatsoever arising from or in connection with any reliance on any such information or data.

9. INTELLECTUAL PROPERTY

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

10. LIMITATION OF LIABILITIES

10.1 Unless due to the wilful default of BOCOM, its directors, officers, employees and agents and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly and solely therefrom or the amount of the relevant Transaction (whichever is less), BOCOM shall not assume any liability or responsibility whatsoever to the Client or any other person for the consequences arising from or in connection with: (a) use of the Service and/or access to any information or data through the Service and/or the Website as a result of such use by the Client or any other person whether or not authorized; (b) any interruption, interception, suspension, delay, loss, unavailability, mutilation or other failure in providing the Service, in transmitting Instructions or information or data relating to the Service or in connecting with the Website (whether or not within the control of BOCOM) including, without limitation, failure of any communication network or computer downtime, act or omission of any third party information or service providers, housekeeping, computer virus, unauthorized access by any person (including hacker), upgrade or preventive or remedial maintenance activities, mechanical failure, power failure, malfunction, breakdown, or inadequacy of equipment, installation or facilities, or any law,

rules, regulations, codes, directions, regulatory guidelines or government order (whether or not having the force of law); (c) transmission, posting and/or storage of any information and/or data relating to the Client, the Service and/or Transactions conducted by the Client in relation or pursuant to the Service through or in any system, equipment or instrument of any communication network provider; and (d) Act of God, government act, government restrictions, the imposition of emergency procedures, civil commotion, strike, acts or threatened acts of terrorism, war, natural disasters, fire, flood, explosion or other circumstances beyond third party's control.

- 10.2 BOCOM shall not in any circumstance and in any way be liable to the Client for any loss of use, revenue, profits, savings or opportunity or any other incidental, consequential, special or indirect loss or damages arising from the the Service irrespective of how such loss may be caused.

11. INDEMNITY

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

12. CHARGES AND EXPENSES

- 12.1 The Client shall pay all subscription, service and use fees, if any, that BOCOM may charge from time to time for the use of the Service. If the Client fails to pay any sum due and payable by the Client to BOCOM arising out of the use of the Service, the Client shall be liable to indemnify BOCOM, on a full indemnity basis, for all costs and expenses (including legal costs) incurred by BOCOM in recovering such sum. BOCOM is entitled at any time and without giving notice or obtaining consent from the Client, to set-off or transfer any credit balance in any of the Client's accounts opened with BOCOM towards satisfaction of any indebtedness or liabilities by the Client to BOCOM arising out of the use of the Service.
- 12.2 The Client irrevocably authorizes BOCOM to (but BOCOM is not obliged to) withdraw or otherwise deduct such sums of money, including any related costs and expenses, from any of the Client's accounts opened with BOCOM (regardless of there being a debit balances, credit balances or otherwise in the said account) as shall be necessary to complete any Transaction.

13. NO WARRANTY

- 13.1 BOCOM does not in any way warrant that (i) any services provided in connection with or any of the Client's use of the Service and/or the Website will be free of errors, interception or interruption; or that (ii) the information, data, or other materials provided, used or accessible in connection with the Service and/or the Website will be free of viruses, disabling devices or other contaminants. The Client acknowledges that BOCOM's internal records of the Account, related Transactions and information shall be conclusive save for obvious error or unless the contrary is established by the Client to BOCOM's satisfaction. For the avoidance of doubt, BOCOM may use such updated information as may be

available at the time of executing any Instructions of the Client for any Transactions, and such Transactions shall be binding on the Client notwithstanding different information may have been quoted by BOCOM via the Service and/or the Website.

14. CORPORATION

14.1 Where the Client is a body corporate, the Client and its Authorized Person agree to assume all liabilities and obligations of the Client under this Agreement on a joint and several basis and all Transactions effected by BOCOM pursuant to this Agreement shall be binding on the Client and its Authorized Person.

15. JOINT ACCOUNT

15.1 Where the Client is a joint account holder of the Account, all joint account holders of the Account agree to assume all liabilities and obligations of the Client under this Agreement on a joint and several basis and all Transactions effected by BOCOM pursuant to this Agreement shall be binding on all joint account holders in all aspects.

16. DISCLOSURE

16.1 Immediately upon request by BOCOM, the Client shall inform BOCOM, or other regulators as directed by BOCOM, of the identity, address, occupation and contact details of the person for whom the Transaction was effected by the Client and of the person with the ultimate beneficial interest in the Transaction. The Client shall also inform BOCOM, or the regulators as directed by BOCOM, of the identity, address, occupation and contact details of any third party who originated the Transaction.

17. THIRD PARTY SERVICE

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

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

18. ASSIGNMENT

18.1 The Client shall not assign or transfer any of its rights or obligations under the Agreement. BOCOM may assign or transfer any of its rights and obligations under the Agreement without the prior consent of the Client. Any assignee, transferee or successor of BOCOM shall have the same interest, rights, benefits, liabilities and remedies as if it were BOCOM. BOCOM may delegate and sub-contract the performance of its obligations hereunder as it thinks fit.

19. TERMINATION

19.1 The Client may terminate the Service and this Agreement by giving not less than 7 business days prior written notice to BOCOM (which notice shall be valid and effective if and only if such notice shall be actually received by BOCOM) provided that all rights and obligations accrued to and by the Parties prior to such termination shall not be affected.

19.2 BOCOM may terminate the Service and this Agreement at its discretion and at any time by notice to the Client.

20. MISCELLANEOUS PROVISIONS

- 20.1 The English version and the Chinese version of this Agreement are of the same legal effect. However, in the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

21. RISK DISCLOSURE STATEMENT

- 21.1 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.
- 21.2 You acknowledge and bear the risk that messages sending over the Internet may be delayed due to Internet traffic jam or other reasons. The licensed or registered person shall not be responsible for any consequences of these delays, including without limitation delays in the transmission of instructions/orders to the place of execution or the transmission of reports of execution to you due to any failure of communication facilities, or any other delays beyond the reasonable control of the licensed or registered person.
- 21.3 Communications over the Internet may be subject to transmission blackout, interruption, interception, or incorrect data transmission due to the public nature of the Internet or other reasons that are beyond the licensed or registered person's control. Messages sent over the Internet cannot be guaranteed to be completely secure. You shall be aware of and bear the risk of any delay, loss, diversion, alteration, corruption or virus infection of any messages/instructions either sent to or received from the licensed or registered person's systems. The licensed or registered person shall not be responsible for any losses or damages incurred or suffered as a result thereof.

SECURITIES RISK DISCLOSURE STATEMENTS

1. RISK OF SECURITIES TRADING

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

2. RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

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

Current information on GEM stocks may only be found on the internet website operated by the Exchange. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

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

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

Client assets received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) 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 REPLEDGE YOUR SECURITIES COLLATERAL ETC.

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

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

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

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

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

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

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

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

6. RISK OF MARGIN TRADING

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

7. RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE EXCHANGE

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

8. RISK OF PLACING MONEY AND SECURITIES IN CUSTODY

There may be risks in placing money and securities in the custody of the licensed or registered person. If the licensed or registered person becomes insolvent, you may experience delay in recovering the money and the securities, and subject to the relevant regulations or rules, may only recover a portion of the money and the securities.

9. Risk of Reduced Net Profit or Loss

Before you enter into any agreement with the licensed or registered person, you should clearly understand all commissions, fees and other charges payable by you. These commissions, fees and other charges will directly affect your net profits (if any) or increase your loss.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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 familiarize yourself with applicable rules and attendant risks.

FUTURES CONTRACTS RISK DISCLOSURE STATEMENTS

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, the undersigned Client, 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.

1. RISK OF TRADING FUTURES AND OPTIONS

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.

FUTURES

2. 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.

3. 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

4. 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

5. 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.

6. 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'.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

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.

OTHER RISKS

14. 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.

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

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

STOCK OPTIONS TRADING RISK DISCLOSURE STATEMENT

This Risk Disclosure Statement (this “**RDS**”) forms an integral part of the Stock Options Trading Supplemental Client Agreement (including any addendum and supplemental agreement thereto) (the “**Client Agreement**”) entered into between the Client and BOCOM International Securities Limited (“**BOCOM**”) and the risks, warnings and other matters disclosed in this RDS are in addition to those disclosed in the Client Agreement. Accordingly, this RDS should be read in conjunction with the Client Agreement. This RDS is an important document which the Client should read carefully.

Unless the context otherwise requires, the terms used herein shall have the same meanings ascribed to them in the Client Agreement.

HOWEVER, THE CLIENT SHOULD BE AWARE THAT THIS RDS IS FOR GENERAL GUIDANCE ONLY AND DOES NOT PURPORT TO DISCLOSE OR DISCUSS ALL OF THE RISKS OR OTHER SIGNIFICANT ASPECTS OR ANY PARTICULAR TRANSACTION OR PRODUCT. THE CLIENT SHOULD THEREFORE CONSULT WITH HIS OWN LEGAL, TAX AND FINANCIAL ADVISERS PRIOR TO ENTERING INTO ANY PARTICULAR TRANSACTION.

IT IS IMPORTANT FOR THE CLIENT TO DETERMINE WHETHER A PARTICULAR TRANSACTION IS SUITABLE FOR HIS SITUATION, OPERATION, BUSINESS AND/OR ORGANISATION, AND HE SHOULD BE AWARE THAT THIS IS HIS SOLE RESPONSIBILITY. ALSO, THE CLIENT SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE IF HE IS UNCERTAIN OF OR DOES NOT UNDERSTAND ANY ASPECTS OF THIS RDS OR THE NATURE OR RISKS INVOLVED IN ANY PARTICULAR PRODUCT OR TRANSACTION. THE CLIENT SHOULD NOT ENTER INTO A TRANSACTION UNLESS HE FULLY UNDERSTANDS THE NATURE OF AND RISKS ASSOCIATED WITH THE SUBJECT PRODUCT OR TRANSACTION AND THE EXTENT OF EXPOSURE TO POTENTIAL LOSSES.

1. RISK OF TRADING FUTURES AND OPTIONS TRADING

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.

2. ADDITIONAL RISK DISCLOSURE FOR FUTURES AND OPTIONS TRADING

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.

3. RISK OF STOCK OPTIONS TRADING

You acknowledge that due to the volatile nature of securities markets, the purchase of options over securities involves a high degree of risk.

a. 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.

b. Warning to Option Holders

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

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

c. Warning to Option Writers

As a writer of an option you may be required to pay additional margin at any time. You acknowledge that as an option writer, unlike an option holder, it may be liable for unlimited losses based on the rise or fall of the price of the underlying security and its gains are limited to the option premium.

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

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

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. INDEMNITY

The Client agrees that BOCOM shall not be liable for any loss or liability which the Client may incur unless due to fraud, gross negligence or wilful default on the part of BOCOM or a broker or dealer which is an associate of BOCOM.

The Chinese version of this RDS is for reference only and if there is any conflict between the English and Chinese versions, the English version shall prevail.

FEATURES AND RISK DISCLOSURE OF DERIVATIVE PRODUCTS

FUTURES

Futures contracts are derivative instruments. A stock futures contract represents a commitment to buy or sell a predefined amount of the underlying stock at a predetermined price on a specified future date.

When you buy a stock futures contract, you are holding a long position and have to buy the underlying stock on the final settlement date. However, you can choose to hold a short position by selling a stock futures contract. This means that you have to sell the underlying stock according to the contract terms.

Not all futures contracts are linked to a product that can be physically delivered. A stock index futures contract, for example, is generally settled for cash.

Futures are leveraged investments. Both market gains and losses are magnified. While futures trading can make substantial profits, it can also lead to equally significant losses in a short period of time. As such, futures trading is only for sophisticated and more disciplined investors who can afford potential losses should he find himself on the wrong side of a market.

CHARACTERISTICS

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| 1. Underlying asset | Assets underlying futures contracts can be quite varied. They include stocks, indices, currencies, interest rates, commodities, such as oil, beans and gold. HKEx futures contracts are financial futures mainly based on interest rates, gold, stocks and stock indices such as the HSI, H-shares Index. |
| 2. Contracted price | The price at which a futures contract is registered by the clearing house, i.e. the traded price. |
| 3. Contract multiplier | The weight that is multiplied by the contracted price when calculating the contracted value. With HSI and H-Shares Index futures, the contract multiplier is \$50 per index point, whereas in a mini-HSI futures contract, it is \$10 per index point. For HKEx stock futures contracts, this is one board lot of the underlying stock. |
| 4. Last trading day | The last day when a futures contract can be traded on an exchange. |
| 5. Final settlement day | The day when the buyer and the seller must settle the futures contract. |
| 6. Final settlement price | The fixed price determined by the clearing house and used to calculate the futures contract's final settlement value. Multiplying the final settlement price by the contract multiplier gives the final settlement value. |
| 7. Settlement method | A futures contract can be settled by cash or by physical delivery of the underlying asset. All futures contracts traded on the HKEx (except for Three-year Exchange Fund Note futures) are settled in cash. |

RISK DISCLOSURE

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

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| 1. Risk of Trading Futures | 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. |
| 2. 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.

3. 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.
4. Terms and conditions of the contract
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. Transaction 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

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| 11. | Electronic trading | 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. |
| 12. | Off-exchange transactions | 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. |
| 13. | Risk of client assets received or held outside Hong Kong | 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. |
| | | 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. |

LISTED EQUITY LINKED INSTRUMENTS (ELI)

ELI are structured products which can be listed on the Exchange under Chapter 15A of the Main Board Listing Rules. They are marketed to retail and institutional investors who want to earn a higher interest rate than the rate on an ordinary time deposit and accept the risk of repayment in the form of the underlying shares or losing some or all of their investment.

ELI are traded in board lots and the minimum trading unit is one board lot. One board lot of ELI equals one board lot of its underlying security or its multiples. The duration of an ELI ranges from 28 days to two years. ELI are traded scripless in Hong Kong dollars and odd lots are settled in cash. Investors should note that short selling of ELI is prohibited.

An ELI's investment returns are often linked to the performance of their underlying stock(s). But for the purpose of increasing the overall return from that of plain-vanilla ELIs, some issuers may include additional features, such as early call, knock-in and daily accrual coupon. These features may affect the return of the ELIs in different ways.

TYPES

To match their directional view on the underlying securities, investors may choose from three different types of ELI listed on the Stock Exchange: Bull, Bear and Range. Other types of ELI may be traded on the Exchange in future.

CHARACTERISTICS

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| 1. | Early Call | ELI with early call feature will be terminated early if the closing price of the underlying stock (or in the case of a basket, that of the worst performing stock) is at or above its call price on a call observation date. |
| 2. | Knock-in/ Knock-out Options | Typically a currency and commodity option, a knock-in and knock out options allow the option writer to set a limit with a view towards minimizing losses from volatile price movements. The higher the market volatility, the greater is the probability that a knock-in option is triggered.
If the closing price of the underlying stock is at or below the trigger price on any knock-in observation date, a knock-in event occurs. The observation dates can be set as certain dates or certain periodic dates (e.g. monthly, quarterly). It also can be each scheduled trading day from the issue date to the scheduled final valuation date.
A knock-out option expires worthless if the price of an underlying asset crosses the pre-determined threshold. As the profit opportunity is limited, barrier options such as these are sold cheaper than standard options. They are suitable only for investors with a strong directional understanding or premium constraints and in a relatively stable market environment with little price movements. |

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| 3. | Daily Accrual Coupon | <p>The daily accrual feature allows an investor to capture daily price movements of the underlying stock. The ELI with daily accrual features take into account the number of trading days on which the closing price of the underlying stock is at or above the accrual coupon price during an observation period.</p> <p>More than one accrual coupon price may be available. Different coupons may accrue for each day when the closing price of the underlying stock is above the high accrual coupon price, between the high accrual coupon price and the low accrual coupon price, and below the low accrual coupon price. In such case, it is possible that no coupon will be accrued if the closing price of the underlying stock is below the accrual coupon price throughout the observation period.</p> |
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TRADING ARRANGEMENT

When ELI are issued, issuers will indicate on the listing document and launch announcement whether the ELI is to be settled by a cash payment or physical delivery upon expiry. Once listed, neither the issuers nor the holders are allowed to opt for an alternative settlement method at expiry.

RISK DISCLOSURE

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| 1. | Exposure to equity market | Investors are exposed to price movements in the underlying security and the stock market, the impact of dividends and corporate actions and counterparty risks. Investors must also be prepared to accept the risk of receiving the underlying shares or a payment less than their original investment. |
| 2. | Possibilities of losing investment | Investors may lose part or all of their investment if the price of the underlying security moves against their investment view. |
| 3. | Price adjustment | Investors should note that any dividend payment on the underlying security may affect its price and the payback of the ELI at expiry due to ex-dividend pricing. Investors should also note that issuers may make adjustments to the ELI due to corporate actions on the underlying security. |
| 4. | Interest rates | While most ELI offer a yield that is potentially higher than the interest on fixed deposits and traditional bonds, the return on investment is limited to the potential yield of the ELI. |
| 5. | Potential yield | Investors should consult their brokers on fees and charges related to the purchase and sale of ELI and payment / delivery at expiry. The potential yields disseminated by HKEx have not taken fees and charges into consideration. |

STOCK OPTIONS

It is a contract that involves two parties, a buyer and a seller. An option's buyer has the right, but not the obligation, to buy according to a "call" option from, or sell according to a "put" option to the seller the specified underlying assets. Option contracts are for an agreed quantity of an underlying asset, price, and future period. If the buyer (or holder) exercises his right, the option's seller (or writer) has to settle according to the contract's specifications. An option holder is described as having a long position, while an option writer has a short position.

CHARACTERISTICS

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| 1. | Underlying asset | The assets underlying options can be stocks, market indices, currencies, commodities, debt instruments, and so on. In Hong Kong, exchange-traded options' underlying assets are mainly stocks and market indices. |
| 2. | Exercise / Strike price | This is the predefined price at which the option's holder trades the underlying asset with the writer. |
| 3. | Expiry day | The last day on which a holder can exercise an option. |
| 4. | Exercise style | There are two types of exercise styles. An American-style option can be exercised during any trading day on or before the expiry date. European-style options can only be exercised on the expiry day. |
| 5. | Settlement method | This is the predetermined method in which the writer settles an option, and depends on what's stated in the contract. An option can be settled either by physical delivery of the underlying asset or in cash. |

RISK DISCLOSURE

This brief statement does not disclose all of the risks and other significant aspects of trading in options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

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| 1. | Risk of Trading Options | 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 |
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- 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.
2. 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.
3. Terms and conditions of the contract 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.
4. 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”.
5. 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.
6. 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.
 7. Transaction 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.
 8. 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.
 9. 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.
 10. 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.
 11. 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.
 12. 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.

BOND

Bond is a debt instrument issued for a predetermined period of time with the purpose of raising capital by borrowing. A bond generally involves a promise to repay the principal and interest on specified dates. This kind of debt instrument may also be called as bills or notes and these names are used interchangeably in the market.

CHARACTERISTICS

1. Issuer The party who borrows the money. The bonds are classified by the nature of their issuers, for example, corporate bonds (by listed companies or their subsidiaries), government bonds (by governors or government authorities), and supranational bond (by supranational organization, for example, the World Bank).
2. Principal This is amount repaid to bondholder when bond matures; it is also called par value or face value.
3. Coupon rate The rate which issuer pays interest on the principal to bondholder in regular intervals, e.g. annually, semi-annually, quarterly. The coupon rate can be fixed which the rate will not change over the term of the bond. The rate can be floating which will adjust periodically according to the predetermined benchmark, e.g. HIBOR. The coupon rate can also be zero, e.g. zero-coupon bond sold at low price than principal but will be repaid in principal upon maturity.

4.	Term	This is the tenor of the bond which issuer has promised to meet its obligations under the bond.
5.	Special feature	“Callable” bond grants the issuer the right to replay the bond before matures. “Puttable” bond gives bondholder the right to sell bond back to issuer. “Convertible” bond gives you the right to convert bond into a specified number of unissued shares of the issuer or a related company. “Exchangeable” bond allows bondholder to exchange the bond for the shares of any organization which are already in issue and held by the issuer or a related company.
6.	Guarantor	Some bonds are guaranteed by a third party called guarantor. In case of defaults of issuer, the guarantor agrees to repay the principal and/or interest to bondholder.

RISK DISCLOSURE

1.	Default risk	This is a risk that issuer may fail to pay bondholder the interest or principal as scheduled.
2.	Interest rate risk	The price of a fixed rate bond will drop when the interest rate rises. If the bond to be sold before matures, the bond price may be less than the purchase price.
3.	Exchange rate risk	Exchange rate risk exists if the bond is dominated in foreign currency.
4.	Liquidity risk	In case of emergency to sell bond before maturity, there is a risk of low liquidity of the secondary bond market.
5.	Equity risk	If the bond is “convertible” and “exchangeable”, equity risk associated with the stock will be existed.

WARRANTS

Warrants are an instrument which gives investors the right - but not the obligation - to buy or sell the Warrants underlying asset at a pre-set price on or before a specified date. There are two main types of warrants, namely, subscription warrants and derivative warrants.

SUBSCRIPTION WARRANTS

Subscription warrants are issued by a listed company and give holders the rights to buy the underlying shares of the company. They are either attached to new shares sold in initial public offerings, or distributed together with declared dividends, bonus shares or rights issues. Subscription warrants are valid between 1 and 5 years. Upon exercise, the underlying company will issue new shares and deliver them to the warrant holders.

DERIVATIVE WARRANTS

Derivative warrants are issued by financial institutions. Unlike subscription warrants which must be call warrants, derivative warrants can be call or put warrants. Most of the derivative warrants in the market have a shorter life, ranging from 6 months to 2 years normally, although the current Listing Rules allow a maximum life of 5 years.

Derivative warrants can be linked with a single stock, a basket of stocks, an index, a currency, a commodity or a futures contract (e.g. oil futures). They can be settled by cash or physical delivery, which must be specified by the issuers at launch. However, basket 1, index warrants and warrants on stocks listed overseas are settled by cash only.

In exercising a call derivative warrant on a single stock with physical settlement, the issuer will deliver the underlying shares to the warrant holder. This does not involve the issuance of new shares by the underlying listed company as in the case of subscription warrants.

Furthermore, every derivative warrant has a designated liquidity provider to help improve the liquidity of the instrument in the market. Such a requirement does not apply to subscription warrants.

CHARACTERISTICS

1.	Issuer	A warrant can be issued by a listed company (i.e. subscription warrant) or a third party such as a financial institution (i.e. derivative warrant).
2.	Underlying asset	It can be a single stock, a basket of stocks, an index, a currency, a commodity, a futures contract (e.g. oil futures) etc.
3.	Types of rights	Don't mix up a call warrant with a put warrant. A call warrant gives you the right to buy whereas a put warrant gives you the right to sell the underlying asset.
4.	Exercise price	The price at which you buy or sell the underlying asset in exercising a warrant.
5.	Conversion ratio	This refers to the number of units of the underlying asset exchanged when exercising a unit of a warrant. Normally, in Hong Kong a derivative warrant on shares has the ratio of 1 (i.e. one warrant for one share) or 10 (i.e. 10 warrants for one share).
6.	Expiry date	The date on which a warrant will expire and become worthless if the warrant is not exercised.
7.	Exercise style	With an American warrant, you can exercise to buy/sell the underlying asset on or before the expiry date. Whereas a European warrant allows exercise on the expiry date only.
8.	Settlement	A warrant can be settled by cash or physical delivery upon exercise.

TRADING ARRANGEMENT

Derivative warrants are traded on the Exchange during trading hours in board lot multiples settled on T+2 (T being the transaction day).

RISK DISCLOSURE

Derivative warrant trading involves high risks and is not suitable for every investor. Investor should understand and consider the following risks before trading in derivative warrants.

- 1. Issuer risk** Derivative warrant holders are unsecured creditors of the issuer and they have no preferential claim to any assets an issuer may hold.
- 2. Gearing risk** Although derivative warrants often cost less than the price of the underlying assets, a derivative warrant may change in value to a much greater extent than the underlying assets. Although potential return on derivative warrants may be higher than that on the underlying assets, it should be noted that in the worst case the value of derivative warrants may fall to zero and holders may lose their entire investment amount.
- 3. Limited life** Unlike stocks, derivative warrants have an expiry date and therefore a limited life. Unless the derivative warrants are in-the-money, they become worthless at expiration.
- 4. Time decay** So long as other factors remain unchanged, the value of derivative warrants will decrease over time. Therefore, derivative warrants should never be viewed as products that are bought and held as long term investments.
- 5. Market forces** In addition to the basic factors that determine the theoretical price of a derivative warrant, derivative warrant prices are also affected by the demand for and supply of the derivative warrants. This is particularly the case when a derivative warrant issue is almost sold out and when there are further issues of an existing derivative warrant.
- 6. Turnover** High turnover should not be regarded as an indication that a derivative warrant's price will go up. The price of a derivative warrant is affected by a number of factors in addition to market forces, such as the price of the underlying assets and its volatility, the time remaining to expiry, interest rates and the expected dividend on the underlying assets.
- 7. Volatility** Other factors being equal an increase in the volatility of the underlying asset should lead to a higher warrant price and a decrease in volatility lead to a lower derivative warrant price.

CALLABLE BULL/BEAR CONTRACTS (CBBC)

CBBC track the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBC are issued by a third party, usually an investment bank, independent of the Stock Exchange of Hong Kong Limited and of the underlying asset.

CBBC are issued with the condition that during their lifespan they will be called by the issuers when the price of the underlying asset reaches a level (known as the "Call Price") specified in the listing document. If the Call Price is reached before expiry, the CBBC will expire early and the trading of that CBBC will be terminated immediately. The specified expiry date from the listing document will not longer be valid.

CBBC may be issued with a lifespan of three months to five years and are settled in cash only.

CHARACTERISTICS

- 1. Price movement of CBBC tends to track the price of underlying asset closely** The price changes of CBBC tend to follow the price change of the underlying asset (i.e. delta close to one). Thus, if they underlying asset increases in value, a Bull CBBC with entitlement ratio of 1 to 1 generally increases in value approximately the same amount whereas a Bear CBBC with entitlement ratio of 1 to 1 generally decreases in value by approximately the same amount. However, when the underlying asset of a CBBC is trading at a price close to its Call Price, the change in the value of CBBC may be more volatile and disproportionate with the change in the value of the underlying asset.
- 2. Call Price and a Mandatory Call Feature** For Bull contracts, the Call Price must be equal to or above the Strike Price. For Bear contracts, the Call Price must be equal to or below the Strike Price. If the underlying asset's price reaches the Call Price at any time prior to expiry, the CBBC will expire early. The issuer must call the CBBC and trading of the CBBC will be terminated immediately. Such an event is referred to as a Mandatory Call Event ("MCE").
- 3. Valuation at expiry** CBBC can be held until maturity (if not called before expiry) or sold on the Stock Exchange (the Exchange) before expiry. In the case of a Bull contract, the cash settlement amount at normal expiry will be the positive amount of the settlement price of the underlying asset as

determined on the valuation day less the Strike Price;

In the case of a Bear contract, the cash settlement amount at normal expiry will be the positive amount of the Strike Price less the settlement price of the underlying asset on valuation day.

There will be no cash settlement if the amounts calculated under (a) and (b) are negative.

RISK DISCLOSURE

- 1. Mandatory call**

A CBBC will be called by the issuer when the price of the underlying asset hits the Call Price and that CBBC will expire early. Payoff for Category N CBBC will be zero when they expire early. When Category R CBBC expire early the holder may receive a small amount of Residual Value payment, but there may be no Residual Value payment in adverse situations. Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and investors will not be able to profit from the bounce-back.
- 2. Gearing effects**

Since a CBBC is a leveraged product, the percentage change in the price of a CBBC is greater compared with that of the underlying asset. Investors may suffer higher losses in percentage terms if they expect the price of the underlying asset to move one way but it moves in the opposite direction.
- 3. Limited life**

A CBBC has a limited lifespan of three months to five years. The life of a CBBC may be shorter if called before the fixed expiry date. The price of a CBBC fluctuates with the changes in the price of the underlying asset from time to time and may become worthless after expiry and in certain cases, even before the normal expiry if the CBBC has been called early.
- 4. Liquidity**

Although CBBC have liquidity providers, there is no guarantee that investors will be able to buy/sell CBBC at their target prices any time they wish.
- 5. Funding Costs**

The issue price of a CBBC includes funding costs charged upfront for the entire period from launch to normal expiry. When a CBBC is called, the CBBC holders (investors) will lose the funding cost for the remaining period even though the actual period of funding for the CBBC turns out to be shorter. Further, the funding costs of a CBBC after launch may vary during its life.
- 6. Movement with underlying asset**

Although the price changes of a CBBC tends to follow closely the price changes of its underlying asset, but in some situations it may not (i.e. delta may not always be close to one). Prices of CBBC are affected by a number of factors, including its own demand and supply, funding costs and time to expiry.
- 7. Trading of CBBC close to Call Price**

When the underlying asset is trading close to the Call Price, the price of a CBBC may be more volatile with wider spreads and uncertain liquidity. CBBC may be called at any time and trading will terminate as a result. However, the trade inputted by the investor may still be executed and confirmed by the investors after the MCE since there may be some time lapse between the MCE time and suspension of the CBBC trading. Any trades executed after the MCE will not be recognized and cancelled.
- 8. Overseas underlying assets**

CBBC issued on overseas underlying assets may be called outside the Exchange's trading hours. Besides, Investors trading CBBC with overseas underlying assets are exposed to an exchange rate risk as the price and cash settlement amount of the CBBC are converted from a foreign currency into Hong Kong dollars.

EXCHANGE TRADED FUND

An index tracking exchange traded fund (ETF) is traded on an exchange. Its principal objective is to track, replicate or correspond to the performance of an underlying index. The index can be on a stock market, a specific segment of a stock market or a group of stock markets in a region or elsewhere in the world. It can also be on bonds or commodities.

Synthetic ETF is a kind of ETF, which fund managers adopt synthetic replication through investing in financial derivative instruments, such as swaps and performance-linked notes, to replicate the index performance.

CHARACTERISTICS

- 1. Exchange trading**

An ETF is structured as a mutual fund or a unit trust but its units, like a stock, are also tradable on the Stock Exchange of Hong Kong.
- 2. Index tracking**

Synthetic replication is sometimes used by an ETF to raise efficiency and reduce cost. It is also applicable when an ETF tracks a market (or an index in a market) that has restricted access, and then it has no other choice but to adopt synthetic replication through the use of financial derivative instruments.

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|----|-----------------------|--|
| 3. | Net Asset Value (NAV) | Each ETF has an NAV that is calculated with reference to the market value of the investments held by it. The trading price of an ETF may not therefore be equal to its NAV, and this disparity may give rise to arbitraging opportunities. |
| 4. | Dividend entitlement | An ETF may or may not distribute dividends, depending on its dividend policy. |
| 5. | Fees and charges | An ETF incurs certain fees and expenses such as management fees charged by the ETF manager and other administrative costs. Like stocks, trading ETFs on the SEHK incurs transaction costs such as stamp duty, transaction levy and brokerage commission. |
| 6. | Regulated fund | Like other authorized funds, an ETF has to comply with the relevant regulatory requirements imposed by the SFC. However, SFC authorization does not imply recommendation of the product. |

RISK DISCLOSURE

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|----|--------------------------------|--|
| 1. | Market risks | An ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the index and the market that it is tracking. |
| 2. | Credit/Counterparty risk | Investors in an ETF that uses synthetic replication are also exposed to the credit risk of the counterparty that provides the fund with indirect access to the market or index. If the fund buys a structured note that replicates the index performance, it is subject to the credit risk of the note issuer.
Due to restricted market access and limited investment quotas, some ETFs using synthetic replication have limited scope to diversify their counterparty exposure and have to rely on buying structured notes from just one or a few counterparties.
Some ETFs adopting synthetic replication by buying structured notes use collateral and/or their own securities portfolio to reduce their exposure to the note counterparties. However, investors should also take notice of counterparty risk for collateral security that falls outside the scope. |
| 3. | Tracking error | The disparity between the performance of an ETF and performance of its underlying index. Tracking error may arise due to various factors. These include failure of the ETF's tracking strategy, the impact of fees and expenses, or corporate actions. |
| 4. | Trading at discount or premium | Since the trading price of an ETF is also determined by the supply and demand of the market, the ETF may trade at a price higher or lower than its NAV. |
| 5. | Liquidity risk | There is not guaranteed that a liquid market exists for an ETF. A higher liquidity risk is involved if an ETF uses financial derivative instruments, which are not actively traded in the secondary market and whose price transparency is not as easily accessible as securities. This may result in a bigger spread. And, they are also susceptible to more price fluctuations and have a higher volatility. Hence, they can be more difficult and costly to unwind early, when the instruments provide access to a restricted market where liquidity is limited. |

This document is intended as a general guide to highlight some basic characteristics and risks of certain types of derivative products. BOCOM International Securities Limited does not guarantee its accuracy and accepts no liability for any loss or damage arising from any inaccuracies or omissions. Investors should refer to the relevant listing documents issued by the issuers and consult the brokers or other professional advisors prior to making any investment decision. This document is not an offer to sell or a solicitation for an offer to buy any financial products and/or services and they should not be considered as investment advice.

BOCOM – Supplemental Terms & Conditions in relation to FATCA

Definitions

- i. "Code" means the U.S. Internal Revenue Code of 1986, as amended.
- ii. "FATCA" means
 - a) the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Service under Sections 1471 to 1474 of the Code or any associated treasury regulations, as amended or supplemented from time to time, or other official guidance;
 - b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
 - c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service (IRS), the US government or any governmental or taxation authority in any other jurisdiction.
- iii. "FATCA Withholding" means a deduction or withholding from a payment under the agreement as stated in ii(c) above as required by FATCA.
- iv. "FATCA Withholdable Payments" include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income, in each case, from sources within the U.S., as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the U.S. FATCA will also require withholding on the gross proceeds of such sales for payments made after December 31, 2016. Certain U.S. sourced financial payments in connection with lending transactions, investment advisory fees, custodial fees, bank or brokerage fees are also included..

1. Customer's Responsibilities and Consent

- a) In order to comply with FATCA and in accordance with any applicable local or foreign law, legislation or regulation and/or to satisfy reporting obligations, the Customer consents and agrees that BOCOM may gather, store, use, process, disclose and report to any government agency, regulatory or tax or fiscal authority in any jurisdictions (including but not limited to the U.S. IRS), counterparties, services providers and any of their affiliates, agents, employees or delegates, as required by the applicable laws and regulations, any personal information that are provided to BOCOM.
- b) BOCOM reserves the right to request and the customer has the obligation to provide to the BOCOM additional documentary evidence to validate the U.S. or non-U.S. status when potential U.S. indicia or change in circumstances is noted by BOCOM during the course of relationship.
- c) If the Customer fails to provide BOCOM with any of the necessary Personal Information or to take action as is specified by BOCOM in the Client Consent Form within the time period specified, BOCOM shall be entitled to take any action and/or pursue all remedies at its disposal to the extent permitted by applicable laws and regulations and that BOCOM reserves the right to close the Customer's Account or classify the Customer's Account as "non-consenting" or "non-participating FFI" or execute withholding and reporting under FATCA regulations.

1. General Disclosure on Foreign Account Tax Compliance Act

Under the U.S. Foreign Account Tax Compliance Act, or FATCA, all non-United States entities in a broadly defined class of financial institutions (FIs), are required to comply with an extensive documentation and reporting regime, or, beginning from July 1, 2014, be subject to a 30% United States withholding tax on certain U.S. payments constituting "withholdable payments" (beginning in 2017, a 30% withholding tax applies to gross proceeds from the sale of assets which could produce withholdable payments and foreign passthru payments). Certain passive non-U.S. entities which are not FIs are required to either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership, or, beginning from July 1, 2014, become subject to the same 30% U.S. withholding tax as described above. The reporting obligations imposed under FATCA generally require FIs to obtain and disclose information about certain Customers to the United States Internal Revenue Service (IRS).

The impact of FATCA on Financial Institutions ("FI") in a specific jurisdiction may be modified by an Intergovernmental Agreement ("IGA") between the U.S. and that jurisdiction. The Hong Kong SAR Government has concluded a Model 2 IGA with the U.S. for the implementation of FATCA in Hong Kong effective from November 13, 2014 (the "Hong Kong IGA").

A Hong Kong IGA should apply to BOCOM as it is resident in Hong Kong. Under the Hong Kong IGA, BOCOM is obligated to apply prescribed due diligence procedures, and report "U.S. Accounts", "Non-consenting U.S. Accounts" and account information with respect to "Nonparticipating Financial Institutions" to the IRS.

Customers may be requested to provide a self-certification and/or other documentation to BOCOM in order to establish their tax residence. Furthermore, if there is any change in circumstances that would affect the Customers' tax residence statuses or there is reason for BOCOM to know that the self-certification is incorrect or unreliable, a new self-certification and/or additional documentation may be required from the Customers.

Renminbi Product Trading Services and Related Risk Disclosures

Renminbi Product Trading Service

We are pleased to inform you that BOCOM International Securities Limited (“BOCOM”) now offers Renminbi (“RMB”) product trading services to our customers.

Shanghai Stock Exchange Trading Service

Investors should be aware of the trading hours of the Shanghai Stock Exchange. Investors should also be aware of the settlement limitations related to securities traded on the Shanghai Stock Exchange. All A-share related products are subject to the rules and regulations applicable in the PRC.

Risk Disclosure Statements

The following risk disclosure statements do not include all of the possible risks involved. Investors are responsible for undertaking your own research and exercise discretion before trading/investing in any product. Investors should carefully consider whether trading/investing in a particular product is suitable in light of their own financial position and investment objectives.

Settlement Risk

Settlement of RMB products (including transaction levy, trading fee, stamp duty and commissions, if any) will be in RMB. We will provide currency conversion services to our customers strictly for settlement purposes. In the event that a customer has insufficient RMB for the purpose of settling RMB related products, BOCOM will automatically exchange RMB from the clients other currency accounts at an exchange rate which will be disclosed to you on the daily statement of accounts.

Short Term Loans to Customers

BOCOM shall notify clients of the repayment schedule and amount of any HKD or RMB loan. Should a client fail to deposit funds in accordance with the repayment schedule, BOCOM shall have absolute discretion to force liquidate the securities in the relevant account(s) in order to settle any outstanding balances owed to BOCOM (despite that there may not be any margin deficit under call).

Renminbi Currency Risk

Renminbi is not freely convertible at present and the conversion of Renminbi through banks in the Hong Kong Special Administrative Region is subject to certain restrictions. For Renminbi products with underlying investments which are not denominated in Renminbi, such products will be subject to multiple currency conversion costs. This includes, but is not limited to, exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).

The People’s Republic of China (“PRC”)’s government regulates the conversion between Renminbi and other currencies. If the restrictions on Renminbi convertibility and the limitations on the flow of Renminbi funds between the PRC and HKSAR become more stringent, the depth of the Renminbi market in Hong Kong SAR may become further limited.

Exchange Rate Risks

The value of the Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC, international political and economic conditions and by many other factors. For Renminbi products, the value of the investment in Hong Kong dollar terms may decline if the value of Renminbi depreciates against the Hong Kong dollar.

Interest Rate Risks

The PRC government has gradually liberalized the regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. For Renminbi products which are, or may invest in, Renminbi debt instruments, such instruments are susceptible to interest rate fluctuations, which may adversely affect the return and performance of the Renminbi products.

Limitation on the Provision of Renminbi Funding

In case you do not have sufficient Renminbi funding to subscribe Renminbi products, subject to compliance with all applicable laws, rules and regulations, BOCOM may convert other currencies in your account into Renminbi. However, BOCOM cannot guarantee that we can always provide sufficient Renminbi funding for you due to the limitation on the flow of Renminbi funds in Hong Kong SAR. We reserve the right to unwind your trade due to insufficient Renminbi funding and your investment may be adversely affected if you suffer losses due to settlement failure.

Limited Availability of Underlying Investments Denominated in Renminbi

There may be a limited choice of RMB denominated products outside the PRC. Such limitation may adversely affect the return and performance of the Renminbi products.

Projected Returns which are Not Guaranteed

There are no guaranteed returns for some RMB investment products. In particular, pay attention to the the assumptions on which the illustrations are based, including, for example, any future bonus or dividend declaration. These may fluctuate by product.

Long Term Commitment to Investment Products

For Renminbi products which involve a long period of investment, if you redeem your investment before the maturity date or during the lock-up period (if applicable), you may incur a significant loss of principal where the proceeds may be substantially lower than your invested amount. You may also suffer from early surrender / withdrawal fees and charges as well as the loss of returns (where applicable) as a result of redemption before the maturity date or during lock-up period.

Credit Risk of Counterparties

For Renminbi products invested in Renminbi debt instruments which are not supported by any collateral, such products are fully exposed to the credit risk of the relevant counterparties. Where a Renminbi product may invest in derivative instruments, counterparty risk may also arise as the default by the derivative issuers may adversely affect the performance of the Renminbi product and result in substantial loss.

Liquidity Risk

Renminbi products may suffer significant losses in liquidating the underlying investment, especially if such investments do not have an active secondary market and their prices have large bid / offer spread.

Possibility of Not Receiving Renminbi upon Redemption

For Renminbi products with a significant portion of non-Renminbi denominated underlying investments, there exists a possibility of not receiving the full amount in Renminbi upon redemption. This may be the case if the issuer is not able to obtain sufficient amount of Renminbi in a timely manner due to the exchange controls and restrictions applicable to the currency.

INDIVIDUAL/JOINT/SOLE PROPRIETOR/PARTNERSHIP ACCOUNT – NOTICE ON PERSONAL DATA COLLECTION

This notice is given pursuant to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) (“Ordinance”) in relation to the supply of Client’s personal data to BOCOM International Securities Limited (“BOCOM”) for the opening or maintaining of Client account(s) (the “Account”) for securities trading, futures and options trading and related services with BOCOM.

1. PURPOSES OF COLLECTION

The personal data provided by Client to BOCOM and in any documentation which comes into existence as a result of Client’s opening or maintaining of the Account with BOCOM will be used by BOCOM for the following purposes:-

- (a) activities relating to the processing of Client’s application to open and maintain the Account, including but not limited to obtaining credit reports through credit report agencies both in the Hong Kong Special Administrative Region (“HKSAR”) and overseas, or the processing of Client’s application for grant of credit or margin facilities by BOCOM or the maintaining and the review of such credit or margin facilities (if applicable);
- (b) activities relating to purchasing, selling, investing, exchanging, acquiring, holding, disposing of and generally dealing in and with all kinds of securities on behalf of Client;
- (c) maintenance of particulars and data in compliance with the ordinances and subsidiary legislation which are enacted and effective in HKSAR relating to securities business and transactions, the codes of the Securities and Futures Commission (“SFC”), the rules and regulations of The Stock Exchange of Hong Kong Limited (the “Exchange”) and Hong Kong Securities Clearing House (the “Clearing House”); and provision of Client’s personal data as required by law or to SFC, the Exchange, the Clearing House or any other governmental or regulatory authorities upon request whether such request is enforceable in law.
- (d) The information we acquire about you may be used for the purpose of marketing products and services which may be of interest to you.

2. THE OBLIGATION TO PROVIDE PERSONAL DATA

2.1 It is obligatory for Client to supply the personal data as required by BOCOM. If Client fails to supply the required personal data, BOCOM may refuse to open or maintain the Account or may refuse to provide relevant services to Client.

2.2 Having regard to Client’s obligations under the Ordinance, when providing any personal data to BOCOM, Client should confirm that the personal data provided is accurate.

3. CLASSES OF TRANSFEREES

3.1 BOCOM may, as it deems necessary, disclose to its agents or nominees, associates, individuals or corporations dealing with securities, futures and options clearing and the auditors of BOCOM Client’s personal data to operate Client’s account or to carry out the activities described in 1(b) above.

3.2 BOCOM may disclose Client’s personal data as required by law or to SFC, the Exchange, the Clearing House or any other governmental or regulatory authorities upon request whether such request is enforceable in law.

3.3 BOCOM may also disclose your information to its group companies, affiliates, agents, assignee or subcontractors and BOCOM will not be liable to you for any consequences arising out of such disclosures.

4. ACCESS TO PERSONAL DATA

Pursuant to the Ordinance, Client may request access to Client’s personal data and may request BOCOM to correct any inaccurate personal data. BOCOM shall be entitled to charge a reasonable fee for processing any data access request.

5. ENQUIRIES

Enquiries concerning Client’s personal data with BOCOM, including the request for access and corrections, should be addressed to:-

Data Protection Officer
BOCOM International Securities Limited
9th Floor, Man Yee Building,
68 Des Voeux Road Central
Hong Kong
Telephone: 2297 9888
Fax: 2851 9955 / 2851 9876

Miscellaneous

1. No provision contained in this booklet shall in any respect be waived, altered, modified or amended unless such waiver, alteration, modification or amendment be committed to in writing and signed by an authorized officer of BOCOM. However, any provision contained in this booklet can be waived, altered, modified or amended by BOCOM from time to time on giving prior notice to the Client by way of display in BOCOM's premise or by such other method as BOCOM thinks fit. If the Client does not close the Account prior to the expiry of the notice period (fourteen (14) days after the date on which such notice was displayed), the Client shall be deemed to have agreed to such waiver, alteration, modification or amendment.
2. No waiver, alteration, modification or amendment made by BOCOM to any provision contained in this booklet or amendment made by the Client to the information supplied to BOCOM in the Client Information Statement in Account Application Form will affect any outstanding order or Transaction or any legal rights or obligations which may have arisen prior thereto.
3. Where the context permits, the use of singular expressions in this booklet shall include the plural and vice versa.
4. Rights of Third Parties: A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term under this Agreement. No person other than a party to this Agreement will have any right to enforce the provisions of this Agreement.
5. In the event of any difference in interpretation or meaning between the Chinese and English version of this document, the English version shall prevail.