



## CLIENT AGREEMENT

**Southwest Securities (HK) Brokerage Limited 西證（香港）證券經紀有限公司（CE No. ACB501）**  
**Southwest Securities (HK) Futures Limited 西證（香港）期貨有限公司（CE No. AAZ149）**  
（證券及期貨事務監察委員會註冊為持牌法團）

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## PART I – INTRODUCTION AND DEFINITIONS

This Client Agreement, together with the related Account Opening Form and other related application form, contain important terms and conditions that apply to and constitute this Client Agreement on all Accounts that you currently or in the future will open and maintain with Southwest Securities (HK) Brokerage Limited (“**SWSB**”) and/or Southwest Securities (HK) Futures Limited (“**SWSFL**”) (collectively called “**Southwest**”) of 14/F, One Hysan Avenue, Causeway Bay, Hong Kong.

Please read this Client Agreement carefully and retain for your future reference. You should consult your own legal, tax and financial or other professional advisers prior to entering into this Client Agreement if you are in any doubt or have any questions about how to complete any part of this Client Agreement. You are fully aware that this Client Agreement constitutes a legally binding agreement.

SWSB is duly licensed by the Securities and Futures Commission for Type 1 regulated activity of dealing in securities and Type 4 regulated activity of advising on securities (CE No. ACB501) and is an Exchange Participant and Options Trading Exchange Participant of the Stock Exchange of Hong Kong Limited.

SWSFL is duly licensed by the Securities and Futures Commission for Type 2 of dealing in futures contracts (CE No. AAZ149) and is a Futures Commission Merchant of the Hong Kong Futures Exchange Ltd.

### Definitions

- 1.1 Save as otherwise specifically set out in other sections in this Client Agreement or other documents forming part of this Client Agreement, words and phrases in this Client Agreement shall be read and construed in accordance with the definitions set out below:

“A shares”	means the shares of Mainland China-incorporated companies which are accepted for listing and admitted to trading on the stock exchanges of Mainland China from time to time;
“Access Codes”	means such password(s), and/or form(s) of personal identification (in numeric, alpha-numeric or other format, usually known as login name) prescribed by Southwest from time to time, whether use alone or in conjunction with each other, for gaining access to the Electronic Trading Services.
“Account Opening Form”	means the form(s) which is required to be completed by you and contains information provided by you to us and returned to us each time you apply for the purpose of Account(s) opening.
“Account(s)”	means any account (including without limitation Cash Account, Margin Account, Options Account, Futures Account and any sub-accounts thereof) from time to time opened in your name and maintained with us for the Services. An Account should be

denominated in Hong Kong dollars or such other currencies as we may agree from time to time with you.

“Affiliate”	means, with respect of any specific person or entity, any other person or entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with that specified person or entity.
“Applicable Laws and Regulations”	means any statute, law, regulation or order, or any rule, direction, guideline, policy, requirement, code of conduct, notice or restriction (whether or not having the force of law) issued by any regulatory authority, government agency, Exchange or professional body applicable from time to time, or market practices or customs, whether in Hong Kong or other applicable jurisdictions.
“Authorized Person(s)”	means a person duly appointed by you in the Mandate and, in respect of such persons, we have not received any written notice of revocation or termination of such person’s appointment, powers or authority from you.
“Business Day”	means a day (other than Saturday, Sunday or a public holiday) on which we are open for business in Hong Kong.
“Cash Account”	means any cash securities account, as indicated as such in the Account Opening Form, opened by you with SWSB for trading of securities without Margin Facility.
“CCASS”	Means the Central Clearing and Settlement System established and operated by HKSCC.
“Charge”	means the charge over the Collateral in favour of Southwest to secure repayment of Secured Obligations in accordance with Clause 3.1 in Part III Schedule A - Additional Terms for Margin Account.
“China Connect”	means the Shanghai Hong Kong Stock Connect and/or the Shenzhen Hong Kong Stock Connect (as the case may be).
“China Connect Authorities”	means (i) the regulators which regulate China Connect and activities relating to China Connect, including without limitation, the CSRC, PBoC, SAFE, SFC and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect; and (ii) the exchanges, clearing houses and other entities which provide services relating to China Connect, including without limitation, the SEHK, HKSCC, SEHK Subsidiary, the China Connect



	Market Operator and ChinaClear. Any one of them is called “China Connect Authority”.
“China Connect Laws and Regulations”	means the laws and regulations, rules, policies or guidelines published and applicable in Hong Kong or Mainland China from time to time in respect of China Connect or any activities from China Connect.
“China Connect Market Operator”	means SSE or SZSE or any other stock exchange in the Mainland China, which are eligible to operate the trading of China Connect Securities.
“China Connect Market”	means Shanghai stock market, Shenzhen stock market and any other stock market in the Mainland China acceptable to SEHK and included in the list of China Connect Markets, which are eligible a China Connect trading (as the case may be).
“China Connect Securities”	means any securities listed on China Connect Market which are from time to time accepted as eligible stocks or trading by Hong Kong and overseas investors under China Connect trading system. Unless the context requires otherwise, “China Connect Securities” includes “Special China Connect Securities”
“China Connect Service”	means the order-routing service through which Northbound orders placed by an Exchange Participant may be transmitted by an SEHK Subsidiary to the corresponding China Connect Market for the buying and selling of China Connect Securities and any related supporting services.
“China Connect Clearing House”	means a clearing house in Mainland China acceptable to HKSCC and included in the list of China Connect Clearing House from time to time.
“China Connect Market System”	means the system used for the trading of China Connect Securities on a China Connect Market, as operated by the relevant China Connect Market Operator.
“ChinaClear”	means China Securities Depository and Clearing Corporation Limited.
“ChiNext”	means ChiNext market which is one of the stock market operated by Shenzhen Stock Exchange (other than the Main Board).
“ChiNext Shares”	means A shares accepted for listing and admitted to trading on the ChiNext market.

“Circuit Breaker Provisions”	means the relevant provisions in the China Connect Laws and Regulations under which Circuit Breaker may be imposed for the purpose of, among others, minimising or averting substantial upward or downward price movements of securities traded on the relevant China Connect Market including all related provisions on the application and lifting of the Circuit Breaker.
“Circuit Breaker”	means any measures that may be imposed or activated by a China Connect Market Operator on the relevant China Connect Market in accordance with the Circuit Breaker Provisions.
“Clearing House”	means Hong Kong Securities Clearing Company Limited (“HKSCC”) in relation to SEHK and HKFE Clearing Corporation Limited (“HKCC”) in relation to HKFE and, in relation to any other Exchange, the clearing house providing services similar to those of HKSCC or HKCC to such Exchange.
“Client Agreement”	means this Client Agreement (including all Parts, Schedules and Appendices hereunder), the Risk Disclosure Statements, the Account Opening Form, any addendum, any relevant confirmation, and/or any other agreement or document entered into between us for Services and /or Transactions, each as may from time to time be amended or supplemented.
“Closing Credit Balance”	means the cash credit balance in your Account as at 4:00pm Hong Kong time on any Business Day.
“Closing Out”	means, in relation to any contract, the entering into of another contract of the same specification and for the same amount, but of an opposite direction in order to cancel out the former contract and/or to crystallize the profit and loss on such former contract. The term “Close Out” shall be construed accordingly.
“Code of Conduct”	means Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by SFC and as amended from time to time.
“Collateral”	means, as security or credit support for entering into any Transaction or for any of your obligations under this Client Agreement, collectively, (i) all monies and properties (including Securities Collateral) provided by or through you which are now or hereafter held or controlled by or through us or which are in transit to or from or allocated to or are otherwise in our custody or which are carried in any Account, and (ii) all proceeds or distributions of the same.
“Commodity”	means any item and includes, without limitation, agricultural commodities, energy, metals, currencies, shares, interest rates,

indices (whether stock market or otherwise), or other financial contract, right or authority and shall, where the case requires, include Futures or Options Contract in respect of any of the above and in each case whether or not the item is cash or physically settled.

“CSRC”	means the China Securities Regulatory Commission of Mainland China.
“Data Privacy Policy”	means Southwest or Affiliate(s) general policy in relation to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and any subsidiary legislation made thereunder as amended, consolidated or substituted from time to time and the current version of the policy is set out in Part V of this Client Agreement.
“Dormant”	means in respect of any Account, the status of such Account having recorded no trading activity and/or no position for a continuous period of six (6) months or such other time period as we may notify you from time to time in writing.
“Electronic Media”	means any electronic or telecommunications media, including but not limited to the internet, interactive television systems, telephone, wireless application protocol or any other electronic or telecommunications devices or systems as Southwest may from time to time determine and prescribe, through which you give instructions relating to the Transactions.
“Electronic Trading Services”	means any facility and service (including without limitation those relating to dealing services, information services, e-mail and the software comprised in any of the forgoing) provided or to be provided by Southwest or Southwest’s contractor or agent or service provider from time to time under this Client Agreement which enables you to give instructions relating to any Transaction in the Account(s) or to obtain quotation on prices of securities or other information through any Electronic Media.
“Exchange Contract”	means a contract for Commodity approved by SFC and the HKFE for trading on one of the markets from time to time established and operated by the HKFE which may result in a Futures Contract and/or an Options Contract.
“Exchange Participant”	has the same meaning given by the rules of the SEHK.
“Exchange Traded Options”	means stock options which are approved by SEHK to trade on its trading system subject to the applicable regulations of SEHK.

“Exchange”	means any association, market or exchange with fixed rules and regulations through which you instruct us to transact, without limitation, Securities, Futures or Options Contracts on your behalf and includes HKEx and HKFE.
“Futures Account”	means any futures & index option account, as indicated as such in the Account Opening Form, opened by you with SWSFL for trading of Futures Contracts and/or Options Contracts.
“Futures Contract” or “Futures”	<p>means a contract executed on any commodity, futures or options Exchange or any over the counter Transaction in connection with any such Futures Contract, the effect of which is that :</p> <p>(a) 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</p> <p>(b) the parties will make an adjustment between them at an agreed future time according to whether the agreed Commodity is worth more or less, as the case may be, stands higher or lower at that time than a level agreed at the time of entering into the contract, the difference being determined in accordance with the rules of the commodity, futures or options Exchange in which that contract is made.</p>
“HKCC”	means HKFE Clearing Corporation Limited;
“HKEx”	means Hong Kong Exchanges and Clearing Limited.
“HKFE”	means Hong Kong Futures Exchange Limited.
“HKSCC”	means Hong Kong Securities Clearing Company Limited.
“Hong Kong”	means The Hong Kong Special Administrative Region of The People’s Republic of China.
“Insolvency Event”	means the occurrence of any of the following events in a person, whereby that person (a) becomes or is declared insolvent or bankrupt; (b) is the subject of any proceeding related to its voluntary winding up, liquidation, bankruptcy, insolvency, administration or receivership; (c) is the subject of any proceedings related to the appointment of an administrator, receiver, administrative receiver, trustee, liquidator or any similar or analogous officer; (d) makes an assignment for the benefit of all or substantially all of its creditors; (e) calls a meeting of its creditors or otherwise makes or proposes to enter into an agreement or arrangement with its creditors for the

composition, extension, or readjustment of its debts or obligations; (f) a filing is made, petition is presented or resolution passed or proposed for any of the foregoing; (g) becomes or its parent becomes unable to pay its debts as they fall due; or (h) is subject to an analogous event in any jurisdiction.

“Institutional Professional Investor“	Means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to Securities and Futures Ordinance (Cap 571).
“Instructions”	means any instruction given by you in such form and delivered or transmitted to us by such means as we may prescribe from time to time, including, but not limited to, instructions given by telephone, in writing, via the Internet (whether by email or web services), by facsimile, or in person, in each case subject to the applicable minimum and/or maximum amounts as we may prescribe from time to time in respect of any particular type of instruction, for the utilization of the Services.
“Investment”	means all or any of Securities, Futures Contracts, Options Contracts, and any other investment products that may be offered by us to you from time to time.
“Investor Compensation Fund“	means the Compensation Fund established pursuant to the SFO.
“Mandate”	means all mandates between you and us, including, without limitation, the mandate set out in the Account Opening Form or under any power of attorney or letter, documents or instrument to give instructions with respect to the operation of any Account and dealing in Transactions, and in such form as may be acceptable to us, which has been validly executed by you and received by us.
“Margin Account”	means any margin account, as indicated as such in the Account Opening Form, opened by you with SWSB for trading of securities with Margin Facility granted by SWSB.
“Margin Facility”	means the credit facility provided by SWSB to you to facilitate the acquisition of securities and the continued holding of those securities under the Margin Account and for other related purposes.
“Margin”	means the amount, whether cash or non-cash collateral as may from time to time be demanded by Southwest from you by way

of margin, variation adjustments or cash adjustments in relation to any amount drawn under Margin Facility, Exchange Traded Options or Futures/Options Contracts for the purpose of protecting Southwest against any loss or risk of loss on present, future or contemplated obligations under Margin Facility, Exchange Traded Options or Futures/Options Contracts of you including and not being less than the relevant Clearing House Margin, and “**margin requirements**” means the requirements set by Southwest in respect of the collection and specifications of the Margin.

“Non-trade Transfer”	means a transfer of China Connect Securities which involves a change in the beneficial ownership of the China Connect Securities and which is not conducted through the China Connect Service and executed on the China Connect Market.
“Northbound”	denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.
“Options Account”	means any stock options account, as indicated as such in the Account Opening Form, opened by you with SWSB for trading of Exchange Traded Options.
“Options Contract” or “Option”	<p>means a contract executed between one party (in this definition called the “first party”) and another party (in this definition called the “second party”) on any commodity, futures or options Exchange or any over the counter Transaction in connection with any such Options Contract, under which:</p> <ul style="list-style-type: none"> <li>(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: <ul style="list-style-type: none"> <li>(a) the first party is obliged to deliver the Commodity at the agreed price; or</li> <li>(b) the second party receives a payment referable to the amount (if any) by which the Commodity is worth more than this Client Agreement price, such payment being determined in accordance with the rules of the commodity, futures or options Exchange in which the contract is made; or</li> </ul> </li> <li>(ii) the first party grants the second party the right, but not the obligation, to sell an agreed Commodity, or</li> </ul>

quantity of a Commodity, to the first party at an agreed price on or before an agreed future date, as the case may be, and, in the event that the second party exercises his right to sell:

- (a) the first party is obliged to take delivery of the Commodity at the agreed price; or
- (b) 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 commodity, futures or options Exchange in which the contract is made; a contract falling within sub-paragraph (i) above being a “Call Option”, and a contract falling within sub-paragraph (ii) above being a “Put Option”.

“PBoC”	means the People’s Bank of China.
“Pre-trade Checking”	means the requirements and procedures under the China Connect Laws and Regulations pursuant to which a China Connect Authority may reject a sell order if an investor does not have sufficient and available China Connect Securities in its account.
“Related Person”	means any of the Affiliate of Southwest, or any director, senior officer, employee or agent of Southwest or Southwest’s Affiliate.
“Risk Disclosure Statement”	means the risk disclosure statement provided by Southwest to you before the opening of the Account and/or from time to time in form prescribed by the SFC from time to time with the current version set out in Part III Schedule B8 and Part IV.
“Secured Obligations”	means all money, obligations or liability in any currency (together with the accrued interest) falling due, owing or incurred by you to Southwest under the Margin Account, Options Account and/or Futures Account, or to Affiliates under any other account now and in the future, whether actually or contingently, whether solely or jointly with others.
“SAFE”	means the State Administration of Foreign Exchange.
“Securities” or “securities”	means any shares, stocks, debentures, unit trusts, funds, bonds, notes, certificate of deposit, and other collective investment schemes of or issued by any bodies, whether incorporated or unincorporated, or of any government or local government authority and any financial instrument acceptable by Southwest

at its sole discretion and includes any right, option or interest in or over any of the foregoing as well as 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 and other interests commonly known as securities which we may accept or handle from time to time pursuant to this Client Agreement.

“Securities Collateral”	means the Collateral which is in the nature of securities.
“SEHK”	means The Stock Exchange of Hong Kong Limited.
“SEHK Subsidiary”	means a wholly-owned subsidiary of SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in Mainland China to provide the order routing service under China Connect.
“SEOCH”	means The SEHK Options Clearing House Limited.
“Services”	means the services (including without limitation information services), products (including without limitation securities, Commodities, Option Contracts) and credit facilities, of any type or nature, offered by us to you from time to time.
“SFC”	means in relation to Hong Kong, The Securities and Futures Commission constituted under the SFO, in relation to any other regions, other statutory bodies performing similar functions as The Securities and Futures Commission and have jurisdiction over the relevant Exchanges.
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any subsidiary legislation made thereunder amended, consolidated or substituted from time to time.
“Shanghai Hong Kong Stock Connect”	means a securities trading and clearing links programme developed or to be developed by SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SSE.
“Shenzhen Hong Kong Stock Connect”	means a securities trading and clearing links programme developed or to be developed by SEHK, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SZSE.



“Special China Connect Securities”	means any securities listed on the relevant China Connect Market which SEHK (after consulting with relevant China Connect Market Operator) from time to time accepts or designates as eligible only for China Connect sell orders but not China Connect buy orders.
“SSE”	means the Shanghai Stock Exchange.
“SZSE”	means the Shenzhen Stock Exchange.
“Trading Day”	means a day on which SEHK is open for Northbound trading for (a) Hong Kong and Shanghai (in the case of Shanghai Hong Kong Stock Connect) or (b) Hong Kong and Shenzhen (in the case of Shenzhen Hong Kong Stock Connect), where “T day” denotes the Trading Day on which a transaction is executed and “T+1 day” denotes (as the case may be) the day which is one Trading Day, or in the context of the settlement of funds, one business day (on which banks (a) Hong Kong and Shanghai (in the case of Shanghai Hong Kong Stock Connect) or (b) Hong Kong and Shenzhen (in the case of Shenzhen Hong Kong Stock Connect) are generally open for business) after T day.
“Transaction(s)”	means the transactions carried out for and on behalf of you in connection with this Client Agreement, including without limitation : the purchase, sale, exchange, entering into, closing, disposal and general dealing (including but not limited to deposit and withdrawal and exercise of call and put options) in securities, Commodities, the disposition of funds and the drawing and repayment under the Margin Facility on behalf of you in connection with this Client Agreement.
“Variation Adjustments”	means the amount payable to us by you, calculated on a daily basis on the closing market price at the end of each day in respect of each open Futures Contract and/or Options Contract in your Account(s).
“We”, “us” or our or “Southwest”	means Southwest Securities (HK) Brokerage Limited and/or Southwest Securities (HK) Futures Limited and/or Affiliate.
“You” and “Your”	means the person(s) (including any corporation, sole proprietor, or each partner of a partnership) who enter(s) into this Client Agreement and who utilize(s) any particular Account(s) and such person’s successors in title and (if appropriate) personal representative and (as the context requires) shall include each Authorized Person.

## 1.2 In this Client Agreement:

- (a) words importing the singular shall, where the context permits, include the plural and vice versa;
- (b) words importing gender or neuter includes both gender and neuter;
- (c) The expression “person” shall include any firm, partnership, association of persons and body corporate and any such persons acting jointly and the personal representatives or successors in title of any such person;
- (d) References to “writing” shall include telex, cable and facsimile transmission and texts transmitted through Electronic Media.
- (e) Heading are for convenience only.
- (f) Any reference to Clauses or Schedules in the General Terms and Conditions or in the Additional Terms is a reference to the clauses of or the schedules to the General Terms and Conditions or the Additional Terms respectively, unless otherwise stated.
- (g) References to any statutes, ordinances, rules or regulations shall include such statutes, ordinances, rules or regulations as modified or re-enacted from time to time; and
- (h) Terms and expressions not defined in this Client Agreement shall bear the meaning ascribed to them in the Rules of HKFE, SFO, Code of Conducts, Trading Rules of SEHK unless otherwise defined in this Client Agreement.

## **PART II – GENERAL TERMS AND CONDITIONS**

### **1. APPLICATION**

- 1.1. This Client Agreement sets out the conditions based on which we, from time to time, agree to open and maintain one or more Account(s) in your name, for recording all of your purchase, application, subscription, redemption, sale, switching of, provision of custody for, or transfer or other dealings in any of your Securities and other Investments including, without limitation, in Securities traded on the Main Board and the Growth Enterprise Market of HKEx, Futures and Options Contracts and to provide other Investment products or Services which may offer from time to time to you. All Transactions executed by us for you are subject to this Client Agreement and any applicable supplemental documents.
- 1.2. You hereby agree to observe and be bound by the provisions of this Client Agreement and any deletion, addition or amendment as we may from time to time make at our absolute discretion in accordance with Clauses 4.5 and 4.6 below.

### **2. SERVICES**

- 2.1. We may do any one or more of the following in accordance with this Client Agreement:
  - (a) act on your Instructions;
  - (b) execute Transactions in Securities and other Investments for or with you (whether acting as principal and/or your agent to such Transaction);
  - (c) clear, carry, transmit and settle Transactions for you;
  - (d) keep safe custody of your Securities, other Investments and Collateral; and
  - (e) provide such other services as may be specified in this Client Agreement or in other agreement entered or to be entered with you.
- 2.2. We may, at our absolute discretion (such discretion not to be exercised in an unreasonable manner), with or without giving any reason therefore, decline to enter into any Transaction or provide any Service to you.
- 2.3. We are authorized to engage the services of, and delegate the performance of any part of the Services or all or any of our functions, powers, discretion, privileges and duties under this Client Agreement to any person or agent (including any Affiliate) who may act as our nominee, principal or agent to us or you. We will exercise such care in the selection of such person as we would employ for our own business, but we shall have no responsibility for any action, omission, negligence or default of any such person and you agree to assume full risk in relation to such person's performance.

- 2.4. We shall be entitled but not obliged to, without prior notice to or consent from you, take such steps as we may in our absolute discretion determine to be expedient in order to enable us to provide the Services and exercise our powers under this Client Agreement.

### **3. ENTIRE AGREEMENT**

This Client Agreement shall constitute the entire business relationship between you and us and will supersede and replace all other previous terms and conditions which apply to the same. If any particular business relationship between you and us is governed by a separate agreement or terms and conditions, that agreement or those terms and conditions shall prevail over this Client Agreement in respect of the subject matter concerned to the extent that the provisions of that agreement or those terms and conditions are inconsistent with this Client Agreement.

### **4. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

- 4.1. All Transactions shall be subject to this Client Agreement and, in respect of those Exchanges and/or Clearing Houses where the Transactions are processed, the constitution, rules, regulations, practices, procedures and administrative requirements, as amended from time to time of the relevant Exchange and/or Clearing House (and in particular as regarding Transactions effected on SEHK or HKFE the rules, regulations, practices, procedures and administrative requirements of SEHK, HKSCC, SEOCH, HKFE and HKCC) and to all applicable laws whether imposed on you or Southwest, as amended from time to time. All Transactions shall also be subject to the terms of business of dealer or other persons who have been involved in the processing of the Transactions where Southwest deems fit.
- 4.2. Client whose Transactions are executed in markets other than those organized by SEHK and HKFE may have a markedly different level and type of protection in relation to those Transactions as compared to the level and type of protection afforded by the rules, regulations, practices, procedures and administrative requirements of SEHK, HKSCC, SEOCH, HKFE and HKCC.
- 4.3. You confirm that:
- (a) in the event of any conflict between this Client Agreement and the Applicable Laws and Regulations, the latter shall prevail;
  - (b) Southwest may take or omit to take any action it considers fit in order to ensure compliance with the Applicable Laws and Regulations including without limitation, adjusting any Account, disregarding any unexecuted orders or rescinding any executed Transactions;
  - (c) the Applicable Laws and Regulations as are so applicable and all such actions so taken shall be binding upon you; and
  - (d) you shall be responsible for obtaining in advance and maintaining any governmental or other consents required in connection with your entering into of

this Client Agreement or Southwest effecting any Transaction in connection with this Client Agreement.

- 4.4. This Client Agreement shall not operate insofar as it removes, excludes or restricts any of your rights or obligations of Southwest under the laws of Hong Kong or any other relevant law. If any provisions hereof are or should become inconsistent with any present or future law, rule or regulation of SEHK, HKSCC, SEOCH, HKFE, HKCC and/or any Exchange and/or any Clearing House or any other relevant authority or body having jurisdiction over the subject matter of this Client Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule or regulation. In all other respects this Client Agreement shall continue and remain in full force and effect.
- 4.5. Save as otherwise required by Applicable Laws and Regulations, we may amend any part of this Client Agreement at any time by giving you reasonable notice of the changes in writing at any time. We may employ any reasonable mode of communication for the purpose of notifying you of such changes, such as, without limitation, by posting notice of such amendments on our website, or by sending a written notice or the revised Client Agreement (or relevant parts thereof) to you.
- 4.6. Continued use of our Services and/or the placing of any instruction to enter into any Transaction after such notice as described under Clause 4.5 above will constitute acknowledgment and acceptance of the revised Client Agreement by you. You may review the most current Client Agreement online at any time by referring to our website.
- 4.7. No person other than you and us will have any right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any of the provisions of the terms and conditions of this Client Agreement.
- 4.8. This Client Agreement does not create or confer any rights or benefits enforceable by any person not a party to it except:
- (a) an Affiliate may enforce any of its rights or benefits in this Client Agreement;
  - (b) any of the Indemnified Persons as defined in Clause 18.7 and Clause 5 in Schedule F in Part III may enforce the rights or benefits of the indemnity under such clause; and
  - (c) a person who is a permitted successor or assignee of the rights or benefits of this Client Agreement may enforce those rights or benefits.
- 4.9. No consent from the persons referred to in this Clause 4.8 is required for the parties to vary or rescind this Client Agreement (whether or not in a way that varies or extinguishes rights or benefits in favour of those third parties).

## **5. NON-HONG KONG RESIDENTS OR CORPORATIONS**

- 5.1. You understand and agree that you will be solely responsible for complying with any selling restrictions in relation to any Investment that may be applicable to you as a result of your nationality, your residency or your giving of Instructions from an overseas jurisdiction. We are not responsible for advising you on the applicability of selling restrictions and will not be responsible for any claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs) and any liability whatsoever that you may suffer as a result.
- 5.2. If you reside or (being a corporation) are incorporated outside Hong Kong, or give Instructions outside Hong Kong, you agree to ensure and you represent that such Instructions will be given in compliance with all Applicable Laws and Regulations of any relevant jurisdiction(s) which may be applicable to you or from which your Instructions are given, and that when in doubt, to consult or obtain legal advice on the laws of the relevant jurisdiction.
- 5.3. You agree and undertake to pay any taxes, duties, impositions or charges payable to the relevant authorities in respect of your nationality, or residing or your giving of any Instructions from outside Hong Kong and the execution of your Instructions, You agree that, when in doubt, you will consult or obtain advice on tax related matters and/or issues from professionals of the relevant jurisdiction(s) at your own costs.

## **6. INSTRUCTIONS**

- 6.1. Southwest shall be authorized but not bound to act on an instruction given by you or the Authorized Person (if any) to carry out a Transaction (whether directly or through other dealer or otherwise). Southwest may at any time and from time to time impose any limits including trading limits on any Account and you agree not to exceed such limits. If any of the said limits are or to be exceeded, Southwest may decline such an instruction and/or is entitled to close the open position of the Transactions concerned. Southwest may in its absolute discretion refuse to act on any of the instructions received from you without giving any reason, in particular for sell order without evidence of sufficient securities, or buy order without evidence of sufficient funds or compliance with the margin requirements. Southwest is not in any circumstances be liable in any way for any loss of profit or gain, damage, liability or cost or expense suffered or incurred by you arising from or in connection with Southwest's refusal to act on such instruction or omitting to notify you of such refusal.
- 6.2. Southwest shall act as an agent of you and not as a principal in relation to any Transactions undertaken by Southwest under this Client Agreement except where Southwest gives notice to you to the contrary, subject to Clause 6.6 in Part III Schedule B – Additional Terms for Options Account.
- 6.3. You undertake not to give any Instructions for sale of Securities which you do not own (that is, involves short selling) and we shall treat all sale orders as long sale orders unless otherwise agreed between us. Notwithstanding the foregoing, where you specify that an order is a short selling order, and we consent and agree to your entering into such short selling activities, you may subscribe for short selling services with us.

- 6.4. Because of physical restraints on any Exchange or the very rapid changes in the prices of securities that frequently take place, there may, on occasions, be a delay in making prices or in dealing. Southwest may not always be able to trade at the prices or rates quoted at any specific time or “at best” or “at market”. Southwest shall not be liable for any limit order undertaken on behalf of you or under the circumstances contemplated in this Clause. Where Southwest is for any reason whatsoever unable to perform your order in full, it may in its discretion effect partial performance only. You shall in any event accept and be bound by the outcome when any request to execute orders is made.
- 6.5. Unless otherwise instructed by you (and such Instruction being accepted by us), all Instructions are good for the day on which they were given. They will be automatically cancelled if not executed by the close of trading on the relevant Exchange or such other expiration date or time required by the relevant Exchange. Any Instructions received on a trading day after the close of trading on the relevant Exchange will be carried forward to the next trading day of that Exchange, and this Clause 6.5 will apply accordingly. We may execute the Instructions at any time prior to their automatic cancellation or receipt of cancellation Instructions, and you accept full responsibility (including without limitation, any costs or expenses incurred, if any) for the Transactions so executed.
- 6.6. All orders shall be made by you orally either in person or by telephone, or in writing, delivered by post, by hand or transmitted by facsimile or through Electronic Media at your risk. Southwest may act on such instructions which Southwest believes to come from you without any duty to verify the capacity of the person giving the instruction. Southwest shall not be responsible for the non-performance of its obligations hereunder by reason of any cause beyond Southwest’s control, including, without limitation, transmission or computer delays, errors or omissions, strikes and similar industrial action or the failure of any dealer, Exchange or Clearing House to perform its obligations. You hereby confirm and agree that you shall be responsible to Southwest for all engagements, indebtedness and any other obligations made or entered into in your name whether in writing or orally and howsoever communicated and purporting to be given as aforesaid.
- 6.7. You understand and confirm its agreement that Southwest may record conversations with you whether conducted on the telephone or through any other media or otherwise by tape or electronic means for security, control or record purposes.
- 6.8. You may request to cancel or amend your Instructions but we may at our absolute discretion (such discretion not to be exercised in an unreasonable manner) refuse to accept any such request. Instructions may be cancelled or amended only before execution. Cancellation of market Instructions are rarely possible as they are subject to immediate execution. In the case of full or partial execution of your Instructions before cancellation has been accepted by us, you agree to accept full responsibility for the executed Transactions (and any costs and expenses related thereto) and we shall incur no liability in connection therewith. You also agree to accept full responsibility for any costs or expenses incurred as a result of any cancellation (whether or not the Instruction has been fully or partially executed).

6.9. You hereby acknowledge that we and our directors, employees and/or their associates may from time to time trade on their own accounts. Furthermore, you acknowledge the existence of our interest, relationship or arrangement that is material in relation to any instruction received or Transaction effected for you. In particular, we may, without informing you:

- (a) effect Transactions through us;
- (b) (subject to Clause 6.2) effect Transactions with you as principal for our account and our related parties including but not limited to any of us or our employees, or directors;
- (c) effect Transactions in Securities where we have a position in the relevant Securities or are involved with those Securities as underwriter, sponsor or otherwise;
- (d) effect Transactions in Futures Contracts or Options Contracts where we hold an opposite position and where we may benefit from a remuneration, commission, fees, mark up or mark down payable otherwise than by you and/or in respect of which we may also be remunerated by the counterparty to the Transaction, or in which the Transaction or any advice involves Securities or Investments issued by our Affiliates or an associated person or a customer of us. We shall not be liable to account to you for any remuneration, commission, fees, mark-up or mark-down made or received from or by reason of such transactions, and such amounts, to the extent permitted by law, shall not be set off against any of the fees to which we are entitled under this Client Agreement;
- (e) take position opposite to the order of you either for our own account or others;
- (f) match your orders with those of other clients of Southwest;
- (g) combine your order with our orders or our other clients for execution;
- (h) contract or enter into any financial, commercial, advisory or other transaction or arrangement with any person which may relate to any Investment (or any person which is the obligor in respect of any such Investment) which for the time being form part of your assets and to be interested in any such contract or transaction; and
- (i) have a relationship with companies or other entities who may have actual or potential conflict of interest with you,

and neither we nor our related parties shall be obliged to account to you or any third party for any profits or benefits received in connection therewith. In event of insufficient securities to satisfy orders so combined as mentioned in the above paragraph (G), Southwest may in its absolute discretion allocate the transactions between clients and us, having due regard to market practice and fairness to the clients concerned. You acknowledge and accept that such combination and/or allocation may on some occasions operate to your advantages and on other occasions to your disadvantages.



You agree that this Clause contains only examples of conflict situations and is not an exhaustive list of situations whereby conflict may arise.

You also agree that we may retain for our own absolute use and benefit any profit which we may derive from such dealings or in connection with such dealings.

- 6.10. All instructions relating to : (i) purchase or sale of securities or otherwise; and (ii) entering into of Futures Contracts and/or Options Contracts, given hereunder which may be executed on more than one Exchange may be executed on any Exchange Southwest selects. Southwest may also in its discretion direct the instructions of you to other dealers for execution without giving any notification to you.
- 6.11. Without prejudice to any other provision in this Client Agreement, where any Instruction is ambiguous or in conflict with any other Instruction, we shall be entitled, but not obliged, to rely and act on any such Instruction in accordance with any reasonable interpretation thereof which any of our directors, officer, employee or agents believes in good faith to be the correct interpretation.
- 6.12. In acting on an Instruction, we shall be allowed such amount of time as may be reasonable having regard to our systems and operations and the other circumstances then prevailing and shall not be liable for any loss arising from any delay on our part in acting on such Instruction.
- 6.13. Subject to the applicable laws and regulations, Southwest may in its absolute discretion determine the priority in the executions of the orders received from its clients, having due regard to the sequence in which such orders were received and you shall not have any claim of priority to another client in relation to the execution of any orders received by Southwest.
- 6.14. Customer Referral
  - (a) We may, but shall not be obliged to, refer you to an Affiliate (“**Referred Entity**”) from time to time. You may elect to engage a Referred Entity to provide any of the Services and in such cases, you shall be solely responsible for complying with the applicable contractual obligations and legal and regulatory requirements of such Referred Entity.
  - (b) In referring you to a Referred Entity, we are, at all times, acting as an independent contractor and not an agent or a representative of you. We shall not be responsible for a Referred Entity’s actions and/or omissions whatsoever and no fiduciary relationship shall arise or otherwise be implied as a result of referrals made under this Clause 6.14.
  - (c) Any prevailing and/or potential conflicts of interest pursuant to the referral arrangements between us and the Referred Entity shall be unconditionally waived by you in favour of us and the Referred Entity.

- 6.15. We may at any time, at our absolute discretion and without prior notice to you, suspend, prohibit or restrict your ability to give Instructions or to substitute Securities in your Account(s).

## **7. TRADING ADVICE**

- 7.1. Notwithstanding that we (including our directors, officers, employees and the agents) may contact you on investment opportunities which we believe may be of interest to you, you agree that you, independently and without reliance on us, make your own decisions and judgments with respect to your Instructions of any Securities, investment products or Transaction.
- 7.2. While the Services enable you to access any investment research reports or other data of the agents through the Internet or other medium, including computerized online data, the availability of such Information (and any other suggestion or recommendation communicated to you) do not constitute any advice, opinion or recommendation to buy or sell all or any of the Securities or investment products. Any investment decisions you make will be based solely on your own evaluation in light of your financial circumstances and investment objectives.
- 7.3. Any information, suggestion or recommendation communicated to you by us are based on information obtained from sources believed by us to be reliable, are for your own use and consideration only and will not constitute an offer to sell any Investment to you. You further agree that we (including our directors, officers, employees and the agents) shall not be liable in respect the inaccuracy or incompleteness of any information, suggestion or recommendation rendered, whether such information, suggestion or recommendation was given at your request.
- 7.4. If we solicit the sale of or recommend any financial product to you, the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of this Agreement or any other document we may ask you to sign and no statement we may ask you to make derogates from this Clause.
- 7.5. Any exchange rate, interest rate, price of Securities or Commodities or other similar information quoted to you is for your reference only and shall not be binding on us unless confirmed by us for a Transaction.

## **8. SETTLEMENT**

- 8.1. Unless otherwise agreed or Southwest is already holding sufficient cash, Securities or Commodities on your behalf to settle the Transaction, in respect of each Transaction, you shall
- (a) pay Southwest cleared funds or deliver Securities or Commodities to Southwest in deliverable form; or
  - (b) otherwise ensure that Southwest has received such funds, Securities or Commodities,

by such time as Southwest has notified (whether verbally or in writing) you in relation to the relevant Transaction.

- 8.2. Unless otherwise agreed, you agree that if you fail to make such payment or delivery of securities by the due time as mentioned in Clause 8.1, Southwest is hereby authorized to:

(a) in the case of a purchase transaction, sell the purchased securities; and

(b) in the case of a sale transaction, borrow and/or purchase such securities in order to settle the Transaction

- 8.3. You hereby acknowledge that you shall be responsible to Southwest for any loss, costs, fees and expenses incurred by Southwest in connection with your failure to meet your obligation by the due time as set out in Clause 8.1.

## **9. MONEY IN THE ACCOUNT(S)**

- 9.1. The money of you in the Account, after discharging all the indebtedness of you owing to Southwest, shall be treated and dealt with in compliance with the provisions of the SFO. The money of you, after discharging all the indebtedness of you owing to Southwest, which is received and held by Southwest on behalf of you in Hong Kong shall be deposited with a segregated account which is designated as a trust account or client account and maintained by Southwest in Hong Kong with an authorized financial institution or any other person approved by the SFC for such purpose. Southwest may pay the money of you out of the segregated account in accordance with a standing authority pursuant to the SFO.

- 9.2. For so long as there exists any indebtedness to Southwest on the part of you, Southwest may refuse any withdrawal of money in the Account and you shall not without consent of Southwest withdraw any such money.

- 9.3. Unless otherwise agreed between you and us, you agree that any interest accrued on any money of you in the Account shall belong to us absolutely.

## **10. COMMISSION, CHARGES, COSTS AND EXPENSES**

- 10.1. You agree to pay to Southwest all commissions, brokerage or other remuneration payable on all Transactions (including those pursuant to Clause 12) at the rates established from time to time by Southwest. You also agree to reimburse Southwest on a full indemnity basis for all applicable levies (including but not limited to levies imposed by the Exchanges, Clearing Houses and the SFC), fees, stamp duties, expenses and other charges in respect of or connection with the Transactions. Commissions and brokerage are subject to change from time to time and can be ascertained by contacting Southwest. Southwest may impose additional charges for special services furnished at the request of you.

10.2. You agree to pay Southwest the following:

- (a) all subscription, service and usage fees are payable 1 month in advance as prescribed by Southwest and the fees are non-refundable;
- (b) any fee/levies charges by Exchanges or other authorities;
- (c) any other reasonable fees and charges imposed by Southwest from time to time for services and facilities rendered to you; and
- (d) interest on all outstanding sums at such rate and at such mode as Southwest shall notify you in writing,

and Southwest may at its discretion vary the rate of such fees and subscription at any time and from time to time without notice.

10.3. Southwest shall be entitled to charge interest on all or any of your indebtedness (including interest accruing after a judgment debt is obtained against you) at such rate(s) (subject to fluctuation) and at such interval to be demanded and notified by Southwest from time to time. Southwest will usually charge interest on a monthly basis. In the absence of such notification:-

- (a) in the case of Hong Kong dollars indebtedness, interest shall be charged at the following annual rate which is the higher of:
  - (i) 3 per cent above the Prime Rate quoted by Bank; or
  - (ii) 3 per cent above the Prevailing Overnight HIBOR; or
- (b) in case of foreign currency indebtedness, the annual interest rate shall be 8 per cent above the cost of funds of Southwest to be quoted by Southwest in absolute discretion, irrespective of whether Southwest has actually borrowed the funds.

10.4. You acknowledge:

- (a) that every purchase or sale recorded on the stock market operated by SEHK or notified to the SEHK is subject to the charge of an Investor Compensation Fund levy and a levy pursuant to the SFO and the cost of each such charge and levy attributable to you shall be borne by you; and
- (b) that in the case of a default committed by Southwest and you 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 that 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.

10.5. You hereby agree to the imposition upon its Account or Accounts from time to time as Southwest may determine, of a minimum charge in respect of Accounts that maintain

only average credit balances of less than such minimum amount as Southwest may from time to time determine.

- 10.6. You agree that Southwest is entitled to solicit, accept and retain for Southwest's own benefit any rebate, brokerage, commission, fee benefit, discount and/or other advantage from any Transaction effected by Southwest. Southwest may also offer at its absolute discretion any benefit or advantage to any person in connection with such Transaction.

## **11. SOFT COMMISSION AND REBATES**

### **11.1. Taking of Soft Commission and Rebates**

We are hereby authorized, to the extent permitted by Applicable Laws and Regulations, to:

- (a) solicit, receive and retain commission, cash rebates, goods and services and other soft dollar benefits arising out of (i) entering into Transactions for or with you; and (ii) customer referrals, from any agent, delegate, broker, Affiliate and other person in connection with such Transactions and customer referrals;
- (b) offer, pay commission, cash rebates, goods and services and other soft dollar benefits arising out of (i) entering into Transactions for or with you, and (ii) customer referrals, to any agent, delegate, broker, Affiliate and other person in connection with such Transactions and customer referrals; and
- (c) make and retain gains by entering into Transactions for or with you at prices which are different to the prices at which we have entered into with any other person (including any Affiliate).

## **12. DEFAULT**

### **12.1. The following shall constitute events of default (the “Events of Default”)**

- (a) your failure to provide sufficient Collateral within the time limit upon call from Southwest, deposits, purchase consideration or any other sums payable to Southwest, to submit documents or to deliver Securities or Commodities to Southwest hereunder when called upon to do so or on due date;
- (b) if, in respect of any Client Contract, you fail:
  - (i) to provide Margin when called upon to do so; or
  - (ii) to make or take delivery of any underlying securities when required under such contract; or
  - (iii) to pay any purchase price, option premium or other payment thereunder when due;

- (c) (for client being an individual) the death of you or you becoming incapacitated from due performance of the terms and conditions of this Client Agreement;
- (d) the filing of a petition in bankruptcy or, as the case may be, winding up or the commencement of other analogous proceedings, or the appointment of a receiver, in respect of you;
- (e) the levy or enforcement of any attachment, execution or other process against you;
- (f) default by you in the due performance or observance of any of the terms and conditions of this Client Agreement;
- (g) any representation or warranty made in or in pursuance of this Client Agreement or in any certificate, statement or other documents delivered to Southwest being or becoming incorrect in any material respect;
- (h) any of the consents, authorizations, approvals, licenses, or board resolutions required by you to enter into this Client Agreement or any Client Contract being modified in a manner unacceptable to Southwest or being wholly or partly revoked, withdrawn, suspended or terminated or expiring and not being renewed or otherwise failing to remain in full force and effect;
- (i) the continued performance of this Client Agreement becomes illegal or claim by any government authority to be illegal;
- (j) you being in breach, voluntary or otherwise, of any of the conditions contained herein or of the constitutions, rules and regulations of any Exchange or Clearing House;
- (k) material adverse change in the financial position of you; and
- (l) the occurrence of any event which, in Southwest's sole discretion, Southwest feels shall or might put in jeopardy Southwest's rights conferred under this Client Agreement.

12.2. Without prejudice to any other right or remedy which Southwest may have, if any one or more Events of Default occur, Southwest shall be authorized, in its absolute discretion, to take one or more of the following actions no matter separately, successively or concurrently (but shall not be bound to take any such action):

- (a) cover any short position in the Account through purchase of securities on the relevant Exchange and subject to Clauses 8.1 and 8.2 and/or liquidate any or all of the Collateral;
- (b) cancel any or all outstanding orders or contracts or any other commitments made on your behalf and/or decline to take any orders from you;

- (c) call upon any security including but not limited to any guarantees and letters of credit which may have been issued to or in favour of Southwest as security for the Account(s);
- (d) set-off, combine, consolidate, realise and/or sell all or any of the accounts maintained by you with Southwest (including any money or client securities or Collateral or other properties under such accounts);
- (e) sell, liquidate, dispose of or otherwise deal with the Securities, Commodities or other properties held by Southwest on your behalf;
- (f) close out without recourse any or all open positions under the Account;
- (g) borrow or buy in any property whatsoever found necessary by Southwest or required to make delivery against any sale (including a short sale) effected for you;
- (h) exercise any option (call or put) arising from any option contract (including without limitation Exchange Traded Options) held for you;
- (i) exercise any of its rights under this Client Agreement; and/or
- (j) terminate this Client Agreement forthwith

PROVIDED ALWAYS THAT a prior tender, demand for any Collateral or deposit or call of any kind from Southwest, or prior or outstanding demand or call from Southwest, or notice of the time and place of a sale or purchase shall not be considered a waiver of any of Southwest's rights granted by this Client Agreement.

- 12.3. In the event of sale of any client securities or the Collateral or liquidation of the Accounts in Clauses 12 or 13 or Clause 2 of the Additional Terms for Margin Account or Clause 5 of the Additional Terms for Options Account, Southwest shall not be responsible for any loss occasioned thereby howsoever arising if Southwest has already used reasonable endeavours to sell or dispose of any or all of client securities and the Collateral and/or close out or liquidate any outstanding position in the Account under the prevailing market conditions. Southwest is also entitled to exercise its own judgement in determining the time of the aforesaid sale or disposal or liquidation and to sell or dispose of any of such properties at current market price to -Affiliate(s) without any responsibility for any loss occasioned or being accountable for any profit made by Southwest and/or Affiliate(s).
- 12.4. After deducting all costs and expenses incurred in connection with taking any action referred to in Clause 12.2, Southwest may apply any remaining proceeds to the payment of any liabilities you may have to Southwest; and in the event such proceeds are insufficient for the payment of liabilities you shall promptly upon demand and notwithstanding that the time originally stipulated for settlement may not then have arrived pay to Southwest and indemnify and hold Southwest harmless against any differences or deficiencies arising therefrom or in any Account, together with interest thereon and all professional costs (including solicitor's and counsel's fees on a full

indemnity basis should Southwest in its absolute discretion refer the matter to legal advisers) and/or costs and expenses incurred by Southwest in connection with debt collection in relation to the Account or the enforcement of any outstanding position in the Account which shall be for the account of you and properly deductible by Southwest from any funds of you in its possession.

- 12.5. Without prejudice to Clause 12.4, Southwest may place any of the proceeds obtained from performing any actions in Clause 12.2 to the credit of a suspense account with a view to preserve the rights of Southwest to prove for the whole of Southwest's claim against you in the event of any proceedings in or analogous to bankruptcy, liquidation or arrangement for so long as Southwest in its absolute discretion determines without any obligation to apply the same or any part thereof in or towards discharge of any debts or liabilities due to or incurred by you to Southwest.
- 12.6. You acknowledge that the rights Southwest is entitled to exercise under this Clause 12 are reasonable and necessary for its protection having regard to the nature of the securities, margin trading and Commodities, in particular the volatility in the prices of securities and Exchange Traded Options.

### **13. LIEN, SET OFF AND COMBINATION OF ACCOUNTS**

- 13.1. In addition and without prejudice to any general liens, right of set-off or other similar rights to which Southwest is entitled under law or this Client Agreement, all Securities, Commodities, receivables, monies (in any currency) and other property of you (held by you individually or jointly with others) held by or in possession of Southwest at any time shall be subject to a general lien in favour of Southwest as continuing security to offset and discharge all of the your obligation, arising from the Transactions or otherwise, to Southwest and/or Affiliate(s).
- 13.2. In the event that you has more than one accounts (of any nature whatsoever including accounts of other clients guaranteed by you and whether in single or joint names) maintained with Southwest, in addition to and without prejudice to any general liens or similar rights, Southwest may by itself or as agent of any Affiliate at any time, and without notice to you, combine or consolidate all or any of them and set-off or transfer any monies (in any currency) or any other properties standing to the credit of any one or more of them in or towards satisfaction of any of the liabilities to Southwest or the Affiliate of you on any such accounts or in any other respect, including liabilities under facilities or accommodation for any unexpired fixed term or in respect of dealing in securities (including Exchange Traded Options) or under guarantees or indemnities or any other instruments whatsoever given or assumed by Southwest at your request, whether such liabilities are present or future, actual or contingent, primary or collateral and joint or several.
- 13.3. The right of set off in this Clause is a continuing security and is in addition and without prejudice to any security interest Southwest may now or hereafter hold. In respect of any payments to set off any liabilities or obligations of you to any other Affiliate, Southwest shall not be concerned with whether or not such liabilities or obligations exist provided demand has been made on Southwest by any other Affiliate.



- 13.4. Nothing herein shall restrict the operation of any general lien or other rights or lien whatsoever which Southwest may have, whether by law or otherwise, and the rights of set-off hereby conferred are in addition and without prejudice to any general right of set off arising by law or rights granted to Southwest by Clause 12 or 13 or any lien, guarantee, bill, note, mortgage or other security now or hereafter held by Southwest.
- 13.5. In enforcing our lien, we shall have the right to determine which Securities, Commodities, other Investment and/or properties are to be sold and which contracts are to be closed, and to apply the proceeds of sale, after deduction of all costs and expenses, to satisfy any liabilities, indebtedness and/or obligations owed by you to us.

#### **14. ASSIGNMENT AND SUCCESSION**

- 14.1. You shall not assign or transfer any rights or obligations under this Client Agreement or any Transaction without prior consent of Southwest.
- 14.2. Subject to the provisions of the SFO and any applicable law, Southwest may assign or transfer any rights or obligations under this Client Agreement or any other Transaction to another person after written notice to you.
- 14.3. This Client Agreement shall inure to the benefit of our successors and assigns (whether by merger, consolidation or otherwise). All the provisions of this Client Agreement shall survive any changes or successions in Southwest's business and shall be binding, where you are a corporation upon its successors, where you are a partnership upon the partners and their personal representatives, and where you are an individual upon his personal representatives.

#### **15. DEATH OR LEGAL INCAPACITY**

Our rights under this Client Agreement shall not be affected by your death or legal incapacity.

#### **16. SEVERABILITY**

If any provision or condition of this Client Agreement shall be held to be invalid or unenforceable by any competent court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Client Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.

#### **17. NO WAIVER**

No failure or delay on our part in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Any remedy provided to us herein are not intended to be exclusive of any other remedy

and each and every remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity, by statute or otherwise.

## **18. LIABILITIES AND INDEMNITY**

- 18.1. Neither Southwest, nor any of its directors, employees, agents or representatives (the “**Relevant Persons**”) shall under any circumstances whatsoever be liable to you (whether under contract, in negligence or otherwise) in the absence of bad faith or willful default of or by the Relevant Persons in respect of any loss, damage, injury sustained or liability incurred by you by reason of:
- (a) any act, advice, statement (express or implied), default or omission of the Relevant Persons, whether such loss, damage, injury or liability be caused by breach or otherwise by the Relevant Persons or howsoever caused; or
  - (b) any loss or expense incurred by you as a result of or in connection with the transfer to you or the collection or deposit or crediting to any Account of invalid, fraudulent or forged Investment or any entry in any Account which may be made in connection therewith; or
  - (c) any conditions or circumstances which are beyond the reasonable control or anticipation of the Relevant Persons including but not limited to any delay in transmission of orders due to whatsoever reason, failure of electronic or mechanical equipment, telephone or other interconnection problems, unauthorized use of Access Code, prevailing fast moving market conditions, governmental agency or Exchange actions, theft, war, severe weather, earthquakes and strikes; or
  - (d) Southwest exercising any of its rights conferred by the terms of this Client Agreement; or
  - (e) any conversion of one currency to another pursuant to, in relation to or arising from this Client Agreement; or
  - (f) Any inaccuracy or omission from any document prepared by us for, or sent by us to or to the order of, you in connection with any offering of investment; or
  - (g) We in good faith acting or relying on any Instruction given by you, whether or not such Instruction was given following any recommendation, advice or opinion given by us or by any of our directors, officers, employees or agents; or
  - (h) Any inability, failure or delay on our part to comply with or carry out any such Instruction or any ambiguity or defect in any such Instruction; or
  - (i) Any loss or damage suffered by you in connection with any of your Securities, Collateral and other property kept in custody pursuant to Clause 30 or Clause 4.1 in Part III Schedule A - Additional Terms for Margin Account or other part of this Client Agreement unless such loss or damage has been caused as a direct consequence of an act of gross negligence on our part; or

- (j) Any curtailment of, or restriction on, the capacity of us to trade in respect of open positions of any Investment as a result of action taken by SFC, the SEHK, the HKFE or any other authority under applicable rules and regulations or for any other reason, and that in such circumstances, you may be required to reduce or close out your open positions with us; or
  - (k) Any Exchange, Clearing House, agent or other person ceasing for any reason to recognize the existence or validity of Transaction entered into by us on your behalf, or failing to perform or close out positions of any such Transaction provided that such cessation or failure shall not affect your obligations hereunder in respect of any such Transaction or other obligations or liabilities of you arising therefrom; or
  - (l) Any misunderstanding or misinterpretation of any Instruction given or placed verbally or electronically, or any interruption, suspension, delay, loss, mutilation or other failure in transmission or wrongful interception of any Instruction or other information howsoever caused (including any equipment or system owned and/or operated by or for us).
- 18.2. You agree to indemnify the Relevant Persons against and hold the Relevant Persons harmless from all expenses, liabilities, claims and demands arising out of the following, in the absence of bad faith or wilful default of or by the Relevant Persons:
- (a) anything lawfully done or omitted to be done by the Relevant Persons in connection with this Client Agreement; or
  - (b) any breach by you of its obligations under this Client Agreement.
- 18.3. Indirect Damages
- Notwithstanding any provision in this Client Agreement, under no circumstances shall we be liable to you or any other person for any incidental, consequential, indirect, special or exemplary damages of any kind or nature whatsoever or for any loss of revenue, loss of profit, loss of business, loss of opportunity or loss of goodwill (collectively, “**Indirect Damages**”) arising from any representation, any breach of implied term or any duty at common law or under any statute or express term of this Client Agreement, and whether such liability is asserted on the basis of contract, tort or otherwise, whether or not foreseeable, even if we have been advised or were aware of the possibility of such Indirect Damage
- 18.4. Verification of Title
- We are under no duty to examine or verify the validity of the ownership of or title to any asset in connection with any Transaction and shall not be liable in respect of any defect in ownership or title.
- 18.5. Tax

You shall at all times remain responsible for payment of all taxes due and where applicable, for the making of any claim for exemption from withholding taxes. We may deduct or withhold all forms of taxes (wherever in the world and whenever imposed) from any payment if obliged to do so under the Applicable Laws and Regulations. In accounting for tax or making deductions or withholding of tax, we may estimate the amounts concerned. Any excess of such estimated amount over the final confirmed liability shall be credited or sent to you as quickly as reasonably practicable.

#### 18.6. Indemnity to us

You shall indemnify us immediately on demand against any and all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs, charges and expenses of any nature (including legal costs on a full indemnity basis) incurred by us and any liability whatsoever in connection with:

- (a) any failure of or delay by you in performing any of your obligations under this Client Agreement or any Margin Facility provided to you (if any) including the enforcement and preservation of our rights in connection with this Client Agreement; and
- (b) our performance of any of our obligations or exercise of our right or discretion in connection with this Client Agreement.

#### 18.7. General Indemnity

Without prejudice to any provision in this Client Agreement, you shall immediately upon demand fully indemnify and keep us, and our respective directors, officers, employees and agents (collectively, “**Indemnified Persons**”) indemnified against any claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs, charges and expenses, including legal fees, that may be suffered or incurred by any and/or all of the Indemnified Persons, arising out of or in connection with (a) any Investment or Transaction; (b) any action or omission by us pursuant to this Client Agreement; (c) any information provided by you; (d) any breach by you of any of your obligations under this Client Agreement, including any cost reasonably incurred by us in collecting debts due to us from you or unpaid deficiency in any Account and in enforcing our rights hereunder, and any penalty charged as a result of any Transaction to us by any Exchange and/or Clearing House; (e) any investigation, litigation or proceeding by or involving any government agency, market, Exchange, clearing organization or other self-regulatory body, or any third party or other market participant with respect to any Account or Transaction; or (f) closing of any Account.

#### 18.8. Indemnity on Instructions

Without prejudice to any provision in this Client Agreement, you shall indemnify immediately on demand and keep us indemnified at all times against and save us harmless from, all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs, charges and expenses (including all legal costs incurred by us) on a full indemnity basis and any liability whatsoever which may be brought against us or

suffered or incurred by us either directly or indirectly as a result of or in connection with (a) our accepting of or acting on any Instruction; (b) any revocation or alteration of any such Instruction; or (c) any error or omission in such Instruction given by facsimile transmission and/or such other electronic means (regardless of whether such Instruction was given by you or an Authorized Person and/or properly authorized by you).

#### 18.9. Facsimile and Other Modes of Electronic Submission Indemnity

Without limitation to the generality of the foregoing, in consideration of us agreeing to accept Instructions pursuant to Clause 6 above and/or to accept any other documents/Instructions in relation to the operation of the Account(s) by facsimile transmission and/or such other electronic means as may from time to time be permitted by us, you shall indemnify us immediately on demand against all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs, charges and expenses (including all legal costs incurred by us) on a full indemnity basis and any liability whatsoever arising out of or in connection with our acceptance of the aforesaid Instructions and/or any other documents/Instructions in the event of any error or omission in such Instructions and/or any other documents/Instructions, or such Instructions and/or other documents/Instructions having been issued without proper authorization on your part. Each of these indemnities (namely in Clauses 18.6, 18.7 and 18.8 above) shall constitute a separate and independent indemnity from any other indemnity contained elsewhere in this Client Agreement or any other agreement entered or to be entered into between you and us.

### 19. WARRANTIES AND UNDERTAKINGS

#### 19.1. You hereby undertake, represent and warrant on a continuing basis that:

- (a) the information given by you, or on your behalf, to Southwest in the Account Opening Form or otherwise in connection with the opening of any Account is true, full and complete and Southwest shall be entitled to rely on such information until Southwest receives written notice from you of any changes thereto;
- (b) you have the authority and capacity to enter into and execute this Client Agreement and no one except you (unless otherwise disclosed to Southwest pursuant to Clause 22.1) has an interest in the Account(s);
- (c) save as disclosed by you to Southwest pursuant to Clause 22.1 with the consent given by Southwest:
  - (i) you enter this Client Agreement as a principal and is trading on your own account and does not do so as nominee or trustee for any other person and there exist no arrangements whereby any person other than the person(s) signing this Client Agreements as you have or will have any beneficial interest in this Client Agreement; and
  - (ii) you are the ultimate beneficiary of the Account and the person ultimately responsible for originating instruction about Transactions;

- (d) this Client Agreement and its performance and the obligations contained in it do not and will not contravene any applicable laws and regulations, contravene any provisions of the memorandum and articles or bye-laws (for corporate client), or constitute a breach or default under any agreement or arrangement by you are bound;
- (e) subject to any security interest of any Affiliate and the information disclosed to Southwest, all properties including but not limited to securities provided by you for selling or crediting into the Account(s) are fully paid with valid and good title and whose legal and beneficial titles are owned by you and you will not charge, pledge or allow to subsist any charge or pledge or grant any option over such properties without Southwest's prior consent;
- (f) you have received, read and understood the contents of the Risk Disclosure Statement and you have sufficient experience to assess the suitability of the Transactions contemplated under this Client Agreement;
- (g) where you or any one of you is a body corporate (in respect of such person):-
  - (i) it is a corporation duly organized and is validly existing under the laws of the country of its incorporation and in every other country where it is carrying on business;
  - (ii) this Client Agreement has been validly authorized by the appropriate corporate action of you and when executed and delivered will constitute valid and binding obligations of you in accordance with the terms herein;
  - (iii) the certified true copies of your certificate of incorporation or registration, charter, statute or memorandum and articles or other instrument constituting or defining its constitution and the board resolutions of you delivered to Southwest are true and accurate and still in force; and
  - (iv) no steps have been taken or are being taken to appoint a receiver and/or manager or liquidator over the assets of, or to wind up you;
- (h) where you or any one of you is an individual, you are legally capable of validly entering into and performing this Client Agreement and is of sound mind and legal competence and is not a bankrupt;
- (i) where you are a partnership and business is carried on under a firm's name, this Client Agreement shall continue to be valid and binding for all purposes notwithstanding any change in the partnership or constitution of the firm by the introduction of a new partner or by the death, insanity or bankruptcy or a retirement of any partner for the time being carrying on the business of or constituting the firm or otherwise; and
- (j) Any Authorized Person and any person representing you in entering into any Transaction will have been duly authorized to do so on your behalf.

19.2. You undertake to notify Southwest immediately upon the occurrence of any material changes in the information supplied in this Client Agreement and/or the Account

Opening Form. In particular, you agree to inform Southwest of any change in contact information (including address and telephone number) upon occurrence of such changes. In event that in exercising its rights or discharging its duties under this Client Agreement, Southwest cannot communicate with you using the latest contact details provided by you for over a period of seven (7) days, you agree that this provides sufficient evidence of material breach of this Client Agreement by you which constitutes an Event of Default under Clause 12.1(G).

- 19.3. Southwest will notify you of any material change to: (a) the name and address of its business; (b) its registration status with the SFC and its CE number; (c) the description of the nature of services provided by it; or (d) the description of the remuneration payable to Southwest and the basis for such payment.
- 19.4. You accept full risk and responsibility for:
- (a) the monitoring and use of your Account(s) including any of the events set out in Clause 19.5 below;
  - (b) the use and safe custody of any information including your Password, ID, portfolio information, Transaction activities, Account balances and any other information or Instructions available on your personal computer;
  - (c) the provision and maintenance of the communications equipment (including personal computers and modems) and telephone or alternative services required for accessing and using the Services, and for all communications service fees and charges incurred by you in accessing our network; and
  - (d) any loss or damage caused directly or indirectly by any government restrictions, Exchange rulings, suspension of trading of Securities or other Investments, war, strikes, equipment, software or communications line failure or malfunction, unauthorized access, theft, and other occurrences beyond our reasonable control.
- 19.5. You will immediately notify us in writing if you become aware of any of the following:
- (a) any loss, theft or unauthorized use of the Password, ID and/or Account number(s);
  - (b) any failure by you to receive a message from us indicating that an Instruction was received and/or executed;
  - (c) any failure by you to receive an accurate written confirmation of any Transaction;
  - (d) any receipt of confirmation from us of any Instructions or Transaction which you did not place or authorize; or
  - (e) any inaccurate information in your Account balances, Securities and/or other Investment positions, or Transaction history.

In no event shall we be deemed to have received any Instructions given by you until we have actual knowledge of such your Instruction.

19.6. Unless you have previously disclosed in writing to us, you are not an officer or employee of any Exchange, board of trade, clearing house, bank or trust company, or an affiliate of any licensed corporation or registered institution under the SFO, or an introducing broker, or an officer, partner, director or employee of any securities broker or dealer.

19.7. Acting as Principal/Responsible Person

(a) Unless you have previously disclosed to us in writing, you will be acting as principal, and not as trustee or agent or on behalf of any other person and all such Transactions are effected for your benefit and no other person has any interest therein in relation to each Transaction in your Account and shall stand to gain the commercial or economic benefit of such Transaction and/or bear their commercial or economic risks (except where such other person has been disclosed to us by you by written notice);

(b) (i) if you are acting on your own behalf, all the Transactions effected are legitimate and all monies and assets applied to such Transactions are the result of bona fide activities, and (ii) if you are acting on behalf of one or more customers (the identities of which have not been disclosed to us), you have conducted and satisfactorily completed your internal “know-your-client” and anti-money laundering procedures on each such client in accordance with the laws applicable to you and will continue to comply with such procedures in relation to each such client; and

(c) Unless you provide us with prior written notice of the name and address of and nature of relationship with the person whom you appoint to operate the Account(s) on your behalf, you will operate your own Account(s) at all times, including, for the avoidance of doubt, the giving of orders.

19.8. Foreign Account Tax Compliance Act and Common Reporting Standards

You agree to comply with the provisions set out in Schedule F in Part III of this Agreement regarding the requirements of Foreign Account Tax Compliance Act and Common Reporting Standards and understand the consequences resulting from breach of such provisions.

## **20. FORCE MAJEURE**

We shall not in any circumstance be liable to you for loss of any kind whatsoever whether directly or indirectly suffered or incurred by you by reason of any failure or delay in the performance of our obligations hereunder which is caused by or the result of any event which is not within our reasonable control, and any such event shall include (a) the existence or imposition of any form of foreign exchange control, legal, governmental or regulatory restriction or requirement whatsoever; (b) the closure of or ruling by any Exchange (or any division thereof); (c) the suspension of trading of any



Investment or underlying; (d) the failure of any Exchange, Clearing House, agent or other person to perform its obligations; (e) the occurrence of an Insolvency Event in relation to our delegate or agent; (f) the occurrence of fire, flood or any disaster; (g) the occurrence of any industrial dispute affecting a third party for which a substitute third party is not reasonably available; and (h) the occurrence of any breakdown, failure or malfunction of any third party telecommunications, computer services or systems.

## **21. INFORMATION GIVEN TO CLIENT**

- 21.1. Southwest may provide financial market data, quotes, news, research or other information, including graphic images (collectively, the “**Information**”), to you by means of hardcopy, conversation, Electronic Media, website operated by Southwest or otherwise (no matter in writing or verbally). You acknowledge that the rights in the Information are the property of the Southwest, the information providers or the licensors (the “**Information Providers**”) and are protected by applicable copyright and other intellectual property laws and you are allowed to use the Information on this Client Agreement of not engaging in any actions which may infringe the rights of the Information Providers.
- 21.2. You acknowledge that none of the Information Providers makes any representation or warranty of any kind (including but not limited to warranties of merchantability or fitness for any particular use) and does not guarantee the timeliness, sequence, accuracy, adequacy or completeness of the Information. In particular owing to market volatility and possible delay in data-transmission process, the market data containing in the Information may not be real-time market quotes for the relevant products. Whilst Southwest believes such data to be reliable, it has no independent basis to verify the accuracy or completeness of the Information provided. No recommendation or endorsement from Southwest shall be inferred from such data.
- 21.3. You acknowledge that the Information is provided for informational purpose only and should not be used as a basis for making business, investment or any kind of decision and the Information Providers do not accept any responsibility or liability for any loss or damage howsoever arising from any person acting or refraining from acting in reliance on the Information.

## **22. DISCLOSURE OF INFORMATION ABOUT CLIENT**

- 22.1. Subject to the provisions of this Client Agreement, Southwest will keep the information relating to the Accounts confidential. You acknowledge that there are laws, rules and regulations of the relevant markets and Exchanges which contain provisions requiring Southwest upon the request of HKEX, the SFC, any government authority and/or any other regulator in Hong Kong (collectively, “relevant regulators”) having jurisdiction over the Transactions, to disclose details of the Transactions, the name of you, beneficial identity of the Transactions and such other information concerning you as any such relevant regulators may require and that you agree to provide such information concerning you on timely basis as Southwest may require in order for Southwest to comply with the requirements.

- 22.2. Without limiting the disclosure to anything provided in Clause 22.1, you hereby irrevocably authorizes Southwest , without further notice and consent from you, to disclose to any person information, reports, records or documents pertaining to the Account together with such other information as may be required or Southwest may deem appropriate and to produce computerized record or other document relating to you and the Account if that disclosure is required by the relevant regulators for the purpose of assisting them with any investigation or enquiry they are undertaking or by a court of competent jurisdiction or if the disclosure is in the public interest or in Southwest's or your interest or is made with your expressed or implied consent.
- 22.3. You further agree that Southwest may, whether during the continuance or after the termination of this Client Agreement, without notice to you, disclose any information relating to you and the Account(s) to any other Affiliate, or to any assignee of any of the rights or obligations of Southwest under this Client Agreement.
- 22.4. You shall provide the information about the identity, address, contact details (“Identity Details”), tax information and any other information of the persons or entities which (i) are you, (ii) are ultimately responsible for originating the instructions in relation to the Transactions, or (iii) stand to gain the commercial or economic benefit of the transactions and/or bear its commercial or economic risk or such other information concerning you as any relevant regulator may require in order for Southwest to comply with the applicable laws and regulations and you authorize Southwest to provide such information about you to such relevant regulator without further consent from or notification to you.
- 22.5. Without prejudice to Clause 22.4, if you effect transactions for the account of your 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 you, you agree that, in relation to a transaction where Southwest has received an enquiry from the relevant regulators, the following provisions shall apply:
- (a) Subject to as provided below, you shall, immediately upon request by Southwest, inform the relevant regulators of the Identity Details of the client for whose account the transaction was effected and (so far as known to you) of the person with the ultimate beneficial interest in the transaction. You shall also inform the relevant regulators of the Identity Details of any third party (if different from the client/the ultimate beneficiary) originating the transaction.
  - (b) If you effect the transaction for a collective investment scheme, discretionary account or discretionary trust, you shall:
    - (i) immediately upon request by Southwest, inform the relevant regulators of the Identity Details of the person(s) who, on behalf of the scheme, account or trust, has instructed you to effect the transaction; or
    - (ii) as soon as practicable, inform Southwest when the discretion to invest on behalf of the scheme, account or trust has been overridden, and you shall immediately upon request by Southwest, inform the relevant regulators of the Identity Details of the person who has given the instruction.

- (c) If you are a collective investment scheme, discretionary account or discretionary trust and in respect of a particular transaction, the discretion of you or your officers or employees has been overridden, you shall, as soon as practicable, inform Southwest when the discretion to invest on behalf of the beneficiaries of such scheme, account or trust has been overridden and immediately upon request by Southwest, inform the relevant regulators of the Identity Details of the person who has given the instruction in relation to the relevant transaction.
- (d) If you are aware that your client is acting as intermediary for its underlying clients, and you do not know the Identity Details of any underlying client for whom the transaction is effected, you confirm that:
  - (i) you have legally binding arrangements in place with its client which entitle you to obtain the information set out in Clauses 22.5(A), (B) and/or (C) from its client immediately upon request or procure that it be so obtained; and
  - (ii) you will, upon request from Southwest in relation to a transaction, promptly request the information set out in Clauses 22.5(A), (B) and/or (C) from its client on whose instructions the transaction is effected, and provide the information to the relevant regulators as soon as it is received from its client or procure that it be so provided.
- 22.6. You hereby agree that Southwest shall not be in any way liable for any consequences arising out of any disclosure made under this Clause 22.
- 22.7. You understand that you have supplied or may from time to time supply to Southwest or any other Affiliate personal data about you (the “**Personal Data**”), within the meaning ascribed in the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong), in connection with the opening or maintenance of any Account(s) or the provision of services to you by Southwest or any other Affiliate. You acknowledge that you are not required to provide any Personal Data to Southwest and any other Affiliate unless you choose to do so. However, if you fail to supply any such Personal Data, Southwest may not be able to open or maintain an Account(s) for you and/or provide you with any services.
- 22.8. You acknowledge that you have read the Data Privacy Policy of Southwest and agreed to the terms in it.
- 22.9. The terms contained in this Clause 22 shall continue in effect notwithstanding the termination of this Client Agreement.

## **23. TRANSACTIONS CONDUCTED IN FOREIGN CURRENCY**

In the event that any Transaction effected by Southwest on behalf of you involve conversion of a foreign currency (i.e. currency other than Hong Kong Dollars), you agree that:

- (a) any profit or loss arising as a result of a fluctuation in the exchange rate affecting such currency will be entirely for your account and risk and your Account will accordingly be credited or debited (as the case may be) to at the exchange rate adopted by the relevant bank at the time.;
- (b) any conversion from one currency to another required to be made for performing any action or step taken by Southwest under this Client Agreement may be effected in such manner and at such time as it may in its absolute discretion decide; and
- (c) in respect of any Transaction on the Account(s) executed in any currency other than the currency that you have in your Account(s), any profit or loss arising as a result of exchange rate fluctuation will be entirely for the Account and at your risk. You are also responsible for any expenses and charges that may be incurred as a result of such foreign exchange.

## **24. AMENDMENTS**

- 24.1. To the extent permitted by law, Southwest may from time to time amend or supplement (whether by the addition of schedules to this Client Agreement or otherwise) any of the terms and conditions of this Client Agreement by notifying you in accordance with Clause 28. If you do not accept the same, you may terminate this Client Agreement by notifying Southwest in writing within seven (7) Business Days from your receipt or deemed receipt of the notice in accordance with Clause 28. If you do not terminate this Client Agreement within such time or if you continue to operate the Account after receipt or deemed receipt of notice of the amendment or supplement, you will be deemed to have accepted such amendment or supplement and shall continue to be bound by this Client Agreement as so amended or supplemented.
- 24.2. Subject to Clause 24.1, no provision of this Client Agreement may be amended or supplemented unless agreed to in writing signed by Southwest's authorized representative(s).

## **25. JOINT CLIENT**

- 25.1. Where you consist of more than one person:
  - (a) the liability and obligations of each of you shall be joint and several and references to you shall be construed, as the context requires, to any one of you;
  - (b) Southwest is entitled to, but shall not be obliged to, act on instructions or requests from any of you;
  - (c) any notice, payment or delivery by Southwest to any one of you shall be a full and discharge of Southwest's obligations to notify, pay or deliver under this Client Agreement; and

- (d) Southwest is entitled to deal separately with any one of you on any matter including the discharge of any liability to any extent without affecting the liability of any others.

Notwithstanding the above paragraph (B) and any agreement between any persons of you with Southwest, Southwest reserves the right to demand all the persons of you to give instructions or requests in writing or in any such other manner determined by Southwest before Southwest's accepting or acting on such instructions.

- 25.2. Where you consist of more than one person, on the death of any of such persons (being survived by any other such persons), the death of one person does not operate to terminate this Client Agreement automatically unless terminated in accordance with other provisions of this Client Agreement but such death constitutes an Event of Default (Clause 12.1(C)).

#### 25.3. Death/Mental and/or Other Incapacity/Insolvency

- (a) You undertake to give us immediate notice in writing of the death of any joint Account holder. In the event of such death, we may take such steps, require such documents, retain any part of any Account and restrict Transactions in any Account as we may at our discretion deem necessary, advisable or desirable to protect our interests with respect to any tax, liability, penalty or loss under any present or future law.
- (b) All instructions and Transactions relating to any joint Account or (as the case may be) any Service, in the event of the death, or mental and/or other incapacity of or the occurrence of an Insolvency Event in relation to any one or more of the joint Account holder shall be subject to any claim or objection of relevant authority and shall be without prejudice to any right which we may have arising out of any lien, charge, pledge, set-off, claim, counterclaim or otherwise whatsoever or any step or legal proceedings which we may in our absolute discretion deem desirable to take in view of any claim by any person other than the survivors, executors, administrators of the deceased.
- (c) Subject to paragraph (B) above, we shall hold on the death, or mental and/or other incapacity of or the occurrence of an Insolvency Event in relation to any of the joint Account holder all credit balance or balances and properties in all the Accounts and all monies due by us to the joint Account holders under any Transactions and Services to the order of the surviving joint Account holder (in case of death of all of the joint Account holders, to the executors or administrators of the last surviving joint Account holder) and any payment by us above shall be an absolute full and conclusive discharge of us as against the joint Account holders (including the deceased and his/her/estate and successor) provided that we may require the production of documentary proof of the death and/or the relevant legal grant to the estate of the deceased.
- (d) Our set off right hereunder may be exercised against any one or more of the joint Account holders such that money, property or proceeds otherwise payable to the

joint Account holders may be applied by us in or towards the satisfaction of any obligations or liabilities owing to us by any one or more of the joint Account holders.

- 25.4. Each of joint Account holders agree that any tax or other expenses resulting from the death of any one or more of the joint Account holders, or through the exercise by the deceased's estate of any rights in such Account, shall be payable out of any Account or chargeable against the interest(s) of the survivor(s) as well as against the interest of the deceased's estate.

## **26. PARTNERSHIP**

### **26.1. Liabilities and Obligations**

If you are a partnership, under this Client Agreement:

- (a) the liabilities and obligations of each partner of the partnership shall be joint and several;
- (b) references to you shall be construed, as the context requires, to any or each partner of the partnership;
- (c) we may accept Instructions from any one or more of partners in respect of an Account held under the name of a partnership if such Instruction is given in accordance with the Mandate (however, we reserve the right to require written Instructions from all such partners at our discretion);
- (d) any delivery of payment or Investment to any one partner shall be a valid and complete discharge of our obligations to each partner of the partnership regardless of whether such delivery is made before or after that partner ceases to be a partner of the partnership;
- (e) any statement of account (including Combined Statement of Account & Contract Notes, receipts and Monthly Statement), Confirmation, receipt, notice and communication sent to one partner will be deemed notice to all partners of the Account;
- (f) we shall be entitled to deal separately with any partner of the partnership on any matter, including the discharge of any liability to any extent, without affecting the liability of any other partner of the partnership; and
- (g) each person who ceases to be a partner of the partnership (whether as a result of death, retirement, resignation, replacement, addition, bankruptcy or otherwise) will remain liable for all liabilities and obligations owed by you to us which have accrued up to and including the date that such person ceases to be a partner of the partnership.

### **26.2. Changes to the Partnership**

If you are a partnership, this Client Agreement shall continue to bind the partnership notwithstanding any change in the constitution, name or membership of the partnership by reason of death, bankruptcy, retirement, disability or admission of new partners or the occurrence of any other event which may dissolve the partnership or otherwise affect its obligations under this Client Agreement.

## **27. COMBINED STATEMENT OF ACCOUNT & CONTRACT NOTE AND MONTHLY STATEMENT**

### **27.1. General**

- (a) We will send to you a Combined Statement of Account & Contract Note which summarizing all Transactions effected pursuant to Instructions on the same day or a notification of the availability of such summaries within two (2) Business Days after the date of the relevant Transactions.
- (b) Where required by Applicable Laws and Regulations, we will send a Monthly Statement of each Account to you summarizing the Transactions effected under the relevant Account since the date of the preceding month statement, or a notification of the availability of such statements within seven (7) Business Days after the end of the relevant month. In addition to such Monthly Statement, we also issue to you such other Account statements in such manner upon your request or as may be required by Applicable Laws and Regulations.
- (c) You are responsible for reviewing all acknowledgements, Confirmations, Combined Statement of Account & Contract Notes, receipts and Monthly Statement in relation to your Transactions and your Account(s) immediately upon receipt. All Transactions and other information in any acknowledgements, Confirmations, Combined Statement of Account & Contract Notes, receipts and Monthly Statement will be binding on you unless we receive notice of objection in writing or via electronic mail or by facsimile within forty-eight (48) hours after you receive or are deemed to have received the same (whichever is earlier). We reserve the absolute right to determine the validity of your objection to the relevant Transaction or information.
- (d) Subject to any contrary Applicable Laws and Regulations, you agree to any acknowledgement, Confirmations, Combined Statement of Account & Contract Notes, receipts and Monthly Statement to be in electronic form and further agree to receive them through electronic means as may be prescribed by us from time to time.
- (e) Southwest may not provide you with monthly statements in relation to the Account when during the relevant period there is no transaction or revenue or expense item and no outstanding balance or holding securities position in the Account.

## **28. NOTICES**

- 28.1. In the event of Southwest being required to give any reports, written confirmations, notice to, or make any demand or request of you or otherwise being obliged to contact you in connection with this Client Agreement notice (including any demand for Margin or Collateral) may be personally delivered, transmitted by post, telex or facsimile or by telephone or through Electronic Media in each case to the address or telex, facsimile or telephone numbers or email address set out in the Account Opening Form or otherwise as notified to Southwest in writing from time to time by not less than 5 Business Days' notice.
- 28.2. Notices to be delivered by you to Southwest may be personally delivered, transmitted by post, telex or facsimile or by telephone in each case to the address or telex, facsimile or telephone numbers set out in this Client Agreement or otherwise as notified by Southwest from time to time.
- 28.3. All notices and other communications shall be deemed to be given at the time of transmission if delivered personally, by telex, facsimile or telephone or through Electronic Media or two days after the date of posting if transmitted by mail whichever shall be the first to occur; provided that any notice or other communication to be given to Southwest shall be effective only when received by Southwest.

## **29. TERMINATION**

### **29.1. Stoppage of Services**

- (a) We may suspend the provision of Services or your access to any part of the Services without prior notice or consent from you in the event that:
- (i) we elect at our absolute discretion to discontinue such Service(s) on a temporary or permanent basis;
  - (ii) you breach any of the provisions under this Client Agreement;
  - (iii) your Account has recorded no trading activities and/or holds no asset for a period (such period to be determined by us from time to time at our absolute discretion);
  - (iv) your Account has become an Inactive Account or a Dormant Account for an extended period of time (such period to be determined at our absolute discretion); or
  - (v) we are required by any Applicable Laws and Regulations to suspend the provision of any Service.
- (b) You are required to provide us with one (1) month's advance notice of your intention to cease trading in derivative products (no matter traded on any Exchange or not). You shall be responsible for all losses and expenses incurred during this one (1) month's period unless you are otherwise advised by us.
- (c) We may activate any Service and/or your Account upon your application to us on such terms and the supply of such information about yourself as we may determine from time to time.



## 29.2. Termination of Account(s)

(a) We may terminate any one or more of the Account(s):

- (i) without given prior notice to or obtaining consent from you if you breach or fail to comply with any provision of this Client Agreement or when your Account has become an Inactive Account or a Dormant Account for an extended period of time (such period to be determined at our absolute discretion);
- (ii) by giving you not less than one (1) Business Day's prior written notice; or
- (iii) immediately without giving you prior notice or obtaining your consent where we are required by any Applicable Laws and Regulations to terminate and close the Account(s) you have opened with us.

29.3. Any termination of the Services or this Client Agreement or the closure of Account(s) shall not affect any Transactions entered into or prejudice or affect any rights, powers, duties, liabilities and obligations of either party accrued prior to the termination.

## 29.4. Consequences of Termination

Upon termination of this Client Agreement,

- (a) you will immediately repay to us all amounts due or owing to us under this Client Agreement;
- (b) you will withdraw any cash or Securities or other Investment balances in the Account within seven (7) Business Days from the date of termination, failing which we may on your behalf and without any responsibility for any loss or consequences on our part sell or dispose of or Close Out (as applicable) your Securities or other Investment in the market or in such manner and at such time and price as we may reasonably determine and send to you at your own risk our cheque or remittance representing the net sale proceeds and the credit balances in your Account (whether in Hong Kong Dollars or in another foreign currency to be determined by us in our absolute discretion) to your last known address. For the avoidance of doubt, we shall not be responsible for any charges, costs, expenses or losses which may be incurred or arise as a result of such conversion and we shall have the right to deduct such charges, costs, expenses or losses prior to sending cheque or remittance;
- (c) we may sell, realize, redeem, liquidate or otherwise dispose of all or part of Investments to satisfy all of your indebtedness to us and Clause 29.5 below shall apply to any such sale; and
- (d) we shall cease to have any obligation to execute any instruction received from you.

## 29.5. Proceeds and Documents of Title

Any net cash proceeds received by us pursuant to a sale, realization, redemption, liquidation or other disposal under this Clause 29 shall either be (a) if your Account has not been closed, credited to any of your Account; or (b) returned to you, after first

deducting or providing for all monies and sums due or owing and other liabilities accrued or accruing due to us and outstanding (whether actual or contingent, present or future or otherwise). All Investments are not realized or disposed of together with any relevant document of title in our possession shall be delivered to you at your sole risk and expense.

### **30. CUSTODY OF SECURITIES/OTHER INVESTMENTST**

#### **30.1. Act as Custodian**

Unless otherwise specified, you appoint us to act as custodian for you to keep custody of your Securities or Collateral. You agree not to pledge, charge, sell, grant an option or otherwise deal in any of your Securities or Collateral forming part of any Account without our prior written consent.

#### **30.2. Manner of custody**

Any Securities and other Investments which are held by us for your Account may, at our absolute discretion, be either:

- (a) registered in your name or in the name of our associated entity or register in accordance with the applicable laws of the jurisdiction which your Securities are held; or
- (b) deposited in safe custody in a segregated account (which is designated as a trust account or customer account) with (i) in relation to those of your Securities that are to be kept in Hong Kong, an authorized financial institution, an approved custodian or another intermediary licensed by the SFC that is permitted to hold customer assets, (ii) in relation to those of your Securities that are to be kept in a jurisdiction outside Hong Kong, an institution properly authorized by Applicable Laws and Regulations in such jurisdiction(s) applicable to us to hold such Securities (whether or not such Securities may have the same level of protection as those that are kept in Hong Kong).

You acknowledge that any Securities or other Investments held by us for your Account shall be at your sole risk and we have no obligation to insure you against any kind of risk. We shall not be responsible for any losses, costs, damages, interests and charges arising from or in connection with such engagement or custody under the above arrangement, including without limitation any losses arising from fraud or negligence of the party so engaged.

#### **30.3. Dividends**

- (a) If we receive any dividends or other distributions or benefits in relation to any Securities or other Investments for your Account, they shall be credited to your Account(s). Where your Securities or Investments form part of a larger holding of identical Securities or Investments held for our other customers, you shall be

entitled to a proportional share of the dividends, distributions or benefits in question.

- (b) In relation to Securities or other Investments held by us for safekeeping pursuant to this Clause 30 that are not registered in your name, we shall ourselves, or shall procure any associated entity, institution, custodian or intermediary appointed by us to:
  - (i) in the absence of your prior written Instruction to the contrary, collect and credit any dividend, distribution or other benefit arising in respect of such Securities to the Account or make payment to you as agreed with you. Where the Securities or other Investments form part of a larger holding of identical Securities or other Investments held for our customers, you are entitled to the same share of the dividend, distribution or other benefit arising on the holding as your share of the total holding; and
  - (ii) act on any Instruction received from you in sufficient time to enable us to make the necessary arrangements as to the exercise of any voting or other rights attaching to or conferring on such Securities provided that if any payment or expense is required to be made or incurred in connection with such exercise, neither us nor any of our associated entity, institution, custodian or intermediary shall be required to act on any Instruction received from you unless and until we receive all amounts necessary to fund such exercise.
- (c) We are entitled to charge reasonable administrative fee on making distribution dividends or other benefit to you in respect of Securities or other Investments held on your behalf.
- (d) We shall not be responsible for any failure in making distribution of any party who holds the Securities and other Investments for your behalf.

#### 30.4. Delivery of Non-identical Customer's Securities, Investments and Securities Collateral

In respect of this Clause 30, we or any of our associated entity, institution, custodian or intermediary is not bound to deliver to you the identical Securities, Investments and Securities Collateral received from or for you but may deliver to you, Securities, Investments and Collateral of like quantity, type and description.

#### 30.5. Disposal of Securities, Investments and Collateral

You agree that we may dispose or initiate the disposal by our associated entity of any Securities, Investments and/or Collateral in settlement of any sums owed by you or on your behalf to us, our associated entity or a third party or otherwise as permitted under this Client Agreement.

#### 30.6. Limitations on Treatment of Securities, Investments and Collateral

We shall take reasonable steps to ensure that your Securities or Collateral are not deposited, transferred, lent, pledged, repledged or otherwise dealt with for any purpose except as permitted in this Clause 30 or in accordance with any of your Instruction, your Securities Standing Authority or Applicable Laws and Regulations.

### 30.7. Our Discretion

In the absence of contrary Instructions, we are authorized at our absolute discretion, and at your cost and expense:

- (a) to request payment of and receive all interest and other payments or distributions (whether of a capital or income nature) in respect of any Securities or Investments;
- (b) to surrender your Securities or other Investments against receipt of the monies payable at maturity or on redemption of the Securities or other Investments if called prior to maturity;
- (c) to exchange any documents relating to any of your Securities or other Investments, where such documents have been issued, in interim or temporary form for definitive form; and
- (d) to complete and deliver on your behalf as owner any ownership certificates in connection with the Securities or other Investments which may be required to obtain income from your Securities or other Investments or to facilitate their sale.

### 30.8. Voting and Other Rights

- (a) In respect of any Securities or other Investments held by us on your behalf, if we are notified that any voting and/or any other rights or privileges (including without limitation, conversion and subscription rights and any rights or privileges arising in connection with takeovers, other offers or capital reorganizations) attaching to those Securities or other Investments (as applicable) may be exercised, we will use our reasonable endeavors to notify you as soon as reasonably practicable of such rights and/or privileges. If you unambiguously inform us that you wish us to exercise the rights and/or privileges, and you have sufficient cleared funds in the Account, we will do so but only on such terms as you advise orally (subject to our agreement) or in writing within fourteen (14) Business Days of such notice (or such shorter period as may be specified or appropriate) and which are reasonably acceptable to us. Otherwise, we will not exercise any such rights and/or privileges. Notwithstanding the absence of satisfactory Instructions or sufficient funds, in the event that we are notified that subscription rights attaching to any Securities or other Investments that we hold on your behalf, we may, in our absolute discretion, dispose of such rights on your behalf and in such manner as we think fit.
- (b) If we are notified by any company in which we hold Securities or other Investments on your behalf, that such company intends to make calls upon those Securities (or other Investments) (as applicable) in respect of any monies whatsoever unpaid on them, we will use reasonable endeavors to notify you as soon as practicable of such

calls. If you provide us with the relevant funds in sufficient time for us to do so, we will satisfy such calls on your behalf and on such terms as you advise orally (subject to our agreement) or in writing and which are reasonably practicable to us. Otherwise we shall take no action on your behalf and will have no liability whatsoever in respect of the consequences of a failure to satisfy the calls, we may do so and you undertake to reimburse us forthwith upon demand for any expenses or costs incurred in relation to such calls.

### 30.9. Charge or Lending of Securities or Other Investments

We shall not, without your prior written consent or standing authority, deposit any of your Securities or other Investments as security for any loans or advances made to us, or lend or otherwise part with the possession of your Securities or other Investments for any purpose.

### 30.10. Pooling of Securities

You agree that any Securities or other Investments deposited with us by you or purchased by us for your Account(s) may, at our absolute discretion, either be treated as fungible or pooled with the other like investments held by our other customers or specially allocated to your Account. You agree that in the event of any dividends or other distributions or benefits accruing or any losses however arising (including losses resulting from a reduction in the number or amount of Securities or other deliverables available for delivery) being suffered. In connection with any given Securities or other Investments held like with like, your Account shall be credited for such dividends or other distributions or benefits payment made to you or, as the case may be, your Account shall be debited with the proportion of such loss equal to the proportion of the total number of amount of relative Securities or such other Investments which shall comprise Securities or Investments forming part of your Account.

## 31. GENERAL

- 31.1. This Client Agreement may be translated into Chinese language but in the event of any conflict arising the English version shall prevail.
- 31.2. In case of any conflict between any terms in Part II - General Terms and Conditions and any terms in Part III - Additional Terms Applicable to Respective Accounts and Services, the provision of the latter shall prevail.
- 31.3. Time shall in all respects be of the essence in the performance of all your obligations under or in connection with this Client Agreement, in particular for your obligation in providing adequate Collateral to Southwest within the prescribed time limit.
- 31.4. Except where Southwest is given express written instructions to the contrary, in accordance with the terms of this Client Agreement, it may make payment of any amounts owing to you by crediting the same to the Account, details of which are specified in this Client Agreement. Payment to such Account shall constitute payments to you for all purposes.

- 31.5. All sums payable by you in connection with this Client Agreement shall be exclusive of all taxes, duties or other charges of similar nature. If any tax, duty or other charge of similar nature is required by law to be withheld from such payments, the amount payable by you shall be increased to the extent necessary to ensure that, after the making of any withholding, Southwest receives on the due date a net sum equal to what it would have received and retained had no deduction been made.
- 31.6. Any provision in this Client Agreement which is invalid for any reason in any jurisdiction shall be ineffective to the extent of such invalidity and shall be severed from this Client Agreement in that jurisdiction without affecting the validity of the remaining provisions of this Client Agreement in that jurisdiction or affecting validity of such provision in any other jurisdiction.
- 31.7. You hereby declare that you have read this Client Agreement in the language of your choice of English or Chinese and that you understand and agree to be bound by the terms of this Client Agreement.
- 31.8. Unless expressly provided to the contrary in this Client Agreement, no person other than Southwest and you will have any right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any of the provisions of this Client Agreement.
- 31.9. You hereby irrevocably appoints Southwest with full power and authority as your attorney, to the fullest extent permitted by law, to act for and on behalf of you for the purpose of carrying out the provisions of this Client Agreement and taking any action and executing any document or instrument in the name of you or Southwest which Southwest may deem necessary or desirable to accomplish the purposes of this Client Agreement, including (without limitation), in particular for an Account being a Margin Account or an Options Account :
- (a) to execute any transfer or assurance in respect of any of the Collateral;
  - (b) to perfect Southwest's title to any of the Collateral;
  - (c) to ask, require, demand, receive, compound and give a good discharge for any and all moneys and claims for moneys due or to become due under or arising out of any of the Collateral;
  - (d) to give valid receipts and discharges and to endorse any cheques or other instruments or orders in connection with any of the Collateral; and
  - (e) generally to file any claims or take any lawful action or institute any proceedings which Southwest considers to be necessary or advisable to protect the security created under this Client Agreement.

## **32. DISPUTES AND GOVERNING LAW**

- 32.1. This Client Agreement and its enforcement shall be governed by the laws of Hong Kong and its provisions shall be continuous, shall cover individually and collectively all Accounts which you may open or re-open with Southwest, and shall inure to the benefit of, and bind Southwest, Southwest's successors and assigns, whether by merger, consolidation or otherwise as well as heirs, executors, administrators, legatees, successors, personal representatives and assigns of you.
- 32.2. Any dispute arising under or in connection with this Client Agreement or any Client Contract is to be settled by arbitration or by court proceedings in Southwest's absolute discretion which shall be binding absolutely on you.
- 32.3. Any dispute which, in Southwest's discretion, is referred to arbitration shall be settled at the Hong Kong International Arbitration Centre conducted in Hong Kong according to the securities arbitration rules of the Hong Kong International Arbitration Centre. You hereby expressly agrees to accept the finding of any such arbitration as absolute and final.
- 32.4. By execution and delivery of this Client Agreement you hereby irrevocably submits to and accepts unconditionally the non-exclusive jurisdiction of the courts of Hong Kong. This Client Agreement may be enforced in the courts of any competent jurisdiction. In the event of any legal proceedings being brought in the courts of Hong Kong this Client Agreement shall in all respects be governed by and construed in accordance with the laws of Hong Kong PROVIDED ALWAYS THAT Southwest shall have the right to proceed against you in any other court which has jurisdiction over you or any of your assets and you hereby submits to the non-exclusive jurisdiction of such courts.
- 32.5. If you are not a resident in Hong Kong or a company incorporated in Hong Kong, you shall appoint the person as its/yours agent to accept service of any legal process in Hong Kong in connection with the Account Opening Form, this Client Agreement and any other agreement between you and Southwest. You agree that any such legal process shall be deemed duly and sufficiently served on you if delivered to the said agent at any address from time to time designated by such agent whether or not such agent gives notice thereof to you. The foregoing shall not limit Southwest's right to serve process in any manner permitted by law in any jurisdiction.

## **PART III - ADDITIONAL TERMS APPLICABLE TO RESPECTIVE ACCOUNTS AND SERVICES**

### **Schedule A - Additional Terms for Margin Account**

#### **1. Application of the Additional Terms**

- 1.1. All provisions in these Additional Terms for Margin Account apply to Margin Accounts and the Clauses 3 and 4 of these Additional Terms for Margin Account also apply to Options Accounts and Futures Accounts.
- 1.2. You shall open and maintain one or more Margin Account with Southwest subject to Part II the General Terms and Conditions and these Additional Terms for Margin Account and the Additional Terms for Electronic Trading Service (if applicable) and the Additional Terms for New Listing of Securities (if applicable) and the Additional Terms for China Connect (if applicable) and Part IV Risk Disclosure Statement.
- 1.3. Unless otherwise agreed by us in writing, any Margin Facility made available by us to you from time to time at your request shall be subject to the following terms and conditions:

#### **2. Margin Facility**

- 2.1. The Margin Facility is extended by Southwest to you for financing the trading of securities (other than Exchange Traded Options) in Margin Account on the Additional Terms for Margin Accounts and any other terms and conditions which may be indicated by Southwest to you from time to time.
- 2.2. Southwest is authorized by you to draw on the Margin Facility to settle any amounts due to Southwest in respect of purchase of securities and to finance continued holding of securities, the payment of commission, interest and any other expenses incidental to the operation of the Margin Account and any other sums owing to Southwest and the Affiliates. The Margin Facility is repayable on demand and Southwest may, in its absolute discretion, vary the terms in this Clause 2 or terminate the Margin Facility at any time it thinks fit. Southwest is not obliged in any way to provide financial accommodation to you.
- 2.3. You shall provide and maintain adequate Collateral and provide such additional Collateral in the manner and within the time limit specified by Southwest for the compliance with the margin requirements set by Southwest. Southwest in its absolute discretion determines the amount, type and form, manner of delivery, calculation basis of permissible value and timing of the delivery of the required Collateral. Southwest may change the margin requirements at any time in its absolute discretion without prior notice to you. Any failure of you in providing the required Collateral in Clause 2.5, constitutes an Event of Default and Southwest is entitled to dispose of any of the Collateral without prior notice to you.



- 2.4. The time for provision of Collateral and for payment of margin deposit is of essential and if no time is stipulated by Southwest in making a demand for Collateral or margin deposit, you are required to comply with such demand within two hours from the time of making such demand (or in a shorter period if so required by Southwest). You also agree to pay immediately in full on demand any amount owing under the Margin Facility. All initial and subsequent payments for margin deposits shall be made in cleared funds and in such currency and in such amounts as Southwest may in its sole direction require.
- 2.5. Notwithstanding Clauses 2.3 and 2.4, in the event that it is in the sole opinion of Southwest that it is impracticable for Southwest to make demand on you for additional Collateral pursuant to Clause 2.3, Southwest shall be deemed to have made such demand of additional Collateral in such form and amount as Southwest may determine and such demand shall become immediately due and payable by you. The aforesaid impracticability may be due to the following (without limitation) rapid changes or development involving prospective changes:
- (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 Southwest likely to result in a material or adverse fluctuation in the stock market, currency market, commodities or futures market in Hong Kong and/or overseas; or
  - (b) which is or may be of a material adverse nature affecting the conditions of you or operations of the Margin Account.
- 2.6. You shall pay interest on the outstanding amount of the Margin Facilities from time to time at such rate and in such manner as determined by Southwest from time to time. Interest will accrue on the outstanding amount of the Margin Facilities on daily basis and the accrued interest will be deducted from the Margin Account on a monthly basis and shall be payable at any time upon the demand made by Southwest.
- 2.7. If there is a debit balance in any of your Accounts which is a cash account and you hold a Margin Account, interest will be calculated on each debit balance and charged to the Accounts separately.
- 2.8. You shall, upon our demand at any time, repay to us all principal and interest accrued thereon outstanding under the Margin Facility, but nothing in this Clause shall prejudice our rights, powers and remedies under any security document executed in our favour in respect of the Margin Facility.
- 2.9. Repayments of any amount outstanding under the Margin Facility may be made at any time and, subject to availability of funds and the provisions in this Schedule, amounts repaid shall be available for re-drawing.

### **3. Collateral**

- 3.1. You, as beneficial owner of the Collateral, hereby charges in favour of Southwest in respect of all the Secured Obligations by way of first fixed charge all your right, title,

benefits and interests in and to the Collateral including any additional or substituted collateral and all dividends, interest paid or payable, rights, interests, money or other properties accruing or offering at any time by way of redemption, bonus, preference, options or otherwise on or in respect of the Collateral as continuing security for the payment and discharge of the Secured Obligations.

- 3.2. The Charge is a continuing security notwithstanding any intermediate payment, settlement of the Margin Account or Options Account or satisfaction of whole or any part of Secured Obligations and notwithstanding any closure and subsequent opening of such Margin Account, Options Account or Futures Account.
- 3.3. Southwest is entitled to exercise any voting right or other right in respect of the Collateral for the protection of Southwest's interest in the Collateral and you shall not exercise any right attaching to the Collateral in any manner which, in Southwest's opinion, may be inconsistent with the obligations under this Client Agreement or prejudicial to Southwest's right in the Collateral.
- 3.4. Whenever there is any Secured Obligations, Southwest has the right, without prior notice or consent from you, to dispose of or otherwise deal with any part of the Collateral at its absolute discretion upon such terms and in such manner it thinks fit for settlement of the Secured Obligations to protect its interest, in particular for your failure in meeting any call for Collateral or margin call made by Southwest or significant fluctuation in market prices. In event of any deficiency after the sale of Collateral, you shall make good and pay on demand to Southwest such deficiency.
- 3.5. You shall pay or reimburse Southwest immediately upon demand all costs (including collection expenses and legal costs on a full indemnity basis) and expenses in connection with the enforcement or preservations of any right of Southwest under this Client Agreement.
- 3.6. Without prejudice to the generality of the foregoing, neither the Charge nor the amounts thereby secured will be affected in any way by:
  - (a) any other security, guarantee or indemnity now or hereafter held by Southwest or Affiliates in respect of the Secured Obligations;
  - (b) any variation or amendment to or waiver or release of any security, guarantee or indemnity or other document (including the Charge except to the extent of the relevant variation, amendment, waiver or release);
  - (c) the enforcement or absence of enforcement or release by Southwest or Affiliates of any security, guarantee or indemnity or other document (including the Charge);
  - (d) any time, indulgence, waiver or consent given to you or any other person whether by Southwest or Affiliate(s);

- (e) the making or absence of any demand for Collateral or payment of any sum payable under this Client Agreement made on you whether by Southwest or any other person;
- (f) the insolvency, bankruptcy, death or insanity of you;
- (g) any amalgamation, merger or reconstruction that may be effected by Southwest with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of Southwest to any other person;
- (h) the existence of any claim, set-off or other right which you may have at any time against Southwest or any other person;
- (i) any arrangement or compromise entered into by Southwest with Client or any other person;
- (j) the illegality, invalidity or unenforceability of, or any defect in, any provision of any document relating to the Margin Facility or Options Account or any security, guarantee or indemnity (including the Charge) or any of the rights or obligations of any of the parties under or in connection with any such document or any security, guarantee or indemnity (including the Charge), whether on the ground of ultra vires, not being in the interests of the relevant person or not having been duly authorized, executed or delivered by any person or for any other reason whatsoever;
- (k) any agreement, security, guarantee, indemnity, payment or other transaction which is capable of being avoided under or affected by any law relating to bankruptcy, insolvency or winding-up or any release, settlement or discharge given or made by you on the faith of any such agreement, security, guarantee, indemnity, payment or other transaction, and any such release, settlement or discharge shall be deemed to be limited accordingly; or
- (l) any other thing done or omitted or neglected to be done by Southwest or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect your liabilities under the terms of this Client Agreement governing the Margin Facility and Options Account.

#### **4. Securities in the Account**

- 4.1. Clause 30.2 in Part II the General Terms and Conditions shall not be applicable to securities collateral in the Account. Any securities collateral which are held by us for your Account may, at our absolute discretion, be either:
  - (a) registered in your name or in the name of our associated entity or registered in accordance with the applicable laws of the jurisdiction which your Securities are held; or
  - (b) deposited in safe custody in a segregated account (which is or is not designated as a trust account or customer account) with (i) in relation to those of your Securities

that are to be kept in Hong Kong, an authorized financial institution, an approved custodian or another intermediary licensed by the SFC that is permitted to hold customer assets, (ii) in relation to those of your Securities that are to be kept in a jurisdiction outside Hong Kong, an institution properly authorized by Applicable Laws and Regulations in such jurisdiction(s) applicable to us to hold such Securities (whether or not such Securities may have the same level of protection as those that are kept in Hong Kong); or

You acknowledge that any Securities or other Investments held by us for your Account shall be at your sole risk and we have no obligation to insure you against any kind of risk. We shall not be responsible for any losses, costs, damages, interests and charges arising from or in connection with such engagement or custody under the above arrangement, including without limitation any losses arising from fraud or negligence of the party so engaged.

## **5. Exchange Rate**

We have the right to collect or effect any amount payable in relation to the Margin Facility and the Margin Account or a Transaction in any currency as we may consider appropriate. Where conversion of one currency to another currency is required for that purpose or otherwise to enable us to exercise our rights or powers under this Client Agreement, such conversion will be effected at the prevailing exchange rate determined by us.

## **6. Standing Authority under Securities and Futures (Client Securities) Rules**

6.1. Without prejudice to any other right or remedy available to Southwest, you hereby agree to give the standing authority to Southwest to authorize Southwest to deal with the Local Securities Collateral (as defined below) from time to time received or held on your behalf in one or more of the following ways (inter alia), namely to:

- (a) apply any of the Local Securities Collateral pursuant to a securities borrowing and lending agreement;
- (b) deposit any of Local Securities Collateral with an authorized financial institution as collateral for financial accommodation provided to Southwest; or
- (c) deposit any of Local Securities Collateral with (i) a recognized clearing house; or (ii) another intermediary licensed or registered for dealing in securities, as collateral for the discharge and satisfaction of Southwest's settlement obligations and liabilities.

Such authority shall remain valid for a period of twelve (12) months from the approval date of the opening of the Margin Account unless you give not less than seven (7) Business Days' prior written notice to Southwest to revoke the same at any time, provided that no such revocation shall be effective if there is any indebtedness in the Margin Account. Such standing authority which is not revoked prior to its expiry may be renewed or shall be deemed to have been renewed on a continuing basis without our

written consent if Southwest issue to you a written reminder at least 14 days prior to the expiry date of this authority, and you do not object to such deemed renewal before such expiry date. If you request for revocation of such standing authority or the standing authority has not been renewed by you whom Southwest called upon to do so, Southwest reserves the right to terminate this Client Agreement and operations of the Margin Account and then you shall forthwith settle any indebtedness owing to Southwest and Affiliates.

**“Local Securities Collateral”** is defined as the securities collateral which are listed or traded on market operated by SEHK or the SEHK Subsidiary or interests in an authorized collective investment scheme (as defined in the SFO) and are received or held in Hong Kong by Southwest.

- 6.2. Subject to the provisions of the SFO, you agree that Southwest is entitled to retain for its own benefit and not accountable to you for any fee, income, rebate or other benefits resulting from any lending or deposit of the securities of you held in the Account with any third party for any purpose by Southwest.

## **Schedule B – Additional Terms for Options Account**

### **1. Application of the Additional Terms**

- 1.1. All provisions in these Additional Terms for Options Account apply to Options Accounts only.
- 1.2. You shall open and maintain one or more Options Account with Southwest subject to Part II General Terms and Conditions and these Additional Terms for Options Account, the Clauses 3 and 4 of the Additional Terms for Margin Account and the Additional Terms for Electronic Trading Service (if applicable) and the Additional Terms for New Listing of Securities (if applicable) & Part IV Risk Disclosure Statement.
- 1.3. In the event of any inconsistency between the terms and conditions in the Combined Statement of Account & Contract Notes and this Client Agreement, Combined Statement of Account & Contract Note shall prevail. The Combined Statement of Account & Contract Note will be issue by us to you in accordance with Clause 28 of Part II General Terms and Conditions. Any delay or failure in delivering a Combined Statement of Account & Contract Note will not affect the validity of such Transaction.

### **2. Definition and Interpretation**

- 2.1. Unless otherwise defined, terms used in these Additional Terms for Options Account shall have the same meanings as those defined in Part II General Terms and Conditions, the Options Trading Rules of the Stock Exchange of Hong Kong Limited and the Clearing Rules of The SEHK Options Clearing House Limited.
- 2.2. In this Schedule, the following terms shall have the following meanings:

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

“**Options Account**” means an Account for transacting in Exchange Traded Options Businesses.

### **3. The Account**

- 3.1. You request us to operate an Options Account in accordance with your Instructions.
- 3.2. In the event of conflict between this Schedule and other parts of this Client Agreement, the provisions contained in this Schedule shall prevail.
- 3.3. You confirm that:
  - (a) (unless written approval of the Exchange has been obtained prior to the opening of the Options Account) you are not an Exchange Participant or employed by any other Options Exchange Participant of the Exchange, and no employee of any other Options Exchange Participant will have a beneficial interest in the Options Account;

- (b) the Options Account is operated solely for your account and benefit, and not for the benefit of any other person;
- (c) you have disclosed to us in writing the name of the person(s) for whose benefit the Options Account is being operated;
- (d) you have requested us to operate the Options Account as an Omnibus Account, and will immediately notify us, on request, of the identity of any person(s) ultimately beneficially interested in the Client Contracts (as defined in the Options Trading Rules of the Exchange);
- (e) We will keep information relating to your Options Account confidential, but may provide any such information to any regulator in Hong Kong and in any other applicable jurisdiction including the SFC and the Exchange to comply with their requirements or requests for information;
- (f) We will notify you of material changes in respect of our business which may affect the services we provide to you; and
- (g) Prior to the provision of services by us under this Schedule, where applicable, the category of Option Exchange participation under which we are licensed and the full name and contact details of the Options Officer or Options Representative who will be primarily responsible for your affairs shall be provided.

#### **4. Laws and Rules**

- 4.1. All Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (“**Rules**”) applying to Southwest. This Rules includes the Options Trading Rules of SEHK, the Clearing Rules of SEOCH and the rules of HKSCC. In particular, SEOCH has authority under the Laws and Rules to make adjustments to the terms of Contracts, and Southwest shall notify you of any such adjustments which affect Client Contracts to which you are a party. All actions taken by Southwest, by the SEHK, by SEOCH or by the HKSCC in accordance with such Rules shall be binding on you.
- 4.2. You agree that the terms of the Standard Contract (as defined in the Options Trading Rules of the Exchange) for the relevant options series shall apply to each Client Contract between you and us, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.
- 4.3. You agree to indemnify us and our agents, including, our respective officers, directors, and employees, immediately upon demand against all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs incurred by us) on a fully indemnity basis and any liability whatsoever resulting from breach of your obligations under this Client Agreement including this Schedule, including costs reasonably incurred in collecting debts from you, and in closing the Options Account.

## **5. Margin**

- 5.1. You agree to provide us Margin as security for your obligations to us under this Schedule. Such Margin shall be paid or delivered on demand within such time as we may determine and require from time to time and at any time before executing any Instruction. The amounts required by way of Margin shall not be less than, but may exceed, the amounts as may be required by the Rules in respect of your open positions and delivery obligations, and further Margin may be required to reflect changes in market value.
- 5.2. If we accept Securities by way of Margin, you will on request provide us with such authority as we may require under the Rules to authorize us to deliver such Securities, directly or through another Options Exchange Participant, to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from your Instructions to us. We do not have any further authority from you to borrow or lend your Securities or otherwise part with possession (except to you or on your Instructions) of any of your Securities for any other purpose.
- 5.3. If you fail to comply with any of your obligations and/or to meet your liabilities under any of the provisions of this Client Agreement including this Schedule, including without limitation failure to provide Margin, we may at our absolute discretion and without prior notice to you or your consent; (a) decline to accept further Instructions in respect of Exchange Traded Options Business; (b) Close Out some or all of your Client Contracts with us; (c) enter into Contracts or transactions in Securities, Futures or Commodities, in order to settle obligations arising out to or to hedge the risks to which we are exposed in relation to your failure; and/or (d) dispose of the Margin or any part thereof, and apply the proceeds thereof to discharge your liabilities to us, and any proceeds remaining after discharge of all your liabilities to us shall be returned to you.

## **6. Contracts**

- 6.1. You agree to pay interest on all overdue balances (including interest arising after a judgment debt has been obtained against you) at such rates and on such other terms as we have notified to you from time to time.
- 6.2. In respect of all Contracts effected pursuant to your Instructions, you will pay us, within the time period notified by us, premium, our commission and any other charges, and applicable levies imposed by the SEHK, as have been notified to you. We may deduct such premium, commissions, charges and levies from the Options Account or alternatively, any other Account that you hold with us.
- 6.3. We may place limit on the open positions or delivery obligations that you may have at any time. You acknowledge that:
  - (a) we may be required to Close Out Client Contracts to comply with position limits imposed by the SEHK; and



- (b) if we go into default, the default procedures of the SEHK may result in Client Contracts being Closed Out, or replaced by Client Contracts between you and another Options Exchange Participant of SEHK.
- 6.4. At your request, we may agree to the Client Contracts between you and us being replaced, in accordance with the Rules, by Client Contracts between you and another Options Exchange Participant of SEHK.
- 6.5. You agree that the terms of the Standard Contract for the relevant option series shall apply to each of your Client Contracts with us, and that all Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules. On exercise of a Client Contract by or against you, you will perform your delivery obligations under the relevant contract, in accordance with the Standard Contract and as you have been notified by us.
- 6.6. You acknowledge that, although all Options Contracts are to be executed on the Exchange, you and us shall contract as principals under Client Contracts.
- 6.7. We will provide, upon your request, you with the product specifications and any prospectus or other offering documents for Options Contracts.
- 6.8. If we fail to meet our obligations to you pursuant to this Schedule, you shall have a right to claim under the Investor Compensation Fund established under the SFO, subject to the terms of the Investor Compensation Fund from time to time.
- 6.9. On the expiry day but only on the expiry day, the Options System will automatically generate exercise instructions in respect of all open long positions which are in-the-money by or above the percentage prescribed by SEOCH from time to time. However, you may instruct us to override such an “automatically generated exercise instruction” before the system Closure on the expiry day in accordance with the Operational Clearing Procedures of SEOCH.

**7. Position Reporting Requirements, Exchange Traded Stock Options and Large Position Reporting**

You agree to fully comply with position reporting requirements and large position reporting requirements that may be in force from time to time. Details of the position reporting requirements and large position reporting requirements can be provided upon request or can be accessed from SEHK website. It is your responsibility to be aware of such requirements as may apply from time to time.

**8. Risk Disclosure Statement and Disclaimers**

You acknowledge that you have read and fully understood the following risk disclosure statement and Part IV of the Risk Disclosure Statements:

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

### **Warning to Options Holders**

Some options may only be exercised on its 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 we have 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.

### **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, you may be liable for unlimited losses based on the rise or fall of the price of the underlying securities and your 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.

## **Schedule C - Additional Terms for Electronic Trading Services**

### **1. Application of the Additional Terms**

- 1.1. The provisions in these Additional Terms for Electronic Trading Services apply only to any Account in respect of which you have requested and Southwest has agreed to provide with Electronic Trading Services on the terms and conditions of this Client Agreement.

### **2. Terms for Electronic Trading Services**

- 2.1. When using the Electronic Trading Service, you warrant that you are the only authorized user of your Access Codes and will be responsible for all instructions placed and all Transactions conducted with the use of the Access Codes. You shall be responsible for the confidentiality, security and use of the Access Codes issued to you by Southwest. Southwest may use authentication technologies in connection with the Electronic Trading Service.
- 2.2. You acknowledge that it may not be possible to change or cancel an instruction given through Electronic Trading Service and agrees to exercise caution before placing orders.
- 2.3. Southwest may (but not have obligations) monitor and/or record any of your instructions given or orders transacted through the Electronic Trading Service. You agree to accept such recording (or a transcript thereof) as final and conclusive evidence of the contents and nature of the relevant instructions and Transactions and as binding on you.
- 2.4. Southwest will not be deemed to have received or executed the Instructions from you given through the Electronic Trading Service unless and until you have received the relevant acknowledgement or confirmation in such manner specified by Southwest from time to time (including without limitation by posting the status of the Instructions in order journals on the website which is operated by Southwest and is freely accessible by you). Southwest is also entitled to correct any errors in such acknowledgement or confirmation without incurring any liability in connection therewith.
- 2.5. You shall immediately notify Southwest if:
  - (a) an Instruction has been placed through the Electronic Trading Service and you have not received an instruction number or acknowledgement of receipt of the instruction or of its execution from Southwest (whether by hard copy, electronic or verbal means); or
  - (b) you have received acknowledgement of a Transaction (whether by hard copy, electronic or verbal means) which you did not instruct or you have any suspicion of unauthorized access to the Electronic Trading Service; or

- (c) you become aware of or suspicious of any unauthorized disclosure or use of your Access Codes;

or otherwise, Southwest or its agents, employees or representatives will not be responsible or liable to you or any other person whose claim may arise through you for any claim with respect to handling, mishandling or loss of Instruction placed through the Electronic Trading Service.

- 2.6. You agree that should Client experience any problems in reaching Southwest through the Electronic Trading Service or vice versa, you shall attempt to use an alternative method or device, as Southwest may make available, to communicate with Southwest to place your orders and to inform Southwest of the difficulty you have experienced.
- 2.7. You acknowledge that the Electronic Trading Service, the website operated by Southwest, and the software comprised in them, are licensed or proprietary to Southwest. You shall not, and shall not attempt to, tamper with, modify, decompile, reverse engineer or otherwise alter in any way or gain unauthorized access to, any part of the Electronic Trading Service, the website operated by Southwest or any of the software comprised in them.
- 2.8. You acknowledge that you have fully understood the implications of the risks associated with the Electronic Trading Service as set out in the Risk Disclosure Statement but agrees that the benefits of using the Electronic Trading Service outweigh these risks and waive any claim you might have against Southwest or any Affiliate arising from:
  - (a) systemic failures (including hardware and software failures);
  - (b) Southwest's acceptance of any unauthorized instructions which appear or which Southwest believes to be from you;
  - (c) failure, delay, error in, distortion or incompleteness of, transmission, receipt or in the execution of Instructions from you or execution of your Instructions at prices different from those prevailing at the time the instructions were given;
  - (d) any delay or error in, or distortion or incompleteness of, transmission, receipt or execution of Instructions due to either a breakdown or failure of transmission of communication facilities or unreliable medium of communication (whether or not such communication facility or medium has been provided by us);
  - (e) your access to the website of Southwest or the Electronic Trading Service being limited or unavailable;
  - (f) failure to or delay in dispatch or delivery of any notice or information provided or requested via the Electronic Trading Service or any inaccuracy, error or omission in or from any such notice or in or from any information contained in any such notice;

- (g) Client's failure to use the Electronic Trading Service in accordance with this Client Agreement or any relevant agreement between Southwest and you; and
- (h) your reliance, use or otherwise acting upon any information or materials provided via the Electronic Trading Service or the website operated by Southwest.

### **3. Data Not Guaranteed**

#### **3.1. Use of Data at Your Risk**

You expressly agree that your use of the data and information available through the Services and of any software provided for use in accessing the Services is at your sole risk. Neither we nor our Affiliates, nor any of our respective directors, officers and employees, the agents and the owners and licensors of such software, including any party disseminating data or information (collectively, the “**Disseminating Parties**”), warrant that the Services will be uninterrupted or error free; nor does any of them make any warranty as to the results that may be obtained from the use of the Services, or as to the timeliness, sequence, accuracy, completeness, reliability or content of any data and information or Transaction provided through us, or with respect to any software provided for use in accessing the Services.

#### **3.2. “As Is” Basis**

The data and information available through the Services is provided on an “as is”, “as available” basis, without warranties of any kind, either express or implied, including those of merchantability and fitness for a particular purpose, other than those warranties which are implied by and incapable of exclusion, restriction of modification under Applicable Laws and Regulations.

#### **3.3. Non-liability**

No Disseminating Party shall be liable in any way to you or to any other person for:

- (a) any inaccuracy, error or delay in, or omission of, (i) any such data, information or message, or (ii) the transmission or delivery of any such data, information or message; or
- (b) any loss or damage arising from or occasioned by (i) any such inaccuracy, error, delay or omission, (ii) non-performance, or (iii) interruption in any such data, information or message, due either to any negligent act or omission by any Disseminating Party or to any “force majeure” (such as, without limitation, flood, extraordinary weather condition, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, power failure, equipment, software or communications line failure or malfunction) or any other case beyond the reasonable control of any Disseminating Party.

## **Schedule D – Additional Terms for New Listing of Securities**

### **1. Application of the Additional Terms**

- 1.1. The provisions in these Additional Terms for New Listing of Securities apply only to any Account in respect of which you have requested Southwest to apply on your behalf for securities in new issue for listing on SEHK (the “**Application**”) on the terms and conditions of this Client Agreement.

### **2. Terms for New Listing of Securities**

- 2.1. You authorize Southwest to complete such application form as may be required, and represents and warrants to Southwest that all representations, warranties, confirmations and undertakings on the part of the applicant contained or incorporated in the application form are true and accurate in respect of you.
- 2.2. You agree to be bound by the terms of the new issue and in particular, you hereby:
- (a) warrants and undertakes that the Application shall be the only application made by you or on your behalf for your benefit in respect of the same issue of securities and you shall make no other application in that issue;
  - (b) authorizes Southwest to represent and warrant to SEHK that no other application shall be made or shall be intended to be made by you or for your benefit;
  - (c) 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 you exercises statutory control shall be deemed to be an application made for the benefit of you; and
  - (d) acknowledges that Southwest will rely on the above warranties, undertakings and authorizations in making the Application.
- 2.3. In relation to a bulk application to be made by Southwest on behalf of Southwest and/or you and/or Southwest’s other clients, you acknowledge and agree:
- (a) that if such bulk application may be rejected for reasons which are unrelated to you, Southwest, in absence of fraud, gross negligence or willful default, shall not be liable to you or any other person in consequence of such rejection; and
  - (b) to indemnify Southwest in accordance with Clause 18.2 of the General Terms and Conditions if such bulk application is rejected because of any breach of representations and warranties or otherwise arising from factors relating to you.
- 2.4. You may at the same time request Southwest to provide a loan to finance the Application (the “**Loan**”), the following provisions shall apply:

- (a) Southwest has discretion to accept or reject the request for the Loan.
- (b) Upon the acceptance of the request for the Loan, the employee or representative of Southwest will verbally or in writing confirm the terms of the Loan (“**Agreed Loan Terms**”) as agreed between Southwest and you, which shall be conclusive and binding on you.
- (c) Before the provision of the Loan, you shall provide Southwest a deposit, which shall form part of the proceeds for the Application, in the amount and within the time in accordance with the Agreed Loan Terms.
- (d) Unless contrary to the Agreed Loan Terms:
  - (i) the Loan amount is the total price of the securities (including applicable charges) applied under the Application less the amount of deposit in Clause 2.4(C); and
  - (ii) you have no right to repay the Loan, in part or full, before the date of repayment in accordance with the Agreed Loan Terms.
- (e) The interest rate applicable to the Loan shall be determined under the Agreed Loan Terms.
- (f) When Southwest receives any refund in respect of the Application, Southwest has the right, at its discretion, to apply the same or part of it towards the discharge of the Loan including any interest accrued thereon and/or return the same or the remaining balance (if any) to you, whether before or after the repayment date in accordance with the Agreed Loan Terms.
- (g) In consideration for Southwest’s granting of the Loan to you, you charge to Southwest by way of first fixed charge as a continuing security for the full repayment of the Loan and the accrued interest thereon, all the securities acquired on behalf of you under the Application in respect of which the Loan is provided. You have no right to the possession of the aforesaid securities until the full repayment of the Loan (including interest accrued thereon). You authorise Southwest to dispose of the aforesaid charged securities without prior notice to you for discharge of the liabilities owing to Southwest under the Loan so long as the Loan (including interest thereon) has not been repaid in full.

## **Schedule E - Additional Terms for Futures Account**

### **1. Application of the Additional Terms**

- 1.1. All provisions in these Additional Terms for Futures Account apply to Futures Accounts only.
- 1.2. You shall open and maintain one or more Futures Account with Southwest subject to Part II General Terms and Conditions and these Additional Terms for Futures Account, the Clauses 3 and 4 of the Additional Terms for Margin Account and the Additional Terms for Electronic Trading Service (if applicable) and the Additional Terms for New Listing of Securities (if applicable) & Part IV Risk Disclosure Statement.
- 1.3. You are desirous of opening one or more non-discretionary account(s) with Southwest as you may decide from time to time for the purpose of entering into contracts of all kinds for futures and options trading.
- 1.4. Southwest agrees that it will from time to time at the request of you and at its discretion allow you to open one or more non-discretionary account(s) with Southwest and will maintain such account or account(s) to be designated by name(s), number(s) or otherwise for you for the purpose of futures and options trading.
- 1.5. The terms and conditions of such Transaction shall be subject to, and be in accordance with the contract specifications required by the HKFE or such other relevant Exchange and the procedures, constitutive documents, rules and regulations of the HKFE or such other relevant Exchange, and will be recorded by a Combined Statement of Account & Contract Note, regardless of whether or not such terms and conditions (including any product or contract specifications and any prospectus or offering documents covering such products which shall be provided to you upon your request) were given to you prior to such Transaction was entered into. Such Combined Statement of Account & Contract Note shall be, in the absence of any manifest error, evidence of the binding terms and conditions of such Transaction.
- 1.6. A Transaction is legally binding on you at the time when such Transaction is entered into by you or by us on your behalf.
- 1.7. In the event of conflict between Part II General Terms and Conditions and this Schedule, the provisions contained in this Schedule shall prevail. In the event of any inconsistency between the terms and conditions in Combined Statement of Account & Contract Notes and this Client Agreement, Combined Statement of Account & Contract Note shall prevail. The Combined Statement of Account & Contract Note will be issue by us to you in accordance with Clause 28 of Part II. Any delay or failure in delivering a Combined Statement of Account & Contract Note will not affect the validity of such Transaction.

### **2. Margin**



- 2.1. You agree to provide us with Margin as security for your obligations to us under this Schedule. Such Margin shall be paid or delivered on demand within such time as we may determine and require from time to time and at any time before executing any Instruction. We shall be entitled to refuse to execute any Instruction for the purchase of Futures or Options Contracts for you unless and until the Margin required by us has been deposited and is being maintained by you.
- 2.2. Upon our request, you shall deposit and maintain such additional Margin within such time as we may determine and require. No previous Margin requirement shall limit our right to vary the Margin requirement at any later time. Changes in Margin requirement will apply to all existing open Futures and Options Contracts and new Futures and Options Contracts after the effective date of such requirement as advised by us.
- 2.3. We may, from time to time, without prior notice to you and in our absolute discretion, transfer all or any part of the Margin or any other amounts held for your account to any account of an Exchange, Clearing House or broker to enable us to pay any margin or such other sums of money by whatever name called demanded or required by such Exchange, Clearing House or broker in connection with Futures or Options transactions executed by us for you.
- 2.4. Any interest, dividends or other benefits accrued or to be accrued to or derived or to be derived from the Margin shall not form part of the Margin.
- 2.5. The value of any Margin at any time determined by us shall be final, conclusive and binding on you.

### **3. Transactions**

- 3.1. We shall, upon your request, provide to you product specifications and any prospectus or other offering document covering such products.
- 3.2. You agree that any Futures or Options Contracts entered into by us for you are subject to the Applicable Laws and Regulations, and the constitution, rules, regulations, practices, customs, usages, rulings and interpretation of the relevant Exchange, Clearing House or market. As such, if we are required by any of the aforesaid to amend the terms and conditions of any Transaction, we may, without prior notice to or approval from you, take such action as we may in our absolute discretion consider appropriate to comply with the same or to mitigate or avoid losses, and all such actions shall be binding on you.
- 3.3. Any Transaction entered into by us for you is made with the understanding that you will be required to take or make physical delivery of the underlying Commodity. In respect of open positions involving physical delivery maturing in a current future month, you shall, at least five Business Days prior to the first notice day in case of long positions, and at least five Business Days prior to the last trading day in case of short positions, either give Instructions to us to Close Out the same or deliver to us all monies, Securities, financial instruments, documents and other property deliverable by you under such Transactions in order to enable due settlement of such contracts by us in accordance with

the rules of the applicable Exchange or Clearing House. If you fail to provide us with the same as aforesaid, we may without notice to, or prior consent from, you either Close Out the relevant contracts or make or receive delivery on your behalf upon such terms and by such methods as we may in our absolute discretion determine. You shall keep us indemnified immediately upon demand in respect of all claims, demands, actions, proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs) on a fully indemnity basis suffered or incurred by us as a result of any action taken by us and any liability whatsoever in connection with any delivery, exercise or settlement effected pursuant to the terms of this Clause.

- 3.4. If we or our agent (as the case may be) shall for any reason whatsoever and howsoever fail to receive payment of all or any part of any amount or delivery of all or any part of any Commodity (whether from the relevant Exchange and/or Clearing House and/or any other person) due to be paid or delivered to you in respect of any Futures or Options Contract entered into by us on your behalf on the due date for payment or delivery thereof in accordance with the rules and regulations of the relevant Exchange, Clearing House and/or any Applicable Laws and Regulations, our obligations to make payment or to deliver any Commodity to you in respect of such Futures or Options Contracts shall thereupon and by virtue of such failure become obligations to make payment of such amount or delivery of such amount of such Commodity as is equal to such payment or such amount as is actually received by us in respect thereof.
- 3.5. You acknowledge that due to the implementation of the Central Clearing and Settlement System, we are not obliged to produce and/or deliver to you actual certificates or documents of title for any Commodities relating to Futures and/or Options Contracts entered into by us on your behalf.
- 3.6. If you wish to exercise an Option pursuant to any Options Contract, you should give an Instruction to such effect to us (subject to the rules and regulations of the relevant Exchange on which the Options Contract is traded or entered into) no later than such time limit as may be specified by us from time to time before the cut-off date for the tender of exercise instructions prescribed by the writer of the Option or the relevant Exchange or Clearing House (whichever prescribes the earliest cut-off date). Such Instruction shall only be considered valid when accompanies:
  - (a) in the case of an Option for the sale of an agreed Commodity, with the underlying Commodity or document(s) of title required for making delivery; and
  - (b) in the case of an Option for the purchase of an agreed Commodity, with sufficient immediately available funds to take delivery of the Commodity.

Unless specifically instructed by you and subject to the terms of this Schedule and this Client Agreement, you shall be deemed to have elected not to exercise an Option pursuant to an Options Contract.

#### **4. Liquidation of Accounts**

4.1. We shall have the right, without prior notice to or consent from you, and in our absolute discretion and sole judgment, to take such action as we may consider necessary or desirable to comply with or to perform, cancel or satisfy any of our obligation to you or any of our or your obligations to a relevant Exchange and/or Clearing House and/or agent, as the case may be, in respect of any outstanding Futures or Options Contracts (including Closing Out and/or performing any and all such outstanding contracts) and may for such purpose buy or sell in any manner whatsoever (including from or to any Affiliate) the Commodity underlying any outstanding contract and/or apply any Margin and/or enforce any security held by us and apply the proceeds thereof in such manner as we may, in our absolute discretion, determine if:

- (a) we, in our sole discretion, consider it necessary for our protection because of margin requirements or otherwise;
- (b) we are under an obligation to comply with any requirement imposed by any relevant Exchange and/or Clearing House and/or Southwest or any Applicable Laws and Regulations;
- (c) you fail to perform on a timely basis any term, covenant or condition on your part to be performed under this Client Agreement from time to time or this Schedule, including your failure to deposit and maintain such Margin within such time as may be required by us;
- (d) you deceased or, in the case of a company or body corporate, become dissolved for any reason whatsoever or merge or become consolidated with any non-affiliated party or sell all or a substantial portion of your business or assets;
- (e) a petition in bankruptcy, or a petition for the appointment of a receiver, is filed by or against you, or you take advantage of any bankruptcy, reorganization, moratorium insolvency or similar law or make or propose to make any arrangement or composition for the benefit of any of your creditors, or are the subject of any order, judgment or decree entered by any court providing for the winding up, reorganization, liquidation or appointment of a liquidator, trustee or receiver of you or a substantial part of your business or assets; or
- (f) any third party asserts a claim in respect of any monies or other assets in any of your Accounts,

and all sums expended and liabilities incurred by us thereby shall be paid or reimbursed by you to us immediately on demand.

4.2. On the exercise of our rights under Clause 4.1 of this Schedule, all amounts owing to us hereunder shall become immediately payable and we shall not be obliged to deliver to you any amount of the underlying Commodity or any money due to you in respect of any Futures or Options Contract until all sums due from and liabilities of you to us in respect of any such contract or otherwise howsoever in accordance with the terms of this Client Agreement or this Schedule are satisfied or discharged to our satisfaction.

- 4.3. You shall be liable for all losses arising out of the Closing Out of your open positions by us as aforesaid and shall indemnify us immediately upon demand for all claims, demands, actions proceedings, losses, penalties, fines, taxes, damages, costs and expenses (including legal costs) on a fully indemnity basis suffered or incurred by us and any liability whatsoever arising out of your failure to meet Margin calls pursuant to this Schedule.

**5. Provisions Prescribed by the Code of Conduct for Persons Licensed by or Registered with SFC**

Without prejudice and in addition to any other provisions of this Client Agreement of this Schedule, all Transactions entered into HKFE shall be subject to the provisions of this Clause which are prescribed by the Code of Conduct for Persons Licensed by or Registered with SFC and which shall constitute, and be construed as part of, this Schedule and in case of any inconsistency between the other provisions of this Client Agreement or this Schedule and the provisions set out in this Clause, the provisions set out in this Clause shall prevail.

- (a) prior to the provision of Services by us under this Schedule, where applicable, the category of exchange participant under which we are licensed, the particulars of every license (including the CE number) maintained by us pursuant to the SFO or any other regulatory provisions, and the full name of the employee primarily responsible for your affairs and particulars of the licence maintained by such employee (including the CE number) pursuant to the SFO or any other regulatory provisions shall be provided to you;
- (b) every Exchange Contract 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 you;
- (c) in the event that you suffer pecuniary loss by reason of our default, the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the SFO and the relevant subsidiary legislation and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation – Compensation Limits) Rules and accordingly there can be no assurance that any pecuniary loss sustained by you by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all;
- (d) any transactions related to Exchange Contract shall be subject to the rules of the relevant markets and exchanges, and the rules, regulations and procedures of HKFE contain provisions requiring us, upon the request of the HKFE or the SFC, to disclose the name, the beneficial identity and such other information concerning you as the HKFE or the SFC may require, and you agree to provide such information concerning yourself as we may require in order for us to comply with the rules, regulations and procedures of HKFE and the SFO, and in the event we fail to comply with the disclosure requirement under Rules 606(a) or 613(a) of the Rules of the HKFE, the Chief Executive of the HKFE may require the Closing Out of position on your behalf or the imposition of a Margin surcharge on your positions;

- (e) you acknowledge that you may have varying levels and types of protection in relation to transactions on different markets and exchanges;
- (f) you acknowledge that, subject to the provisions of the SFO and any Applicable Laws and Regulations, we may take the opposite position to your order in relation to any Futures and/or Options Contract, whether on our own account or for the account of any Affiliate or our agents or our other clients, provided that such trade is executed competitively on or through the facilities of the HKFE in accordance with the rules, regulations and procedures of the HKFE or the facilities of any other commodity, futures or options exchange in accordance with the rules of such other Exchange;
- (g) you acknowledge that the Clearing House established and operated by the HKFE may do all things necessary to transfer any open positions held by us on your behalf and any money and security standing to the credit of your Account to another exchange participant of the HKFE in the event of our rights as an exchange participant of the HKFE are suspended or revoked;
- (h) all monies, securities and other property received by us from you or from any other person (including a Clearing House) for your account shall be held by us as trustee and segregated from our own assets. These assets so held by us shall not form part of our assets for insolvency or winding up purposes but shall be returned to you immediately upon the appointment of a provisional liquidator, liquidator or similar officer over all or any part of our business or assets;
- (i) all monies, approved debt Securities or approved Securities received by us from you or from any other person (including the Clearing House established and operated by the HKFE) for your account shall be held by us in the manner specified under paragraphs 7 to 12 of Schedule 4 of the Code of Conduct with SFC and you authorized us to apply any monies, approved debt Securities or approved Securities which you may pay to or deposit with us in the manner specified under paragraphs 14 to 15 of Schedule 4 of the Code of Conduct with SFC. In particular, we may apply such monies, such approved debt Securities or approved Securities in or towards meeting our obligations to any party insofar as such obligations arise in connection with or incidental to the business of dealing in Futures and/or Options Contracts transacted your behalf;
- (j) you acknowledge that in respect of any of our accounts maintained with the Clearing House established and operated by the HKFE, whether or not such account is maintained wholly or partly in respect of the business of dealing in Futures and/or Options Contracts transacted on your behalf and whether or not money, approved debt Securities or approved Securities paid or deposited by you has been paid to or deposited with the Clearing House, as between ourselves and the Clearing House, we deal as principal and accordingly no such account is impressed with any trust or other equitable interest in your favour and monies, approved debt Securities and approved Securities paid to or deposited with the Clearing House are thereby freed from the trust referred to paragraph (h) above;

- (k) in respect of all Futures and/or Options Contracts entered into by us on your behalf, you shall provide to us such Margin or additional Margin or demands for Variation Adjustments immediately upon demand. We may be required to report to the HKFE and the SFC particulars of all open positions in respect of which two (2) successive Margin calls and demands for Variation Adjustments are not met within the period specified by us, and we may require more Margin or Variation Adjustments than that specified by the HKFE and/or the Clearing House and may Close Out open positions in respect of which any Margin calls and/or additional Margin calls and demands for Variation Adjustments are not met within the period specified by us or at the time of making such call(s) or demand(s);
- (l) you acknowledge that we are bound by the Rules of HKFE which permit the HKFE to take steps to limit the positions or require the Closing Out of contracts on your behalf who in the opinion of the HKFE, you are accumulating positions which are or may be detrimental to any particular Market or Markets, established and operated by the HKFE or which are or may be capable of adversely affecting the fair and orderly operation of any Market or Markets established and operated by the HKFE (as the case may be);
- (m) we shall provide to you contract specifications, a full explanation of Margin procedures and the circumstances under which your positions may be Closed without your consent;
- (n) if you shall at any time open one or more accounts with exchange participants of the HKFE other than ourselves for the purpose of carrying out transactions relating to Futures or Options Contracts and if the open positions in such accounts in aggregate amount to a Large Open Position as determined by the board of the HKFE, you shall report to us, or if required by us, the HKFE immediately of such Large Open Position and provide us or the HKFE (as the case may be) with such information as we or the HKFE (as the case may be) may require in connection therewith (including your name and the ultimate beneficiary or in the case of a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate, including a beneficiary holding an interest through a nominee or trust) of such Large Open Position and also provide us or the HKFE (as the case may be).

## **6. Position Reporting Requirements, Exchange Traded Stock Options and Large Position Reporting**

You agree to fully comply with position reporting requirements and large position reporting requirements that may be in force from time to time. Details of the position reporting requirements and large position reporting requirements can be provided upon request. It is your responsibility to be aware of such requirements as may apply from time to time.

## **7. Omnibus Account**

In the case that you operates an omnibus account and is not an exchange participant of the HKFE, you shall, in relation to transactions on the HKFE:

- (a) in your dealing with the person(s) from who you receive 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 HKFE Rules as though you were an exchange participant of HKFE and as though the person(s) for whose account or benefit such instructions are given were clients;
- (b) cause the Exchange Contract 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 Hong Kong laws or any other applicable laws; and
- (c) ensure that the persons from whom you receive Instructions comply with the Margin and Variation Adjustment requirements as stipulated in the Rules of HKFE, with the result that, as between HKFE and the Company, the Company should be responsible for ensuring that such requirements are complied with by all persons through whom instructions pass with respect to the omnibus account as if each in turn was you for whom such omnibus account was operated.

## **8. Risk Disclosure Statements and Disclaimers**

You acknowledge that you have read and fully understood the risks of trading futures and options as set out in section 11 of Part IV Risk Disclosure Statement, Part III Schedule B8 and the following disclaimers

### **DISCLAIMERS**

DISCLAIMER delivered pursuant to the relevant provisions of the regulations for trading Futures and Options Contract based on existing & subsequent indices developed by the Hong Kong Futures Exchange Limited. Stock indices and other proprietary products upon which contracts traded on Hong Kong Futures Exchange Limited ("Exchange") may be based may from time to time be developed by the Exchange. The HKFE Taiwan Index is the first of such stock indices developed by the Exchange. The HKFE Taiwan Index and such other Indices or proprietary products as from time to time be developed by the Exchange ("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 the 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 Participant 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 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 Participant 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 Participant or any third party against the Exchange in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party engages in transactions in futures and options contracts based on any of the Exchange Participant 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 of 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 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.

#### DISCLAIMER in Relation to Trading of Stock Index Option 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 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 of 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 Option 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 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.

#### **9. Standing Authority under Securities and Futures (Client Money) Rules**

Without prejudice to any other right or remedy available to Southwest, you hereby agree to give the standing authority to Southwest to authorize Southwest to deal with money held or received by Southwest in Hong Kong (including the any interest derived from the holding of the money which does not belong to Southwest) in one or more segregated account(s) on your behalf ("Monies").

Unless otherwise defined, all the terms used in this clause shall have the same meanings as in the Securities and Futures Ordinance and the Securities and Futures (Client Money) Rules as amended from time to time.

This clause authorises Southwest to:

1. combine or consolidate any or all segregated accounts, of any nature whatsoever and either individually or jointly with others, maintained by Southwest and/or any of Southwest's group companies from time to time ("Southwest Group") and you may transfer any sum of Monies to and between such segregated account(s) to satisfy your obligations or liabilities to any member of the Southwest Group, whether such obligations and liabilities are actual, contingent, primary or collateral, secured or unsecured, or joint or several; and
2. transfer any sum of Monies interchangeably between any of the segregated accounts maintained at any time by any member of the Southwest Group.

We may do any of these things without giving you notice. This authority is given to SWSB in consideration of its agreeing to continue to maintain securities cash and/or margin account(s) for you and to SWSFL in consideration of its agreeing to continue to maintain futures account(s) for you. This authority is given without prejudice to other authorities or rights which Southwest Group may have in relation to dealing in Monies in the segregated accounts. This authority is valid for a period of 12 months from the approval date of the opening of the Futures Account.

This authority may be revoked by giving you written notice addressed specified above and such notice shall take effect upon the expiry of 7 Business Days from the date of our actual receipt of such notice.

You understand that this authority shall be deemed to be renewed on a continuing basis without your written consent if we issue to you a written reminder at least 14 days prior to the expiry date of this authority, and you do not object to such deemed renewal before such expiry date.

**Schedule F –  
Foreign Account Tax Compliance Act and Common Reporting Standard Policy**

**1. Application of this policy**

- 1.1. All provisions in this policy apply to all types of Accounts. Under the Foreign Account Tax Compliance Act (“FATCA”), financial institutions in Hong Kong are required to report certain information of their clients to tax and / or other governmental authorities and withhold on clients’ U.S. source Fixed, Determinable, Annual, or Periodic income in certain circumstances.
- 1.2. Hong Kong has also passed local legislation to implement the Common Reporting Standard (“CRS”) under which financial institutions must report certain information with respect to tax residency of their clients to the Hong Kong Government Authority (e.g. Hong Kong Inland Revenue Department), which may be shared with certain offshore Government Authorities.
- 1.3. For compliance of the regulatory requirement in relation to FATCA, CRS and other related regulations, Southwest has implemented the terms and conditions of this Schedule to govern the relevant rights and obligations between you and us.

**2. Privacy Waiver**

- 2.1. You hereby irrevocably authorize us to disclose and / or submit such information provided by you, including without limitations to personal / institutional information, to the competent regulatory or Government Authority in the relevant jurisdictions (s) (including without limitation to U.S. Internal Revenue Services, U.S. Department of the Treasury and the Hong Kong Inland Revenue Department) for the purpose of compliance of the requirements under FATCA, CRS and other related laws, regulations, codes and rules.
- 2.2. You further acknowledge that we may not notify you such disclosure or submission as required by the Applicable Laws and Regulations and agrees that it will not require us to make such notification to you before or after the disclosure or submission of the information to the relevant authorities.

**3. Further Assurance for Provision of Information**

- 3.1. You undertakes that it will promptly provide us such information, including without limitations to the personal / institutional information in the related Account Opening Form and other related application forms designated by us from time to time and the relevant tax forms completed by you, for the purpose of compliance of the requirements under FATCA, CRS and other related laws, regulations, codes and rules.
- 3.2. You shall ensure that the information provided to us under Clause 3.1 of this Schedule shall always be true, complete and accurate without misleading in all materials aspects.

- 3.3. You further undertake that you will promptly (in any event, within fourteen (14) days) notify us whenever any information provided to us under Clause 3.1 of this Schedule is changed or become untrue, incomplete, inaccurate or misleading and provide us the necessary updated information.
- 3.4. Upon our request, you shall immediately provide us such additional or substitute certificates and forms and other documentary evidences, including without limitation to the self-certification, substitute tax forms of expired tax forms (if any), your written nationality statement, certificate of loss of U.S. nationality and privacy waivers.
- 3.5. You acknowledge and agree that falling to provide us information as required under this Clause 3 will entitle us to change the FATCA or CRS status of the your Account based on information available to us, suspend the trading activities under your Account(s), withhold the assets in the your Account(s), close your Account(s), or sell the assets in the Account(s) to produce withholdable payments at our sole and absolute discretion.
- 3.6. We will keep and use your personal data in compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) and other applicable data privacy policy.

#### **4. Withholding Authorisation**

- 4.1. You hereby authorise us to withhold any part of or all assets in your Account(s) (in cash or other forms) or sell the assets in the Account(s) to produce withholdable payments if, at our sole and absolute discretion:
- (a) You do not provide us with the information or documents requested in a timely manner or if any information or documents provided are not up-to-date, accurate or complete such that we are unable to ensure its ongoing compliance or adherence with the requirements under FATCA;
  - (b) the FATCA status of you is identified as recalcitrant or non-participating foreign financial institutions;
  - (c) there is no reliable evidence to treat you as exempted from withholding requirement under FATCA or other relevant regulations;
  - (d) the withholding is required by competent regulatory or Government Authorities in the relevant jurisdiction; or
  - (e) the withholding is otherwise necessary or appropriate for the compliance of the requirements under FATCA and other Applicable Laws and Regulations.

#### **5. Indemnification**

- 5.1. You hereby agree to hold us and our directors, officers, employees and agents (the “Indemnified Persons”) indemnified against all losses, liabilities, costs, claims, actions,

demands or expenses (including but not limited to, all reasonable costs, charges and expenses incurred in disputing or defending any of the foregoing) which the indemnified Persons may incur or which may be made against the Indemnified Persons arising out of, or in relation to or in connection with:

- (a) any breach or alleged breach of the terms and conditions hereunder whether by act or omission, of you; and
- (b) any non-compliance of FATCA, CRS or any other Applicable Laws and Regulations in relation to you and / or your Account(s),

except where such loss or damages arise from wilful default, fraud or negligence of the Indemnified Persons.

- 5.2. You undertake to assist us in any proceeding or investigation arising in any matter out of or in connection with the compliance with the requirements under FATCA, CRS and other Applicable Laws and Regulations. In such case, we will notify you when we become aware of such proceedings, unless prohibited by Applicable Laws and Regulations.
- 5.3. If any payment to be made by you to the Indemnified Persons under the clauses hereunder is subject to deduction or withholding tax, the sum payable by you in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Indemnified Persons receive on the due date and retain (free from any liability in respect of such deduction, withholding or payment) a net sum equal to what the Indemnified Persons would have received if no such deduction, withholding or payment been made or required to be made.
- 5.4. You shall continue to be bound by the provisions of this Clause despite you ceasing to be Account(s) holder or the termination of any Account(s).

## **Schedule G – Additional Terms for China Connect**

### **1. Application of the Additional Term**

- 1.1 All provisions in these Additional Terms for China Connect apply to all types of Accounts where you are allowed to use the trading and related supporting services provided by Southwest in connection with China Connect Securities and if so applicable shall form an integral part of this Client Agreement.
- 1.2 In the event of any conflict between the provisions of this Schedule and the other parts of this Client Agreement in relation to the subject matter of this Schedule, the provisions of this Schedule shall prevail.
- 1.3 You accept and agree to be bound by all the terms and conditions of this Schedule and accepts all risks associated with trading or clearing through the use of the China Connect Service and other risks concerned in Northbound trading, such as the prohibition of trading of securities listed on relevant China Connect Market.

### **2. Compliance with Laws and Regulations in Mainland China**

- 2.1 Any trading and transactions in connection with China Connect will be subject to the China Connect Laws and Regulations. You agree to accept the risks concerned in Northbound trading, including but not limited to prohibition of trading the China Connect Securities, and being liable or responsible for breaching any of the China Connect Laws and Regulations.
- 2.2 You understand that you shall be fully responsible for understanding and complying with all China Connect Laws and Regulations and for any consequences of Northbound trading. Southwest will not, and does not intend to, advise you on any China Connect Laws and Regulations. For further information, you shall refer to the web pages on the SEHK website and the SFC website relating to China Connect from time to time and other relevant sources. If any doubt, you should seek independent legal and/or other professional advice.
- 2.3 Southwest shall have the right to apply any requirements or procedures in respect of any trading or transactions in connection with China Connect Securities which it determines in its absolute discretion to be desirable or necessary for the purpose to comply with the China Connect Laws and Regulations or market practice in relation to China Connect. Southwest shall have no responsibility and liability for any risks or losses which may result directly or indirectly from such requirements or procedures.
- 2.4 Southwest shall have the right in its absolute discretion to refuse to execute any instruction given by you. Southwest may exercise such right if, for example but not limited to, (i) such instruction is not compliant with any China Connect Laws and Regulations or if Southwest reasonably believes that such instruction may not be compliant with the China Connect Laws and Regulations; (ii) SEHK requires Southwest not to accept such instruction; (iii) in respect of a buy order, Southwest determines in its

absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day; or (iv) in respect of a sell order, Southwest determines it its absolute discretion that you do not have sufficient securities at the time of such order instruction to settle the delivery obligation or if submission of the order would cause Southwest to be in breach of the Pre-trade Checking requirements or related requirements under the China Connect Laws and Regulations. Southwest shall have any liability for any risks or losses which may result directly or indirectly from such refusal. Southwest may also issue warning statements (verbally or in writing) to you or not to extend Northbound trading service to you upon requested by SEHK.

- 2.5 Without limitation to the above, Southwest may in its absolute discretion terminate, suspend or limit your ability to access the China Connect through Southwest without prior notice to you, including but not limited to the situation where it is requested or directed by a China Connect Authority.
- 2.6 In the event that China Connect Market Operator, ChinaClear or any other relevant exchange, clearing house of governmental or regulatory body notifies SEHK, the relevant SEHK Subsidiary or HKSCC that there is reasonable cause to believe that you failed to comply with or have breached any China Connect Laws and Regulations or any failure which is relating to your Account(s), you shall upon our request provide such documents or information in Chinese (or where the document or information is not in the Chinese language, a Chinese translation thereof) as Southwest may reasonably request to enable Southwest to assist in the investigation from the relevant exchange, clearing house or governmental or regulatory body and to assess whether there is any non-compliance or breach of the China Connect Laws and Regulations and/or the extent of any non-compliance or breach.

### **3. Investors Eligibility Criteria**

- 3.1 You represent and undertake on a continuing basis that you are eligible and allowed to trade any China Connect Securities through China Connect Service. Your investment in China Connect Securities does not violate the laws and regulations of Mainland China, including but not limited to those in relation to foreign exchange and reporting.
- 3.2 You are a Hong Kong or international investor and you are not a resident of Mainland China or an entity incorporated or registered under the laws of Mainland China. If you are a resident of Mainland China, you are using funds lawfully owned by you and located outside Mainland China to invest through China Connect. If you are an entity incorporated or registered under the laws of Mainland China, your investment through China Connect has been made under a program approved by a competent Mainland China regulator, for example, the Qualified Domestic Institutional Investor Program.
- 3.3 You acknowledge and confirm that you meet the investor eligibility criteria stipulated under the China Connect Laws and Regulations when you trade the ChiNext Shares. Subject to the applicable China Connect Laws and Regulations that may be changed from time to time, an eligible ChiNext investor is an Institutional Professional Investor, or any other type of eligible investors who may be permitted by the relevant governmental or regulatory authority from time to time to trade ChiNext Shares. If you are an

intermediary, including but not limited to fund managers, assets managers, brokers or order placers, trading for or on behalf of an underlying client, such underlying client is an eligible investor to trade ChiNext Shares.

- 3.4 In providing Northbound trading services to you, Southwest will assign a unique Broker-to-Client Assigned Number (“**BCAN**”) to you as your investor identification and such number will be include in your orders under the China Connect Service.
- 3.5 You agree to fully indemnify Southwest and the Related Person against all losses, damages, costs, expenses, investigations and proceedings incurred or suffered as a result of any breach of the China Connect Laws and Regulations.

#### **4. Conditions and Restrictions on the Use of the China Connect**

- 4.1 SEHK (i) may accept any securities that are listed on a China Connect Market as eligible for China Connect buy orders and China Connect sell orders through the use of China Connect Service and maintain a list of the same as China Connect Securities (including Special China Connect Securities); (ii) may exclude any securities from the list of China Connect Securities; (iii) has absolute discretion to impose or amend conditions or restrictions (such as shareholding thresholds, disclosure obligations, form of circuit breaker mechanism, conditions in conducting margin trading, stock borrowing and lending and short selling activities, restrictions in conducting off-exchange transaction etc) for access to or the use of the China Connect Service from time to time when it considers necessary and appropriate. You agree that you shall comply with the conditions and restrictions in all respects.
- 4.2 SEHK or the relevant SEHK Subsidiary may temporarily suspend or restrict the China Connect Service in respect of a China Connect Market or any part thereof in its sole and absolute discretion. Suspension or restriction may be in respect of all or part of the order-routing and related supporting services or with regard to all or any China Connect Securities or one of more China Connect Market, and for such duration and frequency as SEHK may consider appropriate.
- 4.3 You understand and acknowledge that individual and aggregate shareholding limit in relation to A Shares are imposed on outside Mainland China investors. Such shareholding limit and the related forced-sale requirements are applicable to the China Connect Securities being invested through China Connect Service.
- 4.4 When Southwest receives notice from SEHK or relevant China Connect Authority requiring Southwest to sell a specified number of China Connect Securities (a “**Forced-sale Notice**”), Southwest shall be entitled to issue a corresponding notice (a “**Client Forced-sale Notice**”) to you requesting you to sell any number of such China Connect Securities that you hold in your Account with Southwest within the period specified by SEHK or the relevant China Connect Authority and you undertake to comply with any such Client Forced-sale Notice.
- 4.5 In relation to the Forced-sale Notice, you authorise Southwest to sell or arrange for the sale of such China Connect Securities on your behalf at such price and on such terms as



Southwest may determine in its absolute discretion if you fail to comply in a timely manner with a Client Forced-sale Notice, to the extent necessary to comply with all China Connect Laws and Regulations.

- 4.6 Where China Connect Securities owned by you that are the subject of a Client Forced-sale Notice have been transferred to another clearing participant or custodian (the “**Recipient Custodian**”) at your request prior to receiving the relevant Forced-sale Notice, you authorise Southwest to provide instructions to the Recipient Custodian on your behalf to return the relevant China Connect Securities for sale in accordance with all China Connect Laws and Regulations. You undertake to inform the Recipient Custodian of such authorisation and, where required, to instruct the Recipient Custodian to act accordingly.
- 4.7 You understand and acknowledge that the short swing profit rule under the laws and regulations of Mainland China is applicable to the transactions under the China Connect Service. You agree and authorise Southwest to sell or arrange for the sale of any China Connect Securities owned by you if Southwest receives notice from any China Connect Authority requiring Southwest to disgorge any profits as a result of the short swing profit rule.
- 4.8 You understand and acknowledge that under the China Connect Service (i) all transactions must be conducted on the relevant China Connect Market and no over-the-counter or manual trades are allowed; (ii) the China Connect Securities which is purchased on a trading day cannot be sold on the same day; (iii) naked short selling is not allowed; (iv) no off-exchange trading or transfer is allowed; (v) the transaction is subject to certain quota controls; and (vi) circuit breaker mechanism is applicable.
- 4.9 You understand and acknowledge that according to the laws of Mainland China, when you holds or controls up to 5% of the issued shares of a Mainland China listed company, you are required to report in writing to the CSRC and the relevant exchange, and inform the listed company within a prescribed time. In such circumstances, you are not allowed to continue purchasing or selling shares in that listed company during the prescribed period.
- 4.10 Unless otherwise allowed by Southwest, you agree not to place any margin trading, stock borrowing and lending or short selling order to Southwest in respect of any China Connect Securities and any order placed by you to Southwest shall be deemed to have been made with the representation and confirmation to Southwest that such order does not involve margin trading, stock borrowing and lending or short selling. Where you are allowed by Southwest to conduct margin trading, stock borrowing and lending and/or short selling activities through the use of the China Connect Service, you confirm that you are fully aware of the restrictions, requirements and conditions applicable to such activities.
- 4.11 Neither Southwest nor the Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by Southwest or the Related Person.

## 5. Pre-trade Checking Requirements

- 5.1 You agree that you will comply with any requirements in relation to the Pre-trade Checking required by any China Connect Authority or as notified by Southwest to you.
- 5.2 You undertake to ensure that there are sufficient available China Connect Securities in your Account by the applicable cut-off time, which is notified by Southwest from time to time, to cover any proposed sell order given on the relevant Trading Day.
- 5.3 If Southwest considers that you do not have sufficient available China Connect Securities in your Account to settle a sell order by the applicable cut-off time, Southwest may in its absolute discretion
- (i) reject your sell order in whole or in part;
  - (ii) use any China Connect Securities in the designated CCASS stock account which Southwest holds for itself or on behalf of its other customers to fulfil the Pre-trade Checking requirement in respect of your sell order, in which case you shall reimburse Southwest for any costs, losses or expenses which Southwest incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which you have failed to deliver in respect of your sell order at such price (including associated fees and expenses) and at such time and on such terms as Southwest shall determine in its absolute discretion; and
  - (iii) take any action which Southwest considers desirable or necessary to comply with Pre-trade Checking requirements and/or relevant China Connect Laws and Regulations and to cover your shortfall.
- 5.4 You agree that any risks, losses or costs resulting from non-compliance or potential non-compliance with Pre-trade Checking requirements and/or the relevant China Connect Laws and Regulations shall be borne by you.

## 6. Information Disclosure

- 6.1 Without limitation to any notification Southwest has given you or consent Southwest has obtained from you in respect of the processing of your personal data in connection with your Account(s) and the services provided by Southwest, you authorise and give consent to Southwest that Southwest may collect, store, use, disclose and transfer your personal data as required for the purpose of providing services for Northbound trading under China Connect Service, including as follows:
- (i) Southwest is allowed to (a) disclose and transfer your assigned BCAN and your identification information (including but not limited to name, identity document type, identity document issuing country or jurisdiction and identity document number) ("**Client Identification Data**" or "**CID**") to SEHK and the relevant SEHK Subsidiary from time to time; and (b) indicate your BCAN when inputting a China Connect order into the system for receiving and routing China Connect orders to the relevant China Connect Market Operator on a real-time basis;
  - (ii) Each of SEHK and the relevant SEHK Subsidiary is allowed to (a) collect, use and store your BCAN and CID and any consolidated, validated and mapped BCAN and

CID information provided by the China Connect Clearing House (in the case of storage, by any of them or via HKEx) for market surveillance and monitoring purposes and enforcement of the relevant China Connect Laws and Regulations; (b) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time; and (c) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;

- (iii) The relevant China Connect Clearing House is allowed to (a) collect, use and store your BCAN and CID to facilitate the consolidation and validation of BCAN and CID and the mapping of BCAN and CID with its own investor identification database and provide such consolidated, validated and mapped BCAN and CID information to the relevant China Connect Market Operator, SEHK and the relevant SEHK Subsidiary; (b) use your BCAN and CID for the performance of its regulatory functions of securities account management; and (c) disclose such information to the Mainland China regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland China financial markets; and
- (iv) The relevant China Connect Market Operator is allowed to (a) collect, use and store your BCAN and CID to facilitate its surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (b) disclose such information to the Mainland China regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland China financial markets.

- 6.2 You agree that despite any subsequent purported withdrawal of consent by you, your personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of the above consent.
- 6.3 You agree and acknowledge that Southwest may use your personal data for the purposes of complying with the requirements of SEHK and its rules as in force from time to time in connect with the China Connect. SEHK may require Southwest to provide, in relation to each China Connect Market, information on your profiles, and the type and value of China Connect orders and the China Connect Securities trades executed for your at such intervals and in such form as SEHK may specify from time to time.
- 6.4 If Southwest receives an enquiry or request from SEHK, any SEHK Subsidiary or any China Connect Authority in relation to any Transaction with you under China Connect Service, you shall upon request and within the time limit specified by Southwest disclose to Southwest or to the relevant authority the requested information or procure such disclosure in relation to the beneficiary owner of such Transaction.

## **7. Settlement and Currency Conversion**

- 7.1 Northbound trading is effected and settled in Renminbi, if Southwest does not receive sufficient Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and you may not acquire title to, or become entitled to sell or transfer the relevant China Connect Securities.
- 7.2 Where Southwest holds any funds on your behalf, if there are insufficient Renminbi funds to settle any Northbound buy order or other payment obligation in connection with China Connect, you authorise Southwest to convert any funds in any other currency which Southwest holds on your behalf into Renminbi for the purpose of settlement of the same.
- 7.3 Notwithstanding any provisions in the General Terms and Conditions, where it is necessary to convert one currency to another pursuant to these Additional Terms for China Connect, such conversion may be carried out automatically by Southwest in a commercially reasonable manner without prior notice to you at the prevailing market rate of exchange between two currencies.
- 7.4 Unless and until you have settled all payment obligations in connection with any or all Northbound buy orders, Southwest will not release to your Account(s) any China Connect Securities acquired by such buy order(s).
- 7.5 Notwithstanding any provisions in the General Terms and Conditions, where Southwest determines that there is insufficient liquidity in Renminbi to settle any buy orders, Southwest may, in its sole and absolute discretion, reject your instruction to place such buy order.
- 7.6 Southwest may not be able to send in your order cancellation requests in case of contingency such as when SEHK loses all its communication lines with the China Connect Market Operator etc and you shall still bear the settlement obligations if the orders are matched and executed.

## **8. Risk Disclosure Statements and Acknowledgment**

By instructing Southwest in respect of any Transactions relating to the China Connect, you acknowledge, represent, warrant and confirm that :

- 8.1 you have read, fully understood and accepted the risk disclosures applicable to China Connect set out in Section 15 of Part IV (Risk Disclosure Statement) and you understand that your instructions to trade in China Connect Securities may be not accepted and your obligations when trading China Connect Securities through China Connect including any consequences of a breach of the China Connect Laws and Regulations;
- 8.2 SEHK has the power not to extend the China Connect services to you, the power to require Southwest not to accept instructions from you and the power to suspend or restrict Southwest from inputting China Connect orders under any BCAN, if it is found that Southwest or you have or may have committed any abnormal trading conduct set out in or fail to comply with the China connect Laws and Regulations;

- 8.3 the China Connect Market Operator has the power to carry out investigations, and may, through SEHK or the SEHK Subsidiary, require Southwest to provide relevant information and material (including your information and personal data) to assist in its investigation if the China Connect Laws and Regulations is breached;
- 8.4 where there is a serious breach of the China Connect Laws and Regulations, the China Connect Market Operator may request SEHK to take appropriate regulatory actions or commence disciplinary proceedings against Southwest, or request SEHK to require Southwest to issue warning statements (verbally or in writing) to you, and not to extend the China Connect services to Southwest or you;
- 8.5 SEHK may (for the purpose of assisting the China Connect Market Operator in its regulatory surveillance of the China Connect Market and enforcement of the relevant China Connect Laws and Regulations and as part of the regulatory cooperation arrangement between SEHK, the SEHK Subsidiary and the China Connect Market Operator), at the request of the China Connect Market Operator, require Southwest to provide information concerning you and other relevant persons with respect to any China Connect orders input or China Connect Securities trades made or entered into by Southwest on your behalf;
- 8.6 HKEx, SEHK, the SEHK Subsidiary, the China Connect Clearing House and the China Connect Market Operator and their respective directors, employees and agents shall not be responsible or held liable for any loss, damage or liability directly or indirectly suffered or incurred by Southwest or the Related Person or any other parties arising from or in connection with Northbound trading, including but not limited to any rejection or delay of execution of orders, the collection, storage, use, disclose and transfer of BCANs, CID and other information in connection with using the services under China Connect. You agree and acknowledge that Southwest and the Related Person shall not be responsible or held liable for any such loss, damage or liability suffered or incurred by you.

## **9. Margin Trading of China Connect Securities**

- 9.1 Margin trading activities may only be conducted in respect of eligible China Connect Securities. You may refer to the lists of eligible China Connect Securities published on the website of SEHK from time to time.
- 9.2 Each of the China Connect Market Operator may suspend margin trading activities in specific A shares in its market when the volume of margin trading activities in such A shares exceeds the threshold determined by it and resume margin trading activities when the volume drops below a prescribed threshold. You may get the information in relation to the suspension and/or resumption notice issued by the China Connect Market Operator through the website of SEHK.
- 9.3 Each of the China Connect Market Operator has the rights to require margin trading orders to be flagged as margin trading orders to be routed to its system. Upon required by SEHK, Southwest may flag or indicate China Connect buy orders that involve margin

trading when inputting China Connect orders into the system in such manner and at such time as SEHK directs.

- 9.4 Southwest may in its sole and absolute discretion stop providing Margin Facility to you or reject your instruction for an order in A shares with margin financing arrangement for the purpose to comply with the China Connect Laws and Regulations.
- 9.5 You agree that any risks, losses or costs resulting from the suspension of or changes of requirements on margin financing activities in connection with China Connect Service shall be borne by you.

## **10. Miscellaneous**

- 10.1 SEHK has absolute discretion to determine from time to time the operational hours of the China Connect Service, including the arrangement relating to the hoisting and lowering of Typhoon Signals, announcement and cancellation of extreme conditions from time to time announced by any government authority of Hong Kong and the issuance and cancellation of Black Rainstorm Warnings.
- 10.2 SEHK has absolute discretion to change the operational hours and arrangement of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise.
- 10.3 You agree and undertake that you shall be responsibility for paying of all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required by any China Connect Authority or in accordance with any China Connect Laws and Regulations to any China Connect Securities.
- 10.4 You agree and acknowledge that in accordance with the China Connect Laws and Regulations, Southwest is required to keep proper books and records of the Transactions in connection with China Connect (including instructions, account information, BCAN and CID, orders and trades records) for a period of not less than 20 years.
- 10.5 SEHK and the SEHK Subsidiaries are only providing the system connection arrangements and related services to facilitate the trading of China Connect Securities on the relevant China Connect Market. SEHK and the SEHK Subsidiaries and their respective directors, employees and agents shall not be liable for any obligation with respect to a transaction concluded through the use of the China Connect Service, and all obligations in relation to or arising from any China Connect order or any transaction concluded through the use of the China Connect Service shall be borne by you.
- 10.6 If any provision in these Additional Terms for China Connect shall be held to be illegal, invalid or unenforceability, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties.

- 10.7 No failure of delay by either party in exercising any right or remedy provided under these Additional Terms for China Connect shall operate as a waiver of it, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of it or the exercise of any other right or remedy. Any waivers of a breach of these Additional Terms for China Connect shall not constitute as waiver of any subsequent breach.
- 10.8 Southwest may at any time vary, delete, add or amend these Additional Terms for China Connect in accordance with the General Terms and Conditions and the requirements of applicable codes and guidelines.

## **PART IV – RISK DISCLOSURE STATEMENT**

### **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**

- 2.1. Growth Enterprise Market (“GEM”) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.
- 2.2. 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.
- 2.3. Current information on GEM stocks may only be found on the internet website operated by the SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers.
- 2.4. 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. 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.

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

- 4.1. 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.

- 4.2. 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.
- 4.3. 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.
- 4.4. 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.
- 4.5. If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the 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.
- 4.6. A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require Margin Facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

## **5. RISK OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG**

Client assets received or held by Southwest or its nominee(s) 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.

## **6. RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES**

If you provide Southwest 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 the Accounts and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

## **7. RISK OF TRADING NASDAQ-AMEX SECURITIES ON THE SEHK**

The securities under the Nasdaq-Amex Pilot Program (“PP”) are aimed at sophisticated investors. You should consult Southwest and become familiarized 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 SEHK.

## **8. 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. In particular, your attention is drawn to the following:

- (a) the internet is, and any other Electronic Media may also be, an inherently unreliable medium of data transmission and communication and that, accordingly, there are risks in conducting Transactions in the Account through the Electronic Trading Service or otherwise communication through the internet or any other Electronic Media;
- (b) access to the website operated by Southwest or the Electronic Trading Service may at any time and from time to time be limited, delayed or unavailable, including during periods of peak demand, market volatility, systemic failures (including hardware and software failures), systems upgrades or maintenance or for other reasons;
- (c) Instructions given or Transactions conducted through the internet or other Electronic Media may be subject to interruption, transmission blackout, delayed transmission or incorrect data transmission due to, where applicable, unpredictable traffic congestion, the public nature of the media used or other reasons;
- (d) Instructions given through the internet or other Electronic Media may not be executed or may be delayed so that they are executed at prices different from those prevailing at the time the instructions were given;
- (e) communications and personal data may be accessed by unauthorized third parties;
- (f) instructions given through the internet or other Electronic Media may be executed without being subject to human review; and

the status of your instructions or orders for Transactions in the Account or execution thereof and your cash position, securities position or other details relating to your Account as reflected in any acknowledgement, confirmation or other record posted on Southwest’s website may not be updated immediately. Such acknowledgement, confirmation or other record will only reflect Transactions in your Account conducted through the Electronic Trading Service and that, in the case of doubt, you should

contact Southwest to ascertain the status of your other Transactions in your Account or other details relating to your Account.

## **9. RISK OF OVER THE COUNTER DERIVATIVE PRODUCTS**

Over-the-counter derivative products (“**OTC Derivatives Products**”) are derivative products that are not listed or traded on an Exchange.

You are agreed and understand that:

- (a) OTC Derivative Products often involve a high degree of gearing, so that a relatively small movement in the price of the underlying Securities results in a disproportionately large movement in the price of the OTC Derivative Products. The values of OTC Derivative Products are not fixed, but fluctuate with the market, which may be influenced by many factors, including changes in the economic and/or political environment. The prices of OTC Derivative Products can therefore be volatile;
- (b) The market value of an OTC Derivative Product may be affected by the changes in the actual or perceived credit standing of the issuer. For example, it may be adversely affected due to downgrading of it or its underlying assets by rating agencies such as Moody’s Investors Inc. or Standard & Poor’s Rating Services;
- (c) You should be aware that although OTC Derivative Products may bring significant benefits, they may also carry substantial risks which you should fully understand when considering whether they are suitable for you. You should not buy an OTC Derivative Product unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges;
- (d) While OTC Derivative Products are unexercised and if their underlying securities are suspended from trading on the HKEx or any other relevant stock exchange, they may be suspended from trading for a similar period of time as their underlying Securities;
- (e) It is not possible to predict the liquidity of OTC Derivative Products;
- (f) Depending on the terms and conditions of the OTC Derivative Product, you may be obligated to accept the underlying Securities if the conversion price is triggered;
- (g) If there is a stock split, issue of bonus shares or other unexpected event that changes the number of issued shares of the underlying stock, your counterparty may adjust the contract terms, at its sole discretion, to reflect the new market conditions. This may include unwinding the contract. You will be notified in the events of such adjustments;
- (h) OTC Derivative Products have limited liquidity. It may be impossible to liquidate an existing position or to do so at a satisfactory price because the market finds it difficult to assess the value, to determine a fair price or assess the exposure to risk;

- (i) OTC Derivative Products are imbedded with options. Transactions in options carry a high degree of risk. The risk of loss in trading options can be substantial. You should have prior knowledge of, or experience in option markets. You should carefully consider whether such trading is suitable in the light of your own financial position and investment objectives;
- (j) There is no central source for obtaining prices in relation to an OTC Derivative Product. Any price provided by us in relation to an OTC Derivative Product is based on the latest available market price or derived from sources which we believed to be reliable. Consequently, any such price may only reflect historic prices and may or may not be accurate. You should note that we do not make any warranty or representation as to the accuracy or completeness of any such price and does not accept liability for any losses arising from the use thereof;
- (k) Pre-termination prior to maturity is possible subject to prevailing market terms and conditions; and
- (l) The issuers may enter into discount, commission or fee arrangements with brokers and/or any of its affiliates with respect to the primary or secondary market in the OTC Derivative Products.

You further understand and agree that prior to entering into any Transaction in relation to an OTC Derivative Product, you shall, in addition to any other relevant considerations:

- (m) evaluate your financial status, risk bearing capabilities and whether the OTC Derivative Product is suitable for you in the light of your own financial position and investment objectives;
- (n) fully understand the nature and related risks of the OTC Derivative Product;
- (o) ensure that you have all necessary information you require to assess all possible risks in the OTC Derivative Product when deciding on its appropriateness for yourself;
- (p) consider what you intend to achieve; and
- (q) be aware of any general framework for the OTC Derivative Product established by any relevant authority or governing body.

You also confirm that:

- (a) unless you have otherwise notified us in advance, you are acting on your own account and you make an independent decision prior to trading in the OTC Derivative Products or any other products in light of your own circumstances; and

- (b) any information supplied by us and/or explanation relating to the terms and conditions of the OTC Derivative Products or any other products given by us or our staff shall not amount to investment advice or a recommendation to purchase the OTC Derivative Products or any other products.

## **10. RISKS OF STRUCTURED AND DERIVATIVE PRODUCTS**

This paragraph is as a general guide to highlight some basic risks associated and does not mean to cover all of the risks and other significant aspects of trading in structured or derivative products (such as Futures and Options, Derivative Warrants, Callable Bull/Bear Contracts (CBBC), Exchange Traded Funds (ETF), and Rights etc.). In consideration of the risks associated, you (being the client and Investor of structured or derivative products) should undertake such transactions only if you understand the nature of the structure products into which you are entering and the extent of your exposure to risk. Trading in structured or derivative products is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### **10.1. General**

#### **a) Issuer default risk**

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

#### **b) Uncollateralized product risk**

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

#### **c) Gearing risk**

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

#### **d) Expiry considerations**

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

#### **e) Extraordinary price movements**

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

**f) Foreign exchange risk**

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

**g) Liquidity risk**

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

**10.2. Derivative Warrants**

**a) Time decay risk**

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

**b) Volatility risk**

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

**10.3. CBBC**

**a) Mandatory call risk**

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

**b) Funding costs**

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

**10.4. Exchange Traded Funds (ETF)**

**a) Market risk**

ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers

may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. You must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

**b) Tracking errors**

Tracking errors refer to the disparity in performance between an ERF and its underlying index/ assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager's replication strategy.

**c) Trading at discount or premium**

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

**d) Foreign exchange risk**

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

**e) Liquidity risk**

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

**10.5. Counterparty risk involved in ETFs with different replication strategies**

**a) Full replication and representative sampling strategies**

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

**b) Synthetic replication strategies**

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

**Exchange Traded Funds (ETF)**

1. Swap-based ETFs

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

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

## 11. 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(s) may be liquidated. However you will remain liable for any resulting deficit in your account. Therefore you should therefore agree study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your 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.

### a) 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.



**b) 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.

**c) Variable degree of risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize 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**

**a) 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.

**b) 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”.

**c) Deposited cash and property**

You should familiarize 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.

**d) 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.

**e) 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.

**f) 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.

**g) 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.

**h) 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.

**i) 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.

## **12. BONDS**

- a) The price of bonds can and does fluctuate, sometimes dramatically. The price of a bond 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 of bonds. Also, there may be risks in leaving bonds in our safekeeping. The holder of bonds bears the credit risk of the issuer and/or guarantor (if applicable) and has no recourse to us unless we are the issuer or guarantor (if applicable).
- b) Not all bonds provide for repayment of 100% of the face value of the bond. The return on a bond depends on the terms of issue and reference should be made to the corresponding prospectus or term sheet for detail and there may be circumstances that the money and/or value of shares that you receive at maturity may be substantially less than the value of your original investment. If there is any fractional share(s) or other Securities or underlying assets deliverables on maturity, it/they may not be physically delivered.
- c) In situations where any bond is a product combining note with financial or other derivatives, such as options, its return may be linked to the performance of other financial instruments, such as underlying stocks, commodities, currencies,

companies and indices. Unless such bond is listed on Exchange or other regulated stock exchanges, you will only be able to sell such bond on the over-the-counter market, if at all. The prices of bonds in secondary markets are affected by a wide range of factors, including without limitation, the performance of the underlying stocks, commodities currencies, companies, indices, the market view of the credit quality of the reference company, and interest rates. You must be aware that secondary markets do not always exist and even where a secondary market exists, it may not be liquid. You must accept any associated liquidity risk

- d) Transactions in options carry a high degree of risk (including products that have options embedded in them such as bonds). Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks.
- e) 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 exchange rates where there is a need to convert from the currency denomination of the contract to another currency.

### **13. RISK DISCLOSURE STATEMENT FOR RENMINBI PRODUCT**

Renminbi products involve specific risks. You should give careful consideration to the following factors, among others, in evaluating the merits and suitability of this investment. The value of Renminbi products may fall as well as rise and you may not get back the amount originally invested. Different Renminbi products are subject to different risks. You should read the relevant terms and conditions and risk disclosure statement before making any investment decision. The following specific risks should be carefully considered by you, but the list does not purport to be exhaustive.

#### **13.1. Renminbi Currency Risk**

Renminbi is currently not fully freely convertible and conversion of Renminbi through banks in Hong Kong SAR is subject to a daily limit. You should allow time for exchange of Renminbi from/to another currency of Renminbi amount exceeding the daily limit.

For Renminbi products which are not denominated in Renminbi or with underlying investments which are not Renminbi denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the Renminbi exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operation expenses).

The Mainland China 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 Mainland China and Hong Kong SAR become more stringent, the depth of the Renminbi market in Hong Kong SAR may become further limited.

### **13.2. Currency Exchange Risks**

Renminbi products are subject to exchange rate fluctuations which may provide both opportunities and risks. If you choose to convert the Renminbi to other currencies at an exchange rate that is less favourable than that in which made the original conversion to Renminbi, you may suffer loss in principal.

### **13.3. Interest Rate Risks**

The Mainland China 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.

### **13.4. Limitation on the Provision of Renminbi Funding**

You should have Renminbi bank accounts and ensure have sufficient Renminbi for settlement and clearing purpose. In case you do not have sufficient Renminbi funding to subscribe Renminbi products, subject to compliance with all applicable laws, rules and regulations, we may assist you to convert other currencies to Renminbi. However, we do not guarantee that it can provide sufficient Renminbi funding for you due to the limitation on the flow of Renminbi funds in Hong Kong SAR. We may unwind your trades due to insufficient Renminbi funding and your investment may be adversely affected if you suffer losses due to settlement failure.

### **13.5. Limited Availability of Underlying Investments Denominated in Renminbi**

For Renminbi products that do not have access to invest directly in Mainland China, their available choice of underlying investments denominated in Renminbi outside Mainland China may be limited. Such limitation may adversely affect the return and performance of the Renminbi products.

### **13.6. No Guaranteed Projected Returns**

For some Renminbi investment products, their return may not be guaranteed or may only be partly guaranteed. You should read carefully the statement of illustrative return attached to such products and in particular, the assumptions on which the illustrations are based, including, for example, any future bonus or dividend declaration.

### **13.7. Long Term Commitment**

For Renminbi products which involve a long period of investment, if you redeem the 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 the invested amount. You may also suffer from early surrender/withdrawal fees

and shares as well as the loss of returns (where applicable) as a result of redemption before the maturity date or during lock-up period.

### **13.8. Issuer Risk/Counterparty Risk**

Renminbi products are subject to the credit and insolvency risks of their issuers. Prospective investor should consider carefully the creditworthiness of the issuers before investing. 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 products and result in substantial losses.

### **13.9. Liquidity Risks**

Renminbi is less liquid than other currencies. Renminbi products may not be regular trading or have an active secondary market. You should be aware that payments and redemptions of Renminbi products may not always be made within the expected timescales, or may have to sell at a deep discount to its value.

### **13.10. Possibility of not Receiving Renminbi upon Redemption**

For Renminbi products with a significant portion of non-Renminbi denominated underlying investments, there is 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.

## **14. FURTHER CONFIRMATIONS IN RELATION TO TRADING OF OTC DERIVATIVE PRODUCTS AND EXCHANGE DERIVATIVE PRODUCTS**

### **Residency**

You hereby certify that neither you nor any beneficial owner (each of them being the “Holder of the Products”) of the OTC Derivative Products, Exchange Derivative Products or other products (including but not limited to equity linked notes) (the “Products”) purchased by you from us and/or transacted through or in the Account is:

- (a) a US person (as such term is defined under Regulation S of the United States Securities Act of 1933, as amended (“Securities Act”) or a person within the United States (as such term is defined in Regulation S under the Securities Act);
- (b) a person in the United Kingdom;
- (c) a resident of Japan;
- (d) a person who is subject to any other limitations in respect of trading in the Products.

You shall notify us in writing forthwith upon any changes in any such status of the Holder of the Products. We are entitled to rely fully on any of your certification and

confirmation contained for all purposes, unless we receive notice in writing of any changes thereof.

## **15. RISKS AND OTHER REQUIREMENTS OF SHANGHAI-HONG KONG STOCK CONNECT AND SHENZHEN-HONG KONG STOCK CONNECT**

You should ensure that you understand the nature and risks of China Connect and Northbound trading and you should consider carefully (and consult your own advisers where necessary) whether trading in China Connect Securities is suitable for you in light of your circumstances. The decision to trade in China Connect Securities is yours, but you should not trade in China Connect Securities unless you fully understand and are willing to assume the risks associated with China Connect and are able to comply with all relevant China Connect Laws and Regulations. You acknowledge the risks and agree to the relevant terms. You are responsible for monitoring changes in the China Connect Laws and Regulations and complying with any new requirements.

### **15.1. Compliance with Applicable Laws and the Rules**

If you have failed to comply with or have breached any applicable laws of Mainland China with regard to the trading of China Connect Securities on the relevant China Connect Market through the use of the China Connect Service, we will take such actions, steps or measures to stop and/or to remedy or rectify the breach, including but not limited to not to accept further instructions from or to act for you according to the request of SEHK.

### **15.2. No Turnaround Trading**

You shall not sell or input any China Connect sell order in respect of any China Connect Securities which are the subject of the relevant China Connect buy order on the same trading day.

### **15.3. No off-exchange trading and transfers**

You shall not trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Market System, and we shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from you or effect any Non-trade Transfer or settlement of instructions in respect of any China Connect Securities in any manner otherwise than through China Connect in accordance with the China Connect Laws and Regulations, except in the following circumstances or as otherwise provided by a relevant China Connect Authority:

- (a) stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month;

- (b) stock borrowing and lending of China Connect Securities which are eligible for satisfying the Pre-trade Checking requirement, with a tenor of one day (and which is not renewable);
- (c) post-trade allocation of China Connect Securities by a fund manager across the funds and/or sub-funds it manages; and
- (d) any other situations specified by the China Connect Markets and ChinaClear, including but not limited to any Non-trade Transfer as a result or for the purpose of (a) succession; (b) divorce; (c) dissolution, liquidation or winding up of any company or corporation; (d) donation to a charitable foundation; and (e) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.

#### **15.4. Outside China Ownership Limits**

You shall comply, with the 10% individual shareholding limit applicable to outside China investors (including Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors approved under the applicable laws of Mainland China, and other investors using the China Connect Service), and the 30% aggregate shareholding limit in relation to A shares and the related forced-sale requirements applicable to foreign investors who invest in China Connect Securities as stipulated in applicable laws of Mainland China including the CSRC regulations concerning China Connect.

#### **15.5. Disclosure Obligations**

You shall comply, with the 5% shareholding disclosure requirement applicable to persons who invest in A shares under applicable laws of Mainland China.

#### **15.6. Risks associated with the Circuit Breaker mechanism**

The lifting of a Circuit Breaker during a continuous auction session of any China Connect Market Trading Day may result in trades being executed through call auction. Unless otherwise determined by SEHK, where the Circuit Breaker Provisions allow orders in respect of China Connect Securities to be cancelled requests through the Stock Connect during the period when a Circuit Breaker is in effect. No China Connect order is regarded as cancelled unless and until a cancellation confirmation has been issued by the relevant China Connect Market system.

#### **15.7. Investor Compensation Fund**

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the SFO. When you trade in China Connect Securities, you will not be covered by the Investor Compensation Fund in respect of any loss you may sustain by reason of a default by SFC licensed or registered persons.



## **15.8. Risk of ChinaClear Default**

ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. Pursuant to the General Rules of CCASS, if ChinaClear (as the host central counterparty) defaults, HKSCC may (but shall have no obligation to) take any legal action or court proceeding to seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute the China Connect Securities and/or monies recovered to the relevant clearing participant on a pro-rata basis as prescribed by the relevant China Connect Authorities. We in turn will be distributing China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by ChinaClear is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

## **15.9. Risk of HKSCC Default**

Our provision of services pursuant to the terms and conditions applicable to China Connect also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement of China Connect Securities and/or monies in connection with them and you may suffer losses as a result. Neither Southwest nor any Related Person shall have any responsibility or liability for any such losses.

## **15.10. General market risks associated with investing in China Connect Securities**

Investing in China Connect Securities involves special considerations and risks, including without limitation greater price volatility, Renminbi exchange rate fluctuations, less developed regulatory and legal framework, economic and social and political instability of the stock market in Mainland China.

## **15.11. Risks associated with trading of ChiNext Shares**

The trading of ChiNext Shares is subject to the risks associated with the SZSE ChiNext market, including but not limited to such risks arising from the following: (a) volatility and overvaluation of the share price; (b) the less stringent requirements on profitability and share capital of the ChiNext market (compared to the main board markets in Mainland China), the ChiNext market listed companies' business is unstable, and less resilient against market and industry risks; (c) given the technological focus of the companies listed on the ChiNext market, such companies are more susceptible to technical failures in their respective business areas; and (d) conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the high-risk nature of the relevant industries. Only Institutional Professional Investors are allowed to place orders with Southwest to buy or sell ChiNext Shares which are accepted as China Connect Securities (other than

Special China Connect Securities which are eligible for sell orders only) through the use of China Connect Services.

## **15.12. Risks of settlement and trading arrangements**

### **Operational Hours and Settlement Day**

China Connect Market will open on days when both the Mainland China and Hong Kong stock markets are open for trading, and banking services in Mainland China and Hong Kong are available on the corresponding settlement day. Stock under China Connect Market will be settled on T-day and money will be settled on T+1 day. You shall note of the settlement day of China Connect Securities. Given the differences in public holidays and working days between Mainland China and Hong Kong, it is possible the China Connect Market is closed and you cannot trade in A shares during the day when the A shares market is open for trading. You shall note of the business days of China Connect Market. You should consider if you can take on the risk of price fluctuations in the A shares market during the time when China Connect Market is closed. In addition, there is difference in trading hours between the Mainland China and Hong Kong stock markets. Trading hours for A shares under SSE and SZSE is different from Hong Kong and you shall beware of such difference.

### **No Manual Trade**

All trading must be conducted on China Connect Market system, i.e. no over-the-counter or manual trades are allowed.

### **Eligible Securities and Quota Restrictions**

SEHK will include or exclude securities as China Connect Securities based on the prescribed criteria under the China Connect Laws and Regulations from time to time. Under the following situation, you cannot buy China Connect Securities, but can only sell holding China Connect Securities through trading system.

- (a) A shares removed from the list of eligible stocks under China Connect will only be allowed for selling but restricted from further buying. You shall beware of the change of the list of eligible A shares.
- (b) If the daily Northbound quota of China Connect Securities is used up, i.e. the daily quota balance of China Connect Securities drops to zero or the daily quota is exceeded during a continuous auction session (for closing call auction for China Connect Market), no further buy orders will be accepted for the remainder of the day while sell orders will still be accepted. Buying services will be resumed on the next trading day. Buy orders already accepted will not be affected by the daily quota being used up and will remain on the order book of China Connect Market Operator unless otherwise cancelled by the relevant brokers.

- (c) If the used up of daily Northbound quota happens during the opening call auction session, new buy orders will be rejected. However, as order cancellation is common during opening call auction, the daily Northbound trading quota balance may resume to a positive level before the end of the opening call auction. When that happens, the SEHK will again accept Northbound buy orders.

### **Short Selling**

Covered short selling of China Connect Securities may be available provided such covered short selling satisfies the requirements specified by the relevant China Connect Authority, including those short selling orders are only relating to China Connect Securities designated as eligible for short selling. In any event, naked shorting selling is not allowed.

The China Connect Authority may also suspend the ability to engage in short selling of any China Connect Securities if the volume of short selling activity exceeds thresholds prescribed by the relevant China Connect Market.

### **Forced-sale Arrangement**

Foreign shareholding restriction (including the forced-sale arrangement) is in place and we should have the right to “force-sell” your China Connect Securities upon receiving the forced-sale notification from SEHK.

### **Short Swing Profit Rule**

In accordance with the laws and regulations in Mainland China, the “short swing profit” rule requires you to give up or return profits made from purchases and sales in respect of China Connect Securities of a particular Mainland China listed company if (i) your shareholding in that Mainland China listed company exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (ii) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. You must comply with the “short swing profit” rule and we have no responsibility to alert you or otherwise assist you in complying with such rule.

### **Pre-trade Checking**

SEHK is required to check that in respect of any Northbound sell orders given by us. We should hold sufficient and available China Connect Securities to be able to fill such Northbound sell orders. Such Pre-trading Checking will be carried out prior to the start of each Trading Day.

As the Pre-trade checking is in place, you must have the relevant China Connect Securities transferred to our CCASS account before the commencement of trading on a trading day if you intends to sell the China Connect Securities during a trading day.

### **China Connect Market System**

In making the China Connect Service available, SEHK and the SEHK Subsidiary are only providing the system connection arrangements and related services to facilitate the trading of China Connect Securities on the relevant China Connect Market System.

The China Connect Market System is a platform for trading of China Connect Securities under the China Connect arrangement. We provide trading services based on the China Connect Market System which is operated by the relevant China Connect Market. Southwest and the Related Person, HKEx, SEHK, the SEHK Subsidiary and their respective officers, employees or agents shall not be responsible for any loss or damage directly or indirectly suffered by you arising from or in connection with the China Connect Service or Northbound trading through the China Connect Market System, including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service, or any inability to access or use the China Connect Service or any rejection of China Connect orders inputted under any BCAN;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all China Connect orders input by us;
- (c) the trading of any China Connect Securities through the use of the China Connect Service;
- (d) any suspension, delay, interruption or cessation of trading of any China Connect Securities on a China Connect Market whether as a result of the imposition of any circuit breaker mechanism or due to any other reasons;
- (e) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No.8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (f) any delay or failure to route any China Connect orders or any delay or failure to send any order cancellation requests or to provide the China Connect Service due to any system, communication or connection failure, power outage, software or hardware malfunction or other events beyond our control or the control of SEHK;
- (g) any circumstance in which a China Connect order which we have requested to be cancelled not being cancelled for any reasons whatsoever;
- (h) in the circumstance that SEHK or the relevant China Connect Authority requires us to reject any order for China Connect Service;
- (i) any delay, failure or error of China Connect Market System or any system on which we or the relevant SEHK Subsidiary is reliant in providing the China Connect services; and
- (j) any delay or failure to execute, or any error in matching or executing, any China Connect order due to reasons beyond the control of HKEx, SEHK, the SEHK Subsidiary, Southwest and the Related Person, including but not limited to any action or decision taken or made or not taken or made by any China Connect Authority or any other relevant governmental or regulatory body.

### **15.13. Other requirements**

You may be required to forward your identity and identification information to SEHK which may on-forward to China Connect Market Operators for surveillance and investigation purposes.

If the rules of China Connect Market Operator are breached, or the disclosure and other obligations referred to in the rules of relevant China Connect Market Operator is breached, China Connect Market Operator has the power to carry out an investigation, and may, through SEHK, require us to provide relevant information and materials and to assist in its investigation.

SEHK may upon China Connect Market Operators' request, require us to reject orders from you.

You need to accept the risks concerned in Northbound trading, including but not limited to prohibition of trading China Connect Securities, being liable or responsible for breaching the China Connect Laws and Regulations and other applicable laws and regulations.

China Connect Market Operators may request SEHK to require us to issue warning statements (verbally or in writing) to you, and not to extend China Connect service to you.

HKEx, SEHK and the SEHK Subsidiary, China Connect Market Operators and its Subsidiary and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by us, you or any third parties arising from or in connection with Northbound trading or the China Connect Market system.

## **PART V – DATA PRIVACY POLICY**

- (1) As a client of the Southwest (the “Client”), it is necessary from time to time for the Client to supply his/her personal data (“Personal Data”), within the meaning ascribed in the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) (the “Privacy Ordinance”) to Southwest or Affiliates when opening or continuation of accounts, or in the establishment, continuation or provision of investment, dealing or related services.
- (2) Failure to supply Personal Data may result in Southwest being unable to open or continue accounts or establish, continue or provide investment, dealing or related services.
- (3) Personal Data may also be collected in the ordinary course of continuation of the business relationship with Southwest and/or Affiliates.
- (4) Subject to the provisions of the Privacy Ordinance, any Personal Data may be used for the following purposes:
  - (a) the daily operation of the services provided to the Client;
  - (b) conducting credit checks;
  - (c) ensuring ongoing credit worthiness of the Client;
  - (d) marketing investment, dealing or related services or products (please see further details in paragraph (8) below);
  - (e) supporting any statements made in any documents in connection with the services of the Southwest;
  - (f) assisting other relevant parties, professionals, institutions or relevant regulatory authorities to verify certain facts in connection with the services of the Southwest;
  - (g) meeting the requirements to make disclosures under the requirements of any laws and/or regulations binding on the Southwest;
  - (h) forming part of the records of the recipient of the data as to the business carried on by it; and
  - (i) any other purposes relating to or incidental to any of the above.
- (5) Southwest will keep Personal Data confidential but Southwest may provide Personal Data to the following persons in furtherance of the purposes set in the above paragraph (4):

- (a) any agent or third party service provider who provides services to the Southwest in connection with the operation of its business;
  - (b) an appropriate person under a duty of confidentiality to Southwest including any Affiliate which has undertaken to keep such information confidential;
  - (c) any person or institution with which the Client has or proposes to have dealings;
  - (d) credit reference agencies and debt collection agencies (in the event of default payment);
  - (e) any regulatory authorities or exchanges which relate to or govern any business of the Southwest and any Affiliate;
  - (f) any assignee, transferee, delegate, successor or person to whom the account of the Client is transferred and the authorised person of the Client; and
  - (g) any of Southwest's actual or proposed assignee or participant or sub-participant or transferee.
- (6) The Personal Data may be transferred to any place outside Hong Kong, whether for the processing, holding or use of such data outside Hong Kong, and also to service providers which offer services to any Affiliate in connection with the operation of its business.
- (7) To the extent permitted by law, the Personal Data collected by Southwest from time to time may be used and disclosed in accordance with the Data Privacy Policy.
- (8) Use of Personal Data in Direct Marketing

Southwest intends to use your Personal Data in direct marketing and we require your consent (which includes an indication of no objection) before we can use your Personal Data for this purpose. Your provision for this purpose is voluntary. In this connection, please note that:

- (a) your name, contact details, products and services portfolio information, transaction pattern and behavior, financial background and demographic data held by Southwest from time to time ("Marketing Personal Data") may be used by Southwest in direct marketing.
- (b) the following classes of services, products and subjects may be marketed:
  - (i) financial, insurance, securities, commodities, investment and related services and products and facilities;
  - (ii) reward, loyalty or privileges programmes in relation to the class of marketing subjects as referred to in paragraph (8)(b)(i) above;
  - (iii) services and products offered by Southwest's co-branding partners (the names of such co-branding partners can be found in the application

- form(s) for the relevant services and products, as the case may be) in relation to the class of marketing subjects as referred to in paragraph (8)(b)(i) above; and
  - (iv) donations and contributions for charitable and/or non-profit marketing purposes;
- (c) the above services, products and subjects may be provided or (in the case of donations and contributions) solicited by Southwest and/or:
  - (i) any Affiliate;
  - (ii) third party financial institutions, insurers, securities, commodities and investment services providers;
  - (iii) third party reward, loyalty, co-branding or privileges programme providers;
  - (iv) co-branding partners of Southwest (the names of such co-branding partners can be found in the application form(s) for the relevant services and products, as the case may be); and
  - (v) charitable or non-profit making organization;
- (d) In addition to marketing the above services, products and subjects itself, Southwest also intends to provide the Personal Data described in paragraph (8)(a) above, whether such provision is for gain or not, to all or any of the persons described in paragraph (8)(c) above for use by them in marketing those services, products and subjects described in paragraph (8)(b) above (in respect of which Southwest may or may not be remunerated), and Southwest requires your written consent (which includes an indication of no objection) for those purposes;

**Southwest may not use your Marketing Personal Data for direct marketing without your consent. Please indicate your consent when signing Account Opening Form or similar document.**

**If you give your consent but subsequently change your mind and no longer wish Southwest to use or provide to other persons your Marketing Personal Data for use in direct marketing as described above, you may exercise your opt-out right by notifying Southwest in writing addressed to the Data Protection Officer in paragraph (10) of this policy.**

Please note however that the right to make such a request is not applicable to you if the direct marketing is addressed to you in your capacity as a representative of a company or business and is not sent to you in your individual or personal capacity.

- (9) In accordance with the terms of the Privacy Ordinance, any individual has the right to:
  - (a) check whether the Southwest holds data about him/her and access to such data;
  - (b) required the Southwest to correct any data relating to him/her which is inaccurate;



- (c) ascertain the Southwest's policies and practices in relation to data and be informed of the kind of personal data held by the Southwest; and
  - (d) in relation to customer credit, request to be informed which items of Personal Data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the making of an access and correction request to the relevant credit reference agency or debt collection agency.
- (10) In accordance with the Privacy Ordinance, Southwest has the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data (when client considers that his/her Personal Data, supplied by the Southwest following a data access request, are inaccurate) or for information regarding policies and practices and kinds of data held or for exercising your opt-out right relating to direct marketing should be addressed as follows:

Data Protection Officer  
Southwest Securities International Securities Limited  
14/F, One Hysan Avenue  
Causeway Bay  
Hong Kong