

# CLIENT AGREEMENT

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This document together with the related Account Opening Form contains important terms and conditions that apply to and constitute the agreement on all Accounts made between the Client and PC Securities Limited. The Client has been advised to read this Agreement carefully and retain it for the Client's future reference.

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The Client hereby requests PC Securities Limited to open an Account(s) for the Client and agrees to accept and be bound by the following terms and conditions:

**Part 1 – Definition and Interpretation**

1. In this Agreement, unless the context otherwise requires, the following terms shall bear the following meanings:

“Account(s)”	any securities trading account(s) including cash account(s), margin account(s) and Internet Trading Account(s) from time to time opened in the Client’s name and maintained with PC Securities Limited;
“Account Opening Form”	the account opening form or other documents (however described) prescribed by PC Securities Limited from time to time in respect of the relevant Client’s application to open one or more Accounts with PC Securities Limited;
“Affiliate”	in relation to a party, an individual, corporation, partnership or any other form of entity directly or indirectly controlling, controlled by or under common control with such party or any of such entities’ directors, officers or employees;
“Agreement”	this document, the related Account Opening Form and all other relevant documents (including the fee schedule) enclosed herewith which terms and conditions shall constitute a legally binding contract between the relevant Client and PC Securities Limited, as may from time to time be amended, modified or supplemented;
“Applicable Laws and Regulations”	with respect to any person, any laws, regulations, rules, measures, guidelines, treaties, judgments, determination, orders or notices of any government authority or stock exchange that is applicable to such person;
“Authorized Person(s)”	the person(s) authorized by the Client to give Instructions to PC Securities Limited as notified to PC Securities Limited from time to time in such manner as required by PC Securities Limited;
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong generally are open for business;
“Cash Client”	any Client who has opened and maintained a cash Account in his name with PC Securities Limited;
“Client(s)”	any personal client(s) and/or corporate client(s) of PC Securities Limited including the Cash Client(s), Margin Client(s) and the Internet Trading Client(s) who has executed the related Account Opening Form (either individually or jointly with others) and agreed to accept and be bound by the terms and conditions of this Agreement;
“Client Data Policy”	PC Securities Limited’s privacy policy relating to the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) and as may from time to time be amended, modified or supplemented;
“Code of Conduct”	the Code of Conduct for Persons Licensed by or Registered with the SFC in force from time to time;
“Collateral”	all securities, money and any other properties provided by the Client to come to the possession, custody or control (whether directly or indirectly) of PC Securities Limited or other persons on behalf of PC Securities Limited which are charged to PC Securities Limited as continuing security for the credit facilities granted by PC Securities Limited and for performance of all obligations of the Client under the Client Agreement; accordingly, “ <b>securities collateral</b> ” refers to the securities comprised in the Collateral;
“CSDCC”	China Securities Depository and Clearing Company;
“Dormant”	in respect of any Account, the state of any Account that has recorded no trading activity for a continuous period of thirty six (36) months;
“Electronic Trading Services”	a facility which enables the Client to give Instructions to purchase and sell or to dispose of Securities through electronic means including but not limited to the internet, wire or wireless applications and/or to receive relevant information from PC Securities Limited and/or other third party service providers;
“Internet Trading Client”	any Client who has opened and maintained an Internet Trading Account in his name with PC Securities Limited and thus the Client is allowed to use the Electronic Trading Services provided or procured by PC Securities Limited;

“Exchange”	as the case may be, SEHK and/or the relevant Foreign Stock Exchange;
“Foreign Clearing House”	the clearing or settlement house, corporation, organization or body (being appointed, authorized or engaged by or established and operated by a Foreign Stock Exchange to provide clearing and settlement services to that Foreign Stock Exchange in respect of the Securities);
“Foreign Jurisdiction”	A country, territory or jurisdiction outside Hong Kong;
“Foreign Regulators”	any regulatory or supervisory corporation, organization or body in a Foreign Jurisdiction having jurisdiction or regulatory or supervisory power or authority over the Transactions;
“Foreign Stock Exchange”	A stock or securities exchange which is permitted to operate in a Foreign Jurisdiction by the law of that Foreign Jurisdiction;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Special Administrative Region of Hong Kong of the People’s Republic of China;
“PRC” or “Mainland China”	The People’s Republic of China, and for the purpose of this Agreement, not including Hong Kong, the Special Administrative Region of Macao of the People’s Republic of China and Taiwan;
“Instruction(s)”	any instruction(s) given by the Client and/or the Authorized Person(s) for buying, selling, other disposition or dealing of any Securities and other order(s) incidental; thereof;
“Margin”	the amount, whether cash or non-cash collateral as may from time to time be demanded by PC Securities Limited from the Client in relation to the amount drawn under Margin Facility for the purpose of protecting PC Securities Limited against any loss or risk of loss on present, future or contemplated obligations arising from Margin Facility, and “ <b>margin requirements</b> ” means the requirements set and revised by PC Securities Limited from time to time in respect of the collection and specifications of the Margin, usually (but not always) the required amount of margin is set to be equal to applicable percentage as notified and determined from time to time by PC Securities Limited to the Client of the prevailing market value of Collateral;
“Market”	any stock, securities or other exchange (including SEHK), responsible association of dealers or corporation, whether within or outside Hong Kong, so dealing in Securities as to provide a market for Securities;
“Margin Account”	securities trading margin account opened and maintained with PC Securities Limited;
“Margin Client”	any Client who has opened and maintained a Margin Account in his name with PC Securities Limited;
“Margin Facility”	the credit facility provided or arranged by PC Securities Limited to the Client to facilitate the acquisition of securities and the continued holding of those securities under the Margin Account and for other related purposes;
“Northbound”	denotes the trading of any securities listed and traded on the SSE/SZSE through SHHK Connect/SZHK Connect
“Securities”	(a) securities as defined in SFO; and/or (b) any shares, stocks, debentures, loan stocks, money, bonds, notes, unit trusts, certificates of deposit or other commercial paper or securities or other similar instruments of any kind whatever or howsoever, of or issued by anybody, whether incorporated or unincorporated, or any government authority for the time being traded in a Market and acceptable to PC Securities and may include, in the absolute discretion of PC Securities, (i) rights, options or interests (whether described as units or otherwise) in or in respect of any of the foregoing; (ii) certificates of interest or participation in, or temporary or interim certificates for, receipts for or warrants to subscribe to or purchase, any of the foregoing; or (iii) any instruments commonly known as securities;
“Renminbi or RMB”	the lawful currency of the People’s Republic of China, deliverable in Hong Kong;
“SEHK”	the Stock Exchange of Hong Kong Limited;
“SHHK Connect”	Shanghai-Hong Kong Stock Connect, a securities trading and clearing links programme developed by SEHK, SSE, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shanghai of PRC;

“SZHK Connect”	Shenzhen-Hong Kong Stock Connect, a securities trading and clearing links programme developed by SEHK, SZSE, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen of PRC;
“SHHK Connect/SZHK Connect Authorities”	the exchanges, clearing systems, regulators and authorities which provide services or regulate SHHK Connect/SZSE Connect and/or any related activities and shall include any of their relevant subsidiaries and agency, and “ <b>SHHK Connect/SZHK Connect Authority</b> ” shall mean any one of them;
“SHHK Connect/SZHK Connect Securities”	any securities listed and traded on the SSE/SZSE which may be traded by investors under SHHK Connect/ SZSE Connect;
“SSE”	the Shanghai Stock Exchange;
“SZSE”	the Shenzhen Stock Exchange;
“SSE/SZSE Rules”	the listing, business and trading rules and regulations of SSE/SZSE including any rules and regulations in relation to SHHK Connect/SZSE Connect;
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
“Transaction(s)”	any transaction(s) in Securities and other transaction(s) incidental thereof which PC Securities Limited effects and being instructed to effect for or on behalf of the Client.

2. The headings of this Agreement are inserted for convenience only and shall be ignored in construing this Agreement.
3. The expression “the Client(s)” shall, where the context permits, include their respective successors, personal representatives and permitted assigns.
4. Unless the context otherwise requires, references in this Agreement to the singular shall be deemed to include references to the plural and vice versa; references to one gender shall include all genders and references to any person shall include an individual, firm, body corporate or unincorporated.
5. References to any statute or statutory provision shall include any statute or statutory provision which amends or replaces or has amended or replaced it and shall include any subordinate legislation made under the relevant statute.
6. References in this Agreement to clauses, schedules and exhibits are references to clauses, schedules and exhibits of this Agreement.
7. References to “other”, “include” and “including” in this Agreement shall not be construed restrictively although they are respectively preceded or followed by words or examples indicating a particular class of acts, matters or things.
8. References to times of a day are, unless otherwise provided herein, to Hong Kong time.

## **Part 2A – Standard Terms and Conditions**

### **1. Application**

- 1.1 These terms form the standard terms and conditions of this Agreement and unless the context otherwise stated, shall be binding on all Clients and/or PC Securities Limited. If the Client is approved by PC Securities Limited to engage in Margin trading or allowed to use Electronic Trading Services provided or procured by PC Securities Limited, the Client shall be further subject to the terms and conditions set out respectively in Parts 2B and 2C hereof. If there is any inconsistency, the provisions for a particular service will prevail over general provisions.
- 1.2 The Client agrees to and hereby irrevocably appoint PC Securities Limited with full power and authority as the Client's true and lawful attorney, to the fullest extent permitted by law, to act for and on the Client's behalf for the purpose of carrying out the provisions of this Agreement and taking any action and execution any document or instrument in his name or in PC Securities Limited's own name which PC Securities Limited may deem necessary or desirable to accomplish the purposes of this Agreement.

### **2. The Account**

- 2.1 The Client confirms that all information provided or to be provided in relation to the Account including information in the related Account Opening Form is complete and accurate. The Client will inform PC Securities Limited in writing of any changes to that information. It is the Client's responsibility to ensure Account accuracy and to notify PC Securities Limited immediately with regard to any discrepancies.
- 2.2 PC Securities Limited is authorized to conduct credit enquiries or check on the Client for the purpose of ascertaining the financial situation and investment objectives of the Client and to verify the information provided. The Client also understands that PC Securities Limited may provide the Client's information to credit reference agencies and in the event of default to a debt collection agent(s).
- 2.3 PC Securities Limited will keep information relating to the Account confidential, but may provide any such information to the regulators, law enforcement agencies and other competent authorities, including but not limited to the Exchange, the SFC, Foreign Regulators and Independent Commission Against Corruption to comply with their requirements or requests for information or to any persons pursuant to any court orders or statutory provisions, even if the Account has been terminated prior to such request.
- 2.4 The Client's private information is collected and used by PC Securities Limited in accordance with PC Securities Limited's Client Data Policy a copy of which is available upon request.

### **3. Applicable Laws and Rules**

- 3.1 All Transactions will be effected in accordance with all laws, rules, regulatory directives, bye-laws, customs and usages applying to PC Securities Limited. This includes the rules, codes and guidance of the Exchange, Foreign Clearing House, HKSCC, SFC and Foreign Regulators from time to time. All actions taken by PC Securities Limited in accordance with such laws, rules, regulatory directives, bye-laws, customs and usages will be binding on the Client. The Client also agrees that irrespective of his country of domicile (or if the Client is a company, its place of incorporation), any dispute with PC Securities Limited may at PC Securities Limited's discretion be referred to the SFC, and not other securities regulators in any jurisdictions.
- 3.2 This Agreement is governed by, and may be enforced in accordance with, the laws of Hong Kong.
- 3.3 If the Client is an individual domiciled or a company incorporated outside Hong Kong, the Client shall, immediately upon demand by PC Securities Limited, appoint a person or an agent in Hong Kong to be his or its process agent to receive all notices and communications relating to any legal proceedings involving the Client, and the Client agrees that any service of any legal process on the process agent shall constitute sufficient service on the Client for purpose of legal proceedings in the Hong Kong courts.
- 3.4 No provision of this Agreement shall operate to remove, exclude or restrict any of the Client's rights or obligations of PC Securities Limited under the laws of Hong Kong.

### **4. Instructions and Transactions**

- 4.1 PC Securities Limited will act as the Client's agent in effecting Transactions unless PC Securities Limited indicates (in the combined daily statement which includes the contract notes and receipts for the relevant Transaction or otherwise) that PC Securities Limited is acting as principal.
- 4.2 The Client agrees and irrevocably consents that PC Securities Limited shall not be accountable to the Client for any commissions, remuneration, rebates or other benefits which PC Securities Limited may receive from or offer to any person in respect of any Transaction or business conducted with the Client or on the Client's behalf.
- 4.3 The Client agrees that PC Securities Limited (including PC Securities Limited's directors, officers, licensed representatives and employees) does not provide any tax, legal or investment advice nor does PC Securities Limited give any advice or offer any opinion or recommendation with respect to the suitability of any Securities or Transactions. The Client agrees that the Client, independently and without reliance on PC Securities Limited, makes his own decisions and judgments with respect to his Instructions.
- 4.4 The Client or the Client's Authorized Person(s) may give Instructions to PC Securities Limited (which PC Securities Limited may in its absolute discretion reject) to effect Transactions or other transactions for the Client. PC Securities Limited may act on such Instructions given orally, in writing or electronically which purport, and which PC Securities Limited reasonably believes to come from the Client or the Client's Authorized Person(s) or to have been given on behalf of the Client. PC Securities Limited will not be under any duty to verify the capacity of the person(s) giving those Instructions.
- 4.5 Unless otherwise inform PC Securities Limited in writing, the Client confirms that the Client is the beneficial owner of the Securities under his Account free from any lien, charge, equity or encumbrance save as created by or under this Agreement and is ultimately responsible for originating the Instruction in relation to all Transactions. If, in relation to any particular Transaction in the Client's Account, the Client is not the person or entity (legal or otherwise) ultimately responsible for originating the Instruction or the person or entity (legal or otherwise) that stands to gain its commercial or economic benefit and/or bear its commercial or economic risk, the Client undertakes and agrees to provide information on the identity, address and contact and other details of such

person or entity to PC Securities Limited before giving the Instruction to PC Securities Limited. The Client also undertakes and agrees to provide such information to PC Securities Limited, or direct to the relevant exchange, government agencies or regulators within two (2) Business Days of PC Securities Limited's written request and such undertaking and agreement will survive any termination of this Agreement.

- 4.6 The Client confirms that until such time as PC Securities Limited receives written notice from the Client to the contrary in respect of one or more specific Transactions, the Client will not give PC Securities Limited any Instruction to sell securities which is a short selling order (as defined in section 1 of Part 1 of Schedule 1 to the SFO) to be executed at or through the Exchange.
- 4.7 Without prejudice to Clause 4.6 above, in respect of each short selling order to be transacted at or through the Exchange upon the Client's Instruction, the Client understands the relevant provisions of sections 170 and 171 of the SFO and its related subsidiary legislation and agrees to ensure compliance with the same by the Client and any other relevant persons.
- 4.8 On all Transactions, the Client will pay PC Securities Limited's commissions and charges, as notified to the Client, as well as applicable fees and levies imposed by the Exchange and/or the SFC, and all applicable stamp duties. PC Securities Limited may deduct such commissions, charges, levies, fees and duties from the Account. The Client acknowledges and agrees that the commission rates and fees are determined and set solely by PC Securities Limited, the Exchange, the SFC and other government agencies, and are subject to change from time to time and at any time.
- 4.9 PC Securities Limited may determine the priority in the execution of the Client's Instructions having due regard to market practice, applicable regulations and fairness to all Clients.
- 4.10 PC Securities Limited may, without prior notice to the Client, combine for execution the Client's Instructions with the Instructions of other Clients. This may result in a more favorable or less favorable price being obtained for the Client than executing the Client's Instructions separately. Where there are insufficient Securities to satisfy the Instructions so combined, the Transactions will be allocated between Clients with due regard to market practice and fairness to Clients.
- 4.11 PC Securities Limited will not be liable for any delay or failure in the transmission of Instructions due to breakdown or collapse of communication facilities or for any other delay or failure, whether within or beyond the control of PC Securities Limited.
- 4.12 By reason of physical restraints and rapid changes of Securities prices, PC Securities Limited may not always be able to execute the Client's Instructions in full or at the prices quoted at any specific time or "at best" or "at market" and the Client agrees to be bound by such executions.
- 4.13 All Instructions in respect of the transactions in the Securities traded on the Exchange given by the Client are good for the day on which they were given. They (or any part of them) will be automatically cancelled if not executed by the close of trading on the Exchange or such other expiration date required by the Exchange. PC Securities Limited may execute these Instructions (whether in whole or in part) at any time prior to their automatic cancellation or receipt of cancellation Instructions, and the Client accepts full responsibility for the Transactions so executed.
- 4.14 The Client may request to cancel or amend their Instructions in respect of the Transactions but PC Securities Limited may at its discretion (such discretion not to be exercised in an unreasonable manner) refuse to accept any such request. These Instructions may be cancelled or amended only before execution. Cancellation of market Instructions is rarely possible as they are subject to immediate execution. In the case of full or partial execution of the Client's Instructions before cancellation, the Client accepts full responsibility for the executed Transactions and PC Securities Limited shall incur no liability in connection therewith.
- 4.15 The Client understands and agrees that PC Securities Limited may use a telephone record system to record conversations and Instructions with the Client and the Client's Authorized Persons. The Client acknowledges and warrants that each Authorized Person also consents to such recording.
- 4.16 The Client may request PC Securities Limited to subscribe for Securities offerings on the Client's behalf. PC Securities Limited may be required to provide warranty or make representation in respect of such application, including but not limited to the following:
  - (a) that PC Securities Limited has due authority to make such application on the Client's behalf; and
  - (b) that no other application is being made for the Client's benefit whether by the Client himself or by any other person other than the application submitted on the Client's behalf.

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

- 4.17 At the Client's request, PC Securities Limited may provide financial accommodation to facilitate the subscription of Securities offerings, and, where applicable, for the continued holding of those Securities under a separate agreement to be made between the Client and PC Securities Limited.
- 4.18 The Client understands that PC Securities Limited generally does not accept stop-loss orders. If such orders are accepted, PC Securities Limited does not guarantee the execution of such orders.
- 4.19 The Client agrees that PC Securities Limited may, in its discretion and without giving the Client prior notice, prohibit or restrict the Client's ability to trade Securities through the Account. The Client agrees that PC Securities Limited is not liable for any losses and/or damages, actual or hypothetical, as a result of such restrictions.

## **5. Settlement**

- 5.1 Unless otherwise agreed, in respect of each Transaction, unless PC Securities Limited is already holding sufficient cash or Securities on the Client's behalf to settle the Transaction, the Client will:
  - (a) pay PC Securities Limited cleared funds in case of Cash Client and pay PC Securities Limited enough Margin in case of Margin Client or deliver Securities to PC Securities Limited in deliverable form; or
  - (b) otherwise ensure that PC Securities Limited has received such funds/Margin or Securities/Collateral by such time as PC Securities Limited has notified the Client in relation to that Transaction. If the Client fails to do so, PC Securities Limited may on behalf of the Client:
    - (i) in the case of a purchase Transaction, sell or transfer the purchased Securities to cover the settlement or the

- (ii) shortage of margin; and
- (ii) in the case of a sale Transaction, force buy back and/or purchase Securities in the market directly in order to settle the Transaction.

- 5.2 The Client will indemnify PC Securities Limited against any losses, costs, fees and expenses resulting from the Client's settlement failures.
- 5.3 The Client agrees to pay a penalty charge for each settlement failure at such rates and on such other terms as PC Securities Limited has stipulated at its discretion and notified the Client from time to time.
- 5.4 The Client agrees to pay interest on all monies (including overdue interest) owing to PC Securities Limited (after, as well as before, a judgment debt is obtained against the Client) at such rates and on such other terms as PC Securities Limited has stipulated at its discretion and notified the Client from time to time. The Client agrees to pay for the costs and expenses of collection of the overdue balances and any unpaid deficiency in the Account(s), including without limited to attorney's fees, court costs and any other costs incurred or paid by PC Securities Limited.
- 5.5 The Client acknowledges that delivery of any Securities that PC Securities Limited may have purchased on behalf of the Client from the selling party is not guaranteed. In the case that PC Securities Limited has confirmed with the Client that the relevant purchase Transaction was completed but the selling party or its broker fails to deliver on the settlement date and PC Securities Limited has to purchase the Securities to settle the Transaction, the Client will not be responsible to PC Securities Limited for the costs of such purchase.
- 5.6 The Client acknowledges and agrees that PC Securities Limited may appoint any person as its agent (the "debt collection agent") to collect any amount due by the Client to PC Securities Limited under the Agreement and the Client shall be responsible for all costs and expenses which may be incurred by PC Securities Limited for that purpose on each occasion. Further, PC Securities Limited shall have, and the Client admits and agrees that PC Securities Limited does have, the right to disclose to the debt collection agent any of the Client's personal data for that purpose on any occasion.

## **6. Safekeeping of Securities**

- 6.1 Any Securities which are held by PC Securities Limited for safekeeping may, at PC Securities Limited's discretion:
  - (a) (in the case of registrable Securities) be registered in the Client's name or in the name of PC Securities Limited's nominee; or
  - (b) Be deposited, at the Client's costs, in safe custody in a designated account with PC Securities Limited's bankers or with any other institution which provides facilities for the safe custody of documents. In the case of Securities in (or traded in) Hong Kong, such institution shall be approved by the SFC and/or Foreign Regulators as a provider of safe custody services.
- 6.2 Where Securities are not registered in the Client's name, any dividends or other benefits arising in respect of such Securities shall, when received by PC Securities Limited, be credited to the Client's Account or paid or transferred to the Client after deduction of the relevant charges, as agreed with PC Securities Limited. Where the Securities form part of a larger holding of identical Securities held for the Clients, the Client will be entitled to the same share of the benefits arising on the holding as the Client's share of the total holding.
- 6.3 The Client agrees to pay service charges upon the Account at such rates and on such other terms as PC Securities Limited has stipulated at its discretion and notified the Client from time to time in respect of the safe custody services.
- 6.4 PC Securities Limited as a broker who does not have the Client's written authority pursuant to section 7(2) of the Securities and Futures (Client Securities) Rules shall not:
  - (a) deposit any of the Client's Securities with a banking institution as collateral for an advance or loan made to PC Securities Limited, or with the HKSCC as collateral for the discharge of PC Securities Limited's obligations under the clearing system;
  - (b) borrow or lend any of the Client's Securities; and
  - (c) otherwise part with possession (except to the Client or on the Client's Instructions) of any of the Client's Securities for any purpose.
- 6.5 Subject to settlement of all outstanding balances of any and all of the Accounts owing to PC Securities Limited (if any), Securities purchased for the Client will be delivered to the Client provided that:
  - (a) such Securities are fully paid; and
  - (b) such Securities are not subject to any lien.

## **7. Cash Held for the Client**

- 7.1 Any cash held for the Client, other than cash received by PC Securities Limited in respect of settling a Transaction and/or fulfilling other debt obligations by the Client, will be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.
- 7.2 Subject to any written agreement to the contrary, the Client hereby agrees that, PC Securities Limited shall be entitled at any time and from time to time withhold, withdraw and retain for its own use and benefit absolutely any and all interest at any time and from time to time earned, accrued, paid, credited or otherwise derived from the retention at any time or from time to time of any and all amounts:
  - (a) received for the Account(s) of the Client in respect of dealing in Securities;
  - (b) for or on account of the Client;
  - (c) in any trust account established by PC Securities Limited under the SFO and/or, where applicable, in such manner as stipulated by the Foreign Regulators;
  - (d) received or held by PC Securities Limited or any of PC Securities Limited's nominees, agents, representatives, correspondents or bankers for or on account in any other circumstances, for any purpose or pursuant to any Transaction.

## **8. Exchange Conversion**

- 8.1 In respect of any Transaction on the Account(s) executed in any currency other than the currency that the Client has in the Account(s), any profit or loss arising as a result of exchange rate fluctuation will be entirely for the Account and at the Client's risk, and will accordingly be credited or debited (as the case may be) to the Account at the exchange rate adopted by the relevant



bank at the time. The Client is also responsible for any expenses and charges that may be incurred as a result of such foreign exchange.

## **9. Brokerage, Fees, Soft Commission and Rebates**

- 9.1 PC Securities Limited is 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 the Client; 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 the Client; 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 the Client at prices which are different to the prices at which PC Securities Limited has entered into with any other person (including any Affiliate).

## **10. Joint Account**

- 10.1 Where the Client consists of more than one person:
- (a) the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to all, any or each of them;
  - (b) PC Securities Limited shall be entitled to, but shall not be obliged to, act on Instructions or any other requests from any of them;
  - (c) each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound; and
  - (d) any notice, payment or delivery by PC Securities Limited to either any one the joint Account holders shall be a full and sufficient discharge of PC Securities Limited's obligations to notify, pay or deliver under this Agreement.
- 10.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this Agreement shall not be terminated and the interest in the Account of the deceased will thereupon vest in and enure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by PC Securities Limited against such deceased Client's estate. The surviving Client(s) shall give PC Securities Limited written notice immediately upon any of them becoming aware of any such death.

## **11. Lien, Set-off and Combination of Accounts**

- 11.1 All Securities held for the Account shall be subject to a lien by way of first fixed charge in PC Securities Limited's favour for the performance of the Client's obligations to PC Securities Limited arising in respect of dealing in Securities for the Client. In addition, PC Securities Limited shall have a lien by way of first fixed charge over any and all Securities, acquired on the Client's behalf, or in which the Client has an interest (either individually or jointly with others) which are held for the Accounts and all cash and other property at any time held by PC Securities Limited on the Client's behalf, all of which shall be held by PC Securities Limited as a continuing security for the payment and/or discharge of the Client's obligations to PC Securities Limited arising from the business of dealing in Securities and all stocks, shares (and the dividends or interest thereon) rights, monies or property accruing or offered at any time by way of redemption, bonus, preference, option or otherwise to or in respect of such Securities. Upon default by the Client in payment on demand or on the due date therefor of any of the Client's indebtedness to PC Securities Limited or any default by the Client hereunder, PC Securities Limited shall have the right, acting in good faith, to sell or otherwise dispose of the whole or any part of such security as when and how and at such price and on such terms as PC Securities Limited shall think fit and to apply the net proceeds of such sale or disposition and any monies for the time being in PC Securities Limited's hands in or towards discharge of the Client's indebtedness to PC Securities Limited.
- 11.2 Subject to the provisions of the SFO and any Applicable Laws and Regulations in any Foreign Jurisdictions and relevant rules made thereunder and without prejudice to any of the rights PC Securities Limited may have, PC Securities Limited shall be entitled and authorized to, at any time or from time to time and without prior notice to the Client, notwithstanding any settlement of Account or other matter whatsoever, combine or consolidate any or all of the Accounts (of whatever nature and whether held individually or jointly with others) maintained with PC Securities Limited and set-off or transfer any money, securities or other property standing to the credit of any one or more of such Accounts in or towards satisfaction of the indebtedness, obligations or liabilities of the Client towards PC Securities Limited on any other Accounts whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint and secured or unsecured. Where such set-off, consolidation, combination or transfer requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange conclusively determined by PC Securities Limited to be applicable.

## **12. Money Laundering**

- 12.1 The Client acknowledges and agrees that any Transaction in Securities and monies flow activities in the Account will be covered by the applicable requirements relating to money laundering as set forth by the Financial Action Task Force of which Hong Kong is a member ("the Money Laundering Requirements"). The Client agrees to comply with the Money Laundering Requirements and PC Securities Limited shall attempt within its power to meet or comply with the verification and identification procedures necessary.

## **13. Tax Requirements**

- 13.1 The Client authorizes and agrees to PC Securities Limited to disclose account and personal information to any local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers, including but not limited to any settlement and clearing agencies, all of which may be within or outside Hong Kong and may be existing currently and in the future, where such disclosure is required under:
- (a) applicable laws, binding or applying to PC Securities Limited within or outside Hong Kong;
  - (b) any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers within or outside Hong Kong; and
  - (c) any present or future contractual or other commitments with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers that are assumed by or imposed on PC Securities Limited by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax,

law enforcement or other authorities, or self-regulatory or industry bodies or associations.

- 13.2 The Client agrees and acknowledges that pursuant to the foregoing, PC Securities Limited may, without notice or liability, perform, or cause to be performed, withhold any monies, deposit any such monies into a sundry or other account and/or retain such monies pending determination of the applicability of such withholding tax requirements, foreign exchange restrictions or control. PC Securities Limited shall not be liable for any gross up or any losses that may be incurred by reason of such withholding, retention or deposit.

#### **14. Amendment**

- 14.1 PC Securities Limited may from time to time in its absolute discretion add, amend, delete or substitute any of the terms and conditions of this Agreement by giving the Client notice of such changes which will become effective from the date specified in such notice.
- 14.2 The Client acknowledges and agrees that if the Client does not accept any amendments (including the amendments to PC Securities Limited's commission rates and fees etc.) as notified by PC Securities Limited from time to time, the Client shall have the right to terminate this Agreement in accordance with the termination clause under this Agreement. The Client further agrees that any amendments shall be deemed to be accepted by the Client, should PC Securities Limited continue to effectuate any Transaction(s) in the Account without being expressly communicated with the Client's objections to such amendments prior to the Transaction(s).

#### **15. Limitation of Liability and Indemnity**

- 15.1 PC Securities Limited shall not be liable for any delay or failure to perform their obligations or any losses, damages or costs resulting therefrom so long as they have acted in good faith. Moreover, PC Securities Limited shall not be held responsible for any consequences resulting whether directly or indirectly from any uncontrollable events including without limitation government restrictions, imposition of emergency procedures, exchange ruling, third party conduct, suspension of trading, breakdown or collapse of communication facilities, war, strike, market conditions, civil order, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond PC Securities Limited's reasonable and practicable control whatsoever.
- 15.2 The Client further agrees that PC Securities Limited (including PC Securities Limited's directors, officers, licensed representatives and employees) shall not be liable in respect of any information rendered, whether such information was given at the Client's request.
- 15.3 The Client shall fully indemnify PC Securities Limited (including PC Securities Limited's directors, officers, licensed representatives and employees) against all claims, actions, liabilities (whether actual or contingent) and proceedings against any one of them and bear any losses, costs, charges or expenses (including legal fees) which any one of them may suffer or incur in connection with their carrying out of obligations or services, or exercise of rights, powers or discretion under this Agreement, including any action taken by PC Securities Limited to protect or enforce its rights, or its security interest under this Agreement, whether or not as a result of any default or breach of the Client.

#### **16. Default**

- 16.1 All amounts owing by the Client to PC Securities Limited together with interest become immediately due and payable without any notice or demand upon any one of the following events of default:
- (a) if, in PC Securities Limited's opinion, the Client has breached any material term of this Agreement or defaulted in respect of any transaction with or through PC Securities Limited;
  - (b) if any representation, warranty or undertaking to PC Securities Limited was when given or hereafter becomes incorrect in any material respect;
  - (c) for compliance with any Applicable Laws and Regulations and/or any rules or regulations of any relevant exchange or clearing house;
  - (d) in the event of the Client's death (in the case of joint Account, Clause 10.2 of this Agreement shall apply) or being declared incompetent or a petition in bankruptcy is filed by or against the Client or an order is made or resolution passed for the Client's voluntary or compulsory winding up or a meeting is convened to consider a resolution that the Client should be so wound up;
  - (e) any warranty or order of attachment or distress or equivalent order is issued against any of the Client's Accounts with PC Securities Limited; or
  - (f) when the Client's Account has become Dormant and the balance of which is zero (i.e. neither cash nor Securities are maintained in the Account) or negative (i.e. in the case that the Client has indebtedness owing to PC Securities Limited), and upon the occurrence of any of such events (collectively referred to as "**Default**"), PC Securities Limited shall be entitled in its absolute discretion, without notice or demand and without prejudice to any other rights or remedies available to PC Securities Limited, forthwith to:
    - (i) sell or realize all or any part of the Client's property held by PC Securities Limited in such manner and upon such terms as PC Securities Limited may conclusively decide and satisfy the Client's obligations and indebtedness towards PC Securities Limited out of the net proceeds (with fees, expenses and costs deducted) thereof;
    - (ii) cancel any open orders for the purchase or sale of Securities;
    - (iii) sell any or all Securities long in the Account;
    - (iv) buy any or all Securities which may be short in the Account; and/or
    - (v) exercise any of its rights under this Agreement.
- 16.2 In respect of the Margin Account(s), if the Client commits a default in payment on demand of the deposits or Margins or any other sums payable to PC Securities Limited hereunder, on the due date therefor, PC Securities Limited may terminate the Margin Account(s) without notice to the Client and sell or dispose of any or all Securities held for or on behalf of the Client in any manner and for such consideration as PC Securities Limited may think fit and apply the proceeds thereof and any cash deposit(s) to pay to PC Securities Limited all outstanding balances owing to PC Securities Limited. Any monies remaining after such application of proceeds shall be refunded to the Client. The Client shall not have any right or claim against PC Securities Limited in respect of, and PC Securities Limited shall not in any way be responsible for, any loss arising out of such disposal howsoever such loss may have been caused and whether or not a better price could or might have been obtained or achieved.

#### **17. Termination**

- 17.1 Either party may terminate this Agreement at any time on the giving of not less than seven (7) Business Days' prior written notice to the other. However, PC Securities Limited may terminate this Agreement forthwith at any time without notice to the Client

in the case of Default committed by the Client.

- 17.2 Any termination shall not affect any transaction entered into, or prejudice or affect any right, power, duty and obligation of either party accrued, prior to such termination.
- 17.3 Upon termination of this Agreement, the Client will immediately pay to PC Securities Limited any and all amounts due or owing to it.
- 17.4 In case of any cash or Securities balances in the Account upon termination of this Agreement by way of notice (other than as a result of Default), the Client agrees to withdraw such balances within seven (7) days from the date of such termination. If the Client does not do so, the Client agrees that PC Securities Limited may on behalf of the Client and without any responsibility for any loss or consequence on its part sell or dispose of the Client's Securities in the market or in such manner and at such time and price as PC Securities Limited may reasonably determine and send to the Client at the Client's sole risk its cheque representing any net sale proceeds and credit balances in the Accounts to the Client's last known address.

## **18. Notices and Communication**

- 18.1 Any notice or communication given by PC Securities Limited to the Client shall be deemed made or given:
- (a) if made by letter, upon delivery to the Client by hand or if send by prepaid mail, within two (2) days if the Client is in Hong Kong or within five (5) days if the Client is outside Hong Kong; and
  - (b) if made by telex, facsimile, electronic mail or other electronic means, upon transmission of the message to or accessible by the Client.
- 18.2 PC Securities Limited may also communicate with the Client verbally. The Client is deemed to have received any message left for the Client on the Client's answer machine, voicemail or other similar electronic or mechanical devices at the time it is left for the Client.
- 18.3 Any notice or communications made or given by the Client will be sent at the Client's own risk and will be effective only upon actual receipt by PC Securities Limited.
- 18.4 Unless otherwise inform PC Securities Limited in writing, the Client expressly consent to PC Securities Limited sending any notice, documents or communication to the Client by electronic means.
- 18.5 The Client agrees to check regularly the Client's mailbox, electronic mailbox, facsimile machine and other sources of facilities through which the Client receives communication from PC Securities Limited. PC Securities Limited will not be responsible for any losses that arise from the Client's failures, delay or negligence to check such sources or facilities.
- 18.6 The Client understands, for the security and integrity of the Account, that PC Securities Limited may temporarily or permanently disable or restrict the Account, if and when the mails become undeliverable or are returned as a result of the Client's failure to provide, update and/or notify PC Securities Limited with most current and accurate Account information.
- 18.7 The Client is responsible for reviewing all acknowledgements, confirmations, contract notes and Account statements in relation to the Client's Transactions and other Account activities information upon first receiving them. All Transactions and other information therein contained will be binding on the Client unless PC Securities Limited receives the Client's notice of objection in writing within seven (7) days after the Client receives or deemed to have received them. In all cases, PC Securities Limited reserves the right to determine the validity of the Client's objection to the relevant Transaction or information.

## **19. General Provisions**

- 19.1 All currency exchange risks in respect of any Transactions, settlement actions or steps taken by PC Securities Limited under this Agreement shall be borne by the Client.
- 19.2 If PC Securities Limited commits a default as defined in the SFO and/or Applicable Laws and Regulations in any Foreign Jurisdictions and the Client thereby suffers a pecuniary loss, the Client shall have a right to claim under the Compensation Fund established under the SFO and/or such other similar schemes, in any, maintained in any Foreign Jurisdictions, subject to the terms of the Compensation Fund and such schemes from time to time.
- 19.3 Each of PC Securities Limited and the Client undertakes to notify the other in the event of any material change to the information (as specified in the Code of Conduct) provided in this Agreement.
- 19.4 The terms and conditions of this Agreement shall survive any changes or succession in the Client's business, including the Client's bankruptcy or death and will be binding on the Client's successor(s), personal representative(s) or permitted assign(s).
- 19.5 Time shall be of essence in relation to all matters arising under this Agreement.
- 19.6 Waiver of any right under this Agreement must be in writing signed by the party waiving such right. The rights, powers, remedies and privileges in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law. Any failure or delay in exercising all or part of any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver to preclude any subsequent exercise of that right, power or privilege.
- 19.7 Each of the provisions in this Agreement is several and distinct from the others and if any one or more of such provisions is or becomes invalid or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- 19.8 PC Securities Limited shall have the right to assign, transfer or otherwise dispose of all or any of its rights, interests or obligations in or under this Agreement to its Affiliates as it thinks fit and without having to notify the Client or obtain the Client's consent. The Client shall not assign, transfer or dispose of the Client's rights, interests or obligations in or under this Agreement to any third party without the prior written consent of PC Securities Limited.

## **20. Risk Disclosure Statements**

- 20.1 The Client acknowledges that the relevant risk disclosure statements specified in Part 3A hereof form part of this Agreement. If the Client is allowed to use Electronic Trading Services provided by PC Securities Limited, the Client shall further acknowledge

the relevant risk disclosure statements set out in Part 3B hereof.

## **21. Representation, Warranties and Undertakings**

- 21.1 The Client represents that he is of required legal age and mentally fit to enter into this Agreement. If the Client is a corporate client, it has obtained all necessary consents from shareholders and directors and has taken all necessary actions to enable the Client to enter into this Agreement and perform its obligations under this Agreement.
- 21.2 Save as disclosed in the Account Opening Form, the Client represents and warrants to PC Securities Limited that the Client is not associated with any directors, employees or licensed representatives of PC Securities Limited or its associated companies and agrees that if the Client is or becomes associated with any of such directors, employees or licensed representatives, the Client shall promptly notify PC Securities Limited of the existence and nature of such association and acknowledge that PC Securities Limited may, upon receipt of such notice, at PC Securities Limited's discretion, choose to terminate the Account. If the Client is a corporate client, the expression "Client" in this Clause 21.2 and Clause 21.3 below shall include any of the Client's directors, shareholders or Authorized Persons.
- 21.3 The Client represents that, unless the Client has previously disclosed in writing to PC Securities Limited, the Client is not a director or employee of any exchange, clearing house or any licensed or registered person under the SFO.
- 21.4 This Agreement and its performance and the obligations contained in this Agreement do not and will not contravene any applicable law and regulations, any provisions of the Client's memorandum and articles of association or by-laws (where applicable), or constitute a breach of default under any agreement or arrangement by which the Client is so bound.
- 21.5 The Client will not charge, pledge or allow to subsist any charge or pledge over the Client's Securities or monies in the Account or grant or purport to grant an option over any Securities or monies in the Account without the prior written consent of PC Securities Limited.
- 21.6 All representations and warranties appeared in this Agreement shall be deemed to be repeated immediately before each Transaction or dealing is carried out for or any service is provided to the Client or on the Client's behalf.

## **22. Northbound Trading**

- 22.1 The Client acknowledges that day trading order and naked short selling are not permitted under SHHK Connect/SZHK Connect. The shares purchased by the Client through SHHK Connect/SZHK Connect cannot be sold before settlement. PC Securities Limited shall have the discretion and right to reject any day trading, short selling or other orders that it considers to be not in compliance with applicable laws. All trading under SHHK Connect /SZHK Connect must be conducted on SSE/SZSE and no over-the-counter or manual trades are allowed.
- 22.2 If the Client's A-shares are kept outside of PC Securities Limited, the Client must transfer those A-shares to the respective CCASS accounts of PC Securities Limited before the market opens on the day of selling. The Client agrees to comply with any requirements relating to pre-trade checking mandated by PC Securities Limited. PC Securities Limited shall have the right to reject any sell orders and perform such actions it considers necessary if the Client fails to meet any applicable pre-trade checking deadline.
- 22.3 Foreign shareholding restriction is in place and PC Securities Limited shall have the right to "force-sell" the Client's shares upon receiving any forced-sale notification (a "Forced-sale Notice") from SHHK Connect/SZHK Connect Authorities. Where PC Securities Limited receives Forced-sale Notice from SHHK Connect/SZHK Connect Authorities or other regulators requiring PC Securities Limited to sell and liquidate any SHHK Connect/SZHK Connect Securities owned by the Client, PC Securities Limited shall have the right to request the Client to sell and liquidate such SHHK Connect/SZHK Connect Securities within the time period specified by the relevant SHHK Connect/SZHK Connect Authority. The Client shall further authorize PC Securities Limited to sell or arrange for the sale of such Securities at such time and on such price and terms as PC Securities Limited determines in its absolute discretion as necessary or desirable to comply with applicable laws. Where SHHK Connect/SZHK Connect Securities owned by the Client that are the subject of a Forced-sale Notice have been transferred from the holding of the clearing participant that settled the relevant Northbound buy order (the "Original CP") to another clearing participant or custodian (the "Recipient Agent"), the Client authorizes PC Securities Limited to provide instructions to the Recipient Agent on the Client's behalf to return the relevant SHHK Connect/SZHK Connect Securities to the Original CP for sale and liquidation in accordance with all applicable laws. This clause shall survive termination of this Agreement.
- 22.4 The Client agrees to comply with all applicable laws including but not limited to the business and trading rules and regulations of SSE/SZSE and other applicable laws of Mainland China relating to Northbound trading. The Client agrees to comply and understand fully the Mainland China's rules and regulations in relation to short-swing profits, disclosure obligations and follow such rules and regulations accordingly. Under PRC regulations, the "short swing profit rule" may require the Client to return any profits made from purchases and sales in respect of SHHK Connect/SZHK Connect Securities if (a) the Client's shareholding in the relevant listed company exceeds the threshold prescribed by the SHHK Connect/SZHK Connect Authority from time to time and (b) the corresponding purchase and sale transaction occurs within six months (or such other prescribed time). The Client agrees to comply with all disclosure of interests obligations within the period specified by the relevant SHHK Connect/SZHK Connect Authorities. This clause shall survive termination of this Agreement.
- 22.5 PC Securities Limited shall have the right to cancel the Client's orders in case of contingency such as hoisting of Typhoon Signal No 8 in Hong Kong or any other incident beyond the reasonable and practical control of PC Securities Limited which may affect order placing or settlement of the Transaction. The Client may not be able to send in the Client's order cancellation requests in case of contingency such as when SEHK loses its communication lines with SSE/SZSE and other relevant entities and the Client shall still bear the settlement obligations if the orders are matched and executed. The Client acknowledges that SEHK may upon SSE's/SZSE's request, require PC Securities Limited to reject orders from the Client. PC Securities Limited will not be liable to the Client for any orders that have been cancelled or rejected by SEHK, SSE/SZSE or any SHHK Connect/SZHK Connect Authorities.
- 22.6 The Client agrees that if the SSE/SZSE Rules are breached, or the disclosure and other obligations referred to in the SSE/SZSE Rules are breached, SSE/SZSE has the power to carry out an investigation, and may, through SEHK (or any other governmental or regulatory body), require PC Securities Limited to provide relevant information and materials relating to the Client and any Transactions and to assist in investigation. The Client hereby authorizes PC Securities Limited to (1) comply with such disclosure requirements as PC Securities Limited deemed appropriate; and (2) forward the Client's identity and any Transactions information to SEHK (or any other governmental or regulatory body) which may on-forward to SSE/SZSE for surveillance and investigation

purposes. This clause shall survive termination of this Agreement.

- 22.7 The Client acknowledges that SSE/SZSE may request SEHK to require PC Securities Limited to (1) issue warning statements (verbally or in writing) to the Client and/or (2) cease to provide Northbound trading service to the Client through SHHK Connect/SZHK Connect. PC Securities Limited shall not be held liable for its actions or inactions by reasons of following any requests of SSE/SZSE or SHHK Connect/SZHK Connect Authority. This clause shall survive termination of this Agreement.
- 22.8 The Client acknowledges and agrees that HKEx, SEHK, SSE/SZSE, their subsidiaries and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by PC Securities Limited, the Client or any third parties arising from or in connection with Northbound trading or any order routing system (including the China Stock Connect System). This clause shall survive termination of this Agreement.
- 22.9 Northbound trades will follow the A-Shares settlement cycle. For settlement of SHHK Connect/SZHK Connect Securities trades, CSDCC will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. PC Securities Limited may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless PC Securities Limited agrees to prefund or other settlement arrangements, settlement of funds relating to such trading will be effected on T+1 day.
- 22.10 The Client will be fully responsible for any taxes in respect of SHHK Connect/SZHK Connect Securities under SHHK Connect/SZHK Connect, including without limitation, any capital gains tax (if any) or other Hong Kong and/or PRC taxes. If any taxes becomes payable in respect of the Client's order or account, PC Securities Limited may withhold or deduct the relevant amount from the Client's account and the Client shall be liable for any shortfall. The Client will indemnify PC Securities Limited from and against all taxes which PC Securities Limited may incur in connection with any China Connect Securities which the Client holds or trades or otherwise deal in. This clause shall survive termination of this Agreement.
- 22.11 The Client accepts the risks concerned in Northbound trading and SHHK Connect/SZHK Connect, including but not limited to prohibition of trading SSE/SZSE Securities, being liable or responsible for breaching any applicable laws. The Client shall read, understand and accept the Risk Disclosure Statements, which have been uploaded to our PC Securities Limited's website, relating to Shanghai-Hong Kong Stock Connect/Shenzhen-Hong Kong Stock Connect contained herein. The Client understands that the said Risk Disclosure Statements may not cover all risks related to Shanghai-Hong Kong Stock Connect/Shenzhen-Hong Kong Stock Connect and any above mentioned laws, rules and regulations are subject to change.
- 22.12 If there are insufficient Renminbi funds in the Client's account to settle a Northbound buy order or any other payment obligations at the time the order is placed, the Client authorizes PC Securities Limited to convert on the Client's behalf any funds in another currency into Renminbi for the purposes of settlement thereof. Such currency conversion may be carried out automatically by PC Securities Limited without prior notice to the Client and at such rates reasonably determined by PC Securities Limited. Any risk, loss or cost resulting from any conversion of one currency into another currency pursuant to this clause shall be borne by the Client. If there are insufficient Renminbi funds in the Client's account, it is possible that the purchase or settlement may be delayed or fail and the Client may not acquire title to, sell or transfer the relevant SHHK Connect/SZHK Connect Securities. This clause shall survive termination of this Agreement.
- 22.13 The Client shall be responsible for all trading fees and costs in relation to the Client's SHHK Connect/SZHK Connect trading. The Client will indemnify PC Securities Limited on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from PC Securities Limited providing any services to the Client in respect of this Agreement, including without limitation, any expenses and costs (including legal costs) which PC Securities Limited may incur in connection with any instructions given by the Client and/or any SHHK Connect/SZHK Connect Authorities. This clause shall survive termination of this Agreement.

### **23 New Listing of Securities**

- 23.1 In the event that the Client requests and authorizes PC Securities Limited to apply for Securities in respect of a new listing and/or issue of Securities on the Exchange as his agent and for his benefit of any other person, the Client hereby warrants to and for PC Securities Limited's benefit that PC Securities Limited shall have authority to make such application on the Client's behalf.
- 23.2 The Client shall familiarize himself and comply with all the terms and conditions governing the Securities of the new listing and/or issue and the application for such new securities set out in any prospectus and/or offering document and the application form or any other relevant document in respect of such new listing and/or issue and the Client agrees to be bound by such terms and conditions in any such transaction the Client may have with PC Securities Limited.
- 23.3 The Client hereby gives to PC Securities Limited all the representations, warranties and undertakings which an applicant for Securities in a new listing and/or issue is required to give (whether to the issuer, sponsors, underwriters or placing agents of the relevant securities, the Exchange or any other relevant regulator or person).
- 23.4 The Client hereby further declares and warrants, and authorizes PC Securities Limited to disclose and warrant to the Exchange on any application form (or otherwise) and to any other person as appropriate, that any such application made by PC Securities Limited as his agent is the only application made, and the only application intended to be made, by the Client or on the Client's behalf, to benefit the Client or the person for whose benefit the Client's applying. The Client acknowledges and accepts that the aforesaid declaration and warranty will be relied upon by PC Securities Limited and by the issuer, sponsors, underwriters or placing agents of the relevant Securities, Exchange or any other relevant regulator or person in respect of any application made by PC Securities Limited as the Client's agent.
- 23.5 The Client acknowledges that any application made by a listed company which does not carry on any business other than dealing in Securities and in respect of which the Client exercises statutory control shall be deemed to be an application made for the benefit of the Client.
- 23.6 The Client recognizes and understands that the legal regulatory requirements and market practice in respect of applications for Securities may vary from time to time as may the requirements of any particular new listing or issue of Securities. The Client undertakes to provide to PC Securities Limited such information and take such additional steps and make such additional representations, warranties and undertakings as may be required in accordance with such legal, regulatory requirements and market practice as PC Securities Limited may in PC Securities Limited's absolute discretion determined from time to time.
- 23.7 In relation to a bulk application to be made by PC Securities Limited or PC Securities Limited's agent on PC Securities Limited's own account and/or on behalf of the Client and or PC Securities Limited's other Clients, the Client acknowledges and agrees:

(a) that such bulk application may be rejected for reasons which are unrelated to the Client and the Client's application and neither PC Securities Limited nor PC Securities Limited's agent shall, in the absence of fraud, negligence or willful default, be liable to the Client or any other person in consequence of such rejection; and  
(b) to indemnify PC Securities Limited in accordance with clause 15 if such bulk application is rejected either in circumstances where the representations and warranties have been breached or otherwise because of factors relating to the Client. The Client acknowledges that the Client may also be liable in damages to other persons affected by such breach or other factors.

**24 Conflict of Interest**

- 24.1 PC Securities Limited and its directors, officers, licensed representatives or employees may trade on its/their own account or on the account of any of its Affiliates.
- 24.2 PC Securities Limited may buy, sell, hold or deal in any Securities or take the opposite position to the Client's order whether it is on PC Securities Limited own account or on behalf of its other clients.
- 24.3 PC Securities Limited may match the Client's orders with those of other clients.
- 24.4 PC Securities Limited may effect transactions in Securities where PC Securities Limited or any of its Affiliate has a position in the Securities or is involved with those Securities as placing agent, underwriter, sponsor or otherwise.
- 24.5 In any of the above mentioned events PC Securities Limited shall not be obliged to account for any profits or benefits obtained.

## **Part 2B – Additional Terms and Conditions for Margin Account**

1. In addition to Part 2A of this Agreement, this Part 2B sets out the terms and conditions to which the Client shall be further subject upon PC Securities Limited approving the Client to engage in margin trading and to open Margin Account with PC Securities Limited in relation to Transactions carried out in connection therewith and the Client shall in this Part 2B be referred to as Margin Client. However, nothing herein requires PC Securities Limited to provide such other facilities. Where pursuant to these additional facilities, liabilities arise, then, in addition to any rights which PC Securities Limited may have, the Securities held hereunder shall be subject to the charge herein as security or collateral therefor (without the need for any other documentation signed by the Client) and the same applies to all liabilities howsoever arising.
2. **Margin Facility**
  - 2.1 The Margin Facility is extended by PC Securities Limited to the Client for financing the trading of securities in Margin Account on the terms and conditions of this Agreement and any other terms and conditions which may be indicated by PC Securities Limited to the Client from time to time.
  - 2.2 The facility limit of the Margin Facility shall be such amount as advised by PC Securities Limited to the Client from time to time. The Client shall from time to time ensure that the debit balance outstanding in his account shall not be greater than the Margin Facility granted to him.
  - 2.3 PC Securities Limited is authorized by the Client to draw on the Margin Facility to settle any amounts due to PC Securities Limited 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 PC Securities Limited. The Margin Facility is immediately repayable on demand and PC Securities Limited may, in its absolute discretion, vary the terms or terminate the Margin Facility at any time it thinks fit. PC Securities Limited is not obliged in any way to provide financial accommodation to the Client. For the avoidance of doubt, if a debit balance arises in any Margin Account, PC Securities Limited shall not be, nor shall PC Securities Limited be deemed to be, obliged to make available or continue to make available any financial accommodation. In particular, but without limitation, the fact that PC Securities Limited permits a debit balance to arise in any Margin Account so debited shall not imply any obligation on the part of PC Securities Limited to advance monies or incur any obligation on the Client's behalf on any subsequent occasion, but without prejudice to the obligations of the Client in respect of any debit balance which PC Securities Limited does permit to arise.
  - 2.4 The Client shall provide and maintain adequate Collateral and provide such additional Collateral in the manner and within the time limit specified by PC Securities Limited for the compliance with the margin requirements set by PC Securities Limited. PC Securities Limited 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. PC Securities Limited may change the margin requirements from time to time and at any time in its absolute discretion without prior notice to the Client. Any failure of the Client in providing the required Collateral will constitute an Event of Default and PC Securities Limited is entitled to dispose of any of the Collateral without prior notice to the Client.
  - 2.5 The time for provision of Collateral and for payment of margin deposit is of the essence and if no time is stipulated by PC Securities Limited in making a demand for Collateral or margin deposit, the Client is required to comply with such demand within one hour from the time of making such demand (or in a shorter period if so required by PC Securities Limited). The Client also agrees 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 PC Securities Limited may in its sole direction require.
  - 2.6 Notwithstanding this Agreement, in the event that it is in the sole opinion of PC Securities Limited that it is impracticable for PC Securities Limited to make demand on the Client for additional Collateral pursuant to this Agreement, PC Securities Limited shall be deemed to have made such demand of additional Collateral in such form and amount as PC Securities Limited may determine and such demand shall become immediately due and payable by the Client. 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 PC Securities Limited likely to result in a material or adverse fluctuation in the stock market, bond 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 the Client or operations of the Margin Account.
  - 2.7 The Client 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 PC Securities Limited 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 immediately payable at any time upon the demand made by PC Securities Limited.
3. **Collateral**
  - 3.1 The Client, as beneficial owner of the Collateral, hereby charges in favour of PC Securities Limited in respect of all the secured obligations by way of first fixed charge all the Client's 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 satisfaction of whole or any part of secured obligations and notwithstanding any closure and subsequent opening or re-opening of such Margin Account.
  - 3.3 PC Securities Limited is entitled to exercise any voting right or other right in respect of the Collateral for the protection of PC Securities Limited's interest in the Collateral and the Client shall not exercise any right attaching to the Collateral in any manner which, in PC Securities Limited's opinion, may be inconsistent with the obligations under this Agreement or prejudicial to PC Securities Limited's right in the Collateral.
  - 3.4 Whenever there is any secured obligations, PC Securities Limited has the right, without prior notice or consent from the Client, 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 the Client's failure in meeting any call for Collateral or margin call made by PC Securities Limited or significant fluctuation in market prices. In event of any deficiency after the sale of Collateral, the Client shall forthwith make good and pay on demand to PC Securities Limited such deficiency.

- 3.5 The Client shall pay or reimburse PC Securities Limited 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 PC Securities Limited under this Agreement.
- 3.6 Without prejudice to the generality of the above, the charge or the amount of collateral will not be affected by any of the followings:
- (a) any other security, guarantee or indemnity now or hereafter held by PC Securities Limited 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 PC Securities Limited of any security, guarantee or indemnity or other document (including the Charge);
  - (d) any time, indulgence, waiver or consent given to the Client or any other person by PC Securities Limited;
  - (e) the making or absence of any demand for Collateral or payment of any sum payable under the Agreement made on the Client whether by PC Securities Limited or any other person;
  - (f) the insolvency, bankruptcy, death or insanity of the Client;
  - (g) any amalgamation, merger or reconstruction that may be effected by PC Securities Limited with any other person or any sale or transfer of the whole or any part of the undertaking, property or assets of PC Securities Limited to any other person;
  - (h) the existence of any claim, set-off or other right which the Client may have at any time against PC Securities Limited or any other person;
  - (i) any arrangement or compromise entered into by PC Securities Limited 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 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 the Client 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 PC Securities Limited or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the Client's liabilities under the terms of this Agreement governing the Margin Facility.

#### **4. Money In The Account**

- 4.1 For the purpose of Rule 6 of the Securities and Futures (Client Money) Rules made pursuant to Section 149 of the Securities and Futures Ordinance,
- (a) the money of Client, after discharging all the indebtedness of the Client owing to PC Securities Limited (including without limitation for settlement of Transactions), which is received and held by PC Securities Limited on behalf of the Client in Hong Kong shall be deposited with a segregated account which is designated as a trust account or client account and maintained by PC Securities Limited in Hong Kong with an authorized financial institution or any other person approved by the SFC for such purpose. PC Securities Limited may pay the money of the Client out of the segregated account in accordance with a standing authority pursuant to the aforesaid Rules;
  - (b) for so long as there exists any indebtedness to PC Securities Limited on the part of the Client, PC Securities Limited may refuse any withdrawal of money in the Account and the Client shall not without consent of PC Securities Limited withdraw any such money;
  - (c) the Client shall not be entitled to receive any interest accrued on the money of the Client in the Account; however, PC Securities Limited may at its full discretion pay part or all of such interest to the Client.

#### **5. Securities In The Account**

- 5.1 The securities of the Client in the Account shall be treated and dealt with in compliance with the provisions of the SFO and/or any Applicable Laws and Regulations in any Foreign Jurisdictions. In particular, the securities collateral which are listed or traded on market operated by Exchange or interests in an authorized collective investment scheme (as defined in the SFO) and are received or held in Hong Kong by PC Securities Limited ("**Local Securities Collateral**") shall be:
- (a) deposited in safe custody in a segregated account which is designated as a trust account or client account and maintained by PC Securities Limited in Hong Kong with an authorized financial institution, a custodian approved by the SFC or another intermediary licensed for dealing in securities;
  - (b) deposited in an account in the name of PC Securities Limited with an authorized financial institution, a custodian approved by the SFC or another intermediary licensed for dealing in securities; or
  - (c) registered in the name of the Client or PC Securities Limited.
- 5.2 In respect of any securities of the Client other than Local Securities Collateral to which the Securities and Futures (Client Securities) Rules are not applicable under the aforesaid Rules, the Client authorizes PC Securities Limited in its discretion to deposit, transfer, lend, pledge, repledge or otherwise deal with such securities to any other parties in whatsoever manner and for any purpose (including without limitation as security for financial accommodation provided to PC Securities Limited) PC Securities Limited thinks fit.
- 5.3 Any securities collateral held by PC Securities Limited on behalf of the Client in the manner mentioned in the Agreement or otherwise shall be at the sole risk of the Client and PC Securities Limited has no obligation to insure the Client against any kind of risk. PC Securities Limited shall not be responsible for any losses, costs, damages, interests and charges arising from or in connection with such deposition under the aforesaid clauses in the absence of bad faith or wilful default of or by PC Securities Limited.
- 5.4 For any securities of the Client deposited with PC Securities Limited not registered in the name of the Client, any dividend, distribution or benefits accrued in respect of such securities which are received by PC Securities Limited shall be credited to the Account (or payment made to the Client as may be agreed) subject to a reasonable administration fee charged by PC Securities Limited. For any securities forming part of a larger holding of identical securities which are held by PC Securities Limited for the Client and other persons, the Client is entitled to the same share of the benefits arising on the holding as the share of the Client of the total holding which is also subject to a reasonable administration fee charged by PC Securities Limited. PC Securities Limited shall not be responsible for any failure in making such distribution of any party which holds securities of the Client. PC Securities Limited may also exercise voting right on behalf of the Client with respect to such securities upon prior specific instruction, if any,



received by PC Securities Limited from the Client.

- 5.5 Securities purchased for the Client will be delivered to the Client (or as the Client may direct) **PROVIDED THAT** such securities are fully paid and are not subject to any lien, and/or are not held as collateral by PC Securities Limited.
- 5.6 PC Securities Limited is not obliged to return the securities originally delivered or deposited by the Client but may return securities of the same class, denominations and nominal amount and ranking to the Client.
- 5.7 Without prejudice to any other rights and remedies available to PC Securities Limited, PC Securities Limited is authorized to dispose of any of the securities from time to time received from or held on behalf of the Client in settlement of any liability owed by the Client or on the Client's behalf to PC Securities Limited or a third person.
- 5.8 Without prejudice to any other right or remedy available to PC Securities Limited, the Client agrees to give the standing authority to PC Securities Limited to authorize PC Securities Limited to deal with the Local Securities Collateral from time to time received or held on the Client's 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 PC Securities Limited; 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 PC Securities Limited's settlement obligations and liabilities.

Such authority shall remain valid for a period of not more than twelve (12) months from the approval date of the opening of the Margin Account unless the Client gives not less than ten (10) Business Days' prior written notice to PC Securities Limited 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 in accordance with the relevant rules made under the SFO. If the Client requests for revocation of such standing authority or the standing authority has not been renewed by the Client whom PC Securities Limited called upon to do so, PC Securities Limited reserves the right to terminate this Agreement and operations of the Margin Account and then the Client shall forthwith settle any indebtedness owing to PC Securities Limited.

- 5.9 Subject to the provisions of the SFO, the Client agrees that PC Securities Limited is entitled to retain for its own benefit and not accountable to the Client for any fee, income, rebate or other benefits resulting from any lending or deposit of the securities of the Client with any third party for any purpose by PC Securities Limited.

## **Part 2C – Additional Terms and Conditions for Internet Trading Client**

1. In addition to Part 2A and 2B of this Agreement, this Part 2C sets out the terms and conditions to which the Client shall be further subject upon the Client opening an Internet Trading Account with PC Securities Limited in relation to Transactions carried out in connection therewith and the Client shall in this Part 2C be referred to as Internet Trading Client.
2. The Internet Trading Client consents to the use of the Electronic Trading Services as a medium of communication with PC Securities Limited and to transmit information, data and document (for avoidance of doubt, the transmission of document includes but does not limit to sending the contract note, trading confirmation, statement of the Account and other documents in electronic form through any electronic means) to the Internet Trading Client.
3. The Internet Trading Client accepts the risk of receiving or gaining access to services through and communication and conducting Transactions over the internet or other electronic means or facilities.
4. The Internet Trading Client acknowledges that information concerning the use, operation, policy and procedures of the Electronic Trading Services and the Account applicable at all time has been made available to the Internet Trading Client on the service website or other applicable wire or wireless facilities, and have read and understood the terms of which may be amended, modified and supplemented from time to time and which shall be binding on the Internet Trading Client in respect of the Internet Trading Client's use of the Electronic Trading Services and the Account. In the event of inconsistencies between the terms of this Agreement and the information, the terms of this Agreement shall prevail.
5. The Internet Trading Client shall not and shall not attempt to tamper with, modify, de-compile, reverse engineer or otherwise alter in any way, or gain unauthorized access to, the Electronic Trading Services.
6. The Internet Trading Client shall be the only authorized user of the Electronic Trading Services, and acknowledges that the services may require the Internet Trading Client to use various identification and access codes, including a password, account identification number and other user identification to access the service and the Account and that the Internet Trading Client shall be responsible for the confidentiality and proper use at all time of the Internet Trading Client's password, account identification number, user identification and account number for all Transactions initiated through the Electronic Trading Services.
7. The Internet Trading Client agrees to notify PC Securities Limited immediately of the Internet Trading Client's becoming aware of any loss, theft or unauthorized use of the Internet Trading Client's password, account identification number, user identification, Account or account number, or any unauthorized use of the Electronic Trading Services or any information or data provided.
8. The Internet Trading Client acknowledges that any information and data (including news and real time quotes) provided through the Electronic Trading Services relating to Securities and securities markets are obtained from any securities exchanges and markets and from other third party service providers appointed by PC Securities Limited from time to time. The Internet Trading Client further acknowledges and accepts that:
  - (a) such information and data are or may be protected by copyright laws, and are provided for personal noncommercial use only, and the Internet Trading Client may not use, reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit any information or data in any way without the consent of such service providers.
  - (b) such information and data are received by PC Securities Limited from sources that are believed to be reliable, however neither the accuracy, completeness, timeliness or sequence of any of the information or data can be guaranteed either by PC Securities Limited or by such services providers.
9. The Internet Trading Client acknowledges and agrees that neither PC Securities Limited nor any of the services providers shall be liable to the Internet Trading Client for any reliance by the Internet Trading Client on any of the information or data provided through the Electronic Trading Services nor for availability, accuracy, completeness or timeliness of such information or data nor any actions taken or decisions made by the Internet Trading Client in reliance of such information or data.
10. PC Securities Limited is not obliged to execute the Internet Trading Client's Instructions until there are sufficient cleared funds or Securities in the Internet Trading Client's Account to settle the Internet Trading Client's Transactions.
11. The Internet Trading Client acknowledges and agrees that PC Securities Limited shall not be deemed to have received or executed the Internet Trading Client's Instructions unless and until the Internet Trading Client has received PC Securities Limited's message acknowledging receipt or confirming execution of the Internet Trading Client's Instructions.
12. The Internet Trading Client acknowledges and agrees that if the Electronic Trading Services become temporarily unavailable, the Internet Trading Client may during such period continue to operate the Account subject to PC Securities Limited's right to obtain such information regarding the verification of the Internet Trading Client's identity to PC Securities Limited's satisfaction.
13. The Internet Trading Client agrees that PC Securities Limited shall not be liable for any loss the Internet Trading Client may suffer as a result of using or attempting to use the Electronic Trading Services. The Internet Trading Client further undertakes to indemnify PC Securities Limited in full for any loss or damage PC Securities Limited may suffer as a result of the use of the Electronic Trading Services, save for damages caused by willful default on PC Securities Limited's part.

## **Part 3A – Risk Disclosure Statements for all Clients**

The Client should be aware of the following potential risks in connection with securities trading. If PC Securities Limited solicit the sale of or recommend any financial product to the Client, the financial product must be reasonably suitable for the Client having regard to the Client's financial situation, investment experience and investment objectives. No other provision of this agreement or any other document PC Securities Limited may ask the Client to sign and no statement PC Securities Limited may ask the Client to make derogates from the clause.

*[Note: "Financial Product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO.]*

### **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.

### **Risk of trading Growth Enterprise Market stocks**

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

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

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

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

### **Risks of client assets received or held outside Hong Kong**

Client assets received or held by PC Securities Limited 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.

### **Risk of providing an authority to hold mail or to direct mail to third parties**

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

### **Risk of trading NASDAQ-AMEX securities at the Exchange**

The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. The Client should consult PC Securities Limited and become familiarized with the PP before trading in the PP securities. The Client should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the GEM of the Exchange.

### **Risk of margin trading**

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

### **Risk of providing an authority to repledge the Client's securities collateral etc.**

There is risk if the Client provides PC Securities Limited with an authority that allows it to apply the Client's securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge the Client's securities collateral for financial accommodation or deposit the Client's securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

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

Additionally, the Client's authority may be deemed to be renewed (i.e. without the Client's written consent) if PC Securities Limited issues the Client a reminder at least 14 days prior to the expiry of the authority, and the Client does not object to such deemed renewal before the expiry date of the Client's then existing authority.

The Client is not required by any law to sign these authorities. But an authority may be required by PC Securities Limited, for example, to facilitate margin lending to the Client or to allow the Client's securities or securities collateral to be lent to or deposited as collateral with third parties. PC Securities Limited should explain to the Client the purposes for which one of these authorities is to be used.

If the Client signs one of these authorities and the Client's securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on the Client's securities or securities collateral. Although PC Securities Limited is responsible to the Client for securities or securities collateral lent or deposited under the Client's authority, a default by it could result in the loss of the Client's securities or securities collateral.

A cash account not involving securities borrowing and lending is available from PC Securities Limited. If the Client does not require margin facilities or do not wish the Client's securities or securities collateral to be lent or pledged, the Client should not sign the above authorities and ask to open this type of cash account.

### **Risks of Over the Counter Derivative Products**

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

The Client understands and agrees that:

1. 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;
2. 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 by rating agencies such as Moody's Investors Inc. or Standard & Poor's Rating Services;
3. the Client should be aware that although OTC Derivative Products may bring significant benefits, they may also carry substantial risks which the Client should fully understand when considering whether they are suitable. The Client should not buy an OTC Derivative Product unless the Client is prepared to sustain a total loss of the money the Client has invested plus any commission or other transaction charges;
4. 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;
5. it is not possible to predict the liquidity of OTC Derivative Products;
6. depending on the terms and conditions of the OTC Derivative Product, the Client may be obligated to accept the underlying securities if the conversion price is triggered;
7. 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, the Client's counterparty may adjust the contract terms, at its sole discretion, to reflect the new market conditions. This may include unwinding the contract. The Client will be notified in the event of such adjustments;
8. 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;
9. 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. Prospective investors should have prior knowledge of, or experience in option markets. The Client should carefully consider whether such trading is suitable in the light of the Client's own financial position and investment objectives;
10. there is no central source for obtaining prices in relation to an OTC Derivative Product. Any price provided by PC Securities Limited in relation to an OTC Derivative Product is based on the latest available market price or derived from sources which PC Securities Limited believed to be reliable. Consequently, any such price may only reflect historic prices and may or may not be accurate. The Client should note that PC Securities Limited 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;
11. pre-termination prior to maturity is possible subject to prevailing market terms and conditions; and
12. 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.

The Client further understands and agrees that prior to entering into any Transaction in relation to an OTC Derivative Product, the Client shall, in addition to any other relevant considerations:

1. evaluate the Client's financial status, risk bearing capabilities and whether the OTC Derivative Product is suitable in the light of the Client's own financial position and investment objectives;
2. fully understand the nature and related risks of the OTC Derivative Product;
3. ensure that the Client has all necessary information the Client requires to assess all possible risks in the OTC Derivative Product when deciding on its appropriateness;
4. consider what the Client intends to achieve; and
5. be aware of any general framework for the OTC Derivative Product established by any relevant authority or governing body.

The Client also confirms that:

1. unless the Client has otherwise notified PC Securities Limited in advance, the Client is acting on the Client's own account and the Client makes an independent decision prior to trading in the OTC Derivative Products or any other products in light of the Client's own circumstances; and
2. any information supplied by PC Securities Limited and / or explanation relating to the terms and conditions of the OTC Derivative Products or any other products given by PC Securities Limited or PC Securities Limited's staff shall not amount to investment advice or a recommendation to purchase the OTC Derivative Products or any other products.

#### **Risks of Exchange Traded Derivative Products**

Exchange traded derivative products are derivative products that are listed or traded on an Exchange (including, but not limited to, futures contracts, options contracts, warrants, callable bull/bear contracts ("CBBCs") ("Exchange Derivatives Products")).

The Client understands and agrees that:

1. it is not possible to predict the liquidity of Exchange Derivative Products. The fact that the Exchange Derivative Products may be so listed does not necessarily lead to greater liquidity than if they were not so listed;
2. for Transactions in relation to investments involving contracts or instruments which are traded on an Exchange, the risk of loss may increase if certain events (such as disruption of the normal market operations or conditions of the relevant exchange or clearing house, suspension or restriction of trading certain contracts or instruments and / or other events which affect the closing out of such Transactions or the liquidating of the relevant positions) occur;
3. under certain circumstances, the specifications of an Exchange-traded contract or instrument may be modified by the relevant

exchange or clearing house and such modification may have an adverse affect on the Client's Investments;

4. in the event that an issuer becomes insolvent and defaults on their listed Securities, the Client will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. The Client should therefore pay close attention to the financial strength and credit worthiness of the issuers;
5. uncollateralized Exchange Derivative Products are not asset backed. In the event of issuer bankruptcy, the Client can lose his entire investment. The Client should read the listing documents to determine if a product is uncollateralized;
6. Exchange 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 Exchange Derivative Products. The values of Exchange 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 Exchange Derivative Products can therefore be volatile and may fall to zero resulting in a total loss of the initial investment. Further, the price of an Exchange Derivative 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;
7. Exchange Derivative Products have an expiry date after which they may become worthless. The Client must be aware of the expiry time horizon and choose a product with an appropriate lifespan for their trading strategy. In particular, the value of a derivative warrant will decay over time as it approaches its expiry date, therefore, derivative warrants should not be viewed as long term investments;
8. investors should be aware of the underlying asset volatility. Investors trading Exchange Derivative 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 Exchange Derivative Products price;
9. 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, the Client may not be able to buy or sell the product until a new liquidity provider has been assigned; and
10. some Exchange Derivative Products have an intraday "knockout" or mandatory call feature. Such Exchange Derivative Products will cease trading when the underlying asset value equals the mandatory call price / level as stated in the listing documents. The Client will only be entitled to the residual value of the terminated Exchange Derivative Product as calculated by the product issuer in accordance with the listing documents. The Client should also note that the residual value can be zero. Further, with Exchange Derivative Products, the issue price of an Exchange Derivative Product includes funding costs. Funding costs are gradually reduced over time as the Exchange Derivative Products move towards expiry. The longer the duration of the Exchange Derivative Products, the higher the total funding costs. In the event that such Exchange Derivative Product is called, the Client will lose the funding costs for the entire lifespan of such Exchange Derivative Product. The Client should refer to the formula for calculating the funding costs that are stated in the listing documents.

#### **Risk of Bonds**

1. 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 PC Securities Limited's safekeeping. The holder of bonds bears the credit risk of the issuer and / or guarantor (if applicable) and has no recourse to PC Securities Limited.
2. Not all bonds provide for repayment of 100% of the face value of the bond. The return of a bond depends on the terms of issue and reference should be made to the corresponding offering documents, prospectus or term sheet for detail and there may be circumstances that the money and / or value of shares that the Client receives at maturity may be substantially less than the value of the Client's 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.
3. 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, the Client 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. The Client must be aware that secondary markets do not always exist and even where a secondary market exists, it may not be liquid. The Client must accept any associated liquidity risk.
4. 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.
5. The profit or loss in transactions in foreign currency denominated contracts (whether they are traded in the Client's 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.

#### **Key Risks Associated with Renminbi Products**

The following risk disclosure statements may not disclose all the risks and information in relation to investing in Renminbi products. For example, selling restrictions may be applicable to certain investors in accordance with the restrictions as stipulated in the relevant prospectus of the Renminbi products. The Client must therefore read the relevant prospectus, circular or any other documents in respect of each Renminbi products and carefully consider all other risk factors set out therein before deciding whether to invest.

1. *Renminbi Currency Risk*
  - (a) Renminbi is not freely convertible at present and conversion of Renminbi through banks in Hong Kong is subject to certain restrictions.
  - (b) 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 operating expenses).

- (c) The PRC 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 PRC and Hong Kong become more stringent, the depth of the Renminbi market in Hong Kong may become further limited.

2. *Exchange Rate Risks*

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

3. *Interest Rate Risks*

The PRC government has gradually liberalized the regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. For Renminbi products which are, or the Client 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.

4. *Limitation on the Provision of Renminbi Funding*

In case the Client does not have sufficient Renminbi funding in the Account to subscribe for Renminbi products, subject to compliance with all Applicable Laws and Regulations, PC Securities Limited may lend the Client Renminbi or assist the Client to convert other currencies to Renminbi. However, PC Securities Limited does not guarantee that PC Securities Limited can provide sufficient Renminbi funding for the Client due to the limitation on the flow of Renminbi funds in Hong Kong. The Client may have to unwind the trade due to insufficient Renminbi funding and the Client's Investment may be adversely affected if the Client suffers losses due to settlement failure.

5. *Limited Availability of Underlying Investments Denominated in Renminbi*

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

6. *Projected Returns Which Are Not Guaranteed*

For some Renminbi investment products, their return may not be guaranteed or may only be partly guaranteed. The Client 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.

7. *Long Term Commitment to Investment Products*

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

8. *Credit Risk of Counterparties*

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

9. *Liquidity Risk*

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

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.

**Specific Risks Relating To Securities Trading Through Shanghai-Hong Kong Stock Connect and or Shenzhen-Hong Kong Stock Connect**

1. *Not protected by Investor Compensation Fund*

The Client should note that any Northbound or Southbound trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. As far as Hong Kong investors participating in Northbound trading are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not Mainland brokers, they are not protected by China Securities Investor Protection Fund on the Mainland.

2. *Quotas used up*

When the respective aggregate quota balance for Northbound and Southbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the situation of aggregate quota balance, buying transactions will be resumed on the following trading day.

3. *Difference in trading day and trading hours*

The Client should note that, due to differences in public holidays between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be differences in trading days and trading hours in the two markets. Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the Mainland market(s) but Hong Kong investors cannot trade A-shares. The Client should take note of the days and the hours which Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect is open for business and decide according to his own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect is not trading.

4. *Restrictions on selling imposed by front-end monitoring*

For Client who deposits his A-shares with securities companies other than PC Securities Limited, if the Client wishes to sell certain

A-shares he holds, the Client must transfer such A-shares to his account with PC Securities Limited before the day of selling (T day). If the Client fails to meet this deadline, the Client will not be able to sell such A-shares on T day.

5. *The recalling of eligible stocks and trading restrictions*

A stock which is on the list of eligible stocks for trading via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect may be recalled from the list for various reasons and, in such event, the stock can only be sold but cannot be bought. This may affect the investment portfolio or strategies of the Client. The Client should therefore pay close attention to the list of eligible stocks as provided and updated from time to time by Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE") and Hong Kong Exchanges and Clearing Limited ("HKEX").

Under the following circumstances, purchase of A shares via Northbound trading will be suspended temporarily (but sale is permitted): (i) the A-shares cease to be constituent stocks of the relevant indices; (ii) the A-shares are put under "risk alert"; and/or (iii) the corresponding H shares of the A-shares cease to be traded on Exchange. The Client should also note that such A-shares may be subject to the restriction of price fluctuation limits.

6. *Transaction costs*

In addition to paying trading fees and stamp duties in connection with trading of A-shares, the Client carrying out Northbound trading via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from stock transfers, which may be levied by the relevant authorities.

7. *Mainland China's laws and regulations, foreign shareholding restrictions and disclosure obligations*

Under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, A-share listed companies and trading thereof are subject to the laws and regulations and disclosure obligations of the A-share market. Any changes in relevant laws or regulations may affect share prices. The Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The Client may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in A-shares. The Client himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests.

Under the current Mainland rules, when an investor holds up to 5% of the shares of a company listed on SSE/SZSE, the investor is required to disclose his interest within three working days during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland laws.

According to existing Mainland practices, Hong Kong and overseas investors as beneficial owners of A-shares traded via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect cannot appoint proxies to attend shareholders' meetings on their behalf.

8. *Currency Risk*

Northbound investments via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be traded and settled in Renminbi. If the Client invests in A-shares with a local currency other than RMB, the Client will be exposed to a currency risk due to the need for the conversion of the local currency into RMB. During the conversion, the Client will also incur currency conversion costs. Even if the price of the RMB asset remains unchanged, the Client will still incur an exchange loss if RMB depreciates during the process of currency conversion.

If the Client invests in A-shares without converting the local currency which he holds, into RMB and this results in a RMB debit balance of his account, PC Securities Limited will charge debit interest on that outstanding balance. (Please refer to the notice on PC Securities Limited's website for information of the prevailing debit interest rate)

**The above summary only covers part of the risks related to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and any above mentioned laws, rules and regulations are subject to change from time to time. The Client should visit the website of HKEX for updates and details for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.**

**If the aforesaid provisions are inconsistent with the rules and regulations of HKEX and SSE/SZSE, the rules and regulation of HKEX and SSE/SZSE shall prevail.**

**Exchange Trade Funds with Derivative Nature**

Exchange Traded Funds (ETFs) are passively managed and open-ended funds. All listed ETFs on the HKEx securities market are authorized by the Securities and Futures Commission as collective investment schemes. They are designed to track the performance of their underlying benchmarks (e.g. an index, a commodity such as gold, etc) and offer investors an efficient way to obtain cost-effective exposure to a wide range of underlying market themes.

ETFs can be broadly grouped into two types: Physical ETFs (i.e. traditional or in-specie ETFs) and Synthetic ETFs. Many of physical ETFs directly buy all the assets needed to replicate the composition and weighting of their benchmark (e.g. constituents of a stock index). Some physical ETFs with underlying equity-based indices may also invest partially in futures and options contracts. Synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark's performance.

**Risks of Trading Exchange Traded Funds**

(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. Investors 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 ETF and its underlying index/ assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/ assets,

and the ETF manager's replication strategy.

(c) Trading at discount or premium

An ETF may be traded at a discount or premium to its Net Asset Value. 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

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

(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, investors may not be able to buy or sell the product.

(f) Counterparty risk involved in ETFs with different replication strategies

Where ETFs utilising a synthetic replication strategy use swaps or other derivative instruments to gain exposure to a benchmark, they are exposed to counterparty risk of the swap dealers or the derivative instruments' issuers and may suffer losses if such dealers or issuers default or fail to honor 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.

**Other Risks in General**

Any representation of past performance is not necessarily a guide to future performance.

Where investments involve exposure to foreign currencies, changes in rates of exchange may cause the value of the investments to fluctuate up or down.

Investments in emerging markets need careful and independent assessment by the Client of each investment and the risks (including without limitation sovereign risk, issuer risk, price risk, liquidity risk, legal and tax risks). Further, the Client should be aware that, while such investments can yield high gains, they can also be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to investors.

PC Securities Limited is entitled to act upon the Client's instructions and the Client cannot assume that PC Securities Limited will warn the Client if the Client's instructions are ill-timed or inadvisable for any reason or if the instructions are likely to cause the Client loss.

Before the Client makes any investment, the Client should obtain a clear explanation of all commission, fees and other charges for which the Client will be liable. These charges will affect the Client's net profit (if any) or increase the Client's loss.

**Overseas Market Risk**: Transactions involving markets in other jurisdictions, including markets formally linked to a domestic market, may expose the Client to additional risk. Such market may be subject to regulation which may offer different or diminished investor protection. Before trading, the Client should enquire about any rules relevant to the Client's particular transactions. The local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the Client's transactions have been effected. The Client should ask for details about the types of redress available in both Hong Kong and other relevant jurisdictions before starting to trade.



### **Part 3B – Additional Risk Disclosure Statements for Internet Trading Client**

In addition to Part 3A, the Internet Trading Client should be aware of the following potential risks in connection with the use of Electronic Trading Services.

#### **Risk of electronic trading services**

The access, communication and conducting transactions over the internet or other electronic means or facilities involve the use of public networks and represent an attractive target for attacks by intruders. Should intruders infiltrate the electronic trading system of PC Securities Limited and obtain sensitive data and information or create bugs or virus which sabotages its function, the electronic trading system (including the Client's account) may be damaged. While various reasonable steps and procedures (e.g. the use of login password, cryptography, firewall) have been taken and/or implemented by PC Securities Limited to protect unauthorized access to electronic trading system and the Client's account, there can be no assurance that such steps and procedures can prevent or respond to all forms of attacks in a timely or effective manner.

Internet or any other electronic means are, due to unpredictable traffic congestion and other reasons, an inherently unreliable medium of communication and that such unreliability is beyond the reasonable and practical control of PC Securities Limited. As a result of such unreliability, there may be delays in the transmission and receipt of instructions or other information (e.g. canceling or changing the Client's original instructions), delays in execution or execution of the Client's instructions at prices different from those prevailing at the time the Client's instructions were given, transmission interruption or breakdown and/or for some reason PC Securities Limited may not be able to act on the Client's instructions at all. If the Client subsequently give instructions canceling or changing the Client's original instructions, PC Securities Limited will not accept them if it has already acted on the Client's original instruction or there is insufficient time to act on the Client's subsequent instruction. The Client should therefore give instructions in good time before the closes of the market.

Information and data provided through the electronic trading services relating to securities and the securities markets has been obtained from any securities exchanges and markets and from other third party service providers. Owing to market volatility, possible delay in data transmission process and other reasons, the information and data may not be (or may no longer be) accurate, complete, timely and in correct sequence. Thus any reliance on such information and data may lead to incorrect investment decisions and/or other actions.

## **Part 4 — Personal Information Collection Statement**

This statement is given pursuant to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) (“Ordinance”) in relation to the supply of client’s personal data to PC Securities Limited (“the Company”) for the opening or maintaining of client account(s) the Account for securities trading and related services with the Company.

### **Users**

All personal data concerning the Customer (whether provided by the Customer or any other person, and whether provided before or after the date the Customer receives the Client Agreement containing this information) may be used by any of the following companies or persons (each, a “User”):

- (i) Any member of the Company and its Associates ;
- (ii) Any director, officer or employee or agent of the company and its Associates;
- (iii) Any person (such as lawyers, advisers, nominee, custodian etc.) authorized by the company when carrying out the Customer's Instructions and/or the business of the Company and its Associates;
- (iv) Any actual or proposed assignee of any rights and obligations of the company in relation to the Customer;
- (v) Any governmental, regulatory or other bodies or institutions, whether as required by law or regulations applicable to any member of the company and its Associates; and ;
- (vi) Any Correspondent Agent.

### **1. Purposes of Collection**

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

- (a) activities relating to the processing of client’s application to open and maintain the Account, including but not limited to conducting credit reporting through credit report agencies both in Hong Kong Special Administrative Region (“HKSAR”) and overseas, or the processing of client’s application for grant of credit facilities by the Company or the maintaining and the review of such credit facilities (if applicable);
- (b) activities relating to purchasing, selling, investing, exchanging, acquiring, holding, disposing of and generally dealing in and with all kinds of securities, cash or cash equivalents on behalf of client;
- (c) maintenance of particulars and data in compliance with the statutes and subsidiary legislation which are enacted and effective in HKSAR relating to securities business and transactions and also in compliance with the codes of the Securities and Futures Commission (“SFC”), the rules and regulations of The Stock Exchange of Hong Kong Limited (“the Exchange”) and Hong Kong Securities Clearing Company Limited (“the Clearing House”).

### **2. The Obligation to provide personal data**

- (a) It is obligatory for client to supply the personal data as required by the Company. If client fails to supply the required personal data, the Company may refuse to open or maintain the Account or may refuse to provide services to client.
- (b) When providing any personal data to the Company, please ensure that the data is accurate having regard to client’s obligations under the Ordinance.

### **3. Disclosure of Information**

- (a) The Company may, as it deems necessary, disclose to its agents or nominees, associates, individuals or corporations dealing with securities, futures and options clearing and the Company’s auditors such information as it requires to operate client’s account or execute client’s orders relating to the activities described in 1(b) above.
- (b) In compliance with any statute and subsidiary legislation which are enacted and effective in HKSAR relating to securities business and transactions and also in compliance with the codes of SFC, the rules and regulations of the Exchange and the Clearing House, the personal data provided by client may be disclosed to the Exchange and the Clearing House, SFC and any financial regulator as defined in the Ordinance, government bodies, other regulatory authorities, individuals or corporations who have the right to such data and information as prescribed by law.
- (c) The Company may, as and when it deems necessary in its sole discretion, disclose client’s personal information held by the Company to any debt collection agencies.
- (d) Without prejudice to the generality of the foregoing, the Company may disclose client’s personal information held by the Company to any person to whom the Company is under an obligation to make disclosure under the requirement of any law or regulation in any jurisdictions binding on or applicable to the Company.
- (e) Designing further products and services or marketing a Group product to the Customer.
- (f) Any other purpose relating to the execution of the Customer's Instructions or in connection with the business or dealings of the Company
- (g) Transfer of such data to any place outside Hong Kong;

4. **Access to Personal Data**

In accordance with the terms of the Ordinance, client may request access to the personal data supplied by client and may request the Company to correct any inaccurate data. The Company shall be entitled to charge a reasonable fee for processing of any data access request.

5. **Direct Marketing**

With client's consent, the Company may use and /or transfer the Customer's data to its Associates any of the personal information it holds about the client for direct marketing purposes and related services.

If the client does not consent to the Company using personal information for the above purposes, please tick the relevant "opt-out" box on the Company's Account Opening Form, and the Company will not do so. The client may also subsequently withdraw consent by writing to Data Protection Officer of the Company. If the client exercises the right to opt-out of the use of personal information for the above purposes, it will mean that the Company will not be able to send the client any market commentary, direct marketing, targeted or special offers in the future.

6. **Enquiries**

Enquiries concerning the personal data provided by client to the Company, including the request for access and corrections, should be addressed to:-

Data Protection Officer  
Unit A, 11/F, 18 Hysan Avenue, Lee Garden Five, Causeway Bay, Hong Kong.