

ONE CHINA SECURITIES LIMITED

Exchange Participant of the Stock Exchange of Hong Kong Limited

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Licensed Corporation licensed by the Securities and Futures Commission

CE No.AJH947

Terms and Conditions of Cash Trading Agreement

2nd Floor, Cheong K. Building, 86 Des Voeux Road Central, Central,

Hong Kong

The terms of English version, as opposed to the Chinese translation, shall be deemed to be conclusive and definitive.

Terms and Conditions of Cash Trading Agreement

These terms and conditions set out the rights and obligations of you (the “Client”) and us, One China Securities Limited (the “Broker”), in connection with the operation of your cash account(s) opened or be opened with us for dealing in purchase and/or sale of Securities. All the terms and conditions below are legally binding, so please read them carefully or seek legal professional advice before you agree to be bound by them.

1. Interpretation

1.1 In this Agreement, unless the context requires otherwise :-

“Account”	means any one or more cash trading account(s) opened, maintained and operated by the Client with the Broker from time to time for use in connection with the purchase, sales, holdings or other dealing in Securities and other financial products effected through the Broker on behalf of the Client;
“Agreement”	means these terms and conditions including Risk Disclosure Statement, the Circular to Client relating to Personal Data (Privacy) Ordinance, and Account Opening Documents including Client Information Form which shall be read together as one agreement as original executed or thereafter may from time to time be amended or supplemented;
“Broker”	means One China Securities Limited;
“Broker’s Group Company”	means the ultimate holding company of The Broker and each and every subsidiary of such holding company;
“Client”	means any individual, firm or company under the Account whose particulars are set out in Client Information Form;
“Client Information Form”	means the form to open an account duly completed and signed by the Client as well as all those documents furnished by the Client in supporting of the application for opening an account with the Broker;
“Licensed Corporation”	means One China Securities Limited, which is a licensed corporation (CE No. AJH947), licensed by the SFC under the SFO to carry out the regulated activities, including dealing in securities and other regulated activities approved from time to time;
“Exchange”	means the Stock Exchange of Hong Kong Limited or, where applicable, any other stock exchanges outside Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Transactions”	include instructions given by the Client, which in any way relate to purchases, sales, holdings or other dealings in Securities and other financial products effected through the Broker on behalf of client, arise out of and/or are in connection with the Account, whether such instructions are given orally, in writing, by facsimile, telex and/or by electronic means;
“Securities”	include the meaning in Schedule 1 of the Securities and Futures Ordinance, but leave no room for doubt, shall also include warrants, B shares, unlisted securities (including mutual funds), securities to be listed on the Stock Exchange and securities listed and/or trading on any Exchange;
“Securities and Futures Ordinance”	means the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong as amended or re-enacted from time to time;
“SFC”	means the Securities and Futures Commission;
“Stock Exchange”	Means the Stock Exchange of Hong Kong Limited;

1.2 Words importing the singular shall include the plural and vice versa.

Whereas :-

1. The Client is desirous of opening one or more cash account with the Broker for the purpose of trading in securities; and
2. The Broker agrees that it will open and maintain such cash account(s) and act as an agent for the Client in the purchase and sale of securities subject to the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows :-

1. The Account

- 1.1 The Client confirm that the information provided in the Account Opening Documents is complete and accurate. The Client will inform the Broker of any changes to that information. The Broker is authorized to conduct credit enquires on Client to verify the information provided.
- 1.2 Whilst Client expect the Broker to keep confidential all matters relating to their account, Client hereby expressly agree that the Broker may be required to disclose their details to the relevant exchanges, the SFC, government agencies, or to any persons pursuant to any court orders or statutory provisions. The Broker will comply with such requests without notices to or consent from Client.

2. Laws and Rules

That all transactions with respect to securities made for and on Client’s behalf in Hong Kong or elsewhere

shall be subject to the constitution, by-laws, rules, rulings, regulations, transaction levies, customs and usage prevailing from time to time of the exchange or market and its clearing house, if any, where made (including, without limitation, with respect to trading and settlement) and to all laws, regulations and orders of any governmental or regulatory authorities that may be applicable from time to time. For the avoidance of doubt, transactions executed on Client's instructions on the floor of the Exchange or any stock exchange in another country shall be subject to a transaction levy and any other levies that the Exchange or the relevant overseas stock exchange from time to time may impose and the Broker is hereby authorized to collect any such levies in accordance with the rules prescribed by the Stock Exchange or the relevant overseas stock exchange from time to time and the Rules of the Exchange and the Hong Kong Securities Clearing Company Limited and the rules of the relevant overseas stock exchange and clearing house (in the event that the transactions is executed on a stock exchange in another country), in particular those rules which relate to trading and settlement, shall be binding on Client and the Broker in respect of transactions concluded on Client's instructions.

3. Transactions

- 3.1 The Broker will act as Client's agent in effecting Transactions unless the Broker indicates (in the contract note for the relevant Transaction or otherwise) that it is acting as principal.
- 3.2 The Client shall notify the Broker when a sale order relates to securities which the Client does not own i.e. involves short selling.
- 3.3 Unless otherwise agreed, in respect of each Transaction, unless the Broker is already holding cash or securities on Client's behalf to settle the Transaction, Client shall :
- pay the Broker cleared funds or deliver securities to the Broker in deliverable form or
 - otherwise ensure that the Broker has received such funds or securities
- by such time as the Broker has notified Client in relation to that Transaction. If Client fail to do so, the Broker may
- in the case of a purchase Transaction, sell the purchased securities and
 - in the case of a sale Transaction, borrow and/or purchase securities in order to settle the Transaction.
- 3.4 The Client shall be responsible to the Broker for any losses and expenses resulting from settlement failures.
- 3.5 Client agree to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against Client) at such rates and on such other terms as the Broker has notified Client from time to time. Client understand that the current interest rate applicable to the Account is ____%.
- 3.6 In the case of a purchase Transaction, if the selling broker fails to deliver on the settlement date and the Broker has to purchase securities to settle the Transaction, Client shall not be responsible to the Broker for the costs of such purchase.

4. Set off, Lien and Combination of Accounts

- 4.1 In addition and without prejudice to any general liens, rights of set-off or other similar rights to which the Broker may be entitled under laws or this Agreement, all securities, receivable, monies and other property of Client (held by Client either individually or jointly with others) held by or in the possession of the Broker at any time shall be subject to a general lien in favour of the Broker as continuing security to offset and discharge all of Client's obligations arising from the Transactions to the Broker and any companies or body corporate which are the Broker's direct or indirect holding companies, subsidiaries or affiliated companies in Hong Kong or elsewhere (the "Associate").
- 4.2 In addition and without prejudice to any general liens or other similar rights which the Broker may be entitled under law or this Agreement, the Broker for itself and as a agent for any of its Associates, at any time without notice to Client, may combine or consolidate any or all accounts, of any whatsoever and either individually or jointly with others, with the Broker or any of its Associates and the Broker may set off or transfer any monies, securities or other property in any such accounts to satisfy obligations or liabilities of Client to the Broker or any of its Associates, whether such obligations and liabilities are actual or contingent, primary or collateral, secured or unsecured, or joint or several.
- 4.3 Without limiting or modifying the general provisions of this Agreement, the Broker may, without notice, transfer all or any such or properties interchangeably between the accounts of the Broker and its Associates.

5. Default

If, in the Broker's opinion, Client have breached any material terms of this Agreement; or any of Client's representations, warranties or undertakings to the Broker was or become incorrect in any material respect; or Client have defaulted in respect of any transactions with the Broker or its Associates; or any warrant or order of attachment or distress or equivalent order is issued against any of Client's account with the Broker or its Associates; or a petition in bankruptcy is filed against Client, or an order is made or resolution passed for Client's voluntary or compulsory winding up; or meeting is convened to consider a resolution that Client should be so wound up, all amounts owing by Client to the Broker or its Associates together with interest will become immediately payable without notice or demand and the Broker will be entitled at its absolute discretion without prejudice to sell or realize all or any part of Client's securities or assets held by the Broker or its Associates and satisfy all Client's obligations towards the broker or its Associates with the net sale proceeds after deducting all fees, commissions, expenses and costs thereof; and/or withdraw or cancel all Client's open order instructions; and/or close out any/all Client's open positions; and/or exercise any of the Broker's rights under this Agreement. The Broker and its Associates shall not be liable for any loss originated from taking the above actions and, due to Client's default, Client may suffer whereas the price obtained by the Broker for the above actions will be conclusive.

6. Commission and Expenses

- 6.1** The Client shall on demand pay the Broker commission on purchase, sale and other transactions for the Account at such rates as the Broker may, from time to time, have notified the Client. The Broker shall be entitled to debit the Account with all commission payable pursuant to this clause together with all stamp duties, charges, transfer fees, registration fees, interest, levies, trading fee and other expenses in respect of or in connection with the Account or any Securities held in or for the Account.
- 6.2** The Client acknowledges and agrees that the Broker shall, at its absolute discretion, be entitled to solicit, accept and retain any benefit in connection with any transaction effected with any person for the Client pursuant to the terms and subject to the conditions of this Agreement, including any commission, rebates or similar payments received in connection therewith, and rebates from standard commissions charged by brokers or other agents to their clients.

7. Safekeeping of Securities

- 7.1** Any securities which are held by the Broker for safekeeping may, as soon as reasonably practicable :-
- (in the case of registrable securities) be registered in the Client's name or in the name of the Broker's nominee; or
 - be deposited in Hong Kong into a segregated account, designated as a trust/client account and established and maintained by the Broker or its associate entity in Hong Kong for the purpose of holding client securities with any authorized financial institution, or any approved custodian by SFC, or any intermediaries licensed for dealing in securities.
- 7.2** Where securities are not registered in Client's name, any dividends or other benefits arising in respect of such securities shall, when received by the Broker, be credited to Client Account or paid to Client, as agreed with the Broker, where the securities form part of a larger holding of identical securities held for the Broker's clients, Client shall be entitled to the same share of the benefits arising on the holdings of the total holding.
- 7.3** Except as provided in Securities and Futures (Client Securities) Rules made by the Securities and Futures Commission under Section 148 of the Securities and Futures Ordinance and clause 4(4), broker shall not deposit, transfer, lend, pledge, re-pledge or otherwise deal with any of the Client's securities for any purpose.
- 7.4** Broker is authorized, pursuant to Securities and Futures (Client Securities) Rules made by the Securities and Futures Commission under Section 148 of the Securities and Futures Ordinance, to dispose or initiate a disposal by Broker's Associated Entity of any of the Client's securities (within the meaning of that term under Schedule 1 of the Securities and Futures ordinance) for the purpose of settling any liability owed by the Client or on behalf of the Client to the Broker, Broker's Associated Entity or a third person.

8. Cash held for Client

- 8.1** Any cash held for Client, other than cash received by the broker in respect of Transactions and which is on-paid for settlement purposes or to Client, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.
- 8.2** For the purpose of Section 149 of the Securities and Futures Ordinance, the Client hereby agrees that the Broker shall be entitled to receive for its own benefit all sums derived by way of interest on all amounts held in the Account for or on account of the Client

9. Client Identity Rules

- If Client effect transactions for account of its clients, whether on a discretionary or nondiscretionary basis, and whether as agent or by entering into matching transactions as principal with its clients, Client hereby agree that, in relation to a transaction where the Broker has received an enquiry from the Exchange and/or the SFC (the "Hong Kong Regulators"), the following provision shall apply :-
- 9.1** Subject to as provided below, Client will immediately upon request by the Broker (which request shall include the relevant contact details of the Hong Kong Regulators), inform the relevant Hong Kong Regulators of the identity, address, occupation and contact details of the client for whose account the transaction was effected (or, in the case of a back to back principal transaction the counterparty with whom Client is/are transacting) and (so far as known to Client) of the person with the ultimate beneficial interest in the transaction. Client shall also inform the Hong Kong regulators of the identity, address, occupation and contact details of any third party (if different from the client / the ultimate beneficiary) who originated the transaction
- 9.2** If Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, Client shall, immediately upon request by the Broker (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address and contact details of the person who, on behalf of the scheme, account or trust, instructed Client to effect the transaction.

10. Suspensions and Termination

- 10.1** The Broker reserves the right at any time and from time to time, without having to give any reason or explanation, to suspend the operation of the Account and/or any services to the Client under this Agreement.

- 10.2** The rights and obligations of the Client and the Broker in respect of the Account may be terminated on at least seven (7) Business Days written notice given at any time by the Client to the Broker (or vice versa) without prejudice to any rights, powers or duties of the Broker or the Client in connection with the Account prior to receipt of such notice, and such rights, powers and duties will subject under the terms of this Agreement until they are discharged in full.

11. Communications

All notices, demand, statements and any other communications and documents (collectively "Communication") required or permitted to be given to the Client may be sent by hand, post, facsimile, telephone or electronic mail to the address for communications specified in the Client Information Form or as notified to the Broker from time to time. All communication shall be deemed to have been received by the Client (i) 48 hours after posting domestically if sent by post and (ii) at the time of transmission from the Broker if delivered by facsimile, telephone or electronic mail and no such Communication needs to be signed on behalf of the Broker.

12. Electronic Trading Service

- 12.1** Client understand that the Electronic Trading Service (ETS) enables the Client to send electronic Instructions and receive information services. Client agree to use the ETS only in accordance with the terms of this Agreement. Any additional services offered through the ETS in the future shall only be used by the Client in accordance with the terms of this Agreement.
- 12.2** Client shall be the only authorized user of the Electronic Trading Service for his / her Account. Client shall be responsible for the confidentiality and use of the Access Codes or Password. Client acknowledge and agree that Client shall be solely responsible for all Instructions entered through the Electronic Trading Service using the Access Codes and neither the Broker nor Broker's directors, officers or employees shall have any liability to the Client, or to any other person whose claim may arise through the Client, for any claims with respect to the handling, mishandling or loss of any Instruction.
- 12.3** Client acknowledge that the ETS is proprietary to the Broker. Client warrant and undertake that Client shall not, and shall not attempt to, tamper with, modify, de-compile, reverse engineer or otherwise alter in any way, and shall not attempt to gain unauthorized access to, any part of the ETS. Client acknowledge that the Broker may take legal action against the Client, if Client at any time breach this warranty and undertaking or if the Broker at any time reasonably suspect that Client have breached the same. Client undertake to notify the Broker immediately if Client become aware that any of the actions described above in this paragraph is being perpetrated by any other person.
- 12.4** Client further acknowledge and agree that, as a condition of using the Electronic Trading Service to give Instructions, Client shall immediately notify the Broker if : (a) an Instruction in respect of the Account has been placed through the ETS and Client have not received an order number; (b) an Instruction in respect of the Account has been placed through the ETS and Client have not received an accurate acknowledgement of the Instruction or of its execution, whether by hard copy or via electronic or verbal means; (c) Client have received acknowledgement, whether by hard copy, electronic or verbal means, of a Transaction which Client did not originate or instruct; and/or (d) Client become aware of any unauthorized use of the Account No. and/or Password.
- 12.5** Client agree that should Client experience any problems in reaching the Broker through the ETS or vice versa, Client shall attempt to use an alternative method or devise, as the Broker may make available, to communicate with the Broker to place his / her orders and to inform the Broker of the difficulty Client may experience. Client acknowledge that the Broker give no express or implied warranties (including but not limited to warranties of merchantability, functionality or fitness for a particular use) with respect to trade or trade related services. Client agree that the Broker shall not be responsible to the Client for any losses, costs, expenses, damages or claims which Client may suffer as a result of any disruption, malfunction or other suspension of Broker's service beyond Broker's control.
- 12.6** Client understand that the Electronic Trading Services may provide, for informational purpose only data about securities published by third parties. Owing to market volatility and possible delay in the data-transmission process, the data may not be real-time market quotes for the relevant securities or investment. Client understand that whilst the Broker believes such data to be reliable, it has no independent basis to verify or contradict the accuracy or completeness of the information provided. Client understand that no recommendation or endorsement from the Broker shall be inferred from the data provided with respect to any securities or investment.
- 12.7** Client acknowledge that the quote service available at the ETS is provided by a third party provider appointed by the Broker from time to time. Client understand that information provided in the Electronic Trading Services is on an "as is", "as available" basis and the Broker do not guarantee the timeliness, sequence, accuracy, adequacy or completeness of such information.

13. General

- 13.1** If the Broker fails to meet its obligations to Client pursuant to this Agreement, Client shall have a right to claim under the Compensation Fund established under the Securities and Futures Ordinance, subject to the terms of the Compensation Fund from time to time.
- 13.2** The Broker will notify Client of any material changes in respect of its business which may affect the services it provides to the Client.
- 13.3** The Broker may assign its rights or obligations under this Agreement to any of its subsidiaries or affiliates without giving any prior notice, or to any other entity upon prior written notice to Client. Client shall not assign any of his / her rights and/or obligations under this Agreement to any other party except with the

- Broker prior written consent.
- 13.4** To the extent permitted by law, the Broker may from time to time amend any of the terms and conditions of this Agreement without prior notice to or approval from the Client and such amendments shall come into effect immediately upon Client's deemed receipt of the Broker's notice. The Client acknowledges and agrees that if Client does not accept any amendments as notified by the Broker from time to time, the Client shall have the option to terminate this Agreement by given a written notice to the Broker.
- 13.5** Client confirm that Client have read and agree to the terms of this Agreement, which have been explained to Client in a language that Client understand.
- 13.6** In the event of any difference in interpretation or meaning between the Chinese and English version of this Agreement, Client agree that the English version shall prevail.
- 13.7** This Agreement is governed by, and may be enforced in accordance with, the laws of the Special Administrative Region of Hong Kong.
- 13.8** If we [the intermediary] solicit the sale of or recommend any financial product to you [the client], the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of this agreement or any other document we may ask you to sign and no statement we may ask you to make derogates from this clause.
- Note: "Financial product" means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding "leveraged foreign exchange contracts", it is only applicable to those traded by persons licensed for Type 3 regulated activity.

14. Risk Disclosure Statements

- 14.1** Risk of Securities Trading. The price 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.
- 14.2** Fluctuation in Prices. Client acknowledge and agree that the price of Securities can and does fluctuate, and that any individual Security may experience upward or downward movements and may even become valueless. There is an inherent risk associated with the dealings of Securities and the Client is prepared and able to accept and tolerate such risk.
- 14.3** Risk of Electronic Trading. Access to the Internet or other electronic devices may be limited or unavailable during periods of peak demand, market volatility, systems upgrades or maintenance or for other reasons. Transactions conducted through the Internet or other electronic devices may be subject to interruption, transmission blackout, and delayed transmission due to unpredictable traffic congestion and other reasons beyond Broker's control. Internet is, due to technical limitation, an inherently unreliable medium of communication. As a result of such unreliability, there may be delays in the transmission and receipt of Instructions and other information and that this may result in delays in the execution of Instructions and/or the execution of Instructions at prices different from those prevailing prices at the time the Instructions were given. Moreover, communications and personal data may be accessed by unauthorized third parties; and there are risks of misunderstanding or errors in any communication and that such risks shall be absolutely borne by the Client. Client acknowledge and agree that it shall not usually be possible to cancel an Instruction after it has been given.
- 14.4** Risk of Trading GEM Stocks. GEM stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any creditability to forecast future profitability. GEM stocks may be very volatile and illiquid. Client acknowledge that 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 website operated by SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers. Client acknowledge that Client should seek independent professional advice if the Client should be uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.
- 14.5** Risk of Trading Nasdaq-Amex Securities at the SEHK. The securities under the Nasdaq-Amex Pilot Program ("PP") are aimed at sophisticated investors. Client should consult professional advisors and become familiarized with the PP before trading in the PP Securities. Client should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or GEM of the Exchange.
- 14.6** Risks of Securities or Monies received or held outside Hong Kong. Client acknowledge and agree that his / her Securities or Monies received or held by the licensed or registered person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571) and the rules made thereunder. Consequently, his / her Securities or Monies may not enjoy the same protection as that conferred on his / her Securities or Monies received or held in Hong Kong.
- 14.7** Risk of trading Hong Kong Listed Derivative Warrants. Dealing in warrants involves risks, and are subject to a number of risks which may include interest, foreign exchange, time value and / or political risks. Prospective purchasers of warrants should recognize that their warrants may expire worthless. The price of warrants may fall in value as rapidly as they may rise and purchasers should be prepared to sustain a total loss of the purchase price of their warrants. Fluctuations in the value of the relevant underlying asset may affect the value of the warrants. Purchasers of warrants therefore risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.
- 14.8** Risk of providing authority to hold mail or to direct mail to third parties. If Client provide the Broker 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 contact notes and statements of his / her Account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.
- 14.9** Instructions Outside Hong Kong. If Client give any Instruction to the Broker outside Hong Kong, Client agree to ensure and represent that such Instruction will have been given in compliance with any applicable law of the relevant jurisdiction from which the Instruction is given, and Client further agree that Client

shall, when in doubt, consult legal advisers and other professionals of the relevant jurisdiction. Client accept that there may be taxes or charges payable to relevant authorities in respect to any instructions given outside Hong Kong, and client agree to pay such taxes or charges as applicable.

- 14.10** Acknowledgement of the Risks. Client have been explained by the Broker's registered person and understand the above stated risk disclosures.

15. Cash Rolling Balance Authorization

Client agree and accept the Broker to set-off, on a client-by-client basis, any amount receivable from, and payable to, a client where such amounts arise from the purchase and sale of securities by the client on a cash-against-delivery basis, Client authorize the Broker to set-off such amounts against each other; and dispose of securities held for the client for the purpose of settling any of the amounts payable by the client to the Broker.

Circular to Clients relating to Personal Data (Privacy) Ordinance (the “Ordinance”)

1. From time to time, it is necessary for clients to supply the group with data in connection with the opening or continuation of accounts and the establishment or continuation of credit facilities or provision of securities brokerage, nominee and investment advisory service. At the same time, some of the data are collected pursuant to laws, regulations, rules or codes binding on the Broker or any Broker’s Group Company.
2. Failure to supply such data may result in the Broker being unable to open or continue accounts or establish or continue credit facilities or provide securities brokerage, nominee and investment advisory services.
3. It is also the case that the data are collected from clients in the ordinary course of the continuation of the business relationship.
4. The purpose for which data relating to a client may be used are as follow :-
 - the daily operation of the services and credit facilities provided to clients;
 - conducting credit checks;
 - assisting other financial institutions to conduct credit checks;
 - designing financial services or related products for client’s use;
 - marketing financial services or related products for client’s use;
 - marketing financial services or related products;
 - determining the amount of indebtedness owed to or by clients;
 - collection of amount outstanding from clients and those providing security for clients’ obligation;
 - meeting the requirements to make disclosure under the requirements of any laws, regulations, rules, codes binding on the Broker or any Broker’s Group Company; and
 - purposes ancillary or relating thereto.
5. Data held by the Broker relating to a client will be kept confidential but the broker may provide such information to the following parties within or outside Hong Kong to the extent permitted by law :-
 - any agent, contractor or third party service provider who provides administrative, telecommunications, computer, payment or securities clearing, printing or other services to the Broker in connection with the operation of its business;
 - any other companies within the Broker’s Group Company, including the parent company;
 - any other person under a duty of confidentiality to the broker including a company of the Broker’s Group Company which has undertaken to keep such information confidential;
 - any financial institution with which the client has or proposes to have dealings;
 - any actual or proposed assignee of the Broker or participant or sub-participant or transferee of the Broker’s rights in respect of the client;
 - any other person when we are compelled to make disclosure under the requirements of any laws binding on the Broker or any of Broker’s Group Company;
 - any person with the client’s express or implied consent; and
 - any person in the event that the Broker’s interests require disclosure;
6. In the course of performing our duties, the Broker may, as permitted by law, match, compare, transfer or exchange any personal data provided by the client, or hereafter obtained, for these or any other purposes by the Broker, with data held by government bodies, other regulatory authorities, corporations, organizations or individuals in Hong Kong or overseas for the purpose of verifying those data.
7. Under and in accordance with the terms of the Ordinance, any individual :-
 - has the right to check whether the Broker holds data about him / her and the right of access to such data;
 - has the right to require the Broker to correct any data relating to him / her which is inaccurate; and
 - has the right to ascertain the Broker’s policies and practices in relation to data and to be informed of the kind of personal data held by the Broker.
8. In accordance with the terms of the Ordinance, the Broker has the right to charge a reasonable fee for the processing of any data access request.
9. The person to whom requests for access to data or correction of data or for information regarding policies and practices and kind of data held are to be addressed to the Broker’s Data Protection Officer.

Nature of Exchange Traded Derivative Products

● Derivative Warrant

Derivative warrants are an instrument which gives investors the right - but not the obligation - to buy or sell the underlying asset (e.g. a stock) at a pre-set price on or before a specified date. Derivative warrants are generally divided into two types: calls and puts. Derivative warrants can be linked with a single stock, a basket of stocks, an index, a currency, a commodity or a futures contract. Derivative warrants are usually settled in cash when they are exercised at expiry. Holder of call warrants have the right, but not obligation, to purchase from the issuer a given amount of the underlying asset at a predetermined price (also known as the "Exercise Price") within a certain time period. Conversely, holders of put warrant have the right, but not obligation, to sell to the issuer a given amount of the underlying asset at a predetermined price within a certain time period. Investor should be aware that other factors being equal the value of derivative warrant will decrease over time. Derivative warrants should never be viewed as products that are brought and held as long term investments.

● Callable Bull/Bear Contracts

Callable Bull/Bear Contracts ("CBBC") are a type of derivative product that tracks the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as Bull or Bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBC are issued with the condition that during their lifespan they will be called by the issuers when the price of the underlying asset reaches a level (known as the "Call Price") specified in the listing document. If the Call Price is reached before expiry, the CBBC will expire early and the trading of that CBBC will be terminated immediately. Once the CBBC is called, even though the underlying asset may bounce back in the right direction, the CBBC which has been called will not be revived and investors will not be able to profit from the bounce-back.

● Exchange Traded Funds

Exchange Traded Funds ("ETFs") are passively-managed and open-ended funds, which are traded on the securities market of Hong Kong Exchanges and Clearing Limited (HKEx). All listed ETFs are authorised by the Securities and Futures Commission (SFC) as collective investment schemes. Most ETFs track a portfolio of assets to provide diversified exposure to selected market themes. However, ETFs may also track a single underlying asset. ETFs can be broadly grouped into Physical 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). However, some only buy a portion of the assets needed to replicate the benchmark or assets which have a high degree of correlation with the underlying benchmark but are not part of it. Some physical ETFs with underlying equity-based indices may also invest partially in futures and options contracts. Lending the shares they own is another strategy used by some physical ETFs. On the other hand, Synthetic ETFs do not buy the assets in their benchmark. Instead, they typically invest in financial derivative instruments to replicate the benchmark' s performance. Synthetic ETFs are subject to counterparty risk associated with the derivatives issuers and may suffer losses if the derivatives issuers default or fail to honour their contractual commitments. Investors should read the ETF prospectus carefully to ensure they understand how the fund operates.

Risks of Exchange Traded Derivative Products

Some Risks Associated with Derivative Products

1. Issuer default risk

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

2. Uncollateralised product risk

Uncollateralised derivative products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Investors should read the listing documents to determine if a product is uncollateralised.

3. Gearing risk

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

4. Expiry considerations

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

5. Extraordinary price movements

The price of a 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.

6. Foreign exchange risk

Investors trading 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 derivative product price.

7. Liquidity risk

The Exchange requires all derivative product issuers to appoint a liquidity

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

8. Market risk

Derivative Products may also be exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the single stock, basket of stocks, index, currency, commodity or futures contract that it is tracking.

Some Additional Risks Involved in Trading Derivative Warrants

1. Time decay risk

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

2. Volatility risk

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

Some Additional Risks Involved in Trading CBBCs

1. Mandatory call risk

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

2. Funding costs

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

Some Additional Risks Involved in Trading ETFs

1. 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.

2. Trading at discount or premium

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

3. Counterparty risk involved in ETFs with different replication strategies

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

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

i. Swap-based ETFs Total return swaps allow ETF managers to replicate the benchmark performance of ETFs without purchasing the underlying assets. Swap-based ETFs are exposed to counterparty risk of the swap dealers and may suffer losses if such dealers default or fail to honor their contractual commitments.

ii. Derivative embedded ETFs ETF managers may also use other derivative instruments to synthetically replicate the economic benefit of the relevant benchmark. The derivative instruments may be issued by one or multiple issuers. Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honour their contractual commitments. Even where collateral is obtained by an ETF, it is subject to the collateral provider fulfilling its obligations.

There is a further risk that when the right against the collateral is exercised, the market value of the collateral could be substantially less than the amount secured resulting in significant loss to the ETF.

The above information is extracted from the websites of Securities and Futures Commission (SFC) and Hong Kong Exchanges and Clearing Limited (HKEx). For details, please visit the websites of Securities and Futures Commission (SFC) (<http://www.sfc.hk/sfc/html/EN/>) and Hong Kong Exchanges and Clearing Limited (HKEx) (<http://www.hkex.com.hk/eng/index.htm>). Investors should make their own risk assessment and seek independent professional advice where necessary with respect to any exposure to derivative products to ensure that any decision you make is suitable with regards to your circumstances and financial position. In addition, investors should refer to the relevant derivative product's listing documents (including the full text of the risk factors stated therein) in detail before making any investment decision.