

U-BANK@CMBWLB SERVICES

U-BANK@CMBWLB Services is an internet banking service provided by us to corporate customers. In this section: References to “you” or “your” refer to your corporation. The term also includes your subsidiaries, affiliates and related companies (“Members” which expression includes you).

Part A - General Provisions

1. Definitions

“Administrator” means a User who is appointed by you as administrator to have access to and use U-BANK@CMBWLB Services on your behalf.

“Authorizer” means a User who is appointed by the Administrator as an authorizer to have access to and/or use U-BANK@CMBWLB Services on your behalf.

“Checker” means a User who is appointed by the Administrator as a checker to have access to and/or use U-BANK@CMBWLB Services on your behalf.

“Electronic Instruction” means any instruction, request, application, message, data or communication given or delivered by you to us through U-BANK@CMBWLB Services.

“Group ID” means any identification phrase, name, code or number provided or accepted by us, or adopted by you, for identifying you for the purposes of U-BANK@CMBWLB Services.

“Logon ID” means, in relation to a User, any identification phrase, name, code or number provided or accepted by us, or selected or adopted by you or the User, for identifying such User for the purposes of U-BANK@CMBWLB Services.

“Operator” means a User who is appointed by the Administrator as an operator to have access to and/or use U-BANK@CMBWLB Services on your behalf.

“Our Computer System” means any computer equipment and software for providing or otherwise in connection with U-BANK@CMBWLB Services, which are operated under our control.

“Password” means any identification number, Security Code or any other password that is issued to or adopted by you or any User to give Electronic Instructions.

“Security Code” means a one-time password or identification number which is generated by a Security Device to enable a User to give Electronic Instructions.

“Security Device” means any security token or any electric device which provides User identification, digital signature generation or other device, equipment, machine or method that is designated by us for use by a User to generate a Security Code.

“User” means any Administrator, Authorizer, Operator or any other user who is authorized to have access to and/or use U-BANK@CMBWLB Services on your behalf.

“Website” means the website or websites designated by us on or through which you may have access to and/or use U-BANK@CMBWLB Services.

“The Group” means CMB Wing Lung Bank Limited and its subsidiaries.

2. The scope and types of service made available by us, the applicable restrictions and transaction limits, the cut-off times and dates applicable to a particular type of service, the applicable service fees and other features in respect of U-BANK@CMBWLB Services will be determined by us from time to time at our absolute discretion. We may at our discretion add to, modify, reduce, restrict or suspend U-BANK@CMBWLB Services at any time without notice.
3. U-BANK@CMBWLB Services will permit a corporation to operate the accounts of the Members, subject to Condition 2 above. The Members will authorize a Member to represent all Members for all purposes of U-BANK@CMBWLB Services.
4. To operate U-BANK@CMBWLB Services, you will appoint one or more Administrators, who may from time to time appoint one or more Authorizers, Checkers or Operators and prescribe their powers, functions, term, Login ID, Password and other particulars as appropriate.
5. You may appoint up to such number of Administrators as we may permit from time to time. If there are more than 1 Administrator, the Administrators and each of them will be authorized to act with the powers and in the manner designated by you. In this Section P, references to Administrator refer to the Administrator(s) acting in accordance with such powers and manner. Notwithstanding the foregoing, any Electronic Instruction given with the Logon ID of any one Administrator will be treated as fully authorized by you.
6. The Administrator will be authorized by you to have overall management of the use of U-BANK@CMBWLB Services, including:
 - (a) registering accounts to be operated through U-BANK@CMBWLB Services and setting any transaction limit for each account;

(b) appointing, removing, suspending and reactivating Authorizers, Checkers and Operators, setting and resetting their Passwords, and specifying their scope of authority;

(c) setting any operational or other matters or perimeters that may be set for the purposes of U-BANK@CMBWLB Services;

(d) giving any notice, application or communication on your behalf in connection with U-BANK@CMBWLB Services and any transaction through U-BANK@CMBWLB Services;

(e) giving or authorizing any Electronic Instruction;

(f) viewing all financial and transactional information through U-BANK@CMBWLB Services;

(g) such other functions as we may specify from time to time.

7. Any Authorizer, Checker and Operator will be authorized by the Administrator for the day-to-day operation of U-BANK@CMBWLB Services on your behalf, and their functions, powers and term of appointment will be designated by the Administrator from time to time, including:

(a) viewing financial and transactional information through U-BANK@CMBWLB Services;

(b) giving or authorizing any Electronic Instruction; and

(c) such other functions as we may specify from time to time.

8. We are authorized to treat, without any enquiry, any Electronic Instruction given with your Group ID as a duly authorized instruction given on your behalf.

9. We are authorized to treat, without any enquiry, any Electronic Instruction given with a Logon ID as given by the relevant User on your behalf.

10. We may reject any of your applications or Electronic Instructions given through U-BANK@CMBWLB Services or delay processing any such application or Electronic Instructions, without giving any reason.

11. We may suspend U-BANK@CMBWLB Services from time to time for routine, non-routine or emergency maintenance but we may use our best endeavors to give you notice prior to the suspension where practicable.

12. You shall not use U-BANK@CMBWLB Services for any purpose other than accessing and/or using an available service provided by us. You shall ensure that the contents of any



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Electronic Instruction sent through U-BANK@CMBWLB Services will comply with and will not violate any applicable law.

13. We may appoint or engage an agent or third party to facilitate the provision of all or any part of U-BANK@CMBWLB Services. We shall use reasonable care in selecting such agent or third party, but we shall not be liable for any loss, damage, delay or failure to perform occasioned by the acts or omission of any such third party or agent.
14. You agree to keep us indemnified against any claim, action, proceedings, liability, cost, expense, loss and damage suffered by us or any member of the Group arising from or in connection with (whether directly or indirectly) your improper or negligent use of U-BANK@CMBWLB Services, or your failure to comply with any provision of these Conditions, or any other act or omission or circumstances arising out of or relating to these Conditions (other than such act or omission amount to our gross negligence or wilful misconduct).
15. These Conditions are additional to our General Conditions for Accounts and Services and our other relevant terms and conditions governing the account or transaction or service effected through U-BANK@CMBWLB Services. In case of any inconsistency between these Conditions and those terms and conditions and unless otherwise stated herein, the former shall prevail to the extent of inconsistency in respect of the transaction effected through U-BANK@CMBWLB Services.
16. You, and you shall ensure that all Users, shall comply with all requirements, instructions or recommendations relating to security (including to the use, registration and activation of Group ID, Logon ID, Password, and/or Security Device) as we may prescribe from time to time in relation to U-BANK@CMBWLB Services.
17. You agree to be responsible for the set-up, control and management of security measures in relation to the access to and use of U-BANK@CMBWLB Services, especially security measures relating to the use of computer or device, computer anti-virus, Password, Security Device and information.
18. You hereby acknowledge receipt of our warning that Group ID, Logon ID, Password and Security Device are important means of protection for you. You shall, and shall ensure that all Users shall use all reasonable care to keep them secret and prevent unauthorized use thereof. You are responsible for the confidentiality and use of any Password and Security Device. You agree to hold us harmless if any other person uses or obtains possession of any Password and/or Security Device.
19. Whenever we provide you or any User with a Security Device, you shall ensure that the activation process is completed within the activation period where necessary. You must follow the directions and procedures as specified by us from time to time relating to device



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activation and access to U-BANK@CMBWLB Services using the Security Device, otherwise you may not be allowed to have access to U-BANK@CMBWLB Services.

20. We grant you a non-exclusive, non-transferable licence to use the Security Devices for the sole purpose of facilitating your access to, and use of U-BANK@CMBWLB Services. Neither you nor any User will acquire any rights whatsoever to any Security Device. All Security Devices shall at all times remain our property and shall be returned to us on demand and upon termination of U-BANK@CMBWLB Services. We reserve the right to terminate, suspend, deactivate, decline to renew or replace any Security Device with or without prior notice to you or any User, and without giving any reason therefor. You shall procure that the Users shall not after the termination of U-BANK@CMBWLB Services use the Security Device, and you shall forthwith return the Security Devices to us upon termination of U-BANK@CMBWLB Services. We make no warranty (express or implied) as to the quality, merchantability or fitness for any particular purpose of the U-BANK@CMBWLB Services or any Security Device.
21. You may request us to replace a Security Device if it malfunctions, runs out of battery or is lost. We have the right to charge you a service charge if the Security Device is physically damaged or lost. You shall ensure that the Security Device is not tampered with, copied, exploited or otherwise dealt with except where it is used for accessing a service provided by us. We shall not be liable for any loss or damage suffered by you which directly or indirectly caused by your or any User's use of or inability to use the Security Device.
22. We may at any time modify all or any of the security procedures established for U-BANK@CMBWLB Services, including modification of the rules of operation, delivery of any Password or Security Device and authentication procedures.
23. You agree that our security procedures for U-BANK@CMBWLB Services, in combination with your own security measures, are adequate for the protection of your and all Users' interests.
24. We shall have no duty to verify or investigate the identity or authority of the person giving an Electronic Instruction if the correct Security Code is used. Neither shall we assume any duty or liability for verifying the propriety or integrity of any Electronic Instruction given by the Administrators or Users. You understand, acknowledge and accept that: (a) the only purpose of the Security Code(s) is to determine the authenticity and not to determine the accuracy of, nor discover errors in, any Electronic Instruction or content of the information, transmitted, through U-BANK@CMBWLB Services and you shall be solely responsible for the duplication of any of your instructions and for the completeness and accuracy of the contents of your instructions and their transmission to us; (b) that the procedure of authentication and verification through any Security Code constitutes a commercially reasonable and acceptable security procedure; and (c) the entry of correct Logon ID and corresponding



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Security Code on U-BANK@CMBWLB Services constitutes evidence of the authenticity of the data or Electronic Instructions and authority of the originator of such data or Electronic Instructions which we may rely and act upon; (d) that we will rely on any Security Code as if it were your name and signature; and (e) that no procedure has been established to discover transmission errors or in the content of the information accessed or Electronic Instructions. You acknowledge and confirm that you are responsible for putting in place adequate internal control, security procedures and measures to prevent the Security Code and/or Security Device from leakage or unauthorized use or misuse by any person.

25. We are under no obligation or duty concerning the allocation or use of any Security Code or Security Device by you to any person or selection of the User(s) by you. You acknowledge that we are not obliged to ascertain the identity of any User(s) or to ascertain whether any Security Code or Security Device is being actually used by you or the User(s) for you. You accept the sole responsibility for the security measures and all arrangements controlling the use of any Security Code or Security Device.
26. We may reject any access to U-BANK@CMBWLB Services and all requests for information or transmittal of information or instructions which do not comply with the authentication procedure as determined by us from time to time. We shall not incur any liability, and you agree to indemnify, release and hold us harmless if we reject any access, inquiry and/or instruction as herein indicated.
27. It is your sole responsibility to define the profile of the Users, their appointment and their withdrawal, regardless as to whether or not any User is your employee or agent. You acknowledge and agree that the Users' profiles, their appointment and their withdrawal may be effected through an Administrator and you shall be bound by the designation of profiles, appointments and withdrawals of any User made by any Administrator from time to time. You shall ensure that, at all times, each User has the necessary powers and authorization required for accessing to and using U-BANK@CMBWLB Services on your behalf. We shall in no event be responsible for ensuring that proper authorization has been obtained by each and every of the Users nor liable for the lack of powers of any designated User. We may treat the Electronic Instruction as valid and binding on you notwithstanding any error, fraud, forgery, lack of clarity in terms of the Electronic Instructions. You agree to be bound by any use of U-BANK@CMBWLB Services and any instruction and transaction given or made by any User. Any such instruction and transaction shall be deemed to be given or made on your behalf.
28. All Electronic Instructions shall be valid and binding on you without any need of any further confirmation as if they were given in writing and signed by you. You waive any right to contest the validity or enforceability of a contract or transaction effected through U-BANK@CMBWLB Services on the ground that it was effected electronically.



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29. An Electronic Instruction given by the use of your or any User's Group ID, Logon ID, Password and/or Security Code is valid, deemed to be authorized by you and conclusively binding on you, regardless of whether your mandate for the account may require different authorizations, signatures or signing arrangement.
30. The authorizations given to any User to have access to and use of U-BANK@CMBWLB Services on your behalf are separate from, and will not be affected by any change in, other authorization or mandate given by you for any authorized signatory to operate any of your accounts.
31. You agree that any transaction alert delivered through any channels (including email, phone and SMS) designated by us from time to time may be disclosed to any User.
32. Any contract effected through U-BANK@CMBWLB Services is deemed to be concluded in Hong Kong. The transaction record may be found on the "Transaction History" or relevant section in U-BANK@CMBWLB Services which is for your reference only.
33. Our computer data records of any Electronic Instructions and all related transactions and messages (including applicable exchange rates) are, save to the extent of manifest error, conclusive and binding on you. You agree that they shall be admissible in the courts as evidence of the existence of the transactions and messages, and of the facts contained therein, to the extent permitted by the applicable law. Transactions and messages as shown on your computer or access device are for your reference only.
34. All your Electronic Instructions will be processed automatically by Our Computer System. You agree that any manual processing, for example, to complete a cashier order which you have purchased through U-BANK@CMBWLB Services, will be a purely administrative task.
35. We are not obligated to check the authenticity, accuracy or completeness of any Electronic Instruction or the authority of the person giving it. We may regard an Electronic Instruction as valid and conclusively binding on you notwithstanding any error, inaccuracy, incompleteness, lack of clarity or fraud in the contents of or in connection with the Electronic Instruction. We shall not be liable for any loss or delay arising from or in connection with any such Electronic Instruction.
36. We may regard each of your Electronic Instruction as a separate Electronic Instruction notwithstanding that it is or appears to be a duplicate, unless within reasonable time we are informed by you in writing (other than by an Electronic Instruction) in advance that it is a duplicate and we have not acted or relied on it.
37. Any Electronic Instruction, once given, may not be amended, revoked or withdrawn without our consent. If you request us to modify or cancel any Electronic Instruction, we will make efforts to such request on a reasonable and commercially practicable basis. However, we are not obligated to comply with your such request.



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38. We are entitled to refuse to carry out an Electronic Instruction if it does not comply with any applicable law or is not in accordance with the normal uses and banking practices. We may at any time refuse to act on or delay acting on an Electronic Instruction without prior notice if:

(a) we suspect the authenticity of an Electronic Instruction or the authority of the person giving it;

(b) we suspect or, in our opinion, consider that there is any error, inaccuracy, incompleteness, lack of clarity, illegality, fraud in the contents of or in connection with the Electronic Instruction or that the Electronic Instruction may have been withdrawn, revoked, ineffective or expired;

(c) any applicable limit (including any transaction limit, limit on the authority of the relevant User or otherwise) imposed by us or you, whichever is lower, would be exceeded if we act on the Electronic Instruction; or

(d) your relevant account does not have sufficient fund to carry out the transaction pursuant to the Electronic Instruction; or

(e) we know of or suspect of a breach of security.

Notwithstanding the foregoing, we are under no duty to investigate the authenticity or authority of the Administrator or User effecting the Electronic Instructions and shall not be liable for any loss, damage, expenses or liability whatsoever suffered by you by reason of any inaccurate, inadequate or incomplete Electronic Instructions in any way

39. We will only act upon or carry out an Electronic Instruction in so far as it is practicable or reasonable for us to do so and in accordance with our regular business practices and procedures. Any Electronic Instruction received by us after our service cut-off time or outside our normal banking hours may not be processed by us until our next business day.

40. U-BANK@CMBWLB Services is only available and accessible in such countries and in such manner as determined by us from time to time at our absolute discretion. We shall not be liable for any loss or damage suffered by you as a result of your inability to have access to or use U-BANK@CMBWLB Services outside Hong Kong due to whatever reason.

41. You acknowledge that the security and encryption measures used for accessing to or using U-BANK@CMBWLB Services may be illegal in other jurisdictions outside Hong Kong. You must ensure that any access to or use of U-BANK@CMBWLB Services is permitted by the local law before you attempt to have access to or use U-BANK@CMBWLB Services outside



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- Hong Kong. We shall not be liable for any loss or damage suffered by you as a result of your inability to legally have access to or use U-BANK@CMBWLB Services in these jurisdictions.
42. We will not be responsible for your failure to have access to or use U-BANK@CMBWLB Services, or any incorrect information howsoever arising from your equipment, computer, device, software or connection.
 43. We shall in no event be liable for any loss, damage or expense arising from our not providing two-factor authentication for any services or transactions.
 44. Any hyperlinks to other websites which may be available through the Website or U-BANK@CMBWLB Services are provided for your convenience only. They are not our recommendation or endorsement of the websites. We will not verify their status or authenticity and we are not responsible for any content of such websites.
 45. We shall not be liable for any loss or damage caused by any equipment, device, software or information manufactured or provided by any third party in relation to the access to or use of U-BANK@CMBWLB Services.
 46. Where we are negligent or commit a wilful misconduct, we shall only be liable for direct and reasonably foreseeable loss and damage (if appropriate) you suffer arising directly and solely therefrom.
 47. We shall not be liable for any loss or damages suffered by you arising from or in connection with the quality and use of the Security Device.
 48. The Website is hosted by us and is connected to the Internet via an independent service provider, which is not our agent for any purpose. We have used reasonable efforts to appoint a reputable service provider, but will not assume any responsibility for any act or omission of the service provider.
 49. You may terminate the U-BANK@CMBWLB Services available to you at any time by giving not less than 30 days to us. This will not terminate your accounts with us. You understand, agree and acknowledge that all outstanding instructions for the use of the U-BANK@CMBWLB Services shall be cancelled upon termination of the U-BANK@CMBWLB Services.
 50. We may terminate the U-BANK@CMBWLB Services available to you at any time by written notice to you. In particular we may immediately terminate U-BANK@CMBWLB Services if you breach any of your obligations under these Conditions. Our notice of termination dispatched through U-BANK@CMBWLB Services or made available on an attempted access with your Group ID, Logon ID, Password and/or Security Code shall have effect.
 51. If either we or you terminate U-BANK@CMBWLB Services available to you, you must return all Security Devices to us immediately upon such termination, otherwise we may charge you all the related service charges and fees. The licence granted by us under Condition 20 in



respect of any Security Device shall be automatically terminated upon termination of U-BANK@CMBWLB Services.

52. Termination of U-BANK@CMBWLB Services available to you will not affect any accrued rights or obligations. Condition 30 shall survive termination. Any transaction which has been initiated prior to the termination date that has not been fully executed, will not be rescinded (unless we, in our sole discretion, determines otherwise) and shall remain subject to these Conditions until fully completed.
53. You agree to comply with any operational instruction from time to time specified by us for U-BANK@CMBWLB Services. These instructions may be posted by us on or via the “Smart Tips” and “Related Links” sections in U-BANK@CMBWLB Services. You shall read and understand these instructions which may be amended from time to time.
54. Where you are a partnership, these Conditions shall be binding on you notwithstanding any change of name of the partnership, admission of new partner or any partner ceasing to be a member of the partnership by reason of death or otherwise.
55. Where you are an association or a limited company, you warrant and represent that you have been duly incorporated in accordance with the law of the place of incorporation and is in good standing (if applicable).
56. We may dispatch or allow download of certain information including your or any User identification data to your or any User’s computer or access device, if allowed under our Privacy Policy statement.
57. You are deemed to have received a communication from us when it has been dispatched by Our Computer System or available on the Website. The dispatch and receipt of communications through U-BANK@CMBWLB Services are regarded as taking place in Hong Kong.
58. Any communication to you is deemed to be received by you:
 - (a) at the time of personal delivery or on leaving it at the address last notified in writing to us, if by personal delivery;
 - (b) 48 hours or 7 days (if overseas address) after sending it by post to the address last notified in writing to us; and
 - (c) immediately after transmitting it to the facsimile number, e-mail address or mobile number last notified in writing to us, if by facsimile, e-mail or SMS.

If any of your communication address or number is changed, you must inform us in writing immediately .

59. Any communications sent by you to us shall only be treated as received by us on actual receipt.
60. You acknowledge and authorize us to disclose to any third party any information in relation to you and your accounts in order to execute any Electronic Instruction or comply with the order of any court, government agency or other lawful authorities anywhere in the world. We will not otherwise disclose such information to any party other than the members of the Group without your approval.

Part B - Foreign Exchange Transactions

1. Definitions and Interpretation

1.1 The provisions of Part A (General Provisions) shall, to the extent applicable, apply to this Part B. In case of any inconsistency between Part A and this Part B, the terms herein shall prevail to the extent of the inconsistency.

1.2 Definitions: In this Part of these Conditions,

“Agreement” has the meaning given to it in Condition 4 (Single Agreement).

“Authorized Person” means a User.

“Close-out Amount” means, with respect to one or more terminated FX Transactions, the amount of our losses or costs that are or would be incurred under the then prevailing circumstances (expressed as a positive number) or your gains that are or would be realised under the then prevailing circumstances (expressed as a negative number) in replacing, or in providing for us the economic equivalent of the material terms of the terminated FX Transactions, including payments and deliveries by the Parties under the terminated FX Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date.

“Close-out Event” means any event or circumstance specified in Condition 8.1 (Close-out Events).

“Confirmation” means a confirmation issued by us to you setting out the details of a FX Transaction.

“Deliverable”, if it is applicable to a FX Transaction, means that such FX Transaction will, subject to other provisions of the Agreement, be settled in accordance with the



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provisions in Condition 5.1 (Settlement of Deliverable FX Transactions), and unless otherwise specified in the Confirmation, “Deliverable” would be deemed to apply to a FX Transaction.

“Disruption Event” means any event or circumstance described in Condition 5.5 (Meaning of Disruption Events).

“Early Termination Amount” means the amount specified as such and calculated in accordance with Condition 8.4 (Payments on Early Termination).

“Early Termination Date” means the date designated as such pursuant to Condition 8.3 (Early Termination Date).

“Exchange Rate” means the rate for converting one currency into another currency which we determine to be prevailing in the relevant foreign exchange market at the relevant time, such determination to be conclusive and binding on us.

“Fixing Rate” means, in respect of a Non-Deliverable FX Transaction, the currency exchange rate to be determined in accordance with the provisions for the Fixing Rate specified for such transaction.

“Forward Rate” means, in respect of a Non-Deliverable FX Transaction, the currency exchange rate specified as such for such transaction.

“FX Transaction” means a transaction (whether spot or forward) between us and you which provides for the purchase of an agreed amount in one currency in exchange for the sale of an agreed amount in another currency.

“Non-Deliverable”, if it is applicable to a FX Transaction, means that such FX Transaction will, subject to other provisions of the Agreement, be settled in accordance with the provisions in Condition 5.2 (Settlement of Non-Deliverable FX Transactions), and “Non-Deliverable” is applicable to a FX Transaction if “Non-Deliverable” is specified in the related Confirmation and/or any other document relating to such transaction.

“Party” means you or us, as the case may be.

“Rate Fixing Date” means, in respect of a Non-Deliverable FX Transaction, the date specified as such for the transaction, which date is the day on which the Fixing Rate is to be determined for the purpose of such transaction.



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“Relevant Currency” means:

- (a) the currency in which any amount agreed to be sold or bought under a FX Transaction;
- (b) the currency by reference to which any amount payable under a FX Transaction is determined; or
- (c) the currency in which any payment is required to be made under a FX Transaction.

“Reference Currency” means, in relation to a Non-Deliverable FX Transaction, the currency specified as such for such transaction.

“Reference Currency Buyer” means, in relation to a Non-Deliverable FX Transaction, the Party specified as such for the transaction.

“Reference Currency Seller” means, in relation to a Non-Deliverable FX Transaction, the Party specified as such for the transaction.

“Relevant Currency Jurisdiction” means the jurisdiction for which the Relevant Currency is a lawful currency.

“Settlement Amount” has the meaning given to it in Condition 5.3 (Settlement Amount).

“Settlement Currency” means, in relation to a Non-Deliverable FX Transaction, the currency specified as such for such transaction.

“Settlement Date” means, in respect of a FX Transaction, the date specified as such for that transaction, which date is the day on which the Parties settle the FX Transaction.

“Trade Date” means, in respect of an FX Transaction, the date specified as such in the related Confirmation, which date is the day on which the Parties enter into the FX Transaction.

“Termination Currency” means United States Dollars or any other freely convertible currency specified by us from time to time.

“Termination Currency Equivalent” means, in respect of an amount denominated in Termination Currency, such Termination Currency amount and, in respect of an amount denominated in any other currency (“Other Currency”), the amount in the Termination



Currency required (as determined by us) to purchase such amount of Other Currency on the relevant date at the Exchange Rate.

“Unpaid Amounts” owing to a Party means, with respect to an Early Termination Date, the aggregate of:

- (a) in respect of all terminated FX Transactions, the amounts that became payable (or would have become payable but for Condition 8.3 (Early Termination Date)) to such Party on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date under these terminated FX Transactions; and
- (b) any Early Termination Amount due but unpaid prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with interest from (and including) the original due date to (but excluding) such Early Termination Date.

1.3 Interpretation: In this Part of these Conditions, unless the context otherwise requires: (a) words importing the singular include the plural and vice versa and words denoting neuter or any gender includes all genders; (b) a business day means a day (other than Saturday or Sunday) on which the banks are open for general business in Hong Kong and a time of a day is a reference to Hong Kong time; (c) “including” or “includes” means including or includes without limitation.

1.4 Reference: Unless a contrary indication appears, any reference in this Part of these Conditions to: (a) a person includes an individual, a company, partnership, trust or body unincorporate and its successors and assigns; (b) a Condition is a reference to a condition of this Part of these Conditions; (c) “the Agreement”, “this Part of these Conditions”, “these Conditions” or any other agreement or document is a reference to the Agreement, this Part of these Conditions, these Conditions or other agreement or document as amended, supplemented, novated and/or replaced from time to time.

1.5 Headings: Condition headings and sub-condition headings in this Part of these Conditions are for convenience only and are to be ignored in construing this Part of these Conditions.

2. Applicable Terms

Unless we agreed otherwise, this Part of these Conditions shall apply to each FX Transaction. In respect of a FX Transaction, in the event of any inconsistency between the provisions of



this Part and the remaining provisions of these Conditions, the provisions of this Part shall prevail for the purpose of such FX Transaction. In the event of any inconsistency between the provisions of this Part and the provisions contained in the Confirmation relating to a FX Transaction, the provisions of such Confirmation shall prevail for the purpose of such FX Transaction.

3. Entering Transactions

- 3.1 FX Transactions: We may from time to time at your request enter into one or more FX Transactions with you (whether orally, in writing or by any other means). However, nothing in these Conditions shall oblige us to enter into any FX Transaction.
- 3.2 Order Watching: You may request us to enter into a FX Transaction with you at a certain exchange rate set by you in a request given to us. Each such request received and confirmed by us will be effective until such time as may be specified in the request and agreed by us.
- 3.3 Exchange rate: We may at our discretion indicate to you an exchange rate for a FX Transaction through U-BANK@CMBWLB Services. You may offer to enter into a FX Transaction with us at such rate within the time limit notified by us, subject to any conditions as we may impose from time to time.
- 3.4 Pre-approved rate: You may also request us to provide a rate for a FX Transaction. We may at our discretion provide an indicative rate to you through U-BANK@CMBWLB Services or such other means as we determine from time to time. You may offer to enter into a FX Transaction with us at the indicative rate within the time limit notified by us, subject to any conditions as we may impose from time to time.
- 3.5 Confidentiality: You undertake that you will keep all exchange rates for FX Transactions indicated or provided by us confidential, not disclosed to or be available in any way to any other person. All rates indicated or provided by us to you are personal to you.
- 3.6 Spot FX Transactions: A spot FX Transaction will be concluded upon our acceptance of your instructions (which constitutes an offer) to enter into the FX Transaction.
- 3.7 Confirmation: We will send a Confirmation setting out the details of each FX Transaction to you. In the case of forward FX Transactions, you undertake to examine each Confirmation and agree that failure to give a notice of objection about the contents of a Confirmation within 7 business days (or, if earlier, not later than 3 business days before



the Settlement Date) from the date of the Confirmation shall be deemed to be your waiver of any right to raise objections in respect of such Confirmation and the terms and conditions contained therein shall be conclusive and binding on you.

3.8 Authorized Person: Each of your Authorized Persons shall have full authority, by using his Password to give Electronic Instructions to us, to act for you in all respects, including to enter into any FX Transactions on your behalf and give any instructions on your behalf to us in connection with any FX Transactions.

4. Single Agreement

All FX Transactions, all Confirmations evidencing the FX Transactions and all the terms in these Conditions (including without limitation to this Part) for the FX Transactions shall form a single agreement between you and us (collectively, the “Agreement”) with respect to the subject matter thereof.

5. FX Transactions Settlement

5.1 Settlement of Deliverable FX Transaction: On the Settlement Date in respect of a Deliverable FX Transaction: (a) you will pay the amount specified as sold or payable by you for the transaction; and (b) we will pay the amount specified as bought by you or specified as sold or payable by us for the transaction, in each case subject to any applicable condition precedent and other terms of the Agreement.

5.2 Settlement of Non-Deliverable FX Transaction: On the Settlement Date in respect of a Non-Deliverable FX Transaction: (a) if the Settlement Amount is a positive number, the Reference Currency Buyer will pay that amount to the Reference Currency Seller; and (b) if the Settlement Amount is a negative number, the Reference Currency Seller will pay the absolute value of that amount to the Reference Currency Buyer, in each case subject to any applicable condition precedent and other terms of the Agreement.

5.3 Settlement Amount: In respect of a Non-Deliverable FX Transaction, “Settlement Amount” means an amount expressed in the Settlement Currency calculated on a formula basis as follows:

Notional Amount x [1 - (Forward Rate / Fixing Rate)]

Rate and for the purpose of the above formula:



- (a) “Notional Amount” means the amount of Settlement Currency agreed to be sold by the Reference Currency Buyer or agreed to be bought by the Reference Currency Seller; and
 - (b) the Forward Rate and the Fixing Rate are quoted by way of Reference Currency per unit of Settlement Currency.
- 5.4 Consequences of Disruption Event: In respect of any FX Transaction, if a Disruption Event occurs on the Rate Fixing Date or Settlement Date, we may at our sole discretion:
- (a) determine the Fixing Rate, taking into consideration all relevant information in good faith;
 - (b) postpone the Settlement Date to the first succeeding business day on which the Disruption Event ceases, unless the Disruption Event continues to exist for such number of consecutive business days as determined by us by reference to market practice. In that case, the last such business day will be the Settlement Date; and/or
 - (c) terminate the relevant FX Transaction in accordance with Condition 8 (Early Termination) as if a Close-out Event had occurred and the FX Transaction were the only terminated FX Transaction. In that case, an Early Termination Amount will be calculated by us and payable by the relevant Party in respect of such terminated FX Transaction in accordance with Condition 8.4 (Payments on Early Termination) and Condition 8.5 (Calculations).
- 5.5 Meaning of Disruption Events: In respect of any FX Transaction, a Disruption Event occurs if (as determined by us at our sole discretion):
- (a) it is, or becomes, impossible, impracticable or illegal for us to effect a currency exchange involving a Relevant Currency through customary legal channels;
 - (b) any event occurs which makes it impossible, impracticable or illegal for us to deliver a Relevant Currency from accounts inside the Relevant Currency Jurisdiction to accounts outside the Relevant Currency Jurisdiction, or to deliver a Relevant Currency between accounts inside the Relevant Currency Jurisdiction or to a party that is a non-resident of the Relevant Currency Jurisdiction;
 - (c) it is, or becomes, impossible, impracticable or illegal for us to determine a currency exchange rate for a Relevant Currency or to obtain a firm quote for such rate or the currency exchange rate between the Relevant Currencies has split into dual or multiple currency rates;



- (d) any event that makes it impossible, impracticable or illegal for us to determine the relevant currency exchange rate by reference to the relevant price or rate source as contemplated under a FX Transaction;
- (e) the relevant currency exchange rate is not announced or published by the relevant price or rate source as contemplated under a FX Transaction;
- (f) it has become impracticable, impossible or illegal for us to perform any FX Transaction; or
- (g) we will incur a materially increased cost in performing its obligations under any FX Transaction (including any adverse effect on our tax position).

6. Payment

- 6.1 Payment Obligations: Each party shall make payment(s) required to be made by it under each FX Transaction in the place and in the manner agreed, or if it has not been agreed, as we designate. A payment obligation of you shall only be considered to have been performed if we have received immediately available funds for such payment before the cut-off time as prescribed by us from time to time.
- 6.2 Conditions precedent to our obligation: Our obligation to make payment under a FX Transaction is subject to the conditions precedent that: (a) no Close-out Event has occurred or is deemed to have occurred; and (b) you have performed its payment obligation under that FX Transaction.
- 6.3 Cleared fund: All payments by you to us shall be made in full without any set-off, counterclaim, deduction, withholding or condition of any kind. If you are compelled by law to make any withholding or deduction, the sum payable by you shall be increased so that the amount actually received by us is the amount we would have received if there had been no such withholding or deduction.
- 6.4 Currency: Payment by you to us shall be in the currency of the relevant liability. A sum received by us in another currency only constitutes a discharge to the extent of the net amount of the currency of your liability which we would be able to purchase with the amount received as soon as it is practicable to do so. You will, as a separate obligation and notwithstanding any judgment, indemnify us against any reasonable loss and expense. It will be sufficient for us to show that it would have suffered a loss had an actual exchange or purchase been made.



- 6.5 Account credit/debit: Any payment by us to you under the Agreement may be made by us by crediting the relevant sum to any account of yours held with us. We are authorised to debit any of your account(s) maintained with us for any amount payable or owing by you to us.
- 6.6 Cash Cover: You shall from time to time provide us cash cover in such amount(s) as required by us (whether prior to or after the entry into any FX Transaction). Any such cash cover (whether in your account with us or held as a time deposit with us) shall not be withdrawn by you except with our prior written consent. Except with our prior written consent, you shall not assign, charge, dispose of or otherwise deal with any such cash cover. Without prejudice to our rights under Condition 12 (Set-off and Consolidation), we may at any time set off and/or apply such cash cover against and/or towards settlement of your obligations and liabilities owing to us (whether actual or contingent). We are authorised to convert any such cash cover at the Exchange Rate for the purpose of the set-off and/or application.

7. Settlement Netting

If we notify you that “settlement netting” shall apply, payments due under one or more FX Transactions from one Party on any day may be set off against payments due from the other Party under such FX Transactions in the same currency on the same day so that only the net amount due from one Party to the other in a particular currency will be paid on that day.

8. Early Termination

- 8.1 Close-out Events: Each of the events or circumstances set out below is a Close-out Event:
- (a) You become insolvent or are unable to pay your debts as they become due;
 - (b) Any action, proceedings or other procedure is taken in relation to the winding-up, dissolution, bankruptcy, administration, reorganisation, composition of debts, scheme of arrangement or other similar relief in respect of you;
 - (c) A trustee, receiver, liquidator, administrator or other similar official is appointed in respect of you or an encumbrancer takes possession of whole or any substantial part of your assets;



- (d) You fail to pay any sum due or payable under the Agreement or fails to duly provide any cash cover or security (or additional cash cover or security) as we require or demand under the Agreement;
 - (e) You fail to perform any of its obligations to us under the Agreement or any other agreement of whatever nature with us;
 - (f) You repudiate or disclaim the Agreement, any FX Transaction or any other transaction between you and us (whether under the Agreement or otherwise);
 - (g) The legal proceedings of any nature have been commenced against you;
 - (h) (Where you are or consist of individual(s)) you die or become mentally incapable;
 - (i) Any event occurs which, in our opinion, has a material adverse effect on (i) your business, operations, property, conditions (financial or otherwise) or (ii) your ability to perform your obligations under any FX Transaction or the Agreement or any other agreement with us;
 - (j) It becomes impossible or illegal for either Party, or both, to perform any provision of the Agreement; or
 - (k) (i) Any of your indebtedness for borrowed money becomes or becomes capable of being declared due and payable prematurely by reason of any event of default (howsoever described); (ii) you fail to make payment in respect of any indebtedness for borrowed money; (iii) any security given by you for any indebtedness for borrowed money becomes enforceable; or (iv) you default in making any payment due under any guarantee and/or indemnity given by you in relation to any indebtedness for borrowed money.
- 8.2 Additional right of termination by us: We may at any time at our sole discretion determine to early terminate all outstanding FX Transactions (and all of your standing orders or instructions for FX Transaction(s)), notwithstanding any other provisions of this Part of these Conditions or any other agreements including Confirmations, and without any liability to you. Upon such determination by us, a Close-out Event is deemed to have occurred.
- 8.3 Early Termination Date: If at any time a Close-out Event has occurred or is deemed to have occurred, we may, by notice to you, designate a day as an Early Termination Date



in respect of all outstanding FX Transactions (or in the case of Condition 5.4(c) (Consequences of Disruption Event), the relevant FX Transaction affected by the Disruption Event). The FX Transaction(s) with respect to which the Early Termination Date is designated will terminate on such date. As from an Early Termination Date, no payments in respect of the terminated FX Transactions are required to be made (whether or not such payment has become payable prior to the Early Termination Date) except as provided under Condition 8.4 (Payments on Early Termination).

- 8.4 **Payments on Early Termination:** (a) An Early Termination Amount will be payable, being an amount (as determined by us) equal to (a) the sum of the Close-out Amount(s) (positive or negative) for each terminated Transaction or group of terminated Transactions and the Unpaid Amounts owing to us less (b) the Unpaid Amounts owing to you, all amounts being expressed in the Termination Currency Equivalent. If the Early Termination Amount is a positive number, you will pay it to us. If it is a negative number, we will pay the absolute value of that amount to you. (b) Any Close-out Amount will be determined by the Bank in good faith. Each Close-out Amount will be determined as of the Early Termination Date, or as of the date(s) following the Early Termination Date as would be commercially reasonable. (c) In determining a Close-out Amount, we may consider any relevant information including quotations (firm or indicative) for replacement transactions supplied by third parties regularly engaged in similar transactions, market data or internal information. We may include, without duplication, costs of funding, and any reasonable loss or cost incurred in connection with our terminating or re-establishing any hedge related to the terminated FX Transaction(s) (or any resulting gain). (d) Unpaid Amounts and the amounts payable by you under Condition 9 (Costs and Expenses) will be excluded in determinations of Close-out Amounts.
- 8.5 **Calculations:** As soon as reasonably practicable after an Early Termination Date, we will calculate the Early Termination Amount and provide to you a statement specifying any Early Termination Amount payable. An Early Termination Amount due in respect of an Early Termination Date shall be paid on the date of such statement specifying the amount payable, together with interest thereon in the Termination Currency from (and including) the Early Termination Date to (but excluding) the date such amount is paid (before and after judgment).
- 8.6 **Pre-Estimate:** The Parties agree that an amount recoverable under Condition 8.4 (Payments on Early Termination) is a reasonable pre-estimate of loss and not a penalty.



Such amount is payable for loss of bargain and loss of protection against future risks. Except as otherwise provided in this Part of these Conditions, neither Party will be entitled to any additional damages in respect of the termination of the terminated FX Transactions.

- 8.7 Right of Set-off: If any sum is payable by us to you under Condition 8.4 (Payments on Early Termination), such sum will, at our option, be reduced by our set-off against any other amounts (“Other Amounts”) payable by you to us (whether or not arising under the Agreement, matured or contingent, and irrespective of the currency, place of payment, or place of booking of the obligation). For this purpose, the Other Amounts (or the relevant portion of such amounts) may be converted by us into the Termination Currency at the Exchange Rate. This Condition shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which we are at any time otherwise entitled (whether by operation of law, contract or otherwise).
- 8.8 Conclusive statement: A statement issued by us setting out our calculation and the amount payable under Condition 8.4 (Payments on Early Termination) above shall be conclusive and binding on you.

9. Costs and Expenses

- 9.1 Payment of fees: You shall pay to us the fees, commissions and charges in connection with the transactions contemplated under the Agreement at the rate and in the amount and manner notified by us to you from time to time.
- 9.2 Cost Indemnity: You shall indemnify us against all losses, reasonable costs and expenses (including the legal fees on a full indemnity basis) reasonably incurred by us in connection with the transactions contemplated in the Agreement, including all losses, costs and expenses reasonably incurred by us as a result of:
- (a) the performance, perfection or enforcement of, or the preservation of rights under, the Agreement or any transaction contemplated in the Agreement;
 - (b) the preparation, execution or amendment of any documents in connection with the Agreement or any transaction contemplated in the Agreement; or
 - (c) your failure to duly and timely perform its obligations under the Agreement or any transaction contemplated in the Agreement.

10. Interest

10.1 Interest on Early Termination Amount: If an Early Termination Amount is due from us to you in respect of an Early Termination Date, interest payable on such Early Termination Amount shall accrue at the rate of our cost of fund (as determined by us in good faith). If an Early Termination Amount is due from you to us in respect of an Early Termination Date, (i) in relation to the period commencing from the Early Termination Date until the date of the statement specifying the amount payable for such Early Termination Date issued under Condition 8.5 (Calculations), interest on the Early Termination Amount shall accrue at the rate of our cost of fund (as determined by us in good faith) and (ii) in relation to the period thereafter, interest payable on such Early Termination Amount shall accrue at the default rate of 8.5% per annum over the higher of our best lending rate and our cost of fund.

10.2 Default Interest: We may charge default interest (at such rate and on such basis as we may determine from time to time) on any sum not paid by you when due. Your obligation to pay default interest on overdue sums shall continue until all sums owing by you to us have been paid in full. Unless otherwise stipulated, a default rate of 8.5% per annum over the higher of our best lending rate and our cost of fund, will apply to any sum not paid when due.

11. Security

You shall, upon our demand:

- (a) immediately provide such security, or additional security, in form and value as may be required in our sole opinion sufficient to secure any of your obligations and liabilities to us under the Agreement; and
- (b) execute and deliver to us any security documents in form and substance satisfactory to us over any of your assets as we specify in any such demand.

12. Set-off and Consolidation

12.1 Account set-off: We may, at any time and without notice, combine or consolidate all your accounts with us, our subsidiary, associated or holding company and apply any credit balance to which you are entitled, either alone or jointly, in or towards satisfaction of any obligation (whether or not matured, actual, future, contingent, unliquidated or



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unascertained) owed by you to us, regardless of the currency, the place of payment or the office through which we are acting.

12.2 Right of set-off: We may, at any time without notice or demand, set-off any obligation owed by you to us against any obligation (whether or not matured) owed by us to you, regardless of the place of payment, the branch through which we are acting or currency of either obligation.

12.3 Foreign currency: We are authorised to purchase, at the Exchange Rate, such other currencies as may be necessary to effect such application with the monies standing to the credit of such account in Condition 12.1 (Account set-off) above. If the obligations referred to in Condition 12.2 (Right of set-off) above are in different currencies, we are also authorised to convert either obligation at the Exchange Rate for the purposes of exercising its set-off right.

12.4 Unliquidated amount: If any of the obligations referred to in Conditions 12.1 (Account set-off) above and 12.2 (Right of set-off) above is unliquidated or unascertained, we may set off an amount estimated by it in good faith to be the amount of that obligation.

13. Telephone Recording

You agree that we may record telephone conversations between us and you, including any director, officer, employee, agent or representative of each Party. You further agree that any such recording may be submitted in evidence to any court or in any formal proceeding for any purpose relating to the Agreement or any FX Transaction.

14. Change in Constitution

All agreements, collaterals, obligations given or assumed by you shall continue to be valid and binding notwithstanding any change in your or our constitution, by amalgamation, consolidation, reconstruction or otherwise.

15. Continuing Agreement, Waivers and Remedies

15.1 Continuing agreement: This is a continuing agreement and all the rights, powers and remedies under the Agreement shall apply to all the obligations and liabilities of you to us and shall be binding on you and your respective successors and assigns notwithstanding any event affecting your capacity to be bound by the Agreement.

15.2 Exercise of rights: Our rights under the Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law and any other agreement; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right by us is not a waiver of that right.

16. Relationship between Parties

You represent and warrant to us on each date on which you enter into a FX Transaction and on each day during the existence of a FX Transaction that:

16.1 Non-Reliance: You are acting for your own account as principal and not as agent or trustee for any other person, and you have made your own independent decisions to enter into that FX Transaction and as to whether that FX Transaction is appropriate or proper for you based upon your own judgment and upon advice from such advisers as you have deemed necessary. You are not relying on any communication (written or oral) of ours or our employee as investment advice or as a recommendation to enter into that FX Transaction, it being understood that information, materials and explanations related to the terms and conditions of a FX Transaction will not be considered investment advice or a recommendation to enter into that FX Transaction. No communication (written or oral) received from us or our employee will be deemed to be an assurance or guarantee as to the expected results and performance of that FX Transaction.

16.2 Assessment and Understanding: You are capable of assessing the merits of and understanding (on your own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that FX Transaction. You are also capable of assuming, and assumes, the risks of that FX Transaction.

16.3 Status of Parties: We are acting as principal and are not acting as a fiduciary for or an adviser to you in respect of that FX Transaction.

17. Severability

If any provision of the Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of the Agreement;
or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of the Agreement.

RISK DISCLOSURE STATEMENTS

GENERAL

Investments involve risks. This brief statement does not disclose all of the risks and other significant aspects of trading in investments. In light of the risks, you should undertake a Transaction only if you have thoroughly read and fully understood these Conditions, the relevant offer documents, the nature of the contract (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in investment products is not suitable for many members of the public. You should carefully consider whether the Transaction is suitable for you in the light of your financial situation, investment experience, investment objectives and other relevant circumstances. You are strongly advised to seek independent professional advice if you are uncertain of or have not understood any aspect of these Conditions (including these Risks Disclosure Statements), the relevant offer documents or the nature and risks of any Transaction.

Investments involve risks of loss to their principal. Transactions are “non transferable” and it may be impossible for you to close out or liquidate them. Investments are not bank deposits and are not endorsed or guaranteed by us, and do not constitute our obligations or the obligations of our subsidiaries, associates or affiliated companies.

Notwithstanding any communication that each party (or its affiliates or agents) may have had with the other party, you acknowledge that:

- (a) you have been given the opportunity to obtain information from us concerning each Transaction. Notwithstanding the foregoing, you are not relying on communication (written or oral) from us or our affiliates as legal, regulatory, tax, business, financial or accounting advice. Such communication should not be the basis on which you entered into the Transaction, and should be independently confirmed by you prior to entering into the Transaction; and

- (b) we and our affiliates may have banking or other commercial relationships with the issuer of any investment or any other person and may engage in proprietary trading in the investment or any related options, futures, derivatives or other instruments (including such trading as we or our affiliates deem appropriate in our or their sole discretion to hedge our or their market risk on any Transaction and other transactions with you or with third parties), and such trading may affect the price of the investment and consequently the amounts payable or deliverable under a Transaction. Such trading may be affected at any time.

You confirm to us that you have sufficient knowledge and experience to be able to evaluate the merits and risks of entering into each transaction, are acting in reliance solely upon your own judgment or upon professional advice obtained independently of us as to those merits and risks (including, where relevant, the tax and accounting treatment of each transaction) and are not relying upon our views or advice.

RISK OF INVESTMENT

The prices of investment fluctuate, sometimes dramatically. The price of an investment 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 investments.

In certain circumstances, your right to redeem or sell or otherwise dispose of an investment may be restricted or your ability to do so may be limited, inhibited or restricted in certain manner. (Where past performance is quoted) the past performance figures shown are not indicative of future performance.

RISK OF MARGIN TRADING

The risk of loss in margin trading can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent order, such as “stop-loss” or “stop-limit” orders, will not necessarily avoid losses or limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account and interest charged on your account. A demand for additional deposit is not a precondition to and does not in any way limit our right to liquidate your open positions according to the relevant terms and conditions. You should therefore carefully consider whether such trading is suitable in the light of your own financial position and investment objectives.

RISK OF TRADING OPTIONS

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

The value of an investment with embedded options fluctuates, sometimes dramatically. The price of an investment 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 an investment. The payout on an investment may be linked to the value or performance of an underlying security, index, fund, asset or a combination of the foregoing. You may lose your entire investment or receive, in place of any redemption proceeds, underlying security the market value of which may be significantly lower than your original investment.

Variable degree of risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the

market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Terms and conditions of contracts

You should ask the firm with which you deal about the terms and conditions of the specific options which you are trading and associated obligations (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest, and expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

Suspension or restriction of trading and pricing relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or “circuit breakers”) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the option may not exist. The absence of an underlying reference price may make it difficult to judge “fair value”.

Deposited cash and property

You should be familiarised with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Transactions in other jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

Currency risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

Trading facilities

Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or participant firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

Electronic trading and transmission of information

Trading or receiving/sending information on an electronic trading system may differ from trading or receiving/sending information on other electronic trading systems. If you undertake Transactions on, or receives and/or sends data, instructions and/or other information (including confirmations, statements and receipts) over, an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, or that the data, instructions and/or other such information is not received and/or sent accurately, or in each case, not at all.

Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should be familiarised with applicable rules and attendant risks.

RISK OF FOREIGN EXCHANGE TRADING

This is a product involving derivatives. The investment decision is yours but you should not invest in the product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.

The following risk disclosure cannot disclose all the risks and other significant aspects involved. Please note that the risk of loss in foreign exchange transactions may be highly substantial in certain circumstances. Before entering into any transaction, you should ensure that you fully understand the transaction and all its possible risks and has independently determined that the transaction is appropriate for you given your objectives, experience, financial and operational conditions and other relevant circumstances. You should also consider consulting with such advisers as you deem necessary to assist you in making these determinations. **We are acting as a principal and not acting as your adviser or fiduciary in respect of the foreign exchange transactions. You are deemed to have made your own independent decision to enter into the foreign exchange transactions and must not rely on any communication (written or oral) from us or any of our employees as a recommendation or as investment advice.**

In each foreign exchange transaction, you will be exposed to exchange rate volatility. You may sustain substantial losses on the transaction if the market conditions move against your positions under the transactions. It is in your interest to fully understand the impact of market movements, in particular the extent of profit/loss you would be exposed to when there is an upward or downward movement in the relevant rates, and the extent of loss if you liquidate a position should market conditions move against you. Your position may be liquidated at a loss. **In the worst case scenario for any foreign exchange transaction, you may incur the loss for the entire amount of currency (or its equivalent value) that you sell in such transaction if the currency amount that you buy in the transaction is worthless.**

Under certain market conditions, you may find it difficult or impossible to liquidate or trade in a foreign exchange transaction, to assess a fair price or assess risk exposure. In particular, the underlying currency of a non-deliverable forward transaction may not have a ready market. Consequently, the non-deliverable forward transaction may be very illiquid and, in such event, you may sustain substantial losses as the bid/offer spreads may be very wide if the market moves against your position. You should also ensure that you fully understand the computation of the pricing of the non-deliverable forward transaction.

You may also need to provide cash cover (or additional cash cover) to cover your obligations under foreign exchange transactions as required by us.

The risks as described above are by no means exhaustive. We strongly recommend that you should make your own risk assessment (with the consultation of your own advisers) regarding the risks associated with any foreign exchange transaction before you enter into any foreign exchange transaction.

RISK OF LEVERAGED FOREIGN EXCHANGE TRADING

The risk of loss in leveraged foreign exchange trading can be substantial. You may sustain losses in excess of your initial margin funds. Where applicable placing contingent orders, such as “stop-loss” or “stop-limit” orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in the light of your own financial position and investment objectives.

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. You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers. You should seek independent professional advice if you

are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

RISK OF FUNDS AND UNIT TRUSTS

Investment in funds or unit trusts is different to placing moneys on deposit with a bank. The funds or unit trusts are not deposits or other obligations of, or guaranteed by, our affiliates or us. The fund company or unit trust manager is under no obligation to redeem shares in any fund or unit trust at the price at which they were issued. Although we may not charge a fee for providing services relating to funds or unit trusts, we will normally be paid a commission or rebate by the fund or unit trust manager for arranging transactions involving funds or unit trusts.

Since some markets in which some of the funds or unit trusts invest may be subject to a higher than usual risk of political or economic instability, the assets of and income from such funds or unit trusts may be affected unfavorably by fluctuations in currency rates, exchange control and fiscal regulations and as a result, the shares of these funds and unit trusts may be subject to substantial price volatility. Some markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those applicable in more advanced countries, and there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more advanced securities markets.

Certain funds or unit trusts may invest in higher yielding securities rated lower than investment grade. Below investment grade securities such as, for example, high yield debt securities, may be considered speculative and can include securities that are unrated or in default. As a result, investment in these funds or unit trusts are accompanied by a higher degree of credit risk than is present in investment in higher rated, lower yielding securities.

You should carefully consider prior to investing in funds or unit trusts, (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange control requirements which you might encounter under the laws of the countries of your incorporation, citizenship, residence or domicile and which might be relevant to the purchase, sale, subscription, holding, conversion or disposal of the shares in funds or unit trusts.

The market for technology or technology-related funds or unit trusts can be highly volatile and in many cases their prices may reflect market speculation rather than the underlying economic value of such funds or unit trusts.

Certain capital guaranteed/capital preserved funds or unit trusts may be subject to terms and conditions, and redemption of shares in the funds or unit trusts prior to fulfilling all the terms and conditions specified in the offering documents or prospectus may be subject to market fluctuations or a redemption fee. Capital guaranteed/capital preserved funds or unit trusts are not guaranteed by us or our affiliates.

RISK OF EXCHANGE TRADED FUNDS (ETF)

An ETF is a fund. It is exposed to the economic, political, currency, legal and other risks of the sector or market related to the index that it is tracking. A synthetic ETF may invest in over-the-counter derivatives issued by counterparties. It is exposed to the risks of the securities that constitute the index and the credit risk of such counterparties, and may suffer losses potentially equal to the full value of the derivatives issued by the counterparty upon its default. A number of different counterparties may be used in order to diversify the counterparty credit risk concentration. However, the more counterparties an ETF has, the higher the mathematical probability of the ETF being affected by a counterparty default. The issuers of these derivatives are predominantly international financial institutions and this, in itself, may pose a concentration risk. It is possible that the failure of one derivative counterparty has a “knock-on” effect on other derivative counterparties of the ETF. Some synthetic ETFs have collateral to reduce the counterparty risk, but there may be a risk of the market value of the collateral falling substantially when the ETF seeks to realise the collateral. A higher liquidity risk is involved if an ETF uses financial derivative instruments which do not have an active secondary market. Bigger bid and offer spreads in the price of the derivatives may result in losses.

There may be a disparity between the performance of the ETF and the performance of the underlying index due to, e.g., failure of the tracking strategy, foreign exchange differences, fees and expenses. Where the index or market that an ETF tracks has restricted access, units in the ETF may not be created or redeemed freely and efficiently. An ETF may trade at a price higher or lower than its net asset value (NAV). In the event the ETF is terminated, investors who buy at a premium would not be able to recover the premium.

An ETF may be subject to tax imposed by the local authorities in the market related to the index that it tracks, emerging market risks and risks in relation to the change of policy of the reference market.

RISK OF WARRANTS

Warrants are complicated, high-risk instruments suitable only for experienced investors. They offer a leveraged exposure to movements in their underlying stock, but factors in addition to the

underlying stock price affect warrant prices. The price of a warrant may fluctuate more than the underlying stock price does. Although leverage may give you a higher return, it also exposes you to a higher risk. Warrants become valueless after their expiry date, or if it is out-of-the-money on the expiry day. You will assume the credit risk of the issuer. The risks of holding warrants are higher than those of holding the underlying stock. You should consider carefully whether a warrant is suitable for you in the light of your experience, investment objectives and financial position. You should read the listing documents and understand the risks, the return profile, the terms and conditions, and seek professional financial advice if you have any doubt.

RISK OF CALLABLE BULL / BEAR CONTRACTS (CBBC)

CBBCs are complicated, leveraged instruments suitable only for experienced investors. They offer a leveraged exposure to movements in their underlying stock or index, but the price movement of a CBBC may not exactly match that of the underlying asset when the underlying price is very close to the call price. Although leverage may give you a higher return, it also exposes you to a higher risk. You may lose all your investment. Some CBBCs may pay nothing if they are called. CBBCs are not designed to be long-term investments. You will assume the credit risk of the issuer. You should consider carefully whether a CBBC is suitable for you in the light of your experience, investment objectives and financial position. You should read the listing documents and understand the risks, the return profile, the call feature, the expiry date, the terms and conditions, and seek professional financial advice if you have any doubt.

SAVINGS PLAN

There may not be an active market for odd lots, and odd lots may only be sold at a price substantially less than board lots. We may not be able to buy for you investments in the required or any quantity. A long term plan may become unsuitable for you by reason of changes in the underlying investments or in your circumstances.

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

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



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

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if we issue you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority. You are not required by any law to sign these authorities. But an authority may be required by us, for example, to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. We should explain to you the purposes for which one of these authorities is to be used.

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

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

RISK OF YOUR ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Your assets received or held by us or our nominee 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, your asset may not enjoy the same protection as that conferred on customer asset received or held in Hong Kong.

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

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

RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED



The securities under the Nasdaq-Amex Pilot Program (PP) are aimed at sophisticated investors. You should consult us and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

RISK OF CUSTODY

There may be risks in leaving securities in our safekeeping. For example, if we are holding your securities/ units and we become insolvent, you may experience significant delay in recovering the securities.

RISKS IN SENDING NOTICES

All notices or other communications in connection with the Agreement are to be sent at your own risk. We do not assume any responsibility for any inaccuracy, interruption, error or delay or total failure in transmission or delivery by post, facsimile or other written form of electronic communication.

[The English version of these Conditions prevails over the Chinese version.]