



粵創證券投資有限公司
INNOVEST SECURITIES INVESTMENT LTD

Corporation licensed for Type 1 regulated activities under the Securities and Futures Ordinance

CLIENT AGREEMENT

(201807)

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

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

Part 1 – Definition and Interpretation

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

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

“Exchange”	the Stock Exchange of Hong Kong Limited;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Special Administrative Region of Hong Kong of the People’s Republic of China;
“Instruction(s)”	any instruction(s) given by the Client and/or the Authorized Person(s) for buying, selling, other disposition or dealing of any Securities and other order(s) incidental; thereof;
“PRC”	the People’s Republic of China;
“Securities”	shall have the meanings ascribed to it under the SFO;
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Transaction(s)”	any transaction(s) in Securities and other transaction(s) incidental thereof which Innovest Securities Investment Limited effects for or on behalf of the Client.

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

Part 2 – Standard Terms and Conditions

1. Application

- 1.1 These terms form the standard terms and conditions of this Agreement and unless the context otherwise stated, shall be binding on all Clients and/or Innovest Securities Investment Limited. If the Client is approved by Innovest Securities Investment Limited to use Electronic Trading Services provided by Innovest Securities Investment Limited, the Client shall be further subject to the terms and conditions set out respectively in Part 3. If there is any inconsistency, the provisions for a particular service will prevail over general provisions.
- 1.2 The Client agrees to and hereby irrevocably appoint Innovest Securities Investment Limited with full power and authority as the Client's true and lawful attorney, to the fullest extent permitted by law, to act for and on the Client's behalf for the purpose of carrying out the provisions of this Agreement and taking any action and execution any document or instrument in his name or in Innovest Securities Investment Limited's own name which Innovest Securities Investment Limited may deem necessary or desirable to accomplish the purposes of this Agreement.

2. The Account

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

3. Applicable Laws and Rules

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

4. Instructions and Transactions

- 4.1 Innovest Securities Investment Limited will act as the Client's agent in effecting Transactions unless Innovest Securities Investment Limited indicates (in the combined daily statement which includes the contract notes and receipts for the relevant Transaction or otherwise) that Innovest Securities Investment Limited is acting as principal.
- 4.2 The Client agrees that Innovest Securities Investment Limited shall not be accountable to the Client for any commissions, remuneration, rebates or other benefits which Innovest Securities Investment Limited may receive from or offer to any person in respect of any Transaction or business conducted with the Client or on the Client's behalf.
- 4.3 The Client agrees that Innovest Securities Investment Limited (including Innovest Securities Investment Limited's directors, officers, licensed representatives and employees) does not provide tax, legal or investment advice nor does Innovest Securities Investment Limited give advice or offer any opinion or recommendation with respect to the suitability of any Securities or Transactions. The Client agrees that the Client, independently and without reliance on Innovest Securities Investment Limited, makes his own decisions and judgments with respect to his Instructions.
- 4.4 The Client or the Client's Authorized Person(s) may give Instructions to Innovest Securities Investment Limited (which Innovest Securities Investment Limited may in its absolute discretion reject) to effect Transactions or other transactions for the Client. Innovest Securities Investment Limited may act on such Instructions given orally, in writing or electronically which purport, and which Innovest Securities Investment Limited reasonably believes to come from the Client or the Client's Authorized Person(s) or to have been given on behalf of the Client. Innovest Securities Investment Limited will not be under any duty to verify the capacity of the person(s) giving those Instructions.
- 4.5 Unless otherwise inform Innovest Securities Investment Limited in writing, the Client confirms that the Client is the beneficial owner of the Securities under his Account free from any lien, charge, equity or encumbrance save as created by or under this Agreement and is ultimately responsible for originating the Instruction in relation to all Transactions. If, in relation to any particular Transaction in the Client's Account, the Client is not the person or entity (legal or otherwise) ultimately responsible for originating the Instruction or the person or entity (legal or otherwise) that stands to gain its commercial or economic benefit and/or bear its commercial or economic risk, the Client undertakes and agrees to provide information on the identity, address and contact and other details of such person or entity to Innovest Securities Investment Limited before giving the Instruction to Innovest Securities Investment Limited. The Client also undertakes and agrees to provide such information to Innovest Securities Investment Limited, or direct to the relevant exchange, government agencies or regulators within two (2) Business Days of Innovest Securities Investment Limited's written request and such undertaking and agreement will survive any termination of this Agreement.
- 4.6 The Client confirms that until such time as Innovest Securities Investment Limited receives written notice from the Client to the contrary in respect of one or more specific Transactions, the Client will not give Innovest Securities Investment Limited any Instruction to sell securities which is a short selling order (as defined in section 1 of Part 1 of Schedule 1 to the SFO) to be executed at or through the Exchange.
- 4.7 Without prejudice to Clause 4.6 above, in respect of each short selling order to be transacted at or through the Exchange upon the Client's Instruction, the Client understands the relevant provisions of sections 170 and 171 of the SFO and its related subsidiary legislation and agrees to ensure compliance with the same by the Client and any other relevant persons.
- 4.8 On all Transactions, the Client will pay Innovest Securities Investment Limited's commissions and charges, as notified to the Client, as well as applicable fees and levies imposed by the Exchange and/or the SFC, and all applicable stamp duties. Innovest Securities Investment Limited may deduct such commissions, charges, levies, fees and duties from the Account. The Client acknowledges and agrees that the commission rates and fees are determined and set solely by Innovest Securities Investment Limited, the Exchange, the SFC and other government agencies, and are subject to change at any time.
- 4.9 Innovest Securities Investment Limited may determine the priority in the execution of the Client's Instructions having due regard to market practice, applicable regulations and fairness to all Clients.
- 4.10 Innovest Securities Investment Limited may, without prior notice to the Client, combine for execution the Client's Instructions with the Instructions of other Clients. This may result in a more favorable or less favorable price being obtained for the Client than executing the Client's Instructions separately. Where there are insufficient Securities to satisfy the Instructions so combined, the Transactions will be allocated between Clients with due regard to market practice and fairness to Clients.

- 4.11 Innovest Securities Investment Limited will not be liable for any delay or failure in the transmission of Instructions due to breakdown or collapse of communication facilities or for any other delay or failure beyond the control of Innovest Securities Investment Limited.
- 4.12 By reason of physical restraints and rapid changes of Securities prices, Innovest Securities Investment Limited may not always be able to execute the Client's Instructions in full or at the prices quoted at any specific time or "at best" or "at market" and the Client agrees to be bound by such executions. All Instructions in respect of the transactions in the Securities traded on the Exchange given by the Client are good for the day on which they were given. They will be automatically cancelled if not executed by the close of trading on the Exchange or such other expiration date required by the Exchange. Innovest Securities Investment Limited may execute these Instructions at any time prior to their automatic cancellation or receipt of cancellation Instructions, and the Client accepts full responsibility for the Transactions so executed.
- 4.13 The Client may request to cancel or amend their Instructions in respect of the Transactions but Innovest Securities Investment Limited may at its discretion (such discretion not to be exercised in an unreasonable manner) refuse to accept any such request. These Instructions may be cancelled or amended only before execution. Cancellation of market Instructions is rarely possible as they are subject to immediate execution. In the case of full or partial execution of the Client's Instructions before cancellation, the Client accepts full responsibility for the executed Transactions and Innovest Securities Investment Limited shall incur no liability in connection therewith.
- 4.14 The Client understands and agrees that Innovest Securities Investment Limited may use a telephone record system to record conversations and Instructions with the Client and the Client's Authorized Persons. The Client acknowledges and warrants that each Authorized Person also consents to such recording.
- 4.15 The Client may request Innovest Securities Investment Limited to subscribe for Securities offerings on the Client's behalf. Innovest Securities Investment Limited may be required to provide warranty or make representation in respect of such application, including but not limited to the following:
- (a) that Innovest Securities Investment Limited has due authority to make such application on the Client's behalf;
 - (b) that no other application is being made for the Client's benefit whether by the Client himself or by any other person other than the application submitted on the Client's behalf.
- The Client hereby expressly authorizes Innovest Securities Investment Limited to provide such warranty and representation to the Exchange or issuer of the relevant Securities. The Client acknowledges that the aforesaid declaration will be relied upon by the issuer of the relevant Securities in deciding whether or not to make any allotment of Securities in response to the application made by Innovest Securities Investment Limited as the Client's agent.
- 4.16 At the Client's request, Innovest Securities Investment Limited may provide financial accommodation to facilitate the subscription of Securities offerings, and, where applicable, for the continued holding of those Securities under a separate agreement to be made between the Client and Innovest Securities Investment Limited.
- 4.17 The Client understands that Innovest Securities Investment Limited generally does not accept stop-loss orders. If such orders are accepted, Innovest Securities Investment Limited does not guarantee the execution of such orders.
- 4.18 The Client agrees that Innovest Securities Investment Limited may, in its discretion and without giving the Client prior notice, prohibit or restrict the Client's ability to trade Securities through the Account. The Client agrees that Innovest Securities Investment Limited is not liable for any losses and/or damages, actual or hypothetical, as a result of such restrictions.

5. Settlement

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

- (i) in the case of a purchase Transaction, sell or transfer the purchased Securities to cover the settlement; and
 - (ii) in the case of a sale Transaction, force buy back and/or purchase Securities in the market directly in order to settle the Transaction.
- 5.2 The Client will indemnify Innovest Securities Investment Limited against any losses, costs, fees and expenses resulting from the Client's settlement failures.
- 5.3 The Client agrees to pay a penalty charge for each settlement failure at such rates and on such other terms as Innovest Securities Investment Limited has stipulated at its discretion and notified the Client from time to time.
- 5.4 The Client agrees to pay interest on all monies (including overdue interest) owing to Innovest Securities Investment Limited (after, as well as before, a judgment debt is obtained against the Client) at such rates and on such other terms as Innovest Securities Investment Limited has stipulated at its discretion and notified the Client from time to time.

The Client agrees to pay for the costs and expenses of collection of the overdue balances and any unpaid deficiency in the Account(s), including without limited to attorney's fees, court costs and any other costs incurred paid by Innovest Securities Investment Limited.
- 5.5 The Client acknowledges that delivery of any Securities that Innovest Securities Investment Limited may have purchased on behalf of the Client from the selling party is not guaranteed. In the case that Innovest Securities Investment Limited has confirmed with the Client that the relevant purchase Transaction was completed but the selling party or its broker fails to deliver on the settlement date and Innovest Securities Investment Limited has to purchase the Securities to settle the Transaction, the Client will not be responsible to Innovest Securities Investment Limited for the costs of such purchase.
- 5.6 The Client acknowledges and agrees that Innovest Securities Investment Limited may appoint any person as its agent (the "debt collection agent") to collect any amount due by the Client to Innovest Securities Investment Limited under the Agreement and the Client shall be responsible for all costs and expenses which may be incurred by Innovest Securities Investment Limited for that purpose on each occasion. Further, Innovest Securities Investment Limited shall have, and the Client admits and agrees that Innovest Securities Investment Limited does have, the right to disclose to the debt collection agent any of the Client's personal data for that purpose on any occasion.

6. Safekeeping of Securities

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

- (b) borrow or lend any of the Client's Securities; and
- (c) otherwise part with possession (except to the Client or on the Client's Instructions) of any of the Client's Securities for any purpose.

6.5 Subject to settlement of all outstanding balances of any and all of the Accounts owing to Innovest Securities Investment Limited (if any), Securities purchased for the Client will be delivered to the Client provided that:

- (a) such Securities are fully paid; and
- (b) such Securities are not subject to any lien.

7. Cash Held for the Client

7.1 Any cash held for the Client, other than cash received by Innovest Securities Investment Limited in respect of settling a Transaction and/or fulfilling other debt obligations by the Client, will be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.

7.2 Subject to any written agreement to the contrary, the Client hereby agrees that, Innovest Securities Investment Limited shall be entitled at any time and from time to time withhold, withdraw and retain for its own use and benefit absolutely any and all interest at any time and from time to time earned, accrued, paid, credited or otherwise derived from the retention at any time or from time to time of any and all amounts:

- (a) received for the Account(s) of the Client in respect of dealing in Securities;
- (b) for or on account of the Client;
- (c) in any trust account established by Innovest Securities Investment Limited under the SFO;
- (d) received or held by Innovest Securities Investment Limited or any of Innovest Securities Investment Limited's nominees, agents, representatives, correspondents or bankers for or on account in any other circumstances, for any purpose or pursuant to any Transaction.

8. Exchange Conversion

In respect of any Transaction on the Account(s) executed in any currency other than the currency that the Client has in the Account(s), any profit or loss arising as a result of exchange rate fluctuation will be entirely for the Account and at the Client's risk, and will accordingly be credited or debited (as the case may be) to the Account at the exchange rate adopted by the relevant bank at the time. The Client is also responsible for any expenses and charges that may be incurred as a result of such foreign exchange.

9. Brokerage, Fees, Soft Commission and Rebates

9.1 Innovest Securities Investment Limited is hereby authorized, to the extent permitted by Applicable Laws and Regulations, to:

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

10. Joint Account

10.1 Where the Client consists of more than one person:

- (a) the liability and obligations of each of them shall be joint and several and references to the Client shall be construed, as the context requires, to any or each of them;
- (b) Innovest Securities Investment Limited shall be entitled to, but shall not be obliged to, act on Instructions or any other requests from any of them;

- (c) each of them shall be bound though any other Client or any other person intended to be bound is not, for whatever reason, so bound; and
- (d) any notice, payment or delivery by Innovest Securities Investment Limited to either any one the joint Account holders shall be a full and sufficient discharge of Innovest Securities Investment Limited's obligations to notify, pay or deliver under this Agreement.

10.2 Where the Client consists of more than one person, on the death of any of such persons (being survived by any other such persons), this Agreement shall not be terminated and the interest in the Account of the deceased will thereupon vest in and ensure for the benefit of the survivor(s) provided that any liabilities incurred by the deceased Client shall be enforceable by Innovest Securities Investment Limited against such deceased Client's estate. The surviving Client(s) shall give Innovest Securities Investment Limited written notice immediately upon any of them becoming aware of any such death.

11. Lien, Set-off and Combination of Accounts

11.1 All Securities held for the Account shall be subject to a lien by way of first fixed charge in Innovest Securities Investment Limited's favour for the performance of the Client's obligations to Innovest Securities Investment Limited arising in respect of dealing in Securities for the Client. In addition, Innovest Securities Investment Limited shall have a lien by way of first fixed charge over any and all Securities, acquired on the Client's behalf, or in which the Client has an interest (either individually or jointly with others) which are held for the Accounts and all cash and other property at any time held by Innovest Securities Investment Limited on the Client's behalf, all of which shall be held by Innovest Securities Investment Limited as a continuing security for the payment and/or discharge of the Client's obligations to Innovest Securities Investment Limited arising from the business of dealing in Securities and all stocks, shares (and the dividends or interest thereon) rights, monies or property accruing or offered at any time by way of redemption, bonus, preference, option or otherwise to or in respect of such Securities. Upon default by the Client in payment on demand or on the due date therefor of any of the Client's indebtedness to Innovest Securities Investment Limited or any default by the Client hereunder, Innovest Securities Investment Limited shall have the right, acting in good faith, to sell or otherwise dispose the whole or any part of such security as when and how and at such price and on such terms as Innovest Securities Investment Limited shall think fit and to apply the net proceeds of such sale or disposition and any monies for the time being in Innovest Securities Investment Limited's hands in or towards discharge of the Client's indebtedness to Innovest Securities Investment Limited.

11.2 Subject to the provisions of the SFO and relevant rules made thereunder and without prejudice to any of the rights Innovest Securities Investment Limited may have, Innovest Securities Investment Limited shall be entitled and authorized to, at any time or from time to time and without prior notice to the Client, notwithstanding any settlement of Account or other matter whatsoever, combine or consolidate any or all of the Accounts (of whatever nature and whether held individually or jointly with others) maintained with Innovest Securities Investment Limited and set-off or transfer any money, securities or other property standing to the credit of any one or more of such Accounts in or towards satisfaction of the indebtedness, obligations or liabilities of the Client towards Innovest Securities Investment Limited on any other Accounts whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint and secured or unsecured. Where such set-off, consolidation, combination or transfer requires the conversion of one currency into another, such conversion shall be calculated at the rate of exchange conclusively determined by Innovest Securities Investment Limited to be applicable.

12. Money Laundering

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

13. Tax Requirements

13.1 The Client authorizes and agrees to Innovest Securities Investment Limited to disclose account and personal information to any local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or

self-regulatory or industry bodies or associations of financial service providers, including but not limited to any settlement and clearing agencies, all of which may be within or outside Hong Kong and may be existing currently and in the future, where such disclosure is required under :

- (a) applicable laws, binding or applying to Innovest Securities Investment Limited within or outside Hong Kong;
- (b) any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers within or outside Hong Kong; and
- (c) any present or future contractual or other commitments with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial service providers that are assumed by or imposed on Innovest Securities Investment Limited by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations.

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

14. Amendment

14.1 Innovest Securities Investment Limited may from time to time in its absolute discretion add, amend, delete or substitute any of the terms and conditions of this Agreement by giving the Client notice of such changes which will become effective from the date specified in such notice.

14.2 The Client acknowledges and agrees that if the Client does not accept any amendments (including the amendments to Innovest Securities Investment Limited's commission rates and fees etc.) as notified by Innovest Securities Investment Limited from time to time, the Client shall have the right to terminate this Agreement in accordance with the termination clause under this Agreement. The Client further agrees that any amendments shall be deemed to be accepted by the Client, should Innovest Securities Investment Limited continue to effectuate any Transaction(s) in the Account without being expressly communicated with the Client's objections to such amendments prior to the Transaction(s).

15. Limitation of Liability and Indemnity

15.1 Innovest Securities Investment Limited shall not be liable for any delay or failure to perform their obligations or any losses, damages or costs resulting therefrom so long as they have acted in good faith. Moreover, Innovest Securities Investment Limited shall not be held responsible for any consequences resulting whether directly or indirectly from any uncontrollable events including without limitation government restrictions, imposition of emergency procedures, exchange ruling, third party conduct, suspension of trading, breakdown or collapse of communication facilities, war, strike, market conditions, civil order, acts or threatened acts of terrorism, natural disasters, or any other circumstances beyond Innovest Securities Investment Limited's control whatsoever.

15.2 The Client further agrees that Innovest Securities Investment Limited (including Innovest Securities Investment Limited's directors, officers, licensed representatives and employees) shall not be liable in respect of any information rendered, whether such information was given at the Client's request.

15.3 The Client shall fully indemnify Innovest Securities Investment Limited (including Innovest Securities Investment Limited's directors, officers, licensed representatives and employees) against all claims, actions, liabilities (whether actual or contingent) and proceedings against any one of them and bear any losses, costs, charges or expenses (including legal fees) which any one of them may suffer or incur in connection with their carrying out of obligations or services, or exercise of rights, powers or discretion under this Agreement, including any action taken by Innovest Securities Investment Limited to protect or enforce its rights, or its security interest under this Agreement, whether or not as a result of any default or breach of the Client.

16. Default

All amounts owing by the Client to Innovest Securities Investment Limited together with interest become immediately due and payable without any notice or demand upon any one of the following events of default:

- (a) if, in Innovest Securities Investment Limited's opinion, the Client has breached any material term of this Agreement or defaulted in respect of any transaction with or through Innovest Securities Investment Limited;
- (b) if any representation, warranty or undertaking to Innovest Securities Investment Limited was when given or hereafter becomes incorrect in any material respect;
- (c) for compliance with any rules or regulations of any relevant exchange or clearing house;
- (d) in the event of the Client's death (in the case of joint Account, Clause 10.2 of this Agreement shall apply) or being declared incompetent or a petition in bankruptcy is filed by or against the Client or an order is made or resolution passed for the Client's voluntary or compulsory winding up or a meeting is convened to consider a resolution that the Client should be so wound up;
- (e) any warranty or order of attachment or distress or equivalent order is issued against any of the Client's Accounts with Innovest Securities Investment Limited; or
- (f) when the Client's Account has become Dormant and the balance of which is zero (i.e. neither cash nor Securities are maintained in the Account) or negative (i.e. in the case that the Client has indebtedness owing to Innovest Securities Investment Limited), and upon the occurrence of any of such events (collectively referred to as "**Default**"), Innovest Securities Investment Limited shall be entitled in its absolute discretion, without notice or demand and without prejudice to any other rights or remedies available to Innovest Securities Investment Limited, forthwith to:
 - (i) sell or realize all or any part of the Client's property held by Innovest Securities Investment Limited in such manner and upon such terms as Innovest Securities Investment Limited may conclusively decide and satisfy the Client's obligations and indebtedness towards Innovest Securities Investment Limited out of the net proceeds (with fees, expenses and costs deducted) thereof;
 - (ii) cancel any open orders for the purchase or sale of Securities;
 - (iii) sell any or all Securities long in the Account;
 - (iv) buy any or all Securities which may be short in the Account; and/or
 - (v) exercise any of its rights under this Agreement.

17. Termination

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

18. Notices and Communication

- 18.1 Any notice or communication given by Innovest Securities Investment Limited to the Client shall be deemed made or given:
- (a) if made by letter, upon delivery to the Client by hand or if sent by prepaid mail, within two (2) days if the

Client is in Hong Kong or within five (5) days if the Client is outside Hong Kong; and

(b) if made by telex, facsimile, electronic mail or other electronic means, upon transmission of the message to or accessible by the Client.

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

19. General Provisions

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

20. Risk Disclosure Statements

20.1 The Client acknowledges that the relevant risk disclosure statements specified in Part 4 hereof form part of this Agreement. If the Client is allowed to use Electronic Trading Services provided by Innovest Securities Investment Limited, the Client shall further acknowledge the relevant risk disclosure statements set out in Part 3 hereof.

21. Representation, Warranties and Undertakings

21.1 The Client represents that he is of required legal age and mentally fit to enter into this Agreement. If the Client is a corporate client, it has obtained all necessary consents from shareholders and directors and has taken all necessary actions to enable the Client to enter into this Agreement and perform its obligations under this Agreement.

21.2 Save as disclosed in the Account Opening Form, the Client represents and warrants to Innovest Securities Investment Limited that the Client is not associated with any directors, employees or licensed representatives of Innovest Securities Investment Limited or its associated companies and agrees that if the Client is or becomes associated with any of such directors, employees or licensed representatives, the Client shall promptly notify Innovest Securities Investment Limited of the existence and nature of such association and acknowledge that Innovest Securities Investment Limited may, upon receipt of such notice, at Innovest Securities Investment Limited's discretion, choose to terminate the Account. If the Client is a corporate client, the expression "Client" in this Clause 21.2 and Clause 21.3 below shall include any of the Client's directors, shareholders or Authorized Persons.

21.3 The Client represents that, unless the Client has previously disclosed in writing to Innovest Securities Investment Limited, the Client is not a director or employee of any exchange, clearing house or any licensed or registered person under the SFO.

21.4 This Agreement and its performance and the obligations contained in this Agreement do not and will not contravene any applicable law and regulations, any provisions of the Client's memorandum and articles of association or by-laws (where applicable), or constitute a breach of default under any agreement or arrangement by which the Client is so bound.

21.5 The Client will not charge, pledge or allow to subsist any charge or pledge over the Client's Securities or monies in the Account or grant or purport to grant an option over any Securities or monies in the Account without the prior written consent of Innovest Securities Investment Limited.

21.6 All representations and warranties appeared in this Agreement shall be deemed to be repeated immediately before each Transaction or dealing is carried out for or any service is provided to the Client or on the Client's behalf.

Part 3 – Additional Terms and Conditions for Internet Trading Client

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

11. The Internet Trading Client acknowledges and agrees that Innovest Securities Investment Limited shall not be deemed to have received or executed the Internet Trading Client's Instructions unless and until the Internet Trading Client has received Innovest Securities Investment Limited's message acknowledging receipt or confirming execution of the Internet Trading Client's Instructions.
12. The Internet Trading Client acknowledges and agrees that if the Electronic Trading Services become temporarily unavailable, the Internet Trading Client may during such period continue to operate the Account subject to Innovest Securities Investment Limited's right to obtain such information regarding the verification of the Internet Trading Client's identity to Innovest Securities Investment Limited's satisfaction.
13. The Internet Trading Client agrees that Innovest Securities Investment Limited shall not be liable for any loss the Internet Trading Client may suffer as a result of using or attempting to use the Electronic Trading Services. The Internet Trading Client further undertakes to indemnify Innovest Securities Investment Limited in full for any loss or damage Innovest Securities Investment Limited may suffer as a result of the use of the Electronic Trading Services, save for damages caused by willful default on Innovest Securities Investment Limited's part.

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

Risk of electronic trading services

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

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

Information and data provided through the electronic trading services relating to securities and the securities markets has been obtained from any securities exchanges and markets and from other third party service providers. Owing to market volatility, possible delay in data transmission process and other reasons, the information and data may not be accurate, complete, timely and in correct sequence. Thus any reliance on such information and data may lead to incorrect investment decisions and/or other actions.

Part 4 –Risk Disclosure Statements for all Clients

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

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

Risk of securities trading

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

Risk of trading Growth Enterprise Market stocks

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

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

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

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

Risks of client assets received or held outside Hong Kong

Client assets received or held by Innovest Securities Investment Limited outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap.571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

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

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

Risk of trading NASDAQ-AMEX securities at the Exchange

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

Risk of Bonds

- (a) The price of bonds can and does fluctuate, sometimes dramatically. The price of a bond may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling of bonds. Also, there may be risks in leaving bonds in Innovest Securities Investment Limited's safekeeping. The holder of bonds bears the credit risk of the issuer and / or guarantor (if applicable)

and has no recourse to Innovest Securities Investment Limited.

- (b) Not all bonds provide for repayment of 100% of the face value of the bond. The return of a bond depends on the terms of issue and reference should be made to the corresponding prospectus or term sheet for detail and there may be circumstances that the money and / or value of shares that the Client receives at maturity may be substantially less than the value of the Client's original investment. If there is any fractional share(s) or other Securities or underlying assets deliverables on maturity, it / they may not be physically delivered.
- (c) In situations where any bond is a product combining note with financial or other derivatives, such as options, its return may be linked to the performance of other financial instruments, such as underlying stocks, commodities, currencies, companies, and indices. Unless such bond is listed on Exchange or other regulated stock exchanges, the Client will only be able to sell such bond on the over-the-counter market if at all. The prices of bonds in secondary markets are affected by a wide range of factors, including without limitation, the performance of the underlying stocks, commodities, currencies, companies, indices, the market view of the credit quality of the reference company, and interest rates. The Client must be aware that secondary markets do not always exist and even where a secondary market exists, it may not be liquid. The Client must accept any associated liquidity risk.
- (d) Transactions in options carry a high degree of risk (including products that have options embedded in them such as bonds). Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks.
- (e) The profit or loss in transactions in foreign currency denominated contracts (whether they are traded in the Client's own or another jurisdiction) will be affected by fluctuations in currency exchange rates where there is a need to convert from the currency denomination of the contract to another currency.

Key Risks Associated with Renminbi Products

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

Renminbi Currency Risk

- (a) Renminbi is not freely convertible at present and conversion of Renminbi through banks in Hong Kong is subject to certain restrictions.
- (b) For Renminbi products which are not denominated in Renminbi or with underlying investments which are not Renminbi denominated, such products will be subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the Renminbi exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operating expenses).
- (c) The PRC government regulates the conversion between Renminbi and other currencies. If the restrictions on Renminbi convertibility and the limitations on the flow of Renminbi funds between PRC and Hong Kong become more stringent, the depth of the Renminbi market in Hong Kong may become further limited.

Exchange Rate Risks

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

Interest Rate Risks

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

Limitation on the Provision of Renminbi Funding

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

Limited Availability of Underlying Investments Denominated in Renminbi

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

Projected Returns Which Are Not Guaranteed

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

Long Term Commitment to Investment Products

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

Credit Risk of Counterparties

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

Liquidity Risk

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

Possibility of Not Receiving Renminbi Upon Redemption

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

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

(a) Not protected by Investor Compensation Fund

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

(b) Quotas used up

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

(c) Difference in trading day and trading hours

The Client should note that, due to differences in public holidays between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be differences in trading days and trading hours in the relevant markets. Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and Hong Kong Stock Market

will only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot trade A-shares. The Client should take note of the days and the hours which Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are open for business and decide according to his own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect are not trading.

(d) Restrictions on selling imposed by front-end monitoring

For Client who deposits his A-shares with securities companies other than Innovest Securities Investment Limited, if the Client wishes to sell certain A-shares he holds, the Client must transfer such A-shares to his account with Innovest Securities Investment Limited before the day of selling (T day). If the Client fails to meet this deadline, the Client will not be able to sell such A-shares on T day.

(e) The recalling of eligible stocks and trading restrictions

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

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

(f) Transaction costs

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

(g) Mainland China's laws and regulations, foreign shareholding restrictions and disclosure obligations under Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, A-share listed companies and trading thereof are subject to the laws and regulations and disclosure obligations of the A-share market. Any changes in relevant laws or regulations may affect share prices. The Client should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-shares. The Client may be subject to restrictions on trading and retention of proceeds as a result of his interests and shareholdings in A-shares. The Client himself is responsible for compliance with the requirements of all relevant notifications, reports and disclosure of interests. Under the current Mainland rules, when an investor holds up to 5% of the shares of a company listed on SSE or SZSE, the investor is required to disclose his interest within three working days during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland laws.

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

(h) Currency Risk

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

If the Client invests in A-shares without converting the local currency which he holds, into RMB and this results in a RMB debit balance of his account, Innovest Securities Investment Limited will charge debit interest on that outstanding balance.

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

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

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

Part 5 –Risk Disclosure Statements- Derivative Products

This brief statement does not disclose all of the risks and other significant aspects of trading in derivative or structured products (such as Derivative Warrants, Callable Bull/Bear Contracts, Exchange Traded Funds and Equities Linked Instruments.) (Collectively referred as “Derivative Products”). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in derivative or structured products is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. If you are in doubt about this statement or any specific issue of the sale and purchase of derivative or structured products or otherwise, you should consult your solicitor, accountant or other independent professional adviser(s).

GENERAL RISK OF TRADING IN DERIVATIVES AND STRUCTURED PRODUCTS

Derivative Products are complex and leveraged investment products. It may be not capital guaranteed and its return will be dependent on its underlying asset(s) which are affected by a wide range of factors and may rise or fall rapidly. It is very important that you should read all the relevant offering documents to fully understand the features and risks of Derivatives Products and the legal terms and conditions of the documentation for such Derivative Product before deciding to invest.

1. Issuer default risk

In the event that a structured 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 structured product issuers.

Note: “Issuers Credit Rating” showing the credit ratings of individual issuers is now available under the Issuer and Liquidity Provider Information sub-section under Derivative Warrants and under CBBCs section on the Hong Kong Exchanges and Clearing Limited (“HKEX”)’s corporate website (<http://www.hkex.com.hk/>).

2. Uncollateralised product risk

Uncollateralised structured 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

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

4. Expiry considerations

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

6. Foreign exchange risk

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

7. Liquidity risk

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

SPECIFIC RISK OF TRADING DERIVATIVE WARRANTS (“DW”)

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.

SPECIFIC RISK OF TRADING CALLABLE BULL/BEAR CONTRACTS (“CBBC”)

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.

SPECIFIC RISK OF TRADING EXCHANGE TRADED FUNDS (“ETFs”)

1. Market risk

ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds, or commodities. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.

2. 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. (The common replication strategies include full replication/representative sampling and synthetic replication which are discussed in more detail below.)

3. 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.

4. Foreign exchange risk

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

5. Liquidity risk

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

6. 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. It is important that investors understand and critically assess the implications arising due to different ETF structures and characteristics.

SPECIFIC RISK OF TRADING EQUITIES LINKED INSTRUMENT (“ELI”)

ELIs are structured products involving derivatives and its return component is based on the performance of the underlying asset. When an investor purchases an ELI, he is indirectly writing an option on the underlying shares. Investors should pay attention to the points below.

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

Part 6 — Personal Information Collection Statement

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

1. Purposes of Collection

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

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

2. The Obligation to provide personal data

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

3. Disclosure of Information

- 3.1 The Company may, as it deems necessary, disclose to its agents or nominees, associates, individuals or corporations dealing with securities, futures and options clearing and the Company’s auditors such information as it requires to operate client’s account or execute client’s orders relating to the activities described in 1(b) above.
- 3.2 In compliance with any statute and subsidiary legislation which are enacted and effective in HKSAR relating to securities business and transactions and also in compliance with the codes of SFC, the rules and regulations of the Exchange and the Clearing House, the personal data provided by client may be disclosed to the Exchange and the Clearing House, SFC and any financial regulator as defined in the Ordinance, government bodies, other regulatory authorities, individuals or corporations who have the right to such data and information as prescribed by law.

4. Direct Marketing

With client’s consent, the Company may use any of the personal information it holds about the client for direct marketing purposes in relation to securities trading and related services.

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

5. Enquiries

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

Data Protection Officer

Unit B, 17/F, United Centre, 95 Queensway, Admiralty, Hong Kong