



信誠證券有限公司

Prudential Brokerage Ltd.

證券現金交易 Securities Cash Trading

客戶帳戶協議 Client's Account Agreement

請先細閱內文之風險披露條文。
Please read the enclosed risk disclosure statements first.

香港中環德輔道中 19 號環球大廈 9 樓
9/F., World Wide House, 19 Des Voeux Road C., Central, Hong Kong
電話 Tel : (852) 2143 3800 傳真 Fax : (852) 2845 7823 網址 Web-site: www.pru.hk

The following clause supplements this Agreement with immediate effect:

If Prudential Brokerage Limited and/or Prudential Index Trading Company Limited (“the Company”) solicit the sale of or recommend any financial product to you (“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 the Company may ask the Client to sign and no statement the Company may ask the Client to make derogates from this clause.

SECURITIES CASH TRADING AGREEMENT

THIS AGREEMENT is made on the _____ day of _____ in the year _____ BETWEEN:

- (1) _____ of _____
(hereinafter referred to as the "Client") (Address)
; and
(2) **Prudential Brokerage Limited (CE Number: ABI439)** of 9/F., World Wide House, 19 Des Voeux Road C., Central, Hong Kong. (hereinafter referred to as "PRU").

Whereas:

- (A) **PRU** registered with the Securities and Futures Commission ("SFC") as a deemed licensed corporation (CE Number ABI439) for Type 1, Type 4, Type 6 and Type 9 regulated activities and an exchange participant of The Stock Exchange of Hong Kong Limited ("SEHK").
(B) The Client wishes to appoint **PRU** as his broker and dealer in the purchase and sale of Securities (hereinafter defined) from time to time and wishes to open and maintain one or more Cash Account(s) (hereinafter defined) with **PRU** pursuant to which **PRU** shall purchase and sell Securities as agent on behalf of the Client.
(C) **PRU** agrees that it will open and maintain such cash Account(s) and act for Client in the purchase and sale of Securities subject to the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:-

1. Interpretation

In this Agreement, unless the context requires otherwise:

"**Agreement**" means this Securities Cash Trading Agreement ;

"**Cash Account(s)**" means the cash trading account(s) which the Client established with **PRU** to govern the purchase and sale of Securities effected by **PRU** as agent of the Client ;

"**Securities**" means all kinds of instruments commonly known as securities including, but not limited to, shares, stocks, debentures, loan stocks, unit trusts, mutual funds, warrants, bonds or notes of, or issued by, any body, whether incorporated or unincorporated, or of any government or local government authority, and rights to and options in respect Securities, as **PRU** may at its absolute discretion from time to time offer to deal in ;

"**Securities and Futures Ordinance**" means the Securities and Futures Ordinance (Cap.571), with effective on 1 April 2003, of the laws of Hong Kong.

2. The Account

The Client confirms that the information provided in the "Account Information Form" is complete and accurate. The Client will inform **PRU** of any changes to that information. **PRU** are authorized to conduct credit enquiries on the Client to verify the information provided.

PRU will keep information relating to the Client's Account confidential, but may provide any such information to The Stock Exchange of Hong Kong Limited, the Securities and Futures Commission ("SFC") and other regulatory bodies and/or any other relevant Stock Exchange (the "Exchange") to comply with their requirements or requests for information.

3. Laws and rules

3.1 All transactions in Securities which **PRU** effect on the Client's instructions ("Transactions") shall be effected in accordance with all laws, rules and regulatory directions applying to **PRU**. This includes the rules of the Exchange and of the Hong Kong Securities Clearing Company Limited and/or any other relevant clearing house (the "Clearing House"). All actions taken by **PRU** in accordance with such laws, rules and directions shall be binding on the Client.

3.2 In the event that **PRU** or **PRU**'s associated person commits a default in relation to securities listed or traded, or to be listed or traded, on a recognized stock market; and related assets of such securities and the client thereby suffer a pecuniary loss, the client acknowledge and accept that the liability of the Investor Compensation Fund will be restricted to valid claims as provided for in the Securities and Futures Ordinance and the relevant subsidiary legislation and will be subject to the monetary limits specified in the Securities and Futures (Investor Compensation – Compensation limits) Rules and accordingly there can be no assurance that any pecuniary loss sustained by reason of such a default will necessarily be recouped from the Investor Compensation Fund in full, in part or at all.

3.3 For Transaction(s) which are effected in an exchange other than the recognized stock market, the client acknowledge and accept that the valid claims in the event of any default on the part of **PRU** or **PRU**'s associated person will be subject to the rules of the relevant exchange.

4. Transactions

4.1 Unless **PRU** expressly indicate (in the contract note for the relevant Transactions or otherwise) that **PRU** are acting as principal. **PRU** will act as the Client's agent in effecting Transactions.

4.2 The Client acknowledges that **PRU** may, subject to applicable laws and regulations, effect Transactions for the Client with or through an affiliate of **PRU**. **PRU** or such affiliate of **PRU** may, subject to applicable laws and regulations, have a material interest in the Transactions effected for the Client, in particular, **PRU** and/or its affiliate may:

- (a) effect Transactions with the Client as principal for **PRU**'s or such affiliate's own account ;

- (b) effect Transactions in Securities where **PRU** or such affiliate has a position in the Securities or is involved with those Securities as underwriter, sponsor or otherwise ; or
 - (c) match the Client orders with those of other clients.
- 4.3 The Client shall notify **PRU** when a sale order relates to Securities which the Client do not own i.e. short selling.
- 4.4 On all Transactions, the Client will pay **PRU** commissions and charges, as well as applicable levies imposed by the exchange from time to time, all applicable stamp duties, bank charges, fees, investor compensation fund levy and other expenses. **PRU** may deduct such commissions, charges, levies duties, fees, investor compensation fund levy and expenses from the Account.
- 4.5 Unless otherwise agreed, or, unless **PRU** are already holding cash or securities on the Client's behalf to settle the Transaction, the Client will
- pay **PRU** cleared funds or deliver to **PRU** Securities in deliverable form or
 - otherwise ensure that **PRU** have received such funds or securities
- by such time as **PRU** have notified the Client in relation to that Transaction. If the Client fails to do so, **PRU** may
- in the case of a purchase Transactions, sell the purchase securities and
 - in the case of a sale Transaction, borrow and/or purchase securities in order to settle the Transaction
- 4.6 **PRU** may elect in respect of all its clients to set-off, on a client-by-client basis, any amount receivable from, and amount payable to, a client where such amounts arise from the purchase and sale of securities by the client on a cash-against delivery basis, and the Client agrees to:
- set-off such amounts against each other; and
 - dispose of securities held for the Client for the purpose of setting any of the amounts payable by the client to the licensed corporation
- 4.7 The Client will be responsible to **PRU** any losses and expenses resulting from the Client's settlement failures.
- 4.8 **PRU** shall not be under any liability whatsoever to the Client for any loss or damage howsoever suffered or incurred by the Client which arises directly or indirectly from the performance by **PRU** of its obligations under this Agreement unless such loss or damage results proven to be directly caused by **PRU**'s gross negligence or willful default.
- 4.9 The Client hereby irrevocably agrees to indemnify and keep indemnified **PRU** and its directors, officers, employees and agents (collectively, the "Indemnified Parties") against any and all actions, claims, liabilities, losses, damages, costs and expenses whatsoever which any Indemnified Party may suffer or incur or which may be instituted against any Indemnified Party, arising out of any act or omission of any Indemnified Party or otherwise in connection with this Agreement (unless due to the proven gross negligence or willful default of such Indemnified Party) or arising out of or otherwise connected with the breach by the Client of any of his obligations hereunder.
- 4.10 **PRU** may, in its reasonable discretion, delegate the performance of all or any part of its obligations hereunder to any affiliate of **PRU** and/or any other third party. **PRU** is hereby authorized to disclose such information of the Client to such third parties as **PRU** thinks fits for the purpose of such delegation. All reasonable expenses incurred by **PRU** and such third parties in connection with such delegation shall be for the account of the Client and may be deducted from the Cash Account at any time without prior notice to the Client.
- 4.11 The Client will pay interest on all overdue interest and all overdue balance owing to **PRU** (after as well as before any judgment), at such rate(s) as demanded by **PRU** and be charged from the due date. Such interest shall be payable on the last day of each calendar month or upon any demand being made by **PRU**, whichever is earlier.
- 4.12 In the case of a purchase Transaction, if the selling broker fails to deliver on the settlement date and **PRU** have to purchase securities to settle the Transaction, the Client shall not be responsible to **PRU** for the costs of such purchase.
- 4.13 The Client expressly acknowledges and agrees that **PRU** is not obliged to make or imply any representation or warranty as to the value, merit or suitability for the Client of any securities purchased by the Client.
- 4.14 The Client may from time to time instruct **PRU** to effect Transactions in securities for the Account, and **PRU** shall be entitled but not bound to act on such instructions.
- 4.15 The Client authorizes **PRU** to instruct overseas brokers and dealers to execute Transactions in overseas securities, and acknowledges that the terms and rules of business of such overseas brokers and dealers shall apply to such Transactions.
- 4.16 Unless otherwise specifically agreed between **PRU** and the Client, all instructions given by the Client for sale or purchase of Securities shall only be valid for the day for which such instructions are given and any instruction which remain unexecuted at the end of the official trading day of the relevant exchange for whatever reason beyond the reasonable control or anticipation of **PRU** shall be deemed to have been cancelled automatically.

5 Safekeeping of securities

- 5.1 Any securities which are held by **PRU** for safekeeping may, at **PRU**'s Discretion:
- (in the case of registrable securities) be registered in the Client's name or in the name of **PRU**'s nominee ; or
 - be deposited in safe custody in a designated account with **PRU**'s authorized financial institutions 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 acceptable to the SFC as a provider of safe custody services.

- 5.2 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 **PRU**, be credited to the Client's Account or paid or transferred to the Client, as agreed with **PRU**. Where the securities form part of a larger holding of identical securities held for **PRU**'s clients. The Client shall be entitled to the same share of the benefits arising on the holding as the Client's share of the total holding.
- 5.3 **PRU** confirms that it do not have the Client's written authority under Securities and Futures (Client Securities Rule) to:
- deposit any of the Client's securities with a banking institution as collateral for an advance or loan made to **PRU**, or with the Clearing House as collateral for the discharge of **PRU**'s obligations under the clearing system ;
 - borrow or lend any of the Client's Securities ; or
 - 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 Cash held for the Client

- 6.1 Any cash held for the Client, other than cash received by **PRU** in respect of Transactions and which is on-paid for settlement purposes or to the Client, shall be credited to a client trust account maintained with a licensed bank as required by applicable laws from time to time.
- 6.2 Client agrees that **PRU** will be entitled to receive for Client's account benefit all sum derived by way of interest from the payment into and retention of
- All amounts in any trust account and
 - All amounts received for or on account of the client for the purchase of securities in any trust account maintained by **PRU** under Section 149 of Securities and Futures Ordinance.
- Client hereby expressly waives all rights, claim and entitlements to such interest.
- 6.3 **PRU** may, at any time by written notice give to the Client notwithstanding any settlement of account for other matter whatsoever, set-off or transfer any sum standing to the credit of any one or more of client accounts including the Cash Account with **PRU** or any of its branch towards satisfaction of any of the Client's indebtedness, obligations or liabilities to **PRU** pursuant to this Agreement or in any other respect whatsoever, whether such indebtedness, obligations or liabilities be present or future, actual or contingent, primary or collateral, several or joint and secured or unsecured. Where any 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 **PRU** to be applicable.

7 Client Identify Rule

If the Client effect transaction for the account of his clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with his clients, the Client hereby agree that, in relation to a transaction where **PRU** has received an enquiry from the Exchange and/or the Securities and Futures Commission ("The Regulators"), the following provisions shall apply.

- 7.1 Subject to as provided below, the Client shall, immediately upon request by **PRU** (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of his client for whose account the transaction was effected and (so far as known to the Client) of the person with the ultimate beneficial interest in the transaction. The Client shall also inform the Regulators of the Identity, address, occupation and contact details of any third party (if different from the client / the ultimate beneficiary) who originated the transaction.
- 7.2 If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, immediately upon request by **PRU** (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address and contact details of the scheme, account or trust and, if applicable, the identity, address, occupation and contact details of the person who, on behalf of the scheme, account or trust, instructed the Client to effect the transaction.
- 7.3 If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall, as soon as practicable, inform **PRU** when the Client's discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client's investment discretion has been overridden, the Client shall, immediately upon request by **PRU** (which request shall include the relevant contact details of the Regulators), inform the Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the transaction.
- 7.4 If the Client are aware that his client is acting as intermediary for its underlying client(s), and the Client do not know the identity, address, occupation and contact details of the underlying client for whom the transaction was effected, the Client confirm that :-
- (a) the Client have arrangements in place with his client which entitle him to obtain the information set out in paragraph (7.1), (7.2) and/or (7.3) above from his client immediately upon request or procure that it be so obtained ; and
 - (b) the Client will, upon request from **PRU** in relation to a transaction, promptly request the information set out in paragraph (7.1), (7.2) and/or (7.3) above from his client on whose instructions the transaction was effected, and provide the information to the Regulators as soon as received from his client or procure that it be so provided.

8 General

- 8.1 All securities held for the Client's Account shall be subject to a general lien in **PRU**'s favour, for the performance of the Client's obligations to **PRU** arising in respect of dealing in securities for the Client.
- 8.2 If **PRU** fail to meet **PRU**'s obligations to the Client under this Agreement, the Client shall have a right to claim under Compensation Fund established under the Securities and Futures Ordinance, subject to the terms of the Compensation Fund from time to time.
- 8.3 **PRU** will notify the Client of material changes in respect of its business which may affect the services **PRU** provided to the Client.
- 8.4 **PRU** may amend the terms of this Agreement by giving the Client not less than twenty-one days prior notice of the change in writing. The Client is hereby reminded of his right to terminate this Agreement under Clause 8.5.

- 8.5 This Agreement shall continue in force unless either party hereto notifies the other party hereto by not less than one week's prior written notice of its intention to terminate this Agreement.
- 8.6 All notice or communication to the Client shall be sent, at the Client's risk, to the Client's address on the Account Information Form, or such other address as the Client shall notify in writing from time to time and by such means as **PRU** shall reasonably determine. All such communications shall be deemed effective on the date two days (if local) or seven days (if international) after dispatch.
- 8.7 The Client acknowledges that telephone calls between the Client and **PRU** may be taped and that the tape may be used in evidence of the contents of the call.
- 8.8 **PRU** is subject to the Hong Kong Personal Data (Privacy) Ordinance, which regulates the use of personal data concerning individuals. An individual client is entitled, by written request to **PRU**, to assess the personal data held about him/her and, if applicable, to correct any inaccuracies in that area.
- 8.9 Where the client comprises more than one person, the agreements and liabilities of such person therein contained or implied are joint and several and, as the content may require, words and phrases herein denoting the singular include the plural. Any notice hereunder to any one such person shall be deemed effective notice to all such persons.
- 8.10 Joint Signatories
- (a) Where this Agreement is signed by or on behalf of a firm or otherwise by or on behalf of more than one person, any liability arising hereunder shall be deemed to be the joint and several liability of the partners in the firm or of such persons as aforesaid.
 - (b) If this Agreement is signed by or on behalf of more than one person (such persons being hereinafter referred to as the "Original Signatories") and any one or more of the Original Signatories is not bound by this Agreement (whether by reason of his or their lack of capacity or improper execution of this Agreement or for any other reason whatever), the remaining Original Signatory or Signatories shall continue to be bound by this Agreement as if such other Original Signatory or Signatories had never been a party hereto.
 - (c) Where this Agreement is signed by or on behalf of more than one person, on the death of any such person the interest of the deceased in any of the securities in the Account held by **PRU**, your agents or nominees will automatically ensure to the benefit of the survivors.
- 8.11 Force Majeure
PRU shall not be liable for any losses in respect of the Account or, for any failure to comply with **PRU** obligations contemplated by this Agreement arising from or otherwise resulting directly or indirectly from any government restriction, exchange ruling, suspension of trading, war, strike, national disaster or any other event or circumstances beyond **PRU** control.
- 8.12 This Agreement is governed by, and may be enforced in accordance with, the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").
- 8.13 The Client confirms that he/they has/have read the English or Chinese version of this Agreement and that the contents of this Agreement have been fully explained to him/them in a language which he/they understands, and that the Client accepts this Agreement. In the event of any conflict between any provisions of the English version and the Chinese version of the Agreement, the English version prevails.
- 8.14 For inactive account, **PRU** reserves the rights to charge a maintenance fee as may be prescribed by **PRU** from time to time.

SIGNED BY THE CLIENT

Name:

)
)
)
)

 Authorized Signature(s) / Company Chop

IN THE PRESENCE OF

Witness Name:

Occupation:

Address:

)
)
)
)

 Signature of Witness

**ACKNOWLEDGED AND ACCEPTED BY
 PRUDENTIAL BROKERAGE LIMITED**

**FOR AND ON BEHALF OF
 PRUDENTIAL BROKERAGE LIMITED**

)
)
)
)

 Authorized Signature(s)

Appendix 1

RISK DISCLOSURE STATEMENTS

The following risk disclosure statements are provided pursuant to the Code of Conduct for Persons Registered with the Securities and Futures Commission.

1. RISK OF SECURITIES TRADING

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

2. RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

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 Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers. The Client should seek independent professional advice if he is uncertain of or has not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM Stock.

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

The securities under the Nasdaq-Amex Pilot Program (PP) are aimed at sophisticated investors. The Client should consult his dealer 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 primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

4. EXCHANGE TRADED FUNDS

4.1 Exchange Traded Funds ("ETFs" or individually "ETF") are typically designed to replicate 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 objective, but in general they do not have the discretion to take defensive positions in declining markets. The Client must be prepared to bear the risk of loss and volatility associated with the fluctuation of the underlying indices/assets caused by the influence of political, economic, currency and other risks.

4.2 ETF may be traded at a discount or premium to its Net Asset Value (NAV). This price discrepancy is caused by supply and demand of the market. Where the reference index or market that an ETF tracks has restricted access, units in the ETF may not be created or redeemed freely and efficiently. This imbalance in supply and demand may result in the ETF trading at a higher premium or discount to its NAV than may normally be for a traditional ETF with no such restriction. Client who buys a ETF at a premium may not able to recover the premium from the fund in the event of termination.

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

4.4 Synthetic ETFs invest in over-the-counter derivative issued by counterparties will subject to counterparty risk. The Client may suffer losses equal to the full value of the derivatives issued by the counterparty upon its default. Some synthetic ETF invest in financial derivatives issued by a number of different counterparties in order to diversify the counterparty credit risk concentration. However, the more counterparties an ETF has, the higher the probability of the ETF being affected by a counterparty default. Counterparty risk involved in ETFs will be subject to different replication strategies adopted. 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. Derivative embedded ETFs are subject to counterparty risk of the derivative instruments' issuers and may suffer losses if such issuers default or fail to honor their contractual commitments. Potential contagion and concentration risks of the derivative issuers should be taken into account (e.g. since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty of a synthetic ETF may have a "knock-on" effect on other derivative counterparties of the synthetic ETF). Even where collateral is obtained by an ETF, the Client is still subject to the counterparty risk if the collateral provider fails to fulfill 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.

4.5 There would be disparity between the performance of the ETF (as measured by its NAV) and the performance of the underlying index. Tracking error may arise caused by various factors including, failure of the ETF's tracking strategy, the impact of fees and expenses, foreign exchange differences between the base currency or trading currency of an ETF and the currencies of the underlying investments, or corporate actions such as rights and bonus issues by the issuers of the ETF's underlying securities. The performance of the securities underlying the ETF as measured by its NAV may outperform or under-perform the index.

4.6 Listing or trading on the HKEx does not by itself guarantee that a liquid market exists for an ETF. Besides, a higher liquidity risk is involved if an ETF uses financial derivative instruments, including structured notes and swaps, which are not actively traded in the secondary market and whose price transparency is not as easily accessible as physical securities. This may result in a bigger bid and offer spread. Financial derivative instruments also are susceptible to more price fluctuations and higher volatility. Hence, they can be more difficult and costly to unwind early.

5. DERIVATIVE PRODUCTS

5.1 Uncollateralised derivative products are not asset backed. In the event of issuer bankrupted, the Client can lose his entire investment. The Client should read the listing documents to determine if a product is uncollateralised.

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

5.3 Derivative products such as derivative warrants have an expiry date after which the derivatives may become worthless. The Client should be aware of the expiry time and choose a product with an appropriate duration to suit for their investment strategy.

- 5.4 *The price of a derivative product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.*
- 5.5 *Clients trading derivative products with underlying assets not denominated in Hong Kong dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the Derivative product price.*
- 5.6 *HKEx requires all derivative product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, the Client may not be able to buy or sell the product until a new liquidity provider has been assigned.*
- 5.7 *If all conditions remain unchanged, 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. Prices of derivative warrants can increase or decrease in line with the implied volatility of underlying asset price.*
- 5.8 *Clients trading CBBCs should be aware of their intraday "knockout" or mandatory call feature. CBBC will cease trading when the underlying asset value equals the mandatory call price/level as stated in the listing documents. The Client will only be entitled to the residual value of the terminated CBBC as calculated by the product issuer in accordance with the listing documents. The Client should also note that the residual value can be zero. Once the CBBC is called, even though the price of the underlying asset bounces back, such CBBC will not be listed in the market for trading and the Client will not be able to profit from the bounce-back.*
- 5.9 *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, the client will lose the funding costs for the entire lifespan of the CBBC.*
- 5.10 *Derivative Products are imbedded with options. Transactions in options carry a high degree of risk. The risk of loss in trading options can be substantial. The Client should have prior knowledge of, or experience in option markets. The Client should therefore carefully consider whether such trading is suitable in the light of his own financial position and investment objectives.*

6. DERIVATIVE PRODUCTS: GENERAL RISK DISCLOSURE STATEMENT

- 6.1 *In the event that a derivative product issuer becomes insolvent and/or defaults, the Client will be considered as unsecured and will have no preferential claims to any assets held by the issuer. The Client should therefore pay special attention to the financial strength and credit worthiness of the issuer.*
- 6.2 *The market price of derivative product is also affected by the same investments risk that affect the stock market, such as movements in domestic and international markets, the present and anticipated economic environment, investor sentiment, interest rates and fluctuation. An ETF may be exposed to the economic, political, currency, legal and other risks of specific sector or market or the index that ETF is seeking to replicate.*
- 6.3 *The Client acknowledges that this risk disclosure statement does not purport to disclose all the risks and other significant aspects of derivative product. The Client should conduct his own research on the derivative product before any investment activities.*
- 6.4 *The Client understands that he should seek independent professional advice if he is uncertain of or has not understand any aspect of this risk disclosure statement or the nature and risks involved in trading of derivative product.*
- 6.5 *The Client understands that the signing of this risk disclosure statement is mandatory under the requirement of the Securities and Futures Commission. PRU may not be able to effect instructions to deal in exchange traded derivative product if this statement is not signed and acknowledged by the client.*

7. RISK OF TRADING OVER-THE-COUNTER

The Client should only undertake trading on the over-the-counter ("OTC") trading facilities provided by PRU if he understands the nature of such trading and such trading facilities and the extent of his exposure to risks. By trading OTC through PRU the Client is exposed to the credit, settlement and other risks of the counterparty to the relevant OTC transactions, including (but not limited to) transactions of Securities before their listing on the Exchange. Settlement of the relevant transactions is not guaranteed and the Client will be responsible for any losses or expenses resulting from his and/or his counterparty's settlement failures.

Trades executed in OTC through PRU may be cancelled and void if that particular Securities subsequently fails to list on the Exchange. Furthermore, the Client's order may only be partially executed, or not at all, as a result of the lower liquidity of the OTC market as compared to regular market hours of the Exchange. There may also be greater volatility in OTC market than in regular market hours of the Exchange. The lower liquidity and higher volatility of the OTC market may then result in wider than normal spreads for a particular type of Securities.

The prices of Securities in the OTC market may differ significantly from their opening or traded prices transacted during the regular market hours upon the listing of the Securities on the Exchange. The prices displayed in OTC market may not reflect the prices in other concurrently operating automated trading systems dealing in the same Securities. News announcements made by the issuers may affect the price of their Securities after regular market hours. Similarly, important financial information is often announced outside regular market hours. These announcements may occur during trading and may cause an exaggerated and unsustainable effect on the price of a particular type of Securities.

In particular, OTC market is not regulated by the Exchange and will not be covered by the Investor Compensation Fund until the relevant transaction is properly recorded on the trading system of the Exchange upon the listing of the Securities on the Exchange.

The Client should therefore carefully consider whether such trading is appropriate for him in the light of his experience, risk profile and other relevant circumstances and seek independent professional advice if he is in doubt.

8. RISK OF CURRENCY CONVERSION IN THE EVENT THAT THE CLIENT INSTRUCTS THE COMPANY TO EFFECT ANY TRANSACTIONS IN A CURRENCY OTHER THAN HONG KONG DOLLARS

The Account shall be in Hong Kong dollars or such other currencies as PRU may agree from time to time with the Client. In the event that the Client instructs PRU to effect any Transactions in a currency other than Hong Kong dollars, any profit or loss arising as a result of fluctuations in the exchange rate of the relevant currencies will be for the account of the Client solely. Any conversion from one currency into another required to be made for performing any action or step taken by PRU under this Agreement may be effected by PRU in such manner and at such time as it may in its absolute discretion decide. The Client authorises PRU to debit the Client's Account for any expenses incurred in effecting the currency conversion. PRU reserves the right at any time to refuse to accept any Instructions from the Client in relation to currency conversion.

9. RISK OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

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

10. RISK ON DEPOSIT AND SECURITIES

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

11. RISK OF HOLD MAIL

The Client hereby acknowledges that there may be risk in providing PRU with an authority to hold mail or direct his mail to third parties and that it is important for the Client to promptly collect in person all execution reports, daily and/or monthly statements of his account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely manner.

PRU should confirm with the client at least on an annual basis whether that client wishes to revoke the authority. For the avoidance of doubt, it will be acceptable for PRU to send a notification to the client before the expiry date of the authority and inform the client that it is automatically renewed unless the client specifically revokes it in writing before the expiry date.

ACKNOWLEDGEMENT BY CLIENT

I/We acknowledge and confirm that the above risk disclosure statements were provided to me/us in a language of my/our choice and that I/We have been invited to read the risk disclosure statements, to ask question, and take independent advice.

Signed by Client

Date:

DECLARATION BY REGISTERED PERSON

I have fully explained the contents of the above risk disclosure statement to _____ (name of client) at 9/F,

World-wide House, 19 Des Voeux Road C., Central, Hong Kong / by phone / _____

_____ (address where the explanation took place) in a language which the

client fully understands and have invited the client to read the risk disclosure statements, ask questions and take independent advice if the client wishes.

Signed by registered person

_____ CE number ()

Name of registered person (in block letters)

Date:

Notes and Explanation relating to the Personal Data (Privacy) Ordinance of Hong Kong

- The Client may have or may in future be requested to supply personal information from time to time to **Prudential Brokerage Limited** relating to himself, and in the carrying out of transactions contemplated under this Agreement, further information shall or may be collected by **Prudential Brokerage Limited** (all such information is referred to as "data" in this appendix).
- A request for data on the "Account Opening Information Form" or otherwise shall oblige the client to complete the same, and any failure so to do may result in **Prudential Brokerage Limited** being unable to open or continue the Account or unable to effect transactions under the Account.
- Prudential Brokerage Limited** may provide data received from the client to the following persons:-
 - any other subsidiaries of **Prudential Brokerage Limited** ;
 - any nominees in whose name Securities or other assets may be registered ;
 - any contractor, agent or service provider which provides administrative, data financial, computer, telecommunication, payment or Securities clearing, financial, professional or other services to **Prudential Brokerage Limited** or to any other subsidiaries of **Prudential Brokerage Limited** or to any other person to whom data is passed ;
 - any person with whom **Prudential Brokerage Limited** enter into or propose to enter into transaction on his behalf or account, or persons representing the same ;
 - any assignee, transferee, participant, sub-participant, delegate, successor or person to whom this Agreement is novated ; and
 - governmental, regulatory or other bodies or institutions, whether as required by law, regulations applicable to any subsidiary of **Prudential Brokerage Limited**, or otherwise.
- The purposes for which the data provided by the client from time to time may be used are:-
 - giving effect to his orders relating to transactions or otherwise, and carrying out his instructions ;
 - providing services in connection with the Account, whether the services are provided by or through, any subsidiary of **Prudential Brokerage Limited** or any other person ;
 - conducting credit enquiries or checks on him and ascertaining his financial situation and investment objectives, and enabling or assisting any other person to do so ;
 - collection of amounts due, enforcement of security, charge or other rights and interests in favour of any subsidiary of **Prudential Brokerage Limited** ;
 - marketing existing and future services or products, of any subsidiary of **Prudential Brokerage Limited** ;
 - forming part of the records of the persons or subsidiary of **Prudential Brokerage Limited** to whom the data may be passed ;
 - observing any legal, regulatory or other requirements to which any subsidiary of **Prudential Brokerage Limited** or any other persons may be subject ; and
 - other purposes related or incidental to any one or more of the above.
- The Client may request a copy of such data. The Client also understands that he may request the correction of the data. Any such request may be addressed to **Prudential Brokerage Limited**.
- Any subsidiary of **Prudential Brokerage Limited** may use the data and supply his with information about other services or products of any subsidiary of **Prudential Brokerage Limited**. If the Client request, without charge to him, any subsidiary of **Prudential Brokerage Limited** to cease to use the data for such purpose, and if the Client so informs **Prudential Brokerage Limited** in writing, the data shall be ceased to be so used.

有關香港個人資料(私隱)條例之附註及解釋

- 客戶可能需要或在日後可能被要求不時向**信誠證券**提供有關客戶之個人資料，而**信誠證券**在進行根據本協議所述之交易時，需要或可能收集其他資料(在本附錄內，所有該等資料均稱為"資料")。
- 索取在"開戶資料表格"或其他文件上資料之要求應迫使客戶填妥該等文件，而未能填妥該等文件可能導致**信誠證券**未能開設或持續使用帳戶，或未能透過帳戶進行交易。
- 信誠證券**可能向下列人士提供從客戶所獲取之資料：
 - 信誠證券**之附屬公司；
 - 可能以其名義登記證券或其他資產之任何代表人；
 - 向**信誠證券**或**信誠證券**之附屬公司或傳遞資料之任何其他人士提供行政、數據處理、財務、電腦、電訊、付款或證券結算、財務、專業或其他服務之任何承辦商、代理或服務供應商；
 - 代表或為客戶與或擬與**信誠證券**進行交易之任何人士或該等人士之代表；
 - 任何承讓人、受讓人、參與人、分參與人、代表、繼承人或在在本協議內作出更新之任何人士；及
 - 適用於**信誠證券**之附屬公司之法例、規例或其他法律規定之政府、監管或其他機構或機關。
- 客戶不時所提供之資料可用作下列目的：
 - 令客戶就有關交易或其他事項所發出之指令生效，及執行客戶之其他指示；
 - 就有關帳戶提供服務，無論該等服務是否由或透過**信誠證券**之附屬公司或任何其他人士所提供；
 - 為客戶進行信貸查詢或調查及查明客戶之財政狀況及投資目標及容許或協助任何其他人士進行上述事項；
 - 收取到期款項，向**信誠證券**之附屬公司執行抵押，押記權或其他權利及權益；
 - 為**信誠證券**之附屬公司之現有及日後服務或產品進行市場推廣；
 - 組成可能獲傳遞資料之**信誠證券**人士或附屬公司之部份記錄；
 - 遵守可能規限**信誠證券**之附屬公司或任何其他人士之任何法定，監管或其他規定；及
 - 有關或附帶上述任何一項或多項目的之其他目的。
- 客戶可要求獲取一份該等資料之副本。客戶可要求更改該等資料。任何該等要求可寄發予**信誠證券**。**信誠證券**須就任何該等要求收取費用。
- 信誠證券**之附屬公司均可使用該等資料及向客戶提供有關**信誠證券有限公司**之附屬公司之其他服務或產品。倘客戶提出要求，則**信誠證券**之附屬公司可停止使用該等資料作該等用途，客戶無須支付任何費用，及倘客戶以書面向**信誠證券**作出上述通知，則該等資料須停止作上述用途。

